

SARPA's ROADMAP TO GUIDING AFRICAN UTILITIES TO REDUCE REVENUE LOSSES

**South African Revenue
Protection Association**

**SARPA CONVENTION
Gallagher Estate**

29 July 2010



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GOAL OF WORKGROUP



REASON FOR REVISION

- 1) To include issues that were not addressed eg credit control and meter management
- 2) Simplifying the process - to enable new RP managers to easily use the information
- 3) Revising the wording to emphasize that it is only a guideline!
- 4) Identifying other operational issues that have not been addressed in past revisions



LESSONS LEARNED

- 1) Some of the issues identified were far too complex to include into such a document
- 2) Detailed discussions regarding certain aspects would have delayed the completion of the process
- 3) It was clear we would have to identify another process to address these issues effectively
- 4) Many Municipalities do not have the knowledge or the skills to address such issues

MOST IMPORTANT REQUIREMENTS

1) Revenue loss management forums

- different role-players / Departments

2) Procedure for handling RP projects

- General jobdescriptions (KPI's and KPA's)
- RP process diagram in flow-chart method
- Investigations (do's and don't's)
- Remedial actions (when and how)
- Legal framework (keeping in line with the law)

CUSTOMER INTERACTION



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Prepared by Community Life Projects

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UMKHANDLU WOGUQUKO
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MASAKHANE



CUSTOMER INTERACTION FOCUS POINTS

- 1) Convenience to customer (to interact or pay)
- 2) Special attention for Key customers
(commercial / industrial customers)
- 3) Service contract (terms and conditions)
- 4) Community education (taking ownership)
- 5) Different types of customers needs
(needs different approaches)



HUMAN RESOURCE MANAGEMENT PROCESSES

- 1) Link between revenue protection and credit control departments are very important.
- 2) Human resources management indicators
(Defined characteristics of RP auditor,
RP Operator and Credit control personnel)
- 3) Responsibilities of the RP manager
- 4) Outsourcing of revenue protection services



INFORMATION SHARING

- 1) Guideline on how to share information regarding**
 - New technology
 - Metering and data systems
- 2) Safety measures updates**
 - authorization and refresher training
- 3) Training information**
 - Cooperation between training centres

REVENUE RISK MANAGEMENT PROCESS



PROCESSES



METER MANAGEMENT

- 1) How to identify revenue losses through energy balancing
- 2) Meter installation and commissioning
- 3) Meter identification, testing and calibration
- 4) Access to metering equipment
- 5) Meter inspection - how often and in what format



DATA MANAGEMENT

- 1) Data analysis and interrogation
- 2) Exception reports
- 3) Inactive debtors
- 4) Factors causing incorrect consumption statistics
- 5) Unallocated payments
- 6) Active debtors
- 7) Revenue protection database



OPERATIONAL PROCESSES

- 1) Audit processes
 - Explanation of the different models available
- 2) New installations
 - Steps to be taken to prevent fraud/tampering
- 3) Tampering
 - Steps to be taken to prevent tampering



CREDIT CONTROL

- ☐ Billing and credit control
- ☐ Access to obtain readings
- ☐ Regular follow-up of non-payment
- ☐ Arrears debt arrangement
- ☐ Control procedures
- ☐ Information gathering process
- ☐ The clean-up process
- ☐ Ghost vending



GENERAL ISSUES

- 1) Disconnection of Illegal connections and unsafe leads
- 2) Supply disconnections / reconnections
- 3) Metering issues e.g.
 - Unallocated meters
 - Stolen meters
 - Ghost meters
 - Alien meters



ANNEXURES

- 1) Explanation of the different Audit processes
- 2) Revenue Protection definitions
- 3) Examples of typical audit forms
- 4) Important RP letters and notices
- 5) Code of Conduct for RP Contractors
- 6) Condition of service for RP operators
- 7) Minimum competencies of a RP operator
- 8) Example of an “Affidavit”
- 9) Schedule of connection fees and charges

SARPA REVENUE RECOVERY PROJECT



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QUESTIONS ASKED

- ❖ Should we start with a pilot site first?
- ❖ How to identify which Municipalities to target?
- ❖ How to obtain permission to access info?
- ❖ Will the responsible persons allow us access?
- ❖ How long will it take to complete the audit process?
- ❖ What should the size of the Task Team be?
- ❖ Would we need authority to operate on systems?
- ❖ How will we cover the cost?



CONCLUSIONS

- ✓ Yes, it is a good idea to start with a pilot site
- ✓ Get EDI Holdings and DBSA to Id the Utilities
- ✓ Interact with Executive members upfront
- ✓ Estimated time of first process 3-5 days
- ✓ Task Team be to consist of at least 4 persons
- ✓ Utilize “authorized persons” from the Utility
- ✓ Compile budget and approach DBSA for funds



IMPORTANT ISSUES

- 1) Obtain the support of AMEU, IMFO and SALGA
- 2) What skills do we need in the Task Team
- 3) Confidentiality issues would be important!
- 4) What would the scope of the team be?
- 5) Revisit - what would the time-span be?

Should we bring in “experts” to assist?



IDENTIFICATION PROCESS

- 1) “Step One” - Identify a pilot site
- 2) “Step Two” - Meeting with the Executive members
- 3) “Step Three” - SWOT analysis with senior managers
- 4) “Step Four” - Management gives “go ahead”

EDI Holdings would be approaching the Utilities



TASKS ANNALYSES

- ❑ Communicate with Executive members of some Municipalities which could be assisted
- ❑ Approach several important role-players to obtain guidance on what processes to follow
- ❑ Identify possible Task Team Members
- ❑ Members to obtain permission to participate from their own Utilities
- ❑ Send out notifications / invitations to members



METHODS OF CALCULATING LOSSES

- ❑ Identify target areas of revenue loss
- ❑ Compile revenue audit report
- ❑ Determine the way information is captured

Big money lost never to be recovered

- ❑ Don't know what composition of losses are
- ❑ Can't establish the extent of lost revenue
- ❑ Inadequate processes for early identification



COMMUNICATION AND INTEGRATION

- ❑ Lack of sharing knowledge across departments
- ❑ Lack of communication within departments
- ❑ Need for integration re Technical / Financial billing and metering issues
- ❑ Team effort – not clear internally who does what?



ONE OF THE MOST DANGEROUS
THINGS IN LIFE IS:-

IF PEOPLE

DON'T KNOW - THAT THEY DON'T KNOW!

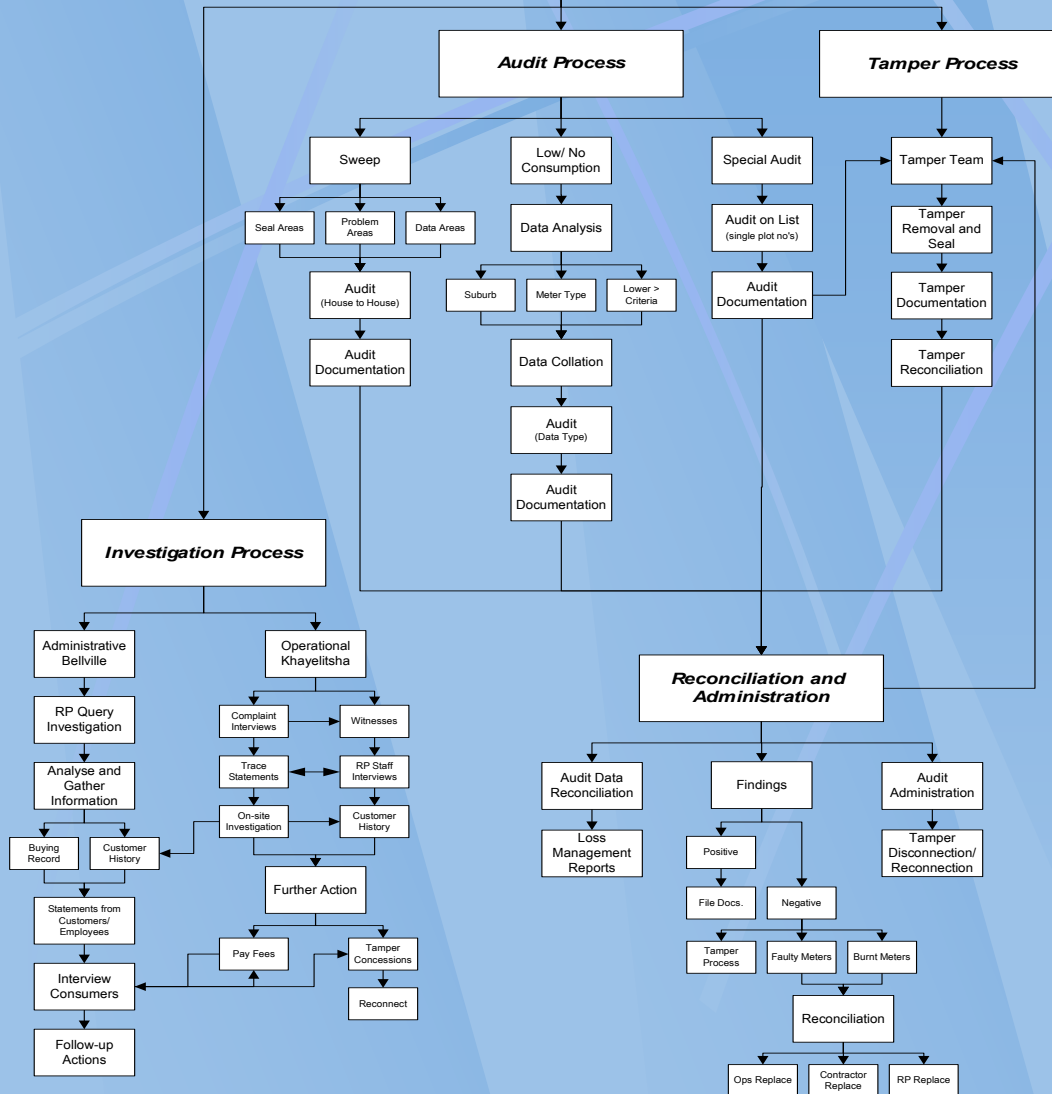
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Revenue Protection Model

Audit Process

Tamper Process

PROCESSES



- ❑ Processes needed for different situations
- ❑ Primary and Secondary measures to be identified
- ❑ Managing outstanding debt
- ❑ Have effective disconnecting method

We need ways to detect meter failures early!!!!



LAW ASPECTS

- ☐ **Get the basics right**
 - bylaws and generating of loss reports
- ☐ **Application of laws**
 - internally - take swift actions
 - externally - meter stays Council property
- ☐ **Legal boundaries**
 - everyone to be aware of the consequences

NOTE:- Meter tamperers are expanding across the country
- Syndicates operating because of slack laws



SHOWING THE WAY



PERSONNEL MANAGEMENT

- ❑ Most Municipalities do not know where should the function of revenue protection be placed
 - dedicated Revenue teams are the most effective
 - independence of the RP unit is very crucial
- ❑ Management need to understand processes and
 - verify what is been done on a day to day basis
 - inadequate KPI's, measurement and reporting
- ❑ Poor culture of meter management by technicians
 - **the enemy within** (tampering/installation mistakes)



PERSONNEL GUIDANCE

- ☐ Simple guidelines needs to be developed to mentor “**incompetent personnel**”
- ☐ Structure to do the job are very necessary
 - no job descriptions in place
- ☐ Officials do not understand problems
 - lack of action to do anything
- ☐ **Hung councils**
 - Officials dont know what actions would be appropriate and internal actions differ



SKILLS MANAGEMENT

- ❑ Roll-out of Revenue Loss Forums are important
 - combine different skill levels around one table
 - Supplies the skills to **tackle the “Big fish”**

Customer Service Departments do not have the technical ability and financial knowledge to interact with customers

- ❑ Need dedicated knowledgeable resources
 - to verify accounts
 - to perform customer interaction re problems



GENERAL ISSUES

- 1) Need to identify the causes of losses and treat it effectively – **just fixing achieves nothing!**
- 2) Need capacity and the ability to investigate and take action internally and externally
- 3) Independent investigation needed to determine root causes and take quick action
- 4) Identify where gaps exist and close them
- 5) Power / strength lies in taking firm actions

The consequence of “doing nothing” needs to be understood



WINNER!!!

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THANK YOU