

Winnie Madikizela Mandela Local Municipality



PERFORMANCE MANAGEMENT SYSTEMS POLICY

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1 Preamble

The White Paper on Local Government (1998) proposed the introduction of Performance Management Systems (PMS) for local government as a tool for monitoring the progress of service delivery at local government level. Four years later, in 2002, the Municipal Systems Act of 2000, requires local governments to develop a PMS. It concludes that Integrated Development Planning, Budgeting and Performance Management are powerful aspects that can help municipalities develop an integrated perspective on development in their area. It is against this background that this policy and framework document for developing and implementing a PMS for Winnie Madikizela Mandela Local Municipality (WMMLM) should be evaluated.

The purpose of this policy and framework document is to develop (within the legal framework of the Municipal Systems Act) a performance management framework for WMMLM. This framework caters for the initiation, development, implementation, reporting and evaluation of performance management within the municipality.

The policy and framework offers WMMLM a platform from which to implement, assess, monitor, measure, review, manage and reward performance throughout the municipality. It is important to note that performance management system is dynamic; it will develop over time to reflect the unique features of WMMLM environment. This policy and framework aligns itself with improved performance management in WMMLM, with the express aim of achieving its stated objectives and levels of performance.

2 Introduction

Performance management is a strategic approach to management. It equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques for regularly planning, continuously monitoring, and periodically measuring and reviewing the performance of the municipality in terms of indicators and targets for efficiency, effectiveness and economy. The Performance Management System (PMS) entails a policy and framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting and improvement will be conducted, organised and managed. The policy and framework also includes determining the different role players. This policy and framework document guides the development and implementation of PMS for Winnie Madikizela Mandela Local Municipality (WMMLM). It also forms the basis for aligning the Integrated Development (IDP) with the operational business plans, performance areas and performance indicators of the various departments of WMMLM. One of the hallmarks of leading-edge local governments has been the successful application of performance measurement to gain insight into, and make judgements about, the municipalities and the effectiveness and efficiency of their programmes, and analysis of performance data. The municipality uses performance measurement to drive improvements and successfully translate vision and strategies into action. In other words, performance measurement processes are used for managing the municipality. It is the intention of this policy and framework to create a platform and infrastructure with which to manage WMMLM to be a flourishing local municipal area with a growing economy creating employment and sustainable communities where everyone has access to equal opportunities.

3 Glossary of Terms

The headings of the clauses in this Terms of Reference are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Terms of Reference, nor any clause hereof, unless a contrary intention clearly appears: -

3.1 Words importing: -

3.1.1. Any one gender include the other two genders;

3.1.2. The singular include the plural and vice versa; and

3.1.3. Natural persons include created entities (corporate or unincorporated) and the state and vice versa;

3.2 The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:-

3.3.1. **"Accounting Officer"**

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Systems Act; or

(b) in relation to a municipal entity, means the official of the entity referred to in section 93, and includes a person acting as the accounting officer

3.3.2. **"Annual Report"** in relation to a municipality or municipal entity, means an annual report contemplated in section 121 of the Municipal Finance Management Act

3.3.3. **"Auditor-General"** means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person- (a) acting as Auditor-General (b) acting in terms of a delegation by the Auditor-General; or (c) designated by the Auditor-General to exercise a power or perform a duty of the Auditor General

3.3.4. **"Baseline"** the accurate and quantitative data at a stated point in time that marks the beginning of a trend.

3.3.5. **"Councillor"** means a member of a municipal council

3.3.6. **"Section 57 employee"** means a person employed by a municipality as a municipal manager or as a manager directly accountable to a municipal manager;

3.3.7. **"Employee"** means a person employed by a municipality as a municipal manager or as a manager directly accountable to a municipal manager;

3.3.8. **"Employer"** means the municipality employing a person as a Municipal Manager or as Manager directly accountable to a Municipal Manager and as represented by the Mayor, Executive Mayor or Municipal Manager as the case may be;

3.3.9. **"Employment Contract"** means a contract as contemplated in Section 57 of the Municipal Systems Act;

3.3.10. **"External Service Provider"** means an external mechanism referred to in section 76(b) of the Municipal Systems Act; which provides a municipal service for a municipality

3.3.11. **"Financial Statements"** in relation to municipality or municipal entity, means statements consisting of at least- (a) a statement of financial position; (b) a statement of financial performance; (c) a cash-flow statement; (d) any other statements that may be prescribed; and (e) any notes to these statements

3.3.12. **"Input Indicator"** means an indicator that measures the costs, resources and time used to produce an output

3.3.13. **"Integrated Development Plan"** means a plan envisaged in section 25 of the Municipal Systems Act

3.3.14. **"Local Community"** or **"Community"** in relation to a municipality, means that body or persons comprising – (a) the residents of the municipality (b) the ratepayers of the municipality (c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality

3.3.15. **"Mayor"** in relation to –

(a) a municipality with a mayor, means the councillor elected as the mayor of

(b) Municipality in terms of section 55 of the Municipal Structures Act; or

(c) a municipality with an executive committee, means the Councillor elected as the Mayor of the (d) municipality in terms of section 48 of that Act

- 3.3.16. **"MEC for local government"** means the MEC responsible for local government in a province
- 3.3.17. **"Minister"** means the national Minister responsible for local government
- 3.3.18. **"Municipality"** when referred to as – (a) an entity, means a municipality as described in section 2; and (b) a geographical area, means a municipal area determined in terms of the Local (c) Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998)
- 3.3.19. **"Municipal Council"** or **"Council"** means a municipal council referred to in section 157(1) of the Constitution
- 3.3.20. **"Municipal Finance Management Act"** means the Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act
- 3.3.21. **"Municipal Manager"** means a person appointed in terms of section 82 of the Municipal Structures Act
- 3.3.22. **"Municipal Service"** has the meaning assigned to it in section 1 of the Municipal Systems Act
- 3.3.23. **"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
- 3.3.24. **"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000)
- 3.3.25. **"Outcome indicator"** means an indicator that measures the quality and or impact of an output on achieving a particular objective
- 3.3.26. **"Output indicator"** means an indicator that measures the results of activities, processes and strategies of a program of a municipality
- 3.3.27. **"Performance Agreement"** means an agreement as contemplated in Section 57 of the Municipal Systems Act
- 3.3.28. **"Performance Plan"** means a part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met.
- 3.3.29. **"Prescribe"** means prescribe by regulation or guidelines in terms of section 120 and "prescribed" has a corresponding meaning
- 3.3.30. **"Political Office Bearer"** means the Speaker, Executive Mayor, Deputy Mayor or member of the executive committee as referred to in the Municipal Structures Act
- 3.3.31. **"Political Structure"** in relation to a municipality, means the Council of the municipality or any committee or other collective structure of a municipality elected, designated or appointed in terms of a specific provision of the Municipal Structures Act
- 3.3.32. **"Service Delivery Agreement"** means an agreement between a municipality and an institution or person mentioned in section 76(b) of the Municipal Systems Act in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality
- 3.3.33. **"Service Delivery and Budget Implementation Plan"** means a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) of the Municipal Finance Management Act for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate: (a) projections for each month of – (b) revenue to be collected, by source; and (c) operational and capital expenditure, by vote; (d) service delivery targets and performance indicators for each quarter; and (e) any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act
- 3.3.34. **"Staff"** in relation to a municipality, means the employees of the municipality, including the Municipal Manager

4 Objectives of the Performance Management System

As a flourishing local municipal area with a growing economy creating employment and sustainable communities where everyone has access to equal opportunities, WMMLM seeks to create an efficient and effective Performance Management System to:

- 4.1 translate its vision, mission and IDP into clearly measurable outcomes, indicators and performance levels that define success, and that are shared throughout the municipality and with WMMLM customers and stakeholders;

- 4.2 provide a tool for assessing, managing, and improving the overall health and success of business processes and systems;
- 4.3 continue to shift from prescriptive and simply audited oversight to ongoing, forward-looking and compliance-based strategic partnerships involving (amongst others) agencies, communities, citizens and other stakeholders;
- 4.4 promote accountability;
- 4.5 include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth PMS;
- 4.6 create pressures for change at various levels;
- 4.7 replace existing assessment models with a consistent approach to performance measurement and management;
- 4.8 provide services in an efficient, effective and economic manner.
- 4.9 understand the role, duties and responsibilities of employees;
- 4.10 implement focused management linked to an early warning system; and
- 4.11 adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the municipality.
- 4.12 promote the implementation and monitoring of the Back To Basics Action Plan.

5 Legislative Rationale

The following Policy and Legislative provisions governs performance management in the local government sphere:

5.1 Constitution of the RSA (Act 108 of 1996)

The Constitution of the RSA, 1996, Chapter 7, Section 152, which deals with the objects of local government, paves the way for performance management with the requirements for an "accountable government". Many of the democratic values and principles in terms of Section 195(1) of the Constitution can also be linked with the concept of performance management, with reference to the principles of, inter alia, the promotion of the efficient, economic and effective use of resources, accountable public administration, displaying transparency by making available information, being responsive to the needs of the community, and by facilitating a culture of public service and accountability amongst staff.

5.2 White Paper on Local Government (1998)

The White Paper on Local Government (1998), introduced the practice of performance management for local government as a tool to facilitate their developmental role. Such practice further serves to increase the accountability of the municipality and the trust of the community in such municipality.

5.3 Batho Pele principles (1998)

The performance management system must be based on and should give effect to the eight Batho Pele principles of improved service delivery as outlined in and required by the White Paper on Service Delivery. The principles are as follows:

(a) Consultation

Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.

(b) Service Standards

Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.

- (c) **Access**
All citizens should have equal access to the service to which they are entitled.
- (d) **Courtesy**
Citizens should be treated with courtesy and consideration.
- (e) **Information**
Citizens should be given full, accurate information about the public services they are entitled to receive.
- (f) **Openness and Transparency**
Citizens should be told how national and Provincial departments are run, how much they cost, and who is in charge.
- (g) **Redress**
If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
- (h) **Value for money**
Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

5.4 Municipal Structures Act (Act 117 of 1998)

- (a) In section 19 (1) the Act specifies that a Municipal Council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution and annually review its overall performance in achieving them.; and
- (b) Section 44 (3) states the executive committee, in performing its duties, must review the performance of the municipality in order to improve: (i) The economy, efficiency and effectiveness of the municipality.

5.5 Municipal Systems Act (Act 32 of 2000)

The Municipal Systems Act, 2000 (Act 32 of 2000) also picks up on these concepts and principles of accountability in Sections 4, 6, and 8. Section 11(3) specifically states that a municipality exercises its executive or legislative authority by, inter alia, "the setting of targets for delivery; monitoring and regulating municipal services provided by service providers; monitoring the impact and effectiveness of any services, policies, programmes or plans; and establishing and implementing performance management systems." The following chapters relate to performance management:

- (a) Chapter 6 of the Systems Act deals specifically with performance management in local government;
- (b) In terms of Section 38, a municipality must establish a Performance Management System (PMS); promote a culture of performance management among political structures, office bearers & councillors and its administration, and administer its affairs in an economical, effective, efficient and accountable manner;
- (c) Section 39 stipulates that the Executive Committee (Exco) is responsible for the development of a PMS, for which purpose they may assign responsibilities to the Municipal Manager. The Exco is also responsible for submitting the PMS to Council for approval;
- (d) Section 40 stipulates that a Municipality must establish mechanisms with which to monitor and review the PMS;
- (e) In terms of Section 41, the core components of a PMS are to (i) set Key Performance Indicators (KPIs), (ii) set measurable performance targets (PTs), (iii) monitor performance & measure and review annually, (iv) take steps to improve performance, and (v) establish a process of regular reporting;

- (f) Section 42 requires that the community, in terms of the provisions of Chapter 4 of the Act, which deals with Public Participation, should be involved in the development, implementation and review of the PMS, and also that the community be involved with the setting of KPIs & PTs for the municipality. In terms of section 43 the general key performance indicators to be applied by all municipalities may be prescribed by regulation;
- (g) Section 44 stipulates that the KPIs and PTs in the PMS of the municipality must be made known both internally and externally in a manner described by the Council; and
- (h) In terms of section 45, the results of the performance measurement must be audited as part of the internal auditing processes and annually by the Auditor General. Section 46 also requires that the municipality prepare an annual report consisting of :
 - (i) a performance report,
 - (ii) financial statements;
 - (iii) audit report on financial statements; and
 - (iv) any other reports in terms of legislative requirements.

This report must be tabled within one month of receiving the audit report. In terms of section 46(3) the Municipal Manager must give proper notice of meetings at which the annual report will be tabled and submit information on same to the Auditor General & the MEC for Local Government. Section 46(4) stipulates that a Municipality must adopt the annual report and make copies available within 14 days, to the Auditor General, the MEC for Local Government and any others as may be prescribed by regulation.

5.6 Municipal Systems Act (Act 32 of 2000) as amended in July 2011

(a) Section 54A of the MSA Act No. 7 of 2011 are relevant:

- 54A. (1) The municipal council must appoint –
 - a municipal manager as head of the administration of the municipality; or
 - an acting municipal manager under circumstances and for a period as prescribed.
- A person appointed in terms of subsection (1)(b) may not be appointed to act for a period that exceeds three months.

(c) Section 56 of the MSA Act No. 7 of 2011 are relevant:

- 56. (1)(a) The municipal council, after consultation with the municipal manager, must appoint –
 - (i) a manager directly accountable to the municipal manager; or
 - (ii) an acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed.
- A person appointed in terms of paragraph (a)(i) must at least have the skills, expertise, competencies and qualifications as prescribed.
- A person appointed in terms of paragraph (a)(ii) may not be appointed to act for a period that exceeds three months

5.7 The Local Government: Municipal Finance Management Act (2003)

The Local Government: Municipal Finance Management Act contains various provisions relating to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan with service delivery targets and performance indicators. When adopting the annual budget the Municipality must also set measurable performance targets for each revenue source and vote. The objective of institutionalising a Performance Management System (PMS) is to serve as a primary mechanism to monitor, review and improve the implementation of the Municipality's IDP. In doing so it:

- (a) Promotes accountability;
- (b) Facilitates decision-making and resource allocation;
- (c) Guides development of municipal capacity-building programmes;
- (d) Creates a culture of best practice and shared learning among Municipalities;

- (e) Provides early warning signals and facilitates the development of intervention mechanisms;
- (f) Creates pressure for change at various levels; and
- (g) Contributes to the overall development of a Local Government System.

5.8 The Municipal Planning and Performance Management Regulations (No 796, 24 August 2001)

The regulations deal with provisions for the following aspects of the PMS:

- (a) The framework that describes and represents the municipality's cycle and processes for the PMS and other criteria and stipulations [S7], and the adoption of the PMS [S8];
- (b) The setting and review of Key Performance Indicators (KPIs) [S9 & 11];
- (c) The General KPIs which municipalities have to report on [S10], and which include:
 - Households with access to basic services
 - Low income households with access to free basic services
 - Capital budget spent in terms of the IDP
 - Job creation in terms of the LED programme
 - Employment equity with target groups in the three highest levels of management
 - The implementation of work skills plan
 - The financial viability of the municipality.
- (d) The setting of performance targets, and the monitoring, measurement and review of performance [S 12, 13];
- (e) Internal Auditing of performance measurements [S14]; and
- (f) Community participation in respect of performance management [S15]

5.9 Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (No R. 805, 1 August 2006)

These regulations seek to set out how the performance of Municipal Managers and Managers directly accountable to Municipal Managers will be uniformly directed, monitored and improved. The regulations include the following:

- (a) Chapter 2 deals with the requirements and provisions of the employment contracts;
- (b) Chapter 3 deals with the performance agreements, which must include prescribed Key Performance Areas and Core Competency Requirements; and
- (c) Chapter 4 deals with the content of a Job Description for Municipal Managers.

6 PMS Accountability / Responsibility

6.1 Local Community

The Municipal Systems Act (Act no. 32 of 2000, Section 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R796 of 2001, Section 14) make explicit provision for the involvement of the local community in the Performance Management process. In particular, Section 42 of the Municipal Systems Act states that the municipality:

- (a) "...must involve the local community in the development, implementation, and review of the municipality's performance management system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality";

- (b) because the intention of the performance management system is to ensure the practical implementation of the IDP, it is suggested that it would be appropriate that the local IDP structures/ representative forums be utilized to facilitate the involvement of the local community in the performance planning and performance review processes; and
- (c) the community and stakeholders of the municipality will be engaged in a number of ways
 - through the public participation events of Council and the IDP process;
 - by providing inputs at Imbizos;
 - by engaging with NGOs, government departments and pressure groups at stakeholder summits;
 - be engaging with other local municipalities in a structured manner; and
 - by instituting customer/community satisfaction surveys.

6.2 Municipal Council

The Municipal Council adopts and approves the following:

- (a) a process to guide the planning, drafting, adoption and review of the Integrated Development Plan (IDP);
- (b) the Performance Management System (PMS);
- (c) the IDP including organisational indicators and targets;
- (d) changes to the IDP, organisational indicators and targets;
- (e) in terms of the annual report:
 - has approved the annual report with or without reservations;
 - has rejected the annual report; and
 - has referred the annual report back for revision of those components that can be revised; and
- (f) the oversight report.

6.3 The Mayor

The functions performed by the Mayor includes however not limited to the following:

- (a) identifies, reviews and evaluates the municipalities needs in order of priority;
- (b) recommends to the Municipal Council strategies, projects and services to address priority through the IDP;
- (c) responsible for the management of the PMS and submits to the Municipal Council for adoption;
- (d) ensures the performance agreements of section 57 employees are made public;
- (e) approves the organisational SDBIP and the municipality projects as per the IDP; and
- (f) presents the Annual Report to the Municipal Council.

6.4 Executive Committee Member

The members of the Executive Committee Member signs in consultation with the Head of Department the department's projects business plans within their relative portfolios.

6.5 Municipal Manager (MM)

- (a) Assist in providing strategic direction and developing strategies and policies for the organisation;
- (b) Manage the development of the IDP;
- (c) Development of PMS;
- (d) Ensure that the plan is integrated;
- (e) Identify indicators and set targets;
- (f) Submission of the draft SDBIP to the Executive Mayor;
- (g) Manage the implementation of the IDP & PMS – make it a reality;
- (h) Regularly monitor the implementation of IDP & PMS, identifying risks early;

- (i) Ensure that regular monitoring measurement, analysis and reporting of the municipality;
- (j) Propose response strategies to the Mayoral Committee and/or the Municipal Council; and
- (k) Co-ordinate the compilation of the Annual Report.

6.6 Heads of Departments

- (a) Approves the performance indicator measurements;
- (b) Approves auditable indicators and targets;
- (c) Ensure plan are in place to meet set targets;
- (d) Implement performance measurement improvements measures approved by the Executive Mayor and the Municipal Council;
- (e) Ensure the accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis; and
- (f) Ensures that evidence to support the performance achievements is collected, stored and submitted.

6.7 Management

- (a) Contribute ideas to the IDP;
- (b) Adopt IDP by aligning personal goals and plan with the organisational plan;
- (c) Implement the IDP & PMS and fulfil their personal plan;
- (d) Monitor own performance continuously; and
- (e) Participate in the review of organisational performance where necessary.

6.8 Performance Management Officer

- (a) PMS Officer is required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis;
- (b) It is this Officer's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible; and
- (c) The Municipal Manager must review overall performance quarterly while the PMS Officer should support him in verifying the performance data and prepare the performance reports.

6.9 Internal audit

- (a) Must on a quarterly basis audit the performance measurement of the municipality; and
- (b) Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee.

6.10 The Audit Committee

The Municipal Systems Act (Act no. 32 of 2000, Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) provide clear guidelines on the formal monitoring, audit and reporting of performance of the municipality. An Audit Committee, consisting of at least three members, of whom the majority may not be councillors or employees, must be appointed annually to audit and report on the performance of the municipality. It is required that at least one member of the Audit Committee must be a performance management. In terms of Regulation 14 (4) (a) the Audit Committee must:

- (a) Review the quarterly reports compiled by the internal auditor;
- (b) Review the PMS of the municipality and report to the Council in this regard; and
- (c) Submit an audit report to Council at least twice a year.

6.11 Auditor General

In terms of section 45(b) of the Act the Auditor General must annually audit the results of performance measurements in terms of section 41(1)(c) of the Act.

7 Automated Performance Management System

The Municipal System Act requires the municipality to develop and implement a PMS system suitable for their own circumstances. WMMLM currently has no Automated PMS System. Ideally the Operations Manager and Performance Management Systems Officer would be responsible for overseeing the utilisation of this system by various WMMLM stakeholders to support the PMS objectives. In developing and implementing its PMS, the WMMLM will ensure that the system:

- (a) complies with all the legislation and the requirements set out in the Municipal Systems Act (see references);
- (b) demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
- (c) clarifies the roles and responsibilities of each role player in the functioning of the system;
- (d) clarifies the steps of implementing the system within the framework of the IDP process;
- (e) determines the frequency of reporting and the lines of accountability for performance;
- (f) provides for the procedure by which the system is linked to the municipality's Integrated Development Planning and budgeting processes; and
- (g) proposes mechanisms, procedures and processes for the monitoring, measurement and review of the key performance indicators.

8 Key Concepts

8.1 Importance of KPIs

Indicators are measurements that indicate whether progress is being made in achieving the objectives. Indicators are important as they:

- (a) provide a common framework for gathering data for measurements and reporting;
- (b) translate complex concepts into simple operational measurable variables;
- (c) enable the review of goals and objectives;
- (d) assist in policy review processes; and
- (e) help provide feedback to the municipality and staff.

The WMMLM will use indicators as a communication tool between staff, supervisors, managers, executive directors, the municipal manager and council. It will also serve to identify the gaps between IDP strategies and the operational plans of the various departments.

8.2 Types of Indicators

The following types of indicators will be used:

- (a) **Baseline indicators:** These are indicators that measure conditions before a project or programme is implemented;
- (b) **Input indicators:** These are indicators that measure what it costs the municipality to purchase the essentials for producing desired outputs (economy), and whether the municipality achieves more with less, in resources terms (efficiency) without compromising quality. The economy indicators may be the amount of time, money or number of people it took for the municipality to deliver a service;
- (c) **Output indicators:** These are the indicators that measure whether a set of activities or processes yields the desired products – effectiveness indicators. They are usually expressed in quantitative terms. These indicators relate to programme activities or processes; and
- (d) **Outcome indicators:** These are the indicators that measure the quality as well as the impact of the products/programmes in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. In terms of impact, they measure the net effect of the products or services on the overall objective. Outcome indicators relate to programme objectives.

All the above types of indicators should be **SMART**.

8.3 Identification of indicators

The following aspects should be considered when identifying indicators:

- (a) Priorities and objectives set in the IDP;
- (b) Objectives to be clustered into KPAs such as service delivery development, institutional transformation, governance and financial issues;

- (c) The activities and processes identified in the IDP for achieving the developmental objectives as well as the earmarked resources; and
- (d) Whether data is available for its measurement in the WMMLM area.

8.4 Setting of KPIs

WMMLM will set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objects referred to in section 26 C of the Act. In setting these key performance indicators, the WMMLM will ensure that communities are involved. WMMLM will ensure that key performance indicators inform the indicators set for all its administrative units and employees as well as every service provider with whom the municipality has entered into a service delivery agreement.

A KPI template that has been developed for the WMMLM for collecting, consolidating and prioritising the municipality's KPAs and KPIs in a manner that links the objectives and action plans of the various departments to input, output and outcome indicators. This again is linked to time frames, performance targets, and performance levels on average, below average and above average levels. The responsible person or persons or teams are also identified. The following **SMART CRITERIA** for the objectives, KPAs and KPIs were used:

S – specific

M – measurable

A – achievable

R – realistic

T – time-bound/framed

The following is a description of all the elements that appear on the KPI template:

- (a) **Key Performance Area (KPA):** This is the area in which the municipality plays a role towards delivering services. These may include Infrastructure and Engineering, Health Services, Public Planning and Safety, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Democracy and Governance and Financial Management, among others;
- (b) **Objective:** This outlines the aim of the municipality within the defined priority area and key performance area as related to the specific service to be delivered;
- (c) **Actions plans:** These are operational plans which are currently in place or being planned to reach the objectives of the various KPAs;
- (d) **Priority indicator:** This is an indication of plans that are crucial for executing the current or proposed action plans. For example, a high priority will also demand more immediate use of resources and inputs for delivery in consultation with the relevant service recipients;
- (e) **Key Performance Indicators:** These are quantifiable measures that show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner;
- (f) **Input indicators:** These are indicators that measure what it cost the municipality to purchase the essentials for producing desired outputs (economy), and whether the municipality achieves more with less, in resources terms (efficiency) without compromising quality. The economy indicators may be the amount of time, money or number of people it took for the municipality to deliver a service;
- (g) **Output indicators:** These are the indicators that measure whether a set of activities or processes yields the desired products – effectiveness indicators. They are usually expressed in quantitative terms. These indicators relate to programme activities or processes;
- (h) **Outcome indicators:** These are the indicators that measure the quality as well as the impact of the products in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards relating to the beneficiaries of the service rendered. In terms of impact, they measure the net effect of the products or services on the overall objective. Outcome indicators relate to programme objectives;
- (i) **Target date:** This refers to the desired level of service delivery for the current financial year or specified period;
- (j) **WMMLM performance target:** This is (preferably) a quantifiable figure that indicates how current quantifiable measures compare with the set quantifiable targets for the time specified. These targets are directly linked to the "Budget Estimate";

- (k) **Performance levels:** This indicates the level of performance in executing the action plans and achieving the specified outcomes. The performance levels are linked to specified time frames and specific targets. The template makes provision for average, below average and above average levels; and
- (l) **Assigning responsibility:** This section indicates responsibility to a job position, an individual, team or teams. Assigning responsibility to a specific "filled" job position will assist the assessment and review of personnel performance.

8.5 National KPIs

The following general Key Performance Indicators are prescribed in terms of Section 43 of the Municipal Systems Act (2000)

- (a) The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- (b) The percentage of households earning less than R 1 100 per month with access to free basic services;
- (c) The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP;
- (d) The number of jobs created through municipality's local economic development initiatives including capital projects;
- (e) The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
- (f) The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and Financial viability with respect to: debt coverage; outstanding debtors in relation to revenue and cost coverage.

8.6 Review of KPIs

WMMLM will review its Key Performance Indicators annually as part of the performance review process, or whenever it amends its IDP in terms of Section 34 of the Municipal Systems Act (2000).

8.7 Setting Performance targets

- (a) Performance targets are the planned level of performance or the milestones WMMLM sets for itself for each indicator identified. WMMLM will identify baseline measurements, which is the measurement of the chosen indicator at the start of the period;
- (b) In setting targets, it is important to know how the WMMLM is performing at the moment. This step also tests whether the chosen indicator is in fact measurable and whether there are any problems. The targets need to be realistic, measurable and aligned with available resources and capacity;
- (c) Targets should be informed by the development needs of communities and the development priorities of the WMMLM;
- (d) Line managers need to advise as to what a realistic and achievable commitment for a target is, given the available resources and capacity. Managers will need to advise on seasonal changes and other factors that should be considered in the process of target setting. There must be clear timelines related to the set targets; and
- (e) WMMLM will for each financial year set performance targets for each KPIs. A performance target must be practical and realistic. It must measure the efficiency, effectiveness, economic, quality and impact of the performance of WMMLM. It must also identify administrative components, structures, bodies or persons for whom a target has been set.

9. Performance Management

- (a) The municipality decided to pursue a municipal scorecard (Top Layer SDBIP) at organisational level through the service delivery budget implementation plan (SDBIP) at departmental and division levels through which the organisational performance will be evaluated;
- (b) The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented;

- (c) It also allocates responsibility to departments to deliver the services in terms of the IDP and budget; and
- (d) The MFMA Circular No.13 prescribes that:
 - The IDP and budget must be aligned;
 - The budget must address the strategic priorities;
 - The SDBIP should indicate what the municipality is going to do during next 12 months; and
 - The SDBIP should form the basis for measuring the performance against objectives set during the budget /IDP processes.

9.1 Relationship between the IDP and the PMS

The development of PMS is viewed as an integrated process and it has very strong parallels with the preparation and development phases of the IDP. It is also crucial that the continuous development of the PMS is used to calibrate the synergies between the IDP and performance management of the WMMLM.

9.2 Relationship between the PMS and risk management

A principles-based approach to risk management integrates risk with performance across the entire municipality to eliminate redundancies, reduce costs, clarify roles, and designate accountabilities. Non-financial metrics can become useful risk indicators. This emerged looking at the municipality both from a risk perspective and a performance perspective. On the one hand, managers can use Risk registers to calibrate risk assessment and mitigation strategies. On the other hand, management in charge of municipal-wide performance reporting analyses anomalies in the trends of KPIs to find evidence of potential risks that might impinge on the municipality's activities.

9.3 Relationship between the PMS and budget

The Performance Based Budget is a crucial component of an effective Performance Management System. It is a budget presentation that clearly links performance objectives with costs to achieve targeted levels of performance. In general, a performance based budget links strategic goals with related long-term and annual performance objectives and with cost specific activities that contribute to achievement of stated goals. It provides a meaningful indication of how allocated budget are expected to turn into results by outlining a general chain of cause and effect. It emphasizes the relationship between money budgeted and anticipated results.

9.4 IDP Priorities

- (a) The IDP delivers products such as a set of delivery priorities and objectives, a set of internal transformation strategies, priorities and objectives, identified projects that contribute to the achievement of the objectives and a financial plan;
- (b) These priorities are essentially the issues that WMMLM pronounces to focus on in order of importance to address the needs of the community; and
- (c) Priorities are clustered into the following key performance areas, which represent the broad development mandate of local government:
 - Institutional Capacity and Municipal Transformation.
 - Basic Service Delivery and Infrastructure.
 - Local Economic Development
 - Financial Viability and Management
 - Good Governance

9.5 The Service Delivery and Budget Implementation Plan (SDBIP)

- (a) The SDBIP is a higher-level business plan and monitoring tool for service delivery and financial control;
- (b) The SDBIP is defined in the MFMA as: "...a detailed plan approved by the Mayor of a municipality in terms of section 53 (1)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:
- Projections for each month of;
 - Revenue to be collected, by source; and
 - Operational and capital expenditure be vote.
 - Service delivery targets and performance indicators for each quarter; and
 - any other matters that may be prescribed and includes any revisions of such plan by the mayor in terms of section 54 (1)(c)"
- (c) The SDBIP is thus a tool for implementation & accountable governance (on ward level) consisting of financial and non-financial indicators;
- (d) It furthermore provides for projections on a monthly basis in terms of
- Revenue by source (collected, not billed) (cash flow)
 - Operational & capital expenditure by vote
- (e) The SDBIP makes provision for the development of Service Delivery Targets and Performance Indicators for each quarter of the financial year;
- (f) The budget of the municipality should be structured in such a way that votes should reflect service areas & KPAS of the Senior Managers and their directorates;
- (g) It is further required that the SDBIP reflect on budgeted (projected) vs. actual performance, and should focus on outputs and outcomes and not only inputs;
- (h) It is required that the performance indicators and targets be reviewed & reported;
- (i) In practice implementation plans (mini-SDBIP's) for senior managers and their directorates (a typical "business plan") will be rolled up into the SDBIP during the budget planning phase; and
- (j) Ideally, the SDBIP should be approved at the same time of the budget, but if this is not possible, it must be submitted within 14 days after approval of the budget.

9.6 Performance management cycle

9.6.1 Performance Planning

The performance of the municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof constitutes the process of planning for performance. It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the municipality has underperformed.

9.6.2 Performance Measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. The setting of measures and targets happens during the IDP process and is linked to the strategic objectives of the IDP. To ensure the integrity of the targets set, baseline information based on backlog and current performance should be used as the basis for setting sound measures and targets. Performance measurement allows the municipality to compare their actual performance in relation to backlog and current performance.

9.6.3 Performance Monitoring

Performance monitoring is an ongoing process by which a Manager accountable for a specific indicator as set out in the organisational scorecard (and a service delivery target contained in a SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or

preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

9.6.4 Performance Analysis

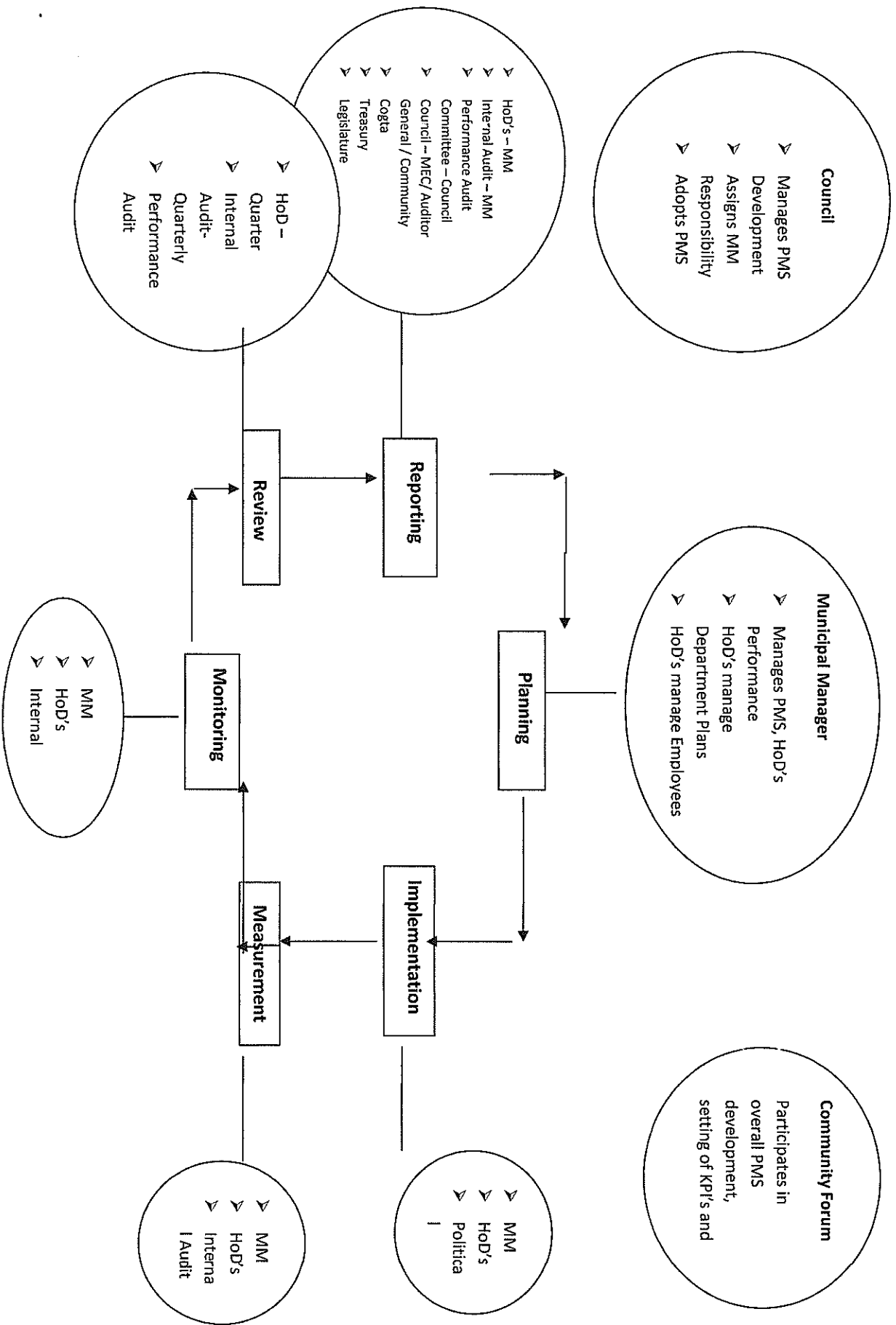
Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

The analysis of the organisational and SDBIP scorecards by executive management should also ensure that quality performance reports are submitted to the Executive Committee and that adequate response strategies are proposed in cases of poor performance. Only once executive management has considered the scorecards, agreed to the analyses undertaken and captured therein and have reached consensus on the corrective action as proposed, can the organisational and SDBIP scorecards be submitted to the Executive Committee for consideration and review.

9.6.5 Performance Review and Improvement

In order to ensure that the PMS is useful and effective, it is important for regularly reviews in terms of all its users. This is also required by the Municipal Systems Act. It is proposed that after the full cycle of the annual review is complete, the executive management will initiate a review report, taking into account the input provided by departments. This report will then be submitted to the Executive Committee for discussion and approval.

OVERALL MANAGEMENT OF THE PMS PROCESS



9.7 Reporting Requirement

9.7.1 Monthly Monitoring

- (a) The Departments will review their performance at least monthly in a Management Committee in terms of the SDBIP. Decision-makers should be warned immediately of any emerging failures to service delivery so that they can intervene if necessary;
- (b) The Management Committee shall comprise of the Municipal Manager who shall also chair the meeting, Heads of Departments, Assistant Managers, Project Managers and Secretariat.
- (c) After the Management Committee has endorsed the Monthly Report, the report will then be presented to Standing/Portfolio Committees by Heads of Departments on a monthly basis.
- (d) The report will then be presented to the Executive Committee meeting by the Portfolio Head on a monthly basis.
- (e) The Municipal Manager and Heads of Departments shall provide clarity and technical expertise to the Executive Committee.
- (f) It is important that Departments use these reviews as an opportunity for reflection on their objectives and progress made with municipal projects and whether these are being achieved;
- (g) The SDBIP report submitted should be used to analyse and discuss performance; and
- (h) Changes in indicators and targets can only be approved by the Mayor, in consultation with the Municipal Manager.

9.7.2 Quarterly Reporting

- (a) At the end of every three months, a quarterly performance report shall be prepared by respective departments and presented to the Management Committee.
- (b) The report shall reflect progress on achievement of quarterly milestones as reflected in the SDBIP.
- (c) After the Management Committee has endorsed the Monthly Report, the report will then be presented to Standing/Portfolio Committees by Heads of Departments within two weeks after the sitting of the Management Committee.
- (d) After the Quarterly report has been considered by the Standing/Portfolio Committee, it will be presented to the Executive Committee by the Portfolio Head.
- (e) The Executive Committee shall sit within three weeks from the sitting of the Management Committee.
- (f) After consideration of the Quarterly report by the Executive Committee, the report is then presented to Council by the Mayor within one month after the end of the quarter.
- (g) The report will then be presented to the Municipal Public Accounts Committee for its oversight responsibility.
- (h) The report will also be presented to the Internal Audit Unit for audit purposes
- (i) The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager and to the Audit Committee.

9.7.3 Mid-Year Reporting

- (a) A mid-year performance report shall be prepared by respective departments and presented to the Management Committee;
- (b) Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year;
- (c) The Mid-Year report shall reflect on achievement of the mid-year milestones as predetermined in the SDBIP;

- (d) The mid-year report shall then be presented to the Executive Committee;
- (e) After consideration by the Executive Committee, the mid-year report shall be presented to Council on the 25th January of every year;
- (f) The mid-year performance report shall be considered alongside the consideration of the Adjustment Budget;
- (g) The SDBIP for the remaining half of the financial year may be revised, if necessary; to predetermine the performance of the municipality until the end of the financial year.
- (h) The Revised SDBIP shall be approved by the Mayor within 30 days after the start of the second half of the financial year, i.e. January.
- (i) The mid-year assessment report will then be submitted to the Municipal Public Account Committee to play its oversight responsibility.
- (j) The mid-year performance report must then be submitted to the National Treasury and the relevant Provincial Treasury.
- (k) The Audit Committee must review mid-year report and make recommendations to the Municipal Council;

9.7.4 Annual Reporting

- (a) Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:
 - The performance of the municipality and of each external service provided during that financial year;
 - A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and
 - Measures to be taken to improve on the performance
- (b) The Annual Report of a municipality must include the Annual Performance Report and any recommendations of the municipality's Audit Committee;
- (c) The Municipal Manager must submit the Annual Performance Report to the Auditor-General for auditing within two months after the end of the financial year alongside the Annual Financial Statements;
- (d) The Auditor-General must audit the performance report and submit the report to the Municipal Manager within three months of receipt of the performance report;
- (e) The Mayor of the municipality must, within seven months after the end of a financial year, table in the Municipal Council the Annual Report of the municipality;
- (f) The Auditor-General may submit the Performance Report and Audit Report of the municipality directly to the Municipal Council, the National Treasury, the relevant Provincial Treasury, the MEC responsible for local government in the province and any prescribed organ of the state;
- (g) Immediately after an Annual Report is tabled in the Municipal Council, the Municipal Manager must submit the Annual Report to the Auditor- General, the relevant Provincial Treasury and the provincial department responsible for local government in the province;
- (h) The Municipal Council must consider the Annual Report by no later than two months from the date on which the Annual Report was tabled, adopt an oversight report containing the Municipal Council's comments on the Annual Report;
- (i) The meetings of the Municipal Council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any organ of the state; and
- (j) The Cabinet member responsible for local government must annually report to Parliament on actions taken by the MECs for local government to address issues raised by the Auditor-General.

10 Scorecards as a "Tool" to Assess WMMLM on a Corporate Level

- (a) The Local Government Municipal Systems Act 2000 and Regulation 805 of August 2006 Performance of the Municipal Manager and the Managers reporting directly to the Municipal Manager) require the Municipal Manager and the Managers reporting directly to the Municipal Manager to enter into annual Performance Agreements;
- (b) The Performance Agreements of the Municipal Manager and other Section 56/57 Managers should be directly linked to their employment contract;
- (c) These Performance agreements consist of three distinct parts:
 - Performance Agreement: This is an agreement between the Section 56/57 Manager and the Municipality, which regulates the performance required for a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement must be reviewed and renewed annually, subject to the individual's annual performance;
 - Performance Plan: The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP transcends into the Performance Plan/s of the respective Section 56/57 Managers according to their areas of responsibility; and
 - Personal Development Plan: The plan is an Annexure to the Performance Agreement and addresses the developmental needs/requirements of the Head of Department indicating actions and timeframes.
- (d) The management of the performance process for the municipal manager and the Section 56/57 managers will be in terms of R805 of 2006; and
- (e) Performance will be reviewed quarterly of which the mid-year and year-end performance will be formal evaluations.

10.1 Objective of the Balanced Scorecard (BSC)

- (a) The balanced scorecard (developed by Kaplan & Norton) is a conceptual framework for translating an organisation's (or municipality's) strategic objectives into a set of performance indicators distributed among four perspectives i.e. Financial, Customer, Internal Business Processes, and Learning and Growth;
- (b) Some indicators are maintained to measure the long-term drivers of success; and
- (c) Through the balanced scorecard concept, an organisation monitors both its current performance (finance, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems (its ability to learn and improve)

10.2 The Five Perspectives of the Balanced Scorecard

(a) Basic Service delivery and Infrastructure Development (KPA 1)

- A clean, safe and healthy municipality.
- Universal access to quality, affordable and reliable municipal services (e.g. water, sanitation, electricity, refuse removal, transportation).
- Regular investment in infrastructure and productive equipment.

(b) Municipal Transformation and Institutional Development (KPA 2)

- Establishment and functionality of all core municipal policies and systems as required by law.
- A balanced infrastructure investment and sustainable economic development programme that is part of the Integrated Development Plan.
- Implementation of continuous management reform and improvement.
- Empowering employees through focused and continuous professional/ skills development.
- Development and functionality of effective accountability and performance management mechanisms for Councillors and Officials.
- Sound labour/management and Human Resource relationships.
- Increased and appropriate utilisation of technology.

(c) Local Economic Development (KPA 3)

- Thriving and vibrant local economy and neighbourhoods.
- Ongoing programme of contributing to the development of employable, educated and skilled citizens.
- Facilitation of job creation and access to business opportunities.
- Continuous and positive interactions with all key economic anchors and actors.
- Creation of an investor friendly environment.

(d) Municipal Financial Viability and Management (KPA 4)

- Sound financial management systems.
- Development of annual and medium term outlook on revenue and expenditure plans and targets.
- Reduced dependency on grant transfers.
- Timely and accurate accounting of public resources.
- Good Governance and Public Participation (KPA 5)
- Functional community participation mechanisms and Ward Committees.
- Established feedback mechanisms in order to ensure responsiveness to communities.

(e) Good Governance and Public Participation (KPA 5)

- Functional community participation mechanisms and Ward Committees.
- Established feedback mechanisms in order to ensure responsiveness to communities.
- Continuous and special attention to historically marginalised and excluded communities.
- Equal, easy and convenient access for the public to the municipality and its services.
- Effective intergovernmental relations.

10.3 Strategic and Service Scorecards as Reporting and Review Tools

Municipal scorecards are related to the concept of "Balanced Scorecards" which should be able to:

- (a) Align performance measurement with the IDP and strategic planning of the WMMLM;
- (b) Provide a balanced view of performance based on departmental business plans, key inputs, output indicators and outcomes; and
- (c) Link the operational environment with management strategies of the WMMLM.

10.4 Purpose of a Performance Agreement

The purpose of the agreement is to:

- (a) comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Act as well as the employment contract entered into between the parties;
- (b) specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- (c) specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- (d) monitor and measure performance against set targeted outputs;
- (e) use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- (f) in the event of outstanding performance, to appropriately reward the employee; and
- (g) give effect to the employer's commitment to a performance- orientated relationship with its employee in attaining equitable and improved service delivery.

10.5 Performance Plan

- (a) The performance plan sets out:
 - the performance objectives and targets that must be met by the employee; and
 - the time frames within which those performance objectives and targets must be met.
- (b) The performance objectives and targets reflected in the performance plan are set by the employer in consultation with the employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality, and shall include key objectives; key performance indicators; target dates and weightings;
- (c) The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other; and
- (d) The employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the employer's Integrated Development Plan.

10.6 The Evaluation Panel for reviewing performance

According to the Municipal Performance Management Regulation 2006, Regulation 27 (4d) stipulates that:

- (a) For purposes of evaluating the performance of the Employee, an evaluation panel constituted by the following persons will be established – (only applicable to the Municipal Manager):
 - Mayor;
 - Chairperson of the Audit Committee;
 - Ward committee member (on a rotational basis), where applicable;
 - Member of the Mayoral Committee; and
 - Mayor and/ or Municipal Manager from another Municipality.

- (b) For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established. (only applicable to the managers directly accountable to Municipal Manager)
 - Municipal Manager;
 - Chairperson of the Audit Committee;
 - Member of the mayoral or executive committee; and
 - Municipal manager from another municipality.

- (c) The terms of reference for the Section 57 employee’s evaluation panel are:
 - Assess performance against set targets as contained in the scorecards;
 - Analyse performance report against evidence provided;
 - Review the internal audit report;
 - Make recommendations on the overall performance of the employee;
 - Make recommendations for bonus payments;
 - PMS Manager / Specialist provide secretariat role; and
 - Record any deviations that may arise.

10.7 Evaluation process

- (a) A performance score is calculated according to the KPI and core competencies and added together to give an overall performance score;
- (b) The criteria upon which the performance of the employee must be assessed consist of two components, both of which must be contained in the performance agreement.
- (c) The employee must be assessed against both components, with a weighting of 80: 20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs), respectively.
- (d) Each area of assessment will be weighted and will contribute a specific part to the total score. KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment;
- (e) The employee's assessment will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employee.
- (f) The annual performance appraisal must involve:
 - Assessment of the achievement of results as outlined in the performance plan:
 - Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA;
 - An indicative rating on the five-point scale should be provided for each KPA; and
 - The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.
 - Assessment of the CCRs

- Each CCR should be assessed according to the extent to which the specified standards have been met;
 - An indicative rating on the five-point scale should be provided for each CCR.
 - This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score; and
 - The applicable assessment-rating calculator must then be used to add the scores and calculate a final CCR score.
- (g) An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.
- (h) In the case of unacceptable performance, the municipality shall:
- provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
 - after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his or her duties.

10.8 Dispute Mechanism

The municipal performance management regulation for section 57 managers provide clear guidelines for performance disputes relating to the performance of the municipal manager and managers directly accountable to the municipal manager. Below is the process of dispute as it relates for section 57 employees as stipulated in the said regulations.

- (a) Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter provided for, shall be mediated by:
- In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC;
 - In the case of managers directly accountable to the municipal manager, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee;
- (b) The final decision shall be final and binding on both parties. Any disputes about the outcome of the employee's performance evaluation, must be mediated by:
- In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
 - In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub- regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties

10.9 Reporting Requirements

10.9.1 Quarterly Reporting

- (a) Performance will be reviewed quarterly of which the mid-year and year-end performance will be formal evaluations;
- (b) On a quarterly basis, the Mayor should engage in an intensive review of municipal performance against both the department's scorecards and the municipal manager's scorecard, as reported by the Municipal Manager;
- (c) These reviews will take place in October (for the period July to end of September), January (for the period October to the end of December), April (for the period January to the end of March) and July (for the period April to the end of June);
- (d) The review in January will coincide with the mid-year performance assessment as per section 72 of the Municipal Finance Management Act. Section 72 determines that by 25 January of each year the accounting officer must assess the performance of the municipality and report to the Council on inter alia its 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;
- (e) The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of all the scorecards;
- (f) The Executive Mayor will need to ensure that targets committed to in the municipal scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the poor performance;
- (g) The review should also focus on reviewing the systematic compliance to the performance management system, by departments, divisions and the Municipal Manager;
- (h) It is important that the Mayor not only pay attention to poor performance but also to good performance; and
- (i) It is expected that the Mayor will acknowledge good performance, where departments have successfully met targets.

10.9.2 Annual Reporting

- (a) The municipality shall prepare an Annual Performance Report within one month after the end of the previous financial year i.e. July.
- (b) The report shall give a synopsis of the municipal performance, measured against pre-determined objectives as contained in the SDBIP and Revised SDBIP.
- (c) The APR shall be consolidated by the PMS Officer Unit, scrutinised and submitted to the Internal Audit Unit for verification and validation of the information reported.
- (d) The report shall then be submitted to the Office of the Auditor General alongside the submission of the Annual Financial Statements (by August of every year).
- (e) Upon receipt of the Auditor General's report (end November), the PMS Unit will thus prepare the Annual Report.
- (f) The Annual Report shall be developed in line with applicable Treasury Regulations.
- (g) The Annual Report shall be presented to Council, alongside the presentation of the Municipal Public Accounts Committee.


11 Stakeholders involvement

STAKEHOLDERS	INVOLVEMENT	BENEFITS
COUNCIL		
Executive Committee	Facilitate the development of a long-term vision regarding the IDP and PMS	Optimum and equitable service delivery
Executive Committee	Provides strategic awareness and manage the development of the IDP and PMS	Promotes public awareness and satisfactions
(Section 80 Committee)	Manage the implementation of the strategy. Review and monitor the implementation of the IDP and PMS	Facilitates the process of benchmarking and collaboration with other municipalities
Council	Adopt the PMS policy and approve the IDP. Monitor performance	Provides a mechanism for the monitoring, implementation and review of PMS and IDP.
MUNICIPAL OFFICIALS		
Municipal Manager	Ensure the implementation of the IDP and PMS. Communicates with the Mayor and Management Team	Clarifies goals, targets and work expectations of the executive management team, other senior managers, line managers and individual employees.
Management Team	Manage departmental business or operational plans and performance	Facilitates the identification of training and development needs at different levels in the municipality
Line Managers	Implement the departmental business or operational plans and monitor the individual performance plans	Provides an objective basis upon which to reward good performance and correcting under-performance
Individual Employees	Execute individual performance plans	Mechanism for early warning indicators to check and ensure compliance
Internal Audit	Assess the functionality and legal compliance of the PMS	Enhances the credibility of the PMS and IDP. Enhances the status and role of Internal Audit
COMMUNITY OR PUBLIC		
Representative forums	Inform the identification of community priorities. Public involvement in service delivery of the municipality	Provide a platform for the community or public to inform and communicate with Council
OTHER PARTNERS		
Auditor General	Ensure legal compliance	Provides warning signals of under-performance which can provide pro-active and timely interventions
Performance /Audit Committee	Independent audit on legal compliance and quarterly performance reports	Provides warning signals of under-performance
National /Provincial Treasury	Prescribe relevant legislation. Provides PMS advice. Evaluate PMS.	Provides information and advice
COGTA	Support the implementation of PMS	Provides support to municipalities
SALGA	Facilitate compliance to PMS requirements. Provides advice and support municipalities	Support to municipalities in the implementation of PMS

12 Conclusion

PMS cannot be implemented or transplanted directly from another organisation or copied from a text book or taken from the shelf. Each municipality or department or region is unique because of the ever- changing environment in which it operates. Therefore, when developing and implementing a PMS, it is essential that this intervention is properly understood and tested, before implementation, in order to facilitate effective performance. No PMS operates in isolation as it is a systems-wide intervention that ensures control in the ultimate achievement of vision/mission, strategic objectives and goals. It is therefore vital that the WMMLM takes ownership and “grows” into its own PMS with the help of experts. It is important to note that a PMS is dynamic and will change and develop over time to reflect the unique features of the organisation. The WMMLM environment is no exception to this phenomenon and this policy and framework lends itself to improvement and positive changes, with even more focused alignment to its objectives and performance levels.

APPROVED BY:


MR. L. MAHLAKA
MUNICIPAL MANAGER

13 MAY 2022
DATE