



**KAROO HOOGLAND MUNICIPALITY**

**2019/20**

**FINAL  
TOP LAYER  
SERVICE DELIVERY AND  
BUDGET IMPLEMENTATION  
PLAN**



**Municipal Manager's Quality Certificate**

I, Jan Johannes the Municipal Manager of Karoo Hoogland Municipality, submit the Final Top Layer Service Delivery and Budget Implementation Plan (SDBIP) for the 2019/20 financial year for approval by the Executive Mayor. This SDBIP has been prepared in terms of the stipulated requirements as documented in the Local Government: Municipal Finance Management Act, No.56 of 2003 and regulations made under the Act.



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Mr. Jan Johannes Fortuin  
Municipal Manager

03.06.2019

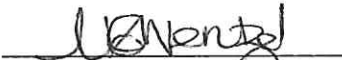
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Date



**Executive Mayor's Certificate of Approval**

I Veruschka Wentzel, in my capacity as the Executive Mayor of the Karoo Hoogland Municipality, hereby approve the Final Service Delivery and Budget Implementation Plan (SDBIP) for the 2019/20 financial year as required in terms of Section 53(1)(c)(ii) of the Local Government: Municipal Finance Management Act of 2003.

  
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Ms. Veruschka Wentzel  
Executive Mayor

3 Junie 2019  
Date

**Report to the Mayor and Council on the Implementation of the 2019 /2020  
Service Delivery and Budget Implementation Plan MAY 2019**

**INTRODUCTION**

**Section 53 of the MFMA defines the SDBIP as:**

'A detailed plan approved by the Mayor of a Municipality in terms of section 53 (1)(c)(ii) for implementing the municipalities delivery of services and the execution of its annual budget and which must include (as part of Top Layer) the following:

- Projections for each month of –
- Revenue to be collected by source
- Operational and capital expenditure by vote
- Service delivery targets and performance indicators for each Quarter

The Service Delivery and Budget Implementation Plan (SDBIP) is an implementation plan of the approved Integrated Development Plan and Medium-Term Revenue and Expenditure Framework. Therefor only projects that are budgeted for implemented. The SDBIP serves to address the development objectives as derived from the approved IDP.

The format of the SDBIP is prescribed by MFMA circular Number 13 issued by National Treasury, in terms of which the SDBIP must provide a picture of service delivery areas., budget allocations and enable monitoring and evaluation. It specifically requires the SDBIP to include inter alia the following:

1. Monthly projections of revenue to be collected for each source.
2. Monthly projections of expenditure and revenue for each vote.
3. Quarterly projections of service delivery targets and performance indicators for each vote.
4. Detailed capital works plan broken by wards over three years.

**MFMA CIRCULAR NO. 13**

'The SDBIP serves as a contract between the Administration, Council and Community expressing the goals and objectives set by council as quantifiable outcomes that can be implemented by the administration over the next 12 months. The SDBIP provides the vital link between the Mayor, Council and the Administration. It also facilitates the process for holding management accountable for its performance. The SDBIP is a both a management, implementation and monitoring tool that will assist the Mayor, Councilors, Municipal Manager, Senior Managers and the Community.

In accordance with section 53 of the MFMA, the Mayor of a Municipality must –

- (1)(c)(ii) take all reasonable steps to ensure that the Municipality's Service Delivery and Budget Implementation Plan is approved is approved by the Mayor within 28days after the approval of the budget.

- (1)(C)(ii) (bb) that the annual performance agreements as required in terms of section 57 (1)(b) of the MSA for the Municipal Manager and all senior managers are linked to the measurable performance objectives approved with the budget and to the SDBIP.

## HIGH LEVEL SDBIP TARGETS AND INDICATORS

Quarterly projections of service delivery targets and performance indicators for each vote, is one of the five components of the Top Layer SDBIP that must be made public as detailed in MFMA circular 13.

The Top Level of the SDBIP includes measurable performance objectives in the form of service delivery targets and performance indicators that are provided to the Community, that is; *what impact it seeks to achieve. these are drawn from the IDP programs, services and activities that are relevant to each specific directorate as well as statutory plans that the directorate are responsible for.* Hence the SDBIP are the key mechanism for monitoring the different responsibilities and targets that each directorate must fulfill in meeting service delivery needs provided to the community.

## REPORTING ON THE SDBIP

Various reporting is outlined in the MFMA, both the Mayor and the Accounting Officer have clear roles to play in preparing and presenting these reports. The report then allows **COUNCIL** to monitor the implementation of service delivery programs and initiatives across the Municipalities boundary.

## MONTHLY REPORTING

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis. This reporting must be conducted by the accounting officer by not later than 10 working days after the end of each month.

Reporting must include:

- Actual revenue per source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote and
- The amount of any allocations received.

If necessary, explanation of the following must be included in the monthly reports:

- Any material variances from the municipalities projected revenue by source and from the municipality's expenditure projections per vote
- Any material variances from the Service Delivery and Budget Implementation Plan and

- Any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the Municipalities approved budget.

## **QUARTERLY REPORTING**

Section 52 (d) of the MFMA compels the executive Mayor to submit a report to the council on the implementation of the budget and financial state of the affairs of the municipality within 30 days of the end of each quarter. The quarterly performance projections captured in the SDBIP form the basis for the MAYORs quarterly report.

## **MIDYEAR REPORTING**

Section 72 of the MFMA determines that by 25 January of each year the Accounting Officer must assess the performance of the municipality and report to the Council on inter alia service delivery performance during the first half of the financial year and the service delivery and budget implementation Plan

The section 72 report must include the following:

- the monthly statements submitted in terms of section 71 for the first half of the financial year
- the municipalities service delivery performance and the service delivery targets and the performance indicators set in the SDBIP
- The past years annual report and the progress on resolving problems identified in the annual report
- Performance of service providers
- Make recommendations as to whether an adjustment budget is necessary and
- Recommend revised projections for revenue and expenditure to the extend that this may be necessary.

## **MONITORING AND THE ADJUSTMENT BUDGET PROCESS**

The section 71 and 72 budget monitoring reports required under the MFMA should provide a consolidated analysis of the Municipalities financial position including year end projections.

The Mayor must consider these reports under section 54 of the MFMA and then make a decision as to whether the SDBIP should be amended. The adjustment budget concept is governed by various provisions of the MFMA and is aimed at instilling and establishing and increased level of discipline, responsibility and accountability in the municipal finances. In simple terms; funds can be transferred within a vote but any movements between votes can only be agreed by adjustment budget.

In accordance with Karoo Hoogland's approved Performance Management policy framework KPIS's can be adjusted after the midyear assessment and or after the adjustment estimate and the reason for the change in KPI's should be documented in a report to the Mayor for approval.

Additional KPI's can be added during the year with the approval of the Municipal Manager. The approval documents should be safe guarded for audit purposes.

Our policy framework is supported by MFMA Circular no. 13: **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN** which stipulates that being a management and implementation plan (**not a policy**) The SDBIP is not required to be approved by council. It is however made public for information and for purposes of monitoring. The SDBIP should be seen as a dynamic document that may (at lower levels of the plan) be continually revised by the Municipal Manager and other top managers, as actual performance after each month or quarter is taken into account. However, the **TOP LAYER SDBIP** and its targets cannot be revised without notifying the council. and if there is to be changes in service delivery targets and performance indicators, this must be approval of the council. This council approval is necessary to ensure that the Mayor or Municipal Manager do not revise service delivery targets downwards in the event where there is poor performance.

Many of the indicators in the municipal scorecard will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of all the scorecards. The Mayor will need to ensure that targets committed to in the municipal scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the poor performance. The reviewed should also focus on reviewing the systematic compliance to the Performance Management System by directorates, departments, portfolio councilors and the Municipal Manager.

The review will also include:

1. An evaluation of the validity and suitability of the Key Performance Indicator and recommending any changes.
2. An evaluation of the annual and 5year targets to determine whether the targets are overstated or understated. These changes need to be considered.
3. Change of KPIs and 5-year targets for submission to Council for approval. (reason being that the original KPI and the 5-year targets would have been published with the IDP, which would have been approved and adopted by council at the beginning of the financial year.)
4. An analysis to determine whether the municipality is performing adequately or underperforming and
5. It is important that the Mayor that the Mayor not only pay attention to poor performance but also to reward good performance. It is expected that the Council will acknowledge good performances, where Departments or directorates have successfully met targets in their departmental scorecard.

## **INTERNAL AUDITING OF PERFORMANCE REPORTS**

The municipality s Internal Audit function will need to be continuously involved in auditing of the performance reports based on the organizational and departmental scorecards. As required by regulation they will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and the Audit Committee.

THE MFMA and the Municipal Planning and Performance management t regulations require that the Municipal council establish n Audit Committee consisting of a minimum of three members, where the majority of the members are not employees of the Municipality. No councilor may be a member of an Audit committee. Council shall also appoint a chairperson which is not an employee. It is recommended that council approve the utilization of existing External Audit Committee ( Frikkie Rootman ) as the Performance Audit Committee to save costs.

## ANNUAL PERFORMANCE REVIEW

At least annually, the Mayor will be required to report to the full council on the overall municipal performance. It is proposed that reporting take place using the municipal scorecard in an annual performance report format as per the Municipal Systems Act. The said annual performance report will form part of the municipalities annual Report as per section 121 of the MFMA.

## CONCLUSION

The SDBIP is a key management implementation and monitoring tool which provides for operational content to the end of year service delivery targets, set in the Budget and IDP. It determines the Performance agreements for the municipal manager and all top managers, whose performance can be monitored through section 71monthly reports and evaluated through the Annual Report process.

It is my submission that great strides have been made in the past year however one should be honest that much need to be done still to make us fully compliant and a leading municipality in the field of Performance Management in the province and the country as a whole. I want to emphasize the importance of the oversight role of all councilors int his regard. We have will to up our levels and it is recommended that we make use of SEBATA Financial Solutions to assist us in the drafting of the revenue and expenditure monthly projections.

  
A. HENDRICKS

9/5/19



# Top Layer Service Delivery Budget Implementation Plan for 2019/2020

## KPI 1 : GOVERNANCE AND STAKEHOLDER PARTICIPATION

National KPA	KPI Name	Unit of Measurement	KPI Owner	Baseline	POE	Target Type	Annual Target	Q1	Q2	Q3	Q4
1	Governance and Stakeholder Participation Monitor implementation of Council Resolution	Number of reports submitted to council by 30 June	Manager Administration	12	12 Reports submitted to the municipal manager	Number	12	3	3	3	3
2	Governance and stakeholder Participation Number of IDP and Budget stakeholder engagements by 30 June	Number of IDP and budget meetings per ward	Manager Community Services	9	9 IDP and Budget Meetings held in all wards	Number	9	1	3	2	2
3	Governance and Stakeholder Participation External newsletters issued	Number of external newsletters issued by 30 June	Manager Administration	4	4 newsletters issued	Number	4	1	1	1	1
4	Governance and Stakeholder Participation Respond to all external media enquiries	Respond to all external media enquiries within 72 hours	Manager Administration	100%	Response to external enquiries	Percentage	100%	100%	100%	100%	100%
5	Governance and Stakeholder Participation Report quarterly on requests received i.t.o Promotion of Access to Information by	Reports submitted	Administrative officer – MM	4	Quarterly report submitted	Number	4	1	1	1	1
6	Governance and Stakeholder Participation Advertise annual report in external media	Newspaper advertisement	Manager Administration	1	Newspaper advertisement	Number	1			1	

## Top Layer Service Delivery Budget Implementation Plan for 2019/2020

7	Governance and Stakeholder Participation	Advertise Performance Contracts of Senior Managers in external newspaper	Newspaper advertisement	Manager administration	1	Newspaper Advertisement	Number					
9	Governance and Stakeholder Participation	Number of ward committee reports submitted to portfolio committees	Submit all ward committee minutes to portfolio committees	Manager Community Services	4	Minutes of Portfolio Committees	Number and minutes	4	1	1	1	1
10	Governance and Stakeholder Participation	Develop and Informal Economy Enhancement Strategy	Strategy document	Manager Community Service	1	Strategy document	Number	1			1	
11	Governance and Stakeholder Participation	Develop a Tourism Development Strategy	Policy document	Manger Community Services	1	Policy document	Number	1			1	
12	Governance and Stakeholder Participation	Develop a HIV/ AIDS policy for staff	Policy document	Manager Human Resources	1	Policy document	Number	1			1	
13	Governance and Stakeholder Participation	Develop a Risk Based Audit Plan	Policy document	Internal auditor	1	Policy document	Number	1			1	

# Top Layer Service Delivery Budget Implementation Plan for 2019/2020

## KPI 2 FINANCIAL VIABILITY

14	Maintain a financially sustainable and viable municipality	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2020 (cost coverage cash equivalents unspent conditional grants – overdraft + short term investment/ monthly fixed operational expenditure excluding (depreciation, amortization and provision of bad debts, impairment and loss on disposal of assets)	Operating budget	Chief Financial Officer	1:1	Cost coverage ratio as at 30 June 2020	Ratio				1:1
16	Maintain a financially sustainable and viable municipality	Raise /collect operating budget revenue as per approved budget	Operating budget	Chief Financial Officer	100%	95 % of Total Annual Operating budget revenue raised by 30 June 2020	Percentage				95%
17	Maintain a financially sustainable and viable municipality	Submission of the MTREFs to council for approval by 31 May 2020	MTREF	Chief Financial Officer	1	1 MTREF submitted for approval to Council by 31 May 2020	Number			1	1

## Top Layer Service Delivery Budget Implementation Plan for 2019/2020

18	Maintain a financially sustainable and viable municipality	Submission of the adjustment budget to council for approval by 28 February	Adjustment budget	Chief Financial Officer	1	Adjustment Budget submitted to council for approval by 28 February 2020	Number	1		
19	Maintain a financially sustainable and viable municipality	Submit the Annual Financial Statements by 31 August to the office of the Auditor General	Annual Financial Statements	Chief Financial Officer	1	Annual Financial Statements submitted to AG	Number	1		
20	Maintain a financially sustainable and viable municipality	Disclose in the Annual Financial Statements all deviations condoned by Council	Number of disclosure notes in the annual Financial Statements on all monthly reported deviations condoned by Council submitted to the Auditor General	Chief Financial Officer	1	Annual Financial Statements submitted to AG	Number	1		
21	Maintain a financially sustainable and viable municipality	Submit the midyear report MFMA section 72 report to the MAYOR	Number of midyear MFMA s72 Performance Reports submitted to the Mayor by 25 January 2020	Chief Financial Officer	1	Mid - year report submitted to Mayor	Number	1		
22	Maintain a financially sustainable and viable municipality	Approve audit Action by 28 February annually to address the issues raised in the Audit Report for the relevant financial	Audit Action Plan developed and approved by 28 February	Chief Financial Officer	1	Audit Action Plan / Minutes of Meetings	Number	1		
23	Maintain a financially sustainable and viable municipality	Implement the Municipal Standard Chart of Accounts	Report Quarterly on the implementation of MSCOA to council	Chief Financial Officer	4	Report to Council	Number	4	1	1

## Top Layer Service Delivery Budget Implementation Plan for 2019/2020

24	Maintain a financially sustainable and viable municipality	Provide consumer accounts i.r.o clean piped water , sanitation /sewerage electricity and solid waste to formal residential properties which are connected to a Municipal Infrastructure network as at 30 June annually	Number of consumer accounts i.r.o formal residential properties receiving piped water on monthly basis	Chief Financial Officer	2200						2200
25	Maintain a financially sustainable and viable municipality	Limit unaccounted for electricity losses to less than 12 % annually	12 month moving average used. Losses calculated on the total consumption and purchases of current month plus 11preceeding months as reported.	Chief Financial Officer	12%	Monthly Eskom Accounts and Vending Reports from service providers and notes to the AFS and monthly consumption reports	Percentage	12%	12%	12%	12%
26	Maintain a financially sustainable and viable municipality	Limit unaccounted water to less than 15 % annually	Percentage of unaccounted for water calculated in IWA formula	Chief Financial Officer	15%	Quarterly water balance sheet and Monthly Consumption Report	Percentage	15%	15%	15%	15%
27	Maintain a financially sustainable and viable municipality	Number of indigent households for free basic services	Number of indigent account holders receiving free basic services for water, sanitation electrician refuse removal per month i.t.o. the indigent policy of Karoo Hoogland Municipality	Chief Financial Officer	970	Indigent subsidy register	Number	970	970	970	970
28	Maintain a financially sustainable and viable municipality	Achieve an average payment percentage of 83 % by 30 June annually	Gross debtors opening balance +billed revenue -Gross Debtors Closing Balance -Bad Debts /Billed Revenue x 100	Chief Financial Officer	83%	Report from the EMS system	Percentage	83%	83%	83%	83%

# Top Layer Service Delivery Budget Implementation Plan for 2019/2020

## KPI 3 INSTITUTIONAL TRANSFORMATION

29	Institutional Transformation	The number of people from employment equity target group groups employed in the three highest levels of management in compliance with Karoo Hoogland's Employment Equity plan	Number of reports on the number of people from employment equity groups employed in three highest levels of Management submitted to the Municipal Manger by 30 November and 30 June	Manager Human Resources	2	Report to Municipal Manger	Number	2	1	1	
30	Institutional Transformation	Percentage of the municipalities budget actually spent on implementing the Workplace Skills Plan	Percentage of the municipalities approved budget actually spend on implementing the Workplace Skills Plan	Manager Human Resources	1	Workplace Skills Plan	Percentage	0.1%	0.1%		0.1%
31	Institutional Transformation	Review the Workplace Skills Plan and submit plan to the LGSETA by 30 April 2020	Workplace skills plan submitted to LGSETA	Manager Human Resources	1	Workplace Skills Plan	Number	1		1	
32	Institutional Transformation	Limit the vacancy rate to 20 % of funded posts by 30 June 2020	Number of funded posts vacant divided by the budgeted funded posts	Manager Human Resources	20%	Percentage of vacancy of funded posts	Percentage	20%	0%	0%	20%
33	Institutional Transformation	Develop Performance contracts for staff other section 56 managers	Senior management team performance management contracts	Administrative Officer /MM	10	Signed Performance Contracts	Number	10	0	0	0
34	Institutional Transformation	Review the Information and Communications Technology (ICT) strategic plan	Number of ICT Strategic Plans reviewed	Accountant Assets	1	Reviewed strategy	Number	1			1

## Top Layer Service Delivery Budget Implementation Plan for 2019/2020

35	Institutional Transformation	Revise the Asset Management Policy	Revise the Asset Management Policy by 30 June 2020	Accountant Assets	1	Revised policy	Number	1		1
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### KPI 4 BASIC SERVICES

36	Basic Services Delivery	Water quality managed and measured quarterly i.t.o. the SANS accreditation Physical and micro Parameters	Percentage water quality level as per analysis certificate measured quarterly	Director Infrastructure	95%	99 % of water quality compliance as per analysis certificate measured quarterly	Percentage	95%	95%	95%
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