

NEWCASTLE MUNICIPALITY																													
ANNUAL PERFORMANCE REPORT 2017/18																													
ORGANISATIONAL SCORE-CARD 2017/18 - MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY (REFINED)																													
OSC REF NO.	OUTCOME 9	NATIONAL KPA	BACK TO BASICS PILLAR	IDP PRIORITY	GOAL/OBJECTIVES	STRATEGIES	KPI No. LINKED TO IDP	KEY PERFORMANCE INDICATOR	KPI TYPE (INPUT, OUTPUT, OUTCOME, PROCESS)	UNIT OF MEASURE	BASELINE	APPROVED ANNUAL TARGET 2017/18	REVISED ANNUAL TARGET 2017/18	2017/18 ANNUAL ACTUAL	ANNUAL ACTUAL (CUMULATIVE 2017/18) if applicable	REASONS FOR VARIANCE	RECOMMENDED CORRECTIVE	2017/18 ANNUAL DASHBOARD	REVISED 2016/17 ANNUAL TARGET	2016/17 ANNUAL ACTUAL	ANNUAL ACTUAL (CUMULATIVE 2016/17) if applicable	REASONS FOR VARIANCE	RECOMMENDED CORRECTIVE	2016/17 ANNUAL DASHBOARD	RESPONSIBLE DEPARTMENT	FREQUENCY OF REPORTING	PRIMARY SOURCE OF EVIDENCE	2017/18 SDBIP REFERENCE NUMBER	
OSC FV01	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To improve access to basic services	To promote and / improve indigent subsidy and / benefit by ensuring that all indigent are eligible for the support and to eradicate a culture of non payment		The percentage of households earning less than R1100 per month with access to free basic services;	Output	Percentage (%)	22% (19829/90346*100)	N/A	22% (19829/90346*100)	n/a		KPI is not measurable as the baseline information cannot be verified	Customise KPI in 2018/19 financial year	N/A	24% (19829/84270*100)	25% (20975/84270*100)				TARGET NOT MET	Budget & Treasury Office	Quarterly	Monthly income summary together with monthly summary of movement, STATS SA information	BT0010	
OSC FV02	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure implementation of capital programme	To implement capital programme of council as approved		The percentage of a capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's Integrated Development Plan	Output	Percentage (%)	90%	N/A	90%	90%					TARGET MET	90%	85%		Vat refunds		TARGET MET	All relevant departments	Annual	Year to date expenditure reports from BTO	All relevant departments
OSC FV001	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Improve the payment factor by at least 2 percentage basis points annually (by June of every year)	To promote and / improve indigent subsidy and / benefit by ensuring that all indigent are eligible for the support and to eradicate a culture of non payment	FV15.1.1	Number of meetings held per quarter to discuss indigent applications and explain the billing processes and emphasises the payment of municipal bill as per Approved policy and procedures	Output	Number	New KPI	34 (1 meeting per ward)	34 (1 meeting per ward)	33 wards					TARGET MET	N/A	N/A	N/A	N/A	N/A	N/A	Budget & Treasury Office	Quarterly	Agenda and attendance register of meetings and report back to SED.	BT0006
OSC FV002	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Improve the payment factor by at least 2 percentage basis points annually (by June of every year)	To promote and / improve indigent subsidy and / benefit by ensuring that all indigent account holders are eligible for the support	FV15.2.1	An annual verification of the indigent register performed at 30 July 2017	Output	Verification Report	New KPI	An annual verification of the indigent register performed at 30 July 2017	An annual verification of the indigent register performed at 30 July 2017	Annual verification of the indigent register performed.					TARGET MET	N/A	N/A	N/A	N/A	N/A	N/A	Budget & Treasury Office	Annual	Verification report including methodology used in the process and portfolio committee in August	BT0007
OSC FV003	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Improve the payment factor by at least 2 percentage basis points annually (by June of every year)	To promote and / improve indigent subsidy and / benefit by ensuring that all indigent account holders are eligible for the support	FV15.3.1	Increase of payment factor by 2 percentage basis point by 30 June 2017	Output	Percentage (%)	77%	79%	79%	74%		Downward trend is directly related to 1 major business's inability to pay account due to financial difficulties	Increase consumer awareness in respect of the incentive schemes approved by Council. We will be conducting outreach programs to create awareness in respect of: municipal bills, incentive schemes, emphasis placed on pay the current bill every month on time and the old debt will be written off.		TARGET MET	77%	80%	N/A	N/A	N/A	TARGET MET	Budget & Treasury Office	Quarterly	Payment factor report submitted to Finance Portfolio Committee and portfolio minutes	BT0008
OSC FV004	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Improve the payment factor by at least 2 percentage basis points annually (by June of every year)	Eradiation of the culture of non-payment;	FV15.4.1	Percentage of queries addressed within 90 days	Output	Percentage (%)	New KPI	100%	100%	N/A		KPI removed on SDBIP at Mid year	To be implemented in 18/19 financial year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Budget & Treasury Office	Quarterly	Query Ageing report	BT0009
OSC FV005	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Achieve Value for money	To have an effective Supply Chain Management system in place;	FV16.1.1	Approved annual procurement plan by July 2017 approved by the Finance Portfolio Steering Committee	Output	Approved procurement plan aligned to the approved budget	New KPI	Approved annual procurement plan by July 2017 approved by the Portfolio Steering Committee	Approved annual procurement plan by July 2017 approved by the Finance Portfolio Steering Committee	Procurement Plan for the 2018/19FY has been approved and signed by the MM		Target was incorrectly set. The procurement Plan must be approved by Accounting Officer as per National Treasury MFMA Circular 62.	Target and source of evidence to be rectified in 2018/19 financial year	TARGET IN PROGRESS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Budget & Treasury Office	Annual	Minutes of PFSC and Approved Procurement Plan	BT0001
OSC FV006	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Achieve Value for money	Have an effective Supply Chain Management system in place;	FV16.2.1	Turnaround times for bids at 120 days and for quotations 60 days (Tenders/Quotations)	Output	Number of days	120 days for bids and 60 days quotations	Turnaround times for bids at 120 days and for quotations 60 days (Tenders/Quotations)	Turnaround times for bids at 120 days and for quotations 60 days (Tenders/Quotations)	181 days for bids and 43 days for Tender/Quotations		Bids A027-2016/17, A031-2016/17, A022-2017/18, A028-2017/18, A037-2016/17, A006-2017/18, A030-2017/18, A009-2017/18 and A010-2017/18. had various reasons as to why the target was not met. please see attached Verification Tracking of bids for reasons.	Making sure that the bid evaluation reports are done timely so as to meet the turn around targets that have been set out	TARGET NOT MET	Turnaround times for bids at 120 days and for quotations 60 days (Tenders/Quotations)	138.82 for Bids and 109 days for quotations	N/A	The challenges that caused major delays, which resulted in tenders not awarded within the targeted days was mainly on the evaluation of the bids. On specific bids there were delays as the	to check where the bottlenecks are and try to make sure there is a smooth working flow of the processors in order to meet the target that is set	TARGET NOT MET	Budget & Treasury Office	Quarterly	Register certified by CFO with calculation, Bid committees and letter of awards etc	BT0002	
OSC FV007	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	Review the financial policies to ensure sound financial and fiscal management and good governance	FV17.1.1	Number of Financial policies reviewed by May 2018: 1. Tariff by-law 2. Tariff policy 3. Rates policy 4. Indigent policy 5. Customer care, Credit control, and Debt collection policy 6. Budget policy 7. Viement policy 8. Petty cash policy 9. Short Term Insurance 10. Fund & Reserve policy 11. Cash management and investment policy 12. Borrowing policy 13. Loss control policy 14 Asset management policy 15 Supply chain management policy	Output	Council resolution and Approved policies	Finance policies approved by 31 May 2017	14	Number of financial policies reviewed by May 2018: 1. Tariff by-law 2. Tariff policy 3. Rates policy 4. Indigent policy 5. Customer care, Credit control, and Debt collection policy 6. Budget policy 7. Viement policy 8. Petty cash policy 9. Short Term Insurance 10. Fund & Reserve policy 11. Cash management and investment policy 12. Borrowing policy 13. Loss control policy 14 Asset management policy 15 SCM Policy	As the policies mentioned below were submitted to Council for approval along with the budget 1. The provision for doubtful debt and debtors write off policy 2. Tariff policy 3. Rates policy 4. Indigent policy 5. Customer care, Credit control, and Debt collection policy 6. Budget policy 7. Viement policy 8. Petty cash policy 9. Short Term Insurance 10. Fund & Reserve policy 11. Cash management and investment policy 12. Borrowing policy 13. Loss control policy 14 Asset management policy 15 SCM Policy	The target incorrectly included the tariff bylaw as a policy. This target was meant to deal with the budget related policies. The provision for doubtful debt and debtors write off policy was omitted when target was set. The tariff policy was a part of the budget related policies that were sent to Council for approval but committed to be mentioned separately in the resolution. It also noted that the Provision for Debt Write-off policy was not in the KPI but was approved by Council.	To be addressed in 2018/19 to ensure that all policies are included in the KPI and Council resolution.	TARGET MET	Asset Management Policy approved on 31 May 2017 and Approval of SCM Policy by the 31st May 2017	Asset Management Policy approved on 31 May 2017 and Approval of SCM Policy by the 31st May 2017		revenue enhancement progress report was discussed at the Strategic Workshop that was held in February 2017. The importance of the department developing a Revenue				TARGET MET	Budget & Treasury Office	Bi-annual	Council Resolution and approved policies	BT0015
OSC FV008	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	Revenue enhancement	Facilitate the annual Review of the Revenue Enhancement Strategy	FV19.1.1	Review the Revenue Enhancement Strategy by September 2017	Output	Council Minutes and Approved Revenue Enhancement Strategy in line with approved budget	Revenue Enhancement Strategy approved in 2012/13	Review the Revenue Enhancement Strategy by September 2017	Review the Revenue Enhancement Strategy by September 2017	Draft Revenue Enhancement Strategy finalised for submission to Finance Portfolio Committee	Challenges experienced as only department has provided inputs on a Strategy. Extended MANCO workshop convened in April but was referred to departmental workshops which resulted in delays	To submit Draft Revenue Enhancement Strategy to Finance Portfolio Committee meeting in Q1 of 2018/19	TARGET IN PROGRESS	Update Revenue Enhancement Strategy by March 2017	N/A		revenue enhancement progress report was discussed at the Strategic Workshop that was held in February 2017. The importance of the department developing a Revenue		TARGET NOT MET	Budget & Treasury Office	Annual	Council resolution and approved Revenue Enhancement Strategy	BT0004		
OSC FV009	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure efficient and effective implementation of financial internal controls	FV18.1.2	Percentage compliance with MFMA reporting obligations as per MFMA calendar	Output	Percentage (%)	100%	100%	100%	100%					TARGET MET	100%	93%	N/A			TARGET NOT MET	Budget & Treasury Office	Quarterly	National Treasury Compliance Report	BT0014
OSC FV010	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure efficient and effective implementation of financial internal controls	FV18.1.3	Approval of Annual Budget for 2018/19 by the 31 May 2018	Output	Council Resolution and Approved Budget	Approved annual budget for 2017/18 by 31 May 2017	Approved Budget by 31 May 2018	Approved Budget by 31 May 2018	Final budget for 2018/19 approved on 29 May 2018					TARGET MET	Approved Budget by 31 May 2017 however we waiting for confirmation of exco and council meetings	N/A	N/A	N/A	N/A	TARGET MET	Budget & Treasury Office	Bi-annual	Council resolution	BT0016
OSC FV011	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure efficient and effective implementation of financial internal controls	FV18.1.4	Approval of Adjustment Budget by 28 February 2018	Output	Council Resolution and Approved adjusted Budget	Approved Adjusted budget by 28 February 2017	Approval of Adjustment Budget by 28 February 2018	Approval of Adjustment Budget by 28 February 2018	Adjustments Budget approved on 27 February 2018					TARGET MET	Approved Budget by 31 May 2017	Approved Budget by 31 May 2017	N/A	Approved Budget by 31 May 2017 however we waiting for confirmation of exco and council meetings	N/A		Budget & Treasury Office	Annual	Council Resolution/ Proof of submission to the Mayor	BT0017

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OSC FV012	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure efficient and effective implementation of financial internal controls	FV18.1.5	Financial viability in terms of debt coverage	Output	Percentage(%)	60%	6%	6%	6%				TARGET MET	60%	6%		The target was calculated incorrectly. And revised. Departments assessed against recalculated baseline of 6.8%	Department to ensure correctness of formulae and targets for 2017/18 accordingly, and if applicable revise baseline	TARGET MET	Budget & Treasury Office	Quarterly	Loan repayment schedule, Section 71 Reports and calculation	BT0011
OSC FV013	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure efficient and effective implementation of financial internal controls	FV18.1.6	Financial viability in terms of cost coverage	Output	Number of Months	1 Month	1 Month	1 Month	1 week 2 days		Downward trend is directly related to 1 major business's inability to pay account due to financial difficulties	1. Engage creditors to enter into payment arrangement. 2.Improve payments factor in 2018/19.	TARGET NOT MET	1 Month	0,73 months		The revenue was inadequate to cover for fixed costs due to poor collections.	To perform community awareness and implement water restrictors in the East.	TARGET IN PROGRESS	Budget & Treasury Office	Quarterly	Bank Statement and Investment Schedule and Section 71 Reports	BT0012
OSC FV014	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure efficient and effective implementation of financial internal controls	FV18.1.7	Financial viability in terms of outstanding service debtors	Output	Percentage (%)	82%	80%	80%	114%		The target was below the norm of Treasury guideline of 95%. Therefore the target was over achieved. Awareness campaigns were conducted during the year and thus increased the payment factor overall.	To ensure that targets are aligned to norms and standards, review baseline information	TARGET MET	146%	0.47		The target was calculated incorrectly. And revised. Departments assessed against recalculated baseline of 0.49	Department to ensure correctness of formulae and targets for 2017/18 accordingly, and if applicable revise baseline	TARGET MET	Budget & Treasury Office	Quarterly	Monthly income report submitted to Portfolio and calculation	BT0013
OSC FV015	Output 6: Administrative and financial capability.	Municipal Financial Viability and Management	Sound financial management; and	Sound Financial Management/ Viability	To ensure sound financial and fiscal management and good governance	To ensure compliance with the roll out of MSCOA	FV18.1.1	Percentage compliance with MSCOA assessment by National Treasury	Output	Percentage (%)	New KPI	100%	100%	99.6%				TARGET MET	N/A	N/A				N/A	Budget & Treasury Office	Annual	Compliance report by National Treasury	BT0005