

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT



UThukela District Municipality

**Mid-Year Budget and Performance Assessment
Report 2018/19**

Prepared by:

*UThukela District Municipality
Performance Management
2018/2019*

Contents

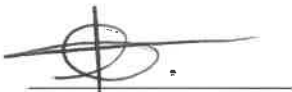
Mayors Report.....	2
1. Service Delivery Performance Analysis	3
Performance Management System.....	4
1.1 Local Economic Development (LED) Department.....	4
1.2 Corporate Services Department.....	4
1.3 Water, Sanitation and Technical Department.....	5
1.4 Municipal Health and Water Service Authority	5
1.5 Budget and Treasury Department.....	5
2. Executive Summary on Performance Reporting	6
2.1 Legislative Framework.....	7
3. Current Status of Service Delivery Performance against Key Performance Indicators and Targets	9
3.1 Organizational Scorecard	9
3.2 Service Delivery Budget and Implementation Plan (SDBIP)	10
Recommendations	12
Conclusion	13

Mayors Report

Our mandate as political principals of Uthukela District Municipality is to ensure an evocative contribution in the eradication of the three social ills namely, which are poverty, unemployment and inequality in our municipal area. This can only be achieved through constructive oversight role over administration in the implementation of council approved service delivery budget and implementation plan.

As the Mayor of the Municipality, I stand tall to present a mid- year performance report for the past two quarters of the 2018/2019 financial year. In terms of Local government: Municipal Performance Regulations 2001 and 2006, it is a legislative requirement that we report on the institutional performance in terms of Regulation 2001. Cooperation between the current political leadership and dedicated administration is of high standard and justified by success and improvement we made throughout the period under review. I am hopeful that as we approach the end of our financial year we will maintain this performance or even improve it for the better for the benefit of the current and future generations of Uthukela.

Finally, I would like to take this opportunity to thank the members of the public who are continuously supportive and understanding in all aspects with one intention, to have a better future for all.



CLLR AS MAZIBUKO

HONOURABLE MAYOR: UTHUKELA DISTRICT MUNICIPALITY

1. Service Delivery Performance Analysis

The Local Government: Municipal Performance Regulations 2006 requires that all Section 54/56 managers' performance must be monitored on regular bases. This monitoring process provides early warning signs on issues pertaining to performance for the purposes of establishing adequate and responsive corrective actions. This regulation has however been extended, through the council adopted performance management policy framework and procedure manual, to managers below section 56 and all other staff to ensure a cohesive and collaborative front in the achievement of the council set targets.

This report presents the performance of the Organisation and each municipal department as at 31 December 2018.

Integrated Development Planning: The municipality has prepared and adopted 2018/2019 IDP Process Plan that is also approved by COGTA while at the same time the municipality is also implementing 2018/2019 IDP. The municipality conducted IDP Public Participation Meetings which will involve different wards. The municipality has also engaged various stakeholders through IDP Structures such as the IDP Steering Committee and IDP Representative Forum in the preparation of the IDP Review. Furthermore, on the 05 & 06 March 2018, the municipality conducted a Strategic Planning Workshop and the following were conducted:

- Assessed the municipalities' s performance for 2017/2018 Service Delivery and Budget Implementation Plan (SDBIP);
- Review of the Vision, Mission, Core Values and Long Term Development Goals
- Conducted an environmental analysis (SWOT Analysis) and developing initiatives to address environmental challenges; and
- Develop a planning document contained targets and key performance indicators for the next five years.

Performance Management System

Performance Management has been identified as an important tool to be used in ensuring total quality management and cost-benefit factor. In order to realize this, a Performance Management Framework and Procedure Manual has been drafted and tabled to Council for adoption to strengthen regulatory framework.

The implementation of cascading Performance Management System to all staff members and capacity building programmes has commenced to address improvement in service delivery.

1.1 Local Economic Development (LED) Department

This is the main unit that accelerates stimulation of Uthukela Local Economy and Tourism services through development of responsive programmes and projects. A summary below provides some indication of the unit's achievements in regards to the 2018/19 financial cycle mid-term:

- **SMME Support and Agricultural Development**

SMME Entrepreneurship training was conducted to SMMEs as part of our capacity building programme to support the emerging and informal traders. Furthermore, co-operatives support was provided to Siyaphambili Custom Feed. Due to budget constraints other activities have been put on hold.

1.2 Corporate Services Department

The municipality has improved tremendously in its strive to enhance the performance of the municipality. The focus has been ensuring that critical positions are filled and to implement capacity building initiatives aimed at improving management and general administration of the municipality.

The department has focused on strengthening council support and oversight by supporting council committees and timeous distribution of agenda. The improvement has been realized in the past six months, however there still needs to be improvement in implementing internal controls, review of policies, implement standard operating procedure and operational plans.

1.3 Water, Sanitation and Technical Department

To respond to water and sanitation backlogs, at least 10 kilometres of reticulation lines constructed at Ntabamhlophe Phase 13, 75.1 kilometres of reticulation line constructed at Bhekuzulu/Phangweni Phases 1 and 31 kilometres in Phase 2 water projects.

Part of our achieved for the period under review include:

- 759 of households connections made at Bhekuzulu/Ephangweni Phases 1 and 2

Project on provision of 354 households provided with VIP toilets in Bergville sanitation project is in progress and 245 units completed.

1.4 Municipal Health and Water Service Authority

About 475 water samples in terms SANS 241 was taken in order to ensure compliance in terms of chemical, physical, and biological quality of water. It is a measure of the suitability of water for human consumption.

From July 2018 to December 2018, 218 food premises inspected Environmental Health Practitioners in terms of Reg R962.

1.5 Budget and Treasury Department

The main intention of the municipality is to improve its financial status even though it is acceptable that the municipality is a rural. Through innovation, it is possible to find creative ways to generate more revenue. The municipality has developed a revenue enhancement strategy. The strategy is going to be reviewed on an annual basis. It is the responsibility of the political bearers and administration to turn this situation around and make this municipality to be self-sustainable through exploiting existing and potential opportunities in this area.

The priority of Budget and Treasury Department is to ensure that funds are spent within the approved budget and SDBIP and to ensure value for money to all the goods and services acquired for the municipality.

Finally, the focus of Budget and Treasury Department is to ensure that it avoids fruitless and wasteful expenditure together with irregular expenditure by ensuring that the standard of operation are developed and implemented accordingly.

2. Executive Summary on Performance Reporting

Reporting requires that the municipality takes the priorities of the organization, its performance objectives, indicators, targets, measurements and analysis, and presents this information in a simple and accessible format, relevant and useful to the specific target group for review. The Service Delivery Budget and Implementation Plan (SDBIP) is the basis for Uthukela District Municipality's reporting.

Uthukela District Municipality has prepared this Mid-Year Performance Assessment Report starting from 1st July 2018 to 31 December 2018.

The Mid-Year Report is done in order to comply with Section 72 of the Municipal Finance Management Act, 2003.

The Mid-Year Performance Assessment Report is submitted to the Mayor and the Council for consideration and adoption.

This Mid-Year Report is based on un-evaluated, un-audited information and includes preliminary assessment on the Service Delivery Budget and Implementation Plan and Capital Programme Progress Report.

A detailed assessment of the Mid-Year Report is available for inspection with the Portfolio of Evidence (POE).

2.1 Legislative Framework

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 impeding financial problems; and
- f) in the case of a section 72 report, submit the report to the council by 31 January of each year .

3. Current Status of Service Delivery Performance against Key Performance Indicators and Targets

3.1 Organizational Scorecard

A two-level scorecard approach is implemented. The Strategic Organisational Scorecard reflecting the following:-

- IDP/SDBIP No.,
- National Key Performance Area'
- Strategic Objective,
- Indicators
- Unit of Measure Per Quarter
- Annual Target
- Demand, Baseline and Backlog

This scorecard follows along the lines of the Service Delivery Budget and Implementation Plan and does not have the monthly financial cash-flow projects. The preliminary assessment is done on reported Actual where applicable, with the portfolio of evidence being subjected to auditing and verification process. This report is also subjected to a formal evaluation process being conducted by the Municipal Manager pending an internal audit process.

The second-level scorecard is service or departmental scorecards that reflect objectives, indicators and targets at a departmental level. This scorecard informs the individual scorecards of the Section 54/56 managers.

This Mid-Year Performance report is still subject to an internal auditing process, advice from Audit Committee pending the internal audit process. This report is also subject to a formal evaluation process being conducted by the municipal manager.

The Scorecards were reviewed against Actuals reported against submission of portfolio of evidence. The total number of KPI's on the Organizational Scorecard is 53 of which 18(eighteen) is not applicable for the period under review.

3.2 Service Delivery Budget and Implementation Plan (SDBIP)

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 department did well in quarter compare to quarter. Close monitoring is required.

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
12	05	07	13	00	13
Total %	42%	58%	Total %	0%	100%

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

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	07	03	04
Total %	56%	44%	Total %	43%	57%

- **Social and Economic Development 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:

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
05	05	00	09	06	03
Total %	100%	0%	Total %	67%	33%

- **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	14	04	13
Total %	60%	40%	Total %	29%	93%

- **Municipal Heath Services and WSA:** The department has also performed well in both quarter one and quarter two of the financial year 2018/2019:

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	09	00	08	08	00
Total %	100%	0%	Total %	100%	0%

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.

Recommendations

- 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 the Municipality reprioritise all capital projects so that it is aligned to the adjustment budget
- That SCM processes be improved to ensure effective implementation of the capital programmes,
- That the gaps identified in terms on non-alignment of cash flow projections to the budget be finalized immediately by the management;
- That the strategic objectives in IDP be rationalized further to inform the performance management process for the 2018/19 financial year.
- That the Mid-Year Budget Review and the Mid-year performance assessment, and the recommendation contained therein be approved for preparation of an Adjustment budget for the 2018/19 and the review of the SDBIP's accordingly;
- 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.

Conclusion

The revision of some KPI's and targets is necessary due to technical irregularities and/or omissions on the approved SDBIP's. The scorecard is still subject to a refinement process as recommended and this will be addressed during the revision of SDBIP's to be complied with in the approval of the Adjustment Budget.

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.

ANNEXURE A: ORGANISATIONAL POPULATED SCORECARD
ANNEXURE B: DEPARTMENTAL POPULATED SCORECARS



The Office of the Municipal Manager

P.O. Box 41
33 Forbes Street
LADYSMITH 337
Tel (036) 638 5101
Fax (036) 638 512

Fax2email 086 529 887
E- mail mm@uthukeladm.co.za

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, SN KUNNE, Municipal Manager of UThukela District Municipality, hereby certify that the Mid-Year Budget and Performance Assessment report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Performance Assessment has been done properly to ensure that is a true reflection of what has taken place with effect from 01 July 2018 to 31 December 2018 and is consistent with the Integrated Development Plan, Budget and SDBIP of the municipality.

PRINT NAME: SN KUNENE

MUNICIPAL MANAGER

UTHUKELA DISTRICT MUNICIPALITY

Signature

Date

17/01/2019