
2020/21 SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP) AND BUSINESS PLANS MID-YEAR DEVIATION –

"A City that must be felt, heard and seen to improve the daily lived experiences of citizens"



a world class African city

FEBRUARY 18, 2021

GROUP FINANCE

61 Jorissen Street Thuso House Braamfontein

GROUP FINANCE MID-YEAR AMENDMENTS TO THE INSTITUTIONAL AND DEPARTMENTAL SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) FOR 2020/21

1. STRATEGIC THRUST

The revised eleven (11) strategic priorities of the new Government of Local Unity (GLU) will inform the mid-year review of the IDP, SDBIP and budget. The strategic priority directly applicable to the Group Finance department is Priority 2: "Financial Sustainability".

2. OBJECTIVE

To seek approval on the proposed changes to Key Performance Indicators (KPIs) of the Institutional Development Plan (IDP), Service Delivery Budget Implementation Plan (SDBIP), Service Level Standards (SLS), Day to Day Key Performance Indicators located within the Group Finance (GF) Business Plan (BP) 2020/21, and amend the quantifiable austerity measures to accommodate the 11 strategic priorities.

3. BACKGROUND

In Section 72(1) of the Municipal Finance Management Act (MFMA) (56 of 2003), it is articulated that the performance of the municipality must be assessed and reported on by the 25th of January each year. It further states that adjustments can be proposed in relation to the following specific MFMA provision:

SECTION 72 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

- (1) 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 to-
 - (i) the Mayor of the Municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury

- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (l) (b) of this section.
- (3) 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 is necessary.

4. SUMMARY OF PROPOSED DEVIATION

The sections below outlines the proposed deviations from Group Finance that relates to institutional indicators (SDBIP and IDP), Circular 88 indicators and departmental business plan indicators.

4.1 Institutional Indicators

The table below outlines the proposed deviations relating to the institutional indicators as reflected in the Group Finance business plan.

KPI NO	ORIGINAL KPI	2019/20 BASELINE Un-AUDITED	2020/21 TARGET	PROPOSED DEVIATION	MOTIVATION FOR DEVIATION	NATURE OF DEVIATION
42	Percentage collection of revenue on billing services	90.7%	88.9%	Percentage collection of revenue on property rates and billing services	To use the correct wording of the KPI on the approved IDP page. 261 "Percentage collection of revenue on billing services" and SDBIP 2020/21 on page 38 "Percentage collection of revenue on billing services" to be the same wording as used on the approved Group Finance Business Plan 2020/21 page. 30 and Approved COJ 2020/21 SDBIP page 58 "Percentage collection of revenue on property rates and billing services"	Alignment of the wording of the KPI, in the IDP and the SDBIP to the Departmental BP
43	Percentage reduction, in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure	Previous financial year finding	50%	This indicator to move to GRAS. This indicator will be set as a departmental indicator reporting on UIFW of Group Finance.	Procurement is an independent activity of Group Finance. This is a City wide performance indicator that relates directly to operational activities the various departments in the City of which the Group Finance department has no control over.	Removal of the Institutional KPI to GRAS and introduction of a new indicator in the Group Finance Departmental SDBIP (GF) to measure UIFW reduction in the department.
	Percentage valid invoices paid within 30 days of receiving the relevant invoice.	90.2%	100%	This indicator to move to the City Manager This indicator will be set as a departmental indicator to report on 30 day payment of Group Finance.	This indicator will be set as a departmental indicator to report on 30 day payment of Group Finance. The City wide performance indicator relates directly to operational activities of the various departments in the City and the Group Finance department has no control over the performance of other departments.	To move the City-wide KPI "payment of invoices within n 30 days" to the City Manager's Office from the Group Finance business plan. To introduce a new departmental indicator in the Group Finance department to measure

KPI NO	ORIGINAL KPI	2019/20 BASELINE Un-AUDITED	2020/21 TARGET	PROPOSED DEVIATION	MOTIVATION FOR DEVIATION	NATURE OF DEVIATION
						"payment of invoices within 30 days" for the Group Finance department.
41	Number of profitability and liquidity ratios achieved.	6	7	To separate this indicator into the 7 separate indicators measuring the City's performance against each individual ratio.as below: 1. % of Debt (Total Borrowings/ Revenue) 2. Cash/Cost coverage ratio 3. Current ratio 4. Net operating surplus margin 5. Remuneration as percentage of total operating expenditure 6. Interest expense to total operating expenditure ratio 7. Solvency ratio	For the City to effectively measure and report on the performance of each ratio separately	This is an annual target because the final performance report of these ratios will be captured in the audited annual financial statements following the end of the financial year. The department will report on a quarterly basis on the performance progress of this indicator.

4.2 Circular 88 Indicators

The Group Finance department has one Circular 88 indicator that is reflected in the approved IDP and SDBIP. This is indicator nr. 28 "Unqualified Audit opinion without material findings" as reflected in the approved SDBIP and IDP.

The following Circular 88 indicators in the Group Finance departmental business plan are not reflected in the 2020/21 IDP and 2020/21 SDBIP. It is therefore proposed that this lower level Circular 88 indicators being removed from the Group Finance departmental business plan / SDBIP.

No	National Treasury Proposed Indicators	Ref No	Baseline	2020/21 Targets	Proposed Deviation	Motivation For Deviation	Nature Of Deviation
30	Ratable residential properties as a percentage of total house holds the in the municipality	HS2.2	-	-	To remove this indicator from GF Business Plan	The following KPI is not included in the 2020/21 IDP and the 2020/21 SDBIP	Alignment between the IDP, the SDBIP and the departmental Business Plan
31	Number of ratable resident properties	HS2.21	-	-	To remove this indicator from	The following KPI is not included in the 2020/21	Alignment between the IDP, the SDBIP and the

No	National Treasury Proposed Indicators	Ref No	Baseline	2020/21 Targets	Proposed Deviation	Motivation For Deviation	Nature Of Deviation
	in the subsidies housing market entering the municipal valuation roll.				GF Business Plan	IDP and the 2020/21 SDBIP	departmental Business Plan
72	Number of repeat audit findings	G3.11	-	-	To remove this indicator from GF Business Plan	The following KPI is not included in the 2020/21 IDP and the 2020/21 SDBIP	Alignment between the IDP, the SDBIP and the departmental Business Plan
80	Percentage of the municipal operating budget spent on free basic services to indigent households	GG 6.11	-	-	To remove this indicator from GF Business Plan	The following KPI is not included in the 2020/21 IDP and the 2020/21 SDBIP	Alignment between the IDP, the SDBIP and the departmental Business Plan

4.3 DEPARTMENTAL INDICATORS

The departmental indicators 1,3,4,5, and 6 below are revised and two additional indicators: “Percentage reduction, in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure” and “Percentage valid invoices paid within 30 days of receiving the relevant invoice” are added.

Kpi No	Original Kpi	2019/20 Baseline Un-Audited	2020/21 Target	Proposed Deviation	Motivation For Deviation	Nature Of Deviation
1	Maintain the current City's National Scale Credit Rating of Aa1 as rated by Moody's	Aa1.za	High quality and very low credit risk national scale credit rating achieved	Clarify the target. Target linked to Sovereign rating that is currently Ba2.	Revise target as the credit rating for the country has been downgraded. The COVID pandemic has a further lasting impact on the economy.	South Africa has seen two downgrades in the 2020/2021 fiscal year from Moody's, which has resulted in the rating going deeper into sub-investment grade. The City's rating is linked to its Sovereign rating
3	100% financial management audit findings resolved within Group Finance	New	100% financial management audit findings resolved within Group Finance	% financial management 2018/19 audit findings resolved within Finance Target is 100% for 2018/19 and development of action plans for the 2019/20 audit findings related to Group Finance. Proposed inclusion of quarterly targets.	Improve smartness of indicator. Add quarterly targets not included in the approved business plan. Add a footnote that provides clarity on the role of Group Finance in addressing this indicator.	Amend the wording of the indicator. Specify the audit report (financial year) that is referred to in the indicator. Add quarterly targets (Q1 – 25%, Q2 – 50% and Q3 – 100% and Q4 – Develop action plan for findings raised in the new 2019/20 Audit report) Footnote: For all SCM related findings allocated to GF but caused by respective departments, GF responsibility will be to undertake training and provide advice notes to ensure that the findings do not reoccur within the respective departments.
4	Management of the implementation of SAP Upgrade	New	Compliance to the targeted delivery dates.	Number of blueprints signed off by Group Finance Target: 6	Indicator not smart and measurable.(no timelines included in this indicator) Group Finance is not responsible for the	Indicator and target amended to reflect direct contribution of Group Finance to the SAP Upgrade project.

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2021-03
 2021-03
 2021-03
 2021-03

Kpi No	Original Kpi	2019/20 Baseline Un-Audited	2020/21 Target	Proposed Deviation	Motivation For Deviation	Nature Of Deviation
				Annual indicators because the blueprints will only be signed off after all amendments are effected and implemented by the Consultants. Dependency with GICT.	overall SAP Implementation. (GICT responsibility). Group Finance contribution is to ensure that as business blueprints are signed off for the SAP Upgrade implementation.	
5	Acquisition of goods and services as per the approved demand plan	New	100% compliance to the targeted delivery dates.	% compliance to targeted delivery dates as per approved demand plan. Footnote: to be measured against adjusted demand plan linked to the adjusted budget. All quarterly targets are 100%	Indicators not smart Add a footnote for clarity. Quarterly target to be added.	Rewording of indicator. Add footnote and quarterly targets omitted from the approved business plan.
6	Financial development plan to be revised	New	100% completion and approval	Base line: new Include quarterly targets. Q1 – 25%, Q2 – 50%, Q3 - 75% and Q4 – 100% Add footnote: 100% refers to signoff by the GCFO.	Include base line and quarterly targets as omitted in the approved business plan.	To include omissions.
	Percentage reduction, in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure	Previous financial year finding	50%	This indicator will be set as a departmental indicator reporting on UIFW of Group Finance. This indicator on institutional level reside with GRAS	Procurement is an independent activity of Group Finance. This is a City wide performance indicator that relates directly to operational activities the various departments in the City of which the Group Finance department has no control over.	Introduction of a new indicator in the Group Finance Departmental SDBIP (GF) to measure UIFW reduction in the department.
	Percentage valid invoices paid within 30 days of receiving the relevant invoice.	90.2%	100%	This indicator will be set as a departmental indicator to report on 30 day payment of Group Finance. This indicator on institutional level reside with the City Manager office	This indicator will be set as a departmental indicator to report on 30 day payment of Group Finance. The City wide performance indicator relates directly to operational activities of the various departments in the City and the Group Finance department has no	To introduce a new departmental indicator in the Group Finance department to measure “payment of invoices within 30 days” for the Group Finance department.

Kpi No	Original Kpi	2019/20 Baseline Un- Audited	2020/21 Target	Proposed Deviation	Motivation For Deviation	Nature Of Deviation
					control over the performance of other departments.	

5. MOTIVATION

5.1 Indicator corrections

To correct wording of KPI no 42 on the IDP 2020/21 (page 261) and the Institutional SDBIP 2020/21 (page 38) with the correct wording of this KPI found in the approved IDP 2020/21 (page 58) and the approved Group Finance Business Plan 2020/21 (page 30). The correct wording is *“Percentage collection of revenue on property rates and billing services”*. Departmental indicators 1,3,4,5, and 6 are clarified and revised.

5.2 Indicators to be moved:

The indicators below are proposed to be moved from the Group Finance department to as these are City wide performance indicators that relates directly to operational activities the various departments in the City of which the Group Finance department has no control over. The Group Finance department merely collects the information of these key performance indicator’s and report on it where it is required. The respective operations in the City must ensure that controls are in place and actions are taken to achieve the targets required for the indicators below. However, the Group Finance department has to contribute to these target in its own operations and therefore these KPI’s need to feature in its departmental scorecard.

- a) Percentage reduction, in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure
- b) Percentage valid invoices paid within 30 days of receiving the relevant invoice.

5.3 Indicators to be removed:

Circular 88 indicators to be removed from the Group Finance Business Plan as they are not in the IDP and the SDBIP 2020/21.

- a) Ratable residential properties as a percentage of total house holds the in the municipality
- b) Number of ratable resident properties in the subsidies housing market entering the municipal valuation roll
- c) Number of repeat audit findings
- d) Percentage of the municipal operating budget spent on free basic services to indigent households

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6. INSTITUTIONAL PERFORMANCE INDICATOR CHANGES

GDS OUTCOME: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region
STRATEGIC PRIORITY: Financial sustainability
STRATEGIC PROGRAMME: Improve and strengthen financial position

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Audited	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
Existing	42	Enhance our Financial sustainability	Percentage collection of revenue on property rates and billing services	91.1%	88.9%	88.9%	87.6 %	88.9%	93.7%	88.9%	88.9%	-	538 830	Monthly Finance dashboard Monthly management reporting Annual Financial Statements	To correct wording of KPI no 42 on the IDP 2020/21 (page. 261) and the Institutional SDBIP 2020/21 (page 38) with the correct wording of this KPI found in the approved	To correct the wording of the KPI

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 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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												Capex	Opex			
Change	42	Enhance our Financial sustainability	Percentage collection of revenue on property rates and billing services	89.2 %	88.9%	88.9%	87.6%	88.9%	93.7%	88.9%	88.9%	-	538 830	Monthly Finance dashboard Monthly management reporting Annual Financial Statement	IDP 2020/21 page 58 and the approved Group Business Plan 2020/21 page 30. The correct wording is "Percentage collection of revenue on property rates and billing services"	

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 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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												Capex	Opex			
Remove	43	To ensure financial prudence and sound contract management by supply chain management policy and procedures	Percentage reduction, in unauthorised, irregular, fruitless and wasteful (UIFW) expenditure	50% reduction from previous financial year finding	50% Annual	Annual	-	Annual	-	Annual	50% reduction from previous financial year	-	-	SAP Report Finance UIFW Financial report to MPAC for processing	This indicator to move to GRAS This indicator will be set as a departmental indicator reporting on UIFW of Group Finance.	Procurement is an independent activity of Group Finance. This is a City wide performance indicator that relates directly to operational activities the various departments in the City of which the Group Finance

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 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Audited	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
																department has no control over.
Remove		Financially and administratively , sustainable and resilient City	Percentage valid invoices paid within 30 days of receiving the relevant invoice	90.2%	100%	100%	79.94 %	100%	88.1%	-	-	-	-	SAP Payment Report	This indicator to move to City Manager	This indicator will be set as a departmental indicator to report on 30 day payment of Group Finance. This is a City wide performance indicator that relates directly to operational activities of the various departments in the City of which the Group Finance

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 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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												Capex	Opex			
																department has no control over.
Add	41.1	Achievement of Profitability ratios	%of Debt (Total Borrowings/ Revenue)	38%	45%	45%	39%	45%	38%	45%	45%	-	386 000	Audited Financial statements	Individuated on the ratio	Group Finance dept. is unbundling reporting on ratios, from reporting on 7 collective ratios.
Add	41.2	Achievement of Profitability ratio	Cash/Cost coverage ratio (Excluding Unspent Conditional Grants) – In Months.	60 Days (2 months)	30 Days	30 Days	60 Days (2 Months)	30 Days	2 Months	30 Days	30 Days	-	386 000	Audited financial statements	Individuated on the ratio	Group Finance is unbundling reporting on 7 ratios.

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 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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STRATEGIC PROGRAMME: Improve and strengthen financial position

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Audited	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
Add	41.3	Achievement of Profitability ratio	Current ratio	1:1	1.5 – 2:1	1.5-2:1	1.3	1.5-2:1	1.5	1.5-2:1	1.5-2:1	-	386 000	Audited financial statements	Individuated on the ratio.	Group Finance department is unbundling reporting on 7 ratios.
Add	41.4	Achievement of Profitability ratio	Net Operating Surplus Margin	8%	>0%	>0%	6%	>0%	7%	<0%	<0%	-	386 000	Audited financial statements	Individuated on the ratio	Group Finance department is unbundling reporting on 7 ratios.
Add	41.5	Achievement of Profitability ratio	Remuneration as a % of Total Operating Expenditure	28%	25 – 40%	25– 40%	27%	25-40%	28%	25-40%	25-40%	386 000		Audited financial statements	Audited financial statements.	Individuated on the ratio
Add	41.6	Achievement of Profitability ratio	Interest expense to Total operating expense	4%	8%	8%	4%	8%	5%	8%	8%	-	386 000	Audited financial statements	Individuated on the ratio	Group Finance department is unbundling reporting on 7 ratios.

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 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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												Capex	Opex			
Add	41.7	Achievement of Profitability ratio	Solvency	2.3	2.1:1	2.1:1	2.3	2.1:1	2.4	2.1:1	2.1:1	-	386 000	Audited financial statements	Individuated on the ratio	Group Finance department is unbundling reporting on 7 ratios.

7. CIRCULAR 88 CHANGES

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
Remove		Circular 88	Ratable residential properties as a percentage of total house holds the in the municipality	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	SAP report	Remove indicator from group finance business plan	This indicator is not in the IDP or the SDBIP
Remove		Circular 88	Number of ratable resident properties in the subsidies housing market entering the municipal valuation roll	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	SAP report	Remove indicator from group finance business plan	This indicator is not in the IDP or the SDBIP
Remove		Circular 88	Number of repeat audit findings	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	GRAS audit progress report	Remove indicator from group finance business plan	This indicator is not in the IDP or the SDBIP
Remove		Circular 88	Percentage of the municipal operating budget spent on free basic services to indigent households	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-		Remove indicator from group finance business plan	This indicator is not in the IDP or the SDBIP

8. DEPARTMENTAL INDICATOR CHANGES

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
Current	1	Enhance our financial sustainability	Maintain the current City's National Scale Credit Rating of Aa1 as rated by Moody's	A2.za	High quality and very low credit risk national scale credit rating achieved	Annual target	N/A	Annual target	N/A	Annual target	Upper medium grade and low credit risk.	-	-	Moody's advisory letter		
Change	1	Enhance our financial sustainability	Maintain the current City's National Scale Credit Rating of Aa1 as rated by Moody's	A2.za	The City's rating is linked to its Sovereign rating	Annual target	N/A	Annual target	N/A	Annual target	Ba2	-	-	Moody's advisory letter	Revise target as the credit rating for the country has been downgraded	South Africa has seen two downgrades in the 2020/2021 fiscal year from Moody's, which has resulted in the rating going deeper into sub-investment grade.

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 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
																The City's rating is linked to its Sovereign rating
Current	3	Enhance our financial sustainability	100% financial management audit findings resolved within Group Finance	New	100% financial management audit findings resolved within Group Finance	Annual Target	Progress to be reported in Q3 after the 2019/20 audit is completed.	Annual Target	84.7%	Annual Target	100%	-	-	GRAS audit report		
Change	3	Enhance our financial sustainability	100% financial management audit findings resolved within Group Finance	new	100% financial management audit findings resolved within Group Finance	25%		50%	84.7%	100%	Develop action plan for findings raised in the new	-	-	GRAS audit report	% financial management 2018/19 audit findings resolved within Finance	Improve smartness of indicator. Add quarterly targets not included in the approved

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 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
											2019/20 audit report				Target is 100% for 2018/19 and development of action plans for the 2019/20 audit findings related to Group Finance. Proposed inclusion of quarterly targets	business plan. Add a footnote that provides clarity on the role of Group Finance in addressing this indicator.
Current	4	Enhance our financial sustainability	Management of the implementation of SAP Upgrade	New	Compliance to the targeted delivery dates.	Annual target	N/A	Annual Target	N/A	Annual target	100%	-	-	Project progress report The project is finalizing the blueprints for the various business processes.		

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 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
														This forms the basis of the system that will be implemented		
Change	4	Enhance our financial sustainability	Management of the implementation of SAP Upgrade	New	Compliance to the targeted delivery dates.	Annual Target	N/A	Annual Target	N/A	Annual Target	6	-	-	Blue print sign offs Project progress report	Number of blueprints signed off by Group Finance Target: 6 Annual indicators because the blueprints will only be signed off after all amendments are effected and implemented by the Consultants. Dependency with GICT.	Indicator not smart and measurable.(no timelines included in this indicator) Group Finance is not responsible for the overall SAP Implementation. (GICT responsibility). Group Finance contribution is to ensure that as business

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 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
																blueprints are signed off for the SAP Upgrade implementation.
Current	5	Enhance our financial sustainability	Acquisition of goods and services as per the approved demand plan	New	100% Compliance to the targeted delivery dates.				33% (1 out of 3 projects have commenced implementation)	100%	100%					
Change	5	Enhance our financial sustainability	Acquisition of goods and services as per the approved demand plan	New	100% compliance to the targeted delivery dates.	100%		100%		100%	100%			SAP report	% compliance to targeted delivery dates as per approved demand plan. Footnote: to be measured	Indicators not smart Add a footnote for clarity. Quarterly target to the added.

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 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

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												Capex	Opex			
															against adjusted demand plan linked to the adjusted budget. All quarterly targets are 100%	
Current	6	Enhance our financial sustainability	Financial development plan to be revised	New	100% completion and approval				75%	100%	100%	-	-	Financial plan sign off by GCFO.		
Change	6	Enhance our financial sustainability	Financial development plan to be revised	New	100% completion and approval	25%		50%	75%	75%	100%	-	-	Financial plan sign off by GCFO	Base line: new Include quarterly targets. Add footnote: 100% refers	Include base line and quarterly targets as omitted in the approved business plan.

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 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
															to signoff by the GCFO.	
New		To ensure financial prudence and sound contract management by supply chain management policy and procedures	Percentage reduction, in unauthorised, irregular, fruitless and wasteful (UIFW) expenditure	Previous financial year finding	50% Annual	50% Annual	Annual	Annual	Annual	Annual	Annual	-	-	SAP Report Finance UIFW Financial report to MPAC for processing	This indicator will be set as a departmental indicator reporting on UIFW of Group Finance.	This is a City wide performance indicator that relates directly to operational activities of the various departments in the City
New		Financially and administratively , sustainable and resilient City	Percentage valid invoices paid within 30 days of receiving the relevant invoice	90.2%	100%	100%	79.94%	100%	88.1%	100%	100%	-	-	SAP Report Finance Financial report to MPAC for processing	This indicator will be set as a departmental indicator reporting on valid invoices paid within 30 days of receiving the relevant invoices in	This is a City wide performance indicator that relates directly to operational activities of the various department

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 COJ: EMT
 COJ: GOVERNANCE SUB-MAYORAL COMMITTEE
 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline Un-Audited	2020/21 Target	Q1 target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
															Group Finance.	s in the City.

COJ: EMT TECHNICAL CLUSTER	2021-03
COJ: EMT	2021-03
COJ: GOVERNANCE SUB-MAYORAL COMMITTEE	2021-03
COJ: MAYORAL COMMITTEE	2021-03
GROUP FINANCE DEPARTMENT (MANAGEMENT SUPPORT)	

9. LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in compliance with the provisions of the Municipal Finance Management Act, 2003, Circular 13 of MFMA and the Local Government: Municipal Planning and Performance Management Regulations, 2001.

10. FINANCIAL IMPLICATIONS

In compliance with the provisions of the Municipal Finance Management Act, 2003, Section 72, Mid- Year budget and performance management, paragraph (3) - 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 necessary.

The adjustment budget is as follows:

- **Revenue risks:** The department is projecting R70m shortfall in revenue collection due to a decrease in the interest earned (7% vs 3%)
- The expenditure drivers for additional budget for Group Finance is for revenue enhancement projects (Opex and Capex) for an online invoicing portal (EBPP), data sourcing and stand by stand audit. The benefits of this will accrue to the City in outer financial years (efficient revenue collection and customer experience).
- **Other expenditure proposals:**
 - As a result of the pandemic and staff working from home leave accrual budgets are needing to be increased. This is a problem all departments in the city departments. The GF department is reallocating savings on the salary budget for the 6 months and is requesting an additional R48m for leave accrual.
 - Filling of vacancies is being delayed due to insufficient capacity in the OD section of Human Resources – delays in grading and revision of structures.
- **Capital Budget:**
 - The CAMA valuation system procurement process has been delayed. A savings of R8m has been proposed.
 - Revenue is requesting an additional R20m for revenue enhancement projects (resulting in a net increase of R12m during the adjustment).
- **Operational risks:** Expenditure for Repairs and Maintenance is at risk due to delays from JPC in appointing service providers. There is also delays in the procurement of computers through GICT as a result of compliance issues that need to be resolved. These are key external risks affecting service delivery in Group Finance.

11. COMMUNICATION IMPLICATIONS

The final approved mid-year deviation report will be communicated as per the provisions of section 53(3) (a) of the Municipal Finance Management Act, No. 56 of 2003. The report will be

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COJ: MAYORAL COMMITTEE
GROUP FINANCE DEPARTMENT
(MANAGEMENT SUPPORT)

2021-03
2021-03
2021-03
2021-03

Group Head Group Accounting

Ishwar Ramdas
Group Head Core Accounting

Date

Sinovuyo Mpakama
Group Head Treasury & Financial Strategy

Date

Manenzhe Makenzie
Group Chief Financial Officer

Date

Jolidee Matongo
MMC Finance

Date

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 COJ: GOVERNANCE SUB-MAYORAL COMMITTEE
 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

12. EXAMPLE OF TEMPLATE IN QUARTER 3 2021

12.1 Institutional Service Delivery Budget Implementation Plan – 2020/21 to 2021/22

IDP Programme	Key Performance indicator	Baseline Un-Audited	2020/21 Service Delivery Performance			Total Budget		Comments on progress (incl. justification for non-achievement)	Proposed plan of actions (Mitigations)
			Annual Targets	Q3 Target	Q3 Actual	Capex	Opex		
Enhance our financial sustainability.	41.1 % of Debt (Total Borrowings/ Revenue)	38%	45%	45%			386 000		
	41.2 Cash/Cost coverage ratio (Excluding Unspent Conditional Grants) – In Months.	60 days (2 months)	30 days	30 days			386 000		
	41.3 Current ratio	1:1	1.5 - 2:1	1.5 - 2:1			386 000		
	41.4 Net Operating Surplus Margin	8%	>0%	>0%			386 000		
	41.5 Remuneration as a % of Total Operating Expenditure	28%	27% - 29%	27% - 29%			386 000		
	41.6 Interest expense to Total operating expense	4%	8%	8%			386 000		

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 COJ: EMT
 COJ: GOVERNANCE SUB-MAYORAL COMMITTEE
 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

IDP Programme	Key Performance indicator	Baseline Un-Audited	2020/21 Service Delivery Performance			Total Budget		Comments on progress (incl. justification for non-achievement)	Proposed plan of actions (Mitigations)
			Annual Targets	Q3 Target	Q3 Actual	Capex	Opex		
	41.7 Solvency	2.3	2.1:1	2.1:1			386 000		
	42. Percentage collection of revenue on Property rates and billed services.	88.9 % collection of revenue on Property rates and billed services.	88.9% collection of revenue on Property rates and billed services.	88.9% collection of revenue on Property rates and billed services.			538 830		
	45. Unqualified Audit opinion without material findings.	Unqualified audit.	Unqualified audit opinion.	Annual Target			60 196		

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 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

12.2 Performance against Departmental SDBIP

IDP programme	Key Performance indicator	Baseline	2020/21 Service Delivery Performance			Total Budget		Comments on progress (incl. justification for non-achievement)	Proposed plan of actions (Mitigations)	
			Annual Targets	Q3 Target	Q3 Actual	Capex	Opex			
Enhance our financial sustainability	1. Maintain the current City's National Scale Credit Rating of Aa1 as rated by Moody's	A2.za	High quality and very low credit risk national scale credit rating achieved.	Upper medium grade and low credit risk.			4 359			
	2. % reconciliation of the total area of registered properties vs. the total area.	99.96%	97% reconciliation of the total area of registered properties vs. total area (boundaries) for the city of Joburg. Measured at 1645km2.	97% reconciliation of the total area of registered properties vs. total area (boundaries) for the city of Joburg. Measured at 1645km2.		15 000	117 880			
	3. % Resolution of financial management audit findings within Group Finance	New	100% financial management audit findings resolved within Group Finance	Annual Target				18 685		
	4. Management of the implementation SAP upgrade.	New	Compliance to the targeted delivery dates.					12 457		
	5. Acquisition of goods and services as per the approved demand plan.	New	100% Compliance to the targeted delivery dates.							
	6. Financial development plan to be revised	New	100% completion and approval							
	7. Percentage reduction, in unauthorized,	New	50% reduction of the previous financial year finding	Annual Target						

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 COJ: EMT
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 COJ: MAYORAL COMMITTEE
 GROUP FINANCE DEPARTMENT
 (MANAGEMENT SUPPORT)

2021-03
 2021-03
 2021-03
 2021-03

	irregular, fruitless and wasteful (UIFW) expenditure							
	8. Percentage valid invoices paid within 30 days of receiving the relevant invoice.	90.2%	100% valid invoices paid within 30 days of receiving the relevant invoice.	100% valid invoices paid within 30 days of receiving the relevant invoice.			28 570	

12.3 Performance against Service Level Standards

Key Performance indicator	Baseline	2020/21 Service Delivery Performance			Comments on progress (incl. justification for non-achievement)	Proposed plan of actions (Mitigations)
		Annual Targets	Q3 Target	Q3 Actual		
Percentage of clearance Figures processed within 30 days of application being received	New indicator	98%	98%			
Percentage of clearance Certificates issued within 24 hours of payment being received.	New indicator	98% of clearance Certificates issued within 24 hours of payment being received.	98% of clearance Certificates issued within 24 hours of payment being received.			
Billing queries logged.	New Indicator.	1. 85% of billing queries resolved within 30 days . 2. 95% of billing queries resolved within 60 days . 3. 100% of billing queries resolved within 90 days .	1. 85% of billing queries resolved within 30 days . 2. 95% of billing queries resolved within 60 days . 3. 100% of billing queries resolved within 90 days .			
Valid invoices paid.	New Indicator.	100% of valid invoices paid within 30 days of invoice date.	100 % of valid invoices paid within 30 days of invoice date.			
Turnaround time for issuing refunds	98%	100% of refunds issued within 30 days.	100% of refunds issued within 30 days.			
Call Centre Average Waiting Time per minute	New Indicator.	90% within 60 seconds.	90% within 60 seconds.			

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GROUP FINANCE DEPARTMENT
(MANAGEMENT SUPPORT)

2021-03
2021-03
2021-03
2021-03
