COPY

IN THE HIGH COURT OF SOUTH AFRICA

NORTH WEST DIVISION MAHIKENG

CASE NO.: UM192/2022

In the matter between

SAKELIGA NPC	1ST APPLICANT
CENTRE FOR GOOD GOVERNANCE AND SOCIAL JUSTICE NPC	2ND APPLICANT
BAREND LOURENS SNYMAN	3RD APPLICANT

and

DITSOBOTLA LOCAL MUNICIPALITY	1ST RESPONDENT
MUNICIPAL MANAGER/ACTING MUNICIPAL MANAGER OF DITSOBOTLA LOCAL MUNICIPALITY	2ND RESPONDENT
THE PREMIER OF THE NORTH WEST PROVINCE	3RD RESPONDENT
PROVINCIAL EXECUTIVE OF THE NORTH WEST PROVINCE: MEMBER OF THE EXECUTIVE COUNCIL	4TH RESPONDENT
NORTH WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	5TH RESPONDENT
MEMBER OF THE EXECUTIVE COUNCIL, NORTH WEST PROVINCE: FINANCE	6TH RESPONDENT
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA	7TH RESPONDENT
MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	8TH RESPONDENT
MINISTER: NATIONAL DEPARTMENT OF FINANCE	9TH RESPONDENT

MINISTER OF WATER AND SANITATION	10TH RESPONDENT
NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY	11TH RESPONDENT
ESKOM SOC LIMITED	12TH RESPONDENT
MAGALIES WATER BOARD	13TH RESPONDENT
ADMINISTRATOR: DITSOBOTLA MUNICIPALITY	14TH RESPONDENT

FILING NOTICE

DOCUMENTS TO BE FILED:

1. **The 3rd RESPONDENT, 4TH RESPONDENT, 5TH RESPONDENT AND 6TH RESPONDENTS EXPLANATORY AFFIDAVIT**

DATED AT MAHIKENG ON THIS THE 1 DAY OF AUGUST 2025

FILED BY: STATE ATTORNEY MMABATHO

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EIGHTH AND TENTH RESPONDENTS

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TO: THE RIGISTRAR OF THE HIGH COURT

MAHIKENG

AND TO: KRIEK WASSENAAR & VENTER INC

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Time: 11:34
Signed by:
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AND TO: THE STATE ATTORNEY PRETORIA

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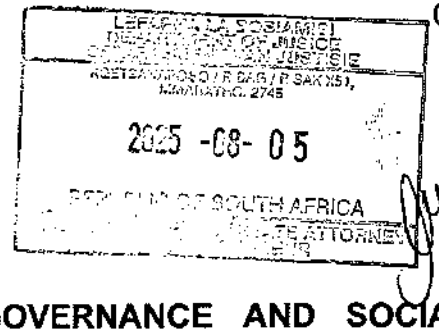
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IN THE HIGH COURT OF SOUTH AFRICA

(NORTH-WEST DIVISION, MAHIKENG)

Case No. UM192/2022



In the matter between:

SAKELIGA NPC	1st Applicant
CENTRE FOR GOOD GOVERNANCE AND SOCIAL JUSTICE NPC	2nd Applicant
BAREND LOURENS SNYMAN	3rd Applicant

and

DITSOBOTLA LOCAL MUNICIPALITY	1st Respondent
MUNICIPAL MANAGER/ACTING MUNICIPAL MANAGER OF DITSOBOTLA LOCAL MUNICIPALITY	2nd Respondent
THE PREMIER OF THE NORTH-WEST PROVINCE	3rd Respondent
PROVINCIAL EXECUTIVE OF THE NORTH-WEST PROVINCE: MEMBER OF THE EXECUTIVE COUNCIL	4th Respondent
NORTH-WEST PROVINCE: COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	5th Respondent
MEMBER OF THE EXECUTIVE COUNCIL, NORTH-WEST PROVINCE: FINANCE	6th Respondent
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA	7th Respondent
MINISTER: NATIONAL DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS	8th Respondent

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MINISTER: NATIONAL DEPARTMENT OF FINANCE	9th Respondent
MINISTER OF WATER AND SANITATION	10th Respondent
NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY	11th Respondent
ESKOM SOC LIMITED	12th Respondent
MAGALIES WATER BOARD	13th Respondent
ADMINISTRATOR: DITSOBOTLA LOCAL MUNICIPALITY	14th Respondent

3rd RESPONDENT, 4th RESPONDENT, 5th RESPONDENTAND 6th RESPONDENTS EXPLANATORY AFFIDAVIT

I, the undersigned

KATLEGO TERRELL GABANAKGOSI

do hereby state under oath and say that:

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1. I am responsible to oversee the implementation of the Municipal Finance Recovery Plan (MFRP) in Ditsobotla Local Municipality, North West Province, in my capacity as the Provincial Executive Representative on behalf of the North West Provincial Executive.

2. This is the sixth quarterly report in compliance with the Court Order of the above Honourable Court of 06 October 2023.

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3. Attached hereto is Annexure **IP1** and **IP2** which explains the activities related to the implementation of the MFRP for the period April to June 2025.

DEPONENT

I certify that the deponent has acknowledged and understand the contents of this affidavit which was sworn and signed before me at Krugersdorp on this the 30th day of July 2025, after provisions of Government Notice No. R.1258 of July 1972 (as amended) have been complied with.

Nomandla.
COMMISSIONER OF OATHS

COMMISSIONER OF OATHS:

FULL NAMES: NOMZAMO ZUKISWA NOXOLO NOMANDLA

CAPACITY: PRACTISING ATTORNEY EX OFFICIO
COMMISSIONER OF OATHS

ADDRESS: Slakes House
274 Voortrekker Road
Noordheuwel, Krugersdorp

IP1

COVER REPORT

provincial treasury
Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

cogta
Department:
Cooperative Governance and Traditional Affairs
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

Date: 30 JUNE 2025

1. **SUBJECT: QUARTELY REPORT (1 APRIL – 30 JUNE 2025) ON THE IMPLEMENTATION OF THE FRP**

2. **PURPOSE**

To inform the MEC, the High Court, Provincial EXCO and Municipal Council on the progress made in relation to the implementation of the FRP.

3. **SUMMARY**

Ditsobotla Local Municipality is placed under mandatory intervention in line with S139 (5) (a) and (c) of the Constitution read together with S139 of the Municipal Finance Management Act (MFMA) as approved in May 2023 by the MEC Finance.

3.1 Compilation, Composition and Implementation Period of the Financial Recovery Plan

Compiled by the National Treasury's MFRS team in line with the MFMA, the FRP is anchored and founded on 4 pillars namely: -

(i) Governance
(ii) Financial
(iii) Institutional
(iv) Service Delivery pillars.

The implementation period is planned as a three-year period, broken down into three consecutive phases, namely: -

- ✓ Rescue Phase (1 year)
- ✓ Stability Phase (1 year)
- ✓ Sustainability Phase (6months – 1 year).

These pillars consist of key activities that are to be executed by the Provincial Executive (PER) and its support team where necessary. The key activities are distributed as in Table 1 below.

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TABLE 1

PILLARS	RESCUE PHASE (Year 1)	STABILIZATION PHASE (Year 2)	SUSTAINABILITY PHASE (Year 3)	TOTAL ACTIVITIES
Governance	81	6	3	90
Institutional	64	46	13	123
Service Delivery	58	29	4	91
Finance	87	9	2	98
Total Activities	**290**	**90**	**22**	**402**

It is evident from Table 1 that the Rescue Phase makes 72% of the total FRP programme as it has 290 activities out of the 402 envisaged activities. The Sustainability Phase with 90 activities makes 22% and the sustainability phase with 22 activities makes 5 %.

3.2 Progress to Date (Rescue Phase)

The implementation of the Rescue Phase (Phase 1) in Ditsobotla Local Municipality focuses primarily on cash and restoring the cash position of the municipality. There is some focus on service delivery and governance matters, however, these are limited to addressing the most visible and easy-to-resolve issues. This is a short-term phase and is anticipated to last up to one year from the approval date of the FRP.

There is varying degree of progress registered in the four pillars, showing a gradual and positive movement towards rescuing the municipality, as shown in Table 2 below.

TABLE 2.

Pillar	**Activities to be completed on FRP under Rescue Phase**	**Completed Activities at 30 April 2025**	**Activities in Progress of completion**
Governance	81	25	26
Institutional	64	23	10
Financial	87	45	36
Service Delivery	58	15	12
Total	**290**	**108**	**84**

3.2.1 Rescue Phase Achievements -

Based on Table 2 above, 108 activities have been completed (37% of the Rescue phase). Most Achieved is the Finance pillar (52 % completed), followed by Institutional & HR (36%) , Governance (31%) and Service Delivery at (26%). This is mainly due to the financial crisis that The municipality find itself in and the administration and political instabilities in the past three months.

3.2.1.1 Work done at the Finance pillar April - June 2025 include:

- Post Audit Action Plan Implementation
- NT Revenue Management Tool
- SCM
- Assets Management
- AFS Preparation
- Government Debts
- Month to month letters to contractors
- Compilation of letters of Councillors owing municipality
- Assist in the compilation of Section 71 reports and uploading of data strings.
- Assist in the review of budget-related policies, which include the credit control and customer care, and supply chain management policy.
- Assist in the development of the post-audit implementation plan for the 21/22 financial year.
- Assist in the updating of the irregular and fruitless expenditure register as at 30th April 2025.
- Assist in the revision of the SCM regulations 6 report (Quarterly report) to include the minimum content that must be contained in the report.
- Assist with compliance issues related to FMCMM and e-monitor systems. The municipality had 1,442 questionnaires, and a total of 837 questions have been answered to date.
- Develop and update all budget related policies to ensure adoption with 2025/26 budget:

>Tariff policy
>Debt and credit control policy
>Cash Man. and investment policy
>Fleet management policy
>Cost containment policy
>UIFW expenditure policy
>Indigent policy
>Property rates policy
>Asset management policy
>Budget implementation policy
>Travel, accommodation & subsistence policy

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- Drafting 2025/26 budget and budget funding plan
- Assist in the compilation of Section 71 reports and uploading of data strings.
- Assist in the implementation of PAAP
- Assist with compliance issues related to FMCMM and e-monitor systems.

3.2.1.2 Work done under the Institutional HR pillar in June 2025 include:

- Preparation for strategic planning session by consulting with stakeholders on HR related policies and organisational structure as preparation for strategic planning session.

- HR policies were reviewed and tabled at EXCO and Council, respectively, and deferred back for further consultation with labour at LLF.
- The draft organisational structure was tabled at EXCO and Council, respectively, and deferred back for further consultation with labour at LLF.
- Quarter 3 performance report completed and awaiting performance review.
- Assisted in the development and submission of the workplace skills plan to LGSETA.
- Assisted in the application of a discretionary grant at LGTSETA for electricians and plant operators in the water treatment plant, for which the application was successful.

3.2.1.3 Work done under the Governance Pillar in June 2025 include:

Governance pillar has been marred by serious political instability especially since January 2025 where positions of Mayor, speaker, EXCO members and MPAC chairperson were frequently changed and matters fought in courts of law. In June 2025 some councillors were apparently disciplined by their political party, leading to possible expulsion from council. There were no council or committee sittings in June 2025. Meetings were held to resolve disputes on government debt (Public Works and Education departments), while the audit steering committee continued to sit to address PAAP matters and AFS preparation. The National Treasury was also engaged regarding withholding of equitable share.

- On the 7th April 2025, an application for Section 139(7) brought by Sakeliga NPC (case No. UM192/2022) was received.
- ON the 7th April 2025, the Provincial government complied with the court order by filing the quarterly report on Sakeliga NPC which is under case management.
- On the 10th April 2025, a review application against the substantive Municipal Manager was heard and judgment was granted against the substantive Municipal Manager.
- ON the 10th April 2025, the substantive Municipal Manager filed a leave to appeal against the decision granted above.

- On the 17th April 2025, **Council A** convened a meeting where they wanted to review the appointment of the Municipal Manager.
- On the 30th April 2025, an order confirming judgment handed down on the 14th March 2025 was granted prohibiting the substantive Municipal Manager from purporting himself as the Municipal Manager of Ditsobotla Local Municipality.
- The PER team subsequently spent two weeks in preparation of the answering affidavit, which was expected to have been filed by the 07th May 2025; failure for which the matter would have appeared on the unopposed roll by the 09th May 2025.
- Attend Strategic Session 26 May – 29 May 2025
- Adoption of policies by Council 30 May 2025

3.2.1.4 Work done under the Service Delivery Pillar in June 2025 include:

Service delivery remains stagnant with no actual progress in achieving key activities of the FRP due to the lack of funds to implement most of the activities. The signing of the SLA between NMMDM and DLM (on water supply) was prioritised as intervention target and the SLA between ESKOM and DLM presented to Council and approved with conditions in May 2025

3.2.2 Activities in Progress (33%) -

There are 84 key activities in progress of being completed, which when completed will significantly improve the overall performance of the FRP implementation to 66% or 48% of the total FRP. This has been impeded upon by political instability and financial constraints as the envisaged realisation was end of June 2025. Typical of these are implementation of the skills audit recommendations, assessment of legal cases to determine which can be addressed urgently, auditing and review of contracted services, addressing the migration of information (opening balances) and legalisation of the current financial management system service provider, audit and implementing internal controls and SOPs.

3.2.3 Remaining activities of the FRP

Remaining 98 activities of the rescue phase, the 90 activities of the stabilization phase and the 22 activities of the sustainability phase by Dec 2026. Typically, these include LED master planning, purchasing of municipal fleet, municipal property and land audit, dealing with UIFW and consequence management and investigations for any misconduct.

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Most of these activities require financial resources and neutral persons with no biasness or personal interest to implement. They also require risk assessment (security and safety) on the implementation.

4. BACKGROUND

Generally the term of April - June was peaceful as compared to the January -March term with sporadic disruptions/ lack of access to the municipal offices due to disgruntled workers who barricaded the municipal offices for two working days of 17th and 18th June 2025. This was due to non-payment of salaries of May 2025 to some municipal workers.

The municipality was also met with the intension to withhold its equitable share due to non-payment of stakeholders such as SARS, Pension Fund, Auditor General, Medical Aid and UIF. Ten councillors underwent disciplinary procedures from their political party, due to continuous failure to attend council meetings.

All workers and councillors were not paid the June remunerations due to financial constraints and withholding of equitable share by National Treasury.

5. STRATEGIC FOCUS OF THE MEMORUNDUM

5.1 STRATEGIC `FOCUS OF REPORT

This report focuses on the performance of the implementation of the FRP for April - May 2025. The detailed reports per pillar are attached.

6. DISCUSSION

6.1 PROVIDING STRATEGIC LEADERSHIP AND GUIDANCE

The PER in the term April - June 2025 continued to provide strategic leadership and guide the FRP team. The team continued to assist in guiding the municipality with the implementation of the post-audit action plan for the three financial years, facilitate meetings with government departments to resolve government debt, advise municipality on revenue enhancement and issuing of debt letters to debtors, prepare for implementation of the adopted structure and placement of staff.

6.2 STAKEHOLDER ENGAGEMENT

Date	Stakeholder	Purpose of engagement
02 April 2025	Deputy Minister	Status update on Ditsobotla LM.
07 April 2025	ESKOM	Finalisation of the SLA for ESKOM to take over operation and maintenance.
09 April 2025	Managers of DLM	Update job descriptions and align them to the draft organisational structure and Municipal Staff Regulations.
09 April 2025	MEC: NWPT	Progress on the implementation of FRP.
16 April 2025	SCM, budget, and expenditure departments	Working session on the implementation of PAAP, FMCMM, and e-monitor systems to address issues of compliance.
23 April 2025	Audit steering audit committee	Progress on the implementation of PAAP and preparation for AFS.
24 April 2025	State Attorney	Present the quarter 3 progress report.

Date	Stakeholder	Purpose of engagement
01 – 6 May 2025	State Attorney, COGTA NW, NWPT	Prepare opposing affidavits for an application by Sakeliga.
21-23 May 2025	Local Labour Forum	Consultation with LLF on Policies prior to adoption by Council
25-29 May 2025	Councillors, Management, Trade Unions, COGTA	Strategic Planning Session
30 May 2025	Council Meeting	Approval of Organisational Structure and policies
		Approval of 2025/2026 budget and IDP
		Approval of Eskom SLA with DLM

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DATE OF ENGAGEMENT	KEY STAKEHOLDERS	OBJECTIVES/PURPOSE OF THE ENGAGEMENT
09 June 2025 10 June 2025	Electricity, Environmental, water and sanitation managers	NT Revenue Management Tool
17 June 2025	Public Works	Government debts
18 June 2025	Public Works	Government debts
11 June 2025 19 June 2025	Dept of health	Post Audit Action Plan
12 June 2025	Rural development	
23 June 2025	Dept Education	2024/25 AFS preparation
24 June 2025	Housing Corp	

6.3 PROGRESS ON THE STRATEGIC KEY FOCUS AREAS

Refer to detailed reports per pillar as attached.

7. IMPLEMENTATION PLAN

The approval of Council to accept external personnel and the eventual deployment of five (5) specialist accountants and senior managers to the municipality is had a positive effect on the implementation plan.

8. ORGANISATIONAL CONSIDERATION

8.1 PERSONNEL IMPLICATIONS

The deployed specialist and senior managers will capacitate the local personnel, coupled with the envisaged review of organisational structure, organogram, implementation of the skills audit recommendations and re-placement of staff.

8.2 FINANCIAL IMPLICATIONS

The financial crisis of DLM impedes on the municipality's ability to implement the FRP. It is on this basis that the PER has sought to utilise inter-governmental relations, especially with the provincial and national government as a strive to harness resources that are relevant to

the success of the implementation of the FRP. The progress gained in the implementation of the FRP to date is of a very minimal financial burden to DLM.

The success of DLM lies in the municipal ability to improve revenue collection on the currently identified revenue sources, and to broaden the revenue base through the identification of new means. Furthermore, the municipality must manage its expenditure to ensure effectiveness and efficiency thereof.

8.2 COMMUNICATION IMPLICATIONS:

This report will be submitted to the Provincial Executive.

8.3 POLICY AND LEGISLATIVE IMPLICATIONS

This report is in pursuit of compliance to all relevant legislation, especially the Constitution, the Municipal Systems Act and the MFMA.

8.4 LEGAL IMPLICATIONS

Failing to implement the FRP and court orders will lead to the provincial government being in contempt of court.

8.5 HUMAN RESOURCE IMPLICATIONS

The municipal organizational structure review will allow the municipality to reconstruct the institutional arrangements to allow the implementation of a fit-for-purpose structure. This, coupled with the implementation of the skills audit report, will result in some of the current positions being declared redundant, some employees un-appointable, and some in excess, resulting in a need for termination of some employment. The multi-disciplinary team was deployed by the Provincial and National governments to strengthen the human capital of the municipality.

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8.6 POLITICAL IMPLICATIONS

Failure to implement the FRP may result in the invocation of section 139(5)(c) of the Constitution (dissolution of the municipal Council) or Section 139(7).

9. RECOMMENDATIONS

a. Support to key priorities be prioritised by MECs and HODs
b. There is an urgent need for political and administration calm that is necessary to support the implementation of the FRP.
c. Municipal Management needs to be actively involved in the implementation of the TOR and FRP to ensure it achieves its goals.
d. There is a need to escalate the intervention to a more authoritative level for the PER and the intervention team.

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KATLEGO GABANAKGOSI

LEAD PER – DITSOBOTLA LOCAL MUNICIPALITY

IP2.

HR & INSTITUTIONAL PILLAR

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
1	**HR administration**	All senior positions are vacant. It is noted that the vacancies have been advertised. It is critical that the correct processes be followed in filling these vacancies. It is furthermore critical that the appointees pass all requirements for being appointed.	PER's analysis reveals that DLM will not afford filling senior management posts due to financial constraints and political instability. In April 2025 PER requested secondment of senior managers and other identified specialist personnel to capacitate the municipality. The memo was approved by MEC COGTA and MEC NWPT in April 2024. There was resistance by DLM to accept deployment but eventually in January 2025 Council agreed in January 2025, that provincial government deploy senior managers and other identifies specialist personnel to the municipality.	Two senior managers (Acting CFO and acting director community services) , PER dedicated to Finance pillar and five specialist accountants were deployed to the municipality from February 2025.	None	The current employee related costs as % of Total Operating Expenditure far exceed the norm of 25%-40%. The financial crisis of DLM does not allow increase in salary budget until financial sustainability is achieved.
2		Political Interference. Empower management to act against interference through **delegations, policies, processes and**	PER team reviewed existing policies whereby HR policies were reviewed/drafted and presented to council at a	All HR policies were adopted in Council in May 2025 after a strategic planning session and will	None	This key activity remains a challenge due to frequent change in TROIKA, EXCO, council committees and management which

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		controls being adopted by Council and applied by the Accounting Officer. Where necessary proceed with charges in terms of the code of conduct.	strategic planning session in May 2025. The delegation framework was also reviewed and submitted to SALGA for approval before tabled to council. Workshop of council and management on staff regulations and appointment of senior managers will follow the HR policies workshop.	be workshopped by end of September 2025 to staff. Delegation framework awaits concurrence from SALGA.		are caused by political instability.
3		Interference in the administration is something which should be addressed during Councillor Induction and Training. If this was not done, then a workshop should be facilitated on the powers and functions of Council and the Administration. If it has been done before, repeat/refresh.	Council Induction was conducted through SALGA.	There is frequent change/reshuffling of TROIKA, EXCO, council committees and senior management due to political instability	None	None
4		Political Interference Council itself should accept accountability for	Declaration forms were drafted and given to municipal manager for	Most of the declarations were not received back.	None	There seems to be refusal / reluctance by councillors and officials to commit to good governance.

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No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		non-interference in the administration.	councillor's and employees commitment.			
5		Political Interference Non-Action or lack of cooperation by Council should be reported to Provincial COGTA and the Accounting Officer should be protected against retaliation by COGTA	COGTA is informed continuously and support from COGTA realised.	After DLM declined deployment for a long period (2023-2024), council allowed from February 2025, the secondment of acting directors and five (5) financial specialists. Other benefits such as skills audit and councillors workshops were performed by COGTA	None	Seconded personnel including acting director community services, CFO and 5 accountants commenced duties February 2025.
6		Excessive Overtime Obtain policies, processes and best practice advise from successful municipalities.	All HR policies, including overtime policy were drafted and adopted by council in May 2025. Workshopping will be completed by August 2025. Memo on restrain of overtime and leave was issued by municipal manager. PER continues to advise EXCO and management to monitor overtime monthly and ensure consequence management.		None	This key activity remains a challenge due to frequent change in TROIKA, EXCO, council committees and management which are caused by political instability.
7		Excessive Overtime Enforce such policies and parameters for compliance by Supervisors.				
8		Excessive Overtime Training to supervisors and operational managers			None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		in improved planning, organising, coordinating and controlling their operations in reducing overtime without any negative impact on overall performance.				
9		Excessive Overtime Top Management Team and MAYCO to monitor results on quarterly basis and hold non-complying supervisors and managers accountable.			None	This key activity remains a challenge due to frequent change in TROIKA, EXCO, council committees and management which are caused by political instability.
10		Excessive Overtime Fill operational vacancies as soon as possible and take bottle necks and problem areas into consideration when restructuring.	Municipal council placed moratorium on positions below directors	No progress will be recorded until municipality is financially stable to afford payment of salary.	None	It is noteworthy that the current employee related costs as % of total operating expenditure far exceeds the MFMA circular 71 norm of 25% to 40%. It is furthermore to be noted that staff verification indicates a bloated structure which as a means of cost containment must be addressed together with skills audit outcomes.
11		Excessive Overtime Reduce unnecessary and preventable overtime through **improved tools of trade and improved maintenance** of ageing infrastructure.	Due to financial constraint, DLM is challenged in providing tools, plant and equipment.		None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
12		No Code of conduct & Disciplinary Board. Obtain assistance from a partnering municipality or SALGA to assist with the adoption/review of code of conduct and the establishment of a Disciplinary Board and the training of all those involved.	PER advised the municipality to pursue shared services with IGR stakeholders due to financial constraints.	Request was made to Ngaka-Modiri Molema (NMMDM)for shared Disciplinary board services and the request is under consideration.	None	None
13		No Code of conduct & Disciplinary Board. In more sensitive instances obtain external assistance to investigate, prosecute and preside or to serve as a member of the board depending on applicable regulations.	The PER is continuously registering /compiling registered cases as and when information is accessed. There are cases that the Municipality has registered with SAPS for further investigation and prosecution but due to frequent change in management, it is uncertain if there are all cases. There is also a need for more investigations of new incidents are either registered or unregistered.	External investigation underway by the HAWKS and other law enforcement agencies.	None	A register of these cases and status thereof will form part of the litigation and cases register

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		and remedial planning purposes				
44		Base Recovery Plan on such findings	This activities will be addressed in the stabilisation Phase			
45		Establish which of the acting arrangements are unavoidable and critical for the operational functionality of the Municipality.	This activities will be addressed in the stabilisation Phase			
46		Obtain approval for non-compliant acting arrangements if possible	This activities will be addressed in the stabilisation Phase			
47		Terminate unnecessary excessive acting arrangements	This activities will be addressed in the stabilisation Phase			
48		If suitably qualified and skilled staff can be transferred from another function with its budget then do and arrange for training and mentoring	This activities will be addressed in the stabilisation Phase			
49		Provide on Budget and advertise whenever funding is available. Funds might have to be transferred from less critical staff budgets i.e. as an interim arrangement.	This activities will be addressed in the stabilisation Phase			

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
50	Organisational structure	No provision for sufficient Contract Management function Obtain advise and or examples of what such a function should look like and what its, powers, functions, deliverables and accountabilities are.	Analysis and diagnosis of relevance of the structure were performed, result of which is the approved structure of May 2025 as aligned to the new staff regulations. Contract Management was found to be misplaced (under SCM Unit), and relocated to Legau Unit. Structure for the Legal Unit is funded and fully capable to support the function.	Critical , specialists such as legal specialist, financial specialists and HR specialists were seconded to the municipality through section 154 Constitution.	None	None
51		Establish immediate contract management needs. Either obtain assistance from other municipalities or provide for it on a temp structure and until it can be addressed in the permanent organogram			None	Contract management committee will be established with terms of reference
52		Find urgent funding for such measures			None	
53		Arrange for training and other resources for such a function and provide for that in the recovery funding model			None	None
54		Structure not focussed on service delivery. Clarify inter alia the recovery and	The review of the structure was led by PER team whereby it was ensured that the	The revised structure will enhance PMS to senior management and cascading thereof to subordinate levels.	None	None

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		Obtain best practice input from an established performing municipality in this field				
73		Provide for it on the organogram and the budget.	Achieved)			
74		Phase function in subject to the availability of funds	Achieved			
75		Provide for all the required resources i.e. furniture, ICT needs etc	This activities will be addressed in the stabilisation Phase			
76		Clarify the powers, role, function, accountabilities and deliverables of the ICT Function. Obtain best practice input from an established performing municipality in this field	This activities will be addressed in the stabilisation Phase			
77		Provide for it on the organogram and the budget.	Approved			
78		Phase function in subject to the availability of funds	Achieved			
79		Provide for all the required resources i.e. furniture, ICT needs etc	This activities will be addressed in the stabilisation Phase			

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
80		Establish a Task team with very specific skills to make an assessment of how many such outsourcing arrangements exist, who they are and where they operate, from when each of them has been appointed by whom and how and for what purpose and for what reason.	This activities will be addressed in the stabilisation Phase			
81		Establish who is responsible for managing such a relationship and what the performance of the contractors/consultants are.	This activities will be addressed in the stabilisation Phase			
82		Establish which ones can be terminated as soon as possible and proceed	This activities will be addressed in the stabilisation Phase			
83		Provide on the organogram and the budget for legal unit	Achieved			
84		Provide on the organogram and the budget (Legal)	Achieved			
85	Training	Operational staff not qualified or trained to treat water operations.	Water Provision is a function of NMMDM. Nevertheless, the water and sanitation staff		None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		Arrange for required training and if Management is not familiar with the process consult a municipality which has followed the process. Arrange for budget provision or a grant from Provincial COGTA . (Water Operations)	participated in the skills audit. The Service Level Agreement between NMMDM and DLM remain unsigned.	Progress to be realised once the staff establishment is approved and adopted.		
86		Operational staff not qualified or trained to treat water operations. Undertake a risk assessment and approach Department of Water and Sanitation to assist during the interim i.e. with qualified assistance and oversight			None	
87		Lack of contract management skills. Secure funding on budget and arrange for the training of all those involved with contract management. Establish whether SALGA can	Refer to item 39 above		None	

KTG N2N

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		assist. Approach PT or COGTA for financial assistance if necessary. Obtain best practice SOPs and other documentation which should assist the staff				
88		No development strategy. Obtain assistance from SALGA or appoint a consultant, should funding be available or be made available. Another Municipality might also be prepared to assist.	This activities will be addressed in the stabilisation Phase			
89		Lack of understanding and skills re SCM (Councillors and Management) Arrange for a workshop by SALGA or PT	This activities will be addressed in the stabilisation Phase			
90		Lack of Management and Leadership Skills and Competencies Arrange with SALGA for training	This activities will be addressed in the stabilisation Phase			

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
91		Lack of Management and Leadership Skills and Competencies Consult with other municipalities and with the assistance of SALGA and Provincial COGTA on investigating the viability of a Shared Services that can provide training to at least the municipalities within the district	This activities will be addressed in the stabilisation Phase			
92		Lack of Management and Leadership Skills and Competencies Procure the services of specialist Management Development Consultants	This activities will be addressed in the stabilisation Phase			
93		No skills transfer from Consultants and Contractors to internal Management and Staff Provide for such transfers in tender specs and when contracts are drafted and entered into	This activities will be addressed in the stabilisation Phase			
94		No skills transfer from Consultants and Contractors to internal Management and Staff	This activities will be addressed in the stabilisation Phase			

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		Oversee the transfer of such expertise and skills				
95	HR utilisation and productivity	High number of suspended officials indicating an ethics and conduct crisis. Holistic process is required and which should provide for the following: A baseline assessment. (High number of suspended officials)	In preparation for this process, the PER realise and will recommend that all these activities are addressed in the stability phase because these activities will be informed by results of investigations, audits, surveys, trainings, and establishment of relevant structures.	Progress to be realised once the staff establishment is approved and adopted	None	
96		Values Creation/Change Workshops throughout the municipality and intended to improve the ethics, disciplinary and accountability culture within the Municipality			None	
97		Establishment of competent Management and Leadership Capacity within the Municipality i.e. , structure, filling of posts by competent people, their training etc			None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
98		Process re-engineering with a focus on controls and oversight. Chaos flourishes in an unstructured environment			None	
99		Review delegations and ensure that every delegation and power is covered in terms of responsibility and consequence management			None	
100		Put Consequence Management and Disciplinary Policies, Systems and Structures in place			None	
101		Take action against those that have already corrupted the Municipality if any i.e. at Political as well as Administrative levels. Examples need to be made and the Council and other authorities need to show that corruption will not be tolerated			None	
102		Employ a retired professional to assist with the policies, the establishment of structures and implementation.			None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
103		Appoint a task team to investigate corruption and in terms of above. Appoint ex professionals on such a task team in order for it to be as independent and impartial as possible. Such a task team need to provide support to those that need to prosecute			None	
104		As above			None	
105		Introduce a Change Management Approach and Program from inception	This activities will be addressed in the stabilisation Phase			
106		Any attempt or action intended to undermine, obstruct and or sabotage the rescue, recovery and sustainability process should not be entertained and tolerated though	This activities will be addressed in the stabilisation Phase			
107		Obtain the policy, process, and assessment tool from an established municipality and request assistance with the training of all concerned and with the first process of contracting,	This activities will be addressed in the stabilisation Phase			

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		assessments and feedback				
108		Train competent people within each department in the drafting of SOPs	This activities will be addressed in the stabilisation Phase			
109		Identify key processes and where performance and productivity are of concern.	This activities will be addressed in the stabilisation Phase			
110		Prioritise and draft and introduce standard operating procedures. Such procedures need to include controls. This should be approached as a corporate project	This activities will be addressed in the stabilisation Phase			
111		Obtain best practice SOPs from established Municipalities and refine in accordance with the Municipality's unique conditions and requirements	This activities will be addressed in the stabilisation Phase			
112		Conduct productivity and capacity management training programs on all levels of management and at supervisory level.	This activities will be addressed in the stabilisation Phase			

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
113		Introduce a Productivity Enhancement Intervention in the weakest performing areas	This activities will be addressed in the stabilisation Phase			
114		Involve the Unions from inception	This activities will be addressed in the stabilisation Phase			
			These activities will be addressed in the stabilisation Phase			
116	**Industrial relations**	Factionalism result in poor labour relations. The establishment and training of LLF members are critical. Engage with the Unions and obtain their input on a way forward in developing and sustaining the capacity of the Municipality. A strong relationship and continuous training and communication with the LLF is required.	Same as with item above (political interference), the PER team reviewed HR policies and resuscitated the Local Labour Forum in order to enhance clear powers and functions and strengthen employer/employee relations. The PER team has developed a municipal staff satisfaction survey template to gauge the level of factionalism/ disparities/ polarisation and satisfaction of staff. The results from the survey will enable the PER to develop a change management plan.	None	

No:	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
117	**Community trust compromised**	Consider efforts to rebuild trust by taking lessons from war-torn countries and where communities endured extreme trauma. Forums should be established in addition to ward committees and legislated community participation for budgets and IDPs. Security vetting of individuals in positions of trust is recommended.	The PER team notes this key activity and will advise that this be migrated to the sustainability phase. .		None	
118	**Safety and security**	The establishment of a multi-disciplinary task team should consider Ditsobotla to be a crime scene and consider their approach and actions accordingly. A national task team of intelligence and security forces must be deployed to safeguard non-compromised individuals and to prosecute compromised individuals. A security plan for Ditsobotla, considering all actors, are required.	PER team compiled a report with recommendations that all unlawful security contracts be terminated and proper supply chain processes be followed to appoint a competent and compliant security company.	Awaits implementation by the municipality	None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
119	**Ethical and criminal matters to be investigated**	A record of all unethical and alleged criminal conduct and activities should be compiled to prepare a starting point for disciplinary and criminal prosecutions. It would probably be an extensive list to execute.	The PER team has developed a register for all labour related disciplinary matters. Staff verification was conducted however no action is taken to address findings.	Criminal cases are reported with law enforcement	None	
120	**Best practices, SOPS and policies**	The policies required for the institutional pillar are extensive and a proper survey should be conducted to determine the need and prioritise a list of what needs to be done.	The PER team has assessed all HR policies for compliance and relevance. The reviewed draft policies have been submitted to the Accounting Officer for process of adoption.	All HR policies are at a draft stage waiting to be subjected to consultation process	None	
121	**Controls**	A biometric system may be called for given the challenge with intimidation mentioned. The leave system is also compromised and an electronic system with sufficient controls need to be put in place as soon as possible. It appears as if most staff do not arrive at work, due to allegedly intimidation, threats, possible "ghost" workers and an organisational culture of fear.	The activity will be implemented once the cash position of the municipality has been restored		None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
122	**Capacity**	Given the toxic work environment it would be required that the criminality be brought under control, organogram be established, positions filled and depending on skills audits a personal development plan be developed for every staff member to direct the Workplace Skills Development Plan.	PER has advised that Personal Development Plans be developed to feed into the workplace skills plan (WSP) for submission end of April each year as per skills development act.	The municipality has submitted in April 2024 and looks forward to complying during 2025.	None	
123	**Staff Wellness**	The readers of this report need to consider where and how such capacity may be deployed on a semi-permanent basis until stability has been facilitated.	The PER team has developed a municipal staff satisfaction survey template to gauge the level of polarisation and satisfaction of staff and submitted for implementation. The results from the survey will enable the PER to develop a change management plan.		None	
124	**Monitoring and evaluation**	The establishment of an organisational and individual performance management system requires extensive training, support to develop policies, standard operating procedures, and guidance to identified in-house staff to ensure that the legal requirements for financial	PER team has developed a PMDS policy. All quarterly reports are developed on a quarterly basis as required by legislation. Service delivery budget implementation plans are	All quarterly reports are developed but yet to be served in Council however the Mid-term assessment report was tabled in council on 28 February 2025 as required by law.	None	

No.	Focus Area	Key Activities	Steps Taken	Progress Made	Financial Impact	Other Noteworthy Developments
		and non-financial reporting can be met. We refer to all in-year reporting and quarterly performance assessments as well as meeting the requirements of the staff regulations, effective 1 July 2022. The cascading of performance management needs to be addressed as it now a regulatory requirement.	developed and approved by Council.			

KTG N2N

SERVICE DELIVERY PILLAR

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
Spatial Development Framework (SDF) and Masterplans	1	Development of a SPLUMA-oriented SDF and approved by Council.	Strategic Assessment by PER The present Spatial Development Framework (SDF) even though not oriented to SPLUMA Act, is valid for 5 years (until September 2025 as adopted in 2020 by Council). Interim revision is impossible due to financial constraints. Strategic Leadership and Guidance by PER: Compliance issues will be addressed during 2025 framework review.	Await review by September 2025	None
	2	Appoint expert consultants to develop Master Plans for all the infrastructure sectors that are aligned with the IDP and SDF.	<u>Strategic Assessment by PER:</u> Experts cannot be appointed due to financial constraints. In order to ensure success of the FRP, The PER analysed existing plans and introduced efforts to strive to draft some of the plans inhouse by the municipality and request assistance from other government stakeholders to draft others. <u>Strategic Leadership & Guidance by PER:</u> The PER is leading and guiding the inhouse development of the following Masterplans: - The Roads and Stormwater - Fleet Management Plans Through Inter-Governmental Relations (IGR) and the engagements of PER with other government departments, the following masterplans are underway:	The roads and stormwater plan and the fleet management plans are at draft stage, envisaged for adoption by March 2025.	None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
			- Integrated Waste masterplan (IWMP) by the Department of Environmental Affairs)	The Department of Environmental Affairs has appointed a consultant to assist in all compliance matters including developing the IWMP.	
			- The GIS System Programme (District Rural Road Assets Management System Programme)	The municipality participates in the DRRAMS	
			- Electricity Masterplan by the DMRE	The Department of Mineral Resources and Energy will through the implementation of bulk upgrade project avail information for the appointed consultant to compile the masterplan.	
			All water and sanitation related plans are borne by the District Municipality as the service authority.		
	3	Develop and implement policies, and By-laws, including fines for enforcement of the By-laws.	There is no internal capacity to implement the activity due to vacancies on critical positions such as technical director, Planning director and unit managers. The financial constrains do not allow for appointment of external service providers.		None
	4	Develop and implement an Urban Renewal Plan.	The Urban Renewal Plan is relevant to and will form part of the Spatial Development Framework in 2025.		

NZN

476

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	5	Implement the GIS system and appoint suitably qualified personnel to manage the GIS system.	Strategic Assessment by PER: Municipality cannot appoint personnel or implement the GIS system due to its financial crisis. Municipality participates in the District Rural Road Asset Management System (RRAMS) programme, through which some layers of roads infrastructure are updated. The result is of little impact toward achieving the ideal GIS update for the municipality whereby we expect all information is displayed and geographically referenced. Strategic Leadership and Guidance The GIS requires appointment of qualified personnel and implement GIS. For that to happen, financial sustainability must first be achieved with priority given to especially the rescue phase of the finance pillar.	Minimum progress is made on roads infrastructure layers.	None
Capital and Grant Funded Projects	6	Communicate with NT and take steps to correct the deficiencies that led to the non-compliance on INEP Grant.	Assessment by PER: The 2016/2017 allocation of R18 Million to the municipality for upgrading of bulk electricity infrastructure was not utilised for its purpose and there is still no accountability from the municipality on what the funds were used for. This has led to the disqualification of the municipality in benefiting from the grant since year 2027. Strategic Leadership and Guidance by PER: The PER's engagement with department of mineral resources and energy (DMRE) have yielded positive results, where the municipality was allowed to report and account for the utilisation of the 2016/2017 funds. Furthermore, the municipality was re-accepted into the INEP Grant programme.	Funding of R4Mil was received from the INEP Grant for 2024/2025 financial year, to plan and design a 20MVA electricity substation for the Lichtenburg/ Blydeville area. Planning and Design phase is ongoing. There is a reluctance from Eskom to approve designs due to the municipality's failure to honour previous payment arrangements through the Debt relief programme. The PER is leading the engagements meeting with Eskom and DMRE to resolve the matter. The SLA between Eskom and DLM was eventually presented to council in May 2025 for approval. The resolution was a conditional approval which still need further engagements. It should be noted that the prolonged delay will affect the allocation of funds towards the project The success of	None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
			PER continues to closely monitor the implementation of the INEP grant conditions.	this phase will result in estimated grant allocation of over R30 Million towards the construction phase of the new substation, which will alleviate pressure from the current dilapidated and overloaded infrastructure by providing for an estimated 3500-4000 house holds.	
	7	Determine the portion allocation under-spent and apply for a portion of the allocation to complete critical infrastructure projects.	Assessment by PER The municipality has a history of underspending, whereby it lost R9Million of its 2023/2024 grant to the National Treasury, impacting dearly on projects that were already being implemented. This has led to prolonged projects periods or "parked projects" due to sudden lack of funds. Strategic Leadership and Guidance: It is imperative to urgently complete all unfinished projects. The priorities of projects from year 2024-2026 were reviewed in the IDP process of April/May 2024.	All allocated funds for 2023/2024 were spent by end of June 2024 with no funds that were rolled over.	None
	8	Creation of a conducive environment to promote stability in Senior Management including the Accounting Officer.	The key activity is dealt with under Governance pillar		
	9	Appointment of procurement committees to be responsible for Grant-approved projects. Conduct capacity building on	Bid Committees appointed in March/April 2024 and reviewed in August 2024 by Municipal Manager.	Regular sitting of bid committees to fast-track procurement process. It should be noted that due to political instability, the frequent change in municipal managers result in change in bid committee members,	None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
		committee members.			
	10	Improve performance of the Project Management Unit (PMU) and grant management.	PMU has regressed due to instability of staff due to frequent suspension of PMU manager.	The DLM forfeited R12 Million due to instability at PMU.	None
	11	Intensify monitoring of compliance with legislation by management.			None
Asset Management	12	Approval and implementation of Asset Management Policy.	The Assets Management Policy is addressed under finance pillar and inform strategy. The maintenance plans will be derived after development o7f the policy	Budget Related Polices were tabled and approved to council in November.	None
	13	Development of the Asset Care Program with DBSA assistance. Audit of current infrastructure (conditional assessment, determination of RUL and impairment reviews)	Strategic Assessment by PER There is no internal capacity to carry out the audit, determine the useful lifespans of assets and review impairment of assets Strategic leadership and Guidance by PER Experts are required to assist with this activity. The PER has escalated the matter to the Provincial Treasury so that professional services are sourced.	The Provincial Treasury is considering the matter. The matter will be dealt with from January 2025 as part of the Post Audit Action Plan (PAAP) and as a compliance matter to GRAP 17 (Generally Recognised Accounting Principles) conditions.	None
	14	Maintain the Asset Register and implementation of a long-term asset management strategy.		None	None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	15	Development and implementation of maintenance plans for all asset classes.	Maintenance plans are not developed or implementable due to financial constraints. Some assets are maintained on as and when basis	None	None
	16	Improve cash flow management to buy meters. Have regular meter audits.	Application for 13 500 Smart Meters was submitted to NT and await approval.	Smart Meter application was submitted to NT	None
	17	Prioritisation of acquisition of repairs and maintenance equipment.	Financial sustainability must first be achieved so that these activities are addressed.	There is little improvement in stabilizing the finances of the municipality, a task which will require more time and effort to address.	None
	18	Improve monitoring of projects completed and still under construction.	PMU has regressed due to instability of staff due to frequent suspension of PMU manager.	The DLM forfeited R12 Million due to instability at PMU.	None
	19	Improve controls over immovable assets. Collaboration between Finance and Engineering, and other Departments in ensuring that assets are properly accounted for.	Appointment of acting directors, clarified roles of departments and frequent management meetings.	There is better coordination internally with clear functions of departments (bookings, usage and maintenance)	None

KTG NZN

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
Loss control - water	20	Implement systems and controls to identify and measure water losses.	All water and sanitation related functions are addressed by the district municipality as per court order on the Sakeliga case		
	21	Regular meter audits.			
	22	Maintenance of meters and replace damaged meters.			
	23	Appoint personnel dedicated to the maintenance of meters.			
	24	Replace old asbestos (AC) pipelines with PVC pipes.			
	25	Prioritising areas with the highest occurrence of leakage or breaking of pipes for repairs in the short term			
	26	Develop and implement maintenance schedules that includes calibrating and replacing damaged water meters.			

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	27	Develop a customer care plan setting out conduct that increases service delivery efficiency.	All water and sanitation related functions are addressed by the district municipality as per court order on the Sakeliga case		
	28	Institute a call centre to track queries that are submitted to different departments.			
Loss control - electricity	29	Upgrade the electrical network using circuit breakers.	R4 Million was granted to DLM to plan and design a new 20MVA in Lichtenburg. The information from the project will also be used to draft the masterplan.	Design phase /Master planning is in progress	None
	30	Procurement of smart meters to alleviate illegal bridging of meters. Improved billing system and control.	Strategic Assessment by PER: There is a high number of either stuck /malfunctioning meters and illegal connections. This has greatly and negatively impacted revenue collection and directly contribute to the Eskom debt and disgruntled consumers due to non-authentic billing. Strategic Guidance and Leadership The PER led a team to compile the application for 13 500 Smart Meters, which has been submitted to NT and await approval.	Smart meter Application was submitted to NT for approval in April	None
	31	The municipality must divide the municipality into regions/zones/wards based on the area identified with the	Assessment by PER: The aged / dilapidated infrastructure cannot supply to meet demand. The frequent and often lengthy outages that culminates into days or weeks or even months of no supply will impede on auditing the areas with high losses.		

KTG NZN

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
		highest losses and do audits.	Strategic leadership and Guidance It is therefore the advice of the PER that the upgrading of the infrastructure be prioritised and that the smart meters be installed urgently to eliminate all existing challenges of wrong billing, illegal connections and malfunctioning meters.		
	32	Regular meter audits.			
	33	Implement frictionless payments such as mobile money, online payment platforms, and bank transfers. This can reduce the need for physical coupons.	The key activity is addressed through finance pillar		
Bulk meters	34	Installation of new bulk meters.	New bulk electricity meters and new positions thereof will be implemented with the bulk upgrading project from INEP/ DMRE grand mentioned earlier. Bulk water meters are responsibility of the district municipality None		None
	35	The municipality must conduct a monthly water balance to confirm its water use.	Function of the district municipality		None
Non-technical losses due to meter tampering, illegal connections	36	Utilise meter readers to undertake inspections monthly and report illegal activities.	Function of the district municipality		
	37	Acquire a sufficient and reliable fleet for the technical department.			

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
Unmetered consumption	38	Improved Credit Control (register consumers).	Function of the District Municipality		None
	39	Utilise meter readers to undertake inspections monthly and report unmetered consumers.			None
Need for meter audits and 'SMART' Technologies	40	Conduct meter audits.			None
	41	Review and revise the plans to implement smart technologies.			None
Performance Management	42	Enforce effective performance management policies.	Addressed by Institutional and HR Pillar		None
	43	Training in performance management and its importance.			None
	44	Make use of the Rural Road Asset Management reports and other infrastructure technical reports to effectively plan repair and maintenance based on conditional assessments.	Addressed in Item 2 above.		None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
Revenue Improvement	45	Lack of Wayleave policy and regulations and its implementation	None. There is no internal capacity to implement the activity due to vacancies on critical positions such as technical director, Planning director and unit managers.	None	None
	46	Lack of implementation of Wayleave policy and imposition of rates and tariffs			None
Waste and Refuse Removal / Solid Waste Infrastructure	47	Obtain funding for landfill management and an approved and implemented Integrated Waste Management Plan.	Strategic Assessment by PER The current IWMP was compiled in 2019 and expired in 2023. The municipality does not have internal capacity or the financial capacity to compile the IWMP, comply with legal requirements or operate/maintain landfill sites.		None
	48	Put measures in place to comply with the license requirements and apply for a license.	Strategic Leadership and Guidance Through IGR and liaison with the dept of Environmental Affairs, a consultant has been appointed to develop IWMP and address all compliance matters.		None
	49	Engage the services of experts to determine the landfill's useful lives.			None
	50	Prioritise funds for the rehabilitation of dysfunctional landfill sites			None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	51	Recommissioning and improving the capacity and efficient running of transfer stations and recovery facilities			None
	52	Finalisation, approval, and implementation of By-laws.			None
	53	Proper implementation of asset management principles.	Addressed at Key activities 12 – 19 above		None
	54	Implement access controls such as fencing the landfill sites.	The municipality plans to roll out a MIG project to fence facilities from 2025/2026.		None
	55	Purchase of specialised refuse removal trucks to increase capacity of waste removal.	Assessment by PER The 2 compactor trucks are operational for daily waste collection. They are being maintained as and when required and when broken down, waste remain uncollected for long periods as there are no contingency plans. The dominance of the financial crisis at the municipality has resulted in a complete collapse of systems. There are no funds to invest in any capital assets.		None
	56	Purchase of specialised refuse plant to increase capacity of refuse functions at landfill sites.	Strategic Leadership and Guidance The Financial sustainability must first be achieved so that these activities are addressed. There is little improvement in stabilizing the finances of the municipality, a task which will require more time and effort to address.		None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	57	Regular maintenance of existing vehicles to reduce the frequency of breakdowns.			None
	58	Improve workshop capacity and turnaround times.	Skills audit has been completed and recommendations thereof will ensure personnel capacity. The challenge will still be the financial capacity.		None
Planning and Building Control	59	Constant emails and telephonic follow-ups on progress made by appointed service providers.	These activities are the responsibility of the Department of Human Settlement where development is meant for RDP houses. Developments for any other purpose are a responsibility of the municipality and the land acquisition, bulk supply and spatial issues will be addressed through key activity 1 above.		None
	60	Continuous engagement with the district regarding bulk supply connections.			None
	61	Land acquisition processes through Housing Development Agency to identify available municipal land for development.			None
	62	Public awareness of procedures and processes for building control.			None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	63	Training inspectors to ensure they understand their scope of work and improve on people skills.	These activities are the responsibility of the Department of Human Settlement where development is meant for RDP houses. Developments for any other purpose are a responsibility of the municipality, and the land acquisition, bulk supply and spatial issues will be addressed through key activity 1 above.		None
	64	Strengthen Inter-governmental Relations (IGR) capacity.			None
	65	Peacemaker training and accreditation for easy issuing of contraventions related to land use and illegal building.			None
	66	Inspectors must schedule monthly visits and book vehicles in advance with the fleet department.			None
Fleet Management	67	A Fleet Management policy must be drafted and approved by Council.	The Fleet Management policy is part of the Assets Management Policy which the finance department is the custodian thereof. This policy was adopted by council.		None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	68	The municipality needs to develop a Fleet Management and Strategy Plan that considers the current scenario and a plan that anticipates changes in the future.	The Fleet Management policy is part of the Assets Management Policy which the finance department is the custodian thereof. This policy was adopted by council.		None
	69	Prioritise investment in vehicles.	The Financial sustainability must first be achieved so that these activities are addressed. There is little improvement in stabilizing the finances of the municipality, a task which will require more time and effort to address.		None
Housing Delivery	70	Department to come and present a business plan for DLM housing projects	The key activity is the responsibility of department of human settlement		None
	71	Letters have been written to the department, HOD, and MEC to intervene.			None
	72	Implement project management principles to ensure the completion of projects including the imposition of strict consequences and penalties to defaulting service providers.			None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
	73	The municipality must prioritise the transfer of title deeds to beneficiaries.			None
	74	Finalisation, approval, and implementation of the Housing Sector Plan, Informal Settlement Policy, and Allocation Policy	Informal settlement and allocation policies are in place while the HSP is not submitted by DHS	None	None
Roads and Storm Water Infrastructure	75	Participate in the District Rural Road Asset Management System (RRAMS) programme.	Participation is ongoing with GIS being implemented on certain layers of roads infrastructure.	GIS updating in progress	None
	76	Blading and patching gravel roads.	Grading is ongoing on bear minimum due to breakdowns and lack of funds to repair or buy plant	Minimum progress recorded	None
	77	Repair potholes.	Minimum achieved due to financial constrains to buy material		None
	78	Clean stormwater drainage systems.	Minimum achieved due to financial constrains to buy or hire material and tools of trade.		None
	79	Prioritise the purchase of equipment, material and plant to conduct repairs and maintenance.	Not performed due to financial constrains.		None

Focus area	No	Key activities	Steps Taken	Progress Made	Financial Impact
Environmental Awareness Campaigns	80	Communicate with DEDEA to collaborate on Environmental Awareness Campaigns.	The Office of the speaker as the custodian of community participation, was advised to roll out the awareness campaign	Await programme from the speaker's office. It should be noted that the continuous, frequent reshuffling of the TROIKA, EXCO, portfolio committees and management have a detrimental effect on service delivery due to lack of accountability	None
	81	Prioritise funds towards conducting awareness.	None	None	None
Parks and Cemeteries	82	Establish a records management system at satellite offices.	PER Assessment There is proper records management in placed at head office but lack of control and monitoring at sites and satellite offices. Strategic Guidance and Leadership Internal control has been increased through engagements with relevant unit and improved operating procedure implemented.	Increased monitoring of satellite offices	None
	83	Allocate municipal officials to be responsible for satellite offices.	PER Assessment Some units are overstaffed. PER Guidance and Leadership Employee audit and skills audit must be implemented prior to new staff allocation at any unit.	Skills audit was performed and finalised by CoGTA in November 2024 while staff verification finalised. Council must implement placement of relevant staff.	None

GOVERNANCE PILLAR

No		Key Activities				
1	Governance Matters	Develop Institutional Corporate calendar for Council and committee meetings aligned to MFMA and MSA reporting cycle.	The PER team developed the corporate calendar for approval by Council.	The Corporate calendar was approved by Council	None	Compliance to the calendar remains a problem due to continuous political and administration instability. Council and most of its committees do not sit.
2		Conduct induction of newly elected councillors and continuous scheduled training for all elected councillors on governance, financial management, and oversight responsibilities.	The PER team trained internal training and requested other sessions to be carried out by SALGA	Training was conducted internally and with SALGA	None	This key activity remains a challenge due to frequent change in TROIKA, EXCO and council committees which are caused by political instability.
3		Develop oversight reports and maintain declaration of interest registers.	PER team has engaged with Accounting Officer and template was developed and shared with municipal Councillors.	No formal response was received. Awaiting signatures from Councillors.	None	There seems to be resistance from some councillors to comply.
4		Establish community and organisational perception surveys and use as a baseline for improvement actions.	The PER engaged TROIKA and management on initialising the survey and establishing dialogue.		None	Frequent change of staff and lack of information from office of the speaker.
5		Create a dialogue with the community and disruptors of council meetings. (Stabilization phase)				

KTG N2N

				Financial Impact	Other Noteworthy Developments
6	Implement the recommendations arising from sec 106 of the Systems Act investigation report.	There are reportedly numerous investigation reports from previous investigations by different internal and intervention personnel, all of which require implementation. Such reports are not being brought forward to the PER.		**None**	**None**
7	Re-establish section 79 and 80 Committees of Council with clear terms of reference.	Section 79 and 80 Committees have been established	There has been regular sittings by the some committees while some remain a challenge.	None	This key activity remains a challenge due to frequent change in TROIKA, EXCO and council committees which are caused by political instability.
8	Develop a communication plan for the duration of the intervention.	The PER and the Accounting Officer have made engagement on the development of the communication plan.		None	Communication remains a challenge due to limited or no response to directives by management.
9	Establish a resolution register and system to track resolutions with appropriate training on application.	The PER team developed a resolution register and submitted to Accounting Officer.	Awaiting approval by Council	**None**	This key activity remains a challenge due to frequent change in TROIKA, EXCO and council committees which are caused by political instability. There have been at least three reshuffling of Mayor and Speaker since September 2024.

No.	Key Activities				
10	Table statutory reports and implement corrective actions flowing from reports.	The PER team has assisted the municipality to develop MFMA and Structures Act reports.	Awaiting the municipality to implement corrective actions from the reports.	**None**	This key activity remains a challenge due to frequent change in TROIKA, EXCO and council committees which are caused by political instability.
11	MPAC to execute mandate and meet regularly.	MPAC committee has been established		**None**	This key activity remains a challenge due to frequent change in MPAC which are caused by political instability. There have been three (3) reshuffling of MPAC committee since November 2024.
12	Train MPAC members on mandates and powers	PER team continue to train MPAC as it gets changed frequently.		**None**	
13	Establish operational plans for ward committees. Ward committees to meet their mandate.	Training was conducted by Cogta in October 2024. Ward operational plans were developed and are in the process of being implemented			This key activity remains a challenge due to frequent change in Speaker position caused by political instability. There have been three (3) reshuffling of Speaker since October 2024.
14	Establish a technical working committee (transversal).	Technical working committee was established which includes SALGA, MISA, NWPT, CoGTA and DCoG		None	Achieved.

KTS N2N

			Status Quo	Progress Made	Financial Impact	Other Noteworthy Developments
15		Convene meetings of TROIKA attached to a pre-approved annual schedule.	All Council and committees meeting schedules and annual schedule were submitted to council, including TROIKA.	The schedule of the meetings was adopted by council	None	Compliance to the calendar remains a problem due to continuous political and administration instability. Council and most of its committees do not sit.
16		Develop schedule and implementation of meetings for Executive management meetings.				
17		Compile a schedule of all accounts in arrears of Councillors and officials and enter into payment arrangements.	This activities are planned for the stabilisation Phase			
18		Design process flow mapping interface between political office bearers and officials.				
19		Arrange quarterly sessions to discuss all relevant Council Bylaws and Policies.				
20	Contract Management	Monitor and update the contract register.	PER team developed the Contract register.	Contract register of known contracts is being reviewed and updated as and when information is received.	None	There is limitation of scope towards the PER as most procurement is done irregularly with no contracts submitted to PER.

No.	Key Activities				
21	Review all contracts for performance, compliance, and possible consequence management and submit monthly reports.	The PER team prepared a legal assessment report with recommendations and submitted to the Municipal Manager.	Progress is uncertain due to lack of information from senior management to the PER.	None	This key activity remains a challenge due to frequent change in municipal manager position caused by political instability.
22	Audit all contracts and value-for-money assessments including irregular month-to-month contracts for goods and services and conduct a duplicate costs analysis for contracted services and employed staff.	The PER Team identified Irregular contracts and recommendation were submitted to the municipality for implementation			
23	Review and terminate irregular month-to-month contracts for goods and services and consider signing long-term contracts.				
24	Negotiate and sign affordable payment arrangements with creditors.	The PER team continues to assist the municipality in negotiating payment arrangements with creditors. (POE from Kati)		None	
25	Identify goods and services required on an ongoing basis and appoint service providers on longer-term contracts.	This activities will be addressed in the stabilisation Phase			
26	Review annual demand management and procurement plan and monitor for execution.	An annual demand and procurement plan was developed	Awaiting implementation by the municipality	None	This key activity remains a challenge due to frequent change in municipal manager and other senior

KTG N2N

No.	Key Activities	Key Activities	Progress Made		Financial Impact	Other Noteworthy Developments
						management position caused by political instability
27		Re-establish and train bid committees.	Committees are trained as and when re-established due to frequent change to management.		None	This key activity remains a challenge due to frequent change in TROIKA, EXCO and council committees which are caused by political instability.
29	Litigation and Contingent Liabilities	Report to Council on diagnostic analysis of root causes of litigations and claims/Update litigation register and reflect total contingent liability.	The PER team formulated root causes for litigations and contingent claims and shared with the Municipal Manager.	Progress is uncertain due to lack of information from senior management to the PER.	None	There is limitation of scope towards the PER as most procurement is done irregularly with no contracts submitted to PER.
30		Conduct a legal assessment on reasonable prospects of success on all pending litigations.	PER team conducted Legal assessment and recommendation were submitted to the municipality for implementation on litigations that the PER has access to.	Progress is uncertain due to lack of information from senior management to the PER.	None	
31		Negotiate payment arrangements for goods and services rendered by creditors and suppliers.	The PER team assisted in negotiating payment arrangements with creditors	Progress is uncertain due to lack of information from senior management to the PER.	None	There is limitation of scope towards the PER as most procurement is done irregularly with no
32		Honouring renegotiated payment arrangements.				

No		Key Activities				
33		Review the business plan for a legal services unit (In-house versus outsourced).	The PER team has advised that all defendable matters are defended, and further attempted to mediate those that can be settled out of court.			contracts submitted to PER.
34		Assign case management to appropriate individuals.	A municipality re-appointed / reinstated the legal manager in May 2025.			
35		Investigate default judgments and effect consequence management.	The PER team prepared a legal assessment report with recommendations and submitted to the Municipal Manager.			
36		Monthly update litigation register.	The PER team has been engaging the Accounting Officer on the progress report of litigation within the municipality.	Progress is uncertain due to lack of information from senior management to the PER.		There is limitation of scope towards the PER as most procurement is done irregularly with no contracts submitted to PER.
37	System of Delegations	Prepare and adopt a delegation framework and a set of delegations and sub-delegations,	PER team drafted delegation framework for the municipality	Draft system of delegation submitted	None	Implementing this activity will be a challenge due to vacant

		including Finance, SCM, and administrative.		to SALGA for final approval		senior managers positions and frequent change in TROIKA, EXCO and council committees which are caused by political instability.
38		Maintain delegations register.				
39		Workshop delegations.				
40		Update delegations register.				
41	By-laws and enforcement	Adopt and enforce Bylaws.	PER has requested submission of all bylaws for assessment and review where necessary. The reality is that existing bylaws are outdated and unimplemented which other necessary bylaws do not exist. There is no internal capacity and commitment to implement bylaws, which is evident from unauthorised activities and lack of penalties from bylaws such as building regulations and traffic regulations.		None	None
42		Report on revenue generated and enforcement of Bylaws				
43		Establish a register of Bylaws and review it as stipulated.				
44		Develop relevant Polices to give effect to Bylaws, commencing with revenue generating Policies as a priority.				
45	UIF&W and consequence management	Conduct investigations on UIFW expenditure in accordance with sec 32 of the MFMA and investigation of financial misconduct aligned to an adopted schedule of investigations with timelines.	PER team has drafted the UIF&W reduction strategy in line with MECs directive.		**None**	Registers are not signed off on a monthly basis
46		Implement Consequence management for UIF&W.				

No.		Key Activities				
47		Develop and implement UIF&W expenditure SOP and reduction plan aligned to MFMA circulars 68 and 111.				
48		Establish and maintain UIF&W registers	The PER team developed a UIF&W Register	The register is updated regularly		
49		Monitor progress on forensic investigations.	Due to dire financial constraints, the municipality has not been able to initiate forensic investigations			
50		Establish quarterly reporting on UIF&W	Register was developed and is updated as and when required, based on information submitted by management.			
51		Monitor audit action plan.	The PER team developed audit action plans for the financial years 23/24,22/23, and 21/22.			
52	Audit Action Plans	Improve the quality of AFS.	Resulting from intervention from Provincial Treasury: The 2023/24 AFS were compiled and submitted to AG within the legislated time frame along the other outstanding 2 financial years.	The office of Auditor general has audited three sets of annual financial statements 2021/22 2022/23 and 2023/24	None	None

53		Establish an AFS completion project plan.	The PER team has developed an AFS completion plan.			
54		Validate progress and verify POE for adequacy and completeness.				
55		Weekly audit steering committee to discuss the implementation of the audit action plan.				
56		Implementation of an audit action plan should be an integral part of the performance agreement of senior managers.	The PER team developed audit action plans for the financial years 23/24,22/23, and 21/22.			
57		Internal audit to provide monthly assurance on the implementation progress report for the approved audit action plan.				
58		Reporting on the implementation progress report for the approved audit action plan to Audit Committee, Mayoral Committee and Council.				
59	Risk Management	Establish risk management policy and strategy.	The Risk Management unit was adopted in the approved structure in May 2025 and await appointment of personnel.		None	The reviewed organogram was adopted by council in May 2025 which include establishment of Risk Management Unit.
60		Assign risk management responsibilities to a staff member.				
61		Update risk register as required by circumstances or as per policy.				
62		Development of organisational business continuity plan.				

No		Key Activities			
64		Risk management and register must be a standing agenda item for all scheduled management and Executive meetings as well as the audit committee.			
65		Monitor and report on the implementation of risk-mitigating measures that may have an impact on the implementation of the financial recovery plan, audit action plan, and other risks identified in the risk registers.			
66	Powers and Functions	Conduct an in-depth analysis of cost implications and determine the viability of mandates.	The PER team has been pursuing management to avail relevant records and same has not been received. This is a limitation of scope which the PER will escalate to relevant provincial departments for assistance.	None	None
67		Renegotiate mandate agreements.			
68	Immovable Property Management	Council to ensure that services of emergency, agency, outsourced, and shared service agreements	Due to dire financial constraints and lack of internal capacity, the municipality has not been able to do proper costing	None	None

KTG N2N

		are costed and included in the budget.			
69		Conduct a land audit and implementation of the recommendations of the audit, including a cost-benefit analysis (operational expenditure against revenue collected).			
70		Review all lease agreements including the collection of rentals from tenants and whether it is market-related.	The PER team has been pursuing management to avail relevant records and same has not been received. This is a limitation of scope which the PER will escalate to relevant provincial departments for assistance.		
71		Non-paying tenants must be ejected from the properties.		None	None
72		Identify immovable properties not required for basic municipal services and conduct appropriate disposal actions.			
73		Establish a forum to engage tribal authorities.	The PER engaged management and TROIKA on the matter		
74		Develop and implement SOPs with appropriate controls and develop GRAP-compliant asset registers.	The PER team has prepared draft SOPs that will be used to develop GRAP compliant asset registers		
75		Assess all properties for title deeds and initiate processes to acquire title deeds and reconcile alienation transactions with Deeds	The PER team has assessed all properties this will be reconciled with the deeds office records.		

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NO		KEY ACTIVITIES			
		office records for the past five years.			
76	Internal Audit	Approve the annual audit plan and risk management documents for 2022/23 financial year.	The PER team developed audit action plans for the financial years 23/24,22/23, and 21/22.		
77		Conduct a capacity and effectiveness assessment (baseline) for the internal audit unit with recommendations.			
78		Submit quarterly reports on internal audit, internal audit plan, and respective charters to the audit committee and council.			
79		Assign administrative duties in terms of policy and monitor compliance			
80		Ensure the audit committee is properly trained and capacitated.	Due to dire financial constraints, the municipality has not been able to establish an audit committee	None	None
81		Set up meetings between the audit committee and MM and Mayor.			
82		Maintain an updated risk register.	This activities will be addressed in the stabilisation Phase		
83	Information and Communication Technology	Review ICT Governance framework.	The PER team is assisting the municipality to develop the draft ICT governance framework	None	None
84		Establish ICT steering committee.			

85		Review, develop, and implement ICT general controls.			
86		Budget for ICT infrastructure and develop business plans and a business case and scan for funding opportunities and sources.	Due to dire financial constraints, the municipality is unable to budget for ICT infrastructure	None	None
87		Develop and implement a server downtime monitoring tool.			
88		Secure data storage, back up, and recovery solutions.			
89		Update the website.			

DITSOBOTLA MUNICIPALTY
FINANCIAL RECOVERY IMPLEMENTATION PLAN
FINAL RESCUE PHASE

Phase 3: Financial Rescue

No	Focus Area	Current situation	Key activities	Breakdown of key activities	Responsible person	Timeline (Phase of Stabilisation addressed in)	Desired outcome(KPI)	KPI (how classified, when to be in line with KPI)	Financial implications (e.g. consultant fees or budget spending limit)	Support required (partners)	Start date	End date	Monitoring Progress Reporting: Status Tasks	Progress Made	Financial Impact	Other Responsible Departments
		challenge in making follow ups with its customers who always dispute amounts billed.	Consultation with financial system service provider as to the root cause/s for billing inconsistencies	> Initiate meetings with the system vendor on an ongoing basis to resolve migration challenges.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative		Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Report on assessment of system	Improved collection rate to: Year 1 - 60% Year 2 - 70% Year 3 - 80%	Task team and Provincial Representative	01/08/2023	31/10/2023				
16	Expenditure : Creditors management	No grant management policy in place, to prevent the misuse of funds	Ring fence grant funds through a grant management policy.	> Revise the grant management policy > Develop a process plan for ring fencing grants.	Revenue Manager & BTO Manager Supported by: Municipal Manager, task team and	Rescue	100% cash-backed grants Improvement in audit outcome (compliance with legislation)	> Approved grant management policy. > Grants ring-fencing SOPs.	100% cash-backed grants All bank accounts and sub-account balances	Task team and Provincial Representative	01/08/2023	30/04/2023	All budget-related policies were reviewed, developed and tabled to council	All budget related policies were reviewed, developed and tabled to council	None	None
		Non payment of services within 30 days of receipt of the invoice as required by the MFMA, (resulting in interest levied - per 20/21 AFS R19 146 509) Creditors days increased from 994 days in 2019/20 to 1054 days in 2020/21 which means the Municipality is taking a very long time in settle amounts owed. Overpayment of suppliers due to poor controls based on previous audit report.	Cost containment policy to be compiled and approved with the 23/24 budget		Cost containment; Refer to section; Budget related policies	Rescue	Refer to section: Budget related policies						All budget-related policies were reviewed, developed and tabled to council	All budget related policies were reviewed, developed and tabled to council	None	None
			Training to be provided to officials on creditors reconciliations, to prevent overpayment of invoices or interest/penalties levied or late payment		Expenditure Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	Signed attendance register & training manual Signed creditors reconciliations	Avoidance of unnecessary expenditure (e.g. double payments, interest, penalties), resulting in increase in cash flow. Enter into agreements with creditors and maintain 100%	Task team and Provincial Representative	01/08/2023	30/06/2024				
			Data cleansing to be done on suppliers (contact details, address, CSD form etc)	> Develop SOPs for vetting service providers on the financial system > Provide training on how to vet service provider.	Expenditure Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Updated suppliers listing/ageing > Suppliers SOPs > Training attendance registers	Quality creditor payable amounts and reduction in outstanding creditors Enter into agreements with valid creditors and maintain 100%	Task team and Provincial Representative	01/07/2023	30/06/2024				
		No payment arrangement with biggest creditors of the municipality, including - Eskom, No reconciliation of account/proper record keeping relating to creditors.	Payment arrangement to be signed with all major creditors including Eskom	> Prepare payment arrangements in line with creditors prioritisation methodology referred to on cost containment;	Municipal Manager, CFO, task team and Provincial representative	Rescue	Compliance with DFF parameters Creditor payment ratio in line with FRP Improved service delivery	> Signed payment arrangement > SOPs for reconciliation and for payment of creditors. > Creditors recon tailbars	Increase in cash flow of the municipality, from benefit of settlement of debt. Enter into agreements with creditors and maintain 100% payment ratio for all agreements	National Treasury (circular 124)	01/08/2023	31/07/2024	>Proposed payment arrangement with SARS >Prepare payment arrangement with ASA >Prepare payment arrangement pension funds	>Signed arrangement was concluded with SARS >Proposal was sent to MOSA and Pension fund	>SARS - 90m >AGSA - 8,6M >Pension Fund - 9M	>SARS who must refer as per the signed payment arrangements
			Prepare creditors reconciliations for all creditors	> Develop SOPs for creditors reconciliations. > Monitor the implementation of the reconciliations on a monthly basis.												
			Ensure bulk purchases are paid within 30 days of receipt of the invoice	> Monitor the payment of bulk purchases accounts.									>Debt Relief application was submitted and suspended by NT	>The municipality have been payed the current account due to current financial position of the municipality, this activity will be non-implemented.	Total Debt: R1 185 246	> The municipality have agreed for Eskom to take over the electricity function.
			Ensure creditors paid for legitimate services rendered to the municipality	> Develop SOPs to be complied with before payments are made.												> SLA still not signed , Awaiting a council resolution
17	Asset management	No up to date asset management policy	Asset management policy to be compiled and approved with the budget process.	> Revise the asset management policy in line with the regulatory framework and best practices.	Municipal Manager, task team and Provincial representative	Rescue	Asset management policy reviewed and approved by council	> Reviewed and approved asset management policy	Improvement in custodianship and reporting of assets through asset management policy	Task team and Provincial Representative	01/08/2023	31/05/2024	> All budget related policies were reviewed, developed and tabled to council	> All budget-related process were reviewed, developed and tabled to council	None	None
		No fleet management plan to ensure efficient service delivery	Fleet management plan to be compiled and implemented	> Monitor the implementation of the fleet management plan in line with the budget. > Provide training on fleet management	Municipal Manager, task team and Provincial representative	Rescue	Fleet management policy reviewed and approved by council	> Reviewed and approved fleet management policy > Training attendance register.	Improvement in service delivery through implementation of fleet management policy	Task team and Provincial Representative	01/08/2023	31/05/2024	> All budget-related policies were reviewed, developed and tabled to council	> All budget-related policies were reviewed, developed and tabled to council	None	None
18	Cash management	Irregular payments made from the bank accounts, as not approved by authorised officials. Poor record keeping of information as per previous audit report (19/20)	Consequence Management for misappropriation of funds	> Develop a process plan for the implementation of consequences management.	Consequence management: Municipal Manager, task team and Provincial representative	Rescue	Implementation of consequence management	> Consequence management process plan	Increase in cash flow, By preventing unnecessary expenditure Enter into agreements with valid creditors and maintain 100% payment ratio for all agreements	Task team and Provincial Representative	01/07/2023	31/10/2024	>UIFW resolution as aligned in line with MFMA checklist	>MFMA reduction strategy was tabled and approved	>Unauthorised - R 550,869,087 >Fruitless & Wasteful - R 357,443,888 >Irregular - R 469,7 m,087	
			Cash management policy to be compiled and approved with the budget process. (for strict controls on receipting and banking)	> Monitor the implementation of the cash management policy. > Develop standard operating procedures for cash management	Cash management policy: Refer to section; Budget related policies	Rescue	Refer to section: Budget related policies						>All budget related policies were reviewed, developed and tabled to council	>All budget-related policies were reviewed, developed and tabled to council	None	None
19	UIF&W	High levels of irregular expenditure, due to SCM regulations not applied and outdated SCM policy. Poor record keeping of information as per previous audit report (19/20) Per the 2020/2021 AFS (latest available) - Irregular:R366 687 932 - Unauthorised: R203 871 244	Implement consequence management:	> Establish the disciplinary board > Develop terms of references for the FMDB > Support the FMDB in the investigations of the cases.	Consequence management: Municipal Manager, task team and Provincial representative	Rescue	Implementation of consequence management	> FMDB Council resolution. > FMDB Terms of references > FMDB Meeting minutes and attendance registers	Increase in cash flow, By preventing unnecessary expenditure. Enter into agreements with valid creditors and maintain 100% payment ratio for all agreements. Implement a credible and funded MTREF budget	Task team and Provincial Representative	01/07/2023	31/10/2024	>The TOR's to the FMDB were developed	>The municipal council has approved the establishment of FMDB > A request was submitted by the municipality to participate in a shared service however the request was rejected by Nkangala	None	None
			Implementation of funded budget		Refer to section: Funded budget	Rescue	Refer to section: Funded budget									

R228 288 818 - Deviat ons: R6 136 845	SCM regulations and approval of the budget process	was the regulatory framework. > Provide training on the implementation of the SCM policy.	Budget related policies	Rescue	Refer to section: Budget related policies								
Purchases made from suppliers from which officials are not independent.	All SCM officials to sign declaration of interest to confirm independence	> Monitor the signing of declarations on an annual basis and per meeting of the committees.	SCM Manager Supported by: Municipal Manager, task team and	Rescue	Improvement in audit outcome Reduction in UIFW	> Signed declaration of interest for all SCM officials	n/a	Task team and Provincial Representative	01/09/2023	30/04/2024	A template was developed and shared with the municipality offices	SCM officials has signed declaration of interest to confirm independence	None	None

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DITSOBOTLA MUNICIPALTY
FINANCIAL RECOVERY IMPLEMENTATION PLAN
FINAL RESCUE PHASE

PHASE 1: FINANCIAL RESCUE

No	Focus area	Current situation	Key activities	Involvement of key activities	Responsible person	Timeline (Related Task Activity Undertaken By)	Measurable outcome(KPI)	Risk (Possibility) Must be in line with KPI	Financial Impact/Budgeting (Amount Needed, Sources of Funding/Saving etc)	Budget required (Y/N) (If Yes, Amount)	Start date	End date	Municipal Progress Handling: Steps Taken	Progress Made	Financial Impact	Other Stakeholder Involvement
1	Cost-reflective tariffs	The tariffs for all income services located on GPI increased. The cost per drive on is not considered (no costing principles, electricity, Water, Refuse, Sewerage) and not linked to support the basis of tariff rates which are done in the same way as the previous years and does not consider the cost per division of the municipality when factored into the tariff setting process	Develop and approve tariff setting model. Revised tariffs to be approved with budget. Resources can be requested from Provincial Treasury to assist with the process	> Implement the IT and Billing tool > Implement the NT tariff setting tool	Revenue Manager & BTO Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Improve Accurate, Unbiased cost reflective tariffs	> Consultative policy/Tariff setting model	3% increase in revenue billing through improved metering, Rate Payer, billing and collection in conjunction Consumption	Internal capacity Provincial Treasury Task team and Provincial Representative	26/05/2023	31/07/2023	>2023/2024 cost reflective tariff was completed and uploaded on Sa Mart	>07/12/2024 Tariff Technicians were consulted during the preparation of the 2024/2025 Budget.	None	None
		No tariff policy. Lack of understanding of all services on both procedure and tariff setting	> Update and approval of tariff policy. Training to be conducted to relevant employees on cost reflective tariff setting to implement cost rates	> Provide training on the tariff policy > Update the tariff policy in line with legislative framework		Revenue	Skilled technician Budget related policies									
2	Indigent management	No verification of indigent debtors performed or approved Indigent policy	Review the indigent policy to confirm it is aligned with the objectives of the municipality and was tested with the Budget	> Review and implement the budget policy	Revenue Manager Supporting by Municipal Manager, task team and Provincial representative	Revenue	Implementation of revised policy	> Approved indigent policy	Increase in collection rate through improved metering, billing and collection in conjunction with consumption	Task team and Provincial Representative	01/09/2023	31/05/2024	The indigent Policy was reviewed.	>Budget Related Policies tabled to Council for approval in May 2025	None	>Registered the indigent households with identified and captured in 1000 Digi cards 5 Business 16 Accounts linked to "Ditsobotla Executive Mayor" 7600 with no IP address
3	SCM compliance and value for money	Lack of capacity and lack of compliance and training officials. The SCM unit is functional, are currently satisfactory at this stage however there is a concern with regards to the competency levels of the unit members. Attempts to place a dedicated SCM was made to enhance the compliance and oversight of the Accounting officer as well as compliance officer.	Vacancies in the unit to be filled with competent officials	> Develop procedure manual for filling of vacancies in the SCM unit	Municipal Manager, task team and Provincial representative	Revenue	Decrease in frequencies of non-compliance with SCM regulations Improvements in audit outcome	> Procedure manual for filling of SCM vacancies	Reduction in irregular expenditure	Task team and Provincial Representative	01/09/2023	30/06/2024	>Interviews were conducted MM and Finance Manager >The Director was appointed in Feb 2024 to assist and support the CFO > Organogram was reviewed	>Implementation team was deployed in Feb 2024 to assist and support the CFO > Municipal council placed Municipalities under Eskom below MSA section 56	None	None
		SCM Committees not properly functional , due to change management	SCM committee to be revised in line with updated SCM policy/prescriptives	> Issue statements of Specifications Conduct bid evaluations committee and appointment letters. > Develop 2024/25 procurement plan in line with the approved budget	Municipal Manager, task team and Provincial representative	Revenue	Decrease in instances of irregular and fruitless incurred/ expenditure through good oversight	> Terms of reference SCM committees > Minutes of meeting > Appointment letters > Request letter to the district	n/a	Task team and Provincial Representative	01/01/2024	31/03/2024	>Committees were established and training was conducted >The SCM Policy was reviewed which includes the new regulations	>Committees were established and training was conducted >Budget Related Policies, tabled to Council for approval in May 2025	None	None
		No reasonable procurement plan in place	Review critical dormant municipal SCM procurement plan for cost effectiveness and monitor events	> Adjust the Procurement Plan in alignment to the amendment budget > Develop 2024/25 procurement plan in line with the approved budget	SCM Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Appointment by various delivery through good planning Decrease in expenditure through good planning	> Reviewed and Approved procurement plan	Reduction in irregular expenditure	Task team and Provincial Representative	01/07/2023	31/05/2024	>The 2023/24 Procurement Plan was developed	>The 2023/24 Procurement Plan was finalized and uploaded on the MT portal		
		Delayed SCM related projects	SCM policy to be updated and approved by council after the Budget Process. Policy to be updated to be in line with the new SCM regulations.	> Review the policy in preparation of the 2024/25 budget in line with the regulatory framework.	SCM Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Implementation of revised policy	> Reviewed and Approved SCM policy	n/a	Task team and Provincial Representative	01/09/2023	31/05/2024	>The SCM Policy was reviewed which includes the new regulations	>Budget Related Policies, tabled to Council for approval in May 2025		
4	Cost containment and prudent cash flow management	No cost containment policy in place. It is mandated per Municipal Finance Management Act (MFMA) Section 62 (1) (b) that the accounting officer must ensure that the municipality has and implements a cost containment policy which is aligned to the municipality's budget and integrated development plan. Non-collection of government grants. Per 2020/21 AFS grants revenue is 33% of total revenue. High employee related cost - Per 2020/21 AFS employee cost 32% of total expenditure. High expenditure on bulk purchases - Per 2020/21 AFS 21% of total expenditure. Unfunded budget - Per 2020/21 AFS unfunded budget of R 372 000. High debtors days/ratio - Per 2020/21 AFS R 394 mil outstanding. Non-payment of SA Gas Ltd - Per 2020/21 AFS balance of R3 396 mil outstanding.	Cost containment policy to be developed and approved with the budget process	> Appoint the Data Collection Team/s > Train officials on the implementation of the Cost Containment Policy > Monitor the implementation of the Cost Containment Policy	SCM Manager, Expenditure Manager & BTO Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Implementation of revised policy	> Reviewed and approved cost containment policy > Attendance register > Monitoring report on the implementation of cost containment policy	10% reduction in Bulk purchases by reducing electricity losses through improved metering and increasing legal consumers Employee Cost: 30% of OPEX Councillor R2M, 100% per Upgraded Maximums, subject to FEP Process Depreciation: 100% per GRAP 17 Standard Debt Impairment: 100% of Billed Revenue, prior Budgeted Collection Rate Contracted Services – Rank 2 (2% of OPEX, +6% (2023/24), 5% (2024/25), +3% (2025/26) Other expenditure: CPI increase + Growth - 15% reduction from cost containment measures	Task team and Provincial Representative	01/09/2023	31/05/2024	>The Cost Containment was reviewed.	>Budget Related Policies, tabled to Council for approval in May 2025		A credible budget funding was developed which includes services to reduce operational expenditure
		Cash flow management enterprise not in place	Establish a cash flow management committee to ensure cash disbursement measures are implemented and monitored effectively	> Oversee the implementation of the cash flow management measures. > Coordinate the cash flow planning and meetings	BTO Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Implement a cash flow	> Terms of reference cash flow committee > Minutes of cash flow committee	n/a	Task team and Provincial Representative	01/09/2023	30/06/2024	The cash flow committee was established and TORs were developed			The Municipality has been facilitated with personal protective equipment and workshopped on the importance of the implementation of the cost containment policy
				> Review the overdraft policy in line with the												

		Weak internal control environment; Leadership did not adequately oversee the internal control environment as evidenced by repeating findings during audit. - Leadership did not adequately oversee the design of control environment as evidenced by repeated findings during audit. - No progress in respect of financial misconduct relating to the daily, weekly, and monthly reconciliation. - Risk management activities were not adequately designed or implemented to mitigate risks with a potential negative risk or material misstatement	Develop, implement, review and monitor standard operating processes for each business cycle Define performance and implement internal consequence management	> Implement standard operating procedures for each business cycle. > Maintain risk management and the internal control policy on a monthly basis. > Monitor training on the implementation of internal controls	Municipal Manager, task team and internal representatives	Rescue	Improvement in audit outcome	Implementation of action plan/approved SOPs	n/a	Task team and Financial Representative	01/09/2023	31/05/2024	Developed the following SOPs/ Revised: - Asset management - Expenditure -Cash and investment management - Credit and Debt - Indigent -Grant management	Developed the following SOPs: -Revenue - Asset management - Expenditure -Cash and investment management - Credit and Debt - Indigent -Grant management		
		The municipality is understaffed due to the high debt write-off amount arising mainly from the Accounting officer and finance interest write-off. Lack of capacity in MTAS office, the Accounting officer and finance interest write-off. Overall lack of debt and collections	Review competency and skills of staff relating to the specific roles and responsibilities involved for the position and identify key vacancies and appoint suitably skilled and experienced officials to address the capacity deficiencies	> Develop a capacity development plan to upgrade BTO officials > Develop a procedure manual for acting appointments	Municipal Manager, task team and Provincial representatives	Rescue	Improvement in governance	> Evaluation report of staff > Capacity development plan > Procedure manual for acting appointments	n/a	Natasha Tradouty MEC Task team and Provincial Representative	01/09/2023	30/06/2024				
		Over reliance on consultants. Consultants are contracted for critical financial functions without proper performance monitoring	Develop and implement procedures to monitor the performance relating to the work of consultants Identify and avail staff with the appropriate competencies to skills transfer from consultants and submit these officials for opportunities to perform the procedures undertaken by the consultant.	> Implement the processes to monitor the work done by consultants > Develop skills transfer and capacity building plan for consultants	Municipal Manager, task team and Provincial representatives	Rescue	Improvement in governance outcome	> SOP for monitoring of consultants > Capacity building and skills transfer plan	Continuous Services – Above 2 5% of UIEBR, 4% (2023/24), 3% (2024/25), -3% (2025/26	Task team and Provincial Representative	01/07/2023	31/05/2024	> A request was submitted by the municipality to request assistance/support > LGSETA is also assisting the municipality with AFS preparation	> Inspection team was deployed by PT in Feb 2023 to assist and support the BTO > LGSETA is also assisting the municipality with AFS preparation		> Technical Services with shortcomings
9	Financial viability and management	System negative strain/gap from PMS to Sage Evolve affected billing and reporting since 2020	Engage with the service provider to analyse and identify the root cause for billing complications (process, the interface between different systems, Sebenza and Sage Evolve). The end cause was however found to a combination of a lack of system knowledge combined with incorrect user configurations)	> Analyse the data imported during the migration process. > Analyse the outcome of the Data Cleansing exercise	Revenue Manager Supported by: Municipal Manager, task team and Provincial representatives	Rescue	Improvement in reporting for Revenue Unlikely Improvement in audit outcome	> Report on assessment of system	DN increase in billing through migration to different consumer metering, data integrity, billing and reduction of unbilled consumption. Improvement in debt collection rate	Task team and Financial Representative	01/08/2023	31/12/2023	> The engagement have commenced payment was to Sebata to allow access by the system however opening balances are still a challenge	> The service provider is yet to provide the interface with the mSCOA file	None	None
			Develop and implement best practice debtors and credit control procedures in terms of the debt revenue function	> Identify and benchmark with a municipality that is implementing billing process efficiently > Implement the best practice for Debt Collection and Credit Control	Revenue Manager Supported by: Municipal Manager, task team and Provincial representatives	Rescue	Improvement in audit outcome	> Implementation of revised/approved SOPs > Benchmark report		Task team and Financial Representative	01/08/2023	31/08/2024				
		Some key finance related policies are not in place, and/or are outdated	Policies alone do not improve the financial control environment and must be enforced and monitored regularly by senior officials Investigate any policies to be developed and/or reviewed	> Review all policies in line with the regulatory framework. > Monitor the implementation of the Reviewed policies on a monthly basis. > Provide training on the implementation of policies	Revenue Manager: Tariff policy Indigent policy Debt and credit control policy Property rates policy Cash management and investment policy Task Man Asset management policy Fleet management policy Risk management policy Funding and reserves Cost containment policy Loss management and investment policy Travel, accommodation & subsistence policy Cost containment policy Unauthorised, irregular, fruitless and wasteful expenditure policy Cost containment policy BTO manager Budget implementation policy Funding and reserves Cost containment policy Asset management and investment policy Travel, accommodation & subsistence policy Cost containment policy Expenditure Manager Travel, accommodation & subsistence policy Cost containment policy SCM manager	Rescue	Implementation of revised policies	> Twelve compliance schedule > Implementation monitoring report > Revised and approved policies Tariff policy Indigent policy Debt and credit control policy Property rates policy Cash management and investment policy Asset management policy Fleet management policy Risk management policy Funding and reserves Cost containment policy Unauthorised, irregular, fruitless and wasteful expenditure policy Cost containment policy	n/a	Task team and Financial Representative	01/09/2023	31/05/2024	Developed or updated the following: >Tariff policy >Indigent policy >Debt and credit control policy >Property rates policy >Cash management and investment policy >Asset management policy >Risk management policy >Budget implementation policy >Cost containment policy >Travel, accommodation & subsistence policy >Cost containment policy >Unauthorised, irregular, fruitless and wasteful expenditure policy >Cost containment policy	>Strategic session was held in May to prioritise resolutions set out in the >Budget Related Policies tabled to Council for approval in May 2023	None	None
		Poor records management due to financial system challenges which has led to successive disclaimers of opinions by AGSA	Implement and enforce document management system to improve safeguarding of records Develop and implement Standard operating procedures in line with the document management system	> Monitor the implementation of the mSCOA document management system on a monthly basis. > Monitor the implementation of document management standard operating procedures on a monthly basis	Municipal Manager, task team and Provincial representatives	Rescue	Improvement in audit outcome	> Monthly monitoring reports	n/a	Task team and Municipal Representative	01/07/2023	31/12/2024	The municipality is currently scanning documents and uploading documents on Cash Drive	The municipality is currently scanning documents and uploading documents on Cash Drive	None	An IT was also put in place regarding record keeping
10	Debt write-off/reduction	No relevant findings were identified	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Backlogs and maintenance below the norm as % of the value of Property, Plant and equipment and Investment Property	Develop and implement an Asset maintenance plan in line with the cost depreciation needs analysis performed during the budget phase	> Review the 2023/24 budget to ensure repairs and maintenance allocation > Monitor the implementation of asset maintenance plan	Municipal Manager, task team and Provincial representative	Rescue	Achieve budget targets relating to repairs and maintenance	> Approved asset management plan in line with the budget Circular 71 ratios	Improvement in the repairs and maintenance ratio of 8% of operating expenditure	Task team and Financial Representative	01/07/2023	30/06/2024	No Asset Management unit at the municipality however provision for the unit has been made in the draft structure	No Asset Management unit at the municipality however provision for the unit has been made in the draft structure		
		Debtors recently faced a high liability below the norm of 30% (18.51% for 2021/22) mainly because of the billing complications	Identify the root cause of, and rate of billing complications with service providers	> Implement the outcome of data cleansing exercise > Monitor the billing cycle on a monthly basis	Revenue Manager Supported by: Mun COO Manager, task team and Provincial representative	Rescue	Improvement in audit outcome	> Report on assessment of system Circular 71 ratios > Monthly billing reports	Improved collection rate to Year 1 - 80% Year 2 - 70% Year 3- 90%	Task team and Financial Representative	01/08/2023	31/12/2023	Engaged with GP to analyse the data imported during the migration process	The A G is currently investigating the data imported.		
		Significant increase of Average collection days	Implement strict credit control procedures in line with the Credit control and debt collection policy	> Develop credit control standard operating procedures. > Monitor the implementation of credit control standard operating procedures on a monthly basis	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Increase in average collection days	> Debt and credit control standard operating procedures Circular 71 ratios > Credit control SOPs	Improved collection rate to Year 1 - 60% Year 2 - 70% Year 3- 80%	Task team and Financial Representative	01/07/2023	30/06/2024	> Unreviewed credit control and debt SOPs	> Debt and credit control and debt SOPs	Collection rate	
		No bad debts written off during the 2021 and 2022 financial years	Perform a cleansing of debtors data and engage with irrecoverable amounts	> Develop an data write off item for council consideration > Perform write off journals on the financial system post council approval	Revenue Manager Supported by: Municipal Manager, task team and Provincial representatives	Access	Improvement in reporting by Provincial Treasury	> Meeting of bad debts and council approval > Write off journal passing Circular 71 ratios > Signed journals	Improved debtors management and overall debt collection rate to Year 1 - 80% Year 2 - 70% Year 3- 90%	Task team and Financial Representative	01/07/2023	30/06/2024	Cogta has appointed a service provider to perform data cleansing exercises, and the report with recommendations was accepted by council	The municipality is yet to implement the recommendations		
11	MFMA circular 71 financial ratio analysis ages and set norms		Refer to budget section in terms of capital expenditure and project-based budgeting		Municipal Manager, task team and Provincial representative	Reduce	Refer to section Finance overall											

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DITSOBOTLA MUNICIPALTY

FINANCIAL RECOVERY IMPLEMENTATION PLAN

FINAL RESCUE PHASE

PHASE 1: FINANCIAL RESCUE

No	Focus area	Current situation	Key activities	Milestones of key activities	Responsible person	Timeline (Short/Medium/Long term/Ongoing)	Measurable outcomes	SMART (Specific/Measurable/Achievable/Realistic/Time-bound)	Financial impact (Budget required, funding source)	Start date	End date	Municipal Progress Reporting: Status Update	Progress Made	Financial Impact	Other Supporting Department
		challenge in making follow ups with its customers who always dispute amounts billed.	Consultation with financial system service provider as to the root cause/s for billing inconsistencies	> Initiate meetings with the system vendor on an ongoing basis to resolve installation challenges	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative		Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Report on assessment of system	Improved collection rate to: Year 1 - 60% Year 2 - 70% Year 3- 85%	Task team and Provincial Representative	01/08/2023	31/12/2023				
		No grant management policy in place, to prevent the misuse of funds	Ring fence grant funds through a grant management policy	> Revise the grant management policy. > Develop a process plan for ring-fencing grants	Revenue Manager & BTO Manager Supported by: Municipal Manager,	Rescue	100% cash-backed grants Improvement in audit outcome (compliance with legislation)	> Approved grant management policy. > Grants ring-fencing SOPs.	100% cash-backed grants All bank accounts and sub-accounts balances reconciled on monthly	Task team and Provincial Representative	01/05/2023	30/04/2023	All budget-related policies were reviewed, developed and tabled to council	All budget-related policies were reviewed, developed and tabled to council	None	None
		Non-payment of services within 30 days of receipt of the invoice as required by the MFMA, resulting in interest levied - per 20/21 AFS R15 168 509) Creditors days increased from 364 days in 2019/20 to 1094 days in 2020/21 which means the Municipality is taking a very long time to settle amounts owed. Overpayment of suppliers due to poor controls based on previous audit report.	Cost containment policy to be compiled and approved with the 23/24 budget		Cost containment: Refer to section: Budget related policies	Rescue	Refer to section: Budget related policies					All budget-related policies were reviewed, developed and tabled to council	All budget-related policies were reviewed, developed and tabled to council	None	None
16	Expenditure / Creditors management		Training to be provided to officials on creditors reconciliations, to prevent overpayment of invoices or interest/penalties levied on late payment		Expenditure Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	Signed attendance register & training manual Signed creditors reconciliations	Avoidance of unnecessary expenditure (e.g. double payments, interest, penalties), result in increase in cash flow, Enter into agreements with creditors and maintain 100%	Task team and Provincial Representative	01/08/2023	30/06/2024				
			Data cleansing to be done on suppliers (contact details, address, CSD format)	> Develop SOPs for vetting service providers or the finance system > Provide training on how to vet service provider.	Expenditure Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Updated suppliers listing/ageing > Suppliers SOPs > Training attendance register.	Quality creditor payable amounts and reduction in outstanding creditors. Enter into agreements with valid creditors and maintain 100%	Task team and Provincial Representative	01/07/2023	30/06/2024				
		No payment arrangement with biggest creditors of the municipality, including - Eskom. No reconciliation of accounts/s-poner record keeping relating to creditors.	Payment arrangement to be signed with all major creditors including Eskom	> Prepare payment arrangements in line with creditors prioritisation methodology referred to on cost containment	Municipal Manager, CFO, task team and Provincial representative	Rescue	Compliance with MFP parameters Creditor payment ratio in line with FRP Improved service delivery	> Signed payment arrangement > SOPs for reconciliation and for payment of creditors. > Creditors reconciliations	Increase in cash flow of the municipality, from benefit of settlement of debt. Enter into agreements with creditors and maintain 100% payment ratio for all agreements	National Treasury (circular 124)	01/08/2023	31/07/2024	>Prepare payments arrangements with SARS >Prepare payment arrangement with ASSA >Prepare payment arrangement Eskom funds	>Signed arrangement were concluded with SARS >Proposal was sent to ASSA and Eskom has not	>SARS - 60m >ASSA - 80M >Eskom Fund - 0M	>SARS was paid 30m as per the signed payment arrangement
			Prepare creditors reconciliations for all creditors	> Develop SOPs for creditors reconciliations > Monitor the implementation of the reconciliations on a monthly											
			Ensure bulk purchases are paid within 30 days of receipt of the invoice	> Monitor the payment of bulk purchases accounts								>Debt Relief application was submitted and approved by NT	>The municipality hasn't been paying the current account due to current financial position of the municipality. Debt relief will be non-implemented	Total Debt R1 185 249	>The municipality have agreed for Eskom to take over the electricity function >SI A still not signed , Awaiting 6 council sign off
			Ensure creditors paid for legitimate services rendered to the municipality	> Develop SOPs to be compiled with before payments are made.											
17	Asset management	No up to date asset management policy	Asset management policy to be compiled and approved with the budget process.	> Revise the asset management policy in line with the regulatory framework and best practices.	Municipal Manager, task team and Provincial representative	Rescue	Asset management policy revised and approved by council	> Revised and approved asset management policy	Improvement in custodianship and reporting of assets through asset management policy	Task team and Provincial Representative	01/05/2023	31/05/2024	>All budget-related policies were reviewed, developed and tabled to council	>All budget-related policies were reviewed, developed and tabled to council	None	None
		No fleet management plan to ensure efficient service delivery	Fleet management plan to be compiled and implemented	> Monitor the implementation of the fleet management plan in line with the budget. > Provide training on fleet management	Municipal Manager, task team and Provincial representative	Rescue	Fleet management policy revised and approved by council	> Revised and approved fleet management policy > Training attendance register.	Improvement in service delivery through implementation of fleet management policy	Task team and Provincial Representative	01/05/2023	31/05/2024	>All budget-related policies were reviewed, developed and tabled to council	>All budget related policies were reviewed, developed and tabled to council	None	None
18	Cash management	Irregular payments made from the bank accounts, as not approved by authorised officials. Poor record keeping of information as per previous audit report (19/20)	Consequence Management for misappropriation of funds	> Develop a process plan for the implementation of consequences management.	Consequence management: Municipal Manager, task team and Provincial representative	Rescue	Implementation of consequence management	> Consequence management process plan	Increase in cashflow, by preventing unnecessary expenditure. Enter into agreements with valid creditors and maintain 100% payment ratio for all agreements Targeted policy	Task team and Provincial Representative	01/07/2023	31/10/2024	>UIFWE reduction strategy in the WIP MCC's 6/2020>	>UIFWE reduction strategy was tabled and approved	>Unauthorised R 838,891,697 >Fruitless & Wasteful R 347,883,888 >IRREGULAR R 462,740,697	
			Cash management policy to be compiled and approved with the budget process. (for strict controls on receipting and banking)	> Monitor the implementation of the cash management policy > Develop standard operating procedures for cash	Cash management policy: Refer to section: Budget related policies	Rescue	Refer to section: Budget related policies					>All budget-related policies were reviewed, developed and tabled to council	>All budget-related policies were reviewed, developed and tabled to council	None	None
19	UIFWE	High levels of irregular expenditure, due to SCM regulations not applied and outdated SCM policy. Poor record keeping of information as per previous audit report (19/20) Per the 2020/2021 AFS (latest available) - Irregular: R356 347 832 - Unauthorised: R203 675 844	Implement consequence management	> Establish the disciplinary board > Develop terms of references for the FMDB > Support the FMDB in the investigations of the cases.	Consequence management: Municipal Manager, task team and Provincial representative	Rescue	Implementation of consequence management	> FMDB Council resolution > FMDB Terms of references. > FMDB Meeting minutes and attendance register.	Increase in cashflow, by preventing unnecessary expenditure. Enter into agreements with valid creditors and maintain 100% payment ratio for all agreements. Implement a credible and funded INTREF budget	Task team and Provincial Representative	01/07/2023	31/10/2024	>The TOR's for the FMDB were developed	>The municipal council has approved the establishment of FMDB > A request was submitted by the municipality to participate in a shared service however the request was refused by Ngaka	None	None
			Implementation of funded budget		Refer to section: Funded budget	Rescue	Refer to section: Funded budget								

R228 283 496 • Deviations: R8 136 845	SCM regulations and approved with the budget process	within the regulatory framework > Provide training on the implementation of the SCM	Budget related policies	Rescue	Refer to section: Budget related policies										
Purchases made from suppliers from which officials are not independent.	All SCM officials to sign declaration of interest to confirm independence	Daily > Monitor the signing of declarations on an ad-hoc basis and per meeting of the committees	SCM Manager Supported by: Municipal Manager, task team and	Rescue	Improvement in audit outcome Reduction in UIFW	> Signed declaration of interest for all SCM officials	n/a	Task team and Provincial Representative	01/09/2023	30/04/2024	A template was developed and shared with the advertising officer	SCM official have signed declaration of interest to confirm independence	None	None	

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		committee for mSCOA implementation - No mSCOA Road Map developed - Data Strings not credible	Develop a mSCOA compliant chart of accounts (trial balance) > Also refer to budget section Facilitate periodic in-house and external training on the use and implementation of the mSCOA charts	> Implement the the mSCOA roadmap and monitor the implementation on a monthly basis > Monitor the implementation of the Mscoa compliant chart of accounts.	Municipal Manager, task team and Provincial representative	Rescue	reporting to Provincial Treasury Improvement in audit outcome	> Terms of reference mSCOA committee > Mscoa compliant chart > mSCOA roadmap > Attendance registers of training and training manual	n/a	Task team and Provincial Representative	01/08/2023	31/05/2024	None	None	None	None
14	mSCOA Implementation	The municipality does not fully use of mSCOA modules on all business processes	Evaluate the capabilities of all mSCOA modules offered by the service provider and perform an assessment (contents of MFMA circular 122 must be considered should the financial system be found to be inadequate)	> Perform training on the implementation of the mSCOA charts.	Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome		n/a	Task team and Provincial Representative	01/08/2023	31/12/2023	None	None	None	None
		Services, debtors are not paying their account The debtor's book could be significantly overstated and could require further write offs which management have not affected. Proper reconciliations not performed between the age analysis and statement.	Monthly debtor reconciliations to be performed and signed off by preparer and reviewer. Training to be provided on performing of reconciliation	> Monitor the monthly debtors reconciliations and sign off on a monthly basis. > Facilitate training on on reconciliations.	Revenue Manager Supported by: Municipal Manager, task team and	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Signed-off debtors reconciliations > Training attendance register.	Increase in billing of 5% through improved metering, data integrity and reduction in illegal connections Improved collection rate to: Year 1 - 60% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/07/2023	30/06/2024	>Reconciled the debtors age analysis to the ledger	>Performing Completeness testing by tying report through testing the same read ings against the billed report	None	None
			Debt impairment method and assumption to be evaluated and policy updated accordingly.	> Develop standard operating processes for debt impairment > Facilitate training on debt impairment.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in audit outcome	> Approved approximating policy and standard operating procedures for impairment > Training attendance register		Task team and Provincial Representative	01/07/2023	30/06/2024	>Budget Related Policies were reviewed and Submitted to Council for approval in May 2025	>Budget Related Policies tabled to Council for approval in May 2025	None	None
		Municipality has weak controls in debtor's management. Interest is not being charged on all accounts in arrears as required by section 64(2)(g) of the MFMA. No follow ups made on long outstanding debts	Update credit and debt control policy and approve with the budget process		Revenue Manager Supported by: Municipal Manager, task team and Provincial representative		Refer to section; Budget related policies									
			Charging of specific interest rate to be included in debt and credit control policy (for yearly approval with budget). IT process to update interest rate for the financial year when change occur	> Review the debt and credit control policy > Facilitate the process of updating the interest charge on the financial system.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Reviewed Debt and credit control policy > System extract of interest rate upload	Increase in billing of 5% through improved metering, data integrity and reduction in illegal connections. Reduction in gross outstanding debtors Improved collection rate to: Year 1 - 60% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/07/2023	30/06/2024	>Budget Related Policies were reviewed and Submitted to Council for approval in May 2025	>Budget Related Policies tabled to Council for approval in May 2025	None	None
			Data cleansing of debtors to be performed (debtor name, address, contact details etc)	> Analyse the outcome of the data cleansing exercise and Implement the recommendations.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative		Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Updated debtors listing/ageing. > Data cleansing analysis report.		Task team and Provincial Representative	01/07/2023	30/06/2024	Capital Risk Spec (Pty) a service provider to perform data cleansing exercise and the report will recommendations was accepted by council	The municipality is yet to implement the recommendations	None	None
			Long outstanding debtors to be handed over to attorneys	> Develop a process plan for handing over accounts to debt collecting attorneys.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative		Improvement in audit outcome Improvement in collection rate	> Process plan for handing over accounts > List of debtors handed over		Task team and Provincial Representative	01/07/2023	30/06/2024				
15	Debtors management	Collection rate. Collection rate improving from 49% in 2019/20 to 45% in 2020/21. This is however significantly below treasury's benchmark of 95%. Disputes over ownership of land and properties which affects collection of debts from properties rates.	Improve process of sending accounts (include per sms, email), to not only rely on posting of accounts Reminders to be send by sms	> Develop SOPs to distribute account to the correct account owner's details > Develop a customer awareness pamphlet for customers to update their details	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in collection rate	> SOP for sending of accounts > Customer awareness pamphlet.	Improved collection rate to: Year 1 - 60% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/07/2023	31/05/2024	>The non-receipt is noted as the accounts statements are email	>The municipality is sending the accounts statements via email	None	
			Land ownership: Monthly reconciliation to be performed between deeds, asset register and billing system (erf number) for completeness of properties and to resolve disputes	> Monitor the monthly reconciliations between deeds and asset register as well as billing system. > Provide training to address skills gap.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in audit outcome Improvement in collection rate	Signed reconciliation regarding erf numbers		Task team and Provincial Representative	01/07/2023	30/06/2024				
		Inadequate implement procedures for debt collection. Per 2020/21 AFS a claim R44 069 000 against the municipality by previous service provider for loss of income that assisted with	Obtain lawyers confirmation to confirm the case	> Request a legal resolution to assist with Review of the legal matter.	Municipal Manager, task team and Provincial representative	Rescue	Improvement in audit outcome	> Lawyers confirmation > Letter of request for legal support	n/a	Task team and Provincial Representative	01/07/2023	31/06/2024				
		Outstanding debt of councillors (more 90 days) and government institutions (more than 30 days) in contravention of the MSA and MFMA.	Electricity of government institutions to be cut after letter has been send to make payment by certain due date	> Prepare final notices to government departments.	Municipal Manager, task team and Provincial representative	Rescue	Improvement in collection rate	> Letter send to government institutions	Improved collection rate to: Year 1 - 60% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/07/2023	30/06/2024	>Letters for government Departments were sent to the relevant departments on the 5th March 2025. >Dept of Health was paid	>Signed Demand Letters were sent to the relevant departments on the 5th March 2025. >Dept of Health was paid	>Dept of Health: R 466,826 >Provincial Public Works: R 0,7 million >Education schools & offices: R 30,9 million >Housing Corporation: R 11,1 million >Rural Development: R 1,3 million The late debt for government department amounts to R 57,8 million	>Engagements with various departments has taken place to ensure the payment Disputes >Housing Corporation: R 11,1 million >Rural Development: R 21,9 million
		Ineffective billing system and increase in debtor days. Due to incorrect billing/system errors/skilled meter readers, the municipality is facing a	Integration between EMS (old financial system) and SAGE (new system) to be completed to have complete debtor records. Reconciliation to be done between two billing system to confirm completeness and accuracy	> Develop a process plan to complete the migration process.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in audit outcome	> System migration process plan. > Signed off reconciliation between EMS and SAGE.	Increase in billing of 5% through improved metering, data integrity and reduction in illegal connections Reduction in gross outstanding debtors	Task team and Provincial Representative	01/07/2023	31/12/2023	>Spoke with S.P to Analyse the data migrated during the migration process	The S.P is investigating the data	None	None

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DITSOBOTLA MUNICIPALTY
FINANCIAL RECOVERY IMPLEMENTATION PLAN
FINAL RESCUE PHASE

No	Focus Area	Root cause/ problem	Key Action Steps	Mitigation of key challenges	Responsible persons	Priority (Rescue/Stabilise/Build for sustainability)	Assumptions & recommendations	KPI (Is achieved if/ when an action is done with KPI)	Financial implications of proposed intervention (Budget/ No cost)	Support required (Internal/ External)	Start date	End date	Municipal Progress reporting: Steps Taken	Progress Made	Impact	Other (Vulnerability Considerations)
YEAR THREE FINANCIAL																
		Creditors payment period (>154 days) is increasing and is significantly more than the norm of 30 days	Agreements must be reached for long outstanding creditors to enable realistic and affordable repayments over a period exceeding 12 months	> Perform cashflow projection based on the cash flow capabilities. > Enter into payment arrangements where feasible	Municipal Manager, task team and Provincial representative	Rescue	Compliance with the terms of the signed payment arrangement. Decrease in creditor days	> Cashflow projection > Signed payment arrangements	LTP& payment of all creditor agreements happens in cash flow of the new Ditsobotla Municipality for settlement of debt	National Treasury (Eskom)	01/07/2023	31/07/2023	>Proposed payment arrangement with SARS >Proposed payment arrangement with AGSA >Prepare payment arrangement Pension funds	>Signed arrangement were concluded with SARS >Proposal was sent to AGSA and Pans on hold	> SARS - 50m >AGSA - 6.4M >Pension Fund - n/a	> SARS was paid 30m as per the signed payment arrangement
		Remuneration of employees and councillors are within the norms of 25%-40%, but a lack of clarity and the competences it's unclear in areas including a misalignment over organisational structure	Evaluate competency and skills of staff relating to the specific roles and responsibilities required for the position held	> Implement the recommendations of the skills and competency assessment report. > Develop training plan to address skills gap.	Municipal Manager, task team and Provincial representative	Rescue	Improvement in governance	> Appointment letters for key positions > Evaluation report of staff > Skills development plan	Employee Cost <30% of OPEX Councillor remuneration 100% per Gazetted maximums, subjected to FRP Progress	National Treasury MEC Task team and Provincial Representative	01/07/2023	30/06/2024	>Interventions team was deployed to assist and support the B.T.O >Skills audit was conducted	>Intervention team was deployed to assist and support the B.T.O >Skills audit was conducted by the municipality for implementation	None	None
12	Technical vs financial	No material findings from desktop analysis	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
13	Financial reporting and AFS preparation	No information available on 21/22 AFS and audit opinion (go Mopel or website) 2021/2022 - No information available. Financial statements for 2021/2022 was not submitted. 2020/2021 - No information available 2019/2020 - Disclaimer The financial statements are not submitted by the municipality within the required timeframe.	A targeted Audit Action Plan must be developed, implemented and monitored by senior officials. Develop and/or strengthen internal control procedures to improve the consistency and quality of information	> Monitor the implementation of the web-enabled audit action plan on a monthly basis. > Monitor the implementation of interim controls on the quality of information. > Provide training on the internal controls.	Municipal Manager, task team and Provincial representative	Rescue	Improved audit outcome	> Approved action plan and progress report. > Approved internal controls > Training attendance register	n/a	Task team and Provincial Representative	01/07/2023	30/06/2025	>The 2023/24 Audit Action Plan is developed. The municipality has captured 58 findings on the web enabled system. >The 2022/23 Audit Action Plan is developed. The municipality has captured 58 findings on the web enabled system	>The 2023/24 Audit Action Plan has been developed. The municipality has captured 58 findings on the web enabled system. A total of 0 (0) findings in progress and 46 (30) have been resolved. > The 2022/23 Audit Action Plan has been developed. The municipality has captured 58 findings on the web enabled system. A total of 22 (3) findings in progress and 36 (3) have not yet started >The 2021/22 Audit Action plan has been developed. The municipality has received 47 findings on the web enabled system. A total of 19 (6) findings in progress, 28 (28) not yet started and other (reported matters) 0.		> A draft schedule was prepared to monitor and implement the Audit Action Plan. >No Audit Steering Committee was held in May 2023, due to workshops and electricity interruptions
			Finance statements for 2021/2022 and 2022/2023 to be submitted in the 2022/2023 financial year for audit.	> Submit the 2021/22 financial statements by February 2024. > Begin the process to prepare the 2022/23 financial statements.	Municipal Manager, task team and Provincial representative	Rescue	Improved audit outcome	> Approved financial statements with an audit file. > 2022/23 annual financial statements process plan.	n/a	Task team and Provincial Representative	01/05/2023	31/08/2023	> Prepared and submitted the 2021/22, 2022/23 and 2023/24 AFS and audit File to AGSA >A service Provider was appointed by LGSETA to assist the municipality in the preparation of 2024/25 , 2025/26 and 2026/27 Annual financial statements.	The 2021/22, 2022/23 and 2023/24 AFS were considered, and the municipality obtained a Disclaimer audit opinion for all three financial years.	None	> A service Provider was appointed by LGSETA to assist the municipality in the preparation of 2024/25 , 2025/26 and 2026/27 Annual financial statements.
		Over-reliance on consultants to perform the reporting function. This is due to a lack of capacity, skills and competence to carry out the financial reporting function and a complete lack of oversight	Evaluate competency and skills of staff relating to the specific roles and responsibilities required for the position held (also refer to finance & control environment above)	> Develop training and capacity development plan to address skills gap.	Municipal Manager, task team and Provincial representative	Rescue	Improvement in governance	> Skills and capacity building plan. > Evaluation report of staff	Decrease in expenditure incurred for consultants. Contracted Services – Norm 2-5% of OPEX: <6% (2023/24), 5% (2024/25), <5% (2025/26)	National Treasury MEC Task team and Provincial Representative	01/07/2023	30/06/2024	> Intervention team was deployed to assist and support the B.T.O >Skills audit was conducted	> Intervention team was deployed to assist and support the B.T.O >Skills audit was conducted over 30 SA municipality for implementation	The service providers has paid by LGSETA	>A service Provider was appointed by LGSETA to assist the municipality in the preparation of 2024/25 , 2025/26 and 2026/27 Annual financial statements.
		Delays in closing off the financial system at year end. The poor state of the records makes it difficult to compile financial statements within stipulated timeframes. No internal audit unit to review financial statements before submission	Implement best practice operating procedures and monitoring tools to ensure that all legislative timelines are achieved	> Monitor the implementation of the standard operating procedures and monitoring tools. > Provide training to address skills gap.	Internal audit Supported by: Municipal Manager task team and Provincial representative	Rescue	Improvement in audit outcome AFS submitted per legislative timeline	> Implementation of revised/approved SOPs > Training attendance register.	Decrease in cost of consultants, assisting with financial statements Contracted Services – Norm 2-5% of OPEX: <6% (2023/24), 5% (2024/25), <5% (2025/26)	Task team and Provincial Representative	01/06/2023	31/05/2024				
													>The municipality has reviewed the structure which they have included / added the Internal Auditor	- The Internal Auditor unit is not fully capitated however an Internal Auditor Manager has been appointed.	None	None
		The underlying financial records for financial reporting affected by IT systems billing challenges. The impact of these challenges are pervasive and, if uncorrected, will inevitably lead to disclaimer of audit opinions	Engage with the service provider to analyse and identify the root cause for billing complications (consider the different systems follows difference processes, i.e. similar issues identified at other municipalities using the same systems. The root cause was however found to a combination of a lack of system knowledge combined with incorrect operating/accounting practices).	> Implement the outcome of data cleansing exercise. > Monitor the billing cycle on a monthly basis > Develop a process plan to current system related challenges	Revenue Manager Supported by: Municipal Manager, task team and Province representative	Rescue	Improvement in reporting to Provincial Treasury Improvement in audit outcome	> Report on assessment of system > Process plan.	n/a	Task team and Provincial Representative	01/08/2023	31/12/2023				
				> Monitor the implementation of	Revenue Manager											

DITSOBOTLA MUNICIPALTY
FINANCIAL RECOVERY IMPLEMENTATION PLAN
FINAL RESCUE PHASE

No	Focus area	Current situation	Key activities	Key actions to be undertaken	Responsible person (Name & Surname of Person responsible)	Frequency of implementation	Key performance indicator (KPI)	Measurable performance standard	Start date	End date	Mid-Year Progress Reporting			
											Major Issues	Progress Made	Financial Impact	Date of Community Consultation
PILLAR THREE: FINANCIAL														
1	Funded budget and budget parameters	The municipality's 2023/24 budget is not funded/unfunded after all the mandatorily funded activities are considered	Perform a project-based needs analysis based on mSCOA 4 pt (segments and be aware of unfunded ITEM segment in mSCOA. Expenditure projects should be prioritized and must be in line with the IDP needs of the municipality and within the framework of realistically anticipated revenue, expenditure projections not yet committed and improved value, only for capital projects	Prepare a 2023/24 adjustment budget Review the approved budget funding plan to align it to the adjustment budget Prepare 2024/25 MTREF budget Review the Budget Related Policies Review Budget Steering Committee and all its terms in the MFMA Monitor the upload of budget data strings Upload the adjustment budget and 2024/25 MTREF Budget documents to the Ref/Ual								• The 2023/24 Draft budget was tabled in March • The municipality undertook public participation in May •Prepare 2023/24 adjustment budget	• The 2023/26 Budget and Credible Budget Funding Plan was compiled and approved within the legislated timeframes • The 2024/2025 Adjustment budget was tabled and approved by Council on the 28th February 2025		• Budget Related Policies were reviewed and approved
		The municipality applies incremental budgeting, with no needs analysis for proposed projects.									• The 2023/24 Draft budget was tabled in March • The municipality undertook public participation in May • Prepare 2023/24 adjustment budget	The 2023/26 Budget and Credible Budget Funding Plan was compiled and approved within the legislated timeframes	• Unfavourable cash flow reliance on MIG and grants • Previous Financial Year Financial obligations of R 1.2 million	• Budget Related Policies were reviewed and approved
		Ineffective planning and budgetary control processes has led to a budget that is not credible nor realistic	Develop a credible budget funding plan with clear activities and goals in line with mSCOA Step 1: Implement a clear budget methodology (which could be a mix of zero-based and incremental budgeting techniques) to analyse and reconcile the proposed expenditure budget items with the realistic revenue collected. · Step 2: mSCOA implementation - the last 6 digits of the municipality must be aligned with the requirements of mSCOA · Step 3: Utilise the mSCOA trial balance to align each vote to the applicable cluster descriptors. This will ensure the trial balance is aligning · Step 4: Populate cash flow taking notes by applying relevant weights in order to prepare the Cash Flow statement · Step 5: Utilise the document created in steps 1-4 to complete a draft MTREF budget and submit the Financial system ongoing		BTO Manager Supported by Municipal Manager, CFO team and Provincial representatives	Rescue	Improve budget templates	Approved Adjustment Budget Approved MTREF Budget Returns & attendance registers of Budget steering committee	100% compliance with approved budget funding plan, with the Incremental budget parameters	Provincial Treasury	01/04/2023	30/06/2024		• A Budget Funding Plan was compiled	• A Credible Budget Funding Plan was approved within the legislated timeframes	Revenue Activities Cost Containment	
		The revenue baseline of the municipality is unequivocal to cover the operating costs. This is due to low collection rates and negative cash flows	Refer to sections on cash flow management and revenue collection			Refer to Section on cash flow management and revenue collection	Refer to Section on cash flow management & revenue collection								
		Inability to pay long outstanding creditors - Payment arrangement for creditors not concluded	• Conclude payment arrangements with creditors and consider these arrangements/ structures in the budget steps listed above. • Develop cost containment measures and quality expense savings to be used in budget considerations	Update Debtors of creditors Prepare a creditors prioritisation strategy and Settlement payment plans Identify and implement the reduction of the underdog of the backlogs items in the Cost Containment policy Review the cost containment policy for 2024/25 budget process	Municipal Manager, task team and Provincial representatives	Rescue	Compliance with the terms of the signed payment arrangements	Signed payment arrangements Creditors prioritisation strategy	Increase of cash flow of the municipality, for a better % of settlement of debt. Improve Debtors collection rate in year 1 by 60% , year 2 by 70% and year 3 by 80%.	Provincial Treasury (clause 124 Exams)	01/04/2023	31/07/2023	Cost Containment policy was reviewed • Request and request arrangement with SANS • Prepare Repayment arrangement with ADSA • Implement payment arrangements with creditors	• 5 year arrangements were concluded with SANS •Proposal was sent to ADSA and Pension fund	• SANS - 83m • ADSA - 96m •Pension fund - 6m	• SANS was paid 20m as per the signed payment arrangement
		The revenue baseline of the municipality is insufficient to cover operating costs. This is due to low collection rates and negative cash flows	Develop a Budget Funding Plan (BFP). Review the revenue baseline (propose budget to recover the arrears debts and acknowledge (write-off) debts (debtors write-off section).	Development of Revenue Enhancement Strategy & Workshop on creation of the Action Plan Compile a credible the multi-year process plan on implementation of the strategy Review the approved Budget Funding Plan & Align it in the adjustment budget	BTO Manager Supported by: Municipal Manager, task team and Provincial representatives	Rescue	Improved collection rate	Budget Funding Plan Progress report on the implementation of the Revenue Enhancement Strategy					• A Budget Funding Plan was compiled	• A Credible Budget Funding Plan was approved within the legislated timeframe	Revenue Activities Cost Containment	
2	Budget related policies (Finance & HR)	Budget-related policies not reviewed/not in place. The unrealistic rates & tariffs/ approved budget related policies, including the tariff policy, rates policy, credit control and debt collection policy	Develop and/or review and implement key budget-related policies of a kind which a financial environment, including: - Tariff policy - Cash management and investment policy - Asset Management policy - Fleet Management policy - Budget Implementation policy - Funding and Reserves policy - Travel Accommodation and Subsistence policy - Cost Containment policy - Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy - Indigent policy - Debt and credit control policy - Property rates policy	Review the budget related policies for 2024/25 financial year in line with the regulatory framework. Conduct workshop on 2023/24 Budget related Policies to municipal structures and Councillors	Revenue Manager, Tariff policy Indigent policy Debt and credit control policy Property rates policy Cash management and investment policy HR Manager, Travel & subsistence policy BTO Manager, Budget implementation policy Funding and reserves Cost containment policy Cash management and investment policy Asset management policy	Rescue	Revised Budget related policies	Council resolution on approved budget related policies Attendance register	Approval of a credible budget Increase in cash flow through implementation of controls like tariffs & Indigent Data Funded budget through budget implementation policy Reduction in UIFW through implementation of updated SCM policy	Task team and Provincial Representative	01/04/2023	30/06/2024	• Budget Related Policies were reviewed and Submitted to Council for approval in May 2023	• Budget Related Policies tabled to Council for approval in May 2023	None	None

		Contractors accessing municipal property use illegal meters and unregulated (no way leave policy).	Compilation and approval of wayleave policy	Develop and implement a wayleave policy. Provide training on the 17 Revenue and 2 Planning department officials on the implementation of wayleave policy	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Wayleave policy developed Capacitated officials	Council Approved wayleave policy #Beneficiaries register	Improvement in service delivered through access to property (without harassment or reprisals & improved revenue)	Task team and Provincial Representative	01/07/2023	30/06/2024	None	None	None	None
		Revenue: Overall collection rate has been very low as of 2022/23 financial year was 46%	Development of cost-reflective tariffs (see separate section)	Provide training on Cost Reflective tool Analyse tariffs for affordability using above developed approach	RTO Manager Supported by: Municipal Manager, task team and Provincial representative	Revenue	Reduce revenue losses	Training report & attendance register Analysis Report					>2023/2024 cost reflective tariffs have been compiled and uploaded on Go-Vim.	>2023/2024 Tariff Tool outcomes were considered during the preparation of the 2024/2025 Budget	None	None
		Incorrect tariffs linked to incorrect types (services and rates) leading to incorrect billing	Tariffs loaded on the system to be reviewed and aligned off by the incident	Re-opened and reconstitute tariffs on the financial system with the approved tariffs Develop an exception report for sign off by the Revenue and the approver	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Improved billing	Signed off memorandum of support for tariffs on system received tariffs aligned to budget approved tariffs.	Increase in revenue in line with budget parameters. 3% increase due to improvement in metering, billing and illegal connections	Provincial treasury Task team and Provincial Representative	01/07/2023	31/07/2023	>The approved tariffs were uploaded onto the financial system	>The municipality is billing as per the approved tariff		
		Lack of capacity to read meters by internal meter readers internally and contractors billed estimates /Readings based on areas read in by consumers	Revising of organogram to fill position for meter readers. Provide sufficient training to meter readers	Develop SOPs on meter readings Capacitate 5 meter readers Identify and capacitate priority workers to carry out meter reading exercise in the program	Municipal Manager, Task Team and Provincial representative	Revenue	Improved billing	Developed SOPs Transfer letters of meter readers Signed attendance registers & training manual Monthly billing reports	Increase in collection rates through the capturing of actual & accurate meter readings. 3% reduction in unbilled consumption	Task team and Provincial Representative	01/09/2023	30/06/2024	>The Draft organogram was tabled to council on the 31 March 2023 however the municipality doesn't have enough meters	A directive was issued to the municipality managed to Provide strategic guidance, assistance and leadership to the Accounting Officer on the review and re-allocation of resources and responsibilities to municipal staff.		
		Not all consumers are metered and there are customers consumers, Meters do not comply with Rates Act and SANS 10216 requirements which enables a risk that tokens may be used more than once.	Meter audits to be performed	Develop meter reading schedule/schedules Design a form on conditional assessment of meter	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Accurate meter reading	Meter reading schedule Meter reading appointment form Meter reading report	Increase in collection rate through legislation of active meters for all active meters. Improvements in metered consumption	Task team and Provincial Representative	01/08/2023	30/04/2024	Smart meter app (audit) was completed.	Smart meter App Application was submitted to MT for approval in April To date MT has not approved the application		Awaiting approval from MT
		Billing records/ abnormal periodically between the billing system and trial balance (including prepaid services)	Monthly billing reconciliations to be performed and signed off by preparer and reviewer. Investigate billing system to be governed by Service provider if required.	Provide on the job training on billing reconciliations to 17 revenue officials Develop a procedure manual for ongoing billing reconciliation inputs. Develop the training plan by the service provider	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Improved billing	Signed off billing reconciliations Signed training attendance register	Increase in collection rates through data cleansing billing data, improvements in accuracy of billing and reduction in unbilled consumption	Task team and Provincial Representative	01/07/2023	30/06/2024	Billing catch up to provide customer bills. Billing is to begin of meter readings identified as well as allocation of customer payments from the bank statements to the relevant customer accounts.	Billing is updated up to April 2024		
Revenue management value chain revenue raising measures (revenue enhancement)	Incomplete/inaccurate water readings due to faulty/broken meters. No policy for maintenance of prepaid dongle/sim -Lack of water and electricity meters. Variations of meter reading to be for house consumption. -Illegal connections and/or unmetered areas	Development of policy/processes for the revenue by community for illegal tampering of meters	> Review the credit control and debt management policy and by-law > Develop guidelines for reporting meter tampering	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Decrease in electricity and water losses	> Approved policy and gazetted by-laws > Reporting of meter tampering/illegal connections	Improvement in electricity and water losses by eliminating electricity and water losses caused by tampering, unbilled and illegal connections	Task team and Provincial Representative	01/09/2023	31/03/2024	The credit control policy was reviewed which includes illegal tampering of meters	>Budget Related Policies tabled to Council for approval in May 2025	None	None
			Weekly meetings between Infrastructure and finance (electricity & Water) to discuss the list of any faulty meters/non-existing meters identified.	> Develop a process plan/flow for interfacing infrastructure and finance units, which will inform the agenda items in the weekly meetings.	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Decrease in electricity and water losses	> Process Plans/ Flow > Attendance register of meetings held between finance & infrastructure	Decrease in electricity and water losses due to tampering and illegal connections	Task team and Provincial Representative	01/07/2023	30/06/2024	None	None	None	None
			Monitoring of Essential Use to be reconciled with billing system	> Develop procedure manual for record the meters and billing system > Issue officials on meter and billing system manuals / forms. > Follow meter and billing reconciliations	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Revenue	Decrease in electricity and water losses	> Signed install reconciliation > Training attendance register > Preventive warrant	Improvement on reporting to Provincial Treasury and audit outcome	Task team and Provincial Representative	01/07/2023	30/06/2024	Revenue SOPs were developed (Revenue Completeness)	Revenue SOPs were developed (Revenue Completeness)		
		All electricity related services are performed by a service provider, Global Rich includes installation of the meters, monthly billing and purchasing the revenue of electricity charges. The Service provider handles all electricity related issues and the municipality has no say and control and oversight over the process.	Review the Service Level Agreement with the Service provider to establish new costing of the meters	> Fixed rate through the 2024/25 budget preparation, the process to process new charges and vending.	Municipal Manager, task team and Provincial representative	Revenue	Increase in electricity collection rate	> Reporting on the revised Service level agreement. Service level agreement. > Procurement plan and capital budget.	Increase in billing of 3% through improved metering, data integrity and reduction in illegal connections	Task team and Provincial Representative	01/07/2023	31/07/2023	Revenue SOPs were developed (Revenue Completeness)	Smart meter Application was submitted to MT for approval in April. To date MT hasn't approved the application		Awaiting approval from MT
			Implement revenue control measures to residents, realty and farm all electricity related revenue streams	> Develop Standard Operating procedures for immediate areas to reconcile, verify and report all electricity related revenue streams > Provide training to municipal officials	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Revenue	Improvement in reporting to Provincial Treasury. Improvement in audit outcome	> Approved SOP on electricity revenue > Training attendance register	Increase in billing of 3% through improved metering, data integrity and reduction in illegal connections	Task team and Provincial Representative	01/07/2023	31/05/2024	Revenue SOPs were developed (Revenue Completeness)	Revenue SOPs were developed (Revenue Completeness)		
		The municipality has moved to a new service provider and has encountering significant limitations with regards to the billing of consumers	Training on Use of the Vela Software and processes for capturing of illegal information (including valuation rolls, tariff lists etc	> Identify experts in the system service provider to provide training.	Revenue Manager and all utilities officials Supported by: Municipal Manager, task team and Provincial representative	Revenue	Improvement in reporting to Provincial Treasury. Improvement in audit outcome	> Attendance register & training manual > Signed terms of request	Increase in revenue billing through accurate reporting and improvements in metering, data integrity and reduction in illegal connections	Task team and Provincial Representative	01/09/2023	30/04/2024				
			Perform an assessment of the financial system by ensuring that it complies with the needs of the municipality	> Perform a gap analysis of the modules procured in comparison to the current needs > Recommend corrective steps to the accounting officer / CFO	Municipal Manager, task team and Provincial representatives	Revenue	Improvement in reporting to Provincial Treasury. Improvement in audit outcome	> Inspection assessments out system with recommendations	Increase in billing and revenue collection, through availability of accurate data and improvements in metering, data integrity and reduction in illegal consumption	Task team and Provincial Representative	01/09/2023	31/12/2023				
			Implement a user process for the review and monitoring of the implementation of the financial system by conducting, including the development of a skills transfer plan.	> Develop prepaid electricity improvement of accounting services, including the financial system. > Perform skills assessment and Develop a skills transfer plan.	Municipal Manager, task team and Provincial representative	Revenue	Improvement in audit outcome	> SOP for monitoring of consultants > Skills assessment and skills transfer plan.	Decrease in implementation cost of consultants	Task team and Provincial Representative	01/07/2023	31/05/2024				
	Customer care and data accuracy	No customer care	Establish customer care unit and customer care policy	> Develop a process plan / flow for implementation of customer care unit. > Develop an organogram for customer care unit. > Identify and train officials to be seconded to the customer care section. > Develop customer care policy	Revenue Manager Supported by Municipal Manager, task team and Provincial representative	Revenue	Implementation of customer care policy	> Approved customer care policy > Approved organogram > Transfer letters > Training attendance register	Improvement in collection rate per customer through accurate metering, data integrity and reduction in illegal connections	Task team and Provincial Representative	01/09/2023	31/05/2024	>The credit control policy was reviewed which includes customer care >	>Budget Related Policies tabled to Council for approval in May 2025		

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DITSOBOTLA MUNICIPALTY
FINANCIAL RECOVERY IMPLEMENTATION PLAN
FINAL RESCUE PHASE

PHASE 1 (FINANCIAL RESCUE)

No	Focus area	Current activities	Key activities	Breakdown of key activities	Responsible person	Timeline (Reasonable timeframe)	Dependencies (inputs/ activities)	Risk (impact on short/ long term)	Financial impact (Budget amounts/ percentage of relevant figure/ supporting data)	Budget required (internal)	Start date	End date	Municipal Progress Reporting: Steps Taken	Progress Made	Financial Impact	Other Matters (Risk Assessment)
Cost effective tariffs																
4	Cost-effective tariffs	The tariffs for all income items are based on CPI increase. The cost per disciple is not calculated per example water, electricity. There are certain characteristics to support the case of tariff increase whether data in the current year or in the previous years to increase how the system only caters per days now or why municipality were replaced into the tariff setting exercise.	Develop the approved tariff setting model. Revised tariffs to be approved with budget. Resources can be requested from Provincial Treasury to assist in the review	> Perform the NT tariff setting tool > Implement the NT tariff setting tool	Revenue Manager & BTO Manager Supported by: Municipal Manager; task team and Provincial representative	Resolve	Increase in revenue, through cost-effective tariffs	> Costed relative policy/Tariff setting review	5% increase in personnel hiring through improved existing data integrity, billing and reduction in unbilled consumption	National Treasury Provincial Treasury Task team and Provincial Representative	31/07/2023	31/07/2023	> 2023/2024 cost effective tool was completed and uploaded on Go-Muni	> 2023/2024 tariff tool data was uploaded and utilised during the preparation on the 2024/2025 Budget	None	None
		No tariff policy, lack of understanding of employees on budget procedures and tariff setting	Update and approval of tariff policy. To ensure it be approved to relevant employees on communication tariff setting to implement principles	> Provide training on the tariff policy > Review the tariff policy in line with legislative framework.		Resolve	Refer to section - Budget related policies									
5	Indigent management	No verification of indigent debtors performed or approved indigent policy	Review the indigent policy to confirm it is aligned with the operations of the municipality for approval with the budget	> Review and implement the indigent policy	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Resolve	Implementation of revised policy	> Approved indigent policy	Increase in collection rate through improved internal controls, ensuring data integrity, billing and reduction in unbilled consumption	Task team and Provincial Representative	01/05/2023	31/05/2024	This Indigent Policy was reviewed	> Budget related Policies tabled to Council for approval in May 2023	None	> Reviewed the indigent register and identified the following: -1050 Applicables -6 Business -141 Accounts linked to "Unbooted Meters Alert" 2150 write on Documents
7	SCM cost-effectiveness and value for money	Lack of capacity and lack of competency of existing officials. The SCM unit is functional and currently complies to minimum standard requirements with regards to the competency levels of the financial members. Members in this include SCM officials. Due to vacancies in the unit and oversight of the Accounting officer to appoint vacancies with	> Develop procedure manual for filling of vacancies in the SCM unit		Municipal Manager, task team and Provincial representative	Resolve	Decrease in instances of non-compliance with SCM regulations. Improvement in audit outcome	> Procedure manual for filling of SCM vacancies	Reduction in irregular expenditure	Task team and Provincial Representative	01/09/2023	30/04/2024	> Internship Unit was deployed in Feb 2025 to assist and support the BTO > Segregation has been enabled	> Internship unit was deployed in Feb 2025 to assist and support the BTO > Municipal council placed moratorium on employees below MBA, with over 50		
		SCM Committees not properly functional, due to change management.	SCM committees to be revised in line with updated SCM policy implemented	> Issue members of bid/specifications/ evaluation committees with appointment letters. > Request the official to complete conflict of interest forms. > Develop SCM/BTO procurement plan in line with the approved budget.	Municipal Manager, task team and Provincial representative	Resolve	Decrease in instances of irregular and suitable unlawful expenditure through good oversight	> Terms of reference SCM committee: > Minutes of meeting > Appointment letters > Request letter to the auditor	n/a	Task team and Provincial Representative	01/07/2023	31/03/2024	> Committees were established and training was conducted > The SCM Policy was reviewed which addressed the new legislations	> Committees were established and training was conducted > Budget Related Policies tabled to Council for approval in May 2025	None	None
		No compliance to procurement plan in place	Review, annual demand management and procurement plan to mid-afterthoughts and monitor execution	> Adjust the Procurement Plan to align to the approved budget > Develop 2024/25 procurement plan in line with the approved budget.	SCM Manager Supported by: Municipal Manager, task team and Provincial representative	Resolve	Improvement in service delivery through good planning. Decrease in fraudulent through good planning	> Reviewed and Approved procurement plan	Reduction in irregular expenditure	Task team and Provincial Representative	01/07/2023	31/10/2023	> The 2023/24 Procurement Plan was developed	> The 2025/26 Procurement Plan was finalized and uploaded on the NT portal		
		Obsolete SCM manuals and policies	SCM policy to be updated and approved by council with the Budget Process Policy to be updated to be in line with the latest SCM legislations	> Review the policy in preparation of the 2024/25 budget in line with the regulatory framework.	SCM Manager Supported by: Municipal Manager; task team and Provincial representative	Resolve	Implementation of revised policy	> Reviewed and Approved SCM policy	n/a	Task team and Provincial representatives	01/09/2023	31/05/2024	> The SCM Policy was reviewed which included the new legislations	> Budget Related Policies tabled to Council for approval in May 2024		
8	Cost containment and realistic cash flow management	No cost containment policy in place. This is reflected per assessment below: High reliance on government grants for 2020/21 AFS grants revenue is 35% of total revenue High employee related cost - For 2020/21 AFS employee cost 32% of total expenditure High expenditure for security services - For 2020/21 AFS R19 372 656 High consultancy fees - Per 2020/21 AFS R26 448 648 Non-payment of SALGA fees - Per 2020/21 AFS balance of R3 355 092 outstanding	Cost containment policy to be revised and approved with new legislations	> Revise the Cost Containment Policy > Train officials on the implementation of the Cost Containment Policy > Monitor the implementation of the Cost Containment Policy.	SCM Manager, Deputy fare Manager & BTO Manager Supported by: Municipal Manager, task team and Provincial representative	Resolve	Implementation of revised policy	> Reviewed and approved cost containment policy > Attendance register > Monitoring report on the implementation of cost containment policy	10% reduction on S&S purchases by reducing electricity losses through improved metering and detecting illegal connections Employee Cost - 30% of CAPEX Councillor REM: 100% per Gazetted maximums, subject to ORP Progress Depreciation: 100% per GRAP 17 Standard Debt Impairment: 100% of Bills revenue minus Budgeted Collection Rate Contracted Services – Years 2 6% of OPEX, +6% (2023/24), +3% (2025/26) Cost expenditure: CPI Addition + Growth – 15% reduction from cost containment measures	Task team and Provincial Representative	01/09/2023	31/05/2024	> The Cost Containment was reviewed	> Budget Related Policies tabled to Council for approval in May 2025		> An effective budget funding was developed which includes controls to reduce of operational expenditure
		Cash flow management committee does not take place	Establish a cash flow management committee to ensure cost containment measures are implemented and monitored effectively	> Develop terms of reference for the cash flow management committee > Coordinate the cash flow management meetings.	BTO Manager Supported by: Municipal Manager, task team and Provincial representative	Relative	Improvement in cash flow	> Terms of reference cash flow committee > Minutes of cash flow committee	n/a	Task team and Provincial Representative	01/09/2023	30/04/2024	The cash flow committee was established and TOR's were developed			The Municipality has been burdened with persistent go-slow and non-functional. Essentially, resulting in partial appointments of the managers
		Councils oversight does not monitor all financial responsibilities and misuse of financial resources to manage overtime	Planned overtime and flexitime policy to ensure it addresses the current challenges. Implement, monitor & communicate all changes in line with the policy	> Revise the overtime policy in line with the regulatory framework. > Develop internal controls for approval of overtime and standby	Municipal Manager, BSM, task and Provincial representative	Relative	Improvement in cash flow	> Revised and approved overtime, standby policy > Standard operating procedures	Total Employees Cost: <30% of OPEX	Task team and Provincial Representative	01/09/2023	31/05/2024	> Budget Related Policies were reviewed and submitted to Council for approval in May 2025	> Budget Related Policies tabled to Council for approval in May 2023	None	None

		Weak internal control environment leadership did not adequately oversee the financial control environment as decided by received findings during audit - Leadership did not adequately oversee internal control environment by resolving findings during audit - No progress in respect of Municipal Debt agreement by the debt holding and monthly reconciliation - Risk management activities were not adequately developed or implemented to mitigate high /medium/ low risks of material misstatement	Develop, implement, review and monitor standard operating procedures for each business cycle Define the process to be implemented (internal consequence management.	> Implement Section 3 monthly risk reports for each business cycle > Review the implementation of the internal control on a monthly basis > Provide updates on the implementation of internal controls	Municipal Manager, Task team and Provincial representative	Medium	Implementation and systems	Implementation of revised/approved SOPs	n/a	Task team and Provincial Representative	01/06/2023	31/05/2024	Developed the following SOPs: - Revenue - Asset management - Expenditure - Cash and investment management - Consumer Debt management - Credit and Debt management - Grant management	Developed the following SOPs: - Revenue - Asset management - Expenditure - Cash and investment management - Consumer Debt management - Grant management			
		The municipality is under staffed due to the high internal turnover in critical finance roles - lack of capacity in all offices, the Accounting officer and trace amount of governance. Overall, lack of skill and competence	Evaluate competency and skills of staff working in the specific area and assign activities required for the post can hole Identify key vacancies and appoint appropriately skilled, experienced officials to address the capacity deficiencies	> Develop a capacity development plan to capacitate PTO officials > Develop a process document for acting appointments	Municipal Manager, Task team and Provincial representative	Medium	Implementation and governance	> Implementation report of audit > Capacity development plan > Procedure manual for acting appointments	n/a	National Treasury MISC Task team and Provincial Representative	01/07/2023	30/06/2024					
		Over reliance on consultants Consultants are contracted to critical finance functions without proper performance monitoring	Develop and implement guidelines to monitor the performance relating to the work of consultants Identify and avoid officials with the appropriate competency levels for all finance functions to perform the functions of the post currently occupied by the consultants Subsequent to exit is consider	> Implement the process ways to monitor the work done by consultants > Develop skills transfer and capacity building plan for consultants	Municipal Manager, Task team and Provincial representative	Medium	Implementation in audit outcome	> SOP for appointment of consultants > Capacity building and skills transfer plan	Contracted Services - Salary 2 5% at CPIX - 6% (2024/25), 4% (2025/26)	Task team and Provincial Representative	01/07/2023	31/05/2024	> A request was submitted by the municipality to request assistance via support > CoGTA is also assisting the municipality with AFS preparation	Implementation was approved by PT in Nov 2023 to assist with support but 8.4 C) > CoGTA is also assisting the municipality with AFS preparation		> Technical advisory was also deployed	
8	Financial control environment	Ageing debtors book and challenges with billing and collection	Engage with the service providers analyse and decide on the best course for billing complications, and clarify the different revenue values of revenue processes (i.e. is the house rented to the municipalities using the services). The conclusion will however mainly be a combination of 3 out of seven known aspects attributed with incorrect operating procedures/non-practices)	> Analyse the data imported during the validation process > Analyse the outcome of the Data cleansing exercise	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Implementation reporting to Provincial Treasury Improvement in audit outcome	- Report on assessment of system	5% increase in billing, Average improved in internal controls, metering, data integrity, billing and reduction in unbilled properties implemented, n data cleansing rate	Task team and Provincial Representative	01/06/2023	31/05/2025	> The engagement have commenced however was to update the all addresses in the system however cleansing balances are still a challenge	> The service provider is yet to grant to the municipality with the investigation file	None	None	
		Debtors aging is increasing due to poor credit control measures	Develop and implement/ review/update policies - operating procedures in terms of debt revenue function	> Identify and benchmark with a municipality that is implementing billing practices effectively > Implement the Best practice Standard Operating Procedures	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Medium	Improvement in audit outcome	> Implementation of revised/approved SOPs > Metering audit		Task team and Provincial Representative	01/06/2023	31/05/2024					
		Some key finance related policies not in place and/or are outdated	Review, amend or adopt applicable finance related policies and implement and monitor compliance with the policies Evaluate key policies to be developed and/or reviewed	> Review all policies in line with the legislative framework > Monitor the implementation of the Revised policies on a monthly basis > Provide training on the implementation of policies	Revenue Manager: Tariff policy Indigent policy Debt and credit control policy Property rates policy Cash management and investment policy Task team: Asset management policy Fleet management policy Inventory management policy HR & manager: Budget implementation policy Funding and reserves Cost containment policy Cash management and investment policy Expenditure Manager: Travel, accommodation & subsistence policy Cost containment policy SCM manager:	Rescue	Implementation of revised policies	> Training attendance register > Policy implementation workplan tracker - Revised and approved policies - tariff policy indigent policy Debt and credit control policy Property rates policy Cash management and investment policy Asset management policy Fleet management policy Inventory management policy Budget implementation policy Funding and reserves Cost containment policy Travel, accommodation & subsistence policy Cost containment policy	n/a	Task team and Provincial representative	01/06/2023	31/05/2024	Developed or updated the following: Tariff policy Indigent policy Debt and credit control policy Property rates policy Virement policy Cash management and investment policy Travel, accommodation & subsistence policy Fleet management policy Supply chain management policy Cost containment policy	> Strategic session was held in March to workshop the SOPs and others > Budget Related Policies to be re-tabled Council by end of May 2025	None	None	
		Poor records management that may be financial system challenges which resulted to successive disclaimer of opinions by AGSA	Implement an electronic document management system (EDMS) to improve safeguard my of records Develop and implement standard operating procedures for the electronic document management system	> Monitor the implementation of electronic document management system on a monthly basis. > Monitor the implementation of asset maintenance plan on a monthly basis > Provide the implementation of standard operating procedures on a monthly basis	Municipal Manager, task team and Provincial representative	Rescue	Improvement in audit outcome	> Monthly monitoring reports	n/a	Task team and Provincial Representative	01/07/2023	31/05/2024	The municipality is currently scanning documents and uploading documents on One Drive	> The municipality is currently scanning documents and uploading documents on One Drive	None	Ad-Mi was issued regarding record keeping	
10	Fixed restructuring	No policies/ findings/ risk register	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a					
		Repairs and maintenance below the norm of 8% of the value of property, Plant and equipment and Investment Property	Develop and implement an Asset maintenance plan in line with the current expenditure trends analysis and review during the budget phase	> Review the 2025/26 budget to ensure repairs and maintenance allocation > Monitor the implementation of asset maintenance plan	Municipal Manager, task team and Provincial representative	Rescue	Achieve budget targets relating to repairs and maintenance	> Approved asset management policy > Implement the budget (as tabled, Circular 71 ratios)	improvement in repairs and maintenance ratio to 1% of operating expenditure	Task team and Provincial representative	01/07/2023	Unidentified	No asset maintenance unit in the municipality however priorities for the unit has been made on the draft structure	No asset maintenance unit, under the municipality however priorities for the unit has been made on the draft structure			
		Debtors collection rate is significantly below the norm of 95%. This is further exacerbated by the billing complications	Identify the root cause of the ineffective collection and implement	> Implement the mechanism of data cleansing exercise > Monitor the billing cycle on a monthly basis.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in audit outcome	> Report on assessment of system. Circular 71 ratios - Monthly billing reports	Improved collection rate to: Year 1 - 70% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/06/2023	31/12/2025	Engaged with SP to Assess the data imported during the migration process.	The SP is currently investigating the data imported.			
		Significant increase in creditors 60 days	Implement strict credit control procedures to ensure the Credit control and debt collection policy	> Develop reinforce control standard operating procedures > Monitor the implementation of credit control operating procedures on a monthly basis.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Decrease in average debtor days	> Debt and credit control standard operating procedures Circular 71 ratio's > Credit control SOP's	Improved collection rate to: Year 1 - 90% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/07/2023	30/06/2024	> Developed credit control and debt SOP's	> Developed credit control and debt SOP's	Collection Rate		
11	AFMA circular 71 financial ratio analysis against net income	No bad debts written off during the 2021 or 2022 financial years	Perform debtors age analysis data and write off any irrecoverable amounts	> Develop an debt write off framework/ policy/ SOP > Perform write off analysis on the financial system post council approval.	Revenue Manager Supported by: Municipal Manager, task team and Provincial representative	Rescue	Improvement in reporting to Provincial Treasury	> Listing of bad debts for council approval > Minutes of council meeting (Circular 71 ratio's) > Signed journals	Bad debts written off in accordance with management and overall debt collection rate to: Year 1 - 40% Year 2 - 70% Year 3- 80%	Task team and Provincial Representative	01/07/2023	30/06/2024	Only has appointed a service provider to perform write off/cleansing exercise and the report with recommendations has been adopted by council	The municipality is yet to implement the recommendations			
			Failure to budget as per the operational expenditure and projects derived budgets.		Municipal Manager, task team and Provincial representative	Rescue	Refer to section: Funded budget										

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