



2012/2013 THIRD QUARTER PERFORMANCE REPORT

FOR

ILEMBE DISTRICT MUNICIPALITY

31st MAY 2013

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1. INTRODUCTION

The purpose of this report is to outline the progress in terms of the SDBIP delivery for Quarter 3 for the 2012/2013 financial year. The PMS system has been designed to provide a high-level output focused on operational performance and client satisfaction information on core services provided by the municipality.

The municipality has committed itself to ensure we obtain a clean audit for the 2012/2013 financial year in both financial and performance information. Therefore, a lot of emphasis has been placed in strengthening internal controls in the matters of evidence for all the work the municipality engages itself in.

Monitoring progress is not only essential but monitoring it against the set targets is crucial as it will enable speedy progress in the required areas of responsibility. The oversight role conducted and involvement at all levels has strengthened and improved in submission of reports together with portfolios of evidence. The emphasis of this process has been done not only to track progress in terms of performance management but also to ensure that all information submitted with actuals claimed is valid and accurate. This assists in proving the credibility of the system as well as the reliability of the information submitted for further reporting.

Monthly progress with portfolio of evidence is submitted which is greatly assisting in tracking progress on an ongoing basis. The added benefit is that it is promoting organisational learning and we are able to see how we have planned and improved to ensure efficiency and effectiveness.

It must be noted that commitment from management and the willingness to work together with the PMS Unit has improved greatly. The Municipal Manager appreciates the effort and enthusiasm shown and hopes it continues to meet the municipality's commitment to obtain a clean audit for this year.

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

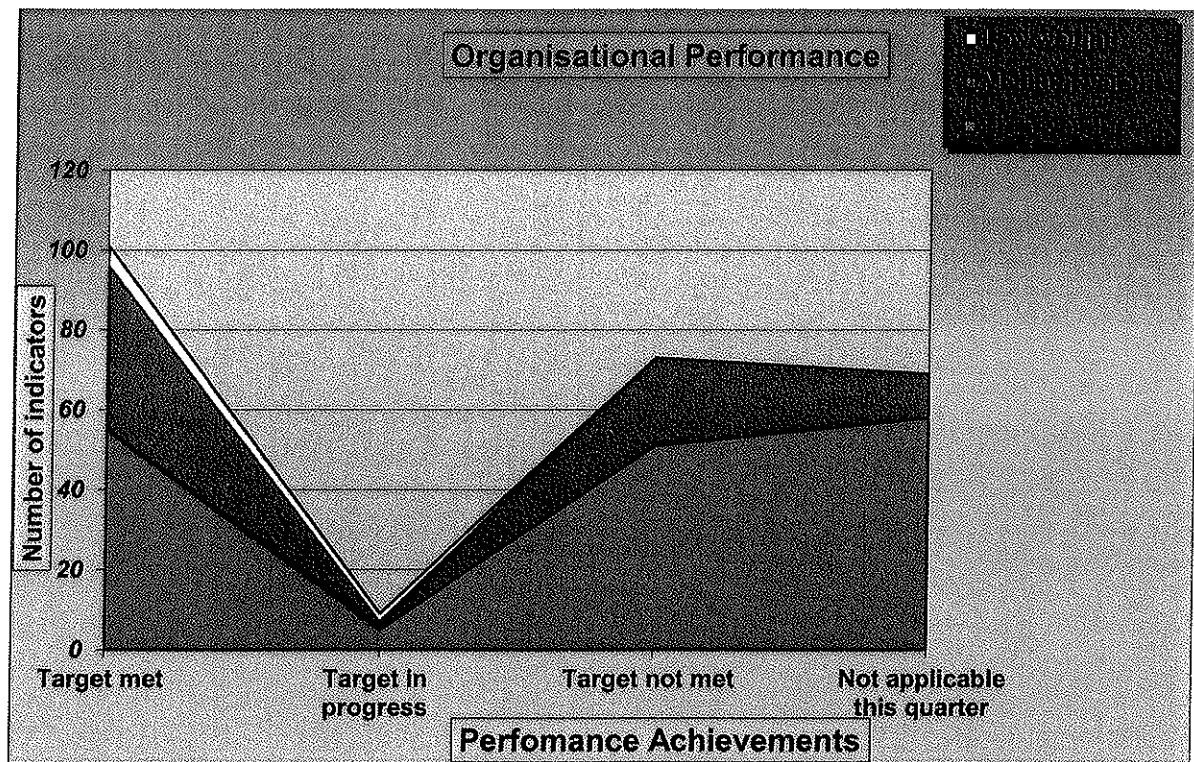
The table below depicts the performance of the district in relation to the various business units.

The suggestion by the Audit Committee to weight our indicators, to ensure special focus is given to the indicators with high weightings is being done on all reports. This will provide an indication of our effectiveness as an organisation, and we can be able to assess areas of improvement.

Indicators for all departments	High weight	Medium weight	Low weight		Total
Target met	55	41	5		101
Target in progress	5	2	2		9
Target not met	51	22	0		73
Not applicable this quarter	58	11	0		69
Total					252

A more detailed look into each department is outlined in paragraph 3.

Figure 1: Summary of Organisational performance



3. DEPARTMENTAL RESULTS

3.1. OFFICE OF THE MUNICIPAL MANAGER

The IDP roadshows were very successful and carried out as planned and the First Draft IDP and SDBIP for the 2013/2014 financial year was tabled at Council for consideration. The half year report was completed by the PMS Unit indicating the bi-annual performance as well as the midterm SDBIP adjustments as per the adjusted budget and submitted to EXCO and Council for approval. The internal audit unit completed a total of 12 assignments to date. The draft Enterprise Risk Management Framework is in place. The Municipal Manager is continuing to submit all statutory reports to Exco on a monthly basis.

3.2 TECHNICAL SERVICES

In terms of households connected for this quarter the target was nil as focus was mainly aimed at percentage progress to ensure to households being connected in the next quarter. In terms of percentage progress we are on track but there were a lot of concerns raised in terms of delays due to objections, contractors on site, rainfall etc. However a meeting was with all service providers to fast track progress where delays were experienced

and a revised plan will be submitted to the Mayor to ensure all targets are met for this financial year.

The total expenditure to date is on water projects is **R121, 936,797.42** against a projection of **R151, 387,779.00**. This is due to the fact that some invoices were not processed during the said period and will be incorporated into the following month.

The progress on the sanitation projects is ahead of target with an actual of **2696 household** with access against a target of **2800 households for this quarter**. The current sanitation expenditure is at **R 18,853,414.16** against the **R23, 513,600** projected for this quarter. The expenditure is not in line with the target due to invoices not be paid in the current month due to timeframes for month end and can only be processed the following month. However the progress is remarkable and the team is commended for the all efforts displayed. The % on the services that are **re-instated within 48hrs and 24 hrs respectively are at 100%**. The percentage improvement on the overall assessments in green drop status is 85%. Through the Expanded public works plan Technical Services Unit has been successful in creating 825 job opportunities through the water infrastructure and service delivery efforts.

3.3 FINANCE DEPARTMENT

The Budget unit has completed the first draft 2013/2014 budget which was table to Council for consideration on the 27 March 2013. Statutory monthly and quarterly reporting to province is submitted by the set deadlines and the percentage progress on the action plans is being updated monthly.

The Expenditure unit is still experiencing challenges in Creditors payment as the percentages are showing that only **92%** of our creditor receives their payment within the specified timeframes, which is 30 days however stringent measures in attempt to maintain tight controls are continuing to assist in meeting the target. The management of the cash flow was reported **21 days cash** on hand for this quarter, the achievement of 60 days cash on hand is in process, this will only be realised through the combination of improved debtors collection as well as cost saving. Austerity measures have been put in place to assist in managing costs.

Revenue collection is **at 68%** in this quarter, however it must be noted that the customers are being handed over for collection in line with the policy. This quarter it was reported that **121% of the debtors** were handed over for collection. 81% of overdue accounts were submitted to Technical Services to be restricted. The revenue enhancement strategy is in the process of being finalised, the strategy will also assist in unlocking some potential revenue streams that will boost the Councils cash flow position.

The SCM unit are maintaining their target in terms of procurement time in line with the SCM policy with the processes in recommending preferred

supply to departments with an average turnaround time of **9 days and 4.5 days** against targets of 10 and 5 days in this quarter. However concerns are around the turnaround time for processing bids that was reported to be **averaging 151 days** which is still way higher than the required **63 days** as per the procurement policy.

3.4 CORPORATE SERVICES

Human Resources unit have filled **77%** of posts on the organogram against a target of 86%, however additional posts were added onto the organogram and is currently being reviewed. The Draft Employment Equity policy is in place and awaiting approval which will then be implemented. All new employees recruited are being inducted to ensure they are well aware of the organisation and its culture as well as the benefits offered. The employee wellness plan is at **50%** implementation.

Legal Services is on target with an average of **4.2** days turnaround time to draw up and vetting legal documents. All SLA requests in this quarter were **100%** concluded. Objections have been finalised within 3 days against a target of 1 month.

The ICT unit has been successful in appointing the service provider for the SharePoint Configuration implementation. The system upgrade for Munsoft is completed as well as the migration from Novell GroupWise to Microsoft Outlook. Training has been done with all staff and continuous support is given to all users.

The Environmental Health Unit has done **319 inspections** to date and no notifiable vector borne cases were reported. A total of **111 water samples** were taken and analysed and none was found to be non-complaint. To date **526 food premises** were inspected in terms of food control and no food borne illness/food poisoning outbreaks were reported.

Council support is fully functional with all the meeting requested held.

3.5 CORPORATE GOVERNANCE

In terms of Public Participation the department is well ahead of target in have **23 successful meetings** which includes the IDP public consultation. IGR meetings have been held, a special IGR meeting is being planned to include all units from the Local Municipalities, internal audit, finance, PMS to ensure we embark on succeeding a clean audit for the current financial year as a family of the iLembe District.

The Disaster Risk management unit is on track in terms of the units target, with **100% of incidents responded** to. A total of **22 awareness campaigns** were held and 12 capacity building sessions. A service provider

has been appointed to review the disaster risk reduction plan and framework.

The Manager Corporate Governance has implemented 17 programmes as per the approved gender plan and 11 programmes as per the approved youth plan with **309 youths benefitting** from this project.

3.6 MUNICIPAL ENTITY – ENTERPRISE ILEMBE

In terms of section 93B of the Municipal Systems Act, the parent municipality must ensure that the performance objectives and indicators for the municipal entity are established by agreement with the entity and included in the municipal entity's multi year business plan in accordance with section 87 (5) (d) of the MFMA. It is for this reason that the report for the Enterprise Ilembe has been included as part of this performance report.

The schools nutrition programme is continuing to be a successful project and the entity was able to secure funding to the **value of R10,3m**. No new projects were funded this financial therefore no further progress could be made, however continuous work on applications is being done to secure funding for next FY.

Ilembe Enterprise is visible in the media, networking sessions are happening as planned and an economic and **2 intelligent report** was completed and 3rd is in draft stage, this is to help understand the status quo of the Ilembe as a region. 100% of the BR & E programme was implemented. **53 temp jobs** were created through EI interventions.

There has been 6 board meetings held, where the organogram has been approved and the draft strategic Plan with measurable indicators and targets was presented. The entity has been successful in meeting their deadlines in submitting monthly financial reports and monthly and quarterly performance reports with portfolio of evidence.

The detailed report is attached as part of the annexure

4. PERFORMANCE OF SERVICE PROVIDERS

This is continuing to be a challenge for the SCM unit, however there has been an improvement in terms of submission of monthly service provider reports to the SCM by some departments. However there will be a full detailed report on all service providers the municipality is engaged with in the annual performance report. The SCM unit is aware of the importance and the urgency of this report and is working together with line departments to provide this report.

5. MEASURES TO IMPROVE PERFORMANCE

The financial has seen great improvement in the areas identified as weak within the organisation. As the system improves the management is gradually getting familiar with the system and where target is not met, meaningful corrective measures are stated to ensure that these tools are really assisting the management and adding value in streamlining their work. The departmental reports attached as annexure have corrective measures on all targets that were not met.

6. CONCLUSION

The Ilembe District wishes to reinforce its commitment and dedication in ensuring the service delivery and changing the lives of the people within our district.

ANNEXURE

Organisational Scorecard

Organisational Scorecard 2012/2013

Basic Service Delivery

OUTCOME	NATIONAL KPA's	IDP OBJECTIVE	KPA	BACKLOG	BASELINE	KPI'S	UNIT OF MEASURE	ANNUAL TARGET	3RD QUARTER TARGET	3RD QUARTER ACTUAL	RESPONSIBLE DEPARTMENT
Improved access to basic services		Improve access to basic sanitation services	Water Projects	43 701	4223hh	Number of hh with new access to water	Number	5452hh (was 8673hh)	N/A	Not applicable	Technical Services Department
		Improve access to basic sanitation services	Water backlog eradication	27%	77%	Percentage backlog by June 2013	Percentage	22%	N/A	Not applicable	Technical Services Department
		Improve access to basic sanitation services	Sanitation Projects	48 234	4314hh	Number of hh with new access to sanitation	Number	3812hh (was 3800hh)	2800hh	2696	Technical Services Department
		To provide sustainable infrastructure that will render water and sanitation services	Sanitation backlog eradication	30%	65%	Percentage backlog by June 2013	Percentage	28%	N/A	Not applicable	Technical Services Department
		To provide sustainable infrastructure that will render water and sanitation services	Water Projects Expenditure	k	R 157 133 547,33	Rand Value of expenditure - Water	Rand value	R226 600,000 (was R208,605,350)	R 151 387 779,00	R 121 963 737,42	Technical Services Department
		To provide sustainable infrastructure that will render water and sanitation services	Sanitation Projects Expenditure	N/A	R 35 164 154,89	Rand Value of expenditure - Sanitation	Rand value	R39,200,000 (was R33,662,650)	R 23 513 600,00	R 18,653,414,16	Technical Services Department
		To provide sustainable infrastructure that will render water and sanitation services	Refurbishment	N/A	New Indicator	a) Percentage Progress in the implementation of repairs & maintenance plan b) LEExpenditure	% and number	a) 100% b) R29,985,296 (was R19,983,000)	a) 75% b) R22,487,472	a) 70% b) R22,000,859	Technical Services Department
		Monitor Siza Water concession contract	Siza Water	N/A	Draft Plan	Draft 5 year plan by deadline	Date	June 2013	Begin with interactions with the new SLAs	approved by Exco for Acting MM's sign-off	Technical Services Department
		To improve the level of financial utilisation non-wasteful but for specified projects	Capital Expenditure	N/A	100%	Percentage of municipalitys annual capital budget spent on agreed IDP projects	%	100%	60%	53%	Technical Services Department
		Improve response time to water and sanitation interruptions	iLembe DM specific Water Infrastructure	N/A	97,86%	Percentage of reported households responded with services reinstated within 48 hours on water	%	100% within 48hrs	100% within 48hrs	99%	Technical Services Department
		Improve response time to water and sanitation interruptions	iLembe DM specific Sanitation Infrastructure	N/A	100%	Percentage of reported households responded with services reinstated within 24 hours on sanitation	%	100% within 24hrs	100% within 24hrs	100%	Technical Services Department
		To provide excellent water quality that will meet or exceed the National Standards	Green drop status	N/A	Not addressed	% improvement on the overall assessments in green drop status	%	85%	85%	85%	Technical Services Department
		To provide excellent water quality that will meet or exceed the National Standards	Blue drop status	N/A	95%	Maintain the percentage received in previous financial year for all plants	Percentage	Maintain 95,38%	N/A	Not applicable	Technical Services Department
		To improve the level of financial utilisation non-wasteful but for specified projects	Repairs & Maintenance	N/A	7%	% operational budget spent on repairs and Maintenance	%	8% (was 10%)	7%	-11%	Technical Services Department

ORGANISATIONAL SCORECARD 2012-2013

OUTCOME	NATIONAL KPA'S	IDP OBJECTIVE	KPA	BACKLOG	BASELINE	KPI'S	UNIT OF MEASURE	ANNUAL TARGET	3RD QUARTER TARGET	3RD QUARTER ACTUAL	RESPONSIBLE DEPARTMENT	
Improved Municipal Financial & Administrative Capabilities	Financial Viability and Management	To ensure long-term financial viability and sustainability of iLembe District Municipality.	Compile Budget for 2013/2014.	N/A	2012/2013 Capital & Operating budget by June 2012	Approved fully funded Operating & Capital Budget for 2013/2014 by deadline	Date	30 June 2013	Prepare 2012/2013 adjustment budget & 2013/2014 Draft budget	Draft Budget was tabled at Council on 27 March 2013. Resolution Attached.	Finance Department	
		To ensure long-term financial viability and sustainability of iLembe District Municipality.	Obtain unqualified audit report for 2011/12	N/A	a) Unqualified audit report for 2010/2011 b) New indicator c) New indicator	a) Unqualified audit report by the AG for 2011/2012 b) % decrease in AGs findings c) No repeat findings	a) AG Reports b) Percentage c) Number	a) Unqualified audit report by the AG for 2011/2012 b) 25% c) 0	N/A N/A N/A	a) Not applicable b) Not applicable c) Not applicable	Finance Department	
		To ensure long-term financial viability and sustainability of iLembe District Municipality.	Capital Expenditure	N/A	New indicator	% quarterly capital expenditure as of planned expenditure (Actual capex/budgeted capex) x100	%	100%	100%	100%	102%	Finance Department
		To ensure long-term financial viability and sustainability of iLembe District Municipality.	Operational Expenditure	N/A	New indicator	% quarterly operational expenditure as of planned expenditure (Actual opex/budgeted opex) x100	%	100%	100%	100%	70%	Finance Department
		To raise monthly collection rate on billings	Revenue Collection Rate	N/A	a) 67% b) 31%	a) Percentage collection rate b) Percentage increase in the proportion of consumers paying in full vs the number of consumers billed	%	a) 80% b) 40%	a) 75% b) 35%	a) 68% b) 40%		Finance Department
		To ensure compliance with SCM policy & regulations	Procurement time in the line with the SCM Policy	N/A	a) 12.9 days b) 5.1 days	a) Turnaround time for the SCM processes in recommending preferred supply to Departments (quotations, adverts etc) (Between R30 000 & R200 000) b) Turnaround time for the SCM processes in recommending preferred supply to Departments (quotations, adverts etc) (Between R2000 and R29 999)	Number of days	a) 10 days b) 5 days	a) 10 days b) 5 days	a) Average turnaround = 9.00 days b) Average turnaround = 4.50 days		Finance Department
		To ensure compliance with SCM policy & regulations	Compliance with the SCM Policy	N/A	a) 55.6 days b) 62 days	a) Turnaround time for processing all the bids b) Turnaround time in processing bids for banking services	Number	a) 63 days b) 90 days	a) 63 days b) 90days	a) 173 days (feb only) b) Not applicable - no bids finalised		Finance Department
		To ensure long-term financial viability and sustainability of iLembe District Municipality.	Payment of creditors	N/A	32.95%	% of claims with no outstanding issues submitted to Finance paid within 30 days	%	100%	100%	100%	92%	Finance Department
		To ensure long-term financial viability and sustainability of iLembe District Municipality.	Statutory reports	N/A	Submitted by the 14th of each month	Percentage of monthly reports that are submitted by the 14th of each month	%	100%	100%	100%	100%	Finance Department