

**Mogale City**

*Local Municipality*

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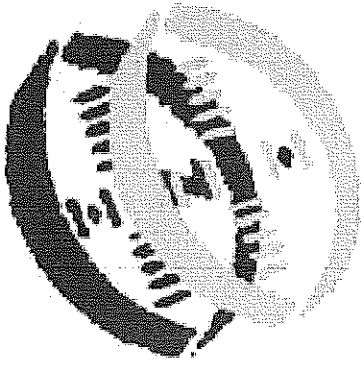
**Section 72 Mid – Year  
Performance Assessment Report**

**2022 / 2023**

**01 July – 31 December 2022**

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# Mogale City

## Local Municipality

### QUALITY CERTIFICATE

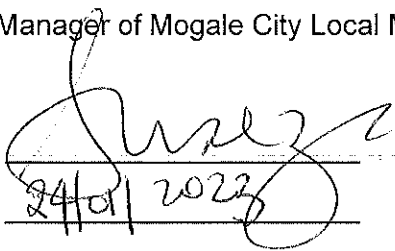
I, Makhosana Msezana, the Municipal Manager of Mogale City Local Municipality, hereby certify that the Mid-year Performance Assessment Report for the period 1 July 2022 to 31 December 2022 has been prepared in accordance with Sections 72(1)(a) and 52(d) of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA) and regulations made under the Act and accordingly submit the required progress made with the achievement of expenditure targets, key performance indicators, development priorities and targets as determined in the 2022/2023 Budget and 2022/2023 Service Delivery and Budget Implementation Plan (SDBIP).

Name: Mr. Makhosana Msezana

Municipal Manager of Mogale City Local Municipality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

  
24/01/2023

## 1. INTRODUCTION

In terms of Section 72(1)(a) and 52(d) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003 the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such an assessment must, in terms of Section 72(1)(b) of the MFMA, be submitted to the Mayor, Provincial and National Treasury.

Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54 of the MFMA.

The Mid-Year Performance Assessment Report and supporting tables of Mogale City Local Municipality is prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

## 2. BACKGROUND

Section 72 (1) of the MFMA stipulates that: "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 re-solving problems identified in the annual report.

(b) submit a report on such assessment to-

(i) the mayor of the municipality;

(ii) the National Treasury; and

(iii) the relevant provincial treasury.

### 2.1 Special Adjustment

The Special Adjustment Budget was approved on 28 October 2022, there were no major adjustments on the budget. The adjustment was mainly on the capital budget, in this case Mogale City's allocation of R40 million NDPG funding for Construction of New Municipal Building Phase 1 it was converted from direct allocation to indirect allocation increased to R77 million.

### 3. FINANCIAL PERFORMANCE

#### 3.1 FINANCIAL REVENUE PERFORMANCE

Table C4 Monthly Budget Statement - Financial Performance revenue - M06 December								
Description	2021/22	Budget Year 2022/23						
	Unaudited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	overs/unders against ytd budget	YTD actual as a % pro rata budget
<b>R thousands</b>								
<b>Revenue By Source</b>								
Property rates	510 662	561 193	561 193	50 741	307 257	280 596	(26 661)	110%
Service charges - electricity revenue	1 145 504	1 217 789	1 217 789	91 423	552 573	608 894	56 321	91%
Service charges - water revenue	393 135	435 595	435 595	35 218	195 075	217 797	22 722	90%
Service charges - sanitation revenue	250 633	249 710	249 710	21 811	126 028	124 855	(1 173)	101%
Service charges - refuse revenue	132 969	124 201	124 201	10 586	62 038	62 100	62	100%
Rental of facilities and equipment	4 193	4 054	4 054	504	3 733	2 027	(1 706)	184%
Interest earned - external investments	1 959	2 086	2 086	594	2 272	1 043	(1 229)	218%
Interest earned - outstanding debtors	50 806	49 040	49 040	7 493	40 330	24 520	(15 810)	164%
Fines	24 826	74 918	74 918	(467)	3 593	37 459	33 866	10%
Licences and permits	33	35	35	3	40	18	(22)	224%
Agency services	20 773	20 078	20 078	(5 597)	10 999	10 039	(960)	110%
Transfers recognised - operational	512 701	585 234	585 234	183 991	410 764	421 152	10 387	98%
Other revenue	54 065	40 952	40 952	3 049	28 455	20 476	(7 979)	139%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3 102 260</b>	<b>3 364 885</b>	<b>3 364 885</b>	<b>399 349</b>	<b>1 743 158</b>	<b>1 810 978</b>	<b>67 820</b>	<b>96%</b>
Transfers recognised - capital	250 380	340 293	300 293	12 772	44 405	200 232	155 628	22%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-

#### Table above provides monthly budget statement – Financial Performance revenue:

- 3.1.1 The Budget Implementation component of the SDBIP, circular 13 requires a breakdown by monthly projections of revenue for each source and monthly projections of capital expenditure and operational expenditure and revenue for each vote.
- 3.1.2 The anticipated adjusted revenue for the 2022/23 amounts to R 3.4 billion (excluding capital grants received and internal transfers). The projected collection was projected at 91%, as at 31 December 2022 the average collection rate was 91%.
- 3.1.3 Total income received for the first six months of the financial year was R1.7 billion resulting in favourable variance of R 67 million, this is due to the following reasons below:
- 3.1.4 Property rates billed revenue has achieved 110%, over performing by 10% or R 26 million.
- 3.1.5 Electricity billed revenue has achieved 91%, underperforming by 9% or R 56 million. Credit control measures will be implemented continuously to try to achieve 100%.
- 3.1.6 Water billed revenue has achieved 90%, underperforming by 10% Credit control measures will be implemented continuously to try to achieve 100%.
- 3.1.7 Sanitation billed revenue has achieved 101%, over performing by 1% or R 1 million.
- 3.1.8 Refuse billed revenue has achieved 100%
- 3.1.8 Rental of facilities and equipment is underperforming by 184% or R 2 million when comparing with year-to-date budget, this is due to under collection of out-door advertising.

- 3.1.9 Interest on external investments, over performance due to increases of investment made. Interest on external debtors is due mainly to interest charged to consumer.
- 3.1.10 Fines these are mainly traffic fines. Ticket income is recognised on accrual basis. The contract for the service provider expired and the new process for SCM has started the process is at evaluation stage, the pre-evaluation stage has been completed.
- 3.1.11 Agency Services, over performance by 10% or R1 million.

## 3.2 FINANCIAL EXPENDITURE PERFORMANCE

Table below provides monthly budget statement – Financial Performance expenditure:

Table 2: Monthly Budget Statement – Financial Performance expenditure

Table C4 Monthly Budget Statement - Financial Performance expenditure - M06 December								
Description	2021/22	Budget Year 2022/23						
	Unaudited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	overs/unders against ytd budget	YTD actual as a % pro rata budget
R thousands								%
<b>Expenditure By Type</b>								
Employee related costs	838 611	1 082 636	1 082 636	73 350	454 296	541 318	87 022	84%
Remuneration of councillors	33 922	37 820	37 820	3 111	20 704	18 910	(1 794)	109%
Debt impairment	-	261 759	261 759	-	-	130 880	130 880	0%
Depreciation & asset impairment	206 263	247 278	247 278	18 025	106 627	123 639	17 012	86%
Finance charges	27 619	27 139	27 139	2 129	12 326	13 570	1 243	91%
Bulk purchases	953 276	1 047 604	1 047 604	67 747	526 166	523 802	(2 364)	100%
Other materials	384 781	388 338	388 338	40 216	226 986	194 169	(32 817)	117%
Contracted services	409 749	335 120	335 120	46 874	204 487	167 560	(36 927)	122%
Transfers and grants	1 624	3 140	3 140	30	269	1 570	1 301	17%
Other expenditure	133 752	169 179	169 179	8 854	(16 452)	84 589	100 041	-18%
Loss on disposal of PPE	-	2	2	-	-	-	-	0%
<b>Total Expenditure</b>	<b>2 989 597</b>	<b>3 600 016</b>	<b>3 600 016</b>	<b>260 336</b>	<b>1 536 410</b>	<b>1 800 007</b>	<b>263 597</b>	<b>85%</b>

- 3.2.1 The operating expenditure is underspending by R 264 million, that is 15% less than projected expenditure for the period, this is largely due to non – cash items and employee related costs. However, it is noteworthy to point out that the following expenditure items, debt impairment and year-end provisions are non-cash, and currently not expended yet.
- 3.2.2 Debt Impairment indicate zero spending, the assessment for debt impairment and journal thereof are done annually.
- 3.2.3 The expenditure on employee's costs and remuneration of councillors' amounts to R 475 million or 42% of the total approved budget and 85% of the pro rata budget. Total expenditure costs at the end of December amounts to 36% of total own revenue (R 1,743 billion minus R 411 million), meaning we spend 36 cents on staff costs from every R 1 that we collect in own revenue excluding operating grants.

- 3.2.4 Remuneration of councillors have overspent on pro rata, due to back payment that was paid for salary increase.
- 3.2.5 Bulk purchases & other materials indicate an overspending on pro-rata due to interest charged by Eskom on old debts. Some of the water is lost through the system due to old infrastructure that results in water losses.
- 3.2.6 Contracted services are overspending mainly due to security services, rental of water tankers and chemical toilets overspending on their pro rata budget.
- 3.2.7 The over expenditure under other expenditure is due to a transaction error on one of the accounts, Bank Charges, an error call has been logged with the system provider (BIQ) to attend to the error and rectify, a follow up email was sent to (BIQ) to check whether the error has been resolved. Treasury is in communication with (BIQ) to ensure that error does not occur in the next monthly reporting period. There is notable progress on this matter as the error amount is decreasing monthly when compared to the first instance when it occurred.

## 3.3 PROJECTIONS PER RECEIPTS

Table below provides a summary of monthly projections per each revenue source and expenditure by type.

GT481 Mogale City - Table C7 Monthly Budget Statement - Cash Flow - M06 December 2022										
Description	Ref	2021/22	Budget Year 2022/23							
		Unaudited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		498 816	561 193	561 193	47 872	299 454	274 985	24 469	9%	561 193
Service charges		1 610 000	1 841 178	1 841 178	146 538	920 013	923 048	(3 035)	0%	1 841 178
Other revenue		586 908	263 770	263 770	46 741	282 381	113 951	168 430	148%	263 770
Government - operating		511 263	585 234	585 234	182 408	424 011	424 011	-		585 234
Government - capital		259 354	340 293	300 293	28 977	110 189	110 189	-		300 293
Interest		21 244	51 125	51 125	2 156	13 643	6 569	7 074	108%	51 125
Dividends				-						
<b>Payments</b>										
Suppliers and employees		(3 152 137)	(3 208 491)	(3 208 491)	(389 238)	(1 944 744)	(1 591 215)	353 529	-22%	(3 208 491)
Finance charges		(28 109)	(27 139)	(27 139)	(2 061)	(12 258)	(12 258)	-		(27 139)
Transfers and Grants		(6 010)	(3 140)	(3 140)	(1 001)	(7 080)	(1 420)	5 661	-399%	(3 140)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>301 329</b>	<b>404 023</b>	<b>364 023</b>	<b>62 393</b>	<b>85 610</b>	<b>247 862</b>	<b>162 252</b>	<b>65%</b>	<b>364 023</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
<b>Payments</b>										
Capital assets		(194 305)	(424 391)	(384 391)	(26 519)	(183 175)	(120 253)	62 922	-52%	(384 391)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(194 305)</b>	<b>(424 391)</b>	<b>(384 391)</b>	<b>(26 519)</b>	<b>(183 175)</b>	<b>(120 253)</b>	<b>62 922</b>	<b>-52%</b>	<b>(384 391)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans					-		-	-		-
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
<b>Payments</b>										
Repayment of borrowing		(30 112)	(30 696)	(30 696)	(2 563)	(15 168)	(15 168)	-		(30 696)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(30 112)</b>	<b>(30 696)</b>	<b>(30 696)</b>	<b>(2 563)</b>	<b>(15 168)</b>	<b>(15 168)</b>	<b>-</b>		<b>(30 696)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>76 912</b>	<b>(51 064)</b>	<b>(51 064)</b>	<b>33 311</b>	<b>(112 733)</b>	<b>112 441</b>			<b>(51 064)</b>
Cash/cash equivalents at beginning:		64 925	64 925	64 925		141 837	64 925			141 837
Cash/cash equivalents at monthly year end:		141 837	13 861	13 861		29 104	177 385			90 773

3.3.1 Mogale City closed the second quarter with a surplus December and projections going forward indicate an unfavourable position negative cash and cash equivalent. Plans are in place to reduce expenditure to alleviate the burden on the cash flow.



### 3.4 Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

Table below provides a summary of monthly operating expenditure and revenue projections for the period ended 31 December 2022 as per vote.

GT481 Mogale City - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December 2022

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Unaudited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue by Vote</b>	1									
Vote 1 - MUNICIPAL COUNCIL		6 151	5 607	5 607	755	2 903	2 803	100	3,6%	5 607
Vote 2 - MUNICIPAL MANAGER'S OFFICE		2 215	4 000	4 000	-	-	2 667	(2 667)	-100,0%	4 000
Vote 3 - INTERNAL AUDIT		22	-	-	-	-	-	-	-	-
Vote 4 - STRATEGIC MANAGEMENT SERVICES		47	48	48	-	44	24	20	82,9%	48
Vote 5 - CORPORATE SUPPORT SERVICES		(4 362)	2 455	2 455	431	(460)	1 227	(1 687)	-137,5%	2 455
Vote 6 - FINANCIAL MANAGEMENT SERVICES		621 628	626 696	626 696	58 579	359 808	314 173	45 635	14,5%	626 696
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		264 818	362 507	362 507	64 785	188 584	228 772	(40 188)	-17,6%	362 507
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		233 651	320 030	320 030	55 769	152 700	209 861	(57 160)	-27,2%	320 030
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		91 583	173 908	133 908	1 634	11 988	87 471	(75 483)	-86,3%	133 908
Vote 10 - UTILITIES MANAGEMENT SERVICES		2 057 804	2 178 631	2 178 631	222 966	1 058 937	1 143 501	(84 565)	-7,4%	2 178 631
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		79 084	31 298	31 298	7 204	13 058	20 710	(7 652)	-36,9%	31 298
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>3 352 640</b>	<b>3 785 179</b>	<b>3 665 179</b>	<b>412 121</b>	<b>1 787 562</b>	<b>2 011 210</b>	<b>(223 648)</b>	<b>-11,1%</b>	<b>3 665 179</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - MUNICIPAL COUNCIL		55 288	70 103	70 103	4 927	32 199	35 052	(2 852)	-8,1%	70 103
Vote 2 - MUNICIPAL MANAGER'S OFFICE		6 909	12 261	12 261	562	5 620	6 130	(511)	-8,3%	12 261
Vote 3 - INTERNAL AUDIT		12 335	22 552	22 552	925	5 885	11 276	(5 391)	-47,8%	22 552
Vote 4 - STRATEGIC MANAGEMENT SERVICES		48 083	58 916	58 916	3 300	25 878	29 458	(3 580)	-12,2%	58 916
Vote 5 - CORPORATE SUPPORT SERVICES		106 897	220 438	220 438	13 347	66 737	110 219	(43 482)	-39,5%	220 438
Vote 6 - FINANCIAL MANAGEMENT SERVICES		217 362	340 213	340 213	14 608	15 125	146 715	(131 590)	-89,7%	340 213
Vote 7 - INTEGRATED ENVIRONMENTAL MANAGEMENT		178 520	225 434	225 434	17 071	90 511	112 717	(22 206)	-19,7%	225 434
Vote 8 - COMMUNITY DEVELOPMENT SERVICES		356 681	364 260	364 260	33 701	196 306	205 522	(9 216)	-4,5%	364 260
Vote 9 - ECONOMIC DEVELOPMENT SERVICES		69 841	88 688	88 688	7 024	39 765	44 344	(4 579)	-10,3%	88 688
Vote 10 - UTILITIES MANAGEMENT SERVICES		1 756 538	2 037 119	2 037 119	151 151	962 789	997 724	(34 935)	-3,5%	2 037 119
Vote 11 - PUBLIC WORKS, ROADS & TRANSPORT		181 143	160 030	160 030	13 719	95 585	100 850	(5 255)	-5,2%	160 030
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>2 989 597</b>	<b>3 600 016</b>	<b>3 600 016</b>	<b>260 335</b>	<b>1 536 410</b>	<b>1 800 008</b>	<b>(263 597)</b>	<b>-14,8%</b>	<b>3 600 016</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>363 044</b>	<b>105 163</b>	<b>65 163</b>	<b>151 785</b>	<b>251 152</b>	<b>211 202</b>	<b>39 950</b>	<b>18,9%</b>	<b>65 163</b>

### 3.5 Projections of Capital Spending by Vote

Mogale City envisages a spending of R 384 million on the special adjusted capital budget for 2022/23 financial year, total spending for the first six (6) months of the financial year amounts to R 54 million or 23% of the total budget. The acceleration plan has been developed by the implementing department.

The Capital Budget will be funded from grants allocations (R 300 million) and surplus cash (R 84 million) respectively as indicated in the graph below.

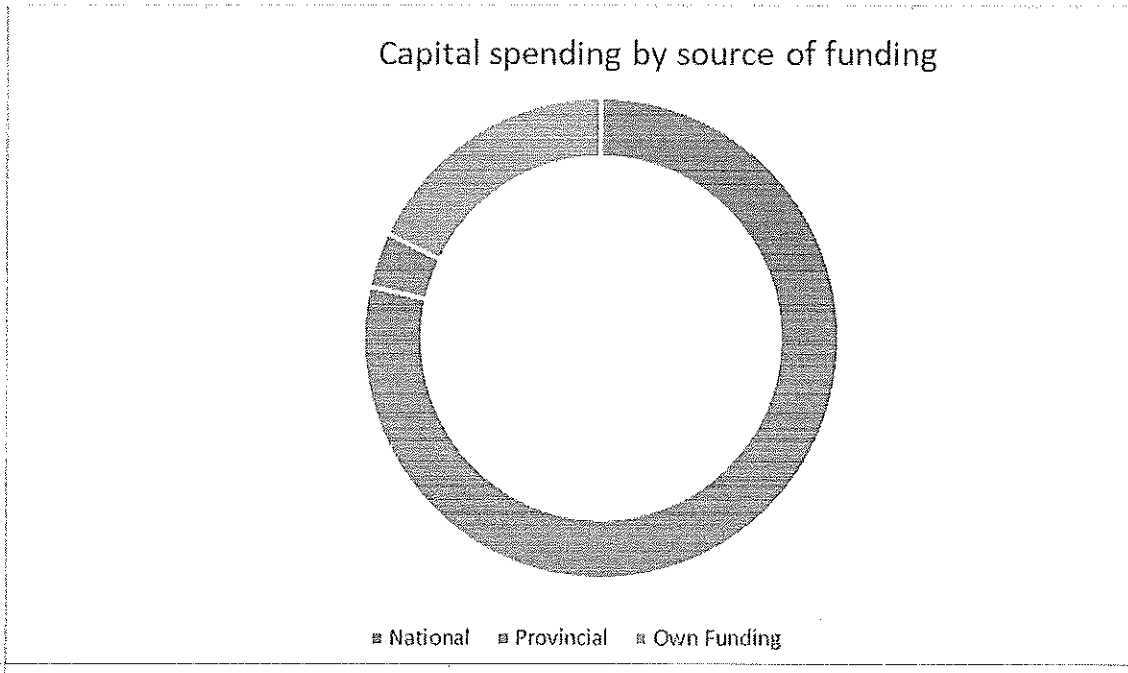


Table below reflects the monthly expenditure for the first six months of the financial year 2022/23

GT481 Mogale City - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December 2022									
Month	2021/22	Budget Year 2022/23							
	Unaudited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	10 431	35 366	32 033	926	926	32 033	31 107	97,1%	0%
August	2 818	35 366	32 033	1 261	2 186	64 065	61 879	96,6%	1%
September	14 230	35 366	32 033	2 823	5 009	96 098	91 089	94,8%	1%
October	23 372	35 366	32 033	20 824	25 833	128 130	102 297	79,8%	6%
November	28 775	35 366	32 033	8 077	33 910	160 163	126 253	78,8%	8%
December	6 559	35 366	32 033	20 143	54 052	192 196	138 143	71,9%	13%
January	15 389	35 366	32 033			224 228	-		
February	21 298	35 366	32 033			256 261	-		
March	25 811	35 366	32 033			288 293	-		
April	12 465	35 366	32 033			320 326	-		
May	19 062	35 366	32 033			352 359	-		
June	42 485	35 366	32 033			384 391	-		
<b>Total Capital expenditure</b>	<b>222 695</b>	<b>424 391</b>	<b>384 391</b>	<b>54 052</b>					

Table below provides a summary of monthly capital expenditure per vote.

Vote Description	2022/2023 Approved Original Budget	2022/2023 Approved Special Adjustment Budget	Capital expenditure incurred to date	% of Approved original Budget Spent to date	Pro rata Budget to date	Under/ Over spend against pro rata budget	% pro rata budget spent to date
	R'000	R'000	R'000	%	R'000	R'000	%
<b>Internal Audit</b>	51	51		0%	26	26	0%
Corporate Ethics	51	51	-	0%	26	26	0%
<b>Strategic Management Services</b>	104	104	42	41%	52	10	81%
Executive Manager	60	60	42	71%	30	(12)	141%
Cooperative Governance	10	10		0%	5	5	0%
Corporate Communication & Customer Care	19	19		0%	9	9	0%
Intergrated Development Planning	15	15		0%	7	7	0%
<b>Corporate Support Services</b>	30	30		0%	15	15	0%
Human Capital Management	30	30		0%	15	15	0%
<b>Municipal Finance Management</b>	330	330	1 330	403%	1 015	(315)	131%
Executive Manager							
Budget & Treasury Office	300	300	106	35%	150	44	71%
Revenue Management			1 224			(1 224)	
Credit Control & Debt Collection	30	30	-	0%	855	855	0%
Municipal Valuation							
<b>Integrated Environmental Management</b>	99 911	99 911	26 779	27%	48 842	22 062	55%
Integrated Waste Management	77 111	77 111	13 801	18%	37 442	23 640	37%
Biodiversity Management	21 800	21 800	12 978	60%	10 900	(2 078)	119%
Tourism Management	1 000	1 000		0%	500	500	0%
<b>Community Development Services</b>	56 630	56 630	4 802	8%	28 315	23 513	17%
Sports, Arts, Culture and Recreation	5 500	5 500		0%	2 750	2 750	0%
Social Development	51 080	51 080	4 802	9%	25 540	20 738	19%
Public Safety	50	50		0%	25	25	0%
<b>Economic Services</b>	60 465	20 465		0%	10 233	10 233	0%
Building Development Management	60 465	20 465		0%	10 233	10 233	0%
<b>Public Works, Roads and Transport</b>	22 938	22 938	8 750	38%	11 469	2 719	76%
Roads & Transport Services	22 528	22 528	8 620	38%	11 264	2 644	77%
Project Management Unit	410	410	130	32%	205	75	64%
<b>Utility Management Services</b>	188 760	188 760	12 348	7%	92 180	79 832	13%
Water Services	154 160	154 160	7 754	5%	74 880	67 126	10%
Energy Distribution Services	34 600	34 600	4 594	13%	17 300	12 706	27%
	429 219	389 219	54 052	14%	192 146	138 093	28%

#### 4 SERVICE DELIVERY PERFORMANCE ANALYSIS

Performance management is prescribed by Chapter 6 of the Municipal Systems Act (MSA), Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7(1) of the aforementioned regulation states 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 responsibilities of the different role players." This framework, *inter alia*, reflects the linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and individual and service provider performance.

The municipal performance for the mid-year period is as indicated in the table below.

Departments	Total Projected Target per Quarter	Achieved	Not Achieved	% Achieved
Office of the Speaker	5	4	1	80%
Mayor's office	2	1	1	50%
Office of the CAE	19	19	0	100%
Strategic Management Services	21	12	9	57%
Financial Management Services	25	22	3	88%
Corporate Support Services	23	21	2	91%
Department: Integrated Environmental Management	14	13	1	93%
Community Development Services	29	28	1	97%
Economic Development Services	18	13	5	72%
Utilities Management Services	13	6	7	46%
Public Works, Roads and Transport	18	10	8	56%
<b>TOTAL</b>	<b>187</b>	<b>149</b>	<b>38</b>	<b>80%</b>

The above table depicts the mid-year performance per department in line with the set SDBIP Top layer and Operational layer targets. The municipality has progressed well with a total of 187 planned targets and 149 achieved which makes 80% overall achievement.

## 4.1. Comparative performance achievement for 2021/2022 and 2022/23 financial year.

Departments	Mid-Year 2021/2022 Achievements	Mid-Year 2022/2023 Achievements
Office of the Municipal Manager	75%	**N/A
Office of the Speaker	*N/A	80%
Mayor's office	*N/A	50%
Office of the CAE	85%	100%
Strategic Management Services	95%	57%
Financial Management Services	100%	88%
Corporate Support Services	100%	91%
Department: Integrated Environmental Management	94%	93%
Community Development Services	100%	97%
Economic Development Services	100%	72%
Utilities Management Services	76%	46%
Public Works, Roads and Transport	83%	56%
<b>Overall Score</b>	<b>91%</b>	<b>80%</b>
*As from 2022/23, Office of the speaker and office of the Mayor no longer report under Strategic Management Services		
**Office of the Municipal Manager does not have targets on the 2022/23 SDBIP		

Based on the table above the municipality's performance has regressed as compared to the previous year, below are among others, reason that can be mentioned:

- Utilities Management Services did not achieve some of their set targets as no contract in place for the materials and the high vacancy rate within the Energy services division.
- Public Works, Roads and Transport also achieved less targets than expected due to delay in delivery of materials from suppliers because of loadshedding by ESKOM.
- Kagiso Elderly centre project was delayed to the disruptions caused by the business forum.

## 5. ADJUSTMENT BUDGET

Regulation 23 of the Municipal Budget and Reporting Regulations provides, *inter alia*, for the following:

*"An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year."*

A revised Top Layer SDBIP will be submitted with the Adjustment Budget to Council by 28 February 2023 with the necessary motivation where key performance indicators require adjustment/ amendment/s as a result of the Adjustment Budget.

## 6. SUMMARY AND CHALLENGES

**Annexure A** is the unaudited SDBIP report for the first half of the financial year 2022/2023 ending 31 December 2022, which measures Mogale City's Local Municipality's overall performance per Municipal Key Performance Areas. The report, furthermore, includes the performance actuals, variances and corrective measures indicated for targets not achieved.

### Business and Financial Risks Implications

- 6.1** The adjustment budget is necessary due to the six (6) months performance on the expenditure as the expenditure budget will have to be aligned to the available revenue and departments must reduce expenditure and based it with cash collection limits and savings must be identified by all departments to cater for the expenditure that are overspending the budget in order to avoid unauthorised expenditure.

The collection of revenue as at the end of 31 December 2022 is at 91% whereas the special adjustment budget was based on anticipated collection of 91%.

- 6.2** Inadequate cash flow over the years is still a strategic risk, whereby implementation of stringent credit control measures, cost containment and budget support must be enforced.

## 7. RECOMMENDATIONS

### 7.1 That cognisance be taken on the following:

- 7.1.1 The 2022/2023 mid-year budget and financial performance assessment be noted;
- 7.1.2 That all Departments must work together to enhance revenue collection.
- 7.1.3 That all Departments must align their spending to be within the budget allocated and income received to stabilize the finances of the municipality.
- 7.1.4 That the Infrastructure Service Department reduce the water losses.
- 7.1.5 That an adjustments budget be submitted to Council during February 2023 based on the revenue & expenditure performance contained in this report and revised cash flow projections.

  
MAKHOSANA MSEZANA

MUNICIPAL MANAGER

DATE: 24/01/2023