



2014/2015

ANNUAL PERFORMANCE REPORT FOR ILEMBE DISTRICT MUNICIPALITY

JULY 2014 – JUNE 2015

AUDITED FINAL REPORT

PREPARED BY:

ILEMBE DISTRICT MUNICIPALITY

PMS UNIT

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1. INTRODUCTION

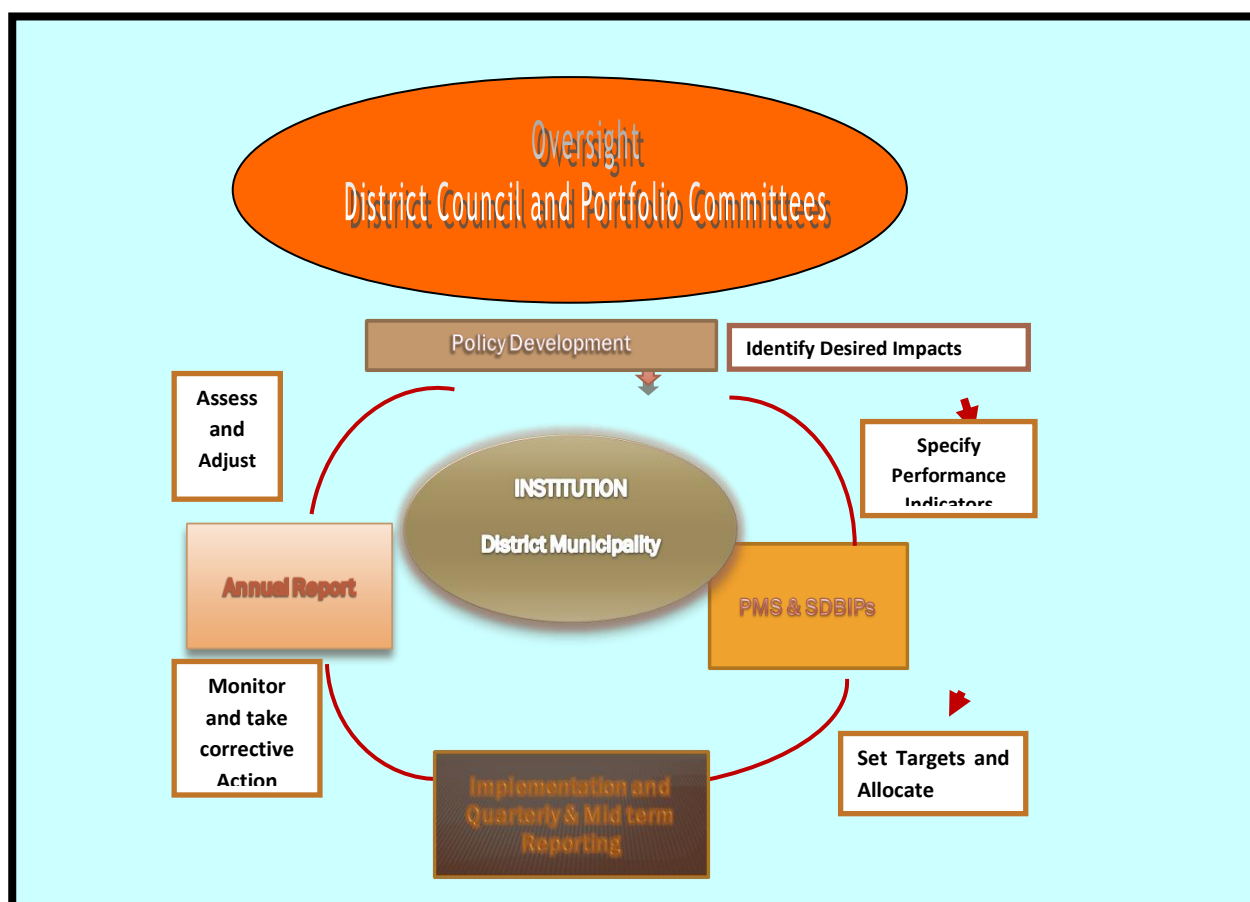
The Municipal Systems Act (MSA) of 2000, Section 38(a) mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001, describes the municipality's performance management system as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting and improvement will be conducted, organised and managed as well as to determine the roles of different stakeholders.

The iLembe District Municipality has adopted an Organisational Performance Framework in June 2012. The Performance Management Framework must be reviewed annually and adopted by Council. The framework for the 2014/2015 financial year has been reviewed and adopted by Council on 29th May 2015.

The Municipal Systems Act of 2000, section 46 (2), requires the municipalities to compile an Annual Performance Report that forms part of the Annual Report prepared in terms of the Municipal Finance Management Act. This report therefore focuses on the Organisational Objectives, and the achievements thereof made by the iLembe District Municipality in the 2014/2015 financial year. It also provides feedback on the targets as set out in the approved Organisational Scorecard as well as the Service Delivery and Budget Implementation Plan used to monitor performance at an operational level.

1.1 PERFORMANCE MANAGEMENT IMPLEMENTATION IN ILEMBE DISTRICT MUNICIPALITY

The Model used by the iLembe District municipality in terms of PMS Implementation is depicted in the following diagram



The iLembe District municipality has committed itself to the operation clean administration, and the main highlight in 2013/2014 financial year was the achievement of a clean audit opinion on both financial and performance information. Therefore the municipality continues to strengthen its internal controls in the matters of evidence for all the work that is conducted.

The oversight role done by the Management committee is improving as all performance reports are submitted to this committee prior to Exco submission, for discussion and early alerts to challenges experienced by departments and to be proactive before quarterly and annual reports are due.

The monthly reporting with portfolios of evidence is improving, as management has committed themselves in ensuring that reports are submitted timeously although supporting evidence is sometimes incomplete or submitted late which is delaying the finalisation of performance reports.

Although challenges were experienced from time to time in this financial year, in terms of monitoring performance and the responsibility thereof, management continues to show commitment, and are willing to work with the PMS Unit in this regard and it is improving every year. The Municipal Manager appreciates the effort and hopes the willingness continues for the municipality to realise its commitment to clean administration.

2. NATIONAL KEY PERFORMANCE AREAS

2.1 National KPA: Basic Service Delivery

The core function of the municipality is to ensure sustainable provision of water and sanitation services and improve access thereby reducing backlog. The provision of water must be of excellent quality that will meet or exceed the National Standards. Response time to water and sanitation interruptions is crucial for services reinstated therefore specific timeframes have been set that must be adhered to and monitored for continuous customer service.

2.2 National KPA: Socio-Economic Development

The Environmental health unit continues to ensure that the statutory requirements controlling occupational health and environmental health services are enforced in minimising risks in the workplace and community as well as promoting a safe and healthy living environment.

Disaster Risk Management has a new Disaster Management Centre which has a communication system which enables the vulnerable community to report any incidents or disaster for a speedy response. Disaster Management department is complying with the Disaster Management legislation, to ensure there is effective implementation of disaster risk reduction programmes aimed at prevention and mitigation against identified risks.

Enterprise iLembe continues to facilitate and stimulate economic growth in the District, through National Schools Nutrition Programme, tourism, marketing and promotions which will assist in promoting business retention, expansion and attract new investment and create job opportunities.

2.3 National KPA: Financial Viability & Management

Effective and adequate financial Management is a priority as the municipality continues to work towards maintaining a clean audit. Budget processes have been complied with to ensure credible budgeting. The SCM policy and regulations are adhered to, to ensure compliance. Asset verification is done quarterly to ensure safeguarding of the Municipality's assets as well as proper management of stores. Monitoring of service providers is being done by all units. Revenue section continues to monitor revenue collection and to ensure sound revenue management principles.

2.4 National KPA: Institutional Transformation & Development

Skills development is implemented in accordance with the workplace skills plan, which assists in improving the capacity for staff to deliver services. A sufficient training budget has been allocated that complies with the provisions of the Skills Development Act. The Labour relations legislation is considered and referred to when dealing with all conflicts within the municipality. All ICT functions, admin and support functions are conducted to promote an institution that is representative, participative and empowered to improve the institutional capabilities of service delivery. Organisational performance management is continuously implemented to monitor service delivery

2.5 National KPA: Good Governance & Public Participation

The operation clean administration continues to work towards maintaining a clean audit opinion. Effective public awareness programmes continue to improve the communication between the communities and the District. The Municipal Public Accounts Committee plays an oversight role as it enhances the accountability process and ensures effective political oversight. The Audit Committee is an independent advisory body that is fully effective and performs its role as set out in terms section 166 of the Municipal Finance Management Act, No.56 of 2003.

3. ORGANISATIONAL SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN (SDBIP)

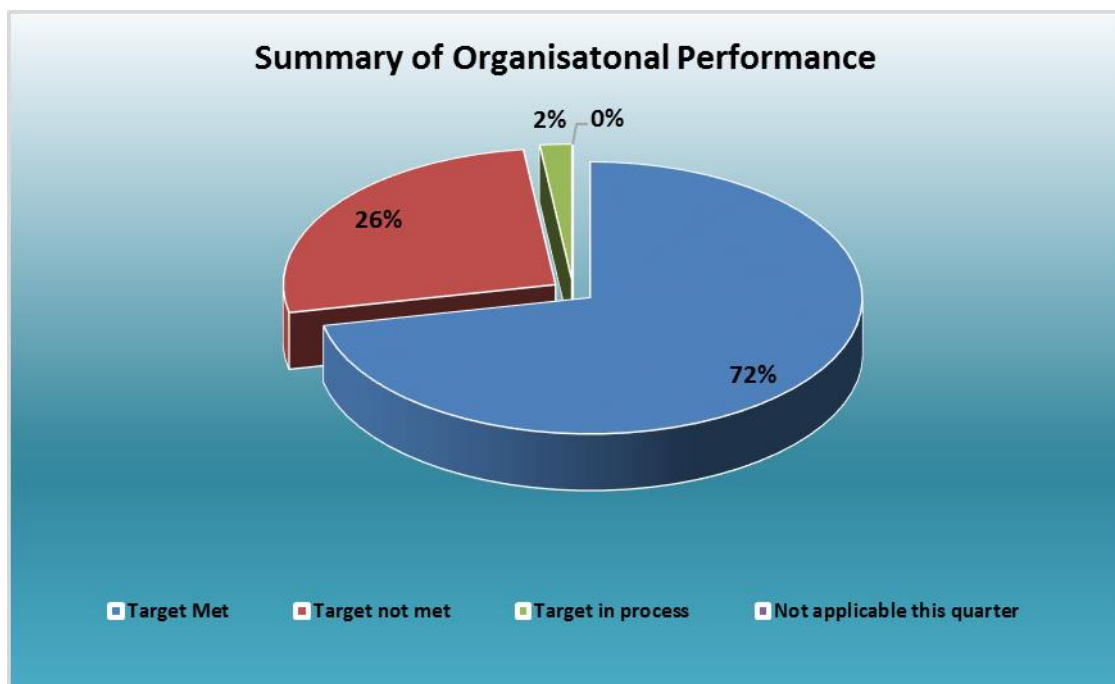
Ilembe's Organisational Scorecard continues to be organised according to the five prescribed national Key Performance Areas (KPA's). These are:

- ❖ Basic Service Delivery
- ❖ Socio-Economic Services
- ❖ Institutional Transformation & Development.
- ❖ Financial Viability & Management
- ❖ Good Governance & Public Participation

3.1 OVERALL ORGANISATIONAL SUCCESS RATE

Percentage comparisons have been made on the last two financial years against the current financial year on Organisational Performance in terms of target met. Details are as follows:

FINANCIAL YEAR	TARGET MET	% achieved
2014/2015	38 out of 53	72%
2013/2014	39 out of 59	66%
2012/2013	43 out of 71	61%



Weightings on Indicators as per the Organisational Scorecard:

Indicators for all departments	High weight	Medium weight	Low weight	Total
Target met	27	11	0	38
Target in progress	1	0	0	1
Target not met	10	4	0	14
Not Applicable	0	0	0	0
Total				53

The diagram below depicts the performance of the district in relation to the various business units. A more detailed look into each department is outlined in paragraph 2.

Figure 1: Organisational Performance - 2014/2015 Financial Year

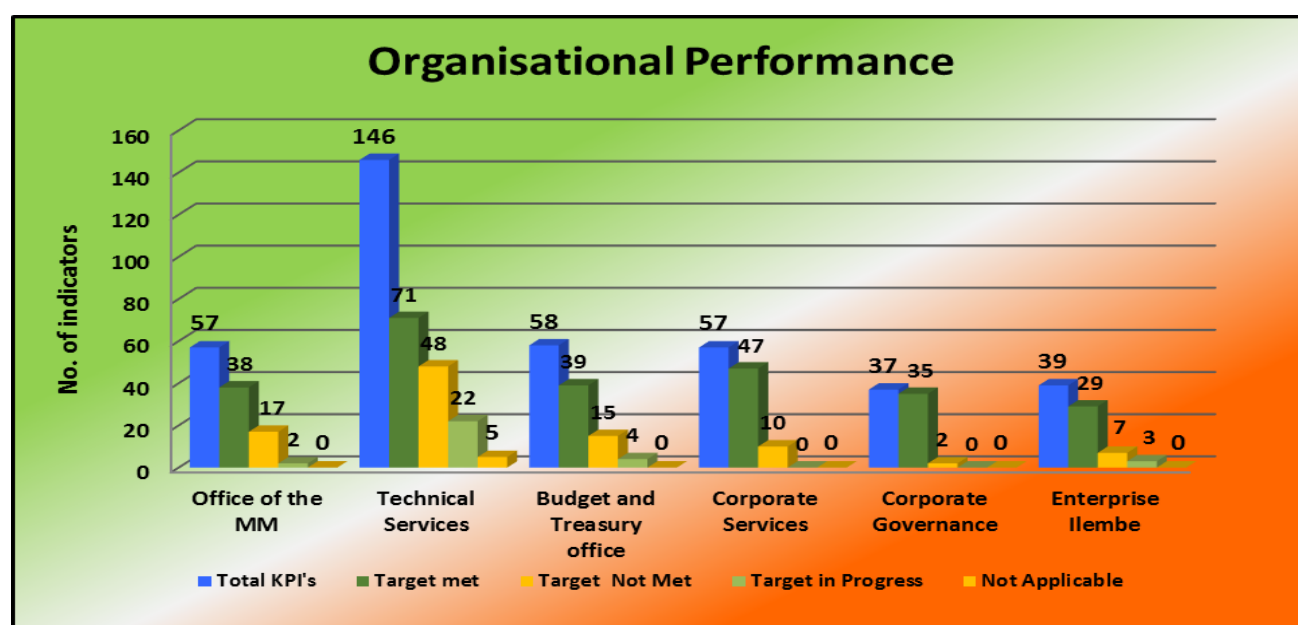
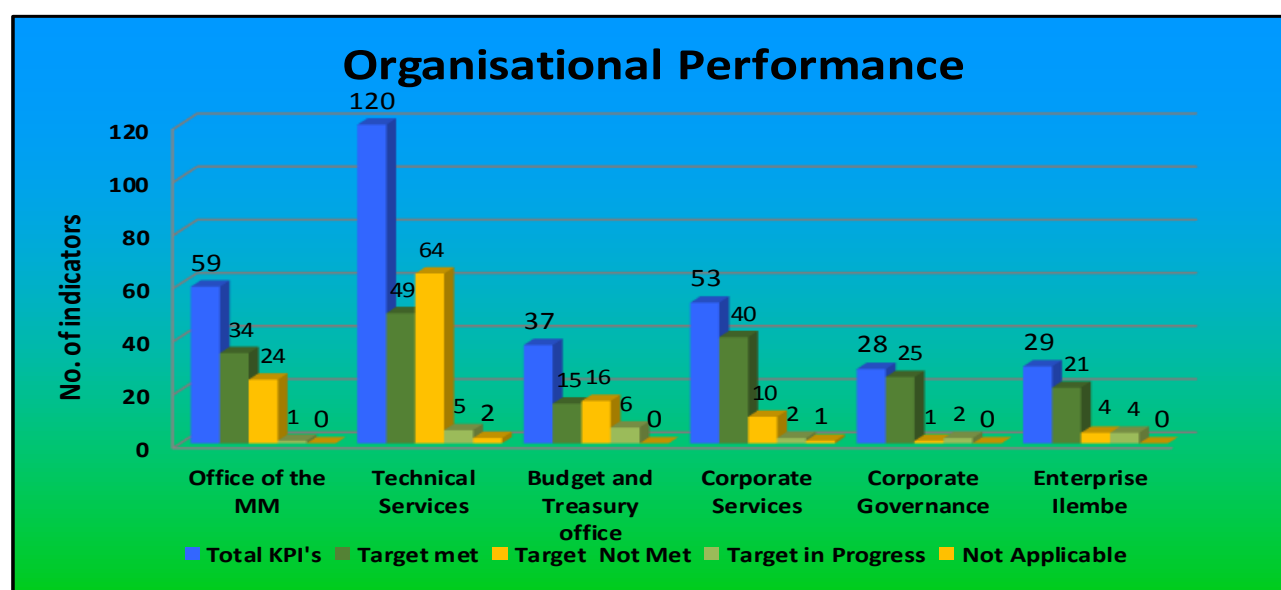


Figure 2: Organisational Performance 2013/2014 Financial Year



Percentage comparisons have been made on the last two financial years against the current financial year on Departmental Performance in terms of target met. Details are as follows:

DEPARTMENT	2012/2013	2013/2014	2014/2015
Office of the MM	60%	58%	67%
Technical Services	50%	41%	49%
Budget and Treasury Office	49%	41%	67%
Corporate Services	72%	75%	82%
Corporate Governance	48%	89%	95%
Enterprise iLembe	46%	72%	74%

4. DEPARTMENTAL RESULTS

4.1. OFFICE OF THE MUNICIPAL MANAGER

PLANNING UNIT

The Annual IDP review commenced as planned in terms of milestones, was finalised and approved on the 29 May 2015. All IDP and public participation meetings were successfully hosted which are reported under the Corporate Governance department – Enhancement of public participation. Infrastructure planning meetings were hosted as per the target of 12 by the end of the financial year. The Spatial Development Framework was reviewed and approved by the end of May 2015.

PERFORMANCE MANAGEMENT UNIT

The Annual Performance report for the 2013/2014 financial year was submitted to Management Committee (MANCO), the Performance Audit Committee and Exco for approval, as well as the Auditor-General on the 29th August 2014 as per legislation for auditing purposes. The 2015/2016 Service Delivery and Budget Implementation Plan was approved on 25 June 2015 with all legislation requirements complied with.

RISK MANAGEMENT UNIT

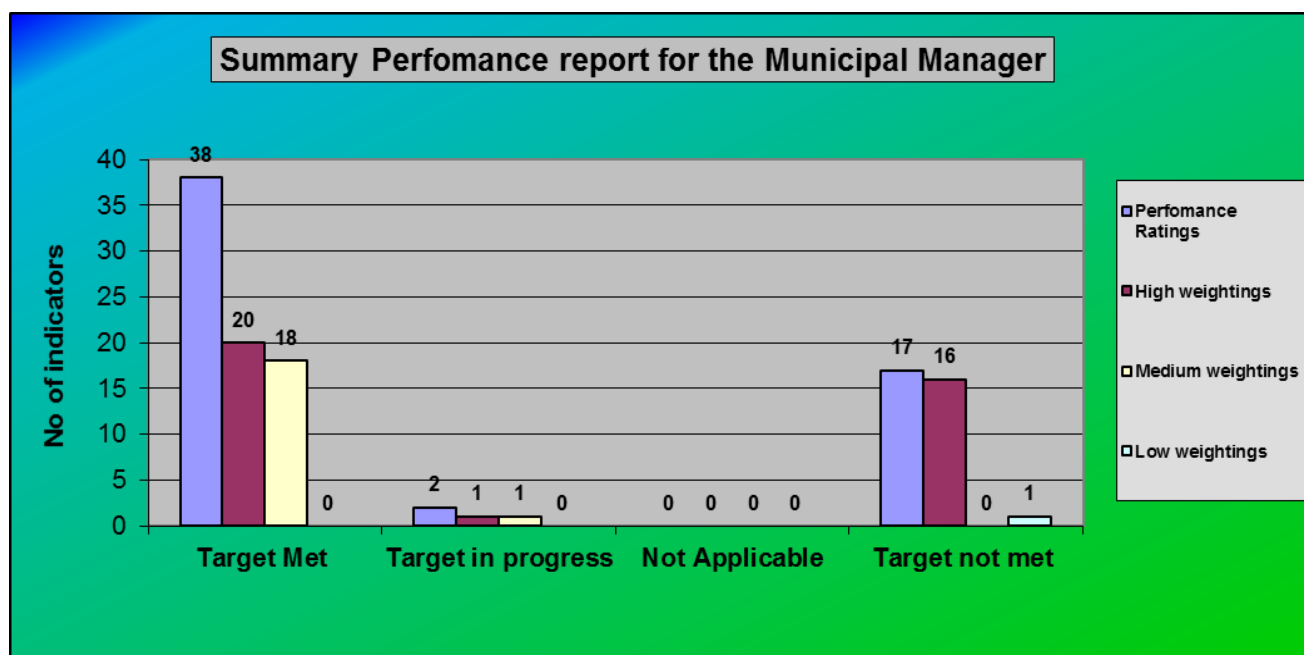
The Risk management unit updated the risk registers quarterly. The Risk Management Framework was reviewed by end June 2015. The 2015/2016 draft Risk register was completed and considered by MANCO. Risk assessment processes for 2015/2016 were finalised with strategic risk assessments held in March 2015, operational risk assessments held in May 2015 and IT risk assessments held in June 2015. The risk management unit awareness workshop took place in January 2015, and continuous awareness was done during the year, to ensure management is aware of the risks, the ratings as well as the impacts if monitoring is not ongoing.

The Risk management Unit continues to monitor performance of effective risk management by updating risk management progress reports monthly, however it is reported quarterly to the Risk Committee and Audit Committee.

INTERNAL AUDIT UNIT

A total of **24** audit assignments were conducted for the 2014/2015 financial year against a target of 22, all internal audit reports were submitted to management for comments, with actions outlined with set timeframes to avoid repeat findings in future reports, that were also submitted to the Audit committee. The audit committee submitted 2 reports to the Executive Committee outlining improvements and recommendations.

Figure 2: Municipal Manager's scorecard (Refer Annexure B)



4.2 TECHNICAL SERVICES

TOP LEVEL SUMMARY OF 2014/2015 HOUSEHOLD (hh) BENEFICIARIES			
	TOTAL NUMBER TARGETED	ACTUAL NUMBER SERVED	PERCENTAGE ACHIEVEMENT AGAINST TARGET
WATER	1 200	995	83%
SANITATION	3 234	3 247	100,40%

HIGHLIGHTS ON ACTUAL PERFORMANCE

A total of **seven projects (7)** were planned to deliver new water infrastructure in 2014/2015 financial year, of which **two (2)** projects were targeted for water connections. **One (1)** project with no target allocated for water connection managed to connect **76** households. There was a further **360** households with upgraded water services for the Siza water project - **Shakashead**.

The **2013/2014** total households served with new water access was **1 103** (including **Shayamoya** - Siza water project for upgraded water services), however the total for the **2014/2015** amounts to **1 355** (including **Shakashead**). Water backlog has decreased by **0.62%**.

The **2013/2014** figure for households served with basic sanitation, that is Ventilated Improved Pits (VIP toilets) access was **4 270**, however the total for the **2014/2015** amounts to **3 247**. Sanitation projects have exceeded target with an achievement of **100.40%**. Sanitation backlog has decreased by **2.03%** and Technical Services team must be complimented on this achievement and encouraged to continue with this kind of commitment and dedication.

Services reinstated within 24 and 48 hours for water and sanitation queries are responded to timeously. The job opportunities created through the expanded public works programme were **1 657** against target of 1 300.

The municipality's annual capital budget spent on agreed IDP projects amounts to **99%**.

CHALLENGES

- Blue drop and Green drop final assessments were postponed to January 2016 by Department of Water and Sanitation (DWS), only preliminary assessments for 2014/2015 financial year were conducted by DWS.
- There was an irregular, fruitless and wasteful and unauthorised expenditure of 3.90% (R28 336 499.90) reported.

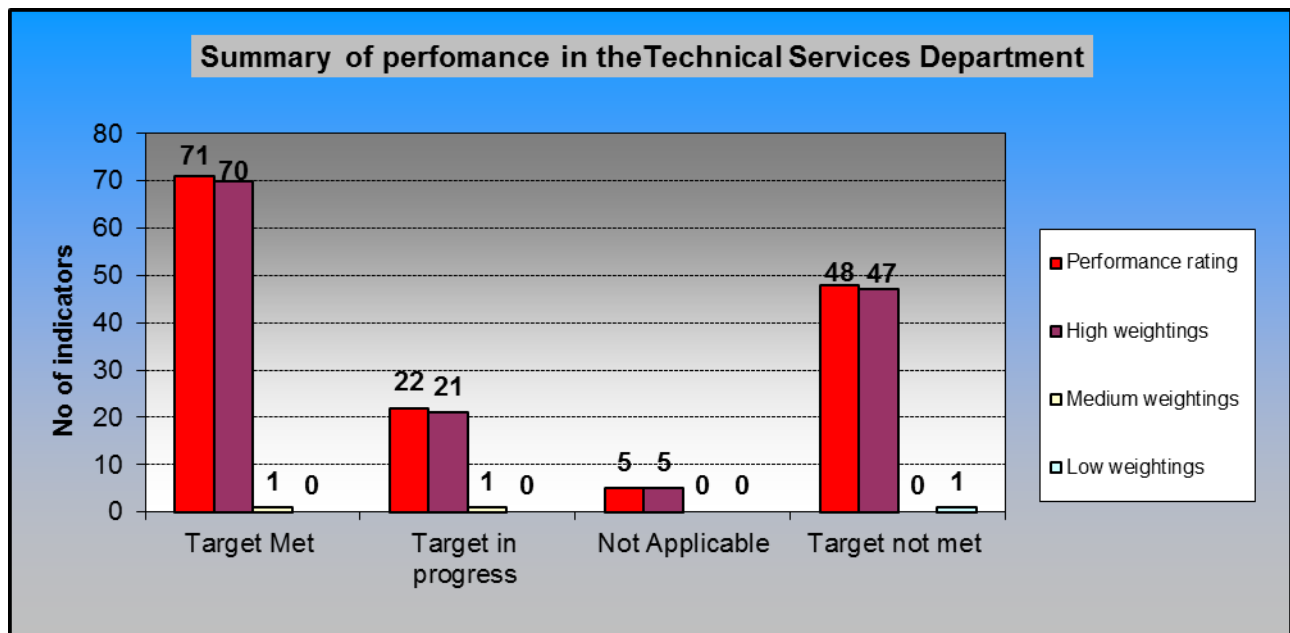
The water projects have 17% of targets not met due to the following reasons;

- Contractors not performing well on site.
 - Households could not be connected due to sub projects being incomplete.
 - Delays in completing the project on time was caused by the re-building of the reservoir. The contractor used the wrong type of concrete that was going to lead to problems at a later stage.
 - The project scope of works was increased, hence the reservoir took longer to complete.
 - The project was awarded late due to the bid committees not meeting on time.
 - Liquidation of a contractor.
 - The contractor surrendered the project to another contractor.
 - The projects were delayed by Environment Impact Assessment (EIA) and Water Use Licence Application (WULA) issues
 - Re-installation of the rising main, commissioning of pump station and reservoir has a slow progress on site as the pipes have been ordered from India and it will take \pm 2 months to arrive in South Africa.
 - Project progress fluctuated which was dependant on the extent of the final scope.
 - The projects were stopped by Department of Water and Sanitation (DWS) due to EIA and WULA issues.
- The repairs and maintenance plan in place needs to be reviewed since it was implemented in 2009.
- Corporate Governance and Traditional Affairs (COGTA) requested the municipality not to proceed with the project of provision of sports and recreation facilities as it is not the core function of the District municipality.

MEASURES TAKEN TO IMPROVE PERFORMANCE

- A letter of intention to terminate was issued to the contractor that is not performing well on site.
- On incomplete projects, the programme will be reviewed in order to accelerate project.
- Contractors are now being closely monitored to complete the remaining works.
- The process of getting another contractor to complete remainder of the work of the liquidated and terminated contractor is underway.
- The new contractor is currently on site completing the remaining works for the Macambini water project.

Figure 3: Technical Services Department performance



ILEMBE DISTRICT MUNICIPALITY

The overall expenditure on capital projects are as follows:

PROJECTS	ADJUSTMENT BUDGET	EXPENDITURE TARGET FOR JUNE 2015	ACTUAL EXPENDITURE TO DATE	% SPENT TO DATE
WATER				
Ngcebo /KwaDukuza Water Supply	29 385 965.00	29 385 985.00	32 585 893.46	111%
Lower Tugela Bulk Water Supply	78 947 368.00	78 947 368.00	76 415 378.26	97%
Ozwathini/Phambela Water Supply (Ndwedwe Ward 4)	2 192 983.00	2 192 983.00	2 310 283.07	105%
Macambini Water Supply Phase 2	28 771 930.00	28 771 930.00	36 050 958.21	125%
Balcome/KwaSizabantu Water Supply (Maphumulo Wards 5 & 6)	15 789 473.00	15 789 473.00	16 229 554.05	103%
Inyoni Housing - Bulk Water Supply	7 982 456.00	7 982 456.00	13 304 816.36	167%
Ndulinde Water Supply Scheme (Mandeni Ward 6 and 11)	15 964 912.00	15 964 912.00	9 107 162.52	57%
Wosiyane Extension Water Supply	2 017 544.00	2 017 544.00	2 018 997.84	100%
Ndwedwe Town Development	6 936 585.00	6 936 585.00	5 358 499.02	77%
TOTAL	R 187 989 216.00	R 187 989 216.00	R 193 381 542.79	103%
SANITATION				
Ndwedwe	10 000 000.00	10 000 000.00	9 987 799.04	100%
Mandeni	7 000 000.00	7 000 000.00	7 062 201.74	101%
(Maqumbi) Maphumulo	10 000 000.00	10 000 000.00	10 000 001.00	100%
Inyoni Housing - Bulk Sewer	1 096 491.00	1 096 491.00	2 940 341.98	268%
Mdlebeni Sewer	1 228 070.00	1 228 070.00	1 044 980.00	85%
Groutville Waterborne Sanitation	54 811 218.00	54 811 218.00	53 298 730.90	97%
Darnall Sewer Rehabilitation	1 150 000.00	1 150 000.00	197 538.00	17%
Driefontein Sewer Package Supply (Phase 1)	1 140 351.00	1 140 351.00	477 666.00	42%
TOTAL	R 86 426 130.00	R 86 426 130.00	R 85 009 258.66	98%

4.3 FINANCE DEPARTMENT

HIGHLIGHTS ON ACTUAL PERFORMANCE

The municipality obtained a Clean Audit opinion for the 2013/2014 financial year. The implementation and monitoring of Auditor-General's key controls was done through quarterly reporting towards the operation of a clean administration.

The Budget Unit

The monthly financial reports were prepared in compliance with the year-end action plan. All statutory reports to National and Provincial Treasury have been submitted on time and in compliance with the legislation. The 2015/2016 budget was approved on the 29th of May 2015.

The Expenditure unit

The average number of days taken for trade creditors to be paid is **23** days which is within the norm of 30 days. Employee related costs and Councillors remuneration costs as a percentage of Total Operating Expenditure amount to **26%** and it is within the acceptable norm between 25% and 40%.

Revenue Unit

The Revenue growth has increased by **39%**. The percentage of overdue accounts to be restricted, submitted to the Technical services unit is **100%**.

Supply Chain Management Unit

The quotations for amounts of R30 000 – R200 000 were averaging at a turnaround time of **8.9** days against the projected target of 10 days and **5.2** days for the quotations of between R2000 – R29 999 against a target of 5 days. The monitoring of all service providers and contractors' performance is done on a monthly basis. The contract register is updated with new projects awarded as well as on a monthly basis as and when recent or latest information on expenditure and project progress becomes available. Positive progress has been made through collaboration with the Asset Management Unit, Expenditure and Technical Services Department in order to customise all municipal processes in order to have one document that can be regarded as a contract register with accurate and reliable information.

Assets and Logistics Unit

The movable asset verification is being done quarterly and the asset register is updated continuously on a monthly basis.

To ensure proper management of the stores department, **12** stock takes were conducted as of end June 2015 and variances were resolved within a turnaround time of 14 days. **36%** of Capital Expenditure to Total Expenditure was achieved which is above the norm of between 10% and 20%.

CHALLENGES

The Expenditure unit

There was an irregular, fruitless and wasteful and unauthorised expenditure of **0.78%** (R 363 803.85) reported in Finance department which comprises of service providers that were engaged in prior years. In most cases contractual agreements have expired while in some other cases contracts will be expiring in the near future. Even though these service providers were procured during prior years we have to show expenditure incurred on them as irregular in the current Financial Year (in respect of current year transactions).

User departments take time to verify and submit invoices to finance for payment. Cash flow management remains a major challenge, as **19** days cash on hand was reported as at end of June 2015, due to drought, low revenue collection, overspending on grant funded capital projects, late payments by Department of Water and Sanitation for Regional Bulk Infrastructure Grant and drought relief grant. The norm is to maintain 30 to 60 days cash on hand with 90 days cash on hand being an ideal position.

Revenue Unit

There has been a decline in revenue collection rate as 55% was reported for the 2014/2015 financial year, when compared to the 2013/2014 rate of 75% and 68% reported in 2012/2013 financial year. The average number of days required for the municipality to receive payment from its consumers is **286** days. This is due to ineffective implementation of restrictions and disconnections, as most consumers are not servicing their sewer accounts. There was 30% deficit in water and sanitation services due to drought.

Supply Chain Management Unit

There were challenges in processing bids that were included in the 2014/2015 Annual Procurement Plan since most of the projects are from Technical Services and the majority of the projects were affected by the issues such as Water Use Licence Application (WULA), Environment Impact Assessment (EIA) and budgetary constraints. The bids were reported to be averaging at **126** days, and delays are attributed to the role players not complying with the dates stated in the Procurement timetable and there are **two (2)** projects that were affected by the objections. For most projects, there are challenges around the evaluation stage whereby user departments delay the submission of the technical assessment reports on the bids received.

MEASURES TAKEN TO IMPROVE PERFORMANCE

The Expenditure unit

Services of contractors engaged in prior years have been terminated. In the case of those that are still remaining, proper processes have been followed to regularize them. An electronic system has been introduced to track invoices and delays thereof.

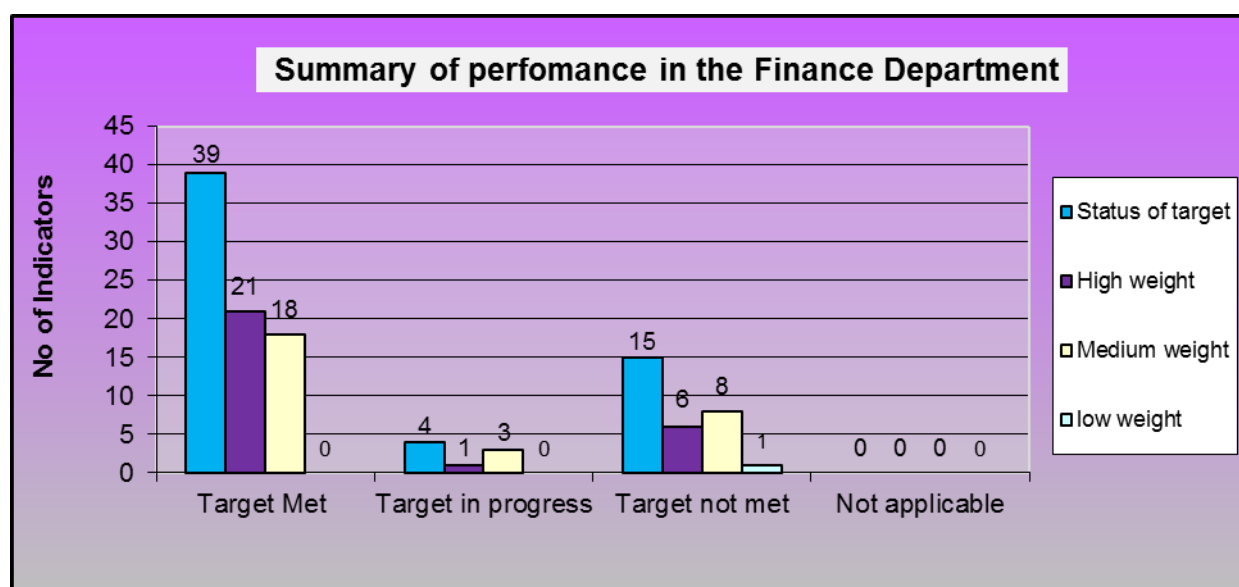
Revenue Unit

Contractors responsible for restrictions and disconnections are now transferred to Finance department and the meter audit is underway. The Debt collection policy has been amended to enforce servicing of sewer accounts and revenue enhancement strategy is in place.

Supply Chain Management Unit

In future the Annual Procurement Plan will only include projects that have WULA and EIA authorisation. The SCM Unit will ensure full compliance by role-players with the dates stated in the Procurement Timetable and Annual Procurement Plan in order to minimize delays in the finalization of the bidding process.

Figure: Finance Department Performance (Refer to Annexure D)



4.4 CORPORATE SERVICES

HIGHLIGHTS ON ACTUAL PERFORMANCE

HUMAN RESOURCE MANAGEMENT

There were **six (6)** human resource policies that were reviewed and approved by Council in May 2015. The percentage of employees trained in accordance with the workplace skills plan is **96%** against a target of 80%, with **0.98%** spent of the municipality budget and **86%** of LGSETA grant spent. Targets were exceeded by far, with **29** staff undertaking an undergraduate degree/diploma compared to a target of 15 and **19%** of general workers acquired artisan skills. The workplace skills plan and annual training report has been submitted to LGSETA by the targeted deadline. The critical posts (S56) for the Municipal Manager and Director: Technical Services were filled on the organogram. The Employee Wellness Unit has conducted **6** awareness programmes against a target of 5.

ICT UNIT

The ICT security policy was reviewed, updated and approved by deadline. The IT disaster recovery plan was tested and reported successful. All Service Level Agreements (SLA) were renewed and signed before expiry date. KZN Archives work-shopped management committee on the records management policy and registry filing. Installation of the Telemetry system at Sundumbili was completed before deadline.

LEGAL SERVICES UNIT

Percentage of legal cases resolved is at **100%**, with an average of **2.95** days taken for drawing up and vetting legal documents. A total of **5** days were taken to finalise formal objections on bid awards in terms of SCM processes and **100%** of service level agreements are finalised within one month of request.

SUPPORT SERVICES

Logistics for all Executive committee, Council and Portfolio committee is at a **100%** coordination together with accurate minute taking.

ENVIRONMENTAL HEALTH & SAFETY UNIT

The water quality monitoring and analysis of samples were **299** when compared to target of 288 as of end June 2015. In terms of vector control **570** sites were serviced and **868** food handling premises were inspected with no food borne illness/food poisoning outbreaks reported. Processing of license applications for food handling premises is at a **100%** within the 14 working days timeframe. All building plans have been scrutinised within the **4** working days target. Staff trained in terms of promoting a safe and healthy work environment is **134**, with **94** sites inspected in terms of unsafe working conditions.

CHALLENGES

Employees who were budgeted to enrol for formal studies failed to do so. ABET learners dropped out during the course of programme. Some Councillors are not attending training when invited.

Implementation of Project Management Unit (PMU) was not done. Delay in appointment of service provider to apply patch upgrade on Virtual Machine environment, prevented the service provider from implementing solution for one of the Auditor-General (AG) queries.

There was an irregular, fruitless and wasteful and unauthorised expenditure of **1.21%** (R 974 232.44) reported in Corporate Services department which comprises of service providers that were engaged in prior years.

There were **eight (8)** repeat findings and **73%** increase in Auditor-General findings as per the 2013/2014 Auditor-General management report for the Information, Communication and Technology unit.

Installation of the elevator was not done as the Executive Committee advised that the normal tender process should be followed to appoint a suitable service provider instead of following section 32 process of the SCM policy.

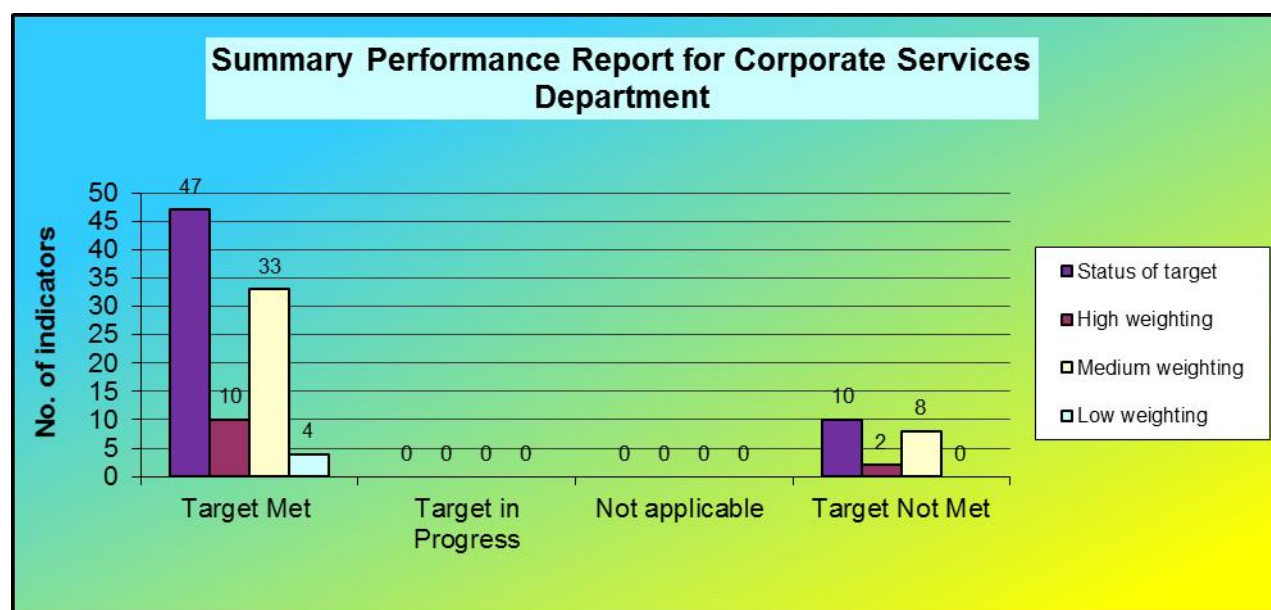
MEASURES TAKEN TO IMPROVE PERFORMANCE

The department to follow up if employees still continue with formal studies, and if not to allocate funds to other projects. To conduct skills audit in 2015/2016 financial year.

The new service provider -EOH for the PMU system was requested to make a presentation. An action plan has been developed to address the findings and the department has been assisted by National Treasury.

The normal tender process will be followed for the installation of the elevator at iLembe house.

Figure: Corporate Services Department performance (Refer to Annexure E)



4.5 CORPORATE GOVERNANCE

HIGHLIGHTS ON ACTUAL PERFORMANCE

The IDM annual report was completed and adopted by Council on the 28 January 2015 in line with legislative requirements and submitted to all relevant stakeholders. 5 heritage celebrations were hosted. The Mayors District intergovernmental forum meetings are hosted quarterly, with information fed through from the sub forums and the Municipal Managers forum.

Corporate Communication Unit

The draft concept on knowing your government was developed by deadline and endorsed by the Speakers Forum. Effective public awareness continues on a positive note with **25** Mayoral radio slots against a target of 16, planned public meetings hosted are **63** against a target of 47, and **4** iLembe newsletters were published and distributed. On-going advertorials have exceeded target with **133** against a target of 60 and all media queries received are responded to within the set target response of 36 hours from time of receipt.

Disaster Risk Management Unit

The emergency relief aid is at **100%**, with all incidents attended to as and when they get reported with assessments conducted to determine the extent of the damage as well as the assistance required. Awareness campaigns held are **31** against a target of 26 planned, **22** capacity building sessions were held and all requests for unplanned campaigns or programmes were attended successfully.

The Disaster Management Communication System have relocated to the new Disaster Management Centre and the communication system is being tested. The risk electronic devices are being used on a trial basis to conduct damage assessments with reports generated by the system. Disaster risk reduction, the development of the level 2 and the draft level 3 disaster management plans that are aligned to the municipal Integrated Development Plan (IDP) was done and presented by the service provider to the District Advisory Forum.

Corporate Governance/Special Programmes Unit

The World Aids day was successfully hosted on 1st December 2014 and the close out report was completed and submitted to the Office of the Premier. A total of **31** HIV/Aids awareness campaigns were hosted which is done to ensure the community is continuously informed of the impacts of HIV/Aids. Implementation of the gender programmes as per the approved plan was ahead of target with **50** held against a target of 20. The total number of youth programmes implemented were **28**. All programmes requested for youth and gender that were not part of the plan were successfully hosted. In terms of operation Sukuma Sakhe **23** interventions were hosted in all local municipalities.

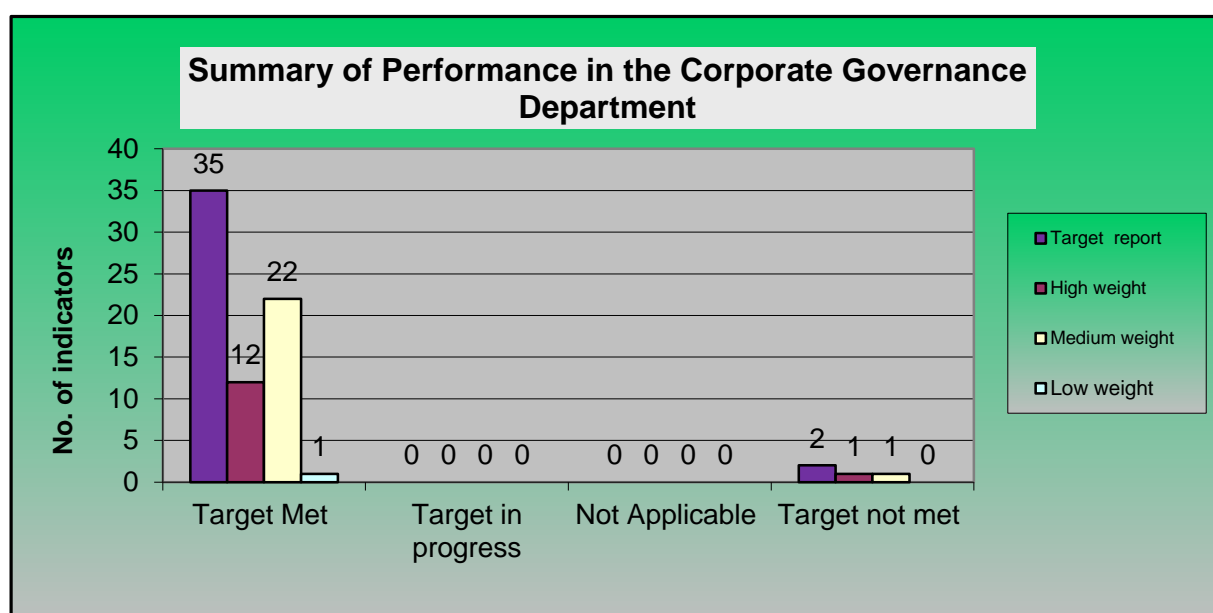
CHALLENGES

The disaster management department had a target to have full usage of risk electronic devices, however due to delays in commencement, both the manual and electronic system are being used.

MEASURES TAKEN TO IMPROVE PERFORMANCE

Training of staff continues on an ongoing basis on the communication system. Full use of risk electronic devices to conduct risk and damage assessments for all incidents with reports generated by the system.

Figure: Corporate Governance Department performance (Refer to Annexure F)



4.6 MUNICIPAL ENTITY – ENTERPRISE ILEMBE

In terms of section 93B of the Municipal Systems Act, the parent municipality must ensure that the performance objectives and indicators for the municipal entity are established by agreement with the entity and included in the municipal entity's multi-year business plan in accordance with section 87 (5) (d) of the MFMA. It is for this reason that the report for the Enterprise iLembe has been included in the annual performance report.

HIGHLIGHTS ON ACTUAL PERFORMANCE

The Entity has done well in achieving a Clean Audit opinion for the 2013/2014 financial year and must be commended on their good achievement.

There are **10** new open field farms for the National Schools Nutrition Programme (NSNP). A total of **7** co-operatives have been phased out of the farmers support programme and **29** existing farms were maintained and this was done to ensure long term sustainability of the Schools nutrition programme.

Thirty two (32) co-operatives were registered which will assist in increasing new job opportunities, **twenty one (21)** co-ops were trained to ensure skill development and **four (4)** were assisted with funding applications.

To promote entrepreneurship, **3** reports were submitted to entrepreneur competition. **Four (4)** SMME projects were identified and packaged for funding. For trade and investment promotion, **1** intelligence report was developed for this financial year.

In terms of tourism, marketing and promotions **8** exhibitions were attended, **1** investment brochure was developed to promote the region, **5** adverts/advertorials were done in relevant publications and **5** support events were presented by the entity to assist in increasing visitors to the District namely; Dolphin Ultra, Hlomendlini, iBeach Festival, Tugela Raft Race and Princes Grant Golf. There are **3** tourism initiatives and programmes supported in this financial year that is Metro FM Provincial Activations, Wow Zulu and KwaDukuza community tourism organisation establishment.

The percentage of employees trained was **39%** against a target of **35%**. Cash flow management had **63** days cash on hand as at end of June 2015. The norm is to maintain 30 to 60 days cash on hand with 90 days cash on hand being an ideal position.

A total of **5** board meetings were held to ensure effectiveness of the Board of Directors. All monthly financial information reports (MFMA Section 71) and performance information is submitted timeously to the District. Final multi-year strategic plan with clear measurable targets was developed and approved by the Board on 02 June 2015.

The reports of the Audit and performance Committee were submitted to the Board of Enterprise iLembe for the financial year ended 30 June 2014 on 05 August 2014 and third quarter of the 2014/2015 financial year on 02 June 2015.

CHALLENGES

Due to drought and lack of infrastructure on the ground to support small holder farmers, the Entity was not able to procure 90% of the required produce from the local farmers.

The Entity could not achieve the target of having **2** fully functional Agricultural Hydroponic tunnels as none of the tunnels are functional. The service provider that was appointed to rehabilitate the tunnels was not able to deliver on his contract and therefore Entity was not able to rehabilitate the tunnels to get them to their functional state.

The iLembe Winery sustainability plan has not been completed. Draft agreements are in place, however still subject to further review. iLembe Vineyards ownership model was not finalised and Draft Feasibility Study for entry into economic sector was not done as the appointment of the service provider was delayed to 21st May 2015 with the projects due to be completed in November 2015. The inception meetings were held on the 8th and 18th June 2015 respectively.

MEASURES TAKEN TO IMPROVE PERFORMANCE

The Entity will intensify support given to the farmers and secure funds to provide required infrastructure.

The Investment Committee approved the appointment of Veg Tech to repair the Agricultural Hydroponic tunnels. Once repairs are concluded, the tunnels will be leased out to interested parties to operationalise whilst the ownership model is being finalised.

Finalisation of the iLembe Winery sustainability plan will be fast tracked. The Entity will ensure that, the ownership model is completed by November 2015.

Enterprise iLembe will ensure that, the Service Provider adheres to the timeframes and that the feasibility study is completed on time. Once the feasibility study is completed, the project will be packaged informed by the outcomes of the study.

The detailed report is attached as part of the annexure, however the summary of achievements is illustrated in the figure below:-

OVERALL SUCCESS RATE – ENTERPRISE ILEMBE

Percentage comparisons have been made on the last two financial years against the current financial year on the Entity's performance in terms of target met. Details are as follows

FINANCIAL YEAR	TARGET MET	% achieved
2014/2015	29 out of 39	74%
2013/2014	21 out of 29	72%
2012/2013	17 out of 37	46%

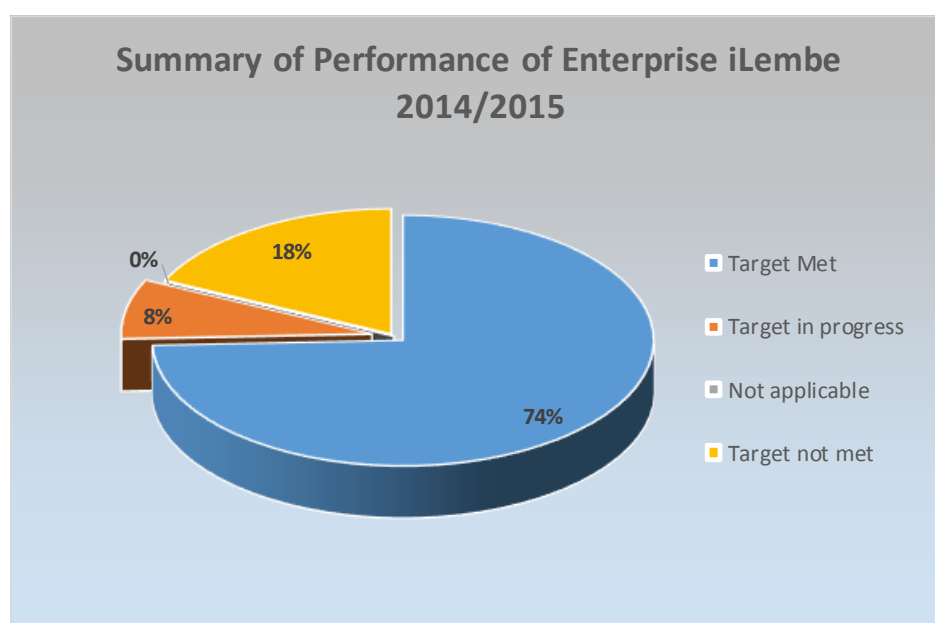
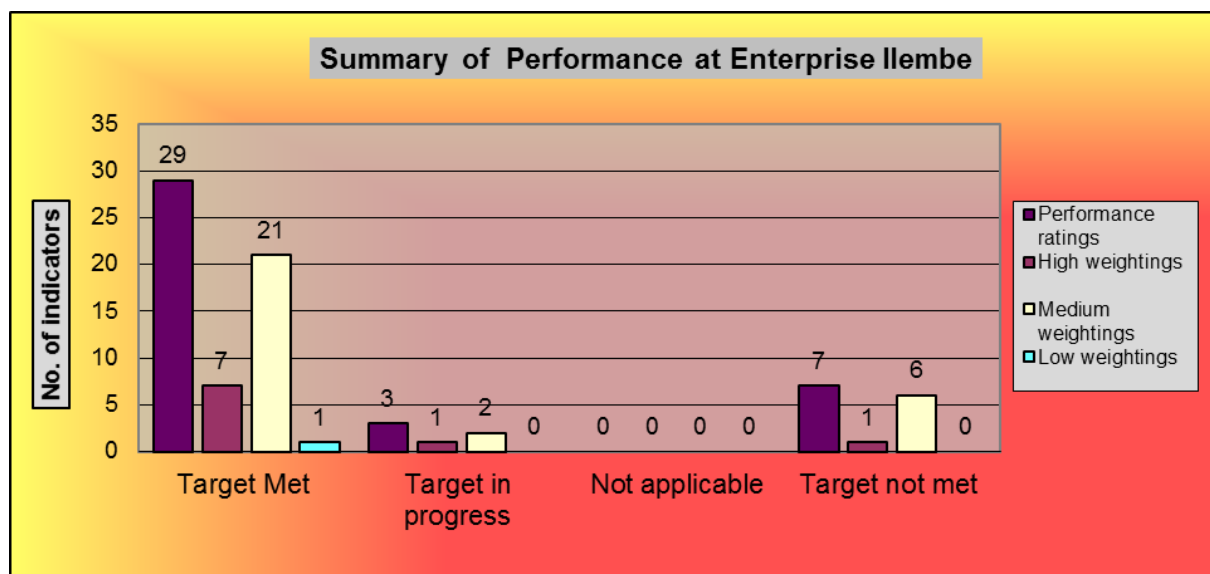


Figure: Enterprise iLembe performance (Refer to Annexure G)



Weightings on Enterprise iLembe indicators:

Key Performance Indicators	High weight	Medium weight	Low weight	Total
Target met	7	21	1	29
Target in progress	1	2	0	3
Target not met	1	6	0	7
Not Applicable	0	0	0	0
TOTAL				39

5. PERFORMANCE OF SERVICE PROVIDERS

Paragraph 39 (g) of the iLembe District Municipality's Supply Chain Management Policy requires the Accounting Officer to establish and implement an effective system of logistics management, which must include the monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

In the execution of its service delivery responsibilities, the Municipality has to regularly appoint qualifying contractors or service providers for the implementation of its projects and supply of goods and services.

This brings about the need to ensure that these contracted service providers provide the required goods or services in terms of the agreed upon standards or specifications. This function is performed in terms of the provisions of Section 116 of the MFMA (Act No. 56 of 2003) and paragraph 39(g) of the IDM SCM policy.

The Contract Management Section of the SCM Unit in conjunction with the relevant Project Managers is responsible for the monitoring of all service providers and contractors' performance. The successful implementation of projects will eventually yield to the realization of goals and targets as indicated in the Municipality's IDP and SDBIP. The focus is on compliance with all applicable legislations in the appointment of contractors and subsequently the compliance with all contractual obligations to ensure value for money service to the Council.

5.1 CONTRACTS AS PER THE CONTRACT REGISTER

According to the contract register, a total of one hundred and thirty one (131) contracts were secured by the Municipality in terms of the competitive bidding process as well as Section 32 of the SCM Regulations.

FINANCIAL YEAR (In which the contract was entered into.)	DEPARTMENT	NUMBER OF PROJECTS
2014/2015	Corporate Services	01
	Corporate Governance	00
	Technical Services	13
	Finance	00
	Office of The MM	01
TOTAL 2014/2015		15
2013/2014	Corporate Services	07
	Corporate Governance	02
	Technical Services	22
	Finance	-
	Office of The MM	02
TOTAL 2013/2014		33
2012/2013	Corporate Services	01
	Corporate Governance	04
	Technical Services	23
	Finance	03
	Office of The MM	-
TOTAL 2012/2013		31
2011/2012	Corporate Services	02
	Corporate Governance	01
	Technical Services	18
	Finance	-
	Office of The MM	02
TOTAL 2011/2012		23
2010/2011	Corporate Services	-
	Corporate Governance	01
	Technical Services	12
	Finance	02
	Office of The MM	-
Total 2010/2011		15
2009/2010	Corporate Services	00
	Corporate Governance	00
	Technical Services	13
	Finance	01
	Office of The MM	00
Total 2009/2010		14

5.2 PERFORMANCE ANALYSIS

Project Managers are required to submit detailed assessment, including complaints on a monthly basis of the contractors' performance for the implementation of the projects. In the case of poor performance, the provisions of MFMA Circular 43 shall apply leading to the restriction of defaulting contractors from any future business dealings with the State.

5.3 RATING CRITERIA

For contractor performance rating purposes, the following rating criteria will be used.

PERFORMANCE WEIGHTING		
1	POOR	Performance did not meet most contractual requirements and contains serious problem(s) for which correction actions were ineffective
2	SATISFACTORY	Performance did not meet some contractual requirements, contractors actions appear only marginally effective or were not fully implemented.
3	GOOD	Contractual performance of contractor contains some minor problems for which corrective action taken by the contractor appear or were satisfactory
4	VERY GOOD	Performance meets contractual requirements some minor problems for which corrective action taken by the contractor were effective
5	EXCELLENT	Performance meets contractual requirements with few minor problems for which corrective actions by contractor were highly effective.

ILEMBE DISTRICT MUNICIPALITY

The performance ratings of service providers are as follows:

SERVICE PROVIDER PERFORMANCE REPORT															
2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
TECHNICAL SERVICES															
BLACK BALANCE				√									√		
ROYAL HASKONING DHV				√							√				
IBHONGO CONSULTING				√							√				
SIVEST					√							√			
MASITHU CONSULTING			√									√			
ZIYANDA CONSULTING				√								√			
MSW CONSULTING				√						√					
MAKHAOTSI NARASIMULU & ASS.						√						√			
IMPANDE						√						√			

ILEMBE DISTRICT MUNICIPALITY

ZAI CONSULTING				√					√					
DARTINGO CONSULTING							√			√				
MVULA TRUST			√											√

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
LINDA MASINGA			√												
JOAT CONSULTING			√							√					
HATCH GOBA			√								√				
MADAN SINGH CONSULTING			√								√				
ESOR FRANKI	√									√					
EAST COAST IRRIGATION					√							√			
AFROSTRUCTURES		√								√					
R & B PIPELINES		√								√					
ASPHALT CONSTRUCTION		√									√				
HIDROTECH INFRA		√								√					

ILEMBE DISTRICT MUNICIPALITY

HT CIVILS		√							√					
SUNSET BEACH TRADING		√						√						
NORTH COAST WATER RETICULATION		√							√					

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS								2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELL ENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
UNICON CONSTRUCTION			√						√					
FIRST WORKS 119 CC				√							√			
DEEZLO TRADING				√									√	
SKCY ROADS				√									√	
NDISHI STHOMBE JV				√								√		
EGXENI CONSTRUCTION					√							√		
RGZ PROJECTS					√							√		
ROCKHARD PLUMBERS					√					√				

ILEMBE DISTRICT MUNICIPALITY

SIYADUDULA CONSTRUCTION					√								√		
MADONDO HUGHES CC					√								√		
MAKHUBU CIVILS					√								√		

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
AZISHE CONSTRUCTION					√								√		
KULU CIVILS & PROJECT MANAGERS					√								√		
UMUZI CIVILS					√								√		
INYAMEKO TRADING					√								√		
BPB SINDI CIVILS						√			√						
WSSA						√			√						
AKWANDE CIVILS						√			√						
LIHLENATHI CONSTRUCTION						√						√			

ILEMBE DISTRICT MUNICIPALITY

BIG O ENGINEERING						√						√			
NDISHI STHOMBE				√									√		
LONG ISLAND TRADING						√				√					
THABIMNDENI CONSTRUCTION						√						√			
LINDOKUHLE ENGINEERING				√								√			
NOKWEJA ENGINEERING					√							√			
ABARIM TRADING			√									√			
SINGHS HARDWARE					√								√		
PHINGOSHE TRADING		√									√				
UMHLABOMUS HA TRADING				√							√				

ILEMBE DISTRICT MUNICIPALITY

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
P THREE TRADING ENT				√							√				
INGQOLOBANE PROJECTS				√							√				
THUBA CONSTRUCTION				√							√				
KACELE TRADING							√					√			
GODIDE CONSTRUCTION							√					√			
UMNIKE PLUMBING SERVICES							√					√			
ABANGANI PROJECTS				√							√				
ASIHLUMELISE TRADING ENT					√							√			
AQUA TRANSPORT					√								√		
VALAMEHLO TRUCK SALES					√							√			

ILEMBE DISTRICT MUNICIPALITY

TAKITSI TRADING			√								√			
B N KIRK							√			√				
GLEDHOW SUGAR							√			√				
SEMBBCORP SIZA WATER							√			√				
SAPPI							√			√				
UMGENI WATER							√			√				
MALUTHULI CONSULTING			√								√			
KK GARDENS WORLD			√								√			

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
NGOTSHA CONSTRUCTION			√									√			
SIBA FAMILY TRADING ENT			√									√			
OKAMDEKENI			√									√			

ILEMBE DISTRICT MUNICIPALITY

TRADING																
RICINZ CONSTRUCTION			√									√				
ILUNGELO LAMI TRADING			√									√				
SPHASIWE TRADING							√					√				
MAFUKU TRADING			√									√				
CORPORATE GOVERNANCE																
EMZANSI EVENTS			√								√					
AURECON			√								√					
ISIDINGO SECURITY				√								√				
KZN SALES & SERVICE				√								√				
DEBBIE ISAACS			√							√						
SERVICE PROVIDER PERFORMANCE REPORT																
2013/2014 PERFORMANCE RATINGS										2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED	
CORPORATE SERVICES																
KENVOLKS MOTORS	√								√							

ILEMBE DISTRICT MUNICIPALITY

CMH COMMERCIAL PINETOWN	√								√						
SUPERTECH PANEL BEATERS	√								√						
CHRYSLER JEEP DODGE UMHLANGA	√								√						
COASTAL AUTO SERVICES	√								√						
TREVS AUTO SERVICES	√								√						
DOLPHIN COAST TOWING & REPAIRS	√								√						
MOTOR KING	√								√						

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
ONE STOP AUTO INDUSTRIES & BREAKDOWN	√								√						

ILEMBE DISTRICT MUNICIPALITY

SERVICES															
STANGER MOTOR WORLD	√								√						
SONKE CONSULTING		√										√			
HLUNGA CONSULTING		√										√			
OPTICAL NETWORK SOLUTIONS		√										√			
DIMENSION DATA		√										√			
GIJIMA TECHNOLOGIES			√									√			
UNIQUEST TRAVEL					√							√			
CHANTI TRAVEL					√							√			
TRAVEL WITH FLAIR					√							√			

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS

2014/2015 PERFORMANCE RATINGS

COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
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FINANCE

ILEMBE DISTRICT MUNICIPALITY

USC METERING T/A UTILITY							√					√			
INDWE RISK SERVICES	√									√					
FIRST NATIONAL BANK	√									√					
D & D AMANZI				√									√		
KAYOSI TRADING		√										√			

SERVICE PROVIDER PERFORMANCE REPORT

2013/2014 PERFORMANCE RATINGS									2014/2015 PERFORMANCE RATINGS						
COMPANY NAME	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED		EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR	NOT ENGAGED	NO REPORT SUBMITTED
BC INDUSTRIAL	√											√			
KFC ENGINEERING	√											√			
UNICOAST		√										√			
CONTI CHEM PTY (LTD)	√											√			
SMS STANDPIPE						√				√					
SMEC SA						√			√						

ILEMBE DISTRICT MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

IYER URBAN DESIGN STUDIO		√								√				
BLACK BALANCE							√			√				
UDIDI PROJECT DEVELOPMENT							√			√				

5.4 APPLICATION OF THE REGULATIONS - MFMA CIRCULAR 43

The provisions of the MFMA Circular No 43 gives council the obligation to report any instances where criminal act is committed to the SAPS. This then gives effect to the use of the provisions of regulation 15 2(d) of the Preferential Procurement Regulations which state that “*restrict the contractor, its shareholders and directors from obtaining business from any organ of state for a period not exceeding 10 years*” in the event where a contractor has acted fraudulently in bidding for a tender.

5.5 MEASURES TAKEN TO IMPROVE PERFORMANCE OF CONTRACTORS/VENDORS

The Municipality has encountered challenges arising from the appointment of contractors who fail to execute the project to its completion stage. Some have cited underquoting as a reason for their failure. The Municipality has taken action in terms of MFMA Circular 43 against all those contractors found to be in breach of contract due to poor performance. We have served them with notices of intention to blacklist them. They are supposed to submit to the Municipality within 14 days reasons why the envisaged restriction should not be imposed. Thereafter the Municipality will have to notify Treasury so that these companies can be included on the Restricted Bidders database.

Workshops were held between Consultants and Contractors between July 2014 and December 2014. The aim of this session was to empower all entities/vendors about all procurement related issues which they must be aware of including evaluation methodologies, performance and contract management issues, objections/appeals, restrictions due to poor performance etc. This in a way will address a number of issues that the Municipality often encounters such as unsuccessful bidders who lodge objections with no grounds but merely to delay the project implementation.

5.6 FURTHER ACTIONS TAKEN (TENDER DEFAULTERS/RESTRICTED BIDDERS)

Letters notifying contractors about the intention of the Municipality to restrict them on the National Treasury's database due to submission of fraudulent South African Revenue Services Tax Clearance Certificates.

6. MEASURES TAKEN TO IMPROVE PERFORMANCE

The PMS Unit continues to conduct departmental visits discussing reports, and confirming the variances and corrective measures where targets were not met and providing continuous support. Reports are also submitted to MANCO on a monthly and quarterly basis for discussion, consideration & improvement so that management is aware of challenges, inconsistency of information which will assist in improving quality of reports.

The variances and corrective measures on the targets not met forms part of the departmental reports attached as annexure. The annual targets and actuals for the 2012/2013 financial year forms part of the 2013/2014 departmental SDBIP's

7. CONCLUSION

The iLembe District wishes to reinforce its commitment and dedication in ensuring the service delivery and changing the lives of the people within the district.

ANNEXURES

A - ORGANISATIONAL SCORECARD

B - MM SCORECARD

C – TECHNICAL SERVICES - DEPARTMENTAL SDBIP

D – FINANCE DEPARTMENT – DEPARTMENTAL SDBIP

E – CORPORATE SERVICES – DEPARTMENTAL SDBIP

F – COPRORATE GOVERNANCE – DEPARTMENTAL SDBIP

G – ENTERPRISE ILEMBE – DEPARTMENTAL SDBIP

H - 2014/2015 FINANCIAL YEAR PERFORMANCE TOOLS

I - RESOLUTION BY EXCO ADOPTING THE TOOLS