DEBT COLLECTION

STRATEGY

CREDIT CONTROL PERFORMANCE MGMT

KPA	OBJECTIVES	KPI	TARGETS	RESPONS.
CREDIT CONTROL	ENSURE EFFECTIVE CREDIT CONTROL MGMT	% INCREASE IN PAYMENTS	80%	MGR CREDIT CONTROL
DEBT MGMT	ENSURE MAXIMUM DEBT COLLECTION	% DECREASE OF DEBT	80% OF COLLECTABLE DEBT	MGR CREDIT CONTROL
CUSTOMER CARE	ENSURE EFFECTIVE CUSTOMER RELATIONS MANAGEMENT	DRASTIC REDUCTION IN CUSTOMER QUERIES	RESPONSE TIME	MGR BILLING AND MGR CC

OBJECTIVES

- TO ENSURE MAXIMUM DEBT COLLECTION
- TO INTRODUCE EFFICIENCIES IN THE UNIT.
- TO ENSURE EFFECTIVE CREDIT AND DEBT MANAGEMENT.
- RE ALIGN THE UNIT TO MEET NEW CHALLENGES.

CURRENT STATUS

- Reactive credit control approach
- No formal job descriptions
- Vacant positions
- Poor by-laws enforcement
- Personnel over stretched with non core functions
- Lack of effective monitoring of cut offs
- Lack of dedicated legal person in finance

Strategy Implementation

DIVIDE DEBTORS INTO CATEGORIES

* Government (low risk)

* Households (high risk)

* Businesses (medium risk)

* Others (post office, sec 21 schools etc) (medium risk)

AGE ANALYSIS

DEBTOR	AMOUNT	QTR 1	QTR 2	QTR 3	QTR 4
BUSINESS 0–30DAYS	33 875 949	75%	80%	85%	95%
BUSINESS 60–90 DAYS	9 354 570	60%	75%	85%	90%
BUSINESS 120 DAYS PLUS	167 836 782	40%	45%	55%	60%
RES 0–30 DAYS	75 227 946	70%	75%	80%	80%
RES 60–90 DAYS	52 229 044	55%	60%	68%	74%
RES 120DAYS PLUS	1 039 356 545	30%	35%	40%	45%

AGE ANALYSIS

DEBTOR	AMOUNT	QTR 1	QTR 2	QTR 3	QTR 4
GOV 0–30 DAYS	7 033 713	100%	100%	100%	100%
GOV 60–90 DAYS	2 297 517	100%	100%	100%	100%
GOV 120DAYS PLUS	15 402 587	100%	100%	100%	100%

DEBT CLEANSING

- Determine collectability through age analysis.
- Monthly provision of bad debts
- Divide debt per service to determine escalation drivers.
- Divide debt, billing, indigents reports per ward for planning and resource allocations

INTERNAL PROCESSES

- ▸ Revisit the credit control structure – Sept 2014
- ▸ Strengthen internal controls – Ongoing
- ▸ Finalize job descriptions – Sept 2014
- ▸ Recruitment of skilled personnel – Latest Aug 2014
- ▸ Training of staff on relevant legislations – Ongoing

Debt Collection Process

- 7 days before due date – send out notices to customers
- 14 days after due date – generate cut off lists
- 7 days after cut off – final letter of demand
- 7days after letter of demand – summons
- 5 days after summons – default judgment

- Arrangements done during process

ENABLERS

- BILLING
- INFRASTRUCTURE
- LAW ENFORCEMENT
- LEGAL SERVICES
- SERVICE PROVIDERS (ZMS, JAGERTECH, VISIBLE SPEED, CHABISTO)

Internal relations

▸ Billing section relations to ensure;

* Timely and correct billing

* Speedy resolutions of billing variances

*Credit controllers to monitor variances per portfolio

Internal relations

▸ Legal services personnel to;

* Assist in policy formulations

* Assist in interpretation of the acts

* Draft by-laws

* Contract management

Internal relations

▸ Law enforcement

    * Enforcement of by-laws
    * Prosecution of consumers by passing/tampering the infrastructure network

Internal relations

- Infrastructure :

    * Water and Electricity depts for execution of disconnections and reconnections.

- Housing Dept
    - Accurate record keeping of allocated municipal sites

WORK IN PROGRESS

- Re allocation of portfolios to credit controllers
- Indigent, debt and credit control policies completed, revision approved by council
- Finalizing capturing of indigent registration forms
- Irrecoverable debt analysis

STRENGTH

- Committed staff members
- Qualified manager
- Fully equipped work stations
- User friendly financial system

WEAKNESSES

- Under qualified staff members
- Temporary staff members
- Vacant positions
- Insufficient training for staff
- No appraisal system
- Lack of office space

OPPORTUNITIES

- Employees encouraged to further their studies
- Availability of tools of trades
- Work related workshops conducted
- Organo-gram in place

THREATS

- Qualified employees on temporary position might leave work anytime
- Serious errors can be made easily