

## ANNEXURE A

# AMENDED 2019-20 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN



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## 1. PURPOSE

The purpose of this annexure is to provide a summary report on the effected amendments from the original Service Delivery and Budget Implementation Plan (SDBIP) for 2019/2020 financial year.

## 2. COMPLIANCE WITH STRATEGIC OBJECTIVE

Compliance with the following strategic objectives as per the approved IDP of the municipality:

- **Strategic Objective 4.1** – To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation.
- **Strategic Objective 5.1** - To enforce, promote and adhere to Good Governance practices by complying with prescribed laws and regulations at all levels within the organisation.
- **Strategic Objective 5.6** - To ensure effective oversight over the affairs of the municipality.

## 3. LEGAL REQUIRMENTS

This report was developed as per the requirements of the Municipal Finance Management Act no. 56 of 2003 and its regulations and circular no 13 of the MFMA, chapter 6 of the Municipal Systems Act no, 32 of 2000 and Municipal Planning and Performance Management Regulations of 2001.

## 4. BACKGROUND AND DISCUSSIONS

The process for the review of the Service Delivery and Budget Implementation (SDBIP) of the municipality is guided by the requirements as stipulated under section 72 of the Local Government: Municipal Finance Management Act of 2003 which requires from the Accounting Officer of the municipality by 25 January each year to:

- (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;

After performing such an assessment as provided for in terms section 72 the accounting officer must submit such a report to the Mayor of the municipality, National Treasury and the relevant Provincial Treasury. The accounting office must over and above as part of the review make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

The process for the review of the Service Delivery and Budget Implementation Plan is guided by provisions of section 54 of the MFMA on budgetary control and early identification of financial problems. Which requires that on receipt of a statement or report submitted by the Accounting Officer of the municipality in terms of section 71 and 72 the Mayor must:

- (a) Consider the statement or report;
- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) Consider and if necessary make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustment budget.
- (d) Issue any appropriate instructions to the accounting officer to ensure:
  - (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and
  - (ii) That spending of funds and revenue collection proceed in accordance with the budget.
- (e) Identify any financial problems facing the municipality, including any emerging or impending financial problem;
- (f) In the case of section 72 report, submit the report to the council by 31 January of each year.

## 5. AMENDMENTS EXISTING KEY PERFORMANCE INDICATORS

KPA 1: Municipal Transformation and Organisational Development										
Performance Objectives And Indicators						Annual Performance Targets				
ID	Strategic Objective	Strategies	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	2019/20 Financial Year				
						Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1.3(a)	Improve administrative and financial capability of the municipality.	Ensure continuous institutional development by embracing and implementing sector reforms as introduced by Treasury, CoGTA and other sector leaders and ensure proper risk management, adequate internal controls for improved financial	100% of Auditor-General's findings relating to financial management, leadership, predetermined objectives and other matters addressed by 30 June 2020.	% of Auditor-General's findings relating to financial management, leadership, predetermined objectives and other matters addressed by 30 June 2020.	70% of Post Audit Action Plan for matters relating to leadership, pre-determined objectives resolved and other matters and 100% of matters relating to findings on pre-determined objectives during 2018/19.	Address 100% of Auditor-General's findings relating to financial management, leadership, predetermined objectives and other matters by 30 June 2020.	KPI Not applicable	Compile Audit Action Plan for the previous audited financial year by 30 September 2019.	Address 50% of Auditor-General's findings relating to financial management, leadership, predetermined objectives and other matters by 31 March 2020.	Address 100% of Auditor-General's findings relating to financial management, leadership, predetermined objectives and other matters by 30 June 2020.

<b>KPA 1: Municipal Transformation and Organisational Development</b>										
<b>Performance Objectives And Indicators</b>						<b>Annual Performance Targets</b>				
ID	Strategic Objective	Strategies	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	2019/20 Financial Year				
						Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
		management, and improved overall organisational performance.								

## 6. NEW KEY PERFORMANCE INDICATORS INTRODUCED

<b>Key Performance Area 4: Financial Management &amp; Viability</b>										
<b>PERFORMANCE OBJECTIVES AND INDICATORS</b>						<b>ANNUAL PERFORMANCE TARGETS</b>				
<b>FOR THE PERIOD 1 JULY 2019 – 30 JUNE 2020</b>										
ID	Strategic Objective	Strategies	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	Annual Target 2015/16	Quarter 1	Quarter 2	Quarter 3	Quarter 4
4.1(i)	To ensure financial management practices that	Plan, implement, monitor and report financial management	4 quarterly reviews and updating of financial	Number of quarterly reviews and updating of financial management	Audit Action Plan of 2015/16	4 quarterly reviews and updating of financial management	1 quarterly review and updating of financial management	1 quarterly review and updating of financial management	1 quarterly review and updating of financial management	1 quarterly review and updating of financial management

**Key Performance Area 4: Financial Management & Viability**

PERFORMANCE OBJECTIVES AND INDICATORS						ANNUAL PERFORMANCE TARGETS				
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**FOR THE PERIOD 1 JULY 2019 – 30 JUNE 2020**

ID	Strategic Objective	Strategies	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	Annual Target 2015/16	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	enhance viability & compliance with the requirements of MFMA & other relevant legislation	activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards.	management related internal controls based on the quarterly Internal Audit reports by 30 June 2020.	related internal controls based on the quarterly Internal Audit reports by 30 June 2020.		related internal controls based on the quarterly Internal Audit reports by 30 June 2020.	related internal controls based on the quarterly Internal Audit reports by 30 September 2020	related internal controls based on the quarterly Internal Audit reports by 31 December 2020	related internal controls based on the quarterly Internal Audit reports by 31 March 2020	related internal controls based on the quarterly Internal Audit reports by 30 June 2020
4.1(j)	To ensure financial management practices that enhance viability & compliance with the requirements of	Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30	% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each	2015/16 Payment vouchers & files	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each

<b>Key Performance Area 4: Financial Management &amp; Viability</b>										
<b>PERFORMANCE OBJECTIVES AND INDICATORS</b>						<b>ANNUAL PERFORMANCE TARGETS</b>				
<b>FOR THE PERIOD 1 JULY 2019 – 30 JUNE 2020</b>										
<b>ID</b>	<b>Strategic Objective</b>	<b>Strategies</b>	<b>Key Performance Indicator (KPI)</b>	<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Annual Target 2015/16</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
	MFMA & other relevant legislation	prescribed accounting norms and standards.	days of the end of each month throughout 2016/17 financial year.	month throughout 2016/17 financial year.		month throughout 2016/17 financial year.	days of the end of each month throughout this quarter	month throughout this quarter	days of the end of each month throughout this quarter	month throughout this quarter
4.1(k)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards.	2 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2017	Number of biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2017	2015/16 Annual Assets Verification	2 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2017	N/A	1 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 31 December 2016	N/A	1 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2017



<b>Key Performance Area 4: Financial Management &amp; Viability</b>										
<b>PERFORMANCE OBJECTIVES AND INDICATORS</b>						<b>ANNUAL PERFORMANCE TARGETS</b>				
<b>FOR THE PERIOD 1 JULY 2019 – 30 JUNE 2020</b>										
<b>ID</b>	<b>Strategic Objective</b>	<b>Strategies</b>	<b>Key Performance Indicator (KPI)</b>	<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Annual Target 2015/16</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
4.1(l)	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation	Plan, implement, monitor and report financial management activities in accordance with MFMA, its associated regulations and prescribed accounting norms and standards.	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2017	Amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2017	2015/16 Annual Financial Statements disclosure and the Auditor-General's Report	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2017	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2017	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 31 December 2016	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 31 March 2017	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2017

<b>Key Performance Area 4: Financial Management &amp; Viability</b>										
PERFORMANCE OBJECTIVES AND INDICATORS						ANNUAL PERFORMANCE TARGETS				
FOR THE PERIOD 1 JULY 2019 – 30 JUNE 2020										
ID	Strategic Objective	Strategies	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	Annual Target 2015/16	Quarter 1	Quarter 2	Quarter 3	Quarter 4
							30 September 2016			

## 7. TECHNICAL INDICATOR DESCRIPTION

MFMA Circular No.13 describes the SDBIP as a layered plan, with the top layer of the plan dealing with consolidated service delivery targets and in-year deadlines, and linking such targets to top management.

The section below – Part A - therefore outlines the detailed performance indicators and targets based on the following five key performance areas of local government:

- KPA 1: Municipal Transformation & Organisational Development
- KPA 2: Basic Service Delivery and Infrastructure Development
- KPA 3: Local Economic Development
- KPA 4: Financial Management & Viability
- KPA 5: Good Governance and Public Participation

Part A therefore does not only link planned performance outcomes to the five performance areas of local government as outlined above, but also serves as the basis of quarterly projections of service delivery targets and performance indicators for each vote as contained in the top-layer SDBIP and under Component 3 and provides more details against which the technical indicator descriptions that follows in Part B of this document were derived.

The technical indicator description is one of the requirements to support the annual performance plans of public institutions in terms of the Framework for Strategic Plans and Annual Performance Plan of 2010 as published by the National Treasury. In terms of the framework, both the outcome and performance indicators must be assigned technical indicators. This document therefore serves exactly this purpose and further recognises the strategic alignment that must exist between various planning concepts and models in local government as outlined above.

The technical indicator description is one of the requirements for defining Key Performance Indicators in terms of the Strategic Planning and Annual Performance Plan framework issued by the National Treasury. Both the outcome and performance indicators must be assigned technical indicators. Below are the details of complete technical indicators for the Outcome indicators as outlined above as Strategic Oriented Outcome Goals.

The set of technical indicators contained in this document will therefore be focused on performance indicators “KPIs” as contained on the top-layer SDBIP. The Outcome indicators will form as Annexure to the IDP while the Performance indicators will form Annexure to the SDBIP.

The table below provides an explanation of the technical indicator protocol used to describe technical indicators in this document.

**Table 1: Explanation of technical indicator protocol**

<b>Indicator Title</b>	Identifies the title of the strategic outcome oriented goal, objective or programme performance indicator
<b>Short definition</b>	Provides a brief explanation of what the indicator is, with enough detail to give a general understanding of the indicator
<b>Purpose / Importance</b>	Explains what the indicator is intended to show and why it is important
<b>Source / collection of data</b>	Describes where the information comes from and how it is collected
<b>Method of Calculation</b>	Describes clearly and specifically how the indicator is calculated
<b>Data limitations</b>	Identifies any limitation with the indicator data, including factors that might be beyond the department's control
<b>Type of indicator</b>	Identifies whether the indicator is measuring inputs, activities, outputs, outcomes or impact, or some other dimension of performance such as efficiency, economy or equity
<b>Calculation type</b>	Identifies whether the reported performance is cumulative, or non-cumulative
<b>Reporting cycle</b>	Identifies if an indicator is reported quarterly, Quarterly or at longer time intervals
<b>New indicator</b>	Identifies whether the indicator is new, has significantly changed, or continues without change from the previous year
<b>Desired performance</b>	Identifies whether actual performance that is higher or lower than targeted performance is desirable
<b>Indicator responsibility</b>	Identifies who is responsible for managing and reporting the indicator

**Key Performance Area 4: Financial Management & Viability**

<b>Indicator Title</b>	4 quarterly reviews and updating of financial management related internal controls based on the quarterly Internal Audit reports by 30 June 2020.
<b>Indicator ID</b>	4.1(i)
<b>Short definition</b>	This indicator is about continuous improvement of internal controls related to financial management activities that would be necessitated by Internal Audit recommendations based on their assessment of effectiveness of existing controls.
<b>Purpose / Importance</b>	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation
<b>Source / collection of data</b>	Internal Audit Reports and Finance Performance Reports
<b>Method of Calculation</b>	Simple calculation (count)
<b>Data limitations</b>	None.
<b>Type of indicator</b>	Performance indicator
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance that is equal to or higher than targeted performance.
<b>Indicator responsibility</b>	Chief Financial Officer

**Key Performance Area 4: Financial Management & Viability**

<b>Indicator Title</b>	100% of all monthly payment vouchers and accompanying supporting documents of filed, registered and kept in safe custody within 30 days of the end of each month throughout 2019/20 financial year.
<b>Indicator ID</b>	4.1(j)
<b>Short definition</b>	This indicator is about ensuring that full and proper records of the financial affairs of the municipality are kept in safe custody and in a prescribed manner.
<b>Purpose / Importance</b>	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation
<b>Source / collection of data</b>	Internal Audit Reports and Finance Performance Reports
<b>Method of Calculation</b>	Simple calculation - (count)
<b>Data limitations</b>	None
<b>Type of indicator</b>	Performance indicator
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance that is equal to targeted performance.
<b>Indicator responsibility</b>	Chief Financial Officer

**Key Performance Area 4: Financial Management & Viability**

<b>Indicator Title</b>	2 biannual assets verification performed and asset registers updated with all assets movements, and report any damaged / missing items by 30 June 2020
<b>Indicator ID</b>	4.1(k)
<b>Short definition</b>	This indicator is about ensuring that the assets of the municipality are properly managed, accounted for, safeguarded and maintained
<b>Purpose / Importance</b>	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation
<b>Source / collection of data</b>	Internal Audit Reports and Finance Performance Reports
<b>Method of Calculation</b>	Simple calculation - (count)
<b>Data limitations</b>	Data inaccuracies may arise as a result of lack of integrated management systems to collate all the required information from various sources to report on this indicator.
<b>Type of indicator</b>	Performance indicator
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance that is equal to targeted performance.
<b>Indicator responsibility</b>	Chief Financial Officer



#### Key Performance Area 4: Financial Management & Viability

<b>Indicator Title</b>	Nil / Zero amount of unauthorised, irregular and fruitless & wasteful expenditure incurred due to non-compliance to the municipality's Supply Chain Management Policy, Supply Chain Management Regulations, 2005 and the MFMA by 30 June 2020.
<b>Indicator ID</b>	4.1(I)
<b>Short definition</b>	This indicator is about compliance with prescribed procurement processes, spending according to the available budget and paying transaction in time.
<b>Purpose / Importance</b>	To ensure financial management practices that enhance viability & compliance with the requirements of MFMA & other relevant legislation
<b>Source / collection of data</b>	Internal Audit Reports and Finance Performance Reports
<b>Method of Calculation</b>	Simple calculation - (count)
<b>Data limitations</b>	Data inaccuracies may arise as a result of lack of integrated management systems to collate all the required information from various sources to report on this indicator.
<b>Type of indicator</b>	Compliance indicator
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	Actual performance that is equal to targeted performance.
<b>Indicator responsibility</b>	Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer & All HODs

## **8. SYSTEM DESCRIPTION**

System description for the newly introduced indicators was also developed for audit purpose.