

DC 184/01/12

**SECTION 72 REPORT: MID-ANNUAL PERFORMANCE REPORT:  
2011/2012 FINANCIAL YEAR / ARTIKEL 72 VERSLAG:  
HALFJAARLIKSE PRESTASIE VERSLAG: 2011/2012 FINANSIËLE  
JAAR/INGXELO YESEBE 72: INGXELO YESIQINGTHA SESIBINI  
SONYAKA YOMSEBENZI: UNYAKAMALI KA 2011/2012 (287009)**

(9/11/1)

16 January 2012

**REPORT FROM THE MUNICIPAL MANAGER: PERFORMANCE MANAGEMENT  
UNIT: (MRS IG SAAIMAN)**

**PURPOSE OF THE REPORT**

To report to Council on the mid-annual performance of the 2009/10 Service Delivery and Budget Implementation plan (SDBIP) of the Eden District Municipality.

**BACKGROUND**

Section 72 (1) (a) (ii) of the MFMA states that "The accounting officer of a municipality must by 25 January of each year- assess the performance of the municipality during the first half of the financial year, taking into account-  
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 the service delivery and budget implementation plan",

Section 72 (1) (b) states that "submit a report on such assessment to –

- (i) The mayor of the municipality;
- (ii) The National Treasury; and
- (iii) The relevant provincial treasury".

**FINANCIAL IMPLICATIONS**

None

**RELEVANT LEGISLATION**

Section 72 (1) (a) (ii) of the Municipal Financial Management Act (Act 56 of 2003)

The report will also served before the Mayoral Committee meeting held on 24 January 2012 and the resolution of the report will be tabled at the Council meeting dated 27 January 2012.

### **COMMENTS: MUNICIPAL MANAGER**

The Performance by the Municipality (Departmental) has to a large extent been inhibited by the dire financial position. The implementation of Operating and Capital projects was put on hold and every Executive Manager was tasked to curtail expenditure. Initially, approximately R 11 million was identified as a potential deficit and in order to sustain the day to day operations of the organization, no projects were implemented. The concomitant effect of this will also be seen in the Performance of the SDBIP.

### **UITVOERENDE OPSOMMING**

*Die half jaarlikse verslag dien as 'n mylpaal in Prestasie om sodoende die Raad en Uitvoerende Bestuur te help bepaal wat in department aangaan. Ook om voegtyding gevaartekens raak te sien en probleme effektief te kan aanspreek.*

### **RECOMMENDATION**

1. That Council notes the mid-annual performance report of the 2011/2012 SDBIP of the Eden District Municipality.
2. That cognizance be taken of the severe financial constraints that were evident in the 2011/2012 Operating/Capital budgets.

### **AANBEVELING**

1. *Dat die Raad kennis neem van die half-jaarlikse prestasie verslag van die 2011/2012 Dienslewering en Begroting Implementeringsplan van Eden Distriksmunisipaliteit.*
2. *Dat kennis geneem word van die ernstige finansiële beperkinge wat duiselik is in die 2011/2012 Operasionele en Kapitale begrotings.*

### **ISINDULULO**

1. Sesokuba Ibhunga lithathele ingqalelo ingxelo yomsebenzi kwingxelo yesiqingatha sesibini sonyaka yango 2011/2012 kwi SDBIP yo Masipala Wesithili Se Eden.
2. Sesokuba kuzikiswe ukucinga malunga nenzima kwezemali ekuye kwahlangatyezwana nazo ku 2011/2012 kuhlalo lwabiwo mali Oluyinkunzi kunye nolo Belusele luqhuba.

**ANNEXURE**

A: Summary Report (The attachment is included in the Mayoral Committee agenda dated 24 January 2012 and councillors are therefore requested to refer to the Mayoral Committee agenda and to bring that agenda along to the meeting.

All annexures below will be sent via email to the Executive Mayor and Councilors

B: Top Level SDBIP

C: Departmental SDBIP

D: Capital Projects

E: Revenue by Source

F: Monthly Cash Flow

MAYORAL COMMITTEE

24 JANUARY 2012

DISTRICT COUNCIL

27 JANUARY 2012

**EMC 103/01/12**

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The Performance by the Municipality (Departmental) has to a large extent been inhibited by the dire financial position. The implementation of Operating and Capital projects was put on hold and every Executive Manager was tasked to curtail expenditure. Initially, approximately R 11 million was identified as a potential deficit and in order to sustain the day to day operations of the organization, no projects were implemented. The concomitant effect of this will also be seen in the Performance of the SDBIP.

**UITVOERENDE OPSOMMING**

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**ANNEXURE**

A: Summary Report

All annexures below will be sent via email to the Executive Mayor and Councilors

B: Top Level SDBIP

C: Departmental SDBIP

D: Capital Projects

E: Revenue by Source

F: Monthly Cash Flow



**EDEN**

DISTRICT MUNICIPALITY  
UMASIPALA WESITHILI  
DISTRIKSMUNISIPALITEIT

# **Mid-Annual Performance Report**

**Section 72**  
2011/2012 Financial Year

## INDEX

Purpose	: What is the purpose of this document?
Legislation	: Legislative Background
Condensed Information	: Graphs reflecting Performance of Municipality
Challenges	
Way forward	

## PURPOSE

The purpose of this document is to present the Mid - Annual Performance Assessment Report for the organization for the 2011/2012 financial year.

## LEGISLATIVE BACKGROUND

Section 72 (1) (a) (ii) of the MFMA states that “The accounting officer of a municipality must by 25 January of each year- assess the performance of the municipality during the first half of the financial year, taking into account-  
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 the service delivery and budget implementation plan”,

Section 72 (1) (b) states that “submit a report on such assessment to –

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The SDBIP serves as a “contract” between the Administration, Council and Community expressing the goals and objectives set by the Council as quantifiable outcomes that can be implemented by the Administration in the applicable financial year. It provides the link between the Mayor, the Council (executive) and the Administration, and facilitates the process for holding management accountable for its performance. It is therefore a management, implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager, Senior Managers and the Community to monitor the municipality’s performance on a quarterly basis.

The SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the implementation of the budget, the execution of projects, the performance of Senior Management and the achievement of the strategic objectives set by Council.

The SDBIP is a layered plan that consists of a Top Layer and a supporting layer namely the Departmental SDBIP.

### A) Top Level SDBIP (Municipal Scorecard)

Circular 13, as well as the municipal budget and reporting regulations prescribe the submission of a Top Level SDBIP, which is focused on outcomes, to the Mayor with the draft budget. The Top Layer SDBIP contains the consolidated service delivery targets and in-year deadlines, and links such targets to top management.

Only the Top Layer SDBIP will be made public and tabled before the council.



The Top Layer SDBIP should also include per ward information, particularly for key expenditure items on capital projects and service delivery.

This will enable each ward Councillor and ward committee to oversee service delivery in their particular ward. The Top Layer SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes made in service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustments budget (section 54(1)(c) of MFMA). Council approval is necessary to ensure that the Mayor or Municipal Manager do not revise service delivery targets downwards in the event where there is poor performance.

## B) Departmental SDBIP

A detailed departmental SDBIP, which is focused on operational performance, must be prepared for each municipal department. This SDBIP provides more detail on each output for which top management is responsible and it serves as the portfolio of evidence for the Top Layer SDBIP. The Top Layer SDBIP is therefore the summary of all the departmental SDBIP's.

Departmental SDBIPs is based on initial revenue and expenditure projections provided by the budget office of the municipality. Initial revenue and expenditure projections are prepared taking into account; the strategic direction and priorities as set through the IDP (and its annual review); initial tariff modeling and any other external influences such as, sectoral department strategic plans and budgets; national and provincial strategic plans and allocations.

Reference can also be made to current year and mid-year reports and the previous year's annual report to develop the SDBIP. The departmental SDBIP should be compiled by Senior Managers for his/her department.

### The Departmental SDBIP must provide the following information:

- Purpose (outcomes)
- Service Delivery description
- Measurable Performance objectives
- List of capital projects per Ward
- A review of past performance
- Resources utilized (inputs):
- Expenditure by GFS function and Major type
- Budget revenue by vote and source
- Types of staffing number and R-value

## CONDENSED INFORMATION

The information provided below reflects the Municipality's Performance for the year to date from July 2011 until December 2011.

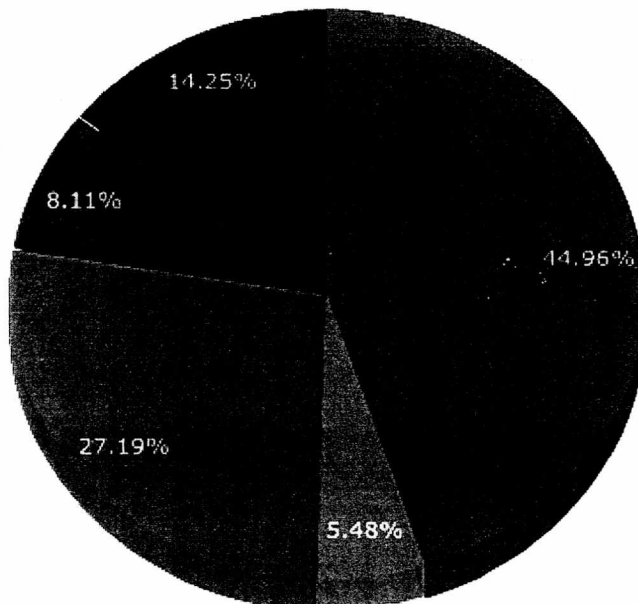
### Explanation of Colour Coding:

	KPI not met
	KPI met
	KPI well met
	KPI almost met
	KPI Extremely well met

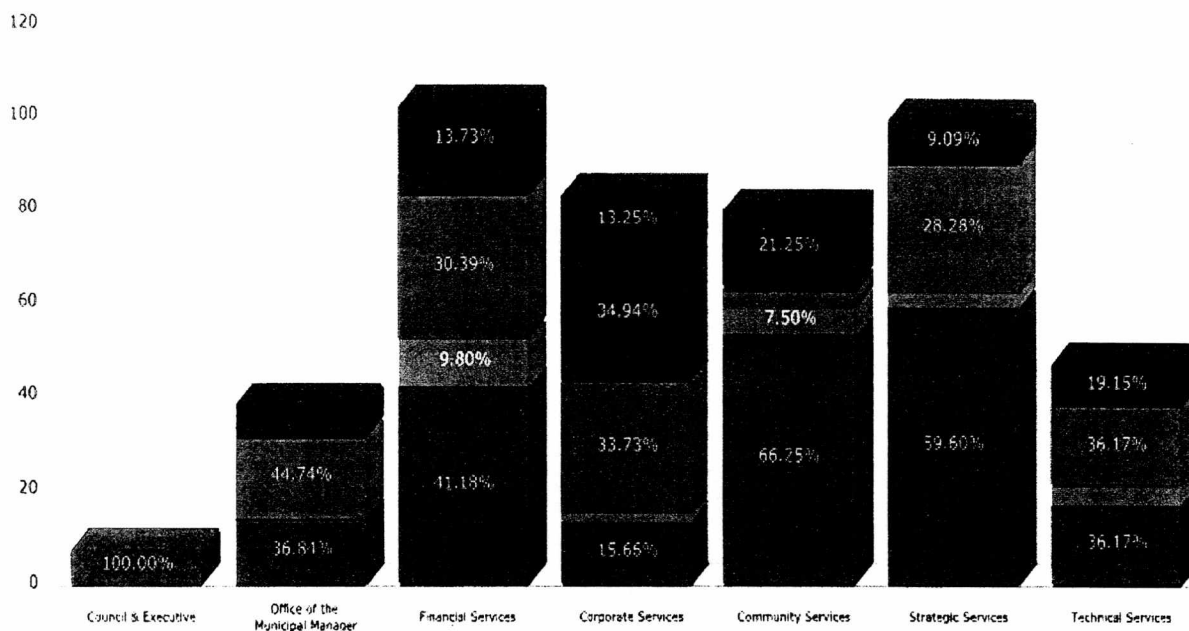
*The above graph should be read in conjunction with the graphs below;*

Entire Municipality's Performance up to date

**Eden District Municipality**



Performance per Directorate up to December 2011:



Explanatory Graph of the above, reflecting the average per Directorate

	Eden District Municipality		Directorate						
	Council & Executive	Office of the Municipal Manager	Financial Services	Corporate Services	Community Services	Strategic Services	Technical Services		
■ KPI Not Met	7 (100.00%)	14 (36.84%)	42 (41.18%)	13 (15.66%)	53 (66.25%)	59 (59.60%)	17 (36.17%)		
■ KPI Almost Met	-	-	10 (9.80%)	2 (2.41%)	6 (7.50%)	3 (3.03%)	4 (8.51%)		
■ KPI Met	-	17 (44.74%)	31 (30.39%)	28 (33.73%)	3 (3.75%)	28 (28.28%)	17 (36.17%)		
■ KPI Well Met	-	2 (5.26%)	5 (4.90%)	29 (34.94%)	1 (1.25%)	-	-		
■ KPI Extremely Well Met	-	5 (13.16%)	14 (13.73%)	11 (13.25%)	17 (21.25%)	9 (9.09%)	9 (19.15%)		
<b>Total:</b>	<b>7</b>	<b>38</b>	<b>102</b>	<b>83</b>	<b>80</b>	<b>99</b>	<b>47</b>		
	<b>1.54%</b>	<b>8.33%</b>	<b>22.37%</b>	<b>18.20%</b>	<b>17.54%</b>	<b>21.71%</b>	<b>10.31%</b>		

## ATTACHMENTS

The following documentation can be found in Excel format and will be emailed accordingly:

1. Top Level SDBIP
2. Departmental SDBIP per Directorate
3. Capital Projects
4. Revenue by Source
5. Monthly Cash Flow

## CHALLENGES

The following challenges were faced during the completion of this report:

1. Departments still lack the will to update the System on time
2. Some managers that attended the session earlier this year, still refuse to take responsibility for updating the system as well as correcting targets where necessary
3. A workshop with Councillors were scheduled, but was very difficult to follow through. No information was made available for updating from Council, thus providing the reason for 100% KPI's not met.

## WAY FORWARD

The following can serve as a way forward for the months January – June 2012:

1. Departments should be challenged to stick to provided deadlines, not doing so usually has a negative legislative impact.
2. Managers should update their own Key Performance Indicators. Only the Executive Managers' KPI's can be delegated. This will make the controlling of updating and reporting much easier and more accurate.
3. All KPI's within Departments need to be revised and sessions will be scheduled accordingly.
4. Risk management should be included within the SDBIP.