

**THIRD QUARTER PERFORMANCE REPORT FOR 2022/2023 FINANCIAL YEAR**

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**1. PURPOSE**

The purpose of the report is to inform council about the performance of the Institution during the Third Quarter of the 2022/2023 financial year.

**2. BACKGROUND**

The report is based on the overall performance of the municipality in the THIRD QUARTER as set out in the Institutional Performance Plan. Departments are expected to report on quarterly basis in terms of section 27 of Performance Regulation of 2006 and subsequently the MFMA stipulates general responsibilities of Mayors. Section 52(d) of the Act requires that a mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

**3. DISCUSSION**

The municipality has 6 Key Performance Areas namely, Basic Service Delivery, Local Economic Development, Municipal Financial Viability and Management, Municipal Transformation and Institutional Development, Good Governance and Public Participation, and lastly Environmental and Spatial Management. Looking at the report (attached) the municipality has not performed well. This is due to several challenges regarding the poor performance of contractors and not adhering to timeframes as a result of other stakeholders. All this information will still be audited comprehensively by the Internal Audit for Audit Committee consideration.

With reference to this report the following areas have been highlighted as risky areas that have affect the overall Institutional Performance at the end of the third quarter of 2022/2023 financial year: This section will also highlight the amended areas post the adjustment of the SDBIP in the council meeting held on 31 March 2023.

**3.1. KPA1: BSD**

In the third quarter of 2022/2023 financial year, **26** targets were set under the KPA, out of those **8** targets were achieved, **6** not achieved, and 12 were not applicable in the quarter. The reported under performance is due to poor performance by the appointed contractor and they should be monitored and consequence management applied. It is also recommended that future appointment be made using a risk mitigation method to ensure that those appointed have the required capacity.

This therefore means that the actual performance without not applicable indicators is **57% achieved and 43% not achieved**. This in an improvement compared to the past two quarter in this financial year under this KPA.

**3.2. KPA2: LED**

In the third quarter of 2022/2023 financial year, **6** targets were set under the KPA, out of those **2** targets were achieved, and **4** were not applicable in the quarter. The KPA is performing well.

This therefore means that the actual performance without not applicable indicators is **100%** achieved of the planned targets. This KPA is performing consistently.

### **3.3. KPA3: MFMV**

In the third quarter of 2022/2023 financial year, **17** targets were set under the KPA, out of those **8** targets were achieved, **6** not achieved, and **3** were not applicable in the quarter. Under this KPA an emphasis must be placed on the poor performance of capital and conditional grants budgets, as they had an under expenditure at the end of the quarter. This can have a negative effect both on service delivery and on grants that are given to the municipality. This is a direct implication of the indicators within the Basic Service Delivery KPA that underperformed.

This therefore means that the actual performance without not applicable indicators is **57%** achieved and **43 %** not achieved. This is an improvement compared to the past two quarters in this financial year under this KPA.

### **3.4. KPA4: MTID**

In the third quarter of 2022/2023 financial year, **13** targets were set under the KPA, out of those **3** targets were achieved, **2** not achieved, and **8** were not applicable in the quarter.

This therefore means that the actual performance without not applicable indicators is **60%** achieved and **40 %** not achieved. This performance of this KPA is also consistent with the previous quarters.

### **3.5. KPA5: GGPP**

In the third quarter of 2022/2023 financial year, **16** targets were set under the KPA, out of those **12** targets were achieved, **3** not achieved and **1** not applicable in the quarter.

This therefore means that the actual performance without not applicable indicators is **80%** achieved and **20%** not achieved. Similarly with LED, and MTID, this KPA's performance is also consistent.

### **3.6. KPA6: E&SM**

In the third quarter of 2023/2023 financial year, **6** targets were set under the KPA, out of that **1** target were achieved, and **5** not applicable in the quarter.

This therefore means that the actual performance without not applicable indicators is **100%** achieved. Although this KPA shows **100%** achieved it needs not be closely monitored because it has a lot of targets that are depended on external factors. Council should intervene where required particularly on issues which require the participation of Traditional Leaders.

### **3.7 AMENDMENTS TO THE FINAL APPROVED AMENDED SDBIP**

On assessment of the SDBIP some errors were identified, and the following changes are recommended to be effected for alignment purposes:

#### **LOCAL ECONOMIC DEVELOPMENT (LED)**

- On LED an indicator which read as Report on number of jobs created through the LED initiatives including capital projects by June 2022 was LED02-02 has now changed to LED 02-04 and it now reads as (Report on number of jobs created through the LED initiatives including capital projects by June 2023).

- LED 02-03 which read as % of the municipal infrastructure capital projects in excess of R6 million, allocated to SMME's through sub-contracting by June 2022, has now changed to LED02-05 and it now reads as (% of the municipal infrastructure capital projects in excess of R6 million, allocated to SMME's through sub-contracting by June 2023).

#### **MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY (MFMV)**

- MFMV01-01 which read as Performance of the service provider by June 2023, has now changed to MFMV01-02

#### **GOOD GOVERNANCE AND PUBLIC PARTICIPATION (GGPP)**

- GGPP04-01 which read as Number of Ward Committee engagements/ interactions/support by June 2023, has now changed to GGPP04-02
- GGPP04-02 which read as Percentage of issues disseminated from the Municipal Customer Care Complaints register within 3 days by June 2023, has now changed to GGPP04-03

#### **ENVIRONMENTAL AND SPATIAL MANAGEMENT (E&SM)**

- E&SM02-02, the target of public participation moves to Quarter 4.
- E&SM02-03, the target of pegging of sites moves to Quarter 4
- E&SM 03-1 must change from reading as Establishment of the Municipal Planning Tribunal by, to (Establishment of the Municipal Planning Tribunal by 30 June 2023). The third quarter target which is (Notice for the withdrawal from the district). Must move to Quarter 4.
- E&SM04-01, must change from reading as Transfer of public works and rural development properties by, to (Transfer of public works and rural development properties by 30 June 2023). The third target which is (Signed agreements between the municipality and the state departments for the rectification transfers) must move to Quarter 4.

For the overall performance of the municipality per Key Performance Area. (Please refer to the attached report and its Annexure)

#### **4. FINANCIAL IMPLICATIONS**

If the issues raised above are not addressed, the municipality is likely to experience under expenditure on its capital and grants budgets.

#### **5. LEGAL IMPLICATIONS**

Non-compliance with the MFMA

#### **6. AUTHORITY**

The item was prepared by Mr. S. Gaju. The Institutional Performance Coordinator. Reviewed by Mr E. Fortune, the Risk and Compliance Coordinator, and Approved by Mr. X. Mnzilwa the Acting General Manager in the Office of the MM.

## 7. **RECOMMENDATION**

. It is therefore recommended that:

- the amendments made post the actual performance adjustment targets and indicators be effected in the main document,
- the performance on Basic Service Delivery and Spatial and Environmental Management KPA's be closely monitored by the municipality, particularly on projects that underperformed during the quarter.
- capital and Conditional grants expenditure be accelerated to avoid, losing conditional grants and delay in completion of service delivery projects,
- the Director Technical Services closely monitor the performance of appointed contractors,
- the report be placed on the website after the signature of the Municipal Manager and Mayor.
- the report be submitted to Provincial and National Treasury.