



# Mid-year Budget and Performance Assessment Report 2012/2013

This report is compiled and submitted in terms of the Municipal Finance  
Management Act 56 of 2003

# **MAKHUDUTHAMAGA DRAFT MID YEAR BUDGET AND PERFORMANCE ASSESSMENT**

**1 JULY – 31 DECEMBER 2012**

## **PART A: NON FINANCIAL PERFORMANCE INFORMATION**

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## INTRODUCTION

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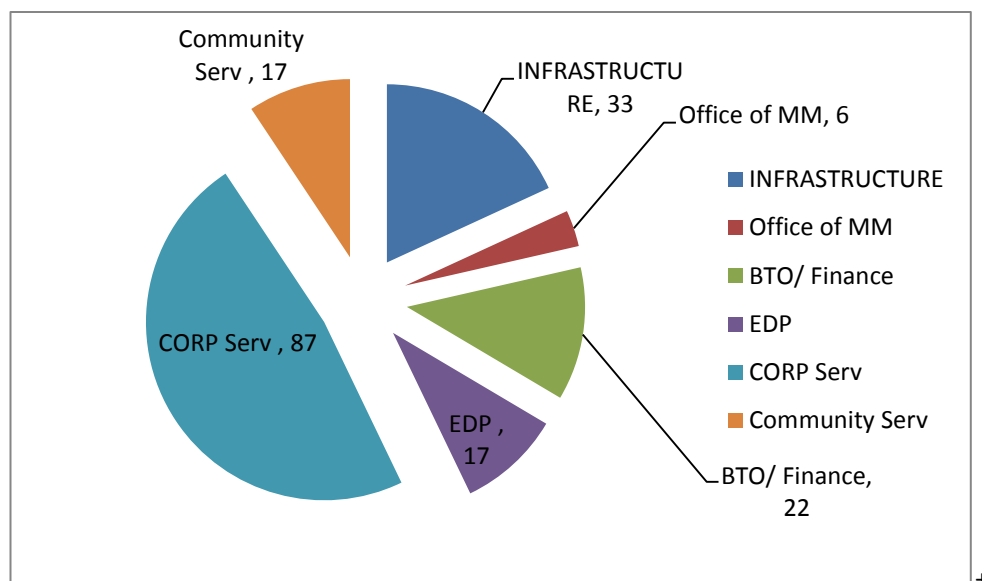
In terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act No. 56 of 2003(MFMA), the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year, which is, from 1 July to 31 December . A report of such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor , Provincial Treasury and National Treasury .

Once the Mayor has considered the report, he must submit the report to Council by 31 January in terms of Section 54(f) of the MFMA.

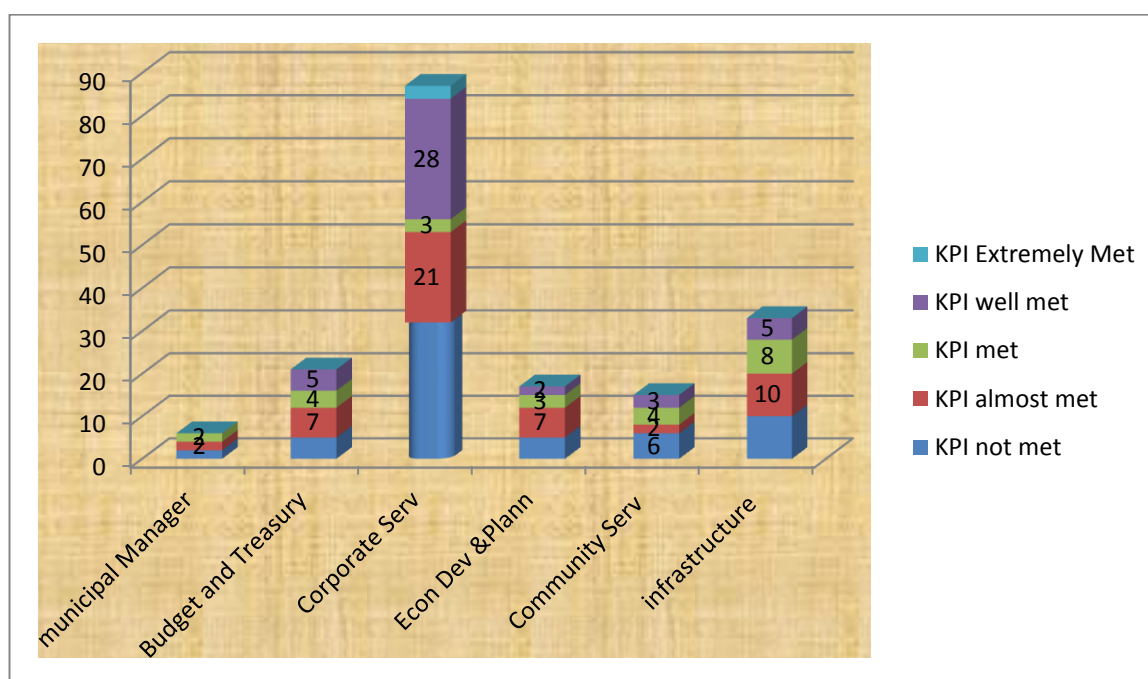
This report is divided into two sections; PART A which contains the Non-Financial Performance Information and Part B which contains the Financial Performance Information.

## CHAPTER 1: SERVICE DELIVERY PERFORMANCE ANALYSIS

### 1.1 DISTRIBUTION OF KPIs MAKHUDUTHAMAGA



#### Directorates



CATEGORY	EXPLANATION
KPIs Not Met	0%>= Actual / target < 75%
KPIs Almost Met	75%> = Actual / Target < 100%
KPIs Met	Actual / Target = 100%
KPIs Well Met	100%> Actual / Target < 150%
KPIs Extremely Well Met	Actual / Target >= 150%

PROGRESS	Municipal Manager	Budget and Treasury	corporate Services	Econ Dev&Plann ing	Infrastructure	Comm. Serv
KPI's not met	2	5	32	5	10	6
KPI's almost met	2	7	21	7	10	2
KPI's met	2	4	3	3	8	4
KPI's Well met	-	5	28	2	5	3
KPI extremely met	-	-	3	-	-	-
<b>TOTAL</b>	<b>6</b>	<b>21</b>	<b>84</b>	<b>17</b>	<b>33</b>	<b>15</b>

The above illustration is a dashboard summary of the municipality's non-financial performance for the period 1 July 2012- 31 December 2012. Detailed description of the Key Performance Indicators measured are contained in Annexure A of this report.

## CHAPTER 2: PROGRESS REPORT ON RESOLVING OUTSTANDING TARGETS FOR THE FINANCIAL YEAR 2011/2012

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As prescribed in Section 72(1)(a)(iii) of the MFMA, the municipality must indicate actions taken to address problems identified in the past annual report ( 2011/12) or indicate what systems or processes will be taken to address such matters. Any action will be monitored and actioned for correction in the current year.

A progress report on resolving outstanding targets as identified in the Annual Performance Report 2011/2012 is attached hereto as Annexure B.

## CHAPTER 3: SUMMARY AND CHALLENGES

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The Municipality has introduced a Performance Management System to ensure that a culture of performance management is institutionalised. Performance agreements for all Senior Managers have been concluded and the plan is to cascade the performance agreements to Middle Management before the end of the financial year. This process will ensure that Integrated Development Planning objectives and Key Performance Indicators are owned and executed by responsible Directorates.

The performance Audit Committee as part of the Audit committee ensures that Council is involved in the auditing of non-financial performance information.

A draft reviewed Performance Management Policy Framework was submitted to EXCO during November 2012. This framework will include various processes, roles and responsibilities necessary to execute performance management and measurement.

Despite the many challenges the municipality experienced especially the one related to shortage of strategic Directors, the municipality met 128 KPI s out of the 176 measured , and this is an indication of the Municipality's willingness and commitment towards service delivery in the community.

During the recent audit performed by the Auditor General, various aspects of non-compliance with regard to performance were highlighted in the management report issued at the end of the audit.



These findings will be analysed by the municipality, and appropriate action will be instituted to ensure that the findings are address and do not recur.

Attached as Annexure A , is the unaudited Top Layer Service Delivery and Budget Implementation Plan ( SDBIP) or the first half of the financial year ending 31 December 2012, which measures the municipality's overall performance per National Key Performance Area , and per IDP objective.

The report is arranged per Directorate and further includes the performance progress and corrective action indicated for targets not achieved.

It is worth noting that the Makhuduthamaga Municipality embarked on an extensive review process of the Top Layer SDBIP for 2012/2013 after the first quarter Lekgotla. A separate item will be submitted to EXCO and Council respectively to review and approve the revised Top Layer SDBIP for 2012/13.

## CHAPTER 4: RECOMMENDATIONS

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The following recommendations are made:

1. That the Non-Financial Performance Assessment Report ( MFMA section 72(a)(ii) report be noted by the **Mayoral Lekgotla** ;
2. That the Non-Financial Performance Assessment Report ( MFMA section 72(a)(ii) report be forwarded to EXCO and Council respectively for consideration and Adoption.
3. That the progress report on the outstanding targets as identified in the Annual Performance Report 2011/2012 ( MFMA s 72(a)(iii) be Noted by the Mayoral Lekgotla; and
4. That the Progress Report on the outstanding targets as identified in the Annual Performance Report ( MFMA section 72(a)(iii) report be forwarded to EXCO and Council respectively for consideration and Adoption.

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**M.E. MOROPA**  
**MUNICIPAL MANAGER**

## **ANNEXURES**

**Annexure A- Top Layer SDBIP per National KPA and assessment of targets achieved  
– MFMA s 72(a)(ii)**

**Annexure B- Outstanding Targets as identified in the annual report ( MFMA s  
72(A)(iii)**

## Quality Certificate

**To: The Mayor**

In accordance with Section 72 of the Municipal Finance Management Act No 56 of 2003, I submit the required statements assessing the performance of Makhuduthamaga Municipality during the first half of the 2012/2013 financial year.

Section 54 of the MFMA requires the Mayor of a municipality to take certain actions on receipt of this report to ensure that the approved budget is implemented in accordance with the Service Delivery and Budget Implementation Plan; and if necessary make any revisions to the SDBIP, with the approval of Council following the approval of an adjustment budget.

I Mogobadi Eric Moropa , the Municipal Manager of Makhuduthamaga Municipality , hereby certify that the mid-year budget and performance assessment has been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act.

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**M.E. Moropa**  
**Municipal Manager**  
**21 January 2013**

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**A.M. Matlala**  
**Mayor**  
**21 January 2013**

# ANNEXURES

# **ANNEXURE A: TOP LAYER SDBIP PER NATIONAL KPA AND ASSESSMENT OF TARGETS ACHIEVED (MFMA s 72(a)(ii))**

# **OFFICE OF THE MUNICIPAL MANAGER**

# **BUDGET AND TREASURY OFFICE**

# COMMUNITY SERVICES



# **BASIC SERVICES AND INFRASTRUCTURE**

# **CORPORATE SERVICES**

# **ECONOMIC DEVELOPMENT AND PLANNING**

# **ANNEXURE B: OUTSTANDING TARGETS AS IDENTIFIED IN THE ANNUAL PERFORMANCE REPORT (MFMA s72(a)(iii))**

# PART B

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## FINANCIAL PERFORMANCE INFORMATION

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## CHAPTER 1: INTRODUCTION

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The Makhuduthamaga municipality prepared and submitted the annual financial statements in accordance with the standards of Generally Recognised Accounting Practice ( GRAP) , including any interpretations and directives issued by the Accounting Standards Board.

A financial Health Assessment was done looking back at the 2011/12 financial year as well as the current financial year.

## CHAPTER 2: ASSESSMENT FRAMEWORK

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The format of the Performance Assessment report is not prescribed within the Local Government Municipal Finance Management Act, Act No 56 of 2003. It is nonetheless done to provide useful information to look back, plan ahead and take appropriate decisions.

In an effort to provide the useful analysis of the financial health, the Budget and Treasury office used comparative industry norms to formulate its observations and comments.

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### CHAPTER 3 : HALF YEAR BUDGET STATEMENT

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The purpose of this section is to analyse and interpret financial information of the municipality in order to assess the financial position, performance and cash flow position of the municipality.

The attached budget monitoring report for December 2012 provides the assessment referred to in the above paragraph.



## **ANNEXURE A: HALF YEARLY BUDGET STATEMENT**

## CHAPTER 4: RECOMMENDATIONS

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### **AN ADJUSTMENT BUDGET IS NECESSARY BECAUSE:**

#### **(a) Additional Funding for Projects**

The departments requested additional funding for projects ; therefore it is necessary to do an adjustment budget to identify savings to cover additional requests.

### **IT IS RECOMMENDED THAT:**

1. Mayoral Lekgotla takes note of the mid –Year Assessment and Financial Health and Performance indicators in the report.
2. That Mayoral Lekgotla Takes note that an Adjustment Budget is Necessary