



cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

Municipal Infrastructure Grant

DRAFT REPORTING, MONITORING AND PERFORMANCE EVALUATION PROVISIONS ON NON-FINANCIALS – 2012/13

June 2012

This document should be read with the:

- Municipal Infrastructure Grant (MIG) Policy of February 2004;
- Division of Revenue Act, (No 5 of 2012)
- MIG Framework (Gazette 35399 dated 31 May 2012)
- Establishment of the Project Management Unit Guidelines (2007)
- Industry Guide on Unit Cost and Service Levels
- Processes and Procedure Manual for the payment schedule/ withholding/stopping and reallocation of the MIG 2010/11

REPORTING, MONITORING AND PERFORMANCE EVALUATION PROVISIONS ON NON-FINANCIALS – 2012/13

1 INTRODUCTION

Over the past years, the reporting and monitoring processes including project registration have been viewed as not being adequate and with regard to project registration processes being cumbersome and an impediment to delivery of infrastructure to communities.

Confirming whether value for money has been achieved has become imperative. In order to achieve this, it is important to create efficiencies in current reporting and monitoring practices for the MIG programme.

In order to improve on MIG Programme reporting and monitoring, DCoG has continued to introduce an alternative strategy to improve on reporting on and monitoring that includes improvements on project appraising and progress evaluation in a district context. In other words, all relevant stakeholders will be able to convene in joint meetings (district context) in order to evaluate and appraise projects for MIG funding and evaluate implementation progresses (based on site visits).

Matters concerning project appraisal (i.e. norms, standards and unit cost) must be addressed and resolved in this joint meeting, after which provinces will confirm successful appraisal (projects meeting sector specific and cross-cutting conditions) in writing to municipalities.

Reporting and monitoring should take place throughout the implementation of the project cycle. Projects must be monitored whether they are complying with all the MIG sector and cross-cutting conditions as agreed to through the project registration process.

Section 10 (5) of the Division of Revenue Act, (Act No. 5 of 2012) indicates clearly that the National Transferring Officer is responsible for monitoring expenditure and non-financial information on programmes funded by an allocation. The question could then be asked what non-financial reporting and monitoring requirements should be in place within a financial year.

The above process includes:

- (a) Monthly and quarterly non-financial reporting;
- (b) Appraisal meetings that include all relevant stakeholders;
- (c) Monthly meetings at a provincial level between stakeholders;
- (d) National quarterly review meetings between stakeholders;
- (e) Regular sites visits by municipalities and stakeholders; and
- (f) Meetings with municipalities on the outcomes of reporting and monitoring activities collectively or individually.

2 MONTHLY NON-FINANCIAL PERFORMANCE EVALUATION

2.1 Municipal role

Although the reporting requirements in section 12 (2) (b) of the Division of Revenue Act, (No 5 of 2012) focus on financials, the monthly reporting requirements of DCoG include non-financial information per project as well. This is mainly due to the fact that the MIG is a multi-sectoral programme which requires that DCoG provides sector stakeholders with monthly status (financial and non-financial) reports per project.

Component/s within the municipality responsible for the MIG Programme shall develop, verify, reconcile, check and submit the hard copy of the monthly DCoG DORA report and the electronic version (excel format) to the relevant receiving officer (municipal manager). The receiving officer (delegated official) shall submit to the province (component/s within the province responsible for the MIG programme) the **signed** hard copy and electronic version (excel format) between the 3rd – 6th day of each month.

In the case of a delegation by the receiving officer, a copy of the delegation letter (signed by the receiving officer) needs to be submitted with every report.

Not adhering to the time lines and information required could be deemed as non-reporting and subsequent non-compliance to the DoRA.

A template can be downloaded from the DCoG web-site or can be obtained from the National/Provincial MIG Coordinator.

2.1.1 Provincial role

In terms of the MIG framework (Gazette 35399 dated 31 May 2012) provinces are required to coordinate municipal reports (monthly, quarterly and annual performance evaluation reports), and provide coordinating support and capacity to municipalities. This includes support on reporting and ensuring that signed monthly reports are submitted to the transferring officer.

Provinces must submit before or on the 10th day after the reporting month to DCoG the:

- (a) Municipal signed monthly DoRA reports (both hard copy and electronically [excel format]) from municipalities which includes non-financial information, including a list of municipalities which have not met the non-financial reporting requirements with proposed remedial actions.
- (b) Combined provincial project list which is based on the monthly DoRA reports (financial and non-financial information) from municipalities.
- (c) Commitments (cash flow of projects registered) per municipality against the MIG allocations over the MTEF.

2.1.2 Sector role

Sector departments will play a more significant role during the monitoring processes whereby their contribution would focus on the confirmation of sector related information on monthly and quarterly reporting and the verification of the application of sector norms and standards at a project level through site visits.

2.2 National role

In addition to the reporting requirement to sector 10 (6) of the DoRA 2012 and the fact that the MIG is a multi-sectoral programme, DCoG must provide sector stakeholders with monthly status (financial and non-financial) reports per project. This should be done by no later than the 26th day after the reporting month and would assist stakeholders with information to execute site visits.

3 QUARTERLY NON-FINANCIAL PERFORMANCE EVALUATION

3.1 Municipal role

According to section 12(2)(c) of the DoRA 2012 the receiving officer (municipal manager) must submit a **signed** quarterly performance report within 30 days after the end of each quarter to the transferring national officer, the relevant provincial treasury and the National Treasury. As provinces act as our agent individual electronic versions and hard copy reports signed by the receiving officer must be submitted to the provinces within 30 days after the end of the quarter.

In the case of a delegation by the receiving officer, a copy of the delegation letter (signed by the receiving officer) needs to be submitted with every report.

Not adhering to the time lines and information required could be deemed as non-reporting and subsequent non-compliance to the DoRA.

A template can be downloaded from the DCoG web-site or be obtained from the National/Provincial MIG Coordinator.

3.1.1 Provincial role

In terms of the MIG framework (Gazette 35399 dated 31 May 2012) provinces are required to coordinate municipal reports (monthly, quarterly and annual performance evaluation reports), provide and coordinating support and capacity to municipalities. This includes support on reporting and ensuring that signed quarterly reports are submitted to the transferring officer.

Provinces must submit within 40 days after the end of the quarter to DCoG the:

- (a) Municipal signed quarterly DoRA reports (both hardcopy and electronically [excel format]) from municipalities, including a list of municipalities which have not met the quarterly reporting requirements with proposed remedial actions.
- (b) Combined provincial quarterly report which is based on the quarterly DoRA reports from municipalities.
- (c) Report on the utilisation of MIG funding for the purposes of maintaining Project management capacity within municipalities.

3.1.2 Sector role

Sector departments will play a more significant role during the monitoring processes whereby their contribution would focus on the confirmation of sector related information on monthly and quarterly reporting and the verification of the application of sector norms and standards at a project level through site visits.

3.2 National role

According to Section 10(6) the transferring national officer must submit a quarterly performance report within 45 days after the end of each quarter to the National Treasury, in accordance with the requirements of the relevant framework. The main focus of the report is on non-financial information received from municipalities, ratified by sector departments during site visits and participation in district infrastructure fora which are coordinated by provinces.

This implies that:

- (a) National will analyse prior signed monthly and quarterly DoRA reports submitted by municipalities via provinces;
- (b) The component within DCoG responsible for MIG Programme will verify, reconcile and submit to the Director-General (DG) or delegated official 40 days after the end of the quarter, the national consolidated quarterly DORA report and a national accumulative perspective up to the end of that quarter.
- (c) The DG of DCoG or delegated official will submit to the National Treasury the signed hard copy report 45 days after the end of the quarter. The report will also be forwarded to relevant sector departments.

4 ANNUAL NON-FINANCIAL PERFORMANCE EVALUATION

4.1 Municipal role

The receiving officer (municipal manager) must, within two (2) months (60 days) after the end of the municipal financial year, evaluate its performance in respect of the MIG funded or partially funded projects and submit a **signed** evaluation report to the transferring national officer (DCoG) (Section 12 (5) of DoRA 2012). These reports must be submitted via provinces to the national transferring officer.

In the case of a delegation by the receiving officer, a copy of the delegation letter (signed by the receiving officer) needs to be submitted with the report.

Note that this information from municipalities will not only be used for the purposes of completing the required national annual MIG performance evaluation report but also inform funding requirements of the MIG programme which should be part of the national budgetary processes.

A template can be downloaded from the DCoG web-site or be obtained from the National/Provincial MIG Coordinator.

4.1.1 Role of Province

In terms of the MIG framework (Gazette 35399 dated 31 May 2012) provinces are required to coordinate municipal reports (monthly, quarterly and annual performance evaluation reports), provide and coordinating support and capacity to municipalities. This includes support on reporting and ensuring that signed annual performance evaluation reports are submitted to the transferring officer.

Provinces must submit within 70 days after the end of the quarter to DCoG the:

- (a) Signed annual performance evaluation DoRA reports from municipalities including a list of municipalities which have not met the reporting requirements with proposed remedial actions.

- (b) Commitments per municipality (successful registration of MIG projects against allocations).

4.2 National Annual Performance Evaluation Report

In terms of Section 10(7) of the DoRA 2012, the transferring national officer must evaluate the performance of programmes funded or partially funded by the allocation and submit such evaluations to the National Treasury. In respect of municipal allocations such a report is due six (6) months (180 days) after the end of the national financial year and three (3) months 90 (days) after the end of the municipal financial year.

This implies that:

- (a) National will analyse prior reporting and signed annual performance evaluation DoRA reports submitted by municipalities via provinces;
- (b) The component within DCoG responsible for MIG Programme will verify, reconcile and submit to the Director-General (DG) or delegated official 85 days after the end of the municipal financial year. Any discrepancies, errors and/or queries must immediately be forwarded to the Province for correction or clarification and resubmission.
- (c) The DG or delegated official will submit to the National Treasury the signed hard copy report 90 days after the end of the municipal financial year. The report will also be forwarded to relevant sector departments.

5 PROJECT REGISTRATION FACILITATED THROUGH APPRAISAL TEAMS

The delay in the registration of projects has largely been attributed to the workflow involved in signing-off of projects by various role-players, including municipalities, Department of Water Affairs (DWA), Provincial MIG Units and National MIG Unit. Adding to the delays were the requirements to submit supportive documentation such as Municipal and Provincial Managers signatures for audit purposes as well as letters of recommendation from DWA and Department of Sports & Recreation (SRSA). All these processes and documents are required for submission before projects can be registered on the MIG-MIS for MIG funding.

In order to improve on project registration, DCoG has introduced an alternative strategy of appraising and registering projects in a district context. It implies that all relevant role-players (district role-players) must be able to convene in one meeting in order to evaluate and appraise MIG projects in accordance with the MIG policy framework. **The establishment of district fora to facilitate project appraisals are however recommended.**

Please note that business plans to top-slice MIG funding for the purpose of establishing/maintaining project management capacity in a municipality will follow the same appraisal processes as mentioned above and must be in line with the PMU guidelines (2007). The business plans for 2012/13 from municipalities must be appraised by 30 June 2012.

5.1 Registration and appraisal requirements

The following requirements apply:

- a) Provinces are required to coordinate the relevant role-players.
- b) Provinces must develop a programme for project appraisals which is informed by municipalities whose projects require registration (times lines as mentioned in the MIG

DoRA Framework needs to be taken into consideration – (Gazette 35399 dated 31 May 2012).

- c) Provinces must issue registration letters for successfully appraised projects (which have met sector and cross-cutting conditions).
- d) A copy of the registration letter issued by the province after completion of the successful appraisal of projects must be forwarded to DCoG within 5 working days after the appraisal process. National will subsequently sign-off on the MIG-MIS that the project registration workflow has been concluded for a particular project. The signed MIG1 and supporting documentation is kept at a provincial level for record/audit purposes.

5.2 Composition of Appraisal Teams

The Appraisal Teams should comprise:

- a) Province;
- b) District and Local Municipalities:
 - PMU Managers / representatives of municipalities whose projects will be appraised.
- c) National component within DCoG responsible for the management of MIG and Technical Support Units; and
- d) The relevant Provincial / Regional Sector Departments:
 - Water Affairs (DWA) - Water & Sanitation projects;
 - Environmental Affairs (DEA) – EIA & Solid Waste related projects;
 - Transport (DoT) - Roads infrastructure projects;
 - Sports and Recreation (SRSA) - Sports related projects; and
 - Human Settlements – Sanitation and bulk infrastructure projects to unblock housing developments.
- e) Department of Public Works – EPWP Unit

5.3 Roles and Responsibilities

5.3.1 Province (Component within Province responsible for the MIG)

- a) As coordinators, provinces must develop a programme of appraisal and prepare the agenda for these sessions.
- b) Co-ordinate the participation of all relevant stakeholders indicated above including the chairing / facilitation of all meetings and secretariat functions.
- c) Ensure that all relevant documents (municipal manager's signatures and sector department letters of recommendation) are acquired before the appraisal meetings.
- d) Issue a letter to the municipality that the project has been successfully appraised by stakeholders and that the project could continue to utilise MIG funding (met cross-cutting and sector specific conditions).
- e) Provide national with a copy of the letter to the municipality 5 working days after the project appraisal.
- f) Prepare a report on the status of project registrations of each municipality (registration timelines as explained in the MIG DoRA Framework – (Gazette 35399 dated 31 May 2012). This is similar to the reporting on a monthly basis on commitments.

5.3.2 District and Local Municipalities

- a) Ensure project compliance on meeting sector and cross-cutting conditions.
- b) Participate in the appraisal meetings and provide technical overview using its technical department / PMU and MISA deployees.

Note where the district municipality is not receiving MIG funding from DCoG, they should also attend.

5.3.3 National

- a) As part of preparation for the project appraisal meeting, evaluate projects from each municipality and provide comments where there are deviations from the MIG Policy and infrastructure unit costs as provided for in the Industry Guide: Infrastructure Service Levels and Unit Costs 2009/10.
- b) Participate in the appraisal meetings and provide advice to municipalities where required.
- c) After receipt of the registration letter, sign the project off on the MIG MIS to indicate that the project has completed its registration workflow process.

5.3.4 Provincial/Regional Sector Departments

- a) Ensure the communication of sector norms and standards prior to registration.
- b) Assess the Technical Reports submitted by municipalities and issue letters of recommendation on projects that comply with sector norms and standards before the appraisal meetings.
- c) Participate in the appraisal meetings and provide technical advice to municipalities, where required.

5.4 Decision Making

All the stakeholders within the district appraisal team will provide comments on each project and reach consensus whether project has met policy requirements (compliance to sector and cross-cutting conditions). The chairperson shall facilitate consensus to allow for the registration of projects by the province.

5.5 Frequency of Meetings

The district appraisal teams will meet frequently depending on the amount of projects requiring registration to commit MIG funding in the following financial years. A schedule of dates developed by province should inform proposed meetings in advance.

5.6 Agenda Setting

The agenda of the project appraisal meetings will be set by the province in consultation with the municipalities and members of the district appraisal team.

5.7 Reporting

The Province will compile a report after every appraisal meeting to confirm resolutions undertaken.

5.8 Secretariat

The secretariat function will be performed by the province.

Please note that approvals on project budget adjustments must be facilitate through the project appraisal process as well.

6 MONITORING OF MIG FUNDED PROJECTS

The district context (establishment of district fora) will become one of the key avenues to drive government wide initiatives in the built environment. This forum will:

- (i) Review the status of service delivery especially the backlogs on service delivery;
- (ii) Advise on funding and institutional strategies to eradicate backlogs (optimisation and extension of MIG allocations and existing institutional capacities); and
- (iii) Confirm investment requirements (potential impact) especially those to be funded from grants (ensure grant coordination) such as the MIG.

6.1 Site Visits

In terms of the MIG framework (Gazette 35399 dated 31 May 2012) provinces are required to monitor project implementation in collaboration with sector departments and submit site visit reports to DCoG. This implies that projects need to be monitored against what were intended as indicated in the project registration forms (MIG1s).

Provinces would be key in organising site visit engagements and coordinate the attendance of the various stakeholders.

The purpose of site visits is to ensure that the funds are being spent for the intended purposes stated in the MIG project registration and if not, corrective steps be undertaken. All relevant stakeholders must be represented at the site visit, especially those stakeholders that could provide technical input i.e. Department of Water Affairs. The site visit process will also strengthen existing monthly, quarterly and annual reporting mechanisms for the MIG Programme contemplated in the DoRA, 2012.

The site visit teams should comprise:

- a) Province;
- b) District and Local Municipalities:
 - Councillors (finance and infrastructure)
 - PMU Managers / representatives of municipalities
 - MISA deployees, where applicable; and
- c) National component within DCoG responsible for the management of MIG and Technical Support Units; and
- d) The relevant Provincial / Regional Sector Departments:
 - Water Affairs (DWA) - Water & Sanitation projects;
 - Environmental Affairs (DEA) – EIA & Solid Waste related projects;
 - Transport (DoT) - Roads infrastructure projects;
 - Sports and Recreation (SRSA) - Sports related projects; and
 - Human Settlements – Sanitation and bulk infrastructure projects to unblock housing developments.
- e) Department of Public Works – EPWP Unit
- f) Other:
 - Engineering Council of South Africa (ECSA)
 - Construction Industry Development Board (CIDB)

Cognisance should be taken of the capacity of provinces to organise and attend with sector departments the identified site visits. Provinces will have to on a regular basis (one month before the start of a quarter) provide DCoG with the schedule of site visits to be undertaken. However, DCoG reserves the right to alter the projects to be visited.

Please note that this process does not substitute scheduled site visits and site supervision to be undertaken by municipalities themselves from time to time as part of their contract management responsibilities.

The findings of the site visits must be communicated and discussed with municipalities after which the reports (with remedial actions) are submitted to DCoG.

7 IMPORTANT TIMELINES

7.1 Reporting on non-financials for 2012/13

Type of reporting/	Receiving Officer Signed off and submitted to province	Province coordinate reports and submit to Transferring Officer (DCoG)	MIG component within DCOG consolidate	Submit to National Treasury
Monthly non-financial reports: - Combined electronic provincial project list which is a combination of monthly reports from municipalities - Signed individual municipal monthly DoRA reports - List of municipalities not complying including remedial actions	Day 3 – 6	By day 10 • 10 Aug 2012 • 10 Sept 2012 • 10 Oct 2012 • 9 Nov 2012 • 10 Dec 2012 • 10 Jan 2013 • 8 Feb 2013 • 8 Mar 2013 • 10 April 2013 • 10 May 2013 • 10 Jun 2013 • 10 Jul 2013	By day 20 • 20 Aug 2012 • 20 Sept 2012 • 19 Oct 2012 • 20 Nov 2012 • 20 Dec 2012 • 21 Jan 2013 • 20 Feb 2013 • 20 Mar 2013 • 19 April 2013 • 21 May 2013 • 20 Jun 2013 • 19 Jul 2013	-
Monthly commitment reports: - Commitments against the MTEF allocations per municipality - List of projects appraised in the month - A schedule of project appraisals to take place in the month - Report on the progress with regard to registration timelines as indicated in the MIG framework (Gazette 35399 dated 31 May 2012)	Day 3 – 6	• 10 Aug 2012 • 10 Sept 2012 • 10 Oct 2012 • 9 Nov 2012 • 10 Dec 2012 • 10 Jan 2013 • 8 Feb 2013 • 8 Mar 2013 • 10 April 2013 • 10 May 2013 • 10 Jun 2013 • 10 Jul 2013	By day 20 • 20 Aug 2012 • 20 Sept 2012 • 19 Oct 2012 • 20 Nov 2012 • 20 Dec 2012 • 21 Jan 2013 • 20 Feb 2013 • 20 Mar 2013 • 19 April 2013 • 21 May 2013 • 20 Jun 2013 • 19 Jul 2013	-
Monthly Site Visit reports: - Site visit reports of site visited including - Summary of issues from site visits reports to be escalated, where required.	-	• 10 Jul 2012 • 10 Aug 2012 • 10 Sept 2012 • 10 Oct 2012 • 9 Nov 2012 • 10 Dec 2012 • 10 Jan 2013 • 8 Feb 2013 • 8 Mar 2013 • 10 April 2013 • 10 May 2013 • 10 Jun 2013 • 10 Jul 2013	By day 20 • 20 Aug 2012 • 20 Sept 2012 • 19 Oct 2012 • 20 Nov 2012 • 20 Dec 2012 • 21 Jan 2013 • 20 Feb 2013 • 20 Mar 2013 • 19 April 2013 • 21 May 2013 • 20 Jun 2013 • 19 Jul 2013	-
Quarterly reports: - Combined quarterly report electronically - Signed individual municipal quarterly DoRA reports - List of municipalities not complying including remedial actions	Day 1 – 30 after quarter	By day 31 - 40 • 10 Oct 2012 • 8 Feb 2013 • 10 May 2013 • 9 Aug 2013	By day 41 - 44 • 19 Oct 2012 • 20 Feb 2013 • 20 May 2013 • 20 Aug 2013	Day 45 -55 • 24 Oct 2012 • 26 Feb 2013 • 28 May 2013 • 27 Aug 2013

Quarterly municipal project management capacity reports:	Day 1 – 30 after quarter	By day 31 - 40 <ul style="list-style-type: none"> • 10 Oct 2012 • 8 Feb 2013 • 10 May 2013 • 9 Aug 2013 	By day 41 - 44 <ul style="list-style-type: none"> • 19 Oct 2012 • 20 Feb 2013 • 20 May 2013 • 20 Aug 2013 	Day 45 -55 <ul style="list-style-type: none"> • 24 Oct 2012 • 26 Feb 2013 • 28 May 2013 • 27 Aug 2013
Implementation plans: - Combined electronic implementation plans of province for 2013/14 - Signed individual municipal implementation plans - A list of municipalities not complying including remedial actions	Day 3 – 6	<ul style="list-style-type: none"> • 31 Oct 2012 Electronic update only: <ul style="list-style-type: none"> • 29 March 2013 • 28 June 2013 	-	-
Annual reports: - Signed individual municipal annual reports - A list of municipalities not complying including remedial actions	Day 1 – 45 after end of municipal financial year	By day 60 after end of municipal financial year <ul style="list-style-type: none"> • 30 Aug 2012 	By day 85 <ul style="list-style-type: none"> • 25 Sept 2012 	Day 90 <ul style="list-style-type: none"> • 30 Sept 2012

7.2 Project Registrations for 2013/14

Action	By whom	By when
Submit all technical reports to the sector departments responsible for water services, sport and recreation, roads and transport for all projects to be implemented in 2012/13).	Receiving Officer	By 31 May 2011
Evaluate reports and provide final recommendations on proposed projects to the receiving officer	Sector departments	By 31 July 2011
Submission of all the project registrations forms for the projects to be implemented in 2012/13 to the province	Receiving officer	By 1 August 2012
Final recommendations to receiving officers on project registration	Province	By 28 September 2011
Submit to the Transferring Officer, detailed project implementation plans for all the projects to be implemented in the 2012/13 financial year.	Receiving officer	By 31 October 2012

Please note that business plans to top-slice MIG funding for the purpose of establishing/maintaining project management capacity in a municipality will follow the same appraisal processes and must be in line with the PMU guidelines (2007). The business plans for 2012/13 from municipalities must be appraised by 30 June 2012.

7.3 Monitoring in 2012/13

Provinces to develop quarterly site visit schedules to ensure proper monitoring of projects being implemented in 2012/13. These site visit schedules must be submitted to the Transferring Officer 1 month prior to the start of a quarter that would allow for adequate preparation.

Site visit reports will be developed by the Province and must form part of the monthly reporting process.