**DR NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY**

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**MFMA SECTION 72 REPORT/**

**MID-YEAR/ Q2 OF 2020/21 FINANCIAL YEAR PERFORMANCE ASSESSMENT REPORT**

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1. **INTRODUCTION**

In terms of Section 72(1)(a) and 52(d) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003 the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such an assessment must, in terms of Section 72(1)(b) of the MFMA, be submitted to the Mayor, Provincial and National Treasury.

Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54 of the MFMA.

The Mid-year Performance Assessment Report and supporting tables of Dr Nkosazana Dlamini Zuma Local Municipality is prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

The municipality developed the service delivery and budget implementation plan internally and it has been audited by the Internal Audit Unit. This plan was also submitted to the Auditor General, Provincial Treasury Office as well as Provincial Cogta as per the legislation. The Council has approved on the 234d of June 2020 the 2020/21 Service Delivery and Budget Implementation Plan/ Organisational scorecard which reports on all the national key performance indicators (NKPIs). The Service Delivery and Budget Implementation Plan (SDBIP) details the implementation of service delivery and the budget for the financial year in compliance with the Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003). It serves as a contract between the administration, the Council and the community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. It also facilitates the process of holding management accountable for their performance. It provides the basis for measuring performance in the delivery of services.

**Key performance areas (KPAs)**

* Municipal transformation and organisational development;
* Basic service delivery;
* Local economic development;
* Municipal financial viability and management; and
* Good governance and public participation.
* Cross Cutting Interventions

The Mid-Year Performance Assessment is based on the Top Layer Service Delivery and Budget Implementation Plan for the period 01 July 2020 to 31 December 2020. The Top Layer SDBIP will, in terms of MFMA Circular 13, be submitted with the Adjustments budget for approval by Council.

Annexure B is the Quarter 2 reporting template for the Top Layer SDBIP Report for the first half of the financial year ending 31 December 2020 which measures the municipality’s overall performance per National Key Performance Area.

All internal departments have prepared their quarter 2/ Mid-year performance report with assistance from the PMS Unit. Reviews on the submitted performance information had been done and reported to the relevant Heads of Departments for amendments. The Internal Audit unit has not yet commenced auditing this information in ensuring accuracy on reporting, alignment with the planning document (sdbip) and alignment between indicators and targets as well as compliance issues as per performance management regulations due to the delays in submission of reports by internal departments

1. **OFFICE OF THE MUNICIPAL MANAGER**

The Office of the Municipal Manager as a department comprises of the following directorates:

* Strategic Support Services (IDP& PMS)
* Communications
* Public Participation
* Internal Audit & Risk Management
* Development and Town Planning

This office is responsible for the following functions within the organisation:

* Establishment and maintenance of a strategic management system for the municipality as a whole to ensure the achievement of the municipality`s strategic objectives and its developmental and service delivery obligations. Responsible and accountable for the formation and development of an economical, efficient and accountable administration as head of the administration to ensure that the objectives of sound governance principles (as depicted in the Constitution of the RSA and compliant with section 51 of the Systems Act, 32/2000) be achieved.
* Oversee the implementation and maintenance of the municipality’s integrated development plan (IDP) to ensure the proper execution of the IDP Strategic management of the effective and efficient provision of services to the local community to ensure that services are delivered in a sustainable and equitable manner.
* Responsible and accountable for various financial management duties as Accounting Officer of the Municipality in terms of the Municipal Finance Management Act (56/2003), to ensure accountability of the Municipality`s finance. Develop and monitor policies at the strategic management level to ensure its purposefulness and efficiency.
* The office is also tasked with a responsibility of developing a service delivery and budget implementation plan (SDBIP) which serves as a monitoring and evaluation tool in assessing whether planned targets and indicators as set in each Senior Manager’s scorecard have been achieved or not. The department has 17 targets for the whole financial year but only 12 are applicable in quarter 2. The table below indicate the number of targets achieved or not achieved as at the end of quarter 2 i.e. 31 December 2020 and the overall performance in terms of percentages.

**OFFICE OF THE MUNICIPAL MANAGER:**

**01 JULY 2020- 31 DECEMBER 2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total no. of targets** | **Targets Achieved** | **Targets Not Achieved** | **Not applicable in the Q2** | **Q1 & Q2 Consolidated Performance at Mid-year: 31 December 2020** |
| **17** | **12** | **02** | **03** | **12** |
| **Percentage achievement** | **88.2%** | **11.7%** | **17.6%** | **80%** |

It is worth- noting the huge improvement in terms of performance by the office of the Municipality as in Q1 its performance was 60% and therefore an improvement of 28.2%. is worht reporting. The table below details the two indicators/ targets that were not achieved by this department during Q2, reasons for not achieving the accumulative target and corrective measures thereof. Two indicators i.e. OMM 8 exceeded target by 50% in Q2 as the department had planned to publish 05 municipal programes in different social media platforms and at the end of the quarter 10 municipal programmes were published in different media platforms such as facebook and whatspapp and OMM 05 whereby instead of 2 report the Internal Audit unit was able to submit 6 Audit reports to both Management and Audit Committee by 31 December 2020. All other targets were achieved as per the SDBIP. The Strategic Support Services Unit will again prepare a report containing progress on targets that were not achieved in Q1 of 2020/21. This is done to ensure monitoring of performance and to prevent underperformance which might lead to underexpenditure and poor service delivery, public protests and possible a negative audit oppinion by Auditor General. The unit has planned togther with the Internal Audit Unit a site visit to all service delivery projects under Public Works and Basic Services to verify evidence and reports that were submitted by the department for Q2 of 2020/21 this will assist in advising the department to adjust its targets appropriately during the adjustment period in February 2021. The sites visits is planned for the last week of January i.e. 25-29 January 2020.

**SUMMARY OF TARGETS NOT ACHIEVED DURING QUARTER 2 OF 2020/21**

**The table below lists indicators that were not achieved during the quarter and remedial actions thereof:**

**EXECUTIVE & COUNCIL/ OFFICE OF THE MUNICIPAL MANAGER**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SDBIP NO.** | **KEY PERFORMANCE INDICATOR** | **Q2 TARGET** | **PERFORMANCE CLAIMED** | **REASONS FOR NOT ACHIEVING CUMULATIVE TARGET** | **REMEDIAL ACTIONS/ CORRECTIVE MEASURES** |
| OMM12 | Percentage of a municipality's annual capital budget actually spent on capital projects | 50% | Target not achieved, 19% of municipality's annual capital budget has actually been spent on capital projects by 30 December 2020 | There were delays in SCM processes as Bid Committees were constantly being interrupted by Covid-cases within the municipality and therefore could not evaluate/adjudicate a number of service delivery related projects. | Both the Evaluation and Adjudication Committee have drafted a new schedule with priority list of projects to be evaluated and adjudicated within Q3 in order to ensure that there is improvement on capital expenditure |
| DTPS02 | Number of General Plans submitted to Surveyor General for approval | Development of Final Subdivision Layout Plan | Target not achieved, the service provider to develop the final subdivision layout has not been appointed | There were delays in SCM processes as all Bid Committees could not sit during the quarter due to being too committed with other service delivery projects. | A follow up will be made with the SCM unit to ensure that the bid is adjudicated and the appointed service provider would be closely monitored to ensure that the report is produced before the end of Q3. |

**2.COMMUNITY& SOCIAL SERVICES DEPARTMENT**

The Community and Social Services Department comprises of the following units:

* Community Safety,
* Community Programs,
* LED,
* Tourism,
* Sports, Arts and Culture unit

The department has 23 targets planned for the financial year of those 08 were not applicable in the quarter which leaves 15 of those to be achieved by the department in quarter 2. Only three targets were not achieved in quarter 2 of 2020/21 the details are highlighted in the table below. Of the three non-achieved targets CSS: 18 was slightly missed as only one LED meeting did not sit during the quarter. Of the 12 targets that were achieved, 08 targets CSS 5, 8, 10, 11, 12, 14, 15 & 21 were over achieved during the quarter which makes 73% of the department’s overachievement in Q2 of 2020/21 financial year. The attached performance report and the table and the graphical presentation below is indicating consolidated information on how the department has performed taking into consideration achieved targets for both quarters at the mid-year of 2020/21 financial year.

**Departmental Performance Highlights**

CSS 09 was not planned for Quarter 1&2 in the SDBIP however the department was proactive enough to conduct 05 library outreach programmes within this quarter.

**Targets Achieved 01 July –31 December 2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total no. of targets** | **Targets Achieved** | **Targets Not Achieved** | **Not Applicable in Q2** | **Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** |
| **23** | **12** | **03** | **08** | **14** |
| **Percentage achievement** | **80%** | **20%** | **34.7%** | **73.6%** |

**The table below lists indicators that were not achieved during the quarter and remedial actions thereof:**

|  |
| --- |
| **COMMUNITY AND SOCIAL SERVICES DEPARTMENT** |
| **SDBIP NO.** | **KEY PERFORMANCE INDICATOR** | **Q2 TARGET** | **PERFORMANCE CLAIMED** | **REASONS FOR NOT ACHIEVING CUMULATIVE TARGET** | **REMEDIAL ACTIONS** |
| CSS 16 | Number of Emerging Enterprise's trained on various skills | 1. 30 x Informal Traders trained on Hygiene & Food Safety, Customer Care and Growing your Informal Enterprise.  2. 20x members trained on Tourism & Hospitality Skills | 1. 20 SMMEs trained in Block Manufacturing2. Train 20 Bricklayers | Not Achieved due to delay in SCM processes. | The Department would ensure that it is in constant liaison with the Manager responsible for SCM in order to ensure that all SCM processes pertaining this target are concluded on time in order to ensure that the target is achieved in Q3 of 2020/21 |
| CSS 18 | Number of LED and Tourism Stakeholder Forums Coordinated | 2 LED Forum & 2 Tourism Forum coordinated | Target Not Achieved, 2 Tourism Forums were held on the 09/10/2020 at the Himeville Boardroom, and on the 10/12/2020 at the Underberg Library.1 - LED Forum was held on the 11/11/2020 at the Bulwer CSC, and 1 - LED Forum is outstanding. | At the last coordinated meeting only one member attended and most members apologized- this may be due to Covid 19 pandemic | A virtual meeting will be organized where there are early signs of possible poor attendance by members. |
| CSS 23 | Percentage of the department's annual capital budget actually spent on capital projects | 50% | 1% of the department’s annual capital budget actually spent on capital projects. | SCM processes and late submission of specifications. | The department would ensure early submission of specifications - and panel for procurement of items like LED material before the end of Q3 of 2020/21.  |

# **CORPORATE SUPPORT SERVICES DEPARTMENT**

The department is comprising of the following units/directorates:

* Human Resources: Recruitment and Selection
* Skills Development
* Administration and Council Support
* Information, Communication and Technology (ICT)
* Registry/ Records Management

The department has twelve (12) indicators/ targets planned for the financial year however thee (03) are not applicable in the quarter 2, Six (06) of those targets were achieved during the quarter and three (03) were not achieved. Reasons and corrective measures are in place and are listed in the table below. Only one indicator CORP 05 exceeded, whereby the department planned to train 20 people however at the end of quarter 2, about 39 staff members were trained on different skills, this constitute 9% of over-achievement at a mid-year. The following tables and graphs indicate the performance of the department as at the mid-year of the 2020/21 financial year:

**CORPORATE SUPPORT SERVICES DEPARTMENT**

**Targets Achieved 01 July 2020 –31 December 2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total no. of targets** | **Targets Achieved** | **Targets Not Achieved** | **Not Applicable in Q2** | **Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** |
| **12** | **06** | **03** | **03** | **08** |
| **Percentage achievement** | **66.6%** | **33.3%** | **25%** | **88.8%** |

**The table below lists indicators that were not achieved during the quarter and remedial actions thereof:**

|  |
| --- |
| **CORPORATE SUPPORT SERVICES DEPARTMENT** |
| **SDBIP NO.** | **KEY PERFORMANCE INDICATOR** | **Q2 TARGET** | **PERFORMANCE CLAIMED** | **REASONS FOR NOT ACHIEVING CUMULATIVE TARGET** | **REMEDIAL ACTIONS** |
| CORP 1 | Number of policies reviewed and approved by Council | 27 HR Policies presented to LLF | Target Not Achieved, no policies were presented to LLF during Q2 of 2020/21 | The LLF is not functional hence policies could not be presented. | A report has been tabled to Council to replace ineffective members and that will improve the functionality of LLF. These policies will then be tabled before the end of Q3 of 2020/21.  |
| CORP 3 | Number of Wellness Programmes conducted | 1 | Target Not Achieved, 0 wellness day was conducted during Q2 of 2020/21 | Gatherings were not allowed due to Covid-19 regulations. | Given the increase of corona-virus infections the department could not be able to specify the exact date when will this programme be held. However at the strategic planning session this matter would be discussed to check the possibility of using other alternatives methods in order to achieve this target. |
| CORP 6 | Number of Councillors training programmes coordinated | 1 | Target was not achieved, 0 Councillor training programme was coordinated during Q2 of 2020/21 | In conjunction with the SCM the department was able to prepare a tender document to appoint a suitable service provider for the provision of this training to 29 Councillors however no service provider purchased the tender document.  | The project would be re-advertised in Quarter 3 of 2020/21 and the department would strategize on how this project could be implemented given the challenges with disaster management level 3 regulations. |

# **4. PUBLIC WORKS AND BASIC SERVICES DEPARTMENT**

The department is responsible for the following most important function of which are:

* + Refuse removal
	+ Electrification
	+ Municipal environmental management services
	+ Municipal roads and storm water drainage
	+ Street lighting
	+ Municipal cemeteries, parks and recreation

The department had planned 26 targets for the financial year of which 15 were not applicable for the quarter. Out of eleven planned targets for the quarter eight (08) were achieved and only three were not achieved. Two targets PWBS 1 and PWBS 23 exceeded the planned targets for the quarter which makes the department’s overachievement to be 18,1%. 15 targets were not applicable during the quarter because the department was busy with planning and procurement processes for these projects.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total no. of targets** | **Targets Achieved** | **Targets Not Achieved** | **Not Applicable in Q2** | **Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** |
| **26** | **08** | **03** | **15** | **08** |
| **Percentage achievement** | **72.7%** | **27.2%** | **57.6%** | **72.7%** |

**The table below lists indicators that were not achieved during the quarter and remedial actions thereof:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SDBIP NO.** | **KEY PERFORMANCE INDICATOR** | **TARGET** | **PERFORMANCE CLAIMED** | **REASONS FOR NOT ACHIEVING CUMULATIVE TARGET** | **REMEDIAL ACTIONS** |
| PWBS 2 | Number of meters of roads storm water installed | 46m | Target not achieved, 0 m of roads storm water were installed by 31 December 2020 | Procurement processes were delayed due to COVID pandemic | In liaison with SCM will make sure that the procurement process are concluded by end of quarter 3. |
| PWBS 6 | Percentage of community halls constructed | Advertising for suitable service providers to construct 2 community halls | Target not achieved, no advert has been published for the construction of the two community halls | There were delays in completing the specification for this project hence it was not advertised within the quarter. | The department is currently busy with the registration of these project to MIG and upon finalisation of MIG registration the project will then be advertised within Q3 of 2020/21 |
| PWBS19 | Number of feasibility studies finalised | 1 x Draft Bulwer cemetery feasibility report | Target Not achieved, no draft Bulwer cemetery feasibility report has been developed.  | The project was advertised but bid committees did not find suitable service provider which led to the project being re- advertised. | In liaison with SCM the department will ensure that the procurement process are concluded before the end of quarter 4 of 2020/21 |

# **BUDGET AND TREASURY OFFICE**

The function of the Finance Department is to secure sound and sustainable management of the financial affairs of municipality, which includes Revenue collection, Expenditure Management, Supply Chain Management and Asset and Fleet Management. The Budget and Treasury office consists of five units namely:

* Supply Chain Management
* Expenditure Management
* Revenue Management
* Fleet Management
* Asset Management

The department has planned 16 targets for the financial year of those eight (08) were not applicable in the quarter, eight were achieved and none were not achieved during the quarter. Of the eight targets that were achieved during the quarter four exceeded planned targets as per the SDBIP i.e. BTO 10, 13, 15& 16 this constitutes 50% of the department’s overachievement at the mid-year of 2020/21 financial year.

**BUDGET AND TREASURY OFFICE PERFORMANCE FOR Q2 OF 2020/21 AND MID-YEAR/HALF YEAR OF 2020/21 FINANCIAL YEAR**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total no. of targets** | **Targets Achieved** | **Targets Not Achieved** | **Not Applicable in Q2** | **Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** |
| **16** | **08** | **0** | **08** | **09** |
| **Percentage achievement** | **100%** | **0%** | **50%** | **100%** |

**OVERALL/ORGANISATIONAL PERFORMANCE AT MID-YEAR/ QUARTER 2 OF 2020/21 FINANCIAL YEAR**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Total no. of targets** | **Targets Achieved** | **Targets Not Achieved** | **Targets not applicable in Q2** | **Targets not Applicable at Mid-year of 2020/21** | **Targets Achieved: Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** | **Targets Not Achieved: Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** |
| **94** | **45** | **11** | **38** | **35** | **50** | **14** |
| **Performance in Percentage** | **80.3%** | **19.6%** | **40.4%** | **37%** | **84.7%** | **23.7%** |

|  |  |  |
| --- | --- | --- |
| **DEPARTMENT** | **% PERFORMANCE FOR Q2 OF 2020/21** | **% OF PERFORMANCE AS AT MID-YEAR OF 2020/21** |
| OFFICE OF THE MUNIIPAL MANAGER | **88.2%** | **80%** |
| COMMUNITY AND SOCIAL SERVICES | **80%** | **73.6%** |
| CORPORATE SUPPORT SERVICES | **66.6%** | **88.8%** |
| PUBLIC WORKS AND BASIC SERVICES | **72.7%** | **72.7%** |
| BUDGET AND TREASURY OFFICE | **100%** | **100%** |
| ORGANISATIONAL OVERALL PERFORMANCE | **80.3%** | **84.7%** |

**COMPARISON BETWEEN 2019/20 MID-YEAR PERFORMANCE REPORT & 2020/21 MID-YEAR PERFORMANCE REPORT**

|  |  |  |
| --- | --- | --- |
| **2019/20 MID-YEAR PERRORMANCE REPORT**  |  | **2020/21 MID-YEAR PERFORMANCE REPORT** |
| **DEPT.** | **Total no. of targets** | **Targets Achieved** | **Q2 %** | **Targets Not Achieved** | **Q2 %** | **% of Q1 & Q2 Consolidated Performance at Mid-year 31 December 2019** | **No. of targets** | **Targets Achieved** | **Q2 %** |  | **Targets Not Achieved** | **Q2 %** | **No. of targets not achieved at Mid-year of 2020/21** | **No. of targets achieved at Mid-year of 2020/21** | **% of Q1 & Q2 Consolidated Performance at Mid-year 31 December 2020** |
| **OMM** | **17** | **06** | **43%** | **08** | **57%** | **57%** | **17** | **12** | **88.2%** |  | **02** | **11.7%** | **03** | **12** | **80%** |
| **CSS** | **29** | **19** | **90%** | **02** | **10.52%** | **95%** | **23** | **11** | **80%** |  | **03** | **21.4%** | **05** | **14** | **73.6%** |
| **CORP** | **13** | **10** | **100%** | **0** | **0%** | **100%** | **12** | **06** | **66.6%** |  | **03** | **33.3%** | **03** | **08** | **88.8 %** |
| **PWBS** | **19** | **08** | **89%** | **02** | **11%** | **84.5%** | **26** | **08** | **72.7%** |  | **03** | **27.2%** | **03** | **08** | **72.7%** |
| **BTO** | **13** | **05** | **85%** | **01** | **16%** | **92%** | **16** | **08** | **100%** |  | **0** | **0%** | **0** | **08** | **100%** |
| **OVERALL** | **91** | **48** | **85.7%** | **13** | **18.9%** | **96%** | **94** | **45** | **80.3 %** |  | **11** | **19.6%** | **14** | **50** | **84.7%** |

# **8. SUMMARY AND CHALLENGES**

Annexure A is the Q2 report from the Top Layer SDBIP for the first half of the financial year 2020/21 ending 31 December 2020, which measures the Municipality’s overall performance per MKPA. The report, furthermore, includes the performance comments and corrective measures indicated for targets not achieved.

From the report it is evident that the Municipality is committed to service excellence. The percentage of Key Performance Indicators that were not achieved in Q2 is 19.6% of the planned targets) due to various reasons cited in this report. However, 80.3% of the planned targets were achieved during the quarter Q2 of 2020/21 financial year. The tables above further illustrates that the organisation’s performance for the first six months/ at mid-year is 84.7% which is satisfactory even though it is lower when compared to the previous financial year’s performance at its first half of the year which was 96%. Of the planned targets 37% were not measured during the first half of the 2020/21 financial year as they were not applicable. Henceforth, the reasons as to why the planned targets have not been achieved will be monitored and measured against the corrective measure recorded in this report. Annexure A provides detail on the reasons where applicable.

Also, in an effort to build on the Municipality’s past audit achievement relating to the “unqualified audit opinion”, the Municipality will again review its 2020/21 SDBIP and will submit it to Council for approval during February 2021.