

Theewaterskloof Municipality
SDBIP SUBMISSION REPORT

2010/11



Theewaterskloof
Municipality

INTRODUCTION AND OVERVIEW

1.1 Purpose of the report

The purpose of this report is to provide an executive summary of the legislative framework that prescribes an SDBIP. It includes an overview of past performance, the process followed to compile the 2010/11 SDBIP and the monitoring of actual performance against targets set.

The 2010/11 SDBIP attached to this report is hereby submitted for approval. It indicates the planned performance targets of the Theewaterskloof Municipality for the period 1 July 2010 to 30 June 2011.

1.2 Legislative Framework and General Information Pertaining to the SDBIP

The Municipal Finance Management Act No. 56 of 2003 (MFMA) and National Treasury MFMA Circular No. 13 requires that municipalities must prepare a service delivery budget implementation plan (SDBIP) indicating how the budget and the strategic objectives of Council will be implemented. The SDBIP is prepared in terms of Section 53(1)(c)(ii) of the Municipal Finance Management (MFMA), National Treasury MFMA Circular No. 13 and the Budgeting and Reporting Regulation.

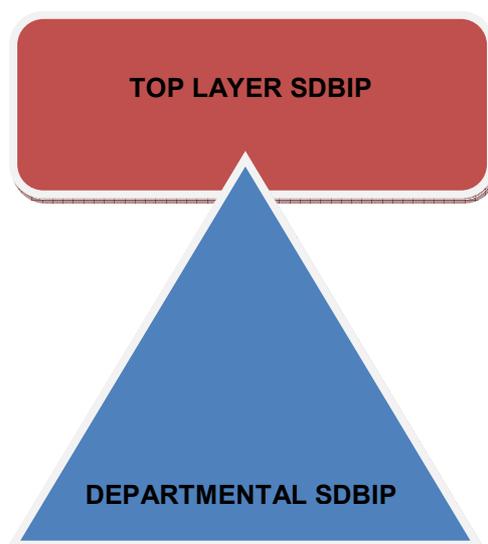
The SDBIP serves as a “contract” between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration in the applicable financial year. It provides the link between the mayor, the council (executive) and the administration, and facilitates the process for holding management accountable for its performance. It is therefore a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community to monitor the municipality’s performance on a quarterly basis. The SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the implementation of the budget, the execution of projects, the performance of senior management and the achievement of the strategic objectives set by council.

The SDBIP sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will

provide such services with the inputs and financial resources that will be utilized. It SDBIP will determine the performance agreements of the municipal manager and senior managers, including the outputs and deadlines for which they will be held responsible. Expenditure information (for capital projects and services) per municipal ward is provided so that each output can be broken down per ward, where it is possible to support ward councillors to provide feedback to their communities on progress with service delivery.

As mentioned before, it is a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the performance of all managers in the municipality within the financial year. This enables the mayor and municipal manager to be pro-active and take remedial steps if necessary in the event of poor performance.

The SDBIP is a layered plan that consists of a top layer and a supporting layer namely the departmental SDBIP.



a) Top Level SDBIP (Municipal Scorecard)

Circular 13, as well as the municipal budget and reporting regulations prescribe the submission of a Top Level SDBIP, which is focused on outcomes, to the Mayor with the draft budget. The Top Layer SDBIP contains the consolidated service delivery targets and in-year

deadlines, and links such targets to top management. Only the Top Layer SDBIP will be made public and tabled before the council. The Top Layer SDBIP should also include per ward information, particularly for key expenditure items on capital projects and service delivery. This will enable each ward councilor and ward committee to oversee service delivery in their particular ward. The Top Layer SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes made in service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustments budget (section 54(1)(c) of MFMA). Council approval is necessary to ensure that the mayor or municipal manager do not revise service delivery targets downwards in the event where there is poor performance.

The Top Layer of the SDBIP is made up of the following components:

- One year detailed plan, with a three-year capital plan
- The 5 necessary components includes:
 - ⇒ Monthly projection of revenue to be collected for each Source (*Expected Revenue to be collected*)
 - ⇒ Monthly projects of expenditure (operating and capital) and revenue for each vote (*S71 format*)
 - ⇒ Quarterly projects of Services Delivery Targets and performance indicators for each vote. (*Non financial measurable performance objectives in the form of targets and indicators. Level and standard of service being provided to the community*)
 - ⇒ Ward information of expenditure and Service Delivery
 - ⇒ Detailed capital works plan broken down by ward over three year

The Top Layer of the SDBIP must be submitted for approval to the Mayor within 14 days after the approval of the budget.

b) Departmental SDBIP

A detailed departmental SDBIP, which is focused on operational performance, must be prepared for each municipal department. This SDBIP provides more detail on each output for which top management is responsible and it serves as the portfolio of evidence for the Top Layer SDBIP. The Top Layer SDBIP is therefore the summary of all the departmental SDBIP's.

Departmental SDBIPs is based on initial revenue and expenditure projections provided by the budget office of the municipality. Initial revenue and expenditure projections are prepared

taking into account; the strategic direction and priorities as set through the IDP (and its annual review); initial tariff modeling and any other external influences such as, sectoral department strategic plans and budgets; national and provincial strategic plans and allocations. Reference can also be made to current year and mid-year reports and the previous year's annual report to develop the SDBIP. The departmental SDBIP should be compiled by senior managers for his/her department.

The Departmental SDBIP must provide the following information:

- Purpose (outcomes)
- Service Delivery description
- Measurable Performance objectives
- List of capital projects per Ward
- A review of past performance
- Resources utilized (inputs):
 - ⇒ Expenditure by GFS function and Major type
 - ⇒ Budget revenue by vote and source
 - ⇒ Types of staffing number and R-value

The SDBIP must be approved by the Mayor within 28 days after the budget has been approved to ensure compliance with the above-mentioned legislation and the Top Level SDBIP should be published on the municipal website.

OVERVIEW OF THE 2009/10 SDBIP PERFORMANCE

2.1 Introduction

In the 2009/10 financial year, the SDBIP was prepared in such a way to evaluate the performance per sub-directorate. It gave the municipality the opportunity to monitor performance in much more detail on operational and capital expenditure and all institutional levels.

This was also the first time during which the municipality has implemented an electronic performance management system. As is the case with the introduction of new tools, a process of change management had to take place. The 2009/2010 SDBIP is a bulky system with a total of 864 KPI's. Some of the KPI's are ambiguous and as a result have not been completed fully. This has however given us the opportunity to learn through a trial and error method and as a result has allowed us to produce a more user friendly and measurable tool through which we would be able to monitor the execution of the budget, performance of senior management and the achievement of our strategic objectives as set by council.

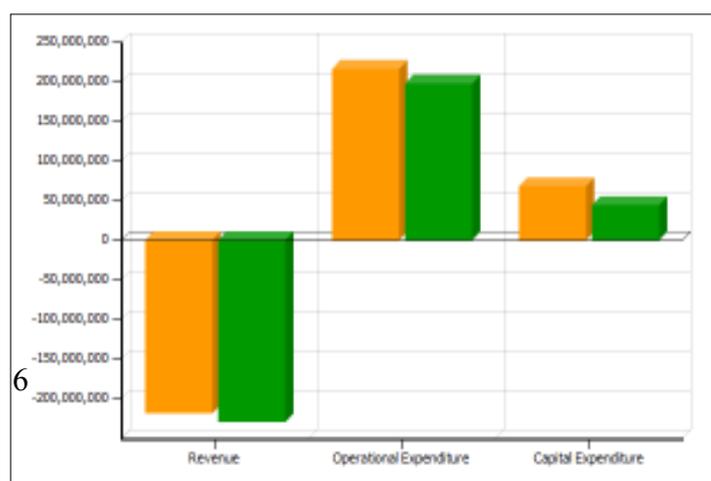
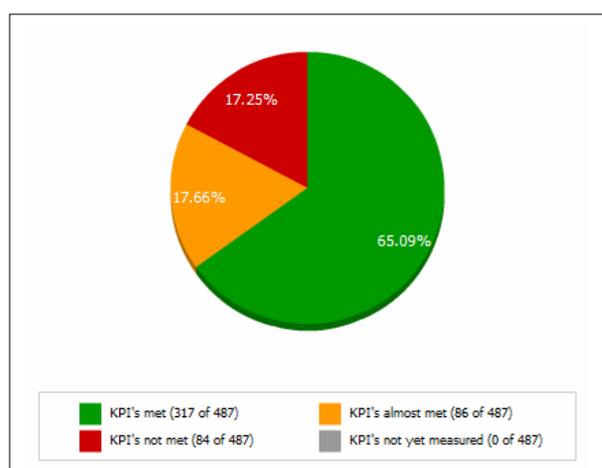
The 2009/2010 SDBIP has been revised on 2 occasions, resolution numbers EMC76/2009 and M34/2010 and as result the number of KPI's has dropped from 864 to 476. The SDBIP for the Town Offices (388 KPI's) has been cancelled, but has not being removed from the system as it is not a legal requirement. The performance of the Town Offices will be measured in future through the implementation of the Services Level Agreement process.

2.2 Summary of performance

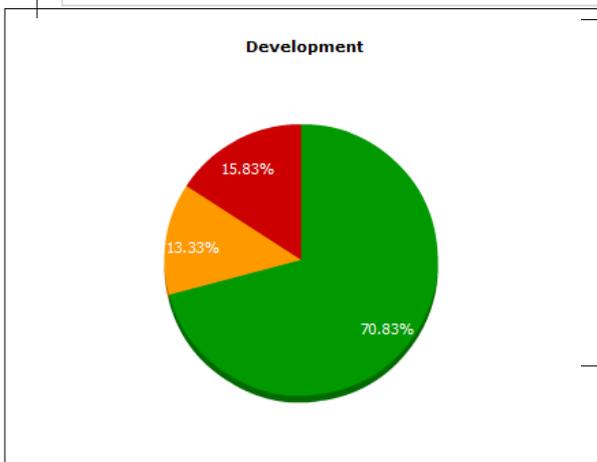
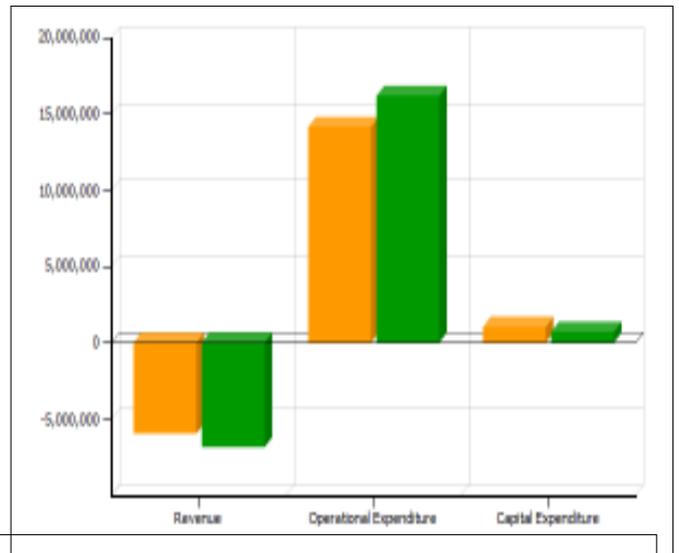
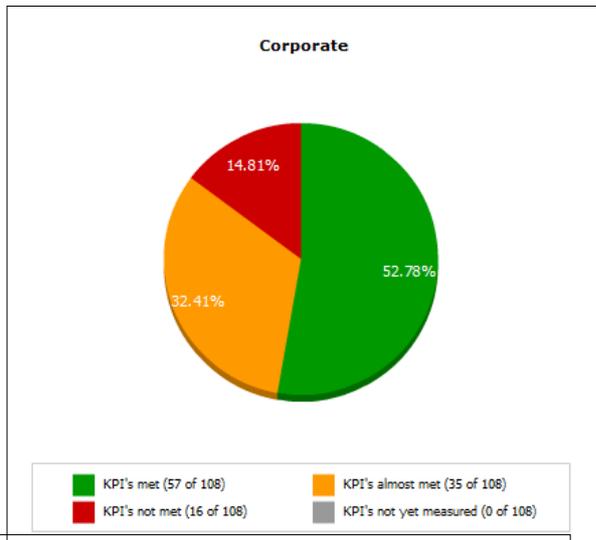
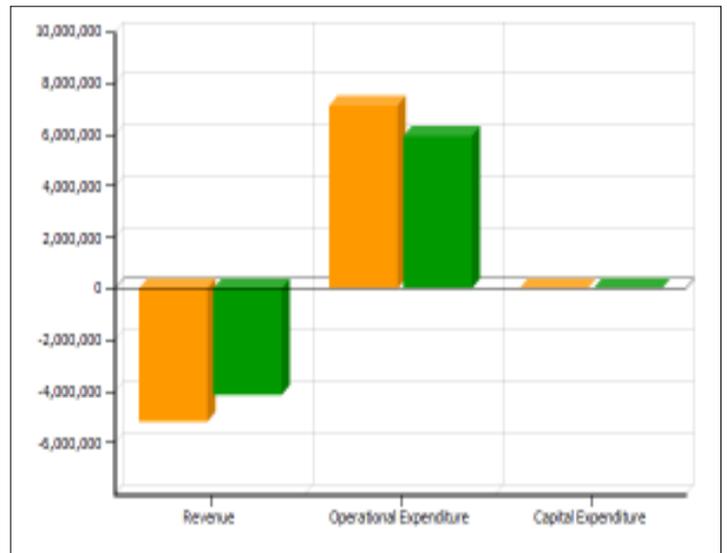
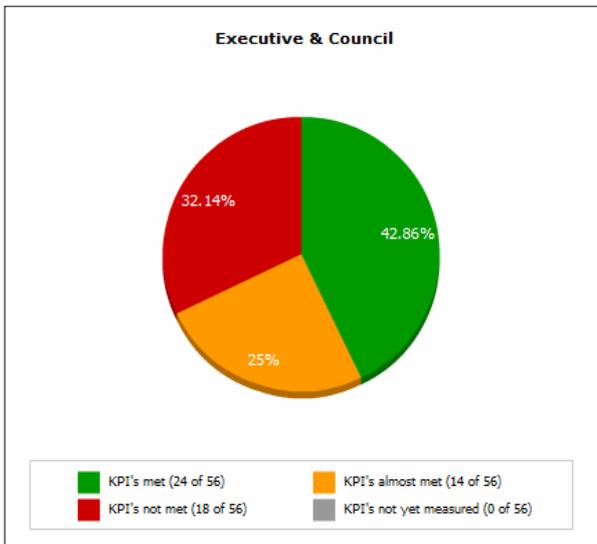
The overall performance of the municipality from 1 July 2009 to 31 March 2010 is indicated in the graphs below and can be summarized as follows:

- ❑ 65.09% of the total KPI's achieved = 317 KPI's out of 487 KPI's
- ❑ 17.66% of the total KPI's almost achieved = 86 KPI's out of 487 KPI's
- ❑ 17.25% of the total KPI's not achieved = 84 KPI's out of 487 KPI's
- ❑ Revenue collected R 229, 609, 937.84
- ❑ Capital spent = R 44, 157, 780.56. Various reasons for under expenditure per project exists. These comments are reported to Provincial Treasury on a monthly basis and to council quarterly.

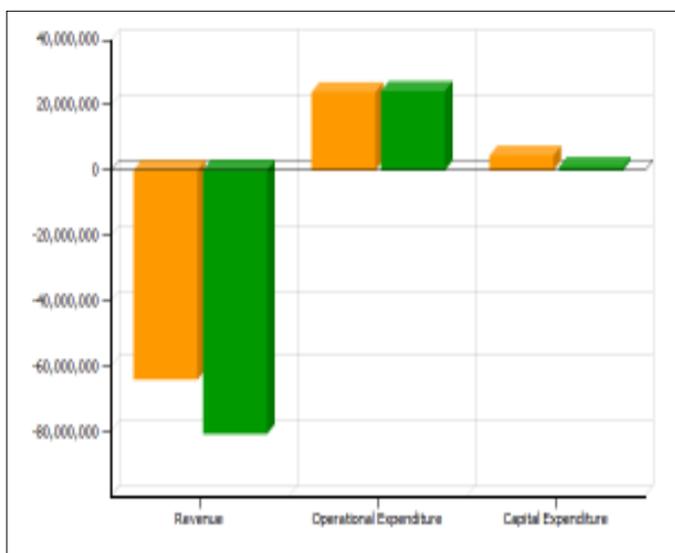
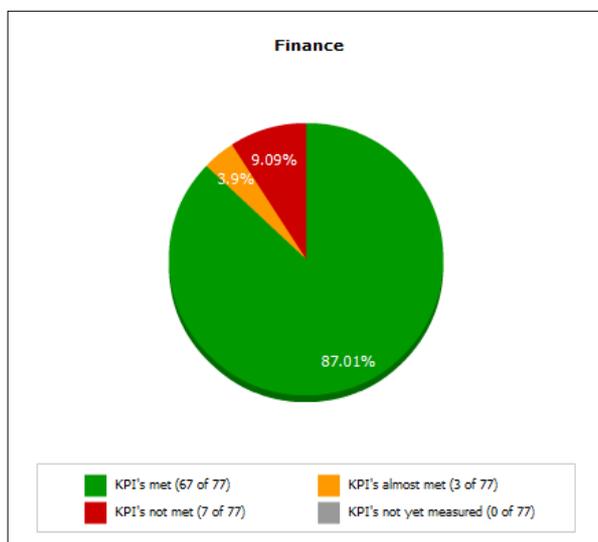
The Municipality



	Budget	Actuals
Revenue:	R 218,794,197.70	R 229,609,637.54
Opex:	R 215,815,873.47	R 197,394,287.06
Capex:	R 68,060,873.54	R 44,187,700.56



	Budget	Actual
Revenue	R 4050,0544	R 3610,3440
Oper	R 1000,0000	R 1000,0000
Capex	R 490,0000	R 480,0000



	Budget	Actual
Revenue	R 20,000,000	R 19,000,000
Oper	R 10,000,000	R 10,000,000
Capex	R 5,000,000	R 4,800,000

Other performance highlights

Other additional performances achieved in the 2009/2010 financial year area as follows:

- Population Survey of the informal areas.
- Adoption of a Tourism Strategy
- LED related partnerships established with P3 and the IDC.
- Improved branding of the TWK area.

- Participation in the Tourism Indaba
- Tourism related interviews held with RSG, Radio Maputo and Summit TV.
- The implementation of an organisation Performance Management system (Ignite).
- The implementation of a records management system (collaborator).
- Establishment of a multipurpose Day Care facility through a partnership with the Development Bank of South Africa (DBSA) and SAFCOL.
- The appointment of a 5th Director to Manage the Town Management Model, responsible for implementation.
- Won the Top Service Delivery Local Authority in the Country Award.

2.3 Remedial actions instituted to address areas of non-performance

The performance audit committee considered the 3rd quarter performance report for the 2009/2010 financial year and proposed the following action to address areas of poor performance:

- That the rationalisation of the number of KPI's be explained and not deleted.
- That the KPI terms "met, not met and almost met" be clarified further to remove ambiguity. The committee suggested that the system be changed to read :

From	To
KPI's met	KPI's Achieved (between 90% & 100%)
KPI's almost met	Partially Achieved KPI's (KPI's >10%<90%)
KPI's not met	Non Performing KPI's (KPI's <10%)
KPI's not yet measured	KPI's not relevant for a specific reporting period

- ❑ Reporting format should be changed. The system must be able to extract under performing KPI's as per their calculation type.
- ❑ It was emphasised that Directors must give a progress report on the underperforming KPI's.
- ❑ Directors need to take responsibility in ensuring that the portfolio of evidence be completed for all KPI's in the comments column.

SDBIP 2010/11

3.1 Overview of the 2010/11 process

The IDP is considered as the 5-year strategic plan for the municipality and therefore provides an outline of the Theewaterskloof Municipality's vision, mission, objectives and operational and service delivery indicators that are realistic and attainable. The Executive Management did an extensive and critical analysis of the 2009/10 budget in an attempt to improve on it as an empowering and enabling service delivery and operational tool available to the Executive and the Council. During this session the following key purposes of the Budget for 2010/11 were defined:

- ❑ Serve as a longer term financial plan in addressing the needs and priorities of the stakeholders mentioned in this document and as defined in the IDP.
- ❑ Needs to support strategies and interventions aimed at reducing the gap between stakeholder expectations and perceptions and the optimum institutional capacity of the TWK i.e. attempts intended to manage expectations down to a realistic affordable and reasonable level and or the management of institutional capacity up to a higher delivery level
- ❑ Aimed at giving effect to Financial Viability Strategies of the municipality.
- ❑ Ensures legal compliance and sound Corporate Governance.

The 2010/2011 SDBIP process commenced with the tabling of the 2010/2011 IDP and Budget. These documents were first tabled on 25th March 2010. The Top Layer SDBIP was drafted through a one on one consultation with the Municipal Manager and all the directors. After the completion of the draft Top Layer SDBIP, the Municipal Manager had one on one session with his directors to finalise the Top Layer SDBIP, after which it was submitted to the Mayor 14 Days after the adoption of the IDP and Budget. The Budget and

IDP were adopted on 25th May 2010 and the Top Layer SDBIP was approved on 8th June 2010.

One on one sessions were held with the heads of Departments to discuss and draft the Departmental SDBIP which would serve as the portfolio of evidence for the TOP Layer SDBIP. The departmental SDBIP is scheduled to be submitted to the Mayor within the 28 day period indicated for the final approval of the SDBIP, this being the 22nd June 2010.

The following were considered during the development of the SDBIP:

- Alignment with the IDP
- Alignment with the budget
- The performance audit committee report
- The risks identified by the Internal Auditor during the municipal risk analysis
- Areas to be addressed and root causes of the Auditor-General management letter COMAFS as well as the risks identified during the audit
- Local Government Turnaround Strategy

3.2 IDP priorities and objectives

The SDBIP should as indicated above, address the IDP priorities and objectives which include the following:

IDP Priorities:

Priority	Description
Development of a 5-year financial plan for adoption by Council	Statistical information relating to communities inadequate for effective financial planning and modeling. Financial Plan that is realistic and enables council to address financial challenges as well as long - and medium term capital and operating commitments.
Development and implementation of the Financial Viability Strategy	Implementation of programs and management interventions that will enhance revenue generation, improve of budgetary control and cost saving and ensure the maximum utilization of resources.
Effective Financial Reporting	All statutory reports in terms of the MFMA submitted on time and performance information and submission of Financial Statements on time.
The development and growth of	The adoption of a tourism development strategy and the

Priority	Description
local tourism	establishment of a Tourism Development Council
The successful administration of informal settlements	Establishment of street/housing to assist with monitoring and demolishing of illegal structures.
Organizational Structure reviewed and approved	Optimum utilization of current institutional capacity to address and manage client expectations.
Functional corporate governance structures and functioning of council	Schedule of meetings for the financial year and effective support to these structures.

It must be noted that council will focus on “Mind the Gap” types of issues, in other words Service Delivery, Financial Viability, Stakeholder Relations and Capacity Building.

IDP Objectives:

No	Objective	Description	Responsible Directorate
1	To improve the management of new housing developments through proactive planning and submission of project applications for funding.	The slow delivery of housing is a concern. Alternative sources of funding needs to be identified especially for farm worker housing.	Development
2	To make a professional assessment of the standard of streets in the respective towns in consultation with stakeholders. To prioritize streets in terms of the seriousness of the condition and report to Council via the port folio committee on such priorities and provide interim and longer term solutions and budget implications. To implement phase 1 of such a program	Quality of streets is considered below standard and needs urgent repair/upgrading or maintenance.	Technical Services
3	To report to Council on the status of sanitation facilities. To prioritize sanitation facilities in terms of the seriousness of the condition and report to Council via the port folio committee on such priorities and provide interim and longer term solutions and budget implications.	Sanitation in certain informal settlements is inadequate and holds serious health risks and could result in protest action.	Technical Services

No	Objective	Description	Responsible Directorate
	To implement phase 1 of such a program		
4	To identify the 5 key Service Delivery improvement areas in each of the towns and define such service delivery area components and standards in consultation with the local community in terms of the SLA methodology.	Confusion about service delivery standards and expectations are unrealistic in terms of available institutional capacity	Operations
5	<p>To report to Council on the quality and reliable provision of water in the respective towns</p> <p>Identify the priority issues and provide interim and longer term solutions and budget implications.</p> <p>To implement phase 1 of such a program</p>	Quality and provision of water in certain towns could hold a health risk and cause protest action and more specifically in Voorstekraal, Grabouw and Greyton	Technical Services
6	<p>To identify through public participation mechanisms typical offences that impacts on the quality of life in the respective communities.</p> <p>To address the cause of such perceived lawlessness by either passing appropriate bylaws or ensuring successful enforcement.</p>	Lawlessness in terms of Municipal Bylaws- a perception exists that the Municipality is toothless and either have insufficient legislation to deal with offences that are undermining the quality of life in our communities or are unable to enforce its own legislation	Development
7	<p>To address the funding of infra structure and bulk services as required in support of housing projects.</p> <p>To obtain support from provincial and central government</p>	Funding for infra structure and bulk services in response to Housing projects remain an outstanding issue for which no suitable solution has been found. The consensus is still that this is an unfunded mandate issue and in respect of which the central government need to take responsibility for. The issue has been raised at several PAF, MM forum, CFO forum and LGM Tech forum meeting without any appropriate or serious response from Provincial or Central Government departments.	Municipal Manager and Technical Services
8	<p>To reduce the uncontrolled influx of indigent people through a Squatter Management strategy and plan to be presented for adoption to Council.</p> <p>To ensure proper and innovative management of informal settlements and housing databases.</p>	<p>The rates base of the Council is too narrow and the indigent population still growing.</p> <p>Statistical information relating to our community compositions (indigent communities and informal settlements) remains a constraint during financial modeling and planning</p>	Development

No	Objective	Description	Responsible Directorate
9	<p>To increased economic development</p> <p>To ensure revenue generation through the sale of Municipal assets.</p> <p>To increase property sales</p> <p>To substantially Increase traffic fines and payments</p> <p>To increase revenue base through effective Town Planning</p>	<p>Still too reliant on grants and loans and we need to expand the rates base and the ability of our communities to afford improved service delivery standards.</p> <p>LED Strategies and Interventions should primarily focus on increased financial activity in our area as well as job creation and an expanded rates base</p> <p>Activity Based Costing as an Accounting Practice will enable us to make more accurate calculations of what the actual costs of services are, where to seek for cost savings and improved productivity and to calculate our tariffs more creatively and affectively</p> <p>Reasonable spending of both Capital and Operating Budget</p>	<p>Development</p> <p>Development</p> <p>All Departments</p> <p>All Departments</p>
10	<p>To develop a 5 year financial viability improvement strategy and plan for each Directorate.</p> <p>To be presented to Council via its portfolio committee and phase 1 implemented in this year.</p>	<p>Financial Viability is the single greatest obstacle to service delivery, infrastructure and bulk service back log eradication and social development</p>	<p>All Departments but coordinated by the CFO</p>
11	<p>To market the TWK-area as a preferred destination for development, investment, living, spending, working and tourism.</p> <p>To ensure that economic development programs and strategies have an ultimate social development outcome.</p>	<p>Poverty, Job Creation and Crime are aspects relating directly to lack of employment or economic opportunities. Increased economic activity in the area will address the root cause of the above.</p>	<p>Development</p>
12	<p>To monitor the implementation of the organizational Performance Management System.</p>	<p>Performance Management Performance information indicates how well a municipality is meeting its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of its mandate. Performance information is key to effective management, including planning, budgeting, and implementation, monitoring and reporting. Performance information also facilitates effective</p>	<p>Development</p>

No	Objective	Description	Responsible Directorate
		accountability, enabling councillors, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the issues involved	
13	To improve intergovernmental relations in order to establish a strong partnership with provincial, government and other municipal entities and that will increase the institutional capacity and competitiveness of the TWK in meeting the demands it needs to face as a developmental local authority.	Social and Sport development: The lack of community, Sport and Recreation facilities and programs hampers a sustainable quality of life and is a cause of many of the social 'diseases' our communities are faced with.	Development
14	To refine, develop and sustain public participation structures in order to ensure that the Municipality acts in accordance with the needs and preferences of all of its stakeholders and that their perceptions and expectations are managed to realistic, reasonable and affordable levels.	Lack of communication by ward committees is a concern. Community only sees members of the ward committee when it is time for the IDP. Ward committees must report back to their communities at regular intervals. The functioning and performance of CDWs is also a concern	Corporate
15	To review, draft, adopt and implement Corporate Strategies, Polices, Processes, Standards, Parameters and Delegations that will create an investment friendly and development a conducive environment.	The success of the Town Management model is being threatened by the absence of suitable and empowering policies and processes that will enable the Town Managers and their staff in decision-making, problem solving, and corporate compliance and in dealing with local issues more expeditiously and correctly.	Corporate

3.3 Key focus areas for the year

The tables below outline the Strategic focus areas of Theewaterskloof Municipality for the 2010/2011 Financial Year.

Strategic focus area	Components
CORPORATE GOVERNANCE	<input type="checkbox"/> Functionality of Structures <input type="checkbox"/> Strategies <input type="checkbox"/> Policies
IMPROVED SERVICE DELIVERY	<input type="checkbox"/> Stakeholder Relations <input type="checkbox"/> SLA/Service Delivery Improvement

Strategic focus area	Components
PRODUCTIVITY IMPROVEMENT/EXPECTATION MANAGEMENT	<ul style="list-style-type: none"> <input type="checkbox"/> Capacity/institutional development (people and resources) <input type="checkbox"/> Maximization of resources
FINANCIAL VIABILITY	<ul style="list-style-type: none"> <input type="checkbox"/> Increase in revenue/decrease in expenditure
LED/FINANCIAL VIABILITY	<ul style="list-style-type: none"> <input type="checkbox"/> Increase Employment <input type="checkbox"/> Increase Rates base <input type="checkbox"/> Uncontrolled influx
INTEGRATED HUMAN SETTLEMENTS	<ul style="list-style-type: none"> <input type="checkbox"/> Fostering a healthy, safe and secure environment

3.4 Financial planning

3.4.1 Capital projects (attached annexure)

3.4.1 Revenue (attached annexure)

3.4.1 Cashflow (attached annexure)

MONITORING AND REPORTING PROCESSES

4. Monitoring and reporting processes

The Municipal Systems Act, 2000 and the Municipal Financial Management Act, 2003 requires from municipalities to establish a performance management system. The performance management systems should enable the municipality to collect, process, organise, analyse, audit and report on performance information. In terms of the monitoring and reporting requirement for performance management Theewaterskloof Municipality utilises the different governance structures established in terms of applicable legislation and reports in term of national guidelines.

4.1 Monthly and Quarterly Reporting to Portfolio Committees and Council:

Theewaterskloof Municipality has 23 Councillors of which 12 are directly elected ward councillors, and 11 are proportional representative councillors. Theewaterskloof Council and Executive Mayoral Committee meets on a monthly basis. The municipality has four Section 79 Portfolio Committees namely:

- Financial Services
- Corporate Services
- Development Services
- Technical/Operational Services

The Portfolio Committees perform an oversight role by monitoring the delivery and outputs of the executive and they are entitled to request departments to account for their functions. The Portfolio Committees do not have any delegated decision-making powers and their functions include the following:

- Review, monitor and evaluate departmental policies
- Review plans and budgets
- Consider monthly quarterly and annual departmental reports
- Monitor the implementation of plans

Each department submits a quarterly departmental performance report to the applicable portfolio Committee. The portfolio committee will make recommendation to be considered by the Executive Mayoral Committee and Council.

The Executive and Council will review and report in the following manner:

Review	Report
Reviewing of the IDP, including the review of key performance indicators and performance targets	Receives performance reports quarterly from the IDP Manager.
Review annual performance measures of the municipality as part of the new municipal strategic scorecard.	Receives performance reports twice a year from the Performance Audit Committee.
Review priorities, objectives, key performance indicators and performance targets of the municipality.	Receives quarterly reports from the Municipal Manager on the performance of Directors
Quarterly evaluates the performance of the municipality against adopted KPI's and targets.	Reports to Council on the performance of the municipality twice a year.
Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the municipality.	Reports to Council on the recommendations for the improvement of the performance management system.
Quarterly and annually evaluates the performance of the Municipal Manager.	Annually reports on the performance of the Municipal Manager and Directors

4.2 Internal Auditing of Performance Information

Municipalities must develop and implement mechanisms, processes and systems for auditing the results of performance measurements and information as part of the internal auditing processes. This will ensure that performance information collected by the municipality is verifiable, reliable and correct. The internal audit function responsibilities include:

- Review the functionality of key performance indicators and targets
- Assesses Compliance with the Systems Act
- Evaluates reliability of targets
- On a continuous basis measure cost, resources and time to produce outputs in accordance with inputs
- Assess the extent to which activities and processes produced output in accordance with output indicators
- Detect early indications of underperformance
- Submit Quarterly Report to Municipal Manager and Performance Audit Committee

The Internal Audit function will review and report in the following manner:

Review	Report
Measures the performance of departments according to KPIs and performance targets set in the municipal scorecard and departmental performance plans	Submit quarterly reports to the Municipal Manager. Submit quarterly reports to the Performance Audit Committee.
Assess the functionality of the PMS.	
Ensures that the system complies with the Act.	
Audit the performance measures in the municipal scorecard and performance plans	

4.3. Quarterly reporting to Performance Audit Committee

Theewaterskloof have a functional Performance Committee that meets quarterly. The roles and responsibilities of the Committee are the following:

- Review the quarterly reports submitted to it by internal-audit
- Review the municipality's performance management system and make recommendations in this regard to the council of that municipality
- In its review of the system, focus on economy, efficiency, effectiveness and impact of the KPI's and targets set
- Submit an audit report to the municipal council twice during a financial year

4.4 Quarterly reporting to Service Level Agreement forums

A quarterly review of the SLA's is done with the Service Level Agreement Advisory Forum (SLAAF) and the results are reported on a quarterly basis to the Ward committees.

4.5 Monthly section 71 Reporting to Mayor and Provincial Treasury

Section 71 of the Municipal Finance Management Act requires monthly budget statements to be submitted to the Mayor and relevant provincial treasury department. These reports are submitted on a monthly basis to the Financial Services Portfolio Committee and to the Executive Mayoral Committee for notice and approval. The monthly report is also circulated to all Directorates to inform them on the financial results. The purpose of the Section 71 report is:

- To monitor and report to Council the actual budget performance of Directorates for a specific month
- To identify possible problem areas and to take timeously remedial action when and where necessary.

4.6 Section 72- Mid Year Budget and Performance assessment by 25th January.

In terms of section 72 (1) (a) of the MFMA. the accounting officer is required by the 25th January of each year to assess the performance of the municipality during the first half of the year taking into account the following:

- The monthly statements referred to in section 71 of the first half of the year
- The municipalities service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators as set in the SDBIP

- ❑ The past year's annual report, and progress on resolving problems identified in the annual report

The report must be submitted to the Mayor, National Treasury as well as Provincial Treasury. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary. If needed the SDBIP will be adjusted if an adjustment budget is tabled and actual revenue or expenditure amounts are different from the projections contained in the budget or the SDBIP.

4.7 Performance - and Annual Report

a) Performance report

Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:

- ❑ The performance of the municipality and of each external service provided during that financial year;
- ❑ A comparison of the performances targets set for and performances in the previous financial year; and
- ❑ Measures to be taken to improve on the performance

The performance report must be submitted at the end of the financial year and will be made public as part of the annual report in terms of chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.

b) Annual Report

Municipalities are in accordance with the Municipal Systems Act and the Municipal Finance Management Act required to report on the performance of the municipality and must submit a draft Annual Report to Council annually by latest 25 January. The annual report must consist of the following main sections:

- ❑ The municipal performance report - Section 46 of the Municipal Systems Act.
- ❑ The annual financial statements.
- ❑ The reports of the Auditor-General – on both the financial statements of the municipality, as well as the performance of the municipality.
- ❑ Minutes of the meeting of the Audit Committee during which the annual report was discussed.
- ❑ The oversight report of the council on the annual report of the municipality. The oversight report must include the decisions taken on the performance of the municipality as

reported, as well as remedial actions on the issues as indicated in the reports of the Auditor-General.

- If the municipality has any municipal entities, the information must be included in all the sections of the annual report.

It is with pleasure that I, Executive Mayor, hereby approve in terms of section 53 (1)(c)(ii) of the MFMA the Service Delivery and Budget Implementation Plan for 2010/2011 as set out below.

ALDERMAN C.BPUNT
EXECUTIVE MAYOR