

8.1 **ANNUAL REPORT: 2014/2015 FINANCIAL YEAR**

(5/1/1)(2013-2014)

Office of the Municipal Manager

PURPOSE

To present the Annual Report for 2014/15 financial year to Council for approval.

INTRODUCTION

In terms of Chapter 12, section 121 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, every municipality and municipal entity must for each financial year prepare an annual report. Furthermore, in section 127 (2) states that the Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

The Sedibeng District Municipality has developed the Annual Report for consideration by all the structures of the municipality and communities.

BACKGROUND

The 2014/15 Annual Report is structured as per a new template prescribed in the new National Treasury: Municipal Financial Management Act 56 of 2003, Circular 63 of 2012, as follows:

Chapter 1: Mayor's Foreword and Executive Summary;
Chapter 2: Governance;
Chapter 3: Service Delivery Performance;
Chapter 4: Organisational Development Performance;
Chapter 5: Financial Performance;
Chapter 6: Auditor General's Findings;
Appendices;
Volume II: AFS; and
Volume III: Annual Performance Report

In this new template the Annual Financial Statements are attached as Volume II of the Annual Report.

DISCUSSION

Section 46 (1) of the Local Government: Municipal Systems Act, 32 of 2000, stipulates that "a municipality must prepare for each financial year a performance report ..."

In Section 46(2) *supra* the Act states that the said report must form part of the municipality's annual report. For that reason the entire Annual Report which reflects the performance of the municipality during the year under review was submitted to the Audit Committee for consideration, and to Council for approval.

It should further be noted that the performance of the municipality is directly linked to its Financial Statements which on the main reflect expenditures incurred during the given financial year. As a consequence thereof this draft Annual Report is tabled together with the unaudited Annual Financial Statements and the Annual Performance Report of the municipality for the 2014/15 Financial Year.

As a report on the implementation of the Integrated Development Plan in relation to service delivery performance, The Annual Performance Report will show that the 2014/2015 IDP contained 308 targets of which 265 (86%) were met and 43 (14%) were not met. In comparison to last year's overall performance, as captured in a table below under column '% Targets Met 2013/14', SDM performance has slightly improved from 84% to 86%. Budgetary constraints, planning and capacity were noted as key challenges in meeting the set targets. All clusters rolled out corrective measures and actions against all targets not met. SDM has significantly improved on the 'SMART' principles and the alignment of the delivery agenda items across all clusters.

The full Summary of Performance targets for each Cluster are as follows:

Office /Cluster	Total Targets	Targets Met	Targets Not Met	% Targets Met	% Target Not Met	% Targets Met (2013/14)
Office of the Executive Mayor	5	4	1	80%	20%	100%
Office of the Chief Whip	11	11	0	100%	0%	83%
Office of the Speaker	12	12	0	100%	0%	90%
Office of the Municipal Manager	42	33	9	79%	21%	93%
Finance	30	29	1	97%	3%	100%
Corporate Services	46	40	6	87%	13%	88%
Community Services	44	42	2	95%	5%	97%
Transport, Infrastructure & Environment & Licensing	61	43	18	70%	30%	46%
Strategic Planning & Economic Development	57	52	5	89%	11%	96%
TOTAL	308	265	43	86%	14%	84%

FINANCIAL IMPLICATIONS

None

LEGAL IMPLICATIONS

The report is submitted in accordance with the dictates of Chapter 12 of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003 and the Local Government: Municipal Systems Act, 32 of 2000 read with Circular 63/2012 of the National Treasury.

ALIGNMENT WITH COUNCIL STRATEGIES

The report is in alignment with the Council's strategy of good and financially sustainable governance.

CONCLUSION

The Annual Report as submitted as a summative reflection of the performance of the municipality over the 2014/15 Financial Year.

RECOMMENDED

1. THAT the Annual Report: 2014/15, attached as Annexure "A" *under a separate cover*, be hereby approved.
2. THAT the Accounting Officer be authorized to submit the Annual Report 2014/15 to the SDM Municipal Public Accounts Committee, Provincial and National Treasury Departments and the Auditor General.