

TSWELOPELE LOCAL MUNICIPALITY (FS 183)
CIVIC CENTRE, BOSMAN STREET
BULTFONTEIN, 9670
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2018-2019

MID-YEAR ASSESSMENT REPORT

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1. Introduction

National Treasury issued government gazette: 37577 (Regulations on Municipal Standard Chart of Accounts [MSCOA]), this government gazette was issued in 2014. The main purpose of this regulation was to standardize the way Municipality transact and report. Prior to the introduction of MSCOA, Municipalities across the country had different chart of accounts and this was problematic to National Treasury as it made the task of comparing and reporting on municipal data to be cumbersome.

The municipal financial reforms started in 2009, with the introduction of Municipal Budget and Reporting Regulations (MBRR), same as the mSCOA regulations, this Budget regulations standardized how municipality prepared their budget. As per government gazette 37577, all Municipalities needed to fully comply by the 01 July 2017. This meant that, all transactions needed to be captured using MSCOA seven (7) segments.

Tswelopele Local Municipality experienced challenges when it came to mSCOA implementation, the transition from Sebata FMS to Munsoft MFS hasn't been smooth. The era was characterised by backlogs in billing as well non-compliance with submission of in-year monitoring reports. However, such challenges were expected as changing the system is a mammoth task which requires that all parties concerned play their role.

The impact was also severe on revenue collection as consumers did not pay their service accounts in the absence of the billing. Inadequate revenue collection translates into increase in debtors. Our debtors increased significantly from July 2017 till to date. Cash inflow was also affected leading to creditors not being paid within the legislated timeframe.

2. Revenue Analysis

The section below highlights revenue analysis of the municipality, with special focus on the following:

2.1. Budgeting

Tswelopele Local Municipality budget was approved on the 28th June 2018 and this budget was implemented on the 1st July 2018. The total revenue budget amount to R150 million comprising mainly of the grants and subsidies, service charges and property rates.

2.2. Tariff setting

The municipality is experiencing challenges in terms of developing tariffs that are cost reflective. Most of the trading services are operating at a deficit thereby unable to subsidise non-trading services. The municipality has taken an approach of addressing the backlogs by implementing charges that are above the inflation rate with the view of making-up for the years where tariffs were not increased or were increased with a margin below the inflation.

For electricity services, the municipality applied for an average of 10 percent increase and this was approved by National Electricity Regulator of South Africa. Furthermore, during the current year, the municipality introduced a seasonal tariff which is aligned to Eskom. On service charges (water, waste water and waste) were increased with 6.84 percent. This tariff is not yet cost reflective and processes are in place to address the backlog. An average of 6.84 percent was approved for other services.

2.3. Billing

As per council resolution of the approved budget, the municipality had to implement a consumption-based billing across all households within the municipality with access to services. However, challenges were experienced in implementing consumption-based billing on water services for the townships (Tikwana and Phahameng). Accordingly, in order to backlogs in billing, the Accounting Officer took a decision that only greater Bultfontein and Hoopstad should be billed water on a consumption-based and townships, should be billed on a flat rate.

PROPERTY RATES AND SERVICE CHARGES AS AT 31 DECEMBER 2018									
Revenue Source	Approved Budget	July 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Total Billing	%
		Billing	Billing	Billing	Billing	Billing	Billing		
Property rates	18 084 600	14 707 463	667 853	684 885	675 008	688 370	709 200	18 132 780	100%
Service charges: electricity	36 415 369	3 579 107	3 733 203	3 571 647	3 164 082	3 362 537	3 209 226	20 619 803	57%
Service charges: water	8 677 166	389 460	433 895	432 385	496 669	575 790	481 604	2 809 802	32%
Service charges: waste water	7 055 210	427 164	427 339	427 277	427 348	427 234	427 296	2 563 658	36%
Service charges: waste	4 467 196	279 491	279 618	279 576	279 617	279 532	279 574	1 677 408	38%
Total	74 699 540	19 382 685	5 541 908	5 395 770	5 042 725	5 333 463	5 106 901	45 803 451	61%

The table above shows that a budget of R74.7 million was approved for service charges and property rates. This constitute the major revenue source from municipal own funds. As at the end of December 2018, a total billing of R45.8 million was realised. This is approximately 61 percent of the budget. In July 2018, billing is high as result of the property rates which gets billed annually in July. As much as billing is at 61 percent, it should be noted that billing does not necessarily translate into actual cash. As such, the municipality needs take this when adjusting the budget.

2.4. Valuation Roll

The valuation roll in terms of Municipal Property Rates Act, act 6 of 2004 as amended, was implemented on the 1st July 2017, this valuation roll will be effective for five (5) years, and every financial year Municipality will prepare supplementary roll in line with Section 78 of the Municipal Property rates act, act 6 of 2004.

2.5. Revenue enhancement strategy

Tswelopele Local Municipality has implemented revenue enhancement strategy, for 2017/2018 financial year. An exercise of auditing our bulk meters of consumers was undertaken. Discrepancies were found which necessitated us to change our current bulk meters to more suitable meters which will accurately measure consumption. To date, all bulk meters which were faulty in Bultfontein and Hoopstad have been replaced. Furthermore, Debt Collector has been appointed to assist with collection of long outstanding debt. The implementation is still at an early stages and the project will be monitored and reported on from the third quarter of the financial year.

2.6. Revenue collection

Total revenue collected from service charges and property rates amount to R24.4 million while total billing was R45.8 million. This translate to a 53 percent collection / payment rate. This suggest that about 47 percent of the billed revenue results in debtors. Based on the above analysis, it clear that prudent revenue collection strategies needs to be implemented with immediate effect.

PROPERTY RATES AND SERVICE CHARGES AS AT 31 DECEMBER 2018																	
Revenue Source	Approved Budget	July 18		August 18		September 18		October 18		November 18		December 18		Total Billing		Total Actual	
		Billed	Actual	Billed	Actual	Billed	Actual	Billed	Actual	Billed	Actual	Billed	Actual	R	%	R	%
Property rates	18 084 600	14 707 463	709 073	667 853	1 057 284	684 885	1 061 543	675 008	821 073	688 370	1 231 609	709 200	456 181	18 132 780	100%	5 336 763	30%
Service charges: electricity	36 415 369	3 579 107	3 711 779	3 733 203	4 219 584	3 571 647	1 567 409	3 164 082	1 413 604	3 362 537	2 120 407	3 209 226	3 135 527	20 619 803	57%	16 168 320	44%
Service charges: water	8 677 166	389 460	380 673	433 895	453 521	432 385	141 603	496 669	121 082	575 790	181 622	481 604	177 848	2 809 802	32%	1 456 349	17%
Service charges: waste water	7 055 210	427 164	244 189	427 339	299 876	427 277	101 318	427 348	63 080	279 532	94 621	427 296	83 016	2 268 282	32%	886 100	13%
Service charges: waste	4 467 196	279 491	156 510	279 618	187 840	279 576	64 199	279 617	41 091	427 234	61 637	279 574	55 999	1 972 784	44%	567 276	13%
Total	74 699 540	19 382 685	5 202 224	5 541 908	6 218 115	5 395 770	2 936 072	5 042 725	2 459 930	5 333 463	3 689 896	5 106 901	3 908 571	45 803 451	61%	24 414 808	53%

The collection rates per service are as low as 13 percent for waste water and waste management while the highest percentage of 44 is realized in electricity services.

2.7. Other revenue

In addition to the service charges and property rates, the municipality also budgeted R99.4 million for other revenue. The major source of other revenue is from grants and subsidies of R69.9 million and R23.8 million for operating and capital, respectively.

OTHER INCOME AS AT 31 DECEMBER 2018									
Revenue Source	Budget	Jul '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Total	%
Rent of facilities and equipment	647 000	133 086	81 937	35 720	161 019	143 496	98 483	653 741	101%
Interest earned - external investments	600 000	-	-	26 393	3 406	7 460	413 589	450 848	75%
Interest earned - outstanding debtors	1 000 000	-	-	-	-	-	-	-	0%
Dividends received	50 000	-	-	-	-	-	14 815	14 815	30%
Fines	40 000	-	-	-	-	-	-	-	0%
Licenses and permits	80 000	-	2 308	1 727	-	19 846	-	23 881	30%
Grants and subsidies received - operating	69 989 000	27 925 000	3 220 000	-	-	450 000	22 287 000	53 882 000	77%
Grants and subsidies received - capital	23 837 000	15 287 000	-	-	-	-	-	15 287 000	64%
Other revenue	3 114 068	-	1 159 687	615 624	684 007	776 349	592 571	3 828 238	123%
Total	99 357 068	43 345 086	4 463 932	679 464	848 432	1 397 151	23 406 458	74 140 523	75%

For the period under review, the municipality collected/received R74.1 million which translate to 75 percent. Operating grants to the value of R53.9 million has been received. On capital grants, the municipality received R15.3 million and there was a roll-over of R9.8 million from the previous financial year.

3. Debtors

Total Debtors outstanding as at 30 December 2018 were R97.6 million. This is a huge figure for municipality of our size. Economic factors such as unemployment rate within the municipal area are also contributing towards the inclining debtor's book. A Debt Collector has been appointed to assist the municipality with collecting long outstanding debt as well as data cleansing.

DEBTORS AGE ANALYSIS BY SERVICE																		
SERVICE	0 - 30 DAYS	%	31 - 60 DAYS	%	61 - 90 DAYS	%	91 - 120 DAYS	%	121 - 150 DAYS	%	151 - 180 DAYS	%	181 - 365 DAYS	%	>365	%	TOTAL	%
Property rates	4 676 917	41%	627 237	12%	510 802	11%	205 851	6%	12 333 613	85%	7 277 446	81%	604 478	11%	11 255 349	26%	37 491 693	38%
Electricity	3 920 761	34%	2 819 000	55%	2 070 148	44%	1 751 547	55%	1 175 855	8%	630 118	7%	884 491	16%	1 811 548	4%	15 063 468	15%
Water	555 172	5%	440 276	9%	318 858	7%	271 434	9%	225 908	2%	198 381	2%	855 651	15%	6 820 994	16%	9 686 674	10%
Sewerage	417 534	4%	394 726	8%	363 269	8%	342 995	11%	329 228	2%	282 246	3%	1 272 424	22%	10 042 547	23%	13 444 969	14%
Refuse	272 616	2%	257 829	5%	236 707	5%	222 264	7%	213 015	1%	268 668	3%	1 150 505	20%	6 730 303	15%	9 351 907	10%
Other	1 675 144	15%	613 751	12%	1 166 517	25%	391 239	12%	311 172	2%	299 109	3%	896 854	16%	7 124 502	16%	12 478 288	13%
TOTAL	11 518 144	12%	5 152 819	5%	4 666 301	5%	3 185 330	3%	14 588 791	15%	8 955 968	9%	5 664 403	6%	43 785 243	45%	97 516 999	100%

Property rates debtors comprise 38 percent of the outstanding debtors. This could be attributed to the drought that was experienced in the last two years and perhaps farmers have not recovered. However, not should be taken that some farmers are not willing to take advantage of rebates (such as early settlement discount) offered by the municipality. Stringent controls should be enforced to

collect the outstanding debtors on electricity and water given that such bulk accounts are not serviced on a monthly basis.

DEBTORS AGE ANALYSIS BY GROUP																		
CUSTOMER	0 - 30 DAYS	%	31 - 60 DAYS	%	61 - 90 DAYS	%	91 - 120 DAYS	%	121 - 150 DAYS	%	151 - 180 DAYS	%	181 - 365 DAYS	%	>365	%	TOTAL	%
Government	1 190 826	10%	622 710	12%	563 528	12%	566 410	18%	6 248 931	43%	1 840 189	21%	454 843	8%	2 565 170	6%	14 052 607	14%
Business	5 189 279	45%	2 344 121	45%	2 446 775	52%	1 202 276	38%	7 208 718	49%	5 950 720	66%	862 687	15%	12 197 366	28%	37 401 942	38%
Households	5 011 508	44%	2 183 286	42%	1 654 035	35%	1 414 544	44%	1 123 989	8%	1 163 441	13%	4 143 201	73%	28 548 343	65%	45 242 347	46%
Other	126 531	1%	2 702	0%	1 963	0%	2 100	0%	7 153	0%	1 618	0%	203 672	4%	474 364	1%	820 103	1%
TOTAL	11 518 144	12%	5 152 819	5%	4 666 301	5%	3 185 330	3%	14 588 791	15%	8 955 968	9%	5 664 403	6%	43 785 243	45%	97 516 999	100%

Majority of debtors are in Household, followed by Businesses and the Government. The biggest challenge is that 45 percent of the outstanding debtors is over a year. Such debt is likely to be uncollectable and debtors may need to be impaired leading to revenue loss.

4. Indigents

Total amount of indigents registered is in excess of 3 972 households, this is the highest number registered since the introduction of indigents subsidies by COGTA. The indigents are funded from the Equitable Shares as received from National Treasury. As per the policy, total arrear amount of the indigents must be written off in full for all qualifying households.

Challenges advanced by the community included concerns that registered indigent households are not benefitting from Free Basic Electricity. The matter has been taken up with Eskom and it was identified that Eskom experienced challenges with its system, such that some households will only benefit from January 2019.

5. Expenditure analysis

Tswelopele Local Municipality adopted cost containment Circular 82 as issued by National Treasury as its cost containment document. The Circular was adopted in terms of MFMA section 23 (4) to make it binding to both officials and Councillors. However, compliance to the Circular has proved to be a challenge.

OPERATING EXPENDITURE AS AT 31 DECEMBER 2018									
Expenditure by type	Budget	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Total	
								R	%
Employee related costs- wages & salaries	60 835 107	5 147 766	5 347 444	5 445 453	5 344 851	5 110 915	5 482 715	31 879 144	52%
Remuneration of councillors	6 562 500	405 893	450 573	467 824	447 914	388 059	445 414	2 605 678	40%
Finance charges (Interest Paid)	2 958 000	-	17 104	35 471	573 851	10 314	8 690	645 430	22%
Bulk purchases	33 895 000	3 160 143	4 265 131	782 939	3 926 128	236 070	246 300	12 616 711	37%
Other Materials (R&M)	6 890 000	101 864	370 262	206 763	320 104	338 514	716 114	2 053 621	30%
Contracted services	0	3 554 015	901 422	665 657	24 387	3 914 106	4 273 925	13 333 512	-100%
Other expenditure	32 524 341	3 383 003	739 711	1 078 518	1 342 926	767 083	1 744 847	9 056 089	28%
Total	143 664 948	15 752 684	12 091 648	8 682 626	11 980 160	10 765 061	12 918 005	72 190 185	50%

The municipality has spent R72.2 million out of the budget of R143.7 million. This suggest that almost 50 percent was spend which is acceptable if one used average per month. In July 2018, the spending was high as the municipality paid creditors arising from 2017/18 financial year.

5.1. Employee costs

Salaries and wages were budgeted at R60.8 million and R31.9 million was spend as at the end of December 2018. This translate to 52 percent of the budget. However, the spending exclude expenditure based on vacant budgeted posts (even though there are posts/human resource that are being paid despite not being budgeted). In the same breath, it worth mentioning that there are key vacancies within the municipality which needs to filled. Furthermore, strict measures needs to be introduced to curb expenditure on overtime.

5.2. Project workers

The municipality is allocated R1 million from the Expanded Public Works Programme. The funds are meant to create job opportunities for unemployed people within the municipal area. As at the end of December 2018, the municipality had spent R1.1 million and this amount exceeds the allocated grant. This suggest that a grant meant to be utilized for 12 months has been exhausted within the first six months of the financial year. This could be attributed to either a high number of beneficiaries or a high stipend being paid. Corrective measures needs to be taken, as this results in payment of Project Workers from the municipal funds to which such were not budgeted.

5.3. Councillor's allowances

The gazette on the upper limits of Councillors was published late December 2018. This means the Councillors allowances will have to be back-dated / back paid to July 2018. Therefore, the 40 percent spending will increase accordingly in January 2019 and will be on par. Councillors still needs to take a resolution, as to whether the full upper limits will be implemented or they will be partially implemented in line with the guidelines provided in the gazette. As much as upper limits are fully budgeted, it is critical that the affordability and sustainability of such is considered by Council.

5.4. Capital projects

The municipality has been allocated R23.5 million for the 2018/19 financial year. There was also a roll-over from the previous financial year to the tune of R9.8 million. As at end of December 2018, R15.3 million was transferred to the municipality. Expenditure of capital is R14.2 million thereby leaving a balance of approximately R10.8 million of the transfer receipts and roll over funds.

Details	Budget	Jul' 18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Total
Executive and council	5 000	-	-	-	-	-	-	-
Budget and treasury office	-	-	3 785	-	-	-	-	3 785
Corporate services	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	8 078 932	-	-	-	-	868 350	2 200 025	3 068 375
Road transport	4 785 321	1 318 176	738 361	2 013 719	-	402 667	-	4 472 923
Electricity	-	-	-	-	-	-	-	-
Water	22 000	-	-	-	-	-	-	-
Waste water management	10 972 896	-	1 864 015	-	1 366 707	1 768 016	1 616 437	6 615 175
TOTAL	23 864 149	1 318 176	2 606 161	2 013 719	1 366 707	3 039 033	3 816 462	14 160 258

It should be noted that there is approximately R2 million of capital expenditure arising from the previous years which had to be paid in the current year. This amount was not budgeted for in the 2018/19 financial year and will need to be included in the adjustment budget. Furthermore, there is still approximately R300 thousands which will need to be paid in January 2019. This would mean the municipality has paid R2.3 million from its internally generated funds for capital expenditure.

5.5. Loans repayment

Tswelopele Local Municipality has a loan of R15 million with DBSA. The loan was taken in 2005 for Phahameng bucket eradication project and this loan will be redeemed in 2024. In July 2018, an amount of R1 004 059.55 was paid to DBSA, the amount is made up of interest of R552 960.74 and redemption of R451 098.81. The amount payable in December 2018 will be paid in January 2019.

5.6. Audit fees

Total amount outstanding for Auditor General as at 31 December 2018 is R3.6 million, of which R229 052.06 is outstanding for 91 – 120 days, R 615 874.76 is outstanding for 61 – 90 days, R1 110 856 is outstanding for 31 – 60 days and R1 723 279.84 is outstanding for 1 – 30 days. These fees relate to the 2018 audit to which the municipality regressed in terms of the audit opinion and received a qualified audit opinion.

5.7. Creditors

The municipality unpaid credit to the value of R70.5 million. The biggest challenge has been the fact that most of the creditors relating to 2017/18 financial year were accrued to the current year. This creditors were paid from the budget of 2018/19 thereby creating a deficit in the current year's budget. Accordingly, the impact has been non-payment of creditors within the stipulated period of 30 days from receipt of invoice (for services rendered in 2018/19 financial year). The biggest creditor as the reporting period was Eskom at R56.2 million. The municipality subsequently paid R14 million in January 2019. SandVet for bulk water is the next single creditor being owed R4.3 million while the rest of the creditors amount to R8.3 million.

6. Bulk services

The municipality is has rights to distribute both electricity and water services within its municipal area. The details are as follows:

6.1. Bulk electricity

The municipality supplies electricity in greater town of Bultfontein and Hoopstad while the townships are being supplied directly by Eskom. Although there is a signed repayment agreement between the Municipality and Eskom, the municipality has been struggling to service its Eskom account. As at 31 December 2018, the outstanding amount was R56.2 million was outstanding. At the core, the balance as at 31 March 2019 should be the same as at 31 March 2018. Thereafter, the existing agreement will be reviewed.

6.2. Bulk water

The municipality purchases raw/bulk water from SandVet Water Association. Total amount outstanding as at 31 December 2018 was R4.2 million. No payment has been made to the Association in the current year. The municipality intends to have a meeting with the Association upon which a repayment plan will be concluded.

6.3. Distribution losses

The municipal distribution infrastructure is deteriorating at a high rate. Furthermore, increase in population and the general increase in demand for services is leading to the infrastructure being utilised quite extensively. Accordingly, the distribution losses have been recorded above the norm. The current allocation for repairs and maintenance is not sufficient to cover the cost of maintaining the existing infrastructure to operate at its optimum.

7. Cash flow

As at 31 December 2018, the municipality had R23.3 million in its current account while other investment accounts had R10.2 million. Included in this cash balances is the unspent portion of the conditional grants. It also need to be noted that the municipality has been experiencing cash flow challenges. This has led to the Council resolving to use conditional grants for operations during the course of the year, specifically to pay employee related costs. Therefore, a sustainable solution needs to sort in this regard to ensure that ultimately the cash flow does not lead to poor service delivery.

8. Grant performance

The municipality received grants as depicted in the table below and performance in terms of spending is shown in each grant.

PERFORMANCE ON CONDITIONAL GRANTS AS AT 31 DECEMBER 2018												
GRANT NAME	GAZETTED: DoRA	YTD TRANSFER	%	ACTUAL SPENDING						YEAR TO DATE		UNSPENT TRANSFER
				Jul	Aug	Sep	Oct	Nov	Dec	Spending	%	
Finance Management Grant	1 970 000	1 970 000	100%	248 652	253 174	215 578	148 956	50 992	45 950	963 301	49%	1 006 699
Municipal Infrastructure Grant	23 837 000	25 130 663	105%	1 318 176	2 602 376	2 013 719	1 366 707	3 039 033	3 816 462	14 156 473	59%	10 974 190
Expanded Public Works Programme Grant	1 000 000	700 000	70%	164 385	42 960	303 026	271 579	252 533	-	1 034 483	103%	-334 483
Free-State Provincial Grant	1 000 000	1 000 000	100%	-	-	728 608	-	-	242 452	971 060	97%	28 940
TOTAL GRANTS	27 807 000	28 800 663	104%	1 731 213	2 898 510	3 260 931	1 787 241	3 342 558	4 104 864	17 125 317	62%	11 675 346

The table indicates that R28.8 million was received as conditional grants (which is inclusive of the roll-over from the previous financial year). To date, 62 percent of the conditional grants has been spent. This suggest that R11.7 million should be cashed backed as at 31 December 2018.

9. Assessment outcome

Based on the financial analysis performed, it became clear that the municipality needs to adjust its budget for the 2018/19 financial year. Therefore, the process would unfold as soon as the mid-year report has been tabled to Council. All processes will unfold as guided by the legislation.

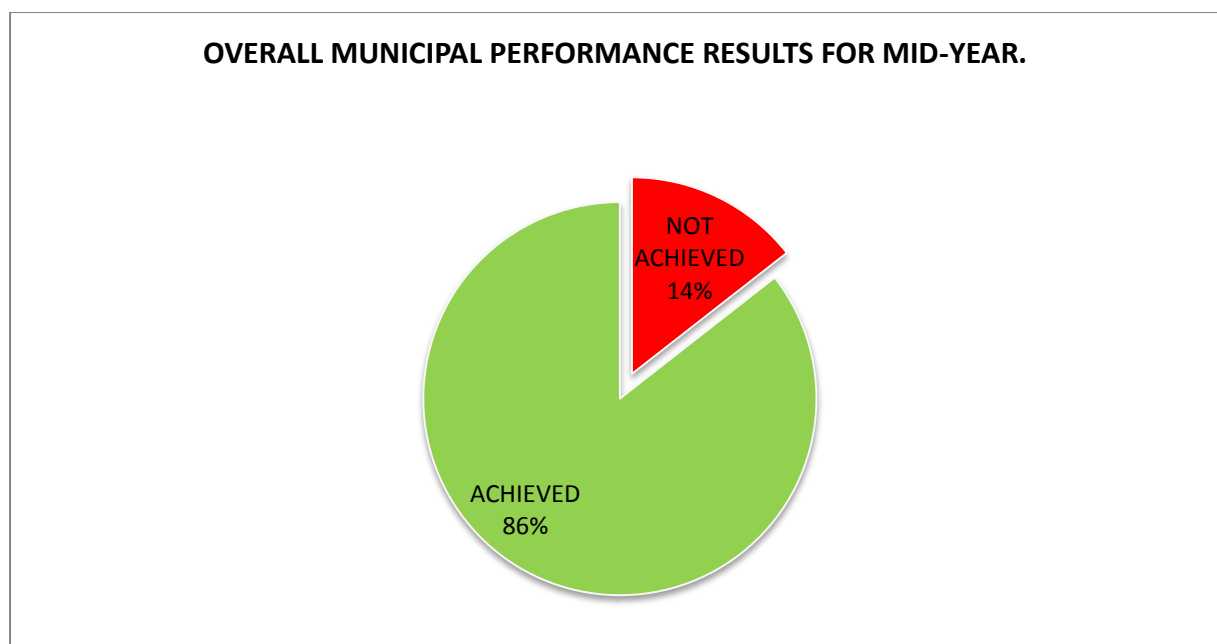
10. Non-financial performance

Performance management is prescribed by chapter 6 of the Municipal Systems Act of 2000 and the Municipal Planning and Performance Regulation of August 2001. Section 7 of the aforementioned regulation states that "A municipality's performance management systems entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players" This framework should reflect the linkage between the IDP, Budget and SDBIP.

This report serves to provide feedback regarding the half-yearly departmental performance of Tswelopele Local Municipality as required through the Municipal Systems Act No 32 of 2000. The information included in this report is based on the IDP and SDBIP as developed for the financial year 2018/19. The performance plans/agreements were aligned to the IDP and SDBIP, thus this report reflect the performance progress as at end 31 December 2018. This report is based on the assessment of key service delivery quarterly targets. Actual quarterly performance obtained through a process whereby Key Performance Indicators and targets are compared to the initial planned as contained in the 2018/19 SDBIP.

This report serves as a summary of performance results. The detailed performance information with KPI's and targets is contained in a separate addendum document. This report seeks to provide feedback on the performance level achieved to date against the targets as laid out in the IDP and SDBIP. Where underperformance or zero achievement of indicators have been experienced the respective concerns or mitigating reasons are highlighted and detailed pertaining to the relevant measures being implemented or those that need to be implemented and are included thereto.

11. Level of attainment of objectives and targets



11.1. Municipal managers office

The Municipal Manager's Office had [31] half yearly targets set as per the key performance indicators, Attained [27] and not achieved [4].

11.2. Finance

The Finance Department had [23] half yearly targets set as per the key performance indicators, Attained [21] and not achieved [2].

11.3. Corporate services

The Corporate Services had [23] half yearly targets set as per the key performance indicators, Attained [20] and not achieved [3].

11.4. Technical services

The Technical Services had [38] half yearly targets set as per the key performance indicators, Attained [32] and not achieved [6].

12. Details of non-achievements

OFFICE OF THE MUNICIPAL MANAGER
<ol style="list-style-type: none">1. 100% of appointments for external Service Providers appointed within 60 days of the closing date of the tender2. 4 quarterly disaster advisory forum conducted3. Number of site visits conducted at Tswaraganang Cooperative Project4. 4 LLF Meetings per annum(1 per quarter)

5. Percentage of resolutions (Council, Sec. 80, Management) implemented within the required time frames;

FINANCE DEPARTMENT

1. 95% of issues raised and proposed corrective measures attended to (CFO was placed on Special leave during the audit period as such he could not attend to this matters);
2. Percentage of resolutions (Council, Sec. 80, Management) implemented within the required time frames;

CORPORATE SERVICES

1. 4 LLF Meetings per annum(1 per quarter);
2. Implementation of a compliance checklist pertaining to key legislation requirements for the department;
3. 12 monthly risk assessment and action plan reviews/ updates.

TECHNICAL SERVICES

1. Rehabilitation and upgrading of roads and storm water in Phahameng in terms of the approved capital budget by 30 June 2019 (Actual expenditure divided by the total approved budget) x 100};
2. Completion of phase 3 and 4 for the upgrading of bulk water supply in Hoopstad and Bultfontein;
3. ;12 Reports submitted to the National Waste Information system (July 18- June19);
4. 6 counts performed on municipal assets and submission to CFO;
5. 95% of issues raised and proposed corrective measures attended to;
6. Percentage of resolutions (Council, Sec. 80, Management) implemented within the required time frames;

13. Conclusion

The municipality is facing some serious challenges with regard to budget implementation as well as achieving the targets set in the integrated development plan. As far as financial viability is

concerned, there should be concerted effort to collect revenue. Adequate credit control measures needs to be implemented to collect maximum revenue. It is imperative that the appointed service provider for debt collection should be supported by both municipal officials and councillors. The incoming revenue should be substantiated with strict cost containment measures. Furthermore, procurement of services should be biased towards service delivery initiatives as well as spending on revenue generating assets or those items which will reduce expenditure in a long run.