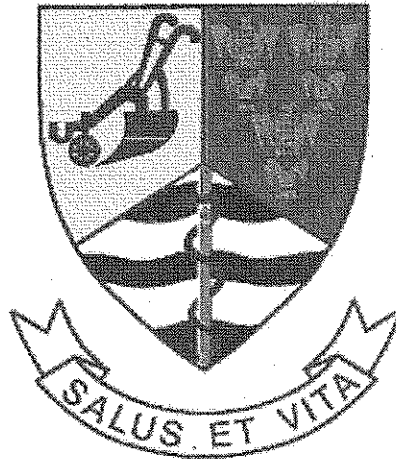


BELA-BELA LOCAL MUNICIPALITY

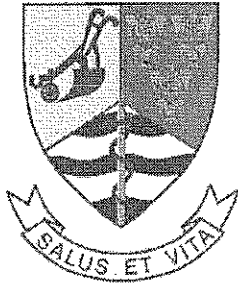


MID YEAR BUDGET AND PERFORMANCE ASSESSMENT 2014/2015

FOR THE PERIOD

1 JULY 2014 TO 31 DECEMBER 2014

January 2015



Bela-Bela Local Municipality

Chris Hani Drive, Bela-Bela, Limpopo. Private Bagx1609
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MID-YEAR BUDGET ASSESSMENT REPORT (SECTION 72 OF MFMA)

JANUARY 2015

To the Mayor

In accordance with Section 72(1) of the Municipal Finance Management Act, I submit the required mid-year budget assessment on the state of Bela-Bela Municipality's budget reflecting the particulars up until the end of December 2014.

Section 54(1) of the Municipal Finance Management Act requires the Mayor of a Municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

Section 23(1) of the Municipal Budget and Reporting Regulations requires from the Mayor to table an adjustments budget to a municipal council before 28 February of each financial year should the mid-year budget assessment report requires any adjustments to the original approved budget.

Based on the contents of this report it is recommended that the Mayor table an adjustments budget to Council by 28 February 2015. The administration is currently busy with an adjustments budget process and the adjustments budget documentation should be available by not later than 15 February 2015 to enable the Mayor and Executive Committee to consider the proposed adjustments budget at their meeting.



DATE: 22 January 2014

MORRIS MALULEKA

MUNICIPAL MANAGER

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PART 1 - IN - YEAR REPORT

1. MAYOR'S REPORT

Bela-Bela Local Municipality's budget is being implemented in accordance with the Service Delivery and Budget Implementation Plan as evident in the monthly Section 71 reports.

The municipality saw a need to develop a system which will assist the municipality to improve the result of the audit outcome for the previous financial year. The municipality has in a collective effort from all departments, developed a credible 2012/13 AG action plan which resolved all issues raised by the office of The Auditor General (AG) and that resulted in the Municipality acquiring an unqualified audit report during 2013/14 financial year.

It is crucial for the municipality to maintain and improve the audit status for the 2013/14 financial year. The municipality will continue to implement the AG action plan in the 2014/15 financial year.

The municipality's effort in driving strategic objectives that will have desirable services delivery is taken crucial by the council. Constant monitoring of the municipal performance on the capital projects have been carried out by the council.

Despite the constant monitoring, certain challenges were experienced by the municipality which have little impact on the overall progress of all capital project. Legal challenges on one of the 2014/15 budgeted capital projects (Moloto Street stadium) will require reconsideration of the project to avoid late completion of MIG funded projects.

The municipality believe it will be necessary to have an adjustment budget due to the following reasons:

- Corrections to the original budget. Anticipated revenue is projected to exceed the original estimates, particularly revenue from investment income. There is also operating expenditure that will be incurred and has not been fully budgeted for: and
- Capital budget needs to be amended. There are legal battles with regards to one of the budgeted capital projects that will require adjustment as indicated above.

2. RESOLUTIONS

The recommendations at the end of the report must be read and, if approved, implemented by the administration.

3. EXECUTIVE SUMMARY

The municipality have received an unqualified audit opinion with non compliance issued being raised by the Auditor General in the 2013/14 financial period. This outcome was as a result of collective effort in driving municipality performance agreement.

3.1 Introduction to Municipal Performance Management System (PMS)

A Service Delivery Budget Implementation Plan (SDBIP), and Departmental Service Delivery and Budget Implementation Plans for each of the departments of the municipality, in line with appropriate guidelines and legislation, are developed annually. Section 56 Employees are required to sign a Performance Agreement, as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to the Municipal Manager, in line with published regulations and/or amendments.

The municipal monitoring and evaluation system, which is one of two main sub-elements within the Performance Management System (the other one being the individual PMS), is directed in terms of the Organizational Performance Management System of the municipality and has the following features:

(1) The Municipality derives its inputs, outputs and outcomes indicators from the IDP.
(2) The required key performance indicators specified in the Municipal Planning and Performance Regulations (Regulation 10) are included in the municipal SDBIP to be measured as part of the quarterly measurement of municipal performance projected in the municipal SDBIP.

(3) The Municipality annually review its key performance indicators as part of the process of reviewing its IDP, PMS and SDBIPs, as required in Regulation 11 of the Municipal Planning and Performance Management Regulations.

(4) The Municipality attempts to structure its planning and organising systems and processes in such a manner that it is capable of complying with Regulation 12 of the Municipal Planning and Performance Management Regulations, 2001, as it relate to the setting of key performance targets. The Key Performance Targets of the Municipality will therefore be –

- practical and realistic;
- measure the efficiency, effectiveness, quality and impact of the performance of the municipality, administrative component, structure, body or person for whom a target has been set;
- commensurate with available resources;
- commensurate with the municipality's capacity; and
- consistent with the municipality's development priorities and objectives set out in its integrated development plan.

(5) A multi-year plan (Departmental Service Delivery and Budget Implementation Plan) is prepared for each of the Departments in the municipality. These Plans are requirements for the structured cascading down of the IDP to implementation levels in the municipality.

(6) A Municipal (to-layer) Service Delivery and Budget Implementation Plan (SDBIP) is then compiled to integrate the individual Departmental SDBIPs and guide the design and development of an organisational scorecard for the Municipality in respect of planned performance for a specific financial year.

(7) The Municipality align its budget with its Municipal (top-layer) Service Delivery and Budget Implementation Plan as part of the annual planning and budgeting processes as prescribed in the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003.

(8) The Municipality annually reviews its institutional performance scorecard. The scorecard reflects a balanced approach to measuring, reviewing and assessing organisational performance. In this regard the word balanced implies that the scorecard must reflect the Key Performance Areas and IDP Objectives of the Municipal IDP.

(9) Performance planning and monitoring in the municipality is done according to the format of the prescribed three Key Performance Areas, which are derived from IDP strategic objectives, which are:

- Promote the welfare of the community
- Improve financial viability
- Ensure effective and efficient public participation

Regulatory framework for an organisational PMS (monitoring and evaluation system)

Municipal Monitoring and Evaluation System	<ul style="list-style-type: none"> ○ Chapter 6 of the Municipal Systems Act, 2000 ○ Chapter 3 of the Municipal Planning and Performance Management Regulations, 2001
Performance Reporting	<ul style="list-style-type: none"> ○ Mid-year budget and performance report: Section 72 of the Municipal Finance Management Act, 2003 ○ Annual Performance Report: Section 46 of the Municipal Systems Act, 2000 ○ Annual Report: Sections 121-129 of the Municipal Finance Management Act, 2003 and MFMA Circular No. 11, dated 14 January 2005.

3.2 Key financial ratios

The Municipality's financial performance determined through key financial ratios calculated as follows:

(i) Debtors Collection Rate

The Ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in Debtors relative to monthly billed revenue.

The ratio is calculated as follows:

$$\text{Total payments} / \text{Billed Revenue} \times 100 \\ = 94\%$$

The collection rate is 3% above the norm i.e.: 94% and 9% above the budgeted collection rate, i.e.: 85%

Strict credit control measures have been implemented to increase the collection rate above the norms. The Municipality also made use of debt collectors to increase collection of old debt.

(ii) Operating Revenue Budget Implementation Indicator

This ratio measures the extent of Actual Operating Revenue received in relation to Budgeted Operating Revenue during the financial year, under review.

The ratio is calculated as follows:

$$\text{Actual Operating Revenue} / \text{Budgeted Operating Revenue} \times 100 \\ \text{R } 152\,170\,000 / \text{R } 301\,166\,000 = 51\%$$

The Municipality is earning revenue in accordance with the budgeted projections, the revenue levels may drop in the second half of the financial year as a result of dysfunctional licensing section.

(iii) Operating Expenditure Budget Implementation Indicator

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

The ratio is calculated as follows:

$$\text{Actual Operating Expenditure} / \text{Budgeted Operating Expenditure} \times 100 \\ \text{R } 189\,468\,000 / \text{R } 296\,979\,000 \times 100 = 64\%$$

The municipality has spent 64% of the operational budget so far which is above the budgeted projections by 14%, Slow down on expenditure should be implemented to avoid unauthorised expenditure.

(iv) Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services.

The ratio is calculated as follows:

Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100
R 5 982 327 / R 699 435 319 x 100 = 0.9%

The municipality spends less than minimum (8% required by the norms) percentage on repairs and maintenance of community infrastructure, this may result in disruptions in service delivery due to breakdowns, service delivery departments needs to accelerate planned maintenance to avoid hampering the municipal revenue generating potentials.

(v) Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)

The ratio measures the extent of Remuneration to Total Operating Expenditure.

The ratio is calculated as follows:

Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100
R 86 821 000 / R 287 880 000 x 100 = 30%

The Municipality has attained a ration within the norms (25% to 40%) which is a good indication of efficiency of the Municipal organizational structure.

(vi) Capital Expenditure to Total Expenditure

This Ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritisation of expenditure towards current operations versus future capacity in terms of Municipal Services.

The ratio is calculated as follows:

Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100
14 357 915/203 825 915 * 100 = 7%

The municipality's capital expenditure to total expenditure ratio is slightly lower than the norm (in terms of circular 71) of 10% and 20%. This is a reflection of lower spending by the municipality in infrastructure because of three capital projects that have been planned to commence construction in the third quarter.

(vii) Current Ratio

The Ratio is used to assess the Municipality's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).

The ratio is calculated as follows:

Current Assets / Current Liabilities

R70 259 693/ R64 833 583 = 1.08:1

The general norm is between 1.5 to 2 : 1, The Municipality achieved below the average ratio. Consideration should be made to reduce short term liabilities by settling creditors on time in order to improve the ration.

4. IN - YEAR - BUDGET STATEMENT TABLES

Bela-Bela local municipality present the in year budget statement tables bellow as prescribed by schedule C of the Municipality budget and reporting requirement. The tables depict our midyear performance assessment.

The full year forecast figures was derived by annualising the results of the actual first six month of 2014/15 financial year.

Table 1: C1 - s71 Monthly Budget Statement Summary

Description	2013/14	Budget Year 2014/15			
	Audited Outcome	Original Budget	Full Year Forecast	YTD variance	YTD variance %
R thousands					
Financial Performance					
Property rates	58,693	59,401	53,641	(5,760)	-10%
Service charges	122,168	145,753	123,485	(22,267)	-15%
Investment revenue	782	376	2,732	2,356	627%
Transfers recognised - operational	63,075	60,905	60,905	-	-
Other own revenue	30,064	34,731	45,036	10,306	30%
Total Revenue	274,782	301,166	285,800	(15,366)	-5%
Employee costs	79,207	91,494	83,012	8,482	9%
Remuneration of Councillors	1,015	5,956	3,809	2,147	36%
Depreciation & asset impairment	30,862	22,040	27,856	(5,816)	-26%
Finance charges	3,310	3,100	1,216	1,884	61%
Materials and bulk purchases	70,463	92,842	90,439	2,403	3%
Other expenditure	61,494	81,548	81,548	-	-
Total Expenditure	246,351	296,979	287,880	9,100	3%
Surplus/(Deficit)	28,431	4,186	(2,080)	(6,266)	-150%

4.1 High level operating revenue assessment

The high level budget assessment of operating revenue per category is set out in Table 1 above.

Total operating revenue projects a positive variance of R5 760 000, based on actual revenue patterns for the 1st six month of the 2014/15 financial year.

Notable material variances of 10% or more are:

(i) Property rates (R 5 760 or -10%)

- Property rates has a negative variance due to the implementation of lower property rates on supplementary roll objection results rolled out during October 2014.

(ii) Service charges (R22 267 or -15%)

- ESKOM load shedding resulted in lower electricity sales which contributed in below projected service charges income. Water and electricity theft has also contributed in lower service charges revenue

(iii) Investment income (R2 356 or 627%)

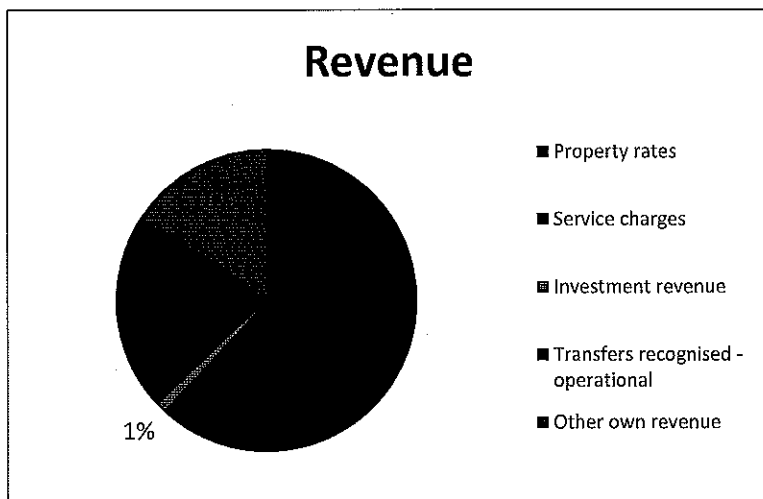
-The Municipality has accumulated above projected cash reserves which led to increase in investment income.

- Investment income will be adjusted during the adjustment budget in order to accommodate increased income.

(iii) Other revenue (10,306 or 33%)

- Other revenue income has increased due to the proceeds on sale of old assets that happened on the auction held in July 2014.

Figure 1: Revenue summary



- Service charges is the highest source of revenue for the Municipality followed by Operational grants, this clearly indicate that the Municipality does not entirely rely on transfers from the national government.

4.2 High level operating expenditure assessment

The high level budget assessment of operating expenditure per category is set out in Table 1 above. Total operating expenditure projects a positive variance of R9 100 000 or 3% based on actual expenditure patterns for the 1st six months of the 2014/2015 financial year.

Notable material variances of more than 10% are:

(i) Remuneration of councillors (R2 147 000 or 36%)

- The remuneration of councillors has a 36% variance mainly because of 2015/16 budgeted upper limits that are not yet implemented and vacancy in councillors positions during the first six month of the financial year.

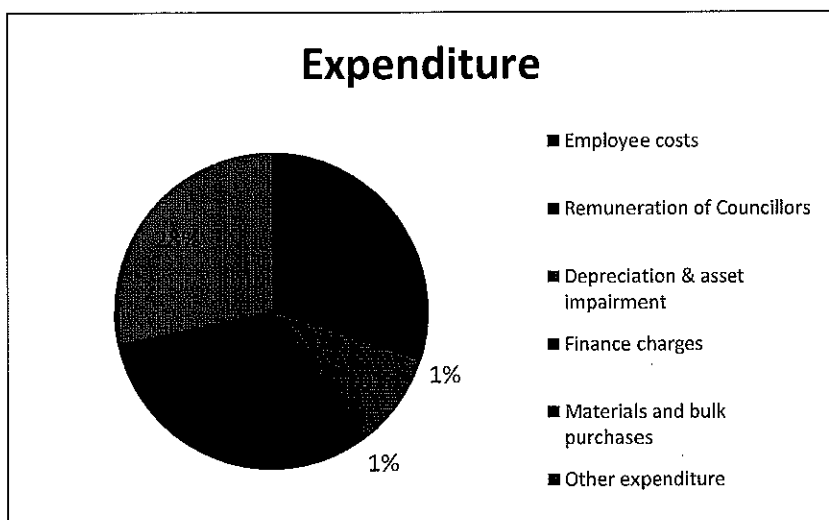
(ii) Depreciation and assets impairment (R5 816 000 or -26%)

- Depreciation depicts a negative variance due to the under budgeting of non-cash items which should be resolved through the adjustment budget.

(iii) Finance Charges (R1 884 000 or 61%)

- Finance charges depicts a positive variance as a result of finance lease charges that are only computed at financial year end.

Figure 1: Operating expenditure summary

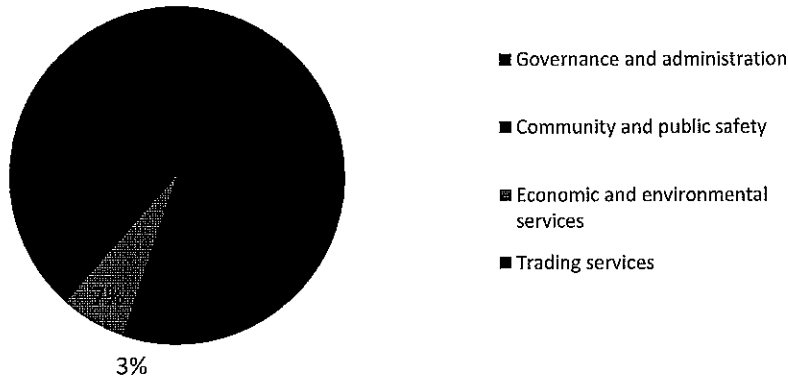


- The municipality spends most of its budget on Material and bulk purchases which is a direct cost for trading services.
- The second highest expenditure on the first six month is employee cost which constitute 31% of the total operating spending, the spending is still within the norm of between 25% and 40%.

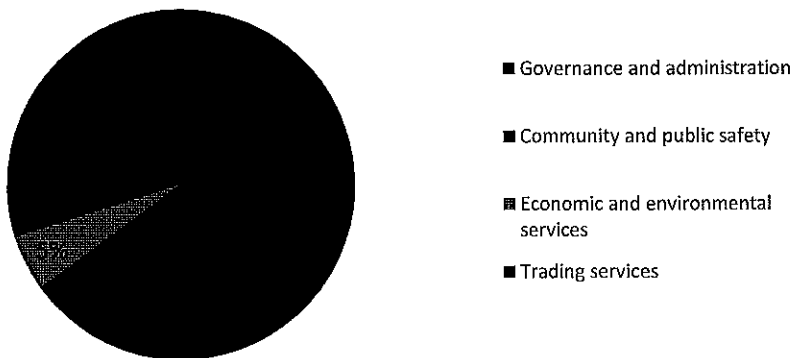
Table 2: C2 - Monthly Budget Statement - Financial Performance (Standard classification)

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Full Year Forecast	YTD variance	YTD variance %
R thousands	1					
Revenue - Standard						
Governance and administration		111,584	142,175	169,267	2,508	3%
Budget and treasury office		110,412	140,363	168,063	(27,700)	-34%
Corporate services		1,172	1,812	1,204	608	81%
Community and public safety		39,732	17,005	10,168	(4,008)	-44%
Community and social services		258	366	278	88	73%
Public safety		39,474	16,638	9,890	6,748	75%
Economic and environmental services		16,979	23,551	20,637	(7,748)	-43%
Planning and development		142	233	407	(174)	-176%
Road transport		16,837	23,318	20,230	3,088	17%
Trading services		122,323	146,641	124,498	22,143	32%
Electricity		85,581	108,318	87,243	21,075	41%
Water		29,169	31,789	28,996	2,794	19%
Waste management		7,573	6,534	8,260	(1,726)	-52%
Other	4	-	-	-	-	
Total Revenue - Standard	2	290,618	329,372	324,570	12,895	7%
Expenditure - Standard						
Governance and administration		139,323	126,640	221,195	3,318	3%
Executive and council		13,079	11,960	12,302	(342)	-3%
Budget and treasury office		96,417	69,811	157,000	(87,189)	-108%
Corporate services		29,827	44,869	51,892	(7,024)	-45%
Community and public safety		23,671	24,943	24,229	(161)	-1%
Community and social services		9,447	10,713	9,390	1,323	27%
Public safety		14,224	14,230	14,839	(609)	-8%
Economic and environmental services		15,362	20,417	19,447	(2,352)	-19%
Planning and development		5,180	8,234	4,813	3,421	63%
Road transport		10,182	12,183	14,634	(2,451)	-37%
Trading services		91,905	117,821	112,324	5,497	8%
Electricity		63,304	82,896	75,072	7,824	15%
Water		21,011	24,248	26,792	(2,544)	-20%
Waste management		7,590	10,676	10,460	216	5%
Total Expenditure - Standard	3	270,261	289,820	377,195	6,301	3%
Surplus/ (Deficit) for the year		20,357	39,552	(52,625)	6,594	-32%

Revenue by standard clasification



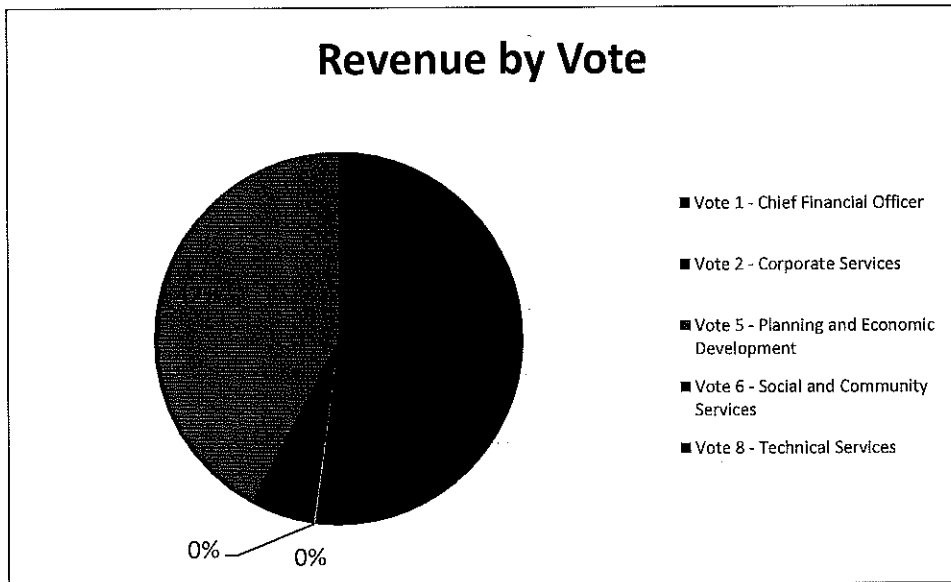
Expenditure by standard clasification



Financial performance by standard classification is dominated by Governance and administration (Covering 52% of the total municipality revenue) and followed by Trading Services (Covering 38% of the total municipality revenue).

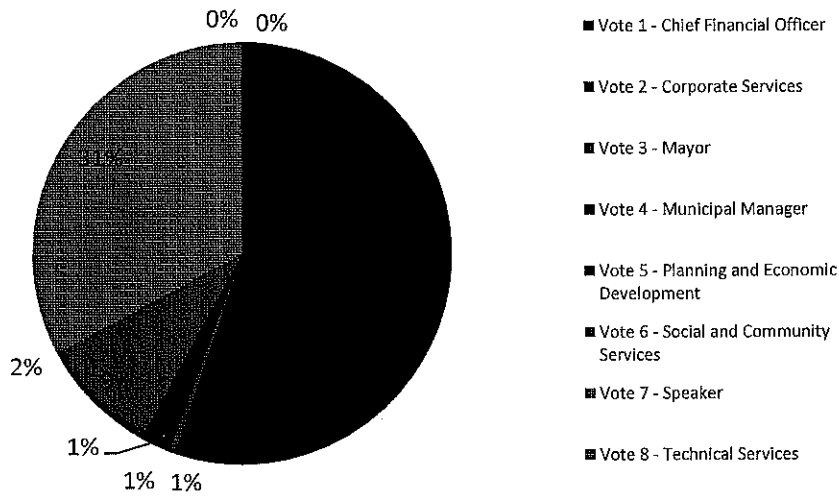
Table 3: C3 - Monthly Budget Statement - Financial Performance (Revenue and expenditure by municipality vote)

Vote Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Full Year Forecast	YTD variance	YTD variance %
R thousands						
Revenue by Vote	1					
Vote 1 - Chief Financial Officer		110,412	140,363	168,063	(27,700)	-19.7%
Vote 2 - Corporate Services		1,172	1,622	1,047	575	35.4%
Vote 5 - Planning and Economic Development		142	423	407	16	3.8%
Vote 6 - Social and Community Services		47,305	23,539	18,428	5,111	21.7%
Vote 8 - Technical Services		131,586	140,109	136,468	3,641	2.6%
Total Revenue by Vote	2	290,618	306,056	324,413	(18,357)	-14.4%
Expenditure by Vote	1					
Vote 1 - Chief Financial Officer		96,417	69,741	157,000	(87,259)	-125.1%
Vote 2 - Corporate Services		29,827	30,257	51,892	(21,635)	-71.5%
Vote 3 - Mayor		1,708	2,231	2,105	126	5.6%
Vote 4 - Municipal Manager		3,475	5,807	3,015	2,792	48.1%
Vote 5 - Planning and Economic Development		5,180	21,036	5,740	15,296	72.7%
Vote 6 - Social and Community Services		31,261	38,851	34,689	4,162	10.7%
Vote 7 - Speaker		7,896	9,729	7,181	2,548	26.2%
Vote 8 - Technical Services		94,497	117,756	116,498	1,257	1.1%
Vote 10 - Balance Sheet		(23,910)	-	-	-	
Total Expenditure by Vote	2	246,351	295,408	378,122	(82,714)	-47.9%
Surplus/ (Deficit) for the year	2	44,267	10,648	(53,709)	(43,061)	94.3%



The municipality revenue by vote is dominated by the office of chief financial officer with a coverage of 52% on the total revenue and followed by technical services of 42% on the total revenue.

Expenditure by vote

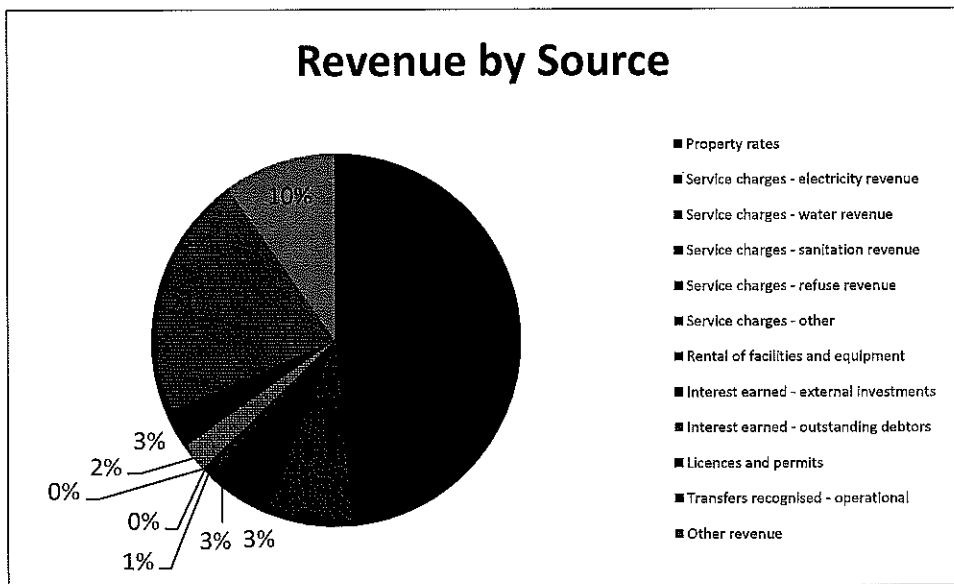


The expenditure by vote is dominated by the office of the chief financial officer with a coverage of 41% on total expenditure, followed by technical services which took 31% of total expenditure. The highest expenditure item in office of the Chief Financial officer is depreciation which is the non-cash item.

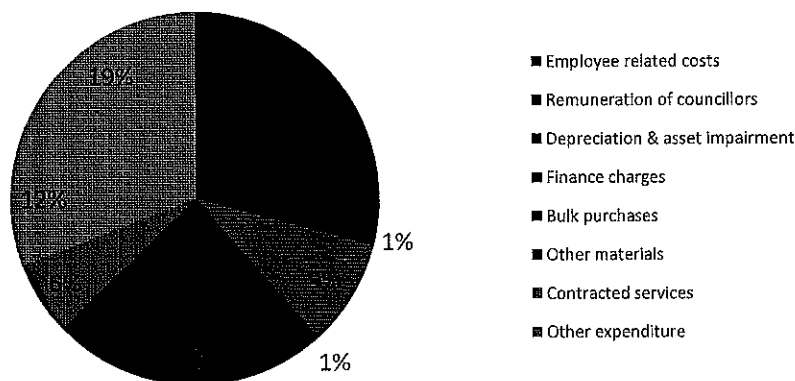
Table 4: C4 - Monthly Budget Statement - Financial Performance (Revenue and expenditure)

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Adjusted Budget	YTD variance	YTD variance %
R thousands						
Revenue By Source						
Property rates		58,693	59,401	53,641	5,760	10%
Service charges - electricity revenue		84,154	103,517	83,808	19,710	19%
Service charges - water revenue		20,854	24,433	21,884	2,549	10%
Service charges - sanitation revenue		8,223	7,310	8,099	(789)	-11%
Service charges - refuse revenue		7,531	6,490	8,212	(1,722)	-27%
Service charges - other		1,407	4,002	1,483	2,519	63%
Rental of facilities and equipment		998	1,616	1,065	551	34%
Interest earned - external investments		782	376	65	311	83%
Interest earned - outstanding debtors		3,891	10,333	6,814	3,519	34%
Licences and permits		9,123	10,000	9,293	707	7%
Transfers recognised - operational		63,075	60,905	82,113	(21,207)	-35%
Other revenue		28,700	12,781	27,865	(15,083)	-118%
Gains on disposal of PPE		(12,648)			-	

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Adjusted Budget	YTD variance	YTD variance %
R thousands						
Total Revenue (excluding capital transfers and contributions)		274,782	301,166	304,340	(3,175)	-1%
Expenditure By Type						
Employee related costs		79,207	91,494	83,012	8,482	9%
Remuneration of councillors		1,015	5,956	3,809	2,147	36%
Depreciation & asset impairment		30,862	22,040	27,856	(5,816)	-26%
Finance charges		3,310	3,100	1,216	1,884	61%
Bulk purchases		59,903	73,064	71,410	1,654	2%
Other materials		10,560	19,778	19,029	749	4%
Contracted services		24,064	24,924	34,989	(10,065)	-40%
Other expenditure		37,431	56,625	56,625	-	0%
Total Expenditure		246,351	296,979	297,945	16,060	9%
Surplus/(Deficit)		28,431	4,186	6,396	(2,209)	-53%



Expenditure by Source

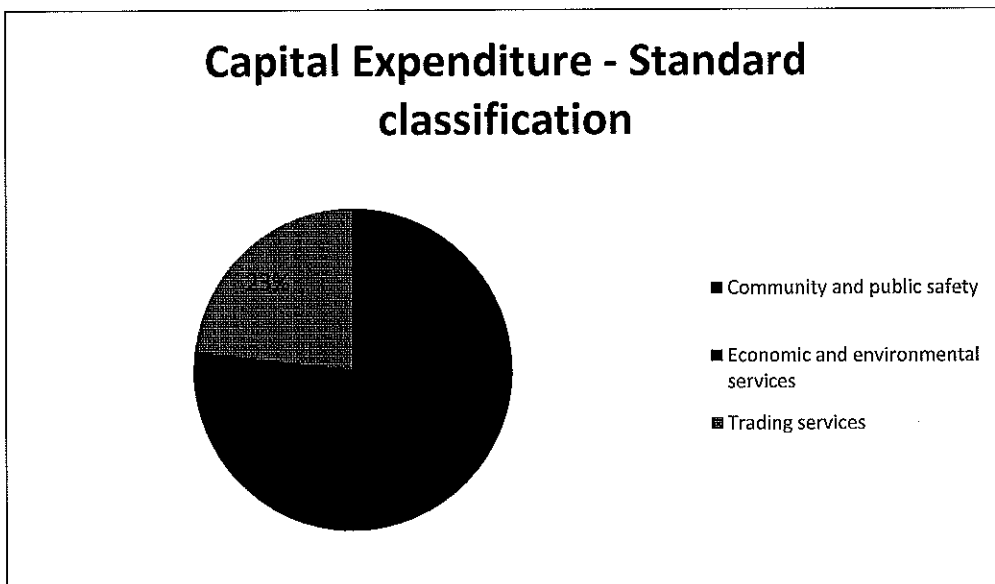


Revenue by source is dominated by services charge with a coverage of 30% above all other sources of revenue. Employee cost is sitting at 28% above all other expenditure by sources.

Table 5: C5 - Municipal Budget Statement - Capital Expenditure (Municipal vote, standard classification and funding)

Vote Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Full Year Forecast	YTD variance	YTD variance %
R thousands	1					
Multi-Year expenditure appropriation	2					
Vote 6 - Social and Community Services		–	9,858	13,339	(3,481)	-35%
Vote 8 - Technical Services		–	21,225	15,159	6,067	29%
Total Capital Multi-year expenditure	4,7	–	31,083	28,497	2,586	8%
Total Capital single-year expenditure	4	–	–	–	–	
Total Capital Expenditure		–	31,083	28,497	2,586	8%
Capital Expenditure - Standard Classification						
Community and public safety		–	9,858	13,339	(3,481)	-35%
Community and social services		–	5,000	13,339	(8,339)	-167%
Sport and recreation		–	4,858	–	4,858	100%
Economic and environmental services		–	17,200	8,563	8,637	50%
Road transport		–	17,200	8,563	8,637	50%
Trading services		–	4,025	6,595	(2,570)	-64%
Water		–	4,025	6,595	(2,570)	-64%
Total Capital Expenditure - Standard Classification	3	–	31,083	28,497	2,586	8%

Vote Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Full Year Forecast	YTD variance	YTD variance %
R thousands	1					
Funded by:						
National Government			21,083	28,497	(7,414)	-35%
Transfers recognised - capital		-	21,083	28,497	14,249	68%
Internally generated funds			10,000	-	10,000	100%
Total Capital Funding		-	31,083	28,497	14,249	46%



Capital expenditure by standard classification is dominated by economic and environment services with a coverage of at least 47% on total capital expenditure. Capital are a funded through MIG

Table 6: C6 - Monthly Budget Statement - financial Position

Description	Ref	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Full Year Forecast	Variance	Variance %
R thousands	1					
ASSETS						
Current assets						
Cash		30,653	19,638	77,338	(57,700)	-294%
Consumer debtors		30,776	42,582	42,037	545	1%
Other debtors		32,151	-	-	-	-
Current portion of long-term receivables		-	2,100	-	2,100	100%
Inventory		106	142	142	-	-0%
Total current assets		93,685	64,462	119,517	(55,055)	-85%
Non current assets						
Investments		-	10,000	10,000	-	0%
Investment property		175,141	-	175,141	(175,141)	0%
Property, plant and equipment		513,422	356,466	524,294	(167,828)	-47%
Intangible assets		2,130	1,985	2,130	(145)	-7%
Total non current assets		690,693	368,451	711,565	(343,114)	-93%
TOTAL ASSETS		784,377	432,914	831,083	(398,169)	-92%
LIABILITIES						
Current liabilities						
Borrowing		375	331	331	-	0%
Consumer deposits		5,523	-	5,437	(5,437)	0%
Trade and other payables		19,146	27,443	103,215	(75,772)	-276%
Provisions		13,085	-	15,579	(15,579)	0%
Total current liabilities		38,130	27,774	124,561	(96,787)	-348%
Non current liabilities						
Borrowing		10,767	10,806	14,764	(3,957)	-37%
Provisions		51,448	41,144	31,241	9,903	24%
Total non current liabilities		62,216	51,951	46,005	5,945	11%
TOTAL LIABILITIES		100,346	79,724	170,566	(90,842)	-114%
NET ASSETS	2	684,032	353,190	660,517	(307,327)	-87%
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		684,032	353,190	683,989	(330,799)	-94%
TOTAL COMMUNITY WEALTH/EQUITY	2	684,032	353,190	683,989	(330,799)	-94%

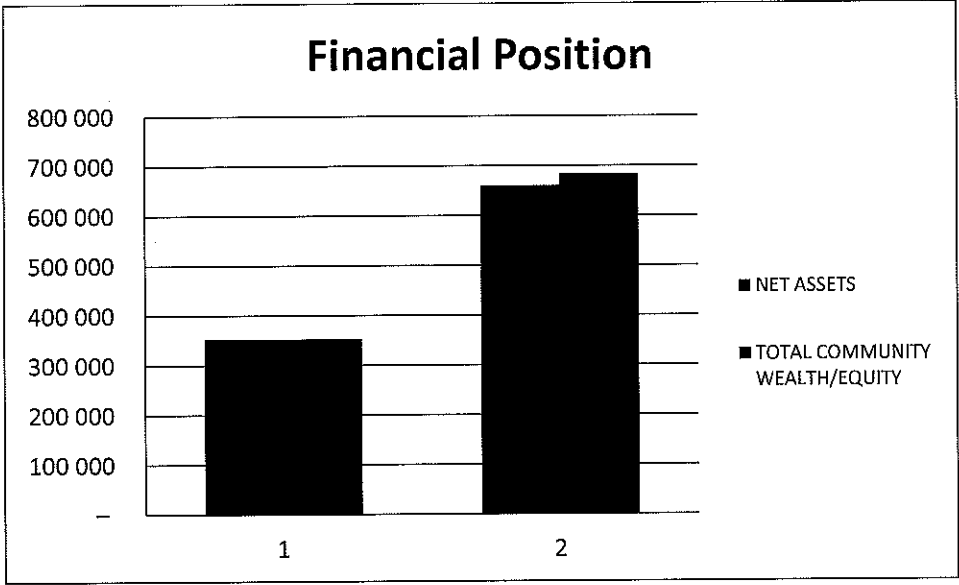


Table 7: C7 - Monthly Budget Statement - Cash flow

Description	Ref	2013/14	Budget Year 2014/15		
		Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands	1				
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other		212,675	235,565	210,661	235,565
Government - operating		63,075	60,905	41,056	60,905
Government - capital		15,836	22,193	10,115	22,193
Interest		4,674	10,709	3,439	10,709
Dividends		-	-	-	-
Payments					
Suppliers and employees		(193,149)	(271,839)	(263,167)	(271,839)
Finance charges		(3,310)	(3,100)	(201)	(3,100)
Transfers and Grants		-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		99,801	54,433	1,903	54,433
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE		(12,648)	-	3,333	3,333
Decrease (Increase) in non-current debtors		-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-
Payments					
Capital assets		(11,861)	(32,193)	(11,795)	(32,193)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24,510)	(32,193)	(11,795)	(28,860)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans		-	-	-	-
Borrowing long term/refinancing		-	-	-	-
Increase (decrease) in consumer deposits		0	-	(5,618)	(5,523)
Payments					
Repayment of borrowing		(6,127)	-	(14,484)	(22,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(6,127)	-	(20,102)	(27,523)
NET INCREASE/ (DECREASE) IN CASH HELD		69,165	22,240	(29,995)	5,574
Cash/cash equivalents at beginning:		30,808	-	30,653	30,653
Cash/cash equivalents at month/year end:		99,973	22,240	39,285	36,227

References

1. Material variances to be explained in Table SC1

PART 2 - SUPPORTING DOCUMENTATION

1. DEBTOR'S ANALYSIS

Section 78(1)(d) of the MFMA determines that each senior manager of a municipality and each official of a municipality exercising financial management responsibilities (cost centre managers) must take all reasonable steps within their respective areas of responsibility to ensure that all revenue due to the municipality is collected. It is therefore not only the responsibility of the Department: Budget and Treasury to ensure that all revenue gets billed and collected.

Tables 8 and 9 below depicts the debtors age analysis by revenue resource and customer group billed and collected in co-operation with the Department: Budget and Treasury. The overall collection rate for the first half of the 2014/2015 financial year is 94.14%.

Table 8: Debtors age analysis by Revenue Source for the first half of 2014/2015 financial year

TYPE OF SERVICE	201412 (Current)	201411 (30 Days)	201410 (60 Days)	201409 (90 Days)	201408 (120 Days)	201407 (150 Days)	201406 (180 Days)	201405- 201401 (210 Days to 1 Year)	201312+ (Over 1 Year)	Total
DEPOSITS	0	-2950	-5362	330	-1480	-1848	189239	-6619	-16711	154599
RECEIPTS	-607622	-535292	-460656	-319378	-784357	-268459	-37416	-757155	-3321856	-7092190
INTEREST	-108	653758	597731	574681	552235	545668	510292	3917885	14934663	22287806
AGREEMENTS	387044	210621	232305	148701	91188	78427	81441	228834	302577	1761137
SUSPENSE VOTE	0	0	0	0	0	0	0	0	-7656	-7656
FEES	7101	152021	87708	16664	485290	163799	1434	528613	632841	2073472
WATER	5057	1351377	828367	399974	299807	266110	272465	1061708	7554645	12039511
ELECTRICITY	2626	1781866	463752	186569	136696	-119001	118395	451189	1733594	4755684
KVA	0	620718	137081	40714	557	143	143	1694	48951	850001
BASIC ELECTRICITY	-945	460787	157420	92914	65349	61699	59154	230025	713068	1839471
RE-IMBURSEMENT	0	0	0	0	0	0	0	0	-449	-449
CASH POWER	7200	214822	0	20695	2470	0	2491	205577	305130	758386
RENTAL CHARGES	0	61816	43812	34058	28090	27440	25769	114648	17187	352819
SUNDRY SALE OF LAND	0	0	30000	36580	93516	36500	237793	264023	0	698413
LOANS	0	0	0	0	0	0	0	0	553	553
WRITTING OF DEBT (RATES)	-42306	-6608	-37662	-32737	-82088	-8267	-15566	0	0	-225233
HOUSING	0	0	0	0	0	0	0	0	-17414	-17414
RATES	32310	3512248	2147514	1734402	1768633	1446518	1339657	6813167	33898067	52692517
REFUSE	1777	404076	199289	136144	110579	97124	86601	296184	1946244	3278019
SEWERAGE	45	378969	201137	140798	116718	100536	89417	336670	1885134	3249425
MISCELLANEOUS VAT	0	0	0	0	0	0	0	0	425431	425431
MISCELLANEOUS NO VAT	0	0	0	0	0	0	0	0	2431044	2431044
VAT	14036	801311	353207	188319	148284	94079	125999	508889	2755291	4989415
WRITTING OFF DEBT	-440694	-142925	-54230	63731	-8605	-870595	-48711	0	0	-1502028
TOTAL	-634479	9916615	4921415	3463160	3023882	1649874	3038598	14193333	66220337	105 792 734

Table 9 : Debtors age analysis by Customer Group for the first half of 2014/2015 financial year

ACCOUNT_TYPE	201412 (Current)	201411 (30 Days)	201410 (60 Days)	201409 (90 Days)	201408 (120 Days)	201407 (150 Days)	201406 (180 Days)	201405- 201401 (210 Days to 1 Year)	201312+ (Over 1 Year)	Total
None	-9239	285752	79259	63903	66018	54634	106583	231038	512006	1389953
Non Profit Comp	535	6127	10526	6298	25109	11023	5269	81288	1718653	1864829
BUSINESS	0	8818	5378	4845	911	2192	2327	17039	131792	173302
RURAL DEVELOPM	-60730	4053567	1290053	800419	808405	535547	605317	3365192	17570558	28968330
EDUCATION	0	82669	82669	82669	82669	82743	82669	474866	2838027	3808981
FARMS	311978	125349	92133	35252	40889	26044	37318	185331	1104026	1958319
Government	-45229	1115347	894310	824950	793909	781088	652941	3858232	14642452	23518001
HOUSING	-73472	72119	19802	17557	18718	15011	15655	163271	415472	664133
Church	0	-4544	2620	2401	3035	2453	2636	20008	160721	189329
Municipality	-6735	97316	26138	20433	25904	16911	33486	104010	306566	624027
P/WORKS PROVINC	-85291	-128942	28572	-4075	-538753	-9787	-15434	32212	-1669343	-2390841
RESIDENTIAL	0	93458	93543	93458	95837	93731	87900	190081	444832	1192839
DEPT OF HEALTH	-655374	3756232	2203549	1499725	1589060	32747	1417370	5460206	28042667	43346182
P/WORKS NATIONALA	0	251475	13020	10223	6270	1448	0	0	0	282436
DEPT OF ROADS	0	92263	79842	5102	5902	4087	4562	10560	1909	204227
SASSA	-10922	0	0	0	0	0	0	0	0	-10922
TOTAL	-634479	9916615	4921415	3463160	3023882	1649874	3038598	14193333	66220337	105792734

Table above depicts the outstanding debtors as at 31 December 2014. Total outstanding debtors amounted to R 105 792 734 and after a bad debt written off of R35 523 378.37.

Table 10: Bad debts written off on the first half of the year 2014/15

Services	27 541 540.27
Rates and Interest	7 981 838.10
Grand Total	35 523 378.37

1.1 Debtors incentive scheme

Council took a resolution (MC29.05.2014) which approved the “50/50 incentive scheme” for the period 01 July 2014 to 31 December 2014. The scheme allows debtors who are owing the municipality for services with accounts that are 60 or more days due to apply for 50% write off provided that they pay the other 50% in full during the period of the incentive scheme.

In the beginning of the financial year the Municipality had a huge debtors book to the value of R132 713 656, major part of the debtors book was old debt for customers who have been struggling to settle their municipal accounts.

The incentive scheme was implemented from 01 July – 31 December 2014.

Benefits of the scheme

- Reduction of the municipal debt book and ease the burden of the municipality to provide for bad debts, as the incentive had 9.4% reduction of the debt book.
- Improvement of the cash flow of Bela Bela Local Municipality.
- Encouragement and ease the burden for ratepayers to settle their municipal accounts.
- Update the municipal financial with the correct information.

Challenges

- The Incentive scheme promotions / advertisements did not reach all the intended customers
- Inadequate communication with the community
- Challenges with the farm areas where most of the owners resides outside Bela-Bela.
- Non participation by residence from Masakhane and Pienaarsrivier where a culture of non-payment exists

Table 10A below reflects how the municipality has performed in terms of the incentive scheme. The Municipality managed to collect **R11 370 377.98** and has written-off **R11 370 377.98** which contributed to a reduction in the debtors book by an amount of **R22 740 755.96**.

It was observed that higher number of customers made use of the incentive scheme towards the end of the end of the scheme period.

Table 10A of 50/50 Scheme per month				
Month	Indigents	Incentive	Total Write-off	Debtors Book
July	R 18 331 523.86	R 530 305.89	R 18 861 829.75	R 117 401 130.19
August	R 628 601.59	R 5 506 364.59	R 6 134 966.18	R 110 372 795.48
September	R 444 157.39	R 438 765.96	R 882 923.35	R 108 566 683.85
October	R 1 963 299.85	R 1 647 139.44	R 3 610 439.29	R 107 884 951.99
November	R 478 999.45	R 1 510 656.50	R 1 989 655.95	R 107 928 490.27
December	R 2 306 418.25	R 1 737 145.60	R 4 043 563.85	R 105 792 733.91
TOTAL	R 24 153 000.39	R 11 370 377.98	R 35 523 378.37	-

There are plans to extend the incentive scheme up to 30 April 2015. Credit control section will advertise the scheme in all the areas including farms and also continue with the project of getting contacts of the farm owners to get them to settle their accounts through the incentive scheme. Intensive workshops will also be done in Masakhane and Pienaarsrivier townships and all the other wards during the IDP/Budget participation process in Jan 2015 with the aim to encourage them to pay their monthly bills and also to settle their current debts through the incentive scheme.

2. CREDITORS' ANALYSIS

TABLE 11: CREDITORS AGE ANALYSIS

Creditors Name	Current	30days	60days	90days	120days
BEST ENOUGH	161,364				
JOBWEEK PTY LTD	198,880				
JOYFUL ATT EMT CONSTRUCTION AN	29,152				
KUBROS CIVIL AND CONSTRUCTION	177,144				
LESAPHO CONSTRUCTION AND SUPPL	130,747				
MACHAUKE MULTI SERVICES PROVID	104,650				
NKUMBA INVESTMENTS	198,965				
NTK LIMPOPO AGRIC BPK			348		
NYAKASANGA TRADING		4,646	7,239		
SEKE TRADING AND PROJECTS	180,800				
TAMBO BUSINESS ENTERPRISES	179,447				
TEBMO TRADING	98,124				
VALLY DE SOUZA ELECTRCAL	3,324				
WARMBAD GRASSNYERDIENSTE	37,685				
WATERFRONT SIGNS	106,650				
Totals	1,606,932	4,646	7,587	-	-

The municipality do ensure all creditors are paid within 30 days as required by Section 65 (2)(e) of the Municipal Financial Management Act.

In the first quartet of the 2014/15 Financial Year the Municipality have no material amounts owing to creditors which are over 30 days.

The total amount of R1 606 932 was within the 30 days period and the municipality will ensure the amount is paid within the required time frame.

3. INVESTMENT AND LOAN PORTFOLIO ANALYSIS

TABLE 12: INVESTMENTS

Bank	NAME OF ACCOUNT	TYPE ACCOUNT	Dec-14
ABSA	Capital Reserve fund	Depositor Plus	R 12,278,847.61
ABSA	MIG Funds	Depositor Plus	R 3,021,436.36
ABSA	Savings Account	Depositor Plus	R 8,848,981.07
ABSA	Special Projects	Fixed deposit	R 3,000,000
NEDBANK	Investment	Fixed deposit	R 10,253,424.66
FNB		Call account	R 258,198.71
TOTAL			R 37,660,888.41

The total available cash on investments as at 31 December 2015 is R37 660 888.41 with the interest received of R1 366 027.00, which indicates that the municipality have received adequate interest for six months when measured with annual budget on interest received on fixed investments of R850 000.00 (Annually).

The balance on the primary bank account as at 31 December 2014 was favourable balance of R1 625 767.4 with a cashbook balance of R-275 788.59

Table 13: External Loan

Date	Capital	Repayment	Balance
30-Sep-14			13,115,500.38
31-Oct-14	1,092,958.37	1,092,958.37	12,022,542.01
30-Nov-14	1,092,958.37	1,092,958.37	10,929,583.64
31-Dec-14	1,092,958.37	1,092,958.37	9,836,625.27
31-Jan-15	1,092,958.37	1,092,958.37	8,743,666.90
28-Feb-15	1,092,958.37	1,092,958.37	7,650,708.53
31-Mar-15	1,092,958.37	1,092,958.37	6,557,750.16
30-Apr-15	1,092,958.37	1,092,958.37	5,464,791.79
31-May-15	1,092,958.37	1,092,958.37	4,371,833.42
30-Jun-15	1,092,958.37	1,092,958.37	3,278,875.05
31-Jul-15	1,092,958.37	1,092,958.37	2,185,916.68
31-Aug-15	1,092,958.37	1,092,958.37	1,092,958.31
30-Sep-15	1,092,958.37	1,092,958.37	(0.06)

The municipality has only one long term external loan, taken from INCA. The loan was taken to erect new municipal offices in the past financial years. Previously, the loan was reimbursed at monthly instalments of R132 032.31 by means of a debit order.

Bela-Bela council took a resolution on the 20/08/2014 to restructure the loan to be repaid within 12 months.

Due to restructuring which was effective from 30 September 2014, the following saving was archived. Initial the contract of the loan was due to expire on 30 June 2027. However due to restructuring, the loan is expected to expire on the 30th September 2015.

Number of payment outstanding	Installment	Total payment to be paid	New total payment based on new structure	Saving
153	132,032.31	20,200,943.43	13,115,500.38	7,085,443.05

The outstanding balance as at 31 December 2014, was sitting at R9 836 625.29

4. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Table 14: Grants

Details	Budgeted Amount	Grant Received Jul-Dec 2014	Expenditure Jul-Dec 2014	Balance
FMG	1,600,000	1,600,000	1,600,000	-
MSIG	934,000	934,000	934,000	-
DWAF	1,000,000	1,000,000	504,605	495,395
EPWP	1,123,000	786,000	667,560	118,440
MIG	22,193,000	16,369,000	10,997,863	5,371,137

FMG grant was utilised to fund the internship programme under budget and treasury which for period of 2 years. The contract ended 31 October 2014 and all intern have been absorbed internally.

MSIG grant have been utilised according to activity plan (training of ward committee, hosting of strategic planning session, development and implementation of budget related buy-laws)

5. EMPLOYEES AND AUDIT COMMITTEE MEMBERS BENEFITS

Table 15: Councillors allowance as at 31 December 2014

DESCRIPTION	BUDGETED	SPENT	VARIENCE
Travelling Allowance	7 685	454 980	-447 295
Cellphone Allowance	29 220	3 280	25 940
Medical Aid	0	104 445	-104 445
Pension Fund	260 164	277 314	-17 150
Councillor's Allowances	5 955 742	1 906 451	4 049 291
Council Contributions	67 783	0	67 783
Total	6 320 595	2 746 470	3 574 125

For the first 6 month of 2014/15 the amount spent on the councillor is sitting at R2 746 470.00 which is under the budget of R6 320 595 by R3 574 125 or 56%

Table 16: Audit committee allowance as at 31 December 2014

Description	Amount
Mphahlele Malos	1240
KTE Seletela	8318
Ngobeni SAB	10878
Mashego MA	15686
Total	36 122

Table 17: Employee Benefit

Row Labels	Sum of Budget	Full Year Forecast
13th Cheque Payout	8,759,248	3,744,681
Acting Allowance	526,401	1,840,667
Basic Salary	59,102,959	49,367,431
Cellphone Allowance	231,549	427,657
Cont Members Medical Contribution	-	1,013,230
Council Contributions	415,631	-
Housing Allowance	86,582	187,920
Leave Payout	50,782	584,080
Long Service Recognition	69,700	123,369
Medical Aid	2,979,875	3,562,633
Medical Board	10,000	-
Medical Refund	-	3,175
Overtime	2,886,507	4,785,063

Row Labels	Sum of Budget	Full Year Forecast
Pension Fund	11,281,327	9,749,844
Performance Bonus	109,862	-
Shift Allowance	-	69,200
Skills Development Levy	423,635	618,531
Travelling Allowance	2,607,266	3,317,092
Unemployment Insurance Fund	399,776	461,901
Workmen Compensation	870,000	177,384
Grand Total	90,811,100	80,033,858

Summary	
Original Budget	90,811,100
Full Year Forecast	80,033,858
Variances	10,777,242
Variances (%)	12%

The original budget for the full year was sitting at R90 811 1000 and after annualising the actual spent for the first 6 month of the 2014/15 financial year, the full year forecast came to R80 033 858, which is less than the original budget by R10 777 242 or 12%.

The variance of 12% is as a result of current vacant positions. The municipality has commenced with a recruitment process to fill all vacant positions.

6. MATERIAL VARIANCES TO THE SDBIP

For the variances on Service Delivery and Budget Implementation Plan please refer to organisational mid-year performance assessment report.

7. CAPITAL PROGRAMME PERFORMANCE

The Municipality has showed in 2013/2014 financial year that it can implement its capital projects that were budgeted for and it is envisaged that this should be the case in the current financial year.

It is also clear that the Municipality cannot carry on borrowing external funds because it will affect their financial sustainability. Furthermore there is a need from political leadership to reallocate funding sources in terms of a capital project prioritisation model that will ensure that funding sources for capital projects shift to economic infrastructure to enhance economic development in the Municipality's jurisdictional area.

Table 18: High level capital budget per directorate

Ward No Area / Village	Project Name (incl sub-place) Must be the same as in the MIG 1	Directorate	Total Project Cost	Total Actual Expenditure on Previous Allocations	Budgeted MIG Funds (2014/15)	Total Actual Expenditure (2014/15)	Actual Spending % Of current budget 1st Six month
7	Bela Bela: Multi-Purpose centre X6	Social & Comm Services	R 14,000,000.00	R 0.00	R 5,000,000.00	R 6,669,467.04	133%
4	Bela Bela: Bulk Water Services X9	Technical Services	R 9,502,000.00	R 1,401,762.00	R 4,025,172.00	R 3,297,660.64	82%
2	Bela Bela Sport stadium - Moloto street	Social & Comm Services	R 14,000,000.00	R 152,076.00	R 3,754,750.00	R 0.00	0%
5	Bela Bela: Upgrade sport facilities stand 752	Social & Comm Services	R 2,903,000.00	R 0.00	R 1,103,428.00	R 0.00	0%
7	Bela Bela: Storm water - Limpopo street	Technical Services	R 11,300,000.00	R 0.00	R 3,700,000.00	R 0.00	0%
2,4	Bela Bela: Road paving - Ext 2,7 and 8	Technical Services	R 7,800,000.00	R 0.00	R 3,500,000.00	R 4,281,617.69	122%
	Bela-Bela: Road Tarring	Technical Services			R10,000,000.00	R109,169.77	1%
TOTAL					R31,083,350.00	R 14,357,915.14	46%

Capital expenditure actually spent during the first six months of the financial year amounts to R 14 711 104.72 or 46% of the current year budget totals. Based on current spending patterns as well as tenders already awarded, the projected capital expenditure for the 2014/2015 financial year are anticipated to be R 31 083 350.00.

Moloto street

- Non spending on the project on the first six month of the financial year is due to unresolved legal disputes.
- Consideration will be made during adjustment budget process to move funds to other progressing projects to avoid forfeiting MIG funds.

Upgrading of Bela-Bela high sports facilities

- The project has been planned to commence during the third quarter of the 2014/15 financial year.

Storm water - Limpopo street

- The project has been planned to commence during the third quarter of the 2014/15 financial year.

Bela-Bela: Road Tarring

- The tender was advertised during July 2014 and all respondents bided above the budgeted amount, therefore consideration has been made to re-advertise the tender with the adjusted specifications and budget.

Table 19 below depicts the same information as in Table 18 above but only progress as per funding source.

Notable is that R 21 083 350.00 will be financed through MIG grant funding and R10 000 000 project will be financed through own source.

Table 19: Capital Budget Spending per Funding Source

Nard No Area / Village	Project Name (incl sub-place) Must be the same as in the MIG 1	Source of Funding	Total Project Cost	Total Actual Expenditure on Previous Allocations	Budgeted MIG Funds (2014/15)	Total Actual Expenditure (2014/15)	Actual Spending % Of current budget 1st Six month
7	Bela Bela: Multi-Purpose centre X6	MIG	R 14,000,000.00	R 0.00	R 5,000,000.00	R 6,669,467.04	133%
4	Bela Bela: Bulk Water Services X9	MIG	R 9,502,000.00	R 1,401,762.00	R 4,025,172.00	R 3,297,660.64	82%
2	Bela Bela Sport stadium - Moloto street	MIG	R 14,000,000.00	R 152,076.00	R 3,754,750.00	R 0.00	0%
5	Bela Bela: Upgrade sport facilities stand 752	MIG	R 2,903,000.00	R 0.00	R 1,103,428.00	R 0.00	0%
7	Bela Bela: Storm water - Limpopo street	MIG	R 11,300,000.00	R 0.00	R 3,700,000.00	R 0.00	0%
2,4	Bela Bela: Road paving - Ext 2,7 and 8	MIG	R 7,800,000.00	R 0.00	R 3,500,000.00	R 4,281,617.69	122%
	Bela-Bela: Road Tarring	Own Source			R10,000,000.00	R109,169.77	1%
TOTAL					R31,083,350.00	R 14,357,915.14	46%

Mid-Year Budget Assessment Report for 2014/15

Table 20: High level Capital budget per Infrastructure Type

Table 20 depicts the distribution patterns of the type of infrastructure as a percentage of total capital expenditure.

Ward No /Area / Village	Project Name (incl sub-place) Must be the same as in the MIG 1	Infrastructure Type	Total Project Cost	% of Spending on Infrastructure type	Budgeted MIG Funds (2014/15)	Total Actual Expenditure (2014/15)	Actual Spending % Of current budget 1st Six month
7	Bela Bela: Multi-Purpose centre X6	Community Facility	R 14,000,000.00	8%	R 5,000,000.00	R 6,669,467.04	133%
4	Bela Bela: Bulk Water Services X9	Community Facility	R 9,502,000.00	19%	R 4,025,172.00	R 3,297,660.64	82%
2	Bela Bela Sport stadium - Moito street	Community Facility	R 14,000,000.00	28%	R 3,754,750.00	R 0.00	0%
5	Bela Bela: Upgrade sport facilities stand 752	Community Facility	R 2,903,000.00	6%	R 1,103,428.00	R 0.00	0%
7	Bela Bela: Storm water - Limpopo street	Road & Storm water	R 11,300,000.00	23%	R 3,700,000.00	R 0.00	0%
2,4	Bela Bela: Road paving - Ext 2,7 and 8	Road & Storm water	R 7,800,000.00	16%	R 3,500,000.00	R 4,281,617.69	122%
	Bela-Bela: Road Tarring	Road & Storm water			R10,000,000.00	R109,169.77	1%
TOTAL			49,505,000.00	100%	R31,083,350.00	R 14,357,915.14	46%

Community facilities represent 61% for 2014/2015, financial year of total capital expenditure in line with the guideline determined by political leadership for the 2013/2014 and 2014/2015 financial years.

Roads and Storm-Water represents 39% for 2014/2015, financial year of total capital expenditure in line with the guideline determined by political leadership for the 2013/2014 and 2014/2015 financial years.

Mid-Year Budget Assessment Report for 2014/15

8. 2013/14 AUDIT REPORT

- The Auditor General South Africa – The municipality has been subjected to statutory audit from the beginning of August 2014 to the end of November 2014, The Office of the Auditor General is responsible for all the statutory audit function of the Municipality. The Municipality has managed to achieve the unqualified audit opinion.
- Even though the Municipality managed to obtain an unqualified audit opinion, office of the auditor general has raised minor findings that are not material and will be addressed and monitored through the Action Plan (Attached as annexure A)

9. KEY CHALLENGES

The Municipality faces some challenges that it must overcome. They are;

- (i) Reduction of the Municipal debtors book to boost the Municipality's cash flow.
- (ii) Reduction of expenditure in order to build up the cash backed reserves.
- (iii) Building up capacity in Supply Chain Unit through training in order to beef up compliance.
- (iv) Ensure that the Municipality remains a going concern, that it remains financial viable and that it does not become over-borrowed;
- (vii) Address the issues in the Audit Outcome Improvement Plan to ensure a "clean" audit for 2014/2015 and onwards; and
- (viii) Compile an adjustments budget for 2014/2015 and a medium term budget for 2015/2016 to 2017/2018

10. WHY ADJUSTMENT BUDGET IS NECESSARY

An adjustment budget is necessary because:

- (i) Corrections to the original budget. Anticipated revenue is projected to exceed the original estimates, particularly revenue from investment income. There is also operating expenditure that will be incurred and has not been budgeted for: and
- (ii) Capital budget needs to be amended. There are legal challenges with regards to one of the budgeted capital project that will require adjustment as indicated in section 7 above.

Mid-Year Budget Assessment Report for 2014/15

11. RECOMMENDATIONS

It recommended-

- (i) That the Mayor, the Executive Committee as well as Council take note of the Section 72 Mid-Year Budget and Assessment Report.
- (ii) That the Municipal Manager and Management compile an adjustments budget for 2014/2015 based on the findings within this report.
- (iii) That the 2014/2015 adjustments budget be tabled to the Mayor and Executive Committee and Council during the month of February 2015 to be approved by Council by not later than 28 February 2015.

12. ANNEXURES

Annexure A: 2013/2014 Audit Action Plan

13. TABLES

Table 1: C1 - s71 Monthly Budget Statement Summary

Table 2: C2 - Monthly Budget Statement - Financial Performance (Standard classification)

Table 3: C3 - Monthly Budget Statement - Financial Performance (Revenue and expenditure by municipality vote)

Table 4: C4 - Monthly Budget Statement - Financial Performance (Revenue and expenditure)

Table 5: C5 - Municipal Budget Statement - Capital Expenditure (Municipal vote, standard classification and funding)

Table 6: C6 - Monthly Budget Statement - financial Position

Table 7: C7 - Monthly Budget Statement - Cash flow

Table 8: Debtors age analysis by Revenue Source for the first half of 2014/2015 financial year

Table 9 : Debtors age analysis by Customer Group for the first half of 2014/2015 financial year 2014/15

Table 10: Bad debts written off

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Table 10A: 50/50 Incentive scheme summary

Table 11: Creditors age analysis

Table 12: Investments

Table 13: External Loan

Table 14: Grants

Table 15: Councillors allowance as at 31 December 2014

Table 16: Audit committee allowance as at 31 December 2014

Table 18: High level capital budget per directorate

Table 19: Capital Budget Spending per Funding Source

Table 20: High level Capital budget per Infrastructure Type

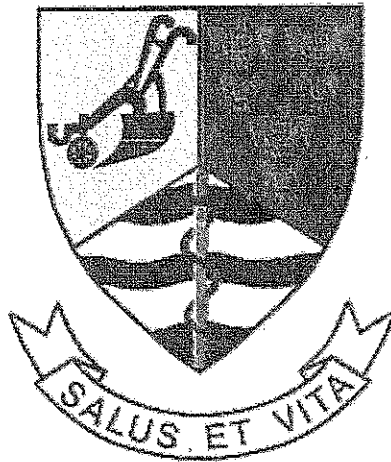
14. MUNICIPALITY MANAGERS'S QUALITY CERTIFICATE

I **Morris Maluleka**, the municipal manager of Bela-Bela Local Municipality hereby certify that the mid-year budget and performance assessment for the period ending 31 December 2014 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Signature PP1 [Signature]

Date: 22-01-15

BELA – BELA LOCAL MUNICIPALITY



**MID YEAR PERFORMANCE ASSESSMENT
2014/2015**

FOR THE PERIOD

1 JULY 2014 TO 31 DECEMBER 2014

January 2015

**BELA BELA LOCAL MUNICIPALITY
CERTIFICATION**

QUALITY CERTIFICATION

I, Mr MM Maluleka, the acting municipal manager of Bela-Bela Local Municipality, hereby confirm that –
(Mark as appropriate)

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state affairs of the municipality
- Mid-year budget and performance assessment

For the period 1 July 2014 to 31 December 2015 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name *M. M. Maluleka*

Signature *M. M. Maluleka*

Date *19/01/2015*

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1. Introductions

It is important for the Municipality, that the Council and Management should have access to the appropriate information for considering and making timeous interventions to uphold or improve the capacity of its delivery systems. The performance of any *municipality as a service delivery mechanism* is fundamentally determined by factors enabling it to perform its Constitutional and statutory mandates. Hence it is important that these causal and contributory factors for performance excellence at the Municipality be measured to determine performance gaps timeously with the objective to respond with appropriate remedial interventions.

At a strategic level the five-year IDP of the Municipality, which is reviewed annually forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives, and ultimately its developmental Vision.

This report therefore, serves as the Mid-Year Performance Report Overview for the Financial Year 2014/15 ending December 2014. It provides feedback on the performance level achieved to date against the targets as pre-determined in the 2014/15 IDP and 2014/15 SDBIP respectively.

2. Background

The 2014/15 Mid-Term Performance for Bela-Bela Local Municipality will be discussed under these broad headings:

PART I: MID-YEAR FINANCIAL MANAGEMENT REVIEW

This will be presented as a separate item.

- Operating income
- Operating expenditure
- Council and staff benefits
- Capital expenditure
- Cash and investment balances
- Top ten Creditors
- Age Analysis

PART II: MID-TERM PERFORMANCE REVIEW

- Mid-Year Performance Assessment

1.1 In terms of Section 72. (1) of the Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), 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.

1.2 In terms of section 72(3), the accounting officer must, as part of the review –

(a) Make recommendations as to whether an adjustment budget is necessary; and

(b) Recommend revised projections for revenue and expenditure to the extent this may be necessary.

1.3 Thereafter, the mayor must, in terms of Section 54. (1)-

(a) Consider the 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) Submit the report to the council by 31 January of each year.

3. Executive Summary

Bela-Bela Municipal Council and its administrative units remained resolute in its conviction of addressing the ravages of poverty, disease, in needy and unemployment and therefore move towards the ultimate goal of creating a better life for all its residents. Six months have passed since the beginning of the 2013/2014 financial year and this municipality has managed to deliver services and implement its programme in terms of the council approved budget, IDP and other concerted and sustained programme of action as approved by Council, even though Bela-Bela has still having challenges to address. This detailed midyear budget and performance report on Bela-Bela Municipality is intended to reflect on the realities confronting the municipality, the strategies and plans that have been developed, the extent of implementation of these plans and the difficulties encountered as well as achievements attained. Based on these reflections, a conclusion is reached that regardless of the challenges that confront us, through collective efforts, we remain convinced that we are firmly set on course to delivering on the targets that we have set ourselves.

3.1. Issues emanating from the 2013/2014 financial year's Annual Report

As required by section 45 of the Municipal Systems Act, 32 of 2000, and Section 21 of the Municipal Finance Management Act, 56 of 2003, yearly, Bela-Bela Municipality prepares its annual Report. This report reflects on the achievements of the municipality for a given financial year .In line with this

requirement, during the 2013/14 financials, and annual report for the municipality was prepared. The report, in a detailed and objective way demonstrates the performance of Bela Bela municipality both in financial and non-financial terms. This report indeed serves to strengthen the commitment to public accountability and transparency in the affairs of the municipality. Furthermore, in compliance with the requirements of Section 45 of the MSA, the performance measures of the institution were audited by the Auditor General and pronouncements have been made. Following hereunder are the outcomes of the audit performed by the auditor General as well as the interventions put in place so as to respond to the issues raised.

3.2 Auditor General's Findings

During 2013/14 financial year audit, the Municipality received an unqualified audit opinion with some matters of emphasis. Consequently, an Audit Action Plan has been developed to address those matters of emphasis as the Municipality works towards a Clean Audit Outcome in the next Audit season..

3.3 Adjustments to Budget and Service Delivery Targets and Indicators

As at the beginning of the year, Bela-Bela Municipal Council and administration started operating in terms of the approved Integrated Development Plan(IDP),Budget and Service Delivery and Budget Implementation Plan(SDBIP) for the 20142015 Financial year. All these documents were based on the assessment of the needs of the communities and the financial position of the municipality during the preparatory phase. However, there were various issues that needed immediate action and these put pressure on the financial resources at the disposal of the municipality. Consequently, the municipality found itself under a problem where some of the votes has no more funds available meaning, indicators and targets which were planned cannot be achieved. Targets, indicators, programmes and projects are reassessed in terms of the available budget and adjustments therefore be made.

3.4. Monitoring Performance

Monitoring of performance takes place as follows:

- A manual mail is send via the web based system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets by the 3rd week of every month for the previous month's performance.
- Monthly performance reports are submitted to the Municipal Manager and sub-committees.

- The first quarterly performance report was submitted to Council on the 3rd of November 2013 and the second quarter report will be submitted on the 30th of January 2014.
- Internal Audit has submitted a draft report regarding the audit of performance information as required by the MFMA. The report will be work shopped by role-players before submitted to the Performance Audit Committee.

3.5. Colour Scheme for performance Rating

The assessment of the Organizational Performance will be interpreted using amongst other the colour scheme as indicated hereunder.

PERFORMANCE DEFINITION	COLOUR CODE
1) Unsatisfactory	1
2) Below Average	2
3) Achieved Target	3
4) Performance Significantly above expectation /Exceeded Target	4
5) Outstanding	5
6) N/A – Not Applicable for Reporting during the reporting Period	

4. Summary of the Organizational Performance results for the 2014/15 Financial Year Mid-Term

The following summary depicts organizational performance for the First and Second Quarter combined, which is an aggregate of the Departmental Performance for the period 31 July to 31 December 2014, and is constituent of all the KPAs and Projects where applicable per respective Departments/Units.

Departments and Units	No of targets as per SDBIP For the first 2 Quarters	TARGETS					Mid-Term Actual Performance
		Outstanding Performance (5)	Performance Significantly above expectation (4)	Fully Effective (3)	Performance Not fully Effective (2)	Unacceptable Performance(1)	
Internal Audit	4	1	0	2	0	1	100%
Communications and Public Participation PMU	4	0	1	2	1	0	80%
Social and Community Services	7	0	0	1	2	2	53%
Budget & Treasury	9	0	0	7	2	0	75%
Corporate Services	11	2	1	3	5	0	82%
Economic Development & Planning	5	0	0	3	1	0	60%
Technical Services	11	1	1	4	2	3	75%
TOTAL (ACTUALS)	18	1	4	10	2	0	68%
TOTAL (%)	69	5	7	29	15	8	74%

4.1. Analysis of Organizational Performance

The overall performance for Bela-Bela Local Municipality is based on the Departmental Performance as per the predetermined Targets in the 2014/15 IDP and 2014/15 SDBIP respectively. At the end of the 2nd quarter, the overall accumulative performance level achieved was **74%**, which is an increase of **+11%** from **63%** of the First Quarter. A total of 69 KPI's encompassing the different Departments and Units contributed to the overall organisational score, 8 KPI's were zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 61 KPI's, 41 (74%) achieved or exceeded target, 20 (26%) were below target.

This performance of the second Quarter is below the predetermined target of 80% for the Quarter under assessment by **6%**. An indication of Performance progression of the last two (2) Quarters is provided as per the table below;

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) ☺	(Dissatisfied) ☹	Extremely Disappointed ●
59%	74%	+11%				☹	

Whilst there was an increase in performance during the second Quarter culminating from the engagements between the Municipal Manager and the HODs for the respective Departments, more effort will need to be put in particularly in those areas where there was no performance at all. This will then mean that for the Municipality to be certain that we are likely to reach most of our predetermined Targets if not all, the performance of the thirsd Quarter is in excess of 7% culminating from the corrective actions.

Whilst there were Departments that commendably achieved in some of their Predetermined Targets, the consequences of such over achievement in some instance came as a consequence of overspending. In other instances achievement was realised in the second quarter where there was no expectation of any performance as there were no targets in particular expected for some KPIs. The reported performance in this regards culminates form the targets which were not achieved during the first Quarter.

The ramifications of the above scenario amongst others is that as part of the budget Adjustment process, both the 2014/15 Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP) will need to be amended.

A summary of the overall performance level achieved by each Department is provided and analysed in the Section below;

5. Breakdown of Organization Performance by Departments and Key Units

5.1. Mid-Term Performance by Internal Audit

Programme/ Focus Area	Performance Indicator	Baseline	Annual		Qtr: Ending Sep/14		Qtr: Ending Dec/14		Q1 + Q2 Performance/Annual Performance x 100	Evidence Required/Unit of Measure	Internal Audit Outcome
			Projected Target 2014/15	Revised Target 2014/15	Actual Target	Performance	Actual Target	Performance			
STRATEGIC GOAL: IMPROVE ADMINISTRATIVE AND GOVERNANCE CAPACITY											
Audit	Percentage Audit Charter developed and approved by Audit Committee	100%	100%	n/a	n/a	n/a	n/a	n/a	n/a	Council resolution	
Audit	AG audit results	Qualified	Unqualified Audit Opinion	n/a	n/a	n/a	Unqualified audit report or opinion obtained	100% Achieved	100%	AG's Report/Action Plan	
Risk Management	Percentage Risk register reviewed and approved on time for the entire municipality	Risk register available	100%	n/a	n/a	n/a	Risk register approved by Audit Committee and submitted to Council	100% Achieved	100%	Audit committee and Council resolution	
Risk Management	Percentage risk mitigated plans implemented	80%	100%	100%	100%	100%	100%	100%	100%	Risk Action Plan	

5.1.1. Analysis of Internal Audit Performance

The Internal Audit is responsible for a total of 4 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the end of the 2nd quarter, the Performance level achieved by the Unit was **100%**, which remained unchanged from the **100%** achieved during the First Quarter. A total of 4 KPI's from the Unit contributed to the overall organisational score, 1 KPI was zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 3 KPI's, 3 (100%) achieved or exceeded target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below;

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) ☹	Extremely Disappointed ⦿
100%	100%		0%		😊		

5.2. Mid-Term Performance Assessment for Communications and Public Participation

Programme/ Focus Area	Performance Indicator	Baseline		Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		Q1 + Q2 Performance/Annual x 100/2	Evidence Required/ Unit of Measure	Internal Audit Outcome
		Projected Target 2014/15	100%	Projected Target 2014/15	Actual Performance	Actual Target	Actual Performance	Actual Target	Actual Performance			
STRATEGIC GOAL: IMPROVE ADMINISTRATIVE AND GOVERNANCE CAPACITY												
Anti-corruption	Percentage of Presidential hotline enquiries addressed within 1 month of receipt of enquiry	100%	100%	100%	80%	100%	100%	80%	80%	80%	Register	
STRATEGIC GOAL: RESPONSIBLE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT CORPORATE GOVERNANCE												
Communication	Percentage overall customer satisfaction level - Municipality	50%	70%	70%	50%	70%	70%	60%	78%	78%	Register	
Special Programmes	Number of awareness campaigns held	4	4	1	2	1	1	3	60%	60%	Attendance register	
Ward committees	Number of ward committees that are functional	8 out of 9 committees	9	9	9	9	9	9	100%	100%	Attendance register of meetings/Reports	

5.2.1. Analysis of Communications and Public Participation Performance

The Communications and Public Participation Unit is responsible for a total of 4 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Unit was **80%**, which was an increase from the **50%** achieved during the First Quarter. Out of the 4 KPI's from the Unit that contributed to the overall organisational score, 0 KPI was zero weighted (Not applicable for reporting year to date). Of the remaining 4 KPI's, 3 (80%) achieved or exceeded target, 1 (20%) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) ☹	Extremely Disappointed 😡
50%	80%	+30%			😊		

The performance of the Unit is satisfactory, and as such an Action Plan to sustain the Performance trend therein should be developed and adhered to so as to ensure even better performance by the end of the third Quarter.

5.3. Mid-Term Performance Assessment for Social and Community Services

Programme / Focus Area	Performance Indicator	Baseline	Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		Performance/Annual (Q1 + Q2) x 100) ²	Evidence Required/ Unit of Measure	Internal/ Audit Outcome
			Projected Target 2014/15	Actual Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance			
STRATEGIC GOAL: PROMOTE THE WELFARE OF THE COMMUNITY											
Waste Management and Cleansing	Number households with access to basic level of solid waste removal (kerbside collection once a week)	16 000	16 000	n/a	16 000	16 000	16 000	16 000	100%	Billing statistics & housing files	
Community Facilities	Number of community facilities maintained & cleaned	4 Community Halls	4 Community Halls	n/a	4 Community Halls	3 Community Halls	4 Community Halls	3 community halls	75%	Monthly reports	
		10 Sport Grounds	10 Sport Grounds	n/a	10 Sport Grounds	8 Sports Grounds	10 Sport Grounds	8 sports grounds maintained	80%	Monthly reports	
Protection and Emergency Services	Number of road blocks held	4 Sports Courts	4 Sports Courts	n/a	4 Sports Courts	4 Sports Grounds	4 Sports Courts	4 sports courts	100%	Monthly reports	
		96	96	n/a	24	13	24	22	18%	Inspection register/reports	
	Percentage of progress disaster management plan	None	100%	n/a	25		50	50%	25%	Monthly reports	

Programme/ Focus Area	Performance Indicator	Baseline	Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		(Q1 + Q2 Performance/Annual x 100)%	Evidence Required/ Unit of Measure	Internal Audit Outcome
			Projected Target 2014/15	Revised Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance			
	Percentage of maintenance of road signs, traffic signs, parking meters and road markings	100%	100%	n/a	100%	50%	100%	100% done as per schedule	75%	Monthly reports	
Parks and Cemeteries	Number of Parks maintained	5 parks	5 parks		5 parks	5 parks	5 parks	5 parks maintained	100%	Monthly reports	
	Number of Cemeteries maintained	3 cemeteries	3 cemeteries		3 cemeteries	3 cemeteries	3 cemeteries	3 cemeteries maintained	100%	Monthly reports	

5.3.1. Analysis of Social and Community Services Performance

The Social and Community Services Department is responsible for a total of 8 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Unit was **75%**, which was a 18% increase from the **57%** achieved during the First Quarter. Out of the 9 KPI's from the Department that contributed to the overall organisational score, 0 KPI's was zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 9 KPI's, 7 (75%) achieved or exceeded target, 2 (25%) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) ☹	Extremely Disappointed 😞
57%	75%	+17%			😊		

Whilst the Performance of the Department at the Mid-Term is fully effective, corrective actions identified in the 2 Quarter Report to address some of the identified challenges should be fully implemented so as to ensure +100% performance during the third Quarter so as to ensure that leading to the Conclusion of the Financial Year all the predetermined targets for the Departments are fully met.

5.4. Mid-Term Performance Assessment for Budget and Treasury

Programme/ Focus Area	Performance Indicator	Baseline		Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		(Q1 + Q2) Performance/Annual x 100/2	Evidence Required/ Unit of Measure	Internal Audit Outcome
		Projected Target 2014/15	Revised Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance	Actual Target	Actual Performance			
STRATEGIC GOAL: IMPROVE FINANCIAL VIABILITY												
Revenue Management	Percentage outstanding debtors more than 90 days	65%		80%	87%	77%	70%	77%	126%	Monthly reports		
Revenue Management	Percentage debt recovered over 90 Days	40%		20%	18%	13%	25%	13%	39%	Monthly reports		
Revenue Management	Debt collection rate	90%		80%	97%	93%	83%	93%	106%	Monthly reports		
Revenue Management	Percentage households that are indigent	30%		27%	35%	38%	28%	38%	122%	Indigent report		
Expenditure Management	Percentage creditors paid within 30 days	100%		95%	100%	90%	96%	90%	95%	Creditors age analysis		
Expenditure Management	Percentage spent on capital projects identified for financial year i.Lo. IDP	100%		30%	22.93%	46%	50%	46%	34%	Invoices		
Expenditure Management	Percentage MIG spent on MIG grants approved	100%		30%	22.93%	63%	50%	63%	44%	Monthly reports		
Expenditure Management	Percentage variance between year to date spending of operating budget against projected spending year to date for the municipality	6%		12%		7.8%	10%	7.8%		Monthly reports		
Asset management	Liquidity ratio (R-value Monetary Assets / R-value Current Liabilities)	1.5:1		1.5:1	2.8:1	1.1:1	1.5:1	1.1:1	100%	Asset register		
Supply Chain Management	Percentage Tenders adjudicated within 60 days of closure of tender	95%		80%	60%	72%	85%	72%	69%	Tender report		
Accounting Services	% of AG audit qualifications raised during the audit	100%		50%	n/a	100%	100%	100%	100%			

Programme / Focus Area	Performance Indicator	Baseline	Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		(Q1 + Q2 Performance/Annual Performance x 100)%	Evidence Required/ Unit of Measure	Internal/Audit Outcome
			Projected Target 2014/15	Revised Target 2014/15	Actual Performance	Actual Target	Actual Performance	Actual Target			
	related to department resolved										

5.4.1. Analysis of Budget and Treasury Performance

The Budget and Treasury Department is responsible for a total of 11 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Department was **82%**, which was a 22% increase from the **60%** achieved during the First Quarter. Out of the 11 KPI's from the Department that contributed to the overall organisational score, 0 KPI's was zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 11 KPI's, 6 (82%) achieved or exceeded target, 5 (18%) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) ☹️	Extremely Disappointed 😡
60%	82%	+22			😊		

Whilst the Performance of the Department at the Mid-Term is fully effective in that it is above the second Quarter Target of 80%, corrective actions identified in the 2 Quarter Report to address some of the identified challenges should be fully implemented so as to ensure +100% performance during the third Quarter so as to ensure that leading to the Conclusion of the Financial Year all the predetermined targets for the Departments are fully met.

5.5. Mid-Term Performance Assessment for Technical Services: PMU

Programme / Focus Area	Performance Indicator	Baseline	Annual		Qtr. Ending Sep/14		Qtr. Ending Dec/14		(Q1 + Q2 Performance/Annual x 100)%	Evidence Required/ Unit of Measure	Internal Audit Outcome
			Projected Target 2014/15	Revised Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance			
STRATEGIC GOAL: IMPROVE ADMINISTRATIVE AND GOVERNANCE CAPACITY											
Road Paving Phase 4a	1.6 km paved roads	0km	1.6km paved roads		0.8km	0.8km	0.8km	0.8km	100%	Completed 1.6km paved road	
	Cash-flow projection		R 3 500 000		R 1 750 000	R 1 653 801.49	R 1 750 000	R 1 750 000	107%		
Bulk Water Infrastructure X9	1 x 4Ml reservoir 1 x Pump station 850m water pipe line	Tender awarded. Construction 30%	100%		100%	70%	n/a	15.3%	85.3%	Completed 4ml reservoir, 850m water pipe line and pump station	
	Cash-flow projection		R 4 025 172		R 4 025 172	R 2 382 887.75	n/a	617 894	75%		
Multipurpose centre X6	Community hall as first phase. Municipal satellite offices as phase 2 (15/16)	Designs completed, Tender awarded.	100%		60%	20%	40%	59.4%	79.4%	Community Hall completed as first phase	
	Cash-flow projection		R 5 000 000		R 3 000 000	R 2 878 192.42	R 2 000 000	2 077 216	117%		
Upgrade Moloto Street stadium	Soccer pitch and athletic track with inner and outer perimeter fencing.	Designs complete, Tender prepared.	100%		50%		50%			New soccer pitch with Athletic tracks. Inner and outer perimeter fencing	
	Cash-flow projection		R 3 754 750		R 1 877 374		R 1 877 374				
Bela Bela High sport stadium	Repair perimeter wall and new dressing rooms (14/15)		100%		100%	0%		0%	0%	New cloak rooms and repaired perimeter wall	

Programme/ Focus Area	Performance Indicator	Baseline	Annual Projected Target: 2014/15		Annual Revised Target 2014/15		Qtr Ending Sep/14 Actual Performance		Qtr Ending Dec/14 Actual Performance		(Q1 + Q2 Performance/Annual Performance x 100)/2	Evidence Required/Unit of Measure	Internal Audit Outcome
			Target	Actual	Target	Actual	Target	Actual	Target	Actual			
	Refurbish pitch and existing stands (15/16)												
	Cash-flow projection		R 2 903 428	R0.00		R0.00		0		0	0		
Storm Water Limpopo Street	1.4km concrete lined open storm water channel	Consultant appointed	46%	0%		0%		0%		0%	0%	46% completed storm water channel	
	Cash-flow Projection		R 7 900 000	R0.00		R0.00		0		0	0	storm water channel	
Rehab CBD Roads	Refurbish the following streets in CBD: Potgieter Road, Richie Street., Suttler Road, Marx Street, Pretoria Road, Corkery Road	Consultant appointed, Designs complete	100%	28.5%								Rehabilitated streets as indicated	
	Cash-flow Projection		R 7 000 000	R 2 000 000									

5.5.1. Analysis of PMU Performance

The PMU is responsible for a total of 7 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Department was **53%**, which was a 33% increase from the **20%** achieved during the First Quarter. Out of the 7 KPI's from the Department that contributed to the overall organisational score, 2 KPI's were zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 5 KPI's, 1 (53%) achieved or exceeded target, 4 (47%) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) ☹	Extremely Disappointed 😞
20%	53%	+33			😊		

When looking at the Mid-Term Performance Table for the Unit above, it is evident that the Unit did perform extremely well in some instances to a point of overachieving the targets, but due to extremely poor performance in the first Quarter, that performance was diluted down to lower averages. However, there appears to be areas that will need to be given urgent attention during the third Quarter so as to drastically push the Performance high back to where it is supposed to be so as to ensure attainment of all the predetermined targets by the end of the current Financial Year.

5.6. Mid-Term Performance Baseline for Corporate Services

Programme/ Focus Area	Performance Indicator	Baseline	Projected Target 2014/15	Actual Target 2014/15	Actual Performance	Actual Target	Actual Performance	Actual Target	Actual Performance	Q1 + Q2 Performance/Annual x 100/2	Evidence Required/Unit of Measure	Internal Audit Outcome
STRATEGIC GOAL: IMPROVE ADMINISTRATIVE AND GOVERNANCE CAPACITY												
By-Laws	Number of by-laws reviewed approved by Council and to be promulgated	3	3	2		1					Council Resolution and Government gazette	
ICT	Percentage of electronic systems that are integrated	40%	70%	40%	40%	50%	50%	50%	50%	64%	Job cards, Monthly and quarterly user logs reports	
Legal Services	Number of litigation cases resolved	1	100%	100%	100%	100%	100%	100%	100%	100%	Monthly and quarterly litigation reports	
Administration	Percentage of All Council resolutions implemented	100%	100%	100%	100%	100%	100%	100%	100%	100%	Council Resolution Implementation Register	
STRATEGIC GOAL: IMPROVE, ATTRACT, DEVELOP AND RETAIN HUMAN CAPITAL												
Human Resources	Percentage of vacant positions filled	15%	85%	30%	5%	50%	50%	50%	50%	38%	Appointment letters and contracts of employment	

5.6.1. Analysis of Corporate Services Performance

The Corporate Services is responsible for a total of 5 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Department was **60%**, which was a 0% increase from the **60%** achieved during the First Quarter. Out of the 5 KPI's from the Department that contributed to the overall organisational score, 0 KPI's was zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 5 KPI's, 3 (60%) achieved or exceeded target, 2 (40%) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) 😐	Extremely Disappointed 😞
60%	60%		+0		😊		

Whilst the Performance of the Department at the Mid-Term is fully effective, corrective actions identified in the 2 Quarter Report to address some of the identified challenges should be fully implemented so as to ensure +100% performance during the third Quarter so as to ensure that leading to the Conclusion of the Financial Year all the predetermined targets for the Departments are fully met.

5.7. Mid-Term Performance Assessment for Planning & Economic Development

Programme/ Focus Area	Performance Indicator	Baseline	Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		(Q1 + Q2 Performance/Annual x 100)%	Evidence Required/ Unit of Measure	Internal Audit Outcome
			Projected Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance	Actual Performance			
STRATEGIC GOAL: IMPROVE ADMINISTRATIVE AND GOVERNANCE CAPACITY											
Performance Management	Percentage average organisational performance rating	60%	80%	80%	63%	80%	76%	87%	Approved framework/Council Resolution	PMS	
Performance Management	Percentage development of SDBIP	100%	100%	n/a	n/a	n/a	n/a	n/a	Signed SDBIP by the Mayor		
STRATEGIC GOAL: PROMOTE AND ENCOURAGE SUSTAINABLE ECONOMIC ENVIRONMENT											
Tourism	Number of increased tourist influx	400 000	450 000	150 000	150 000	150 000	160 000	34%	Monthly report		
Marketing and Branding	Percentage progress of development of Marketing and branding strategy	n.a.	100%	50%	50%	50%	30%	15%	Monthly report		
Cooperatives	Number of cooperatives supported	4	6	2	2	2	10	83%	Monthly report		
Job Creation	Number of jobs created (both public and private)	800	850	150	150	150	1462	96%	Monthly report		
IDP	Percentage credible IDP	100%	100%	n/a	n/a	n/a	n/a	n/a	Council resolution		
Building Control	Number of awareness campaigns held	1	2	1	1	1	2	100%	Attendance Register		

Programme / Focus Area	Performance Indicator	Baseline	Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		(Q1 + Q2 Performance/Annual x 100)%	Evidence Required/ Unit of Measure	Internal Audit Outcome
			Projected Target 2014/15	Revised Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance			
SDF	Percentage revised SDF in line with new guidelines	0%	100%		n/a	n/a	n/a	n/a	Reviewed SDF		
Land Use Management	Percentage Land applications for development responded within 3 months in case where all legal requirements are met by applicant and council	100%	100% of the total number of application received.		100% of the total number of application received	100%	73.5%	87%	Land use application register		
	Number of LUWS campaigns held	n.a.	1		n/a	n/a		100%	Attendance Register		

5.7.1. Analysis of Planning & Economic Development Performance

The Planning & Economic Development Department is responsible for a total of 11 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Department was **75%**, which was a **18%** increase from the **57%** achieved during the First Quarter. Out of the 11 KPI's from the Department that contributed to the overall organisational score, 3 KPI's was zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 8 KPI's, 6 (**75%**) achieved or exceeded target, 2 (25%) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) 😐	Extremely Disappointed 😞
57%	75%	+18			😊		

Whilst the Performance of the Department at the Mid-Term is fully effective, corrective actions identified in the 2 Quarter Report to address some of the identified challenges should be fully implemented so as to ensure +100% performance during the third Quarter so as to ensure that leading to the Conclusion of the Financial Year all the predetermined targets for the Departments are fully met.

5.8. Mid-Term Performance Assessment for Technical Services

Programme/ Focus Area	Performance Indicator	Baseline		Annual 2014/15		Qtr Ending Sep/14		Qtr Ending Dec/14		Evidence Required/ Unit of Measure	Internal Audit Outcome	
		Projected Target	Revised Target	Actual Target	Actual Performance	Actual Target	Actual Performance	Actual Target	Actual Performance			
STRATEGIC GOAL: RESOURCE MANAGEMENT OF INFRASTRUCTURE AND SERVICES												
Water	Percentage Meeting blue drop water quality standard	75%		15%		15%		15%	15% achieved by DWA	20% blue drop water quality standard	Analysis results/report	Z
Sanitation	Percentage Meeting green drop quality standard	50%		10%		10%		10%	10% achieved by DWA	20% green drop quality standard	Analysis results/report	
Electricity	MVA increased capacity	22 MVA		n/a		n/a		n/a	22MVA (+100%)	100%	Monthly reports	
Electricity	Number of standby generators provided as %	2		n/a		n/a		1			Monthly reports	
Electricity	# of electricity meter replaced / against faulty meter as %	100%		100%		100%		100%	100%	100%	Monthly reports	
Electricity	#of new /upgrade of electricity connection within 14 days	100%		100%		100%		100%	100%	100%	Monthly reports	
Electricity	R-Value spent on maintenance of Streetlight/ maintenance of electrical infrastructure	100%		100%		100%		100%	100%	100%	Monthly reports	
Roads and Storm water	Km of regressed roads done	10 KM		2.5 KM				5km	6.6KM (+100%)	33% Km of regressed roads done	Monthly Reports	

Programme/ Focus Area	Performance Indicator	Baseline		Annual		Qtr. Ending Sep/14		Qtr. Ending Dec/14		(Q1 + Q2 Performance/ Annual X 100%)	Evidence Required/Unit of Measure	Internal Audit Outcome
		Projected Target 2014/15	Revised Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance	Actual Target	Actual Performance			
Roads and Storm water	Km of roads graded	20 km		5 km	6.6 km	10 km	10.1 km (+10.0%)	10 km	10.1 km (+10.0%)	42% km of roads graded	Monthly Reports	
Roads and Storm water	Km of streets cleaned	20 km		5 km	10.5 km	5 km	10.5 km (+106%)	5 km	10.5 km (+106%)	53% km of streets cleaned	Monthly Reports	
Roads and Storm water	Km of storm water channels cleaned	14 km		5 km	5.6 km	5 km	5.6 km	7 km	5.6 km	40% of km of storm water channels cleaned	Monthly Reports	
Roads and Storm water	m ² of pavement repaired	1000 m ²		250 m ²	826 m ²	250 m ²	826 m ² (+100%)	250 m ²	826 m ² (+100%)	83% of m ² pavement repaired	Monthly Reports	
Roads and Storm water	% of potholes repaired per quarter	Repair 100% of potholes identified		Repair 100% of potholes identified	Repaired 100% of potholes identified	Repair 100% of potholes identified	Repaired 100% of potholes identified	Repair 100% of potholes identified	100%	100% Potholes repaired	Quarterly Reports/register	
Roads and Storm water	# of potholes reported by the community fixed within 7-days/ total # of potholes reported by the community as %	Repair 100% of potholes reported within 7-days		Repair 100% of potholes reported within 7-days	Repaired 100% of potholes reported within 7-days	Repair 100% of potholes reported within 7-days	Repaired 100% of potholes reported within 7-days	Repair 100% of potholes reported within 7- days	100%	Repaired 100% of potholes within 7-days	Customer care reports/register	
Roads and Storm water	# Speed humps constructed / speed humps requested as %	Construct 100% of approved requested speed humps		Construct 100% of approved requested speed humps		Construct 100% of approved requested speed humps		Construct 100% of approved requested speed humps	100% to be constructed in the next quarter	100% to be constructed in the next quarter	Customer care reports/register	
Roads and Storm water	R-value spent on maintenance of municipal buildings	R150 000		R37 500	R37 500	R37 500	R37 500	R75 000	R75 000 (+100%)	(+100%)	Customer care reports/register	

Programme/ Focus Area	Performance Indicator	Baseline	Annual		Qtr Ending Sep/14		Qtr Ending Dec/14		(Q1 + Q2 Performance/ Annual x 100)%	Evidence Required/ Unit of Measure	Internal Audit Outcome
			Projected Target 2014/15	Revised Target 2014/15	Actual Target	Actual Performance	Actual Target	Actual Performance			
	per annum / R- value budget for maintenance of municipal buildings as %										
Project Management	Percentage projects completed within time	40%	100%		n/a		n/a	n/a	n/a	Monthly reports	
Project Management	Percentage projects completed within budget	14%	100%		n/a		n/a	n/a	n/a	Monthly reports	

5.8.1. Analysis of Technical Services Performance

The Technical Services Department is responsible for a total of 18 KPI's which contribute to the overall performance level as envisaged in the 2014/15 IDP and SDBIP respectively. At the Mid-Term, the Performance level achieved by the Department was **68%**, which was a **10%** increase from the **58%** achieved during the First Quarter. Out of the 18 KPI's from the Department that contributed to the overall organisational score, 2 KPI's was zero weighted (Not applicable for reporting year to date) and therefore do not carry a score. Of the remaining 16 KPI's, 12 (**68%**) achieved or exceeded target, 4 (32) were below target. An indication of Performance progression of the last two (2) Quarters is provided as per the table below:

ORGANIZATIONAL PERFORMANCE LEVEL		PERFORMANCE MOVEMENT			EXPRESSION OF THE LEVEL OF SATISFACTION		
Q1 Ending 30 Sept 2014	Q2 Ending 31 Dec 2014	(Improved) ↑	(Unchanged) ↔	(Regressed) ↓	(Impressed) 😊	(Dissatisfied) 😞	Extremely Disappointed) ●
58%	68%	+10			😊		

Whilst the Performance of the Department at the Mid-Term is fully effective, corrective actions identified in the 2 Quarter Report to address some of the identified challenges should be fully implemented so as to ensure +100% performance during the third Quarter so as to ensure that leading to the Conclusion of the Financial Year all the predetermined targets for the Departments are fully met.

6. Conclusion

The fact that the Performance of majority of the Departments displayed an increasing trend during the second Quarter, leading to an increased Organizational Performance should be commended.

However, factors that contributed to majority of our Departments not realizing 100% performance on their respective portion of the predetermined targets will need to be attended to with the primary aim of ensuring increased performance in the third Quarter leading to realization of majority of our targets if not all at the end of the current Financial Year.

Whilst some Departments had adequate Predetermined Targets, Departments/Units like Corporate Services, Communications & Public Participation and Internal Audit had very few KPIs and Predetermined Targets leading to exclusion of some of the key work performed by these Department/Units.

On the other end, Technical Services and PMU did registered vast overachievement in some of the respective predetermined Targets. The reason to some extent in some of these Targets an over expenditure was incurred, and also that the performance shortfall for the First Quarter was accordingly reported during the Second Quarter in some instances where there were no predetermined Targets for the Quarter to be reported on.

Consequently to correct and normalize some of these anomalies the 2014/15 IDP and SDBIP will need to be amended as part of the Budget adjustment.