



REPORT TO:

1. ITEM NUMBER: CRSPC 11/06/20

2. SUBJECT

CORPORATE SERVICES DIRECTORATE: APRIL 2020 FINANCIAL MONITORING REPORT

ONDERWERP

DIREKTORAAT KORPORATIEWE DIENSTE: VERSLAG OOR FINANSIËLE MONITERING VIR APRIL 2020

ISIHLOKO

ICANDELO LEENKONZO ZEZIKO: INGXELO ENGOKUBEK'ILISO KWIZIMALI KATSHAZIIMPUZI 2020

LSU L4019

3. DELEGATED AUTHORITY

In terms of delegation

This report is

- Committee name : Corporate Services Portfolio Committee**
- The Executive Mayor together with the Mayoral Committee (MAYCO)
- Council

4. DISCUSSION

This is a monthly financial monitoring report reflecting the progress made on the implementation of the 2019/20 Capital and Operating Budgets for the Corporate

Services Directorate. The information contained in this report is based on the Adjustments Budget, approved by Council in January 2020, and the actual expenditure as at April 2020 reflected in SAP.

The monitoring and reviewing of the 2019/20 Capital and Operating Budgets for the Corporate Services Directorate is an ongoing process. Financial management reports are tabled at the monthly management committee meeting for the Corporate Services Directorate. Financial management reports are also submitted monthly to the Executive Director: Corporate Services, Directors and their financial support staff.

In addition to these, monthly management reports are provided to all Directors and their support staff, highlighting significant variances with a view to them taking the necessary remedial actions, where required. This entails adjusting their budgets, reallocate expenditure correctly or fast tracking their implementation plans. These actions are necessitated for compliance with legislative requirements, Council policies & procedures and ensuring good governance.

Capital Budget

This Directorate's approved 2019/20 Capital Budget amounts to R187.2 million.

Current Budget	YTD Planned Spend	YTD Actual Spend	Commitments	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget	% YTD Spend + Commitments vs Current Budget
(R m)	(R m)	(R m)	(R m)			
187.2	118.4	72.2	74.6	61.0%	38.6%	78.4%

The table above reflects the Directorate's actual spend is currently at 61.0% which is behind schedule compared to the planned spend. The implementation rate, compared to the total budget is 38.6% for the period ending 30 April 2020, excluding commitments.

When commitments are taken into account, the overall performance improves to 78.4% for the Directorate. The value of the commitments placed for the period ending 30 April 2020 amounts to R74.6 million.

The reasons for the major variance is due to:

1. Enterprise Monitoring & Managmt Sol FY20 - Project delayed due to the protracted process of getting the contract value increased on tender 9G/15/16, which has since been resolved. The remaining funds will be contributed to purchase Enterprise Hardware in May 2020. Delivery is dependent on what the COVID-19 lockdown will allow.
2. Microwave Upgrades FY20 - As a result of extension to lockdown (COVID-19), vendor has informed that there is a portion of equipment that will not arrive on time.

Arrangements have been made to cancel these orders and move the budget of R14 800 000 to FY20/21 (CPX.0018867). The remaining budget of R24 200 000 will be invoiced by June 2020.

3. Integration and Enhancement - Project delayed. SAP Resources on 44S not available as planned. Limited work completed in January to March 2019. April 2020 no work was completed due to COVID-19 and the defined scope of work for the use of 266 was delayed. Struggle to complete with limited resources from the available 44s tender. Value at risk is R3 million, which will be re-phased to the 2020/21 financial year.
4. Microsoft Infrastructure Services FY20 - Variance due to the delays in the shipping of order is being experienced out of China as a result of the Corona Virus outbreak, contingencies will be in place by ensuring that the remaining hardware is placed well in advance in order to compensate for the 1 month anticipated delayed delivery dates.
5. CityWeb/CityApps Redevelopment Resources - Variance is due to the difficulties with the sourcing of consultants because of scarce skills required. Resources has now been acquired and purchase order has been created.

Remedial or corrective steps:

1. Orders have been placed; awaiting delivery.
2. Budget and cash flows will be amended in May 2020 adjustments budget.

Necessary shifts will be made from projects that are experiencing challenges with spending to projects that are progressing well. This is part of the ongoing management and monitoring of our Capital Budget.

The Top 100 Priority Projects for the City is also managed via the Project Portfolio Management (PPM) Operational Dashboard. This Directorate has the following projects as part of the Top 100 Projects for the City:

• Data Storage Security & Accessibility FY20	R 5.1 million
• Contract Management System Integration	R 5.5 million
• Microsoft Infrastructure Services FY20	R 6.0 million
• Computers & Equipment: Replacement FY20	R 7.5 million
• Network Upgrade U_Serv Areas FY20	R 9.5 million
• Renewal Back-end Network infrastr FY20	R 9.9 million
• CityWeb/CityApps Redevelopment Resources	R11.2 million
• ERP Business Systems FY20	R13.5 million
• Enterprise Monitoring & Management Sol FY20	R18.5 million
• Microwave Upgrades FY20	R39.0 million

The 2019/20 Current Capital Budget summary per Department is attached as Annexure A to this report.

Operating Budget

Departmental Summary - Controllable Primary Expenditure

This Directorate's approved 2019/20 Operating Budget amounts to R1 872.7 million.

Current Budget (R m)	YTD Planned Spend (R m)	YTD Actual Spend (R m)	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget
1 872.7	1 475.8	1 498.0	101.5%	80.0%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 101.5%. The total implementation rate achieved is of 80.0% for the period ending 30 April 2020.

The reason for the major variance is due to a combination of over/under-expenditure:

1. Employee related costs (over), the variance is mainly the result of appointments made earlier than planned, resulting in misalignment of period budgets with actual trends. Over expenditure on Leave Pay is coupled to high turnover in staff
2. Depreciation & Asset Impairment (under), where the depreciation (based on actual capitalisation of assets) is not aligned to the planned period budgets. Capitalisation of assets were impacted by completion of projects and delays in completion of certain IS&T projects (Broadband project was placed on hold & Impact of Covid19 taking effect)
3. Other Materials (over) predominantly as a result of secondary recharges (especially Labour to Operating) not aligned to the original plan as a result of vacancies, idle time and capturing of recoveries behind schedule
4. Contracted Services (over):
 - a) Advisory Services: Human Resources (over), where expenditure was incurred ahead of plan
 - b) Advisory Services: Legal cost & Litigation (over), due to several unplanned high priority legal cases instituted during this financial year
 - c) Admin Support Staff (under), due to lower than planned demand and dependence on labour broker staff to perform admin and support functions and Covid19 starting to take effect on expenditure patterns, and
5. Other expenditure (over), combination of over/under:
 - a) Training Other (over), due to training programmes being scheduled earlier than planned and more co-op students appointed than planned;

b) Corporate Training Programmes (over), due to more training interventions offered, accelerated programme schedule and higher volumes of invoices processed than originally anticipated;

c) Advertising - Corporate & Municipal Activities (under), due to the misalignment of the actual expenditure with the period budget provisions; and

d) G&D Specialised IT Services (over), where actuals processed incorrectly against this G/L & have not been reposted yet;

Remedial or corrective steps:

1. The overall over expenditure to date of R 18.9 mil will be addressed by the review of period budget provisions on various elements and with adjustments to these elements.
2. Virements to be processed where so identified and required
3. The directorate has 208 vacancies in various stages of the recruitment and selection process; 222 positions were filled and 74 terminations processed since the beginning of the financial year. The 2019/20 Departmental summary is attached as Annexure B to this report.

Departmental Summary – Training Budget

This Directorate's approved 2019/20 Training Budget, excluding the Corporate Training provision, amounts to R9.7 million.

The budget for the Corporate Training provision amounts to R30.4 million and the actual implementation rate is 132.4%.

Current Budget (R m)	YTD Planned Spend (R m)	YTD Actual Spend (R m)	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget
9.7	4.8	4.9	102.6%	57.2%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 102.6%. The total implementation rate achieved is 57.2% for the period ending 30 April 2020.

Departments are managing their budgets against their approved Workplace Skills Plan (WSP) to ensure maximum spend within their areas of control. Further opportunities are currently being investigated to maximize our projected spend.

The 2019/20 Departmental summary is attached as Annexure C to this report.

Departmental Summary - Repairs and Maintenance

This Directorate's approved 2019/20 Repairs and Maintenance Budget amounts to R80.1 million.

Current Budget (R m)	YTD Planned Spend (R m)	YTD Actual Spend (R m)	% YTD Spend vs YTD Planned Spend	% YTD Spend vs Current Budget
80.1	54.1	55.0	101.6%	68.7%

The table above reflects the Directorate's implementation rate achieved compared to the year-to-date planned spend at 101.6%. The total implementation rate achieved is 68.7% for the period ending 30 April 2020.

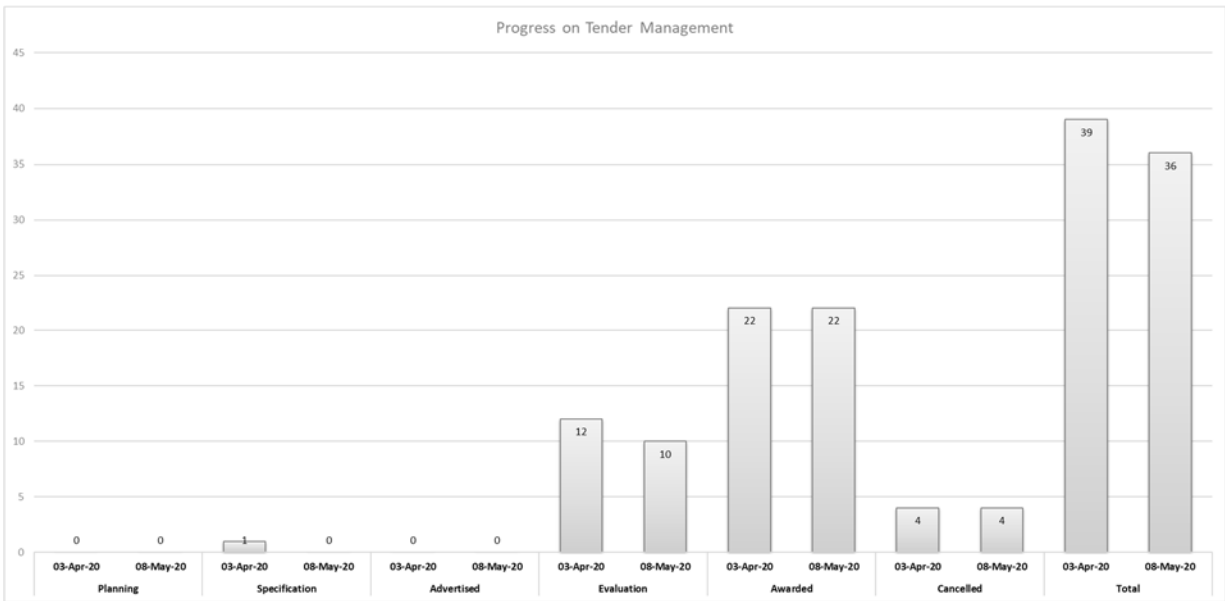
Only the Information Systems and Technology (IS&T) department have a planned maintenance programme in place.

The remainder of the Departments within the Directorate does not have planned maintenance programmes and hence their maintenance expenditure is of a reactive/unplanned nature.

The 2019/20 Departmental Repairs & Maintenance summary is attached as Annexure D to this report.

Tender Demand Plan

Due to the challenges previously face with the demand plan the CS: Project Management Office has now focussed on ensuring significant progress on all outstanding tenders. The graph below reflects the movement of the tender demand plan within the various stages of the Supply Chain Management tender process. It should also be noted that the CS: Project Management Office unit has requested Supply Chain Management to make available two additional resources to ensure that the tenders (tenders reflected in awaiting BIF and specification columns) which has not been advertised as yet are being fast tracked and advertised before the close of the calendar year.



Financial Implications

- None Opex Capex
- Capex: New Projects
- Capex: Existing projects requiring additional funding
- Capex: Existing projects with no additional funding requirements

Policy and Strategy

- Yes No

Legislative Vetting

- Yes No

Legal Compliance

-

Staff Implications

- Yes No

Risk Implications Yes No

5. RECOMMENDATIONS

It is **RECOMMENDED** that the contents of the report be **NOTED**.

AANBEVELING

Daar word AANBEVEEL dat daar van die inhoud van die verslag **KENNIS GENEEM WORD**.

IZINDULULO

KUNDULULWE ukuba **MAKUQWALASELWE** okuqulathwe kwingxelo.

ANNEXURES

Annexure	Filename
ANNEXURE A:	2019_20 Capex DeptSum April 2020
ANNEXURE B:	2019_20 Opex DeptSum April 2020
ANNEXURE C:	2019_20 Training DeptSum April 2020
ANNEXURE D:	2019_20 R+M DeptSum April 2020

FOR FURTHER DETAILS CONTACT

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E-MAIL ADDRESS	<u>Wallied.taliep@capetown.gov.za</u>		
DIRECTORATE	<u>Corporate Services</u>	FILE REF No	<u></u>

Approval Form

Supported for inclusion on the agenda



CORPORATE SERVICES DIRECTORATE: APRIL 2020 FINANCIAL MONITORING

Report Reference: 515047
Meeting: Section 79 Portfolio Committee - Corporate Services
Meeting Date: 03.06.2020
Meeting Venue: Meeting Room 2 6th Floor Podium

Contact Person: Wallied Taliep
Contact Telephone: 0214009880
Contact Email: WALLIED.TALIEP@CAPETOWN.GOV.ZA#

Item	Section	Approver	Approval	Approved Date	Approver Comments
01	Author	WALLIED TALIEP	Approved	18.05.2020 08:25:29	
02	Director	GILLIAN KENHARDT	Approved	19.05.2020 07:37:32	
03	Executive Director	Keith SMITH	Approved	20.05.2020 12:00:29	
04	Legal Compliance	Joan Mari Holt	Approved with Comments	25.05.2020 19:17:22	For information.
05	Chairperson	Theresa Uys	Approved	27.05.2020 09:25:21	

ECS Officer: Cynthia Minnaar

CORPORATE SERVICES

2019/20 CAPITAL BUDGET SUMMARY AS AT 02 JUNE 2020

Key	↑	Above 90%	Above 83%	Above 95%
	→	Between 80% and 90%	Between 75% and 83%	Between 90% and 95%
	↓	Below 80%	Below 75%	Below 90%

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	Commitments	Actual Spend + Commitments	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget	% YTD Actual Spend + Commitments compared to Current Budget
Communications	1 965 732	799 574	739 375	(60 199)	1 145 384	1 884 759	↑ 92,5%	↓ 37,6%	↑ 95,9%
Customer Relations	2 302 445	490 000	873 876	383 876	1 379 849	2 253 725	↑ 178,3%	↓ 38,0%	↑ 97,9%
Executive & Council Support	1 348 000	1 022 778	1 114 843	92 065	198 176	1 313 019	↑ 109,0%	→ 82,7%	↑ 97,4%
Human Resources	5 372 281	2 237 816	1 976 000	(261 816)	1 856 489	3 832 490	→ 88,3%	↓ 36,8%	↓ 71,3%
Information & Knowledge Management	2 533 326	1 403 973	2 387 835	983 862	51 855	2 439 689	↑ 170,1%	↑ 94,3%	↑ 96,3%
Information Systems & Technology	137 734 073	97 942 976	77 541 202	(20 401 774)	49 408 787	126 949 988	↓ 79,2%	↓ 56,3%	→ 92,2%
Legal Services	3 867 786	3 867 786	924 030	(2 943 756)	1 323 733	2 247 763	↓ 23,9%	↓ 23,9%	↓ 58,1%
Management: Corporate Services	2 349 263	448 396	270 746	(177 650)	908 334	1 179 080	↓ 60,4%	↓ 11,5%	↓ 50,2%
Organisational Effectiveness & Innovation	220 635	150 635	65 521	(85 114)	113 326	178 847	↓ 43,5%	↓ 29,7%	↓ 81,1%
Organisational Performance Management	8 150 431	4 233 379	4 838 445	605 066	1 790 539	6 628 984	↑ 114,3%	↓ 59,4%	↓ 81,3%
Organisational Policy & Planning	253 600	253 600	112 595	(141 005)	122 385	234 979	↓ 44,4%	↓ 44,4%	→ 92,7%
Corp Project Programme & Portfolio Mngmt	6 312 710	5 380 484	2 282 955	(3 097 529)	586 417	2 869 372	↓ 42,4%	↓ 36,2%	↓ 45,5%
Grand Total	172 410 282	118 231 397	93 127 423	(25 103 974)	58 885 273	152 012 696	↓ 78,8%	↓ 54,0%	↓ 88,2%

2018/19	269 713 634	185 524 017	194 157 476	8 633 459	66 266 155	260 423 631	↑ 104,7%	↓ 72,0%	↑ 96,6%
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CORPORATE SERVICES

Key	↑	Above 90%	Above 83%
	→	Between 80% and 90%	Between 75% and 83%
	↓	Below 80%	Below 75%

2019/20 OPERATING EXPENDITURE DEPARTMENTAL SUMMARY
(PRIMARY CONTROLLABLE EXPENDITURE) AS AT APRIL 2020

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget
Communications	78 115 329	63 646 466	67 002 968	3 356 502	↑ 105,3%	↑ 85,8%
Customer Relations	75 480 195	63 100 983	61 838 861	(1 262 122)	↑ 98,0%	→ 81,9%
Executive & Council Support	59 736 829	48 459 067	45 580 549	(2 878 518)	↑ 94,1%	→ 76,3%
Finance: CS	7 835 606	6 094 409	4 240 401	(1 854 007)	↓ 69,6%	↓ 54,1%
HR Business Partner: CS	3 557 555	2 771 742	2 342 051	(429 691)	→ 84,5%	↓ 65,8%
Human Resources	307 896 661	253 722 140	278 668 070	24 945 930	↑ 109,8%	↑ 90,5%
Information & Knowledge Management	49 702 616	38 845 138	37 186 241	(1 658 897)	↑ 95,7%	↓ 74,8%
Information Systems & Technology	906 496 567	706 908 321	706 684 621	(223 700)	↑ 100,0%	→ 78,0%
Legal Services	142 468 581	118 402 684	119 251 069	848 385	↑ 100,7%	↑ 83,7%
Management: Corporate Services	14 561 893	6 249 053	8 346 113	2 097 060	↑ 133,6%	↓ 57,3%
Organisational Effectiveness & Innovation	48 048 927	38 931 498	36 420 436	(2 511 062)	↑ 93,6%	→ 75,8%
Organisational Performance Management	33 626 207	22 550 861	20 663 872	(1 886 989)	↑ 91,6%	↓ 61,5%
Organisational Policy & Planning	41 006 583	33 790 444	30 540 080	(3 250 364)	↑ 90,4%	↓ 74,5%
Resilience	3 588 519	2 999 571	3 882 469	882 897	↑ 129,4%	↑ 108,2%
Support Services: CS	3 422 179	2 810 355	2 875 197	64 842	↑ 102,3%	↑ 84,0%
Corp Project Programme & Portfolio Mngmt	97 189 901	66 607 246	72 504 650	5 897 404	↑ 108,9%	↓ 74,6%
Grand Total	1 872 734 149	1 475 889 977	1 498 027 648	22 137 671	↑ 101,5%	→ 80,0%

2018/19	1 724 674 612	1 315 699 104	1 331 266 179	15 567 075	↑ 101,2%	→ 77,2%
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Key	↑	Above 90%	Above 83%
	→	Between 80% and 90%	Between 75% and 83%
	↓	Below 80%	Below 75%

CORPORATE SERVICES**2019/20 TRAINING BUDGET - DEPARTMENTAL SUMMARY AS AT APRIL 2020**

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget
Communications	289 651	89 402	73 598	(15 804)	→	25,4%
Customer Relations	455 724	326 593	232 957	(93 636)	↓	51,1%
Executive & Council Support	612 969	366 729	465 732	99 003	↑	76,0%
Finance: CS	24 867	19 139	72 597	53 458	↑	291,9%
HR Business Partner: CS	20 742	8 629	5 172	(3 457)	↓	24,9%
Human Resources	1 665 998	1 387 916	1 356 779	(31 137)	↑	81,4%
Information & Knowledge Management	270 215	167 451	212 058	44 607	↑	78,5%
Information Systems & Technology	4 909 886	1 788 123	1 847 121	58 998	↑	37,6%
Legal Services	500 364	254 813	149 631	(105 182)	↓	29,9%
Management: Corporate Services	44 185	35 210	52 158	16 948	↑	118,0%
Organisational Effectiveness & Innovation	407 019	138 091	224 348	86 257	↑	55,1%
Organisational Performance Management	262 177	39 915	198 684	158 769	↑	75,8%
Organisational Policy & Planning	236 513	215 894	91 064	(124 830)	↓	38,5%
Corp Project Programme & Portfolio Mngmt	12 475	8 310	7 270	(1 040)	→	58,3%
Resilience	23 871	13 925	9 465	(4 460)	↓	39,7%
Support Services: CS	21 590	10 795	0	(10 795)	↓	0,0%
Total	9 758 246	4 870 934	4 998 634	127 700	↑	51,2%

* Excludes Corporate Budget Provisions

2018/19	9 999 239	6 437 692	5 549 572	(888 120)	→	55,5%
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CORPORATE SERVICES

Key	↑	Above 90%	Above 83%
	→	Between 80% and 90%	Between 75% and 83%
	↓	Below 80%	Below 75%

2019/20 REPAIRS AND MAINTENANCE - DEPARTMENTAL SUMMARY AS AT APRIL 2020

Department	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	% YTD Actual Spend Compared to YTD Planned Spend	% YTD Actual Spend Compared to Current Budget
Communications	64 426	9 773	0	(9 773)	↓ 0,0%	↓ 0,0%
Customer Relations	81 824	53 189	36 703	(16 486)	↓ 69,0%	↓ 44,9%
Executive & Council Support	2 391 046	1 806 700	1 321 983	(484 717)	↓ 73,2%	↓ 55,3%
Finance: CS	16 704	11 223	20 760	9 537	↑ 185,0%	↑ 124,3%
Human Resources	109 778	85 879	59 953	(25 926)	↓ 69,8%	↓ 54,6%
Information & Knowledge Management	37 611	29 733	24 306	(5 427)	→ 81,7%	↓ 64,6%
Information Systems & Technology	76 844 267	52 096 179	53 458 014	1 361 834	↑ 102,6%	→ 69,6%
Legal Services	77 293	42 410	62 534	20 124	↑ 147,5%	↑ 80,9%
Management: Corporate Services	0	0	21 705	21 705	↓ 0,0%	↓ 0,0%
Organisational Effectiveness & Innovation	316 218	3 579	8 392	4 813	↑ 234,5%	↓ 2,7%
Organisational Performance Management	5 207	4 339	9 276	4 937	↑ 213,8%	↑ 178,1%
Organisational Policy & Planning	44 416	20 063	266	(19 797)	↓ 1,3%	↓ 0,6%
Corp Project Programme & Portfolio Mngmt	101 565	147	0	(147)	↓ 0,0%	↓ 0,0%
Total	80 090 354	54 163 215	55 023 893	860 678	↑ 101,6%	↓ 68,7%
2018/19	75 158 397	53 498 345	60 749 619	7 251 274	↑ 113,6%	↑ 80,8%