



2013/2014 THIRD QUARTER PERFORMANCE REPORT

FOR

ILEMBE DISTRICT MUNICIPALITY

15 MAY 2014

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1. INTRODUCTION

The Municipal Systems Act (MSA) of 2000 mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001 describes the municipality's performance management system as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed and to determine the roles of different stakeholders.

The third quarter covers the period 1st January 2014 to 31st March 2014 and the purpose of this report is to outline the progress/performance for this period as per the approved adjusted SDBIP for the 2013/2014 financial year.

The commitment to monthly reports with portfolios of evidence still continues as per set deadlines from departments which assists in tracking progress not only on a quarterly basis but on a monthly basis as well.

Monitoring progress is an ongoing process, but information management plays a central and crucial role during this process. It is the responsibility of the PMS unit to ensure all information submitted by departments is valid and accurate to ensure credibility of the system and reliability of information prior to finalisation and approval of reports.

The commitment from management and the willingness to work together with the PMS unit to improve the report continues, however we have not reached the optimum level of reporting as portfolios of evidence are incomplete and not submitted on time in some instances.

The Municipal Manager appreciates the effort and enthusiasm shown and hope it continues to meet the municipality's commitment to provide high quality reports.

2. ORGANISATIONAL SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN (SDBIP) AND MUNICIPAL MANAGER'S SCORECARD

ILembe's Organisational Scorecard continues to be organised according to the five prescribed National Key Performance Areas (KPA's) as follows:

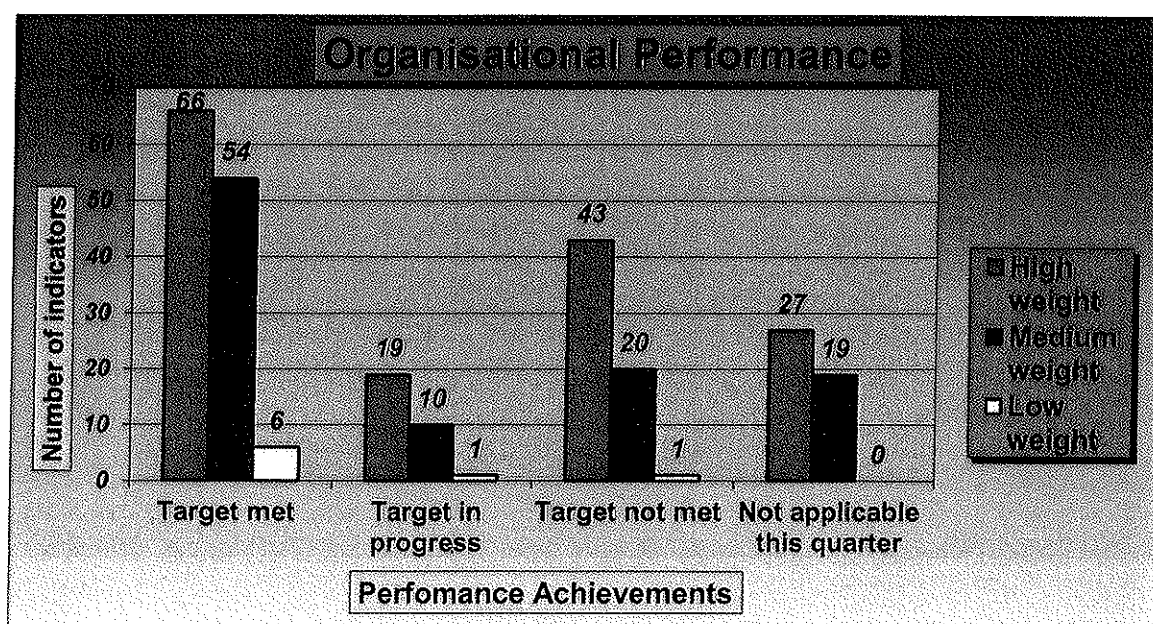
- ❖ Infrastructure & Service Delivery
- ❖ Socio-Economic Development
- ❖ Institutional Transformation.
- ❖ Financial Viability
- ❖ Good Governance & Public Participation

2.1 OVERALL SUCCESS RATE

The table below depicts the performance of the district in relation to the various business units.

Indicators for all departments	High weight	Medium weight	Low weight	Total
Target met	66	54	6	126
Target in progress	19	10	1	30
Target not met	43	20	1	64
Not applicable this quarter	27	19	0	46
Total				266

Figure 1: Summary of Organisational performance

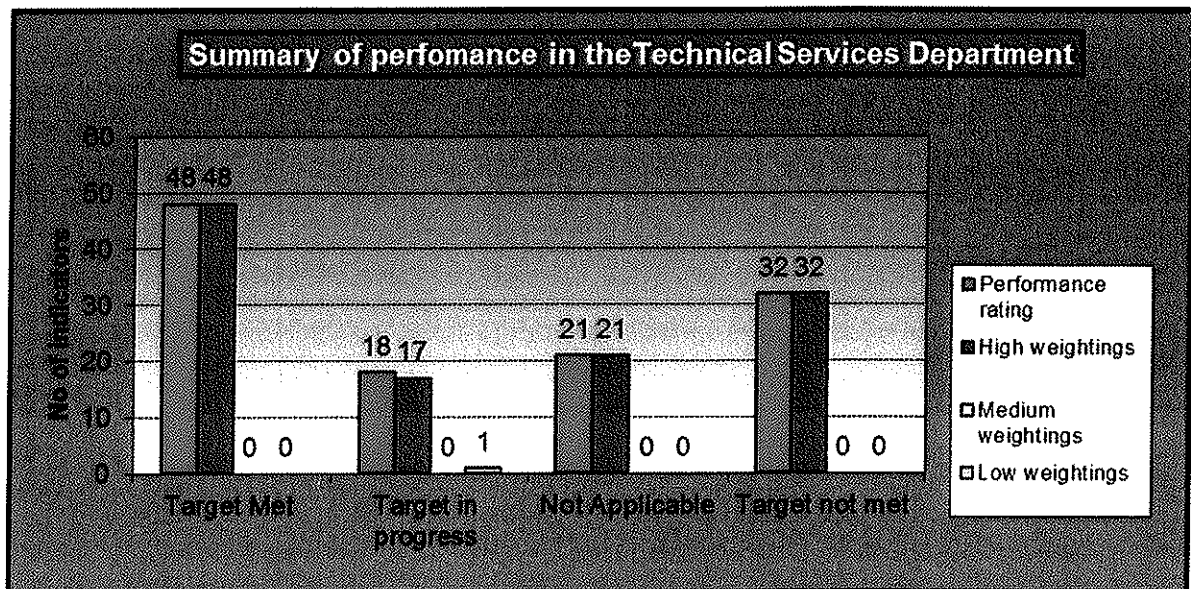


3. DEPARTMENTAL RESULTS

3.1. OFFICE OF THE MUNICIPAL MANAGER

The IDP roadshows were all conducted as planned and were successful. The First Draft IDP and SDBIP for the 2014/2015 financial year was submitted and approved by Council on the 31 March 2014. The half year PMS report was completed and approved by Council and submitted to all relevant stakeholders by the due date of 25th January 2014. The midterm adjustment as per the adjusted budget for the 2013/2014 SDBIP was amended accordingly together with all departments and submitted and approved by Council. The internal audit unit completed 14 assignments to date. The risk management unit has updated 3 risk registers, hosted 2 ethics/risk committee meetings and held a risk management awareness workshop in January, to ensure effective risk management, understanding and the importance of this function.

3.2 TECHNICAL SERVICES



HIGHLIGHTS ON ACTUAL PERFORMANCE

Preliminary assessments for 2013/2014 were conducted in December 2013 on blue and green drop status and results are awaited. The percentage on the water and sanitation services that are re-instated within 48hrs and 24hrs respectively are averaging 100%. 558 people were employed as part of Extended Public Works Programme (EPWP) in order to enhance job creation in the district. The percentage of municipality's annual capital budget spent on agreed IDP projects is on target of 60%.

The progress towards most of the water projects is on track in terms of targets. No households were targeted for water connection in this quarter, as the main focus is on progress towards connection.

Sanitation projects are ahead of target with a total of 2817 new households with access to VIP toilets.

The rural transport services & infrastructure project is at 75% implementation of the plan. Provision of the sports & recreation facility is on track with the feasibility study and the business plan.

CHALLENGES

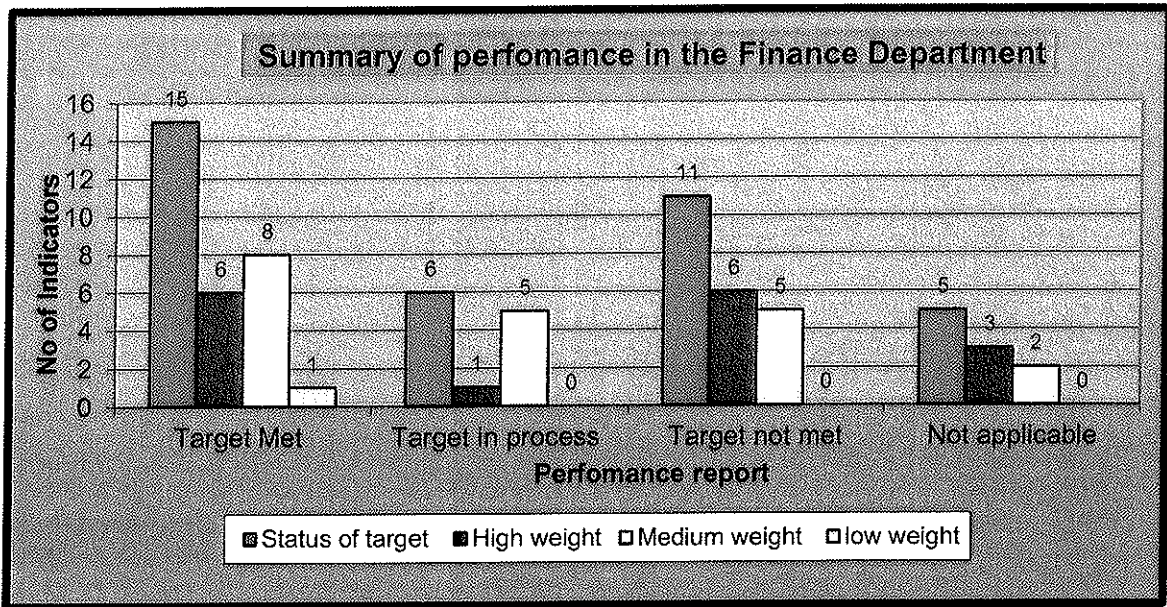
Projects were put on hold due to non-availability of water to test the reservoirs. There were delays due to hard rock excavation which required blasting with explosives as well as bad weather conditions. Contractors had cashflow problems which resulted in them not being able to purchase material on time. Pipe jacking contractor had challenges jacking the 50 meters into the N2 freeway as they could not jack the pipe through. Appointment of incompetent Contractors for projects also impacted on progress. A leak was detected on the wall of one the reservoirs.

Expenditure on water projects is at R132 544 824, 61 against a target of R151 275 281, 00, and on sanitation projects actual expenditure is R10 022 709, 41 against a target of R 33,644,250 excluding vat. The main issue for expenditure target not met was caused by delays in finalising bid/SCM processes. Real water losses could not be measured as the report is not yet received.

MEASURES TO IMPROVE PERFORMANCE/CORRECTIVE MEASURE

Contractors will test the reservoirs once the pipeline has been commissioned. Extension of time will be granted to the Contractors. Incompetent Contractors will not be recommended for future work. Currently sorting out problems regarding jacking. The leaking reservoir will be drained, then bandaged on the inside of the wall and retested.

3.3 FINANCE DEPARTMENT



HIGHLIGHTS ON ACTUAL PERFORMANCE

In terms of obtaining a clean audit opinion, the implementation and monitoring measures were put into place, 4 AG key controls monitoring reports were done against a target of 3. Monitoring of the action plan was at 75% as per the planned target for this reporting period.

Statutory monthly reports were all submitted by deadline, on the 14th of each month. Regarding the MFMA budget regulations and circulars the unit was fully compliant. The midterm adjustment and assessment was completed and approved by Council in January and February 2014.

The Asset management unit verified movable assets quarterly, with 3 conducted as of end March and the asset register is updated on a monthly basis. Frequency of stock take is being done monthly.

Revenue enhancement is improving even though expected results are not seen, yet there is a slight improvement in terms of revenue collection rate, when looked at on a monthly basis. Installation of the intelligent smart meters have been done in the high revenue based areas, this will also assist in increasing the revenue collections as results can be seen with consumers now making payment arrangements to curb their debts. Upgrading of systems in the satellite offices was done, which will improve reporting. The draft indigent policy is completed and will be approved by end of June 2014.

The implementation of the annual procurement plan is 77% against a target of 75%. The unit is on track in terms of the procurement time, in line with the SCM policy with the processes in recommending preferred supplier to departments with an average turnaround time of 10, 83 days and 1, 49 days against targets of 10 and 5 days. The turnaround time for processing all bids is at 118 days which has improved against a target of 120 days. Monitoring of performance of services providers is on track with 3 quarterly reports to the finance portfolio committee, all departments have been committed in ensuring the submission of their reports to

the SCM unit monthly. Regular update of the contracts register is being done monthly with 9 updated registers to date.

CHALLENGES

Monitoring of SOPs and dashboard reports could not be done as the department was busy with hard close processes, and only 4 monthly AFS were submitted to the Finance Portfolio committee against a target of 9. Stock variances identified could not be resolved within the turnaround time of 14 days.

The installation of intelligent meters had a "grace" period which impacted on information of actual consumption which resulted in not getting actual billing which affected the collection rate. Security deposits were raised, and where no payment was made arrears incurred which also impacted on the revenue collection rate. ICT challenges at the satellite offices and poor network facilities resulted in delaying the upgrade of the financial system, therefore information/reports were not submitted. Only 6% of debtors were handed over due to the debt collection strategy which indicates only high risks accounts should be handed over.

Vote allocations for projects are affecting actual expenditure incurred due to the manner in which allocations are done. Also consultants are not submitting breakdown of costs.

Cash on hand is currently at 30 days due to outstanding debt and the collection rate, as well as the outstanding VAT refunds due to the municipality. The level of the cost coverage ratio is relative to the cash on hand, the lesser the number of days for cash on hand, the ratio will also be less.

Creditors invoices were paid late due to exhausted funds on most expenditure votes, payments could only be made once the adjustment budget was finalised. Delays in getting back invoices from user departments is still an issue.

MEASURES TO IMPROVE PERFORMANCE/CORRECTIVE MEASURES

Implementation and monitoring of SOPs, AG key controls and dashboard report will be on track during interim audit. The Audit plan has been submitted to respective departments to update the progress on the action plan with a due date.

A request was submitted to Council for approval to adjust stock variances on the system.

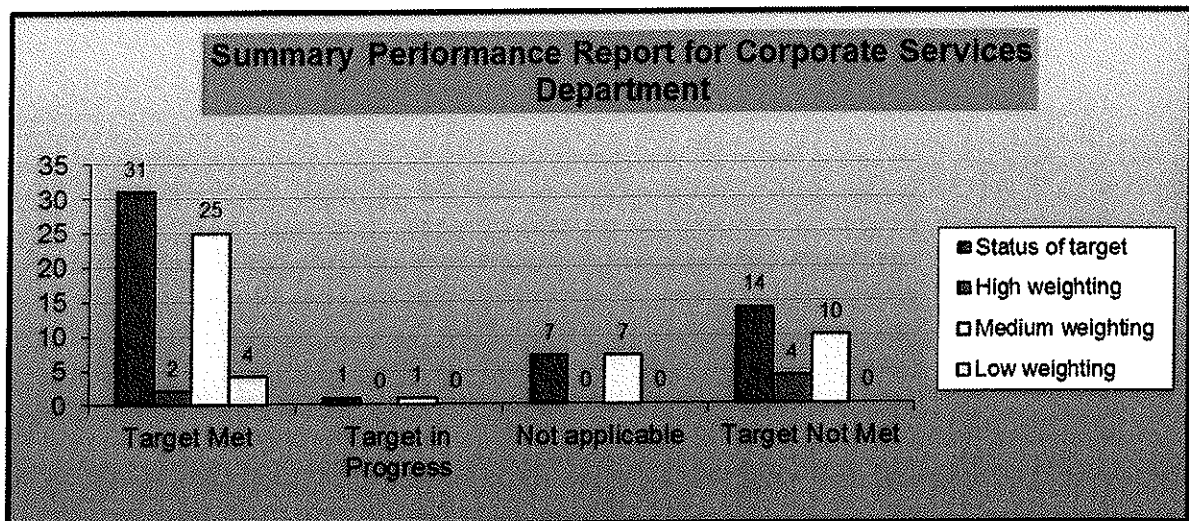
Once the grace period is over on the installation of the intelligent meters proper actuals will be determined. Consumers are making payment arrangements for accounts in arrears. Network and computer problems have been attended to that will solve issues at satellite offices. As per the debt collection strategy only high risk accounts will be handed over, in house debt collection methods will be used to collect overdue accounts.

The SCM unit is currently updating the contracts register with the relevant units, progress has been made. This information will be updated on a monthly basis once

progress reports are received from consultants as they reflect a breakdown on the cost incurred.

The process of automating the flow of invoices is at an advanced stage of development, once fully implemented it will be more efficient to monitor processes and address queries immediately.

3.4 CORPORATE SERVICES



HIGHLIGHTS ON ACTUAL PERFORMANCE

Implementation of the work place skills plan is ahead of target with 106% employees trained against a target of 60% and 1, 09% of the municipal budget spent. Skills development is on track with 32 staff enrolled for undergraduate degrees/diplomas and 6 councillors enrolled on skills programme. Training needs elicited from departments/councillors have been done with questionnaire completed and a draft training needs is compiled. Five employee wellness programmes have been successfully held thus far and has exceeded the planned target of 3.

The biometric access has been fully implemented at the Umhlali offices, as well as the PABX system which is used to monitor and track telephone usage. The specifications for the integrated call centre has been submitted to SCM. The IT DRP plan has been reviewed by deadline. No new tool or system has been procured to monitor the network devices, however the current operating management system has been implemented to monitor the network devices, which was a cost saving.

Legal Services for drawing up and vetting documents is at 3 days against a target of 10 days. Percentage of service legal agreements is at 100% in terms of finalisation within a month of request.

Council support with coordination of all Council, Exco and Portfolio committee is fully functional. The draft lease agreement has been drawn up for fleet management.

Management of service providers is on track with reports being submitted timeously to the SCM unit in terms of performance. Percentage reduction in the number of AG findings is at 40%.

The Environmental health unit continues to perform its functions in maintaining a safe and healthy environment with 434 sites services in terms of vector control, 124 water samples taken and analysed and 629 premises inspected to reduce food borne illnesses. 100% of license applications for food handling premises were processed and 100% building plans were scrutinised within the specified period in terms of compliance with the health regulations.

CHALLENGES

Monitoring & implementation of the HRD policy is not done as per planned target, learnerships not implemented awaiting funding from LGSETA. Employee induction was not conducted in this quarter on the 4 new employees that commenced. Percentage of critical posts filled on the organogram could not be measured.

SharePoint Configuration on installation of the finance invoice portal system, the project plan was not approved as further understanding is needed on the invoices process flow before the plan is issued. The Stanger High UPS was not implemented as the service provider delivered the incorrect equipment which caused delay. There were 3 repeat findings in the AG management reports.

Installation of the elevator at iLembe house has been delayed due to the finalisation of the SCM process as S32 of the SCM policy had to be complied with.

A total of 24 malaria cases were reported in quarter 3, and 38, 47% of unsatisfactory water samples were reported. Occupational health & safety has a backlog, due to staff off sick and no continuation of functions as well a no dedicated vehicle.

MEASURES TO IMPROVE PERFORMANCE/CORRECTIVE MEASURES

Learnerships to be implemented upon receipt of funding from LGSETA, induction will be conducted in the next quarter for new recruits in this quarter. Critical posts list will be identified and finalised in next quarter.

SharePoint Configuration a meeting will be setup with the service provider and the finance unit to finalise the project plan for approval. The correct purchase and implementation of the Stanger High Site UPS will be concluded in the next quarter. Legal matters that are not resolved or still in progress, exchange of pleadings and correspondence is underway. The repeat findings have been addressed, the IT DRP has been reviewed and submitted to Council to be workshopped and the ICT Policy has been submitted to LLF.