



**FINAL AUDITED**  
**ANNUAL PERFORMANCE REPORT**

**2017 / 2018**  
**Municipal Year**

**(Based on Audited verification by the Auditor General)**

## CONTENTS

1.	LEGISLATIVE REQUIREMENTS	3
2.	INTRODUCTION	3
3.	ORGANISATIONAL PERFORMANCE MANAGEMENT PROCESS	4
4.	PERFORMANCE AUDIT COMMITTEE	5
5.	PERFORMANCE EVALUATION PANELS	7
6.	AUDITING OF PERFORMANCE INFORMATION	8
7.	CUSTOMER SATISFACTION	10
8.	ANNUAL ORGANISATIONAL PERFORMANCE INFORMATION	10
9.	ANNUAL ORGANISATIONAL PERFORMANCE SCORECARD	18
	ORGANISATIONAL PERFORMANCE SCORECARD 2017/2018 (DMS 1064996)	19

## ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

### 1. Legislative requirements

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players+ (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), inter alia stipulates the following:-

#### ***"Annual reports***

46. (1) A municipality must prepare for each financial year an annual report consisting of -
- (a) **a performance report reflecting;**
    - (i) **the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;**
    - (ii) **the development and service delivery priorities and the performance targets set by the municipality for the following financial year;**
    - (iii) **measures that were or are to be taken to improve performance; "**

### 2. Introduction

The first performance management framework was adopted by the uMhlathuze Municipality on 28 May 2002. The framework was reviewed and amended during 2012/2013 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of Kwazulu-Natal. The framework/policy was again reviewed in June/July 2016 to address the Auditor General finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

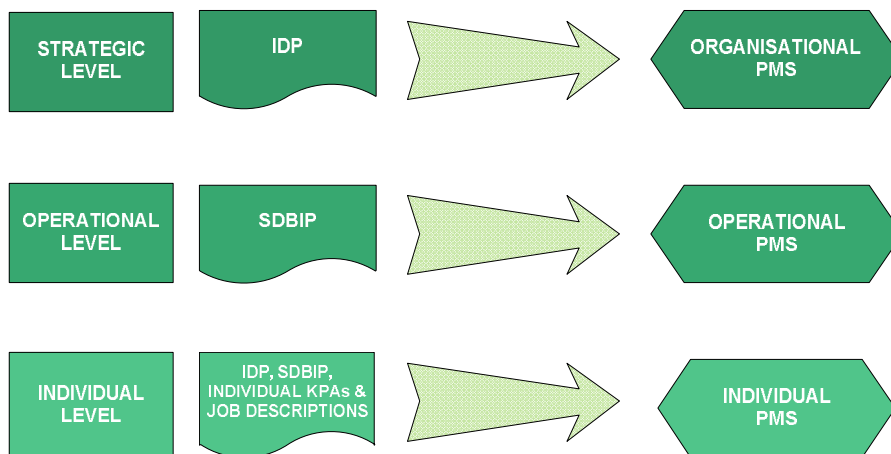
The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury *Communications Directive: Framework for Managing Programme Performance Information (FMPPI)*. *The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg 21 of 17 January 2014)* were also included in the reviewed framework, since it was promulgated after the adoption of the previous Performance Management Framework and Policy.

The Performance Management Framework/Policy review has been adopted per Council Resolution 10994, on 13 July 2016 and the framework/policy document together with the established Standard Operating Procedure to clarify the processes to collect, collate, verify and store of performance information. The documents are available on Councils official website ([www.umhlathuze.gov.za](http://www.umhlathuze.gov.za) under the %Performance Management+link).

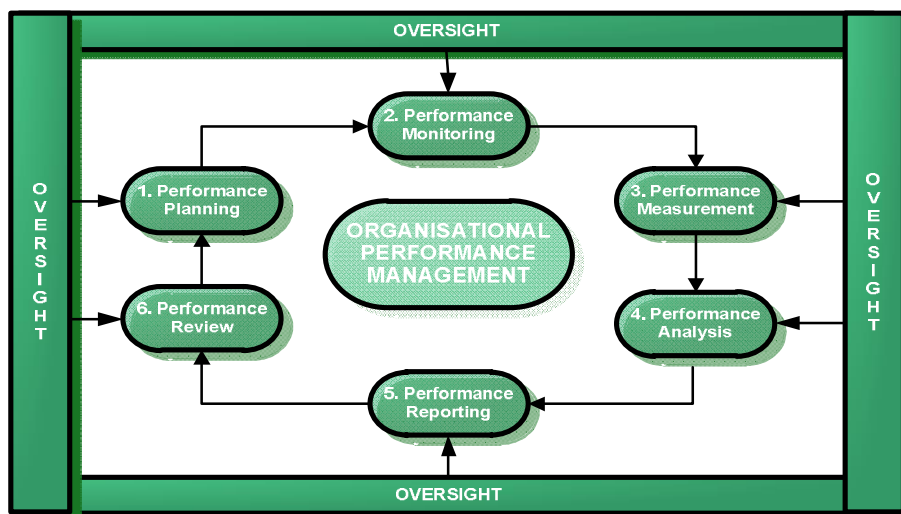
The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the authority of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

### 3. Organisational Performance Management Process

The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.



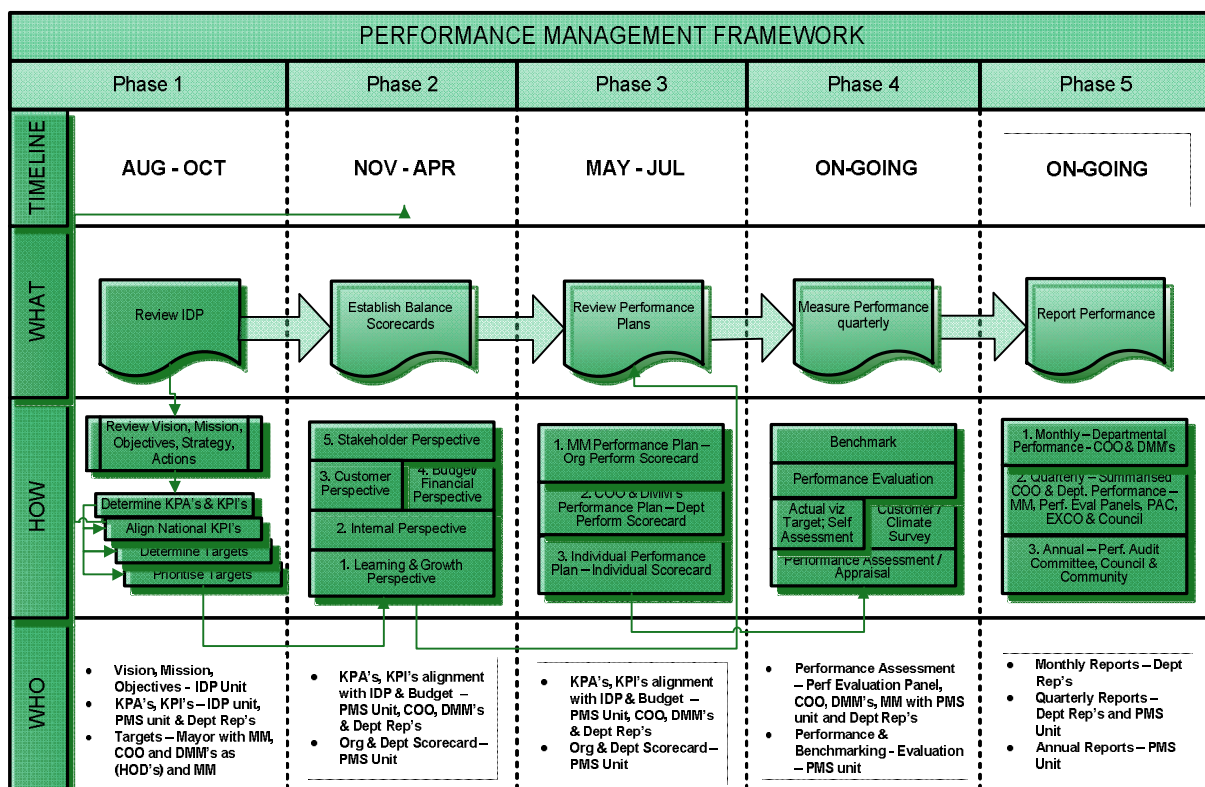
The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:



Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the five year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established and are reflected on the 2017/2018 OPMS Scorecard. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager, the Chief Operations Officer and Deputy Municipal Managers (Heads of Department). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act (No 56 of 2003)

The following diagram illustrates a summary of the reviewed performance management framework for the City of uMhlatuze for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:



uMhlatuze Performance Management Framework diagram

#### 4. Performance Audit Committee

The Performance Audit Committee has been established since 2003 in terms of of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time. The Performance Audit Committee for the 2017/2018 financial year was re-affirmed on 7 March 2017 by Council (Resolution 11367, RPT 161834) for the 2017/2018 financial year ending the term of office

on 31 January 2019 after the annual report of 2017/2018 financial year has been adopted by the Council:

Dr M J Ndlovu . Chairperson (external member)

Ms R de Waal (external member)

Mr B S Ndaba (external member)

Cllr M G Mhlongo (Mayor)

Cllr S G Mkhize (Deputy Mayor)

Ms de Waal, an external member of the Performance Audit Committee since 1 February 2016 resigned from the committee effectively from 1 September 2017 due to her family relocating to the Western Cape. The filling of the vacancy was delegated to the Municipal Manager on 21 November 2017 by Council Resolution 12105, to nominate and appoint a suitable member of the community for the remainder of the term of office to January 2019 after the annual report of 2017/2018 financial year is adopted by the Council. On 20 April 2018 Council appointed Cllr S G Mkhize (Former Deputy Mayor) in the position of Speaker in Council following the subsequent passing of Cllr M W Mthenjana. Cllr K D Sibiyi was subsequently nominated as the Deputy Mayor of Council: Membership of the Performance Audit Committee for the remainder of the 2017/2018 financial year is therefore as follows:

Dr M J Ndlovu . Chairperson (external member)

Dr M Masuku (external member)

Mr B S Ndaba (external member)

Cllr M G Mhlongo (Mayor)

Cllr K D Sibiyi (Deputy Mayor)

The Performance Audit Committee is meeting on a quarterly basis for each financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported on the OPMS Scorecard as well as the performance achievements reported in terms of the Service Delivery Budget Implementation Plan.

The Performance Audit Committee has met quarterly during the 2017/2018 financial year as follows:

Period	Date	Reference to Agenda	Reference to Minutes
Quarter 1	31 August 2017	RPT 162959	RPT 162960
Quarter 2	06 December 2017	RPT 163629	RPT 163630
Quarter 3	05 April 2018	RPT 164281	RPT 164282
Quarter 4	28 June 2018	RPT 164903	RPT 164904

The Draft Annual Performance is submitted on 28 August 2018 to the Performance Audit Committee to note and consider the reported annual performance achievements reported on the OPMS scorecard as well as the Performance Achievements reported in terms of the Service Delivery Budget Implementation Plan on the completed 2017/2018 financial year. The minutes of meetings are available on the GroupWise electronic document management system as reflected in the table above.

## 5. Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council Resolution 4120 of 10 October 2006. The Performance Evaluation Panels were re-affirmed over time and subsequently again on 14 September 2016, by Council Resolution 11062. It is incumbent to note that Cllr S G Mkhize (Former Deputy Mayor) has been replaced on 20 April 2018 by Cllr K D Sibiya.

Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

- A) For purposes of evaluating the annual performance of the Municipal Manager (section 54A), an Evaluation Panel constituting of the following persons was established -

- (i) Executive Mayor or Mayor;
- (ii) Chairperson of the Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
- (iv) Mayor and/or Municipal Manager from another Municipality; and
- (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor.+

Clr M G Mhlongo	Mayor/Chairperson
Cllr K D Sibiya	Member of the Executive Committee
Dr M J Ndlovu	Chairperson of the Performance Audit Committee
Clr S W Mgenge	Mayor from another Municipality (uMfolozi)
Mr E S Luthuli	Ward Committee member

- B) For purposes of evaluating the annual performance of Managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:

- (i) Municipal Manager;
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and
- (iv) Municipal Manager from another Municipality.+

Dr N J Sibeko	Chairperson
Cllr K D Sibiya	Member of the Executive Committee
Dr M J Ndlovu	Chairperson of the Performance Audit Committee
Mr K E Gamede	Municipal Manager from another Municipality (uMfolozi)

Performance Evaluation sessions are conducted quarterly. The first and the third quarter assessment are informal assessments. Formal assessments are conducted for the Second and Fourth quarter. The final (fourth) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the 2017/2018 financial year will be performed once the Auditing of the Interim Annual Financial Statements and the Predetermined Objective has been finalised by the Auditor General. The minutes of all meetings are available on the GroupWise electronic document management system. The final performance evaluation will commence once the Annual Report 2017/2018 has been adopted by the Council for consideration of performance bonuses in terms of the Regulations.

## 6. Auditing of Performance Information

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides for a single audit committee as further being recommended by National Treasury in terms of their MFMA Circular no. 65 of November 2012. The municipal Council has however taken a decision to continue with a separate Performance Audit Committee and Audit Committee to allow for Councillors to serve on the Performance Audit Committee to enable Councillors to provide input towards Performance Management related matters.

The Audit Committee relies on the work done by the Performance Audit Committee in terms of the Audit Committee charter and receives and considers reports presented to it by the Performance Audit Committee at its scheduled meetings.

In carrying out its mandate, the Audit Committee and Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measureable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.



- Review and comment on the Municipality's annual reports within the stipulated timeframes. Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.
- At least twice during a financial year submit an audit report to the municipal council concerned.

In reviewing the municipality's performance management system the Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit Executive within the office of the Municipal Manager coordinates and manages the Internal Audit function within the municipality. A Panel of service providers (SekeleZabiso, PriceWaterHouseCoopers and Deloitte & Touche) have been appointed by uMhlathuze municipality for a three year period to deliver the Internal Audit function.

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	<ul style="list-style-type: none"> <li>• Consistency in reporting;</li> <li>• Measurability and reliability;</li> <li>• Performance reports reviews;</li> <li>• Performance score verification (Municipal Manager and Deputy Municipal Managers);</li> <li>• Compliance with relevant laws and regulations.</li> </ul>
Review of Performance Information - Quarter 2	<ul style="list-style-type: none"> <li>• Consistency in reporting;</li> <li>• Measurability and reliability;</li> <li>• Performance reports reviews;</li> <li>• Compliance with relevant laws and regulations</li> </ul>
Review of Performance Information - Quarter 3	<ul style="list-style-type: none"> <li>• Consistency in reporting;</li> <li>• Measurability and reliability;</li> <li>• Performance reports reviews;</li> <li>• Compliance with relevant laws and regulations</li> </ul>
Review of Performance Information - Quarter 4 (Annual Performance Report)	<ul style="list-style-type: none"> <li>• Consistency in reporting;</li> <li>• Measurability and reliability;</li> <li>• Performance reports reviews;</li> <li>• Compliance with relevant laws and regulations</li> </ul>

The Auditor General finally audits all achievements reported in the Organisational Performance Management System Scorecard as reported in the Draft Annual Performance Report that is submitted together with the Draft Annual Financial Statements at the end of August of each year. Their findings are reported in their management letter and are included in the Annual Report. The information reported therefore is validated for correctness.

The Auditor General performed the auditing of information submitted in this report, together with all achievements reported in the Organisational Performance Management System Scorecard and their findings in their management letters will be included in the Annual Report of 2017/2018. The information reported therefore has been validated for relevance, reliability, completeness, accuracy and correctness.

## 7. Customer Satisfaction

Council has appointed Siloam People Development Agency to conduct the 2017 Customer Satisfaction Survey. The Comprehensive feedback and analysis report was received in July 2017 and were reported to Council via the Performance Audit Committee per Council on 31 August 2017. The comprehensive analysis feedback report is available in the GroupWise document management system on DMS 1214687 as well as on Council's official website. ([www.umhlathuze.gov.za](http://www.umhlathuze.gov.za) under the %Performance Management+link

## 8. Annual Organisational Performance Information

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2017/2018 financial year. These priority measures constitute the Organisational Performance Scorecard for 2017/2018.

The annual performance reporting on the 2017/2018 financial year has been completed and reflected in the Organisational Performance Scorecard in a table format (as prescribed by KwaZulu Natal Department of Corporate Governance and Traditional Affairs). The Draft Organisational Performance was presented to the Auditor General on 31 August 2018 for auditing together with the Annual Financial Statements (based on the interim results).

The Auditor General during the auditing process of the Draft Performance Report, pointed out that the Organisational Performance Management Scorecard (table format annexure to the Integrated Development Plan (IDP) as part of the IDP implementation plan does not reflect all of the Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service delivery targets as part National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide. The additional Top Layer SDBIP consolidated service delivery targets has subsequently being included as part of the Organisational Performance Scorecard (reflected in a different font colour . purple) included in this report. The Organisational Performance Management Scorecard achievements analysis was reviewed (including the additional 19 consolidated service delivery targets to constitute the Top Layer Service Delivery Budget Implementation Plan. The number of key performance reflected in the draft Annual Performance Report increased from 37 to 56 and impacted on the achievements analysis below.

This Annual Performance Report (Tables - **Top Layer Service Delivery Budget Implementation Plan**) should be read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance on Predetermined Objectives Information for 2017/2018.

On 30 June 2018, **76.79%** of organisational performance targets (**Top Layer Service Delivery Budget Implementation Plan**) have been met within 95% or exceeded the annual

target. An average percentage achievement of **112.96%** against the annual key performance targets set has been recorded, reflecting an improvement when compared with 2016/2017 financial year where 78.4% targets were met with an average percentage achievement of 108.9% was recorded. Areas for improvement are shown in the relevant column directly in the Organisational Performance Scorecard for 2017/2018 (OPMS Scorecard). Accountable managers have provided commentary to put performance into context and identified actions that they are taking to address instances where under performance is reported.

The traffic light system used to report performance is as follow:

- **Blue** . Performance above 2% of the target
- **Green** . Performance meets target
- **Amber** . Performance within 5% of target
- **Red** . performance more than 5% adverse of target

In relation to the 2017/2018 year end performance results, the final results are analysed as follows:

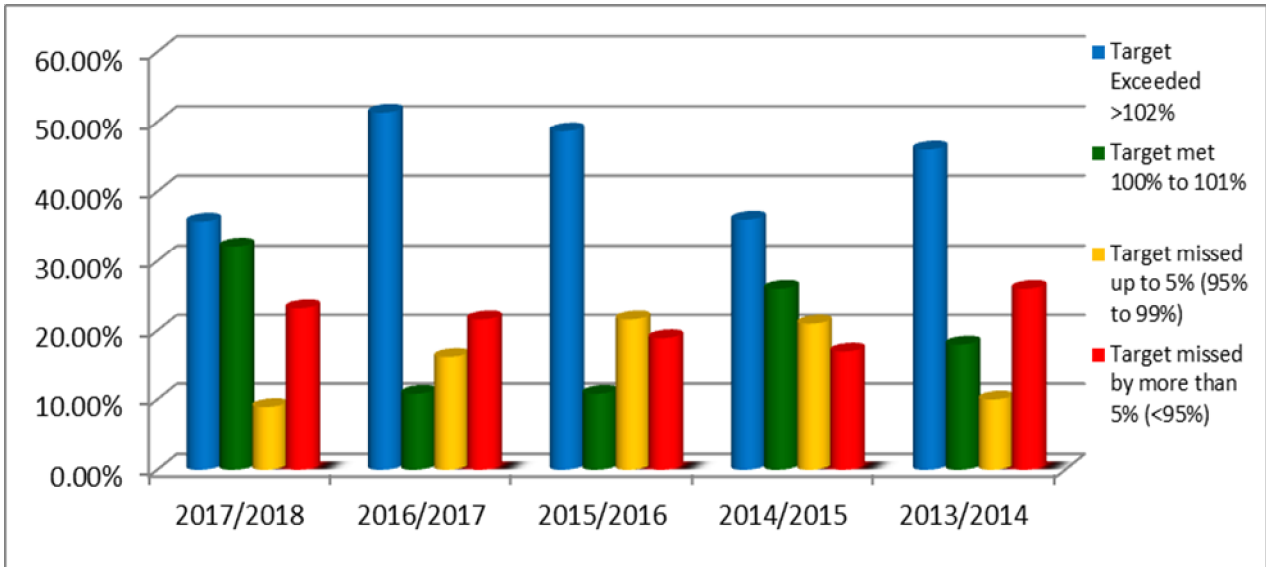
- **76.79%** of targets have been met within 95% or exceed against the 2017/2018 annual targets set, declined when compared to the 2016/2017 financial year where 78.4% of targets were met within 95%
- **23,21%** of 2017/2018 annual targets were not achieved, a slight decline when compared to 2016/2017 financial year where 21.6% of targets were not met.

The performance results for the organizational priorities can be summarized as follows:

Traffic Light Status	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
Blue . Exceeded target	<b>36%</b>	51%	49%	36%	46%
Green . Met target	<b>32%</b>	11%	11%	26%	18%
Amber . Missed target by up to 5%	<b>9%</b>	16%	22%	21%	10%
Red . Missed Target by more than 5 %	<b>23%</b>	22%	19%	17%	26%

It is worth noting the impact of factors such as budget and staff retention whilst continuously increased demand for services putting pressure on achievement of challenging targets. Ultimately the municipality has achieved savings for the financial year, maintained good levels of service delivery (as demonstrated through comparative information) and seen increased levels of satisfaction across a number of services.

The following chart illustrates overall performance for the 2017/2018 financial year with performance achieved during the four previous financial years, 2016/2017, 2015/2016, 2014/2015, and 2013/2014 financial years respectively, **however taken into account the increase from 37 performance indicators reported in previous years to 56 performance indicators in 2017/2018 financial year. :**



The following high level dashboard score for all key performance indicators on the Organisational Performance Scorecard 2017/2018 (**Top Layer Service Delivery Budget Implementation Plan**) (has been achieved on the **56** key performance indicators (KPIs)). The Performance Management System analysis has scored the achievement of individual key performance areas as follows:

ID	Key Performance Area	Score	Average
<b>KPA 1</b>	Good Governance, Community Participation and ward Committee Systems	10.0	131.2%
<b>KPA 2</b>	Basic Service Delivery and Infrastructure Development	7.7	111.5%
<b>KPA 3</b>	Local Economic Development	8.3	116.8%
<b>KPA 4</b>	Municipal Transformation and Institutional Development	10.0	109.7%
<b>KPA 5</b>	Financial Viability and Financial Management	2.5	95.5%

**1. Good Governance, Community Participation and Ward Committee Systems (Average of 131.2% achieved in 2017/2018 on KPI's against 101.1% achieved in 2016/2017)**

The municipality improved in the area of community liaison and public communication and exceeding the number of planned IDP and Budget roadshow meetings. The annual target for ward committee management meetings and community meetings were exceeded by recording three-hundred-and-eight-nine (389) ward committee management meetings held against the annual target of three-hundred-and-seventy-four (374). The total number of public meetings held was two-hundred-and-seventy-three (273) against the annual target of one-hundred-and-thirty-six (136) meetings for the year, therefore exceeded the target by far.

The IDP and Budget Roadshows, Ward Committee Management, Stakeholder Liaison and Council meetings were successfully scheduled and convened in accordance with Council's Standing Rules of Order to ensure ongoing community involvement in municipal decision making.

## **2. Basic Service Delivery and Infrastructure Development**

**(Average 111.5% achieved in 2017/2018 on KPI's against 93.9% achieved in 2016/2017)**

The basic water service infrastructure improved during the financial year with a total of 104 787 (94.83%) of households connected to the water network within the municipal area. The target of one-thousand (1 000) water-metering connection upgrades was not achieved since nine-hundred-and-seven (907) new water meters were installed (yard connections), contributing to an upgrade in water supply services. The baseline was adjusted during the finalization of the 2016/2017 achievements report to reflect the total number of households as result of the three additional wards from Ntambanana based on the Statistics South Africa 2016 survey results.

A total of 87 103 (78.82%) of households do have access to basic sanitation services. Seven-thousand-seven-hundred-and-eleven (7 711) additional VIP's were constructed, exceeding the annual target of two-thousand-five-hundred (2 500) by far. Contractors were appointed for the construction of VIP toilets over a three year term. The sanitation backlog of twenty-three-thousand-four-hundred (23 400) households without access to sanitation has increased when compared to 2016/2017 due to the three additional wards from Ntambanana with a lower level of basic services.

The municipality is delivering electricity supply to thirty-five-thousand-three hundred-and-sixteen (35 316) households and has connected one-hundred-and-thirty-five (135) additional households against the annual target of one-hundred-and-twenty (120) to improve access to basic electricity services in the municipal electricity licensed area. This target remains reliant on consumers applying for this service. The annual target for new electricity domestic connections was over achieved. The municipality is in a position to deal with all applications received.

A total 74 856 (67.74%) of households is receiving a weekly solid waste (refuse) removal service. One-thousand-five-hundred (1 500) additional households receive this service against the annual target of one-thousand (1 000) additional households mainly in the three additional wards from Ntambanana, therefore exceeding the annual target by far.

In provision of public transport facilities and infrastructure in the urban and rural areas, eighty-three-comma-eight-two (83.82) kilometers of rural gravel roads were established against the annual target of twenty-six (26) kilometers, therefore exceeding the annual target by far. Due to higher demands by the community, rural gravel roads were re-prioritized and funds re-allocated on the maintenance budget to meet the community demands. In terms of establishing of new tarred roads, the annual target of three (3) kilometers was not achieved since one-comma-seven-six (1.76) kilometers were achieved. The maintenance of tarred roads was prioritized and twenty-comma- nine-one-three (20.913) kilometers of tarred roads were rehabilitated against the annual target of eight (8) kilometers. General maintenance of tarred roads dealing with potholes were successfully achieved since 21 993.2 m<sup>2</sup> of tarred roads were repaired against the annual departmental target of 10 800 m<sup>2</sup>, therefore exceeding the annual target by far.

Additional achievements on the Top Layer Service Delivery Budget Implementation Plan consolidate performance indicators analysed as follows:

Water and wastewater services;

95% restoration of water supply for both Planned and Unplanned reticulation within 8hrs (average) were achieved throughout the financial year, with the only exception of non-achievement experienced in quarter one relating to challenges experienced at the Southern depot in quarter one. The challenges were rectified for the remainder of the financial year;

The target of 40% phased implementation of the approved Water Infrastructure Asset Management Plan has successfully being achieved with the target to achieve 80% implementation in the 2018/2019 financial year.

The annual target for the reduction of water losses from 24% in 2016/2017 to 20% at the end of 2017/2018 financial year was not met. Water losses, although 22% achieved in quarter two and quarter three, ended on 22% on 30 June 2018. The non-achievement resulted from one of the major customers Tronnox who had a rebate. Additional funds were provided for in the 2018/2019 Capital Budget for additional control valves.

The quality of drinking water to comply with the South African national standards at latest SANS 241 (between 95% and 99%) has been achieved consistently throughout the financial year with a reported level of 99.7%.

The quality of wastewater compliance of ~90% of cumulative risk ratings based on DWA standard was not achieved, since 87% on average has been achieved, however an improvement from 78.8% achievement in the 2016/2017 financial year. Process Audit was conducted in plants to determine the process abnormalities. Provision is made in 2018/2019 Capital Budget to address plants which have highest Non - Conformances.

Electrical Infrastructure;

87.22% execution of maintenance of electrical distribution network as per maintenance plan and approved budget realised on 30 June 2018. The non-achievement on the annual target resulted from a high volume of breakdowns in the month of September due to bad weather conditions preventing teams to attend to planned maintenance. Management has introduced weekly meetings to monitor and fast track maintenance progress on regular basis, however achieved in the second term of the financial year, couldn't manage the reduction in quarter one backlog.

An average of 6.75% non-technical electricity losses was achieved against the target to be within 8%. In quarter four only 4% non-technical electricity losses were recorded. The achievement remains the same as recorded in the 2016/2017 financial year.

An average of 87.5% achievement to restore general street lighting faults within 72 hours (excluding cable faults or stolen equipment) was achieved against the target of 90%. Recourse challenges were experienced in quarter one and two and since been addressed with an additional Cherry picker and Crane truck and filling of vacant posts.

Public transport facilities infrastructure;

The annual target of 600 kilometres of rural gravel roads to be maintained (grading) was not achieved since 390.162 kilometres were achieved. The non-achievement resulted from frequent plant breakdowns; assistance was requested from the mechanical workshop for a quicker response on repairs to plant. The under achieved further resulted from a decision

to prioritise the gravelling programme.

The annual target of 2 kilometres of tarred roads to be rehabilitated was over achieved since 20.913 kilometres were achieved. The over achieved on the annual target resulted from additional budget of R8.3m used from various Capital Projects to prioritise the programme.

The annual target of 10800m<sup>2</sup> of tarred roads maintenance (m<sup>2</sup> of repairs to potholes and patching on urban tarred roads) was over achieved due to 3 additional Surface Repairs Contractors appointed in December 2017 and 21992.30m<sup>2</sup> were achieved in the financial year.

The annual target of 92 kilometres of storm water open drains to be maintained was over achieved due to more emphasis placed on street cleaning and storm water pipe cleaning, rather than kerb inlets and 118.052 kilometres were achieved, however compromised the annual target of 3076 kerb inlets to be maintained by achieving 1915 kerb inlets.

100% Maintenance on municipal owned railway sidings resulting from monthly inspections has been achieved throughout all four quarters of the financial year.

**Municipal Infrastructure;**

In the IDP strategy to improve the reliability and service life of Municipal Infrastructure, facilities and assets, the performance target for the development of an Electrical Asset Management Plan Electrical Asset Management Plan was completed by 30 June 2018 and implementation will follow in 2018/2019. 100% achievement on the performance target for planned maintenance on Building and Structure as per Maintenance Plan and Budget allocation was implemented.

On the performance target for the replacement of Vehicles and Plant, Procurement of new plant in terms of Capital Budget, 82% achievement was recorded against the annual target of 100%. A slight delay was initially experienced with the SCM process; however 18% of the vehicles were delivered by end of July 2018 as per the Tender.

A 93% on fleet availability (This includes minor accident damage that can be dealt with by Workshops, but excludes major accident repairs) were achieved against the annual target of 95%. A slight delay was experienced in quarter three due to the depletion of the operational budget and materials could not be ordered resulting that vehicles were standing longer. A request for over expenditure was approved therefore supply chain process could be resumed

### **3. Local Economic Development**

**(Average 116.8% achieved in 2017/2018 on KPI's against 171.4% achieved in 2016/2017)**

There were no targets for the construction of houses during 2017/18 financial year due to the fact the all projects were in a Planning Phase which is Empangeni IRDP, Dumisane Makhaye Village Phase- 6 and 8 and Aquadene. For the Aquadene Housing Project the installation of bulk water and bulk sewer services were completed.

Refurbishment and allocation of occupants to the refurbished Bhambatha Hostel/Flats at Esikhaleni were completed in the previous financial year and residents took occupation of their units.

A new IDP Strategy for 2017/2018 financial year has been included to deal with the transfer of Post Housing stock to qualifying occupants/residents. The annual target of four - hundred (400) housing units to be transferred was not achieved, since only one-hundred-and-fifty-eight (158) units were completed. The target was not met due to changes in the agreement with the department of Human Settlements. The implementing agent has not been paid for previous work which they have done. Agreements have since been signed and invoices have been processed. The implementing agent is now proceeding with work and it is trusted that the 2018/2019 target will be met dealing with the remainder of available housing stock.

In terms of community capacity building programmes, seven (7) informal trading sessions were conducted through a Mentorship Programme over three (3) months as well as training sessions for small scale farmers, mentorship provision to SMMEs and informal traders as well as the training of agricultural co-operatives against the annual target of four (4).

A Pre-Incubation programme was finalized whereby thirty-five (35) co-operatives were profiled and five (5) co-operatives were incubated through the provision of agricultural development support through entrepreneurial development, marketing services, value adding, production and resource economics.

The annual target for creating one-thousand-one-hundred-and-ten(1 110) jobs through EPWP incentives were successfully achieved as one-thousand-six-hundred-and-ninety-five (1 695) jobs were created, therefore exceeding the target by far.

In terms of provision of recreational facilities and environmental services to the community, the annual target to upgrade two community halls was met since the Ngwelezane hall project was completed in the first quarter and the Mandlazini hall upgrade project completed in the last quarter. Ten (10) sport fields were upgraded against the annual target of ten (10), therefore the annual target was met. New projects are well underway for the new financial year.

**Additional achievements on the Top Layer Service Delivery Budget Implementation Plan consolidate performance indicators analysed as follows:**

**In the IDP Strategy for Development of sports and recreation programmes, the annual target for nine (9) mass recreational programmes be implemented was over achieved since eight (8) Golden Games programmes were completed at mid-year and additional four (4) sport and recreational programmes were presented in quarter three and four with a total of twelve (12) programmes presented in the financial year.**

#### **4. Municipal Transformation and Institutional Development**

**(Average 109.7 % achieved in 2017/2018 on KPI's against 101.6% achieved in 2016/2017)**

Human resources was able to meet the annual targets set for the recruitment and retention of staff from designated employment equity groups and however still experiences a high level in staff turnover. The municipality continues with the implementation of the Employment Equity Plan during the 2018/2019 financial year.

In terms of the target set for employing female by the Municipality, eighteen (18) females were appointed against the annual target of fourteen (14). A total of seven hundred-and-sixty-eight (768) females are employed by the municipality on 30 June 2018. This target cannot be measured accumulatively as there are factors such as resignations, retirement,



dismissal, death and or ill health which affect the total number of gender employed. There were fifty-five (55) youth appointed against the annual target of thirty (30). A total of five-hundred-and-fifty-two (552) youth are employed by the municipality on 30 June 2018. A total of three (3) additional employees living with disability were appointed against the annual target of four (4), however five (5) existing employees were assessed and declared living with disability. A total of twenty-one (21) people living with disability are employed by the municipality on 30 June 2018.

A total of one-hundred-and-seventy-three (173) Workplace Skills training programmes was conducted during the financial year against the annual target of One-hundred (100), resulting in an over achievement. The percentage of the annual budget spent on Workplace Skills Plan was slightly over achieved due to the large number of external programmes. The target to spend zero-comma-eight percent (0.80%) of the operating budget was slightly over achieved since zero-comma-eight-two percent (0.82%) was recorded.

### **Financial Viability and Financial Management**

**(Average 95.5 % achieved in 2017/2018 on KPI's against 107.8% achieved in 2016/2017)**

The reported achievements on the Financial Viability and Financial Management performance indicator ratios as prescribed in the National General Performance Indicators and reflecting in the Organisational performance Scorecard is based on the final financial results as at 30 June 2018.

The municipality has performed fairly well under the financial viability and financial management indicator. This bold statement comes at the backdrop that the economy is not performing well and rate payers are finding it difficult to pay for services. Therefore, shrewd financial discipline and balancing act needed to be done during the year in order to achieve the set objectives for the year. In the mist of all these challenging times the municipality made some very difficult decisions, firstly the municipality had budgeted to fund some of its infrastructure through borrowings.

However, the loan was not taken and the projects were funded from the municipality's own working capital. This had its pros and cons, the pros being the fact that the gearing ratio of the municipality would remain low at 14, while the cons would be that the cash and cash equivalents at year end would be low at R460 million. To some the target that was set for cash in the bank at 2.42 and actual target at 2.32 would be interpreted as not having met the target forgetting the prudence of financial management or the bigger picture of a low gearing.

Over the years it is pleasing to see that the finances of the municipality have stabilized to an extent that business decisions can be taken midflight without affecting service delivery and not so much the targets set. It is however very important to state that the debtors are on the rise, and as stated earlier that paying for services by rate payers become the last in a household due to the economic pressures. Although this has not been good the collection rate has remained stable around 97%, with a percent less than last year 2016/17.

The municipality has performed satisfactory on capital expenditure at 88% which is 7% less than the target of 95%. The municipality has spent more than 101% of Capital Grants received from National Government. This means that some projects which are multi-year and the progress is ahead of the actual funding.

## 9. Annual Organisational Performance Scorecard

The following table reflects the organisational performance targets and achievements as reflected in the Integrated Development Plan, as well as the performance targets and achievements as reflected in the Top Layer of the Service Delivery Budget Implementation Plan consolidate performance indicators in relation to the achievements of the previous financial year as well as reflecting corrective measures and targets to be taken in the 2018/2019 financial year in cases of under achievement:

Section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000) require the Municipality to reflect the municipality's, and any service provider's, performance during the financial year reported on. The uMhlathuze municipality is fortunate not to be reliant on external service providers in provision of Basic Services, i.e. water, sanitation, solid waste removal services delivered by the district municipality like most other local municipalities do.

Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze Municipality in the municipal licensed area, through purchasing electricity from ESKOM. Also other Basic Services delivered by uMhlathuze Municipality include, solid waste removal (refuse collection) and sanitation. The number of households served with basic services as reflected in the table below reflects the municipality's and any service provider's performance on delivering basic services during the financial year, also a comparison with performance in the previous financial year as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000).

The information reflected below has been subjected to validation during the Internal Auditing process (in line with the appointed panel of Internal Auditors and the Municipal Public Accounts Committee) as well as the Auditor General upon their annual audit process after being reported to the Executive Committee on 22 August 2018, the Council on 22 August 2018 per Council Resolution 12656, and the Performance Audit Committee on 30 August 2018. Reports are available for inspection.

Resulting from the Auditor General Auditing process, the additional Top Layer SDBIP consolidated service delivery targets has subsequently being included as part of the Organisational Performance Scorecard (reflected in a different font colour . purple) in the table below.

NOTE: The planned annual targets for 2018/2019 financial year, relating to the total number of households provided with basic services, reflecting in the far right-hand column in the organisational performance scorecard are based on the total of 110 503 households to include the total number of additional households as result of the additional wards taken over from Ntambanana municipality and aligned to the Statistics South Africa 2016 Survey.

**ORGANISATIONAL PERFORMANCE SCORECARD 2017/2018 (Including Top Layer of the Service Delivery Budget Implementation Plan)**

(Master table on DMS 1064996; 2017/2018 tab)

IDP 2017 – 2022 Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Actual 2016/2017 Baseline	Backlog	2017/2018			2018/2019	
								Amended Annual Target Incl 2016 Survey mid-year	Actual 2017/2018 30 June 2018	Corrective action for Annual target not met / remarks	Annual Target	
1.1.4.3	Deepen democracy through a refined Ward Committee model	Good Governance and Public Participation	To promote a municipal governance system that enhances and embraces the system of participatory Governance	Facilitation of Stakeholder and Community participation in policy making	Number of Public Meetings (IDP/PMS and budget meetings)	10	N/A	10	11	The annual target was met in quarter three ahead of schedule as it is based on road-show programmes on IDP and Budget	10	
1.1.4.1				Facilitate the Functionality of Ward Committees through continuous capacitation	Number of Ward Committee Management meetings held	374	N/A	374	389	The annual target was exceeded by 15 meetings due to additional meetings held by ward councillors	374	
1.1.4.1					Number of community meetings per ward	136	N/A	136	273	The annual target was exceeded by far due to additional meetings held by councillors	136	
1.1.4.2				Development of a Credible Integrated Development plan within prescribed legislative guidelines	Date of IDP approval	25-May-17	N/A	31-May-18	31-May-18	The Annual target was met since Council has adopted the IDP review on 29 May 2018.	31-May-19	
2.1.1.1	Improving access to basic services	Basic Service Delivery and Infrastructure Development	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Eradicate water services backlogs through provision of basic water services	% Households with access to basic water	93.39%	20.76%	94.91%	94.83%	The annual target of 1000 was not met since 907 new connections were made. The target is based on walk-in applications and project connections. The over achievement was as a result of more walk-ins applying for water.	95.73%	
2.1.1.1					Total number of Households with access to potable water	86113	24390	104880	104787		105787	
2.1.1.1					Number of Water connections upgraded to households (upgrade service to yard connections)	545	N/A	1000	907		1000	
2.1.1.1					Number of Households with access to free water service	10323	N/A	10323	11644	The annual target was met and exceeded due to resident qualifying for free services	11644	
2.1.1.1					Ensure 100% restoration of water supply for both Planned and Unplanned reticulation within 8hrs (Average)	95%	5%	100%	95%	Annual target met within 95% (average 6,68 Hours for the year )	100%	
2.1.1.1					Ensure implementation of approved Asset Management Plan (Cumulative)	N/A	N/A	40%	40%	Annual target met Service provider appointed and 40% progress achieved.	80%	
2.1.1.1					Ensure the reduction of water losses (cumulative)	24%	N/A	20%	22%	Annual target not met. One of the major customers Tronnox had a rebate. Provision has been made on the 2018/2019 Capital Budget to provide for further control valves.	20%	
2.1.1.1					Ensure that the quality of drinking water comply with the South African national standards at latest SANS 241 (between 95% and 99%)	98.8%	N/A	99%	99.7%	Annual target met	99%	
2.1.1.3					Eradicate Sanitation services backlogs through provision of basic sanitation services	% Households with access to sanitation	90.44%	26.31%	77.73%	78.82%	The annual target to construct 2500 VIP's was exceeded since 3711 VIP's were constructed. The contractors appointed were able to deploy more teams for construction, resulting in an over achievement. Savings were identified on the budgeted projects hence more VIP's were constructed.	81.09%
2.1.1.3						Number of Household with access to Sanitation	83392	27111	85892	87103		89603
2.1.1.3	Number of new VIP toilets provided to households	2553	N/A	2500		3711	2500					
2.1.1.3	Number of Households with access to free sanitation (VIP's) service & Indigent	42916	N/A	46889		52514	The annual target was exceeded as result of additional VIP's constructed and resident qualifying for free services.	51895				
2.1.1.3	Wastewater Quality compliance of ≥90% of cumulative risk ratings based on DWA standard	90%	N/A	90%		87%	Annual target was not met. Process Audit was conducted in plants to determine the process abnormalities. Provision is made in 2018/2019 Capital Budget to address plants which have highest Non - Conformances.	90%				

IDP 2017 – 2022 Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Actual 2016/2017 Baseline	Backlog	2017/2018			2018/2019
								Amended Annual Target Incl 2016 Survey mid-year	Actual 2017/2018 30 June 2018	Corrective action for Annual target not met / remarks	Annual Target
2.1.1.2	Improving access to basic services	Basic Service Delivery and Infrastructure Development	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Eradicate electricity supply backlogs through provision of basic electricity supply services	Number of Households with access to Electricity (Municipal Area)	34285	0	35301	35316	The annual target of 120 new households provided with electricity was exceeded, since 135 households were connected. The target is based on consumers applying for this service	35396
2.1.1.2					Number of new households provided with new Electricity connections (Municipal supply)	145	200 (infills)	120	135		80
2.1.1.2					Ensure execution of maintenance of electrical distribution network as per maintenance plan and approved budget.	67%	33%	100%	87.22%	Target not achieved 87.22% achieved on average against the norm of 80%. The bad weather conditions in the first quarter contributed to the target not achieved. Going forward the department will be doing condition assessment	100%
2.1.1.2					Ensure that non-technical electricity losses are kept within 8%.	6.75%	N/A	8%	6.75%	The annual target was achieved through all four quarters in the financial year within less than 8% as per NERSA standard.	8%
2.1.1.2					Ensure that 90% of general street lighting faults are restored within 72 hours (excluding cable faults or stolen equipment)	92.5%	N/A	90%	87.50%	The Annual and quarterly targets of 90% of Street lighting faults restored within 72 hours was partially met with 87% achieved due to Cherry Picker unavailability.	90%
2.1.1.2					Number of Households with access to free Electricity (Municipal Area)	509	N/A	509	473	Target not achieved, however is based on consumers applying and qualifying in terms of the indigent policy	473
2.1.1.4					Provide a weekly domestic solid waste removal service to the community	% Households with access to waste disposal	79.55%	33.62%	67.29%	67.74%	The annual target was exceeded since the annual target to provide 1000 additional households with domestic refuse removal service was exceeded since 1500 additional households receive domestic refuse removal service
2.1.1.4				Number of Households with access to waste disposal		73356	37147	74356	74856	76856	
2.1.1.4				Number of new Households with access to waste disposal		6409	N/A	1000	1500	2000	
2.1.1.4				Number of Household with access to free waste removal		29891	N/A	30891	31578	The annual target was exceeded due to additional free service through skips and EPWP collectors.	33578
2.1.1.5				Provision of public transport infrastructure facilities	Kilometres of rural gravel roads established (gravelling)	45.2	N/A	26	83.82	The annual target was exceeded by far	26
2.1.1.5					Kilometres of rural gravel roads maintained (grading)	600	N/A	600	390.162	Annual target not met The under achieved resulted from a decision to prioritise gravelling	600
2.1.1.5					Kilometres of tarred roads established	2.26	0	3	1.76	The annual target was not met, however the focus was to prioritise the rehabilitation of tarred roads where the annual target of rehabilitation of 8 km's was exceeded by far since 20.913 km's of tarred road were rehabilitated.	1.5
2.1.1.5					Kilometres of tarred roads rehabilitated	22.74	0	8	20.913	Annual target was over achieved due to the additional budget of R8.3m used from various Capital Projects	8
2.1.1.5					Kilometres of tarred roads maintained Amended to read : m2 of repairs to potholes and patching on urban tarred roads	14511.56 m2	N/A	10800	21992.30	Annual target was over achieved due to the 3 additional Surface Repairs Contractors appointed in December 2017 and more surface repairs m2 were achieved.	10800

IDP 2017 – 2022 Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Actual 2016/2017 Baseline	Backlog	2017/2018			2018/2019	
								Amended Annual Target Incl 2016 Survey mid-year	Actual 2017/2018 30 June 2018	Corrective action for Annual target not met / remarks	Annual Target	
2.1.1.6	Improving access to basic services	Basic Service Delivery and Infrastructure Development	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Provision of public transport infrastructure facilities	Kilometres of Storm water open drains maintained	103.82	N/A	92	118.052	The annual target was overachieved due to more emphasis placed on street cleaning and storm water pipe cleaning, rather than kerb inlets	92	
2.1.1.6					Number of kerb inlets maintained	2116	N/A	3076	1915	The overall annual target was not achieved due to more emphasis placed on street cleaning and storm water pipe cleaning, rather than kerb inlets.	3076	
2.1.1.5					100% Maintenance on municipal owned railway sidings resulting from monthly inspections	100%	N/A	100%	100%	Annual target met	100%	
2.1.1.7				Strive to improve reliability and service life of Municipal Infrastructure, facilities and assets	Development of an Electrical Asset Management Plan	N/A	N/A	1	1	Target achieved Electrical Asset Management Plan developed. Implementation will follow in 2018/2019.	1	
2.1.1.7					Ensure planned maintenance implemented on Building and Structure as per Maintenance Plan and Budget allocation	100%	N/A	100%	100%	Annual target met 100% maintenance completed against the maintenance plan and budget details.	100%	
2.1.3.1				To ensure effective Fleet Management	Review and implement Fleet Management Plan	Replacement of Vehicles and Plant, Procurement of new plant in terms of Capital Budget	100%	N/A	100%	82%	Annual target not met 18% of the vehicles to be delivered by end of July 2018 as per Tender.	100%
2.1.3.1						Ensure 95% fleet availability (This includes minor accident damage that can be dealt with by Workshops, but excludes major accident repairs)	97%	N/A	95%	93%	Annual target met within 95%	95%
3.4.1.2	Actions supportive of the human settlement outcome	Local Economic Development	To promote social cohesion	Development of community facilities	Number of sport field upgraded (5 carried over projects from 2016/2017)	0	N/A	10	10	The annual target was met, including the carried over projects were completed	5	
3.4.1.2					Number of community halls upgraded (1 carried over from 2016/2017)	2	N/A	2	2	The annual target was Ngwelezane hall project was completed in the first quarter Mandlazini hall upgrade project completed in the last quarter	3	
3.4.1.1				Development of sports and recreation programmes	Number of mass recreational programmes implemented	4	N/A	9	12	Annual Target met and exceeded A total of 12 Mass Participation (Recreational) Programmes were presented.	4	
3.1.5.3			To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	Promoting economic growth by providing skills empowerment to the unemployed	Number of scarce skills training provided	5	N/A	4	7	Annual target was exceeded due to additional funding received from external funders.	4	
3.1.5.1				Promote economic growth by successful implementation of EPWP community based projects	Number of jobs created through the municipality's Capital Projects (EPWP) (Cumulative quarterly)	2079	N/A	1110	1695	Annual target was exceeded. Amendments to the targets were made to align with the implementation protocol between the Minister for Public Works, the MEC for Human Settlements and the uMhlatuze Mayor on EPWP.	1228	

IDP 2017 – 2022 Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Actual 2016/2017 Baseline	Backlog	2017/2018			2018/2019
								Amended Annual Target Incl 2016 Survey mid-year	Actual 2017/2018 30 June 2018	Corrective action for Annual target not met / remarks	Annual Target
6.1.1.3	Actions supportive of the human settlement outcome	Cross Cutting	To plan and manage existing and future development	To review and implementation of human settlements sector plan <i>(New IDP Strategy for 2017/2018)</i>	Number of Post 1994 Housing stock transferred (400)	NEW	N/A	400	158	The annual target not met There was a delay from the Implementing Agent in lodging the properties due to non-payments by the Housing Department. Agreements have since been signed and invoices have been processed. The implementing agent is now proceeding with work and it is trusted that the 2018/2019 target will be met dealing with the remainder of available housing stock.	300
4.1.1.2	Implement differentiated approach to Municipal financing, planning and support	Municipal Institutional Development and Transformation	To create an appropriate organisational climate that will attract and ensure retention of staff	Compliance with Employment Equity Act	Number of women employed by the municipality <i>(Number of female appointed)</i>	762	N/A	776	768	The annual target of 14 additional female to be employed in strategic positions was exceeded since 18 female were employed in the financial year, however it should be noted that the target was accumulative to the baseline. During this financial year, there were also employees who exited the organisation due to resignations, dismissals, death, ill health, and retirement.	768 + 18
4.1.1.2					Number of Youth employed by the municipality <i>(Number of youth appointed)</i>	594	N/A	624	552	The annual target of 30 youth to be employed was exceeded since 55 youth were employed in the financial year, However it should be noted that the target was accumulative to the baseline. It should be noted that during this financial year, there were also employees who exited the organisation due to resignations, dismissals, death, ill health, and retirement as well as employees birthdays, turning 36 year of age and no longer categorised as youth	552 + 38
4.1.1.2					Number of people with Disability employed by the municipality (Target additional to baseline) <i>(Number of people with disability appointed)</i>	16	N/A	20	21	Annual target was met since 3 appointments were made against the annual target of 4 and five existing employees were assessed and declared living with a disability. It should be noted that the target was accumulative to the baseline. It should also be noted that during this financial year, there were also employees who exited the organisation due to resignations, dismissals, death, ill health, and retirement.	21 + 4
4.1.1.4	Implement differentiated approach to Municipal financing, planning and support	Municipal Institutional Development and Transformation	To create an appropriate organisational climate that will attract and ensure retention of staff	Improve Citizens Skills levels and education	Workplace Skills training programs conducted	103	N/A	100	173	Annual target was exceeded by far since the target was based on the baseline, however additional training programmes were presented mainly due to the implementation of the SAP ERP systems as well as additional Grant funded training. Additional training was presented to councillors, internally as well as sector department training programmes presented	120
4.1.1.4					% Budget Spent on Workplace Skills Plan (cumulative)	96.38%	N/A	95.00%	95.48%	Annual target met	95%
4.1.1.4					% Operating Budget spent on implementing Workplace Skills Plan	0.81%	N/A	0.80%	0.82%	Annual target met	0.80%

IDP 2017 – 2022 Ref	Outcome 9	National KPA	Objective	Strategies	Performance Indicator	Actual 2016/2017 Baseline	Backlog	2017/2018			2018/2019
								Amended Annual Target Incl 2016 Survey mid-year	Actual 2017/2018 30 June 2018	Corrective action for Annual target not met / remarks	Annual Target
4.1.1.2	Implement differentiated approach to Municipal financing, planning and support	Municipal Institutional Development and Transformation	To create an appropriate organisational climate that will attract and ensure retention of staff	Compliance with Employment Equity Act	Number of S57 Performance Agreements signed (cumulative)	5	2	8	8	All Senior Managers posts are filled	8
5.1.1.4	Implement differentiated approach to Municipal financing, planning and support	Financial Viability and Financial Management	Compliance with financial legislation and policies	Debt coverage ratio (cumulative)	(Total operating revenue received - operating grants) / debts service payments (interest & redemption due for the year) (x 1000)	2 833 711 / 242 517 = 11.68	N/A	2 569 081 / 223 897 = 11.47	2 4 59 698 / 191 763 = 12.83	Actual target met The debt coverage ratio measures cash available to pay debt obligations. (interest & redemption). In this case the target was 11.47 and achieved a 12.83.	2 698 236 / 224 028 = 12.04
5.1.1.4				Outstanding service debtors to revenue	Outstanding service debtors / revenue actually received for services	288 525 129 / 2 447 382 911 = 11.79	N/A	350 101 300 / 2 334 008 664 = 0.15	393 220 937 / 2 279 023 489 = 0.17	Actual target not met The outstanding debtors have increased in the 17/18 relatively to revenue due to economic pressures.	398 452 364 / 2 468 949 600 = 0.16
5.1.1.4				Cost coverage ratio (cumulative)	[(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment / Monthly fixed operating expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)]	543 144 / 209 197 = 2.60	N/A	499 248 / 206 251 = 2.42	458 929 / 198 088 = 2.32	Actual target not met. The ratio is within the norm, and also council changed its stance during the year not to take the loan as budgeted for which then cause a strain on the working capital of the municipality. Therefore, the working capital also funded projects which were to be paid for from the loan. This then resulted in a slight below the target cash.	638 788 / 217 827 = 2.93
5.2.1.6				Sustainable Financial and supply chain Management	Percentage Capital Budget spent on Capital project i.t.o. IDP	Capital Budget amount spent on Capital Projects / Total Capital Budget x 100 = Percentage spent YTD	507 829 563 / 548 195 800 = 92.64%	N/A	495 192 345 / 521 255 100 = 95 %	501 362 262 / 570 504 800 = 87.8%	Actual target not met. The capital expenditure is 7% lower than the annual target set despite improvement on planning when compared to the 2015/2016 financial year. Tenders being advertised late in the year, also due to multi-year projects contributed to not achieving the actual capital spent. The executive management is fast tracking the improvement on planning and progress on projects.

**LEGENT: KEY FOR PERFORMANCE INDICATORS:**

Priority (National general KPI's)

KZN CoGTA Excellence awards criteria

Additional /Departmental criteria

Additional Top layer SDBIP consolidated service delivery targets

**Comments:**

**Access to electricity (New connections):** The Quarterly targets and achievements for this KPI are dependent on the number on consumer applications received.

**Free basic Service (Households with access to free electricity):** The Quarterly targets and achievements for this KPI are dependent on the number on indigent applications received.

**Total number of households:** The annual targets for basic services as reflected in the approved IDP have been aligned with Stats SA (2016 Survey), targets relevant for the 2018/2019 financial year have been aligned to the total number of 110 503 households to include the additional households of the four wards included from former Ntambanana municipality..

**ACHIEVEMENTS:** The annual achievements as reported in the Actual (June 2018) column has been audited by the Internal Auditors (SekeleZabiso, PriceWaterHouseCoopers and Deloitte & Touche) and the Auditor General and final adjustments made together with the audited Annual Financial Statements and AG Report for inclusion in the uMhlathuze 2017/2018 Annual Report.

Additional Top Layer SDBIP consolidated service delivery targets has been included in line with NT MFMA Circular 13 on recommendation by the AG