KAROO HOOGLAND LOCAL MUNICIPALITY

SECTION 52(D)

2024/2025

QUARTER 1

(01 July 2024 – 30 September 2024)

FOR THE 2024/2025 FINANCIAL YEAR

Prepared in terms of the Local Government Municipal Finance Management Act, 2003: Municipal Budget and Reporting Regulations

ACCRONYMS AND ABBREVIATIONS

MSA	Local Government: Municipal Systems Act, 32 (Act 32 of 2000)
KHM	Karoo Hoogland Municipality
SDBIP	Service Delivery and Budget Implementation Plan
MFMA	Municipal Finance management Act
KPA	Key Performance Area
KFA	Key Focus Areas
KPI	Key Performance Indicators
MM	Municipal Manager

GRADING OF MUNICIPALITY

The Karoo Hoogland Municipality was established in 2000. Karoo Hoogland is a **category B municipality** as determined in terms of Municipal Structures Act (1998). In terms of Section 9 of the Local Government: Municipal Structures Act (No. 117 of 1998)as amended, KHM is a Category B municipality and had a plenary executive system combined with a ward participatory system.

The establishment of the municipality fulfilled the local government transformation process as articulated by the White Paper on Local Government, 1998. The White Paper envisaged the form and nature of new local government structures in the country. The new local government structures are mandated to improve the quality of life of their citizens and residents. In terms of its category B status the Karoo Hoogland Municipality has been empowered to perform the **functions** as bestowed upon it by the Constitution in terms of section 156(1) and the division of powers and functions.

From *1 November 2021 the Structures Act was amended and Karoo Hoogland Municipality is now still a* Category B municipality but with a *collective executive system combined with a ward participatory system.*

OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review individual performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

Some of the legislative prescripts include: Section 152 of the Constitution of the Republic (1996), section 152 local government to be "democratic and accountable government". Section 195 (1) of the Constitution requires the following from local government, inter alia:
- the promotion of efficient, economic and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000, requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

Therefore after IDP public participation processes were done, the needs were prioritised and captured in the draft IDP document which was approved by Council. Strategic top level goals and targets were set for Council to report to the public quarterly. These objectives and targets from the IDP aligned with the budget were then captured in the form of the Service Delivery and Budget Implementation Plan.

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PART 1 : NON FINANCIAL PERFORMANCE INFORMATION

1. INTRODUCTION

Performance management is prescribed in Chapter 6 of the MSA, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001.

Section 7(1) of the aforementioned regulation states that "**A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the responsibilities of the different role players.**"

This framework, inter alia, reflects the linkage between the IDP, Budget, Service Delivery Budget Implementation Plan (SDBIP) and individual and service provider performance. Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers, stakeholders and the municipal entities.

In order to improve on performance planning, implementation, measurement and reporting, the institution implemented the following actions since 2019.

- **Departmental operational plans were developed for monitoring and reporting operational programmes;**
- **A new Performance Management System has been appointed for the Financial year 2024/2025 for a period of three years.**
- **The Municipality endeavoured during the development of the Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.**
- **Care has been taken to ensure that the mSCOA regulations are adhered to at all times, however the budget are not directly linked with the KPI's**.

	Performance Policy & Performance Management Framework	All MSA s57/56 Performance contracts signed	Audit Committee operational	Performance Audit/Management Committee	Municipal Public Accounts Committee (MPAC	Quarterly Performance Reporting to Council	Mid-Year Performance Reporting to Council	Annual Reporting to Council	Electronic System for capturing and uploading KPI proof of evidence	Challenges in the Electronic system evaluated	Dedicated Performance Management personnel
In place? Dates	√	√	√	Established	√	Q1 30 October 2024	Jan 2025	Aug 2025	IGNITE Performance Management System	No	Yes

TABLE 1: Performance Management System Checklist

The Municipal Scorecard (Top Layer SDBIP) consolidate service delivery targets set by the Council/Senior Management and provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities.

Components of the Top Layer SDBIP for 2023/2024 included:

- One-year detailed plan, but should include a three year capital plan;
- The 5 necessary components includes:
  - Monthly projections of revenue to be collected for each source
    - Expected revenue to be collected NOT Billed
  - Monthly projections of expenditure (operating and capital) and revenue for each vote
    - Section 71 format(Monthly budget statements)
  - Quarterly projections of service delivery targets and performance indicators for each vote
    - **Non financial measurable performance objectives in form of targets and indicators**
    - Output NOT input /internal management objectives
    - Level and standard of service being provided to the community
  - Ward Information for expenditure and service delivery
  - Detailed Capital project plan broken down by ward over three years

Top Layer KPI's prepared based on the following:

- KPI's identified during the IDP processes and KPI's that need to be reported to key municipal stakeholders.
- KPI's to address the required National Agenda, priorities and minimum reporting requirements.
- KPI's to give effect to the Strategic Objectives and to the Budget for Implementation thereof.
- National KPI set through legislation.

2. PURPOSE

In complying with Section 52(d) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003 the Mayor must within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality and assess the performance and progress on performance of the municipality for the financial year so far.

The Mayor approved the Top Layer SDBIP for 2024/2025 in terms of Section 53(1)(c)(ii) of the MFMA, MFMA Circular No.13 and the Municipal Budget and Reporting Regulation which include the Municipality's key performance indicators (KPIs) for 2024/2025.

a) The purpose of this report is to inform Council regarding the progress made with the implementation of the Key Performance Indicators (KPIs) in the realisation of the development priorities and objectives as determined in the Municipality's Integrated Development Plan (IDP) as well as in the Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP) for the **First Quarter** *(01 July 2024 – 30 September 2024)* of the 2024/2025 financial year as approved by the Mayor.

b) Overall progress will be assessed to see whether corrective measures need to be implemented.

c) The Municipal Systems Act, No 32 of 2000 and in particular chapter 5 and 6 of the aforesaid Act, the Municipal Planning and Performance Management regulations 2001 and other current legislation, compel all municipalities as part of their developmental mandate, to develop and implement a performance management system.

FINANCIAL/BUDGET PERFORMANCE

A report setting out the quarter's budgetary achievements will be submitted by the Chief Financial Officer in due course but within the stipulated time frame.

3. LEGISLATIVE REQUIREMENTS

a) The SDBIP is defined in terms of Section 1 of the Local Government: Municipal Finance Management Act, 56 (Act 56 of 2003) (MFMA), and the format of the SDBIP is prescribed by the MFMA Circular 13.

b) Section 41(1)(e) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000) (MSA), prescribes that a process must be established of regular reporting to Council. The process of reporting is detailed in the Performance Management Policy and Framework of the municipality.

c) The **quarterly reports & Mid-year reports** are a requirement in terms of Section 52 of the MFMA which provide for:

- The Mayor, to submit to council within 30 days of the end of each quarter, a report on the implementation of the budget and financial affairs of the municipality;

- The Accounting Officer, while conducting the above, must consider the:

  - ❖ Section 71 Reports;
  - ❖ Performance in line with the Service Delivery and Budget Implementation Plans.

4. BACKGROUND TO THE FORMAT AND MONITORING OF THE SDBIP

FORMAT

a) The Municipality's SDBIP consists of a Top Layer (TL) as well as a Departmental/Operational Plan for each individual Department.

b) The Top Layer SDBIP measures the achievement of performance indicators and targets that have been determined with regards to the provision of basic services (operational services delivery) as prescribed by Section 10 of the Local Government: Municipal Planning and Performance Regulations of 2001, National Key Performance Areas and Strategic Objectives as detailed in the Integrated Development Plan (IDP) of Karoo Hoogland Municipality. The Top Layer SDBIP 2024/2025 was approved by the Mayor.

c) The Departmental/Operational SDBIP measures the achievement of performance indicators that have been determined regarding operational service delivery within each department and have been aligned with the Top Layer SDBIP. The Departmental Plans have been approved by the Municipal Manager.

d) The Quarterly Performance Assessment Report is structured to report on five (5) Municipal Key Performance Areas which is the same as the National Key Performance Areas.

e) **The overall assessment of actual** Quarterly and annual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

R	KPI Not Met	0% <= Actual/Target <= 74.999%
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%
G	KPI Met	Actual meets Target (Actual/Target = 100%)
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%
B	KPI Extremely Well Met	150.000% <= Actual/Target

f) Progress on KPI's are captured quarterly manually by the performance officer as well KPI owners

g) This report is based on the Top Layer SDBIP and comprises of the following:

i. A summary of the overall performance of the Municipality in terms of the National Key Performance Area's for Local Government

ii. A summary of the overall performance of the Municipality in terms of the five Municipal Key Performance Area's.

iii. A detailed performance review per Municipal Key Performance Area (MKPA).

MONITORING

a) The Municipality utilises a manual system where KPI's is updated manually.

b) In terms of Section 46(1)(a)(iii) of the MSA the Municipality must reflect annually in the Annual Performance Report on measures taken to improve performance, in other words targets not achieved.

c) The system requires that comments, reasons as well as corrective actions to be taken must be captured for targets not achieved. Supporting documents must be uploaded as proof of evidence that targets have been achieved and corrective measures have been done.

d) In the event of targets being overachieved comments for over achievement must be captured as well as the budget implications if any.

e) The Performance Management Officials, after receiving input per KPI from the KPI Owners must document the following information on the performance system:

   i. The actual result in terms of the target set
   ii. The Performance Comment on achieving the KPI
   iii. The calculation of the actual performance report (if%)
   iv. Financial implication, if any
   v. Portfolio of evidence can be uploaded to support actual results
   vi. Actions to improve (corrective actions) the performance against the target set, if the target was not achieved
   vii. A clear indication if there was no target then - KPI Not Measured / Not Applicable
   viii. Indication if target was put on hold and the reason therefore

5. CONSOLIDATED PERFORMANCE OF THE MUNICIPALITY IN IMPLEMENTING THE SDBIP

ACTUAL PERFORMANCE FOR THE FIRST QUARTER 01 JULY 2024 – 30 SEPTEMBER 2024

a) The Top Layer SDBIP contains performance indicators per Municipal Key Performance Area and comments on corrective measures with regard to targets not achieved.

b) After Q1 the SDBIP was taken to Council for adjustments to the SDBIP which was approved by Council.

OVERALL PERFORMANCE OF THE MUNICIPALITY

1. Summary per National Key Performance Area (NKPA) for the period 1 July – 30 September 2024
2. See Annexure A for Q1

Section 43 of the MSA, and the Municipal Planning and Performance Regulations requires that Key Performance indicators be set. These indicators are then linked to the National Key Performance Area's. This statistical information is then used by different Sectors to determine how well government is progressing in the implementation of National Policy.

CONCLUSION

Q1 results of the performance can be summarised as follows:

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	24
R	KPI Not Met	0% <= Actual/Target <= 74.999%	4
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	3
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	1
B	KPI Extremely Well Met	150.000% <= Actual/Target	3
	Total KPIs:		**35**

The overall performance of the organisation on strategic level is = **63.6 Achieved**. Thus 36.4% was not achieved for which corrective measures will be implemented.

	Karoo Hoogland Municipality	Responsible Directorate: Office of the Municipal Manager	Financial Services	Community Services	Technical Services	[Unspecified]
Not Yet Applicable	24 (68.57%)	8 (72.73%)	16 (88.89%)	-	-	-
Not Met	4 (11.43%)	-	1 (5.56%)	-	3 (50.00%)	-
Almost Met	-	-	-	-	-	-
Met	3 (8.57%)	2 (18.18%)	1 (5.56%)	-	-	-
Well Met	1 (2.86%)	-	-	-	1 (16.67%)	-
Extremely Well Met	3 (8.57%)	1 (9.09%)	-	-	2 (33.33%)	-
Total:	35	11	18	-	6	-
	100%	31.43%	51.43%	-	17.14%	-

Annexure A : Q1 ORGANISATIONAL PERFORMANCE ASSESSMENT REPORT 2024/2025

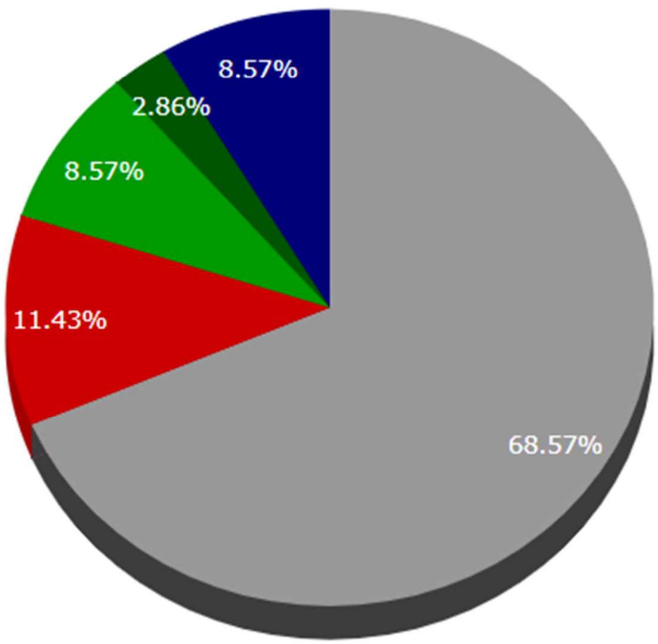
Ref	Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Quarter ending September 2024						Overall Performance for Quarter ending September 2024 to Quarter ending September 2024			
						Original Target	Target	Actual	R	Corrective Measures	POE	Original Target	Target	Actual	R
TL3	Municipal Manager	Office of the Municipal Manager	Sign the Municipal manager and the Senior Managers Performance Agreements by 31 July 2024	Number of Performance agreements signed by Senior managers	Ensure responsive and accountable governance	3	3	3	G			3	3	3	G
TL4	Municipal Manager	Office of the Municipal Manager	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2025 [(Actual amount spent on projects /Total amount budgeted for capital projects) X100]	% Of capital budget spent	Ensure responsive and accountable governance	10.00%	10.00%	12.77%	B			10.00%	10.00%	12.77%	B
TL6	Municipal Manager	Office of the Municipal Manager	Submit IDP Process Plan annually to Council for approval by 31 August 2024	Annual IDP Process Plan submitted	Ensure responsive and accountable governance	1	1	1	G			1	1	1	G
TL16	Chief Financial Officer	Financial Services	Achieve a debtor payment percentage of 90% by 30 June 2025 {(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue) x 100}	% Debtor payment achieved	Improve financial viability and sustainability through efficient budget processes financial systems and legislative requirements	90.00%	90.00%	58.00%	R	Blocking of unpaid accounts, sending payment letters, monthly monitoring		90.00%	90.00%	58.00%	R
TL27	Chief Financial Officer	Financial Services	Submit the Annual Financial Statements by 31 August 2024 to the Office of the Auditor General	Number of Annual Fin budget reports submitted of the AG	Improve financial viability and sustainability through efficient budget processes financial systems and legislative requirements	1	1	1	G			1	1	1	G
TL30	Director: Technical Services	Technical Services	95% of water samples comply with SANS 241 microbiological indicators on a quarterly basis	% compliance of samples tested	Provide quality living human settlements with basic infrastructure for all residents	95.00%	95.00%	100.00%	G2			95.00%	95.00%	100.00%	G2
TL31	Director: Technical Services	Technical Services	Spend 100% of the MIG grant allocation by 30 June 2025 [(Actual expenditure/total grant allocation received) x 100]	% of MIG grant spend	Provide quality living human settlements with basic infrastructure for all residents	10.00%	10.00%	0.00%	R	Still awaits MIG Grants for expenditure		10.00%	10.00%	0.00%	R
TL32	Director: Technical Services	Technical Services	Spend 100% on the WSIG grant allocation by 30 June 2025 [(Actual expenditure/total grant allocation received) x 100]	% of WSIG grant spend	Provide quality living human settlements with basic infrastructure for all residents	10.00%	10.00%	58.00%	B			10.00%	10.00%	58.00%	B
TL33	Director: Technical Services	Technical Services	Spend 95% of the capital budget for Williston WWTW by 30 June 2025[(Actual amount spent on projects /Total amount budgeted for capital projects)X100]	% of budget spent	Provide quality living human settlements with basic infrastructure for all residents	10.00%	10.00%	0.00%	R	Still awaits WWTW Grants for expenditure		10.00%	10.00%	0.00%	R
TL34	Director: Technical Services	Technical Services	Spend 95% of the capital budget for the upgrade of the internal network in Frasenburg (INEP) by 30 June 2025[(Actual amount spent on projects /Total amount budgeted for capital projects)X100]	% of budget spent	Provide quality living human settlements with basic infrastructure for all residents	10.00%	10.00%	0.00%	R	Still awaits INEP funds		10.00%	10.00%	0.00%	R
TL35	Director: Technical Services	Technical Services	Spend 95% of the capital budget for the upgrade of bulk water Sutherland (WSIG)by 30 June 2025[(Actual amount spent on projects /Total amount budgeted for capital projects)X100]	% of budget spent	Provide quality living human settlements with basic infrastructure for all residents	10.00%	10.00%	58.00%	B			10.00%	10.00%	58.00%	B

Top Layer KPI Report

Report drawn on 21 October 2024 at 16-29

for the months of Quarter ending September 2024 to Quarter ending September 2024.

Karoo Hoogland Municipality



Responsible Directorate