



AM AHLATHI MUNICIPALITY

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

2012 / 2013

TABLE OF CONTENTS

1	Introduction	3
1.1	Municipal Vision	3
1.2	Legislative Framework	3
1.3	Overview	3
1.4	Components	4
2	Reporting Requirements	4
2.1	Monthly Reporting	4
2.2	Quarterly Reporting	5
2.3	Mid-Year Reporting	5
3	Service Delivery Targets and Performance Indicators	5
4	Revenue and Expenditure Projections	6
4.1	Monthly Projections of Expenditure and Revenue by Vote	7
4.2	Detailed Capital Budget over three years	11
5	Service Delivery Targets and Performance Indicators	15

1. Introduction

1.1 Municipal Vision

Amahlathi Municipality adopted its vision in 2001 and amended it in 2012 as follows to inform its activities:-

“Amahlathi Municipality as an integrated unit shall become the model for community empowerment, decentralised participative management, and a transformed and proactive municipality.”

1.2 Legislative Framework

The Municipal Finance Management Act 56 of 2003 (MFMA) requires that municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as a strategic financial management tool to ensure that the budgetary decisions of a financial year are aligned with the Integrated Development Plan (IDP).

In terms of Section 53(1)(c)(ii) of the MFMA, the SDBIP is defined as a detailed plan approved by the mayor of a municipality for implementing that municipality’s delivery of municipal services and its annual budget, and which must include the following:-

- Projections for each month of:-
 - ~ Revenue to be collected, by source; and
 - ~ Operational and capital expenditure, by vote;
- Service delivery targets and performance indicators for each quarter; and
- Any other matters that may be prescribed, and includes any revisions of by the mayor in terms of section 54(1)(c).

According to Section 53 of the MFMA, the mayor is expected to approve the SDBIP within 28 days of the approval of the budget. In addition, the mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after the approval of the SDBIP.

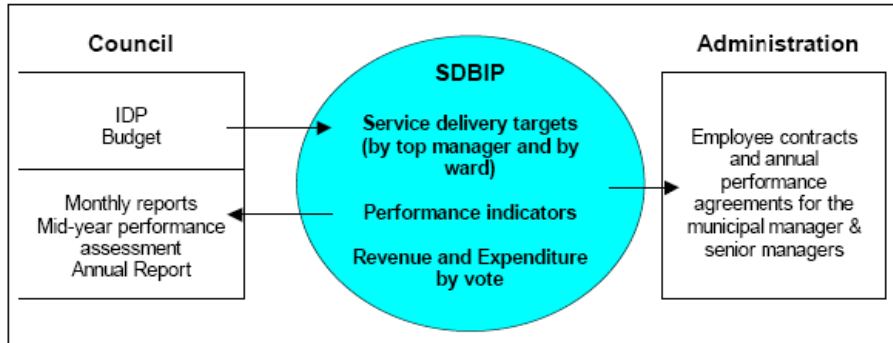
1.3 Overview

The IDP is developed by a municipality in conjunction with its community, and a credible IDP must be supported by a realistic and sound budget. The actual implementation of the IDP over a single financial year is given effect through the performance contracts of the municipal manager and the senior managers. Effective service delivery relies upon the IDP, the budget and the performance management system being closely integrated. The SDBIP is a tool that facilitates this integration.

The SDBIP must be informed by the budget, the IDP and the performance agreements of senior management. It thus facilitates oversight over financial and non-financial performance of the municipality.

The SDBIP can be diagrammatically represented as follows:-

Diagram 1
SDBIP “contract”



1.4 Components

As per MFMA Circular No. 13, National Treasury currently prefers not to prescribe other matters to be included in the SDBIP. However, there are minimum components that National Treasury requires to form part of the SDBIP, which are outlined below:-

- Monthly projections of revenue to be collected by source
- Monthly projections of expenditure and revenue by vote
- Quarterly projections of service delivery targets and performance indicators by vote
- Ward information for expenditure and service delivery
- Detailed capital budget broken down by ward over three years

2. Reporting Requirements

A series of reporting requirements are outlined in the MFMA, with both the mayor and the accounting officer having roles to play in preparing and presenting these reports. The SDBIP and these reports allow the municipality to monitor the implementation of service delivery programmes and initiatives.

2.1 Monthly Reporting

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis. This reporting must be conducted by the accounting officer of a municipality no later than 10 days after the last working day of each month. Reporting must include the following:-

- Actual revenue per source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote
- Amount of any allocations received

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

- Any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- Any material variances from the service delivery and budget implementation plan; and
- Any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipality's approved budget.

2.2 Quarterly Reporting

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

2.3 Mid-Year Reporting

Section 72(1)(a) of the MFMA outlines the requirements for mid-year reporting. The accounting officer is required by 25 January of each year to assess the performance of the municipality during the first half of the year, taking into account the:-

- Monthly statements referred to in Section 71 for the first half of the year;
- Municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the SDBIP;
- Past year's annual report, and progress on resolving problems identified in the annual report; and
- 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.

Based on the outcomes of the mid-year budget and performance assessment report, an adjustments budget may be tabled if actual revenue or expenditure amounts are materially different from the projections contained in the budget or the SDBIP, which may also be modified based on the mid-year performance review.

3. Service Delivery Targets and Performance Indicators

The Institutional Scorecard relies upon the directorates and their component departments to produce strong service delivery targets and performance indicators. Such targets and indicators should focus on tracking the delivery of outputs as well as outcomes that fall within the mandate of directorates and departments.

The SDBIP provides non-financial measurable performance objectives in the form of quarterly service delivery targets and other performance indicators. In this manner, Council can be judged on service delivery as well as financial performance.

4. Revenue and Expenditure Projections

The SDBIP provides for departments to monitor and remedy their financial performance and, as such, to take responsibility for not only expenditure, but also revenue collected.

In this section the following financial information is provided to assist in monitoring the municipality's financial performance:-

- Monthly projections of revenue to be collected.
- Monthly projections of revenue and expenditure by vote.