

3.17 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Blue Crane Route Municipality have various properties including immovable and movable properties. There is currently no dedicated section and or unit within the municipality that is responsible for municipal property. The Administration Section of the Corporate Services Department is entrusted with providing caretakers and cleaners for the municipal halls and offices. Technical Services Department is responsible for maintenance of the properties.

Following information regarding property is related to the provision of daily cleaning duties that is provided by Administration Section. /All municipal halls are manned daily by dedicated Caretakers except for Madiba Hall in Cookhouse (Caretaker went on old age pension and no appointment was made) and Town Hall in Pearston (Caretaker went on old age pension and no appointment was made). The above halls are looked after by other Caretakers. There are Cleaners appointed for the offices.

Lately there have been break ins at the municipal halls which necessitated appointment of Security Companies on monthly basis to prevent further break ins. The municipality is further in the process of appointing security services for three years period. The presence of securities at the properties has led to the decrease in break ins at the identified properties. Local Government operates in a highly legislative environment which is aimed at, inter alia, efficient, effective and transparent provision of basic services to the majority of South Africans in line with constitutional principles. Whilst the approved staff establishment of the Blue Crane Route Municipality allows for a Municipal Legal Advisor for the provisioning of the necessary legal support in the conduct of municipal affairs, the Municipality was still financially unable to fill the position during the 2017/18 financial year. Uninterrupted provision of legal services was ensured directly through the office of the Director: Corporate Services and a team of attorneys who provide relevant legal services from time to time.

To ensure compliance and proper oversight of the legal services function the municipality maintains a litigation register which services as a standing item in its Audit Committee. The Municipality has achieved 100% success in all 10 cases that were handled during the year under review. In most of these success outcomes in favour of the Municipality were awarded with costs. In the ensuing financial year, the Municipality will ensure more fair and

equal opportunity in the procurement of legal services, in keeping with the Local Government Municipal Finance Management legislation and counsel from National Treasury.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year. The annexure is attached with the detailed performance information of the municipality for the year under review.

The municipality acknowledges the good overall performance of 69 % for the year under review, the regression from the overall performance of 72% as at the previous financial year is noted with concern. To this end the municipality is embarking on the roll out of PMS to non- section 56 managers and the directorate performance scorecard are monitored as a standing item in the regular departmental meetings. To ensure promotion and enforcement of consequence management, the municipality will focus its efforts on improved training and development , counselling and disciplinary intervention.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Blue Crane Route Municipality has a total number of 336 permanent employees and a total number of 36 temporary employees. The municipality is having 22 posts that are not funded due to unforeseen circumstances. The turnover rate is 18, 16 employees took early retirement and the other 2 employees resigned due to personal reasons. The municipality prides itself in the low-turnover rate as it is indicative of reasonable levels of staff morale. In terms of sick leave, a total number of 511 days for sick leave were taken during year under review. Municipality further, maintains a decisive and proactive approach to the monitoring of sick leave pattern. Ongoing counselling and consultation with relevant Funds were implemented in relation to approximately 6 staff members who presented long sick-leave patterns. Only in very extreme cases of these, and as the last resort the municipality, had to institute disciplinary measures.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The plan of the training unit is to introduce programs that will give access to employment opportunities and to develop a well-designed Workplace Skills Plan that will meet the education, training and employment related needs of target groups.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

In terms of organisational arrangement, the Municipality has a position of Skills Development Facilitator. This is aimed at ensuring continuous identification, introduction and implementation of programs that will give access to employment opportunities and further personal empowerment towards improved service delivery. These objectives are well documented in a workplace skills plan which inter alia seeks to redress employment inequalities.

COMMENTS ON THE TRAINING AND DEVELOPMENT

The Municipality has got a training committee in place and has budgetary provision, though limited for staff development. We had in-service trainings done in the Human Resources department, as well as in the Finance and Internal Audit departments in the 17/18 financial year.

The following is the list of policies adopted by the municipality for implementation:

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%		1-Jun-06
2	Attraction and Retention	100%		2-Jun-16
3	Code of Conduct for employees	100%		1-Jun-16
4	Delegations, Authorisation & Responsibility	100%		1-Jun-06
5	Disciplinary Code and Procedures	100%		1-Jun-06
6	Essential Services			
7	Employee Assistance / Wellness	100%		1-Jun-06
8	Employment Equity	100%		1-Jun-06
9	Exit Management	100%		2-Jun-16
10	Grievance Procedures	100%		1-Jun-06
11	HIV/Aids	100%		1-Jun-06
12	Human Resource and Development	100%		1-Jun-06
13	Information Technology			
14	Job Evaluation	100%		1-Jun-06
15	Leave	100%		2-Jun-16
16	Occupational Health and Safety	100%		2-Jun-16
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			

20	Official Working Hours and Overtime			
21	Organisational Rights	100%		1-Jun-06
22	Payroll Deductions	100%		1-Jun-06
23	Performance Management and Development	100%		1-Jun-06
24	Recruitment, Selection and Appointments	100%		2-Jun-16
25	Remuneration Scales and Allowances	100%		2-Jun-16
26	Resettlement			
27	Sexual Harassment	100%		1-Jun-06
28	Skills Development	100%		1-Jun-06
29	Smoking	100%		1-Jun-06
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	100%		2-Jun-16
33	Other:			
Use name of local policies if different from above and at any other HR policies not listed.				
T 4.2.1				

4.2 INJURIES, SICKNESS AND SUSPENSIONS INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	14	2	14%	3	14
Temporary total disablement					
Permanent disablement					

Fatal					
Total	14	2	14%	3	14

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	50	90%	10	30	0.32	R 8 541
Skilled (Levels 3-5)	550			22	3.55	R 4 700 850
Highly skilled production (levels 6-8)	44			58	0.28	R 405 328
Highly skilled supervision (levels 9-12)	15	95%	2	26	0.10	R 2 768 580
Senior management (Levels 13-15)	10			11	0.06	R 327 850
MM and S57	50			8	0.32	R 4 424 763
Total	719	93%	12	155	4.64	R 12 635 912

COMMENT ON INJURY AND SICK LEAVE:

The municipality encountered no major injuries on duty that is worth mentioning during the year under review.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

A summary of the Financial Performance is contained on the following page. The municipality has budgeted for and has realized a deficit financial outcome. This is mainly because of the cost of depreciation charges that is a non-cash item. However stringent cash flow monitoring must be implemented in order to prevent the municipality being exposed to financial distress.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

EC-102 Blue Crane Route - Reconciliation of Table A1 Budget Summary

Description	2017/18							2016/17
	1	2	3	4	5	6	7	11
R thousands	Original Budget	Budget Adjustments (i.L.O. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
Financial Performance								
Property rates	12 254	—	12 254	12 089	(165)	98,7%	98,7%	11 153
Service charges	120 709	(784)	119 924	114 638	(5 287)	95,6%	95,0%	121 960
Interest earned - external investments	1 001	—	1 001	1 140	140	113,9%	113,9%	1 281
Transfers recognised - operational	53 501	(624)	52 876	52 368	(508)	99,0%	97,9%	51 085
Other own revenue	11 104	(2 880)	8 223	14 331	6 108	174,3%	129,1%	9 539
Total Revenue (excluding capital transfers and Employee related costs)	198 568	(4 288)	194 279	194 577	298	100,2%	98,0%	195 028
Employee related costs	78 417	(3 368)	75 049	76 111	1 061	101,4%	97,1%	73 457
Remuneration of councillors	3 714	148	3 869	3 870	1	100,3%	104,2%	3 820
Debt Impairment	7 965	—	7 965	8 991	1 026	112,9%	112,9%	13 413
Depreciation & asset Impairment	34 449	3 084	37 533	34 512	(3 021)	92,0%	100,2%	34 803
Finance charges	5 708	(1 898)	3 811	1 334	(2 477)	35,0%	23,4%	6 157
Materials' and bulk purchases	80 343	1	80 354	74 408	(5 945)	92,6%	92,6%	74 857
Transfers and grants	1 033	605	1 638	1 010	(628)	61,7%	97,8%	911
Other expenditure	27 787	3 965	31 752	28 475	(3 277)	89,7%	102,5%	29 874
Total Expenditure	238 416	2 545	241 961	228 711	(13 250)	94,5%	95,5%	237 292
Surplus/(Deficit)	(40 848)	(6 834)	(47 682)	(34 134)	13 548	71,6%	83,6%	(42 264)
Transfers recognised - capital	31 310	3 192	34 501	31 551	(2 950)	91,4%	100,8%	21 827
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	286
Surplus/(Deficit) after capital transfers & contributions	(9 538)	(3 643)	(13 181)	(2 583)	10 597	19,8%	27,1%	(20 151)
Share of surplus/ (deficit) of associates	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(9 538)	(3 643)	(13 181)	(2 583)	10 597	19,8%	27,1%	(20 151)
Capital expenditure & funds sources								
Capital expenditure	31 310	(1 519)	29 791	27 830	(1 961)	93,4%	88,9%	15 435
Transfers recognised - capital	1 500	(255)	1 245	1 240	(5)	99,6%	82,7%	—
Public contributions & donations	340	1 296	1 636	588	(1 048)	36,0%	173,0%	1 317
Borrowing	—	—	—	—	—	—	—	—
Internally generated funds	33 150	(479)	32 671	29 656	(3 015)	90,8%	88,5%	16 752
Total sources of capital funds								
Cash flows								
Net cash from (used) operating	29 713	(11 327)	18 387	26 756	8 369	145,5%	90,0%	13 542
Net cash from (used) investing	(27 212)	(1 608)	(28 820)	(29 521)	(701)	102,4%	108,5%	(16 054)
Net cash from (used) financing	(3 285)	(603)	(3 888)	(2 941)	947	75,6%	89,5%	(4 672)
Cash/cash equivalents at the year end	216	(8 584)	(7 368)	1 223	8 615	-16,5%	586,0%	6 928

EC-102 Blue Crane Route - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) 2017/18

R thousand	Description	2017/18						2016/17		
		Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcomes	Unauthorized expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
		1	2	3	4	5	6	7	8	12
	Revenue - Standard									
	Governance and administration									
	Executive and council	58 822	(4 170)	54 652	53 980		9 500	98,8%	91,8%	41 034
	Finance and Administration	20 754	139	20 894	20 908		(11 615)	44,4%	44,7%	20 330
	Corporate services	38 068	(4 309)	33 759	33 072		21 115	162,5%	144,1%	18 312
	Internal Audit									2 392
	Community and public safety									
	Community and social services	4 513	443	4 956	4 048		3 711	81,7%	89,7%	6 204
	Sport and recreation	2 538	(26)	2 510	2 395		4 505	279,5%	276,4%	2 576
	Public safety	120	10	130	101		(29)	77,4%	83,8%	
	Housing	948	612	1 560	793		(787)	50,9%	83,7%	2 486
	Health									
	Economic and environmental services									
	Planning and development	3 481	(454)	3 027	2 434		(593)	80,4%	69,9%	20 559
	Road transport	700		700	12		(688)	1,7%	1,7%	125
	Environmental protection	2 781	(454)	2 327	2 422		95	104,1%	87,1%	20 434
	Trading services									
	Energy sources	183 061	3 064	186 144	185 666		(478)	99,7%	101,6%	149 317
	Water management	103 664	2 157	105 820	102 427		(3 393)	96,8%	98,8%	107 157
	Waste water management	37 266	(15 906)	21 360	38 814		15 451	172,3%	98,8%	21 389
	Waste management	10 967	16 978	27 946	10 997		(17 048)	39,0%	99,4%	10 402
	Other	11 162	(146)	11 016	15 528		4 512	141,0%	139,1%	10 369
	Total Revenue - Standard	229 878	(1 097)	228 780	226 128		12 139	98,8%	98,4%	217 113
	Expenditure - Standard									
	Governance and administration									
	Executive and council	66 913	(985)	65 928	65 453	(18)	(494)	99,3%	97,8%	53 920
	Finance and administration	10 158	(344)	9 813	9 278	(535)	(4 068)	94,5%	91,3%	9 656
	Corporate services	55 329	(497)	54 833	54 873		41	100,1%	99,2%	27 152
	Internal Audit									17 111
	Community and public safety									
	Community and social services	1 426	(144)	1 282	1 301	(18)	(488)	95,7%	96,5%	15 819
	Sport and recreation	11 280	90	11 370	10 882		(222)	95,9%	97,3%	9 741
	Public safety	7 209	29	7 238	7 015		(16)	96,3%	93,9%	
	Housing	992	(44)	948	932		(148)	94,1%	98,7%	5 181
	Health	2 406	119	2 525	2 376		(100)	84,8%	83,0%	897
	Economic and environmental services									
	Planning and development	21 188	(1 783)	19 405	15 368		(4 068)	79,1%	72,5%	19 618
	Road transport	2 876	(244)	2 633	1 934		(699)	73,5%	67,2%	2 968
	Environmental protection	18 322	(1 519)	16 803	13 434		(3 369)	80,0%	73,3%	16 648
	Trading services									
	Energy Source	140 024	5 203	145 227	137 008	(993)	(8 219)	94,3%	87,8%	147 910
	Water management	97 010	1 945	98 954	92 115		(993)	93,1%	95,0%	99 217
	Waste water management	17 217	159	17 376	18 369		993	105,7%	106,7%	20 751
	Waste management	9 824	1 365	11 189	10 642		(348)	96,8%	110,6%	10 490
	Other	16 174	1 734	17 908	15 883		(2 024)	88,7%	95,2%	17 452
	Total Expenditure - Standard	239 416	2 545	241 961	226 711		(13 269)	94,5%	95,5%	237 265
	Surplus/(Deficit) for the year	(9 538)	(3 643)	(13 181)	(2 583)		25 408	19,6%	27,1%	(20 151)

GLOSSARY

The Municipality realized a deficit of R2.5million in the 2017/18 financial year against R20million deficit in 2016/17. The total actual expenditure was R228million (94.5% of budget) and the total actual revenue an amount of R226million (98.8% of budget). The main reason for these deficits is the cost of depreciation of R34.5million which the municipality did not budget for to be financed from revenue. The other biggest cost components for 2017/18 financial year, was the personnel cost of R76.7million (33% of the total expenditure) and Bulk Purchases of electricity and water of R71.8million (31% of the total expenditure).

On the Income side, the biggest income source was the Service charges of R114.6million (51% of the total income) and the Government grants of R83.9million (37% of the total income). The Municipality debt impairment was R8.9million and that indicates an average pay rate from the consumers of 91% for the year. The Municipality budgeted for a pay rate of 92% which was very much in line with the actual result. Property rates income was an amount of R12.1million which is only 5% of the Municipality's total income.

COMMENT ON VARIANCES ABOVE 10%.

Reasons for variances of 10% and more between the actual amounts and the budget for 2017/18 financial year can be seen on note 53 of the attached annual financial statements.

5.2 GRANTS

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The Municipality largest grant allocation was the unconditional grant allocation of Equitable share for an amount of R45.7million which was only R987 000 more than 2016/17 financial year which was only a 2.2% increase. This was one of the reasons why the Municipality had cash flow constraints in the 2017/18 financial year. The Municipality also received the Finance Management Grant as in previous years of R1.7m and the Library grant of R2.3million. An amount of R1m was also received for the Expanded Public Works Programme (EPWP) and all the grants were fully spent.

Grant Performance							R' 000
Description	Year 2016/2017	Year 2017/2018			Year 2017/2018 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	46 338	47 400	47 400	47 400			
Equitable share	44 713	45 700	45 700	45 700	0,00%	0,00%	
Finance Management Grant	1 625	1 700	1 700	1 700	0,00%	0,00%	
EPWP	1 000	1 000	1 000	1 000			
Provincial Government:	2 300	2 300	2 300	2 300			
Sports and Recreation	2 300	2 300	2 300	2 300	0,00%	0,00%	
District Municipality:	853	904	751	751			
Environmental Health	853	904	751	751	-1692,48%	-1692,48%	
Other grant providers:	-	-	-	-			
Total Operating Transfers and Grants	49 491	50 604	50 451	50 451			
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1	

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The asset base of the Municipality is integral to the Municipality's ability to provide services to the community in terms of its constitutional Mandate such as the provision of water, electricity, sanitation and maintenance of roads. It is the duty of the Municipality in terms of its asset management policy to ensure that assets are safeguarded and maintained so that they are operating in the manner intended for its use and are not unproductive or idle. Assets that are unproductive, idle or not operating in the manner intended or to sufficient capacity are assessed on an ongoing basis for impairment and written off and replaced if where applicable.

COMMENT ON ASSET MANAGEMENT:

The Municipality assets are managed through an asset register for infrastructure, land and buildings, investment properties and moveable assets. All moveable assets are verified during the year and the life spans adjusted if it is found that the assets are not properly maintained or not in good working condition. Assets are also insured on an annual basis and the value of all assets are adjusted in the insurance renewal policy each year to match the

replacement values. The value of the assets in the Annual Financial statements is according to their original cost less accumulated depreciation.

Repair and Maintenance Expenditure: Year 2017/18				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3709	3220	2539	32%
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The Municipality has only spent a very small percentage of its operating budget on repairs and maintenance, this is because of the operating budget not generated enough surplus to do proper maintenance.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

COMMENT ON FINANCIAL RATIOS:

	2017/2018	2016/2017
Liquidity	0.85%	0.95%
Total Outstanding Consumer Debtors	74%	59%
Total Finance Charges to Operating Expenditure	0.58%	2.6%
Employee Cost	33%	30.8%
Repairs & Maintenance	1.0%	1.2%
Capital Expenditure	91%	81%
Operating Expenditure	94.5%	101.6%
Grants Income	37%	35%

COMMENT ON FINANCIAL RATIOS

The municipality performed better on its capital expenditure than the previous financial year. The operating expenditure was spent according to the budget but lessor debt impairment than budgeted resulted in "under expenditure". The municipality is still mostly dependent on grant income of 37%. Employee cost increased from 30% to 33% because of vacancies filled during the year.

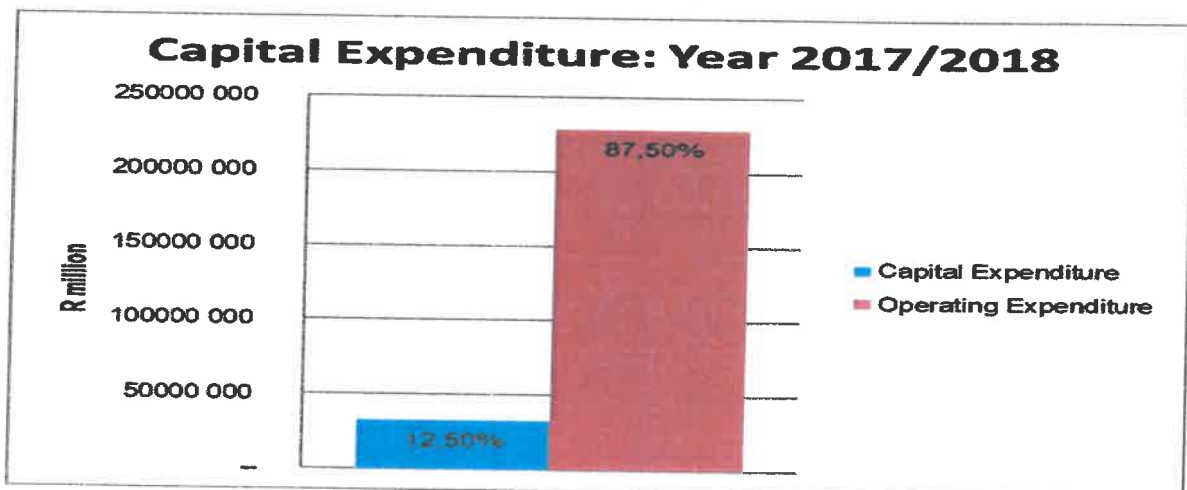
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and Municipal own funds/surpluses. Component B deals with capital spending indicating where the funding comes from and whether the municipality is able to spend the available funding as planned.

5.5 CAPITAL EXPENDITURE

The graph below depicts the ratio between Capital and Operating budgets as percentages of the total expenditure budget. The municipality is severely constrained with its Capital Budget as there are no cash surpluses to fund Capital Expenditure. The municipality is therefore largely dependent on Grant funding.

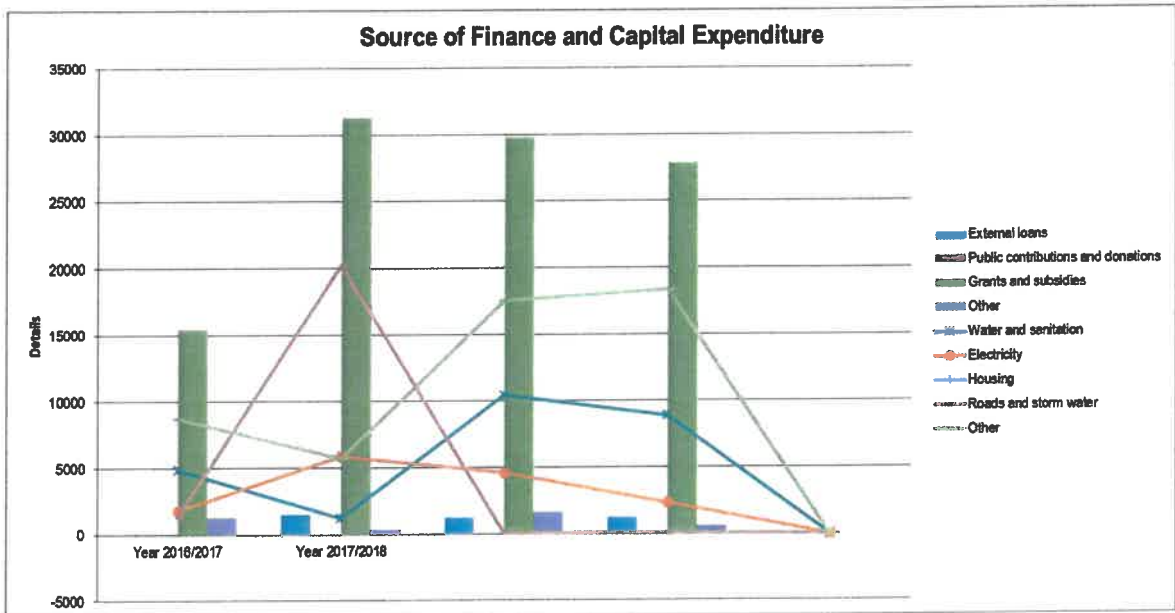


5.6 SOURCES OF FINANCE

COMMENT ON SOURCES OF FUNDING:

The Municipality did not take up any more external loans for capital expenditure during 2017/18. Only a finance lease of R1.240m for photo copy machines. All other Capital funding came from Government grants

(R27.8million) and own funding of R0.588million. A percentage of 92% of the funding was utilized on Infrastructure upgrading.



Capital Expenditure - Funding Sources: Year 2016/2017 to Year 2017/2018						
Details	Year 2016/2017	Year 2017/2018				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans		1500	1245	1240	-17,00%	-17,33%
Public contributions and donations						
Grants and subsidies	15435	31310	29791	27830	-4,85%	-11,11%
Other	1317	340	1636	588	381,18%	72,94%
Total	16752	33150	32672	29658	359,32%	44,49%
Percentage of finance						
External loans	0,0%	4,5%	3,8%	4,2%	-4,7%	-39,0%
Public contributions and donations						
Grants and subsidies	92,1%	94,4%	91,2%	93,8%	-1,4%	-25,0%
Other	7,9%	1,0%	5,0%	2,0%	106,1%	163,9%
Capital expenditure						
Water and sanitation	4892	1250	10435	8899	734,80%	611,92%
Electricity	1792	5900	4601	2348	-22,02%	-60,20%
Housing						
Roads and storm water	1322	20242	71	57	-99,65%	-99,72%
Other	8746	5758	17565	18354	205,05%	218,76%
Total	16752	33150	32672	29658	818,19%	670,75%
Percentage of expenditure						
Water and sanitation	29,2%	3,8%	31,9%	30,0%	747,01%	695,74%
Electricity	10,7%	17,8%	14,1%	7,9%	-20,88%	-55,52%
Housing						
Roads and storm water	7,9%	61,1%	0,2%	0,2%	-99,64%	-99,69%
Other	52,2%	17,4%	53,8%	61,9%	209,52%	256,29%

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5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

COMMENT ON CAPITAL PROJECTS:

The municipality performed better in the 2017/18 year as the Capital expenditure performance increased from 81% in the 2016/17 year to 91% in the current year. The municipality adjusted the budget downwards from R 33.1 million to R 32.6 million in February 2018. Mainly because of the VAT portion on grants taken out from capital expenditure.

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2017/2018			Variance: Current Year 2017/2018	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Upgrade of roads paving	6 771	8 231	9 792	-45%	-22%
Cookhouse WWTW	17 000	15 279	14 986	12%	10%
Electricity upgrade	90	2 918	1 859	-1966%	-3142%
Photo Copy Machines	1 500	1 245	1 240		
Multipurpose centre	4 500	500	0	100%	89%
* Projects with the highest capital expenditure in Year 0					
Somerset East WWTW					
Objective of Project	Paving of roads under the MIG budget				
Delays					
Future Challenges					
Anticipated citizen benefits					
Cookhouse WWTW					
Objective of Project	To provide sewerage treatment to the Cook House area				
Delays					
Future Challenges					
Anticipated citizen benefits					
Electricity upgrade					
Objective of Project	To Upgrade the electricity network in the rural areas of the Municipal area				
Delays					
Future Challenges					
Anticipated citizen benefits					
DR Server for mSCOA					
Objective of Project	Finance lease taken up for 19 photo copy machines				
Delays					
Future Challenges					
Anticipated citizen benefits					
Sporting Facilities - Cookhouse					
Objective of Project	Building of multi purpose centre				
Delays					
Future Challenges					
Anticipated citizen benefits					
					T 5.7.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Blue Crane Route Municipality depends for the most part on Grant Allocation to eradicate its backlog effectively. However, the municipality does set out an annual budget to deal with backlogs. The Department of Human Settlements has a programme of eradicating bucket system in Municipalities around the country. The BCRM has formed part of that programme aim at eradicating bucket system in the formal settlement. The Department has however indicated that this is a first phase and the next phase will look into eradicating bucket

system in the informal settlement and the phase after that will look into eradicating septic tanks. The aim of the whole exercise is to provide/ connect communities to water borne system.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

COMMENT ON CASH FLOW OUTCOMES:

The Municipality's cash balance at 30 June 2018 was an amount of R1.2m which has decreased from last year's R6.9m. The main reason for this is that all DORA conditional grants were fully spent, and no creditors were outstanding of grants expenditure at year end. The Cash balance at year end is also sometimes misleading because a large group of creditors is paid in the following month depending on the invoices received late and also one of the reasons for the cash flow balance to decrease from 30 June 2017 to 30 June 2018. However, the Municipality should seriously look to have a fully cash backed budget in the 2018/19 financial year and the years following that.

EC102 Blue Crane Route - Reconciliation of Table A7 Budgeted Cash Flows

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	132 748	8 253	141 000	116 695	(24 305)	82,8%	87,9%	114 820
Government - operating	52 111	(1 231)	50 880	50 962	82	100,2%	97,8%	52 798
Government - capital	30 771	-	30 771	30 742	(29)	99,9%	99,9%	17 983
Interest	3 390	(2 420)	970	1 127	157	116,2%	33,2%	1 251
Dividends								
Payments								
Suppliers and employees	(186 765)	(16 765)	(203 530)	(170 704)	32 826	83,9%	91,4%	(171 609)
Finance charges	(1 508)	504	(1 005)	(1 057)	(53)	105,2%	70,1%	(1 700)
Transfers and Grants	(1 033)	333	(700)	(1 010)	(310)	144,3%		
NET CASH FROM/(USED) OPERATING ACTIVITIES	29 713	(11 327)	18 387	26 756	8 369	145,5%	90,0%	13 542
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	70	70	140	134	(6)	95,8%	191,7%	408
Decrease (increase) in non-current debtors			-	3	3			3
Decrease (increase) other non-current receivables			-					
Decrease (increase) in non-current investments			-					
Payments								
Capital assets	(27 282)	(1 678)	(28 960)	(29 658)	(698)	102,4%	108,7%	(16 466)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(27 212)	(1 608)	(28 820)	(29 521)	(701)	102,4%	108,5%	(16 054)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans			-					
Borrowing long term/refinancing			-	1 460	1 460			
Increase (decrease) in consumer deposits	225	(2)	223	158	(65)	70,8%		(42)
Payments								
Repayment of borrowing	(3 510)	(601)	(4 111)	(4 559)	(448)	110,9%	129,9%	(4 630)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 285)	(603)	(3 888)	(2 941)	947	75,6%	89,5%	(4 672)
NET INCREASE/ (DECREASE) IN CASH HELD	(784)	(13 538)	(14 322)	(5 706)				(7 184)
Cash/cash equivalents at the year begin:	1 000	5 929	6 929	6 929				14 113
Cash/cash equivalents at the year end:	216	(8 584)	(7 393)	1 223	8 615	-16,5%	566,0%	6 929

5.10 BORROWING AND INVESTMENTS

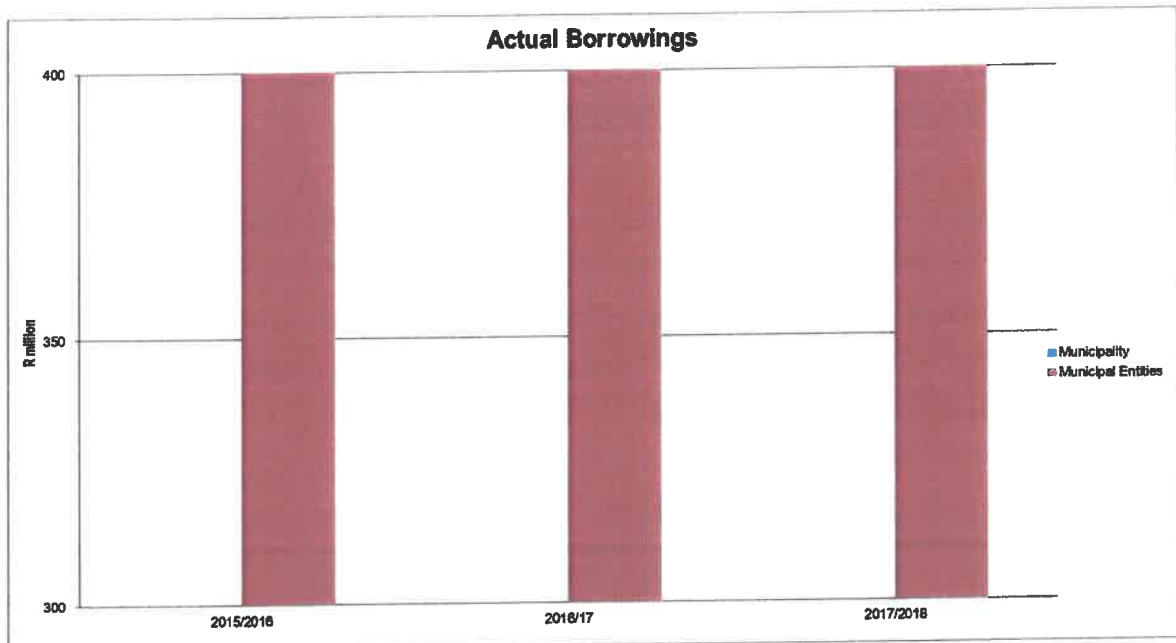
INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality has considerably increased the size of its debt book over the past 5 years mainly due to the replacement of fleet and the R13 million loan required to accelerate MIG expenditure. The municipality could not settle the R13m loan in 2016/17 as per budget due to cash flow constraints. The balance of this loan from ABSA Bank was an amount of R5.9m at year end. The total balance of all external loans at 30 June 2018 was an amount of R8.1m and for finance leases, R2.6m.

The municipality invests surplus cash in accordance with the approved Investment policy.

Actual Borrowings: Year 2015/2016 to 2017/2018			
Instrument	R' 000		
	2015/2016	2016/17	2017/2018
Municipality			
Long-Term Loans (annuity/reducing balance)	14243	11363	8183
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	4488	2288	2646
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	18 731	13 651	10 829
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

T 5.10.2



Municipal and Entity Investments			
	R' 000		
Investment* type	2015/2016	2016/2017	2017/2018
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	11118	3460	156
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	11118	3460	156
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other	0	0	0
Entities sub-total	0	0	0
Consolidated total:	11118	3460	156
			<i>T 5.10.4</i>

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 SUPPLY CHAIN MANAGEMENT

The Blue Crane Route Municipality has a Supply Chain Management Unit as reflected in the Financial Services Organogram. The Supply Chain Management (SCM) is up and running within the BCRM and strict control measures are in place according to the MFMA, SCM Regulations, MFMA Circulars and the BCRM SCM Policy.

There are seven (7) posts within the Supply Chain Management Unit; they have been filled except for the Accountant: Supply Chain Management.

The following three (3) Bid Committees have been established and has the relevant meetings when tenders/bids, etc. are placed as per MFMA and Supply Chain Regulations:

- 1) Specification Bid Committee
- 2) Evaluation Bid Committee
- 3) Adjudication Bid Committee

The Supply Chain Management Policy that was adopted and implemented by the Sarah Baartman District Municipality (SBDM) has been adopted by the Blue Crane Route Municipality (BCRM) after the relevant changes were made to comply with the Blue Crane Route Municipality's requirements, keeping the SCM regulations in mind. The policy has been reviewed in the 2017/18 financial year and accordingly approved on 30 May 2017. The municipality has also developed the SCM Policy on Infrastructure Procurement and Delivery Management and Contract Management which were approved on 30 June 2017. Reports on the implementation of the SCM policy are submitted quarterly to the Accounting Officer; the Mayor; and Council. The SCM Annual report on the implementation of the SCM policy for the 2017/18 financial year was submitted to the Accounting Officer; Mayor and the Council.

Vendor performance is regularly monitored with the help of Project Manager/ End Users. Tax matters for all transactions above R15 000 were confirmed to be in order through the Central Supplier Database. The municipality has a functional Bid Committee system. Challenges were experienced during the year leading to delays in the procurement of some service delivery projects. There were tenders that had to be re-advertised due to non-responsiveness of bidders and also contract management is also one of the issues that have been highlighted by the Auditor General. Transformation to proactiveness of the unit is one of the improvements that the municipality is working on.

5.12 GRAP COMPLIANCE

The Annual Financial Statements of the Municipality are GRAP compliance. GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP is needed to enable National Treasury to assess the pace of progress and consider the implications. mSCOA stands for "Municipal standard chart of accounts" and provides a uniform and standardised financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets, liabilities, equity, policy outcomes and legislative reporting. mSCOA is a "proudly South African" project researched by National Treasury based on municipal practices, reporting outcomes, policy implementation and review, etc.

The 2017/18 financial year was the implementation year for mSCOA and the Municipality did successfully implement these standards. However, there is still challenges that the Municipality must address in 2018/19.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

BCRM received an unqualified Audit opinion for the 2017/18 financial year. Other matters highlighted includes the following:

- Compliance with key laws and regulations
- Material water and electricity losses
- Restatements of material errors regarding Assets

6.1 AUDITOR GENERAL REPORTS YEAR -2016/2017 (PREVIOUS YEAR)

Attached 2016-17 Audit action plan as ANNEXURE B

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2017/2018 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR -2017/2018

Attached 2017-18 Audit action plan as ANNEXURE C

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

AG's report is attached as ANNEXURE D

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

This audit opinion is consistent with the previous year's audit opinion. It should however be mentioned that expenditure relating to Irregular, Unauthorised, Fruitless and wasteful reduced during the 2017/18 financial year compared to the previous year, which is an indication that the effective systems of controls is current being implemented by management. The same can be said for electricity losses, were a reduction in the % loss can be seen, compared to the previous year.

The major material errors were only identified in relation to the fix asset register. These errors related to the method of depreciating the municipality's infrastructure assets over its useful lives. This was corrected in the

2017/18 financial year retrospectively to 2012. Going forward, this should not be an audit finding again in the new year. The other error that was identified by the AG, relates to the classifications of expenditure within the personnel cost of Council. The classifications were corrected. Lastly, the note for Irregular expenditure needed to be adjusted to include irregular expenditure identified by the AG. These were the major corrections that needed to be made on the draft 2017/18 financial statements. All other line items on the face of the financial statements was audited and found to be correct.

The AG also raised concern relating to the municipality's performance management systems. The reliability and usefulness of certain reported performance indicators were highlighted to be questionable. BRCM developed an audit improvement plan to address all the above which is attached to this annual report. If all relevant stakeholders adhere to this plan, BCRM can progress to a clean audit within the next financial year or two.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give <i>"full and regular"</i> reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe <i>"what we do"</i> .
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance	The minimum acceptable level of performance or the level of performance that is

Standards:	generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDIX A -- COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
B. A. Manxoweni	FT	Finance	ANC	86%	14%
N. P. Nkonyeni	PT	Finance, Technical Services, MPAC,LLF	ANC	81%	19%
K. C. Brown	PT	Finance	DA	95%	5%
F. P. Brown	PT	Technical Services,MPAC,	DA	86%	14%
J. M. Martin	PT	Corporate Services,MPAC,LLF	DA	95%	5%
M. Kwatsha	PT	Community Services,Corporate Services, MPAC,LLF.	Ward 1- ANC	100%	0%
C. du Plessis	PT	Community Services.	Ward 2- DA	86%	14%
T. C. Xakaxa	PT	Community Services,Corporate Services,	Ward 3- ANC	95%	5%

T. A. Grootboom	PT	Technical Services.	Ward 4- ANC	86%	14%
A. Hufkie	PT	Finance Community Services, Corporate Services,	Ward 5- ANC	90%	10%
P. Sonkwala	PT	Finance, MPAC ,LLF Community Services, Corporate Services, Technical Services	Ward 6- ANC	95%	5%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance	To deliberate on matters related to finances of the municipality e.g. income, expenditure and Supply Chain Management Functions.
Corporate Services	To deliberate on matters related to Administration, Human Resources and Records Management.
Community Services	To deliberate on matters related to Environmental Health Traffic, Parks and Open Spaces, Libraries, Waste Management, Commonage and Pound, Disaster Management and Protection Services.
Technical Services	To deliberate on matters related to Electricity, Roads and Stormwater, Mechanical Workshop MIG, Water and Sanitation and Housing and Land Use.
LLF	To discuss labour related issues
MPAC	Oversight on municipal spending.
Internal Audit	for checks and balancing of municipal budgetary spending.
Land Committee	Attend to issues related to municipal land and properties.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager Office	Manager: Internal Audit- Mr Mzuqhamile Mbangi
	Manager: IDP/Performance Management- Ms Samela Hanabe
Finance Department	Manager: Revenue and Expenditure- Ms Sizeka Hulana
	Manager: Financial and Audit Matters- Mr Martin Meyer
	Manager: Supply Chain Management- Ms Ayanda Mbebe
Community Services	Manager: Environmental Health Services- Ms Nomsa Ngcipe
	Chief: Protection Services- Mr Denzil Rooi
	Chief: Fire and Disaster- Mr John Conmway
Technical Services	Head: Electrical Services- Mr Vuyani Apollis
	Manager: MIG- Ms Nonkqubela Dlova
	Manager: Maintenance and Infrastructure: Mr Albertus Swanepoel
Corporate Services	Manager: ICT- Mr Mzwandile Gush

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Schedule 4 Part B	Schedule 5 Part B
Powers exercised by the BCRM	Powers exercised by the BCRM
<ul style="list-style-type: none"> • Air pollution • Building regulations • Child care facilities • Electricity and gas reticulation • Firefighting services • Local tourism • Municipal airports • Municipal planning • Municipal health services • Municipal public transport • Municipal public works • Stormwater management systems in built-up areas • Trading regulations • Water and sanitation services 	<ul style="list-style-type: none"> • Beaches and amusement facilities • Billboards and the display of advertisements in public places • Cemeteries, funeral parlours and crematoria • Cleansing • Control of public nuisances • Control of undertakings that sell liquor to the public • Facilities for the accommodation, care and burial of animals • Fencing and fences • Licensing of dogs • Licensing and control of undertakings that sell food to the public • Local amenities • Local sport facilities • Markets • Municipal abattoirs • Municipal parks and recreation • Municipal roads • Noise pollution • Pounds • Public places • Refuse removal, refuse dumps and solid waste disposal • Street trading • Street lighting

	• Traffic and parking
Powers not exercised by the BCRM	Powers not exercised by the BCRM
Pontoons, ferries, jetties, piers and harbours,	

APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of quarterly public ward meetings held during year
Ward 1	Clr M. Kwatsha	Yes	NA	
	Busisiwe Kwatsha			
	Pelela Mtshawu			
	Khanyiso Twenty			
	Nomawabo Sikwebu			
	Odwa Koba			
	Sonwabo Mbane			
	Melville Winnaar			
	Daphne Twenty			
	Vuyokazi Fani			
	Bulelwa Ximiya			
Ward 2	Clr C. du Plessis	Yes	NA	
	Cyril Nel			
	Mbulelo Cakana			
	Tozamile Wilson			
	Archer Brendo Heynse			
	Katriena Williams			
	Rosalee May Bradfield			
	Linda Fani			
	Nanziwe Lolonga			

Ward 3	Cllr Thobile Xakaxa	Yes	NA	
	Asisipho Nywebeni			
	Ayanda Dyantyi			
	Xolisile Tom			
	Silumko Wiseman Lawrence			
	Mandilakhe Storm			
	Ntombizanele Stuurman			
	Khayaletu Nana			
	Ntombizodwa Mahobe			
	Thobile Sibaca			

Ward 4	Cllr Thabo Grootboom	Yes	NA	
	Levin Doro			
	Edward Mc Kenzie			
	Jersey Charlie			
	Tomasile Gans			
	Lungiswa Zokufa			
	Marzanne Baartman			
	Mlungisi Dinga			
	Nompumelelo Sokoyi			
	Gerald Zongezile Danster			
	Maria Blouw			
Ward 5	Cllr Anthony Hufkie	No	NA	
Ward 6	Cllr Phandulwazi Sonkwala			
	Thembela Komani			
	Sinazo Silimani			
	Amanda Soxujwa			
	Unathi Mali			
	Noma- Afrika Piliso			
	Anneliza Baskiti			

	Lungelwa Mtengwana			
	Sindiswa Mjekula			
	Phathisizwe Mantewu			
	Ntombizanele Dwane			

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) if not adopted (provide explanation)
31-Aug-17	1) That the decision taken by Council for the filling of Senior Managers positions and the one of the Municipal Manager be noted by the Audit Committee.	YES
	2) That the concern raised by the Audit Committee in terms of the appointments of Senior Managers be noted and conveyed to the Council.	YES
	3) That Management should make the issue of fraud case a standing item on their agenda for the purposes of progress, and	YES
	4) That the municipality should proceed with internal investigations on the matter.	YES
	5) That the CFO should make a follow up on the matter of fleet management with report back in the next Audit Committee Meeting.	YES
	6) That the Audit Committee accept and approve the Internal Audit Charter.	YES
	7) That the Top 24 Municipal Strategic Risks be a standing item on the Agenda.	YES
	8) That the Internal Audit Report on Review of 4 th quarter PMS and Draft APR be approved.	YES
	9) That the Internal Audit Plan for 2017/2018 be approved and	YES
	10) That the Internal Audit Strategy for years 2017/2018 to 2019/2020 be acknowledged by	YES

	the Audit Committee.	
	11) That the Audit Committee take note of the Legal Report.	YES
23-Nov-17	1) That the municipality should take note of the concern of Audit Committee Members regarding lack of progress on the matter security tender. 2) That the municipality should sought assistance from the Province in terms of the security tender and that the matter be fast track 3) That the document be re-looked and improved and the focus be on strategic risks.	YES
	4) That the Audit Committee Charter be adopted in the next Council Meeting.	YES
	5) That the Minutes of ICT Steering Committee Meeting held on 27 June 2017 be noted but that the Draft ICT Policy be brought to the Audit Committee Meeting.	YES
	6) That the Minutes of the ICT Steering Committee Meetings be a standing item on the agenda.	YES
	7) That the item be kept on the agenda.	YES
	8) That the Audit Committee take note of the contents of the MSCOA Implementation Progress report as at 30 September 2017 that was tabled to the Finance Committee.	YES
	9) That the Audit Committee take note of the contents of the MSCOA Implementation Progress report as at 30 September 2017 that was tabled to the Finance Committee.	YES
	10) That a manual system be introduced as a standard procedure in the absence of an	YES

	automated budget control system up until the issue with the service provider has been addressed.	
	11) The Audit Committee take note of the verbal report received regarding acceleration plans. 12) That the Audit Committee take note of the amendments made to the litigation report.	YES
	13) That the Ms Qolo be parked.	YES
	14) That the Austin & Evans Abattoirs case be pursued to its finality.	YES
	15) That the R.M Brown case be kept on the agenda.	YES
	16) That the report on fraud be circulated to all Audit Committee Members including the recommendations from the MEC.	YES
	17) That the Audit Committee take note of the comments raised in the Draft Annual Report.	YES
	18) That Management take note of the comments raised by the Audit Committee.	YES
09-Mar-18	1) That the report on fraud be first tabled to the Council Meeting by the MEC.	YES
	2) That the MSCOA implementation report be noted by the Audit Committee, and	YES
	3) That the Municipality engage with other municipalities that has already implemented the system in terms of MSCOA to share some knowledge.	YES
	4) That the Litigation Register be noted by the Audit Committee, and	YES
	5) That the Director Corporate Services in future should have a panel of attorneys and invite them for rotation purposes.	YES

	6) That the case of Austin & Evans be re-instated because the previous Director Corporate Services had no authority to put the matter on hold.	YES
	7) That the matter of allocating pin codes to municipal staff be followed up.	YES
01-Jun-18	1) The Municipality not to appoint candidate if they are not entirely confident in that candidates ability.	YES
	2) That Mr Mzamo to be provided with the copy of that letter if management is satisfied with that.	YES
	3) Processes to be started before the end of the three months period.	YES
	4) That all those responsible for performance management to please address these issues.	YES
	5) The Audit Committee to be provided with the report of the investigations after council resolution.	YES
	6) That the Municipality must get all the necessary documentations and where possible use all necessary resources including Provincial Treasury assist to get those documents.	YES

APPENDIX H – ANNUAL REPORT INDICATORS 2017/2018

Organisational Transformation and Institutional Development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	17	17	100%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	4	3	75%	In progress
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	0	0	0	n/a
4	Percentage of Managers in Technical Services with a professional qualification	1	1/1	100%	N/A
5	Level of PMS effectiveness in the DM – (DM to report)	It is performed in senior management only, not yet cascaded to lower levels			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	312	250	80%	Employees with low literacy levels took very long to complete

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
					questionnaires, they needed one – on - one assistance
8	Percentage of councillors who attended a skill development training within the current 5 year term	11	11	100%	n/a
9	Percentage of staff complement with disability	0	0	0	A feasibility study was conducted to establish disability friendliness of our buildings/ the municipal buildings. The study proved that most of our buildings are not disability friendly and gaps were identified towards compliance. However, the municipality has been unable to attend to the identified areas due to its financial constraints.
10	Percentage of female employees	11	0	0	A moratorium placed on

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
					recruitment
11	Percentage of employees that are aged 35 or younger	n/a	0	0	The employer does not have employment targets based on age
12	Adoption and implementation of a District Wide/ Local Performance Management System	1	1	1	Adopted December 2016

Basic Service delivery

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households with access to potable water	8411	0	0			All household have access to potable water except the rural farms which depend on boreholes.
2	Percentage of indigent households with access to free basic potable water	4403	0	0			
3	Percentage of clinics with access to potable water	100%	0	0			
4	Percentage of schools with access to potable	100%	0	0			

	water						
5	Percentage of households in formal settlements using buckets	1%	350	0			The informal settlement need bulk infrastructure for these services which BCRM cannot currently afford.

Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households with access to electricity services	8411	1%	0			
2	Percentage of indigent households with access to basic electricity services	4403	0	0			
3	Percentage of indigent households with access to free alternative energy sources	0	0	0			

Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year	Comments
1	Percentage of households with access to sanitation services	8411	350	0		0	
2	Percentage of indigent households with access to free basic sanitation services	4403	4.2%	0		0	
3	Percentage of clinics with access to sanitation services	100%		0		0	
4	Percentage of schools with access to sanitation services	100%		0		0	

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	9761	0	9761	9761	100%
2	Existence of waste management plan	There is a plan in place but it is due for reviewal				

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	4000	800	300	0	0
2	Percentage of informal settlements that have been provided with basic services	90%	4000		300	80%
3	Percentage of households in					

	formal housing that conforms to the minimum building standards for residential houses					
4	Existence of an effective indigent policy	The municipality has an existing Indigent policy				
5	Existence of an approved SDF	The municipality has an existing approved SDF.				
6	Existence of Land Use Management System (LUMS)	The municipality consults the District for SPLUMA.				

Local Economic Development

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year	Comments
1	Existence of LED unit				The unit is not yet established. The municipality does not have a dedicated person to carry the LED Functions
2	Percentage of LED Budget spent on LED related activities.	0	0	0	0

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year	Comments
3	Existence of LED strategy	There is an existing strategy in place however the strategy is due for reviewal . The municipality is in the process of reviewing it.			
4	Number of LED stakeholder forum meetings held	0	0	0	
5	Plans to stimulate second economy	0	0	0	0
6	Percentage of SMME that have benefited from a SMME support program	2	2	100%	
7	Number of job opportunities created through EPWP	151	229	100%	
8	Number of job opportunities created through PPP	0	0	0	

Municipal Financial Viability and Management

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	20631	16752	81%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	32%	31%	97%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	10%	11%	110%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	73%	74%	101%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	5%	(20%)	(30%)
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of FMG budget	100%	100%	100%

	appropriately spent			
8	AG Audit opinion	Unqualified Audit Report	Unqualified Audit Report	100%
9	Functionality of the Audit Committee	100%	100%	100%
10	Submission of AFS after the end of financial year	Submitted on due date	Submitted on due date	100%

Good governance and Public Participation

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year	Comments
1	% of ward committees established	100%	80%	80%	The process was not completed due to ward issues
2	% of ward committees that are functional	100%	80%	80%	The process was not completed due to ward issues
3	Existence of an effective system to monitor CDWs	The performance of the CDW's is monitored at a district level			
4	Existence of an IGR strategy	No strategy in place, however there are Terms of Reference but not approved			
5	Effective of IGR structural meetings	They are combined with IDP Rep Forum, they sit quarterly.			
6	Existence of an effective communication strategy	The strategy was adopted in December 2016			
7	Number of mayoral imbizos conducted	Twice in all wards	Twice in all wards (April and September)	100%	

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year	Comments
8	Existence of a fraud prevention mechanism	There is a policy in place and reviewed annually			

BLUE CRANE ROUTE MUNICIPALITY (102 EC)



ANNUAL PERFORMANCE REPORT 2017/2018 FINANCIAL YEAR

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Introduction

In May 2017 BCRM adopted its 5 year Integrated Development Plan as guided by section 25 of the Municipal Systems Act of 2000, subsequent to that SDBIP was developed and approved by the Mayor as per circular 13 and further adjusted after budget adjustments. The report seeks to give an overview of the BCRM performance during the 2017/2018 financial year.

Legislative Requirements

As per section 40 of the Municipal Systems Act of 2000 (MSA), a Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organizational, departmental and employee level.

Section 41 of the MSA requires a Municipality to set appropriate KPI's as a yardstick for measuring performance as well as measurable performance targets, with regard to each of the Municipality's development priorities and objectives as set out in the IDP. With regard to these KPI's and targets, S41 (1) (c) requires that the Municipality monitor performance and that it measures and reviews this performance at least annually.

Section 46 of the Municipal Systems Act (MSA) requires the Municipality to prepare a performance report for each financial year reflecting the performance of the service providers during the that financial year, comparison of the performances with set targets for and the performances of the previous financial year and measures taken to improve performance .The Act further requires that the report form part of the Municipality's annual report, in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

Comparison of BCRM's current performance with previous 2 financial year's performance:

MUNICIPAL PERFORMANCE RESULTS OVER 3 YEARS BASED ON SDBIP TARGETS			
FINANCIAL YEAR	2015/2016	2016/2017	2017/2018
OVERALL PERFORMANCE	83%	72%	69 %

Municipal overall performance for the year under review

Quarters	Total targets	Achieved	Not Achieved	Success rate%	Av. Success rate as at Q 4 (%)
Quarter 1	50	27	23	54	54
Quarter 2	49	29	20	59	57
Quarter 3	47	40	7	85	66
Quarter 4	52	40	12	77	69

Organisational performance as per the SDBIP 2017/2018

The following table reflects the number of targets met during the financial year

Departments	Q1	Q 2	Q 3	Q4	Comments
Municipal Transformation and Institutional Development (Corporate Services)	0	0	4	3	The poor performance in Q1 and Q2 could be attributed to the vacant position of the Director Corporate Services which became vacant on the 30 th August 2017. The new Director assuming duty on the 1 st Nov 2017. Most of the indicators were removed after the adjustment of budget in February 2018.
Service Delivery and Infrastructure Development (Technical Services)	0	3	8	7	The performance of the department was high during quarter 3 and 4, however non-performance in quarter 1 and 2 affected the completion of most projects during the under review. The poor performance in Q1 and Q2 could be attributed to the vacant position of the Director Technical Services which became vacant on the 30 th August 2017.
Service Delivery and Infrastructure Development (Community Services)	9	11	13	12	Indicators and targets were also revised after the adjustment of budget in February 2018.
Municipal Finance Viability (Financial Services)	7	7	6	5	2 Indicators were not reported on during Q2, Q3 and Q4 because there was no fruitless and wasteful expenditure reported.
Local Economic Development	N/A	N/A	2	2	There is no person appointed in the unit
Good Governance and Public Participation (Office of the Municipal Manager)	7	8	10	11	ICT indicators were moved to Corporate services and some of the indicators were removed after the adjustment of budget in February 2018

General Comments

The overall municipal performance as at end of quarter four is sitting at 69 %, and this is based on the outstanding evidence still to be submitted.

Comments by the Municipal Manager

According to section 54 of the MFMA the Mayor must; on receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, 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 adjustments budget. The necessary changes have been made in both performance indicators and performance targets.

The following documents are attached as annexures:

- Detailed 2017/2018 Performance results presented per department is attached as annexure A
- Performance of the Service Providers during 2017/2018 financial year attached as Annexure B

SIGNED BY:


MANDISI PLANGA ACTING MUNICIPAL MANAGER


B.A. MANXOWENI
MAYOR/SPEAKER

ICT Governance	To assess Elexon ICT Governance and Controls by 2022	Use of ICT policies reviewed	N/A	N/A	N/A	N/A	N/A	N/A	Review ICT policies for review	Target mid-ICT Policy prioritization completed	N/A	Review 3 ICT policies	Target mid-ICT policies reviewed and approved for approval. IT Plans, IT Data and IT Usage Policy and IT Emergency Response Policy reviewed	N/A	3 ICT policies reviewed	Target mid-ICT policies were reviewed and submitted to board for approval. IT Emergency Response Policy, IT Data and IT Usage Policy and IT Emergency Response Policy approved	N/A	Director Corporate Services	11 New Indicator - Elexon ICT Governance and Controls by 2022
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Project Title	Project ID	Project Manager	Project Sponsor	Project Start	Project End	Project Status	Project Description	Project Objectives	Project Deliverables	Project Risks	Project Budget	Project Resources	Project Stakeholders	Project Communication	Project Reporting	Project Evaluation	Project Review
Project A	001	John Doe	Jane Smith	2023-01-01	2023-03-31	Completed	Project A description	Project A objectives	Project A deliverables	Project A risks	Project A budget	Project A resources	Project A stakeholders	Project A communication	Project A reporting	Project A evaluation	Project A review
Project B	002	Jane Smith	John Doe	2023-04-01	2023-06-30	In Progress	Project B description	Project B objectives	Project B deliverables	Project B risks	Project B budget	Project B resources	Project B stakeholders	Project B communication	Project B reporting	Project B evaluation	Project B review
Project C	003	John Doe	Jane Smith	2023-07-01	2023-09-30	On Hold	Project C description	Project C objectives	Project C deliverables	Project C risks	Project C budget	Project C resources	Project C stakeholders	Project C communication	Project C reporting	Project C evaluation	Project C review
Project D	004	Jane Smith	John Doe	2023-10-01	2023-12-31	Planned	Project D description	Project D objectives	Project D deliverables	Project D risks	Project D budget	Project D resources	Project D stakeholders	Project D communication	Project D reporting	Project D evaluation	Project D review

Priority Area	Strategy	Multi-stakeholder	Deliverables	Key Performance Indicators	Reasons for variations	Compliance measures	Annual Target	Actual Performance	Reasons for variations	Compliance measures	Annual Performance 2018/19	Compliance on 09/10
Water and Sanitation	To ensure efficient and quality provision of Services by 2022 and beyond	Drinking water treatment investment works approved	161 job opportunities through EWP	Target not met - Drinking water treatment investment works approved	Target not met - Drinking water treatment investment works approved	Target not met - Drinking water treatment investment works approved	Target not met - Drinking water treatment investment works approved	Target not met - Drinking water treatment investment works approved	Target not met - Drinking water treatment investment works approved	Target not met - Drinking water treatment investment works approved	12 indicators and targets met	12 indicators and targets met
Job Creation	To create quality employment opportunities for 2022 and beyond	161 job opportunities through EWP	75 jobs created	Target not met - 75 jobs created	Target not met - 75 jobs created	Target not met - 75 jobs created	Target not met - 75 jobs created	Target not met - 75 jobs created	Target not met - 75 jobs created	Target not met - 75 jobs created	13	13
Electricity Supply	To ensure quality and reliable electricity supply by 2022	4 transformers purchased	4 transformers	Target not met - 4 transformers purchased	Target not met - 4 transformers purchased	Target not met - 4 transformers purchased	Target not met - 4 transformers purchased	Target not met - 4 transformers purchased	Target not met - 4 transformers purchased	Target not met - 4 transformers purchased	5	5
Social Facilities	To ensure that communities have access to social facilities by 2022	3 handovers completed	3 handovers	Target not met - 3 handovers completed	Target not met - 3 handovers completed	Target not met - 3 handovers completed	Target not met - 3 handovers completed	Target not met - 3 handovers completed	Target not met - 3 handovers completed	Target not met - 3 handovers completed	19	19
Roads and Infrastructure	To ensure efficient and quality roads and infrastructure by 2022	58 km of roads upgraded	58 km	Target not met - 58 km of roads upgraded	Target not met - 58 km of roads upgraded	Target not met - 58 km of roads upgraded	Target not met - 58 km of roads upgraded	Target not met - 58 km of roads upgraded	Target not met - 58 km of roads upgraded	Target not met - 58 km of roads upgraded	21 indicators and targets met	21 indicators and targets met

BCRM ANNUAL PERFORMANCE REPORT : 2017/2018 FINANCIAL YEAR

KPA 3 : LOCAL ECONOMIC DEVELOPMENT

Priority Area	Strategic Plan Objective	Strategy	Indicator	Baseline	Q1 Deliverable target 30 SEPTEMBER 2017	Q2 Deliverable target 31 DECEMBER 2017	Q3 Deliverable target 31 MARCH 2018	Actual Performance	Reason for variation	Corrective measure	Q4 Deliverable target 30 JUNE 2018	Actual Performance	Reason for variation	Corrective measure	Annual Target	Actual Performance	Reason for variation	Corrective measure	Annual Performance 2016/2017	Custodia : n	KPI NO	Comments on the adjustments
Local Economic Development	Promote Local economic development and job creation by 2022 and beyond	By establishing LED and Business Forums	No of LED & Business Forums established	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Established LED & Business Forums	n/a	n/a	n/a	n/a	Municipal Manager	55	Indicator removed
SMME and Co-operatives development Services	To facilitate the mainstreaming of Small Medium and Micro Enterprises (SMMEs) businesses into the formal economy in ECZ/EMU/2022.	By providing meaningful business development support to SMME's	Number of SMMEs supported	6	n/a	n/a	Support 1 SMME	Target met -2 SMME's were supported	n/a	n/a	Support 1 SMME	Target met - 2 SMME's were supported in the 3rd quarter	n/a	n/a	Support 2 SMME	4 SMME's supported	n/a	n/a	4 SMME's supported	Municipal Manager	56	

Priority Area	Strategic Goal	Key Performance Indicators	Current Status	Reason for Variance	Next Steps	Responsible Party	Timeline	Dependencies	Notes
Operational Management	Improve process efficiency and reduce costs	Process cycle time, cost per unit	On Track	Efficient operations	Implement process improvements	Operations	Q3 2023	None	Regular reviews
	Enhance customer service	Customer satisfaction scores	Below Target	Staffing issues	Recruit and train staff	Customer Service	Q4 2023	HR	Monitor and report
	Reduce inventory levels	Inventory turnover ratio	On Track	Optimized stock levels	Review inventory levels	Supply Chain	Ongoing	None	Quarterly reviews
	Improve production quality	Defect rates, scrap loss	On Track	Quality control measures	Implement quality checks	Production	Ongoing	None	Regular audits
	Optimize energy usage	Energy consumption per unit	On Track	Energy efficiency programs	Upgrade equipment	Facilities	Q1 2024	None	Energy audits
	Reduce waste generation	Waste to landfill percentage	On Track	Waste reduction initiatives	Recycle and reuse materials	Operations	Ongoing	None	Waste audits
	Improve safety record	Lost time injury frequency rate	On Track	Safety training and protocols	Conduct safety drills	HR/Operations	Ongoing	None	Safety audits
	Enhance compliance	Regulatory violations	On Track	Compliance training	Update policies	Legal/Compliance	Ongoing	None	Regular updates
	Improve IT systems	System uptime, data security	On Track	IT infrastructure upgrades	Implement new software	IT	Q2 2024	None	IT audits
	Reduce environmental impact	Carbon footprint, water usage	On Track	Green building initiatives	Use sustainable materials	Facilities	Ongoing	None	Environmental audits
Financial Performance	Increase revenue	Sales growth, market share	On Track	Product diversification	Launch new products	Sales	Q3 2023	Marketing	Revenue reports
	Reduce operating expenses	Operating margin, cost of goods sold	On Track	Cost-cutting measures	Renegotiate contracts	Operations	Ongoing	None	Expense audits
	Improve working capital	Days payable outstanding, days receivable	On Track	Efficient cash flow management	Optimize receivables	Finance	Ongoing	None	Cash flow analysis
	Reduce debt	Debt to equity ratio, interest expense	On Track	Debt restructuring	Refinance loans	Finance	Q4 2023	None	Debt covenants
	Improve profitability	Gross profit margin, EBITDA	On Track	Operational efficiency	Optimize production	Operations	Ongoing	None	Profitability analysis
	Enhance liquidity	Current ratio, quick ratio	On Track	Asset management	Sell non-core assets	Finance	Ongoing	None	Liquidity reviews
	Reduce risk	Insurance costs, risk exposure	On Track	Risk assessment	Implement risk mitigation	Legal/Compliance	Ongoing	None	Risk registers
	Improve tax efficiency	Effective tax rate, tax liabilities	On Track	Tax optimization	Utilize tax incentives	Finance	Ongoing	None	Tax audits
	Reduce interest expense	Interest coverage ratio, debt service	On Track	Debt management	Refinance at lower rates	Finance	Ongoing	None	Interest rate hedging
	Improve return on equity	ROE, EPS	On Track	Shareholder value creation	Dividend payments	Finance	Ongoing	None	Shareholder reports
Human Resources	Attract top talent	Recruitment cycle time, offer acceptance	On Track	Employer branding	Enhance recruitment process	HR	Q3 2023	Marketing	Recruitment metrics
	Reduce turnover	Employee retention rate, exit interviews	On Track	Employee engagement	Conduct exit interviews	HR	Ongoing	None	Turnover analysis
	Improve training	Training hours, skill development	On Track	Professional development	Offer courses	HR	Ongoing	None	Training evaluations
	Enhance diversity	Diversity metrics, inclusion scores	On Track	Inclusion initiatives	Implement diversity programs	HR	Ongoing	None	Diversity audits
	Reduce absenteeism	Absenteeism rate, productivity	On Track	Employee wellness	Offer flexible work arrangements	HR	Ongoing	None	Absenteeism reports
	Improve compensation	Salary competitiveness, employee satisfaction	On Track	Market research	Adjust compensation bands	HR	Ongoing	None	Compensation surveys
	Enhance safety	Safety incidents, lost time	On Track	Safety training	Conduct safety drills	HR/Operations	Ongoing	None	Safety audits
	Improve compliance	Regulatory violations, legal issues	On Track	Compliance training	Update policies	HR/Compliance	Ongoing	None	Compliance audits
	Reduce labor costs	Wage growth, productivity	On Track	Productivity improvements	Implement automation	HR/Operations	Ongoing	None	Labor cost analysis
	Enhance employee experience	Employee satisfaction, engagement	On Track	Employee development	Offer career advancement	HR	Ongoing	None	Employee surveys
Customer Relations	Improve customer satisfaction	Net Promoter Score, customer feedback	On Track	Customer service training	Implement service standards	Customer Service	Ongoing	None	Customer surveys
	Reduce customer complaints	Complaint resolution time, repeat complaints	On Track	Complaint resolution process	Implement resolution protocols	Customer Service	Ongoing	None	Complaint logs
	Improve customer loyalty	Repeat purchase rate, customer retention	On Track	Loyalty programs	Implement rewards	Marketing	Ongoing	None	Loyalty program metrics
	Reduce customer churn	Customer retention rate, churn rate	On Track	Customer engagement	Implement retention strategies	Marketing	Ongoing	None	Churn analysis
	Improve customer acquisition	New customer acquisition, marketing ROI	On Track	Marketing campaigns	Launch targeted ads	Marketing	Ongoing	None	Acquisition metrics
	Reduce customer service costs	Service cost per contact, agent productivity	On Track	Service efficiency	Implement self-service options	Customer Service	Ongoing	None	Service cost analysis
	Enhance customer experience	Customer journey, touchpoints	On Track	Customer journey mapping	Optimize touchpoints	Marketing	Ongoing	None	Customer journey maps
	Reduce customer wait times	Response time, queue length	On Track	Service efficiency	Implement queue management	Customer Service	Ongoing	None	Wait time analysis
	Improve customer retention	Customer lifetime value, repeat purchases	On Track	Customer loyalty	Implement loyalty programs	Marketing	Ongoing	None	Retention metrics
	Reduce customer complaints	Complaint resolution time, repeat complaints	On Track	Complaint resolution process	Implement resolution protocols	Customer Service	Ongoing	None	Complaint logs
Supply Chain Management	Reduce procurement costs	Cost of goods sold, supplier prices	On Track	Supplier negotiations	Renegotiate contracts	Procurement	Ongoing	None	Supplier audits
	Improve supplier reliability	Supplier delivery performance, quality	On Track	Supplier selection	Implement supplier scorecards	Procurement	Ongoing	None	Supplier evaluations
	Reduce inventory levels	Inventory turnover, stock levels	On Track	Inventory optimization	Review inventory levels	Supply Chain	Ongoing	None	Inventory audits
	Improve production quality	Defect rates, scrap loss	On Track	Quality control measures	Implement quality checks	Production	Ongoing	None	Quality audits
	Reduce lead times	Order-to-delivery cycle, delivery reliability	On Track	Logistics optimization	Optimize shipping routes	Logistics	Ongoing	None	Lead time analysis
	Improve sustainability	Supplier sustainability, environmental impact	On Track	Sustainable sourcing	Implement green procurement	Procurement	Ongoing	None	Sustainability audits
	Reduce risk	Supplier risk, demand volatility	On Track	Risk assessment	Implement risk mitigation	Procurement	Ongoing	None	Risk registers
	Improve compliance	Regulatory violations, legal issues	On Track	Compliance training	Update policies	Legal/Compliance	Ongoing	None	Compliance audits
	Reduce labor costs	Wage growth, productivity	On Track	Productivity improvements	Implement automation	HR/Operations	Ongoing	None	Labor cost analysis
	Enhance employee experience	Employee satisfaction, engagement	On Track	Employee development	Offer career advancement	HR	Ongoing	None	Employee surveys

2022 ANNUAL PERFORMANCE REPORT - 2022/23 FINANCIAL YEAR

Priority Area	Strategic Aim	Strategy	Indicator	Boundary	Q1 Deliverable Target	Actual Performance	Reasons for variations	Corrective measures	Q2 Deliverable Target	Actual Performance	Reasons for variations	Corrective measures	Q3 Deliverable Target	Actual Performance	Reasons for variations	Corrective measures	Annual Target/Actual Performance	Reasons for variations	Corrective measures	Responsible Officer	KPI ID	Comments on the review				
Internal Control, Risk Management and Governance	To ensure effective Audit, Risk Management and Governance function that will improve and enhance the administration of the Council by 2022	By reviewing the implementation of the audit and governance function that will improve and enhance the administration of the Council by 2022	Number of ACP follow up reports submitted to the AC	4 reports	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	4 reports submitted to the Audit Committee	n/a	n/a	Municipal Manager	55				
				Number of risk reports submitted to the Audit Committee	4 risk reports submitted	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	4 risk reports submitted to the Audit Committee	n/a	n/a	Municipal Manager	59		
				Number of Risk Management Framework reviews	1 report	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	1 report submitted to the Audit Committee	n/a	n/a	Municipal Manager	60	
				Number of Risk self-assessments	1 report	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	1 report submitted to the Audit Committee	n/a	n/a	Municipal Manager	61	
				Number of workshops on Fraud prevention	2 workshops	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	2 workshops	n/a	n/a	Municipal Manager	62	
				Number of Fraud prevention policy and plan	1 report	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	1 report submitted to the Audit Committee	n/a	n/a	Municipal Manager	63	
				Number of Internal Control self-assessments	1 report	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	n/a	1 report	Target met - 1 report submitted to AC	n/a	n/a	1 report submitted to the Audit Committee	n/a	n/a	Municipal Manager	64	
				Number of AC meetings	4 meetings	1 AC meeting	Target met - 1 AC meeting held	n/a	n/a	n/a	n/a	1 AC meeting	Target met - 1 AC meeting held	n/a	n/a	n/a	1 AC meeting	Target met - 1 AC meeting held	n/a	n/a	4 AC meetings	n/a	n/a	Municipal Manager	65	
				Number of ICT policies	6 ICT policies	n/a	Target met - 6 ICT policies reviewed	n/a	n/a	n/a	n/a	n/a	Target met - 6 ICT policies reviewed	n/a	n/a	n/a	n/a	Target met - 6 ICT policies reviewed	n/a	n/a	6 ICT policies reviewed	n/a	n/a	Municipal Manager	66	Reviewed and reallocated to
				Number of approved IDP	1 approved IDP	1 approved IDP	Target met - 1 approved IDP	n/a	n/a	n/a	n/a	1 approved IDP	Target met - 1 approved IDP	n/a	n/a	n/a	1 approved IDP	Target met - 1 approved IDP	n/a	n/a	1 approved IDP	n/a	n/a	Municipal Manager	67	
ICT Governance	To ensure the Council is compliant with the 2022	By reviewing the implementation of the Council's ICT policies	Number of ICT policies	6 ICT policies	n/a	Target met - 6 ICT policies reviewed	n/a	n/a	n/a	Target met - 6 ICT policies reviewed	n/a	n/a	n/a	Target met - 6 ICT policies reviewed	n/a	n/a	6 ICT policies reviewed	n/a	n/a	Municipal Manager	68	Reviewed and reallocated to				
				Number of approved IDP	1 approved IDP	1 approved IDP	Target met - 1 approved IDP	n/a	n/a	n/a	1 approved IDP	Target met - 1 approved IDP	n/a	n/a	n/a	1 approved IDP	Target met - 1 approved IDP	n/a	n/a	1 approved IDP	n/a	n/a	Municipal Manager	69		
Planning and Performance Management	To ensure the municipality is responsive to the needs of the community as well as to strengthen a culture of participation and transparency by 2022	By reviewing the quality of IDP in response to the needs of the community as well as to strengthen a culture of participation and transparency by 2022	Number of IDP reviews	1 IDP review	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	1 IDP review completed	n/a	n/a	Municipal Manager	70				
				Number of IDP reviews	1 IDP review	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	1 IDP review completed	n/a	n/a	Municipal Manager	71		
Public Participation	To ensure the Council is responsive to the needs of the community as well as to strengthen a culture of participation and transparency by 2022	By reviewing the quality of IDP in response to the needs of the community as well as to strengthen a culture of participation and transparency by 2022	Number of IDP reviews	1 IDP review	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	1 IDP review completed	n/a	n/a	Municipal Manager	72				
				Number of IDP reviews	1 IDP review	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	n/a	1 IDP review	Target met - 1 IDP review completed	n/a	n/a	1 IDP review completed	n/a	n/a	Municipal Manager	73		

ANNEXURE B - EC102 BLUE CRANE ROUTE MUNICIPALITY CONTRACT REGISTER AS AT 30 JUNE 2018

Project Number	Appointment Date	Project Name	Contractor	BU;	Contract Amount	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION	CONTRACT EXPIRY DATE	Comments on Performance
T09/2014	19-Mar-14	PROFESSIONAL ENGINEERING SERVICES: UPGRADING OF SPORTFIELDS & PARKS	HATCH GOBA (PTY)LTD	MIG	1 235 874.00	2 478 612.63	R -1 242 738.63		N/A		Consultant progressing well
T10/2014	27-Aug-14	SHORT-TERM INSURANCE	AON SOUTH AFRICA	OWN FUNDS	752 921.20	755 574.48	R -2 653.28	No 1 - R2 241.95 No 2 - R411.35	N/A	30-Sep-17	Service provider handles the account fairly well but claims often take long to be processed. CONTRACT EXPIRED
T 17/2014	18/03/2015	PROVISION OF BANKING SERVICES	FIRST NATIONAL BANK	OWN FUNDS	5 252 247.60	289 977.96	R 4 962 269.64	N/A	N/A	30-Jun-20	Service Provider prompt with service
T 01/2015	07/05/2015	PROVISION OF EXTERNAL LOAN FINANCE	ABSA	OWN FUNDS / MIG	21 441 529.80	8 376 411.35	R 13 065 118.45	N/A	N/A	Nov-19	Supplier is prompt with service
T 03/2016	09-Jun	PROVISION OF EXTERNAL LOAN FINANCE	STANDARD BANK OF SOUTH AFRICA	OWN	R 4 435 445.70	R 1 774 577.71	R 2 661 867.99	N/A	N/A	Jun-20	Service Provider prompt with service
T 13/2016	21-Nov	PROVISION OF ELECTRICAL CONSULTING ENGINEERING SERVICES	EYA BANTU PROFESSIONAL SERVICES	INEP	R 348 726.00	R 387 276.60		N/A	N/A	Feb-18	Consultant working very well
T 15/2016	15-Feb	UPGRADING OF COOKHOUSE WWTW - NEW FENCE	VETO CONTRACTORS	MIG	R 2 380 323.70	R 2 029 160.33	R 351 163.37	N/A	N/A	Jul-17	Contractor completed the project on time. They did commendable work.
T 16/2016	19-Jan	UPGRADING OF SOMERSET EAST WWTW, PHASE II - SLUDGE DRYING BEDS	RUDCOR	MIG	R 5 764 660.38	R 5 001 659.52	R 763 000.86	N/A	N/A	Jul-17	Contractor completed the project on time. They did commendable work.
T 01/2017	22-Mar	SOMERSET EAST SUBSTATION, FRANCISVALE RING MAIN UNIT AND WESTVIEW MINISUB UPGRADE	PW ELECTRICAL	INEP	R 3 131 284.39	R 2 250 634.74	R 880 649.65	N/A	N/A	DEPENDENT ON CIVIL CONTRACTOR	Contractor working well but finishing is dependent on the civil contractor finishing their work
T 05/2017	23-Aug	SUPPLY AND DELIVERY OF MULTI-FUNCTION PHOTOCOPIER MACHINES	KONICA MINOLTA SA A DIV OF BIDVEST OFFICE (PTY) LTD	OWN	R 1 697 420.52	R 435 574.25	R 1 261 846.27	N/A	N/A	01-Oct-20	ALL MACHINES DELIVERED AND ARE WORKING WELL
T 07/2017	08-Dec	SUPPLY AND DELIVERY OF WATER PURIFICATION CHEMICALS	NDULAMISO AQUA SOLUTIONS	OWN	R 1 715 880.00	R 277 763.28	R 1 439 116.72	N/A	N/A	01-Dec-20	Supplier is prompt with service
T 08/2017	12-Jun-17	COOKHOUSE, PEARSTON AND SOMERSET EAST STREETLIGHTS PROJECT	CORE FACTS 1152 (PTY) LTD	INEP	617 835.77	R 585 357.17	R 32 478.60	VO 1 = R32 091.00 VO 2 - R22 405.56 INCL IIM PAYMENTS	N/A	180 DAYS	contractor on site and working fairly well
T 09/2017	29-Jun-17	UPGRADE/REFURBISHMENT OF CIVIL WORKS IN THE MAIN ELECTRICAL SUBSTATION, SOMERSET EAST	MANTISHE/MABHOBO JV	INEP	964 084.06	R 999 729.07	R 24 354.99	N/A	N/A	31 DAYS	Challenges were experienced relating to performance due to existing service on site that were not known. The municipality does not have As-Built for the Main Substation
T 10/2017	03-Oct-17	UPGRADING OF COOKHOUSE WWTW	LRC CIVILS	WSIG	7 830 269.55	R 8 613 292.99	R -783 023.44	VO 1 = R227 549.70	N/A	8 MONTHS	Contractor still to establish site
T 12/2017	05-Oct-17	SUPPLY AND DELIVERY OF STONE AND CEMENT	MISO-NDILI TRADING	MIG	1 388 158.00	R 1 388 162.00	R -4.00	N/A	N/A	Jan-18	Supplier is prompt with service
T 13/2017	11-Dec-17	SUPPLY AND DELIVERY OF REFUSE BAGS	BRODSKY TRADING 194 (PTY) LTD	OWN	936 480.00	R 295 410.00	R 641 070.00	N/A	N/A	Dec-20	Supplier is prompt with service
T 15/2017	27-Oct-17	PROVISION OF SHORT-TERM INSURANCE	AON SOUTH AFRICA	OWN	782 408.00	R 775 239.86	R 7 168.14	N/A	N/A	30-Sep-20	Supplier is prompt with service

Project Number	Appointment Date	Project Name	Contractor	BU;	Contract Amount	Amount Paid to Date	Amount Outstanding	VARIATION ORDERS	CONTRACT EXTENSION	CONTRACT EXPIRY DATE	Comments on Performance
T 19/2017	08-Jan-18	UPGRADING OF COOKHOUSE WWTW; PHASE II	LRC CIVILS	WSIG	5 163 060.00	R 5 787 715.34	R -624 655.34	VO 1 = R193 869.54 VO 2 = R131 380.60	N/A	04-Jun-18	contractor on site and working fairly, well
T 21/2018	08-Jan-18	DISCONNECTION, RECONNECTION AND INSPECTION/AUDIT OF SERVICES	SPECTRUM UTILITY MANAGEMENT	OWN		R 296 709.35		N/A	N/A		R2 365.50 total rate for disconn, recon and audit
T 22/2017	19-Dec-17	SUPPLY AND DELIVERY OF BUILDING MATERIAL	AC MINLY TRADING t/a BUCHNER HARDWARE	MIG	193 297.41	R 193 297.41	R -	R 23 981.86	N/A	Jan-18	Supplier is prompt with service
T 23/2017	19-Dec-17	SUPPLY AND DELIVERY OF PAVING MATERIAL	YONDA CONSTRUCTION	MIG	1 669 929.11	R 1 677 988.43	R -8 059.32	N/A	N/A	Mar-18	Supplier is prompt with service
T 04/2018	04-Jun-18	SUPPLY AND DELIVERY OF BUILDING MATERIAL	HHH SOLAR INVESTMENTS (PTY) LTD t/a BUILD IT SOMERSET EAST	MIG	277 481.71	R 277 481.71	R -	N/A	N/A	SUPPLY & DEL	VAT quoted at 14% & tender awarded after 01 April 2018 (15%)
T 05/2018	11-Jun-18	SUPPLY, DELIVER AND INSTALL AUTO RECLOSER	WP MA SHISHINI	OWN	184 295.82			N/A	N/A	2-3 WEEKS	Supplier is prompt with service. R35650 incl 15% VAT
T 06/2018	11-Jun-18	TRANSFORMER REFURBISHMENT AND ENERGISING	WP MA SHISHINI	OWN	500 157.90			N/A	N/A	2-3 WEEKS	Supplier is prompt with service. R35650 incl 15% VAT
FWQ 01/2017	16-Mar-17	PROVISION OF CIVIL CONSULTING ENGINEERING SERVICES	BVI CONSULTING ENGINEERING	INEP	193 059.00	R 253 706.48	R -60 647.48	N/A	N/A	DEPENDENT ON CONSTRUCTION	Challenges were experienced relating to performance of the contractor due to existing service on site that were not known. The municipality does not have As-Builts for the Main Substation
FWQ 05/2017	Aug-17	SUPPLY AND INSTALLATION OF STEEL FRAMEWORK FOR POUND	ASD INTERNATIONAL	OWN	88 350.00	R 88 660.00	R -310.00	N/A	N/A	DEPENDENT ON FOUNDATION	Supplier is prompt with service. R35650 incl 15% VAT
FWQ 09/2017	Sep-17	SUPPLY AND DELIVERY OF 4 X CONCRETE MIXERS	PNB CIVILS	MIG	89 400.00	R 89 400.00	R -	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service
FWQ 10/2017	Oct-17	SUPPLY AND DELIVERY OFF PROTECTIVE CLOTHING	EKAYA PROMOTIONS	OWN	129 781.05	R 129 781.05	R	N/A	N/A	SUPPLY & DEL	CHALLENGE WITH SIZES - WILL DELIVER THE LAST BATCH WED 28 FEB 2018 - delivered
FWQ 11/2017		SUPPLY AND DELIVERY OF BUILDING MATERIAL FOR POUND	HHH SOLAR INVESTMENTS (PTY) LT	OWN	39 474.67	R 39 474.67	R -	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service
FWQ 13/2017	Nov-17	SUPPLY AND DELIVERY OF 13 NOTEBOOKS	EP WEB	OWN	139 339.40	R 139 339.39	R 0.01	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service
FWQ 14/2017	Dec-17	SUPPLY AND DELIVERY OF 19 TYRES	SILUMKO TRANSPORT	OWN	39 010.00	R 39 010.00	R -	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service
FWQ 01/2018	Mar-18	SUPPLY AND DELIVERY OF 4 GRADER TYRES	SILUMKO TRANSPORT	OWN	50 112.00	R 50 551.58	R -439.58	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service. incl 15% VAT
FWQ 03/2018	09-Apr-18	SUPPLY AND DELIVERY OF MICROSOFT OFFICE 365 PRO PLUS LICENSES	CHM VUWANI	OWN	142 659.48		R 142 659.48	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service
FWQ 05/2018	11-Jun-18	SUPPLY AND DELIVERY OF 4 SKID UNITS	ITS PUMP AND SEALS	OWN	139 315.60	R 139 315.60	R	N/A	N/A	SUPPLY & DEL	Supplier is prompt with service