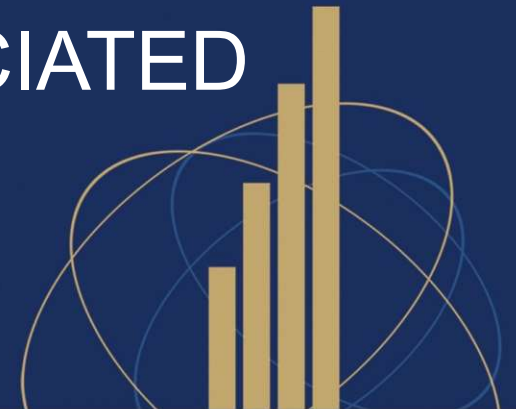




TOPIC: MANAGING RISKS ASSOCIATED WITH BILLING

SUB TOPIC: Protecting Revenue and Reputation



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THE IMPORTANCE OF LEGISLATIVE FRAMEWORK

RISK MANAGEMENT MANDATE

Section 62 of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and **RISK MANAGEMENT** and internal control.

King IV report on Corporate Governance also reflects on risk management as an integral part of strategic and operational activities; and it therefore became necessary in order to improve corporate governance in the municipality. The approved Enterprise Risk Management Framework should address the requirements of the King IV Code.



DEFINING ENTERPRISE RISK MANAGEMENT (ERM)

*“... a **process**, effected by an **municipality’s council, management and other personnel**, applied in **strategy setting (IDP)** and **across the enterprise**, designed to **identify potential events** that may affect the entity, and **manage risks** to be within its risk appetite, to provide **reasonable assurance** regarding the **achievement** of entity objectives.”*

*Source: COSO Enterprise Risk Management – Integrated Framework.
2004.COSO*

It is a systematic process to identify, evaluate and address risks on continuous basis before such risk can impact negatively on the institution’s service delivery capacity.

Risk Management- Introduction



RISKS ASSOCIATED WITH BILLING

- **Inaccurate Billing:** incorrect charges, calculation errors, or outdated pricing
- **Revenue Leakage:** unbilled services, theft, or meter tampering
- **Non-Payment:** late or non-payment of bills by customers
- **Data Security Risks:** unauthorized access to customer data or billing systems
- **Compliance Risks:** non-compliance with regulatory requirements or industry standards

CONSEQUENCES OF BILLING RISKS

- **Financial Losses:** revenue leakage, non-payment, or inaccurate billing
- **Reputational Damage:** customer dissatisfaction, negative reviews, or loss of trust
- **Regulatory Penalties:** fines or penalties for non-compliance with regulatory requirements
- **Operational Inefficiencies:** manual errors, disputes, or delayed payments

RISK MITIGATION STRATEGIES

- **Automate Billing Processes:** reduce manual errors, improve accuracy, and enhance efficiency
- **Implement Robust Security Measures:** protect customer data, prevent unauthorized access, and ensure compliance
- **Conduct Regular Audits:** identify and address billing errors, revenue leakage, or compliance issues
- **Enhance Customer Communication:** clear billing statements, timely notifications, and responsive customer support
- **Provide Multiple Payment Options:** convenient payment methods, flexible payment plans, and online payment portals

BENEFITS OF EFFECTIVE BILLING RISK MANAGEMENT

- **Improved Revenue Accuracy:** reduced revenue leakage, accurate billing, and increased revenue collection
- **Enhanced Customer Satisfaction:** clear billing statements, responsive customer support, and convenient payment options
- **Reduced Financial Losses:** minimized non-payment, revenue leakage, or inaccurate billing
- **Compliance and Regulatory Adherence:** reduced risk of fines, penalties, or reputational damage

BEST PRACTICES FOR BILLING RISK MANAGEMENT

- **Regularly Review and Update Billing Processes:** ensure accuracy, efficiency, and compliance
- **Implement Strong Internal Controls:** prevent unauthorized access, ensure data security, and promote accountability
- **Provide Ongoing Training and Support:** ensure staff understand billing processes, security protocols, and customer service expectations
- **Monitor and Analyse Billing Data:** identify trends, detect issues, and optimize billing processes

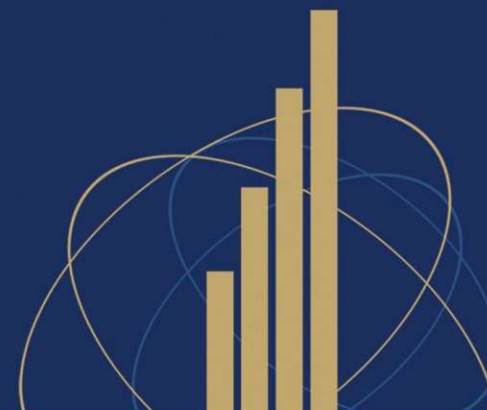
CONCLUSION

- Effective billing risk management is crucial for protecting revenue, reputation, and customer trust.
- By implementing robust risk mitigation strategies, municipalities can optimize billing processes, reduce financial losses, and improve customer satisfaction.





Thank You!



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