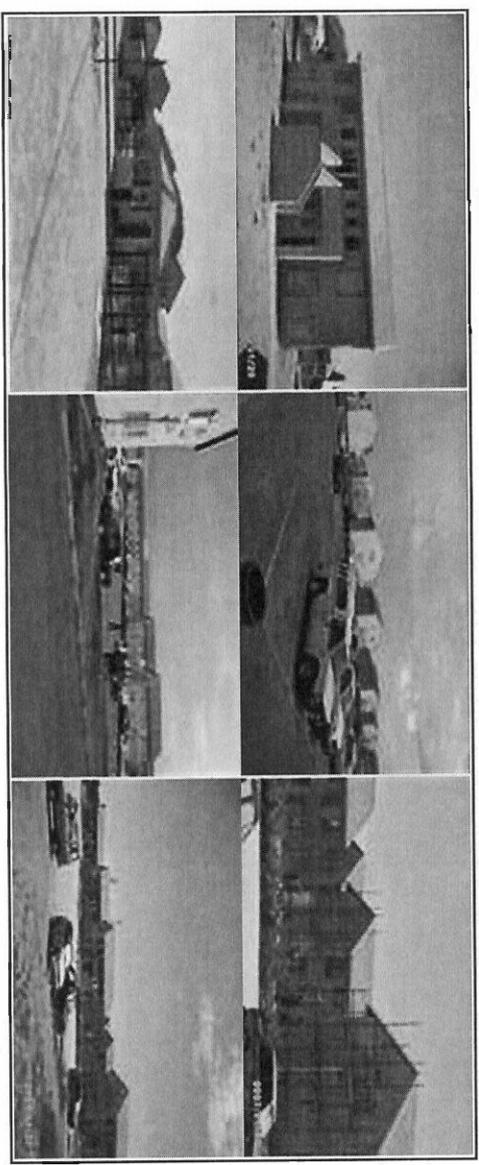


Mid-Year Budget and Performance Assessment Report^{1st} July 2023 – 31st December 2023



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1. Purpose of the Mid-Year Report

The purpose of this report is to comply with Section 81 of the Municipal Finance Management Act 56 of 2003 and Section 33 of the Municipal Budget and Reporting Regulations as promulgated in the Government Gazette No 32, 141 of April 2009, which requires that the municipal entity must by 20 January of each year-assess the performance of the entity during the first half of the financial year.

2. Legislative Background

Section 88 of the Municipal Finance Management Act, Act no 56 of 2003 provides that the accounting officer of a municipal entity must by 20 January of each year assess the performance of the entity during the first half of the financial year taking into account-

- I. the monthly statements referred to in section 87 for the first half of the financial year and the targets set in the service delivery, business plan or other agreement with the entity's parent municipality; and
- II. the entity's annual report for the past year, and progress on resolving problems identified in the annual report.

3. Past Year's Annual Report (2022/23) and Progress on Resolving Problems Identified in the Annual report

Findings	Intervention
Rental revenue incorrectly classified as agency fees	The entity will now henceforth classify the income from Seshego CRU as rental this would be in line with the Grap 9
Directors' fees incorrectly included in the employee related cost	The entity used to include the Directors fees as employee cost but going forward the entity will separate the Directors emoluments from employee related cost(s) and disclose them separately
Overstatement of Receivable from non-exchange and Payables from non-exchange.	The entity will make sure that all journals that are agreed to with auditors are supported and well documented to avoid recurrence of this. This year all recommended journals were supported and filed.
Understatement of related party (Polokwane Municipality) transactions	The entity will cross-reference with PLK Municipality to ensure that every expenditure paid for on behalf of PHA is correctly accounted for
Contingent Asset disclosure omitted on Annual Financial Statements	The entity will make sure that thorough review of AFS is done to ensure full completeness comparatively

4. Budget Performance analysis

4.1 Revenue

Rental of fixed Assets is 56% less than the budget since Annadale extension 2 is not yet Tenanted or operational as envisaged.

Operational Revenue, which is Admin fee is less than the Budget by 44% as a result Admin fee not charged due to Annadale extension 2 being not operational. New Tenants are charged Admin fee.

Transfer and Subsidies-Operational is more than the Budget by 58% because of the entity requesting more operational grant than anticipated to cover operational costs because of revenue lost from Annadale extension two not being operational.

4.2. Expenditure

Employee Related costs which include directors fees are 22% less than the budget because of new two employees joining the organization in August 2023 instead of July 2023 as was anticipated. The second factor is that the term of C.E.O also expired in November contributing to less spending. The director's fees Underperformed due to most of the meetings scheduled to be held in the remainder of the financial year.

Inventory consumed which is Staff-welfare is 100% not spent because of the entity using municipal consumables.

Depreciation and asset impairment is 100% not spent because of it being a year-end issue, going forward the entity will affect depreciation monthly

Contracted Services is 26% less than the budget because of cash flow constraints, the entity could not spend on maintenance. As anticipated.

Irrecoverable debts written Off is 100% not spend because of the expenditure being processed at year end.

Operational costs which are general expenses are 65% less than the budget because of stringent spending due to the entity not being liquid, the entity did not have enough cash to back up the spending.

Potokwane Entity - Table F2 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - M06 - December

R thousands	Description	Ref	2022/23		Original	Adjusted	Monthly	YearTD actual	YearTD	YTD variance	YTD variance %	Full Year
			Audited									
	Revenue	1										
	Exchange Revenue											
	Service charges - Electricity											
	Service charges - Water											
	Service charges - Waste Water Management											
	Service charges - Waste Management											
	Sale of Goods and Rendering of Services											
	Agency services											
	Interest											
	Interest earned from Receivables											
	Interest earned from Current and Non Current Assets											
	Dividends											
	Rent on Land											
	Rental from Fixed Assets		11,434		27,518		1,004	5,994	13,759	(7,765)	-56%	27,518
	License and permits		48		60	2	17	30	(13)	-44%	60	
	Operational Revenue											
	Non-Exchange Revenue											
	Property rates											
	Purchases and Taxes											
	Fines, penalties and bribes											
	Licenses or permits											
	Transfer and subsidies - Operational		10,000		10,000	899	7,915	5,000	2,915	89%	10,000	
	Interest											
	Fuel Levy											
	Operational Revenue											
	Gain on disposal of Assets											
	Other Gains											
	Discontinued Operations											
	Total Revenue (excluding capital transfers and		21,480		37,518	2,004	13,925	18,789	(4,864)	-25.9%	37,518	
	Expenditure By Type											
	Employee related costs		12,732		16,846	1,044	6,810	8,428	(1,613)	-22%	16,846	
	Remuneration of board members											
	Bill purchases - electricity		1		12			6	(5)	-100%	12	
	Inventory consumed											
	Debt Impairment	2	3,000		9,527			4,703	(4,703)	-100%	9,527	
	Depreciation and asset impairment											
	Interest											
	Contracted Services		3,556		7,198	487	2,667	3,569	(942)	-28%	7,198	
	Transfers and subsidies											
	Inconvertible debts written off				8,000			4,000	(4,000)	-100%	8,000	
	Operational costs		(754)		3,146	94	547	1,573	(1,026)	-55%	3,146	
	Losses on disposal of Assets											
	Other Losses											
	Total Expenditure	3	18,535		44,730	1,624	9,813	22,365	(12,552)	-56.1%	44,730	
	Surplus/(Deficit)		2,946		(7,151)	379	4,112	(3,576)	7,887	-215.0%	(7,151)	
	Transfers and subsidies - capital (in-kind)											
	Transfers and subsidies - capital (in-kind)											
	Surplus/(Deficit) before taxation											
	Income Tax		2,946		(7,151)	379	4,112	(3,576)	7,887			(7,151)
	Surplus/(Deficit) for the year											

Polokwane Entity - Table F4 Monthly Budget Statement - Financial Position - M06 - December

R thousands	Vote Description	Ref	Budget Year 2023/24				
			2022/23 Audited	Original	Adjusted	YearTD actual	Full Year
ASSETS							
Current assets							
	Cash and cash equivalents		3,441	10,362	-	188	10,362
	Trade and other receivables from exchange transactions		65,097	3,356	-	67,659	3,356
	Receivables from non-exchange transactions		5,296	5,299	-	5,296	5,299
	Current portion of non-current receivables		23	23	-	23	23
	Inventory		-	0	-	-	0
	VAT		-	-	-	-	-
	Other current assets		12	21	-	19	21
	Total current assets		73,869	19,061	-	73,184	19,061
Non current assets							
	Investments		-	-	-	-	-
	Investment property		52,976	-	-	52,976	-
	Property, plant and equipment		249,168	294,012	-	251,168	294,012
	Biological assets		-	-	-	-	-
	Living and non-living resources		-	-	-	-	-
	Heritage assets		-	-	-	-	-
	Intangible assets		33	33	-	33	33
	Trade and other receivables from exchange transactions		-	-	-	-	-
	Non-current receivables from non-exchange transactions		-	-	-	-	-
	Other non-current assets		-	-	-	-	-
	Total non current assets		302,144	294,012	-	304,144	294,012
	TOTAL ASSETS		376,013	313,073	-	377,328	313,073
LIABILITIES							
Current liabilities							
	Bank overdraft		-	-	-	-	-
	Financial liabilities		-	-	-	-	-
	Consumer deposits		1,864	1,686	-	1,895	1,686
	Trade and other payables from exchange transactions		3,565	11,725	-	67,825	11,725
	Trade and other payables from non-exchange transactions		12	8	-	12	8
	Provision		68,500	1,414	-	1,414	1,414
	VAT		-	-	-	-	-
	Other current liabilities		345	-	-	345	-
	Total current liabilities		5,442	13,418	-	69,732	13,418
Non current liabilities							
	Financial liabilities		-	-	-	-	-

Pitokwane Entity - Table F-6 Monthly Budget Statement - Cash Flows - M06 - December

R thousands	Description	Ref	2022/23 Audited	Original	Adjusted	Monthly	Budget Year 2022/24		YTD Variance	YTD Variance %	Full Year
							YearTD actual	YearTD			
CASH FLOW FROM OPERATING ACTIVITIES											
	Receipts										
	Property rates		-	-	-	-	-	-	-	-	-
	Service charges		74	23,442	-	-	-	11,721	(11,721)	-100%	23,442
	Other revenue		-	10,000	-	-	-	5,000	(5,000)	-100%	10,000
	Transfers and Subsidies - Operational		-	-	-	-	-	-	-	-	-
	Transfers and Subsidies - Capital		-	-	-	-	-	-	-	-	-
	Interest		-	-	-	-	-	-	-	-	-
	Dividends		-	-	-	-	-	-	-	-	-
	Payments		(5,511)	(23,587)	-	(569)	(5,803)	(11,794)	5,990	-51%	(23,587)
	Supplies and employees		-	-	-	-	-	-	-	-	-
	Interest		-	-	-	-	-	-	-	-	-
	Director's paid		(8,437)	9,854	(869)	(869)	(5,839)	4,927	(10,730)	-218%	9,854
	Transfers and Subsidies		(12,815)	19,708	-	(1,129)	(14,807)	9,854	(21,461)	-271.8%	19,708
	NET CASH FROM(USED) OPERATING ACTIVITIES										
	CASH FLOWS FROM INVESTING ACTIVITIES										
	Receipts		-	-	-	-	-	-	-	-	-
	Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
	Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
	Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
	Payments		675	(1,863)	-	-	(2,005)	(932)	(1,074)	116%	(1,863)
	Capital assets		-	-	-	-	-	-	-	-	-
	NET CASH FROM(USED) INVESTING ACTIVITIES		675	(1,863)	-	-	(2,005)	(932)	(1,074)	116%	(1,863)
	CASH FLOWS FROM FINANCING ACTIVITIES										
	Receipts		-	-	-	-	-	-	-	-	-
	Short term loans		-	-	-	-	-	-	-	-	-
	Borrowing long term/retaining		-	-	-	-	-	-	-	-	-
	Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
	Payments		-	-	-	-	-	-	-	-	-
	Repayment of borrowing		-	-	-	-	-	-	-	-	-
	NET CASH FROM(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
	NET INCREASE/ (DECREASE) IN CASH HELD	2	(12,200)	17,845	-	(1,129)	(13,612)	8,923	(22,334)	-252.0%	17,845
	Cash/cash equivalents at the beginning of year	2	2,370	2,370	-	-	3,441	2,370	1,071	45.2%	2,370
	Cash/cash equivalents at the end of year	2	(9,829)	20,216	-	(1,129)	(10,171)	11,293	(21,464)	-190.1%	20,216

7. Non-Financial Performance

i. Summary of Overall Performance per Key Performance Indicators:

KPA	No of targets as per APP	No of targets applicable for mid-year	# Targets achieved	# Targets not achieved
Service Delivery	5	3	3	0
Financial Viability	5	4	3	1
Governance and Transformation	16	9	9	0
Total	26	16	15	01
Total in percentage	100%	62%	58%	4%

8. Recommendation of the Accounting officer

After having assessed the Financial and Non- Financial performance of the entity for the first half of the year (ended 31 December 2023 this is recommended

- ✓ That the projections as contained in this report inform the Adjustment Budget
- ✓ That the budget adjusted downwards



Mashego MM
ACTING CHIEF EXECUTIVE OFFICER

9. Detailed Non-Financial Performance per Key Performance Area and Key Performance Indicators
9.1 Core Business/Basic Service Delivery

Ref No	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Quarter 02 Target	Actual achievement	Performance challenges/ variance	Measure to improve performance	Portfolio of Evidence
Core Business/ Basic Service Delivery														
CEO1	Improve quality of living	Maintenance	No of Maintenance requests received and attended to by 30 June 2024	#	1 July 2023	30 June 2024	15	200	200	100	112	More request were made and attended to.	None	Maintenance request logbook and forms that will show when the request was logged and closed
CEO2			Number of new fire hydrants purchased for Ga-Rena and C.R.U by 30 June 2024	#	1 July 2023	30 June 2024	10	48	40	N/A	N/A	N/A	N/A	Purchase orders and delivery notes
CEO3			Number of fire hydrants serviced for Ga-Rena and C.R.U by 30 June 2024	#	1 July 2023	30 June 2024	10	188	188	N/A	N/A	N/A	N/A	Purchase orders and proof of work done
CEO4			Number of monthly progress report compiled and submitted to SHRA by 30 June 2024	#	1 July 2023	30 June 2024	10	12	12	6	6	N/A	N/A	Monthly projects reports or proof of submission to SHRA
CEO5			SHRA Compliance	Number of project reporting tools compiled and submitted to SHRA by 30 June 2024	#	1 July 2023	30 June 2024	10	4	4	2	2	N/A	N/A

9.2 Governance and Transformation

Governance and Transformation

No	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Quarter 2 Target	Actual achievement	Performance challenges/ variance	Measure to improve performance	Portfolio Evidence
O 22	Improve admin and governance capacity.	Budget and Reporting	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 August 2023	Date	1- Jul-23	31- Aug-23	15	31-Aug-22	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 August 2023	Submit AFS to Auditor General South Africa by 31 August 2023	Submitted to AFS Auditor General South Africa by 31 August 2023	N/A	N/A	Signed AFS and proof of submission to AG
O 23			Prepare and submit revised Budget to the Shareholder by 28 Feb 2024	Date	1- Jul-23	28- Feb-24	10	28-Feb-23	Prepare and submit revised Budget to the Shareholder by 28 Feb 2024	N/A	N/A	N/A	N/A	Revised budget proof of submission
O 24			Prepare and submit the final Entity Budget to the Shareholder by 30 April 2024	Date	1- Jul-23	30- Apr-24	5	30-Apr-23	Prepare and submit the final Entity Budget to the Shareholder by 30 April 2024	N/A	N/A	N/A	N/A	Final budget or proof of submission
O 25	Improve admin and governance capacity.	Performance Management	Prepare and submit the Entity Annual Report to the Shareholder by 20 December 2023	Date	1- Jul-23	20- Dec-23	5	20-Dec-22	Prepare and submit the Entity Annual Report to the Shareholder by 20 December 2023	submit entity's Annual Report to shareholders by 20 December 2023	submitted entity's Annual Report to shareholders by 20 December 2023	N/A	N/A	Final Annual Report of proof of submission

9.2. FINANCIAL VIABILITY

Ref No	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Quarter 02 Target	Actual achievement	Performance challenges/ variance	Measure to improve performance	Portfolio of Evidence
Financial Viability														
CEO 9			% of PHA rental housing units occupied by 30 June 2024	%	1-Jul-23	30-Jun-24	20	91%	95%	95%	96%	None	None	Monthly occupancy reports
CEO 10		Revenue Management	% of rental collected by 30 June 2024	%	1-Jul-23	30-Jun-24	20	30%	95%	95%	58%	Rental defaulters (intentionally withholding rentals)	Revenue enhancement to be developed and approved by the board	Monthly financial reports (section 71)
CEO 11			Maintain unqualified audit opinion by December 2023	Date	1-Jul-23	30-Dec-23	20	Unqualified audit opinion	Maintain unqualified audit opinion	Maintain unqualified audit opinion	Maintained unqualified audit opinion	None	None	AGSA Audit opinion report
CEO 12	Enhance revenue and asset base	Budget and Reporting	Development of the Audit Action Plan for Report by 31 January 2024	Date	1-Jul-23	31-Jan-24	20	Developed Audit Action Plan Jan 23	Develop Audit Action Plan by 31 Jan 2024	N/A	N/A	N/A	N/A	Developed Audit Action Plan
CEO 13		Asset Management	Complete Physical Asset Verification for moveable and immovable assets by 15 August 2023	Date	1-Jul-23	15-Aug-23	20	Completed physical asset verification	Complete Physical Asset Verification for moveable and immovable assets by 15 August 2023	Complete Physical Asset Verification for moveable and immovable assets by 15 August 2023	Completed Physical Asset Verification for moveable and immovable assets by 15 August 2023	N/A	N/A	Completed physical asset verification report

f No	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Quarter 2 Target	Actual achievement	Performance challenges/ variance	Measure to improve performance	Portfolio Evidence
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Governance and Transformation

EO15	Improve admin and governance capacity.	Secretariat	Number of ordinary Committee meetings scheduled and convened by 30 June 2024	#	1-Jul-23	30-Jun-24	5	16	16 Committee meetings scheduled and convened	8	8	N/A	N/A	Meeting notices, Agenda, Minutes an attendance registers
EO16			Convene AGM by 30 May 2024	Date	1-Jul-23	30-May-24	5	22-May-23	Convene AGM by 30 May 2024	N/A	N/A	N/A	N/A	Meeting notices, Agenda, Minutes an attendance registers
EO17			Convene Annual Strategic Planning Session by 30 May 2024	Date	1-Jul-23	30-May-24	5	22-May-23	Convene Annual Strategic Planning Session by 30 May 2024	N/A	N/A	N/A	N/A	Meeting notices, Agenda, Minutes an Attendance registers
EO18	Improve admin and governance capacity.	Risk Management	Development of the Institutional Risk Register by 30 June 2024	Date	1-Jul-23	30-Jun-23	5	30-Jun-22	Develop Institutional Risk Register by 30 June 2023	N/A	N/A	N/A	N/A	Approved Institutional Risk register
EO19			Number of quarterly Institutional Risk Register progress reports completed by 30 June 2024	#	1-Jul-23	30-Jun-24	5	4	4 Institutional Risk Register progress reports completed	2	2	N/A	N/A	Institutional Risk Register progress reports
EO20			Submission of Reviewed of WSP to LGSETA by 30 April 2024	Date	1-Jul-23	30-Apr-24	5	30-Apr-23	Submit reviewed WSP to LGSETA by 30 April 2024	N/A	N/A	N/A	N/A	Reviewed WSP an proof submission
EO21			Number of training/workshops convened by 30 June 2024	#	1-Jul-23	30-Jun-24	5	2	2 trainings/workshops convened	1	1	N/A	N/A	Invitations and attendance registers

Ref No	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Quarter Target	Actual achievement	Performance challenges/ variance	Measure to improve performance	Portfolio Evidence
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Governance and Transformation

JEO 26		Performance Management	Number of Institutional Quarterly Performance Report completed by 30 June 2024	#	1-Jul-23	30-Jun-24	5	4	4 Institutional Quarterly Performance Report completed	2	2	N/A	N/A	Institutional Quarterly Performance Report
			Development and submission the Mid-Year Budget and Performance Assessment Report and submission to shareholder and board by 20 January 2024	Date	1-Jul-23	20-Jan-24	5	20-Jan-23	Develop and submit the Mid-Year Budget and Performance Assessment Report to shareholder and the board by 20 January 2024	N/A	N/A	N/A	N/A	N/A
JEO 27														
JEO 28	Improve admin and governance capacity.	CIPC Compliance	Make public the Mid-Year Budget and Performance Assessment Report by 30 January 2024	Date	1-Jul-23	30-Jan-24	5	30-Jan-23	Make public the Mid-Year Budget and Performance Assessment Report by 30 January 2024	N/A	N/A	N/A	N/A	Public notice on boards an municipal website
JEO 29			Submit the Annual Returns and/or amendments to CIPC by 30 July 2023	Date	1-Jul-23	30-Jul-23	5	Jul-22	Submit the Annual Returns and/or amendments to CIPC by 30 July 2023	2	2	N/A	N/A	Annual Returns and/or amendment and proof of submission
JEO14		Secretariat	Number of ordinary Board meetings scheduled and convened by 30 June 2024	#	1-Jul-23	30-Jun-24	5	4	4 ordinary Board meeting scheduled and convened	2	2	N/A	N/A	Meeting notices, Agenda, Minutes an attendance registers