

MID-YEAR PERFORMANCE REPORT



UThukela District Municipality

Mid-Year Performance Report 2019/20

Prepared by:

*UThukela District Municipality
Performance Management
2019/2020*

Contents

| | |
|---|----|
| Introduction and Background | 2 |
| PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS | 5 |
| PERFORMANCE HIGHLIGHTS | 5 |
| SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN..... | 6 |
| THE ORGANISATIONAL SCORECARD- HIGH LEVEL | 7 |
| Service Delivery Budget and Implementation Plan (SDBIP) LOW LEVEL..... | 8 |
| Progress on the implementation of the Capital Programme 2019/2020 | 10 |
| Observations | 10 |
| Recommendations by the Accounting Officer | 12 |

Introduction and Background

Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the Mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the Council to consider Mid-Year Performance and what adjustments should be made, if necessary.

Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act. 56 of 2003) (hereinafter referred to as a MFMA), requires the accounting officer of a municipality on 25 January of each year to:-

- a) Assess the performance of the municipality during the first half of the financial year, and taking into account-
 - i) the monthly statements referred to in section 71 for the first half of the financial year;
 - ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in service delivery and budget implementation plan;
 - iii) the past year's annual report and progress on resolving problems identified in the annual report and
 - iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- b) submit a report on such assessment to-
 - i) The mayor of the municipality;
 - ii) The National Treasury; and
 - iii) The relevant provincial treasury.

The statement referred to in section 71 (1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.

(3) the accounting officer must, as part of the review-

- a) make recommendations as to whether an adjustments budget is necessary; and
- b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

On receipt of a report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must, in terms of Section 54. (1)-

- a) consider the statement or report;
- b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- c) consider and, if necessary make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustment budget;
- d) issue any appropriate instructions to the accounting officer to ensure-
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan and;
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;
- e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- f) in the case of a section 72 report, submit the report to the council by 31 January of each year .

PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

In order to improve on performance planning, implementation, reporting and measurement, the municipality will implement the following actions:

- Reduction in the number of KPI's that the Municipality is reporting on. The reduction on the number of KPIs will afforded the municipality an opportunity to focus on strategic issues which were well defined, outcome based and not operational in nature.
- The Municipality has a fully functional IDP/PMS Unit that is situated in the Office of the Municipal Manager and is tasked to coordinate the IDP and organisational performance management related processes. The unit will foster a clear working relationship with Senior and Middle Managers in each Department as the latter are departmental performance coordinators as well as the Internal Audit unit to ensure credibility of reported information.
- The Municipality is attempting during the development of the Organisational Scorecard as well as with the development of the SDBIP that the "SMART" principle is adhered to in the setting of indicators and objectives. Emphasis will be placed on ensuring that targets will be specific and time bound, thus making it measurable.
- The IDP was developed for 2017- 2021 and was reviewed during 2019/2020 financial year. The Organisational Scorecard in the IDP was revised during the 2018/ 2019 financial year in planning for the current financial year.
- The performance reporting system for the 1st Quarter has reviewed by the internal audit unit and based on the findings, the current organizational scorecard, the 2019- 2020 IDP, SDBIP as well as Performance Agreements and Plans will be reviewed and amended in line with the adjustment budget.

PERFORMANCE HIGHLIGHTS

UThukela District Municipality has voyaged through a remarkable journey of development and progress through our municipal turnaround strategy. Over the course of the past financial year, we have strived to meet the key performance areas as mandated for local government by the Minister of Cooperative Governance and Traditional Affairs.

Through the implementation of the Municipal Infrastructure Grant, UThukela has initiated a number of projects which include the Ntabamhlophe phase 13, Kwanobamba Ezitendeni Bulk Water Supply Scheme, Bergville Sanitation Project, Design Development for Umtshezi East Water Supply Scheme, Ennersdale- Ephangwini phase 3 and phase 4, Sewer Reticulation and Upgrade and Water Treatment works in various wards within a district vicinity. In ensuring that the municipality reduces the backlog in the provision of water, the Municipality has continued to provide yard connection in Ennersdale- Ephangwini phase 3 and phase 4. A notable achievement of Uthukela is the provision of water and sanitation. This enable the rural areas residents to have access to portable water.

Uthukela is proud to have a number of sanitation projects that are currently underway. Prior to the initiation of these projects, we were mindful that our municipality is situated within a deep rural areas, and as a result we explored options to modify the VIP latrine toilets we were constructing to ensure that they will be able to promote a human dignity.

Uthukela is poised in a location prone to natural disasters, and was seriously lacking in adequate disaster management facilities, the new Disaster Management Centre will benefit the residents of our municipality greatly and allow for swift responses to disasters as and when they occur. As a means of ensuring growth and development of our communities, the municipality continues with initiating of the second phase of the District Disaster Management Centre, a first of its kind for our municipality.

As we are moving forward, we have to overcome many challenges in this journey which includes low staff morale and financial status of the municipality. A skilled, progressive workforce, dedicated administrative leadership and high level of political oversight role is required.

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The organisational performance is evaluated by means of the Service Delivery and Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the

municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The SDBIP were prepared and approved by the Mayor on the 28 June 2019.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes

THE ORGANISATIONAL SCORECARD- HIGH LEVEL

The municipal scorecard consolidates service delivery targets set by Council/ Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the SDBIP include:

One-year detailed plan, but should include a three-year capital plan.

The necessary components include:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the table below is illustrated in terms of the following assessment methodology:

Service Delivery Budget and Implementation Plan (SDBIP) LOW LEVEL

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all HODs, whose performance is monitored through Section 71 monthly reports and evaluated through the annual report process. The SDBIP information on revenue is monitored and reported monthly by the Municipal Manager in terms of Section 71 (1) (a) and (e).

Budget and Treasury Department: The Budget and Treasury Department has shown challenges regarding meeting targets for outstanding payments, they have been financial constraints within the Municipality and Cost Containment Measures have been introduced

| Quarter 1 | | | Quarter 2 | | |
|----------------|-------------------------|-----------------------------|----------------|-------------------------|-----------------------------|
| No. of Targets | No. of Targets achieved | No. of Targets not achieved | No. of Targets | No. of Targets Achieved | No. of Targets Not achieved |
| 10 | 6 | 4 | 10 | 7 | 3 |

Corporate Services: There lot need to be done and key performance indicators and targets refinement will be done address poor reporting that impact on credibility and completeness of reported performance information. The Department has successfully employed all section 56 managers which was a challenge for the past year.

Implementation of the Workplace Skills plan was not executed as planned due to the delay in Supply Chain Processes. This Process will be fast tracked in the next quarter.

| Quarter 1 | | | Quarter 2 | | |
|----------------|-------------------------|-----------------------------|----------------|-------------------------|-----------------------------|
| No. of Targets | No. of Targets achieved | No. of Targets not achieved | No. of Targets | No. of Targets Achieved | No. of Targets Not achieved |
| 09 | 05 | 04 | 7 | 05 | 02 |

- **Social and Economic Development Services:** The department has also performed well in most key performance indicators and targets set:

| Quarter 1 | | | Quarter 2 | | |
|----------------|-------------------------|-----------------------------|----------------|-------------------------|-----------------------------|
| No. of Targets | No. of Targets achieved | No. of Targets not achieved | No. of Targets | No. of Targets Achieved | No. of Targets Not achieved |
| 8 | 8 | 8 | 8 | 7 | 1 |

- **Water, Sanitation and Technical Services:** As a municipal core function, much is needed to ensure that targets set in department are achieved. Monitoring and Evaluation of all planned project will facilitated to monitor progress made:

| Quarter 1 | | | Quarter 2 | | |
|----------------|-------------------------|-----------------------------|----------------|-------------------------|-----------------------------|
| No. of Targets | No. of Targets achieved | No. of Targets not achieved | No. of Targets | No. of Targets Achieved | No. of Targets Not achieved |
| 10 | 06 | 04 | 13 | 8 | 5 |

- **Municipal Heath Services and WSA:** The department has also performed well in both quarter one and quarter two of the financial year 2019/2020

| Quarter 1 | | | Quarter 2 | | |
|----------------|-------------------------|-----------------------------|----------------|-------------------------|-----------------------------|
| No. of Targets | No. of Targets achieved | No. of Targets not achieved | No. of Targets | No. of Targets Achieved | No. of Targets Not achieved |
| 11 | 11 | 00 | 11 | 11 | 00 |

General Comment: Not all the targets that are not met are still important in the service delivery and budget implementation. To achieve some, there is a need to adhere to the procurement plan and timeframes. There are major interventions required on targets not met by the departments as these targets will be amended in order to comply with SMART principles.

Progress on the implementation of the Capital Programme 2019/2020

A detailed capital status report highlighting the status of the capital programme for July to December 2018 is included in the year Budget Statement.

Summary of Past Year Annual Report and Progress on Resolving Problems Identified in the 2019/2020 Annual Audit Reports

In response to the issues raised on the 2018/2019 Annual Report, the municipality has captured all the issues with progress report in the Management Action Plan to the Auditor General. The Management Action Plan is being monitored through the Office of the Municipal Manager and Internal Auditor.

Observations

This Assessment is based on performance information.

The actual in respect of reportable indicators have been given in all targets, although most targets are still in progress for completion end June 2020.

A review will be undertaken on the performance reporting template (such as SDBIP) to ensure the development priorities and objectives in the IDP, SDBIP and Annual Performance Report are aligned. The IDP and PMS Managers will ensure that the development priorities listed in the IDP, SDBIP and APR are aligned.

The municipality's planned performance indicators and targets in the Service Delivery Budget Implementation Plan (SDBIP), and reported performance indicators and targets, in the Annual Performance Report (APR), are now consistent. Management will ensure that no changes are made to the planned and reported performance indicators and targets without approval from council. These changes can only be made during their adjustment budget process in January/February every year.

The filling of the critical vacant management positions seem to improve the performance monitoring process. Furthermore, more regular reporting, monitoring and review process will need to be practiced by the senior managers to ensure that targets set are realistic and attainable.

Performance on the capital program is dependent on the availability of funds (revenue and external funding), effectiveness of internal SCM process, and the internal human resource capacity

Recommendations by the Accounting Officer

- That the Mid-Year Performance Assessment submitted in terms of section 72 of Municipal Finance Management Act (Act 56 of 2003) be noted for onward submission to National and Provincial Treasury;
- That Departments to re-align the Mid-Year Review to Monthly Projections of expenditure on the Operational and Capital Budget based on the Mid-Year assessed SDBIP's;
- That SCM processes be improved to ensure effective implementation of the capital programmes,
- That the strategic objectives in IDP be rationalized further to inform the performance management process for the 2019/20 financial year.
- That revision on the SDBIP forming part of the Mid-Year Assessments be approved, and Performance Agreements of section 54/56 employees be amended accordingly.