

FINANCIAL RECOVERY PLAN

DITSOBOTLA LOCAL MUNICIPALITY

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Table 1: Abbreviations

NO.	ABBREVIATION	FULL FORM
1.	AFS	Annual Financial Statements
2.	AG	Auditor General
3.	AR	Asset Register
4.	BFP	Budget Funding Plan
5.	BTO	Budget and Treasury Office
6.	CFO	Chief Financial Officer
7.	CoGTA	Department of Cooperative Governance and Traditional Affairs
8.	CoS	Cost of Supply
9.	DCOG	Department of Cooperative Governance
10.	DLM	Ditsobotla Local Municipality
11.	EPWP	E Public Works Programme
12.	FRP	Financial Recovery Plan
13.	FMG	Financial Management Grant
14.	HRD	Human Resources Development
15.	ICT	Information and Communications Technology
16.	IDP	Integrated Development Plan
17.	MEC	Member of the Executive Council
18.	MFMA	Municipal Financial Management Act
19.	MFRS	Municipal Financial Recovery Service
20.	mSCOA	Municipal Standard Chart of Accounts
21.	NCR	National Cabinet Representative
22.	NMMDM	Ngaka Modiri Molema District Municipality
23.	NWPG	North West Provincial Government
24.	NWPT	North West Provincial Treasury
25.	PMU	Project Management Unit
26.	SDBIP	Service Delivery & Budget Implementation Plan
27.	SDF	Spatial Development Plan
28.	SLA	Service Level Agreement
29.	SQA	Status Quo Assessment
30.	UIF&W	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
31.	WTW	Water Treatment Works
32.	WWTW	Waste Water Treatment Works



1. EXECUTIVE SUMMARY

The Ditsobotla Local Municipality has been experiencing perennial political and administrative challenges, adversely impacting governance, financial management and service delivery. There have been eight (8) different section 139 interventions in terms of section 139 of the Constitution in Ditsobotla Local Municipality. This is the highest number of interventions undertaken in one municipality since the advent of the Constitution.

These interventions were triggered by the municipality's consistent failure to fulfil its constitutional obligations, chronic governance failures, maintain financial discipline and provide adequate basic services to the communities.

The situation in the municipality has regressed significantly despite the provincial mandatory intervention in terms of section 139(5)(a) and (c) of the Constitution which was invoked in 2022. This was exacerbated by an environment characterized by sporadic incidents of organized crime in the form of holding people hostage, riots and kidnappings which made it impossible for municipality's operations.

Persistent maladministration, political instability, administrative paralysis, default Court judgements, attachment of assets, a litany of litigations by and against the municipality, and financial mismanagement have rendered the mandatory provincial intervention and recovery plan ineffective.

Historical protracted political and administrative instability in council through parallel structures, infighting, dual political office-bearers and parallel appointment of line managers led to collapse of governance systems and inevitably spectacular failure to fulfil Constitutional obligations. This undesirable state of affairs also led to irregular and unlawful decisions with impunity, and total collapse of institutional capacity, internal controls to run and efficient and effective day-to-day operations of the municipality. This also led to rampant and chronic absenteeism by employed staff including a culture of total disregard of regulations which resulted in maladministration, potential fraud and corrupt activities.

There was resistance to the provincial intervention and the implementation of the FRP, and the North West Provincial Government admitted its failure to successfully implement drastic measures at the municipality.

The National Cabinet, subsequently on 03 September 2025 approved the invocation of section 139(7) of the Constitution in Ditsobotla Local Municipality, imposed a recovery plan and assumed the responsibility to implement the recovery plan in terms of section 139(5)(a) and (c) of the Constitution, read together with sections 146(3)(b) and 150 of the MFMA.

The main trigger for the national intervention was the Provincial Government's failure to adequately exercise the powers and perform the duties as provided for in section 139(5) of the Constitution read together with Chapter 13 of the MFMA to resolve the problems in the municipality.

Furthermore, National Cabinet authorized the Minister of Cooperative Governance and Traditional Affairs to, after consultation with the Minister of Finance, appoint a National Cabinet Representative (NCR) for a minimum period of 24 months and to determine the terms of reference thereof including the assumption of the responsibility for the implementation of the financial recovery plan.

The Minister of Cooperative Governance and Traditional Affairs, with effect from 09 September 2025, for a period of 24 months appointed Mr Kopung Ralikontsane as the NCR in the Ditsobotla Local Municipality with terms and references to be gazetted in terms of Cabinet resolution.

2. STATUTORY AND LEGISLATIVE CONTEXT

THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996 (ACT NO.108 OF 1996)

The intervention was invoked by national Cabinet in the stead of the provincial executive in terms of



S139(7) read with S139 (5)(a) and (c) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read together with Section 150 and section 146(3)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

Section 139(8) provides that national legislation may regulate the implementation of this section, including the processes established by this section. The Municipal Finance Management Act, 2003 (Act No. 56 of 2003) is one piece of legislation that is referred to in Section 139 (8) of the Constitution which regulates the implementation of section 139 intervention inclusive of the related processes.

THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003)

- Chapter 13 of the MFMA deals with the resolution of financial problems in municipalities and outlines the processes that must be followed in terms of mandatory interventions invoked in terms of S139 (4) and (5) of the Constitution.
- S139 (1) of the MFMA places the responsibility on the Provincial EXCO to request the Municipal Financial Recovery Services (MFRS) unit in the National Treasury to prepare a financial recovery plan, which considers the reasons for the financial crisis and an assessment of the municipality's financial status (status quo assessment).
- Only the MFRS may prepare a financial recovery plan for a mandatory provincial intervention referred to in S139.
- Section 150 (2) of the MFMA provides that the national executive assumes for purposes of the national intervention in terms of section 139(7) of the constitution the powers and functions of a provincial executive and the minister of finance assume for purposes of the national intervention the functions and powers of a MEC for finance in terms of chapter 13 on resolution of financial problems in municipalities.

3. PREPARATION, CONSULTATION AND APPROVAL OF THE MANDATORY FINANCIAL RECOVERY PLAN

Preparation

A wholistic processes was followed in the preparation of this mandatory financial recovery plan (FRP) as guided by section 141 and 142 of the MFMA. Firstly, a Status Quo Assessment (refer to Annexure B) was performed which involved a diagnostic assessment, identification of the key findings that resulted in the municipality being in financial crisis, and the root causes of financial and service delivery challenges. The status quo assessment was conducted by 4 functional workstreams composed of officials from NCR, CoGTA, NT, PT, Provincial CoGTA, SALGA and the relevant sector departments and officials from the Ditsobotla LM. An Implementation Plan (refer to Annexure A.1) was developed for all the three phases which are Rescue Phase, Stabilisation Phase and Sustainability Phase.

Furthermore, a financial modelling was developed setting spending limits, budget parameters, as well as proposing strategic revenue raising measures. A financial recovery plan was therefore developed to improve the financial viability of the municipality. Consultations with the municipality, government stakeholders, creditors, and organised labour were done throughout the process in line with the MFMA requirements.

Various meetings were held by the functional workstreams in the process to verify the status quo assessment to assess the municipality's financial state that informed the baseline findings, recovery strategies and activities. This status quo assessment report was signed off in November 2025, through which several challenges were identified. This report quotes facts from the status quo assessment in

terms of section 142 of the MFMA to identify the root causes of the financial challenges that the municipality is facing.

Additionally, to ensure that recovery is not only achieved, but more importantly, that progress is institutionalised and sustained within the Ditsobotla LM, the FRP adopts a strategic, focused approach which is time-bound yet comprehensive enough to ensure that the underlying causes of the crisis are adequately addressed. To achieve this objective, the FRP presents a phased approach to recovery, differentiating between issues to be addressed in the short, medium, and long term. The recovery plan is divided into three distinct but interdependent phases. These include:

- a) **Rescue Phase (Phase 1)** which focuses primarily on cash and restoring the cash position of the municipality. In this phase, the focus is primarily on cash and restoring the cash position of the municipality. The indicators for rescue phase include a funded budget (or demonstrating that the municipality is on a credible path to a funded budget), monitoring of the daily cash and cash balances, cost containment measures, focusing on improving the debtor's collection rate, the ring-fencing of conditional grants and ensuring that creditors are paid timeously and that negotiations are entered into to settle any outstanding debt. There is some focus on service delivery and governance matters, however, these are limited to addressing the most visible and easy to resolve issues. However, as resources become available through better cash management, the collection of outstanding debt and the prioritisation of expenditure, service delivery issues can be addressed more comprehensively to secure the revenue base. This is a short-term phase and is anticipated to last up to one year from the approval date of the FRP.
- b) **Stabilisation Phase (Phase 2)** which expands on the financial indicators to be monitored and emphasises key governance and institutional issues which must simultaneously be addressed. The bulk of the recovery process takes place in the second phase of the recovery plan. This phase is referred to as the stabilisation phase. In this phase, a strong focus on cash, finances and financial management is still maintained but greater attention is placed on the underlying service delivery, governance and institutional matters perpetuating the financial crisis in the municipality, such as the design of a fit for purpose organogram, plans to address the repairs and maintenance and renewal of infrastructure for the water and electricity network through which the municipality loses significant revenues, ensuring that the property valuation roll is updated and that all customers are billed according and other similar measures. This phase is expected to last between 12 to 24 months or longer depending on progress made by the municipality.
- c) **Sustainability Phase (Phase 3)** to ensure that indicators are developed that will give effect to the long-term financial sustainability of the municipality. Phase 3 of the recovery plan precedes the exit of the Provincial Intervention Team. Prior to concluding the intervention, there must be a reasonable assurance that measures implemented in Phases 1 and 2 are sustainable, that the municipality is committed to ensuring the implementation of good practice. In this phase, it is also important to include indicators that have an effect on the long-term financial sustainability of the municipality. These would be derived from the strategic development review of the municipality and the long-term financing strategy.

In each of the phases and each of the pillars, appropriate targets have been selected to guide the recovery process. These targets have been identified as most appropriate given the nature of issues confronting the municipality. These targets provide an indication of high-level outcomes that must be achieved but do not specify the steps to be taken or the methods to be used to achieve those outcomes. The choice of methods is at the discretion of the MEC and the Intervention Team who will be monitored on the progress made in achieving the set targets.



Consultation

In preparing this financial recovery plan, the MFMA¹ requires the NT MFRS to consult with the municipality, the municipality's suppliers, MEC for Finance and Local Government, and organised labour.

SQA consultation meetings attended by *inter alia* with the NCR, Municipal Council, National CoGTA, Ditsobotla LM Senior Management, Provincial Treasury, Provincial CoGTA and the South African Local Government Association (SALGA) were held on 14-15 October 2025. An FRP Consultation Workshop attended by *inter alia* by the NCR, National CoGTA, Ditsobotla LM Senior Management, Provincial Treasury, Provincial CoGTA and the South African Local Government Association (SALGA) were held on 13 November 2025.

The municipality's largest creditors were consulted via Teams meeting on the 17 November 2025.

The municipality's labour representatives were consulted in a meeting held in Lichtenburg on 14 November 2025. This consultative workshop was attended by representatives from IMATU and SAMWU.

The Final Draft FRP was published in terms of Section 141(3)(c)(ii) of the MFMA to invite the public, including the local community to submit written comments and representations in respect of the Draft FRP. On 21 November 2025, advertisements were placed in 2 newspapers of general circulation in the area of jurisdiction of the local municipality over a 14-day period. Hardcopies of the plan were made available at key locations in the municipality.

The MFRS wrote to stakeholders on 21 November 2025 to provide them with a copy of the draft FRP and invite them to submit comments in terms of Section 141(3)(c)(i) of the MFMA before or on 05 December 2025. These letters were sent to:

- a) The Ditsobotla Local Municipality
- b) The National Cabinet Representative, Ditsobotla LM.
- c) Provincial SALGA.
- d) IMATU representatives, Local Labour Forum.
- e) SAMWU representative, Local Labour Forum.
- f) Ngaka Modiri Molema District Municipality.

The NT MFRS wrote to both the MEC for Finance and the MEC for CoGTA on 27 November 2025 with an opportunity to submit written comments by 11 December 2025.

4. IMPLEMENTATION OF THE MANDATORY INTERVENTION AND FINANCIAL RECOVERY PLAN

The National Cabinet has exercised its rights in terms of section 139(7) of the Constitution, imposed a Mandatory FRP to be prepared by the NT MFRS, and CoGTA in terms of its delegated authority appointed a National Cabinet Representative (NCR) to assume the responsibility for the implementation of the FRP.

As this is a mandatory intervention, the NCR with the support of the municipality structures, political office bearers and the Accounting Officer must implement the FRP. The FRP sets spending limits and revenue targets, provide for budget parameters which bind the municipality and identify specific revenue-raising measures that are necessary for financial recovery in terms of sections 142(2)(a) of the MFMA.

The NCR is also required in terms of section 146(1)(c) of the MFMA to report monthly to the Minister of Finance on the implementation of the FRP. Given that an NCR has been deployed, reporting to the

¹ MFMA: section 141(3)(a).



Minister of Finance will be done via the NCR.

It must be emphasised that the strategies set out in this FRP relate to activities that must be institutionalised and performed by various municipal officials, as part of their routine duties and tasks. Those appointed to such positions, even in acting capacities, must be given specific roles and responsibilities, which must be captured in a revised performance agreement. The NCR will oversee this process.

The financial resources required to support the implementation of the Plan, will be realised through restructuring of the budget, implementing the revenue collection strategy and revenue enhancement initiatives and a commitment to stringent expenditure controls, with particular emphasis on the elimination of non-essential expenditure, limitations on appointment of staff and non-revenue generating activities. Additional financial support for some projects will be mobilised from stakeholders such as DBSA. Furthermore, the provincial support package will be aligned with the FRP strategies.

5. MONITORING AND OVERSIGHT OF THE INTERVENTION AND THE FINANCIAL RECOVERY PLAN

A **Political Oversight Committee** consisting of the following members must be constituted:

- (a) The Deputy Minister of Finance;
- (b) The Deputy Minister of CoGTA;
- (c) Ditsobotla LM Mayor;
- (d) Ditsobotla LM Speaker;
- (e) The MEC for Finance NW Province;
- (f) The MEC for CoGTA, NW Province;
- (g) The DDG NT (IGR) (Chairperson);
- (h) The DDG CoGTA (Co-Chair);
- (i) The NCR, MM and Support Team;
- (j) The Head: NT MFRS;
- (k) The HOD: Finance, North West Province;
- (l) The HOD: CoGTA, North West Province; and
- (m) Joint Operations Task Team members

The intervention in the Ditsobotla Local Municipality will be subject to oversight by this Political Oversight and Monitoring Committee, who will report directly to the Minister of Finance and Minister of Cooperative Governance and Traditional Affairs (COGTA) jointly and severally. The Political Oversight Committee will direct the intervention, monitor progress, and unblock any political challenges that may hinder the success of this intervention.

To support the Political Oversight Committee, a **Technical War Room** is also constituted which will consist of:

- a) The DDG NT (IGR) (Chairperson)
- b) The DDG CoGTA (Co-Chair)
- c) The NCR, MM and Support Team
- d) The Head: NT MFRS (Chairperson)
- e) The HOD: Finance, North West Province
- f) The HOD: CoGTA, North West Province

g) The Provincial Commissioner of Police

The NCR and the support team must provide written reports in the prescribed framework to National Treasury, CoGTA and Municipal Council monthly.

6. RISKS ASSOCIATED WITH IMPLEMENTATION OF THE FINANCIAL RECOVERY PLAN

The following risks have been identified which must be mitigated for the successful implementation of the financial recovery plan. These risks relate primarily to financial administration, budgeting, financial discipline, and governance. It is proposed that a risk matrix be developed and that appropriate mitigation measures be instituted. The risk management matrix must be developed by the National Cabinet Representative.

The emerging risks identified, include amongst others:

Table 2: Implementation Risks

PILLAR 1 – GOVERNANCE
<ul style="list-style-type: none">• Political and administrative instability.• Maladministration, Fraud and Corruption.• Insecure and unsafe working environment.• Internal sabotage against the intervention.• Litigation against the municipality.• Inadequate implementation of internal controls.
PILLAR 2 – INSTITUTIONAL
<ul style="list-style-type: none">• Dereliction of duty.• Non-filling of critical vacant positions.• Non-payment of salaries.• Highly dependent on equitable share and grant funding for payment of salaries.• Lack of institutional capacity and competencies across various departments.• Inability to attract and retain talent due to the financial state and reputation of the municipality.• Non-compliance with Human Resources Management policies during implementation.• Non-compliance with Occupational Health and Safety standards (non-compliance notices from the Department of Labour have been issued).
PILLAR 3 - FINANCIAL MANAGEMENT
<ul style="list-style-type: none">• Inadequate management of cash• Lack of internal controls.• Inadequate billing and meter management.• No consequence to contravention of policies, laws, and regulations.• No adherence to policies, especially SCM policies.• Inadequate internal capacity to implement the intervention activities.• Ineffective debt and credit control management.• Financial sustainability continues to be under threat.• Equitable share could be withheld due to non-compliance.• Going concern risk
PILLAR 4 – SERVICE DELIVERY
<ul style="list-style-type: none">• Limited financial resources may delay or halt critical service delivery projects, such as infrastructure maintenance, water provision, and waste management• Delayed Implementation of Recovery activities



- Community Dissatisfaction and Protests
- Limited technical expertise may hinder effective plan execution, resulting in poor project implementation and compromised service standard.
- Lack of an Integrated Infrastructure Delivery Management System.
- Lack of standard operating procedures.
- Poor asset management practices.
- Inadequate tools of trade.
- Insufficient coordination between stakeholders and lack of tailored economic development planning.
- Service delivery backlogs
- Aged infrastructure
- Lack of effective service level agreement between NMMDM and DLM.
- Aged fleet and inadequate fleet management.
- Loss of grant funding due to non-compliance with grant conditions.
- Poor road and stormwater infrastructure conditions with large resurfacing backlogs and roads/stormwater systems prone to flooding.

7. COMMUNICATION PLAN

It is proposed that the National Cabinet Representative drafts an internal and external communication plan to support effective communication throughout the intervention. The communication plan requires a rethink of stakeholders and beneficiaries and role-players due to the extent of the mistrust that exists according to reports and the fact that this is yet another intervention. This plan needs to be executed in the context of a change management process.



Overview of demographics and economy in Ditsobotla Local Municipality (See detailed Status Quo Assessment Report)

Ditsobotla Municipality faces significant socio-economic challenges, marked by declining industrial jobs, infrastructure decay, and high unemployment. The municipality's economy once driven by agriculture and industry, is struggling due to poor municipal service delivery, including issues with water, electricity and roads. This has led to business closures, job losses, and a cycle of economic decline.

The Existing Ditsobotla LM Financial Recovery Plan

Section 141(3) (b) of the MFMA also requires that any FRP previously prepared for the municipality be considered. In this regard, the 2023 Mandatory FRP was considered as input for this mandatory FRP.

8. ANALYSIS AND PROPOSED STRATEGIES

8.1. Financial Management

See the Status Quo Assessment Report Attached as Annexure B for a detailed financial analysis of the municipality's finances.

Analysis of key Financial Ratios

A comprehensive ratio analysis was performed (See the SQA Report – Annexure A)

A summary of the key financial ratio outcomes is dealt with below:

Table 3: Financial Performance as measured by key financial ratios

RATIO	NT NORM	2022/23 (Audited) Disclaimer	2023/24 (Audited) Disclaimer	2024/25 (Un-audited)
Repairs and maintenance to PPE and investment property	8%	1%	1%	1%
The R&M ratio is stagnant at 1 per cent since 2022/23. The provision is both <i>marginal and insignificant</i> given the state of the municipality's infrastructure and infrastructure challenges. The norm for R&M provisions is 8 per cent of PPE, however, in municipalities like Ditsobotla, where asset management was not a priority in the past, provisions higher than 8 per cent are needed to ensure the functional integrity of the infrastructure networks.				
Annual collection rate	95%	40%	24%	44%
There has been a 4 per cent increase in the annual collection rate since 2022/23, an average annual increase of 1 per cent per annum and <i>below what is required</i> to ensure a turn-around in the financial performance of the municipality. The municipality must improve the effectiveness and efficiency of its collection processes to ensure that all HHs receiving services are billed accurately, no-go areas are addressed, tariffs are cost-reflective and revenue owed to the municipality is collected. This will ensure the availability of resources for spending on critical areas like repairs and maintenance. Unbilled consumption adds to the problem.				
Debtors' management net debtor days	30 Days	1158 Days	1070 Days	1060 Days
It is observed that since 2022, debtor days consistently performed poorly. The average time taken for debtors to pay their municipal accounts is 1060 days or approximately 35 months. The municipality must improve its performance in this area to ensure that it is able to meet its financial obligations, including its payment of the current Eskom account which is a condition of the Eskom Debt Relief Programme.				



RATIO	NT NORM	2022/23 (Audited) Disclaimer	2023/24 (Audited) Disclaimer	2024/25 (Un-audited)
Cash/ cost coverage ratio	1-3 Months	-1 Months	-1 Months	-1 Months
<p>There has been a persistent year-on-year poor performance on the ratio. As at the end of the 2024/25 financial year, the municipality had no <i>available cash to cover operational expenditure</i>. The norm for municipal cost coverage is between 1 and 3 months. This decline in the ratio indicates that the municipality's revenues are increasing at a much slower rate than its expenditure. The municipality is advised to increase its revenue and explore further expenditure reductions to arrest any further decline in this ratio. Addressing electricity and water losses is a key strategy to reduce costs.</p>				
Current ratio	1.5 - 2:1.	0.50	0.58	0.60
<p>The ratio of Ditsobotla's <i>current assets to current liabilities</i> has shown some year- on-year improvement in past three financial years. The ratio is still significantly below the norm and increases in its revenue collection efforts coupled with a simultaneous reduction in its current liabilities (e.g. Eskom account) will increase this ratio.</p>				
Electricity distribution losses	7% - 10%	27,7%	60%	85%
Water distribution losses	15% - 30%.	18,8%	50%	58%
<p>Both <i>electricity and water losses</i> have increased since 2022, which is concerning.</p> <p>The reduction of water and electricity losses have been hampered by no significant investment in metering. However, in the 2025/26 financial year, NT will allocate R46 million towards water metering.</p>				
Creditors payment period	30 Days	2087 Days	3026 Days	3188 Days
<p>The increase in the average number of days taken to pay creditors is alarming. Since 2022, there has been an average growth of over 50 per cent in this ratio, indicating that the Ditsobotla LM is taking on <i>average 106 months or more than 8 years to pay its creditors</i> despite being under a mandatory financial recovery plan since 2021.</p> <p>Improving the collection efficiency in this municipality is critical to avail resources to pay outstanding debt. Of equal importance is to reduce the current water and electricity losses which costs the municipality both in terms of its expenditure but also in terms of lost revenue potential, particularly where losses are due to theft / illegal connections and no limits to the supply of these services.</p>				
Remuneration as % of total operating expenditure -	25% - 40%	35%	52%	50%
Contracted services as a % of total operating expenditure -	2% - 5%	2%	2%	7%
<p>Expenditure on municipal remuneration is far above the norm, and expenditure on contracted services is 2 per cent above the norm.</p> <p>Given the liquidity position of the Municipality, it will be wise for the Municipality to control its payroll budget.</p> <p>It is imperative for the Municipality to analyse its contracted services to find ways to reduce this expenditure. Key is also to understand which services can fall within this category.</p>				



Table 4: Financial Management Strategies

FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
Budget Management	<p>The municipality approved unfunded budgets for 5 consecutive years.</p> <p>The municipality's 2025/26 MTREF Budget is unfunded with R2,1bn, after all the municipality's liabilities are considered.</p> <p>Budget-related policies reviewed annually but not assessed for financial viability (increased revenue and reduced expenditure).</p> <p>There is a risk that the December 2025 equitable share grant funding of the municipality might be withheld (MIF funds used to pay salaries Manipulation of the budget estimates, revenue over estimated and expenditure under estimated to budget for operating surpluses, but realise deficits (Budget not credible and realistic).</p>	<p>Prepare a credible 2025/26 Adjustment Budget aligned with the set FRP financial targets.</p> <p>Review all budget related policies and assess for financial viability (increased revenue and reduced expenditure).</p> <p>Prepare a 2025/26 Budget Funding Plan aligned with the FRP strategies.</p> <p>Prepare a credible 2026/27 MTREF Budget aligned with the set FRP financial targets and in compliance with the NT Budget Circular.</p>	<p>Prepare a credible 2026/27 Adjustment Budget aligned with the set FRP financial targets.</p> <p>Review all budget related policies and assess for financial viability (increased revenue and reduced expenditure).</p> <p>Prepare a 2026/27 Budget Funding Plan aligned with the FRP strategies.</p> <p>Prepare a credible 2027/28 MTREF Budget aligned with the set FRP financial targets.</p> <p>The conditions set out for the Municipal Debt Relief as per MFMA Circular No. 124 should be considered carefully and implementation monitored by Council.</p>
Budget and Treasury Office (BTO)	<p>The BTO is lacking appropriate skills: Lacking appropriate skills, for example to prepare AFS.</p> <p>SCM = 4 positions filled.</p> <p>Revenue Management = 17 positions filled + 1 contract worker.</p> <p>Budget Management = 3 positions filled + 1 contract worker.</p> <p>Expenditure = 3 positions filled.</p> <p>Asset Management – no employees.</p>	<p>MFIP Advisors placed at the NW PT to provide training and advisory support in the areas of Budget and Revenue Management and Asset Management support.</p>	<p>Filling of critical vacancies in the BTO, subject to affordability and based on anticipated improvement in liquidity.</p>
Revenue Management (Metered services and vending):	<p>No Revenue Enhancement Strategy in place.</p> <p>The Equitable Share for Free Basic Services is allocated to the NMMDM (average R13m per month) and not shared with DLM.</p> <p>Municipality does not possess employees with the skills set</p>	<p>Conduct a meter audit.</p> <p>Bill all 18101 existing water meters, based on accurate readings and realistic estimates.</p> <p>Perform monthly reconciliations for all prepaid vendors.</p>	<p>Develop and implement a Revenue Enhancement Strategy.</p> <p>Revise the contract with on electricity revenue related services performed by Cigicel to strengthen the municipality's control and oversight over the process.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>necessary to perform the function.</p> <p>The meter reading function has been outsourced for an extended period, therefore the require skills have not been maintained in-house.</p> <p>No reconciliations performed for prepaid vendors.</p> <p><u>Water Meters</u></p> <ul style="list-style-type: none"> • Total of 18 101 meters in the systems of which only 448 (2,5 per cent) are read and billed with a total of 17 653 not read and billed. • Lack of water meters for replacements and new connections. • Vandalism of older existing meters for brass content. • Illegal connections and/or unmetered losses. <p><u>Electricity Meters</u></p> <ul style="list-style-type: none"> • Electricity meters are 1261 in total, 273 read and billed with a total of 988 unaccounted for. • Lack of meters for replacement and new connections. • Abridgement of electricity meters (legal and illegal). • Only around 10% of residential properties have meters. <p>No meter audits performed for either Water or Electricity meters over at least the past 10 years.</p> <p>Challenge of prepaid meters which are not purchasing</p> <p>The municipality applied for the National Treasury smart meter grant and it was not granted due to failure to achieve the debt relief conditions, but the grant was actually going to assist the municipality to achieve as it was going to assist with revenue enhancement.</p>	<p>Prepare and submit an application for the National Treasury smart meter grant.</p> <p>Address system issues with the billing of consumers, over and above the limited meter information.</p> <p>Introduce strict credit control (including for staff and councillors with long outstanding municipal debt).</p>	<p>Training on use of financial systems and procedures for uploading municipal information, including valuation rolls, tariff lists etc.</p> <p>Outstanding consumer debtors that are increasing should be monitored by stringent credit and debt collection policy implementation for the ensuing months.</p> <p>Meter reading must be done monthly and reconciled with the financial system.</p> <p>Review the Debtor's Book regularly for write-offs.</p> <p>Given that household debt is the primary contributor, implement targeted strategies to address this segment and explore options such as outreach programs, financial counselling, and instalment plans to assist residents in managing their debt. This should be done continuously to ensure debtor repayment.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Lack of control over the electricity services:</p> <p>Electricity revenue related services are performed by a service provider, Cigicel including monthly billing, and ultimately the recovery of electricity charges. The Service provider handles all electricity-related issues, and the municipality has limited control and oversight over the process.</p> <p>Broken/Faulty meters.</p> <p>Limitations of the Financial System:</p> <p>The municipality has moved to a new service provider and are encountering significant limitations with regards to the billing of consumers, over and above the limited meter information (No billing in 2022/23).</p>		
Revenue Management: (Property rates)	<p>Valuation roll and the billing system contains errors: No VR reconciliation</p> <p>No property rates policy or by-law in place</p>	Prepare the VR reconciliation and correct all variances	<p>Prepare the VR reconciliation and correct all variances</p> <p>Approval of property rates policy and publish by-laws</p>
Revenue Management: (Revenue collection)	<p>Low revenue collection rates (44 per cent in 2024/25).</p> <p>Poor data integrity on the billing system.</p> <p>Lack of integration of the revenue value chain with town planning.</p> <p>Following a Court Order on 25 Oct'17, 8 big electricity pay directly to Eskom.</p> <p>Billing and financial system errors.</p>	<p>Integrate the Revenue Management Value Chain with Town Planning, Finance and Technical functions.</p> <p>Implement targeted credit control.</p>	Cleansing of billing data
Debtors Management	<p>Net debtors' days increased from 992 days in 2019/20 to 1060 days in 2024/25.</p> <p>Debtors book could be overstated, and not reviewed regularly to determine how much can realistically be collected.</p> <p>Municipality has weak controls in debtor's management.</p>	<p>Electricity of consumers, government institutions, staff and councillors to be cut, after letter has been send to make payment by certain due date.</p> <p>Implement a comprehensive case management system to track and prioritise customer</p>	<p>Consultation with financial system service provider as to the root cause/s for billing inconsistencies.</p> <p>Develop and implement a process to gain back public confidence through initiative such as:</p> <p>- Visible Service delivery</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Some of the major debtors are councillors, staff and government institutions which do not pay their utilities on time.</p> <p>No credit control policies in place to guide provision of services to non-paying customers.</p> <p>Resistance to implement credit control measures.</p> <p>Net debtors' days increased from 992 days in 2019/20 to 1060 days in 2024/25.</p>	<p>issues, requests, and complaints.</p>	<p>programmes;</p> <ul style="list-style-type: none"> - Positive media coverage; - Advocate and establish a culture of transparency; - Enhanced footprint in the communities etc.
Cost-reflective tariffs	<p>All trading services function with operating deficits.</p> <p>Non-cost reflective tariffs.</p> <p>The municipality does not have an approved tariffs policy or structure in place.</p>	<p>Verify tariff increases for cost-reflectiveness.</p> <p>Develop and approve tariff setting model.</p> <p>Revised tariffs to be approved with budget. Resources can be requested from Provincial Treasury to assist in the matter.</p> <p>Update and approval of Tariff Policy and Tariff Structure to make provision for the application of cost-reflective tariffs in a phased approach.</p>	<p>Implementation of cost-reflective tariffs to be an integral part of performance agreement of the CFO.</p> <p>Annually verify tariff increases for cost-reflectiveness.</p>
Supply chain management compliance and value for money procurement	<p>The SCM unit is fairly functional and currently consists of 4 officials, however, there is a concern with regards to the competence levels of the staff members.</p> <p>SCM Committees not properly functional.</p> <p>No procurement plan could be submitted.</p> <p>Outdated SCM related policies.</p> <p>Oversight of the SCM function by accounting officer and Council is not consistent due to instabilities in these posts.</p> <p>SCM procedures are not documented.</p>	<p>SCM policy to be updated and approved by council with the Budget Process. Policy to be updated to be in line with the latest SCM regulations.</p> <p>Compile procurement plans in line with NT MFMA Circular No. 62</p> <p>Take all reasonable steps to ensure that proper mechanisms and separation of duties are in place within the supply chain management system to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.</p>	<p>Focus on Demand Management, long-term planning and the linkage to Procurement plans (in return it can greatly stimulate and enable economic growth through strategic alignment).</p> <p>Implement SCM SOPs compliant with legislation and reforms</p> <p>Develop a SCM Compliance Matrix for monitoring compliance</p> <p>Clearly define the system of SCM delegations and sub-delegations as required by SCM Regulation 4 and 5.</p> <p>Prioritise the training of officials to ensure compliance to the municipal minimum</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
			<p>competency requirement for SCM officials, request PT to provide the training</p> <p>Implement a skills development plan for SCM officials as required by SCM Regulation 8 (LG SETA Application)</p>
Cost containment and Cash Flow Management	<p>No compliant Cost Containment Policy.</p> <p>Cash flow management committee not in place.</p> <p>Weak controls over cash and bank.</p> <p>No financial discipline.</p> <p>Irregular appointment of security service provider and inflated and unnecessary cost.</p>	<p>Cost containment policy to be revised aligned with the 2019 NT Regulations on Cost Containment.</p> <p>Implement the Cost Containment Policy and report progress against set saving targets/ Phased-in implementation of cost cutting measures on allowances and entertainment expenses.</p> <p>Establish a cash flow management committee to ensure cost-containment measure are implemented and monitored effectively.</p> <p>NCR to authorize all bank transactions within framework of strict internal controls and legislative compliance.</p>	<p>Implement the Cost Containment Policy and report progress against set saving targets/ Phased-in implementation of cost cutting measures on allowances and entertainment expenses.</p> <p>Sustain the cash flow management committee to ensure cost-containment measure are implemented and monitored effectively.</p>
Financial control environment	<p>Consultants are contracted for critical finance functions without proper performance monitoring.</p> <p>Financial system challenges have affected billing and reporting since 2020.</p> <p>Staffing constraints in critical finance roles.</p> <p>Poor internal financial controls.</p>	<p>Engage with the service provider to analyse and identify the root cause for billing complications (consider the different systems follows difference processes, i.e. similar issues identified at other municipalities using the same system/s. The root cause was however found to a combination of a lack of system knowledge combined with incorrect operating/accounting practices).</p> <p>Develop and implement internal financial controls (segregation of duties, etc.)</p>	<p>Assess IT controls on the financial system to prevent unauthorised transactions.</p> <p>Develop and implement SOPs for all financial functions.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
mSCOA implementation	<p>Non-adherence to MSCOA legislation.</p> <p>Key Functional mSCOA Modules not implemented.</p> <p>Lacking funding to develop the IT environment.</p> <p>No functional Steering committee for MSCOA implementation.</p> <p>No mSCOA Champion.</p> <p>No mSCOA Road Map developed.</p> <p>Data Strings not credible.</p>	<p>Establish mSCOA Steering Committee.</p> <p>Development of mSCOA Road Map.</p> <p>Develop a mSCOA compliant chart of accounts (trial balance) - Also refer to budget section</p> <p>Facilitate periodic in-house and external training on the use and implementation of the mSCOA charts.</p>	<p>Ensure the MTREF Budget and supporting tables fully completed to ensure credibility.</p> <p>Promote the use of the FAQ database for all queries and report updates via forums (i.e., MAF, AWC).</p> <p>Facilitate periodic in-house and external training on the use and implementation of the mSCOA charts</p> <p>Sustain functional mSCOA Steering Committee. Perform on-site inspection and assessment of municipalities' systems and implementation to determine compliance (circulars, legislation, regulation), vulnerability and progress of mSCOA implementation.</p> <p>Implement mSCOA Road Map</p>
Financial reporting	<p>Lack of capacity and competence to carry out the financial reporting function.</p> <p>Inaccurate financial reporting</p> <p>The financial reporting function has been grossly mishandled by consultants as evidenced by the consecutive disclaimer of opinions from AGSA.</p> <p>The underlying financial records for financial reporting affected by IT systems challenges.</p> <p>Non-adherence to AGSA and NT submission timeframes.</p>	<p>PT to monitor in-year reporting and MFMA compliance.</p> <p>The municipality should strengthen its internal control measures to ensure that proper record keeping of all financial information is always kept in order to avoid the late submission of AFS which results in non-compliance.</p>	<p>PT to monitor in-year reporting and MFMA compliance</p> <p>SALGA to assist with AFS preparation, including capacity building.</p> <p>Keep an Audit File in preparation for the annual external audit (compliant with the NT and AG norms and standards).</p>
Expenditure Management	<p>Creditors days increased from 2087 days in 2022/23 to 3188 days in 2024/25 which means the Municipality is taking a very long time to settle amounts owed.</p> <p>No grant management policy in place.</p> <p>Approved for Eskom Debt Relief, but not complying (Risk that Eskom may take over).</p>	<p>Payment arrangement to be signed with all major creditors including Eskom.</p> <p>Ensure creditors paid only for legitimate services rendered to the municipality.</p> <p>Avail expert to verify the monthly Eskom account.</p> <p>Strengthen the finance department's oversight to</p>	<p>Training to be provided to officials on creditors reconciliations, to prevent overpayment of invoices or interest/penalties levied on late payment</p> <p>Prepare creditors reconciliations for all creditors</p> <p>Implement rigorous financial controls and closely adhere to</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Non-payment of services within 30 days of receipt of the invoice as required by the MFMA.</p> <p>Poor relationship between municipality and suppliers/creditors due to non-payment.</p> <p>Irregular payments made from the bank accounts</p>	<p>ensure compliance with the Municipal Debt Relief conditions.</p> <p>Consequence Management for misappropriation of funds.</p>	<p>the budget to manage and mitigate overspending, particularly in employee-related costs and councillor remunerations.</p> <p>Recognise expenditure when incurred and capture immediately on the system/ use GR's and/ or creditors sub-system</p> <p>Consequence Management for misappropriation of funds.</p>
Asset Management	<p>No standalone asset management unit that ensures assets are maintained and safeguarded.</p> <p>Sound asset management practices like physical verifications not implemented as there is no standalone asset management unit.</p> <p>Asset management relating to capital projects does not align with the critical needs of the municipality.</p> <p>No up-to-date Asset Management Policy</p> <p>FAR not annually updated.</p>	<p>Appointment of asset custodians and provide training on asset insurance, audits, reporting, and FAR.</p> <p>Asset management policy to be compiled and approved with the budget process.</p>	<p>Train assigned staff on best practices for efficient and effective asset management</p> <p>Implement approved Asset Management Policy.</p> <p>Implement documented Standard Operating Procedures, Segregation of duties and cross-functional roles and duties outlined.</p> <p>Increase the budgeted ratio for repairs and maintenance as a percentage of PPE.</p>
Indigent Management	<p>Poor indigent household registration.</p> <p>Outdated Indigent Policy.</p> <p>No verification of indigent debtors.</p> <p>No appropriate write-offs of Indigents Debt.</p> <p>FBS allocations could not be confirmed.</p>	<p>Review the indigent policy to confirm it is aligned with the operations of the municipality and approved with the budget.</p> <p>Only make Free Basic Services (FBS) available to registered indigent households.</p> <p>Assess Indigents Debt, and submit write-off schedule to Council for approval.</p>	<p>Implement vetting procedures prior to approval of indigents.</p> <p>Involve Ward Committees in indigent registration.</p> <p>Capping of FBS for indigent households.</p>



8.2. Service Delivery

Table 5: Service Delivery Strategies

FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
Master Planning	Senior Management positions in the service delivery unit are vacant and this hampers effective service delivery.	Fill Vacancy for the Technical Director.	Appoint qualified technical personnel (engineers, planners, and GIS specialists) to manage the infrastructure systems and support Master Plan development.
	The municipality does not have updated Master Plans and Maintenance Plans in place.	Appoint qualified expert consultants for the development of Master Plans covering Water, Sanitation, Electricity, Roads, Stormwater, Waste Management, and Human Settlements.	
	The National Spatial Development Framework requires that municipal SDF is reviewed at least every five years to remain aligned with national and provincial policies. SDF provides the policy framework that underpins the municipal Land Use Scheme (LUS) and its absence means the municipality is not able to plan accordingly and appropriately	Update the SDF.	Update Municipal Land Use Schemes.
Capital and Grant Funded Projects	Underspending on capital projects due to attachment of bank account by SARS Contractors suspending work on sites due to non-payment		Develop and implement a Senior Management Stability Framework to strengthen leadership continuity and capacity. Develop and implement a Rollover Project Implementation Plan to ensure completion of 2021/2022 outstanding projects. Secure approval for rollover budget adjustments and ensure funds are properly committed in the municipal financial system
	Procurement committees appointed to be responsible for grant approved projects are in place but not effective. (Inconsistency due to new committees being appointed with every change in MM)	Train employees in the Project Planning Unit to develop project specifications to service in the Bid Specification Committee. Train employees in the service delivery unit to conduct evaluation of submissions to be submitted to the Bid Evaluation Committee.	Improve the performance of the Project Management Unit (PMU) and enhance grant management, ensuring full compliance with relevant legislation.



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Persistent non-compliance with legislation</p> <p>5% of MIG Grant not allocated for Waste Management</p> <p>8% of MIG Grant not allocated for Operations and Maintenance</p> <p>Municipality not spending 100% of allocated grants (R62m unspent grants 2025)</p> <p>Municipality not applying for all grants (Municipality only recorded allocation of MIG and INEP only)</p> <p>Municipality not spending 100% on all allocated grants</p>	<p>Train employees on the review and management of contractor performance.</p> <p>Train employees on Project Management</p> <p>Conduct quarterly performance review for the project management unit and grant management. Intensify monitoring of compliance to legislation by management</p> <p>Municipality must prepare business plan for utilizing 5% of MiG for Waste Management</p> <p>Municipality must prepare business plan for utilizing 8% of MIG for Operations and Maintenance</p> <p>Spend 100% of all grants allocated.</p> <p>The municipality must prepare business plans for</p> <ul style="list-style-type: none"> Infrastructure Skills Development Plan, Smart Metering Energy Efficiency and Demand-Side Management Grant Water Service Infrastructure Grant (District) Neighbourhood Development Partnership Grant 	
	<p>Payments Process for contractors is delayed due to validation process by CoGTA/MISA on how the service providers were appointed and confirmation of work done. The delay caused by this process result in the service leaving site</p>		<p>Provide annual training sessions for PMU staff and management on project management best practices, grant regulations, and legislative requirements.</p> <p>MISA and COGTA to propose a process plan which should be incorporated in the implementation plan for the contractor appointment and timelines performance parameters during project execution.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>No infrastructure maintenance plans in place.</p> <p>Asset register not utilized to plan repairs and maintenance (using asset conditional assessment)</p> <p>The municipality is facing a fast-approaching compliance deadline: all qualifying buildings must display and submit Energy Performance Certificates (EPCs) by 7 December 2025, as required by the Department of Energy & Electricity under the National Energy Act and associated regulations. The regulations apply to:</p> <ul style="list-style-type: none"> Privately-owned buildings, not occupied or operated by any organ of state with a net floor area of > 2000 m². Public buildings owned, occupied, or operated by any organ of state with a net floor area of > 1000 m². Occupancy classes A1-Entertainment and Public Assembly; A2-Theatrical & Indoor Sport; A3-Places of Instruction; G1-Offices. (A1–A3) and Offices & Office Parks (G1). 	<p>Development and Implementation of Property Plant and Equipment Maintenance Plan</p> <p>Audit of current infrastructure to determine state, taking into consideration service backlogs and long-term strategy aligned to the operating model IDP, budget and long-term financial plan</p> <p>Update and maintain Asset Register</p> <p>Apply for extension of deadline from the department of Energy.</p> <p>Conduct energy performance assessment for each qualifying building and obtain an Energy Performance certificate.</p>	
	<p>The municipality is in shortage of maintenance equipment which makes it more challenging to maintain water and electricity infrastructure.</p>	<p>Prioritize the procurement and allocation of essential maintenance equipment</p>	<p>Develop and implement a preventive maintenance program for water and electricity infrastructure, including a detailed schedule of inspections, repairs, and replacements, with quarterly progress reporting.</p>
	<p>Building projects reported as completed could not be identified during physical verification.</p>		<p>Develop and implement a comprehensive project register to monitor all municipal projects, with progress and completion status updated monthly</p>
Bulk water and electricity supply and reticulation (Water Services)	<p>Inadequate water supply to meet demand due to low borehole yields, water losses and electricity loadshedding affects</p>	<p>Financial model targets 11% reduction in losses and consumption</p> <ul style="list-style-type: none"> Develop a WC/WDM Plan 	<p>Form a technical team consisting of representatives from NMMDM, Ditsobotla Municipality, and MISA</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	Current average supply is 11,6ML/day and maximum reached based on 14hr pumping is 16ML/day. The summer peak is estimated at 19ML/day.	<ul style="list-style-type: none"> • Manage pressure - reduction in losses & consumption of between 30 and 60% • Sectorize areas and Discreet the zones • Conduct meter & customer audits • 34,000 estimated meters 	
	There is water rationing due to inadequate water supplies shortage	Provide inputs into the MOU and process it for signature by the Accounting Officers	Develop and implement a Water Conservation and Water Demand Management (WC/WDM) Plan. Ensure all critical technical positions are filled to restore operational efficiency.
	The municipality is unable to account for water it purchases	Conduct monthly water balance reports comparing bulk supply, metered consumption, and losses to quantify distribution losses and identify areas for intervention	Identify all priority sites and complete the installation and commissioning of bulk water meters 100% of targeted sites with monthly progress reports submitted to track completion and functionality.
	Losses are not recorded; therefore, it is difficult to quantify them and identify cost-saving solutions.	Conduct a technical assessment to identify and document all strategic sites for the installation of bulk water and zone meter and Rank sites based on water loss potential, population served, and network criticality.	Procure and install meters for at least 25% of unmetered consumers every quarter until 100% coverage is achieved.
	The municipality is not quantifying water losses.	The operations and maintenance staff should urgently be trained in schemes operations, opening and closure of valves	Conduct systematic leak detection and repair in high-loss zones. Ensure all identified leaks are repaired within 14 days of detection Track the number of leaks detected, repaired, and reduction in water losses monthly
	The maintenance teams do not have tools of trade	<p>Develop a detailed audit checklist for all tools of trade required by service infrastructure management staff</p> <p>Compile an audit report with clear recommendations for required tools, quantities, specifications, and estimated costs</p>	



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	Leakage of old asbestos pipeline	<p>Conduct a full audit to identify all asbestos pipeline sections in the network</p> <p>Rank sections based on leakage frequency, proximity to high-risk areas, and critical water supply zones.</p>	Develop a phased replacement program for asbestos pipelines using safe, modern materials (e.g., HDPE, PVC).
	Community protests incorrectly directed to the local instead of the District on powers and functions outside the competency of municipality	Ensure all public complaints are efficiently received, tracked, and directed to the appropriate authority for resolution	
	District Municipality unable to effectively provide water services as per the Court judgement due financial constraints	Development of service standards and the levels of service for different situations	<p>Engage the District to develop a joint implementation plan that prioritizes critical water services.</p> <p>Conduct quarterly joint planning meetings with the District to identify and prioritize critical water service projects.</p>
	Magalies Water billing both the municipality and the District for water provided through boreholes	Review and update the water supply and billing agreement between the Ditsobotla LM, District, and Magalies Water to clearly define responsibilities and billing points.	<p>Ensure clarity of roles, eliminate double billing, and guarantee accurate metering and transparent invoicing for water services.</p> <p>Ensure accurate water measurement and billing by replacing all dysfunctional water meters.</p>
	Maintenance on water infrastructure owned by municipality done by the Ditsobotla LM municipality whilst the functions was given back to the District through a Court Order		Develop and implement a Transitional Water Infrastructure Handover Plan.
	Distribution losses cannot be determined because Magalies Water has denied Ditsobotla access to boreholes.		<p>Establish formal intergovernmental engagement with Magalies Water to secure access to borehole sites for data verification and monitoring.</p> <p>Submit a formal request to Magalies Water via the relevant intergovernmental forum</p>
	Water meters are damaged making it difficult to monitor		Establish a joint technical task team to oversee metering and data-sharing arrangements, with defined



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	consumption as well as water losses		<p>roles, responsibilities, and performance metrics.</p> <p>Develop and approve a term of reference (ToR) for the team within 30 days of formation.</p> <p>service level agreement (SLA) between Ditsobotla Municipality and NMMDM.</p>
	Existing water and electricity infrastructure is criminally vandalized or sabotaged	Strengthen security through surveillance, community policing, and rapid repair teams, while enforcing strict penalties for vandalism and sabotage	
	<p>The Municipality is licenced to supply electricity to the following areas: Lichtenburg, Blydeville, Burgersdrop and Coligny</p> <p>Electricity losses - 85% in 2024/25FY. Norm is 7-10%</p> <ul style="list-style-type: none"> Load is not managed Remote geyser system is not operational Challenges with metering and metering efficiencies 	<p>Financial model targets 7% reduction in losses and consumption</p> <ul style="list-style-type: none"> Reading of all electricity meters Undertake Cost of Supply study Engage Eskom for a DAA Implement AMR to large users (> 100 kVA) Geyser control - municipality can save approx. R32 million per year for 10,000 geysers. Install a system for hot water load management Participate in Eskom Performance Contracting for Load management 	<p>Apply to NERSA for approval of tariffs by 30 March 2026</p> <p>Use 8% top slice of MIG allocation on O&M</p> <p>Develop municipal Demand Side Management Plan.</p> <p>Conduct meter & customer audits.</p> <p>Maintain / repair priority network (ring feeders, pole replacement, servicing transformers)</p> <p>Working with Security Management, devise and implement strategies to reduce vandalism and theft of infrastructure</p>
Waste and Refuse Removal	<p>Landfill sites are not properly secured and safeguarded.</p> <p>There is unrestricted access by the public to the sites and to high-value equipment</p>		<p>Install perimeter fencing and controlled entry gates around all landfill sites to prevent unauthorized access, scavenging, and illegal dumping.</p>
	Three landfill sites (Itsoseng, Tlhabologang, and Biesiesvlei) are non-functional and have been issued waste management licenses for closure and rehabilitation.	Conduct a full environmental compliance audit of Coligny and Lichtenburg landfill sites to identify regulatory gaps.	Develop and implement a compliance plan to meet all license requirements including conducting a gap analysis of current operations against license conditions, implementing corrective actions, and submitting a complete licensee application to the relevant regulatory authority



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	Coligny and Lichtenburg landfill have not been maintained properly and both are not compliant with regulations for landfill sites.	Develop and implement a corrective action plan aligned with the National Environmental Management: Waste Act (NEM: WA) requirements, including fencing, access control, leachate management, and waste compaction.	Implement asset management principles by engaging qualified environmental and civil engineering experts to assess and determine the remaining useful life of all municipal landfill sites. Conduct a full environmental compliance audit of Coligny and Lichtenburg landfill sites to identify regulatory gaps
	Failure to finalise, approve and implement By-laws.		Prepare, review, and submit all relevant municipal by-laws to Council for adoption Prioritize the review and finalization of draft By-laws through a dedicated legal and technical task team
Planning and Building Control	Itekeng Extension 3) township has been establishment with objections (whereas Itekeng Extension 2 establishment with pending EIA	Expedite the completion and approval of the pending EIA for Itekeng Extension 2 to ensure legal compliance	Establish a structured engagement plan with the District Municipality to expedite the completion of Blydeville Ext 4 bulk supply connections Schedule monthly technical coordination meetings
	Blydeville Ext 4 township finalised with no connection to bulk services therefore allocations cannot start.		Scheduling bi-weekly progress review meetings with all appointed service providers.
	Blydeville Ext 4 township finalised with no connection to bulk services therefore allocations cannot start.		Establish a coordinated planning framework to align both processes with spatial planning and environmental regulations, enabling formal proclamation and development approval.
	Compliance with bylaws is not monitored and enforced.		Establish a joint municipal-Human Settlements planning task team to identify, release, and service priority land parcels for housing development
	Unlawful land uses and illegal buildings <ul style="list-style-type: none"> Resistance to the issue of contraventions notices Regular building inspections are not conducted 		Conduct monthly building inspections across all designated zones, ensuring at least 90% of identified non-compliant structures receive contravention notices



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
Fleet Management	No fleet management policy	Develop and implement an Integrated Monitoring and Reporting System (IMRS) to track performance, resource utilization, and expenditure across all service delivery departments.	Develop and implement a comprehensive Fleet Management Policy.
	Inadequate number of refuse vehicles to efficiently service the community Increasing costs make it a challenge to operate efficiently	(1) Implement cost-control measures and route optimization to improve collection efficiency. (2) Purchase refuse vehicle using MIG Waste Management portion.	Develop and implement a fleet replacement and maintenance plan including a scheduled maintenance program for all municipal vehicles
	The municipality do not have record or fleet register to establish the number of vehicles to ensure efficient service delivery as information could not be provided.		Develop and maintain a comprehensive fleet register to record for all municipal vehicles and their operational status Procure and implement a digital fleet management system to ensure accurate data, accountability, and improved service delivery
Housing Delivery	The municipality is waiting for notification from the Department of Housing regarding how many units are allocated to Ditsobotla		Establish a structured engagement and reporting framework with the Department of Housing to expedite housing unit allocations and ensure aligned planning
	In 2016/2017 only 69 units were allocated in Springbokpan; 29 in Matile and 1 in Meetmakar	The municipality must update its housing pipeline based on confirmed allocations to accelerate project implementation.	
	Houses were left at foundation levels by service providers for example in Itsoseng.	Engage the Department of Human Settlements to enforce contractual obligations and compel service providers to complete the stalled housing projects.	Implement a contractor performance management plan that includes: <ul style="list-style-type: none"> • Conducting monthly performance audits to identify contractors in default • Issuing formal notices to defaulting contractors within 5 business days of audit findings
	The municipality has not transferred some properties to beneficiaries so they can have their title deeds		Establish a dedicated task team to track and finalize all outstanding transfers.



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	Mushrooming of informal settlements around the Municipal area		A dedicated task team must be established to track and finalize all outstanding transfers. Strengthen enforcement of spatial planning by-laws and accelerate formalization of suitable informal areas.
Roads and Storm Water Infrastructure	Severe deterioration of the roads with potholes and flooding of properties due to blocked or inadequate stormwater systems	Municipality to develop and implement a plan on pothole repairs, drainage upgrades, and regular clearing of stormwater channels to prevent flooding	Implement a structured Rural Road Maintenance Program by using the Rural Road Asset Management reports to prioritize repairs and maintenance. Conduct quarterly conditional assessments of all rural roads.
	Gravel roads were not constructed nor maintained	Implement a routine maintenance schedule to ensure accessibility and durability of all gravel routes.	Develop and implement a targeted gravel road maintenance plan that prioritizes construction and grading based on road condition assessments
Environmental Awareness Campaigns	No awareness campaigns held		Implement regular environmental awareness and education campaigns in communities and schools. Develop a yearly calendar of environmental awareness campaigns targeting schools and communities. Report quarterly on campaign execution, reach, and survey results to track progress and adjust activities.
Parks and Cemeteries	Misuse of parks and gardens		Conduct bi-weekly patrols in all municipal parks and gardens to identify and address violations.
	No proper burial documentation and record keeping at some cemeteries Challenges in the digging of graves Graves are not dug properly and sometimes there are delays		Implement a standardized burial documentation system across all cemeteries in the Ditsobotla municipal area Conduct monthly audits of burial records to ensure at least 95% accuracy and completeness.
Security Services	Vandalism of municipal property	Conduct quarterly community engagement sessions and awareness campaigns in	Update and enforce relevant municipal by-laws



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	Riots and Protests	collaboration with ward committees	on vandalism and illegal protests
Local Economic Development	The organizational design does not conform adequately to service delivery challenges.		Establish a stakeholder-driven review and restructuring of the LED unit to realign roles, enhance efficiency, and improve responsiveness
	There is a high level of unemployment skills shortage and inequalities. Huge backlog in the provision of social services, infrastructure, and economic activities.	<p>Implement labor-intensive projects to prioritize local employment during infrastructure rollout</p> <p>Develop a database of vulnerable groups, i.e. indigents, unemployed youth, people with disabilities.</p> <p>Establish and equip a skills development desk/office within the municipality.</p> <p>Define the content of local employment targets on all service delivery projects indicating clear skills development requirements for project participants from the local municipality.</p> <p>Hold one session to communicate the legislative framework for business licensing in the municipality.</p>	<p>Partner with TVET colleges, SETAs, and local industries to offer targeted skills training, apprenticeships, and internships targeting unemployed youth and women annually.</p> <p>Utilise the updated database to source 100 skills development opportunities (artisanship, apprenticeship, learnership, internship, bursary), employment of labour intensive and community work participants, i.e. MIG, EPWP, CWP, etc.</p> <p>Create a network and market link for entrepreneurs and small businesses, for possible funding opportunities and export trading, i.e. DSB, DITC, financial sector, etc by hosting one networking session.</p>
	The directorate does not have enough personnel and lacks tools of trade to enable them to attend to all duties that need their attention.	<p>Develop a fit for purpose LED unit structure/organogram. Align the vision, mission, objectives and functions of the directorate with the human and financial capital.</p> <p>Produce a report to define key relevant economic sectors that are prevalent in the municipal area, for organizational development or job positions/titles.</p>	<p>Conduct a comprehensive staffing needs assessment to identify critical vacancies and skills gaps, followed by a targeted recruitment plan to fill at least 90% of identified critical positions.</p> <p>Employ the human and financial resources in line with the municipal SDBIP, PMS and the LED strategy.</p> <p>Seek external strategic and technical support for capacity building, from the district municipality, sector departments and government entities.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>The municipality does not have enough industrial sites, for the establishment of new businesses and growth/expansion of current ones where there is a need to grow</p>	<p>Employ the human and financial resources in line with the municipal SDBIP, PMS and the LED strategy.</p> <p>Seek external strategic and technical support for capacity building, from the district municipality, sector departments and government entities.</p>	<p>Identify and zone an area for certain hectares of land for industrial use and develop it with essential infrastructure (roads, electricity, water, and sanitation) to attract new businesses and support the expansion of existing businesses</p> <p>Implement industrialization model through the municipal SPLUMA requirements. Prioritize municipal bulk/basic service delivery for identified industrial areas and business zones.</p> <p>Mobilise institutions with available resources, for possible funding and technical support; i.e. MIG, DITC, DEDECT, SALGA, COGTA, MISA, etc.</p>
	<p>Unreliable electricity supply, poor road infrastructure, and inconsistent water provision. These challenges led to reduced production efficiency and contributed to Clover's earlier decision to relocate part of its operations</p> <p>The municipality does not have funds to budget for LED projects and programmes.</p> <p>The unit functions on minimal operational budget.</p>	<p>Develop and implement a preventive maintenance schedule with quarterly performance reports</p> <p>Create a conducive environment for business operation, i.e. ease of doing business and red tape reduction strategies.</p> <p>Consider inclusion of investor incentives (rebates) within the municipal tariff structure.</p> <p>Develop a trade and investment promotion strategy, to attract and retain investors.</p> <p>Develop the municipal investment profile, to market the municipality as an investment and tourism destination of choice.</p> <p>Establish a relationship with mining houses and private sector to leverage on the possible implementation of LED through Social Labour Plan (SLP) and Corporate Social Investment (CSI) or Private Public Partnership (PPP) opportunities.</p> <p>Develop LED stakeholder matrix and establish local LED forum, to create a platform for discussion of possible LED solutions.</p>	<p>Develop and implement an Integrated Infrastructure Rehabilitation and Reliability Program focusing on the stabilization of electricity, roads, and water systems in industrial zones.</p> <p>Participate in municipal infrastructure and basic services IGR structures, to provide LED related solutions on roads, electricity and water services.</p> <p>Explore and apply for any other government LED related grant opportunities or support programmes.</p> <p>Provide constant investor aftercare service, for improvement measures.</p> <p>Collaborate with DMRE to ensure the implementation of SLPs in line with mining rights conditions of mining companies operating within the municipal area, ensuring that prioritised SLP projects and programmes are in line with the municipal IDP and LED strategy.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
		Participate in District Development Model (DDM) economic repositioning workstream, to contribute towards the formulation of district one plan catalytic projects.	Establish relations with major business companies operating in the municipal area, to collaborate on various CSI and PPP projects and programmes to contribute towards the economic development and growth of the municipality.

8.3. Governance

Table 6: Governance Strategies

FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
Governance Model (Council and Sect. 79 & 80 Committees)	<p>Municipal Council not sitting to date for the financial year 2025/26 except for the special meeting held for the election of the Speaker and Mayor</p> <p>The municipality's council and its committees are not yet functional.</p> <p>Rules and Orders outdated</p> <p>Resolutions register or a system to track resolutions not updated</p> <p>The code of conduct that addresses ethical behavior by councillors is not implemented.</p> <p>Councillors in arrears for service provided and rates in the amount of R1.1 million</p> <p>Staff in arrears for services provided and rates in the amount of R13 million</p> <p>Lack of policies and systems in place to enforce Code of Conduct</p> <p>No consequence management against councillors and staff in arrears</p> <p>Non-compliance and failure to fulfil the Constitutional obligations</p>	<p>Maintain record of non-attendance of Council and committee meetings to enable enforcement of Code of Conduct for councillors</p> <p>Quarterly reporting to Council on non-attendance of Council and committee meetings, and enforcement of Code of Conduct for councillors</p> <p>Recover 50% of arrears from councillors through payroll deductions</p> <p>Recover 25% monthly from each staff member through payroll deductions and payment arrangements which must include honouring of current accounts</p> <p>Finalise the establishment of the municipal Town-Planning Tribunal</p> <p>Establish the Disciplinary Board and the Audit committee</p> <p>Secure the forensic investigations reports from the service provider and table same in the Council</p> <p>Request the Special Investigating Unit to investigate Maladministration, Fraud and Corruption including</p>	<p>Quarterly reporting to Council on nonattendance of Council and committee meetings, and enforcement of Code of Conduct for councillors</p> <p>Development and implementation of annual institutional calendar</p> <p>Maintain an updated Council resolutions register</p> <p>Quarterly reporting to Council on nonattendance of Council and committee meetings, and enforcement of Code of Conduct for councillors</p> <p>Maintain an updated Council resolutions register</p> <p>Quarterly reporting progress of Council resolutions</p> <p>Recover any arrears not settled at end of the current Council Term of councillors' pension fund through claims before payment</p> <p>Recover 25% monthly from each staff member through payroll deductions and payment arrangements and include honouring of current accounts</p> <p>Quarterly reporting to Council on payment for services by councillors and staff</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Economic decline and high unemployment rates</p> <p>Committees of council do not quorate due to non-attendance of meetings by councillors</p> <p>There is no record of councillors' declaration of interest.</p> <p>There is Political Interference and free for all in recruitment process of staff and SCM functions</p> <p>Non-compliance with statutory prescripts</p> <p>Forensic investigations conducted into allegations of Maladministration, Fraud and Corruption</p> <p>Investigations reports cannot be located</p> <p>No evidence that the recommendations of the investigations were implemented</p> <p>Insecure and unsafe working environment.</p> <p>Council has not approved and implemented a stakeholder engagement strategy and public participation policy although the draft is in place awaiting Council approval</p> <p>Non approval and Failure to timeously prepare and process statutory reports i.e. Section 71, Section 52(b) and (b) MFMA Reports, AFS, Annual reports, SCM Regulation 6 Reports and Section 32 investigation Reports</p> <p>Section 71 MFMA Report not approved in line with calendar of Council</p> <p>Ward committees not functional and ward committee operational plans not provided</p>	<p>concluding investigations initiated by the Public Protector</p> <p>Review all reinstated/re-employment of officials through or inconsistent with Court Orders/Default judgements</p> <p>Approval of the stakeholder engagement strategy by Council</p>	<p>Maintain an updated Council resolutions register</p> <p>Approval of policy frameworks to improve on enforcement of Code of Conduct for councillors</p> <p>Annual declaration of interests by councillors and staff</p> <p>All councillors to sign a pledge on compliance with the Code of Conduct and adherence to the roles and responsibilities</p> <p>Review the Rules and Orders</p> <p>Implement the recommendations of the forensic investigations through disciplinary process and referral for criminal investigations</p> <p>Implement the recommendations of the SIU investigations through disciplinary process, recoveries of moneys lost and referral for criminal investigations</p> <p>Timeous approval of all statutory reports in line with the calendar</p>
SYSTEM OF DELEGATION	No approved system of delegations by the municipal Council leading to	Develop process plan for review of the system of delegations	Review and approval of the system of delegation



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>administrative and operational inefficiencies, no checks and balances, irregular and unlawful decisions and non-compliance with statutory prescripts</p> <p>No sub-delegation of authority to staff leading to Staff executing work without delegated authority</p> <p>No delegation register</p> <p>Selective acceptance of sourced external legal opinions based on personal interest</p>	<p>Define specific roles and areas of responsibilities for each political structure, political office bearer and of the Municipal Manager</p>	<p>Maintain updated delegations register</p> <p>Monitoring of exercising of sub-delegated powers in the administrative component of the municipality</p> <p>Municipal manager to ensure sub-delegations of powers and functions to the lowest possible official to maximise operational and administrative efficiencies</p>
LITIGATION AND CONTINGENT LIABILITY	<p>The municipality has a huge contingent liability potential exposure of about R63 770 076.34 million</p> <p>No litigation strategy in place</p> <p>No delegated authority to initiate and oppose litigation for or against the municipality</p> <p>Irregular and unlawful decisions by structures, executive and the administration due to inadequate legal advice/support.</p> <p>No updated litigation register</p> <p>Default judgements leading to Writs of Execution, Attachment of assets, Attachment of bank accounts and equitable shares</p> <p>Failure to honour settlement agreements with law firms for services rendered</p> <p>Lack of instructions on Court applications from Finance Directorate</p> <p>Legal fees paid by the Municipality to service providers in respect of legal services during the:</p> <ul style="list-style-type: none"> 2022/23 financial year were R 5 020 401.06 million. <p>Budget 2022/23 FY: R3.2 million</p>	<p>Delegation of powers and functions to initiate and oppose litigation for or against the municipality</p> <p>Audit and investigate the state of Default/Court judgements, writ of execution, attachment of assets, attachment of equitable share and bank accounts</p> <p>Review and renegotiate settlement agreements with law firms for service rendered</p> <p>Establish a panel of legal practitioners with a fee structure</p> <p>All outstanding invoices for legal services rendered be subjected to taxation before payment</p> <p>All payments for legal invoices for the past five years to date of approval of the national intervention FRP by Minister of Finance be audited by an independent entity appointed by the National Treasury</p> <p>Declare Fruitless and Wasteful expenditure incurred through intra-litigation between councillors in the UIF&W expenditure register and between the Municipal Manager and certain political office-bearers.</p>	<p>Develop a litigation strategy</p> <p>Maintain an updated litigation register</p> <p>Develop standard operating procedure for approach to new Court applications against the municipality</p> <p>Implementation of renegotiated settlement agreements with law firms for invoices</p> <p>Implement invoice processing control system</p> <p>All outstanding invoices for legal services rendered be subjected to taxation before payment</p> <p>Implement invoice processing control system</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<ul style="list-style-type: none"> 2023/24 financial year were R 1 310 345.26 million. <p>Budget 2023/24: R3.2 million</p> <ul style="list-style-type: none"> 2024/25 financial year were R16 530 997.22 <p>Budget 2024/25 FY; R3.6 million</p> <ul style="list-style-type: none"> 2025/26 financial year (First two months) R7 648 593.90 Budget 2025/26 FY: R3.6 million <p>Invoice processing systems with checks and balances and payment validation collapsed</p> <p>Law firms submitting invoices where there is no (or minimal) paper trail to confirm services rendered</p> <p>Outstanding invoices to the value of R5 213 316.40</p> <p>No records of work done</p> <p>Fruitless and Wasteful intra-institutional litigation against councillors by other councillors and between Municipal manager against the political office bearers of the municipality</p> <p>Costs awarded in the personal capacity from councillors not collected</p>		
Powers and functions	<p>The municipality conducts the following unfunded mandates: Libraries due to inadequate mandate agreement with specific reference to financial impact and related funding</p> <p>Department of SRAC funds directly for the provisions of library services</p> <p>Four staff members in library services funded by the municipality to the value of R1 768 361.36</p>	<p>Renegotiate funding to cover all municipality's operational costs including costs for services rendered to the libraries and operational staff</p> <p>Determine billing for services rendered at the five libraries</p> <p>Establish inter-governmental task team to address water supply services related issues including review and renegotiation of the MOU with the District municipality to</p>	<p>Implement the renegotiated SLA for licencing services</p> <p>Implement the renegotiated mandate agreement for library services</p> <p>Monthly billing of the provincial SRAC for services rendered at five library services</p> <p>Implement the renegotiated MOU for water supply services</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Services in buildings owed by the municipality used for five libraries is paid by the municipality the amount of which remains undetermined.</p> <p>The municipality performs vehicle registration services as well as processing the renewal of licenses and permits on behalf of the department of transport.</p> <p>Traffic services through SLA providing for 80/20% sharing of revenue</p> <p>Revenue for 2024/25: R37 414 833.73</p> <p>RTMC fee; R211 246.00</p> <p>80% of province: R29 762 870.18</p> <p>20% municipality: R7 440 717.55</p> <p>Total operating expenditure: R4 119 629.62</p> <p>Total operation costs: R24 754 303.32</p> <p>Underfunding to the Value of R17 313 585.77</p> <p>Ngaka Modiri Molema District is the Water Services authority</p> <p>Section 78 not done by the District as a consequent to taking over the function occasioned by the Court Order</p> <p>Unfunded mandate for operational costs, e.g., salaries for 128 staff members and tankering services</p> <p>MOU between municipality and District inadequate and does not addressing the funding of the 128 staff members alternatively transferring of water services provision with the said staff as a going concern to the District.</p> <p>No business plan to implement the MOU occasioned by the Court judgement</p>	<p>address the costs of 128 staff members</p> <p>Renegotiate the SLA to cover all operational costs of the municipality on licensing services to address the underfunded value of the mandate agreement</p> <p>Finalise business plan for implementation of MOU between District and the local municipality</p>	



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
CONTRACT MANAGEMENT	<p>Contract register last updated FY2022/23 and for the FY 2023/24 and FY2024/25 it is empty</p> <p>All contracts on the contract register have expired and all current active contracts are irregular month to month due collapsed SCM systems</p> <p>Contracted services are R66 314 774 and the cost against the total operating expenditure is 10% which is way above the set norms and standards</p> <p>No approved consultancy reduction plan in place</p> <p>A contract management committee was established but is not functional.</p> <p>A contract management framework was developed by Provincial Treasury for use by the whole district, however there is no evidence that this framework was formally adopted by council</p> <p>Overpayment of consultants for preparation of AFS</p> <p>Excessively high bill for cell phones at above R300 000 per month</p> <p>No Cell phone approved policy</p> <p>Most expensive cell phone gadgets are taken on contract</p> <p>Ineffective management on contract for Financial Systems</p> <p>SEBATA paid R180 000 per month for historical accounts before 2020</p> <p>No service level agreement with SEBATA</p> <p>Ineffective management on contract for Prepaid Electricity Vendor</p> <p>Electricity Vending Contract expired but still being used for the past ten years</p>	<p>Establishment of contracts management committee</p> <p>Terminate all irregular contracts</p> <p>Review and audit allocation of cell phones to affected councillors and staff to determine qualification thereof</p> <p>Reduce the monthly expenditure on cell phones through provisional capping pending the approval of cell phone policy</p> <p>Reconcile all payments made to SEBATA and settle outstanding debt to secure data of municipality</p> <p>Validate and pay SEBATA for outstanding invoice to release the data of the municipality</p> <p>Audit of sales and money paid by Cigi Cell to the municipality as an electricity vending contractor</p> <p>Audit the security contract to quantify costs against deliverables including the claimed amount of R16 020 763.03</p>	<p>Develop and contract management framework</p> <p>Maintain an updated contract register</p> <p>Implement contracted services reduction plan</p> <p>Develop and approve the cell phone policy</p> <p>Analysis and monitoring of cell phone usage by those provided with cell phones</p> <p>Approve contracted services reduction plan</p> <p>Negotiate with SEBATA to furnish the municipality with all historical information belonging to the municipality</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>No service level agreement with CIGI-CELL during the validity of contract</p> <p>No reconciliation of money collected by service provider and paid to the municipality</p> <p>Ineffective management on contract for Security Services</p> <p>Two security companies submitted invoices to the value of R1 500 000 per month</p> <p>Only one security company now providing services</p> <p>Litigation by one security company for payment of service rendered R16 020 763.03</p> <p>Municipality does not compile monthly performance monitoring reports on contracts</p> <p>No audit trail of authorization of certain contract extensions and instances where contract extensions were approved accordingly</p>		
UIF&W EXPENDITURE	<p>UIF & W policy still at draft stage</p> <p>The municipality has not developed and implemented a UIF&W expenditure reduction plan.</p> <p>The municipality's UIF & W is very high</p> <p>Expenditure identified:</p> <p>Unauthorised Expenditure for 2023/24: Zero declared</p> <p>2022/23: R 281 824 404</p> <p>Fruitless & Wasteful expenditure for 2023/24 was R 43 368 869</p> <p>Irregular Expenditure FY2023/24: R311 million</p> <p>Cumulative Values</p> <p>Unauthorised Expenditure: R 556 381 637</p>	<p>No new irregular expenditure</p> <p>Develop schedule for section 32 investigations on historical and current expenditure</p> <p>Council to refer UIF&W expenditure to MPAC on a quarterly basis</p>	<p>Council to approve the UIF&W expenditure policy</p> <p>Conduct section 32 MFMA investigations</p> <p>Quarterly reporting of UIF&W expenditure to the Mayor and annually to the Council</p> <p>Council to refer UIF&W expenditure to MPAC on a quarterly basis</p> <p>Maintain an updated UIF&W expenditure register</p> <p>Approve UIF&W expenditure reduction plan</p> <p>Disciplinary Board to report quarterly to Council</p> <p>Quarterly reporting of UIF&W expenditure to the Mayor and annually to the Council</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Fruitless & Wasteful expenditure: R 357 663 888</p> <p>Irregular Expenditure: Zero declared</p> <p>No investigations for unauthorized, irregular and fruitless and wasteful expenditure for the balance related to the 2022/23 financial year:</p> <p>Fruitless & wasteful expenditure: R314 295 019</p> <p>Irregular expenditure: R409 321 811</p> <p>Unauthorised expenditure: R556 381 637</p> <p>Quarterly reports to the Mayor and annual reports to Council on UIF&W expenditure are not submitted and as a result no oversight is conducted over the expenditure</p>		
Immovable Property Management	<p>Investment properties amount to R122 852 004 million</p> <p>Annual revenue amount to R1 million</p> <p>The municipality cannot account for all its immovable property portfolio due to poor asset management practices.</p> <p>The municipality does not have an updated register of leased assets and the immovable property portfolio.</p> <p>Rentals are deducted from salaries at 6% of the employee salary which is way below market related rentals</p> <p>There are 69 lease agreements most of which have long expired</p> <p>Two 99-year leases for Golf clubs at R1-00 per annum and one for animal resort at 10 Cent per annum. Others for 99 years at R2-00 per annum</p> <p>One Rugby Club for 25 years at R10-00 per annum</p>	<p>Review all valid lease agreements except those which expired to provide for market-related rentals based on determined property valuations</p> <p>Monthly reports on billed rentals and revenue collected</p> <p>Develop procurement process plan for all leases that have expired</p> <p>Develop maintenance programme for Council owned facilities including the five halls</p>	<p>Audit of all immovable property portfolio owned by the municipality</p> <p>Maintain an updated register on leased immovable properties owned by the municipality</p> <p>Monthly reports on billed rentals and revenue collected</p> <p>Collection of market related rentals from tenants</p> <p>Approve the alienation policy</p> <p>Identify strategic land parcels and explore Public-Private Partnerships</p> <p>Implement maintenance programme for rental stock and facilities</p> <p>Install prepaid meters in rental stock</p> <p>Reconcile alienation transactions with Deeds office records for the past five years up to effective date of the national mandatory FRP</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Nineteen 9-year leases at rentals ranging at R1-00, R10-00, R480-00, R500, R120-00, R1000-00 per annum respectively</p> <p>One contract for 40 years at R10 Cent per annum</p> <p>Some lease agreements are on a month-to-month basis at R100-00 per month and some at R10-00 and R60-00 per annum</p> <p>Municipality owns five halls that are derelict or dilapidated due lack of maintenance and inadequate security</p> <p>Lack of immovable property management systems and standard operating procedures</p>		Renegotiate the 99 year and long-term leases
By Laws and Enforcement	<p>Most By laws are currently at draft stage and therefore there is no enforcement leading to Lawlessness, decline in revenue collection, infrastructure vandalism, illegal electricity and water connections, illegal dumping and decline in cleanliness and health hazards, and Illegal land use rights and related loss of revenue</p> <p>Investment repulsion and disinvestment with material impact on the socio-economic conditions in the jurisdiction area of municipality</p>	Development of process plan preparation of financial management by-laws and service delivery by-laws	<p>Enforcement of promulgated by-laws</p> <p>Monthly reporting on revenue generated from enforcement of by-laws</p> <p>Review and develop new by-laws prioritising financial and service delivery by-laws</p>
Information & Communications Technology	<p>Communication Technology policy framework (MCGICTPF) has not been approved and adopted by Council</p> <p>No ICT security policy approved exposing the municipality to cyber-attacks, data breaches, financial losses and legal and reputational damage, and poor access control</p> <p>No ICT steering committee</p> <p>The IT environment has weak internal controls as a result no IT risk and control assessments have been</p>	<p>Approval of the ICT policy framework, user access management policy and security policy</p> <p>Establish ICT steering committee</p> <p>Conduct ICT risk and control assessment</p> <p>Secure data storage, backup and recovery solutions</p>	<p>Implement ICT policy framework and general controls</p> <p>Hold quarterly meetings of ICT steering committee</p> <p>Report on Back-office Turnaround times in resolving help desk queries</p> <p>Periodic ICT risk and control assessments</p> <p>Develop and implement a server downtime monitoring tool</p> <p>Procure and implement an integrated electronic document and records management</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>performed to ensure safety and integrity of information, employees use of their own IT equipment (laptops and gmails) and do not have corporate emails exposing the Municipality to cybercrime.</p> <p>There is no policy governing user access control in draft form leading to ineffective User access management</p> <p>There is no formal access request documentation being completed for registering users, changing access rights, password resets and termination of access on all financial / performance information systems)</p> <p>Municipality does not have an approved backup and retention strategy or a disaster recovery plan in place</p> <p>Lack of funding to invest in appropriate ICT infrastructure</p> <p>SAGE evolution system in place with different modules which are not adequately applied by line departments due to system incompatibility and lack of training</p>		<p>system compliant with National Archives standards when finances of the municipality stabilize</p> <p>Monthly update of the website</p> <p>Implement SAGE evolution modules</p>
Audit action plans (internal and external)	<p>Inadequate implementation of the audit action plan and slow response</p> <p>Stagnation in unfavourable disclaimer of opinion outcomes with material findings on predetermined objectives and compliance with laws and regulations.</p> <p>Non submission of information and supporting documents</p> <p>The municipality has an audit plan in place however, however there is slow movement in the progress of addressing the misstatements and other findings identified by AGSA</p> <p>No oversight over the preparation and implementation of the PAAP</p>	<p>Review the Post Audit Action Plan to ensure SMART compliance and identification of priorities that will improve annual audit outcomes</p> <p>Quarterly progress reporting to Audit committee and Council on addressing the findings of the Auditor-General</p>	<p>Implement Post Audit Action Plan</p> <p>Quarterly progress reporting to Audit committee and Council on addressing the findings of the Auditor-General</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Inadequate skills capacity in Finance Directorate to prepare proper annual financial statements</p> <p>The audit committee and internal audit functions lack initiative and skill in handling the audit action plan.</p>		
Internal Audit	<p>Internal Audit Unit has one staff member being the Internal Audit Manager and has two vacant positions per organisational structure.</p> <p>Internal audit plan not signed and the Charter has not been approved</p> <p>Internal audit not functional due to capacity constraints and as a result there is non-compliance with statutory prescripts</p> <p>The term of the Audit Committee ended on the 28 Feb 2023 as a result no oversight role is provided on financial reporting, internal controls, risk management and compliance with laws.</p> <p>No audit reports are submitted to Council</p>		<p>Approval of internal audit plan and Charter</p> <p>Quarterly progress reporting on implementation of internal audit plan to Audit committee and Council</p>
Risk Management	<p>There is no Chief Risk Officer (CRO) appointed as a result there is no process for risk identification, mitigation and monitoring.</p> <p>There is no separate risk unit to efficiently carry out the risk management function as a result corporate risks are not identified, and no risk assessments are conducted.</p> <p>No risk management documents approved for 2025/26</p> <p>There is no approved risk management policy risk management strategy, risk management implementation plan,</p>		<p>Approval of risk management documents for FY2025/26 (Risk management policy, Risk management plan, Risk Register</p> <p>Quarterly progress reporting to Risk management committee on implementation of the risk management plan</p>



FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
	<p>Risk register was compiled but it is not regularly updated</p> <p>There is no approved business continuity plan in place.</p> <p>Municipality vulnerable and exposed to all risks</p>		

8.4. Institutional

Table 7: Institutional Strategies

FOCUS AREA	KEY FINDINGS	PROPOSED ACTIVITIES: RESCUE PHASE	PROPOSED ACTIVITIES: STABILISATION PHASE
Operating Model	The review of the operating model has not been conducted.	<p>Document the current operating model, its weaknesses, and strengths.</p> <p>Reduce contracted services.</p> <p>Determine and audit the current human capital for the satellite office.</p>	<p>Utilize the strengths identified to establish a cost-efficient service delivery model</p> <p>Reduce the proportion of contracted services to the acquired internal resources by March 2026.</p> <p>Optimise the capacity of satellite offices to deliver services and customer care.</p> <p>Identify all employees associated with the services as a going concern</p>
	Over-reliance on contractors.		Reduce the proportion of contracted services to the acquired internal resources by March 2026.
	<p>The municipality has two satellite offices and the central office.</p> <p>The municipality signed the MOU with NMMDM for the provision of water services</p>		Reduce the proportion of contracted services to the acquired internal resources by March 2026.
Organisational structure	<p>The municipal council approved the revised organizational structure during its May 2025 meeting. However, the structure is unfunded and bloated;</p> <p>The current structure was costed at R296 million with 724 employees, while the new proposed structure is</p>	<p>Populate the organisational structure through migration and placement of employees.</p> <p>Test the staff establishment for cost efficiency and affordability</p> <p>Implement the placement policy to create stability within the municipality</p>	<p>Streamlined the organisational structure to be more efficient, considering the municipality's size and budget</p> <p>Finalize all Job Evaluation processes in line with the Task system and request assistance from SALGA and CoGTA</p>



FOCUS AREA	KEY FINDINGS	PROPOSED RESCUE PHASE	ACTIVITIES: STABILISATION PHASE
	<p>projected to cost R300 million with 836 employees.</p> <p>The migration and placement policy has been agreed upon, and consultation with labour has been finalized for implementing the new structure.</p> <p>Job evaluation has not been conducted DLM still utilises the Van der Merwe system of Job evaluation.</p> <p>Job descriptions are not yet finalised; only the manager's job descriptions are completed.</p>		Develop enriched job descriptions for improved employee utilization
Employee costs	<p>Employee-related costs are the primary cost driver of operating expenditure, accounting for 50% of total OPEX, exceeding the norm of 25-40% as per Treasury Circular 71.</p> <p>Excessive overtime expenditure cannot be justified, as the municipality's controls are insufficient.</p> <p>40 hours of overtime as per the BCEA, reduced to 20 hours as part of the cost containment strategy.</p> <p>The total incurred overtime expenses for the 2024/25 financial year are R24 619 792 million, and the June 2025 costs are R2 037 532. The actual employee costs remain at R338.6 million.</p> <p>The segregation of roles between Finance, Payroll, and HR Payroll needs to be clarified, as there are overlapping areas of concern.</p> <p>Annual salary increases approved for 2024/25 for all employees.</p> <p>Councillors also submitted upper limit salaries to the MEC, awaiting concurrence from Cogta.</p>	<p>Reduce employee costs to 45% in line with budget by end of June 2026.</p> <p>Develop overtime SOP and manage job orders for overtime, including pre-approval of overtime work.</p> <p>25% reduction of overtime costs by March 2026 across all departments.</p> <p>Maintain the current collective agreements on salary increases and request exemption for next round of salary negotiations</p> <p>Develop SOP for the payroll function</p> <p>Seek consensus from the CoGTA on the implementation of upper limits</p> <p>Employee cost savings should be used to pay for 3rd party areas</p> <p>Keep all medical aid contributions up-to-date</p> <p>Negotiate with the National Treasury and National CoGTA for payment relief and support</p> <p>Develop SOP for leave management.</p> <p>Use the Sage leave management module.</p>	<p>Review the organisational structure to provide for payroll segregation</p> <p>Reduce the areas on 3rd-party payments by 25 million by March 2026.</p> <p>Minimise areas on medical aids for the well-being of employees</p> <p>Communicate future challenges regarding the timely payment of salaries to employees.</p> <p>Conduct a leave audit for all employees and develop an electronic leave record for each employee.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED RESCUE PHASE ACTIVITIES:	PROPOSED STABILISATION PHASE ACTIVITIES:
	<p>3rd party payments are not up-to-date for 11 months to the value of R68 million</p> <p>Only medical aid paid up to 1 month in areas (September in areas)</p> <p>NO guarantees for salary payment for Nov and Dec 2025 due to insufficient budget, since all salaries are dependent on the equitable share</p> <p>Leave management controls are insufficient and pose a risk in the management of the leave system and employee leave balances.</p>		
Filling of Critical Vacancies	<p>All senior management positions remain vacant.</p> <p>Parallel Appointment of officials in similar positions.</p> <p>Irregular employment practices.</p> <p>Lack of vacancy prioritization in line with the affordability ratio of the municipality.</p> <p>The council approved the appointment of 70 additional temporary workers in July 2025; however, they were terminated due to financial constraints.</p> <p>Family-related appointments.</p> <p>Irregular appointment in acting positions and exceeded the regulated acting period of 3 months.</p> <p>High Vacancy Rate in Management Levels at 90%.</p> <p>There is a high vacancy rate in all technical services areas. (Electricity, Water, Sanitation, and Roads)</p>	<p>Advertise all senior management posts/ or request secondment from National Cogta/ National Treasury</p> <p>Terminate or offer alternative positions to affected managers.</p> <p>Implement the Placement policy and prioritize vacant positions into Critical/Core, and Essential categories. Fill critical positions first.</p> <p>Terminate all temporary positions in line with budgetary constraints</p> <p>Determine the need for acting and apply for exemption from the acting policy for long-term acting arrangements.</p>	<p>Enforce the recruitment policy and consequence management for irregular appointments.</p> <p>Minimise all direct family-related appointments in similar departments and reporting to each other</p> <p>Priorities for filling management posts by March 2026.</p>
Staff verification and qualification audit	<p>The employee verification exercise was conducted but not completed. To date, 40 employees have not been verified.</p>	<p>Conduct a new staff audit in preparation for the impending placement process.</p>	<p>Conduct annual employee verification</p>



FOCUS AREA	KEY FINDINGS	PROPOSED RESCUE PHASE ACTIVITIES:	PROPOSED STABILISATION PHASE ACTIVITIES:
	The payroll audit was not conclusive and remains outstanding.	Conduct a detailed payroll audit by March 2026.	
DC Board/staff discipline	<p>Code of conduct not enforced.</p> <p>Three employees were charged with fraud for transacting in the municipal account without the authorization of the municipal manager. The employees were found guilty.</p> <p>Ten employees were charged with misconduct, malicious damage to property, and violent behaviour.</p> <p>The suspensions of senior management members, including the Chief Financial Officer, the Director of Corporate Services, and the acting Municipal Manager and PMU Manager, resulted in instability and a lack of accountability.</p> <p>Manager for water services on prolonged sick leave</p> <p>The ethical behaviour of employees and the code of conduct were not efficiently managed.</p> <p>Dereliction of duty by Managers and employees.</p> <p>Sporadic incidents of crime were also reported in DLM (e.g., holding people hostage, riots, kidnappings, etc.) No municipality can function in a chaotic and unsafe environment.</p>	<p>Provide the detailed sanctions for the three employees charged with operating the municipal bank account</p> <p>Provide detailed sanction on employees charged with malicious damage to property</p> <p>Provide letters of intention to suspend and reasons why matters have not been resolved to date.</p> <p>Implement the sick leave policy and its conditions</p> <p>Provide a team-building session for all managers</p>	<p>Enforce code of conduct</p> <p>Finalise all DC cases by March 2026</p> <p>Finalise all DC cases March 2026</p> <p>Finalise all DC cases March 2026</p> <p>Provide training on ethical standards and value-based change management intervention to all employees</p> <p>Conduct an employee utilization survey and manage employee performance</p> <p>Identify elements of criminality and enforce the code of conduct</p>
Consequence management	<p>There is a general disregard for compliance with key legislation, with no consequences for transgressions.</p> <p>No updated consequence management policies.</p>	Enforce consequence management	Review and update consequence management by March 2026
Performance management	The municipality lacks approved internal policies and procedures to manage the collection, recording, processing, monitoring, and	Develop SOP for the implementation of the performance management framework	Training all managers on the management of performance



FOCUS AREA	KEY FINDINGS	PROPOSED RESCUE PHASE ACTIVITIES:	PROPOSED STABILISATION PHASE ACTIVITIES:
	<p>reporting of performance information.</p> <p>The majority of the indicators are not well-defined, and inconsistencies between the SDBIP and APP limit the testing of the reliability of the performance indicators and their related targets.</p> <p>The lack of effective records management has been the primary cause of the repeated disclaimers of opinions on performance information issued by the AGSA over the past three consecutive financial years.</p> <p>PMS is not cascaded to staff below S56/57 managers.</p>		<p>Review all indicators to be consistent with the IDP and the APP</p> <p>Develop SOP for recording performance information and align it through the information management system</p> <p>Cascade PMS to all employees by June 2026</p>
HR strategy	The Municipality does not have an approved HR Strategy to support its operations.	Identify value drivers for HR strategy 2026-2030	Develop an HR strategy that can respond to key issues identified in the FRP and the IDP
Key HR policies	<p>The municipality fails to properly implement approved Policies.</p> <p>The municipality is in contravention of the Occupational Health and Safety Act, as most of its buildings are not conducive to a productive organisation.</p> <p>The Department of Labour has already issued a contravention notice to the site offices of the municipality</p>	<p>Develop SOP for the implementation of Policies</p> <p>Conduct a compliance audit for all municipal buildings in terms of the OHS Act.</p>	<p>Repair and maintain all buildings in line with the OHSA building standards</p> <p>Appoint health and safety officials to build internal capacity and manage OHSA activities</p>
Skills and Competencies	<p>The municipality lacks skilled employees in critical operational functions within service delivery and corporate support.</p> <p>Lack of critical skills in Finance departments (procurement, AFS, Revenue management, and Expenditure management.</p> <p>Lack of Skills in all Technical services (Electricity, Water, Waste management, and Roads).</p> <p>No employee development plans.</p>	<p>Conduct skills gap analysis across the department as part of the Workplace Skills Plan across all functional areas.</p> <p>Request secondment of employees in technical areas from sector departments.</p> <p>Conduct a qualification audit of all employees</p>	<p>Conduct skills audit</p> <p>Training all employees in Finance on the minimum required competencies.</p>



FOCUS AREA	KEY FINDINGS	PROPOSED RESCUE PHASE ACTIVITIES:	PROPOSED STABILISATION PHASE ACTIVITIES:
	<p>CoGTA conducted a qualification and skills audit; however, it did not include all employees.</p> <p>The Skills Development plan has been approved and submitted to the SETA</p>		
Change Management	<p>The municipality lacks internal capacity to manage change.</p> <p>The psychological effect of non-payment of salaries has affected employee morale and trust.</p> <p>The 3rd-party payment areas have created an unfavourable environment for employee relations.</p> <p>Unethical behaviour observed through employee grievances</p> <p>Politicised administration.</p> <p>Employee personal differences compromise professional relationships.</p> <p>The culture in DLM is not conducive to creating an effective and efficient municipality. Impunity, disregard for legislation, rules, processes, etc, have been raised as concerns</p>	<p>Establish an open communication with all employees on the challenges experienced by the municipality in the payment of salaries</p> <p>Inform employees of the implications for 3rd part payment areas</p> <p>Depoliticize the administration</p> <p>Define the expectation of the new culture, values, and ethical behavior</p>	<p>Conduct an employee satisfaction survey through CoGTA assistance</p> <p>Cultivate a culture that determines the values and cultural ethos for the municipality and enforces them.</p> <p>Conduct team-building sessions to ensure employee cohesion</p> <p>Enforce and reward the new culture to ensure sustainability</p>
Records Management	<p>The municipality lacks a proper system to ensure the safekeeping of documentation that supports its financial statements and annual performance report.</p> <p>There is no record management policy, system, or procedure.</p> <p>Document management is lacking across all departments.</p> <p>Employees' records and system exist, but are not updated.</p> <p>The employee leave records management system is dysfunctional (manual forms</p>	<p>Develop the record management policy and file plan</p> <p>Establish the SOP for record management</p> <p>Establish the SOP for record management</p> <p>Establish employee records management SOP.</p> <p>Optimize the electronic leave records management</p> <p>Enforce leave management policy</p>	<p>Conduct a comprehensive leave audit</p>



FOCUS AREA	KEY FINDINGS	PROPOSED RESCUE PHASE	ACTIVITIES: STABILISATION PHASE
	<p>are transferred into the system).</p> <p>The leave management policy is not being adhered to in some departments.</p> <p>Leave audit not done.</p> <p>The SAGE Electronic System is operational, but not optimised by the municipality.</p>		

9. BUDGET PARAMETERS, REVENUE RAISING MEASURES AND FINANCIAL TEARGETS

Table 8: Budget Parameters

NO	PERFORMANCE AREA	ASSUMPTION/ BUDGET PARAMETER	2025/26FY BUDGET TARGET	2026/27FY BUDGET TARGET	2027/28FY BUDGET TARGET
1	Property Rates Targets	<p>Revenue Management Value Chain efficiencies</p> <p>Valuation roll reconciled with billing system monthly and variances corrected</p> <p>Property valuation disputes resolved</p> <p>Ensure accuracy of tariffs loaded on the financial system</p>	<p>Valuation Roll reconciled with Billing System + 2 per cent</p> <p>Calculated tariff for CPIX (3,5 per cent) adjustment</p> <p>Growth = 0,5 per cent (adjusted with poverty and unemployment Index)</p> <p>Collection Rate: 90 per cent (Jan-June 2026)</p>	<p>2025/26 Budget + CPIX (4,2 per cent) +growth (0,5 per cent)</p> <p>Collection Rate: 93 per cent</p>	<p>2026/27 Budget + CPIX (4 per cent) +growth (0,5 per cent)</p> <p>Collection Rate: 95 per cent</p>
2	Service Charges Targets	<p>Revenue Management Value Chain efficiencies in line with FRP Implementation Plan</p> <p>NERSA Increase Forecast</p> <p>Participation in NT Metering Programme (2026/27), subject to approval</p>	<p>2024/25 Actual + Growth (0,5 per cent) + NERSA Forecast (12.74 per cent)</p> <p>800% increase in billed water meters (18,101 vs 444 currently billed)</p> <p>CPIX: 3,5 per cent</p>	<p>2025/26 + Growth (0,5 per cent) (in accordance with consumer demand and revised tariff structure and levels) + NERSA Forecast (8.76 per cent)</p> <p>CPIX: 4,2 per cent</p> <p>5% additional increase in trading</p>	<p>2026/27 + Growth (0,5 per cent) (in accordance with consumer demand and revised tariff structure and levels) + NERSA Forecast (8.83 per cent)</p> <p>CPIX: 4 per cent</p> <p>8% additional increase in trading</p>



NO	PERFORMANCE AREA	ASSUMPTION/ BUDGET PARAMETER	2025/26FY BUDGET TARGET	2026/27FY BUDGET TARGET	2027/28FY BUDGET TARGET
			2% additional increase from: <ul style="list-style-type: none"> Improved metering/ Reduced losses Improved data integrity and billing Improvement in controls leading to decreased illegal connections. 	revenue due to improved billing <ul style="list-style-type: none"> 3% increase from: <ul style="list-style-type: none"> Improved metering/ Reduced losses Improved data integrity and billing Improvement in controls leading to decreased illegal connections Phasing in of cost-reflective tariffs. 	revenue due to improved billing <ul style="list-style-type: none"> 4% increase from: <ul style="list-style-type: none"> Improved metering Improved data integrity and billing Improvement in controls leading to decreased illegal connections Phasing in of cost-reflective tariffs.
3	Unbilled consumption	Baseline: Calculated water and electricity balance breakdown per FRP Phase 1 activity	5% reduction in unbilled consumption	5% reduction in unbilled consumption	5% reduction in unbilled consumption
4	Bulk purchases	Improved efficiencies in line with FRP Implementation Plan	10% reduction in water/ electricity losses through improved metering and decreasing illegal connections	2025/25 + NERSA increase (8.76 per cent) + Growth (0,5 per cent) - 5% reduction in water/ electricity losses through improved metering and decreasing illegal connections.	2023/24 + NERSA increase (8.83 per cent) + Growth (0,5 per cent) - 5% reduction in water/ electricity losses through improved metering and decreasing illegal connections.
5	Operating Expenditure Targets	<p>Financial discipline to stay within FRP targeted expenditure</p> <p>Cost Containment Policy with set saving targets approved and implemented</p> <p>FRP Targeted expenditure management efficiencies achieved</p> <p>Data cleansing of Payroll</p> <p>Moratorium on increases 2026/27 and</p>	<p>Employee Cost: <45 per cent of OPEX (10 per cent reduction). 25 per cent reduction in overtime 92,5% on total REM).</p> <p>Councillor REM: Per Gazetted maximums, subject to FRP Progress.</p> <p>Depreciation: 100 per cent per GRAP 17 Standard.</p> <p>Debt Impairment: 100</p>	<p>Employee Cost: <43 per cent of OPEX (10 per cent reduction)</p> <p>Councillor REM: 100 per cent per Gazetted maximums, subject to FRP Progress</p> <p>Depreciation: 100 per cent per GRAP 17 Standard</p> <p>Debt Impairment: 100 per cent of billed revenue minus realistic Collection Rate</p>	<p>Employee Cost: <40 per cent of OPEX (10 per cent reduction)</p> <p>Councillor REM: 100 per cent per Gazetted maximums, subject to FRP Progress</p> <p>Depreciation: 100 per cent per GRAP 17 Standard</p> <p>Debt Impairment: 100 per cent of billed revenue minus</p>



NO	PERFORMANCE AREA	ASSUMPTION/ BUDGET PARAMETER	2025/26FY BUDGET TARGET	2026/27FY BUDGET TARGET	2027/28FY BUDGET TARGET
		2027,28, subject to revision annually (saving used towards 3 rd party arrears)	per cent of billed revenue minus realistic Collection Rate Contracted Services – Norm 2-5 per cent of OPEX: <6,5 per cent Other expenditure: CPI increase (3 per cent) + Growth (0,5 per cent) +5 per cent reduction from cost containment measures	Contracted Services – Norm 2-5 per cent of OPEX: <5,5 per cent Other expenditure: CPI increase (3 per cent) + Growth (0,5 per cent) – 4 per cent reduction from cost containment measures	realistic Collection Rate Contracted Services – Norm 2-5 per cent of OPEX: <5 per cent Other expenditure: CPI increase (3 per cent) + Growth (0,5 per cent) – 4 per cent reduction from cost containment measures
6	Cash/ Bank Balances	Baseline: Cash Coverage - 1 Month Current – 0.60 (Norm = 1.5-2:1) NCR authorize all transactions within framework of strict internal controls and compliance	Targeted ratios: • Cash Coverage: 0 Months • Current Ratio: 0.7:1	Targeted ratios: • Cash Coverage: 0,5 Months • Current Ratio: 1.0:1	Targeted ratios: • Cash Coverage: 1 Months • Current Ratio: 1.5:1
7	Consumer debtor's collection rate	Adherence to approved Budget Baseline = 44 per cent	60 per cent	70 per cent	80 per cent
8	Government debtor's payment plan	Adherence to payment plans	100 per cent of payment arrangement	100 per cent of payment arrangement	100 per cent of payment arrangement
9	Creditor's payment plan	Adherence to payment plans	100 per cent of payment arrangement	100 per cent of payment arrangement	100 per cent of payment arrangement
10	Ring-fencing of Conditional Grants	Adherence to SOPs 100 per cent Cash-backed All bank accounts and sub-account balances reported on monthly	100 per cent	100 per cent	100 per cent
11	Repair and Maintenance Budget allocation	National Treasury Norm = 8% of OPEX Baseline = 0 per cent	2 per cent of OPEX	3 per cent of OPEX	4 per cent of OPEX
12	Cost-containment	Cost Containment Policy in line with 2019 NT Regulation approved and implemented.	Maintain savings from 2025/26 BFP and ensure full compliance with	Maintain savings from 2026/27 BFP and ensure full compliance with	Maintain savings from 2027/28 BFP and ensure full compliance with



NO	PERFORMANCE AREA	ASSUMPTION/ BUDGET PARAMETER	2025/26FY BUDGET TARGET	2026/27FY BUDGET TARGET	2027/28FY BUDGET TARGET
			regulations + further savings	regulations + further savings	regulations + further savings
13	Rental Income: Investment Property	Reconciled records Market related lease agreements	+ 100 per cent	+100 per cent	+100 per cent

Scenario 1: Water Function Status Quo

A financial forecasting model has been used to set financial targets for the Ditsobotla LM FRP over the MTREF period. The financial model escalation formulas considered the defined budget parameters and the following external factors over the MTREF period:

- **CPIX** – 3 per cent over the 2025/26 MTREF Period
- **Local growth** – 0,5 per cent per annum (adjusted for poverty and unemployment)

Grounded on adherence to the above budget parameters, it is anticipated that the municipality will progressively move towards a position of improved financial sustainability over the 4-year period as illustrated in the table below. If key operational efficiencies are achieved in line with FRP Implementation Plan, it could be expected that the projected cash shortfall of R2,1 billion at the end of the 2024/25 Financial Year will reduce to a cash shortfall of R1,9 billion at the end of the 2024/25 Financial Year, whereafter the cash position will likely improve to a cash shortfall of R1,8 billion at the end of the 2027/28 Financial Year, and a cash shortfall of R1,6 billion at the end of the 2028/29 Financial Year. The net cash position should improve to levels sufficient to boost the cash coverage ratio over the MTREF period. Any surplus cash, over and above the required levels, should also be prioritised towards payment of outstanding creditors' balances. An improved appetite to pay creditors will enhance the public perception and re-establish supplier confidence in the municipality. If these positive trends could be achieved and sustained, it could realistically be expected that it will take the municipality a period of 8 - 10 years to move to a fully cash-backed funding position.

The forecasting model is flexible, and figures will be adjusted annually to align with the revised FRP activities and facilitate sustained financial health improvement. The municipality's adherence to the Financial Recovery Plan will be monitored in terms of its achievement of the targets for revenue and expenditure set out in the financial forecasting model.

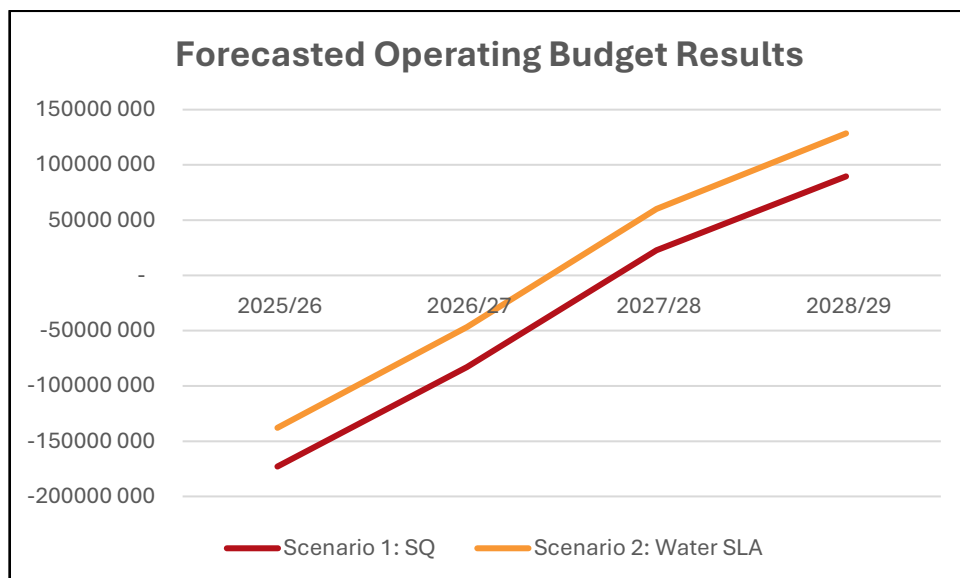
Scenario 1: Water Function SLA Implemented

The municipality has entered into an MOU with the Ngaka Modiri District municipality on the provision of water subsequent to the High Court judgement which ordered that the water supply in the area of jurisdiction of the local municipality be taken over by the District municipality. Conspicuously, the signed MOU does not address the issue of funding of the 128 staff members (technical and administrative) who were employed by the local municipality for the provision of water. It is also observed in the MOU that the responsibilities of the local municipality are in the main restricted to the provision of information related to the provision of water services. The FRP propose that a Technical Task Team be established (LM,



NMMDM, Magalies WB, SALGA, DWS, PT, CoGTA) to unpack the water function, and resolve all outstanding matters including the division of roles and responsibilities, transfer of staff and sharing of available revenue streams, to guide a formal Service Level Agreement.

It is estimated that the water function is currently operating at an annual average deficit of at least R 10 million. Freshly negotiated water service arrangements with NMMDM could have a progressive positive impact on the municipality's overall operating budget results as demonstrated in the graph below.



FINANCIAL FORECASTING MODEL FOR IMPLEMENTATION OF THE DITSOBOTLA LM FINANCIAL RECOVERY PLAN

**Table 9: Financial Targets**

BUDGET ITEM	2021/22 AFS AUDITED R'000	2022/23 AFS AUDITED R'000	2023/24 AUDITED R'000	2024/25 PRE- AUDIT R'000	APPROVED 2025/26 MTREF BUDGET R'000	FRP BASELINE 2024/25 R'000	TARGETS: 2025/26 MTREF BUDGET R'000	TARGETS: 2026/27 MTREF BUDGET R'000	TARGETS: 2027/28 MTREF BUDGET R'000	TARGETS: 2028/29 MTREF BUDGET R'000
REVENUE										
Property rates	72 542	77 442	83 203	88 630	92 750	88 630	93 948	98 363	102 790	107 415
Service charges - electricity revenue	88 250	92 342	93 170	116 523	134 690	116 523	133 995	158 121	174 234	191 989
Service charges - water revenue	45 948	25 601	2 421	10 680	13 943	10 680	92 702	104 807	122 624	143 470
Service charges - sanitation revenue	19 909	24 629	22 047	20 863	23 949	20 863	22 133	25 023	29 277	34 254
Service charges - refuse revenue	19 770	18 169	8 504	18 703	20 536	18 703	19 745	21 294	22 700	24 198
Rental of facilities and equipment	300	412	423	482	4	482	964	1 928	3 856	7 712
Interest earned - external investments	539	630	891	402	272	402	500	600	700	700
Interest earned - outstanding debtors	-	-	-	-	1 200	25 000	25 875	26 962	28 040	29 162
Fines, penalties and forfeits	2 105	906	1	-	88	100	200	400	600	600
Licences and permits	8 930	2 102	2 078	2 181	6	2 181	3 000	4 000	5 000	5 000
Agency services	3 038	-	7 969	7 496	2 500	7 496	7 500	7 500	7 500	7 500
Public Contributions	-	-	-	22	-	-	-	-	-	-
Transfers and subsidies - Operational	146 821	163 413	200 754	213 209	194 595	213 209	194 595	193 426	204 264	212 435
Other revenue	185 765	34 935	20 033	774	403 577	20 000	22 770	26 174	29 943	34 255
Total Operational Revenue	593,917	440,581	441,494	479,965	888,110	524,269	617,927	668,598	731,527	798,689
EXPENDITURE										
Employee related costs	271 545	293 542	336 469,0	328 662	300 000	328 662	303 191	282 422	264 347	247 429
Remuneration of councillors	15 476	13 259	17 443,0	17 053	18 000	17 053	17 650	18 391	19 127	19 892
Debt impairment	752 856	253 461	-	-	53 000	-	145 009	122 282	90 325	100 265
Depreciation & asset impairment	38 265	40 106	74 164,0	33 818	32 000	33 818	35 000	32 000	31 000	29 000
Finance charges	38 461	63 987	26 785,0	29 907	-	29 907	29 907	31 163	32 410	33 706
Bulk purchases - electricity/ Inventory	188 318	164 273	213 596,0	212 808	203 000	212 808	215 928	223 101	230 661	238 477
Lease rental/son operating leases	400	15 086	260,0	10 266	-	10 266	10 266	9 000	8 500	8 500
Contracted services	30 400	17 424	10 863,0	46 355	27 600	27 600	24 288	24 045	23 805	23 567
Other expenditure	76 783	4 707	5 477,0	10 141	2 000	10 141	9 634	9 152	8 695	8 260
Total Operational Expenditure	1 412 504	865 845	685 057	689 010	635 600	670 255	790 873	751 557	708 868	709 095
Surplus/ (Deficit)	- 818 587	- 425 264	- 243 563	- 209 045	252 510	- 145 986	- 172 945	- 82 959	22 659	89 594
SCHEDULE A8:										
Cash and Investments available										
Cash Equivalents at year end	15,919	9,697	8,470	3,392	- 174 592	-	(67,387)	(104,136)	(79,734)	1,058
Total	15 919	9 697	8,470	3,392	- 174 592	-	- 67 387	- 104 136	- 79 734	1 058
Application of Cash and Investments										
Unspent Conditional Grants	(32,931)	(74,821)	(62,007)	(62,007)	(4,797)	-	(60,000)	(40,000)	(20,000)	-
Working Capital Requirements (Debtors minus creditors)	(1 193,763)	(1 134,040)	(1 976,959)	(2 004,199)	(460,033)	-	(2 147,854)	(1 926,132)	(1 713,519)	(1 522,167)
Other provisions	(15,123)	(57,341)	(101,250)	(105,695)	-	-	(105,695)	(110,134)	(114,540)	(114,540)
Total	- 1 241 817	- 1 266 202	- 2 140 216	- 2 171 901	- 464 830	-	- 2 313 549	- 2 076 266	- 1 848 058	- 1 636 707
Surplus/ (Shortfall)	- 1 225 898	- 1 256 505	- 2 131 746	- 2 168 509	- 639 422	-	- 2 380 936	- 2 180 402	- 1 927 792	- 1 635 648

10. MONTHLY REPORTING ON ACHIEVEMENT OF TARGETS

As was outlined in the preceding sections this Mandatory FRP will be subject to oversight by an Oversight and Monitoring Committee which will report directly to the Ministers of CoGTA and Finance. Thus, the Oversight Committee will direct the intervention, monitor progress and unblock any challenges that may hinder the success of this intervention. Consequently, the reporting and oversight measures recommended in this Mandatory FRP shall be deemed mandatory, thus necessitating strict adherence to the prescribed approach.

- The NCR must submit Monthly Progress Reports to Minister of Finance, NT MFRS, the Municipal Council, and the Oversight and Monitoring Committee. In this function, the Municipal Manager must:
 - Conduct necessary quality assurance processes to verify performance.
 - Confirms/certifies that decisions of the Council/EM/Mayor are consistent with the Mandatory FRP.
 - Maintains a record of decisions on Mandatory FRP implementation.



- The Oversight and Monitoring Committee must conduct quarterly reviews on the effectiveness of the Mandatory FRP and whether the root causes are being progressively addressed;
- The NCR must submit a Portfolio of Evidence for claimed performance on a quarterly basis to NT MFRS and DCoG for review;
- The Municipal Manager and heads of the directorate must sign individual performance scorecards/agreements for each financial year that incorporates the Mandatory FRP;
- The SDBIP and IDP and 'Strategic Plan' must be revised for alignment with the Mandatory FRP;
- All monthly Mandatory FRP Progress Reports must be tabled and discussed in monthly Top Management meetings;
- No decision (Executive, Legislative or Administrative) should be approved by the NCR, Council, Executive Mayor and Accounting Officer that contravenes or defeats the Mandatory FRP and its objectives;
- The Municipal Manager must assign an official in his office to coordinate implementation and reporting to the NCR and the intervention support team on the Mandatory FRP; and
- The NCR must sign off all Mandatory FRP implementation progress reports before submission to Minister of Finance, Executive Committee, Council, NT MFRS and Oversight and Monitoring Committee.

A schedule of reporting and meetings is provided in Table 12.

Table 10: Reporting Timelines

No.	Report for month OF	Report due from municipality ON	Report considered by War Room ON	Considered by Political Oversight Committee
1	January 2026	12 February 2026	17 February 2026	24 February 2026
2	February 2026	12 March 2026	17 March 2026	24 March 2026
3	March 2026	12 April 2026	17 April 2026	24 April 2026
4	April 2026	12 May 2026	17 May 2026	24 May 2026
5	May 2026	12 June 2026	17 June 2026	24 June 2026
6	June 2026	12 July 2026	17 July 2026	24 July 2026
7	July 2026	12 August 2026	17 August 2026	24 August 2026
8	August 2026	12 September 2026	17 September 2026	24 September 2026
9	September 2026	12 October 2026	17 October 2026	24 October 2026
10	October 2026	12 November 2026	17 November 2026	24 November 2026
11	November 2026	12 December 2026	17 December 2026	24 December 2026
12	December 2026	12 January 2027	17 January 2027	24 January 2027
13	January 2027	12 February 2027	17 February 2027	24 February 2027
14	February 2027	12 March 2027	17 March 2027	24 March 2027
15	March 2027	12 April 2027	17 April 2027	24 April 2027
16	April 2027	12 May 2027	17 May 2027	24 May 2027
17	May 2027	12 June 2027	17 June 2027	24 June 2027

11. STAKEHOLDER IMPLEMENTATION SUPPORT

Table 11: Stakeholder Support

ENTITY	SUPPORT
CoGTA	<ul style="list-style-type: none"> • Deployment of NCR and Support Team • Deployment of Financial Expert • General FRP implementation support
National Treasury	<ul style="list-style-type: none"> • NT Tariff Assessment Tool • Deployment of Financial Expert • MFIP Advisors: Revenue and Budget Management, mSCOA, Asset Management, SCM, PAAP, BTO Advise • VR Reconciliation Tool • Application: Metering Programme
Provincial Treasury	<ul style="list-style-type: none"> • S54 Support • MFMA Compliance, Monitoring and Oversight • MTREF Budget Assessments • Contract Management Framework • Member: Water Service Task Team
Provincial CoGTA	<ul style="list-style-type: none"> • Member: Water Service Task Team • Skills Gap Analysis
MISA	<ul style="list-style-type: none"> • Master Planning • Deployment of residential engineers • PMU Support • SDF Review
DWS	<ul style="list-style-type: none"> • Member: Water Service Task Team
SALGA	<ul style="list-style-type: none"> • Training on FRP preparation • System of delegations • Job Evaluation
DBSA	<ul style="list-style-type: none"> • Master Planning support
Eskom	<ul style="list-style-type: none"> • Eskom Capacity Support Program
NMMDM	<ul style="list-style-type: none"> • Member: Water Service Task Team
Magalies Water Board	<ul style="list-style-type: none"> • Member: Water Service Task Team

12. REPORTING FRAMEWORK: PROGRESS AGAINST TARGETS

The municipality must report monthly on each key activity included in the FRP implementation plan (annexure A). The implementation plan will be used as basis to develop a progress reporting dashboard with the following fields: *(example only for illustrative purposes)*

Table 12: Reporting Framework

PER FRP IMPLEMENTATION PLAN:	INFORMATION:
Phase	Financial Rescue



Pillar	Financial Management
Key Activity	Budget Management
Key Activity	<ul style="list-style-type: none"> • Develop a budget process plan, which will include consultation during each stage of the budget process (internally and externally). • Prepare and implement a credible Budget Funding Plan (BFP) for 2025/26 MTREF period. • Report BFP progress monthly against set financial targets. • PT budget assessment to verify compliance and funding status. • Compilation of a credible and cash-funded budget that incorporates realistic indigent figures. • Negotiate with local business for strategic partnering in infrastructure maintenance and development.
Problem Statement	Preparation and approval of unfunded budget.
Responsible	CFO and Budget Manager
Start Date	At the initiation of the rescue phase
End Date	During rescue phase
Key Performance Indicator	Approval of realistic and funded budget
Financial Target	A budget surplus of 20 million rands.
Progress Report by Municipality:	
Steps taken	
Progress made	
Financial impact recorded	
Other noteworthy developments	

13. CONCLUSION

The development of this Mandatory Financial Recovery Plan (FRP) is instituted in terms of section 139(5)(a) of the Constitution, read in conjunction with Chapter 13 of the MFMA, as a response to the historic and persistent financial, governance, service delivery and institutional challenges faced by the DLM over the past couple of years. These challenges have severely impacted the DLM's capacity to render service delivery and execute governance, financial management and institutional processes. Implementation of this Mandatory FRP aims to address these challenges and improve the overall functioning of the municipality.



A number of key success factors are crucial for the effective implementation of this Mandatory FRP. These include the following, among others:

- **Financial Reporting:** Accurate financial reporting, preparation and submitting of complete information to address disclaimer audit opinions.
- **Linking FRP Activities to Financial Outputs:** It is important to align FRP activities with key financial outcomes such as increasing revenue, budget management and reducing expenditure.
- **Mobilizing Resources:** Identifying and mobilizing the necessary human and financial resources, as well as clarifying the roles and responsibilities of relevant stakeholders, is critical for successful FRP implementation as outlined in Section 142 of the MFMA.
- **Alignment with Support Packages:** Ensuring that national and provincial Section 154 Support Packages align with the FRP will provide additional assistance in achieving the desired outcomes.
- **Performance Assurance:** It is important to address the assurance level of claimed performance against Mandatory FRP targets through effective monitoring and evaluation mechanisms.
- **Quarterly Monitoring:** Regular measurement of financial outcomes and progress against the FRP is crucial to ensure its success.
- **Consequence Management:** Mandatory FRP strategies should be aligned with the Performance Agreements of senior management. The MFMA provides for consequences in cases of non-compliance, and invoking Section 216(2) of the Constitution, which allows for the withholding of equitable share, can be considered if necessary.
- **Employee Costs:** Mandatory FRP strategies should be aligned with current critical skills requirements and an approved organogram.

By adhering to these key success factors, the DLM can effectively implement the FRP and work towards sustainable financial recovery, improved governance, and service delivery.

14. RECOMMENDATIONS

It is recommended that:

- The Ditsobotla LM Mandatory Financial Recovery Plan be approved for implementation in terms of Section 143(2) of the MFMA.
- The approved financial recovery plan be submitted to the municipality, Minister of COGTA, the Auditor-General and provincial SALGA.
- North West Provincial Support Package for Ditsobotla LM be aligned with the priorities as set out in Phase 1: Financial Rescue.
- An Oversight and Monitoring Committee be established to constitute a Technical War Room (together with NCR Team and senior officials) to direct and drive the intervention, monitor progress, provide written progress reports and unblock any political challenges that may hinder the success of this intervention.
- NCR drafts an internal and external communication plan to support effective communication throughout the intervention.



ANNEXURE A: FRP IMPLEMENTATION PLAN

The FRP Implementation Plan identified the root causes of the financial problems and provide for the strategies and accompanied corrective actions with set timeframes and responsibilities. The data fields are in compliance with the FRP criteria as set out in Section 142 of the MFMA).

ANNEXURE B: STATUS QUO ASSESSMENT REPORT

The Status Quo Analysis Report provides an outline of the identified key issues and their root causes, which formed the basis for the preparation of the strategic interventions under the FRP.