

**2011/2012 HALF YEAR PERFORMANCE REPORT**

**FOR**

**ILEMBE DISTRICT MUNICIPALITY**

**18 JANUARY 2012**

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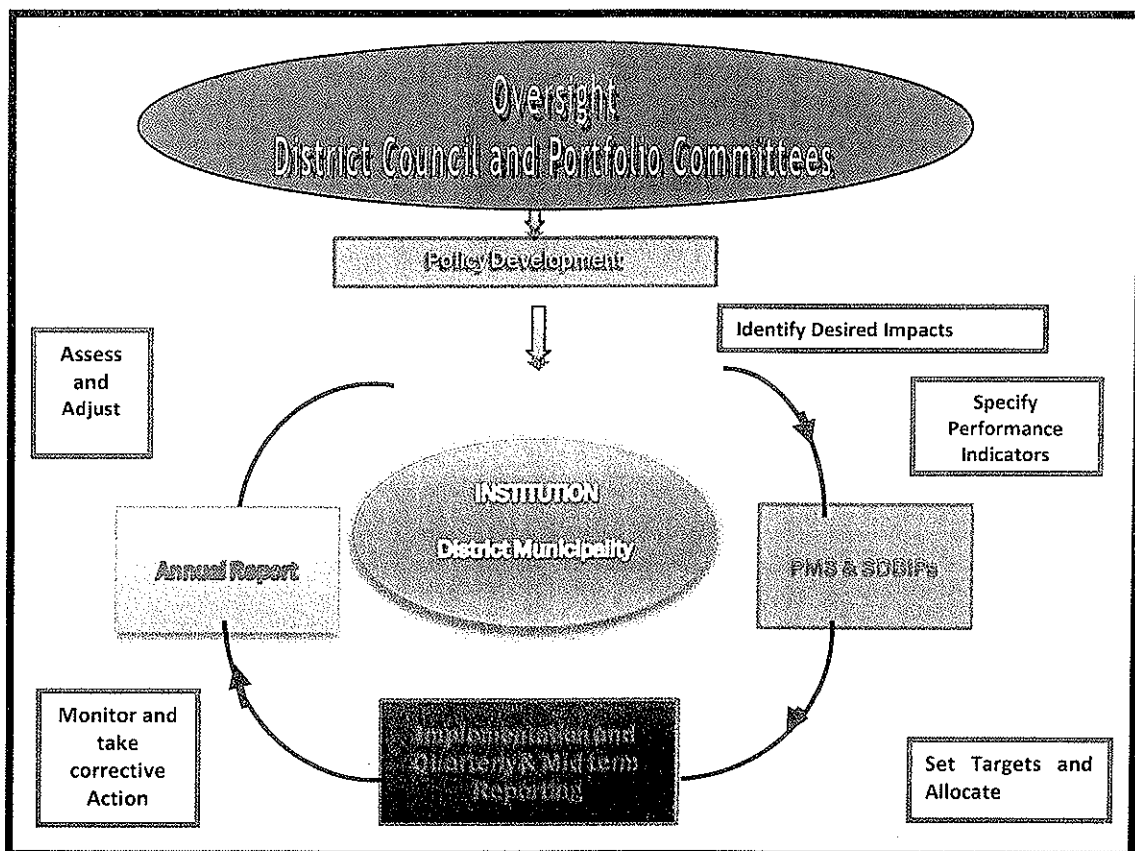
## 1. INTRODUCTION

Section 72 of the Municipal Finance Management Act requires that the accounting officer of a municipality by 25<sup>th</sup> January each year must:-

- (a) Assess the performance of a municipality during the first half of the financial year, taking into account
  - (i) the monthly statements
  - (ii) the municipality service delivery performance during the first half of the financial year and the indicators and targets as per the service delivery and budget implementation plan
- (b) Submit a report on such assessment to
  - (i) the Mayor of the municipality
  - (ii) the National Treasury
  - (iii) the relevant Provincial Treasury

### 1.1 PERFORMANCE MANAGEMENT IMPLEMENTATION IN ILEMBE DISTRICT MUNICIPALITY

The Model used by the Ilembe District municipality in terms of PMS Implementation is as depicted in the following diagram: -



*It must be noted that* the first half of the financial year, was an audit period where the Auditor General conducted audits on both finance and performance information. The 2010/11 FY was the first year of auditing the performance information.

The municipality once again received an unqualified audit opinion with improvements on the matters of emphasis compared to the previous financial year. The AGs report on Performance Management was also a positive one, considering this was the first year an audit on performance information was conducted. A detailed report on the AGs findings is attached as part of the Annual Report for 2010/11 financial year.

The second quarter of 2011/12 is a midterm assessment period for both budget and performance information as per the section 72 of the MFMA. The Budget and PMS unit went of departmental road shows to ensure alignment and credibility of information submitted through to both these business units.

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

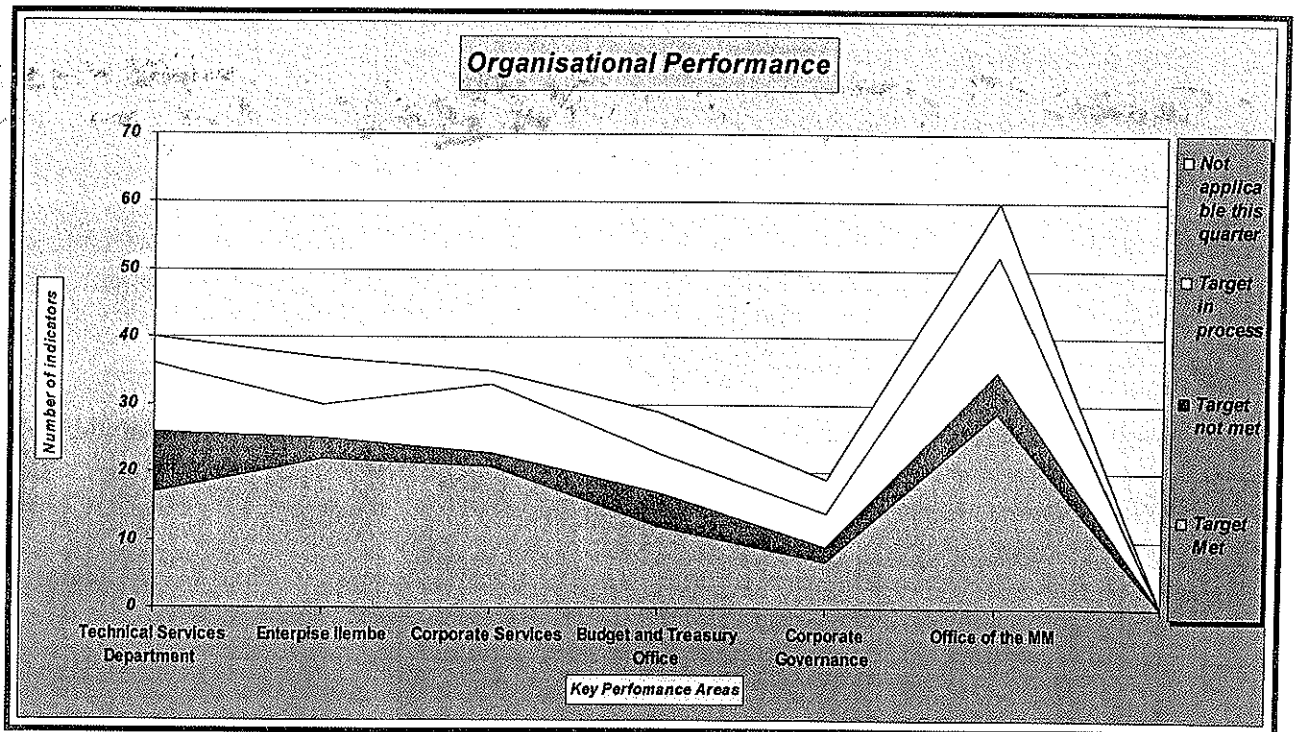
Ilembe's Organisational Scorecard continues to be organised according to the five prescribed national Key Performance Areas (KPA's). These are:

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

### **2.1 OVERALL SUCCESS RATE**

The Ilembe District municipality's overall performance was relatively good. The diagram below depicts the performance of the district in relation to the various business units. A more detailed look into each department is outlined in paragraph 2.

**Figure 1: Summary of performance as per business Units**



### 3. DEPARTMENTAL RESULTS

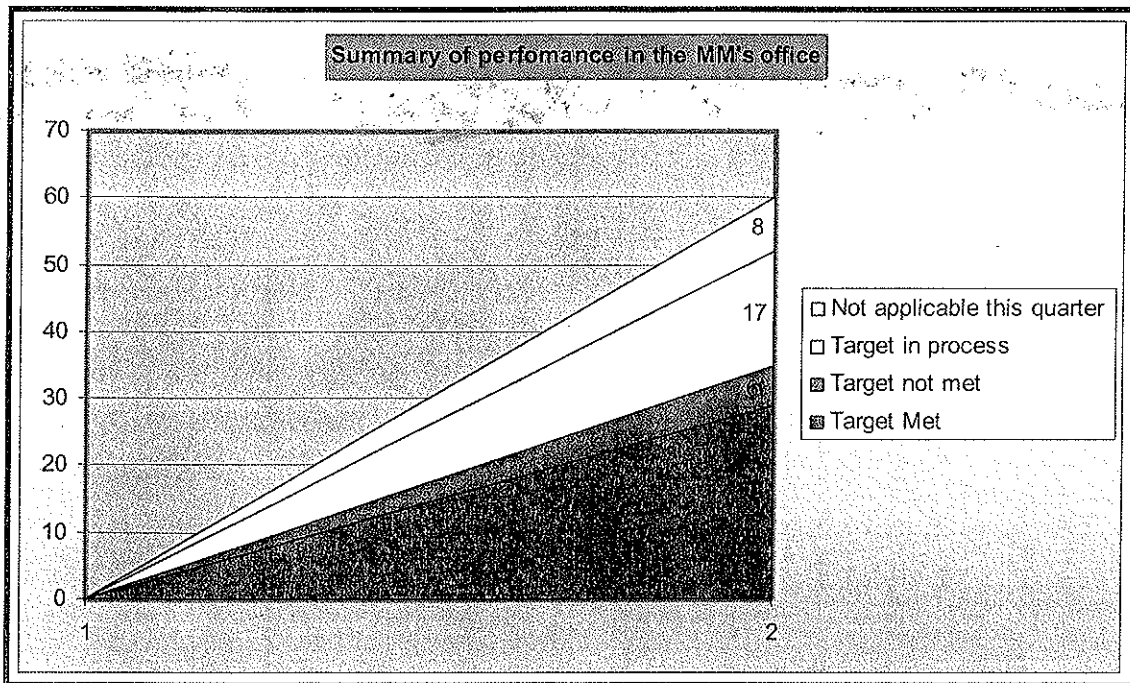
#### 3.1. OFFICE OF THE MUNICIPAL MANAGER

The IDP Unit started with the process of formulation the IDP for 2012 – 2017. The IDP Framework and Process Plan were adopted by 13 September 2011. The public consultations were conducted and have been reported under Corporate Governance department. The municipality also undertook the strategic planning which was held in the first week of September 2011, and produced a 5 year strategic document for the Ileembe district which has been adopted in December 2011.

The PMS Unit concluded the Annual Performance Report and it was submitted to the Performance Audit committee, Manco and EXCO for approval. It was also submitted to the Auditor General on the 30 August 2011 for auditing purposes

Although the risk assessment has delayed the internal auditors in finalising the audit plan for this 2011/12 financial year, the unit reported the total number of nine Audit assignment engaged in the first two quarters of the financial year. The Municipal Manager is also submitting the required monthly reports to the Executive Committee

**Figure 2: Summary of Performance in the MM office**



### 3.2 TECHNICAL SERVICES

The total number of household that was connected to water during the first six months is at 0, as there was no planned connection in the first two quarters. However the projects have commenced and are on the ground. The budget indicators have shown that capital project funded with internal budget need reviewing as the municipality is experiencing problems collecting the revenue as projected.

The progress on the sanitation projects is moving better than the projections with an actual of **1071 household** against 0 hh projections.

There has been a general standard performance in the operations under this department. Out of 14 refurbishment projects, 8 of the projects are in progress. The % on the services that are **re-instated within 48hrs and 24 hrs respectively are averaging 100%**.

It must also be noted that there are gaps in the system that is currently being used to log the complaints and response timeframe may not be reliable. The challenge most experienced in the reinstatement of services is still with the Water Tankers.

**Telemetry system**, which was going to assist in this regard, had been in line for this financial year, however, funds are still being sourced to implement that project. The Alternative is to link Technical Services to the **Disaster Call Centre** to ensure calls are logged for easy monitoring of the reinstatement of services.

The Information Technology Manager is briefing the service providers to link the systems for easy tracking of customer complaints.

Siza Water contract was finally approved, but the municipality is still waiting for Siza Water to sign the Service level Agreement. Manager Legal has been tasked to prepare a letter to Siza Water to fast track the signing of the SLA.

### **3.2.1 EXPENDITURE**

The overall expenditure looks at all our capital projects, from external funders as well as the internal funded projects. Below is the summary of expenditure for the six months of 2011/12 financial year:

The following is the allocation and expenditure on the MIG projects:

Allocation	Expenditure as of Dec 2011	Target for Dec 2011
R147,8m	R50,6m	R73,9m

#### **DWA funded projects: -**

Allocation	Expenditure as of Dec 2011	Target for Dec 2011
R17,6m	R7,9m	R8,8m

#### **COGTA funded projects:-**

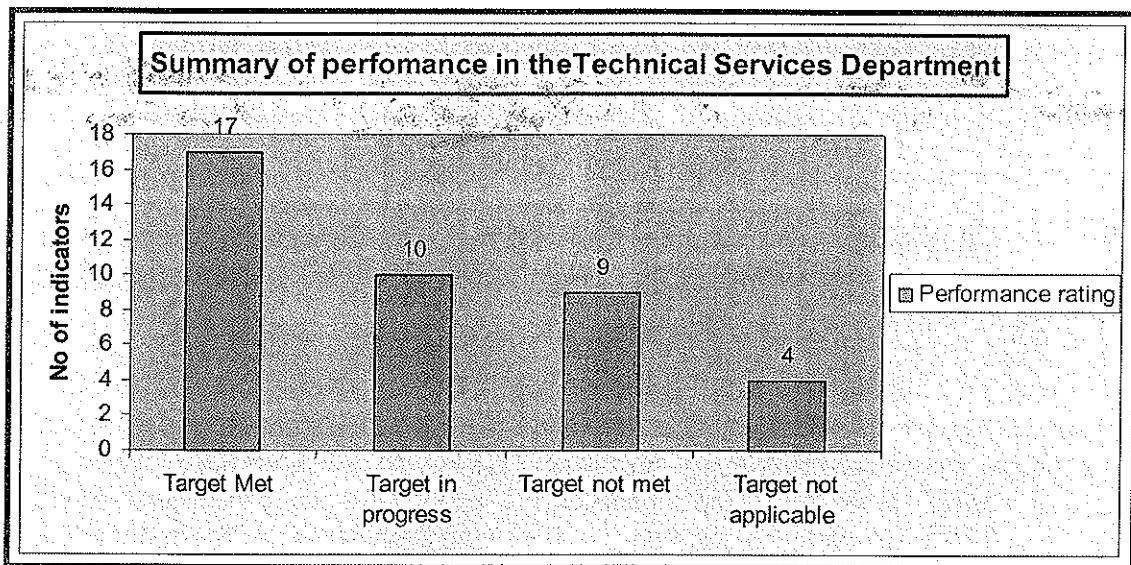
Allocation	Expenditure as of Dec 2011	Target for Dec 2011
R7,7m	R333,000	R6m

#### **Internal funded projects:-**

Allocation	Expenditure as of Dec 2011	Target for Dec 2011
R66,1m	R15,5m	R30m



**Figure 3: Summary of Technical Services Department performance**



### **3.3 FINANCE DEPARTMENT**

The Unit saw the appointment of a Chief Finance Officer in the last month of the quarter; however most of the measures are on target therefore we could safely say there has been a progressive improvement in this second quarter.

The Budget Unit has met all its targets starting from the statutory report to province being submitted by deadline dates, as well as the Budget programme submitted to council. It must also be noted that the municipality is in the process of doing their mid term adjustment budget.

The Expenditure unit is on target for most of their indicators. Problems are still being experienced in Creditors payment as the percentages are showing that 88% of our creditor receives their payment within the specified timeframes, which is 30 days. The fixed Asset Register is at 90% complaint with GRAP standards.

The municipality reported 30 days cash on hand in the first quarter of the financial year, however, the recommendation to review the cash flow management to range **between 30 and 90 days (with 60 days being the ideal target)** was implemented. The municipality reported **54 days cash at hand for the second quarter.**

Revenue collection is **at 67%** in this quarter, however it must be noted that the customers are being handed over for collection in line with the policy. During the first quarter it was reported that **48% of the debtors** were handed over for collection.

The internal funded capital budget had to be revised due to the revenue collection payment rate.

A service provider has been appointed to conduct an extensive data cleansing exercise, to ensure that the debtor's book is accurate and identify the root causes for the low payment rate against the projections. This will finally assist in addressing the issues the municipality has been faced with on revenue collection and also maximise the payment rate.

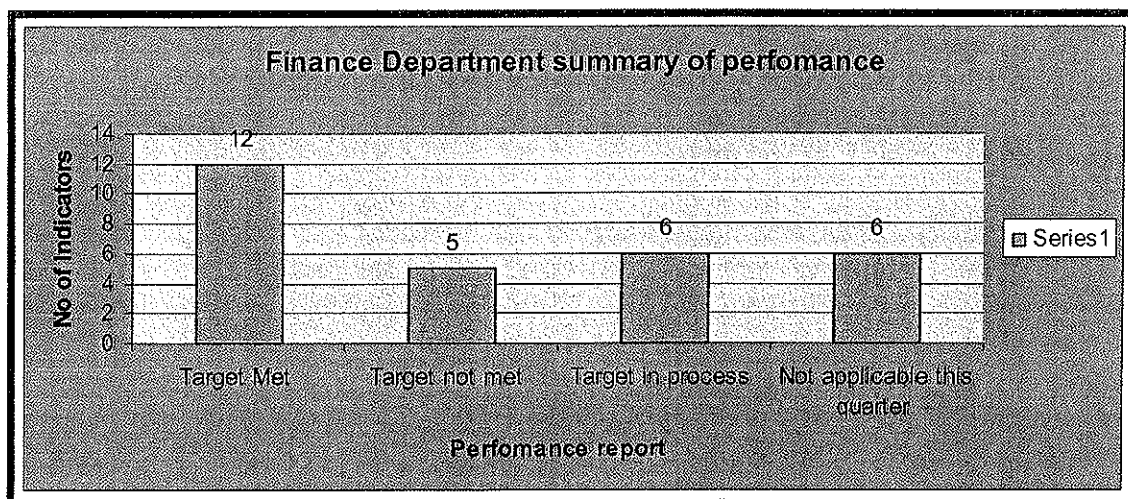
The process will be done through strengthening the implementation of the credit control policy and using the **Standard Operating Procedures (SOPs)** which are currently being developed, and will be used to hold people accountable.

The new CFO has already begun to provide direction in terms of benchmarking the district in the required financial indicators to move the municipality from one level to another. This will ensure that we do not report on these indicators for compliance only but with the intention to ensure the financial sustainability of the municipality with the resources that it has.

Supply Chain Management was one of the main focuses for the newly appointed CFO, and this quarter they have reported an average of 2.2 days turnaround for the quotations; however the turnaround time of processing the bids still requires more intervention and improvement.

It is also a pleasure to report that the municipality once again received an unqualified audit opinion and had significant improvements in the matters of emphasis as opposed to the previous financial year.

**Figure: Summary of Finance Department performance**



### **3.4 CORPORATE SERVICES**

The department's overall performance was on target. Human Resources have well exceeded their target on filling up the vacant posts and the reported figure of the structure as at end December is 93% of critical post filled, 78% posts filled in the organogram, and 23% of budgeted post for this financial year have been filled.

The employees are going under induction to ensure they are well aware of the organisation and its culture. Skills retention policy is under review to address the high labour turnover, in the two highest levels of employment which the municipality is experiencing.

Training budget expenditure is slightly behind with **47%** against the **50%** projected, but that is as a result of most training resuming in January and February which is the third quarter in the municipal financial year.

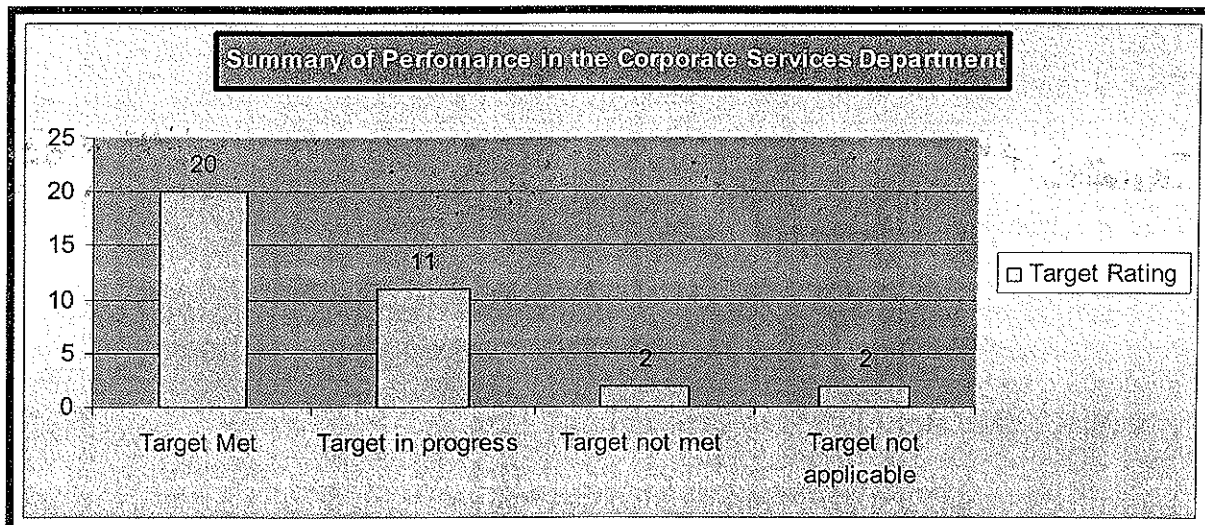
The need to reduce the costs of fleet within the municipality was also identified in this financial year. The department reduced the cost of fleet **by 2%** during the midterm period, this is slightly behind from the set target however, a tender is going out in January 2012 to address this issue.

Environmental Health is progressing well in their various inspections and building scrutiny. The water quality samples also improved as none were found to be non-compliant. Council support is functioning well with all the meetings requested held.

Legal Services has reviewed the measure on SLA. This indicator will now monitor the turnaround time for drawing up and vetting legal documents. The manager achieved an average of 2, 2 days against a target of 10 days.

There has also been a slight decrease in the % of legal matters of the municipality that are resolved averaging **61, 5%** against **77%** in this quarter. A recommendation to review target was suggested in the coaching sessions however strengthening the implementation of the Standard Operating Procedures will also deal with how the system currently flows. **All the Standard Operating Procedures** are due by end June 2012 for all the business Units.

**Figure: Summary of Corporate Services Department performance**



### 3.5 CORPORATE GOVERNANCE

The Corporate Governance department has been able to meet most of their target for this quarter. King Shaka celebrations were held on the 24 September 2011. Diwali parcels were also given to organisations celebrating the event.

Fifteen public participation meetings were held throughout the district for IDP Izimbizo as well as project feedback sessions. A need for the development of **Standard Operating Procedures** for both Internal and External communication has been identified. The municipality is also taking Intergovernmental Relation very seriously. To date a consultant (Juba Fly) was appointed to assist the District in implementing the published IGR Framework. The IGR is currently operating at 60% efficiency with Planning, PMS, Infrastructure, LED and Technical and Mayors Forums functioning.

The second quarter also saw the appointment of the Manager: Disaster Unit in December 2011. The unit reported a **100%** of incidents responded to. The unit is slightly behind in terms of awareness campaign due to the fact that the district was hit by a lot of disasters within the month of December so the newly appointed Manager had a lot to attend to within that first month.

The Unit has also been tasked to co-ordinate all **Operation Sukuma Sakhe** requests. The District measures the turnaround time to respond to the request as well as interventions done within the municipality. A budget allocation for OSS will be done during the adjustment budget. The Manager Corporate Governance is currently in the process of developing the **Standard Operating Procedures** for the roll out of OSS.