PIETERMARITZBURG
MSUNDUZI

REPORT TO THE MSUNDUZI MUNICIPAL COUNCIL

File Reference: 10.4.1
Report Number:01

Author: Mr. Indrasen Chetty
Designation: Manager: Strategic Analysis & Research (Acting)

OUT COMMITTEE

FOR CONSIDERATION

1st Level: SMC: 21st January 2015
2nd Level: PORTFOLIO COMMITTEES: N/A
3rd Level: AUDIT COMMITTEE: N/A
4th Level: EXCO: N/A
5th Level: COUNCIL: 23rd January 2015

MID-YEAR PERFORMANCE REVIEW 2014/2015 FINANCIAL YEAR

DATE: 20 JANUARY 2015

1. PURPOSE

1.1. The purpose of this report is to inform the Council of the Mid-Year Performance review that was conducted and to recommend the resultant amendments of the Service Delivery & Budget Implementation Plan (SDBIP) and Operational Plan (OP) 2014/2015.

2. ANNEXURES

2.1. ANNEXURE 1: REVIEWED SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN 2014/2015

2.2. ANNEXURE 2: NEWLY DEVELOPED OPERATIONAL PLAN 2014 / 2015

3. LEGISLATIVE PROVISIONS

3.1. The Municipal Finance Management Act S72 prescribes that every municipality must compile a Mid-Year Budget & Performance review by the 25th of January annually.

4. BACKGROUND

4.1. As per the above-mentioned legislative requirements pertaining to the compilation and presentation of the Mid-Year Performance review, this report is produced in accordance.

4.2. The Internal Audit unit of Council, as per the recommendation of the Audit Committee, conducted an audit of the Approved SDBIP 2014/2015.

4.3. The Audit outcomes reflected several instances whereby the SDBIP 2014/2015 was not compliant with the Municipal Systems Act.

4.4. The following is a summary of all the Internal Audit non-compliance findings on the SDBIP 2014/2015:

4.4.1. Key performance indicators are not well defined
4.4.2. Performance targets are not SMART
4.4.3. All performance targets do not have timeframes
4.4.4. There are no input and outcome indicators
4.4.5. The SDBIP is not aligned to the IDP
4.4.6. The key performance indicators for municipal entities not set
4.4.7. The Municipality did not involve communities in setting key performance indicators
4.4.8. Ward information is not included in the SDBIP

4.5. The Strategic Management Committee (SMC), upon receipt of the Audit Report on the SDBIP by Internal audit, then tasked the Performance Management Unit (PMS) to conduct a review of the SDBIP 2014/2015.

4.6. The PMS unit conducted a review of all Key Performance Indicators on the approved SDBIP 2014/2015 and the SDBIP was split into an SDBIP & Operational Plan (OP).

4.7. The SDBIP 2014/2015 contains the following Business Units:

Number	Business Unit	Sub Unit
1	**Corporate Business Unit**	Office of the Speaker
		Office of the Mayor
		Office of the Municipal Manager
2	**Community Services Business Unit**	Area Based Management
		Health and Social Services,
		Community Development (Parks, Waste Management, Halls, Libraries and Art Gallery)
		Public Safety Enforcement and Disaster Management
		Safe City – Municipal Entity
3	**Infrastructure Services Business Unit**	Water and Sanitation
		Roads and Stormwater
		Electricity
		Landfill Site
4	**Economic Development Business Unit**	Local Economic Development
		Infrastructure Planning and Survey
		Human Settlements
		Town Planning and Environmental Management

4.8. The Operational Plan 2014/2015 contains the following Business Units that provide operational, support and auxiliary services.

Number	Business Unit	Sub Unit
1	Corporate Business Unit	Internal Audit
		Marketing and Communication
		Integrated Development Plan
		Performance Management System
2	Finance Business Unit	Budget and Treasury
		Revenue Management
		Expenditure Management
		Assets & Liabilities
		Supply Chain Management

Number	Business Unit	Sub Unit
3	Infrastructure Services Unit	Fleet Management
		Project Management Unit
4	Corporate Services Unit	Legal Services
		Information Communication Technology
		Sound Governance
		Human Resources

5. COMMENTS FROM THE RELEVANT DEPARTMENT OR COMPONENT OF THE MUNICIPALITY – MANAGER: OFFICE OF THE MUNICIPAL MANAGER

5.1. The following is adapted from the reporting on the 2nd Quarter Service Delivery & Budget Implementation Plan (SDBIP) and Operational Plan (OP) 2014/2015 in respect of performance of Key Performance Indicators.

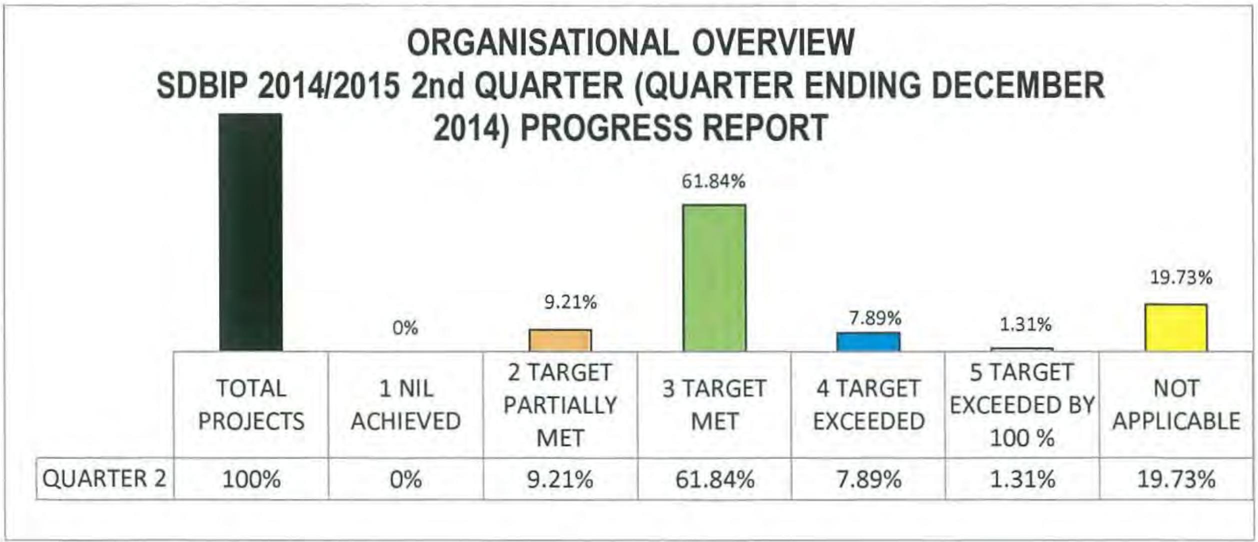
5.2. Organizational Overview of Operating and Capital projects on the ***SDBIP 2014/2015***

SDBIP 2014/2015 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT

	TOTAL PROJECTS	**KEY**
	1 NIL ACHIEVED	
	2 TARGET PARTIALLY MET	
	3 TARGET MET	
	4 TARGET EXCEEDED	
	5 TARGET EXCEEDED BY 100 %	
	NOT APPLICABLE	

1.	ORGANISATIONAL OVERVIEW	
1.1	TOTAL PROJECTS:	172
1.1.1	OPERATING PROJECTS:	76
1.1.2	CAPITAL PROJECTS:	96

1.2 GRAPHICAL REPRESENTATION OF PERFORMANCE: OPERATING PROJECTS



	TOTAL PROJECTS	1 NIL ACHIEVED	2 TARGET PARTIALLY MET	3 TARGET MET	4 TARGET EXCEEDED	5 TARGET EXCEEDED BY 100 %	NOT APPLICABLE
QUARTER 2	100%	0%	9.21%	61.84%	7.89%	1.31%	19.73%

1.2.1 A total of 76 Operating Projects were reported on the SDBIP for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year.

1.2.2 0% of the projects were reported as having Nil Achievements for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.2.3 9.21% of the projects were reported as having been partially met for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

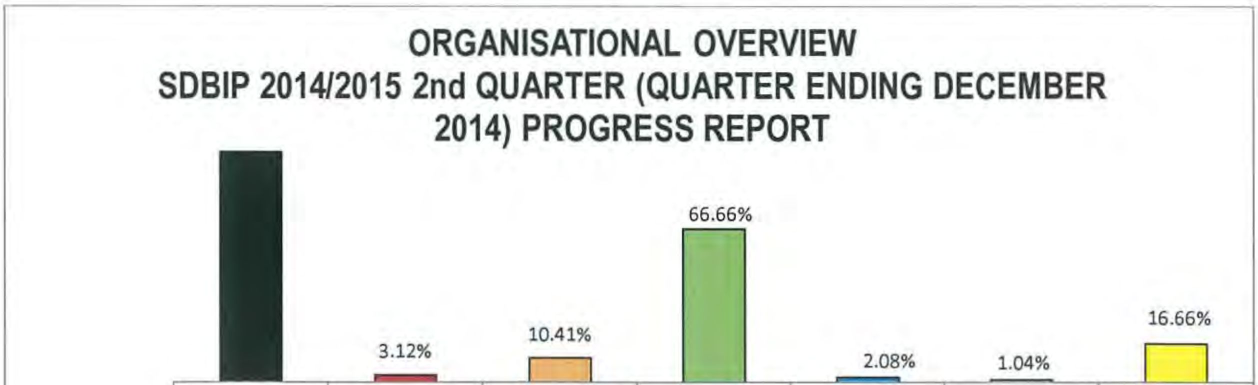
1.2.4 61.84% of the projects were reported as having been met for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.2.5 7.89% of the projects were reported as having exceeded the target for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.2.6 1.31% of the projects were reported as having exceeded the target by 100% for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.2.7 19.73% of the projects were reported as not applicable due to not having any targets set for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

2.1 GRAPHICAL REPRESENTATION OF PERFORMANCE: CAPITAL PROJECTS



	TOTAL PROJECTS	1 NIL ACHIEVED	2 TARGET PARTIALLY MET	3 TARGET MET	4 TARGET EXCEEDED	5 TARGET EXCEEDED BY 100 %	NOT APPLICABLE
QUARTER 2	100%	3.12%	10.41%	66.66%	2.08%	1.04%	16.66%

2.1.1 A total of 96 Capital Projects were reported on the SDBIP for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

2.1.2 3.12% of the projects were reported as having Nil Achievements for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

2.1.3 10.41% of the projects were reported as having been partially met for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

2.1.4 66.66% of the projects were reported as having been met for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

2.1.5 2.08% of the projects were reported as having exceeded the target for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

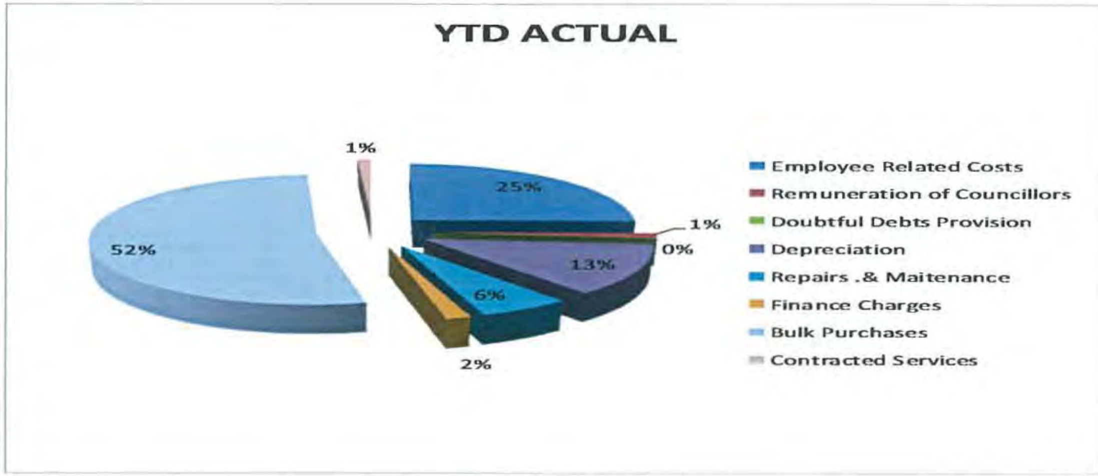
2.1.6 1.04% of the projects were reported as having exceeded the target by 100% for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

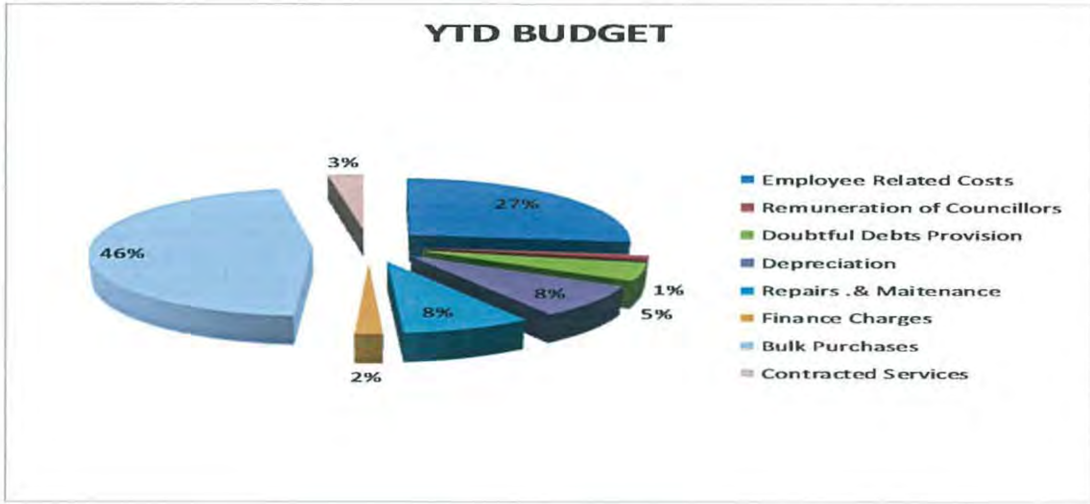
2.1.7 16.66% of the projects were reported as not applicable due to not having any targets set for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

5.3. Below is the Budget & Expenditure information for both Operating & Capital Budget for the 2014/2015 Financial Year as at the end of the second Quarter.

OPERATING EXPENDITURE

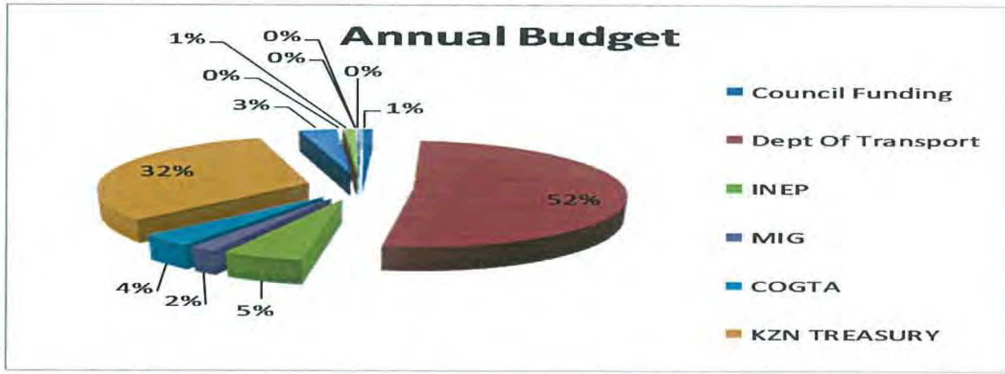
Operating expenditure as at 31 December 2015		
	Year to Date	
	Actual	Budget
EXPENDITURE		
Employee Related Costs	430 111 551	427 944 100
Remuneration of Councillors	18 291 918	19 636 120
Doubtful Debts Provision	0	72 288 500
Depreciation	215 544 977	129 734 656
Repairs .& Maitenance	100 794 328	135 874 703
Finance Charges	27 034 706	30 369 056
Bulk Purchases	895 082 900	739 760 998
Contracted Services	18 779 272	46 525 499
	3 608 898 167	3 401 611 475

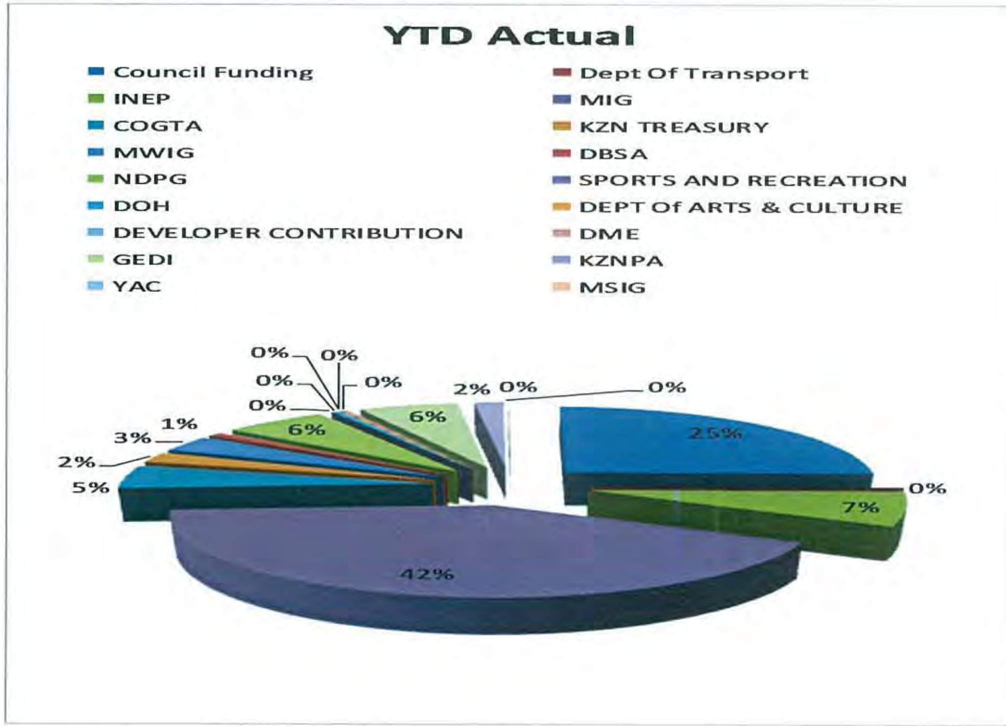




CAPITAL EXPENDITURE

Capital Expenditure Summary by Funding	Original Budget	Revised Budget	YTD Actual
Council Funding	120 150 000	118 345 132	41 850 196
Dept Of Transport	100 000 000	100 000 000	0
INEP	3 000 000	3 000 000	11 668 022
MIG	159 158 000	160 542 458	69 599 552
COGTA	4 277 000	16 781 903	8 095 835
KZN TREASURY	5 500 000	5 500 000	3 534 651
MW IG	11 389 000	11 389 000	5 579 165
DBSA	100 000 000	100 000 000	1 510 000
NDPG	10 350 000	10 350 000	10 304 751
SPORTS AND RECREATION	150 000	169 075	19 075
DOH	0	3 047 888	795 419
DEPT Of ARTS & CULTURE	0	172 383	127 436
DEVELOPER CONTRIBUTION	0	439 800	0
DME	0	0	504 107
GEDI	0	18 302 558	9 792 680
KZNPA	0	6 851 318	2 906 471
YAC	0	32 060	32 059
MSIG	0	445 000	198 816
	513 974 000	555 368 575	166 518 236





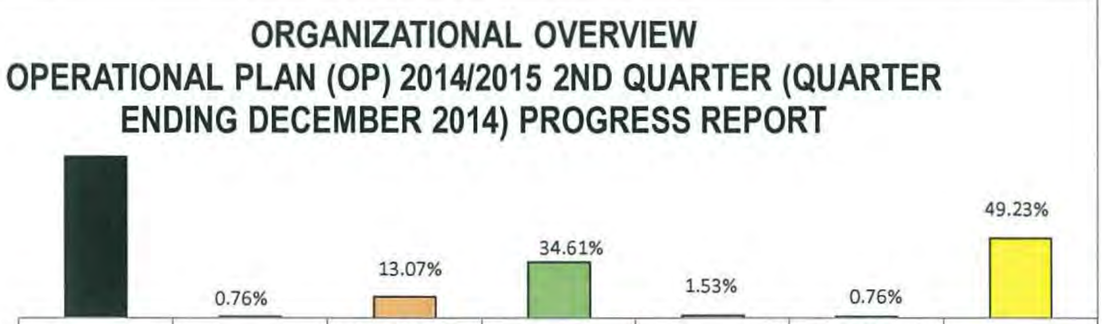
5.4. Organizational Overview of Operating projects on the **Operational Plan 2014/2015**

OPERATIONAL PLAN 2014/2015 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT

	TOTAL PROJECTS	**KEY**
	1 NIL ACHIEVED	
	2 TARGET PARTIALLY MET	
	3 TARGET MET	
	4 TARGET EXCEEDED	
	5 TARGET EXCEEDED BY 100 %	
	NOT APPLICABLE	

1. ORGANISATIONAL OVERVIEW
1.1 TOTAL PROJECTS: 130
1.1.1 OPERATING PROJECTS: 130
1.1.2 CAPITAL PROJECTS: 0

1.2 GRAPHICAL REPRESENTATION OF PERFORMANCE: OPERATING PROJECTS



	TOTAL PROJECTS	1 NIL ACHIEVED	2 TARGET PARTIALLY MET	3 TARGET MET	4 TARGET EXCEEDED	5 TARGET EXCEEDED BY 100 %	NOT APPLICABLE
QUARTER 2	100%	0.76%	13.07%	34.61%	1.53%	0.76%	49.23%

1.1.1 A total of 130 Projects were reported on the Operational Plan for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.1.2 0.76% of the projects were reported as having Nil Achievements for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.1.3 13.07% of the projects were reported as having been partially met for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.1.4 34.61% of the projects were reported as having been met for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.1.5 1.53% of the projects were reported as having exceeded the target for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.1.6 0.76% of the projects were reported as having exceeded the target by 100% for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

1.1.7 49.23% of the projects were reported as not applicable due to not having any targets set for the 2nd QUARTER (QUARTER ENDING DECEMBER 2014) PROGRESS REPORT 2014/2015 financial year

6. IMPLICATIONS

6.1. **FINANCIAL** – N/A

6.2. **LEGAL** – The report complies with all legislative requirements.

6.3. **COMMUNICATION** –N/A

6.4. **COMMUNITY** – Nil

6.5. **SERVICE DELIVERY** - The Service Delivery & Budget Implementation Plan (SDBIP) Report is a reflection of performance of the municipality, including service delivery and will be amended in line with the recommendations of the Mid-Year review as approved by Council.

7. RECOMMENDATION

IT IS RECOMMENDED THAT:

7.1. The Mid-year Performance Review 2014/2015 financial year is noted.

7.2. The reviewed Service Delivery & Budget Implementation Plan (SDBIP) 2014/2015 as per Annexure 1 is approved.

7.3. The Newly Developed Operational Plan (OP) 2014/2015 as per Annexure 2 is approved.

8. SUBMITTED BY:

Generators of Report **Mr. Indrasen Chetty, Mr. Bonga Halimana & Mr. Latha Dlamini** **Office of the Municipal Manager**	Supported **Ms. Madeleine Jackson-Plaatjies** **Manager: Office of the Municipal Manager**

Signed **MA Nkosi** **Municipal Manager**