

# MID-YEAR PERFORMANCE REPORT



**UThukela District Municipality**

**Mid-Year Performance Report 2020/2021**

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*Prepared by:*

*UThukela District Municipality  
Performance Management  
2020/2021*

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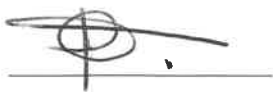


## Mayors Report

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 2020/2021 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. 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 .

## 2. 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 performance reporting system for the 1st Quarter has reviewed by the internal audit unit and based on the findings, the current organizational scorecard, the 2020- 2021 IDP, SDBIP as well as Performance Agreements and Plans will be reviewed and amended in line with the adjustment budget.
- Due process will be followed in the IDP amendment process and the amended scorecard will utilized in reporting for the 3rd and 4th Quarter as well as for the 2020/ 2021 Performance Report.
- The Municipality has enrolled the process of Cascading Performance to Lower Levels.

### 3. 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 26th May 2020.

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



## 4. The organisational scorecard

### **Office of the Municipal Manager**

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 2020.

**Integrated Development Planning:** The municipality has prepared and adopted 2021/2022 IDP Process Plan that is also approved by COGTA while at the same time the municipality is also implementing 2020/2021 IDP. The municipality will be conducting IDP Public Participation Meetings which will involve different wards. The municipality will also engaging various stakeholders through IDP Structures such as the IDP Steering Committee and IDP Representative Forum in the preparation of the IDP Review. Furthermore, the municipality will conducting a Strategic Planning Workshop to:

- Assess the department's performance for 2020/2021 Quarter 1 and Quarter 2 as contained in the 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.

## 5. 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.

### 5.1 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 2020 to 31 December 2020.
- ✚ 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).

## 5.2 Service Delivery Performance against Key Performance Indicators and Targets 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.

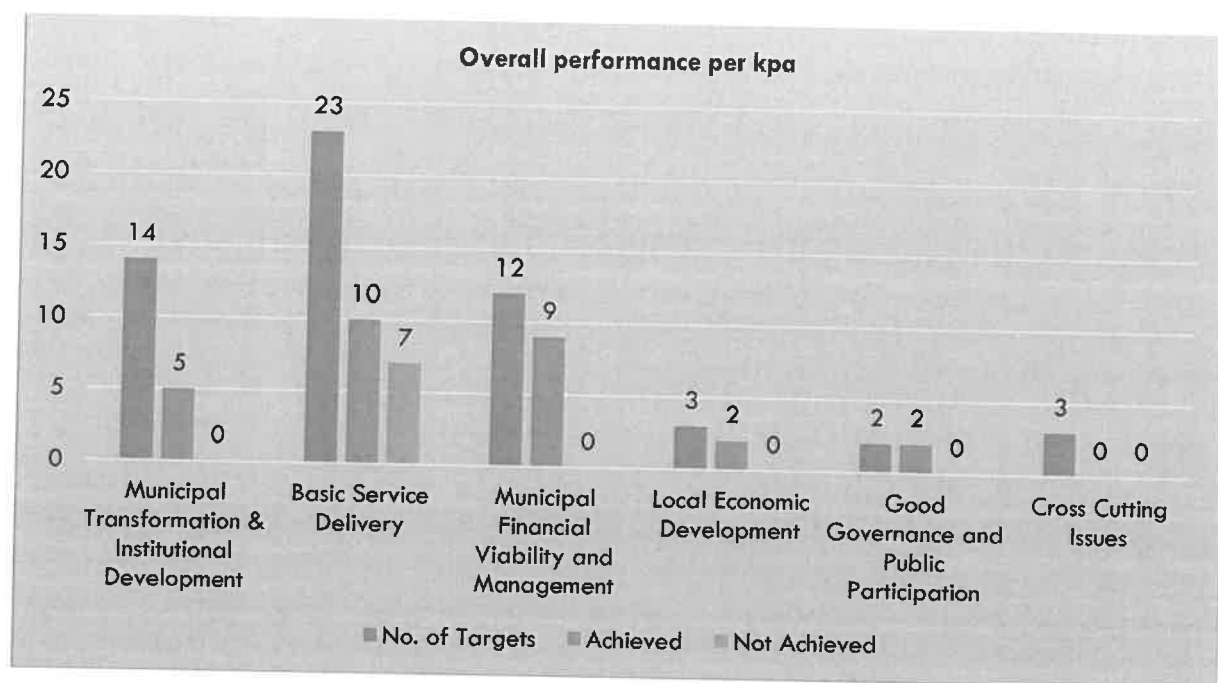
The Scorecards were reviewed against Actuals reported against submission of portfolio of evidence. The total number of KPI's on the Organizational Scorecard is 57 of which 19(nineteen) is not applicable for the period under review.

## 5.3 Performance of indicators per Key Performance Areas

### 5.3.1 Overall Performance per Key Performance Area

KPA	No. of Targets	Achieved	Not Achieved	Not Applicable
<b>Municipal Transformation &amp; Institutional Development</b>	14	05	0	09
<b>Basic Service Delivery</b>	23	10	07	06
<b>Municipal Financial Viability and Management</b>	12	09	0	03
<b>Local Economic Development</b>	03	02	0	01
<b>Good Governance and Public Participation</b>	02	02	0	0
<b>Cross Cutting Issues</b>	03	0	0	0
<b>Total</b>	<b>57</b>	<b>28</b>	<b>07</b>	<b>19</b>

Out of Fifty Seven (57) indicators, Twenty eight (28) indicators were achieved and Seven (07) were not achieved. Nineteen are not Applicable as of Quarter 2



#### 5.4 Low Level 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 2 compared to quarter one . 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	09	03	09	09	0
<b>Total %</b>	<b>75%</b>	<b>25%</b>	<b>Total %</b>	<b>100%</b>	

**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	06	04	03
<b>Total %</b>	<b>55%</b>	<b>44%</b>	<b>Total %</b>	<b>67%</b>	<b>33%</b>

- **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
06	04	02	06	05	01
<b>Total %</b>	<b>67%</b>	<b>33%</b>	<b>Total %</b>	<b>83%</b>	<b>16%</b>

- **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
17	11	06	17	10	7
<b>Total %</b>	<b>65%</b>	<b>35%</b>	<b>Total %</b>	<b>59%</b>	<b>41%</b>

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

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
06	06	00	06	06	00
<b>Total %</b>	<b>100%</b>		<b>Total %</b>	<b>100%</b>	

**General Comment:** 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.

## 5.5 Progress on the implementation of the Capital Programme 2020/2021

A detailed capital status report highlighting the status of the capital programme for July to December 2020 is included in the year Budget Statement.

## 6. 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 2019/2020 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.

## 7. 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.

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.



## 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 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 strategic objectives in IDP be rationalized further to inform the performance management process for the 2020/21 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 2020/21 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.

**Approved By: The Municipal Manager**

:  Date: 22/01/2021  
**Mr. M Sithole**

**Received By: The Honourable Mayor**

:  Date: 25/01/2021  
**Cllr AS Mazibuko**

# ANNEXURE A