

NGWATHE LOCAL MUNICIPALITY
FS203



**MID-YEAR BUDGET AND PERFORMANCE
ASSESSMENT REPORT
31 DECEMBER 2019**

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Legislative Framework

This report has been prepared in terms of the following enabling legislation:

Municipal Finance Management Act, No. 56 of 2003

Section 72: Mid-year budget and performance assessment

72. (1) The accounting officer of a municipality must by 25 January of each year—

(a) assess the performance of the municipality during the first half of the financial year, taking into account—

- (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- (b) submit a report on such assessment to—
- (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.

72. (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

72. (3) The accounting officer must, as part of the review—

- (a) make recommendations as to whether an adjustments budget is necessary; and
- (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 54: Budgetary control and early identification of financial problems

54. (1) On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must—

- (a) consider the statement or report;
- (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
- (d) issue any appropriate instructions to the accounting officer to ensure—
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;

- (e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- (f) in the case of a section 72 report, submit the report to the council by 31 January of each year.

- (2) If the municipality faces any serious financial problems, the mayor must—
- (a) promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include—
- (i) steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
 - (ii) the tabling of an adjustments budget; or
 - (iii) steps in terms of Chapter 13; and
- (b) alert the council and the MEC for local government in the province to those problems.
- (3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

**Municipal Finance Management Act, No. 56 of 2003
Municipal Budgeting and Reporting Regulation Notice 393 of 2009**

Section 33: Format of a mid-year budget and performance assessment

33. A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

Section 34: Publication of mid-year budget and performance assessments

34. (1) Within five working days of 25 January each year the municipal manager must make the mid-year budget and performance assessment public by placing it on the municipal website.

34. (2) The municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the mid-year budget and performance assessment, including –

- (a) Summaries in alternate languages predominant in the community; and
- (b) Information relevant to each ward in the municipality

Section 35: Submission of mid-year budget and performance assessments

35. The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form –

- (a) the mid-year budget and performance assessment by 25 January of each year, and
- (b) any other information relating to the mid-year budget and performance assessment as may be required by the National Treasury.

PART 1: Mid-Year Budget and Performance Assessment

This report has been prepared in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003: Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.

1.1. Mayor's Report

In terms of section 72 (1) (a) and 52 (d) of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA), 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 of such assessment must in terms of section 72 (1) (b) of the Local Government: Municipal Finance Management Act No. 56 of 2003 be submitted to the Executive Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the section 72 report, such a report must be submitted to council by the 31 January each year as required in terms of section 54 (f) of the Local Government: Municipal Finance Management Act No. 56 of 2003. The mid-year budget and performance assessment report and supporting tables of Ngwathe Local Municipality, was also prepared in accordance with the requirements of MFMA and the Municipal Budget and Reporting Regulations.

In order to achieve our goals as set out in both Integrated Development Plan and Budget we have to strive for institutional excellence through institutional re-engineering, effective leadership and effective long range development planning. Although there has been significant progress made towards realization of the set performance objectives for the period under review, there are however still a number of challenges that needs to be overcome and these include the following dominant challenges:

- Cash flow deficiency to ensure sustainable service delivery;
- Critical vacancies that exist in different departments;
- Undesirable Audit Opinions from the Auditor-General;
- Revenue losses due to electricity theft, illegal connections and distribution losses;
- Institutional transformation (National Treasury Reforms)

All of these challenges invariably have a negative bearing on the overall performance of the municipality.

However, pro-active measures have already been instituted to effectively deal with these challenges. These includes, revenue protection, meter audit and installation under the vending system project.

Implementation of effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

We believe that having filled all senior managers position will assist the administrative wing of the municipality in effectively exercising adequate and sound financial management of the municipality, compliance with financial management norms and standards as well as other aspects of performance reporting.

In conclusion, I am confident that the mid-term performance results as contained in this report sets a tone for overall improved institutional performance results for this financial year and based on these results and the outlook of the remaining term of this financial year.

I hereby recommend the following to Council:

- That the Mid-Year Budget and Performance Assessment report be noted and accepted,
- That the Medium Term Revenue and Expenditure Framework Budget Adjustment in terms of MFMA Section 28 to be submitted to Council for consideration,
- That the Service Delivery and Budget Implementation Plan to be submitted to Council for consideration,



Councilor MJ Mochela
Executive Mayor

Section 2: Executive Summary

2.1. Purpose

The purpose of this report is to ensure legislative compliance and also to facilitate accountability to the Ngwathe Local Municipality Council against the targets that we have set for ourselves for the period 2019/20.

This report is prepared in compliance with Section 72 the Municipal Finance Management Act, 56 of 2003 (MFMFA), the purpose of which is to facilitate accountability by the Municipal Manager and his Executive Management Team to the municipal council, over the performance of the municipality for the first six months of 2019/20 financial year.

It must be noted that in all instance where the tables contained within this report include the audit outcomes for 2018/19 that these results are based on the audited annual financial statements that were audited by the Auditor General in accordance with section 126(3) of the Municipal Finance Management Act.

Section 3: In-Year Budget Tables

3.2. Financial Performance (Revenue)

Description R thousands	2018/19		Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual	YTD Actual	Year TD actual Mid-Year Outcome	Year TD budget	YTD variance	YTD variance %	
				First Quarter	Second Quarter					
Revenue By Source										
Property rates	83 414	94 045	94 045	24 761	20 452	45 213	47 023	(1 810)	-4%	
Service charges – electricity	156 620	233 402	233 402	55 314	55 234	110 548	116 701	(6 153)	-5%	
Service charges – water	88 250	73 834	73 834	20 015	21 124	41 139	36 917	4 223	11%	
Service charges - sanitation	36 342	50 281	50 281	9 912	10 799	20 711	25 140	(4 429)	-18%	
Service charges - refuse	32 473	41 184	41 184	8 968	9 908	18 876	20 592	(1 716)	-8%	
Rental of facilities & equip	698	967	967	88	82	170	483	(314)	-65%	
Interest- external investments	1 655	1 684	1 684	1 029	513	1 542	842	700	83%	
Interest - outstanding debtors	52 913	41 563	41 563	12 591	13 465	26 056	20 782	5 274	25%	
Fines, penalties and forfeits	2 094	1 300	1 300	55	190	246	650	(404)	-62%	
Transfers and subsidies	197 348	222 145	222 145	89 437	59 601	149 038	111 072	37 966	34%	
Other revenue	1 443	30 818	30 818	395	592	987	15 409	(14 421)	-94%	
Total Revenue (excluding capital transfers)	653 251	791 221	791 221	222 566	191 961	414 527	395 611	18 916	5%	

3.1.1. Operating Revenue Analysis

The year to date total revenue as at the end of December 2019, amounts to R414,527 million, which is R18,916 million above the projected budget for this period, this translates to an overall positive variance of about 5%.

The following budget line items performed below the 10% and above 10% variance and explanatory notes on differences between approved budget and actual amount are provided hereto:

- a. Variation of 11% (over collection / billing) on service charges – water revenue is due to new water connections (meters) at both Vrederort and Heilbron,
- b. Variation of 18% (under collection / billing) on service charges – sanitation revenue is due to the following reasons,
 - i. Planned project for eradication of bucket system in Heilbron which was underway and not completed as yet.
 - ii. Anticipated that new sites allocation process in all towns will have been concluded,
 - iii. Less intensive revenue and debt collection efforts due to lack of capacity,
- c. Variation of 65% (under collection) on rental facility is due to the appalling conditions of property investment of Council (Mimosa) and/or lack of legal contracts for housing stock leased to community,
- d. Variation of 83% (over collection) on interest earn external investment revenue, is due to more capital funds been invested and the interest rate linked to the investment portfolio.
- e. Variation of 25% (over collection / billing) on interest earned on outstanding debt, is due to the growing debt on municipal services as a results of less intensive revenue and debt collection efforts due to lack of capacity
- f. Variation of 62% (under collection) on fines and penalties, the budgetary provision for fines and penalties are made based on uncertain future events such as transgression of by-laws of council etc.
- g. Variation of 34% (over collection) on transfer and subsidies, the grants receipts are in terms of the National Treasury Payment Schedule
- h. Variation of 94% (under collection) on other revenue, the budgetary provision for other revenue are made based on uncertain future events such as sales of bid documents etc.

3.2. Financial Performance (Expenditure)

Description	2018/19		Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual	YTD Actual	YearTD actual	YearTD budget	YTD variance	YTD Variance	
				First Quarter	Second Quarter	Mid-Year Outcome				
Expenditure By Type										
Employee related costs	219 479	229 937	229 937	58 950	57 984	116 934	114 968	1 965	2%	
Remuneration of councillors	14 913	16 331	16 331	3 744	3 744	7 488	8 166	(677)	-8%	
Debt impairment	194 078	17 934	98 549	—	—	—	49 274	(49 274)	100%	
Depreciation & asset impairment	64 712	73 441	18 360	—	—	—	9 180	(9 180)	-100%	
Finance charges	37 860	106	25 000	4	60	64	12 500	(12 436)	-99%	
Bulk purchases	240 635	249 846	249 846	22 094	27 916	50 010	124 923	(74 914)	-60%	
Other materials	54 903	85 671	49 372	12 077	18 545	30 622	24 686	5 936	24%	
Contracted services	4 038	33 507	27 179	12 113	4 524	16 637	13 589	3 047	22%	
Transfers and subsidies	—	18 267	18 267	5 045	2 545	7 590	9 133	(1 543)	-17%	
Other expenditure	93 044	109 566	76 741	8 617	8 095	16 712	38 371	(21 658)	-56%	
Total Expenditure	923 661	834 605	809 581	122 644	123 413	246 057	404 791	(158 734)	-39%	

3.2.1. Operating Expenditure Analysis

The year to date total expenditure as at the end of December 2019, amounts to R246,057 million, which is R158,734 million below the projected budget for this period, this translates to an overall negative variance of about 39%.

Explanatory notes on material differences between approved budget and actual amounts, reasons are provided for variance of more than 10%:

- a. Variation of 100% (underspending) on debt impairment, the analysis for debt impairment is performed at year-end and subject to council consideration, therefore, the expenditure is only recorded at year-end.
- b. Variation of 100% (underspending) on depreciation and assets impairment, the provision and accounting for depreciation on a monthly basis is not linked to the main financial management system. The assets register is still maintained and updated outside the financial management system, therefore, the expenditure is recorded at year-end.
- c. Variation of 100% (underspending) on finance charges, interest paid on borrowing, interest charged for late payment are allocated to the main-account where the expenditure relates to.

- d. Variation of 60% (underspending) on bulk material, the settlement agreement on Eskom account is less than the budgetary provision and therefore, the difference is accumulating on trade payable (debtors).
- e. Variation of 24% (overspending) on other material, as a resulted of breakdown in service delivery infrastructure, maintenance of municipal assets / procurement of water chemicals on credit.
- f. Variation of 22% (overspending) on contracted services, is due to financial support / cash injection from Provincial Department on support such as Water Study Analysis and Assets Management Support.
- g. Variation of 22% (underspending) on transfer and subsidies, is due to projects implementation delay due to network readiness i.e. Financial Management System - SOLAR.
- h. Variation of 61% (underspending) on other expenditure, insufficient cash results goods / services been procured or committed on credit, therefore, the expenditure on line item will reflect underspending variance. the effect of the credit procurement is that trade payables increase.

PART 2 – Supporting Documentation

Section 4: Cash Flow (Table C7)

FS203 Ngwathe - Table C7 Monthly Budget Statement - Cash Flow - M06 December									
Description R thousands	2018/19	Budget Year 2019/20	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
	Audited Outcome	Original Budget							
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	47 624	70 534	70 534	3 141	22 280	35 267	(12 987)	-37%	
Service charges	198 035	322 365	322 365	19 385	123 252	161 182	(37 930)	-24%	
Other revenue	5 670	24 814	24 814	7 234	31 598	12 407	19 191	155%	
Government - operating	186 521	222 145	222 145	52 650	149 038	111 072	37 966	34%	
Government - capital	97 164	108 872	108 872	12 591	66 029	54 436	11 593	21%	
Interest	1 655	26 622	26 622	360	3 104	13 311	(10 207)	-77%	
Payments									
Suppliers and employees	(403 494)	(666 067)	(633 150)	(72 756)	(323 916)	(316 575)	7 341	-2%	
Finance charges	(37 546)	-	(24 000)	-	(42)	(12 000)	(11 958)	100%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	95 631	109 285	118 201	22 605	71 342	59 101	(12 241)	-21%	

CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	14							-
Payments								
Capital assets	(62 203)	(108 872)	(108 872)	(7 668)	(29 489)	(54 436)	(24 947)	46%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(62 189)	(108 872)	(108 872)	(7 668)	(29 489)	(54 436)	(24 947)	46%
CASH FLOWS FROM FINANCING ACTIVITIES								
Payments								
Repayment of borrowing	(42)							-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(42)	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD								
Cash/cash equivalents at beginning:	33 399	412	9 329	14 937	41 853	4 664		
Cash/cash equivalents at month/year end:	6 279	4 182	1 266		4 182	1 266		
	39 678	4 594	10 594		46 035	5 930		

Cash Flow Analysis

The budgeted cash inflow expectation for the period ended 31 December 2019, amounted to R387,676 million, the actual cash received for the same period amounted to R490,661 million which is R102,986 million above the budgeted cash flow projection.

Although, the cash inflow (receipt) is above the budgeted projection, but, the related cash received on service charges and rates and taxes are still below average collection of 80% as can be expected for a sustainable municipality.

The projected budget cash outflow for the period ended 31 December 2019, amounted to R328,575 million, the actual cash outflow for the same period amounted to R323,958 million which is R4,617 million below the expected cash outflow.

The projected capital budget cash outflow for the period ended 31 December 2019, remain a concern, a budgeted amount R54,436 million was supposed to have been spent, the actual cash outflow for the same period amounted to R29,489 million which is R24,947 million below the expected cash outflow.

The Municipality needs to ensure that payments made are in line with the approved IDP, Budget and SDBIP.

Section 5: Debtor's Analysis (Table SC3)

FS203 Ngwathe - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December					
Description R thousands	NT Code	Budget Year 2019/20			
		0-30 Days	31-60 Days	61-90 Days	Total
Debtors Age Analysis By Income Source					
Trade and Other Receivables - Water	1200	18 566	7 686	162 374	188 627
Trade and Other Receivables - Electricity	1300	15 026	5 738	93 670	114 434
Receivables from Non-exchange - Property Rates	1400	12 382	4 486	126 585	143 453
Receivables from Exchange - Waste Water Management	1500	7 747	2 599	120 461	130 807
Receivables from Exchange - Waste Management	1600	7 269	2 402	68 316	77 986
Receivables from Exchange - Property Rental Debtors	1700	-	-	-	-
Interest on Arrear Debtor Accounts	1810	9 436	4 544	140 473	154 453
Recoverable unauthorised, irregular, fruitless and wasteful	1820	-	-	-	-
Other	1900	59	30	(28 794)	(28 704)
Total By Income Source	2000	70 484	27 485	683 087	781 056
2018/19 - totals only					-
Debtors Age Analysis By Customer Group					
Organs of State	2200	4 812	2 228	61 056	68 096
Commercial	2300	16 396	6 501	126 672	149 569
Households	2400	48 982	17 978	528 028	594 988
Other	2500	294	778	(32 668)	(31 596)
Total By Customer Group	2600	70 484	27 485	683 087	781 056

Debtors ages analysis

The Debtors report has been prepared on the basis of the format required to be lodged electronically with National Treasury. This format provides an extended aged analysis, as well as an aged analysis by debtor type.

The total outstanding debtors for the quarter amounted to R781,056 million, out of which 76% of this total debt is owed by Household consumer's. This outstanding debt is after Council has written-off the prescribed debt.

The drastic increase in debtor account is a huge concern as it results in cash flow problems for the municipality with specific reference to service charges and rates and taxes, control measure has to be implemented to ensure maximum revenue is collected to sustain the operations.

Section 6: Creditor's Analysis (Table SC4)

FS203 Ngwathe - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December						
Description R thousands	NT Code	Budget Year 2019/20				
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Total
Creditors Age Analysis By Customer Type						
Bulk Electricity	0100	19 648	-	19 436	1 179 464	1 218 548
Bulk Water	0200	2 579	2 662	-	-	5 240
PAYE deductions	0300	3 333	6 944	3 505	10 694	24 477
Pensions / Retirement deductions	0500	1 914	-	-	-	1 914
Trade Creditors	0700	13 949	-	-	62	14 011
Auditor General	0800	671	2 741	1 269	2 954	7 635
Other	0900	-	-	-	108 592	108 592
Total By Customer Type	1000	2 094	12 346	24 210	1 301 767	1 380 417

Creditors analysis

The Creditors report has been prepared on the basis of the format required to be lodged electronically with National Treasury. This format provides an extended aged analysis, as well as an aged analysis by creditor type.

The outstanding creditor for Ngwathe Local Municipality as at 31 December 2019, amounted to R1,380 billion, an increase of R17.1 million when compared to the R1.363 billion reported in the first quarter.

As shown in the table above the top creditor for Ngwathe Municipality is Bulk Electricity (Eskom) with an amount of R 1,218 billion of total creditors, which represent 88% of the total outstanding.

From the above table it is evident that the municipality is not able to pay its creditors consistently after 30 days' receipt of invoice, therefore, failing to adhere to the requirement of MFMA Sec. 65.

Section 7: Investment Portfolio Analysis (Table SC5)

FS203-Ngwathe - Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M06 December							
Investments by maturity Name of institution & investment ID R thousands	Type of Investment	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality							
Absa Equitable share	Call account	30 June 2020	69	353	(164 300)	164 700	822
Absa MIG RBGIG	Call account	30 June 2020	37 861	1 079	(68 020)	48 538	19 459
Absa INEG	Call account	30 June 2020	87	66	-	2 400	2 553
Absa MSIG FMG EPWP	Call account	30 June 2020	245	6	-	-	251
FNB Fixed deposit	Fixed deposit	30 June 2020	58	-	-	-	58
Sanlam	Shares	30 June 2020	522	-	-	-	522
Heilbron Sanlam policy	12 months	30 June 2020	481	-	-	-	481
TOTAL INVESTMENTS AND INTEREST			39 323	1 503	(232 320)	215 638	24 145

Investment analysis

At the end of the second quarter the municipality showed bank balance of R 24,145 million on all investments accounts including the share option held.

The municipality has invested the above fund with the institution registered with South African Reserve Bank as required by the MFMA.

The municipality also has shares and life policies in its portfolio of investments; these were taken up before amalgamation and before the promulgation of the Municipal Finance Management Act no 56 of 2003

In terms of regulation 13 of the Municipal Investment Regulations, "there is nothing that compels a municipality or a municipal entity to liquidate an investment which existed when the regulations took effect merely because such investment does not comply with a provision of these regulations."

Section 8: Allocation and grants receipts and expenditure (Table SC6)

FS203 Ngwathe - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December									
Description R thousands	Ref	2018/19	Budget Year 2019/20	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
		Audited Outcome	Original Budget						
RECEIPTS:	1,2								
Operating Transfers and Grants									
National Government:									
LG Equitable Share		176 586	199 145	199 145	52 650	136 707	99 572	36 858	37.0%
EPWP Incentive		174 303	192 989	192 989	52 650	133 062	96 495	36 568	37.9%
MIG(OPEX)	3	-	1 377	1 377	-	965	689	-	-100.0%
Finance Management		-	2 099	2 099	-	-	1 049	(1 049)	100.0%
Other transfers and grants		2 283	2 680	2 680	-	2 680	1 340	1 340	100.0%
Provincial Government:									
Sewerage Services Operating Subsidy		20 838	23 000	23 000	-	12 331	11 500	1 331	11.6%
Electricity Demand Side Management		20 577	18 000	18 000	-	10 331	9 000	1 331	14.8%
LG Seta	4	76	5 000	5 000	-	2 000	2 500	-	-
Other transfers and grants		184	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:		-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	5	197 424	222 145	222 145	52 650	149 038	111 072	38 189	34.4%
Capital Transfers and Grants									
National Government:									
Municipal Infrastructure Grant		60 909	108 872	108 872	12 591	66 029	54 436	11 593	21.3%
Department of water affairs		41 164	39 872	39 872	12 591	29 379	19 936	9 443	47.4%
Regional Bulk Infrastructure		12 528	25 000	25 000	-	11 250	12 500	(1 250)	-10.0%
INEG		4 232	38 000	38 000	-	23 000	19 000	4 000	21.1%
		2 985	6 000	6 000	-	2 400	3 000	(600)	-20.0%
Provincial Government:		-	-	-	-	-	-	-	-
[insert description]									
District Municipality:		-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	5	60 909	108 872	108 872	12 591	66 029	54 436	11 593	21.3%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	258 333	331 017	331 017	65 241	215 067	165 509	49 782	30.1%

Grants analysis

According to the Division of Revenue Act, 2017 (Act No 3 of 2017) an amount of R199,145 million of operational grants will be transferred to Ngwathe Municipality for the financial period 2019/20, National Treasury also published payment schedule which indicated that by the end of December 2019, Ngwathe Local Municipal should have received an amount of R147,422 million.

The total operational grant received to date amounted to R135,742 million, which is R11,6 million below the projected income. The actual amount is below the expected grants income, because, National Treasury withheld an amount of R35 million relating to unspent conditional grant for the period 2018/19, these grants were allocation for WSIG, RBIG and INEP these roll-over funds were not approved, see "Annexure A".

Section 9: Capital expenditure report (Table C5)

FS203 Ngwathe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Description	Ref	Budget Year 2019/20	Adjusted Budget	YTD Actual	YTD Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance
		Original Budget							
				First Quarter	Second Quarter	Mid-Year Outcome			
<u>Capital Expenditure - Functional Classification</u>									
Governance and administration		11 200	-	-	-	-	-	-	-
Finance and administration		11 200	-	-	-	-	-	-	-
Community and public safety		10 165	3 695	2 017	1 264	3 281	1 848	1 434	78%
Community and social services		8 290	1 821	1 769	-	1 769	910	859	94%
Sport and recreation		1 875	1 875	248	1 264	1 512	937	575	61%
Economic and environmental services		7 163	1 382	552	293	845	691	154	22%
Road transport		7 163	1 382	552	293	845	691	154	22%
Trading services		115 063	105 616	9 972	17 715	27 688	52 808	(25 120)	-48%
Energy sources		10 943	6 000	-	-	-	3 000	(3 000)	-100%
Water management		82 004	78 978	8 513	14 435	22 948	39 489	(16 541)	-42%
Waste water management		22 116	20 638	1 459	3 281	4 740	10 319	(5 579)	-54%
Total Capital Expenditure - Functional Classification	3	143 590	110 693	12 541	19 273	31 814	55 347	(23 533)	-43%
Funded by:									
National Government		108 872	108 872	10 772	19 273	30 045	54 436	(24 392)	-45%
Other transfers and grants		-	-	-	-	-	-	-	-
Transfers - capital		108 872	108 872	10 772	19 273	30 045	54 436	(24 392)	-45%
Internally generated funds		34 718	1 821	1 769	-	1 769	910	859	94%
Total Capital Funding		143 590	110 693	12 541	19 273	31 814	55 347	(23 533)	-43%

Capital expenditure analysis

The table above indicates that the municipality budgeted an amount of R110,603 million for capital expenditure and the spending to date amount to R31.8 million of its capital projects budget during the first semester of 2019/20 financial year, this translate to underspending of 43% as compare to the projected mid-year capital budget grants of R55 million.

Section 10: Material variances

10.1 Material Variances Other Key Performance Measures and Indicators

Overview of performance: Other performance indicators

10.1.1. Performance Management System

Performance Management is prescribed by Chapter 6 of the Local Government: Municipal Systems Act No.32 of 2000 and the Local Government: Municipal Planning and Performance Management Regulations. 796 of August 2001.

Section 7 (1) of the aforementioned regulations state that "A municipality's performance management system must entail a framework that describes and represent how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed including determining the responsibilities of the different role players". This framework, *inter alia* reflects the linkage between Integrated Development Plan (IDP), Annual Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Individual and Service Provider Performance.

10.1.2. Implementation of Performance Management System

The Integrated Development Plan (IDP) for the 2019/20 financial year was compiled and approved by Council on the 31 May 2019. Performance of the municipality is evaluated by means of a municipal score card (Top Layer Service Delivery and Budget Implementation Plan (SDBIP) at organisational level and through Departmental Service Delivery and Budget Implementation Plan (SDBIP) at Departmental level.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to a department to deliver the service in terms of the approved IDP and Annual Budget.

The culture of consistent reporting by all departments remains the biggest challenge facing the municipality. Poor reporting by all managers has led to the Accounting Officer not being in a better position to conduct a realistic assessment as required in terms of section 72 of the MFMA. Reports for the second quarter were received very late after intervention by the office of the Municipal Manager.

The second biggest challenge which also led to no assessments being conducted was that, the reporting tool of the municipality does not provide for the Internal Audit to audit performance reports. This will have to be corrected considering that; performance audit is the primary function of internal audit as required by the MFMA. In summary the following are the challenges of the municipality in so far as implementation of Performance Management is concerned:

- Lack of internal institutional mechanisms to ensure effective implementation of PMS;
- Lack of dedicated office to drive implementation of Performance Management System at the Municipality (Monitoring and Evaluation);
- Existence of a Policy PMS Framework without clear roles and responsibilities for the all stakeholders e.g. The Mayor, Chairpersons of Portfolio Committees, The Municipal Manager, Directors etc.;
- Existence of Key Performance Indicators which are not SMART as required in terms of the Framework for Managing Programme Performance of 2007 issued by National Treasury and this was finding of the Auditor General in his report on audit performed on pre-determined objectives of 2018/19;
- 100% of Key Performance Indicators contained in the municipality SDBIP not simple, measurable, attainable, realistic and timeous;
- Lack of dedication from the side of executive management to report regularly, which goes against the signed performance agreements;
- Lack of standing operating procedures (PMS manual), Technical Indicator Descriptions and unavailability of a clear system description outlining the input, process followed and outputs with the reporting framework of the municipality (Key for the Auditor General when performing audit on pre-determined objectives; and
- Limited understating of the concept PMS by the executive management of the municipality and line managers, which has led to non-compliance to reporting requirements;

It must be noted that amid the challenges mentioned above the office of the Municipal Manager is on course to address those challenges, and the following are recommended solutions with clear time lines to address them:

Section 10: Top Layer SDBIP

OFFICE OF THE MAYOR									
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Year to Date as at End December 2019
									Departmental Corrective Measures
IDP 001	Municipal Transformation	Celebrate national and local days of importance / commemoration; Human Right's Day, Worker's / May Day, Youth Day, Flower Festival, Mandela Day	Number of national and local days of commemoration celebrated	8	3	3	2	2	Programs/ Invitations & Attendance Registers
IDP 002	Radical Social and Economic Development	Create HIV and AIDS Awareness - Planning and launching of Ward/Local /District HIV and AIDS Councils / Launch Men's Dialogue Program	Number of awareness programs launched	4	1	2	1	2	Programs/ Invitations & Attendance Registers
IDP 003	Good governance and Public Participation	Communicate municipal information with public by conducting radio and newspaper interviews	Number of Radio and Newspaper interviews conducted by Mayor	4	1	7	4	8	Interview Schedule (One per Quarter)
IDP 004	Radical Social and Economic Development	Initiate quarterly social support programs to poverty stricken communities; Bursary support, food parcels and rural sports programs	Number of social support programs launched to address poverty in identified communities	4	1	1	1	1	Programs/ Invitations & Attendance Registers
IDP 005	Municipal Transformation and Organisation Development	Initiate Women and Children's Rights programs	Number of Women and Children Rights programs launched	2	1	1	N/A	N/A	Programs/ Invitations & Attendance Registers
IDP 006	Radical Economic Transformation	Initiate Youth development and Empowerment programs in Ngwathie	Number of Youth Empowerment programs launched	4	1	2	1	3	Programs/ Invitations & Attendance Registers

OFFICE OF THE MAYOR									
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2019/20				Year to Date as at End December 2019	
				Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental Corrective Measures
IDP 007	Municipal Transformation and Organisation Development	Initiate Disabled Indaba	Number of Disabled Indabas launched	1	1	1	N/A	N/A	Programs/ Invitations & Attendance Registers
IDP 008	Good Governance	Compile and submit Communication Strategy to MAYCO for approval by end September 2019	Communication Strategy submitted to MAYCO for approval by end September 2019	1	1	0	N/A	N/A	MAYCO Minutes
IDP009	Good Governance	External and Internal Newsletters compiled and issued	Number of external and internal newsletters issued (12 external and 12 internal) by 30 June 2020	24	6	0	6	6	Copies of Newsletters issued

*N/A – Not Applicable – Meaning there is no target set for the quarter

OFFICE OF THE SPEAKER									
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Annual Target 2019/20		Year to Date as at End December 2019		Proof of Evidence	POE Yes/No
				Q1 Target	Q1 Actual	Q2 Target	Q2 Actual		
IDP 010	Good governance & Public Participation	Facilitate regular meetings for All stakeholders i.e. Civics, NGOs, CBOs	Number of stakeholder meetings held for all wards	216	54	0	54	54	Programs/ Invitations & Attendance Registers
IDP 011	Good governance & Public Participation	Facilitate workshop to assist with development of ward plans for all Ward Committees	Number of workshops held	1	1	1	N/A	N/A	Programs/ Invitations & Attendance Registers
IDP 012	Good governance & Public Participation	Launch and sign-off all Ward Based Plans	Number of ward based plans signed-off	18	18	0	N/A	N/A	Programs/ Invitations & Attendance Registers
IDP 013	Good governance & Public Participation	Schedule and facilitate monthly Ward meetings in all Wards	Number of ward meetings held	216	54	54	54	54	Programs/ Invitations & Attendance Registers
IDP 016	Good governance & Public Participation	Develop and Launch a Citizen Charter after a consultation with all Sectors of Community	Number of Citizen's Charter developed and Launched	2	1	0	1	1	Programs/Invitations & Copy of Citizen Charter

*N/A – Not Applicable – Meaning there is no target set for the quarter

OFFICE OF THE MUNICIPAL MANAGER										
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Year to Date as at December 2019			Departmental Corrective Measures			POE Yes/ No
				Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	
IDP 016	Good Governance	Audit Committee recommendations accepted by Council	% of Audit Committee recommendations and adopted by Council	100%	100%	100%	100%	0%		The Special Meeting To Be Held On The 29th January 2020
IDP 017	Good Governance	Monitor the implementation of all Council and MAYCO resolutions	Number of Council and MAYCO resolutions reported	100%	100%	50%	100%	100%		Register of Council Resolutions
IDP 018	Putting People First	Monitor formal public complaints attended to by departments	100% of complaints attended to by departments within 30 days of receipt	100%	100%	50%	100%	100%		Complaints Register
IDP 019	Good Governance	Investigation of all formally reported fraud, theft and corruption cases	% of formally reported fraud, theft and corruption investigations initiated within 30 days after receipt	100%	100%	100%	100%	0%		Incidents Register
IDP 020	Putting People First	Strategic Annual Stakeholder Consultation	No of Wards and Stakeholder engagements held annually (18 Wards & 4 Stakeholder meetings)	40	20%	20%	20	20		Attendance Registers
IDP 021	Sound Financial Management	Spend Departmental Operating budget revenue as per approved budget	% of total operating budget expenditure spent by 30 June 2020	95%	20%	0%	95%	0%		Report 52 (d) Report
IDP 022	Sound Financial Management	Spend at least 95% of approved Capital Budget for the	95% of Approved Capital Budget spent	95%	25%	45%	95%	60%		Section 52 (d) Report

2019-2020 MUNICIPAL GOVERNANCE AND FINANCIAL MANAGEMENT ASSESSMENT REPORT

OFFICE OF THE MUNICIPAL MANAGER									
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Year to Date as at End December 2019					
				Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R
		Municipality by 30 June (MFMA S10@)	by Municipality by 30 June 2020						
IDP 023	Institutional Development & Building Capacity	Submit the Mid-Year S72 report to the Mayor	Number of Mid-year reports submitted to the Mayor by 25 January 2020	1	1	1	N/A	N/A	Proof of Submission to the Executive Mayor
IDP 024	Sound Financial Management	Raise/Collect operating budget revenue as per approved budget	90% of total operating budget revenue raised / received by 30 June 2020	90%	100%	100%	50%	40%	Section 71 Report
IDP 025	Institutional Development & Building Capacity	Performance Management held Assessment held	Number of Performance assessment held by 30 June 2020	2	100%	50%	1	1	Performance Assessment Report
IDP 026	Good Governance	Submit the IDP/Budget Schedule to Council by 31 August 2019	IDP/Budget Schedule submitted to Council for approval by 31 August 2019	1	100%	50%	N/A	N/A	Council Minutes
IDP 027	Good Governance	Develop and Submit the Draft and Final IDP to Council for approval by 31 March 2020 and 31 May 2020 respectively	Council approved Draft and Final IDP by end March and end May 2020	2	100%	100%	N/A	N/A	Council Minutes

*N/A – Not Applicable – Meaning there is no target set for the quarter

IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	CORPORATE SERVICES							POE Yes/ No	
				Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	
IDP 028	Good Governance	Distribute all MAYCO and Council Resolution	100% implementation of MAYCO and Council resolution in accordance with due dates	100%	100%	100%		100%		The register is included in the council agenda.	Register of Council Resolutions	
IDP 029	Institutional Development & Building Capacity	Initiate an Organisation Structure review for Council approval by Council aligned with departmental analysis, Task analysis, Powers & functions	Reviewed Organisational Structure	0	N/A	N/A		1	1	The organisational structure was adopted by council in April 2017	Council Approved Review Organisational Structure	
IDP 030	Institutional Development & Building Capacity	Institute Council Committee Administration System	Number of Council Committee Administration system instituted	0	N/A	N/A		1	1	The system is in place. The Council adopted an annual calendar for Committee and Council meetings	Instituted Council Committee System	
IDP 031	Institutional Development & Building Capacity	Review policies and by-laws	100% of policies and by-laws reviewed by 30 June 2020	100%	100%	0%		100%	45%	A process flow has been developed and policies to be reviewed as per the update in legislation are to be considered. A register is in process of being developed.	Register of policies reviewed	

STATEMENT OF ACCOUNTABILITY, PLANNING AND PERFORMANCE REPORT

IDP 032	Good Governance	Participation in formal District and Provincial meetings	100% of attendance of formal District and Provincial meetings by 30 June 2020	100%	100%	100%	100%	Achieved	Attendance registers
		Number of people from EE target groups employed in three highest levels of management with municipality's approved EE Plan	Report on number of people from employment equity groups employed in three highest levels of management submitted to OMM 30 June 2020	1	1	0	N/A	N/A	Report
IDP 033	Institutional Development & Building Capacity	Spent Training budget to develop skills of staff	Budget spent by 30 June 2020	85%	20%	50%	40%	60%	The register is included in the council agenda.
IDP 034	Putting People First	Draft and submit to Council a Scarce Skills Policy	Scarce Skills policy submitted to council for approval by 30 June 2020	1	N/A	N/A	N/A	N/A	The organisational structure was adopted by council in April 2017
IDP 035	Institutional Development & Building Capacity	% of municipality budget actually spent on implementation of WSP	Report on % of municipality budget spent on implementation of WSP	1	N/A	N/A	N/A	N/A	Proof of Submission to Council
IDP 036	Institutional Development & Building Capacity	Development and implementation of Time and Attendance System for Ngwathe LM	# of Time and Attendance System implemented	1	1	1	N/A	N/A	Report
IDP 037	Institutional Development & Building Capacity								A process flow has been developed and policies to be reviewed as per the update in legislation are to be considered. A register is in process of

		Develop Systems and Procedures/Mechanisms to manage Time and Attendance of all Employees	# of Time and Attendance System developed	4	1	0	1	0	In progress. A full system to be in place by April 2020	Time and Attendance system developed
IDP 038	Institutional Development & Building Capacity	Report on the time and attendance of all employees at different departments to Municipal Manager	# of Time and Attendance Report submitted	12	4	1	4	0	Directorate to compile reports. In progress.	Time and Attendance reports submitted
IDP 039	Institutional Development & Building Capacity	Report on the filling of Organisation-wide vacancies	# Of Organisations-wide vacancies filled	12	4	0	4	2	Priority positions have been advertised and some interviews held. In progress	Number of Reports on Vacancies filled
IDP 040	Institutional Development & Building Capacity	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	5	5	0	N/A	N/A	A process flow has been developed and policies to be reviewed as per the update in legislation are to be considered. A register is in process of being developed.	Minutes of Management & Portfolio Committee meetings
IDP 041	Institutional Development & Building Capacity	Develop and present Standard Operating Procedure Register	Register of Standard Operating Procedures	1	N/A	N/A	N/A	N/A	The register is included in the council agenda.	Register of Standard Operating Procedure
IDP 042	Institutional Development & Building Capacity	*N/A – Not Applicable – Meaning there is no target set for the quarter								

2015 – 2019 Strategic Plan and Performance Assessment Report

FINANCIAL SERVICES										
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/Project/ Key actions)	Unit of Measurement	Year to Date as at End December 2019				Departmental Corrective Measures	Proof of Evidence	POE Yes/No
				Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target			
IDP 048	Sound Financial Management	Collect all Billed Revenue to ensure sufficient cash is generated to meet Ngwathie Debt and Operating commitments as per Section 71 report to Municipal Manager	Net Debtors Days Ration (Gross Debtors=Bad Debit Provision)/ Billed Revenue)) x 365	12	50	50	3	0	The ratio should be a measure of collection against billing as Net Debtors Days far exceed 365 days	Review the target during the mid-term assessment
IDP 050	Sound Financial Management	Annual Financial Statements submitted by 31 August 2020	AFS submitted by 31 August 2020	1	1	1	N/A	N/A		Acknowledgement of receipt of AFS by AG
IDP 052	Sound Financial Management	Update Indigent Register	99% of all qualifying indigent applications processed by 30 June 2020	99%	99%	99%	99%	99%		Annual Financial Statements
IDP 053	Sound Financial Management	Provide Free Basic Services to all Indigents	Report by 30 June on % of HH earning less than 2Xsocial grants plus 25% per month with access to free basic services	12	3	3	3	3		Billing Report
IDP 054	Sound Financial Management	Number of formal residential properties that receive piped water, electricity (excluding Eskom areas), waste water sanitation/sewerage (credit and pre-	Number of formal residential properties which are billed for water or have pre-paid meters as at 30 June 2020	12	3	3	3	3		Billing Report

REGULATORY MANAGEMENT: Mid-Year Progress and Performance Assessment Report

FINANCIAL SERVICES										Year to Date as at December 2019			
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental Corrective Measures	Proof of Evidence	POE Yes/No	
IDP 055	Sound Financial Management	paid water) that is connected to municipal water, electricity infrastructure network, including refuse removal once per week and billed for service as at 30 June 2020											
IDP 056	Institutional Development & Building Capacity	Provide free basic services; water, electricity, sanitation and refuse removal to indigent households		Report on % of HH earning less than 2X social grant plus 25% per month with access to FBS	12	3	3	3		Billing Report			
IDP 057	Good Governance	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019		Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	1	1	0	N/A	N/A	Minutes of Management & Portfolio Committee meetings			
		Achieve Improved Audit Opinion for 2018/19 FY		Improved Audit Opinion achieved for 2018/19 Financial Year	1	N/A	N/A	1	1	Audit Outcome Letter			

National Local Municipalities Five-Year Strategic Assessment Report

IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Year to Date as at End December 2019					POE Yes/No	
				Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Departmental Corrective Measures	
IDP058	Basic Services and Infrastructure	90% compliance to general standards with regard to waste water outflow by 30 June	90% compliance to general standards by 30 June 2019	90%	90%	0%	90%	0%	Unrealistic target No Budget	Certificate of analysis from laboratory
IDP059	Basic Services and Infrastructure	Spend 96% of capital budget for fleet/equipment by 30 June	96% of Capital Budget Spent by 30 June	96%	20%	0%	40%	0%	Unrealistic target No Budget	Report
IDP060	Basic Services and Infrastructure	Limit Electricity losses to less than 50% annually (preceding 11months+reporting month's units purchased)	% Average electricity losses by 30 June	50%	50%	30%	50%	0%	Present infrastructure will not allow easy measurement of the losses	Report
IDP061	Basic Services and Infrastructure	Implement all electricity capital projects measured quarterly in terms of approved Electricity Capital Budget spent	95% of approved Capital Budget spent by 30 June	96%	20%	0%	40%	20%	The process of appointment of panel of Consultant was finalised and the service providers (Consultant) for each project appointed in Nov 2019	Report – Evaluation and Adjudication reports, and as well as appointment letters for each project.
		Replacement of 47 retro high mast fittings LED		95%	0%	50%	0%	0%	Consultant appointed from panel during November 2019	Appointment letter
		New substation in Koppies		95% complete 5% retention	0%	0%	50%	0%	Consultant appointed from panel during November 2019	Appointment letter

NETHER LOCAL MUNICIPAL HIGH-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

TECHNICAL SERVICES										
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Year to Date as at End December 2019	
									Departmental Corrective Measures	SDBIP Comments
				to be paid in 2020/21F Y95%						
		Building of new overhead line from Lusaka substation to the main substation		95% complete, 5% retention to be paid in 2020/21F Y	0%	0%	50%	0%	Consultant appointed from panel during November 2019	Appointment letter
IDP062	Basic Services and Infrastructure	Implement all Roads, Storm water infrastructure capital projects measured quarterly in terms of approved Capital Budget spent	96% of approved Capital Budget spent by 30 June	96%	20%	0%	40%	100%	Achieved	Exceeded the target
		Tunahole:	Upgrading of 1km paving internal road and storm water channels in Schonkenville (MIS:268924)	5% of approved capital budget spent by 30 June 2020	0%	0%	5%	5%	Achieved	Report
		Edenville:	Construction of a low level bridge in Ward 18	5% of approved capital budget spent by 30 June 2020	5% (5% Retention Amount)	0%	0%	5%	Achieved	Retention stage- Close out report with last payment certificate
		Tunahole:	Upgrading of 1km paving internal road and storm water	5% of approved capital budget	5% (5% Retention Amount)	0%	0%	5%	Achieved	Retention stage – Close out

Ngawati Local Municipality Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES										Year to Date as at End December 2019					
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental Comments	SDBIP	Departmental Corrective Measures	Proof of Evidence	POE Yes/No	
		channels (ward 13) (MIS:268920)	spent by 30 June 2020										report and last payment certificate		
		Edenville/Ngwathe: Upgrading of 1km paved internal access road and storm water channel in ward 18 (MIS:2689131)	5% of approved capital budget spent by 30 June 2020	5% (5% Retention Amount)								Achieved	Close Out Report		
		Phintonia/Sandersville: Construction of low-level bridge in Ward 1 (MIS:279725)	45% of the approved capital budget spent by end June 2020	45%	0%	0%	0%	0%				Achieved	The project is at Adjudication stage, Evaluation report ready waiting for Adjudication committee to seat. as far as SCM processes on the project		
IDP 063	Basic Services and Infrastructure	Spend 96% of approved Capital Budget on rehabilitation of streets (Pot-hole fixing) (Actual expenditure and commitments divided by approved Capital Budget)		96% of approved Capital Budget spent by 30 June									Budget Report		
IDP 064	Basic Services and Infrastructure	Implement all Water Services Infrastructure capital projects measured quarterly in terms of		96% of approved Capital Budget spent by 30 June								Achieved	Report		

National Local Municipal Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES									Year to Date as at End December 2019				
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Proof of Evidence	POE Yes/No
		approved Capital Budget Spent	Phirtona: Installation of 1093 residential meters and 13 bulk water meters (MIS:279654) (Implemented in 3 financial years)	54% of the available 2019/20 budget						MIG Implementation Plan with the exact monthly expenditure with progress report	Project is on progress, even though there's no expenditure realised.		

Municipal Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES									Year to Date as at End December 2019				POE Yes/No
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Proof of Evidence	POE Yes/No
		Mokwalo: Installation of 2000 residential meters and 15 bulk water meters (MIS:2885524) (Implemented in 3 financial years)		71% of the available budget the project (R 6,376,46 2,22), approved budget for 2019/20 is (R 8,918,73 0,09)						Achieved	MIG Implementation Plan with the exact monthly expenditure with progress report		
		Vredefort: Extension of the Water Treatment Plant (MIS:257557) (To be implemented in 2 financial years)									Project is on Construction, Contractor appointed in November 2019, kick off meeting held on the 12 th Dec 2019. The Contractor was appointed above the approved budget, that will change the overall budget.	Evaluation and Adjudication reports with appointment letters of both Contractor and Consultant. Also	

NGWAKA LOCAL MUNICIPALITY: ONE-YEAR STRATEGIC AND PERFORMANCE ASSESSMENT REPORT

TECHNICAL SERVICES

IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental SDBIP Comments	Year to Date as at End December 2019	Departmental Corrective Measures	Proof of Evidence	POE Yes/No
											Year to Date as at End December 2019			
		Heilbron: Upgrading of Waste Water Treatment Works (MIS:268105)		budget for 2019/20 is (R 11,523,306.67)						Project is on Construction, Contractor appointed in November 2019, kick off meeting held on the 12th Dec 2019. The Contractor was appointed above the approved budget, that will change the overall budget.		Evaluation and Adjudication reports with appointment letters of both Contractor and Consultant, Also payment certificates for payments		
		Refurbishment of Koppies WTW and Construction of clear water pump station			96% of the available budget the project (R 9,379,863.00), approved budget for 2019/20 is (R 16,807,501.56)			39% from Q2 expenditure		The municipality is in a process of applying for Budget maintenance through provincial MIG		R BIG Implementation plan for exact monthly expenditure with progress report		
										12.9% expenditure on Q2	9%	Project on Construction stage		

Newcastle Municipal Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES										
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Year to Date as at End December 2019						POE Yes/No
				Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	
		Construction of pipeline from Koppies to Edenville		budget for 2019/20 is (R 25,600,185.32) Note: R1,836,090.00 was spent in 2018/19 FY						The Consultant for the project was appointed on the 15 th Nov 2019. Project is at design stage, Consultant busy with designs
				19% of the available budget the project (R 14,235,904.68), approved budget for 2019/20 is (R 72,399,814.68)				0%	0% in terms of expenditure	Appointment letter of the Consultant

National Local Municipality Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES									Year to Date as at End December 2019					
IDP/ REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Proof of Evidence	POE Yes/No	
IDP065	Basic Services and Infrastructure	Implement all Waste Water Services infrastructure capital projects measured quarterly in terms of approved Capital Budget Spent	96% of capital budget spent by 30 June	96%	20%	2%	40%	0%		Not on the Capital Budget	Report			
		Tumahole Outfall Sewer	30% of the available budget the project (R 6,073,89 6,43), approved budget for 2019/20 is (R19,772 ,090.13)					4%	50.1% on Q2 expenditure	Project is at Retention stage	Close out report,			
		Koppies Outfall Sewer	2.5% of the			0%		0%				Retention stage to be		

Newcastle Local Municipality Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES									Year to Date as at End December 2019				
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/ Project/ Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Proof of Evidence	POE Yes/No
				available budget the project (R 602,041.21), approved budget for 2019/20 is (R 18,149,635.04)								paid out in the 3 rd Quarter	
		Water Quality Management in Parks										The Consultant appointed on the 15 th Nov 2019.	Appointment Letter

Newgate Local Municipality Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES									
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Year to Date as at End December 2019
		Water Demand and Water Conservation Management in Parks		100% of the available budget the project (R 3,500,000.00), approved budget for 2019/20 is (R 3,500,000.00)		0%		5%	based on appointment The Consultant appointed on the 15th Nov 2019.
		Water Quality Management in Koppies		100% of the available budget the project (R 3057414.34), approved budget for 2019/20 is (R 3,057.414.34)		0%		5% based on appointment The Consultant appointed on the 15th Nov 2019.	Appointment Letter
		Water Demand and Water Conservation Management in Koppies		100% of the available budget the project (R 3,500,000.00), approved budget for 2019/20 is (R		0%		5% based on appointment The Consultant appointed on the 15th Nov 2019.	Appointment Letter

Nswathi Local Municipality Mid-Year Budget and Performance Assessment Report

TECHNICAL SERVICES							
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project) Key actions	Unit of Measurement	Annual Target 2019/20	Q1 Target	Q1 Actual	Q2 Target
IDP066	Institutional Development & Building Capacity	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	3,500,000.00)			
IDP067	Basic Services and Infrastructure	Implement all solid waste infrastructure capital projects measured quarterly in terms of approved capital budget spent	96% of capital budget spent by 30 June 2020	96%	20%	0%	0%

*N/A – Not Applicable – Meaning there is no target set for the quarter

Ngwathe Local Municipality Mid-Year Budget and Performance Assessment Report

COMMUNITY SERVICES									
IDP/REF NO	KPA Key Focus Area	Indicator (Activity/Project/Key actions)	Unit of Measurement	Annual Target 2019/20		Q1 Target	Q1 Actual	Q2 Target	Q2 Actual
				Year to Date as at End December 2019	SDBIP Comments	Departmental Corrective Measures	Proof of Evidence	POE Yes/No	
IDP068	Institutional Development & Building Capacity	Review the Spatial Development Framework and submit to council by 30 September 2019	Reviewed Spatial Development Framework submitted to Council by 30 September 2019	1	1	0	N/A	N/A	Council Minutes
IDP069	Institutional Development & Building Capacity	Develop and submit Integrated Human Settlement Plan to Council for approval by 30 September 2019	Developed and submitted Integrated Human Settlement Plan to Council for approval by 30 September 2019	1	1	0	N/A	N/A	Council Minutes
IDP070	Institutional Development & Building Capacity	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	Develop and submit department Standard Operating Procedures to Management & Portfolio Committee for approval by 30 September 2019	1	1	0	N/A	N/A	Minutes of Management & Portfolio Committee meetings
IDP072	Deliver Basic Services	Conduct scheduled refuse removal services to all formal and informal housing areas throughout Ngwathe at least once per week	Number of formal and informal Households whose refuse was removed at least once per week	37102	37102	37102	37102	37102	Work Schedules of Refuse Removal Sections signed-off

*N/A – Not Applicable – Meaning there is no target set for the quarter

NOTE!! Colour description –

■ Green represents targets met,

□ Red represents targets not met,

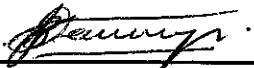
■ Orange represents target almost met.

Section 11: Performance Plan evaluation on SDBIP

Section 12: Municipal Manager's Quality Certificate

I, BW Kannemeyer the Municipal Manager of Ngwathe Local Municipality, hereby certify that:

Mid-Year Budget and Performance Assessment for the period of 1 July 2019 to 31 December 2019 has been prepared in accordance with the Municipal Finance Management Act, No. 56 of 2003 and Municipal Budget and Reporting Regulations Notice 393 of 2009.


BW KANNEMEYER
Municipal Manager

Date: 31/01/2020