



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

MID - YEAR
BUDGET AND
INSTITUTIONAL
PERFORMANCE
ASSESSMENT

JULY 2013 –
DECEMBER 2013

The Executive Mayor
15 Bells Road Queenstown, 5320
Tel: (045) 808 4600
Fax: (045) 808 1556
www.chrishanidm.gov.za

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PART 1: BACKGROUND

1. INTRODUCTION

As required in terms of Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), the accounting officer of a municipality must by 25 January of each year:

- a) Assess the performance of the municipality during the first half of the financial year, taking into account:
 - i. the monthly statements referred to in section 71 for the first half of the financial year;
 - ii. the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - iii. the past year's annual report, and progress on resolving problems identified in the annual report; and
 - iv. the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- b) submit a report on such assessment, in both printed and electronic form, to:
 - i. the Mayor of the municipality;
 - ii. the National Treasury; and
 - iii. the relevant Provincial Treasury.

Moreover, the accounting officer must, as part of the review:

- a) make recommendations as to whether an adjustments budget is necessary; and
- b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Thereafter, the mayor must, in terms of Section 54. (1):

- a) Consider the report;
- b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery

- targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
- d) Issue any appropriate instructions to the accounting officer to ensure-
 - i. That the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - ii. That spending of funds and revenue collection proceed in accordance with the budget;
 - e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - f) In the case of a section 72 report, submit the report to the council by 31 January of each year.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, B J. MTHEMBU, in my capacity as the Municipal Manager of the Chris Hani District Municipality, submit this Mid-year budget and performance assessment report of the institution for the 2013/2014 financial year (period 01 July 2013 – 31 December 2013). I further certify that this report has been prepared in accordance with the prescripts of the Local Government: Municipal Finance Management Act, 56 of 2003, and the regulations made under the Act.



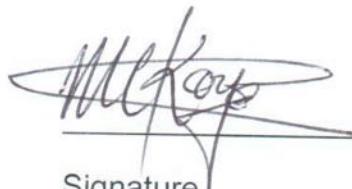
Signature

13 / 01 / 2014

Date

*EXECUTIVE MAYOR'S CERTIFICATE OF
APPROVAL*

I, M.C. Koylo, in my capacity as the Executive Mayor of the Chris Hani District Municipality, hereby accept the Mid-year budget and performance assessment report of the institution for the 2013/2014 financial year (period 01 July 2013 – 31 December 2013). I further approve this report as required in terms of the Local Government: Municipal Finance Management Act, 56 of 2003, and the regulations made under the Act.



Signature

13 / 01 / 2014

Date

PART 2: EXECUTIVE MAYOR'S REPORT

The 8th of January 2014 marks 102 years since the formation of the African National Congress (ANC), a liberation movement that has brought about the democratic dispensation that many fought for over decades. More critical is the fact that this year coincides with the 20th anniversary of the democratic dispensation for which the ANC fought. This is coupled with fourth democratic general elections to be held later in the year. This is an important milestone precisely because, amongst others, this marks the first opportunity wherein those young South Africans that were born into democracy, can freely exercise their right to choose their leaders. Whilst these elections do not necessarily include the local government level, these are important in that, understanding that government in South Africa remains unitary, the leading ANC seeks to ensure that it effectively consolidates the gains the country has made over the past 20 years by enhancing this system of government to ensure that it not only responds to the needs and aspirations of the many South Africans, but that it does this based on the values of democracy, good governance and better strides towards service delivery excellence.

In charging ahead with the colossal task that lay ahead of it, the Chris Hani District Municipal Council and its administrative units remained resolute in its conviction to address the ravages of poverty, disease, homelessness and unemployment and to resultantly move towards the ultimate goal of creating a better life for all its residents. Six months have passed since the beginning of the 2013/14 financial year and this municipality has managed to deliver services and implement its programmes in terms of the Council approved budget, IDP and other concerted and sustained programmes of action as approved by Council.

As was noted in the report of the first quarter which was presented to Council, the Chris Hani District Municipality has made significant progress in achieving the targets that it had set itself. The second quarter, in building on the success of the first, has not fallen short of this. Notwithstanding this, the Chris Hani District Municipality remains aware of the many challenges that still beset itself and the communities it serves and thus recognises the amount of work that still needs to be undertaken. This constantly reminds us that ours is to carefully navigate these challenges with a view of bringing lasting solutions to the challenges that continue to confront us.

To demonstrate the work that has been done over the first quarter of this financial year, I present this detailed mid-year performance report of the Chris Hani District Municipality. This report is intended to reflect on the realities confronting the municipality, the strategies and

plans that have been developed, the extent of implementation of these plans and the difficulties encountered as well as achievements attained. Based on these reflections, a conclusion is reached that regardless of the challenges that confront us, through collective efforts, we remain convinced that we are firmly set on course to delivering on the targets that we have set ourselves.

2.1. ISSUES EMANATING FROM THE 2012/2013 AUDIT REPORT

The Chris Hani District was subjected to an intensive audit process by the Auditor General, this in terms of the Public Audit Act, 25 of 2004. This process, as required by legislation, in the main seeks to assess the state of finances of the municipality as well as matters relating to internal controls, governance and predetermined objectives. Currently, the opinion of the Auditor General is based on the audit of finances. We are proud to announce that there has been an improvement in the outcomes of this audit process from previous financial years. As such, for the 2012/2013 financial year, the CHDM received a qualified audit opinion.

The outcome is based on issues relating to accumulated surplus, unspent conditional grants and receipts, irregular expenditure, cash flow disclosure, statement of comparative and actual information, aggregation of immaterial uncorrected misstatements as well as aggregation of immaterial corresponding figures. The report of the Auditor General is contained in Chapter 5 of this report.

In response to this, the CHDM has developed a comprehensive plan which seeks to address all the matters as raised by the Auditor General. Tabulated below is the Audit Action Plan of the CHDM:

AUDIT REPORT FINDING:	Disclosure Cash flow: Difference between grants received as per cash flow and financial statement	The amount of the actual grants received does not agree to the amount of grants received as per note 20 of the financial statement, therefore variance was identified when recalculating the SALE OF GOODS on the cash flow statement. Grant Received as per Cash Flow(R1 182 711 272.00); Actual Grants Received as per AFS Notes (R1 246 386 718.00) with a difference of -R63 675 446.00.	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
AUDIT REPORT FINDING:	Chief Financial Officer	The correction will be made to the disclosure in the comparatives for 13/14 financial statements	30-Jan-14	By Management	By Auditor General	PROGRESS REPORT	
AUDIT REPORT FINDING:	Chief Financial Officer	The accounting officer of a Municipality has no within 10 working days of the end of each month, as part of sec 71 report required by the Act, submit to the Mayor of the municipality or the council, a report describing in accordance with generally recognised accounting practise the investment portfolio of the municipality on a monthly basis during the year under review.	30-Jan-14	By Management	By Auditor General	PROGRESS REPORT	
AUDIT REPORT FINDING:	Non - Compliance with Municipal Investment Regulation 9(1) Item (2)		30-Jan-14	By Management	By Auditor General	PROGRESS REPORT	
AUDIT REPORT FINDING:	Non Complaince with Sec 32(2) of MFMA	Lack of review of the register of irregular/irrueless and wasteful expenditure in ensuring that the responsible official is stated so that he/she can be held liable, before the register can be submitted to council for condonement	Monthly				

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AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				By Management	By Auditor General
AUDIT REPORT FINDING:	Chief Financial Officer	There is a register in place. Policy will be inducted to all employees before being applied so that it be implemented immediately. There will be a monthly report by all directorates with regard to unauthorised, irregular or fruitless and wasteful expenditure.	30-Jan-14		
AUDIT REPORT FINDING:	Compliance: Submission of approved annual budget Item(04)	Management did not provide any evidence that the approved Annual Budget was submitted to the National and Provincial Treasury within 10 days. This is a result of management not implementing the requirements of legislation and has resulted in non-compliance with legislation			
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
AUDIT REPORT FINDING:	Chief Financial Officer	Management will ensure that we received proof of submission when submitting any compliance report to Treasury	30 June 2014	By Management	By Auditor General
AUDIT REPORT FINDING:	Compliance: Expenditure exceeded budget Item (05)	In terms of Sec 15 of MFMA a municipality may incur expenditure only (i) In terms of an approved budget (ii) Within the limits of the amounts appropriated for the different votes in approved budget. It was noted that for 2 transactions management exceeded the budget as follows- Renumeration of Councillors (Budgeted Amount R-7 561 802) Actual Amount(R-7 918 180) Difference (R-356 378) and BULK PURCHASES(Budgeted Amount R-11 230 000) Actual Amount R-11 944 780). This is a result of spending not being limited and monitored by the various departments and therefore resulted in an unauthorised expenditure of R2 301 158.			

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AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				By Management	By Auditor General
AUDIT REPORT FINDING:	Chief Financial Officer	Monthly monitoring of budget will be intensified and the financial system will be also be set not to allow transactions to go through when funds are exhausted	Jan-14		
AUDIT REPORT FINDING:	Compliance: Submission of Monthly Budget Statements Item(06)	Per audit work performed it was noted that there was no evidence that the accounting officer submitted the monthly budget statements within 10 days to the Mayor, Futhermore the information provided by the municipality there was no evidence that within 30 days after the end of each quarter, the Mayor submitted the report to council on the implementation of the budget and the financial state of affairs of the municipality. This is a result of management not applying legislation and has resulted in non-compliance with legislation.			
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
AUDIT REPORT FINDING:	Chief Financial Officer	Management is going to make sure that these budget statements are submitted adequately in future. There're time-lines set so as to meet the required time-frames of submission	30-Jan-14		
AUDIT REPORT FINDING:	Compliance: Evaluation of performance programme Item(07)	During the testing of Compliance with applicable laws and regulations it was noted that management did not within 2 months after year end evaluate the performance in respect of the following programmes - MSIG. This is due to municipality not implementing legislation and thereby resulted in non-compliance of legislation			
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
	Chief Financial Officer	Done and reported to COGTA immediately after the finding and will ensure that this report is prepared and submitted annually	Ongoing	By management	By Auditor General

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AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT/ PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
					By management	By Auditor General
Compliance: District Municipality provisional allocations	Item(08)	Chief Financial Officer	Management will engage with both AG and Treasury on this matter. Also, the gazette will be a referral to close this gap.	30-Jan-14		
Compliance: Submission of the consolidated report on compliance with prescribed competency levels not by 30 January	Item(09)	Director Corporate	During the audit of the compliance of Employee Costs it was noted that the submission of the consolidated report to the National Treasury and to the provincial Treasury by 30 July. The information submitted reflects that submission occurred on 10 September 2013. There was poor monitoring of adherence to controls. The Municipality has not complied with the Regulations on minimum competency levels section 14(2) (a)	30-Jan-14		
	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT/ PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				30-Jul-14	By management	By Auditor General

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AUDIT REPORT FINDING:	Services	PROPOSED ACTION(S) TO BE TAKEN				TARGET DATE	PROGRESS REPORT
		AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON				
Irregular, Fruitless and wasteful expenditure: No evidence on submission				As and when this instances occur they will be reported to the accounting officer by the SCM manager and subsequently report to the MEC and Auditor General office respectively		Immediately	By management By Auditor General
AUDIT REPORT FINDING: Procurement: Quotations not advertised Item (11)	Chief Financial Officer			In terms of the paragraph 7.57.2 of the supply chain management policy, any request for a formal return quotation which is likely to be in excess of R30 000.00 must be advertised for at least 7 (seven) days on the Municipality official website and an official notice board as applicable. It was noted that the request for quotations was not advertised for at least seven(7) days on the website and official notice board of the municipality for the transactions listed below: NPQ Trade cc TIA Cool Solutions R150 742.10 (ii) container conversions & repairs (PTY)LTD R146 569.80 (iii) Siyaphihlisa construction and projects R140 856.30 (iv) Duma thulisa logistics R128 240.00 (v) Intelligent business solutions R126 924.90 (v) Isithwalandwe general trading cc R 124 167.00 (vi) Ntandoyakhe trading 31 cc R 122 315.00.			
AUDIT REPORT FINDING:				Management will ensure that all quotations will be advertised on our website		Ongoing	By management By Auditor General

AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN		TARGET DATE	PROGRESS REPORT	
						By management	By Auditor General
AUDIT REPORT FINDING:	Procurement: Submission of sufficient Information	Chief Financial Officer	Currently when registering supplier we ensure that all suppliers fill in the declaration of interest form		30-Jun-14		
AUDIT REPORT FINDING:	Procurement: Payment not made within 30 days		In terms of Sec 65(1) and 65(2) of the MFMA Act No 56 of 2003, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, ad must for this purpose take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoices or statement, unless prescribed otherwise for certain categories of expenditure. It was noted that for the following payment was not made within 30 days of receipt of invoices. Intelligent Business Solutions Payment voucher 64251, R126 924.90. Compliance with laws and regulations is not monitored and enforced by management. Also sufficient processeses are not in place within the finance unit to ensure that invoices are promptly reviewed, approved and processed for payment. Non compliance with the MFMA thus incurring possible fruitless and wasteful expenditure due to possible interest and penalties on late payment to suppliers.				
AUDIT REPORT FINDING:	Item (13)						
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON		PROPOSED ACTION(S) TO BE TAKEN		TARGET DATE	PROGRESS REPORT	
	Chief Financial Officer		Creditors age analysis will be performed on a monthly basis which will give indication on how long do we take to pay our service providers. Currently all the invoices are recorded and stamped when received to ensure that we know when the payment was received	Monthly		By management	By Auditor General

AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
Procurement: Non compliance in procurement of banking services	Item(14)	Chief Financial Officer	This will be monitored and adhered to the required timeframes in future	Quarterly	By management By Auditor General
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
Non Compliance regarding the evaluation and Adjudication Committee	Non Compliance regarding the evaluation and Adjudication Committee	Chief Financial Officer	In terms of MSCMR, it states that the bid evaluation committee must consist of officials from departments requiring the goods and services and at least one Supply Chain management practitioner of the municipality or municipal entity. Furthermore in terms of Sec 29(2) of the MSCMR, it states that the bid adjudication committee must consist of at least 4 senior managers of the municipality or municipal entity, which includes the CFO or, if the CFO is not available, another manager in BTO office reporting directly and designated by the CFO, at least one senior supply chain management practitioner who is an official of the municipality or municipal entity and a technical expert in the relevant field who is an official of the municipality or municipal entity, if the municipality or municipal entity has such an expert. During the audit of procurement and contract Management it was noted that there is insufficient appropriate evidence to suggest that the bid evaluation committee	By management By Auditor General	By management By Auditor General

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was composed of, officials from departments requiring the goods and services and atleast one SCM practitioner of the municipality or municipal entity as there were no minutes of bid evaluation obtained. Furthermore that there is insufficient appropriate evidence to suggest that the bid adjudication committee consisted of atleast 4 senior managers of the municipality or municipal entity, which included the CFO or, or if the CFO is not available, another senior manager in the budget and treasury office reporting directly to the CFO and designated by the CFO, atleast one senior SCM practitioner who is an official of the municipality or municipal entity and a technical expert in the relevant field who is an official of the municipality, if the municipality or municipal entity has such an expert. The ff provides an example of the Contracts: Contract No. 2/10/2012/MD (TN) FINLAB LAORATORY R367 430.50; 2/11/2012/MD(TN) SIBHOZO BULIDING CONSTR. R905 304.27; 2/19/2012/MD(TN)CXM CIVIL AND BUILDING CONSTR. R842 005.89; 2/1R/2012/MD(TN) DDX BUILDERS R796 231.24; 2/1K/2012/MD(TN) SIMPIWE & SIMTHA CONSTR & PROJECT cc; 2/1A/2012/MD(TN) M.L.P GENERAL CONTRACTORS R868 441.71; 2/1L/2012/MD(TN) NONTSU CONSTR. R817 789.24; 2/1M/2012/MD(TN) VELVET POND INVESTMENT R3740647.98; 2/1N/2012/MD(TN) SEKUISIZWE BUSINESS ENTERPRISE R670 774.53; 3/2013/MD(TN) KWALO CONSTR R0.00 **TOTAL R6 088 497.28.** THE MUNICIPALITY HAS POOR MONITORING OF ADHERENCE TO CONTROLS. The municipality has not compliance with Sec 28(2) , sec 29(2) of the MSCMR and irregular expenditure of R6 088 497.28

AUDITOR GENERAL's RECOMMENDED ACTION	ITEM (15) RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				By management	By Auditor General
AUDIT REPORT FINDING:	Chief Financial Officer Procurement: Non Submission of declarations	Management will ensure that in the next phase of the contractor development program all the requirements stipulated in CIDB and SCM regulations are adhered to	Immediately		
		In term of sec 112(l) of the MFMA awards may not be made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions. During the audit of Procurement and Contract Management it was noted that there was a non-submission of declaration of interests which were requested by the auditors to be submitted on the request for information RFI 78. The ff details the information which was requested. (1.) N Amoah Employed by EC Health- Ubomi Civils Amnt R 2 929 630.54 (2.) SH Migidwa EC Local Government- Sperfecta 494 cc-R3 000.00 (3) PSE Sibhozo EC			

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AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				By management	By Auditor General
Expenditure: incorrectly classification of expenditure item	Chief Financial Officer	Management will ensure that the status of all the bidders being verified before engaging into business with the municipality. A process will be developed that will help us to achieve this	Ongoing		
AUDIT REPORT FINDING:	Item17	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	

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ACTION				
Chief Financial Officer	Fruitless and Wasteful Expenditure: Incorrectly classification as irregular expenditure	A new structure in the system will be developed in order to curb this problem. Sec 62(1) (c) (i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent systems of financial risk management and internal control. The if transaction was classified as irregular Expenditure. The classification as irregular expenditure is not as a result of non compliance with SCM regulations. The service provider was paid, however no work was performed due to unavailability of Management . The payment was made for services that whilst no services were rendered and therefore should be classified as fruitless and wasteful,(PWC Amt R107 741.67) Management not reviewing the schedule and classification of transaction properly before preparation of AFS. Irregular expenditure might be missated and fruitless and wasteful understated.	01-Jul-14 By management	By Auditor General
AUDIT REPORT FINDING:	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
Chief Financial Officer		On a monthly basis the irregular and fruitless expenditure report must be submitted to the CFO and Municipal Manager to evaluate it	Monthly By management	
Finance Costs: Interest Incomplete for DBSA Loans		In terms of Sec 122(1) (a) of the MFMA every municipality and every municipal entity must for each financial year prepare AFS which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position at the end of the financial year. Whilst auditing interest expense it was noted that finance costs pertaining to the DBSA loan was not complete, the amount per the confirmation received by DBSA and the amount recorded in the Trial balance and general Ledger do not agree. (Amount per the confirmation R160 726.48) (Amount per the Trial Balance R74 876.55)Difference being=R85 849.93. This is a result of management not taking adequate care when processing transactions during the year. Disagreement-The finance cost as disclosed in the financial statements is understated by R85 849.93"		
AUDIT REPORT FINDING:	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT

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ACTION					
Chief Financial Officer			There will be a process consultation of with DBSA to sought some clarities to the matter and adjust accordingly	30-Jan-14	By management By Auditor General
Expenditure: Payment not made within 30 days of the Invoice			The following Invoices were not paid within 30 days from the date of receipt of the invoice-(Intsika yethu Mun R6 773 980.00, DBSA R5 693 90.11, Tsolwana Mun R493 483.10, Eskom R115 0349.95, Karoo Dev R1 500, Motor Cycle R1 200.00,Komani motors R3 643.44, DHLG & TA R13 714.20,Rural Transport R183 632.86, DWA R112 800.00, DWA R337 584.57, DWA R1510525.95 This has resulted in non compliance with the MFMA and possible fruitless and wasteful expenditure due to interest which may be charged on late payments.		
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
Item (20)				Ongoing	By management By Auditor General
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
Item (21)				28-Feb-14	By management By Auditor General
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
AOPo: Submission of Insufficient Information	Chief Financial Officer		A correction of Error will be done and 2011/12 creditors will be reinstated		
AUDIT REPORT FINDING:			Information was requested through RFI 41 however, through inspection of the files submitted it eas ascertained that ff reports could not be found. Food samples (12 Shops identified) Food Premises(59 shops identified) Waste water samples, Drinking water samples. Lack of proper keeping and safe keeping of information to ensure adequate supporting documentation exists to support all performance indicators reported in the Annual Performance report.		

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AUDITOR GENERAL's RECOMMENDED ACTION	Item (22)	RESPONSIBLE DEPT/ PERSON	PROPOSED ACTION(S) TO BE TAKEN		TARGET DATE	PROGRESS REPORT	
			By Management	By Auditor General		By Management	By Auditor General
AUDIT REPORT FINDING:	Item (22)	Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP		28-Feb-14		
		Reports could not be traced to listing	Th ff reports could not be traced to listings FOOD PREMISES REPORT (Baraka Spaza, Captain Dorego-Hexagon square, Indwe Tarven & Braai, Frontier Caltex Garage, Shoprite Deli, Shoprite Butchery, Africa Store, Pick Box, Doregos, Shoprite Supermarket, Shoprite Bakery, Street Middelburg, Aloes Guest House.) FOOD STUFF SAMPLE REPORTS (SHOPRITE, bOXER, WHITTLESEA SPAR, cENTRAL BUTCHERY, cHECKERS, CORNISH, mAET MARKET, eKHAYA CAFE, sPAR.) WASTE WATER REPORTS (Hofmeyer WWTW-Final, Whittlesea WWTW-Final, All saints down, Tarkastad Ponds, Whittlesea WWTW-Final, Hofmeyer WWTW, Ponds- Final, Tarkastad Ponds -Final,Middelburg WWTW-Final,Hofmeyer Ponds, Middelburg WWTW, Hofmeyer WWTW, TarkastadWWTW, Whittlesea final, Dordrecht, Indwe,Middelburg, Cradock, Hofmeyer Ponds, management did not properly review the Annual Performance reports together with the portfolio of evidence to ensure that the information reported is valid, accurate and complete. This results in misstatements of reported indicators in the Annual performance report.				
AUDIT REPORT FINDING:	Item (23)	RESPONSIBLE DEPT/ PERSON	PROPOSED ACTION(S) TO BE TAKEN		TARGET DATE	PROGRESS REPORT	
		Strategic Manager AOPO: Non compliance (Waste water) Item (24)	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP		28-Feb-14	By Management	By Auditor General
AUDIT REPORT FINDING:			In terms of 2013 Green Drop requirement, the ff are the requirements for the purification of waste water or effluent produced by or resulting from the use of water for industrial purposes. Based on inspection of the green drop waste water reports it was noted that some samples did not comply with the Green Drop waste requirement. lack of management oversight. This information is reported included in the performance achieved for samples taken for waste water. The indicator reflects that performance should be measured based on the number of waste water points which comply with prescribed standards and is therefore overstated.				

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AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT/ PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				By Management	By Auditor General
AUDIT REPORT FINDING:	Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP	28-Feb-14		
AUDITOR GENERAL's RECOMMENDED ACTION	AOP0: NON compliance (Drinking Water)	Based on the inspection of the blue drop drinking water reports it was noted that some samples did not comply with the blue Drop drinking water requirements. The indicator reflects that performance should be measured based on the number of waste water points which points which comply with prescribed standards and is therefore overstated.			
AUDIT REPORT FINDING:	Item (25)	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT/ PERSON Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP	28-Feb-14	By Management	By Auditor General
AUDIT REPORT FINDING:	AOP0: NON compliance (Food Premises)	Per inspection of the routine Environmental Health Investigation Report(dated 28 August 2012)signed by the MM it was noted that the food premise investigation was carried out at Farmhouse Grill by the Environmental Health practitioner on 28 august 2012, further it was noted that there was a contravention with regulation 918 (Regulations governing general hygiene requirements for food premises and transport of food(30 July 1999), however there was no supporting document as proof of follow up on the visited premises. This information is reported included in the performance achieved for samples taken for waste water. The indicator reflects that performance should be measured based on the number of waste water points which comply with prescribed standards and is therefore overstated.			
AUDIT REPORT FINDING:	Item(26)	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT/ PERSON Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP	28-Feb-14	By Management	By Auditor General

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AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
AOP0: Non compliance : Food samples			Per inspection of the national health Laboratory reports it was noted that the food samples did not comply with the Guidelines for Environmental Health Officers on the Interpretation of Microbiological Analysis Data of food. However there was no supporting document as proof of follow up on the visited premises. Lack of management oversight		
Item(27)					
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
		Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP	28-Feb-14	By Management By Auditor General
Predetermined Objectives: waste water samples not found in Green Drop System Item (28)			The ff waste sample results from the listing could not be traced to the Green Drop System(Dordrecht, Indwe, Engcobo WWTW-Final, Engcobo WWTW, Cofimvaba WWTW, Middelburg WWTW, Upstream, Downstream, Tarkstad WWTW). Non capturing of waste water results into Green drop system by data capturers on a continuous basis. 2. Lack of reconciliation between the listing and the samples captured into the system in ensuring the accuracy of reported performance.		
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
		Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP	28-Feb-14	By Management By Auditor General
Predetermined Objectives: Drinking water samples not found in Green Drop System Item (29)			The ff drinking water samples selected from the listing of drinking water results were not captured into Blue drop system(2 Langwe G, B Mahuza, Town Clinic, Lingellie Mpolweni, Cradock Hosp, High Street, Ngqata, Mkhunjane, Xhumabokwe, Boomplaas. It was stated that the reasons for these are due to data capturers do not load the samples continuously and also a lack of reviews by management in ensuring that the captured data is accurate and is done timeously.		
AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT
Item(33)					

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ACTION					
Strategic Manager	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the report and ensure that reports are aligned with the SDBIP and IDP	28-Feb-14	By Management	By Auditor General	
Predetermined Objectives: Non - compliance with sec 46 of MSA AUDIT REPORT FINDING: Item (30)	The municipality has not prepared for the 2012/13 financial year, the performance report that is in accordance with section 46 of the MSA that reflect the ff. * The performance of the municipality and each service provider * A comparison of the performance with targets set for and performance in the previous financial year and * measures taken to improve performance.				
AUDIT REPORT FINDING:	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE		PROGRESS REPORT
Strategic Manager Provision: Performance bonus: Incorrect renumeration has been used to determine performance bonus AUDIT REPORT FINDING: Item (31)	Performance management system for the whole institution will reviewed and a service provider will be appointed to evaluate the performance of the service providers and develop procedures to be followed when conducted business with the service providers	28-Feb-14	By Management	By Auditor General	
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE		PROGRESS REPORT
	Director	Management will ensure that packages on the system and the contract talks to each other to	30-Jan-14	By	By Auditor General

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AUDIT REPORT FINDING:	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	Management	
					By Management	By Auditor General
Corporate Services			avoid these irregularities on calculations			
Performance bonus calculated on resigned managers Item(32)		Chief Financial Officer	During the audit of provision , noted that performance bonus has been calculated on the ff managers who have resigned(Corporate services Manager & Strategic services manager). The result in the provision performance bonus being overstated by R655 279.			
AUDIT REPORT FINDING :	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	By Management	By Auditor General
Provision: Long Service award; incorrect current provision amount has been used (33)		Chief Financial Officer	Management will ensure that provision for performance bonus will only be calculated on managers that are still on service. An adjustment will be done on provision raised for 2013	28-Feb-13		
1. During the audit of the long service award provision, noted that an incorrect amount of R538 598 has been disclosed and recognised as a debit under current provision portion. Management should have recognised and recognised a credit balance of R443 000 on current provision balance 2. furthermore noted that an incorrect amount has been transferred to current provision. Management unsure on how to account for the current portion.						
AUDIT REPORT FINDING :	AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	By Management	By Auditor General
SARS Accounts not followed up timeously		Chief Financial Officer	Adjustment will be made in the AFS	30-Jun-14		
AUDIT REPORT FINDING :			9000-02-04-0783 SARS Interest and Penalties. This account has been created to account for any interests or penalties raised by SARS. The balance of this account is due to interest and penalties charged by SARS in Aug 2009, March 2010, July 2011, which are still under investigation. The balance for this account is R1 694 302.68.			
			Management does not follow up on issues raised in a timely manner.			

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AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
				By Management	By Auditor General
Item (34)	Chief Financial Officer	Management will follow-up with SARS in making sure that this is cleared	28-Feb-14	By Management	By Auditor General
AUDIT REPORT FINDING : Duplicate Payments not cleared when recovered	Chief Financial Officer	Duplicate payments amounting to R660 764.65 which were recovered by the Municipality are still reflected as debtors for account number 26040713. It was stated that this is due to incorrect votes that are used when recovering Duplicates payments that are made initially to suppliers.	Item (35)		
AUDIT REPORT FINDING : Suspense accounts are cleared on a monthly basis and report on suspense accounts is submitted tot the CFO on a monthly basis	Chief Financial Officer	Suspense accounts are cleared on a monthly basis and report on suspense accounts is submitted tot the CFO on a monthly basis	Ongoing	By Management	By Auditor General
AUDIT REPORT FINDING : Accumulated Surplus: Supporting documentation of adjustment	Chief Financial Officer	Per the audit work performed on accumulated surplus it was noted that management processed journal J060312 in the accumulated surplus account, this resulted in an increase in grant revenue and a decrease in unsent liability. Management could not provide adequate information that the amount of R 34 634 979.43 all relates to Department of Water where management had met conditions of the grant.	Item(36)		
AUDITOR GENERAL's RECOMMENDED ACTION	RESPONSIBLE DEPT / PERSON	PROPOSED ACTION(S) TO BE TAKEN	TARGET DATE	PROGRESS REPORT	
	Chief Financial Officer	Reconciliation of Income and Expenditure for all the grants received from Water Affairs and also collection supporting documentation talking to the amount	28-Feb-14	By Management	By Auditor General

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AUDIT REPORT FINDING : Grants and subsidies; Non Submission of payment vouchers	Item (37)	PROPOSED ACTION(S) TO BE TAKEN		TARGET DATE	PROGRESS REPORT	
		RESPONSIBLE DEPT / PERSON	By Management		By Auditor General	
AUDITOR GENERAL's RECOMMENDED ACTION	Chief Financial Officer	An intern has been assigned to be responsible for our store room and control have been put in place where every voucher that is going out is recorded and the person taking the voucher signs for it	Ongoing			
AUDIT REPORT FINDING : Grants and Subsidies; Unspent conditional grants not supported by bank balance and trial balance	Item (38)	PROPOSED ACTION(S) TO BE TAKEN		TARGET DATE	PROGRESS REPORT	
AUDITOR GENERAL's RECOMMENDED ACTION	Chief Financial Officer	Reconciliation of grants received and bank is done on a monthly basis. Opening Balances will be reconciled and we will ensure that all grants are transferred in the correct bank accounts. Bank Reconciliation is done on a monthly basis and is reviewed by Manager Accounting Services and Submitted to the CFO on a Monthly basis.	Ongoing		By Management	By Auditor General

2.2. ADJUSTMENTS TO THE BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

As at the beginning of the financial year, the Chris Hani District Municipal Council and administration started operating in terms of the approved Integrated Development Plan (IDP), Budget and Service Delivery and Budget Implementation Plan (SDBIP) for the 2013/14 financial year. All these documents were based on the assessment of the needs of communities and the financial position of the municipality during the preparatory phase. However, during the assessment of the performance of the municipality over the past six months, it has become evident that the municipality may experience challenges in its endeavours to deliver on its targets and indicators. This is as a result primarily of the following:

- ↳ Non-availability of skilled personnel to deliver on some of the targets;
- ↳ Drought relief measures which sought to save livestock throughout the district;
- ↳ Grants and subsidies paid;
- ↳ Grants received;
- ↳ Finance Charges Paid;
- ↳ Creditor's payments;
- ↳ Grant Allocation and cash flows;
- ↳ Monthly variance reporting and monitoring of performance on cash flows; and
- ↳ Misallocations in the processing of transactions (expenditure and income votes).

Consequently, this means that some projects, programmes, indicators and targets which were planned cannot be achieved within this financial year. It is therefore necessary, as a recommendation, that these targets, indicators, programmes and projects are reassessed in terms of the available resources and adjustments thereof be made. From a financial point of view, various areas warrant a possible adjustment to the budget. These include the following amongst others:

- ↳ Salaries budget was prepared not taking into account the task grading.
- ↳ Councillor Allowances to check if there were any back pays to councillor
- ↳ Numerous areas of the budget that are affected by varements made by the departments are too
- ↳ Roll-overs on projects to be incorporated as part of the budget
- ↳ Reallocations on other budget items, e.g surrendered amounts by CFO support project for other projects
- ↳ Service charges water revenue budgeted amount to be revised

2.3. RECOMMENDATIONS

- ↳ That the mid-year budget and institutional performance report of the 2013/2014 financial year be accepted and noted;
- ↳ That consideration for the adjustment of the budget and the revision to the SDBIP be permitted.

PART 3: EXECUTIVE SUMMARY

At defined intervals, a thorough assessment of the performance of the institution is undertaken in accordance with the various pieces of legislation that regulate local government. One such time is the assessment of the performance of the municipality over the first half of the financial year. This is a critical time in the performance management process as this time allows for the Council of the Chris Hani District Municipality, together with the entire administration, to look at what has been accomplished since the beginning of the financial year. Critical in this process is the idea of understanding what has worked, what the challenges are and to note the factors that contribute to the successful implementation of programmes such that where possible, these are replicated with a view of enhancing service delivery.

It is also a critical moment in the year in that this provides an opportunity to forecast what lays ahead for the remainder of the financial year and what needs to be done to ensure that the municipality remains on course towards the achievement of the objectives it has set itself.

As such, the outcomes of this process allow us to, amongst other things:

- Identify the major threats to the delivery of services;
- Assess how the municipality's performance has impacted on the lives of the people;
- Revise our plans to make them practical and realistic given the operating environment; and
- Put in place mechanisms to ensure that the municipality does not fail in as far as delivering on the plans is concerned.

Indeed, upon conclusion of this process, it has been realised that there are areas where the municipality is doing exceptionally well. Regrettably, there are those areas that remain challenged. Following in parts 3 and 4 of this report is a detailed analysis of the performance of the municipality, both in financial and non-financial terms.

PART 3A: INSTITUTIONAL FINANCIAL PERFORMANCE REPORTING

3.1. STATEMENT OF FINANCIAL PERFORMANCE

The original budget as indicated in TABLE 1 below; show that at the end of the first half of the financial year, Operating Expenditure should be R 393 917 157 (YTD Budget), which is 50% of the Original Operating Expenditure Budgeted amount of R 787 834 315. At the moment the municipality is showing an under expenditure of -38%.

Capital Expenditure should be R 264 823 344; which is 50% of the Original Capital Expenditure Budgeted amount of R 529 646 688. The municipality is reflecting an under expenditure variance of -13%, this is due to slow spending on capital projects during the first two quarters of the year.

Revenue Collection for operational purposes is R 371 912 053 which is 46% of the Original Operating budgeted amount of R 792 350 400. Revenue Collection for Capital Budget is R 404 326 517 which is 76% of anticipated annual revenue of R 529 646 688.

Actual Revenue collection for Capital in the first two quarters of the year, is more than the anticipated revenue due to the fact that the municipality has requested that the full allocation for MIG including the amount that was supposed to be transferred in March 2013 be transferred in November 2012. This is due to the MIG spending trend, which put pressure to the council cash flow.

Also, the operating revenue include an amount of R 27m for VAT on grants, which is part of the sundry revenue, in line with Treasury circular 48

TABLE 1: Summary of Operating & Capital Budget Performance

SOURCE	ORIGINAL BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	VARIANCE PERCENTAGE
<u>Operating Budget Performance</u>					
Expenditure	R 787 834 315	R 242 645 153	R 393 917 157	(R 151 272 004)	-38%
Revenue	R 792 350 400	R 371 912 053	R 396 175 200	(R 24 263 147)	-6%

Capital Budget Performance					
Expenditure	R 529 646 688	R 231 641 554	R 264 823 344	(R 33 181 790)	-13%
Revenue	R 529 646 688	R 404 326 517	R 264 823 344	R139 503 173	53%

Capital budget variances are due to the over expenditure on MIG.

3.1.1. ACTUAL REVENUE AND EXPENDITURE PER REVENUE SOURCE & EXPENDITURE TYPE

DC13 Chris Hani -Table C4 Consolidated Monthly Budget Statement-Financial Performance (revenue and expenditure)-Mid Year Budget and Performance Assessment

Description	Ref	2012/13		Budget Year 2013/14					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands									
Revenue By Source									
Service charges - water revenue		322,000			-	-	161,000	(161,000)	-100%
Rental of facilities and equipment					709	1,016	-	1,016	#DIV/0!
Interest earned - external investments		16,999			1,551	11,163	8,499	2,664	31%
Interest earned - outstanding debtors							-	-	-
Transfers recognised - operational		452,897			16,389	331,041	226,448	104,593	46%
Other revenue		455			6,293	28,692	228	28,464	12512%
Gains on disposal of PPE							-	-	-
Total Revenue (excluding capital transfers and contributions)		-	792,350	-	24,942	371,912	396,175	(24,263)	-6%
Expenditure By Type									
Employee related costs		217,454			9,673	64,052	108,727	(44,675)	-41%
Remuneration of councillors		7,812			665	4,074	3,906	169	4%
Depreciation & asset impairment		90,000					45,000	(45,000)	-100%
Finance charges					7	32	-	32	#DIV/0!
Bulk purchases		10,153			815	6,875	5,076	1,799	35%
Contracted services		17,335			119	5,084	8,668	(3,583)	-41%
Transfers and grants		149,710			13,347	51,192	74,855	(23,663)	-32%
Other expenditure		295,370			32,170	111,335	147,685	(36,350)	-25%
Loss on disposal of PPE							-	-	-
Total Expenditure		-	787,834	-	56,795	242,645	393,917	(151,272)	-38%
Surplus/(Deficit)		-	4,516	-	(31,854)	129,267	2,258	127,009	0
Transfers recognised - capital			529,989		(12,917)	404,327	264,995	139,332	0
Contributions recognised - capital							-	-	-
Contributed assets							-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	534,506	-	(44,771)	533,593	267,253		267,253
Taxation							-	-	-
Surplus/(Deficit) after taxation		-	534,506	-	(44,771)	533,593	267,253		267,253
Attributable to minorities							-	-	-
Surplus/(Deficit) attributable to municipality		-	534,506	-	(44,771)	533,593	267,253		267,253
Share of surplus/ (deficit) of associate							-	-	-
Surplus/ (Deficit) for the year		-	534,506	-	(44,771)	533,593	267,253		267,253

3.1.2. VARIANCE REPORT

The municipality should in terms of s71(1)(g) of the MFMA, when necessary provide an explanation of any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote, and any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget. All Sectional Heads / HOD's will be consulted to comment and indicate remedial actions where necessary.

3.1.3. ACTUAL REVENUE VARIANCE

The municipality depends on rental, interest on investments and government grants as its revenue source. For the period ending 31st December 2013, we had under collection on interest earned: external investment, rental income and transfers recognised- operational (government grants) grants.

Water and sanitation revenue budgeted at R 161 million in the Second quarter shows - 100% variance due to non-submission of adequate information on collected revenues relating to such by the local municipalities.

Rental Income- The actual rental income received as at end 31 December 2013 is R 1 million; 4% of this relates to Rental from buildings of R39 thousand and 96% relates to Rental from other facilities and equipment. There were no anticipated revenues hence the nil original budgeted amounts due to the fact that there was an intention to convert buildings (Houses at disaster) to offices.

Interest earned- Ext Investments- Interest on Investments is more than anticipated by a variance of 31% due to lower forecasted yielding in interest rate during budgeting.

Transfers recognised – operational are totalling to an amount of R 331 million showing a favourable variance of 46% resulting from the Second tranche of Equitable share that was transferred during the second quarter.

Transfers recognised - Capital are totalling to R 404.3 million showing a favourable variance of 153% resulting from the Second tranche of Municipal Infrastructure grant that was transferred in the second quarter.

Other Income- amount totalling to R28.6 million showing a variance of way above 100% due to non-budgeting for purported Input VAT revenue, comprises of income realized from sale of tender documents, input VAT on conditional grants which is an accounting book entry, resulting from the spending on conditional grants and money collected from private telephone calls. Accounting for VAT on conditional grants in line with the requirements as stipulated in circular 48.

3.1.4. ACTUAL EXPENDITURE VARIANCE

Employee related costs The municipality is currently under spending by a variance of -41%, this is due to a high vacancy rate in the municipality and slow human resources turnaround times in the filling of newly created and vacant positions.

Depreciation and asset impairment is a non-cash item which has not been recognized and will only reflect once the Council Fixed Assets Register is complete and fully functional presumably in the second quarter or third quarter.

Contracted services with -41% variance, is due to professional service providers costs that will be realised significantly in third and fourth quarters of the financial year.

Grants and subsidies paid- Transfers and grants to local municipalities for the Water and sanitation services are reported to be at a variance -32% under spending, this is due to slow and outstanding expenditure claims by local municipalities.

Bulk Purchases- The over expenditure reported at 35% variance on Water bulk purchases is presumed to be the resulting from the Department of Water Affairs invoices that were received on time as compared to the first quarter.

3.1.5. ACTUAL REVENUE AND EXPENDITURE PER VOTE

From the budgetary point of view, developing greater performance orientation calls for giving more responsibility to managers; by developing realistic indicators; cost measurements; and structuring the budget to set up performance indicators at the appropriate level (the activity and directorates). The table below depicts the performance of each directorate against the set year to date budget as per SDBIP (Service Delivery Budget Implementation Plan).

DC13 Chris Hani -Financial Performance (revenue and expenditure by municipal vote) - Mid Year

Vote Description R thousands	2012/13 Audited Outcome	Budget Year 2013/14							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue by Vote									
Vote 1 - Council	-	47,459	-	-	-	23,730	(23,730)	-100.0%	23,730
Vote 2 - Municipal Manager	-	47,459	-	-	-	23,730	(23,730)	-100.0%	23,730
Vote 3 - Budget & Treasury	-	439,282	-	16,912	782,922	219,641	563,281	256.5%	219,641
Vote 4 - Community Services	-	60,449	-	-	-	30,225	(30,225)	-100.0%	30,225
Vote 5 - Corporate Services	-	47,459	-	856	1,306	23,730	(22,423)	-94.5%	23,730
Vote 6 - Planning & Development	-	48,459	-	-	-	24,230	(24,230)	-100.0%	24,230
Vote 7 - Technical Services	-	606,771	-	(5,744)	(7,990)	303,385	(311,375)	-102.6%	303,385
Vote 8 - Roadworks	-	25,000	-	-	-	12,500	(12,500)	-100.0%	12,500
Total Revenue by Vote	-	1,322,340	-	12,024	776,239	661,170	115,069	17.4%	661,170
Expenditure by Vote									
Vote 1 - Council	-	16,192	-	1,068	8,107	8,096	12	0.1%	8,096
Vote 2 - Municipal Manager	-	41,375	-	2,531	12,058	20,688	(8,629)	-41.7%	20,688
Vote 3 - Budget & Treasury	-	67,613	-	3,543	18,236	33,807	(15,571)	-46.1%	33,807
Vote 4 - Community Services	-	70,924	-	769	21,014	35,462	(14,447)	-40.7%	35,462
Vote 5 - Corporate Services	-	76,621	-	6,068	17,658	38,311	(20,652)	-53.9%	38,311
Vote 6 - Planning & Development	-	118,750	-	10,469	41,843	59,375	(17,532)	-29.5%	59,375
Vote 7 - Technical Services	-	347,897	-	26,860	105,875	173,949	(68,074)	-39.1%	173,949
Vote 8 - Roadworks	-	48,462	-	5,489	17,853	24,231	(6,378)	-26.3%	24,231
Total Expenditure by Vote	-	787,834	-	56,795	242,645	393,917	(151,272)	-38.4%	393,917
Surplus/ (Deficit) for the year	-	534,506	-	(44,771)	533,593	267,253	266,341	99.7%	267,253

3.1.6. ACTUAL CAPITAL EXPENDITURE PER VOTE

DC13 Chris Hani - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M06 December									
Vote Description R thousands	2012/13 Audited Outcome	Budget Year 2013/14		Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
		Original Budget	Adjusted Budget						
Capital Expenditure - Standard Classification									
<i>Governance and administration</i>	-	6,911	-	348	1,188	3,456	(2,268)	-66%	3,456
Executive and council		2,070		249	315	1,035	(720)	-70%	1,035
Budget and treasury office		1,091		36	111	546	(434)	-80%	546
Corporate services		3,750		62	761	1,875	(1,114)	-59%	1,875
<i>Community and public safety</i>	-	1,570	-	86	87	785	(698)	-89%	785
Community and social services		100		13	13	50	(37)	-73%	50
Sport and recreation		-		-	-	-	-	-	-
Public safety		500		-	1	250	(249)	-100%	250

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Housing	-	-	-	-	-	-	-	-	-
Health		970		72	72	485	(413)	-85%	485
Economic and environmental services	-	310	-	70	74	155	(81)	-52%	155
Planning and development		250		70	74	125	(51)	-41%	125
Road transport		-				-	-	-	-
Environmental protection		60		-	-	30	(30)	-100%	30
Trading services	-	517,505	-	154,896	212,293	258,753	(46,459)	-18%	258,753
Electricity		-				-	-	-	-
Water		359,667		154,840	212,153	179,834	32,320	18%	179,834
Waste water management		9,700		56	140	4,850	(4,710)	-97%	4,850
Waste management		148,138				74,069	(74,069)	-100%	74,069
<i>Other</i>		3,350				1,675	(1,675)	-100%	1,675
Total Capital Expenditure - Standard Classification	-	529,647	-	155,400	213,642	264,823	(51,182)	-19%	264,823
Funded by:									
National Government		520,489		155,400	213,642	260,245	(46,603)	-18%	260,245
Provincial Government							-	-	-
District Municipality							-	-	-
Other transfers and grants							-	-	-
Transfers recognised - capital	-	520,489	-	155,400	213,642	260,245	(46,603)	-18%	260,245
Public contributions & donations							-	-	-
Borrowing							-	-	-
Internally generated funds		9,157		-		4,579	(4,579)	-100%	4,579
Total Capital Funding	-	529,647	-	155,400	213,642	264,823	(51,182)	-19%	264,823

The detail of under spending on programmes is indicated in the table below.

3.2. PROGRAMMES

The table below is demonstrating the expenditure vs budget on Conditional grants

	ORIGINAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE EXPENDITURE	VARIANCE	PERCENTAGE VARIANCE - (UNDER) OVER
Municipal Infrastructure Grant	311,882,450.00	155,941,225.00	116,702,255.80	(39,238,969.20)	(25.16)
Regional Bulk Infrastructure	165,024,000.00	82,512,000.00	94,287,825.98	11,775,825.98	14.27
ACIP	9,700,000.00	4,850,000.00	1,163,355.57	(3,686,644.43)	(76.01)
MWIG	29,372,000.00	14,686,000.00	4,464,499.31	(10,221,500.69)	(69.60)
FMG	1,500,000.00	750,000.00	260,994.29	(489,005.71)	(65.20)
MSIG	890,000.00	445,000.00	199,272.00	(245,728.00)	(55.22)
DWAF (REFURBISHMENT)	10,000,000.00	5,000,000.00	4,128,860.26	(871,139.74)	(17.42)
RURAL TRANSPORT	2,589,000.00	1,294,500.00	784,596.72	(509,903.28)	(39.39)
TOTAL CONDITIONAL GRANTS	530,957,450.00	265,478,725.00	221,991,659.93	(43,487,065.07)	(16.38)

3.2.1. ACIP

Under expenditure on this grant is due to delayed receipt on invoices pertaining to Water conservation and Demand Management programme; and also delayed implementation by service provider still awaiting appointment letter at the end of the first quarter in the programme of Upgrading of Sterkstroom water treatment works

3.2.2. MWIG

By the end of the first quarter there still was no expenditure on programmes relating to this grant as there were delays in the approval of business plans for programmes relating to Cluster 2 (Emalahleni), 4 (Sakhisiwe), 6 (Intsika Yethu), 7 and 8 (Engcobo)

3.2.3. FMG

Low performance on spending of this grant as at the end first there were still Long recruitment turnarounds times for interns hence low spending as interns were appointed in the second quarter.

Also the Service Provider for GRAP ASSET REGISTER programme is still in process and no invoices received as yet at the end of the first quarter.

3.3. FINANCIAL MANAGEMENT

3.3.1. CASH MANAGEMENT AND INVESTMENTS

Management of council's funds is being done through the primary bank account and a call deposit account. The municipality has an investment policy in place, and need to be reviewed annually. As required by section 13 of the MFMA surplus funds are being invested accordingly and as stipulated in the investment policy.

3.3.2. OUTSTANDING DEBTORS

These are in respect of invoices issued to the Dept of Public works, for Road works, and other debtors due to processing emanating during processing. Other debtors include Input VAT and sundry debtors. The department of Public Works is paying on monthly basis whilst Input VAT is received when a reconciliation of VAT forms has been done and submitted to SARS.

DC13 Chris Hani - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 Second Quarter						
Description	Budget Year 2013/14					
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total	Total over 90 days
R thousands						

Debtors Age Analysis By Income Source						
Other	–	12	59	7 238	7 309	7 238
Total By Income Source	–	12	59	7 238	7 309	7 238
2012/13 - totals only					–	–
Debtors Age Analysis By Customer Group						
Other	–	12	59	7 238	7 309	7 238
Total By Customer Group	–	12	59	7 238	7 309	7 238

3.3.3. OUTSTANDING CREDITORS

Council attempts to process and settle all invoices within 7 to 14 days of receiving them, however by the end of December 2013, the Council was still in possession of invoices with dates that put them in more than 30 days and more than 61 days age categories. These were mainly due to incomplete supporting documentation which led to these not being released for payments. Also although the Council continue in trying to pay invoices within 30days, e-Venus accounting system only considers the invoice or order date and not the date the invoice was actually received by the Council when it generates the Age Creditors Analysis report. A time limit on the invoices and claims within directorates must be considered as a policy matter, or a central receiving point needs to be urgently addressed.

DC13 Chris Hani - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q2 Second Quarter Budget Year 2013/14					
Description R thousands					
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Total
Creditors Age Analysis By Customer Type					
Trade Creditors	44 848	68 997	24 121	–	137 967
Auditor General	–	–	–	–	–
Other	27	7	133	93	259
Total By Customer Type	44 875	69 005	24 254	93	138 226

3.3.4. CASH FLOW

The cash flow position of the municipality for the months July to December 2013The year to date cash flow statement of the municipality depicts that the municipality has a favourable cash position. This is indicated above by the increases in the operating and capital revenues of the municipality. The cash and cash equivalents to date show positive cash outlay of the municipality. It should also be noted that currently there is under expenditure in the spending patterns of the municipality.

MID – YEAR BUDGET AND INSTITUTIONAL PERFORMANCE ASSESSMENT

DC13 Chris Hani - Table C7 Consolidated Monthly Budget Statement - Cash Flow - Mid Year

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other		322,455		7,002	29,707	161,227	(131,520)	-82%	161,227
Government - operating		452,897		16,389	331,041	226,448	104,593	46%	226,448
Government - capital		529,989		(12,917)	404,327	264,995	139,332	53%	264,995
Interest		16,999		1,551	11,163	8,499	2,664	31%	8,499
Payments									
Suppliers and employees		(548,124)		(43,442)	(191,422)	(274,062)	(82,640)	30%	(274,062)
Finance charges		-		(7)	(32)	-	32	#DIV/0!	-
Transfers and Grants		(149,710)		(13,347)	(51,192)	(74,855)	(23,663)	32%	(74,855)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	624,506	-	(44,771)	533,593	312,253	221,341	71%	312,253
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Decrease (increase) in non-current investments								-	
Payments									
Capital assets		(529,647)		(79,953)	(213,642)	(264,823)	(51,182)	19%	(264,823)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(529,647)	-	(79,953)	(213,642)	(264,823)	(51,182)	19%	(264,823)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans								-	
Payments								-	
Repayment of borrowing								-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	-	94,859	-	(124,724)	319,952	47,429			47,429
Cash/cash equivalents at beginning:		299,014			273,378	299,014			273,378
Cash/cash equivalents at month/year end:	-	393,873	-		593,329	346,444			320,807

PART 3B: INSTITUTIONAL NON – FINANCIAL PERFORMANCE REPORTING

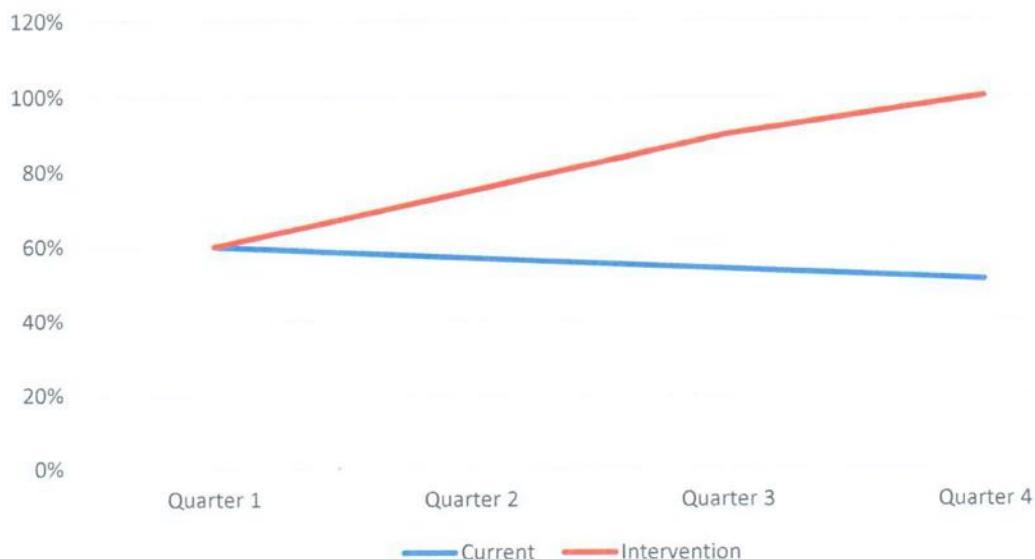
For the 2013/2014 financial year, the Chris Hani District Municipality set itself targets which seek to ensure the realisation of the broader vision and mission of the municipality. In relation to this, various objectives were identified with specific performance indicators and targets and clustered together in terms of the five key performance areas (KPA) of local government for implementation during this financial year. Below is a summary of the performance of the municipality and the financial impact of performance for the first half (first six months – July to December) of the 2013/2014 financial year, in each of the five key performance areas.

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

This KPA deals with the core functions of the Chris Hani District Municipality, viz.; the provision of water and sanitation services, municipal health services (particularly around water quality monitoring), housing provisioning (relating to the rectification of disaster houses), roads maintenance (this in terms of the service level agreement entered into with the Eastern Cape Department of Roads and Public Works), disaster management, as well as town planning services (small towns revitalisation programme and other town planning support to local municipalities).

In response to the development challenges facing communities in the district, the municipality has set itself a total of 39 targets to deal with all these matters for the first half of the financial year. During the first quarter of the financial year, it was reported that the municipality was able to fully deliver on 60% of the set targets. For the second quarter, the municipality delivered fully on 54% of the targets (21 out of the planned 39 targets). This gives an average performance of 57% for the six months to December 2013.

KPA PERFORMANCE



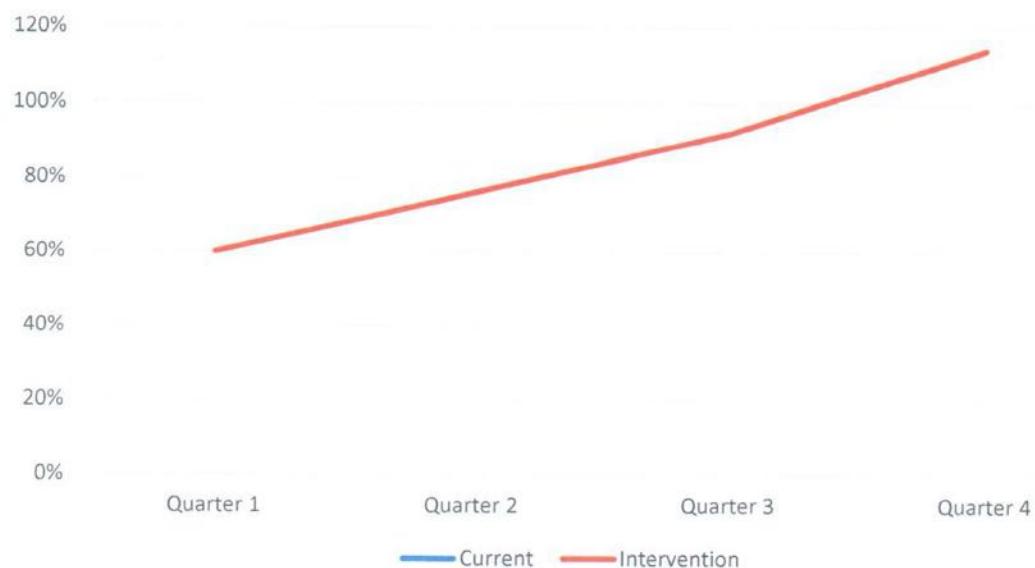
The graph above suggests that if things continue in the manner in which they are, the municipality may not be able to deliver effectively on the commitments it has made to communities. As such, measures must be put in place to ensure that the challenges experienced are alleviated such that the basic needs of communities are met.

KPA 2: LOCAL ECONOMIC DEVELOPMENT

As the name suggests, this KPA deals with those economic related activities undertaken by the municipality to ensure amongst others that it bolsters economic growth within the region through creating a conducive environment for growth to ensue. As such, the areas covered under this KPA relate to the promotion of tourism within the district, nurturing the forestry sector, the development and preservation of heritage as well as related sites within the district, agricultural development as well as small, medium and micro-enterprise (SMME) development.

In relation to this therefore, the municipality set itself 30 targets for the first half of this financial year, which, taken together, ultimately seek to change the economic fortunes of the district. As was reported at the close of the first quarter, the municipality managed to effectively deliver on 60% of the set targets for the quarter. 76% of the targets for the second quarter have been achieved bringing the average performance under this KPA for the first half of the year to 68%.

KPA PERFORMANCE



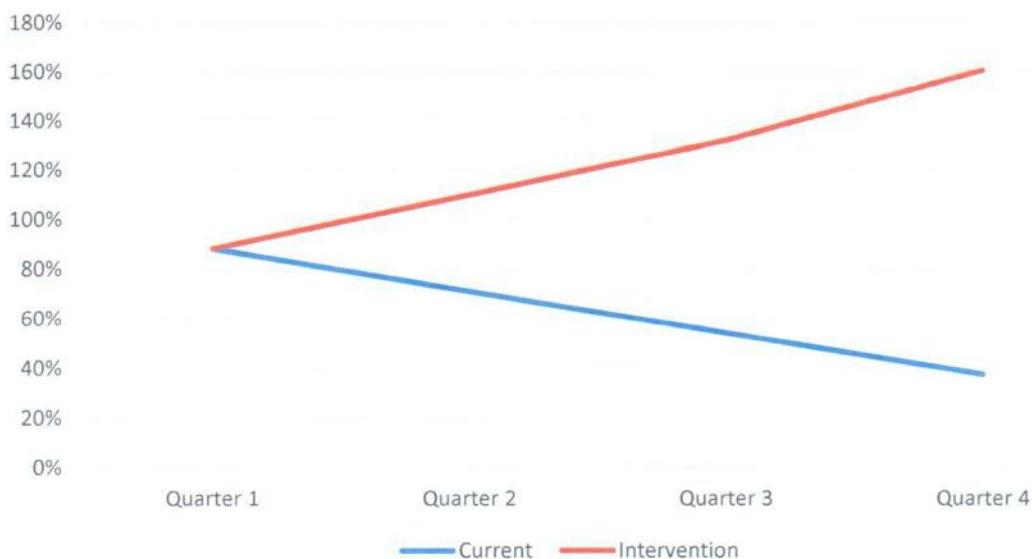
The graph above demonstrates a positive trend in the performance of the municipality on this KPA. The positive trends must be maintained so as to ensure that the municipality adequately responds to the needs of communities.

KPA 3: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

At the core of this KPA is the support function provided to ensure that the municipality is able to implement the IDP and the Budget. This relates mainly to human resource provisioning, labour relations, employee wellness and information communication technology (ICT) support, legal matters as well as Council administration (inclusive of fleet management, Council support services and asset maintenance)

In terms of this KPA, 34 targets were set for the two quarters ending in December 2013. The second quarter recorded a decline in performance from the 88% record of the first quarter to 71%. The average mid-year performance under this KPA therefore is 79%.

KPA PERFORMANCE



The graph above indicates that more needs to be done to ensure that the municipality returns to the performance levels that were experienced during the first quarter. More emphasis must be placed on ensuring that the good methods that were used previously are replicated such that performance is improved.

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Known as the function of the erstwhile budget and treasury offices, the municipality under this KPA preoccupies itself with the critical function of ensuring that the finances of the municipality are managed well and that the municipality complies with the provisions of the Municipal Finance Management Act in all its financial dealings. As such, this function relates squarely to the issues of supply chain management, asset management, expenditure management, municipal budgeting and revenue management as well as the preparation of the annual financial statements.

In response to this critical support function, the municipality set itself 30 targets for the quarter ending 30 December 2013. 15 of the targets that were set were unfortunately not met, translating to total decline in performance from 56% as was recorded in the first quarter to 50% achievement in the second quarter. Therefore, the average performance for the first six months is 53%.

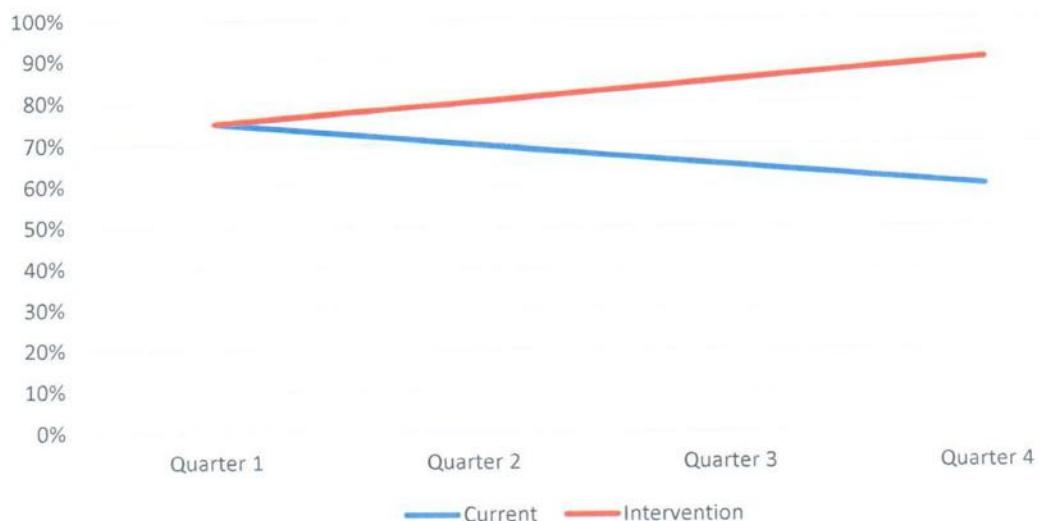


The graph hereon above suggests that if the current level of performance is maintained, the institution may not be able to deliver on the targets it has set itself for the financial management function. The key areas of concern relating to this function is the question of asset management and financial related policies. However, systems have been put in place to ensure that the areas of concern as clearly illustrated in the scorecard are addressed such that the targets are met going forward.

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

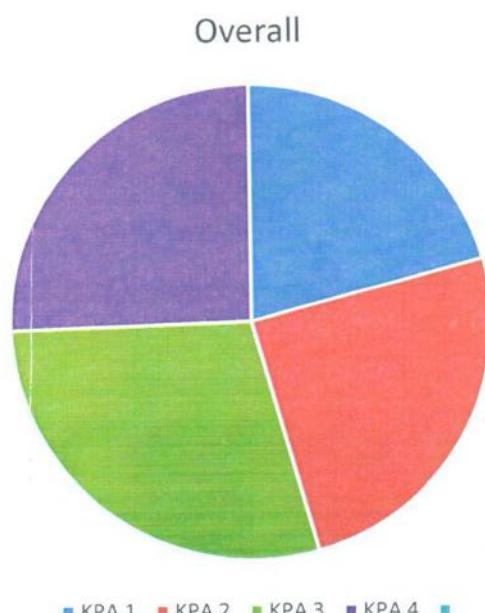
Under this KPA, the strategic matters of the municipality are located. This relate primarily to issues of inter-governmental relations, communication, internal audit, performance management, special programmes and support to the executive arm of the institution. To respond to the coordination demands of the environment, the municipality set itself 29 delivery targets under this KPA for the first six months of the financial year. There was a decline in performance levels for the second quarter from 75% achievement as recorded in the first quarter to 70%.

KPA PERFORMANCE



The graph above shows that if the municipality continues in the manner in which it is, the coordination efforts it seeks to achieve may not be realised. Much more work needs to be done to ensure that all that is planned for this KPA in fact does take effect.

In total, therefore, the institution set itself 163 indicators and targets for the half of the financial year. The average performance of the municipality for the first half of the year is at 70%



With these challenges, there is no time for being despondent and with the gains noted these should not be reason for becoming complacency. The commitment towards ensuring that all targets are met remains resolute. Building on the foundations laid by the performance in the first quarter, the Chris Hani District Municipality will continue in its unwavering conviction of ensuring a better life for all residents of the district.

PART 4: SERVICE DELIVERY REPORTING

This section covers service delivery targets and performance indicators for the first quarter. Detailed below is a list of performance indicators and achievements for the first quarter. The subsections are grouped as per the five key performance areas of local government; viz: Service Delivery and Infrastructure Development, Local Economic Development, Municipal Transformation and Organisational Development, Financial Management and Viability as well as Good Governance and Public Participation. For further information on the performance of each of the departments within the Chris Hani District Municipality, with the departments being Strategic Management Services, Health and Community Services, Corporate Services, Budget and Treasury Offices, Integrated Planning and Economic Development (IPED) and Engineering Services, separate departmental SDBIP performance reports are attached as **Annexure A**



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

CHRIS HANI DISTRICT MUNICIPALITY
MID-YEAR PERFORMANCE REPORT (JULY - DECEMBER)
2013 - 2014 FINANCIAL YEAR

KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

WEIGHTING: 20%

Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	Annual Target	Baseline	Budget	Location/Ward	Qrt 1 Planned	Qrt 1 Actual	Progress on targets not achieved	Qrt 2 Planned	Qrt 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Customised
Q1	Q2	Q3	Q4																
No. of new rural households provided with basic water	SDO - 1	8500 Households	Reduction of backlog by providing basic water to rural households	SDO - 1	R164 950 400	District Wide	3365 Households	1423	Total to date = 1423 No. (2%)	Completed projects: May Q1 & June 2013, Aug & Sept 2013, Oct & Nov 2013.	3381 Households	510	30%				Estims have been engaged to resolve 4 days in compensation that has arisen in getting SDO to site. Termination of contract to Cllr. Clive Soutter of projects by end of year.	Completion certificates	Director Engineering
No. of new rural households provided with basic sanitation	SDO - 2	15011	Reduction of backlog by providing basic sanitation to rural households	SDO - 2	25100	District Wide	5427144	855m	July 261	August 219 Total 855m (15 %)	To date 440 structures have been completed	2110	31.5%				Council needs to commit budget finance so that delivery process can be addressed as M3 funding will be exhausted in January 2014.	Completion certificates	Director Engineering
No. of new basic households provided with basic sanitation	SDO - 3	450	Replacement of bucket system	SDO - 3	10 (targets)	None	3 500 000	District Wide	0	N/A	Q1 No target	Targeted BEP project in construction. 420 units						Completion certificates in the 3 quarter	Director Engineering
No. of new rural villages provided with clean water supply	SDO - 4	10 (targets)	WSDP	29 372 000	District Wide	Business Plan Development & training	Business plan have already been submitted and approved	Business plan have been submitted and approved	Business plan have been submitted and approved	Procurement	11 contracts have been awarded to value of R9 million and attached in November report are the award letters under EPDP.	To date 440 structures have been completed	N/A	100%				Completion certificates	Director Engineering
No. of waste water treatment works constructed and upgraded	SDO - 5	4 WWTW	No. of waste water treatment works constructed and upgraded	SDO - 5	15 500 000	District Wide	Completion of Molimio waste	Completion of Molimio waste	Completion of Molimio waste	Commenced with Streamflow W and Engcato	Q1 No target	Notetto waste commencing at the end of October and finalisation of ponds const - given chance to complete project	Q1 No target	Notetto waste commencing at the end of October and finalisation of ponds const - given chance to complete project	50%	as performing contractor at Molimio waste treatment plant will be terminated not full purpose will be fulfilled due to lack of funding that been allocated to DWA	Completion made to DWA for additional funds	Completion certificates	Director Engineering
No. of water treatment works completed and upgraded	SDO - 6	5 WTW	No. of water treatment works completed and upgraded	SDO - 6	N/A	District Wide												Completion of DWA department dealing with the matter	CHC/M department dealing with the matter

Completion of basic water and sanitation services

To ensure natural drainage area will need to water services by 2014

Water and Sanitation

Completion of basic water and sanitation services

Water and Sanitation Services

		Meeting for the necessary financial resources available for the budget	SOD-7	4 meetings	Internal	1 meeting	2 meeting n July and August	Q1 2 meeting n July and August	no meeting held	100%	0	Council and senior management need to engage at high level to by and expect strong results	Director Engineering		
		Process for managing PMU	SOD-8	60 % of the projects	None	District Wide	80% attendance	Q1 80% Nonetus Del-70% Aug-70% September 75% Average 78.3%	80% attendance	75%	Cash of meetings	Avis managers to look and plan with staff available for the attendance of meetings.	Director Engineering		
		Quarterly Monitoring visits	SOD-9	4 Site visits	None	District Wide	1 Site visit	Visit to Engido LM took place in September	1 Site visit	50%	Meeting schedule for the 12 December postponed	Meeting to be reschedule in early January 2014	Minutes and attendance register	Director Engineering	
		Water Services Development Plan Document(WSDP)	SOD-10	20/2013 WSDP	Internal	Appointment of PSP	PSP appointed and collecting data already	Q1 Appointment done	Release	0	0	0	0	Director Engineering	
		Water Resources Master Plan Document (WMMP)	SOD-11	WSP& WMMR	100000	Internal	Information gathering from stakeholders	Information gathering from Stakeholders has commenced Revision 3 Draft Report available	Watching information gathered and post with different stakeholders	0	0	0	Functional website and a quarterly report	Director Engineering	
		Running GIS website with up-to-date streets	SOD-12	Upgraded GIS System	Current GIS Database	800,000.00	Internal	Evaluation of the current system and Procure required hardware Systems	User Requirements were conducted and the Report has been submitted. The Required hardware and software have purchased	Development and establishment of spatial data warehouse with Ch-Edu Upgrade and change from ArcGIS to ESRI	Target achieved	0	0	Director Engineering	
		Crucial customer dataset and add value to the valuation tool	SOD-13	2. Tools to be completed	Current GIS Database	500,000.00	District Wide	Develop TOR	The document was presented to the Specification Committee for comments then it will be submitted. A meeting Ch-Edu and Research was held in Newca Municipality	Technology was adopted in the High and Dry Quicksand area in October 2013 (sections 1-4 and 5) Meets area and in the October 2013	Target achieved	0	0	Detailed report on cataloging information of two towns Portfolio of evidence with Project Progress	
		To achieve and implement the most reliable water services provision model	SOD-14	Recommendations on reliable water services provision model	Internal	Appointment of PSP	Process of appointing PSP is in its Allocation stage	Data Collection	Target not met	0	0	0	0	Director Engineering	
		No of users uploaded	SOD-15		District Wide	Conduct Survey of Business and Government Consumers	We survey has been done at Simba Yelwa and Salitshwane LM Identified 242 entities at Simba Yelwa LM and 122 at Salitshwane LM Target met	No of Meters that have been fitted	The meters have been requested at Lushoto LM	16 meters have been installed	Other Departments and Businesses have more than one meter e.g. Department of Agriculture has 11 and KFC has 3 meters	LM to give clarity on the meters that are more than one per meter	0	0	Director Engineering

WSAWSP Core Indicators									
WSAWSP Core Indicators									
No of training conducted	SDO - 16	2 Number of trainings	District Wide	0	NA	0	0	0	Director Engineering
Monthly monitoring of water consumption	SDO - 17	12 Monthly Reports	Internal	3 Monthly reports	Data collection and data analysis. Data from Tokwana, Mita, Yehu and Tokwa Yehu-LMS has been collected and analyzed.	3 Monthly reports	Data collection and analysis	Some data loggers are not working and that makes it difficult to collect data.	Investigate whether the problem is with the data logger or with the data logger cable or with the data logger
No of Awareness campaigns conducted on watershed project	SDO - 18	4 Awareness Campaigns	District Wide	1 Campaign	Community awareness campaign held at Tokwana LMS on the 26th of September 2013.	1 Campaign	Community Awareness campaign held at Sakhnow and Emashini LMS have been identified as areas affected with severe drought. Target achieved	None	None
Development of a Flood Risk and Emergency Plan	SDO - 19	1 Flood Risk Study Report	Internal	NA	Flood risk study document	NA	The full extent of the Watercourse between the Watercourse Dam and Quaternary WTM as well as Saka WTM has been mapped. An internal visual inspection has been done on the piping, chambers and valves. The relevant	0	Director Engineering
No of WSAWSP meetings	SDO - 20	WSAWSP meetings	District Wide	3 meetings	Two meetings have been conducted successfully	0	The meetings for the Month of October, November and December have been conducted successfully	0	Director Engineering
Development of monthly WSP reports	SDO - 21	Business Plan WSA WGP Contract	Internal	3 Monthly reports	There were 13 Reports submitted by the three WSP's (Watercourse, Sakhnow and Engido) for the month of October and November. A letter has been written to the WSP's who did not report.	0	There were 8 reports submitted and the targets for the Month of October and November have also been met.	0	Director Engineering

Implementation of the Housing Framework											
To promote Urban / Rural renewal to attract investors for Economic Development						To manage and coordinate programme of strategic and economic development					
Housing Development						Strategic Planning					
To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development	To manage and coordinate programme of strategic and economic development
Establishment of an integrated information management and communication system	2nd Phase of the Information and Communication System developed	SOD - 32	Completion of the 2nd phase of the project	Complete and operational Phase 1 of the project	R 5 000 000.00	Safety char processes for roll out of plans to be followed	Specification has been drawn, advertised and tender briefs are followed	N/A	N/A	N/A	Appointment letter Project progress report
Housing Development	Implementation of the HIV and AIDS Strategic Plan	SOD - 33	7 Country HIV & STI and TB programmes conducted in Health Sector	The existing HIV, STIs and TB strategic plan	R 500 000.00	District Wide	4 community dialogues were held at Engcobo and Umkomaas DIFCs	N/A	N/A	The matter has been referred to the subcommittee on the 27th November 2013	Target has been achieved
Debtors Management	Reduce the spread and mitigate the impact of HIV and AIDS	SOD - 34	Implementation of the Engcobo Rehabilitation Strategy	Engcobo Rehabilitation Strategy implemented	R 7 Million	Engcobo LM	Transfer funds to Engcobo LM Progress Report 8 Monitoring	R27Million Transferred to Engcobo LM Report submitted by DCI Noddy	The District Ward A(D) on the 1st of November 2013 at Imba Yemba Subsequently its report was tabled to the Special Council meeting on the 25th November 2013	Target has been achieved	Target has been achieved
Information Communication Technology	Small Town Rehabilitation	SOD - 35	Phrag, greening and beautification in 7 Ms	Implemented Parks & Greening projects in 7 Ms	R10.5 M	District wide	Development of T&G for Service Provider & Marketing	TOR developed Advertised 1500 000 R transpired to Engcobo LM 2 R500 000 transferred to Imbaba	Minutes of Bid Committee as well as Approved business plan, Progress report submitted to Standing Committee	1. Proof of transfer of funds 2. Progress report submitted to the Standing Committee	Director HCS
Debtors Management	Provide support in the development of the KwaZulu-Natal LDF	SOD - 36	Developed & submitted KwaZulu-Natal LDF	200 000	Engcobo LM	Development of TOR & Appointment of service provider	TOR developed Process providers in Evaluation Stage.	Submission of TOR & Appointment of Service Provider	Minutes of Bid Committee as well as Approved business plan, Progress report submitted to Standing Committee	1. Minutes of Bid Committee, Approved business plan, Progress report submitted to the Standing Committee	Director IPED
Information Communication Technology	Small Town Rehabilitation	SOD - 37	Development of Kwa-Coghan LDF	Approved Final LDF by LM	1.15GF	300 000	Engcobo LM	Development of TOR & Appointment of service provider	TOR developed advert placed pending 27 days to legal in terms of PMA	Evaluation Report to be submitted to the next Evaluation Committee	Minutes of Bid Committee, Draft SDF for the LM
Debtors Management	Provide support in the development of the Kwa-Zulu-Natal LDF	SOD - 38	Approved Final Draft LDF	200 000	Engcobo LM	Development of TOR & Appointment of service provider	TOR developed advert placed pending 27 days to legal in terms of PMA	Submission of Progress Report & Monitoring	Delay in Evaluating the Tender	Evaluation Report to be submitted to the next Evaluation Committee	Director IPED
Information Communication Technology	Small Town Rehabilitation	SOD - 39	Provide support in the formulation of Local Fire Ext 6	Approved GP Layout	600 000	Engcobo LM	Development of TOR & Appointment of service provider	TOR developed advert placed pending 27 days to legal in terms of PMA	Submission of TOR & Appointment of service provider	Actual performance below target	Minutes of Bid Committee, Draft LDF for Kwa-Zulu-Natal LDF
Debtors Management	Development of Construction Unit	SOD - 40	No of Domestic Houses Constructed	9 Domestic Houses Constructed	R11K	Internal	Appointment of 6 Architects	Construction of Domestic Houses	Construction of Domestic Houses	Actual performance below target	Progress report submitted to Standing Committee on support provided
Housing Development	To establish Accreditation process for housing development	SOD - 41	CHOM Accredited at Level 1				Development of terms of reference	Terms of Reference have been developed, proposals have been received from various service providers on the 27th October 2013 and was currently built with the evaluation process of the bids		Progress report on developed plans and plans adopted by Council	Director IPED

Tourism Promotion											Implementation of Tourism Infrastructure Projects										
Tourism Development											Implementation of Tourism Infrastructure Projects										
Tourism Infrastructure											Implementation of Tourism Infrastructure Projects										
To ensure that tourism infrastructure development and socio-economic development is undertaken in a sustainable manner that adds value to the destination											Implementation of Tourism Infrastructure Projects										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To ensure that tourism infrastructure development and socio-economic development is undertaken in a sustainable manner that adds value to the destination	Replacement of Emergency Shelters replaced	SOD - 42	7 countries appointed for local municipalities	ISU	District Wide	1 Appointment of 30 emerging contractors grade one, 10 that were appointed in the last quarter and Hand over to the beneficiaries	No contractors were appointed in this quarter	R 148 000	New Job Tree Nursery - Engcato LM	1 Identification of areas for greening 2 Awareness creation and marketing	1 Qtr 1 achieved: 20% implemented time 50% in early July, no green has been noted yet 2 parks achieved under supervision has been noted that supplier has not delivered yet	1 Identification of areas for greening 2 Awareness creation and marketing	N/A	N/A	N/A	1 List of areas identified by community members and pictures of beneficiaries attached report on greenness and pictures	1 Handover register for equipment and areas 2 tickets	Director (PED)			
KPA 2 LOCAL ECONOMIC DEVELOPMENT											WEIGHTING: 20%										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To promote Freeport as a sector that contributes to reduction of unemployment and socio-economic development	Development of Freeport Strategy that focus on value addition	Number of free nursery projects supported	LED 1	1 project supported	1 nursery project	1 project supported	R 148 000	New Job Tree Nursery - Engcato LM	1 Storage tanks constructed 2 Refrigerator purchased	1 Qtr 1 achieved: 20% implemented time 50% in early July, no green has been noted yet 2 parks achieved under supervision has been noted that supplier has not delivered yet	1 Identification of areas for greening 2 Awareness creation and marketing	N/A	N/A	N/A	N/A	N/A	1 List of areas identified by community members and pictures of beneficiaries attached report on greenness and pictures	1 Handover register for equipment and areas 2 tickets	Director (PED)		
Freeport Development											WEIGHTING: 20%										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To promote Freeport as a sector that contributes to reduction of unemployment and socio-economic development	Customer support to existing chamber of commerce support to Tree Nursery	Number of charcoal products supported	LED 2	2 project supported	2 Charcoal products	R 852 000	1 Site visits by beneficiaries 2 Engage Chamber of Commerce 3 Conduct training on administration and marketing	1 Salesforce Charcoal Project - Clay Pots 2 Engage Charcoal Project Experts	1 Conduct market research to ensure feasibility of project 2 Site visits by beneficiaries 3 Conduct training on administration and marketing	1 Qtr 1 achieved: A meeting was held with Alison Smulter from Rutherford to look into the terms of agreement for the supply of 500 bags per month of charcoal 2. Party ongoing 3. Party requested from SCM	1 Equipment was procured and delivered 2 Kiosk unit has been installed with silicon 3 Procurement of equipment and the storage unit has been delivered 4 Establishment of structure and ensuring safety 5 Party production of charcoal	N/A	N/A	N/A	N/A	N/A	1 Kiosk unit has been installed with silicon 2 Kiosk unit has been installed with silicon 3 Party production of charcoal	1 Handover register for equipment and areas 2 tickets	Director (PED)		
Freeport Development											WEIGHTING: 20%										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To promote Freeport as a sector that contributes to reduction of unemployment and socio-economic development	Tourism Institutional Framework Reformed	Reviewed institutional framework	LED 3	Reviewed institutional framework	Approved institutional Framework	Reviewed institutional framework	R 550 000	Existing institutional Framework Policy	1 Consultation of relevant stakeholders	1 Consultation of relevant stakeholders	Achieved	N/A	N/A	N/A	N/A	TGf were not developed of time needed to provide a longer time for SCM process	1 Terms of Reference	Director (PED)			
Freeport Development											WEIGHTING: 20%										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To promote Freeport as a sector that contributes to reduction of unemployment and socio-economic development	LTOs supported through CHARTO	LTOs	Functional CHARTO and LTOs	LED 4	Functional CHARTO and 8 Existing institutional Framework Policy	R 550 000	Development of LTO for CHARTO. Finalization of LTO Structure Evaluation of LTO Business plans.	1 Approved Business Plans received and Evaluated	1 Approved Business Plans received and Evaluated	1 Approved Business Plans received and Evaluated	1 Approved Business Plans received and Evaluated	N/A	N/A	N/A	N/A	N/A	1 Sign off required TGR with CHARTO 2 List of CHARTO elected committee members	1 Business Plan Standard	Director (PED)		
Freeport Development											WEIGHTING: 20%										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To ensure that tourism infrastructure development and socio-economic development is undertaken in a sustainable manner that adds value to the destination	Eastern Cape Midrand Strategic Partnership	Eastern Cape Midrand Strategic Partnership	Old Strategy in Place	LED 5	Operational Tourism Product Owners	Functional and Sustainable Product Owners	R 270 000	Development of Tourism Awareness and Informational Campaign	1 Development of Tourism Awareness and Informational Campaign	1 Development of Tourism Awareness and Informational Campaign	1 Approved	N/A	N/A	N/A	N/A	1 Development of Eastern Cape Midrand Strategy and Implementation Plan	1 Completed	Director (PED)			
Tourism Infrastructure											WEIGHTING: 20%										
Measurable Objective	Priority Area	Programme	Strategy	RPA	Indicator Code	Annual Target	Baseline	Budget	Location/Hard	Quarterly Targets	Progress on Targets not achieved	Qtr 1 Planned	Qtr 1 Actual	Qtr 2 Planned	Qtr 2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To ensure that tourism infrastructure development and socio-economic development is undertaken in a sustainable manner that adds value to the destination	Number of tourism events hosted	LED 7	Hosting of Annual Tourism and Heritage Activities	150000.00	Heritage and Tourism Month	N/A	Achieved	N/A	N/A	1 Development of tourism awareness and information campaign	1 Completed Document with detail programme	N/A	N/A	N/A	N/A	N/A	The service provider was appointed late December 2013.	Appointment letter	Director (PED)		

Strategic Plan 2014-2018										
Strategic Plan 2014-2018										
Strategic Plan 2014-2018										
Implementation of the Districtwide Livestock Improvement Programme	LED - 21	Livestock Improvement Programme implemented in partnership with local commercial partners	R2 mil	Development of T&B by service provider and sent to SC to absent Panel considering well with TEBs in 6 Mths	Achieved TOR developed and sent to SC to absent Panel considering well with TEBs in 6 Mths	N/A	Appointment of service provider Livestock medication and marketing	T&Rs have been developed. The programme awarded to seven municipalities in the District	Target have been achieved. Performance Satisfaction	None
Development of a Chicken abattoir	LED - 22	Functional Chicken Abattoir	R1.850 mil	Approval of business plan and transfer of funds	Achieved Business plan developed and approved	N/A	Facilitation of partnerships and commerce with intention Report on operations	T&Rs have been developed. The programme awarded to seven municipalities in the District	Business Plan for the Abattoir not finalised yet Site for the Abattoir not secured with Luthany Local Municipality	Business Plan
Number of feedlots constructed	LED - 23	One feedlot has been constructed	2.9 mil	Funds to two Zululand Feedlots have been transferred to Zululand Luthany feedlot has just been named. Government Feedlot is nearing completion and procurement of service provider for Nkomo Feedlot is being finalised	Logistics and signing of MOU with partners	1. Development of logistics and design 2. Dissemination of TOR for service provider 3. Appointment of service provider	Multi regional with partners such as Zululand, Shongweni and NAMC. The construction is going well in all sites. All the planned feedlots will hopefully be finalised in January 2014	Targets have been achieved. Performance Satisfaction	To work closer with the service providers and IANC to speed up construction	Month Progress reports, photos
Cattle abattoir functional	LED - 24	Abattoir functional	R2 mil	Approved plans for the extension of premises	Saberkwane LM	Implementation of plans and approvals of operational plan	Plan approved. The DP has now been issued to the Service Provider. The new plans will be on the Website.	Actual performance below target	Delay on the side of the service provider to develop BOCs	Progress Report by Service Provider
Sheep production centres supported	LED - 25	Two production centres supported	R250k	Approval of business plan and transfer of funds	Support rendered for the Bosvlei and Engcobo production centres	Support to new sheep production centres	Bosvlei farmers have submitted their notice and have signed SLAs	Targets have been achieved. Performance Satisfaction	None	SA & Copy of notice
Improving cattle production through introduction of new cattle and sheep breeds and adoption of production inputs and marketing	LED - 26	Increased yield from 1.5 cows produced to 3 commercialised bulls per hectare	R11.5m	1200ha planned and harvested by the end of the year (Dry land crop production at Emahlweni and dry land production at Engcobo)	Stakeholders mobilisation, feasible production & feasible appointment of service provider to supply role. Feasible funding for mechanisation centre	The business plan is in place and stakeholders have been contacted both private and Government stakeholders to forge partnership with the DMR	Links of Rural during soil preparation phase. Late procurement of inputs	Targets have been achieved. Performance Satisfaction	Links of Rural during soil preparation phase. Late procurement of inputs	Private Commercial partners are being invited to join hands
Registration of Irrigation schemes [infrastructure]	LED - 27	Approval has been granted and transferred	N/A	Crop production and irrigation infrastructure implementation R1.700.000	Facilitate summer crops production plans to place Dams, irrigation pipes to place in place. CHOM is managing Project start few months ago. Bokkeveld reports 95% complete	Payments of invoices for production inputs	Funds transferred to the projects for needs, technical assistance and more support to irrigation stakeholders. Some projects involved in irrigation production	Targets have been achieved. Performance Satisfaction	Private Commercial partners are being invited to join hands	Production plans
Job Creation	EPWP	Eriskan on internship/ programmes/ Matriculation or local labour employment	N/A	Award 23 contracts and handovers	312	0	In Delay in provincial depart	312	556	80%
Corporate Development	EDP	Appointments of 22 contracts phase 3	0	23 learners commences	0	N/A	N/A	Award 23 contracts and handovers	0	47.8%
Corporate Social Investment and Philanthropy	EDP	To increase contribution of Agriculture to the third sector economy To increase contribution of Agriculture to the third sector economy	N/A	2 beds in evaluation stage and 3 at tender stage. Owners complaints report to project owner completed	N/A	N/A	Report from province	Report from province	Report from province	Director Engineering

To manage and coordinate implementation of integrated HIV and AIDS Programmes	Power Relation	Reduce the negative effect of Poverty and unemployment through implementation of apprenticeship programmes.	Job creation and food sources	105 jobs created and 27 food security gardens maintained at Moshava Yiftach, LM	LED - 30	105 jobs created and 27 food security gardens maintained at Moshava Yiftach, LM	05 available ground diggers	R	1 362 85.00		1 Recruitment of 105 record keepers 2 Maintenance of food security gardens 3 Payment of spends to ground diggers	N/A	Target has been achieved	N/A	N/A	N/A	Director Corporate Services			
KPA 3: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																				
Mesurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	Annual Target	Baseline	Budget	Location/Ward	Q1 Planned	Q1 Actual	Progress on targets not achieved	Q2 Planned	Q2 Actual	Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian	
To ensure effective and efficient operation of Council services	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Personnel management	Developed and implemented Attraction and retention strategy	MTOD - 1	Develop and implement Attraction and retention Strategy	There is stable skills policy in place	1 000 000	Diez T&R & SCM processes	Q1 Staff Retention strategy document is in place	N/A	The staff retention strategy is in place	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Draft retention strategy	Director Corporate Services	
To ensure an environment that reflects the core values and mission of the Municipality	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Development and implementation of HR Policies	MTOD - 2	Implement 10 HR Policies and Develop 1 HR policies	HR Policies in place	400 000	Induction and implementation of new policies	HR Policies induced and implemented. Three new policies identified	N/A	Draft policies in place and submitted to Mayoral Committee	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Draft policies and notice of postponements	Director Corporate Services		
To ensure the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Implementation of HR Systems	MTOD - 3	Full Implementation of HR Put in Mode and procedure manual	HR Systems in place	300 000	Workshop attended by 3 employees	Workshop on Oracle software and implementation	N/A	Implementation of Oracle module and integration with Oracle	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Consultation and adoption to postponed until end of 3rd quarter	Director Corporate Services		
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Process Controllers Leadership Implemented	MTOD - 4	50% Implementation of Process Controller Learning	N/A	2 726 000.00	Declaration of intent submitted to Local Beneficiaries identified, workplace setting outstanding	Workplace setting still outstanding due to non responsiveness of SETA	N/A	Appointment of service provider and engagement with service provider	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Intervention will be done as there were no discussions with SETA for training on post module from day one	Attendance register		
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	10 Officers and Contractors	MTOD - 5	Train on minimum competencies	N/A	150 000	Identification of officials and contractors identified with training institutions	N/A	N/A	Implementation	Q1 2018	Q1 2018	Programme is implemented as scheduled	Actual performance is above target	N/A	Terms of Reference and letters to the contractor	Director Corporate Services		
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	% of workforce capacitated and skilled	MTOD - 6	At least 70% of training interventions identified are implemented	WSP in place	1 650 000.00	Training Implementation plan is in place, 11% of training implemented	N/A	20 % implementation of WSP programmes. Convene a DSAC	Early 2018	Early 2018	Targets have been achieved.	Performance satisfactory	N/A	DSAC Forum not convened due unavailability of MAs	Acceptance letters from training institutions	Director Corporate Services		
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	50 % Implementation of the workforce report reviewed	MTOD - 7	Staff establishment in place	500 000	Dashboard report submitted 27% ports filled	N/A	Engagement on Intragov, approval of recent post filed	Wkly. report received. Engagement done with 10% of recent post filed	N/A	Targets have been achieved.	Performance satisfactory	N/A	DSAC Forum will be convened in the 3rd quarter	Attendance register and official emails	Director Corporate Services			
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Establishment of job Evaluation Unit [JEU]	MTOD - 8	Establishment of JEU and job evaluation & benchmarking of positions	Approved organizational structure is in place	1 200 000	Job Evaluation Unit is in place	N/A	Engagement on LMR not ready for evaluation due to busy schedule	N/A	Targets have been achieved.	Performance satisfactory	N/A	Wkly. report and proof of appointments	Attendance register and official emails	Director Corporate Services			
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Implementation of EEP	MTOD - 9	Implement reality target in all occupational level	Previous Employment Equity Plan is in place	N/A	Council approved the EE Plan	N/A	Actual performance is below target	N/A	Targets have been achieved.	Performance satisfactory	N/A	Attendance register of training conducted	Quarterly report to the Standing Committee	Director Corporate Services			
To ensure that the municipality is a safe place to live and work	Human Resource Management	Ensures timely delivery of public services and compliances with regulations and standards	Implementation of EEP	MTOD - 10	No of programs implemented by PYD	PYD	4 capacity programmes for PYD	Implementation of capacity building interventions	N/A	1 training/intervention implemented	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Attendance register and evaluation forms	Quarterly report to the Standing Committee	Director Corporate Services		
To ensure comprehensive and effective delivery of services to citizens	Organisational Transformation	To ensure that the municipality is a safe place to live and work	Equity and Employment	MTOD - 11	No of programs implemented by PYD	PYD	4 capacity programmes for PYD	Capacity Building interventions for people with disabilities identified	N/A	Training/intervention implemented	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Attendance register and evaluation forms	Quarterly report to the Standing Committee	Director Corporate Services		
To ensure comprehensive and effective delivery of services to citizens	Organisational Transformation	To ensure that the municipality is a safe place to live and work	Equity and Employment	MTOD - 12	Implementation of collective agreements	SALG/C Collective agreements	3	Two LMs were convened during this quarter	One LMs convened in this quarter and 3 participated	One LMs convened in this quarter and 3 participated	Actual performance is below target	Development and implementation of protocol	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Procedure Manual	Procedure Manual	Director Corporate Services
To ensure comprehensive and effective delivery of services to citizens	Organisational Transformation	To ensure comprehensive and effective delivery of services to citizens	Equity and Employment	MTOD - 13	Number of welfare related capacity building programmes developed and implemented	N/A	3 capacity building programmes were implemented	Enrolment, utilisation and maintenance of capacity building programmes developed for managers and employees appointed	N/A	Needs identification and appointment of service provider	Q1 2018	Q1 2018	Targets have been achieved.	Performance satisfactory	N/A	Attendance register	Attendance register	Director Corporate Services		

Annual Performance Review & Strategic Planning Cycle										
Strategic Objectives		Key Performance Indicators		Performance Metrics		Actions Taken		Status		
1. Asset Management	1.1 Asset Management Plan	1.2 Asset Register (updated with new asset additions, disposals, replacement, renewals submitted to Council for oversight)	1.3 Asset Management System (GAP analysis completed)	1.4 Asset Management Plan	1.5 Asset Register (updated monthly)	1.6 Asset Management System (GAP analysis completed)	1.7 Asset Management Plan	1.8 Asset Register (updated monthly)	1.9 Asset Management System (GAP analysis completed)	
2. Financial Management	2.1 Budgeting and Forecasting	2.2 Cash Flow Management	2.3 Financial Reporting	2.4 Financial Risk Management	2.5 Financial Audit	2.6 Financial Reporting (quarterly)	2.7 Financial Audit (annual)	2.8 Financial Reporting (quarterly)	2.9 Financial Audit (annual)	
3. Human Resources	3.1 Recruitment and Selection	3.2 Employee Training and Development	3.3 Staffing Levels	3.4 Payroll Management	3.5 Benefits Administration	3.6 Recruitment and Selection (quarterly)	3.7 Employee Training and Development (quarterly)	3.8 Staffing Levels (quarterly)	3.9 Payroll Management (quarterly)	
4. Information Technology	4.1 IT Infrastructure Management	4.2 IT Security	4.3 IT Support	4.4 IT Project Management	4.5 IT Vendor Management	4.6 IT Infrastructure Management (quarterly)	4.7 IT Security (quarterly)	4.8 IT Support (quarterly)	4.9 IT Project Management (quarterly)	
5. Stakeholder Engagement	5.1 Stakeholder Identification	5.2 Stakeholder Analysis	5.3 Stakeholder Engagement Strategy	5.4 Stakeholder Engagement Plan	5.5 Stakeholder Engagement Plan	5.6 Stakeholder Identification (quarterly)	5.7 Stakeholder Analysis (quarterly)	5.8 Stakeholder Engagement Strategy (quarterly)	5.9 Stakeholder Engagement Plan (quarterly)	
6. Business Continuity	6.1 Business Impact Analysis	6.2 Business Continuity Plan	6.3 Business Continuity Testing	6.4 Business Continuity Plan	6.5 Business Continuity Plan	6.6 Business Impact Analysis (quarterly)	6.7 Business Continuity Plan (quarterly)	6.8 Business Continuity Testing (quarterly)	6.9 Business Continuity Plan (quarterly)	
7. Risk Management	7.1 Risk Identification	7.2 Risk Assessment	7.3 Risk Mitigation	7.4 Risk Monitoring	7.5 Risk Register	7.6 Risk Identification (quarterly)	7.7 Risk Assessment (quarterly)	7.8 Risk Mitigation (quarterly)	7.9 Risk Monitoring (quarterly)	
8. Internal Audit	8.1 Internal Audit Plan	8.2 Internal Audit Findings	8.3 Internal Audit Report	8.4 Internal Audit Plan	8.5 Internal Audit Findings	8.6 Internal Audit Plan (quarterly)	8.7 Internal Audit Findings (quarterly)	8.8 Internal Audit Report (quarterly)	8.9 Internal Audit Plan (quarterly)	
9. Compliance	9.1 Legal and Regulatory Compliance	9.2 Ethical Conduct	9.3 Corporate Governance	9.4 Compliance Plan	9.5 Compliance Plan	9.6 Legal and Regulatory Compliance (quarterly)	9.7 Ethical Conduct (quarterly)	9.8 Corporate Governance (quarterly)	9.9 Compliance Plan (quarterly)	
10. Overall Status	Overall performance is satisfactory.		Overall performance is satisfactory.		Overall performance is satisfactory.		Overall performance is satisfactory.		Overall performance is satisfactory.	

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												WEIGHTING: 20%											
Measurable Objective	Priority Area	Programme	Strategy	KPI	Indicator Code	Annual Target	Baseline	Budget	Location/Ward	Qrt 1 Planned	Qrt 1 Actual	Quantity Targets			Mid Year Performance Level	Reasons for variance	Mitigating Measures	Evidence	Indicator Custodian				
												Qrt 2 Planned	Qrt 2 Actual	Qrt 3 Actual									
To ensure development of a People Centred 5 Year Council GPP	Integrated Development Planning	Integrated Planning	Development and Review of 5yr Integrated Development Plan	Review of the (P) Framework and Processes	GPP- 1	2014/2015 GPP Review	Reviewed 2013/2014 (IP)	620,000	Internal	Adopted GPP Framework & Process Plan	N/A	Situational Analysis Report at per target	Situational Analysis Report at per target	TARGETS HAVE BEEN ACHIEVED	None	None	1. Council Resolution Adopting the Process and Framework, 2. Situational Analysis Report, 3. Council Resolution approving the GPP, 4. Council Resolution adopting the GPP	Director IPED					
Submit quarterly projects performance reports per department and per project as per GPP to Council for oversight	F/N - 34	Annual Report	12 Monthly report	12 Monthly report		3 Monthly report to the quarter	N/A					Communicators Forum held in November 2013	Targets have been achieved	None	Attendance register Minutes of the meeting	None	Attendance register Minutes of the meeting	Strategic Manager					
Develop and maintain a project expenditure reporting system	F/N - 34	Annual Report	12 Monthly report	12 Monthly report		3 Monthly report to the quarter	N/A					1 Forum held	1 Forum held	Actual performance below target. Target has not been met	Meeting postponed due to Member's death	None	Attendance register Minutes of the meeting	Strategic Manager					
Number of DMAPCO meetings held	GPP- 3		4 forums per year	4 forums per year		4 forums held	4 forums held	4 forums held	ODM	1 forum held	1 forum held	Speakers Forum held for No speakers in October 2013	No variance	No variance	No variance	None	Attendance register Minutes of the meeting	Strategic Manager					
Number of Speakers forums held	GPP- 4		4 forums per year	4 forums per year		4 forums held	4 forums held	4 forums held	ODM	2 forums held	2 forums held	Actual performance below target. Target has not been met	Actual performance below target. Target has not been met	No variance	No variance	None	Attendance register Minutes of the meeting	Strategic Manager					
Number of Chief Whip forums held	GPP- 5		4 forums per year	4 forums per year		4 forums held	4 forums held	4 forums held	CHOM	1 forum held	1 forum held	Chief Whip Forum held 19th Nov 2013	Actual performance below target. Target has not been met	No variance	No variance	None	Attendance register Minutes of the meeting	Strategic Manager					
Number of Technical Ufis forums held	GPP- 6		4 forums per year	4 forums per year		4 forums held	4 forums held	4 forums held	CHOM	1 forum held	1 forum held	Technical GPP held on the 14th of August	Actual performance below target. Target has not been met	No variance	No variance	None	Attendance register Minutes of the meeting	Strategic Manager					
Number of Sector forums held	GPP- 7		4 forums per year	4 forums per year		4 forums held	4 forums held	4 forums held	All CHOM Sector meetings held	1 forum held	1 forum held	Uganda programme (South and North held with UN)	Targets have been achieved	0	0	Council Resolution on the adopted policy and strategy	Council Resolution on the adopted policy and strategy	Strategic Manager					
To improve co-ordination between ODM and other stakeholders	Inter-Governmental Relations												Review cancelled due to departmental staff sessions	Actual performance below target. Target has not been met	None	None	None	None	Strategic Manager				
To enhance public participation in the community	Public Participation												Workshop for Councillors and other stakeholders on review of GPP 2013	Actual performance below target. Target has not been met	None	None	None	None	Strategic Manager				
To enhance public participation in the municipality	Public Participation												Development of institutional programme/action plan	Actual performance below target. Target has not been met	None	None	None	None	Strategic Manager				
To prevent, mitigate and respond to the effects of disaster and facilitate post disaster recovery	Disaster Management												Workshop for Councillors and other stakeholders on review of GPP 2013	Actual performance below target. Target has not been met	None	None	None	None	Strategic Manager				
To manage and coordinate HIV/AIDS programmes	HIV and AIDS Management												Public Participation action plan	Actual performance below target. Target has not been met	None	None	None	None	Strategic Manager				
To manage and coordinate HIV/AIDS programmes	HIV and AIDS Management												Communication of Inter-facility Access to Care and Treatment (ACT) on Oct 10th and 11th November 2013 at the Thika Indoor Sports Centre	Targets have been achieved	N/A	None	None	None	Chief Executive Officer Management				
To manage and coordinate HIV/AIDS programmes	HIV and AIDS Management												A training workshop on Integrated Access to Care and Treatment (ACT) was conducted on the 28th October and the 01 November 2013 at a venue to all relevant DAC stakeholders within the district	Targets have been achieved	None	None	None	None	Chief Executive Officer Management				
To manage and coordinate HIV/AIDS programmes	HIV and AIDS Management												One training programme	Training needs assessment among DAC stakeholders will be conducted	None	None	None	None	Chief Executive Officer Management				
To manage and coordinate HIV/AIDS programmes	HIV and AIDS Management												Training needs assessment among DAC stakeholders will be conducted	Training needs assessment among DAC stakeholders will be conducted	None	None	None	None	Chief Executive Officer Management				

Ensure a functional and institutional customer care service	Customer Care	To increase customer satisfaction and institutional Customer Care response	Centralising Customer Care	Establish a central customer care service	GCPp - 10	Functional central customer care service	Decentralised Customer Care Service	CHDM	Drafting Customer Care Operational plan	Complaints register			Strategic Manager		
To prevent, mitigate and respond to the effects of the environmental health and environmental management services and Climate Change	Environmental Health and Environmental Management Services and Climate Change	Implementation of climate change reduction programmes	Public Awareness	Number of environmental campaigns and environmental days observed	GCPp - 10- 01	4 Awareness campaigns & Environmental days observed	R	865,000.00	1 Awareness campaign & celebration of Arbor Week and World Environmental Health Day, Arbor Day & Water Week	Environmental awareness campaign was held on the 15th September 2013 and World Environmental Health Day was celebrated on the 13th September 2013.	Targets have been achieved	N/A	Home	Attendance register and report to standing committee on programmes conducted	Assistant Director MHEBS
To provide quality financial resources and disaster and facilitate post disaster recovery	Financial Management Services and Climate Change	Disaster Management	Build resilient communities to disasters	No of awareness programmes conducted	GCPp - 10- 02	46 Awareness campaigns conducted	R	400,000.00	12 Awareness campaigns conducted	12 Disaster awareness programmes were conducted throughout the district during October to December 2013.	Targets have been achieved	N/A	Home	Attendance register and report to standing committee on programmes conducted	Manager Disaster Management
To strengthen local governance	Local Governance	Local Government	Reduce and mitigate risks within the internal control environment and Audit outcomes	Provide Assurance on the effectiveness of controls, risk management and governance processes	Internal Audit	Up-stand institutional risk register and risk policy reviewed	Risk management Strategy adopted and reviewed	CHDM	Conducting of the Risk Management Assessment for CHDM	Risk Assessment conducted in October 2013 and the Risk Register has been updated	Targets have been achieved	N/A	Council Resolution on Risk Management Policy adopted	Strategic Manager	
To strengthen local governance	Local Governance	Local Government	Development and full implementation of the risk based audit plans	Internal Audit	GCPp - 11	Full implementation of the risk based audit plan	Risk management Strategy adopted and reviewed	CHDM	Finalise risk register of the institution and Policy	Risk Assessment conducted in October 2013 and the Risk Register has been updated	Targets have been achieved	N/A	No variance	Strategic Manager	
To strengthen local governance	Local Governance	Local Government	Adopted ISPM and mainstreaming policy	Internal Audit	GCPp - 12	2012/13 Risk register and Internal Audit Plans	Risk management Strategy adopted and reviewed	CHDM	Completed the following audits	Risk Assessment conducted in October 2013 and the Risk Register has been updated	Targets have been achieved	N/A	No variance	Strategic Manager	
To strengthen local governance	Local Governance	Local Government	Coordinate the audit process to ensure improvement in audit outcomes	Internal Audit	GCPp - 13	Adviser Audit Opinion	Improvement in audit outcomes	CHDM	Prior year audit issues are addressed by AG	Audit Report issued - improvement in outcome - qualified audit opinion	Targets have been achieved	N/A	No variance	Strategic Manager	
To strengthen local governance	Local Governance	Local Government	Adopted ISPM and mainstreaming policy	Internal Audit	GCPp - 14	Adopted Policy in place	Adopted Policy in place	CHDM	Consolidation of inputs from Stakeholders and compilation of draft strategy	Out of budget - below budget	Actual performance below target. Target has not been met	N/A	No variance	Strategic Manager	
To achieve an Inclusive Audit Definition by 2014	Audit Independence	Audit Independence	Coordinate the audit process to ensure improvement in audit outcomes	Internal Audit	GCPp - 15	Existing	Existing	CHDM	Two Assessments	90% of Audit scheduled by the 1st of December 2013 and completed by the last week of December	Actual performance below target. Target has not been met	N/A	No variance	Strategic Manager	
To coordinate specific programmes of CHDM	Specific programmes	Specific programmes	Co-ordination of specific programmes	Internal Audit	GCPp - 16	Eight (8) Institutions consulted for 2 Mayors programmes and 1 Selga game	CHDM	Implement Elderly People Mayoral Games	Marcha Day	Two Assessments	Two Assessments	N/A	No variance	Strategic Manager	
To coordinate specific programmes of CHDM	Specific programmes	Specific programmes	Capacity Building Campaigns and mobilisation	Internal Audit	GCPp - 17	Two (2) capacity building programmes conducted	CHDM	District Golden Games	SALGA games held in November 2013	Development of 1st on demand training needs programmes	Targets have been achieved	N/A	No variance	Strategic Manager	
To improve capacity and delivery of services to municipalities through central coordination, monitoring and evaluation	Municipal Support	Municipal Support	Co-ordination and delivery of services to municipalities through central coordination, monitoring and evaluation	Internal Audit	GCPp - 18	% support provided to LMs as per their requests	CHDM	Training needs analysis	Indication for Special grant held in October 2013	Development of support programme	Targets have been achieved	N/A	No variance	Strategic Manager	

Enhance relationships with other countries through implementation of clear policies and training/partnership arrangements	Internal Exchange and International Relations	Ensure an integrated approach to International Relations	Adopted District IR policy and strategy	International relations Policy Adopted	No policy implies						
Risk Management	Risk Management	Risk Management	GCPW-19		Fraud prevention plan available	Fraud prevention plan available 2008, never reviewed nor implemented	Establishment of Stakeholder Forum on Crime prevention	CHOM	Development of concept document and identification of areas of functioning	Draft framework has been developed, in consultation process to commence in the 2nd quarter.	Strategic Manager
Eradicate crime and corruption	Fight against crime and corruption	Mitigate risk of fraud and corruption through availability and implementation of policies	GCPW-20	Review of fraud prevention plan	Situational analysis completed	Office of the Premier has been requested to assist with the review of the fraud prevention plan	To be announced with stakeholders and commencement of draft framework plan	CHOM	Targets have been achieved	we will be appointing a service provider to start drafting of the framework	Council Resolution on Asped Policy
Ensure effective and efficient CHOM Oversight Function	Strengthening of Oversight Effectiveness	Ensuring effectiveness of oversight functions within the municipality	GCPW-21	Role and responsibilities Framework	Role and responsibilities available	Good Governance Workshop for Management	Workshop held in August 2013 for management	N/A	Actual performance below target. Target has not been met	Workshop scheduled for the 16/01/14	Strategic Manager
Strengthen institutional performance, planning, monitoring and evaluation	Performance management System	Establish and ensure performance management system for the municipality	GCPW-22	Revised Performance Management Framework	PMS framework not reviewed	SDIP Developed and Revised-Performance Agreements concluded	Review of the PMS Policy and Framework and Implementation	CHOM	Targets have been achieved	Workshop scheduled for the 16/01/14	Strategic Manager
		To ensure the existence of a system of accountability and reporting	GCPW-23	Review communication and marketing strategy action plan	Adopted Revised communication and marketing strategy action plan	Communication and Marketing Strategy Reviewed on 22 August 2013 and adopted on 30 August 2013. A clear implementation plan has also been developed and approved as part of the strategies	Workshop on reviewed Communication strategy	CHOM	Consolidation of inputs and compilation of art communication strategy	Workshop conducted on review of marketing and communication strategy obtained in line with the council processes	Strategic Manager
		Marketing and promotion of the City Hall (to be used)	GCPW-24	Marketing manual, marketing and branding material	Five year Communication and Marketing Strategy in place	N/A	Workshop on reviewed Communication strategy	N/A	Targets have been achieved	No variance	Strategic Manager
To ensure transparent and adequate communication and marketing of municipal programmes to communities externally and internally											
Communication and Marketing											
Enhance communication with stakeholders and update communication and marketing	Communication and Marketing	Marketing and promotion of the City Hall (to be used)	GCPW-25	Marketing manual, marketing and branding material	Branding manual, marketing and branding material	Consolidate service delivery information, consolidate Performance indicators matrix, finalised Air council	Finalisation of the Annual Report and submission to Auditor General	CHOM	Target achieved in terms of the regulatory requirements	Three write contracts between the MPA and Treasury Council ES, however the date will be available in the 3rd quarter of 2014	Strategic Manager
Communication and Marketing	Communication and Marketing	Compilation of the 2012/2013 Annual Report	GCPW-26	Adopted 12/13 Annual report	2011/12 Annual report	The Annual Performance Report was compiled and submitted to the ACo, Treasury and COGA in the 1st quarter 26 per the guidelines.	2. Public participation processes on the Annual Report and final adoption of the Annual Report.	N/A	All being drafted and will be tabled to Mayoral and Council of January 2014	Council resolution on Annual Report	Strategic Manager

CONCLUSION

This document represents the Chris Hani District Municipality's detailed report back to citizens and stakeholders on the municipality's performance over the first six months of the 2013/2014 financial year (01 July 2013 – 31 December 2013). This report provides a lens through which scrutiny of the progress and performance of the municipality can be made in terms of assessing achievements in efforts to realise the objectives as set by Council. As such, this report not only reflects on milestones and challenges experienced, but also on the ongoing commitment to progressively deepen accountability to citizens of the whole of the Chris Hani District area.