

ANNUAL PERFORMANCE REPORT

2018-2019



Inkosi Langalibalele

LOCAL MUNICIPALITY - UMKHANDLU WENDAWO

**INKOSI LANGALIBALELE
LOCAL MUNICIPALITY**

1. Summary

The Municipal Performance Report mainly reflect on the performance of the municipality against set Key Objectives, National Key Performance Areas (KPA), Key Performance Indicators (KPIs) and Annual Targets. The Municipal Performance Management Systems consist of different tools for monitoring and reporting on performance which are implemented during the financial.

Legislative requirements

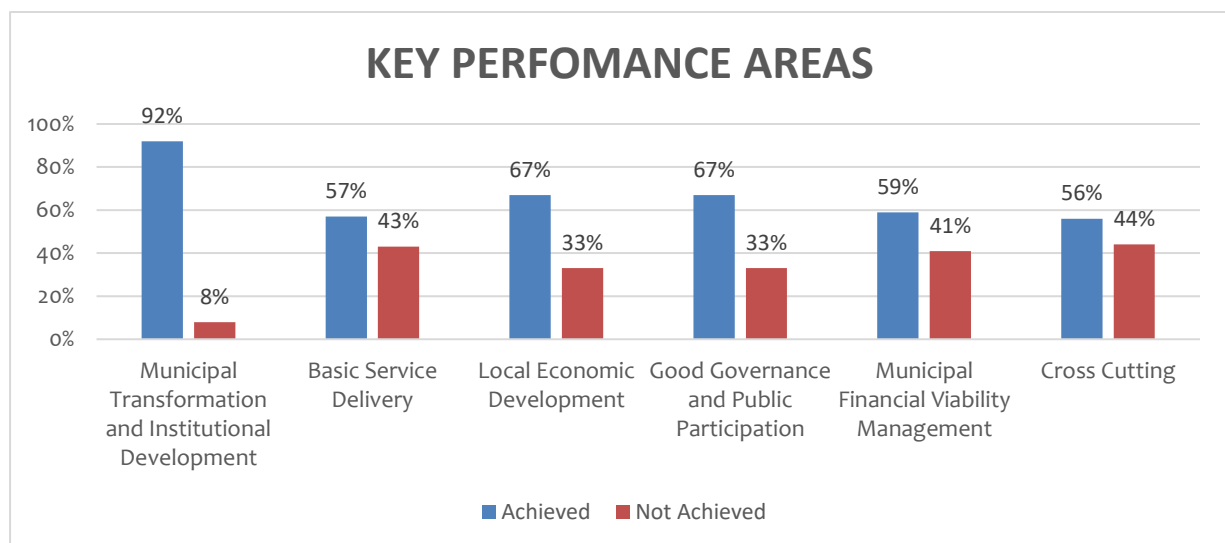
Municipal Systems Act, Section 46 Annual Performance Report states:

- 1) A municipality must prepare for each financial year a performance report reflecting-
 - a. The performance of the municipality and each external service provider during that financial year;
 - b. A comparison of the performance referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - c. Measures taken to improve performance.
- 2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

The APR has been developed is in-line with legislative requirements.

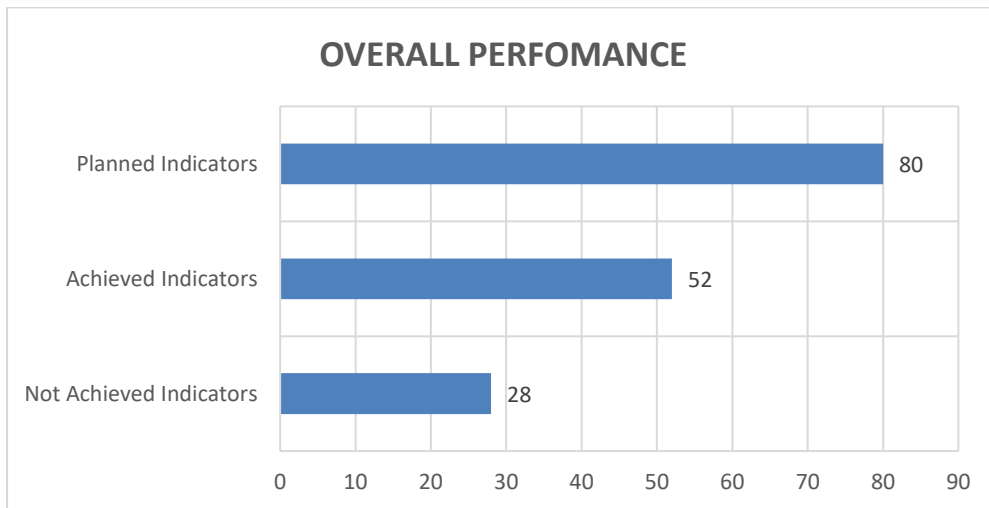
This report includes highlights from the key performance measures included in the reviewed adopted IDP, adopted SDBIP and adjusted SDBIP 2018/2019. These KPI's are constituted the Municipal Scorecard for 2018/2019. The results are assessed using traffic light criteria, according to their performance on targets. The Municipality reports on National Key Performance Areas as reflected on the graph below shall provide a summary report on individual KPA performance.

Graph: Achievements per Key Performance Area



The graph above illustrates that from the key performance area (KPA) in Municipal Transformation and Institutional Development, 11 (92%) indicators were achieved and 1 (8%) was not achieved. From the KPA in Basic Service Delivery, 8 (57%) were achieved and 6 (43%) were not achieved. From the KPA Local Economic Development, 4 (67%) were achieved and 2 (33%) were not achieved. From the KPA in Good Governance and Public Participation, 8 (67%) indicators were achieved and 4 (33%) were not achieved. From the KPA in Municipal Financial Viability Management, 16 (59%) were achieved and 11 (41%) were not achieved. Lastly from the KPA in Cross Cutting, 5 (56%) were achieved and 4 (44%) were not achieved.

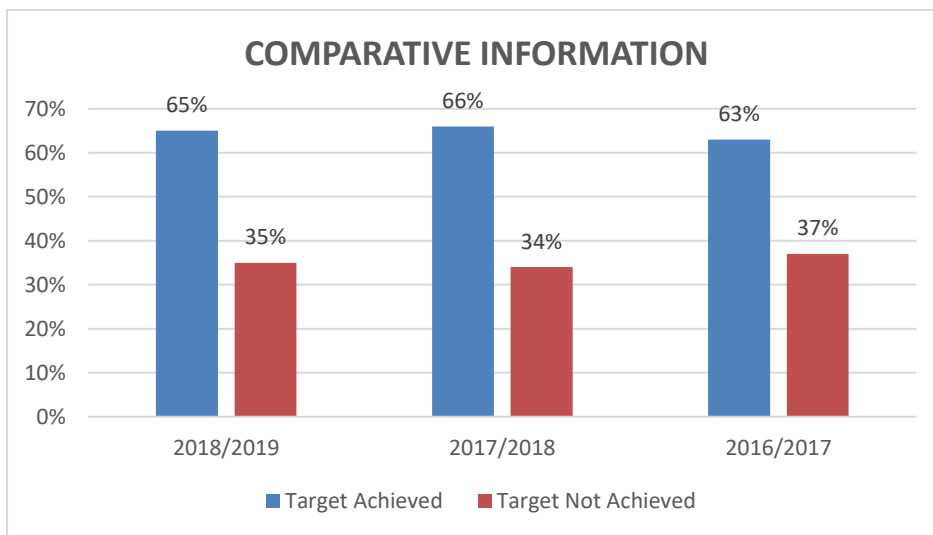
Graph: Overall performance



Traffic Light Status	2018/2019 Performance	2017/2018 Performance
Green – Met target	65%	66%
Red – Missed Target	35%	34%

In 2018/2019 financial year the graph above indicates that of the 80 indicators that were planned for the year, 52 (65%) were achieved and only 28 (35%) were not achieved. The challenges and the corrective measures are shown in this document as to how the management plans to omit the non-achievement of the same indicators going forward where applicable.

Graph: Comparative Target Achievement Information



The graph above shows the performance measurement of the Inkosi Langalibalele Municipality over 3 financial years. Performance in 2018/2019 decreased by 1% to 65% when compared to 2017/2018 financial year. In 2017/2018, of the 77 indicators that were planned, 51 (66%) were achieved and 26 (34%) were not achieved.

Areas for improvement are shown in **Excel Document** attached. Responsible departments and managers have provided commentary to put performance into context and identified actions that they are taking to address performance. Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation of variances enables remedial action to be taken where appropriate.

2. Performance Management Processes

Performance Management System Policy Framework is in place as well as Reporting Standard Procedures are in place and Performance Management System Policy Framework was adopted by council and they meet the legislative requirements. The Performance Management System process is summarised in the table below:

Report	Frequency	Submitted for consideration and/or review to	Legislative Requirements
1. SDBIPs	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Executive Committee	This PMS framework
4. SDBIP mid-year budget and performance	Annually during	Mayor (in consultation with Exco)	See sections 72 and 54 of the MFMA

assessment	January of each year		
5. Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual report with Annual Performance Report	Annually	Council	See chapter 12 of the MFMA

3. Performance and Supporting Information

This section indicates, in more detail, the performance of the Inkosi Langalibalele Local Municipality for the financial year and makes reference to the supporting documentation, included the Municipal Scorecard. The performance reporting of the municipality is done in line with the 6 national KPA's and is the focus of the MSA Section 46 requirements and therefore reflects the performance of the municipality for the financial year, comparisons to performance of the previous financial year and measures taken to improve performance.

Background to municipal scorecard

- The Municipal Scorecard **Appendix 1** approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included within the Municipal Scorecard.
- This incorporates 80 priority measures (KPI's) The criteria used to reflect factors such as previous performance levels, comparative performance and budget implications.
- The traffic light system used to report performance is as follow:
 - **Green** – Performance target achieved
 - **Red** – Performance target not achieved

Summary performance results for all priority measures included in the municipal scorecard are as follows.

3.1. Municipal Institutional Development and Transformation

The overall score for the KPA is 92% in 2018/2019, an increase of 79% from the 13% of 2017/2018.

Total Targets for Municipal Institutional Development and Transformation	12	100%
Targets achieved	11	92%
Targets not achieved	1	08%

3.1.1. Performance Highlights for 2018/2019

For the financial year under review, the Municipality improved in this KPA compared to the previous financial year where only 1 target was achieved.

3.1.2. Challenges

The GM Development Planning remains vacant as the municipality was unable to fill the post as targeted in the financial year.

3.1.3. Measures Taken to improve Performance

General Manager's post has been re-advertised on 30 June 2019 and is anticipated to be filled in Q2 2019/2020 financial year.

3.2. Basic Service Delivery

The overall score for the KPA is 64% for 2018/2019, an increase of 1% from the 63% in 2017/2018 financial year.

Total Targets for the Basic Service Delivery	14	100%
Targets achieved	8	57%
Targets not achieved	6	43%

3.2.1. Performance Highlights for 2018/2019

The municipality was able to achieve a significant number of targets: MIG and INEP projects expenditure, provision of electricity and refuse removal services as targeted, maintenance of electricity infrastructure, rehabilitation of roads, approval of housing projects to mention just a few.

3.2.2. Challenges

The municipality has achieved 100% MIG expenditure, however, experienced a problem with the MIGMIS not updating expenditure spent correctly. The shortage of materials and capital budget for the purchase of bucket trucks led to some targets not being achieved for maintenance of streetlights. The municipality experienced financial constraints during the financial year and cost containment were applied which led to some target not being achieved as municipality was unable to purchase materials for some roads infrastructure projects. The delay in finalization of the amended layout by the Municipal Planning Tribunal led to an achieved target for housing units construction. The Implementing Agent was behind schedule on completion of rectified housing units due to challenges experiences

with sub-contractors. The Housing Consumer education trainings were not achieved as the municipality experienced delays in staff training.

3.2.3. Measures Taken to improve Performance

A meeting was convened with COGTA MIG to rectify MIG expenditure records. Purchase of road and electricity infrastructure materials and equipment is to be prioritised in the next FY. The Municipal Tribunal has finalized the amended layout and stage 3 applications have been submitted to the DoHS for construction of outstanding housing units. The Implementing Agent has appointed new subcontractors to fast-track the implementation of rectified housing units. The staff has received training and plans are currently underway for the unit the provide Housing Consumer Education Trainings.

3.3. Local Economic Development

The overall score for the KPA is 67% for 2018/2019, the same as 2017/2018 financial year.

Total Targets for Local Economic Development	6	100%
Targets Achieved	4	67%
Targets not Achieved	2	33%

3.3.1. Performance Highlights for 2018/2019

SMME business development workshops and sessions were conducted and municipality was able to achieve support of local business through its activities. The nosiness retention and expansion activities were also achieved by the municipality. Job opportunities were created through EPWP and CWP programmes and municipality was able to alleviate poverty in this regard.

3.3.2. Challenges

Due to delays experienced the municipality was unable to finalize LED Development Strategy. Lack of attendance by political office bearers led to unachieved target for Local Tourism Forum

3.3.3. Measures Taken to improve Performance

Service Provider has been appointed for the development of LED strategy, estimated completion date is September 2019. The LED strategy will then be adopted by Council for implementation thereafter. The municipality is working closely with political office bearers to ensure the Local Tourism meetings are convened as per terms of reference.

3.4. Good Governance and Public Participation

The overall score for the KPA is 67% in 2018/2019, a decrease of 17% from the 84% in 2017/2018 financial year.

Total Targets for Good Governance	12	100%
Targets achieved	8	67%
Targets not Achieved	4	33%

3.4.1. Performance Highlights for 2018/2019

The municipality has achieved on the following KPI's: Council meetings, functional ward committees, development and submission of PMS Internal Audit reports to Audit Committee, Audit Committee meetings convened, roads law enforcement and maintain functional libraries.

3.4.2. Challenges

MPAC meetings convened at the beginning of the financial year, however quorum was not achieved which led to unachieved of MPAC functionality. The delays in submission of information from the municipal departments led to delay in development of Batho Pele documents. High vacancy rate in the Community Services Road safety business unit led to unachieved road safety school visit campaigns.

3.4.3. Measures Taken to improve Performance

The Municipality sought political intervention with regards to MPAC functionality, and timeously notifications of members to ensure that MPAC meetings are convened. Draft Batho Pele documents have been developed and are currently being finalized. A workshop is to be convened for all managers at extended MANCO and documents are to be finalized in Q1 2019/2020. An acting traffic manager was appointed to overseas the road safety intervention schools campaign function to ensure that targets are achieved.

3.5. Municipal Financial Viability and Management

The overall score for the KPA is 59% for 2018/2019, down by 41% from the 100% in 2017/2018 financial year.

Total Targets for Municipal Financial Viability and Management	27	100%
Targets Achieved	16	59%
Targets not Achieved	11	41%

3.5.1. Performance Highlights for 2018/2019

The municipality achieved development of financial reporting as per legislative requirements

3.5.2. Challenges

Data on MUNSOFT system needed cleansing for accurate reporting on financial indicators. The unit had capacity constraints which led to timeous achievement of monthly asset reconciliations, bi-annual asset verification, annual asset register development and

contract register updates. The lack of monthly and quarterly AFS led to municipality not being able to accurately calculate current ratio quarterly. The delays in receipt of updated supplier legal documents (tax clearance, CSD, etc.) led to delays in payments of creditors. Late submissions by departments led to delay in development of procurement plan. The Municipality experienced financial constraints which contributed to unachieved targets.

3.5.3. Measures Taken to improve Performance

Data cleansing process underway. Handover of debtors to lawyers to fast track collection of outstanding revenue. Municipality has developed funded budget plan. A service provider has been appointed to develop the asset register and is also doing a transfer of skills to staff. A service provider has been appointed to conduct asset verification and is also doing a transfer of skills to staff. An asset register draft has been developed and currently being finalised. The Service Provider appointed is currently transferring skills to identified finance personnel, current ratio will be calculated bi-annually. Strengthening credit control, implementing daily disconnections and hand-over outstanding debt will assist municipality improve financial status. Enhance revenue collection. Constant remind of service providers to ensure legal documents are updated for timeous payments of invoices. A draft Procurement Plan has been developed and is to be finalized in Q1 of 2019/2020 financial year. Support from Treasury has been requested for staff training to ensure development, updating on contract register.

3.6. Cross-Cutting Intervention

The overall score for the KPA is 56% for 2018/2019 financial year, an increase by 16% from the 40% in 2017/2018 financial year.

Total Targets for Cross Cutting Intervention	9	100%
Targets achieved	5	56%
Targets not achieved	4	44%

3.6.1. Performance Highlights for 2018/2019

The municipality achieved 100% implementation of SPLUMA at the end of the financial year despite challenges experienced during the financial year. The number of SPLUMA applications anticipated to be approved in the financial year were approved. The municipality held Disaster Management Advisory Forums meetings and responded to all reported disasters.

3.6.2. Challenges

Capacity constraints in the business unit led to unachieved Spatial Development Framework target. The vacancy in GM position led to delay in sitting of portfolio committee members which led to delay in appointment of MPT members and authorize officer. Meetings between services provider, municipality and Inkosi not convened led to unachieved Single Scheme developed target. Financial constraints resulted in Disaster Management Plan Review target not being achieved.

3.6.3. Measures Taken to improve Performance

Service Provider appointed for development of Spatial Development Framework and an inception report has been developed. The Spatial Development Framework to be completed in June 2020 and adopted by Council for implementation. Challenges experienced with SPLUMA implementation escalated to the Municipal Manager for action and assistance. Members of MPT appointed and MPT meetings convened. Extension for development of single scheme granted to service provider and is to be completed December 2019. The Disaster Management Plan draft has been developed with the assistance of UThukela DM, should be finalised in Q1 2019/2020.

4. Lessons Learnt and Way Forward

Implementation of Performance Management System is a responsibility of every manager although coordinated by the Office of the Municipal Manager. An adequate review of Portfolio of Evidence files must be done by S54/56 managers and PMS unit and actuals must be reported as per available evidence. The quarterly reviews of S54/56 managers must be done timeously in order to assist the municipality concluded on quarterly reports timeously. Corrective measures for unachieved targets must also be monitored so that the municipality is able to improve on achievement of targets



Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Example:

<i>Assessment Key</i>	
<i>Good (G)</i>	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
<i>Satisfactory (S)</i>	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
<i>Poor (P)</i>	The service has been provided below acceptable standards

No.	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2017/2018		Current Financial Year 2018/2019		Assessment of Service Providers Performance			Measures taken to improve performance
						Target	Actual	Target	Actual	G	S	P	
1	ILM 23-17/18	MCHILOBOVO CIVIL CONSTRUCTION	11 December 2017	Construction of Ezimfeneni Community Hall and creche facilities	R 2 973 390.75	90%	90%	100%	100% and Practical Completion Certificate	S			N/A
2	ILM 29-17/18	XJR CONSTRUCTION	06 JUNE 2017	Rehabilitation of Weenen Taxi Rank and Market Stalls	R 2 973 992.67	100%	90%	100%	96% and Practical Completion Certificate	S			N/A
3	ILM 24-17/18	INSTABULA TRADING ENTERPRISE	04 DECEMBER 2017	Construction of Thembalihle Creche	R 1 062 072.00	100%	80%	100%	98% and Practical Completion Certificate	S			N/A

No.	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2017/2018		Current Financial Year 2018/2019		Assessment of Service Providers Performance			Measures taken to improve performance
						Target	Actual	Target	Actual	G	S	P	
4	ILM 25-17/18	INSTABULA TRADING ENTERPRISE	04 DECEMBER 2017	Construction of Haviland Creche	R 1 062 072.00	100%	80%	100%	92% and Practical Completion Certificate	S			N/A
5	ILM 22-17/18	KHINDLIMUKA PLUMBING AND CIVIL WORKS	07 DECEMBER 2017	Construction of Dikwe Pedestrian bridge	R 2 012 381.58	90%	90%	100%	98% and practical completion certificate	S			N/A
6	ILM 26-17/18	NDU CIVILS	07 DECEMBER 2017	Construction Newlands / Loshloy pedestrian bridge	R 1 416 418.08	15%	15%	100%	95% and practical completion certificate	P			Subcontractors used to complete the project due to poor performance of main contractor
7	ILM 30-17/18	ZIAMASHA TRADING CONTRACTING	07 DECEMBER 2017	Upgrade of 4 Km Thwathwa gravel road	R 4 185 988.42	100%	95%	100%	100% and final completion certificate	G			N/A
8	ILM 32-17/18	SELE & MUSA TRADING TOURS	01 MARCH 2018	Upgrade of Intshana Moyeni gravel road	R 6 968 513.44	45%	49%	100%	92%	P			Delays from contractor due to injuries. Contractor appointed subcontractor and completion is expected Q1 19/20
9	ILM 28-17/18	R & D CONTRACTORS	12 DECEMBER 2018	Upgrade of 2kmJennings – Gemini Link Road black top	R 12 988 003.46	90%	75%	100%	98% and practical completion certificate	S			N/A
10	ILM 20-17/18	BAITHUSI TRADING 119 CC	25 JANUARY 2018	Construction of 2 km Mshayazafe Black top	R 9 921 503.16	40%	45%	100%	91% and practical Completion certificate	S			N/A
11	ILM 21-17/18	SINOTHANDO CONSTRUCTION CC	14 FEBRUARY 2018	Upgrade of 2 km C Section black top	R 9 066 203.06	35%	35%	100%	90% and practical completion certificate	S			N/A
12	ILM 23-17/18	INSTABULA TRADING ENTERPRISE	04 DECEMBER 2018	Construction of Msobotheni community hall and creche	R 3 570 558.00	100%	55%	100%	98% practical completion certificate	S			N/A
13	ILM 1-18/19	ZIAMASHA TRADING & CONTRACTING	17 MAY 2019	Upgrade of access Siphokhule gravel road	R 9 932 640.85	N/A	N/A	50%	25%	S			N/A
14	ILM 91-17/18	Bana Consulting	15 October 2018	Panel of Financial Management Specialist - VAT	17.5% collected VAT	N/A	N/A	Collection of VAT	Collection of VAT	G			N/A
15	ILM 91-17/18	MNTAMBO CONSULTING	15 October 2018	Panel of Financial Management Specialist – Internal Audit	Hourly rate	N/A	N/A	100% implementation of IA plan	100% implementation of IA plan	G			N/A

No.	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2017/2018		Current Financial Year 2018/2019		Assessment of Service Providers Performance			Measures taken to improve performance
						Target	Actual	Target	Actual	G	S	P	
16	ILM 45-18/19	BONAKUDE CONSULTING	24 April 2019	Development Annual Financial Statements	R1 633 826.51	N/A	N/A	Development Annual Financial Statements	Development Annual Financial Statements	S			N/A
17	ILM 14-18/19	BONAKUDE CONSULTING	24 April 2019	Development of Asset Register	R2 838 920	N/A	N/A	Development of Asset Register	Development of Asset Register	S			N/A