

**“ANNEXURE: A”**

**BUFFALO CITY MUNICIPALITY  
(BCM)**



**DIRECTORATE OF FINANCE (DOF)**

**5-YEAR STRATEGIC PLAN**

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## **1. INTRODUCTION & BACKGROUND**

It is critical and vital to give historical background to the subject matter, a strategic planning workshop to map the way forward for the Directorate of Finance in particular was held at Haga – Haga at 10:00 on Saturday, 25 October 2003 at the Haga- Haga hotel. This initiative was informed by the Strategic Corporative direction of the Buffalo City Municipality.

Central to this or at the core of this was to ensure that the Directorate of Finance provides strategic leadership, direction and guidance on issues pertaining to cost effective management of finances in particular at the Directorate concerned and at the Buffalo City Municipality in general. Universally, there is a consensual agreement in place based on the assertion or notion that, finances is a lifeblood of any competitive institution. This implies that the financial manager should ensure financial viability, competitiveness and sustainability of the municipality.

In terms of the Local Government: Municipal Finance Management Act No. 56 of 2003, the municipality must ensure appropriate utilization of financial resources in particular and ensure financial viability, sustainability and accountability of the municipality.

The Directorate of Finance was conscious of the fact that, shot-gun approach to the management of finances would have far reaching legal and socio-economic implications, hence the Directorate of Finance resolved to embark on a strategic planning exercise. Above all, the D.O.F. wanted to ensure the alignment of policies and operational plans with the B.C.M. I.D.P in particular, and the legislative framework governing the finances of the municipality.

### **1.1. A BRIEF CONTEXTUAL OVERVIEW OF THE BUFFALO CITY MUNICIPALITY**

From a strategic management point of view, every organisation must be familiar with the context in which it operates. An understanding of the context in which one operates enables the organization to plan rationally and realistically. This approach would enable the organization to meet or exceed the expectations, aspirations and needs of consumers. The notion of service delivery should be understood against this contextual framework.

### **1.2. STATISTICAL INFORMATION PERTAINING TO BUFFALO CITY MUNICIPALITY**

It has been established that, in terms of population (880 000), the Buffalo City Municipality ranks 7<sup>th</sup> nationally and has the largest land to administer. The area concerned is characterised among other things by deep seated multi dimensional socio-economic problems and challenges such as high rates of unemployment, alarming proportion of poverty, relocation of business to other areas outside B.C.M. jurisdictions, the closing down of some businesses, high rates of infectious diseases and appalling living conditions under which the majority of the people lives. All these factors have a direct or indirect impact on the financial viability and sustainability of the Buffalo City Municipality.

Also, it is important to high-light among other things, some peculiar and critical indicators illustrating the nature of problems and challenges facing B.C.M., and are as follows:

- The average household income is approximately more than R3000,00 per month, the lowest in the country.
- The rate of unemployment is highest at more than 53% of the potentially economically active persons and
- Of the 191 045 households 70 582 (37%) are without formal housing.

## **2. THE SIGNIFICANCE OF STRATEGIC MANAGEMENT**

Strategic management is concerned primarily with the environment in which the organization operates and as well the long-term strategic direction of the organization.

Suffice to say, the world in which organizations operate, is very complex and dynamic, and can be unpredictable sometimes. This has been compounded by the transformation of society into a global single social entity, characterised by deep-seated structural imbalances and deep-seated disparities in social income. In order for any organization to cope with current challenges, it must ensure that its resources are managed strategically and in a cost effective manner.

In a South African context, the constitution of the country has outlined the authority, functions, duties, responsibilities and the roles to be played by three spheres of government including state apparatus. Therefore legislations flowing from the Republic of South Africa: Constitution, Act No. 108 of 1996 pertaining to local government sphere can be viewed to be the national vision of local municipalities. In this context, it is critical to mention that, the local vision of municipalities must be compatible with the national vision.

Critically, the vision and mission of individual municipalities must be aligned with Chapter 7 of the Constitution on Local Government: Section 152, which reads as follows:

- To provide democratic and accountable government locally;
- To ensure sustainable provision of services;
- To promote social and economic development;
- To promote a safe and healthy environment and;
- To encourage the involvement of communities and community organizations in the matters of Local Government.

Therefore the strategic management of the municipality should be located within this particular legislative framework. The whole process of strategic management culminates to strategic planning, detailing the following process stages, in order to be able to deliver on the constitutional mandate.

### **2.1 SALIENT CHARACTERISTICS OF STRATEGIC MANAGEMENT PPROCESS**

- Vision:** Outlines the imagined future direction of the organization. This area is critical in that, it informs the processes leading to the realization and the achievability of ultimate strategic objectives.
- Mission:** To be precise is a mechanism through which the vision is to be carried out, in a systematic, integrated and coordinated manner.
- Strategy:** It is a well thought out theoretical tool or framework based on concrete existing situations, aimed at translating the vision into a working plan (The appropriate life span could be 3 to 5 years or more, depending on the

nature and the character of the organization). Strategy enables the organization to understand the environment in which it operates, to understand the concrete situations, to be able to navigate and to plan effectively so as to achieve ultimate objectives.

**“Strategy is the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of market and to fulfil stakeholder expectations”  
(Johnson and Scholes: 10).**

**Action Plan:** Contains steps to be undertaken in doing project management such as the assignment of responsibilities to the relevant person, date of completion, allocation of financial resources and results obtained. To ensure the viability and the sustainability of the plan, the context in which is located must be reviewed from time to time to ensure the adaptability of the plan. This approach would enable the organization to align and realign the plan with the changing environment (Environment is not static). These process stages are inter related and cannot be analysed and implemented in isolation. Suffice to note that strategic management has been designed to manage the organization holistically. It enables stakeholders and shareholders to share the same vision, mission, values and norms pertaining to the running and the direction of the organization and how to ensure the realization and achievability of ultimate objectives.

Strategic planning can be used and employed as a tool or a technique in terms of understanding the environment in which the organization floats, it enables the organization to have an in-depth knowledge and insightful understanding of existing competing interests and forces at play. This approach enables the organization in terms of managing diversity so as to ensure service delivery (Service delivery entails qualitative and quantitative transformation).

### **3. BUFFALO CITY MUNICIPAL VISION AND MISSION STATEMENTS**

**The vision of B.C.M. reads as follows:**

- “To be people –centred place of opportunity where basic needs of all are met in a safe, healthy and sustainable environment”.
- Emanating from the vision is the mission statement:
- “To work towards progressively achieving this goal within its area of responsibility by providing equitable and sustainable service delivery of basic service”.

**The objects are:**

- To provide democratic and accountable government for local government;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment;
- Enabling effective local governance,
- Enabling integrated development.

**The strategic priorities in the short and medium term are as follows:**

- Economic Development and Job Creation;
- Primary Health and HIV/AIDS;
- Sustainable Service Delivery;
- Financial Management and;
- Institutional Stabilization and Transformation

### **4. DIRECTORATE OF FINANCE VISION STATEMENT**

**Vision Statement**

To be a leader in the financial management of the scarce resources of Buffalo City Municipality to, ensure sustainable and equitable service delivery to all of the stakeholders of the municipality.

## **5. DIRECTORATE OF FINANCE MISSION STATEMENT**

### **Mission Statement**

The sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Buffalo City and the provision of a complete financial service to the internal directorates of the municipality.

## **6. KEY PERFORMANCE AREAS (KPA's)**

The following are regarded as the KPA's or objectives:

- The management of Municipal Assets and risks.
- The management of Municipal Budgets and Treasury.
- The management of Municipal Revenues and the collection of debtors.
- The provision of Leadership, Management, Support and Guidance to the staff.
- Communication and reporting.

## **7. HOLISTIC STRATEGIES AND ACTION PLANS TO ACHIEVE OBJECTIVES**

The following is a list of the strategies and action plans that are required to ensure that the objectives are met and that the DOF performs effectively and efficiently as set out under point 3 above. Each strategy is discussed under the relevant KPA that it supports.

**7.1. THE MUNICIPAL ASSETS AND RISKS MANAGEMENT**

**ACTION PLANS**

<b><u>PROJECT</u></b>	<b><u>ACTION ASSIGNED TO WHOM?</u></b>	<b><u>ACTIVITIES/TASKS</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The implementation of a fixed asset register and asset control system as well as the maintenance thereof.</b> This will involve the purchase of a suitable Fixed Asset Register system, the capture of assets onto this system and the maintenance of this system in terms of GAMAP requirements.</p>	<p>General Manager: Asset &amp; Risks</p>	<p>1.Purchase of a suitable Fixed Asset Register system.</p> <p>2.Compilation of a Fixed Asset Register.</p> <p>2.1 Develop action plan with assigned responsibilities and due dates.</p> <p>2.2 Independent review of action plan contingent on the successful appointment of a Consultant.</p> <p>2.3 Implement action plan contingent on the service provider and departments adhering to the action plan.</p>	<p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Ongoing</b> <b>Estimated date of completion</b> <b>30 June 2007</b></p>	

<b><u>PROJECT</u></b>	<b><u>ACTION ASSIGNED TO WHOM?</u></b>	<b><u>ACTIVITIES/TASKS</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<b>The completion of all steps required converting the IMFO Balance Sheet into a GAMAP compliant Balance Sheet. Performance measure</b>	General Manager: Asset & Risks	<ol style="list-style-type: none"> <li>1. Develop action plan with assigned responsibilities and due dates.</li> <li>2. Independent review of action plan contingent on the successful appointment of a Consultant.</li> <li>3. Implement action plan contingent on the service provider and departments adhering to the action plan.</li> </ol>	<p><b>Done</b></p> <p><b>Done</b></p> <p><b>Ongoing Estimated date of completion 31 March 2005</b></p>	

<b><u>PROJECT</u></b>	<b><u>ACTION ASSIGNED TO WHOM?</u></b>	<b><u>ACTIVITIES/TASKS</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The development of a post GAMAP implementation accounting policies and procedures manual to ensure that successful accounting and budgeting takes place post implementation.</b> The Section in the manual relating to accounting and disclosure of transactions will be the responsibility of Assets &amp; Risk while the budgeting will be the responsibility of Budget and Treasury.</p>	General Managers: Asset & Risks, Budget & Treasury	<ol style="list-style-type: none"> <li>1. Identify what policies and procedures are required by referring to legislation and action plan in consultation with the appointed consultants</li> <li>2. Review current policies and procedures.</li> <li>3. Develop policies and procedures.</li> <li>4. Obtain approval.</li> </ol>	<p><b>Done</b></p> <p><b>Ongoing Estimated date of completion 31 December 2004</b></p> <p><b>Ongoing Estimated date of completion 31 March 2005</b></p> <p><b>Ongoing Estimated date of completion 30 June 2005</b></p>	
<p>The production of monthly Balance Sheet and Income and Expenditure statements within 10 working days of month-end for management accounting purposes. The production of a monthly trial balance within 4 working days of month end for Budget &amp; Treasury purposes.</p>	General Managers: Asset & Risks, Budget & Treasury	<ol style="list-style-type: none"> <li>1. Develop procedures.</li> <li>2. Implement procedures.</li> </ol>	<p><b>Done</b></p> <p><b>Done</b></p>	

<u>PROJECT</u>	<u>ACTION ASSIGNED TO WHOM?</u>	<u>ACTIVITIES/TASKS</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<p><b>A review of the Corporate Services Strategy Plan on disaster recovery to ensure safeguarding of financial data.</b> This will entail a review to ensure that the risks relating to financial data loss are adequately addressed through the implementation of sound strategies in this regard by Corporate Services</p>	<p>General Managers: Asset &amp; Risks, Budget &amp; Treasury</p>	<ol style="list-style-type: none"> <li>1. Co-ordinate the identification of financial data that needs to be safeguarded.</li> <li>2. Advise Corporate Services to include identified data in their disaster recovery plan</li> <li>3. Review disaster recovery plan contingent on Corporate Services developing and implementing a strategy plan on disaster recovery.</li> <li>4. Consult with Corporate Services after reviewing recovery plan.</li> </ol>	<p><b>Done</b></p> <p><b>Done</b></p> <p><b>To determine once disaster recovery plan has been implemented by Corporate Services.</b></p> <p><b>As per point 3.</b></p>	

<b><u>PROJECT</u></b>	<b><u>ACTION ASSIGNED TO WHOM?</u></b>	<b><u>ACTIVITIES/TASKS</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The development of a comprehensive asset and risk insurance policy.</b> Such a policy will ensure that a comprehensive insurance strategy is developed and implemented. This project is contingent on restructuring of all insurance activities performed within BCM and the transfer and centralization of these activities to and within the Asset &amp; Risk Department.</p>	<p>General Manager: Asset &amp; Risks Mbekela</p>	<ol style="list-style-type: none"> <li>1. Identify categories of risk</li> <li>2. Obtain policies and procedures from other sites.</li> <li>3. Review existing insurance portfolio.</li> <li>4. Develop policies and procedures.</li> <li>5. Obtain approval</li> </ol>	<p><b>Done</b></p> <p><b>Ongoing Estimated date of completion 31 December 2004</b></p> <p><b>Ongoing Estimated date of completion 31 December 2004</b></p> <p><b>Ongoing Estimated date of completion 31 March 2005</b></p> <p><b>Ongoing Estimated date of completion 30 June 2005</b></p>	

<b><u>PROJECT</u></b>	<b><u>ACTION ASSIGNED TO WHOM?</u></b>	<b><u>ACTIVITIES/TASKS</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<b>The review of a GAMAP compliant financial accounting software package that also complies with all budget reform requirements</b>	General Manager: Budget & Treasury	<ol style="list-style-type: none"> <li>1. Identify operational shortfalls in the system.</li> <li>2. Identify reporting requirements.</li> <li>3. Prepare report relating to the evaluation of the system.</li> </ol>	<p><b>To be agreed with Asset &amp; Risk</b></p> <p><b>To replace last project on pg16</b></p>	
<b>The review of the Payroll System</b>	General Managers: Asset & Risk & Budget & Treasury in consultation with General Human Resources	<ol style="list-style-type: none"> <li>1. Review the current system to determine weaknesses in report generation facility and functionality. Throughout the entire review process, the process must ensure consultation with the relevant stakeholders namely: H.R, Assets &amp; Risk and other relevant departments.</li> <li>2. Identify reporting requirements including GAMAP compliance.</li> <li>3. Prepare report relating to the evaluation of the system and making recommendations on ways forward.</li> <li>4. Implement recommendations arising from report.</li> </ol>	<p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Ongoing</b></p>	

<u>PROJECT</u>	<u>ACTION ASSIGNED TO WHOM?</u>	<u>ACTIVITIES/TASKS</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
This policy will address the strategies that are to be followed to ensure that good quality products are purchased and services acquired at competitive prices from reliable vendors and service providers	General Manager: Asset & Risk in consultation with General Manager; Internal Audit	Review current policies and compare with policies of similar entities.  Identify shortfalls.  Prepare a gap analysis.  Prioritise results of gap analysis.  Develop policies. Circulate to other Directorates for comments.  Obtain approval.	<b>Function to be transferred to GM: Internal Audit</b>	
Review of the Trade Creditor system including the relevant VAT implications and The development of procedure manuals.	General Manager: Asset & Risk	Review current policies and internal documentation by comparing with policies and manuals of other entities.  Develop systems and procedures.  Circulate to other Directorates for comments.  Obtain approval.	<b>28 Feb. 2005</b>  <b>15 May 2005</b>  <b>31 May 2005</b>  <b>30 June 2005</b>	

## 7.2. THE MANGEMENT OF MUNICIPAL BUDGETS & TREASURY

### ACTION PLANS

<u>PROJECT</u>	<u>ASSIGNED TO WHOM?</u>	<u>ACTION /TASK TO BE TAKEN</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<b>Upgrading and restructuring of the Budget Office</b> in line with the budget reform process initiated by National Treasury.	General Manager: Budget & Treasury	Linking Operating Budget to IDP.	Ongoing	
		Produce a 3-year Budget, which includes Balance Sheet, Income and Expenditure and Cash flow for National Treasury.	Annually	
		Linking of Cash Flow to National Treasury Return.	Annually	
		Linking of Grants & subsidies to National Treasury Return.	Annually	
		Ensure that assets & Risks produce the Capital asset Management Information report for National Treasury.	Annually	
		Ensure Budget process is GAMAP compliant.	Annually	
		Ensure that critical vacancies within the department are filled.	Annually	
		Quarterly review of National Treasury financial improvement checklist.	Annually	
		Determine the Rand value effect of GAMAP requirements on the Annual Budget.	Annually	
Compilation fund development of budget policies and procedures in line with budget process, MFMA and GAMAP	General Manager: Budget & Treasury	Review existing budget policies.	30 June 2005	
		Obtain Council approval.	Annually	
		Implement Policy.	Annually	
(SDBIP) Service Delivery & Budget Implementation	G M: Budget & Treasury	Still to finalise.	30 April 2005 & Annually	

<u>PROJECT</u>	<u>ASSIGNED TO WHOM?</u>	<u>ACTION /TASK TO BE TAKEN</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<p><b>The implementation of a comprehensive activity based costing (ABC) system.</b> This System will aid in accurate budgeting and should help to reduce operating costs of the municipality.</p>	<p>General Manager: Budget &amp; Treasury</p>	<p><b>START ABC PHASE 1</b></p> <ul style="list-style-type: none"> <li>• Site visit approval my Mayoral Committee</li> <li>• Review current costing system.</li> <li>• List needs that are not met on Venus Financial System.</li> <li>• Identify cost drivers and cost centres of new system. This process is contingent on the input received from the Consultant.</li> <li>• Arrange for 2 sites to be visited.</li> <li>• Research to be done on 2 sites.</li> <li>• Final approval of Council to use one service provider.</li> <li>• Commitment of design and implementation (Testing, parallel running of systems).</li> </ul>	<p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p>	
		<p><b>Start ABC Phase II</b></p> <ul style="list-style-type: none"> <li>• 1 month per major service, calculating interviewing and gathering per data suburb and creating activities within activities.</li> <li>• Use ABC results in management Accounts to populate performance measures.</li> </ul> <p>Integrate performance management, ABC, budgeting into dash-board reporting on top of new financial management system.</p>	<p><b>October 2004</b></p> <p><b>30 April 2005</b></p> <p><b>30 July 2005</b></p> <p><b>30 June 2006</b></p>	
<p><b>The review of a GAMAP compliant financial accounting software package that also complies with all budget reform requirements</b></p>	<p>General Managers: Budget &amp; Treasury; Asset &amp; Risk</p>	<p>System provider to structure ledger in accordance with GAMAP requirements.</p>	<p><b>30 June 2006</b></p> <p><b>Ongoing</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>Establishment of benchmarks and performance indicators.</b> This will involve an Investigation of suitable benchmarks and performance indicators that will enable the City to assess its efficiency and effectiveness when compared to similar organisations in different areas</p>	General Manager: Budget & Treasury	Obtain similar ratios as contained in dashboards for other pilot sites and include in BCM monthly reports (possibly from annual financial statements)	<b>March 2005</b>	
<p><b>Enhanced budgetary controls and timeliness of financial data.</b> The improvement of The Budget Office with regard to producing financial information and monitoring/reporting on budget variances</p> <p>Financial bottom line matched to forecast to a 10% variance level Monthly financial report produced within 10 working days of month end.</p>	General Manager: Budget & Treasury	<p>Monitor budgetary control shortfalls on a monthly basis by submitting Management reports.</p> <p>Report on findings and make recommendations.</p> <p>Investigate the possibility of installing a software package for analysing budget variances.</p>	<p><b>10<sup>th</sup> of each month</b></p> <p><b>10<sup>th</sup> of each month</b></p> <p><b>30 June 2005</b> <b>Ongoing</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>Compilation of a policy on investments.</b> This policy document will include aspects like The types of investments that may be made by BCM and the accounting for interest earned on investments.</p>	General Manager: Budget & Treasury	<p>Obtain investment policy from other sites and review current investment policy.</p> <p>Draft new policy.</p> <p>Get Council approval.</p> <p>Implement new policy.</p>	<p><b>30 Nov. 2004</b></p> <p><b>16 Dec. 2004</b></p> <p><b>30 Jan 2005</b></p> <p><b>1 Feb. 2005</b></p>	
<p><b>The development of an integrated funding and rating policy.</b> A study needs to be Undertaken in the area of the financing of municipal services to ensure that an integrated funding and rating policy is developed</p>	General Managers Budget & Treasury & Revenue Management	<p>Consultant has been appointed. He has already produced a draft report.</p> <p>Perform a review of the draft report and ensure that it is workable.</p> <p>Waiting for final report. Develop monitoring measure to ensure effectiveness of the policy.</p>	<p><b>31 March 2004</b></p> <p><b>30 June 2004</b></p> <p><b>30 Sept. 2004</b></p>	
<p><b>The development and implementation of a uniform tariff policy.</b> This policy will Ensure that fair tariffs are charged in a uniform manner throughout the Buffalo City area.</p>	General Manager: Budget & Treasury	<p>Consultant Deloitte &amp; Touchè has been appointed.</p> <p>Consultant met with service departments.</p> <p>Receive report from the Consultant.</p> <p>Design and performance measures to ascertain whether the implementation of the policy has resulted in uniform tariffs.</p> <p>Use ABC results to set major tariffs and social and social tariffs.</p> <p>Make recommendation to Council on new uniform tariff for removal of refuse.</p> <p>Implementation new tariffs</p>	<p><b>Done</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>31 August 2004</b></p> <p><b>February 2005</b></p> <p><b>March 2005</b></p> <p><b>July 2005</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The development and implementation of a debt capacity policy.</b>  This policy will Ensure that any borrowings taken up by the City will be done in a responsible manner and that the repayment and servicing of such borrowings will be affordable.</p>	General Manager: Budget & Treasury	<p>Obtain such policy documents from similar municipalities.</p> <p>Review and tailor these policies to meet BCM needs.</p>	<p><b>1 Feb. 2005</b></p> <p><b>30 April 2005</b></p>	
<p><b>The development and implementation of a policy for accessing donor finance.</b>  This Policy will create a framework for the accessing of funds from local and international donors. It will detail the type of projects for which funding will be sought, the procedures to be used and donor conditions which are acceptable or unacceptable.</p>	General Manager: Budget & Treasury	<p>Obtain such policy documents from similar municipalities.</p> <p>Review and tailor these policies to meet BCM needs.</p>	<p><b>31 March 2005</b></p> <p><b>31 March 2005</b></p>	

<u>PROJECT</u>	<u>ASSIGNED TO WHOM?</u>	<u>ACTION /TASK TO BE TAKEN</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<p><b>The preparation of a comprehensive cash flow management strategy.</b>  This will include all actions necessary to ensure sound management of municipal cash flows. The performance measure is a due date for completion of this policy of 30 June 2005. Other performance measures will include an annual increase in net cash generated from operating activities as measured on the GAMAP cash flow statement and an ongoing reduction in the bank overdraft.</p>	<p>General Manager:  Budget &amp; Treasury</p>	<p>Follow current NT guidelines on prudent cash management.</p> <p>( NT cash management &amp; policies currently being used ) – will only amend if major deviations or requirements occur.</p>	Done	Done
			Done	Done
			March 2005	

### 7.3. THE MANAGEMENT OF MUNICIPAL REVENUES

#### ACTION PLANS

<u>PROJECT</u>	<u>ASSIGNED TO WHOM?</u>	<u>ACTION /TASK TO BE TAKEN</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<p><b>The development and implementation of a credit control policy.</b> This policy and the Relevant procedures will detail all areas of credit control, collection of amounts billed to customers and procedures for non-payment.</p>	<p>General Manager: Revenue</p>	<p>Submit the final draft of the Credit Control and Debt Collection Policy and Procedures to Council for approval.</p>	<p><b>Done</b></p>	
		<p>Compile a booklet (Customer Care Manual), which will contain all the provisions as contained in the Credit Control and Debt Collection Policy and Procedures in a question and answers format use only by Councillors and the Community.</p>	<p><b>Done</b></p>	
		<p>Ensure the compilation of a bylaw in terms of the Municipal Structures Act to give legal effect of the Credit Control and Debt Collection Policy.</p>	<p><b>31 March 2005</b></p>	
		<p>Perform s review of the debt collection operational procedures manual by comparing it to a manual of a similar municipal and perform a GAP analysis</p>	<p><b>Annual review done during Sept. 2004.</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The development and implementation of an indigent policy.</b> This policy will define Aspects such as the qualification criteria for an indigent, the level of free basic services that will be enjoyed by indigent households and penalties for abuse.</p>	<p>General Manager: Revenue</p>	<p>The Indigent Policy and Procedures forms part of the Credit Control Policy and Procedures.</p>	<b>Done</b>	
		<p>Review current policies and procedures and compare with other entities.</p>	<b>Done</b>	
		<p>Identify short falls.</p>	<b>Done</b>	
		<p>Amend policies and procedures if required</p>	<b>Done</b>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The development and implementation of a valuation procedure.</b> This will ensure that a fair rates policy is applied to the entire Buffalo City area and will aim to ensure that all properties are included in the City's records. Furthermore the policy will ensure that valuations are systematically carried out on a regular basis for all properties.</p>	<p>General Manager: Revenue</p>	<p>Appoint an external firm with the necessary expertise to act as a Project Manager to determine the quantity of all properties per category within the Buffalo City Municipal area.</p>	<b>30 April 2004</b>	
		<p>Use the information under ITEM (i) above to perform a calculation of the probable potential valuation costs per category.</p>	<b>30 June 2004</b>	
		<p>The Project Manager to design a model for charging interim rates. The Project Manager to also design the tender specifications for tendering purposes.</p>	<b>30 June 2004</b>	
		<p>Application to be made for funding in order to conduct a General Valuation of all properties within the Buffalo city Municipal area.</p>	<b>30 June 2004</b>	
		<p>Appoint Projects Managers to perform the General Valuation.</p>	<b>30 November 2004</b>	
		<p>Training of staff on new valuation programme.</p>	<b>31 January 2004</b>	
		<p>Data collection and capturing of data onto new valuation programme.</p>	<b>30 October 2004</b>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
The review, acquisition and implementation of a GAMAP compliant financial Accounting software package that also complies with all budget reform requirements	General Manager: Revenue	Perform a review of GAMAP 106 statement on Revenue collection and determine the disclosure requirements for revenue prescribed by the statement.  Ensure that the accounting system can provide the information for disclosure purposes.	<b>30 June 2005</b>  <b>30 June 2005</b>	
<b>The development and implementation of an accurate and effective billing system.</b> This will include the introduction of steps to ensure a decrease in the number of journal entries passed to correct incorrect billing information and also an increase in the number of billing cycles to improve the effectiveness of the current billing system.	General Manager: Revenue	Ensure that the billing system is implemented.  Perform monthly review of the number of journals passed to correct billing errors and investigate and correct system weaknesses.	<b>Done</b>  <b>Monthly</b>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>Customer Care and Prepayment</b></p> <p>Ensure that effective and efficient Customer Care and Prepayment procedures are implemented.</p>	<p>General Manager: Revenue</p>	<p>Investigate legal and Debt Management requirements for contract (connection form).</p> <p>Prepare comprehensive checklist for public facing staff regarding requirements they need to check.</p> <p>All connecting consumers are to be issued with a Customer Care manual.</p>	<p><b>Done.</b></p> <p><b>Documented procedures being reviewed- June 2005.</b></p> <p><b>Done.</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<b>Enhance Collection of revenues and accountability through receipting and prepaid systems</b>	General Manager: Revenue	<p>Ensure all consumers have access to receipting stations.</p> <p>Upgrade billing, receipting and vending systems.</p> <p>Implement real-time integration of receipting, vending and billing systems to reduce delays and complaints.</p> <p>Investigate the suitability of an automated receipting machine as used by Telkom.</p> <p>Refinement and promotion of the incentive scheme amongst consumers and BCM staff. Train staff to promote the scheme.</p> <p>Improve facilities and roll out all suitable methods of payment to satellite offices.</p> <p>Replace AEG proprietary meters to aid standardization.</p> <p>Draw up procedures for control and management of Automatic Vending Machines (AVMs).</p> <p>Issue swipe cards to all prepaid consumers in order for them to be able to use the AVMs.</p>	<p><b>Done.</b></p> <p><b>30 June 2005-ongoing</b></p> <p><b>Continuous – depending on funding.</b></p> <p><b>Telkom abandoned system – project kept in abeyance.</b></p> <p><b>Done</b></p> <p><b>Done</b></p> <p><b>30 June 2004/5/6 – ongoing.</b></p> <p><b>Done</b></p> <p><b>Done</b></p>	

<u>PROJECT</u>	<u>ASSIGNED TO WHOM?</u>	<u>ACTION /TASK TO BE TAKEN</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<b>Improve the Collection of Unpaid Monies</b>	General Manager: Revenue	<p>Allow easy access to arrangement staff and infrastructure.</p> <p>Standardize arrangement policy and procedures with Debt Management.</p> <p>Standardize documentation according to legal requirements.</p> <p>Improve communication between Customer Care and Debt Management. -</p>	<p><b>Dependant on funding and accommodation – ongoing – KWT was completed – EL to be completed in June 2005.</b></p> <p><b>Done.</b></p> <p><b>Done – Being reviewed in terms of new legislation.</b></p> <p><b>Done</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<b>Ensuring Effective and Efficient Customer Services / Relations</b>	General Manager: Revenue	Conduct customers satisfaction and willingness to pay survey and analysis results.	<b>Done</b>	
		Train staff to deal with public effectively.	<b>Done.</b>	
		Motivation of staff with rewards scheme.	<b>Done</b>	
		Improvement of enquiry procedures and response times.	<b>Done</b>	
		Develop Customer Care Policy in conjunction with other Directorates, which include service standards to be adhered to.	<b>June 2005.</b>	
		Enhance communication with consumers by means of all available media and tools	<b>Ongoing training.</b>	
		Use of clear and concise explanations. Radio discussions and phone-ins.	<b>Ongoing</b>	
		Analyse and propose improvements to the IVR and call centre systems.	<b>Ongoing - Monthly meetings to be instituted from January 2004.</b>	
Improve internal communication and pro-activity.	<b>Weekly meetings to continue according to formal schedule.</b>			

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<b>Ensuring Effective and Efficient Customer Services / Relations</b>	General Manager: Revenue	<p>Investigate the possibility of an internal enquiry extension in Rates Halls with Telephones Section.</p> <p>Investigate the possibility of an internal enquiry PC in Rates Halls with IT Section.</p> <p>Investigate possibility of allowing prepaid purchases through cell phones</p>	<p><b>January 2005.</b></p> <p><b>January 2005.</b></p> <p><b>Depends on acquisition of an on-line prepayment system subject to availability of funds.</b></p>	

<u>PROJECT</u>	<u>ASSIGNED TO WHOM?</u>	<u>ACTION /TASK TO BE TAKEN</u>	<u>DATE OF COMPLETION</u>	<u>RESULTS OBTAINED</u>
<b>Customer Education and Information Campaigns</b>	General Manager: Revenue	Update, translate, print and distribute the Customer Care Brochure after inviting tenders.	<b>Done</b>	
		Distribute Credit Control, Indigent and Arrangement Policies.	<b>Done</b>	
		Market incentive schemes, IVR systems and call centres.	<b>Done</b>	
		Publicise available methods of payment.	<b>Ongoing.</b>	
		Improve the structure and user-friendliness of monthly statements of accounts.	<b>Feedback to be submitted to Billing Section Depends on funding.</b>	
		Promote advantages of the prepaid electricity facility by putting up posters and distributing pamphlets. Depends on funding for conversion of existing credit meters.	<b>Ongoing – Dependant on availability of funds for conversion of credit meters.</b>	
		Investigate use of multimedia in waiting areas for the promotion of municipal policies in conjunction with Communications Department.	<b>Dependant on funds being made available.</b>	
Enhance and plan statement messages to achieve better communication by liaising with relevant sections or departments.	<b>Ongoing</b>			

**7.4. PROVISION OF LEADERSHIP, MANAGEMENT, SUPPORT AND GUIDANCE TO THE STAFF**

**ACTION PLANS**

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>The training and development of DOF staff.</b> The aim of this project will be to constantly ensure that DOF staff has the training they require to ensure a cost-effective and efficient service to the City.</p>	<p>All Finance General Managers.</p>	<p>Assessment of the current levels of staff training/ Skills.</p> <p>Training needs assessment within the directorate via the respective General Managers.</p> <p>Identify training providers.</p> <p>Establish a training budget.</p> <p>Develop a finance-training program for implementation.</p> <p>Implement the program.</p>	<p><b>30 April 2004</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>Strategies to ensure compliance of BCM with all requirements of municipal Legislation.</b> The aim of these strategies is to identify all areas of non – compliance with municipal legislation by BCM and to put measures in place to ensure compliance.</p>	<p>All Finance General Managers</p>	<p>Review of current municipal finance legislation and internal control system.</p>	<p><b>30 April 2004</b></p>	
		<p>Detailing of all legislative requirements.</p>	<p><b>30 April 2004</b></p>	
		<p>Checking the current status of compliance against the detailed legislative requirement list.</p>	<p><b>30 April 2004</b></p>	
		<p>Highlighting the shortcomings to the relevant departments.</p>	<p><b>30 April 2004</b></p>	
		<p>Following up on the implementation of compliance thereof.</p>	<p><b>30 April 2004</b></p>	
		<p>Reporting back on progress to CFO.</p>	<p><b>Continuously (month to Month).</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>Redrafting of the DOF organogram to ensure compliance with this strategic Document.</b> The organogram of the DOF needs to be redrafted to ensure that it is a reflection of all the strategies and KPA's outlined in this strategic plan.</p>	All Finance General Managers.	<p>Follow-up on the existing structural changes with corporate services for implementation.</p> <p>Solicit further changes to the respective General Managers and support section.</p> <p>Follow up on new legislation and the effect on the Directorates structure in consultation with the respective GM's, internal control and CFO.</p>	<p><b>30 April 2004</b></p> <p><b>30 April 2004</b></p> <p><b>(Monthly and on going).</b></p>	
<p>Implementation of a high level quarterly review of the financial position, financial performance and cash flow of the Municipality.</p>	All Finance General Managers	<p>Ensure that a financial performance review measurement is developed.</p> <p>Ensure quarterly review takes places.</p> <p>Design a model of reporting on corrective action</p>	<p><b>31 April 2004</b></p> <p><b>30 Sept. 2004</b></p> <p><b>30 June 2004</b></p>	

<b><u>PROJECT</u></b>	<b><u>ASSIGNED TO WHOM?</u></b>	<b><u>ACTION /TASK TO BE TAKEN</u></b>	<b><u>DATE OF COMPLETION</u></b>	<b><u>RESULTS OBTAINED</u></b>
<p><b>ENSURING EFFECTIVE AND EFFICIENT COMMUNICATION.</b></p> <p><b>A review and possible amendment of the communication and information sharing structures of the DOF.</b></p> <p>This will include aspects such as an audit of all current reporting structures, a review of all legislative reporting requirements, a review of the informational requirements of other internal directorates, the development of new reporting structures and the timing and frequency of DOF meetings.</p>	<p>All Finance General Managers</p>	<p>Facilitate communication with all GM's on internal control weekly and new developments through the weekly meetings.</p>	<b>Ongoing</b>	
		<p>Liase with the website steering committee for communication improvements.</p>	<b>Ongoing</b>	
		<p>Liase with internal control for up to date legislative requirements.</p>	<b>Ongoing</b>	
		<p>Liase with other municipalities for information on their communication policy.</p>	<b>Ongoing</b>	
		<p>Research on the Internet for further input based on international best practices.</p>	<b>Ongoing</b>	
		<p>Extract information relevant to Buffalo City and start drafting the policy.</p>	<b>31 May 2005</b>	
		<p>Circulate draft for comments within the directorate, debate suggestions and incorporate useful suggestions.</p>	<b>Ongoing</b>	

## 8. CONCLUSION

The Chief Financial Officer as a strategic person, together with his management team should ensure the **Translation of the 5 Year Strategic Plan** into practice. The operating core should be encouraged to play a decisive role in **transforming the Strategic Plan** into a working document.