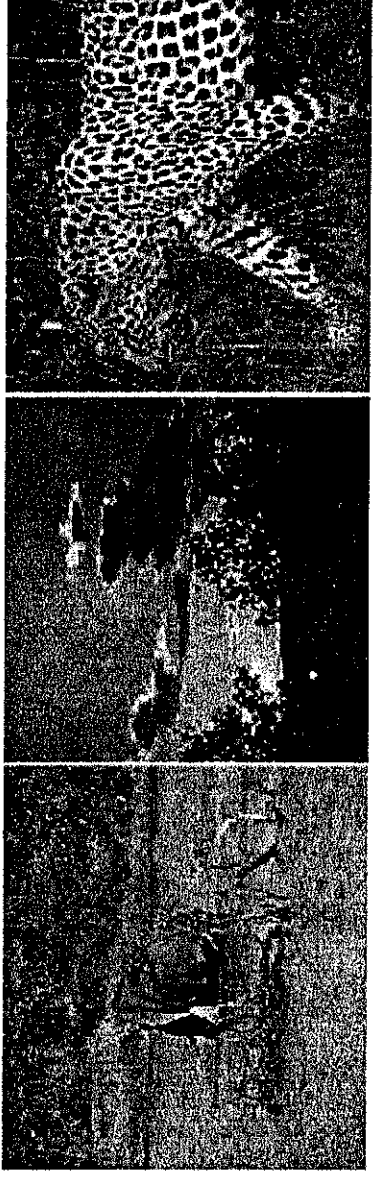


# MARULENG LOCAL MUNICIPALITY



2020-21 MIDYEAR BUDGET AND PERFORMANCE ASSESSMENT

**REPORTS** **Forum**

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## **INTRODUCTION**

### **1. Section 72 (1) of the Municipal Finance Management Act, Act 56 of 2003 stipulates:**

“The accounting officer of the municipality must by the 25 January of each year assess the performance of the municipality during the first half of each financial year” taking into account (i) monthly statements, (ii) municipality’s delivery targets and indicators set in the service delivery and budget implementation plan, and progress on resolving problems identified in the past annual report, and

### **Section 72 (3) further stipulates:**

‘As part of the review-

- a) Make recommendations as to whether an Adjustment Budget is necessary; and
- b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

### **2. The following is the Mid-year Budget and Performance Assessment taking into account the stipulations of the MFMA, Section 72 (1) as at 31 December 2020.**

## 1. FINANCIAL PERFORMANCE

### HALF-YEAR BUDGET STATEMENTS STATEMENT: 31 DECEMBER 2020

#### (JULY 2019- DECEMBER 2020 YEAR PERFORMANCE)

The municipality's total budget amounts to R399, 934,142 (Operating and capital budget). The operating budget consists of non-cash item/ budget of R40, 740,745 and operating cash budget of R228, 714,720 including non-cash items & capital budget of R171, 219, 422. No virements (budget transfers) were made for the period 01 July 2020 to 31 December 2020.

#### 1.1. OPERATING EXPENDITURE

Total expenditure up to December 2019 amounts to R101, 716, 538 or 44, 47% of the total operating budget of R228, 714,720. The main contributors to the under/over spending in comparison to the 50% pro rata for six months are the following:

1. **Salaries and wages Budget** amounts to R83, 438,036 and R36, 624,764 (44%) has been spent, which is R5, 094,254 less than the pro-rata spending. Delay in filling of vacant and critical positions, e.g. the position of three directors was filled in third quarter and one was filled in December 2020. (Chief financial officer, Director spatial planning and community service director).
2. **Remuneration of councillors** Budget amounts to R12, 289,802 and R5, 559,855 (45%) has been spent, which is R585, 046 less than the pro-rata spending. The municipality has estimated an increase of 7% for remuneration of councillors which will be paid after the minister approved the upper limit gazette. The approval is normally happened in the third quarter of the municipal year.
3. **Repairs and maintenance** Budget amounts to R4, 330,000 and R1, 141,847 (26%) has been spent, which is R1, 023, 153 less than the pro-rata spending. Repairs and Maintenance are incidents driven. They were few incidents requiring maintenance which reported during the period under view
4. **Contracted Services** Budget amounts to R 27,597,500 and R11, 060,414 (40%) has been spent, which is R2, 738, 336 less than pro-rata spending. Most of the payment will be happened in the third and fourth quarter of the municipal year based on the supply chain procurement plan, i.e. assets register in preparation for 2020/21, valuation roll, updating of the municipal system etc.
5. **Other Material** Budget amounts to R5, 300, 000 and R2, 614, 811 (49%) has been spent, which is R35, 189 less than pro-rata spending.
6. **Depreciation and assets impairment** Budget amounts to R26, 740,745 and R10, 666, 616 (40%) has been spent, which is R2, 703, 756 less than pro-rata spending. most of the assets are still on WIP ( work in progress) which will be depreciated after the completion certificated has been issued to the municipality, the municipality has got 18 (eighteen) projects that are still in progress and will be completed by third and fourth quarter of the municipal year, those projects are ( Balloon access road, Calais sports field, Maruleng indoor sports centre, Worcester access road, Santeng graveyard access road, Willows access road, Turkey gafanie Access road, Butswana Access road, rehabilitation of kampersus, rehabilitation of hoedspruit, rehabilitation of ga-sekororo, sofaya to Mahlomelong, bismark access road, Calais internal street, Lorraine community hall, low level bridges etc)

7. **Debt impairment** Budget amounts to R14,000,000 and R13,365,176 (95%) has been spent, which is R6,365,176 more than pro-rata spending. the municipality has total debt of R117 million which is owed for more than 90 days.
8. **General expenses** Budget amounts to R54,365,805 and R20,880,283 (38%) has been spent, which is R6,302,619 less than the pro-rata spending. The municipality is implementing cost containment measure gazette.

## 1.2 OPERATING REVENUE

Total Operating revenue up to December 2020 amounts to R217,419,077 or 65% of the total revenue budget of R333,120,073, which is R50,859,040 more than the pro-rata budget. (Total revenue is inclusive of revenue from operational and capital grants).

Included in the total operating revenue earned to date of R217,419,077 are the following revenue items—

1. **Rates and service charges** budget amounts to R98,229,297 and R49,981,108 (51%) has been billed, which is R866,460 more than the pro-rata revenue.
2. **Rental of facilities** budget amounts to R408,289 and 0 (0%) has been billed, which is R204,145 less than the pro-rata revenue. Most of the service level agreement has not yet been signed with the municipality.
3. **Interest on external investments** budget amounts to R8,151,000 and R2,203,416 (27%) has been earned, which is R1,872,084 less than the pro-rata revenue. The economy is currently affected by COVID 19 pandemic, the interest rates on investment was mostly affected.
4. **Interest on outstanding debtors** budget amounts to R15,758,255 and R6,406,216 (41%) has been billed, which is R1,472,912 less than the pro-rata revenue. Most of the debtors that are owing for more than 90 days are not settling their debts.
5. **Service charges** relate to refuse removal. The (budgeted amount is R3,916,306 and actual revenue earned amounted to R2,269,983 (50%), which is R311,830 more than pro rata revenue. within the pro-rata revenue.
6. **Other revenue** represents all revenue generated, which is neither listed above nor specified in the prescribed Section 71 Report in terms of the MFMA, such as the following:
  - Licences and permits (R1,417,708)
  - Agency fees (R7,865,706)
  - Sundry income (R1,607,815)

Below is the six months' income and expenditure report for July 2020 to Dec 2020:

	2020	2021
	R	R
<b>MID YEAR PERFORMANCE</b>		
<b>REVENUE</b>		
Revenue from exchange transactions	1 879 580	2 269 983
Service charges	5 206 903	6 406 217
Interests received-receivables	4 008 670	2 203 417
Interests received-Investments	110 319	0
Rental of facilities and equipment	1 160 445	1 417 708
Licences and permits	4 550 519	7 865 706
Agency fees	1 446 608	1 548 690
Other revenue		
<b>Total revenue from exchange transactions</b>	<b>18 363 044</b>	<b>21 711 721</b>
<b>Revenue from non exchange transactions</b>		
Taxation revenue	45 503 793	49 891 108
Property rates	0	59 125
Traffic fines		
<b>Transfer revenue</b>		
Government grants and subsidies received - operating	95 321 071	127 984 800
Government grants and subsidies received - capital	17 674 728	17 772 324
<b>Total revenue from non exchange transactions</b>	<b>158 499 593</b>	<b>195 707 357</b>
<b>TOTAL REVENUE</b>	<b>176 862 636</b>	<b>217 419 078</b>
<b>EXPENDITURE</b>		
Employee related costs	35 234 008	36 624 765
Remuneration of councillors	5 363 260	5 559 856
Bad debts	30 420 596	13 365 176
Depreciation and amortisation expense	9 592 030	10 666 616
Finance cost	619 690	692 792
General expenses	22 195 166	23 746 919
Contracted services	12 137 755	11 060 415
<b>TOTAL EXPENDITURE</b>	<b>115 562 505</b>	<b>101 716 538</b>
<b>NET SURPLUS FOR THE YEAR</b>	<b>61 300 131</b>	<b>115 702 540</b>

### 1.3 CAPITAL EXPENDITURE

The capital budget (2020/21) amounts to R171, 219, 422. The 6 months' expenditure is R72, 310, 369 which is 42% of the total capital budget. It must be noted that some capital projects are either at bidding stages or designs stage. MIG spending alone is at 67% with the balance of unspent funds attributable to own-funded projects and capital acquisitions. It is however anticipated that 100% of the capital budget will be spent by 30 June 2021.

#### Breakdown of Capital Expenditure

SegmentDesc	TotalBudget	TotalActual	%spend	Targets	Difference
ROADS CALAIS INTERNAL STREET( MIG) sc6,3 MIG	7 422 868,00	1 543 345,37	21%	21%	50%
ROADS SOFAYA TO MAHLOMELONG ACCESS ROAD(MIG) sc6,3 MIG	6 907 612,00	3 501 846,94	51%	51%	50%
Mabins access road	1 500 000,00	-	0%	0%	50%
MARULENG INDOOR SPORT CENTRE	2 127 478,00	-	0%	0%	50%
BALLOON STREETS own	22 445 889,00	11 613 834,88	52%	52%	50%
BISMARK own	5 500 000,00	5 499 997,32	100%	100%	50%
BUTSWANA ACCESS ROAD own	8 550 000,00	6 046 086,81	71%	71%	50%
CALAIS SPORTS FIELD - MIG own	6 486 709,00	3 233 346,12	50%	50%	0%
FENCES FOR CEMETRIES AND LONDON LANDFILLSITE own	2 400 000,00	-	0%	0%	50%
MARULENG LOW LEVEL BRIDGES own	7 000 000,00	-	0%	0%	50%
NEW LINE GA-FANIE ACCESS ROAD own	12 600 000,00	9 860 382,83	78%	78%	50%
WORCESTER own	7 300 000,00	3 958 461,11	54%	54%	50%
REHABILITATION OF KAMPERSUS own	5 500 000,00	6 292 737,89	114%	114%	50%
ROADS REHABILITATION OF GASEKORORO sc6,3 own	6 000 000,00	601 462,56	10%	10%	50%
SANTENG GRAVEYARD ACCESS ROAD own	7 190 000,00	3 601 915,37	50%	50%	0%
HALLS LORRAINE COMMUNITY HALL sc6,3 own	6 000 000,00	376 235,45	6%	6%	50%
CALAIS SPORTS FIELD - MIG MIG	7 688 866,00	6 147 376,44	80%	80%	50%
WILLOWS	8 600 000,00	1 586 351,13	18%	18%	32%
SOFTWARE own	400 000,00	-	0%	0%	50%
ACCESS CONTROL own	500 000,00	-	0%	0%	50%
IT EQUIPMENT own	500 000,00	-	0%	0%	50%
SERVER ROOM UPGRADE own	1 520 000,00	434 347,83	29%	29%	50%
AIR CONDITIONERS own	250 000,00	-	0%	0%	50%
EQUIPMENTS own	350 000,00	-	0%	0%	50%
PLANT AND EQUIPMENTS own	150 000,00	-	0%	0%	50%
RESTORATION OF MUNICIPAL BUILDINGS	530 000,00	-	0%	0%	50%
HIGHMAST LIGHT	2 000 000,00	-	0%	0%	50%
REHABILITATION OF HOEDSPRUIT MAIN STREET own	6 000 000,00	5 990 066,90	100%	100%	50%
VEHICLES own	9 000 000,00	2 022 574,21	22%	22%	50%
1081 Cost: Acquisitions own	18 000 000,00	-	0%	0%	50%
Office furniture own	800 000,00	-	0%	0%	50%
	<b>171 219 422,00</b>	<b>72 310 369,16</b>	<b>42%</b>	<b>42%</b>	<b>8%</b>





The total payment from rates, service charges and other revenue from July 2020 to December 2020 is R37, 175, 094 breakdown as follows:

TypeOfService	TotalSettlements	Billing	Dec-20	Nov-20	Oct-20	Sep-20	Aug-20	Jul-20
V,A,T,	469 169,32	644 355,00	11 926,29	254 970,05	50 169,74	12 289,22	95 279,21	44 534,81
INTEREST	850 189,45	5 910 239,01	167,97	79 130,72	66 248,25	46 112,33	658 530,18	-
WATER CONSUMP	1 719 670,17	1 868 749,20	40 169,82	963 857,39	237 638,72	42 897,03	181 743,37	253 363,84
ADD REFUSE	1 196 738,64	2 029 653,69	19 807,54	693 664,29	55 032,90	18 883,97	373 780,64	35 569,30
ADD SEWERAGE	191 518,87	224 998,86	10 037,42	82 351,37	26 727,00	15 005,00	49 344,97	8 053,11
RATES GENERAL	29 979 756,03	48 344 164,06	3 393 762,99	13 215 302,52	3 595 891,25	1 546 221,39	7 297 318,70	931 259,18
WATER BASIC	21 246,20	25 523,17	840,13	10 065,95	2 275,87	1 246,85	6 317,52	499,88
PENALTIES	65,00	-	-	-	-	-	65,00	-
DEPOSIT WATER	1 275,96	-	714,38	-	-	-	561,58	-
RECEIPT	52 653,02	-	51 567,55	18 147,36	9 553,93	-	-	-
RENTALS	423 908,12	23 827 981,30	380 084,68	2 048,29	16 801,26	-	-	26 615,82
REIMBERSMENTS	169 608,84	-	17 195,77	223,31	-	2 162,89	22 811,00	-
TRANSFERES	576 726,07	-	6 230,52	79 010,92	25 220,11	73 250,15	157 302,42	152 189,76
CLEARANCES	93 583,88	-	39 663,35	37 843,58	4 504,30	1 444,78	1 667,20	235 711,95
RATES SUPPLIMENTARY	238 443,91	-	7 614,73	66 762,78	24 788,50	8 609,13	128 867,41	8 460,67
PAYMENT ADVANCED	1 190 541,20	-	-	-	-	-	-	1 801,36
<b>TOTAL</b>	<b>37 175 094,68</b>	<b>82 875 664,29</b>	<b>3 979 783,14</b>	<b>15 503 378,53</b>	<b>4 114 851,83</b>	<b>1 768 122,74</b>	<b>8 973 589,20</b>	<b>2 835 369,24</b>

45%

**1.5 INVESTMENTS AND CASH AT DECEMBER 2020**

As at 31 December 2020 Council had a positive Bank Balance of R183, 776, 323, consisting of:

Current account R68, 814, 040

Call deposit accounts R120, 961, 573

Float R710

**6. SERVICE DELIVERY PERFORMANCE AS AT 31 DECEMBER 2020**

The annual service delivery performance of the Municipality is planned and detailed, with clear quarterly performance targets, in the Service Delivery Budget Implementation Plan (SDBIP) which was approved by the Mayor in June 2020 in accordance with section 53 (1) (c) (ii) of the MFMA, and forms part of the performance agreements of the Municipal Manager and all senior managers concluded in terms of section 57 (2) of the Local Government: Municipal Systems Act, No. 32 of 2000. The SDBIP forms the basis of all the organisational and individual performance reports, be it monthly, quarterly, mid-year or annually.

**The Detailed score card (SDBIP report) is attached as an annexure.** Below is the Municipality's service delivery performance report as at mid-year (31 December 2020). Where targets have not been achieved, the challenges, and corrective measures are specified. The corrective measures are designed to ensure that all the targets are achieved by the end of the financial year, notwithstanding the challenges that delayed the targets in the first half of the year.

For the period under review the municipality had 96 indicators, and 61 indicators which constitute 63.5% met their targets, while 35 indicators which constitute 36.5% did not meet their targets. The period under review performed better than the first quarter which performed at 58.9%.

3.1 The tables below provide an overview performance of the Municipality against the mid-year targets and as allocated per Department and KPA.

Departments	Number of Targets	Targets Achieved	% Achieved	Targets not Achieved	% not Achieved
Municipal Manager	14	11	78.5%	3	21.5%
Budget and Treasury	18	16	88.8%	4	11.2%
Corporate Services	31	22	70.9%	9	29.1%
Community Services	4	4	100%	0	0%
Technical Services	22	9	40.9%	13	59.1%
SPED	7	5	71.4%	2	28.6%
<b>Overall Organizational Performance</b>	<b>96</b>	<b>61</b>	<b>63.5%</b>	<b>35</b>	<b>36.5%</b>

KPAs	Number of Targets	Targets Achieved	% Achieved	Targets not Achieved	% not achieved
Spatial Rationale	5	4	80%	1	20%
Basic Services and Infrastructure Development	34	16	47%	18	47%
Local Economic Development	2	1	50%	1	50%
Financial Viability	16	12	75%	4	25%
Good Governance and Public Participation	23	16	70%	7	30%
Municipal Transformation and Organizational Development	16	12	75%	4	25%
<b>Overall Organizational Performance</b>	<b>96</b>	<b>61</b>	<b>63.5%</b>	<b>35</b>	<b>36.5%</b>

3.2 2020/21 Mid – Year Institutional Performance

Total Number of Targets	Percentage Achieved	Percentage Not Achieved	Recommendation
96	63.5% Achieved	36.5% Not Achieved	Implementation and monitoring of recommended corrective measures

KPA 1: SPATIAL RATIONAL

4/5 indicators were achieved. These constitute 80% achievement.

Program	KPI	First Quarter Target	2 <sup>nd</sup> quarter	Mid-year	Actual Performance	variance	Reasons for variance	Corrective measures
SDF	Number of SDF implemented	1 Spatial Development Framework implemented	1 Spatial Development Framework implemented	1 Spatial Development Framework implemented	1 SDF implemented	None	None	None
Update of LUMS	Turnaround time in processing land use applications from the date received	30 days	30 days	30 days	16 Applications received and proved within 30 days from date of receipt/ acknowledgement	None	None	None
	Turnaround time in processing complete building plans applications	90 days	90 days	90 days	90 days	None	None	None



**SPATIAL RATIONALE**

**Indicators that did not meet their targets**

Program	KPI	1 <sup>st</sup> quarter Target	2 <sup>nd</sup> quarter	Mid-year	Actual Performance	Variance	Reasons for variance	Corrective measures
Update of LUMS	Turnaround time in processing complete building plans from the date submitted	30 days	30 days	30 days	30 Applications received/ 26 approved within 30days from date of receipt/ acknowledgement	4 applications not approved within 30 days	Submission of applications without supporting documents	The municipality will only consider applications with complete supporting documents

**KPA 2: BASIC SERVICE DELIVERY**

**Indicators that met their targets**

Program	KPI	First Quarter Target	2 <sup>nd</sup> quarter	Mid-year	Actual Performance	Variance	Reasons for variance	Corrective measures
Calais internal street	Construction of 3km gravel to paved road	advertisement	Appointment of a contractor	Appointment of a contractor	Appointment of a contractor	none	none	None
Balloon access road	Number of metres of balloon access road surfaced	1.5km road bed	1.5km road-bed and bridge foundation completed	1.5km sub-base and concrete columns completed	1.5km sub-base and roof deck of 3 bridges completed	None	None	None



Rehabilitation of Hoedspruit internal street	Number of Hoedspruit internal street surfaced	1.5km road base completed	1.5km road rehabilitation completed	1.5km road rehabilitation completed	1.5km road rehabilitation completed	1.5km road rehabilitation completed	1.5km road rehabilitation completed	None	None	None	None
Bismark access road	Number of kilometres of Butswana access road paved	500m sub-base completed	500m road surfaced	500m road surfaced	500m road surfaced	500m road surfaced	500m road surfaced	None	None	None	None
Butswana access road	Number of kilometres of Butswana access road paved	1.4.km road paved	900m paving completed	900m paving completed	900m paving completed	900m paving completed	900m paving completed	100m	Additional work done	none	None
Willows access road	Number of metres of willows access road paved	900m paved	900m roadbed completed	900m roadbed completed	900m roadbed completed	900m roadbed completed	900m paving completed	None	None	None	None
Sofaya to Mahlomelong access road	Upgrade road from gravel to paved road	Appointment of a contractor	No target	No target	Contractor appointed	Contractor appointed	Contractor appointed	None	None	None	None
Refuse removal from households to the landfill site in Worcester	Number of households with basic waste removal/collection by 30/08/20	11 206	11 206	11 206	11 206	11 206	11 206	None	None	None	None
	Number of commercial, institutional and industrial centres with access to solid waste removal services	50 business establishments	50 business establishments	50 business establishments	50 business establishments	50 business establishments	61	11	Additional centres emerged during the period under review	To plan for emerging business establishment	None
Lorraine community hall	Designs of community hall	Advertisement of the project	Appointment of a contractor	Appointment of a contractor	Appointment of a contractor	Appointment of a contractor	Contractor appointed	None	None	None	None
Routine maintenance of vehicles	Number of vehicles maintained	10	14	14	14	14	14	None	None	None	None
Maintenance of machines	number of heavy machines maintained	3	3	3	3	3	3	None	None	none	None

Parks and gardens	Number of parks and gardens maintained	6	6	6	6	6	None	None	None
Software	Software upgrade	3	3	3	3	3	None	None	none
Air conditioners	Purchasing of air conditioners	Development of specification	Appointment of a contractor	Appointment of a contractor	Appointment of a contractor	Appointment of a contractor	Contractor appointed	None	none

**Indicators that did not achieved their targets.**

Program	Project	2020-21 Midyear Target				Reasons for Variance				Corrective measures
		1st Quarter	2nd Quarter	3rd Quarter	Midyear	Actual Performance	Variance	Variance	Variance	
Santeng access road	Number of metres of Santeng road graveyard access road paved	400m sub-base completed	400m road paved and commissioned	400m road paved and commissioned	400 road paved and commissioned	300m road paved	100m	None availability of material due to covid-19	Project to be completed in the fourth quarter	
Rehabilitation of Sekororo internal street	Designs of 2km road	Advertisement of the project	Appointment of a contractor	Appointment of a contractor	Appointment of a contractor	Contractor not appointed	Advertisement of the project	Delay in appointment of service provider due to errors on the tender document	Amending and correcting the tender document	
Maruleng low level bridges	Number of Maruleng low level bridges constructed	Designs completed	Appointment of contractors	Appointment of contractors	Foundations of 6 bridges completed	Foundations not completed	Foundations of 6 bridges completed	Projects not advertised	Projects to be advertised in the third quarter	
Kampersrus access road	Number of km of kampersrus road rehabilitated	2km base road completed	2km road surfaced	2km road surfaced	2km road surfaced	2km road surfaced but not commissioned	2km road not commissioned	Due to heavy rains, there is a need for the storm water	Council approved the budget for storm water drainage	

Worcester access road	Number of km of Worcester access road paved	1.5km road surfaced	1.5km road surfaced	1.5km road surfaced	1.5km road surfaced	1.5km road not surfaced	Contractor failed to complete the work	Stabilisation of the project will be done in third quarter
Mabins to Mamejia access road	Number of km of Mabins to Mamejia access road	Development of designs 8km	Designs completed	Designs not developed	Designs completed	Delay in the appointment of consultant	Delay in the appointment of consultant	Consultant to be appointed in the third quarter
Maruleng indoor sports centre	% of indoor sports centre completed	2% (flooring sports supreme)	2% flooring ,floor work sports supreme	Flooring not done (0%)	2% flooring ,floor work sports supreme	Delays in submitting documents to the municipality by the consultant	Flooring to be done in the third quarter	
Calais sports field	% completion construction work of Calais sports field	80% installation of grand stand seating	80% installation of grand stand seating	78% installation of grand stand seating	2%	Late delivery of material due to lockdown	Material to be delivered in the third quarter	
Electricity	Number of high mast maintained	30	60	0	60	Lack of resources such as a cherry picker	Cherry picker to be outsourced in third quarter	
Street lighting	Number of street lights maintained	37	74	0	74	Lack of resources cherry picker	Cherry picker to be outsourced in third quarter	
Roads and bridges	Number of km of municipal roads and bridges maintained	77km	154km	100km road maintained	54km road	Shortage of maintenance material due to insufficient budget	Additional budget during Adjustment budget to be made available	
Buildings	Number of municipal	3	3	0	3	Lack of personnel to do the job	Create a position of welder n plumber in	



**KPA 3: LOCAL ECONOMIC DEVELOPMENT**

**Indicators that achieved targets**

Program	KPI	First Quarter Target	2 <sup>ND</sup> quarter target	Mid-year target	Actual Performance	Variance	Reasons for variance	Corrective measures
LED programmes	Number of LED programmes supported	2	2	4	192 programmes supported	188 Additional business support requests received.	Increase target to 40 per quarter	Increase quarterly targets

**KPA 3: LOCAL ECONOMIC DEVELOPMENT**

**Indicators that did not met targets**

Program	KPI	First Quarter Target	2 <sup>ND</sup> quarter target	Mid-year target	Actual Performance	Variance	Reasons for variance	Corrective measures
K2C support	Number K2C programmes supported	1 (environmental monitors & river restoration)	1 (environmental monitors & river restoration)	2	No meetings held during quarter 1 and quarter 2	2	None-programme and schedule of meetings controlled by K2C	K2C to rescheduled meetings in the third quarter

**KPA 4: FINANCIAL VIABILITY**

**Indicators that met targets.**

Program	KPI	First Quarter Target	2 <sup>ND</sup> quarter target	Mid-year target	Actual Performance	variance	Reasons for variance	Corrective measures
Asset and inventory management	% compliance to Asset standard (GRAP 17)	100% compliance to Asset standard (GRAP 17)	100% compliance to Asset standard (GRAP 17)	100% compliance to Asset standard (GRAP 17)	100% compliance to Asset standard (GRAP 17)	None	None	None
	Number of assets update schedules	3 Updated schedule of assets changes	3 Updated schedule of assets changes	3 Updated schedule of assets changes	3	None	None	None
Supply chain management	% compliance to SCM regulations	100% compliance to SCM regulations	100% compliance to SCM regulations	100% compliance to SCM regulations	100% compliance to SCM regulations	None	None	None
	Number of compliant in-year SCM reports submitted on time to Council and Treasury	3 SCM reports	3 SCM reports	3 SCM reports	3 SCM reports	None	None	None
Cost coverage	Number of acceptable months for municipal sustainability	3 months	3 months	3 months	13 months	10 months	Over performance due to sound expenditure control	None
	% of debt coverage ratio	0%	0%	0%	0%	None	None	None
Debt coverage	% compliance to MSCOA (uniform)	100%	100%	100%	100%	None	None	None

	reporting for municipalities)																		
MFMA compliance	Number of S71 reports submitted to the mayor and provincial treasury within 10 working days of start of the month	3	3	6	6	6	6												None
	Number of S52 reports submitted to Council within 30 days of the end of each quarter	1	1	2	2	2	2												None
	Number of MFMA reports submitted to council	5	5	10	10	10	10												None
Annual financial statements (MFMA compliance)	Submission of annual financial statements to the A-G within the prescribed timeframes	Unaudited AFS submitted to A-G 31 August	No target	Unaudited AFS submitted to A-G 31 August	Unaudited AFS submitted to A-G 31 August	Unaudited AFS submitted to A-G 31 August	Annual financial statements was submitted on 31st of Oct 2020	Unaudited AFS submitted to A-G 31 August	National Treasury extended submission date to 30 <sup>th</sup> October due COVID-19 pandemic	None									
Annual Performance Report (MFMA compliance)	Draft Annual Performance report submitted within regulated time	Unaudited Annual Performance Report submitted to A-G 31 August	1	1	1	1	Draft annual report was submitted on 31st of Oct 2020	Draft Annual report submitted to A-G 31 August	National Treasury extended submission date to 30 <sup>th</sup> October due COVID-19 pandemic	None									

MIG	% compliance to MIG expenditure	25%	50%	50%	50%	67%	17%	overachievement	None
Fleet management	Number of quarterly reports submitted on fleet management	3	3	6	6	6	None	None	None

**Indicators that did not meet targets**

Program	KPI	FY21 Actual	21 <sup>st</sup> Quarter Target	21 <sup>st</sup> Quarter Actual	Midyear Target	Actual Performance	Variance	Reasons for Variance	Corrective Measures
Revenue collection	% of revenue collected monthly	71%	72%	72%	72%	46%	26%	The municipality is still experience challenges with payment for rates and taxes from the farms	Appointed external debt collector to assist with debt collection
Capital Expenditure	% of capital budget spent	25%	50%	50%	50%	37%	13%	Delay in appointment of service provider for own funded projects	SCM facilitate advertisements of projects
Personnel Expenditure	% of personnel budget spent	25%	50%	50%	50%	43%	7%	Delay in filling of S56 vacant positions.	All vacant S56 positions to be filled by January 2021



Maintenance Expenditure	% of maintenance budget spent	25%	50%	50%	26%	24%	Lack of fixed assets maintenance plan	Plan to develop fixed assets maintenance plan in progress. Routine maintenance is being prioritized by technical services
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**KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**Indicators that met their targets**

Program	KPI	First Quarter Target	2 <sup>nd</sup> quarter target	Mid-year target	Actual Performance	variance	Reasons for variance	Corrective measures
External auditing	% compliance of AG audit action plan (external auditing)	25%	25%	50%	90%	40%	Remaining 40% earmarked for yearend preparation	Most of the issues addressed during the year
External auditing	% of A-G queries resolved	25%	25%	50%	90%	40%	Remaining 40% earmarked for yearend preparation of AFS	Most of the issues addressed during the year
Internal auditing	Number of quarterly internal	1	1	2	2	None	None	None



**KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (cont.)**

Program	KPI	Budget	First Quarter Target	2 <sup>nd</sup> quarter target	Mid-year target	Actual Performance	variance	Reasons for variance	Corrective measures
Council function and support	Number of council sittings supported	Operational	1	1	2	7(7 Jul 20 ord 31 Jul 20 SP 15 Sep 20 SP 15 Dec 20 SP 6 Nov 20 SP 23 Oct 20 SP 15 Oct 20 SP	5	special council sittings rendering urgent matters	None
Council function and support	Number of exco committee meetings held	Operational	3	3	6	7(15 Dec 20 ORD 6 Nov 20 SP 26 Oct 20 SP 30 Sep 20 SP 07 Sep 20 SP 15 Oct 20 SP 17 Jul 20 SP	1	Special EXCO sittings rendering urgent matters	None
Complaints Management	% of complaints resolved	Operational	100%	100%	100%	100%	None	None	None
Ward committees support	Number of functional ward committees	3 637 000	14	14	14	14	None	None	None
Ward committees support	Number of monthly ward committees reports submitted	operational	42	42	84	84	None	None	None
Mayoral bursary	Number of learners supported	650 000	4	4	4	4	None	None	None
Disaster management	Number disaster risks		1	1	2	2 (27 Aug 2020)	None	None	None

	management awareness campaigns held						(1/12/20)		
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**KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (cont.)**

Programmes which did not meet their targets

Indicators that did not meet its target.

Program	Budget	2020-21 Budget	2020-21 Actual	2020-21 Target	2020-21 Actual	Reasons for Failure	Corrective Measures
Internal auditing	Operational	100%	100%	100%	94%	Resolution register updated upon AC meetings and is being monitored monthly	Continuous monitoring of the resolution register on a monthly basis
Risk Management	Operational	100%	100%	100%	60%	Risk not implemented be rolled over to the next quarter	Continuous monitoring of risk at risk management committee
Council support function	Operational	4	4	8	0	No portfolio meetings held	Covid-19 pandemic
MPAC	Operational	100%	100%	100%	30%	Resolutions deferred to council sitting	Resolutions will be implemented in the next quarter

Public Participation	Number of community feedback meetings held	Operational	14	14	14	14	14	0	14	No community feedback meetings held due to covid-19 regulations	Public participation conducted through media (print & electronic)
Public Participation	Number of public participation meetings held (imbizos)	Operational	1	2	2	2	0	2	2	No public participation (imbizos) meetings held due to covid-19 regulations	Public participation conducted through media (print & electronic)
Traditional leaders allowance	Number of traditional leaders receiving allowance for attending council meetings	12 000	4	4	4	4	4	4	4	Clash of their program with council programs	Re-alignment of programs

**KPA 6: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT**

14/16 indicators were achieved. This constitutes 87.5% achievement

Program	KPI	Budget	THIS QUARTER TARGET	QUARTER ACHIEVEMENT	MID-YEAR TARGET	ACTUAL PERFORMANCE	VARIANCE	REASONS FOR VARIANCE	CORRECTIVE MEASURES
IDP Review	IDP/Budget adopted by Council by 29 May	800 000	Process plan	Analysis phase	Analysis phase & strategies phase	Analysis phase & strategies phase	None	None	None
IDP/PMS	Number of strategic planning session held	Operational	1	1	1	2 (3-4 Dec 2020 & 9-11 Dec 2020)	1	1 strategic planning to	None



Legal Services Legal Services	Number of labour grievances resulting in law suit against the municipality	1 500 000	0	0	0	0	0	0	None	None	None
Legal Services	Number of service providers with signed service level agreements	1 500 000	5	10	6	1	1	1	Additional service provider - SLA	None	None
OHS	Number of in-year compliance reports on OHS generated	250000	1	2	2	1	2	2	None	None	None

**KPA 6: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT**

Indicators did not meet its target.

Program	Key	Budget	First Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearly Target	Actual Performance	Variance	Reasons for Variance	Corrective Measures
PMS	Number of Senior Managers with signed performance agreements within prescribed timeframes	Operational	6	6	5	5	4	4	2	Appointment offers made for two S56 managers	Two S56 managers expected to report for duty on the 1 <sup>st</sup> January 2021
Local labour forum	Number of Labour Forum meetings held	Operational	1	1	2	0	0	0	0	Unavailability of members	Ensure that all members are available for meeting

Skills development	Number of employees and councillors capacitated in work skills plan	2 500 000	20	20	40	26	14	Some training were on hold due to covid 19	Trainings will be conducted when covid 19 regulations is uplifted
Workplace skills plan	Amount actual spent( 1 % of the salary budget of municipality) on implementing workplace skills plan (National Indicator)	2 500 000	625 000	625 000	1 250 000	1 424 285	174 285	Some trainings costed more than was budgeted	To align the budget during adjusted budget



#### 4. PROGRESS MADE ON RESOLVING PROBLEMS IDENTIFIED IN THE 2018/19 ANNUAL REPORT

In its 2018/19 oversight the Municipal Public Accounts Committee (MPAC) listed the following key general findings regarding the 2018/19 Annual Report:

1. Delay in addressing some of the A-G findings as per management action plan
2. None-adherence to time-frames as per SDBIP, and
3. Lack of proper monitoring by municipal directorates

The following progress were made regarding MPAC's resolutions:

No.	Resolution	Progress
1	Management addresses all AG's findings as per management action plan and progress made thereof be reported in all council meetings	94% of the findings implemented and remaining 6% will be resolved by the end of the fourth quarter. Progress reports tabled in all council sittings
2	Planned activities must be done as per SDBIP time-frames	65% of the planned targets achieved and the remaining 35% will be done as per the indicated corrective measures in quarterly reports
3	Proper monitoring should be implemented on a continuous basis	All Senior Managers position will be filled by the 1 <sup>st</sup> of January 2021 which will strengthen municipal department monitoring. MPAC Researcher appointed to strengthen the oversight role of MPAC

#### 5. CONCLUSION

Despite the impact of COVID-19 and other challenges, the municipality was able to achieve 63.5% (61 KPIs out of 96 measured) which is an indication of the organisation's commitments towards service delivery in the Maruleng community. The accounting officer recommends:

1. That council takes note of mid-year assessment on the financial health status of the municipality and service delivery performance, and
2. That council takes note that an Adjustment Budget is necessary.

SIGNED BY:



MAGABANE T.G  
MUNICIPAL MANAGER

DATE: 25 JANUARY 2021