



NCR REPORT TO COUNCIL

MAY 2023

Table of Contents

1. Purpose	4-5
2. Background	5-6
3. The FRP roles and responsibilities of NCR City Manager and the Council	6
3.1. NCR's role and responsibilities	6-8
According to the terms of Reference as stipulated by National Treasury	
3.2 The role of NCR Support Team	8-9
3.3 The role of the City Manager according to the Terms of Reference	9-10
3.4. The role of the Municipal Council	10
4. REPORTING THE PILLARS OF THE FRP	10
4.1. Financial Management Pillar	10-14
4.1.1. Cash and cash equivalent	15
4.1.2. Cost containment and impairment of Creditors	16-17
4.1.3 Revenue Management and Improve Debtors Collection Rate	17
4.1.3.1 Meter Reading	17
4.1.3.2. Billing	18
4.1.3.3. Payment Collection	18
4.1.3.4. Credit Control	18
4.1.3.5. Debt Management	18-20
4.1.4. Financial Sustainability	20-21
4.1.5 NCR Monitoring Tool for Financial Pillar	22-29
4.2. Governance and Institutional Development Pillar	30
4.2.1 Political - Administrative interface	30-31
4.2.2. Council Governance and Oversight	31
4.2.3 Systems of Delegations	31-32
4.2.4 Executive Management Teams Meetings	32
4.2.5 Audit Committee	33
4.2.6 Audit Outcome	33-34
4.2.7 Risk Management	34

4.2.8 Information Communication Technology	34-35
4.2.9 Labour Relations	35-36
4.2.10 Procurement	36
4.2.11 Litigations	37
4.2.12 Disciplinary Boards	37-38
4.2.13 Legal Services	38
4.2.14 Contract Management	38-39
4.2.15 NCR Monitoring Tool for Governance and Institutional Development Pillar	40-49
4.3. Service Delivery Pillar	49
4.3.1. Refuse Removal in Informal and Formal Areas	50-52
4.3.2 Visible Water Losses	52-54
4.3.3. Overall Water Losses	55-60
4.3.4. Road Maintenance	60-61
4.3.5. NCR Monitoring Tool for Services Delivery	62-83
4.3.6. NCR Conclusion	84

ANNEXURE A Monthly report to the National Treasury

ANNEXURE B Status report to National Treasury November

ANNEXURE C Communications to the erstwhile City Manager

ANNEXURE D Communication to the Executive Mayor and Speaker

ANNEXURE E Financial Recovery Plan

ANNEXURE F Council Resolution No. 128.1 15/12/2020

PROGRESS REPORT ON THE IMPLEMENTATION OF THE RFP.

1. PURPOSE

The purpose of the report is to provide progress in the implementation of the mandatory Financial Recovery Plan by the Mangaung Intervention Team.

The Mangaung Metropolitan Municipality has been in a prolonged financial and service delivery crisis. As a result, the Provincial Executive Committee (PEC) Intervened in terms of S139 (5) (a) and (c) of the Constitution in December 2019. The Financial Recovery Plan (FRP) which was prepared for the municipality and was signed off for implementation by the Free State MEC for Finance with effect from June 2020. Prior to approval of the financial recovery plan, the municipality was provided with an interim plan to manage the crisis.

A Provincial Executive Representative (PER) previously referred to in this intervention as the Intervention Team Leader was deployed to the municipality to ensure the implementation of the FRP and oversee the financial and service delivery recovery of the municipality on behalf of the PEC. However, after more than two years of intervention in the Mangaung Metro, little or no progress has been made by the municipality in implementing the FRP. The financial and service delivery performance of the municipality continued to deteriorate, and the municipality had not moved beyond the Rescue Phase of the recovery plan which is a short-term phase intended to last not more than six to eight months.

Section 150(1) of the MFMA requires that if the conditions for a provincial intervention in a municipality in terms of section 139(4) or (5) of the Constitution are not met and the provincial executive cannot or does not adequately exercise the powers or perform the functions referred to in that section, the national executive must consult the relevant provincial executive and act or intervene in terms of that section instead of the provincial executive.

On 06 April 2022 Cabinet resolved to intervene in the Mangaung Metropolitan in terms of section 139(7) of the Constitution read with section 150 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The structure of the new intervention made provision for a National Cabinet Representative (NCR), supported by specialists in service delivery (engineering), municipal finance as well as governance and institutional development in local government. To give effect to the national intervention in the metro and the duty to assume responsibility for the implementation of the financial

recovery plan, the National Treasury appointed Ntiyiso Consulting to provide the services of the National Cabinet Representative and support team.

2. BACKGROUND

Section 150(1) of the MFMA requires that if the conditions for a provincial intervention in a municipality in terms of section 139(4) or (5) of the Constitution are not met and the provincial executive cannot or does not adequately exercise the powers or perform the functions referred to in that section, the national executive must consult the relevant provincial executive and act or intervene in terms of that section instead of the provincial executive.

On 06 April 2022 Cabinet resolved to intervene in the Mangaung Metropolitan in terms of section 139(7) of the Constitution read with section 150 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The structure of the new intervention made provision for a National Cabinet Representative (NCR), supported by specialists in service delivery (engineering), municipal finance as well as governance and institutional capabilities in local government.

The National Cabinet Representative furnished the EMT intervention Team with clear Terms of Reference indicating the focus areas. NCR is required to monitor the implementation of the FRP by the EMT with respect to the This report will detail the progress of implementation of the above pillars of the FRP by the EMT with respect to the FRP programs as below:

- Financial Recovery
- Service Delivery Improvement
- Governance & Institutional Development

Financial Recovery Plan

The financial recovery plan was developed in May 2020 line with sec 41 of the MFMA it was adopted by council on 15 December 2020 through resolution 128.1-15/12/2020.

The intervention was initially commissioned by Provincial Government as a mandatory intervention, later National Government had to intervene through section 50 of the MFMA

In terms of Sec 50 (2) of the MFMA. If the national executive intervenes in a municipality in terms of subsection (1)

- (a) the national executive assumes for the purposes of the intervention the functions and powers of a provincial executive in terms of this Chapter;
- (b) Minister assumes for the purposes of the intervention the functions and of an MEC for finance in terms of this Chapter: and
- (c) a reference in this Chapter

- (d) (i) to a provincial executive must be read as a reference to the national executive
(ii) to an MEC for finance must be read as a reference to the Minister; and
(iii) to a provincial intervention must be read as a reference to national intervention.

In terms of sec 144. (1) The MEC for local government or the MEC for finance in the province may at any time, but subject to section 141(1) and (2). Request any suitably qualified person or the Municipal Financial Recovery Service to prepare an amended financial recovery plan in accordance with the directions of the MEC.

(2) Section 141, read with such changes as the context may require. Apply to the amendment of a financial recovery plan in terms of this section.

(3) No amendment of a recovery plan may impede the implementation of any court order made or agreement reached in terms of the plan before the amendment. In line with sec 144 National Treasury is reviewing the current FRP.

The minister has not reviewed nor amended the FRP, however the process to review and amend the FRP has now been initiated by National treasury.

3. THE FRP ROLES AND RESPONSIBILITIES OF THE NCR, CITY MANAGER AND COUNCIL

The NCR's roles and responsibilities (TOR) relating to the monitoring of the implementation of intervention and the FRP thereof as well as the City Manager's and Council's role will be clearly outlined.

3.1. NCR's role and responsibilities according to the Terms of References as stipulated by National Treasury are namely:

- Provide strategic leadership and guidance necessary to ensure the effective and efficient implementation of the Financial Recovery Plan;
- Reporting to the Minister of Finance and Municipal Council on progress made;
- Engaging with internal and external stakeholders; e.g. Local Labour Forum (LLF) /major creditors/ Civil Society;
- Assess and ensure that reports required for decision-making in the municipality are aligned to the FRP and the objectives of this intervention
- To ensure the implementation of the current FRP until any replacement of the FRP as required in terms of section 139(7) of the MFMA. This includes the supplementary interim FRP;
- Undertake quality assurance processes required to submit monthly performance progress reports in terms of the prescribed framework to Minister of Finance
- Attend meetings of Council, Mayoral Committee and Top Management in an advisory capacity;

- Maintain a record of decisions taken by the Municipal Council and the Mayor the accounting officer on implementation of the FRP;
- Ensure and oversee execution by the Accounting Officer of the function referred to in S67(1)(h) and schedule 2 of the local government systems act no 32 of 2000 read with any other legislation dealing with disciplinary matter including criminal, disciplinary and civil matter.
- All reports for decision making by any delegated authority including Municipal Council and must be processed by Mayor/ Accounting Officer with the concurrence of the NCR;
- Ensure implementation of appropriate corrective and control measures necessary for effective FRP implementation;
- NCR must analyse the monthly bank and budget statements of the municipality for monitoring purposes and as an internal control measure;
- NCR for duration of the intervention to be accountable to the Minister of Finance;
- Consult and provide strategic leadership to the Accounting Officer and relevant staff in the implementation of the recovery plan.
- Provide strategic guidance assistance and leadership, to the accounting officer on the review and reallocation of resources and responsibilities to municipal staff with regards to the implementation of the FRP
- Responsible for the developing and ensuring implementation of appropriate governance systems, processes and procedures
- Development of specific strategies and plans including the Budget in consultation with the Accounting Officer to effectively implement the Financial Recovery Plan of the municipality;
- Provide strategic guidance, assistance and leadership to the Accounting Officer on the review and re-allocation of resources and responsibilities to municipal staff with regard to implementation of the financial recovery plan;
- Assist the Mayor and the Accounting Officer in the development of human resource capacity to a level that enables it to perform its functions and exercise its functions in an economic, transparent, effective, efficient, and accountable ways;
- Assist in the recruitment and selection process for the appointment of Senior Managers including the Accounting Officer in the municipality;
- Provide strategic and technical support to ensure meaningful public participation and stakeholder engagement in the affairs of the municipality

- Work closely with the Municipal Financial Recovery Services (MFRS) and other government stakeholders in the revision and implementation of municipal financial recovery plan for the municipality
- To confirm and certify in the periodic reports to the Minister of Finance on progress with the National intervention and implementation of FRP, that all decisions of council and executive mayor are consistent with FRP.
- CENTLEC as the entity of MMM by law falls under the jurisdiction of the municipality and by law falls under S139(7) and all its finance related issues must also be ratified by cabinet representative.
- To assign and delegate responsibilities to the support.

3.2. The role of the NCR Support team

- The role of the support team is to provide full-time strategic support and expertise to the NCR within the context of the approved FRP. These strategic responsibilities are meant to clearly define the expectations for the support team in facilitating effective implementation of the approved FRP and achieving financial recovery and provision of reliable and uninterrupted basic services.
- The support team is accountable to the NCR in the execution of their duties.
- To support the NCR in the implementation of the terms of reference;
- To provide strategic leadership and direction to the relevant pillars of sustainability as provided for in the FRP;
- To identify challenges and propose solutions to ensure provision of uninterrupted basic services to the community and prudent financial management;
- To advise and support on the approach to the implementation of FRP activities to optimise the reduction of operational expenditure and increase of revenue for the municipality;
- To recommend and ensure implementation of internal controls, procedures and systems for good governance, prudent financial management and effective service delivery in compliance with statutory prescripts;
- To prepare and submit monthly reports on the implementation of the FRP to the NCR;
- To assist in the development and review of departmental business plans;
- To review policies, by-laws, strategies and plans in their respective areas of expertise;
- Assist in the review and amendment of the financial recovery plan as and when required;

- To execute all delegated authority and responsibilities as may be assigned by the NCR from time to time.
- To prepare and present progress at meetings of the oversight and intergovernmental relations structures of government.
- To conduct an assessment and make recommendations on the effective utilisation of human resources in the areas of expertise.
- To provide technical and strategic support to the heads of departments in an economic, effective and efficient manner to achieve value for money.
- To advise on strategic management of municipal entities and
- To provide written input and advise on all report for the decision-making in terms of Council approved systems of delegations.

3.3 Role of the Municipal Manager/Accounting Officer (AO)

Accounting Officer's (AO) role include fiduciary and reporting responsibilities namely:

Fiduciary Responsibilities

- Statutory powers of the AO, to the extent that they impact on the FRP is bound by the FRP and must be exercised with the concurrence of the NCR;
- Implement financial systems, policies, strategies, plans and procedures;
- Overall management of administration to ensure efficient and effective support for FRP implementation
- Support the review and implementation of internal controls by the NCR
- Perform all functions, duties and responsibilities contained in LG legislation subject to the directives of the PER in so far as the FRP is concerned;
- Perform all lawful instructions and directives by the NCR in an economical, impact orientated, effective and accountable manner to implement the FRP and to achieve and sustain the strategic objectives of the intervention
- Exercising of delegated authority by AO in terms of the Council approved system of delegations is subject to oversight and directives by the NCR in so far as the FRP is concerned

Reporting Responsibilities

- In relation to the implementation and monitoring of the FRP is, for the duration of the intervention, accountable to the NCR;
- Must provide access to all documents, records, and information to allow the NCR to discharge his/her assigned duties;
- Must ensure that the NCR has access to all staff of the municipality;
- Submit monthly performance progress reports and a portfolio of evidence (POE) for claimed performance on the implementation of the FRP for consolidation by the NCR

3.4. Role of municipal Council

- Council will be responsible to oversee the implementation of the approved and imposed FRP which the municipality **MUST** implement
- This *FRP binds the executive and legislative authority of Council*, the Executive Mayor and the Accounting Officer including the approval of the budget, legislative measures to give effect to the budget, ensuring that all decisions are consistent with the objectives, key performance areas, indicators and targets contained therein
- This means, that no decision (Executive or Legislative) can be approved by Council, Executive Mayor and Accounting Officer that contravenes or defeats the FRP and its objectives
- The appointment of senior municipal officials who meet the set requirements – given that restoring institutional capability is a critical part of the recovery process

4. REPORTING THE PILLARS OF THE FRP

4.1. Financial Management Pillar

The financial management pillar is divided into three phase as per Financial Recovery Plan,

Phase 1 is the Rescue Phase, which focuses primarily on cash and restoring the cash position of the municipality, the indicator for rescue phase includes monitoring of daily cash and cash equivalent balances, Cost containment measures, improving debtors collection rate, ring-fencing of conditional grants, payment of creditors and producing a funded budget.

Phase 2 is the Stabilisation phase in terms of financial management the focus is to further strengthen Cash and cash equivalent and institutionalise good financial management.

Phase 3 is the sustainability phase which focus mainly on ensuring that the municipality long term financial management are sustainable.

Therefore, this report will focus mainly on Phase 1 Rescue phase indicating the status quo of the municipality and the intervention applied and the current status of the municipality.

Table 4.1

The City has performed below national benchmark across a number of important ratios as indicated in the table below.

	2019/20	2020/21	2021/22	2022/23 April	National benchmark	Implications for the city
Capital expenditure to total expenditure	5.65%	9.18%	5%	6%	10% - 20%	The municipality struggling to reach the applicable norm of 10-20%, however Management has implemented an accelerated programme through the capex war room
Repairs and Maintenance to PPE	2.67%	2.79%	2.18%	0.32%	8%	The percentage of repairs and maintenance to property is extremely low, indicating that the City is underinvesting in maintenance which is a likely causes for a range of infrastructure collapse and failure to replace the aging infrastructure
Debtors Collection Rate	83.49%	79%	73.2%	78.58%	95%	The City collected only 73.2% of all it's billing in the last financial year. The collection rate increased to 79% in April , With the appointment of service provider(s) for disconnections it is expected that this rate will improve.
Debtors collection period	425 days	485 days	212.5 days	431 days	30 days	The City's debtors typically pay their debts off over a year and this perhaps provides an explanation for the City's cash challenges.
Current Ratio	0.78	0.77	1.118	0.86	1.5 - 2:1	The City is not in a position to meet its short term liabilities
Cash Coverage Ratio	0.8 months	0.27 months	0.01 months	2.11 months	1-3 months	The City only has two months cash available to cover its operations, this within the 1-3 months norm
Management Liquidity	2.70 % Capital Cost (Interest/Opex)	2.20 %	4%	14%	6% - 8%	The finance charges ratio is higher than the norm of 6-8% which indicates that payments on external loans are made according to repayment schedules.
Management Liquidity Debt(Total Borrowing)/Revenue	13.47%	11.35%	18%	13%	45%	The City is meeting its debts obligations currently but is financial position does not allow for further borrowing.

Revenue Management							
Expenditure Management				Revenue Management			
Electricity Distribution Losses		Water Distribution Losses		Revenue Growth excluding Capital Grants		Creditors Payment Period	
Value	Score	Value	Score	Value	Score	Value	Score
Electricity Distribution Losses	8.04%	10.05%	11%	11%	7% - 10%	The municipality has exceeded the 10% acceptable distribution loss on electricity.	
Distribution Losses	41%	44%	45%	49%	15% - 30%	Water distribution losses far exceed the norm and have the real impact that many communities within the municipalities especially those in high lying areas have to go without water. City must carry a study on the causes of water losses and develop and implement strategy to reduce water losses.	
Revenue Growth excluding Capital Grants	2.80%	0.46%	0,1	-0,29	CPI (~6%)	Revenue is declining within the municipality as a result on decline in consumption of electricity due to load shedding. In addition, the municipality has received less grants in the preceding three years as a result of underspending on the grants allocated. The municipality must develop a revenue enhancement strategy that will consider other form of generating income for the city.	
Creditors Payment Period	7.11%	3.72%	0,14	-0,30	5%	Revenue is declining within the municipality as a result on decline in consumption of electricity due to load shedding. The municipality must develop a revenue enhancement strategy that will consider other form of generating income for the city.	

Budget Implementation		Operating Revenue Implementation Indicator		Capital expenditure Implementation Indicator		Contractor Expenditure to total expenditure		Unplanned Expenditure (UIFWE) / Total Expenditure		Irregular, Fruitless and Wasteful and Unauthorized Expenditure (UIFWE)	
41.40%	13.16%	24%	14%	0%	0%	28.78%	29.28%	30%	29%	25% - 40%	Ratio is within the norm
											Contracted services percentage is within the norm Further reduction can still be realised, the upliftment of moratorium will assist to reduce costs. The MMM needs to scale down on this as the MMM relies on contracted services more than using in house staff. E.g. Using Consultants for RFI and COF's, VAT collection etc.
											The city is underspending on its capital budget, this despite the many infrastructure challenges in the city. It is likely that this is due to a capabilities issue. The big risk here is losing capital grants. Through the joint effort of NCR and EMT a weekly capex war room was established to accelerate the spending on CAPEX
											The municipality over the years has been overspending on operations, During 2022/23 operational expenditure is higher than the budget
											The unfavourable ratio indicates matters to be addressed by the municipality during the budgeting, the question of revenue enhancement should be given a priority during the budget session
											The municipality is able bill its customers as per budget

4.1.1 Cash and Cash equivalent

During the NCR assessment it was discovered that to say that the City is in financial dire straits would be a gross understatement. The most concerning aspect of the City's financial position is its limited liquidity. In the past financial year, the City had on average cash reserves that would cover just one week of expenses. The national benchmark for liquidity is one to three months.

The table below indicate level of Grants being not cash backed it also confirms the liquidity status of the municipality, between June and December the municipality survived by using grants to fund its operational expenditure. Only in March where we see Cash and Cash equivalent exceeds total reserves and unspent grants.

The city has now enough reserves to pay for its operational expenditure for at least a period of two months, these can be attributed to implementation of cost containment, implementing and spending discipline and preventing large and unjustified payments as well as through negotiating extended payment terms with suppliers.

Table 4.2 Extent of the surplus based on the cash backed reserves and unspent conditional grants as at the end of March 2022.

INVESTMENT OF RESERVE FUNDS AND GRANTS	June 2022 R'000	September 2022 R'000	December 2022 R'000	March 2023 R'000
Cash Backed Reserves				
Self-insurance reserve	5 000	5 000	5 000	5 000
COID Reserve	25 857	26 140	26 504	26 906
Unspent conditional grants	786 741	886 025	929 063	811 486
Total reserves and unspent grants	817 598	1 017 165	960 567	843 392
Total investments at end of period	687 495	784 200	846 337	1 105 441
Current bank accounts	40 910	28 235	47 686	137 468
Total bank and investments	728 405	812 435	894 023	1 242 910
Shortfall/(Surplus) on investments	89 193	204 730	66 544	(399 518)

4.1.2 Cost Containment and Payment of Creditors

Supply Chain Management (SCM) remains a perpetual challenge in that bids specifications continually lead to non-awards and thus hampering service delivery. This led to The NCR's team revisit SCM Policy and the composition of the committee which indeed was in contradiction with the SCM Legislation. There is no transparency in SCM and a potential risk for the municipality. On request of points of clarity to the SCM General Manager (GM), the former ACM instructed the GM not to respond to the NCR's team as the GM did not report to the NCR. The ACM has a duty and responsibility to ensure that the NCR has access to all staff of the municipality.

Positive strides have been achieved since the arrival of the ACFO in that the creditor's management has been implemented in as far as the reduction and payment of creditors as well as the payment arrangements with creditors.

The municipality is struggling to fulfil its payment arrangements with Bloemwater. However, the CFO sought a meeting with the NCR and the AHOD Engineering to finalise payment arrangement of Bloemwater, the AHOD has not prioritised the request.

Further Progress has been made after the arrival of the ACFO in January regarding submission of monthly MFMA Section 71 reports. The NCR Team is receiving the report on monthly basis for reviews and report compiling.

The NCRs team continues to make unheeded numerous requests for the ACM to report UIFWE to Council as well MFMA Section 32 consequence management to date this is unattended to. Through interventions by NCR the UIFWE Register is being updated, however investigations and consequence management has still not been implemented.

Creditors payment period has been decrease from 78 days in the 2021/2022 to 31 days as at 30 April 2023, this relate to invoices where the municipality has evaluated and there is no dispute between the municipality and suppliers, it also disregards outstanding debt on bulk purchase of water which the municipality is still in the process of negotiations with the service provider on outstanding old debt.

Table 4. 3: Mangaung unplanned expenditure

Mangaung	Unplanned					
Expenditure						
000 ZAR						
	2016/201 7	2017/201 8	2018/201 9	2019/202 0	2020/2021	2021/2022
Unauthorised Expenditure	722 194	852 316	1 363 962	1 165 091	570 025	1 253 981
Irregular Expenditure	6 392	95 242	842 458	1 600 360	190 845	185 428
Fruitless and wasteful expenditure	7 547	25 867	9 538	5 329	19 695	83 932

4.1.3 Revenue management and improve debtor collection rate

Over the past 5 years the City's revenues have increased by a compound annual growth rate (CAGR) of 1%. In the same period, inflation in South Africa has averaged 4%.

This revenue underperformance is a result of gaps in the revenue management ecosystem of the City. To begin with, the City does not have a comprehensive revenue management strategy. As a result of this, the revenue management activities of the City are unguided, with no tracking of successes and lessons. The City also lacks critical revenue management skills across the revenue value chain. Most critical being the lack of managers responsible for each of the revenue value chain elements.

4.1.3.1. Meter reading

The City only reads 80% of its 140 000 meters each month. This is far below the national benchmark of 95%. Meter reading completeness is important as it helps the municipalities produce accurate billing that is not later disputed by consumers. Moreover, there are also nearly 4 700 meters that are not connected to the City's billing system and are thus likely not being billed. The City only employs 38 officials to manage this large stock of meters. While external meter reading companies are used to read meters, these are not well managed as the City lacks the skills required to manage an effective meter reading command centre.

4.1.3.2. Billing

The City does not bill all their known accounts each month. Of the 227 000 accounts within the City an average of 223 000 are billed each month. A leading cause of under billing is the fact that the infrastructure units go and install the meters in various locations without informing the finance departments billing section. Hence no synergy between the teams. The City also has a customer data challenge, with an urgent need for data cleansing. The City has 10 officials working on billing. This is inadequate given the size of revenues that the municipalities need to bill per month and especially given the City's system issues.

4.1.3.3 Payment collection

The City's effective monthly collection rate is 79%. This is far below the national average of 95%. The City needs to accelerate payment collection and put in place mechanisms to drive payment collection.

The average rate of collection is 55.59% (R298 million – collected and R400 million - billed). The average collection billing is R400m and average collection is R298,3m, and the average collection rate including CENTLEC is 79%.

Average collections are low. The norm is 95%. With these levels of collection rates, the Municipality will continue to experience low levels of liquidity unless something drastic happens to improve the collection rates to figures as close as possible to the 95% mark.

Although the collection rate is below the acceptable norm of 95% we have seen an upward trend between March and April 2023 currently debtor collection rate is 79%, with implementation of disconnections it is expected that it will increase and will be able to reach the target rate of 85%

4.1.3.4 Credit control

The City's does have a well-established credit control framework. The credit control policy allows for disconnection however disconnections are not taking place as this has not been effected by the Senior Manager of the department.

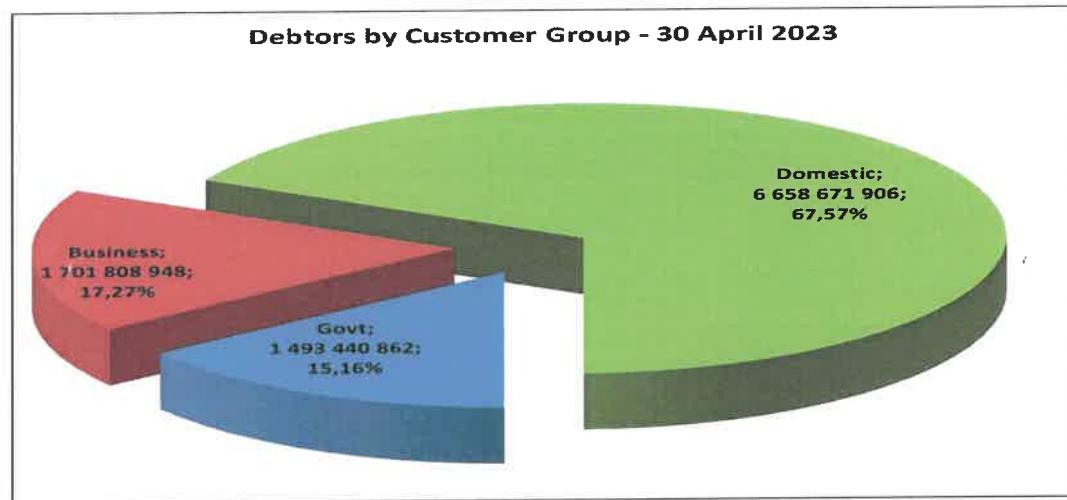
Ultimately no customers are or have been disconnected as a result, despite the large and growing debt and low payment rates.

4.1.3.5 Debt management

The debtors balance as of 30 April 2023 is R9.854 billion including unallocated credits of R360 604 million (31 December 2022 – R9.248 billion including unallocated credits of R322.734 million), thus

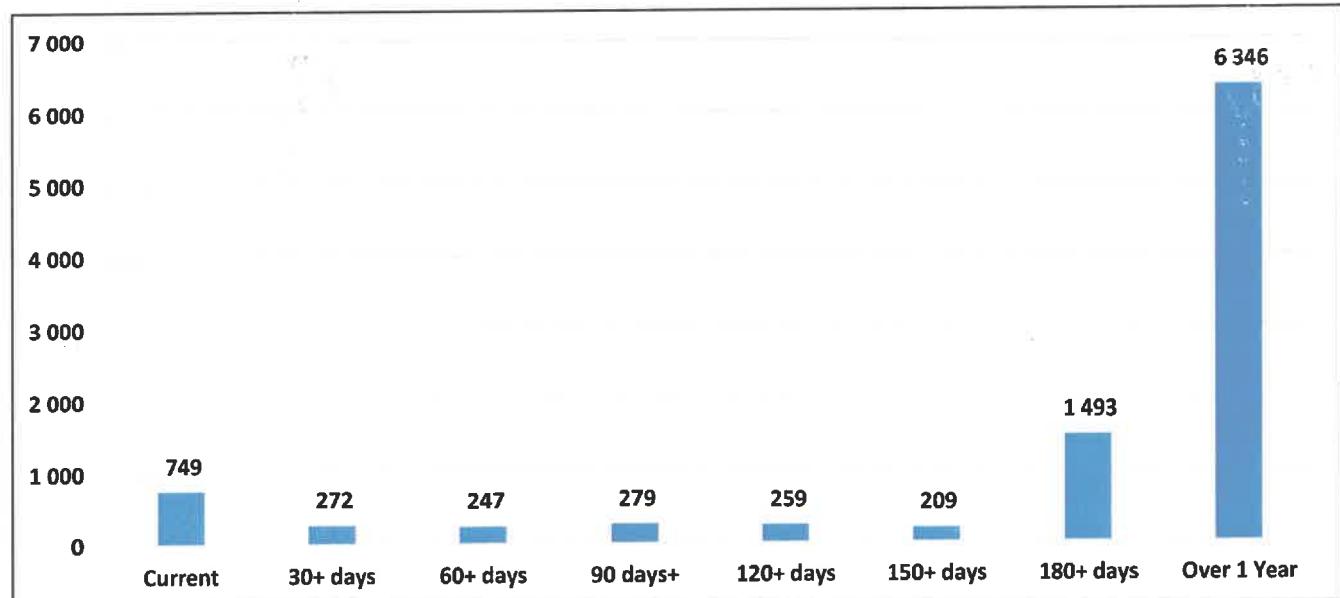
reflecting an increase of R149 million (1.51%) for the month. The following chart illustrates that the major debt is reflected in the over 1-year category. An amount of R6 .345 billion (R6 225 billion – March 2023) is outstanding in this category (1 year and older), with R4.524 billion attributable to households, an increase of R87 million from the balance of R4.437 billion in March 2023.

Figure 4.1



It is and will always be a bone of contention in the financial management of the municipality, municipality has started to experience decreases in consumption of electricity resulting from customers opting for alternative power, increased hour load shedding. Despite instability of SCM processes the city's collection rate now showing an improvement it moved from 72% in March to 79% in April.

Figure 4.2: Mangaung debtors age analysis



Aged Debtor Analysis as at 30 April 2023

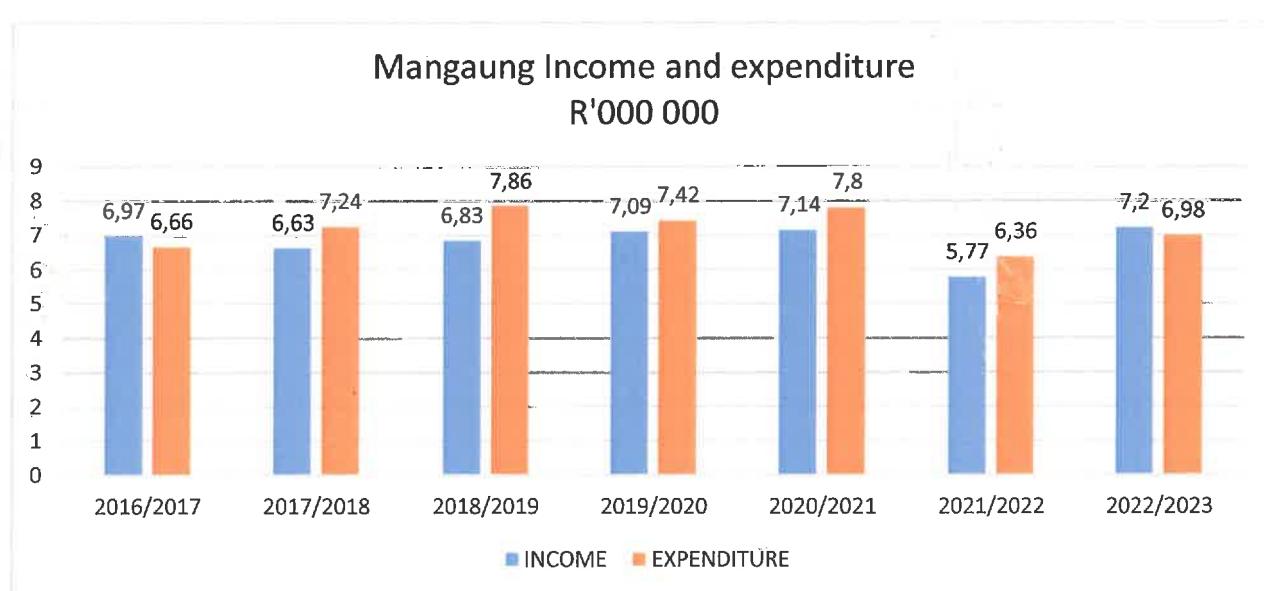
The City has twenty four(24) officials dedicated to debt collections. However, the City's debt collection ecosystem has a number of glaring gaps. Key amongst these being the lack of a debt collections manager, debt collections contact centre, an up-to-date debt collections policy, debt collections SOP, external debt collectors' management policy, a debt collections management system as well as well capacitated debt management agents.

Given these glaring issues in revenue management, the city needs to act fast to stem the revenue gaps that it has. To that end we propose an end to end revenue enhancement programme as part of the current transformation. This revenue enhancement plan would focus on accelerating revenue improvement in the short term and setting up a sustainable revenue management ecosystem within the City in the long term.

4.1.4 Financial sustainability

The city has struggled with financial sustainability over the past few years. This is evidenced by the fact that it has made an accounting loss in each of the past four financial years. This deficit is in the tunes of hundreds of millions each year, as indicated in the chart below.

Figure 4.3 Mangaung income and expenditure



This large and growing accounting loss is cause for concern and raises an urgent need for the City to improve income and reduce expenditure. Moreover, the city is beset with unauthorised, irregular, fruitless and wasteful expenditure. This has been a regular finding by the AG. While this has decreased in the most recent financial year, there is no evidence that the reduction was due to any corrective actions taken by municipal officials.

It is a concern from the NCR that the municipality is rather reluctant to appoint a disciplinary board to provide advice to the council on financial misconduct that results in UIFWE.

Another indicator of financial sustainability is performance against key municipal financial and operational ratios.

Capital Expenditure per Vote	Approved Budget	Adj Budget	YTD Actual	YTD Budget Target	% on Adj Budget
City Manager	217 889 233	217 889 233	64 610 718	184 513 260	29,65%
Corp Services	40 600 000	22 270 000	-	34 380 948	0,00%
Finance	500	100 000	-	423	0,00%
Social Services	13 885 839	12 708 839	1 415 688	11 758 825	11,14%
Planning	52 643 814	51 143 814	24 378 149	44 579 907	47,67%
Human Settlements	328 136 150	330 300 377	86 049 706	277 872 707	26,05%
Econ & Rural Dev	13 238 000	8 500 000	278 385	11 210 221	3,28%
Engineering	172 437 851	281 006 888	90 371 993	146 024 059	32,16%
Water Services	147 514 165	124 073 128	44 849 092	124 918 148	36,15%
Waste & Fleet	22 949 495	36 994 100	11 750 699	19 434 123	31,76%
Metro Police	6 315 000	1 045 000	-	5 347 677	0,00%
Centlec	265 225 272	223 590 966	105 093 093	224 598 430	47,00%
	1 280 835 319	1 309 622 345	428 797 522	1 084 638 730	32,74%

The Table below highlights the NCR's monitoring and strategic guidance towards achievement of the FRP in the Financial Management pillar as well as Management's progress in implementing the FRP.

Table 4.3. Financial Management tool Pillar

RFP COMPONENT	BASELINE	ACTIVITIES	RESPONSIBLE PERSON	WHAT HAS BEEN ACTIONED BY HOD'S
	High levels of irregular expenditure as a result of non-compliance with SCM regulations. SCM Policy not in line with the	Enforce the current SCM policy, review the SCM policy and SOP and submit to council for adoption.	ACFO ACM	HODs committed to consider the Policy for tabling in Council in July.
	Non-compliance with legislation, SCM Regulations and municipal policies. SCM Policy not in line with SCM regulations. Constitution of Bid Committees contravenes the SCM legislation, Bids regarded non responsive due to errors on the specifications	Develop SCM Compliance checklist manual for use by all, including the bid Committees. Aligned SCM Policy the legislation and the composition of Bid Committees	ACFO ACM	HODs committed to consider the Policy for tabling in Council in July.
	Lack of adequate consequence management for financial misconduct per Section 171(4) of the MFMA.	ACM to update the UIFWE Register and report to council monthly	ACFO Acting HOD Corporate Services	Finalise the recruitment of the Financial misconduct DC Board and refer all matters of non-compliance to the Board for processing.
	Failure to update the UIFWE Register and reporting on the same on a monthly basis as required by Section 32 of the MFMA.	UIFWE incurred to be report to MPAC for further investigation.		UIFWE Register has been allocated to Reporting within Finance currently the risk register has an amount of R1.6M.

The municipality is failing to pay creditors within 30 days. The current creditor payment period is 31 Days.	Paying off long overdue creditors and low value creditors (SMME's).	ACFO	Implemented the recommendation April creditors period reduced to 31 days from 51 days in March.
Sundry creditors decreased	Negotiate payment terms with high value and strategic creditors as part of the FRP an align payments with the anticipated receipt of the equitable share. Develop and Implement Creditors Payment Plan.	ACFO	Sundry creditors are reduced in April the collection payment period is on 31 Days.
The current ratio indicates that the municipality does not have current assets to meet its obligations.	Increase the current ratio to 2:1. by increasing cash collection and pay creditors. Implement cost containment policy.	ACFO ACM	Current ratio is increasing slowly, however it still below the acceptable thresh hold.
The municipality is struggling to fulfil its payment arrangements with Bloemwater.	Council to renegotiate payment terms with Bloemwater aligning payments with the anticipated receipt of the equitable share.	ACFO ACM	ACM must spearhead and prioritise this process.
Management is not complying with the adopted cost containment policy.	Acting CFO and Acting City Manager to enforce the Cost Containment Policy and report to council on a monthly basis on its impact.	ACFO ACM	ACM and ACFO Committed to further implement the policy and report monthly.

<p>Management Audit Action Plan (MAAP)</p> <p>The council has received a qualified audit opinion from the AG for the year ending 30 June 2022.</p>	<p>Develop the MAAP and establish weekly management meetings to deal with the implementation of the audit action plan (MAAP War Room) which will be part of weekly EMT championed by the office of the City Manager.</p>	<p>ACFO ACM</p> <p>Implemented the weekly reporting on the progress on Audit Action Plan by GM Reporting, and progress made on AFS preparation plan</p>
	<p>The Audit report has sighted internal control deficiencies, expenditure and revenue management.</p>	<p>ACFO ACM</p> <p>Audit reporting and action plan is part of the weekly GMT and EMT.</p> <p>Internal Audit to audit the internal controls in place and where found to be weak recommend amendments. All internal audit and audit committee recommendations to be dealt with simultaneously with the MAAP. This is covered by the Audit Action Plan.</p>
	<p>The AG report has stated that reasonable steps were not taken to prevent UIFWE.</p>	<p>ACFO ACM</p> <p>No action taken to reduce and prevent UIFWE.</p> <p>The Acting City Manager, MPAC and Financial Misconduct Board to process UIFWE.</p>
	<p>The AG report has sighted material impairment on statutory receivables and consumer debtors.</p>	<p>ACFO ACM</p> <p>Audit reporting and action plan is part of the weekly GMT and EMT.</p> <p>Acting City Manager and Acting CFO to review Section 71 on a monthly basis and make recommendations to deal with debt impairments.</p>

	The management has been developed a Management Audit Action Plan (MAAP) as required in terms of MFMA Circular 113& 114. It was presented to the Audit Committee on the 24 May 2023	Acting CFO, Acting City Manager and Internal Audit to ensure that the MAAP is being implemented as per timeframes on the plan and internal Audit Unit reports EMT on a weekly basis on the implementation. Provincial COGTA and Provincial Treasury to develop a web-enabled MAAP in compliance with MFMA Circular 113& 114.	ACFO ACM	The MAAP must be submitted to council for approval and be populated and monitored continuously , however it is not a web based MAAP as required by circular 113, NT cannot monitor the progress on line. This need attention to ensure compliance with Circular 113 of the MFMA.
	The municipality is not billing and is not ensuring that what is billed is collected as evidenced by the low collection rate.	Conduct a debtor cleansing project aligned to the spatial development and geo location of all consumer.	ACFO	Not implemented.
	Not all consumers are metered and there are numerous (estimated 4600) unknown consumers. Where there are meters which are currently working meter readings are not done in all meters	Appoint a service provider to install new meters on all un-metered consumers. To replace all faulty prepaid and conventional meters with prepaid meters. Ensure there are meters readers for all conventional meters .	ACFO	In the process of reading meters on the faulty prepaid meters. EMT considering appointment of a service provider.
	The municipality's collection rate is below the norm, which is 95%.	Develop procedures to collect 95% of old debt as well as amounts billed monthly. Identify top 100 debtors and develop a debt recovery.	ACFO	The debtor collection rate is showing improvements in March the rate was 72% and April it increased to 79%.
	Consumer meters are not read but consumers are billed on estimates.	Consider the extension of smart prepaid meters as well as smart meters to eliminate the element of human error and increase accuracy of the billing.	ACFO	The bid to appoint service providers has been forwarded to Internal Audit for due diligence, the matter to be finalised on the 18 May 2023. This has passed its reporting date, internal audit to submit to ACM.

Cash Flow Management and Financial ratios	The National benchmark is 0%. The Acting City Manager to reduce the UIFWE through implementation of consequence management with the help of MPAC and Financial Misconduct DC Board.	ACFO ACM	Non implementation of consequence management and UIFWE is increasing. ACM to implement consequence management, NCR provided a letter template to ACM to be distributed to all HODs, stating their responsibility in line with sec 77 and sec 171 of the MFMA.
UIF to total Expenditure	Currently UIFWE to the total expenditure is 14,39% as a percentage of total expenditure.		
Distribution losses	HOD Engineering Services to develop mechanisms to accurately measure water losses through bulk meters at strategic points and develop a water loss reduction strategy.	ACFO ACM	No plan in place to reduce distribution losses
	Currently Distribution losses are: Water 49% and Electricity 11%.		
Debtors Collection rate	Current the collection ratio is 79% and the Debtor collection rate is 431 days.	ACFO ACM	There is a slight improvement in the collection rate from 72% to 79% and the debtors payment period has improved to 431 days although more work is still required to reach the acceptable norms.
Cash coverage ratio	Improve the cash coverage to 3 months. Implement cost containment measures and implement Debt Recovery strategy.	ACFO ACM	The municipality cash cost coverage is currently within the acceptable level the norm is 1,5 to 3 months and we currently on 2 months.
	Currently the cash coverage ratio is 2 months.		

Creditor payment period	Currently the creditor payment period is 31 days	Reduce creditor payment to 30 days,	ACFO ACM	Payments are made weekly
Employee costs to total operating expenditure	Currently employee costs to total operating costs is 37 %.	The NT guideline is that the employee costs should be between 25%-40% of the total operating expenditure, implement a moratorium on staff recruitment.	ACFO ACM	Employee cost are constantly monitored
Contracted services to total operating costs	Currently contracted services to total expenditure is 4 %.	The NT guideline is that the contracted services should not be more than 5% of the total expenditure. Evaluate contracts as per contract register , consider contracts that can be done internally like VAT recovery.	ACFO ACM	Contracted service is well managed and within the norm
Improvement of Cash flow ratios		<p>1. The municipality must adopt an active cash management framework and system to enable it to maintain sound liquidity for sustainable service delivery;</p> <p>2. The municipality's Cost Containment Policy must be aligned with the MFMA regulations and guidelines and monitored on a monthly basis;</p> <p>3. The council must monitor cost containment policy implementation against the predetermined targets;</p> <p>4. The Finance Management Committee and the NCR war room must meet weekly to manage cash through the analysis of receipts vs payments as well as the financial ratios.</p>	ACFO ACM	The municipality is currently looking at reduction of its expenditure to allow for the budget to be funded. Although budget is unfunded, it was developed in line with the National Treasury budget circulars.
Budget Management	The municipal budget is not creating sufficient own funding for revenue generating infrastructure and maintenance, thus affecting service delivery severely.	MM and CFO must ensure accurate and realistic budgeting in full compliance with the MFMA norms and standards published in the NT circulars.	ACFO ACM	Budget Management

		Not Implemented
Budgeted working capital (current assets minus current liabilities) is overstated due to consumer debtors not collected effectively, thus depleting the municipality's cash.	The CFO and MM must develop effective revenue collection strategies from Trading services for optimal budgeting. The revenue sections of the FRP must be prioritised and monitored monthly by the Council.	ACFO ACM
Senior Management does not have Real time access to budget for effective budget management, cost containment and prevention of UIFWE.	HOD's and Senior Management to be granted real time access to their departmental budget for effective budget management.	The EMT meetings include financial performance by each departments and the ACFO presents expenditure management

Observation

Then NCR Team has been consistent in ensuring that the FRP is implemented and that the municipality implement the guidance provided, a number of communique has been sent to the former ACM and the current ACM, further to that policies and Standard operating procedures have been provided as assistance to EMT.

The joint effort with the EMT has since produced positive results as we can now see movements on some of the indicators

However, we still have concern regarding the following areas:

Funding of Budget the municipal budget has been found to be not funded this is mainly failure by municipality to increase its collection rate to the acceptable level at the time of assessment, thus the municipality has to consider implementing the strategies given by NCR.

Supply Chain Management processes has also raise concern to the Team, currently the municipality is underspending on Capital Grants due to flawed SCM processes, **Revenue management** is also held ransom by the SCM flawed processes., It is recommended that the municipality take drastic action in correcting the discrepancies with SCM.

UIFWE It is recommended that the municipality must put in place control measure to reduce UIFWE and ensure that designated bodies like MPAC, Audit committee and Disciplinary board to execute their tasks accordingly

The inability to finalise and load the **MAP** on the National Treasury template by 31 March 2023 places the last quarter's equitable trench at risk of being withheld. It further puts at risk any possible unqualified audit opinion, the NCR's team is concerned that with only one month's remain of the 2022/2023 financial year it's impossible to action any of the AG's recommendations.

4.2 Governance and Institutional Development Pillar

Mangaung Metro is characterised by elements of a lack of and poor oversight and governance systems, political instability, factionalism in municipal council, high vacancy rates at senior management level and lower levels, low staff morale, poor work ethics and professionalism, prolonged disciplinary matters, high litigations including costs and poor planning for transitional measures.

4.2.1 Political-Administrative Interface

1.	Problem statement	Infrequent or even lack of Troika meetings
2.	Recommendations	<ul style="list-style-type: none"> • Properly determine the fundamental reasons for such failure. • Make key interventions to address the reasons. • Ensure adherence to schedule of meetings required for effective Council decision-making.
3.	Steps Taken	Council appointed a new Speaker in March and an Acting Executive Mayor and Chief whip in April 2023
4.	Progress made	Troika sat for the first time in May 2023 for the 2022/2023 financial year
5.	Other noteworthy developments	None so far

1.	Problem statement	Councillor interface
2.	Recommendations	<ul style="list-style-type: none"> • Properly determine the fundamental reasons for such failure. • Make key interventions to address the reasons. • Ensure adherence to schedule of meetings required for effective Council decision-making.
3.	Steps Taken	Council has held fourteen council meetings eleven of those have been special council meetings. Only two of the fourteen have been correctly held as ordinary meetings and one held in February 2023 has been incorrectly classified by council as the ordinary council meeting. The council calendar has not been adhered to.
4.	Progress made	There has not been any progress made as council calendar has not been adhered to, the required majority MFMA compliance matters have not served on ordinary council meetings as required by MFMA i.e tabling of the MPAC report and approval of the Annually report is still outstanding as at May 2023.

		Adjustment budget was not approved on the 28 February 2023 but only 14 days later
5.	Other noteworthy developments	There is stagnation of progress

4.2.2 Council governance & Oversight

1.	Problem statement	Weaknesses in Council Oversight
2.	Recommendations	<ul style="list-style-type: none"> • Properly determine the fundamental reasons for such failure • Make key interventions to address the reasons • Analysis of rules and orders • Adherence to council order of business in meetings • Development of schedule of meetings and legal compliance MFMA matrix • Implement schedule of meetings and legal compliance MFMA matrix • Schedule an induction for Councillors on governance, financial management and oversight; • Schedule a training session on ethics and code of conduct for councillors; • Ensure that the identified unauthorised, irregular, fruitless and wasteful expenditure (UIFW), are investigated and acted upon (consequences managed); • Quarterly progress reports submitted to Council
3.	Steps Taken	Councillors were inducted in 2022 and trainings have been provided for council and MPAC.
4.	Progress made	There is no progress made as UIFW remains escalating amongst other things

4.2.3 System of Delegations

1.	Problem statement	Inadequate Checks and Balances
		•Determine a baseline

2.	Recommendations	<ul style="list-style-type: none"> • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Review financial delegation framework • Implement improved delegations • Make key interventions to address the reasons
3.	Steps Taken	The NCR team took an initiative of reviewing in its entirety Version 11 of the delegations of authority during the month of January 2023. On the 16 th of February 2023, a detailed letter with inputs were presented to the Acting City Manager for his consideration. The office of the NCR further recommended that the reviewed delegations with inputs from the NCR should be presented to council for adoption as Version 12 of the delegations
4.	Progress made	No progress has been made and the correspondence from the NCR has not been acknowledged
5.	Other noteworthy developments	None
6.	Problem statement	Poor cooperation from the erstwhile Acting City Manager

4.2.4 Executive Management Team Meetings

1.	Problem statement	Below optimal functioning of Executive Management Team
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Develop schedule of meetings and prioritise for discussion in • Convene Executive Management Team meeting.
3.	Steps Taken	The NCR wrote a memo to the Acting City Manager citing the minimum monthly reporting requirements that were never adhered to. In addition the NCR raised concerns about the absence of structured reporting at EMT meetings and the fact that all reports were verbal
4.	Progress made	Progress is only being realised now with the appointment of Ms Dumalisile as the Acting City Manager
5.	Other noteworthy developments	None
6.	Problem statement	Poor cooperation from the erstwhile Acting City Manager.

4.2.5 Audit Committee

1.	Problem statement	Ineffective Audit Committee
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Advocacy and education on Audit committee • Review composition of the Audit Committee and incorporate clauses that will allow for termination in case of non- attendance • Circular 65 to serve at Council for adoption as a guiding document
3.	Steps Taken	The NCR noted that the Annual Internal Audit Plan was not risk-based as it has been prepared prior to the finalisation and adoption of the Risk Management Strategy and Plan
4.	Progress made	The NCR team participated in the review of the Risk Management Strategy and Plan as well as the alignment with the Annual Internal Audit Plan
5.	Other noteworthy developments	The Council now has an adopted Risk Management Strategy and Plan as well as a Risk-Based Annual Internal Audit Plan
6.	Problem statement	None

4.2.6 Audit Outcome

1.	Problem statement	Qualified Audit Opinions
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures <p>Recommendations</p> <ul style="list-style-type: none"> • Develop a plan to address the reasons • Make key interventions to address the reasons • Develop and implement an Audit Action Plan for 2018/19 findings

3.	Steps Taken	The office of the NCR reminded both the Audit Committee as well as the EMT on the importance of compliance with Section 131 as well as the development of the Post Audit Action Plan (PAAP)
4.	Progress made	No progress was made
5.	Other noteworthy developments	The Council has not made significant improvements in addressing matters raised by Auditor General and this might hinder its attempts to obtain an improved audit outcome
6.	Problem statement	The Audit outcome was presented late to council and there has been no cooperation from the Acting City Manager hence the late presentation

4.2.7 Risk Management

1.	Problem statement	Absence of Risk Management Policy
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Develop, approve and implement Risk Management Policy
3.	Steps Taken	The new Risk Management committee has been established
4.	Progress made	None
5.	Other noteworthy developments	Same as internal audit above

4.2.8 ICT Governance Framework

1.	Problem statement	Absence of ICT Governance Framework
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons <p>Develop and approve the following policies:</p> <ul style="list-style-type: none"> • ICT Corporate Governance Framework Policy • ICT Security Policy • ICT User Access & Password Control Policy

		<ul style="list-style-type: none"> • ICT Change Management Policy • ICT Request for Change Terms • Backup and Disaster Recovery • Design and Configuration Manual
3.	Steps Taken	The council appointed an external service provider to develop the entire ICT Governance Framework
4.	Progress made	After review, the NCR recommended for amendment and adoption by council the ICT Governance Framework, the ICT Charter and the ICT Steering Committee Charter;
5.	Other noteworthy developments	The NCR's office was informed that there was another external service provider doing a similar service of reviewing the ICT Governance Framework. No work from the second service provider has been presented to the NCR's office for review
6.	Problem statement	No progress has been made since the letter from the NCR office to the Acting City Manager

4.2.9 Labour Relations

1.	Problem statement	Poor relations between unions and management
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Diagnosis of labour relations challenges and produce high level report. • Present findings of report to Technical and Political structures. • Implement findings of status quo report
3.	Steps Taken	The office of the NCR has advised management and the employer component of the LLF on the do's and don'ts with regard to the roles and responsibilities of the LLF
4.	Progress made	The LLF remains dysfunctional, its sittings are erratic and there is high animosity between the labour (SAMWU) in particular and the office of the NCR

5.	Other noteworthy developments	The NCR's office developed the Standard Operating Procedure (SOP) for the processing of salaries and benefits.
6.	Problem statement	<p>The poor relations between management and labour are as a result of the following:</p> <ol style="list-style-type: none"> 1. Management not sticking to the constitution of the LLF as enshrined in the main collective agreement; 2. Poor and/or absence of performance management; 3. Excessive overtime claims 4. Excessive acting allowance payments and 5. The absence of Standard Operating Procedure (SOP) Manual for the processing of salaries and other benefits

4.2.10 Procurement

1.	Problem statement	Interference with procurement processes
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Establish database to verify Council, Section 56 & 57 managers' interests in companies to be contracted by City • Number of tenders verified against database prior to awards issued
3.	Steps Taken	Procurement policy is being amended
4.	Progress made	Draft policy to be submitted as part of finance related policies
5.	Other noteworthy developments	None

4.2.11 Litigation

1.	Problem statement	Numerous Court Judgements
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Develop and update the litigation and liability register • Conduct a reasonable prospect of success. • Conduct a diagnostic analysis of the root cause of litigations and claims against the municipality.
3.	Steps Taken	The NCR has reviewed the Litigation register and developed the Standard Operating Procedure (SOP) to deal with litigation and to reduce default judgements issued against the council
4.	Progress made	No progress to date
5.	Other noteworthy developments	None
6.	Problem statement	<ol style="list-style-type: none"> 1. We have noted that the litigation register has cases in excess of 285 with a possible contingent liability in excess of R 750 million. This poses a serious financial and liquidity risk to the council and need to be addressed as a matter of urgency; 2. The council has a pending dispute with its entire panel of attorneys and all are now refusing to take instructions to defend council; <p>Additional information was requested from the Acting City Manager as per the letter dated 23 February 2023 and this remain outstanding</p>

4.2.12 Disciplinary Board

1.	Problem statement	Ineffective Disciplinary Board and lack of consequence management
----	-------------------	--

2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons • Consider and implement the requirements of Municipal Regulations on Financial Misconduct to ensure effective disciplinary board
3.	Steps Taken	The NCR's office participated in the shortlisting of the disciplinary board
4.	Progress made	None
5.	Other noteworthy developments	Only the shortlisting for the Disciplinary board has been completed
6.	Problem statement	The interviews for the Disciplinary board have been postponed more than five times

4.2.13 Legal

1.	Problem statement	Ineffective Legal Services
2.	Recommendations	<ul style="list-style-type: none"> • Determine a baseline • Properly determine the fundamental reasons for such failures • Develop a plan to address the reasons • Make key interventions to address the reasons
3.	Steps Taken	None
4.	Progress made	None
5.	Other noteworthy developments	Same as litigation

4.2.14 Contract Management

1.	Problem statement	Contracts not adhering to procurement legislation
2.	Recommendations	<ul style="list-style-type: none"> • Audit all contracts to determine a baseline • Properly determine the fundamental reasons for such failures

		<ul style="list-style-type: none"> • Develop a plan to address the reasons • Make key interventions to address the reasons
3.	Steps Taken	<p>The NCR's team developed the Contracts Management Policy together with the Standard Operating Procedure and Annexures to assist the council with Contracts Management</p> <p>The NCR's team has also developed a reporting framework as required in terms of Section 116 of the MFMA</p>
4.	Progress made	No progress made to date
5.	Other noteworthy developments	None
6.	Problem statement	The EMT needs to present for adoption by the council the Contracts Management Policy as well as the SOP's

Table 4.4.

Governance and Institutional Development Monitoring Pillar.

2. Updated Litigation register and Litigation SOP	High risk financial exposure through contingent liability.	Prepare a litigation register with progress to MAYCO and Council on Monthly basis; SOP completed and submitted to ACFO for inputs, and comments.	04/01/2023	Acting HOD Corporate Services	The litigation register has been prepared and submitted to the NCR Support Governance but has not been tabled before the council.
	Protocol for legal matters and legal support operational plan not in place.	Report to Council on diagnostic analysis of root causes of litigations and claims with recommendations on mitigating measures to be implemented.	04/01/2023	Acting HOD Corporate Services	This activity has been discussed with the Acting HOD Corporate Services but no action to date.
	Ineffective management of litigations.	Conduct a legal assessment on reasonable prospects of success on all pending litigations against the municipality.	04/01/2023	Acting HOD Corporate Services	This meeting has not taken place with the Acting HOD Corporate Services.
	Legal service providers charging exorbitant fees, above the rates recommended by National Treasury;	Obtain council delegated authority for out of court settlement for non-complex matters.	31/03/2023	ACM	This activity was not due during the month of January 2023.
	A number of legal service providers refusing to provide services due to outstanding fees;	Ensure all attorneys providing legal services to the council charge at rates recommended by the National Treasury;	01/11/2022	Acting HOD Corporate Services	This activity has been discussed with the Acting HOD Corporate Services & waiting feedback.

General and MFMA Delegations of Authority	System of delegations not yet reviewed.	Review the current systems of delegations;	01/02/2023	NCR Governance	The systems of delegations has been reviewed and will be completed during the month of February 2023.
	Inadequate delegations register.	Review the delegation of powers and functions on supply chain management.	01/02/2023	NCR Governance	This activity was not due during the month of January 2023.
	Delegations not sub-delegated to maximise administrative and operational efficiencies	Update the delegations register.	01/02/2023	HOD Corporate Services	This activity was not due during the month of January 2023.
	Non-compliance with legislation on delegation's system.	Obtain council resolutions for reviewed system of delegations, both General and	31/05/2023	HOD Corporate Services Acting City Manager	This activity was not due during the month of January 2023.
UIFWE Policy & Reduction Plan	Irrregular expenditure: 3,454,569,688.77 and Fruitless and Wasteful expenditure: R 49,762,356.90.	Draft UIF Policy Draft UIFWE Reduction Plan Draft SCM Compliance and Accountability Statement MM to ensure that reports are submitted to council monthly and to MPAC for consideration.	01/11/2022	NCR Governance	UIFWE policy an reduction plan drafted by the NCR Team, and presented to the Municipality for further processing.
	Implement Consequence	MM to ensure that reports are submitted to council monthly and to MPAC for Consideration.	04/01/2023	ACM	Currently no reports are presented to the Mayor and the council on a monthly basis regarding the UIFWE.
	Monthly report on UIFWE are not presented to council as required in terms of There are no consequence management for	Implement Consequence Management on all those responsible for incurring	04/01/2023	ACM	There is currently nothing being done to discipline those involved in incurring UIFWE.

Web-enabled Management Audit Action Plan (MAAP)	Qualified audit opinion with matters of emphasis in 2021/22 financial year.	Weekly audit steering committee to discuss the implementation of the audit action plan (MAAP Work Room) championed by the Internal control deficiencies, expenditure and revenue.	04/01/2023	ACM	The Audit opinion was tabled in council on the 13th of February 2023, nothing could be done until the report had been tabled before the council.
	Reasonable steps not taken to prevent UIF&W expenditure.	Implementation of audit action plan should be integral part of performance agreement of senior managers. Senior Managers' Quarterly reporting on implementation progress report for the approved audit action plan to Audit	04/01/2023	ACM	The Audit opinion was tabled in council on the 13th of February 2023, nothing could be done until the report had been tabled before the council.
	the council has not started with the MAAP that is compliant with circular 113 & 114 Inadequate performance management system.	Obtain technical support from Provincial COGTA and Treasury to develop adequate Management Audit Action Initiate the performance management system (PMS) Policy.	2023-01-02	ACFO ACM	This activity was not due during the month of January 2023.
	Material losses for water.	Develop a water loss reduction plan and implement same. Report to management and council on Report on a monthly basis in terms of section 71 on the revenue projections and	2023-01-03	ACFO ACM	The performance management Policy with draft performance agreement was developed and submitted to the Acting HOD for processing to the Council
	Material impairment on statutory receivables and consumer debtors.	2023-01-03	HOD Engineering Services	ACFO ACM	This activity was not due during the month of January 2023.
Risk Management Strategy and Risk Register	Risk management documents not approved for 2022/23 FY (Risk management policy, strategy, and Implementation plan; Anti-Corruption and Fraud prevention policy; Fraud prevention and awareness strategy; Fraud prevention plan; Top 10 Risk Register not updated.	Review/Risk Management Strategy.	31/01/2023	NCR/CRO	This activity was not due during the month of January 2023.
	Internal Audit Plan not aligned to the Risk Management Strategy.	Develop Risk Based Annual Internal Audit Plan.	31/01/2023	GM Internal Audit	This activity was not due during the month of January 2023.
	Annual internal audit plan not adopted by the	Annual internal audit plan adopted by Audit Committee.	31/01/2023	GM Internal Audit	This activity was not due during the month of January 2023.

Council Calendar of meetings and Resolution tracking system	Inadequate oversight role by Council over the executive and administrative system.	Approval of annual institutional calendar for council and committee meetings and disciplinary board. Disciplinary Board to be established and to report Develop a standard reporting framework with minimum reporting standards for any reporting going to EMT, Section 79/80 Committees, MAYCO and Council aligned	01/12/2022 01/12/2022	ACM / Speaker Acting HOD Corporate Services ACM	ACM / Speaker 3	Annual calendar of council meetings developed and presented to the ACM for processing.
	Reports prepared by the administration are inadequate to meet all the compliance requirements in terms of the MFMA;	Develop a standard reporting framework with minimum reporting standards for any reporting going to EMT, Section 79/80 Committees, MAYCO and Council aligned	01/12/2022	ACM / Speaker	A Standard reporting framework was developed and submitted to Adv. Mpangane, the Acting HOD for Corporate Services for further processing.	A Standard reporting framework was developed and submitted to Adv. Mpangane, the Acting HOD for Corporate Services for further processing.
	Items prepared by the Administration do not cover all the aspects of regarded as minimum to address all implications prior to Municipality under section 139(7) National intervention.	Develop a standard reporting framework with minimum reporting standards for any reporting going to EMT, Section 79/80 Committees, MAYCO and Council	01/12/2022	ACM / Speaker of the Council	The finalised FRP is currently under development by the National Treasury.	The finalised FRP is currently under development by the National Treasury.
	Municipality under section 139(7) National intervention.	Monitor the implementation of the Financial Recovery Plan, Forensic investigation, reports and trace the implementation of all	01/12/2022	ACM / Speaker of the Council		
Review of Municipal By-laws and gazetting of reviewed by-laws	Some By-laws are outdated.	Review all By-Laws, and make recommendations.	04/01/2023	NCR Governance Support	This activity has not been started due to time constraints.	This activity has not been started due to time constraints.
	Some By-laws are relevant and promulgated.	Enforce by-laws. Report monthly on revenue generated and enforcement of There is inadequate enforcement of by-laws.	31/01/2023	ACM / HOD Community Services	This activity was not due during the month of January 2023.	This activity was not due during the month of January 2023.
	There is no reporting on revenue generated from enforcement of by-laws.	Monthly reporting by management on the by-law enforcements.	31/01/2023	Acting HOD Community Services	This activity was not due during the month of January 2023.	This activity was not due during the month of January 2023.

Review ICT Strategy and Develop ICT Business Continuity and Disaster Recovery Plan with the help of National Treasury.	Inadequate ICT governance standards and frameworks; No ICT Business Continuity	Review the ICT strategy and framework.	04/01/2023	NCR: Governance Support	The NCR Governance Support has reviewed 21 ICT Policies and the ICT framework and recommended for consideration by the council.
No ICT Disaster Recovery Plan;	Implement the ICT organisational structure and general controls.	04/01/2023	HOD Corporate Services	The review process has been completed.	
Outdated infrastructure not timely replaced.	Review service provider agreements on ICT projects.	04/01/2023	NCR Governance Support	This activity has not been started due to time constraints.	
Weak general controls on ICT Systems.	Report on Back office Turnaround times in resolving help desk queries.	04/01/2023	HOD Corporate Services	This activity has not been started due to time constraints.	
Functionality issue with the ERP system.	Develop ICT Business Continuity Plan;	04/01/2023	GM ICT	This policy is currently not in place, but the Acting HOD Corporate Services has been	
Risk assessment on ICT not performed in financial year 2022/23 and there is a number of un-integrated ICT	Develop ICT Disaster Recovery Plan;	01/04/2023	Acting HOD Corporate Services GM ICT	The draft ICT Disaster Recovery Policy/Plan has been reviewed and draft letter done for the signature of the NCR.	
The council has almost 20 un-integrated IT systems which are costly in terms of licences and prone to human error.	Review all ICT systems in use and consider integrations.	04/01/2023	NCR Governance Support	All the Policies and the ICT Framework have been reviewed and benchmarked against other similar high capacity municipality. Now awaiting the NCR signature for handing over the review to the	
Audit Committee and Internal Audit Charters and the implementation of a Risk-based annual internal audit plan	Qualified opinion for the 2021/22 Financial year.	04/01/2023	GM: Internal Audit ACM	The Audit opinion was tabled in council on the 13th of February 2023, nothing could be done until the report had been tabled before.	
Failure to Implement Audit Committee recommendations.	ACM to track and trace the implementation of the AC resolutions and reporting	01/02/2023	ACM	This activity was not due during the month of January 2023.	
No Three year risk based internal audit plan.	Submit quarterly reports on implementation of annual internal audit plan. (Quarterly)	31/12/2022	GM: Internal Audit ACM	The council has not had an ordinary council since November 2022, and the internal audit quarterly report could not be	
No reviewed Audit Committee and Internal Audit Charter.	Review Audit Committee and Internal Audit Charters for adoption by Council.	31/12/2022	ACM	The Audit Committee Charter has been reviewed and adopted by the Council.	
Adoption of Audit Committee Charter by the Council still pending.	Quarterly progress reports on implementation of the consequence management on recommendations of Financial Misconduct DC	04/01/2022	GM: Internal Audit ACM	The council currently has no Financial Misconduct DC Board.	
No effective monitoring of the Web-enabled Management Audit Action Plan (MAAP).	Internal Audit and Audit Committee to monitor progress on the Implementation of the MAAP and report to management	04/01/2022	GM: Internal Audit ACM	The Audit opinion was tabled in council on the 13th of February 2023, nothing could be done until the report had been tabled before the council.	

INSTITUTIONAL

Facilitate a strategic planning session to develop an operating Model.	There is no clear operating model in existence with supporting focus.	Develop a strategic planning session to unpack and define the operating model for the municipality. Adopt the implementable operating model.	01/03/2023 31/05/2023	ACM	This project requires complete outsourcing and cannot be done prior to the recruitment of the City Manager and Heads of Office.
Review of organisational structure	The Current operational municipal organogram has not been reviewed by the new Council.	Review both the MACRO and MICRO organisational structures. Not all job descriptions have been subjected to a job evaluation. Physical verification of staff has not been conducted recently. There are employees who have not been placed in the current organogram from the municipalities that were incorporated to	04/01/2023 04/01/2023 01/05/2023 04/01/2023	Acting HOD Corporate Services ACM	The revised MACRO structure has been adopted by the council.
Review of the Cost Containment Policy	Employee related costs are more than 50% of the total expenditure due to excessive overtime and acting allowance.	Review Cost containment policy fill critical and vacant funded posts monitor overtime and where unnecessary decline.	04/01/2023	HOD Corporate Service	This activity has been discussed with the Acting HOD Corporate Services, awaiting feedback.
Review of the Cost Containment Policy	The current employment costs are in excess of 50% of total expenditure which is way above the national average. The municipality is incurring irregular expenditure through the payments of Overtime.	Develop a three year employee cost reduction plan by looking at amongst others shift allowance and secondments as opposed to Cost the revised MACRO and Micro Structures.	04/01/2023	HOD Corporate Service	This activity was not due during the month of January 2023.
Review of the Cost Containment Policy	The council is incurring unauthorised and irregular expenditure through acting	Implement the UIFWE Policy and UIFWE reduction plan as well as consequence management policy.	04/01/2023	ACM / CFO	The placement policy has been adopted by the council.
Review of the Cost Containment Policy			04/01/2023	HOD Corporate Service ACM	The revised cost containment policy was reviewed and letter of hand over signed by the NCR to the Acting City Manager. The policy was found to be adequate and therefore no need for another council approval.
Review of the Cost Containment Policy					This activity has been discussed with the Acting HOD Corporate Services, awaiting feedback.
Review of the Cost Containment Policy					The Micro Structure review process has not begun as yet due to time constraints on the part of management and labour.
Review of the Cost Containment Policy					Nothing has been done on this matter by management.

<p>Reviewed LLF's Terms of Reference (ToR).</p> <p>The Local Labour Forum is established but not sitting monthly.</p>	<p>Review/Develop the LLF's Terms of Reference.</p> <p>Schedule the monthly meetings of LLF.</p>	<p>01/11/2022</p> <p>HOD Corporate Service</p>	<p>NCR Governance Support</p>
			<p>The LLF Terms of Reference were reviewed and found to be in line with the ToRs as stated in the Main Collective Agreement. However, the Acting HOD Corporate Services has been warned that the actual activities during the LLF sittings have taken resolutions instead of being a consultative structure.</p>
			<p>This schedule of LLF monthly meetings were discussed with the Acting HOD Corporate Services; however, this is not honoured by both the employer and labour components.</p>
<p>Performance Management System and Establishment of the Financial Misconduct DC Board.</p>	<p>Mangaung Metropolitan Municipality uses the Disciplinary Regulations for Senior Managers for the City Manager and Managers reporting directly to the City Manager;</p>	<p>01/11/2022</p> <p>ACM / NCR Governance Support Drafted the PMS Policy.</p>	<p>The PMS System was developed and handed over to the Acting HOD Corporate Services for onward submission to the Council for adoption.</p>
			<p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p>
			<p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p>
			<p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p>
			<p>The PMS System was developed and handed over to the Acting HOD Corporate Services for onward submission to the Council for adoption.</p>

<p>Request SALGA Free State to assist with the HR Strategy</p> <p>The municipality has no Human Resource strategy adopted by Council.</p> <p>Develop and submit the draft HR reviewed Strategy for inputs to SALGA;</p> <p>Engage LfF before preparing for adoption by Council.</p> <p>Submit to council for adoption and implementation thereafter.</p>	<p>04/01/2023</p> <p>HOD Corporate Service</p> <p>04/01/2023</p> <p>HOD Corporate Service</p> <p>28/02/2023</p> <p>HOD Corporate Service</p>	<p>This activity has been started due to the failure of the council to recruit the City Manager. Not applicable until there is an HR Strategy to discuss.</p> <p>This activity was not due during the month of January 2023.</p> <p>This has been discussed with the Acting HOD Corporate Services and it has been resolved that this activity needs to be outsourced.</p> <p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p> <p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p> <p>This has been discussed with the Acting HOD Corporate Services and it has been resolved that this activity needs to be outsourced.</p> <p>04/01/2023</p> <p>HOD Corporate Service</p> <p>01/04/2023</p> <p>HOD Corporate Service</p> <p>04/01/2023</p> <p>HOD Corporate Service</p> <p>01/04/2023</p> <p>HOD Corporate Service</p> <p>2023-01-02</p> <p>Executive Mayor ACM</p> <p>01/11/2022</p> <p>Acting HOD Corporate Services</p> <p>01/11/2022</p> <p>ACM</p> <p>04/01/2023</p> <p>NCR / ACM / HOD Corporate Services</p>
<p>Skills audit and employee physical verification process</p> <p>Staff qualifications and skills audit have not been prioritised by the council and training, mainly external varsity studies are conducted.</p> <p>The Council has no Workplace Skills Plan (WSP) developed along with labour and update. No funding set aside for compliance training (CPMD);</p> <p>No skills audit and verification of employees has been done over the past five</p>	<p>Develop a transparent framework for selection of employees to undergo training and development.</p> <p>Develop the Workplace Skills Plan (WSP) in consultation with labour and update. Submit monthly and quarterly reports on the implementation of the WSP to the EMT. Section 79&80!</p> <p>Conduct 100% skills audit on all employees and 100% verification of all employees on the payroll.</p>	<p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p> <p>This has been discussed with the Acting HOD Corporate Services and no action to date.</p> <p>This has been discussed with the Acting HOD Corporate Services and it has been resolved that this activity needs to be outsourced.</p>
<p>Road map for the filling of critical vacant funded posts and review of the structure</p> <p>The high vacancy rate in the Municipality at a Strategic (City Manager and Heads of Departments level is a 9 Heads of Departments and needs to be reviewed downwards in All HOD Positions are vacant and currently occupied by Acting personnel deployed by There are numerous acting at management level and below resulting in excessive</p>	<p>Fill the position of the City Manager.</p> <p>Review the MACRO Structure and obtain a council resolution.</p> <p>Fill the positions of the Heads of Departments.</p> <p>Compile a list and develop a road map for critical vacant funded posts for approval by the Acting City Manager.</p>	<p>This activity was not due during the month of January 2023.</p> <p>The MACRO structure has been reviewed and adopted by the Council.</p> <p>There appear to be no political will to effectively recruit the City Manager and other Senior Managers.</p> <p>This has been discussed with the Acting HOD Corporate Services, awaiting feedback.</p>

Review of the Policy Framework and adoption by Council	No policy review has taken place in the recent past;	The Municipality to Review, seek approval from council on all policies;	04/01/2023	NCR Governance Support / Acting HOD Corporate Services ACM	This process is spending, iCT ... policies have been reviewed.
No Systems of delegations approved by the council in the current policy framework (Cost)	Develop Municipal Delegations (MFMA and General delegations); Council, Management and staff to be workshoped on approved policies.	04/01/2023	ACM	The municipal delegations last adopted by the Council in 2016 has been reviewed.	
Policies not yet approved by Council.	Schedule regular review of policies (financial policies annually and other policies at least every three years or	01/04/2023	ACM	This process will come at the end of the review process.	
	Annually			NCR Governance Support / Acting HOD Corporate Services ACM	This activity was not due during the month of January 2023.
Change Management Strategy and Employee satisfaction survey	The Municipality has not developed and adopted a Change Management Strategy; There is therefore no strategy to provide rationale and guidance towards building the Change Management As a result, the administrative units within the council are pulling towards	Develop and implement a Change management strategy. Develop a monthly newsletter and circulate to all employees; Report regularly (at least twice per annum) to all structures on the Implementation of Change. General employees and labour are not aware of the financial status of the municipality other than the national FRP. There are varying degrees of dissatisfaction amongst employees as a result of gaps in the policy framework and	04/01/2023 01/04/2023 30/06/2023 01/04/2023 01/04/2023	ACM ACM ACM ACM ACM / HOD Corporate Services	This process has not been started due to the failure to recruit the City Manager. Change Management will have to be driven by the City Manager. This process has not been started due to the failure to recruit the City Manager. Change Management will have to be driven by the City Manager. This activity was not due during the month of January 2023. This activity was not due during the month of January 2023. It is a considered view that this activity should be undertaken once the new City Manager has been recruited.

Observation

The NCR support team has developed a capex reporting framework guided by the provision of the Section 116 of the MFMA. In terms of Section 116, reporting to Council must happen regularly.

Inadequate human resource capacity, competencies, and skills in contract management this activity was discussed with the Acting HOD Corporate Services, no action has been taken thus far.

The NCR team has drafted a policy on Contract Management with annexures and handed over to Acting City Manager for approval purposes on the 15th of Dec 2022. The draft policy has not been presented to Council for approval by the ACM.

Updated litigation register and litigation SOP. The NCR has team has updated the register and forwarded it to the ACM for further action-presentation to Council for approval. No action has been taken by the ACM to date.

UIFWE policy and reduction plan drafted by the NCR Team, and presented to the Municipality for further processing. No action has been taken by the ACM to date.

Currently no reports are presented to the Mayor and the council on a monthly basis regarding the UIFWE. There are no consequence management for incurring UIFWE.

The performance management policy with draft performance agreement was developed and submitted to the Acting HOD for processing to the Council. No action taken by the ACM to date.

Reports prepared by the administration are inadequate to meet all the compliance requirements in terms of the MFMA. A Standard reporting framework was developed and submitted to Adv. Mpangane, the Acting HOD for Corporate Services for further processing.

All the Policies and the ICT Framework have been reviewed and benchmarked against other similar high-capacity municipality. Now awaiting the NCR signature for handing over the review to the Acting City Manager.

4.3 SERVICE DELIVERY PILLAR

Managaung Metro services delivery infrastructure and services have been neglected far too long thus causing almost complete collapse of the Metros mandate to provide services.

Key challenges causing the lack of services delivery are the following :

- Insufficient budget for operations and maintenance to service delivery infrastructure. WWTW need urgent refurbishment which requires additional funding
- Non adherence to core mandate
- Infrastructure prone to vandalism due to lack of security provided
- Shortage of staff (vacancy rate currently sitting at 60%)
- In effective call centre management
- Un availability of yellow plant which is currently sitting at 50%
- High volume of VIP toilet (50 000) and bucket toilet system (1000)
- Poor roads conditions with almost 90% requiring repairs
- Non implementation of water business strategy to generate revenue
- Unsustainable bulk water supply bill from Bloemwater
- Dilapidating and aging sewer and water infrastructure.

4.3.1 Refuse Removal in Formal and Informal Areas

Problem Statement	Baseline	Reasons for failure	Recommendations	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
Refuse removal frequently not collected in formal and informal areas	<ul style="list-style-type: none"> Integrated waste management plan was not in place. Landfills are currently not complying to the legislation 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Start compiling the document. 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> HOD started compiling the document. 	<ul style="list-style-type: none"> Draft IWMF completed. 	

Problem Statement	Baseline	Recommendations	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
	<ul style="list-style-type: none"> Inadequate maintenance of current plant and equipment 	<ul style="list-style-type: none"> Inadequate maintenance budget – 2% instead of 8% PPE. 	<ul style="list-style-type: none"> Motivate for more funding in the 2023/24 budget year 	<ul style="list-style-type: none"> Influence the budget to comply with the national norms. 	<ul style="list-style-type: none"> Participating in the 2023/24 budget process 	<p>The budget is being finalised and effort is being made to improve on the 2022/23 maintenance budget.</p>
	<ul style="list-style-type: none"> Illegal dumping of waste is widespread. 	<ul style="list-style-type: none"> Inadequate waste collection 	<ul style="list-style-type: none"> Improve on the waste collection date. 	<ul style="list-style-type: none"> Special education and cleaning campaigns by the Waste management unit and by the Executive Mayor are ongoing 	<ul style="list-style-type: none"> Awareness and training are ongoing 	<p>The campaigns are hugely successful and reported widely in the local media.</p> <ul style="list-style-type: none"> The waste unit has embarked on joint efforts with the private sector to clean the City. The Executive Mayor has also started a campaign to clean the City, jointly with the community stakeholders.

Problem Statement	Baseline	Reasons for failure	Recommendations	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
	<ul style="list-style-type: none"> Inadequate plant and equipment to manage the landfill sites. 	<ul style="list-style-type: none"> Inadequate maintenance budget provided for 2022/23 FY No budget for procurement of new Fleet for 2022/23 FY 		<ul style="list-style-type: none"> Influence the 2023/24 budget for maintenance budget. Find funds from external sources 	<ul style="list-style-type: none"> 2023/24 Budget 	<ul style="list-style-type: none"> Participated in the 2023/24 Budget process. Motivated for the special grant funding 	<ul style="list-style-type: none"> Budget process considering the inputs
				<ul style="list-style-type: none"> NT Special Grant 			<ul style="list-style-type: none"> NT approved the special funds.

4.3.2 Visible Water Losses

Problem Statement	Baseline	Reasons for Failure	Plan to address the Reasons	Key Interventions	Steps Taken	Progress Made
Visible Water Losses Frequently Left Unattended for Long Periods		<ul style="list-style-type: none"> Visible Water Losses are frequently Left unattended for long periods 	<ul style="list-style-type: none"> Lack of adequate maintenance fleet Lack of tools 	<ul style="list-style-type: none"> No budget to fix existing fleet or procure new fleet, tools and materials. 	<ul style="list-style-type: none"> Motivate for more funding in 2023 budget. Approach National 	<ul style="list-style-type: none"> Funds will be provided, but the final figure will be confirmed.

Problem Statement	Baseline	Reasons for Failure	Plan to address the Reasons	Key Interventions	Steps Taken	Progress Made
		<ul style="list-style-type: none"> Lack of materials 		Treasury for financial intervention to address the recurring water leaks.	<ul style="list-style-type: none"> Prepared a motivation for funding from NT 	<ul style="list-style-type: none"> NT has provided R100 for vehicles.
		<ul style="list-style-type: none"> Lack of effective interface between the call centre and the user departments Feedback mechanism concerning the reported complaints by the community members is not effective. 	<ul style="list-style-type: none"> There are no regular engagements between the call centre and user departments. 	<ul style="list-style-type: none"> Initiate regular engagements between the call Centre and user departments. The user departments receive complaints from the call centre through the call centre system. But the user departments assign the technicians working outside the system. 	<ul style="list-style-type: none"> Engagements with the call centre managers and agents and user departments has occurred. Further engagements with both parties in one meeting will occur in order to implement the new protocol from June 2023. 	<ul style="list-style-type: none"> Funds will be provided, but the final figure will be confirmed. NT has provided R100 for vehicles.

Problem Statement	Baseline	Reasons for Failure	Plan to address the Reasons	Key Interventions	Steps Taken	Progress Made
	<ul style="list-style-type: none"> The user departments do not operate from the same platform as the call centre staff 	<ul style="list-style-type: none"> The user departments do not feedback to the call centre using the system. 	<ul style="list-style-type: none"> To ensure that the feedback mechanism between these key stakeholders is effective. 	<ul style="list-style-type: none"> Monthly meetings between the call centre and user departments. All key stakeholders to operate from the call centre system. No parallel activities must be allowed. 	<ul style="list-style-type: none"> The reasons of failures of the effective operation of the call centre have been concluded. 	

4.3.3 Overall Water Losses

Problem Statement	Baseline	Recommendations	Reasons for failure	Plan to address the reasons	Key Interventions	Steps Taken	Progress Made
60% Water Losses (Technical and Commercial)		<ul style="list-style-type: none"> Budget Water Conservation and Demand Management Plan needed to be updated. Unaccounted for water losses are high at an average of 46% this financial year. 	<ul style="list-style-type: none"> A 10-year WCDM got updated this financial year 	<ul style="list-style-type: none"> • 10-year implementation plan has been developed. 	<ul style="list-style-type: none"> • Implementation of the 10-year plan has been initiated. 		<ul style="list-style-type: none"> • A number of projects are already implementing.
			<ul style="list-style-type: none"> Lack of proper network maintenance due to resource limitations 	<ul style="list-style-type: none"> Prioritising meter replacement, billing systems and maintenance of the network 	<ul style="list-style-type: none"> • Implementation of WCDM 	<ul style="list-style-type: none"> • Replacing faulty meters and attending to water network issues urgently • Optimising the management of the call centre 	<ul style="list-style-type: none"> • Service providers have been appointed to replace meter on an urgent basis. • The addressing of the call centre issues will be finalised in June 2023.
		<ul style="list-style-type: none"> Decline in Revenue 		<ul style="list-style-type: none"> Meter tempering and illegal connections 	<ul style="list-style-type: none"> • Monitoring of consumption patterns of consumers. • Physical monitoring of meters 	<ul style="list-style-type: none"> • The approach is being discussed at the credit control meetings. 	<ul style="list-style-type: none"> • The credit control team still need to deploy the teams to the sites to investigate the issues.

Problem Statement	Baseline	Recommendations	Reasons for failure	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
<ul style="list-style-type: none"> High water losses 	<ul style="list-style-type: none"> Unmetered consumptions 	<ul style="list-style-type: none"> Identify all the unmetered sites and capture the records in the financial system. 	<ul style="list-style-type: none"> Deploy a team to all areas of the City to identify the areas that do not have installed meters. 	<ul style="list-style-type: none"> The plan was discussed at credit control meeting. Resources need to be identified to conduct site visits. 	<ul style="list-style-type: none"> Not yet started. 		
<ul style="list-style-type: none"> The water meter register is not accurate 	<ul style="list-style-type: none"> Unaccounted for consumers 	<ul style="list-style-type: none"> Initiative to audit water meters 	<ul style="list-style-type: none"> Service providers have started with the water meter audits 	<ul style="list-style-type: none"> Two audits have been done this FY. More still needs to be achieved. 	<ul style="list-style-type: none"> Service providers have started with the water meter audits 		
<ul style="list-style-type: none"> No preventative maintenance 	<ul style="list-style-type: none"> Malfunctioning of bulk meters 	<ul style="list-style-type: none"> Introducing the meter management plan 	<ul style="list-style-type: none"> Meter management plan 	<ul style="list-style-type: none"> Developed a WCDM plan. This will be used to prioritise the replacement or installation of new bulk meters to manage water consumption 	<ul style="list-style-type: none"> WCDM projects are already being implemented. 		

Problem Statement	Baseline	Recommendations	Reasons for failure*	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
			<ul style="list-style-type: none"> Water Board (Bloemwater) debt is unaffordable and unsustainable. 	<ul style="list-style-type: none"> High water losses Non-cost reflective Tariffs Non-payment of municipal services by some sectors of the municipal areas 	<ul style="list-style-type: none"> No budget to conduct proactive maintenance. A cost reflective tariff for water needs to be determined. 67% of the R9b debt book is attributed to residential consumers. 	<ul style="list-style-type: none"> Develop a maintenance plan and provide an adequate budget for it. Develop a cost reflective Tariff for water provision. Implement strict credit control measures to collect outstanding debt. 	<ul style="list-style-type: none"> Procurement of the external debt collectors is being initiated. Procurement of credit control service providers is being initiated. Finance to procure external debt collects to assist with the collection of long outstanding debt.
				<ul style="list-style-type: none"> Unaffordable bulk water Tariff 		<ul style="list-style-type: none"> Upgrade Masselpoort Water Treatment Plans to purify more water at a more cost effective rate than the Municipality pays for Bloemwater bulk water. 	<ul style="list-style-type: none"> The work has not started. Provide budget and procure service providers to upgrade the plant

Problem Statement	Recommendations	Reasons for Failure	Plan to address the Reasons	Key Interventions	Steps Taken	Progress Made
Baseline						
Visible Sewer Spillages Frequently Left unattended for Long Periods	<ul style="list-style-type: none"> The bad condition of the sewer network. Reporting to all reported sewer blockages in the shortest possible time. 	<ul style="list-style-type: none"> Inadequate historic maintenance of the sewer network 	<ul style="list-style-type: none"> Refurbishment of the network Respond swiftly to the reported complaints. 	<ul style="list-style-type: none"> Identify the critical sewer network sections. Determine the actual problem. Fix the problem 	<ul style="list-style-type: none"> Raised funds from NT and started attending to the critical areas 	<ul style="list-style-type: none"> Service providers are on the ground identifying the critically damaged sewer sections and fixing them. NT provided the funds Service providers are on the ground – fixing whatever needs to be attended to. A plan has been initiated by Corporate department in consultation with user departments to urgently fill vacant posts.

services	long waiting times to get attention from the Municipality in terms of attending to sewer spillages complaints.	maintenance trucks, vacuum trucks, TLB's, etc	• Procure materials to fix the damaged pipes.	• Provide adequate budget to fix the broken vehicles very quickly.	• Improve the engagement relationship between the call centre and the user departments.	• Engaged the call centre and user departments to improve their process in order to improve the feedback experience of the community.											

			<ul style="list-style-type: none"> • Procure more vehicles from the 2023/24 Budget. 	
<ul style="list-style-type: none"> • Dysfunctional Wastewater Treatment Works 	<ul style="list-style-type: none"> • Years of under-investment in maintenance of the WWTW and pump stations • Vandalism and theft of copper 	<ul style="list-style-type: none"> • Refurbish all 9 WWTW and pump stations • Security of the WWTW has been upgraded 	<ul style="list-style-type: none"> • Accessing NT funding • Procured service providers. • Started with implementation of the projects • Providing adequate security • Investigated and provided adequate security 	<ul style="list-style-type: none"> • Motivated for funding. • Implementation of the security provision has started.

4.3.4. Road Maintenance

Problem Statement	Baseline	Recommendations Reasons for failure	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
Potholes frequently left unattended for long periods	<ul style="list-style-type: none"> • The roads of Mangaung are full of potholes which remain unattended for long period of time – getting worse in time. 	<ul style="list-style-type: none"> • 90% of the roads are in a poor condition. • No adequate maintenance of the roads to improve the strength of the 	<ul style="list-style-type: none"> • Resealing the roads to prevent water from penetrating the underlying layers. • Improving stormwater 	<ul style="list-style-type: none"> • Accessing NT funds 	<ul style="list-style-type: none"> • Procured Contractors to re-seal the roads and unblocking and repairing stormwater drains 	<ul style="list-style-type: none"> • Service providers are on the ground, fixing the affected sections of the roads.

Problem Statement	Baseline	Recommendations	Plan to address the reasons	Key interventions	Steps Taken	Progress Made
<ul style="list-style-type: none"> Landfills are currently not complying to the legislation 	<ul style="list-style-type: none"> underlying structures. 	<ul style="list-style-type: none"> drainage systems 	<ul style="list-style-type: none"> To provide sustainable budgets from 2023/24 onwards. 	<ul style="list-style-type: none"> Revenue improvement Revenue enhancement 	<ul style="list-style-type: none"> The Finance department is looking at revenue management activities to improve the rate of collection. All other departments are invited to revenue meetings to enhance revenue improvement 	<ul style="list-style-type: none"> The revenue team is engaging weekly to improve the collection rate to reach 95% over time. At this stage, revenue is at around 75%.

INTERVENTION TYPE	INITIATIVE	BASELINE ACTIVITIES	KEY PERFORMANCE INDICATORS (POE)	PROGRESS TO DATE			
				START DATE	END DATE	REASON FOR DEVIATION	RAG RESPONSIBLE PERSON
Planning	Long Term Infrastructure Planning	Planning is done ad-hoc and often results in incomplete projects	Consolidate all existing development proposals and plans in the municipality	1-01-2023	30-06-2023	Service Delivery AHODS	Project implementation Plan in development stage
	Investigate infrastructure projects that are incomplete	There is no full understanding of all incomplete projects	Engage the AHODs and councillors concerning the incomplete projects and verify the information by visiting the respective Sites	1-01-2023	30-06-2023	Service Delivery AHODS	Projects investigated for ES and being prioritized for new financial year implementation
	Develop a long term project pipeline.	The Municipality has no long term project pipeline	Identify the incomplete projects and quantify the work that needs to be done to complete the work, as well as identifying new work.	A 10 year Projects pipeline	30-06-2023	Service Delivery AHOD	Project Identification in progress
Planned				Planned			
Service Delivery				Planned			

application s	Procurement Plans that are aligned to conditional grant budgets must be prepared	Procurement plans seem to be misaligned with the conditional grant funding timelines	Prepare procurement plans for the rest of the 2022/2023 financial year and 2023/24 financial year	2022/2023 and 2023/2024 Procurement plans.	1-01-2023 30-06-2023
	Effective Contract Management	Consultants and Contractors' contracts termination dates are not managed effectively and often result in untimely termination of service providers and contractors	Implement effective contract management strategy to manage the completion of projects successfully.	Alignment of Consultants and Contractors contracts termination dates to ensure that both parties remain on the projects till completion of the respective projects.	1-01-2023 30-06-2023

Implementation

		Liaising with contract management of MIMM. A monitoring tool should be developed	Service Delivery AHOD	
		Lack of the discipline to plan and stick to the deadlines	30-06-2023	
	1-01-2023	Avoid unnecessary extension of contracts and projects implementation delays.		
Legal department must alert the user departments about the approach in terminating dates of the contracts	Both the Contract Management and User departments must cooperate in managing the contracts - extension of contracts and projects implementation report to be submitted monthly.		30-06-2023	
Early warning system for contracts termination exist and user departments do get reminded, but the user departments, together with SCM do not address the renewal of the contracts or the re-advertisement of the projects in time to avoid unnecessary contracts extensions.	Introduce and implement a Section 116 process.	Effective management of projects, service providers and conditional grants	1-01-2023	Awaiting Organogram approval of MIMM structure and PMU unit to be staffed
Set up a PMU unit in the office of the CM	Currently there is poor management of projects, service providers and conditional grants	Implement Contract Management Policy	30-06-2023	Contract management will be enforced through the war room concept and monthly presentations, as well as site visits.
Introduce and finalise the draft contract management policy	Contract management in the Municipality is ineffective.	Consolidate all current and planned projects and ensure they are managed in line with the policy.	1-03-2023	NCR - Service Delivery
Monitoring				

Ensure monthly monitoring of the Contractor (MFMA Section 116 (2)(b))	The Municipality does not have a formal mechanism for monitoring contracts	Service delivery work streams must monitor projects in line with Section 116 of the MFMA	Effective monitoring of projects and reporting in terms of the monitoring template	1-03-2023	30-06-2023	NCR - Service Delivery
Ensure regular reporting to Council ((Section 116 (2)(d))	The Municipality does not report the contracts to council regularly	Report the status of contracts to Council at least quarterly.	Reporting in line with section 116 of MFMA to Council at least quarterly.	31-03-2023	1-06-2023	NCR - Service Delivery
Monitor conditional Grant expenditure e.	% Expenditure for USDG as of end of January was 30% and 17.17% for ISUPG Grant. The NT threatened to stop portions of the Grants	Prepare acceleration plans.	Report on conditional grants expenditure monthly and ensure adequate spending.	1-03-2023	31-03-2023	Service Delivery AHOs
Close-Out	Ensure that project close-out procedures are conducted	Prepare Close-out reports for all projects that have been completed.	Comprehensive close out report	1-03-2023	31-06-2023	Service Delivery AHOs
Infrastructure Maintenance	Road maintenance	Repair potholes and seal streets	No Potholes on roads	1-01-2023	30-06-2027	Lack of materials, equipment and fleet
						AHOD Engineering Services
						Fleet in procurement stage and materials. On-going road repairs in implementation

Sewer: Emptying of the VIP toilets	43 476 VIP toilets. 26 476 in Botshabelo, 15 000 in Thaba Nchu and 2000 in Bloemfontein.	Empty the VIP toilets using vacuum trucks	There is a need for 6 additional vacuum trucks to address backlog in vacuuming the VIP toilets at least every 6 months.	On going	1-01-2023	In procurement stage should be available by June 2023
Sewer: Removal of the bucket toilets	1172 Bucket toilets. 1020 in Botshabelo, 42 in Bloemfontein and 130 in Soutpan.	Removal of the buckets weekly	There is a need for 2 additional LDVs and 2 additional tractors, as well as additional general workers to remove buckets weekly.	Limited cash flow to procure fleet	30-06- 2023	Special roll over approval by NT made provision for 5 vacuum trucks to be procured. This approval will alleviate the problem.
Sewer: Unblock sewer mains	Sewer spill for more than 12 hours without being attended to	Unlocking the sewer using sewer rods or jetting machines	Sewer must not spill for more than 12 hours	Limited cash flow to procure fleet	30-06- 2023	Special roll over approval by NT made provision for 5 vacuum trucks to be procured. This approval will alleviate the problem.
Sewer: Maintenance of WWTW	9 Waste Water Treatment Works do not operate optimally	Maintain the plant adequately monthly	Sewer effluent that meets minimum quality standards	AHOD Engineering Services	1-01-2023	In procurement stage should be available by June 2023
Sewer: Fixing broken sewer mains	Broken sewer mains blocking frequently	Expose the sewer mains and replace the broken section	Broken sewer mains must be attended to	AHOD Engineering Services	30-06- 2023	Extensive budget is required for this
						Project in implementation stage

<p>Sewer: Prevent theft and vandalism at WWTW</p> <p>Water: Fix water leaks in compliance with the customer charter</p> <p>Water: Implement Water Conservation and Demand Management Strategy (WCMD)</p>	<p>Provide effective security to protect the WWTW assets. Armed guards and armed responses must be deployed.</p> <p>Reported water leaks are not consistently fixed hours</p> <p>Water losses in MMM are estimated at 46.45%. R2.9b is required to address non-revenue water to acceptable levels, i.e., 10%.</p>	<p>Secured WWTW assets</p> <p>Water leaks must be fixed within 8 hours</p> <p>Replacement of dysfunctional water meters</p> <p>Pressure & Network Zone Management</p>	<p>1-01-2023</p> <p>30-12-2023</p> <p>1-01-2023</p> <p>1-02-2023</p>	<p>6-06-2023</p> <p>30-12-2023</p> <p>6-06-2033</p> <p>30-06-2023</p>	<p>Inadequate budget to provide effective security at WWTW</p> <p>The nature of the current security contracts do not address the problem</p> <p>AHOD Engineering Services</p> <p>AHOD Engineering Services</p> <p>AHOD Engineering Services</p> <p>AHOD Engineering Services</p>	<p>Project in implementation stage - security being upgraded</p> <p>The KPI will determined as soon as the tools of trade and vacant posts are filled.</p> <p>Project in procurement stage</p> <p>Project in procurement stage</p> <p>Project in procurement stage</p>

Water meters, stopcocks and water pipes leak repairs	1-02-2023	30-06- 2023	Contractor s appointed lack capacity to deliver thus compromi- sing service delivery (appointm- ent of competen- t Contractor s and PSPs in this division is key)	AHOD Engineer- ing Services
Water: Bulk water supply	Unsustainable bulk water supply bill from Bloemwater - R80m per month and collection is	Update and adopt revised SLA	Affordable monthly payments	1-02-2023 30 Jun 23
	Install bulk check meters (June 2023)	To ensure that the Municipality only pays for what it get supplied	1-02-2023 30 Jun 23	AHOD Engineer- ing Services

about ... per month.	Review Tariff Structure	To ensure that Tariffs are cost reflective	1-02-2023	30 Dec 23	AHOD Engineering Services	In process of reviewing
	Upgrade Maseelpoort WTW	To reduce the quantity of bulk water the Municipality procures from the water board	1-02-2023	30 Jun 24	AHOD Engineering Services	Project earmarked for implementation FY23/24
Water: Prevent theft and vandalism at WTW	1 WTW are not adequately secured	Provide effective security to protect the WTW assets	Critical water infrastructure must be secured 24 hours a day	1-01-2023	30-06-2023	Inadequate budget to provide effective security at WTW
Maintenance budget	Maintenance budget is currently 2% of MMM budget	Make a case for the maintenance budget to be increased during the budget adjustment process.	Maintenance budget must be 8% or more	1-12-2022	31-03-2023	Budget constraint
Waste / Fleet Management		Non availability of vehicles to render effective waste collection services	- Prepare Ministerial submission to NT for support - Include request for allocation in 2023/2024 budget	- Adequate fleet to collect waste every week for all residents - No provision made in the budget for specialised vehicles	1-06-2022	31-06-2023
Waste and Fleet		Poor communication to public relating to Waste management services to communities within	Develop daily schedule for circulation to Councillors and public through	- Daily schedule development and standardisation	1-07-2022	Ongoing

Mangaung Ensure proper maintenance and availability of fleet to deliver services to the Metro		social media platforms	- Established communication groups	1-06-2022	1-07-2022	None	AHOD Waste / Fleet Management	Established
No complaints register for monitoring illegal dumping complaints and actions	Develop complaints register	Complaints register, maintained and reported on monthly	1-06-2022	31 June 2023	None	AHOD Waste / Fleet Management	100 % Register kept by AHOD / Compliance	
No SOP for Fuel purchases / Licence payments	Development of a step by step guide to ensure payments in time so as to limit fuel shortages and fruitless expenditure	- Step by step guide for Fuel developed Step by step guide for Licences developed	1-08-2022	01-09-2022	None	AHOD Waste / Fleet Management	100% Completed	
No Vehicle Tracking system	- Prepare specification - Submit for approval	- Signed TOR	1-01-2022	31-3-2023	NCR office requires clarification of submission	AHOD Waste / Fleet Management	Specification prepared and submitted for approval to NCR.	
No access to RT Tender	- Prepare submission in consultation with AHOD: Engineering Services	- Identification of participation areas - Application forms completed and submitted	1-01-2023	28-1-2023	None	AHOD Waste / Fleet Management	100% Applications completed and submitted.	
Delaying payments to service	- Weekly reports to CFO - Follow up with service providers	Payments to service providers within 30 days	1-01-2023	30-06-2023	Ongoing	AHOD Waste / Fleet	Weekly reports to ACFO and	

providers (Landfills / Trade)	project managers involved	Development of integrated proposal with assistance of Infrastructure SA IWMSA/MMM/DF FE (Ministerial directive)	Developed integrated proposal	1-01-2023	28-1-2023	In process	Management	follow up with project managers occurring
Resource Facility (Regional Waste site)							AHOD Waste / Fleet Manage ment	Not currently finalised. Overdue. AHOD / Infrastructure SA to arrange session asap. Time constraints
Project Proposals External (24 months) - DFFE - Separation at Source - Buy back and recycling facilities (Estimate Total budget: 32 Mil)		- Prepare project application - Procurement plan - Development of TOR's - Initiation forms to be completed	- TOR's developed and submitted to SCM DFFE		1-11-2022	31-05- 2023	In process	Initiation forms are completed and TOR's have been developed and submitted to SCM DFFE
No Fleet Maintenance Plan		- Development of FM plan - Draft plan to Section 80	Approved Fleet Maintenance Plan	1-11-2022	28-2-2023	In process	AHOD Waste / Fleet Manage ment	FM Plan draft completed and Draft plan to be submitted to Section 80 for approval

- Identification of possible partners - Establish partnership details - Link partnerships with NWMS 2020 objectives	No linkages with private sector to form partnerships around Waste Management	Conclusion of Partnerships with Private Sector Entities	AHOD Waste / Fleet Management	CCBSA, Vodacom, Bon Hotel Group, Brandwag Neighbourhood Association, De Fleur Neighbourhood Association and Cheetah Rugby partnerships have been concluded.
		1-11-2022	Ongoing	None
				AHOD Waste / Fleet Management

Electricity		EM: Engineering Retail - Centlec	
Do regular audits and replacement of ageing and faulty meters.	The electricity losses as at the end of the financial year 2021/2022 were 10.92% which is within the tolerable range of 5 - 12% as per the NERSA Cost of Supply Framework.	Monitor and report the variance of the distribution losses based on the NERSA guidelines for the entire area to ensure that losses remain below the 12% tolerable range	1-01-2023 Monthly The losses for March is 11.74% which is within the threshold of 12%. The distribution losses for the month of April will be reported at the end of May month as there is 1 month lag due to billing cycle
Meter audits and inspections by suburb carried out monthly as per the approved operational SDBIP	As per the SDBIP, the ageing and faulty meters targeted for conversion and replacement is 133 for the month of January.	1-01-2023 Monthly The performance is 150 due to insufficient human resources as the resources have been redirected to electrification	EM: Engineering Retail - Centlec
Ageing and faulty meter replacement	As per the SDBIP, the ageing and faulty meters targeted for conversion and replacement is 133 for the month of January.	1-01-2023 Monthly The performance is 150 due to insufficient human resources as the resources have been redirected to electrification	EM: Engineering Retail - Centlec

Electricity: Revenue Collection	Collection rate for the year 2021/22 was 100.44%, 5.44% higher than the annual target of 95% as per the MFMA circular 71 ratio calculation.	Monthly implementation of Credit Control processes on all outstanding accounts not paid by the due date	95% revenue collection rate as per Circular 71 to be maintained on a monthly basis during 2022/23 financial year.	1-01-2023 Monthly
				95% revenue collection rate as per Circular 71 to be maintained on a monthly basis during 2022/23 financial year.
				1-01-2023 Monthly
				98% actual readings in the amount billed per month throughout the 2022/23 financial year
				1-01-2023 Monthly
				98.66%
				98.20%
				ACFO - Centlec
				The variance of 0.20% over achievement is due to intensified efforts to ensure

0.66% higher than the annual target of 98% actual readings billed.	Electricity: Bulk meters and zonal meters	Electricity losses	Acquire Smart meters, upgraded to metering systems (STS 2 version)	Reduce electricity to below 10%
				<p>that all meters are read to enable the entity to render accurate bills to consumers</p> <p>that all meters are read to enable the entity to render accurate bills to consumers</p> <p>that all meters are read to enable the entity to render accurate bills to consumers</p>

			e in the new financial year.	
Electricity: Updating of Tariffs	To align to nationwide regulations and standards	Conduct annual update of Tariffs	Follow NERSA norms of electricity redistribution standards	31-07-2023
Township establishment	- T/Ship Est Morjaneng – Dewetsdorp - T/Ship Est Rem Port3 Selosesa 900 T/N - T/Ship Est Grassland - T/Ship Est Remainder Selosesa 904 T/N	- 30% Township establishment completed; - draft layout plan completed	31-07-2023	On-going
Formalisation of Infill Sites	- Subdivision, consolidation and rezoning of municipal properties	Creation of additional erven, re-peiging and amendment of general plans	On-going	On-going
Construction Projects	- Construction of a new community Centre - Rehabilitation of Arthur Nathan	Construction commenced in October 2023	31-07-2023	Apr 24
Town Planning			MFMA Applications to extend contracts	AHOD - Planning

swimming - Fire station Botshabelo	Building Control BackLog	- Scrutinizing of building plans. Securing of Building Control offices. Building plan Action Plan	- The Division has budgeted in the 2022/23 financial year for the storage facility to secure clients building plans from getting lost and or stolen. - Procure the services of a service provider to install an electronic processing system. - Engagement with CSP ongoing to get ensure compliance with Action Reform Plan	30-02-2023 On-going	Increased security	AHOD - Planning
Fresh Produce Market		Refurbishment of the market	Engagement with CSP ongoing to get ensure compliance with Action	Jun 23 On-going	Re-investment of funds into the Market	AHOD - Planning
Estoire new mixed development project		Township establishment	- Exit agreements with current homeowners/tenants - Registered township - Council approval - approval for	Jun 23 Feb 24	Additional budget for bulk infrastructure	AHOD - Planning

		appointment of turn-key developers			
	Residential & non-residential Properties	The Municipality is struggling to maintain its properties. As a result the properties are in a state of disrepair.	- Outsourcing & maintenance of municipal owned properties - Submit proposal to Council	Approval by Council on outsourcing Advertisement & appointment of independent property management companies	30-06-2023 Feb 24 Technical skill to conduct audit on all MMM owned properties
	Brandwag Social Housing	The social housing company has totally mismanaged the Brandwag Social Housing Development	Adoption & implementation of SHRA winding-up strategy	- Council Approval on SHRA winding-up strategy - Regularized tenants at Brandwag asocial housing units - Eviction of tenants - Once-off maintenance of property	Apr 23 Feb 24 Budget for once-off maintenance
	Relocation of communities	Communities often find themselves in informal/unsuitable land. The municipality often have to identify alternative	Land acquisition	- Approval by Council on Land Acquisition & relocation of communities - Agreement with communities for relocation - Relocation of	Apr 23 Feb 24 Additional budget for land acquisition

suitable land to provide formal human settlement facilities to relocate these communities	communities have a tendency of occupying land illegally. The municipality often have to identify alternative suitable land to relocate these communities	communities to newly acquired land	Jun 23	Apr 24
Sporadic Land Invasion	- Land acquisition - Housing needs analysis for MIMM area	- Housing need profile for MIMM - Proposal endorsed by National Human Settlements &Approved by Council	Technical skill to conduct housing needs assessment	HOD - HS
Thaba-Nchu/Bots habelo Development	The municipality is in the process of planning for a mixed use development between Thaba-Nchu and Botshabelo	Implementation of Mixed development project	Dec 23	Additional budget for bulk infrastructure

Vista Park 2&3	The Municipality is in the process of implementing an extensive human settlements development in Vista Park 2 and 3.	<p>Implementation of Council approval on Mixed development projects</p> <p>There are a number of incomplete projects in Margaung. These need to be completed for the benefit of the people of Margaung.</p> <p>Incomplete Projects</p>	<ul style="list-style-type: none"> - Vista park 2 developer to be back on site - Completion of installation of all bulk infrastructure <ul style="list-style-type: none"> - Vista park 3 - Installation of internal services in all fully subsidised areas - All extension to be ready for construction of Top-structures <p>- Project & contract management</p> <p>- Minimize payment on standing time</p> <p>- Identify incomplete projects</p> <p>- Quantify the outstanding work</p> <p>- Determine cost estimates to complete the projects</p> <p>- Identify funding sources</p> <p>- Schedule implementation of the individual projects</p>	<p>Jun 23</p> <p>Jun 25</p> <p>Additional budget for bulk infrastructure & services for both Vista park 2&3</p> <p>2023/04/01</p> <p>2024/02/01</p> <p>HOD - HS</p>
			<ul style="list-style-type: none"> - Reviewed contract management processes - Improved project management - Improved payment turnaround time - Identified incomplete projects - Determined costs of completing the projects - Project Implementation Plans 	<p>Feb 2026</p> <p>Budget for appointment of competent staff</p> <p>HOD - HS</p>

Estoire new mixed development project	The Municipality is in the process of implementing an extensive human settlements development at this location	Township Establishment	Jun 23	Feb 24
Tracking Conditional Grants	All conditional Grants	<ul style="list-style-type: none"> - Exit agreements with current homeowners/tenants - Registered township - Council approval - Approval for appointment of turn-key developers 	Additional budget for bulk infrastructure	HOD - HS

Observations

A lot more progress could have been achieved by the municipality. Unfortunately, there are a number of systemic challenges that stifle progress. These are summarised below:

4.3.5.1 Non-compliance with Section 116 of the MFMA that deals with sound project and contract management practices. This weakness results in poor monitoring of contracts and contractors. However, the implementation is now starting to take shape. Capex War room meetings started in early May 2023 and is being ramped up by including GMs and PM from 22 May 2023.

As a result of the above, the Municipality has a poor track record of underspending on conditional grants.

Another challenge relates to high vacancy rates for all posts, including critical posts. This results in serious capacity constraints.

4.3.5.2 The above situation has resulted in huge capacity gaps that triggered acting positions that have resulted in human relations instability as staff compete for acting positions for financial reasons. Most staff have been acting in their positions for many years contrary to legislative compliance.

Council does not sit regularly and therefore no effective monitoring of performance is possible.

Revenue collection is low and results in cash flow challenges. As a result, own revenue is not adequate to provide adequate funds for maintenance of service delivery assets.

4.3.5.3 Yellow fleet is inadequate, and it impacts negatively to service delivery and aggravates overtime which weakens cashflow.

4.3.5.4 Material and spare parts for maintenance of infrastructure are insufficient. As a result, turn-around time for attending to sewer spillages and water leaks are high. This add to the already very high water losses.

4.3.5.5 The challenging working relationship between the EMT Team and NCR Team impacted negatively to service delivery as well as the effective implementation of the Financial Recovery Plan. However, since the recent change in leadership, the situation has greatly improved and service delivery is expected to improve.

4.3.5.6 Limited fleet is also impacting on effective waste collection. As such, the municipality is currently unable to collect refuse consistently on a weekly basis.

4.3.5.7 Furthermore, political instability had been a thorny issue as it affected service delivery in a bad way. Without Council sitting regularly, it is not possible to provide effective oversight.

There is underperformance of spending on all grants and no detailed acceleration plans with milestones and cashflows were provided to the office of the NCR to explain exactly how the HODs will improve performance on the projects funded from grants.

Poor management of projects and ineffective contract management. It is important to ensure that all service delivery AHOD get involved. Particularly the Engineering AHOD who has not been responsive.

4.3.5 CONCLUSION

The successful implementation of the Financial Recovery Plan depends on the commitment of all staff as well as a positive working relationship between the political and administrative leadership. Furthermore, the interrelations between the EMT and NCR teams.

All decisions that have an impact on the four pillars financial recovery plan, be it governance and institutional development, financial management and service delivery, must be taken with the concurrence of the NCR. Financial Recovery Plan (FRP) must be understood in all pillars by all councillors and management

It is impossible to achieve FRP pillars while working in an environment where decisions are not taken by both political and administrative components. Let us improve our commitment to achieve better and perform as per our mandate.

Prepared for Mangaung Metropolitan Municipality Council by



Ms Gugu Malaza

National Cabinet Representative

30/10/2023