

# EPHRAIM MOGALE LOCAL MUNICIPALITY

## MID-TERM INSTITUTIONAL PERFORMANCE REPORT – 2016/17



## 1. Foreword

The purpose of this report is to give feedback regarding the performance of the Ephraim Mogale Local Municipality as required through The Municipal Systems Act No 32 of 2000, section 41(e) and the Municipal Finance Management Act 56 of 2003, section 52(d). The information included in this report is based on the IDP<sup>1</sup> and SDBIP<sup>2</sup> as developed for the financial year 2016/2017. The scorecards were developed to reflect *cumulative performance*, therefore the status of indicators are a reflection of the overall performance level achieved year to date.

## 2. Executive Summary

This report serves as the **Mid-Term Institutional Performance Report for the 2016/2017 financial year ending December 2016**. It provides feedback on the performance level achieved (accumulative reporting) against the targets as laid out in the IDP/SDBIP Scorecard. In the case of under-performance, the respective concerns or mitigating reasons are highlighted and detail pertaining to the relevant measures taken to address these challenges are included thereto.

The overall performance for the Ephraim Mogale Local Municipality is based on a composite Performance Scorecard of each Department comprising of all indicators assessed in the period under review.

The overall Mid-Term Institutional performance achieved for the 2016/17 financial year reflected an improvement of **72.2%** with only **60 out of 83 KPI's** assessed attaining set targets, although this was on par to last year's 2015/16 overall performance.

Poor performance levels were experienced in all key performance areas as depicted in the Table Ref No1. The quality of departmental performance submissions needs to be addressed as a significant number of KPI's were not reported on. Departments need to take responsibility and accountability for service delivery and related activities measured in the performance reports, as this is a public document and reflects negatively on the municipality's commitment to service delivery. We need to instil a culture of accountability in the organisation and significantly improve the levels of monitoring and evaluation which are a prerequisite to ensure responsible management decisions can be taken.

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<sup>1</sup> Integrated Development Plan

<sup>2</sup> Service Delivery and Budget Implementation Plan

#### 4. Comparison of Institutional Performance Levels 2014/15 – 2016/17

Table 1: Annual Performance Comparison

KPA No	KPA	2014/15			2015/16			2016/17			
		Total KPI's Assessed	Targets Achieved	% Target Achieved	Total KPI's Assessed	Targets Achieved	% Target Achieved	Total KPI's Assessed	Targets Achieved	Targets Not Achieved % Target	
1	Spatial Rationale	5	3	60%	9	4	44,4%	12	07	05	58.3%
2	Basic Service Delivery and Infrastructure Development	4	3	75%	54	26	48,1%	11	09	02	81.8%
3	Local Economic Development	35	30	86%	6	5	83,3%	06	03	03	50%
4	Municipal Transformation and Institutional Development	47	31	66%	39	21	53,8%	15	12	03	80%
5	Municipal Financial Viability and Management	9	7	78%	8	7	87,5%	14	13	01	92.8%
6	Good Governance and Public Participation	16	13	81%	20	11	55,0%	25	16	09	64%
	<b>TOTAL</b>	<b>116</b>	<b>87</b>	<b>75%</b>	<b>136</b>	<b>74</b>	<b>54,4%</b>	<b>83</b>	<b>60</b>	<b>23</b>	<b>72.2%</b>

The following section contains a comprehensive breakdown of the individual Departmental performance. The scores highlight the progress with respect to the performance not only at a departmental level, but also represents the progress made within each Key Performance Area (KPA).



Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						Actual							
Improved community wellbeing through accelerated service delivery	SCM	% attendance at scheduled Bid Committee meetings by 30 Jun 2017 (P&ED)	FV 07	Oper	New	66%	100%	100%	Achieved	None	None	Attendanc e register	100%
Land use management	t	% of buildings; constructed with approved plans, inspected that comply with the National Building Regulations and Building Standards Amendments Act No 49 of 1995	SR 04	Oper	New	0%	100%	100%	Achieved	None	None	Individual site inspection reports and the Building plan file register	100%
Build effective and efficient Organizational	Development	# of new / reviewed policies adopted by Council by 31 March 2017 (P&ED)	MTOD 09	Oper	0	N/A	N/A	N/A	N/A	N/A	N/A	Council Resolution and agenda	1
Build effective and efficient Organizational	Good Governance	% of Internal Audit Findings resolved per quarter as per the Audit Plan by 30 Jun 2017 (P&ED)	GG 14/15	Oper	New	N/A	100%	100%	Achieved	None	None	Quarterly IA status reports	100%
Build effective and efficient Organizational		% of AG Management Letter findings	GG 11/12/13	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	Quarterly AG Action Plan report	100%



Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr		Actual	Achievements	Challenges	Corrective Action	POE	Annual Target	
						Actual	Target							
Electricity		# of kms of gravel roads to be constructed in tar by 30 Jun 2017	BS 48/50/52/53/54/70	MIG 7 000	4,7kms	N/A	N/A	N/A	N/A	N/A	N/A	Completion Certificate	4km	
		# of kms of Storm Water to be constructed in Ext 6 by 30 Jun 2017	BS 45	6 000	400m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Completion Certificate	500m
		# of kms of roads to be rehabilitated by 30 Jun 2017	BS 71/84	MIG 4 500	New	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Completion Certificate	1km
		Number of km of roads to be constructed by 30 Jun 2017 (Industrial Road)	BS 57	MIG 1 000	400m	0km	N/A	N/A	N/A	N/A	N/A	N/A	Completion Certificate	250M
		% spending on MIG funding by the 30 June 2017	New	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Section 72 financial report	17
		Number of high mast lights connected by 30 Jun 2017	BS 17/32/38	200	10	1	2	2	2	Achieved	ESKOM report for December 2016 only available mid-January 2017. Only few backlog submissions from Councillors.	Request Councillors to submit backlog data.	Completion Certificate	4

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target												
						Actual																			
	Project Management	% of households with access to basic levels of electricity by the 30 June 2017 (GKPI)	New	INEP	97,0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	100%												
													% of new Capital projects started on time in terms of the appointment of consultants / contractors for EPMLM funded projects as per the Capital implementation plan	New	Oper	New	N/A	N/A	N/A	N/A	N/A	100%			
													% of new Capital projects completed in terms of agreed	New	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	
													maintained within 90 days							Submission on 18/07/2016 for material not processed			Process request for material.	Repair Report. Monthly report	
													% of faulty Mast light fittings repaired within 90 days	BS	Oper	142	N/A	N/A	N/A	ESKOM completed 21 connections	ESKOM deferred 5 projects.	Update backlog	Inspection / Repair Reports. Monthly reports	>97%	

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target	
						2016/17 Mid-Term								
Environmental management	Community Facilities	services by 30 Jun 2017												
		External audit of the Landfill to comply with National Environmental Waste Act by 30 Jun 2017	BS 98	90	1	N/A	N/A	N/A	N/A	N/A	N/A	Currently working on the landfill audit action plan.	External Audit report	1
		# of landscaping and greening project implemented by 30 Jun 2017	BS 102	120	1	N/A	N/A	N/A	N/A	Masterplan to be presented to Management and approved.	Identification of projects for quick wins	Completion certificate	1	
		# of Cultural and Heritage festivals held by 30 Jun 2017	BS 116/117	210	2	N/A	N/A	N/A	N/A			Approved project plan signed reports	2	
		# of cemeteries fenced by 30 Jun 2017	BS 109	690	7	N/A	N/A	N/A	N/A	Request for procurement process was done in October 2017	Procurement to be finalised	Completion certificates	6	
		# of Mayor's cup events held by 30 Jun 2017	BS 114	65	1	N/A	N/A	N/A	N/A	First rounds of cluster competitions were held	N/A	N/A	Final report	1
		# of Mayors marathon events	BS 115	40	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Final report	1



Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target									
Build effective and efficient Organization	Institutional Development	# of new / reviewed policies adopted by Council by 31 March 2017 (IS)	MTOD 09	Oper	new	N/A	N/A	N/A	Draft sport policy sent for approval	Wait for approval finalisation	Finalise two other policies	Resolution and agenda	5									
									% of Internal Audit findings resolved per quarter as per the Audit Plan by 30 Jun 2017 (IS)	GG 14/15	Oper	New	N/A	N/A	N/A	N/A	N/A	Quarterly IA status reports	100%			
Good Governance		% execution of identified risk management plan within prescribed timeframes per quarter (IS)	GG 11/12/13	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	Quarterly AG Action Plan report	100%									
													Management Letter findings resolved by 30 Jun 2017 (IS)	GG 11/12/13	Oper	New	N/A	N/A	N/A	N/A	Quarterly Risk management reports	100%
													Findings resolved per quarter as per the Audit Plan by 30 Jun 2017 (IS)	GG 14/15	Oper	New	N/A	N/A	N/A	N/A	Quarterly IA status reports	100%
			GG 16	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	Quarterly Risk management reports	100%									

### 5.3 KPA 3: Local Economic Development

#### KPA 3: Local Economic Development

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target	
Grow the economy and provide livelihood support	Institutional Development	# of quarterly reports submitted to Council with respect to the Corporate Social Investment (CSI) programmes of both Business and Mining organisations	LED 09	0	2	N/A	N/A	N/A	N/A	N/A	N/A	Reports and Attendance Register	1	
			Hosting of a Businesses Tourism Indaba by 30 Jun 2017	0	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Reports and Attendance Register	1
			# of quarterly reports submitted to Council with respect to the implementation of Social Labour Plan (SLP) programmes of Mining Companies	New	Oper	New	0	2	0	Not Achieved	The mining companies could not confirm the proposed meetings.	The LED unit approached the Mining Development Agency to intervene in ensuring that the meeting become successful	Quarterly report and Council resolution	4
			# of quarterly reports submitted to Council with respect to the Corporate Social Investment (CSI) programmes of both Business and Mining organisations	New	Opera	New	0	2	0	Not Achieved	The mining companies could not confirm the proposed meetings.	The LED unit approached the Mining Development Agency to intervene in ensuring that the meeting become successful	Quarterly report and Council resolution	4
Build effective and efficient Organization	Institutional Development	# of new / reviewed policies adopted by Council	LED 06	0	1	N/A	N/A	N/A	N/A	N/A	N/A	Updated Cooperatives database	1	
			Review and update the cooperative database by 30 June 2017	0	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Updated Cooperatives database	1
Build effective and efficient Organization	Institutional Development	# of new / reviewed policies adopted by Council	MTOD 09	Oper	0	N/A	N/A	N/A	N/A	N/A	N/A	Council Resolution and agenda	1	

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	2016/17 Mid-Term			Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						1st Qtr	Actual	Target								
Improve community wellbeing through accelerated service delivery -	Institutional Development	# of quarterly Customer complaint reports submitted to Council (inclusive of Presidential Hotline)	MTOD 19	0.5		1	2	2		1	Achieved	None	None	None	Quarterly Customer Complaint reports	4
			SCM	FV 07						0%	100%	100%	Achieved	None	None	Attendanc e register
Build effective and efficient Organization	Institutional Development	# of new / reviewed policies adopted by Council by 30 Jun 2017 (Corp)	MTOD 09	3 000	0	0	3	16	0	3	Achieved	None	None	None	Council Resolution and agenda	12
										100%	100%	100%	Achieved	None	None	Lease agreements
Build effective and efficient Organization	Institutional Development	% of approved positions processed within three months of post	MTOD 02						100%	100%	100%	Achieved	None	None	Appointme nt letters	100%
										100%	100%	100%	Achieved	None	None	SLA's and employme nt contracts

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr		Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						Actual	Target								
Build effective and efficient Organization	Programme	Skill Plan (WSP) by 30 Jun 2017													
		# of Councillors trained by 30 Jun 2017	GG 08	220,9	New	28	21	28	Achieved	None	None	None	None	Training Reports	21
		# of beneficiaries of the Community Bursary scheme by the 30 Jun 2017	MTOD 07/14	901	26	N/A	6	0	0	Not achieved	Allocation is done after matrix results	Applications received and are assessed	Proof of payment, signed contracts and reports	6	
		Review organisational structure and align to the IDP and Budget by 30 June 2017	MTOD 10/11	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Approved annual programme	1	
		# of quarterly ICT steering committee meetings held in terms of the implementation of the ICT governance strategy and policy	MTOD 23/24 25/26 27/28	1 860,7	4	0	1	1	1	Achieved	None	None	ICT steering committee meetings	4	
		# of quarterly Local Labour Forum (LLF) meetings held as scheduled	MTOD 08	120	12	0	2	01	01	Not Achieved	Originated from Q1 due to LG elections	Adhere to the approved LLF program	Signed minutes and attendanc e register	4	
		# of quarterly Workplace Health and Safety Forum	MTOD 04	350	4	1	2	2	2	Achieved	None	None	Signed minutes and	4	

2016/17 Mid-Term

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr		Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						Target	Actual						Target
Improved community wellbeing through accelerated service delivery	SCM	% attendance at scheduled Bid Committee meetings by 30 Jun 2017 (BT)	FV 07	Oper	New	20%	100%	79%	Not Achieved (Advertisements done)	Lack of resources	to Fast-track recruitment process	Attendanc e register	100%
		Average # of days elapsed on successful bids awarded as per the competitive bidding process for tenders over R200,000	FV 07	Oper	New	60	60	60	Achieved	none	none	BAC reports	60
Build effective and efficient Organization	Institutional Development	# of new / reviewed policies adopted by Council by 30 June 2017 (BT)	MTOD 09	Oper	0	N/A	1	1	Achieved	none	none	Council Resolution and agenda	1
Become Financially Viable	Financial Management	% of consumer quarterly payment level received as compared to that billed	FV 02	Oper	100%	74%	>80,9%	86%	Achieved	None	None	Section 72 financial report	>80,9%
		% of approved invoices paid within 30 days (compliant)	FV 03	Oper	4	99%	100%	99%	Not Achieved	invoices of vendors not already on CSD and budget constraint	SCM to ensure that all procurements are registered with CSD and departments to ensure that there is enough budget	Section 72 financial report	100%



Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
		% spend of the FMG funds by 30 Jun 2017	FV 11	FMG 1810	100%	8%	50%	24%	Not Achieved	n/a	Fast-track appointment of one remaining intern	FMG report	100%
		# of quarterly section 52(d) MFMA reports submitted to Executive Mayor within legislative timeframes	FV 06	Oper	New	1	2	2	Achieved	None	None	Section 52 financial report	4
		Section 72 (midyear) MFMA reports submitted to Executive Mayor within legislative timeframes	FV 06	Oper	New	N/A	N/A	N/A	N/A	N/A	N/A	Section 72 financial report	1
		# of monthly SCM deviation reports submitted to the MM	FV 07	Oper	New	3	6	6	Achieved	None	None	SCM Quarterly reports	12
		# of municipal fleet vehicle reports submitted each quarter	FV 09	Oper	New	1	2	2	Achieved	None	None	Monthly fleet management report	4
		# of MFMA checklists submitted per quarter as legislated	FV 06	Oper	New	3	6	6	Achieved	None	None	Monthly MFMA Reports	12
		% of (Indigents) households with access to free basic	New	Oper	New	0%	100%	100%	Achieved	None	None	Indigent register	100%

### 5.6 KPA 6: Good Governance and Public Participation

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	2016/17 Mid-Term		Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						1st Qtr Actual	Target							
		tabled to Council by January 2017												

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	2016/17 Mid-Term		Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						1st Qtr Actual	Target							
Improved community wellbeing through accelerated service delivery	SCM	% attendance at scheduled Bid Committee meetings by 30 Jun 2017 (OMM)	FV 07	Oper	New	100%	100%	100%	Achieved	None	None	None	Attendanc e register	100%
Plan for the future	Instutional Development	# of Quarterly institutional Performance Reports submitted to Council per quarter	MTDO 39	63,6	4	1	2	2	Achieved	None	None	None	Quarterly institutional Performance Reports and council resolution	4
		# of formal performance reviews conducted	MTDO 37	80	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Section 56 Performance	2

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
						Actual							Target
% execution of identified risk management plan within prescribed timeframes per quarter (Total Organisation)	Fraud / Corruption	GG 16	Oper	New	N/A	100%	36%	Not achieved	Performance in 1st quarter was affected by the AGSA audit as officials had to prioritise AGSA reports	Timeframes were shifted to forthcoming quarter in the Risk Monitoring committee reports	Quarterly Risk management reports	100%	
Risk Plan approved by Council by 30 Sept 2016	Fraud / Corruption	GG 17	0	0	0	N/A	N/A	N/A	N/A	N/A	Approved fraud risk register	1	
# of quarterly anti-fraud and corruption awareness campaigns held	fraud and corruption	GG 17/19	0	4	1	2	2	Achieved	Poor attendance	Engage Management to enforce attendance	Anti-fraud and corruption awareness report	4	
Strategic and Operational Risk Plan approved by Council by 30 Sept 2016	Operational Risk	GG 16	0	0	0	N/A	N/A	N/A	N/A	N/A	Approved Operational Risk Plan	2	

2016/17 Mid-Term

Strategic Objective  
Priority Programme

KPI

IDP Ref No  
Budget R 000's

Baseline 2014/15  
1st Qtr Actual

Target  
Actual

Achievements  
Challenges

Corrective Action  
POE

Annual Target

before 28 August 2016

Submission of Final audited consolidated Annual Report to Council on or before 28 January 2017

Submission of AR Oversight Report to Council by the 30th March 2017

% of Council meetings resolved within the prescribed timeframe (3 months)

2018/19 IDP review Process Plan approved by 30th June 2017

Hosting of an annual Strategic Lekotla to review the IDP by 30 Dec 2016

FV 10  
Oper

FV 10  
Oper

GG 07  
Oper

MTOD 35  
Oper

MTOD 36  
300

New

New

New

New

1

N/A

N/A

100%

N/A

N/A

N/A

N/A

100%

N/A

0

N/A

N/A

Achieved

N/A

Not Achieved

N/A

N/A

None

N/A

None

N/A

N/A

None

N/A

To be hosted on 27/01/2017

Council Resolution and agenda

Annual Performance Oversight Report

Copies of all resolutions raised and management response / intervention to resolve

Approved IDP Framework and Plan

Council Resolution and agenda

1

1

100%

1

1

Strategic Objective	Priority Programme	KPI	IDP Ref No	Budget R 000's	Baseline 2014/15	1st Qtr Actual	Target	Actual	Achievements	Challenges	Corrective Action	POE	Annual Target
Youth	Welfare Services	# of Public participation meetings facilitated	GG 02	600	New	N/A	1	0	Not Achieved	No meetings were scheduled	Adherence to approved schedule	Attendance register	2
		# of quarterly reports submitted to Council in terms of scheduled ward committee meetings held	GG 03	Oper	New	0	2	0	Not Achieved	Establishment of ward committees not yet finalised	Fast track the finalisation of the ward committees	Quarterly ward committee reports	4
		# of Ward operational plan reports submitted to Council by the 30 Jun 2017	GG 03	Oper	New	N/A	1	0	Not Achieved	Ward committees are still to develop the ward based operational plans	Fast track the finalisation of the ward operational plans.	Annual Ward operational plans	1
		# of quarterly community newsletters published and distributed	GG 05	275	4	0	2	2	Achieved	None	None	Published Newsletters	4
		# of Transversal programmes implemented in terms of mainstreaming with respect to Gender, Disabled, Woman and Children Rights by the 30 Jun 2017	GG 01	250	New	1	2	2	Achieved	None	None	Special programmes reports	4
Youth		# of Youth programmes / initiatives	GG 04	106	New	1	2	2	Achieved	None	None	Quarterly Youth reports	4



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**EPHRAIM MOGALE LOCAL MUNICIPALITY  
MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT  
REPORT**

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**PURPOSE**

To submit to Council a report on the mid-year budget and performance assessment report of the Municipality for the period July 2016 to December 2016 for noting. Included hereto with the report is the Schedule C and the service delivery performance assessment reports arising out of the SDBIP's approved for the financial year 2016/2017.

**BACKGROUND**

The main objectives of the Mid-year Budget and Performance Assessments Review is to comply with Section 72 of the MFMA that requires:

- “ 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 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;”

In broad terms the report gives an overview on the implementation of the budget over the past six months 1 July 2016 to 31 December 2016. The report must furthermore focus on the attainment of the performance objectives, targets and performance indicators as set out in the SDBIP approved by the mayor.

The approved SDBIP is linked with the IDP key performance areas which are:

- Basic service delivery
- Local economic development
- Municipal financial viability and management

From the table above it should be noted that for the first six month ending December 2015, the revenue to the amount of R 142.7 million was realized. The year to date budgeted revenue amounts to R 162 million which reflect a unfavorable variance of 12%. The revenue includes grants and subsidies from National Government.

Special attention should be given to:

**Property rates** with a favorable variance of 6%, though it should be noted that this does not represent actual cash collected but total rates billed at half yearly. The budgeted amount must be aligned to the current valuation roll and the actual receipts on property rates should also be borne in mind.

**Electricity** revenue which reflects 13% below expected amount this may be attributed to the seasonal weather conditions where less electricity is generally consumed in summer or Eskom Campaign to save electricity through load shedding.

**Fine** revenue reflects unfavorable variance of 66% which may be attributed to visibility of traffic officers to ensure public safety on our roads.

**Rental of facilities and equipment** also reflects unfavorable variance of 58% where it needs to be ascertained that the budgeted revenue is linked with the rental agreements wherein debt collection measures be improved.

The revenue by major source is therefore presented in the graph below:

From the table above operating expenditure to the amount of R 84,7 million against year to date budgeted expenditure of R 124 million.

The following categories must however be noted:

**Employee related cost** reflect unfavorable variance of 15%, this results from post that are budgeted for and not filled by the 31 December 2016.E.G Director Planning.

**Remuneration of councilors** reflects a variance 10%, which will be aligned with the upper limits during adjustment budget.

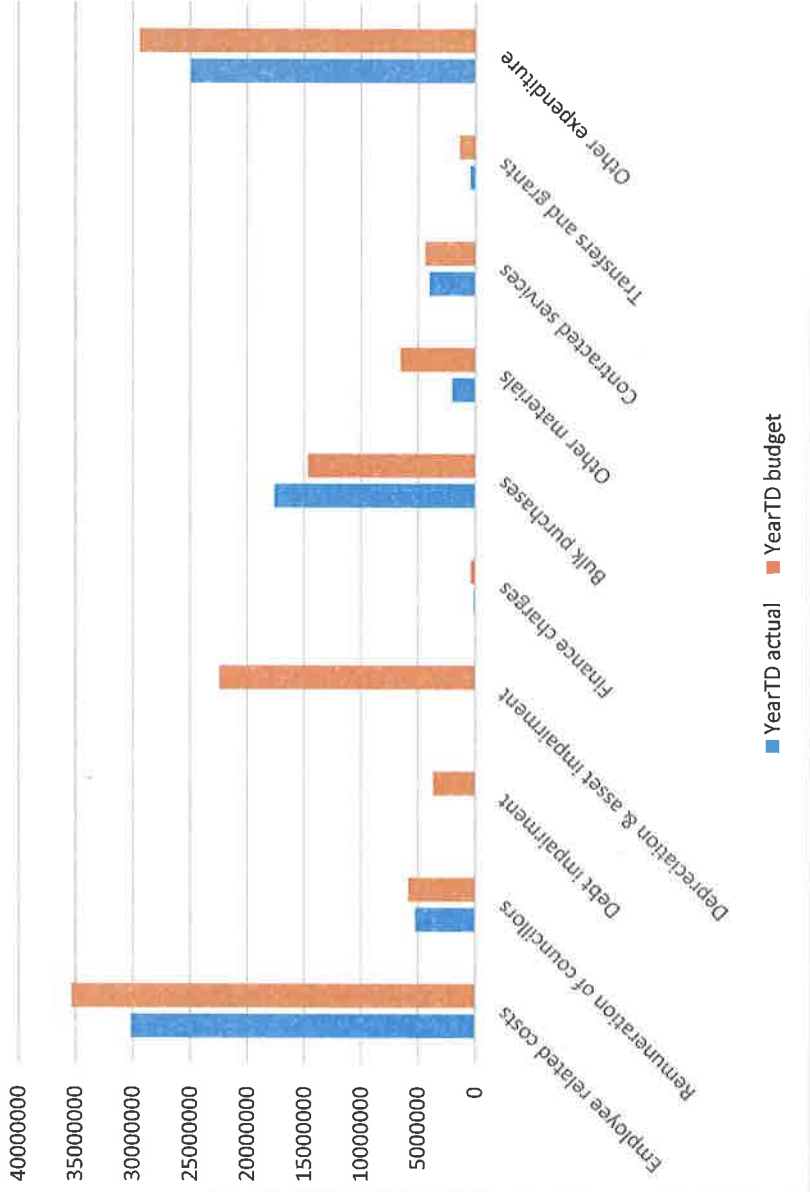
**Debt Impairment and Depreciation and Asset Impairment** are non-cash items that reflect zero expenditure to date. These expenditures are processed at year end for inclusion in the annual financial statements.

**Bulk purchase** reflects a variance of 20% as a result of increase in tariffs by ESKOM in July and also by increase in the level of consumption.

**Finance Charges** reflects an unfavorable variance of 68%, a review of the lease agreement needs to be considered to ensure a credible budget in this line item.

The over budgeting or under spending should be noted with **other materials** line item at 69% lower than the expected expenditure mainly consist of **repairs and maintenance**, the following budget line items contributed to the under spending:

Operational Expenditure by Type (Actual vs Budget)



for adjustment. Item details are reflected in the analysis above on consolidated budget statement. On the expenditure side most of the votes are projected to be less than planned.

#### 4. Table C3 Monthly Financial Performance by municipal votes (revenue and expenditure)

Vote Description		Budget Year 2016/17									
2015/16		2016/17									
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	Full Year Forecast	
<b>Revenue by Vote</b>											
	-	-	-	-	-	-	-	-	-	-	
Vote 1 - MUNICIPAL MANAGER											
Vote 2 - COUNCIL SUPPORT	7,526	8,286	-	65	290	4,143	(3,853)	-93.0%	8,286	8,286	
Vote 3 - Financial Services	145,776	148,190	-	43,949	109,857	104,090	5,767	5.5%	148,190	148,190	
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Infrastructure Services	93,385	88,396	-	4,325	25,053	45,528	(20,474)	-45.0%	88,661	88,661	
Vote 6 - Community Services	16,804	16,368	-	1,263	7,477	8,184	(708)	-8.6%	16,368	16,368	
Vote 7 - Planning & Economic development	813	265	-	6	72	132	(61)	-45.8%	265	265	
<b>Total Revenue by Vote</b>	<b>264,304</b>	<b>261,506</b>	<b>-</b>	<b>49,608</b>	<b>142,749</b>	<b>162,077</b>	<b>(19,328)</b>	<b>-11.9%</b>	<b>261,771</b>	<b>261,771</b>	
<b>Expenditure by Vote</b>											
Vote 1 - MUNICIPAL MANAGER	3,817	4,264	-	347	1,954	2,132	(178)	-8.3%	4,264	4,264	
Vote 2 - COUNCIL SUPPORT	21,211	28,297	-	2,114	10,920	14,148	(3,229)	-22.8%	28,297	28,297	
Vote 3 - Financial Services	62,364	88,570	-	3,110	16,857	44,285	(27,428)	-61.9%	88,570	88,570	
Vote 4 - Corporate Services	20,005	24,804	-	1,730	10,599	12,402	(1,803)	-14.5%	24,804	24,804	
Vote 5 - Infrastructure Services	53,954	52,595	-	7,992	25,439	26,298	(859)	-3.3%	52,595	52,595	
Vote 6 - Community Services	29,171	40,432	-	1,779	15,844	20,216	(4,372)	-21.6%	40,432	40,432	
Vote 7 - Planning & Economic development	6,146	9,294	-	509	3,093	4,647	(1,554)	-33.4%	9,294	9,294	
<b>Total Expenditure by Vote</b>	<b>196,668</b>	<b>248,256</b>	<b>-</b>	<b>17,581</b>	<b>84,706</b>	<b>124,128</b>	<b>(39,422)</b>	<b>-31.8%</b>	<b>248,256</b>	<b>248,256</b>	
<b>Surplus/ (Deficit) for the year</b>	<b>67,636</b>	<b>13,250</b>	<b>-</b>	<b>32,027</b>	<b>58,043</b>	<b>37,949</b>	<b>20,094</b>	<b>53.0%</b>	<b>13,515</b>	<b>13,515</b>	

Table C3 measures the actual performance against the year to date budget figures which realized by municipal votes (departments). Were detailed analysis has been provided in the consolidated budget statement above. All departments reflect underperformance and consideration needs to be made for adjustment budget except underperformance in Budget and Treasury Office where it is resulting from non-cash items depreciation and debt impairment.

#### 5. Table C4: Monthly Financial Performance by Revenue source and Expenditure Type



## 6. Table C5: Monthly Capital Expenditure by Vote

LIM471 Ephraim Mogale - Table C5 Monthly Budget Statement - Capital Expenditure (standard classification and funding) - Mid Year Assessment		Budget Year 2016/17									
		2015/16	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	Vote Description										
<b>Capital Expenditure - Standard Classification</b>											
	<b>Governance and administration</b>	140	1 772	-	38	138	333	(196)	-59%	1 772	
	Executive and council	82	800							800	
	Budget and treasury office										
	Corporate services	58	972		38	138	333	(196)	-59%	972	
	<b>Community and public safety</b>	2 131	5 574	-	-	1	2 702	(2 701)	-100%	5 574	
	Community and social services	1 732	2 300				1 340	(1 340)	-100%	2 300	
	Sport and recreation		250				250	(250)	-100%	250	
	Public safety	399	2 224			1	1 112	(1 111)	-100%	2 224	
	Housing		800							800	
	Health										
	<b>Economic and environmental services</b>	60 558	51 417	-	1 992	9 804	49 000	(39 196)	-80%	51 417	
	Planning and development										
	Road transport	60 558	51 417		1 992	9 804	49 000	(39 196)	-80%	51 417	
	Environmental protection										
	<b>Trading services</b>	2 151	6 745	-	-	-	1 965	(1 965)	-100%	6 745	
	Electricity	2 151	5 425				1 575	(1 575)	-100%	5 425	
	Water										
	Waste water management										
	Waste management		1 320				390	(390)	-100%	1 320	
	<b>Other</b>										
	<b>Total Capital Expenditure - Standard Classification</b>	64 980	65 508	-	2 029	9 943	54 000	(44 057)	-82%	65 508	
<b>Funded by:</b>											
	National Government	46 309	31 917		110	741	17 288	(16 547)	-96%	31 917	
	Provincial Government										
	District Municipality										
	Other transfers and grants										
	<b>Transfers recognised - capital</b>	46 309	31 917	-	110	741	17 288	(16 547)	-96%	31 917	
	<b>Public contributions &amp; donations</b>										
	<b>Borrowing</b>										
	<b>Internally generated funds</b>	18 671	33 591		1 920	9 202	36 712	(27 510)	-75%	33 591	
	<b>Total Capital Funding</b>	64 980	65 508	-	2 029	9 943	54 000	(44 057)	-82%	65 508	

Table C5 below indicates the actual performance details on capital expenditure for all votes, whilst the 30 June 2016 forecasted figures are reflected in the last column. Capital expenditure for the first six months amounts to R2 million which deviates with R 9.9 million against the planned figure of R54 million and reflects deviation of 82%. The MIG rollover of R 8.4 Million has been approved by Treasury and will be included in the adjustment budget.

This table reflects on whether the municipality is able to meet its obligation in a long term. In general the community wealth of the municipality for the month of December 2016 is R 964 546 000.

**8. Table C7: Monthly Budget Statement Cash Flow**

LIM471 Ephraim Mogale - Table C7 Monthly Budget Statement - Cash Flow - Mid Year Assessment										
R thousands	Description	2015/16			Budget Year 2016/17			YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget			
	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
	Receipts									
	Property rates, penalties & collection charges	18,956	24,116		1,578	7,666	12,068	(4,392)	-36%	24,116
	Service charges	40,335	49,351		4,068	20,907	24,676	(3,769)	-15%	49,351
	Other revenue	3,503	17,767		1,429	13,191	12,727	454	4%	17,767
	Government - operating	115,602	120,624		39,281	85,367	104,050	(18,683)	-18%	120,624
	Government - capital	52,405	31,917		110	741	17,288	(16,547)	-96%	31,917
	Interest	4,677	3,617		562	3,202	1,808	1,394	77%	3,617
	Dividends		-							
	Payments									
	Suppliers and employees	(134,334)	(190,848)		(18,764)	(84,128)	(122,354)	(38,226)	31%	(190,848)
	Finance charges	(376)	(798)		(23)	(129)	(399)	(270)	66%	(798)
	Transfers and Grants	(1,937)	(2,750)		(123)	(449)	(1,375)	(926)	67%	(2,750)
	<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>98,831</b>	<b>52,996</b>	<b>-</b>	<b>28,117</b>	<b>46,368</b>	<b>48,479</b>	<b>2,111</b>	<b>4%</b>	<b>52,996</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
	Receipts									
	Proceeds on disposal of PPE									
	Decrease (increase) in non-current debtors									
	Decrease (increase) other non-current receivables									
	Decrease (increase) in non-current investments		1,850				154	(154)	-100%	1,850
	Payments									
	Capital assets	(64,980)	(65,508)		(2,029)	(9,943)	(54,000)	(44,057)	82%	(65,508)
	<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(64,980)</b>	<b>(63,658)</b>	<b>-</b>	<b>(2,029)</b>	<b>(9,943)</b>	<b>(53,846)</b>	<b>(43,903)</b>	<b>82%</b>	<b>(63,658)</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
	Receipts									
	Short term loans									
	Borrowing long term/refinancing									
	Increase (decrease) in consumer deposits									
	Payments									
	Repayment of borrowing	(1,407)	(1,865)			(31,404)	(1,865)	29,539	-1584%	(1,865)
	<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1,407)</b>	<b>(1,865)</b>	<b>-</b>	<b>-</b>	<b>(31,404)</b>	<b>(1,865)</b>	<b>29,539</b>	<b>-1584%</b>	<b>(1,865)</b>
	<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>32,444</b>	<b>(12,527)</b>	<b>-</b>	<b>26,088</b>	<b>5,021</b>	<b>(7,232)</b>			<b>(12,527)</b>
	Cash/cash equivalents at beginning:	80,805	74,879			97,801	74,879			97,801
	Cash/cash equivalents at monthly year end:	113,249	62,352			102,822	67,647			85,274

Table C7 provides detail of the projected cash in- and outflow. The actual cash flow of the municipality since July 2016 to December 2016 is shows a favourable/positive balance of R102 822 000. It shows that actual cash flow of the municipality from the actual cash flow from operating activities; cash flow from investing activities; cash flow

## 10. Creditors Analysis

LIM471 Ephraim Mogale - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid Year Assessment

R thousands	Description	NT Code	Budget Year 2016/17										Total	Prior year totals for chart (same period)	
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year					
	<b>Creditors Age Analysis By Customer Type</b>														
	Bulk Electricity	0100													
	Bulk Water	0200													
	PAYE deductions	0300													
	VAT (output less input)	0400													
	Pensions / Retirement deductions	0500													
	Loan repayments	0600													
	Trade Creditors	0700	5 267	25	5	74								5 371	
	Audifiber General	0800													
	Other	0900													
	<b>Total By Customer Type</b>	<b>1000</b>	<b>5 267</b>	<b>25</b>	<b>5</b>	<b>74</b>								<b>5 371</b>	

The creditors are paid within 30 days of the receipt of the invoice as per the MFMA. The R5.3 Million is as a results of system error which will be reversed by a credit note.

## 11. Investment Portfolio Analysis

LIM471 Ephraim Mogale - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid Year Assessment

R thousands	Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
	<b>Municipality</b>								
	NEDBANK	N/A	CALL DEPOS	MONTHLY	135	6.8%	24,525	142	24,666
	<b>Municipality sub-total</b>				135		24,525	142	24,666
	<b>Entities</b>								
	<b>Entities sub-total</b>								
	<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>135</b>		<b>24,525</b>	<b>142</b>	<b>24,666</b>

Supporting Tables SC5 display the council's investment portfolio which indicates R24,7 million total investment with December 2016 interest of R142 000.

LIM471 Ephraim Mogale - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid Year Assessment

R thousands	Description	Ref	2015/16				Budget Year 2016/17				Full Year Forecast		
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %			
	<b>EXPENDITURE</b>												
	<b>Operating expenditure of Transfers and Grants</b>												
	<b>National Government:</b>		109 829	120 624	-	39 281	88 569	104 324	(15 755)	-15.1%	120 624		
	Local Government Equitable Share		106 323	117 556		39 096	88 078	102 790	(14 712)	-14.3%	117 556		
	Energy Efficiency and Demand Management		-	1 810		127	433	905	(472)	-52.2%	1 810		
	Finance Management		1 675	1 810		58	58	629	(571)	-90.8%	1 258		
	EPMP Incentive		1 157	1 258		-	-	-	-				
	Municipal Systems Improvement		674	-		-	-	-	-				
	<i>[insert description]</i>												
	<b>Total operating expenditure of Transfers and Grants:</b>		109 829	120 624	-	39 281	88 569	104 324	(15 755)	-15.1%	120 624		
	<b>Capital expenditure of Transfers and Grants</b>												
	<b>National Government:</b>		46 309	31 917	-	2 029	9 943	54 000	(44 057)	-81.6%	31 917		
	Municipal Infrastructure Grant (MIG)		46 309	31 917		2 029	9 943	54 000	(44 057)	-81.6%	31 917		
	0												
	<b>Total capital expenditure of Transfers and Grants</b>		46 309	31 917	-	2 029	9 943	54 000	(44 057)	-81.6%	31 917		
	<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		156 138	152 541	-	41 310	98 512	158 324	(59 812)	-37.8%	152 541		

### 14. Material Variance Explanation

LIM471 Ephraim Mogale - Supporting Table SC1 Material variance explanations - Mid Year Assessment

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<b>R thousands</b>			
	<b>Revenue By Source</b>			
	Total Revenue (excluding capital transfers and contributions)	(19 328)	Less collection on rental of municipal properties	Enforce Credit control policy
2	<b>Expenditure By Type</b>			
	Total Expenditure	(39 422)	Variance is resulting from Depreciation and debt impairment	Depreciation & debt impairment will be done at year end
3	<b>Capital Expenditure</b>			
	Total Capital Expenditure	(44 057)	Delays in appointment of contractors	Fast track appointment of contractors
4	<b>Financial Position</b>			
	TOTAL COMMUNITY WEALTH/EQUITY	n/a	Total community worth is R964 Million	N/A
5	<b>Cash Flow</b>			
	Cash/cash equivalents at monthly year end:	N/A	There is a favorable balance of R102 Million	N/A
6	<b>Measurable performance</b>			
	opex	(39 422)	Variance is resulting from Depreciation and debt impairment	Depreciation & debt impairment will be done at year end
	capex	(44 057)	Delays in appointment of contractors	Fast track appointment of contractors
7	<b>Municipal Entities</b>			

Material variances are also detailed in various tables listed above.

## **PROPOSED RECOMMENDATIONS**

It is recommended:

1. That the mid-year budget and performance assessment report presented be noted.
2. That the 2016/2017 Annual Budget be adjusted before February 2016 after investigating all individual line item by Budget Steering Committee.
3. That the mid-year budget and performance assessment report be submitted to National and Provincial Treasury after it is tabled to Council on the 25<sup>th</sup> January 2017.
4. That the mid-year budget and performance assessment report be placed on the municipal website after it is tabled to Council.
5. That the Acting Municipal Manager to implement the decision accordingly.