

LEPELLE NKUMPI LOCAL MUNICIPALITY (NP355)

MSIG GRANT – 2005/06

Project 1 – Debtor system and records

Status quo

The municipality is at present collecting revenue from the township of Lebowakgomo, a former R293 town. Most of the debtors and the debtors' system that the municipality is having have been inherited from the former township. The municipality is has recently installed an accounting system and is in the process of loading all debtor information onto this system. During this process and from the previous audits that have been carried out on the municipality's financial statement it has been discovered that the municipality might not have a legal backing for demanding payment for services from its residents since most of them never completed a formal application letter for services.

Project definition

There is a need therefore to determine the legality of all claims that the municipality might have against its residents and to ensure that all necessary legal documents are completed to give legal backing to the demand for payment by the municipality. This will involve a perusal of all debtor files and a reconciliation of the amounts billed to the debtor records and other relevant documents.

Time frame and action plan

- **20 June – 02 July 2005:** Appointment of service provider
- **11 – 15 July 2005:** Perusal of the different application forms for services currently used by the municipality and modification or development of new forms.
- **18 – 23 July 2005:** Perusal of all debtor files for completeness in terms of the necessary documentation that must be on file.
- **25 – 26 July 2005:** Dispatching of new application forms to residents
- **15 – 27 August 2005:** Processing of application forms received and follow-up on application forms still outstanding.
- **29 – 31 August 2005:** Report on and finalization of project

Estimated costs

R 64 000 Based on normal working days of 8 hours over two months at an average fee of R200.)

Project 3 – Establishment of Budget Office

Status quo

It is a requirement of the MFMA that a municipality should have a budget office. At present the duties of this function are being performed by the Deputy Manager Expenditure. The organogram of the municipality does however provide for the establishment of a budget office.

Project definition

This project entails the setting up of the office and the recruitment and appointment of relevant personnel into this office. The personnel should then be trained in the running of this office. Setting up of the office requires that the current organizational structure be reviewed to determine whether or not it provides adequately for the setting up of this office. Policies and procedure manual will then have to be developed for the office. The relevant personnel will have to be recruited and trained in the running of the office.

Action plan and timeframes

- **20 June – 02 July 2005:** Appointment of service provider
- **11 July 2005:** Review of organizational structure
- **12 – 13 July 2005:** Review of existing policies and drafting of new policies for the office
- **14 July – 05 August 2005:** Recruitment of relevant personnel
- Training of personnel (1 week)
- Payment of salaries of the personnel (10 months)

Estimated costs

R250 000

Project 4 – Linking of municipal offices

Status quo

The municipality is currently operating from two offices situated 10 kilometers apart. Both offices are used to receive cash. The municipality has recently installed a financial system and LAN. The main server is located at one office with the other office currently not having any access to it.

Project definition

The two offices need to be linked in order for the remote office to have access to the main server and to be able to update and access all information real-time. In order to do this the service provider who installed the LAN indicated that the most cost effective way of doing this would be to install a remote connection between the two offices.

Action plan and timeframes

- **20 June – 02 July 2005:** Appointment of service provider
- **04 – 15 July 2005** Installation of remote access/connection

Estimated costs

R98 000

Project 5 – Compilation of Financial Statements

Status quo

The municipality is currently compiling its own financial statements. However due to lack of manpower the officials responsible for this can not devote as much time to this exercise as is required with the result that the financial statements are not presented to the office of the Auditor General in time.

Project definition

The MFMA indicates timeframes within which financial statements are to be prepared and presented to the Office of the Auditor-General for auditing. The project will entail the appointment of a service provider to draft the financial statements for the municipality in order to comply with the submission deadlines.

Action plan and timeframes

- **20 June – 02 July 2005:** Appointment of service provider
- **04 – 29 July 2005:** Compilation of financial statements
- **01 – 05 August 2005:** Consultation with management
- **15 August 2005:** Submission of financial statement to Auditor-General

Estimated costs

R 50 000

Total R 462 000

The following have been left out

- indigent register
- Activation of ward committees

These are all critical but maybe we should consider using the CDW's for this purpose.