



## **PERFORMANCE MANAGEMENT FRAMEWORK**

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## Acronyms

AG	: Audit General
CCR	: Core Competency Requirements
CFO	: Chief Financial Officer
CoGTA	: Department of Co-operative Governance and Traditional Affairs
DPLG	: Department of Provincial and Local Government
ED	: Executive Director
IDP	: Integrated Development Plan
KPA	: Key Performance Areas
KPI	: Key Performance Indicators
LED	: Local Economic Development
MEC	: Member of the Executive Council
MFMA	: Municipal Finance Management Act
MMC	: Member of the Mayoral Committee
MPAC	: Municipal Public Accounts Committee
MSA	: Local Government Municipal Systems Act
MTREF	: Medium Term Revenue and Expenditure Framework
PMS	: Performance Management System
SALGA	: South African Local Government Association
SALGBC	: South African Local Government Bargaining Council
SDBIP	: Service Delivery and Budget Implementation Plan
SO	: Strategic Objective
SMART	: Specific, Measurable, Achievable, Realistic, Time-frame
RSA	: Republic of South Africa

## Definitions

<b>Activity</b>	Is an action or task that is performed with the intention of achieving the key performance area, outcome, output or sub-output
<b>Accounting officer</b>	<p><b>a)</b> In relation to a municipality, means the municipal official referred to in section 60 of the Municipal Systems Act; or</p> <p><b>b)</b> In relation to a municipal entity, means the official of the entity referred to in section 93, and include a person acting as the accounting officer.</p>
<b>Annual report</b>	In relation to a municipality or municipal entity, means an annual report contemplated in section 121 of the Municipal Finance Management Act.
<b>Auditor-General</b>	<p>Means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person-</p> <ul style="list-style-type: none"> <li>a) Acting as Auditor-General</li> <li>b) Acting in terms of a delegation by the Auditor-General; or</li> <li>c) Designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General</li> </ul>
<b>Basic municipal services</b>	Means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment.
<b>Backlogs</b>	A backlog can be defined as quality of service/ goods that have accumulated over time that are still undelivered/ unattended/ still not produced. The backlogs in rural water, sanitation and electricity have been defined in official census figures, but vary (increase or decrease) from year to year due to migration patterns. Regardless, these backlogs are now being dealt with systematically (refer to baseline).
<b>Baseline</b>	The accurate and quantitative data at a stated point in time that marks the beginning of a trend or the past years performance.
<b>Councilor</b>	Means a member of a municipal council
<b>employee</b>	a person employed by Merafong City Local Municipality as a municipal manager or as a manager directly accountable to the municipal manager and all other personnel employed permanently by the municipality;
<b>Employer</b>	Merafong City Local Municipality represented by the Executive Mayor or the Municipal Manager as the case may be.
<b>Employment contract</b>	Means a contract as contemplated in Section 56 of the Municipal Systems Act;
<b>External service provider</b>	Means an external mechanism referred to in section 76(b) of the Municipal Systems Act; which provides a municipal service for a municipality;

<b>Financial statements</b>	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
<b>Financial year</b>	Means the financial year of municipalities that end on 30 June of each year
<b>Input indicator</b>	Means an indicator that measures the costs, resources and time used to produce an output
<b>Integrated Development Plan</b>	Means a plan envisaged in section 25 of the Municipal Systems Act
<b>Key Performance Area (KPA)</b>	It is the performance area in which the municipality must perform to achieve its Mission and Vision
<b>Key Performance Indicator</b>	It defines how performance will be measured along a scale or dimension (e.g. number of houses, km of road, percentage increase, etc.) to achieve the strategic objective and KPA
<b>Local community or community</b>	In relation to a municipality, means that body or persons comprising – a) The residents of the municipality b) The rate payers of the municipality c) Any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality
<b>Mayor</b>	In relation to – a) A municipality with an executive mayor, means the councilor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or b) A municipality with an executive committee, means the councilor elected as the mayor of the municipality in terms of section 48 of that Act
<b>MEC</b>	Means the member of a provincial executive council
<b>MEC for local government</b>	Means the MEC responsible for local government in a province
<b>Minister</b>	Means the national Minister responsible for local government

<b>Municipality</b>	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 Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998)
<b>Municipal council or council</b>	Means a municipal council referred to in section 157(1) of the Constitution
<b>Municipal entity</b>	Means - a) A company, co-operative, trust fund or any other corporate entity
	established in terms of any applicable national or provincial legislation ward which operates under the ownership control of one or more municipalities, and includes, in the case of a company under such ownership control, any subsidiary of that company, a private company referred to in section 86B(1)(a); or b) A service utility. c) A multi-jurisdictional service utility
<b>Municipal Finance Management Act</b>	Means the Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act
<b>Municipal Manager</b>	Means a person appointed in terms of section 82 of the Municipal Structures Act
<b>Municipal service</b>	Has the meaning assigned to it in section 1 of the Municipal Systems Act
<b>Municipal Structures Act</b>	Means the Local Government: Municipal Structures Act. 1998 (Act 117 of 1998)
<b>Municipal Systems Act</b>	Means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
<b>National Key Performance Indicator</b>	This is a key indicator determined at National level and is mandatory for all municipalities in South Africa to regularly report on.
<b>National Outcomes</b>	This refers to the 12 outcomes determined by National Government of which Outcome 9 is focusing specifically on local government
<b>Outcomes</b>	Results that are expected to be achieved at the intermediate level which are realized as a consequence of specific outputs. Where it is not possible to measure outcomes because of non-attribution or timeframe involve, public institutions should use proxy indicators



<b>Outcome indicator</b>	Means an indicator that measures the quality and or impact of an output on achieving a particular objective
<b>Output</b>	Comprise specific products or services (immediate results of an activity) in a given period
<b>Output indicator</b>	Means an indicator that measures the results of activities, processes and strategies of a program in a municipality
<b>Parent municipality</b>	<ul style="list-style-type: none"> <li>a) In relation to a municipal entity which is a private company in respect of which effective control vests in a single municipality, means that municipality;</li> <li>b) In relation to a municipal entity which is a private company in respect of which effective control vests in two or more municipalities collectively, means of those municipalities;</li> <li>c) In relation to a municipal entity which is service utility, means the municipality which established the entity; or</li> <li>d) In relation to a municipal entity which is a multi-jurisdictional service</li> </ul>
	utility, means each municipality which is a party to the agreement establishing the service utility.
<b>Private company</b>	Means a company referred to in section 19 and 20 of the Companies Act. 1973 (Act No. 61 of 1973)
<b>Performance agreement</b>	Means an agreement as contemplated in Section 56 of the Municipal Systems Act
<b>Performance Plan</b>	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.
<b>Prescribe</b>	Means prescribe by regulation or guidelines in terms of section 120 and <b>"prescribed"</b> has a corresponding meaning
<b>Political office bearer</b>	Means the speaker, executive mayor, mayor, deputy mayor or member of the executive committee as referred to in the Municipal Structures Act
<b>Political structure</b>	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
<b>Portfolio of Evidence (PoE)</b>	It is a file with a clear "paper trail" that serves as proof of the execution of a specific project, programme or activity. (It can include documents, pictures or any other form of evidence)

<b>Programme/ Plan</b>	A sequence of schedule activities executed with the intention of achieving the key performance indicator and target. Examples could include maintenance, training, sensitization, awareness programmes or implementation plans, etc.
<b>Project</b>	It is capital or development project that is executed over a specific period of time with a defined beginning and end. It is normally funded by the capital or development budget with the intension of achieving a key performance indicator and target. Examples could include the construction of roads, buildings, infrastructure, etc.
<b>Resident</b>	In relation to a municipality, means a person who is ordinarily resident in the municipality
<b>Senior manager</b>	<ul style="list-style-type: none"> <li>a) In relation to a municipality, means a manager referred to in section 56 of the Municipal Systems Act; or</li> <li>b) In relation to a municipal entity, means a manager directly accountable to the chief executive officer of the entity</li> </ul>
<b>Service authority</b>	Means the power of a municipality to regulate the provision of a municipal service by a service provider
<b>Service delivery agreement</b>	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
<b>Service delivery and budget implementation plan</b>	<p>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 –</p> <ul style="list-style-type: none"> <li>a) Projections for each month of -</li> <li>b) Service delivery targets and performance indicators for each quarter; and</li> <li>c) 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</li> </ul>
<b>Service utility</b>	Means a municipal entity established in terms of section 82(1)(c), a body established in terms of section 86H of the Municipal Systems Act
<b>Staff</b>	In relation to a municipality, means the employees of the municipality, including the municipal manager
<b>Strategy</b>	A plan of action designed to achieve the Merafong City Local Municipality Vision

<b>System</b>	Detailed method and procedures formulated to carryout performance management
<b>Section 56 Employee</b>	Appointed as Manager directly reporting to the Municipal Manager (Executive Directors and the CFO)
<b>Section 57 Employee</b>	A person appointed as the Municipal Manager of a municipality
<b>The Act</b>	Means the Local Government: Municipal Systems Act, 2000
<b>Weight</b>	Every KPI must have an allocated weight. The weight correlates with the importance of the KPI

## **1. INTRODUCTION**

### **1.1. BACKGROUND**

Performance Management is a process which measures the implementation of the organization's strategy. It is also a management tool to plan, monitor, measure and assess performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

Performance Management is the practice of aligning the long term strategic objectives of the municipality to its day to day performance by setting measurable Key Performance Indicators (KPI) and monitoring performance against those indicators. When implemented correctly it is an essential tool to monitor the implementation and to track whether the municipality meets its targets. It serves as an early warning system to identify areas where improvement is required to enhance service delivery and to recognize excellent performance.

The municipality delivers services in accordance with its legislated mandate, essential to the wellbeing and development of the communities it serves. To ensure that the service is efficient and economical municipalities are required to formulate strategic plans, allocate resources to implement the plans and monitor and report on the results. Performance information is essential for the public and oversight bodies to assess where the municipalities are delivering services in accordance with their service delivery plans and budgets and to alert managers to areas where corrective action is required.

The Constitution of South Africa (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- Accountable public administration;
- To be transparent by providing information;
- To be responsive to the needs of the community; and
- To facilitate a culture of public services and accountability amongst staff.

The Municipal Systems Act (MSA) 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.". This policy therefore describes how the municipality's performance process, for the organization as a whole, will be conducted, organized and managed. It also has the following objectives:

- Clarify processes of implementation;
- Ensure compliance with legislation;
- Demonstrate how the system will be managed;
- Define roles and responsibilities;
- Promote accountability and transparency; and
- Reflect the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

Performance Management, therefore, is not only relevant to the organization as a whole, but also to the Individuals employed in the organization as well as the External Service Providers.

Integrated Development Planning and Performance Management were introduced to realize the developmental role of local government. Whilst the IDP provides a framework for strategic decision-making, performance management must ensure that the desired results are achieved during implementation to ensure the correctness of the strategic direction of the objectives, strategies and projects put forward by the IDP.

Performance management is a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to:

- Regularly plan;
- Continuously monitor;
- Periodically measure; and
- Review performance

Of the organization in terms of indicators and targets for:

- Efficiency; □ Effectiveness; and □ Impact.

A Performance Management System (PMS) entails a framework that describes and represents how the municipality's process of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the different role players. This policy document guides the development of a Performance

Management System for Merafong City Local Municipality. It also forms the basis of alignment between the IDP, the operational SDBIPs, performance areas and performance indicators of the various departments of the municipality.

## **1.2 OBJECTIVES OF PERFORMANCE MANAGEMENT**

A municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP. The PMS process plan includes the following objectives that the system should in addition fulfil:

- The performance management system should provide a mechanism for ensuring increased accountability between the local community, politicians, the Municipal Council and the municipal management.
- The PMS should facilitate learning in order to enable the Municipality to improve delivery.
- It is important that the system ensure decision-makers are timeously informed of performance related risks, so that they can facilitate intervention, if necessary.
- The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The objectives are also for the performance management system to serve as a primary mechanism to monitor, review and improve the implementation of Merafong City Local Municipality's IDP. Performance management is reviewed as a tool that improves the overall performance of the municipality.

## **2. LEGISLATIVE AND POLICY FRAMEWORK**

In terms of the Constitution of R.S.A (1996), Section 152, the objectives of local government serves as a foundation for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of Performance management, with reference to the principles of inter-alia:

- The promotion of efficient, economic and effective use of resources.
- Accountable public administration
- Transparency by providing information,
- To be responsive to the needs of the community,
- And to facilitate a culture of public service and accountability amongst staff.

Legislative enactments which govern performance management in municipalities are found in various legislation.

As outlined in Section 38 of The Municipal Systems Act of 2000, a municipality must establish a performance management system, promote a culture of performance management among its political structures, political office bearers and councilors and its Administration and must administer its affairs in an economical, effective, efficient and accountable manner.

In terms of Section 40 of the municipal Systems Act of 2000, Merafong Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organizational, departmental and lower levels.

Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP Review Process the Key Performance Areas, Key Performance Indicators and Performance Targets are reviewed and that this review will form the basis for the review of the Municipal PMS and Performance Agreements of Senior Managers.

The performance Management System is informed by the following legislation and policies:

- The Constitution of the Republic of South Africa Act 108 of 1996 and as amended;
- Local Government: Municipal Systems Act, Act No. 32 of 2000 as amended;
- Local Government: The Municipal Finance Management Act (MFMA), Act No. 56 of 2003;
- Local Government: Municipal Planning and Performance Management Regulations, 2001 (R769 of August 2001);
- Local Municipal: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, (R 805 of August 2006);
- Local Government: Municipal Structures Act, Act No. 117 of 1998;
- Local Government: Regulations on appointment and conditions of employment of senior managers (R 21, January 2014);
- National Treasury: Framework for Managing Programme Performance Information, 2007;
- National Treasury: MFMA Circular 13 (Service Delivery and Budget Implementation Plan);
- National Treasury: MFMA Circular 63 (Annual Report: Guidelines – update); □ National Treasury: MFMA Circular 65 (Internal Audit and Audit Committee);
- National Treasury: MFMA Circular 32 ( The Oversight Report); and
- The White Paper on Transforming Public Service Delivery (Batho-Pele) (1997)

Although it is not considered necessary to go into detail in respect of all legislation it is important to give a brief overview of the most important legislative provisions set out in:

- The Local Government: Municipal Systems Act, Act No. 32 of 2000 as amended;
- The Municipal Planning and Performance Management Regulations of 2001;
- The Local Government: Municipal Finance Management Act, Act No.56 of 2003;
- The Municipal Performance Regulations of 2006 for Municipal Managers and Managers directly Accountable to Municipal Managers (R805)
-

Summaries of the provision relating to organizational performance management are therefore set out hereunder.

## **2.1 The Local Government: Municipal Systems Act, Act No. 32 of 2000**

Chapter 6 of the Municipal Systems Act, Act No. 32 of 2000 as amended, provides briefly that a municipality must:

- Develop a performance management system (PMS);
- Promote a performance culture;
- Administer its affairs in the economical, effective, efficient and accountable manner;
- Set Key Performance Indicators (KPI's) as a yardstick for measuring performance;
- Set targets to monitor and review the performance of the municipality based on indicators linked to their IDP;
- Monitor and review performance at least once per year;
- Take steps to improve performance;
- Report on performance to relevant stakeholders;
- Publish an annual performance report on performance of the municipality forming part of its annual report as per the provision of the Municipal Finance Management Act of 2003;
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the National Minister of Provincial and Local Government;
- Conduct an internal audit of all performance measure/indicators on a continuous basis;
- Have their annual performance report audited by the Auditor-General; and
- Involve the community in setting indicators and targets and in reviewing municipal performance.

## **2.2 The Municipal Planning and Performance Management Regulations of 2001**

In summary Regulations provide that a municipality's Performance Management System must:

- Entail a framework that describes and represent how the municipality's cycle and process of performance management, including measurement, review, reporting and improvement, will be conducted;
- Comply with the requirements of the MSA; and
- Relate to the municipality's employee performance management processes and be linked to the municipality's IDP.

A municipality must:

- Set key performance indicators (KPI's) including input, output and outcome indicators in consultation with communities;
- Annually review its KPIs;
- Set performance targets for each financial year;
- Measure and report on the relevant nationally prescribed key performance outcome;
- Measure and report on the five national local government KPA's;
- Report on performance to Council at least twice a year;



- As part of its internal audit process audit the result of performance measurement;
- Appoint a performance audit committee; and
- Provide secretarial support to the said audit committee.

### **2.3 The Local Government: Municipal Finance Management Act, Act No.56 of 2003 (MFMA)**

The MFMA also contains various important provisions relating to performance management. In terms of the Act all municipalities must:

- Annually adopt a SDBIP with service delivery target and performance indicators;
- When considering and approving the annual budget, set measureable performance targets for revenue from each source and for each vote in budget;
- Empower the Executive Mayor or Executive Committee to approve the Service Delivery and Budget Implementation Plan and the Performance Agreements of the municipal managers and the managers directly accountable to the Municipal Manager; and
- Compile an annual report, which must, amongst other things, include the municipality's performance report compiled in terms of the MSA and regulations.

The MSA and the MFMA require that the PMS be reviewed annually in order to align itself with the reviewed IDP. In consequence of the reviewed organizational performance management system it then becomes necessary to also amend the scorecards of the Municipal Manager and Section 56 Managers in lines with the cascading effect of performance management from the organizational to the departmental and eventually to employee levels.

### **2.4 The Municipal Performance Regulations of 2006 for Municipal Managers and Managers directly Accountable to Municipal Managers (R805)**

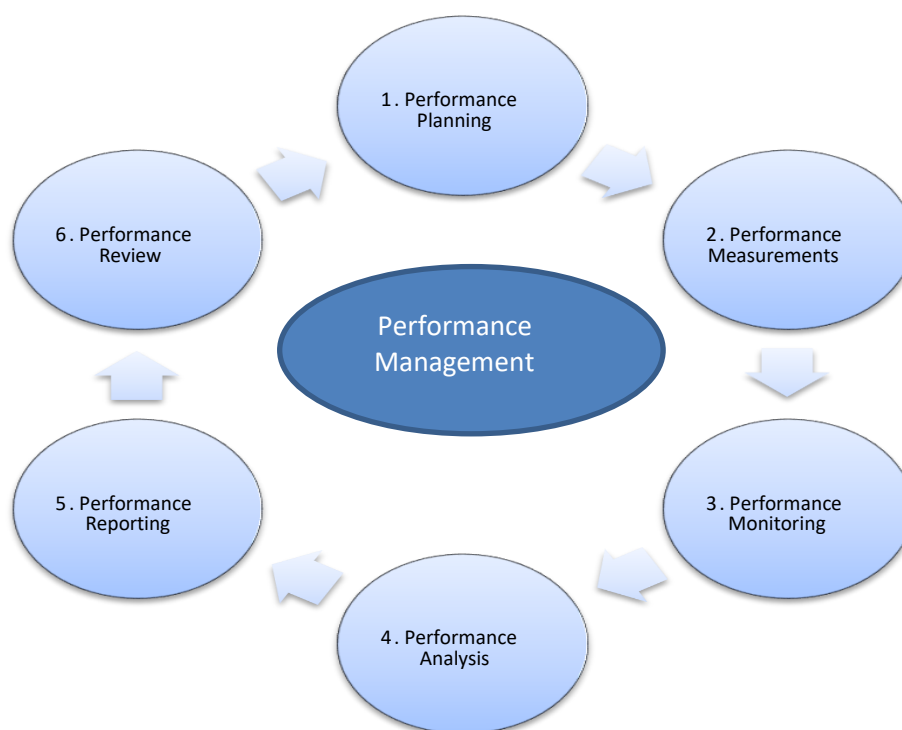
These legislative prescripts regulate the management of Section 56 employees of a municipality by providing an outline of employment contracts, performance agreements, performance plans, employee development, empowerment, measures/indicators and performance evaluation processes. These regulations further provide criteria for performance assessment and the 5-point rating upon which performance of an individual needs to be scored during the assessment and evaluation.

### 3. PERFORMANCE MANAGEMENT FRAMEWORK

The Municipality must develop, as part of the Performance Management System (PMS), a framework which will deal with the “how” to work with performance information. A performance management framework is the way the Municipality collects, presents and uses its performance information. It is a practical plan, made up of mechanisms and processes, for the Municipality to collect, process, arrange and classify, examine and evaluate, audit, reflect on the report performance information. These mechanisms and processes work in a cycle which must be linked to the municipality’s normal planning (IDP and otherwise) and the annual budget cycle.

#### 3.1 Components of Performance Management Framework

The annual process of managing performance at organizational level in Merafong City Local Municipality involves the steps as set out in the diagram (Figure 1) below:



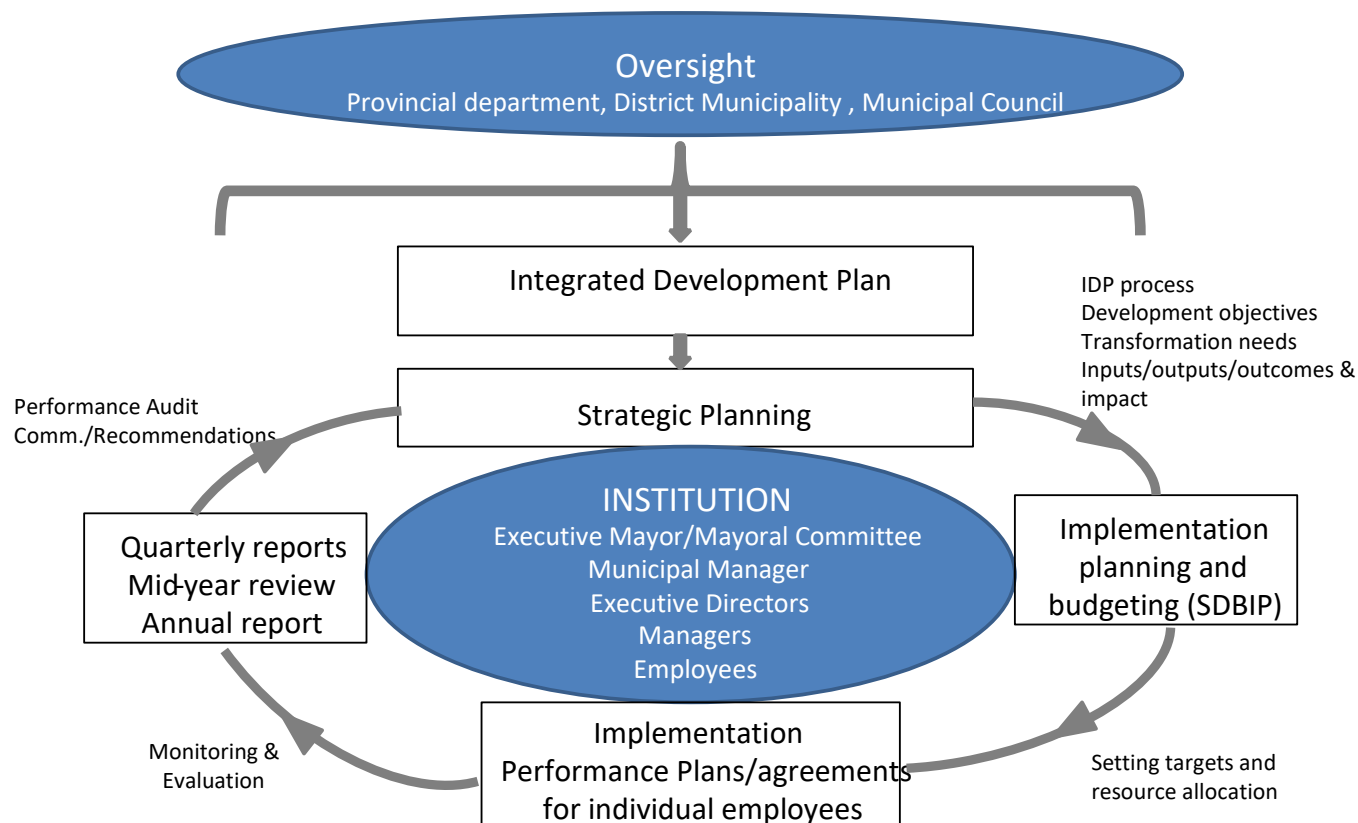
- **Performance Planning** ensures that the strategic direction of the Municipality more explicitly informs and aligns the IDP with all planning activities and resource decisions. This is the stage where Key Performance Area’s and Key Performance Indicators are aligned to the IDP and national requirements, and targets are set.
- **Performance Measuring and Monitoring** is an ongoing process to determine whether performance targets have been met, exceeded or not met. Projections can also be made during the year as to whether the final target and future targets will be met. It occurs during key points in a process – for example, on a quarterly and annual basis.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Performance Score	Performance – Target vs. Actual	Color coding
134-166 %	Outstanding Performance	
101-133 %	Performance Significant and Above Expectation	
85-100 %	Fully Effective	
67 – 84 %	Performance not Fully Effective	
< 66 %	Unacceptable Performance	

- **Performance Analysis and Evaluation** analyses why there is under-performance or what the factors were that allowed good performance in a particular area. Where targets have not been met, the reasons for this must be examined and corrective action recommended. Evidence to support the status is also reviewed at this stage. An additional component is the review of the indicators to determine if they are feasible and are measuring the key areas appropriately. A corporate analysis of performance will be undertaken by the Performance Management Unit, to examine performance across the municipality in terms of all its priorities.
- **Performance Reporting** entails reporting twice a year to management, the performance audit committee, council and the public. In addition, a quarterly report is also prepared and sent to Internal Audit to be audited, prior to being sent to council and the performance audit committee.
- **Performance review/auditing** is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to section 45, of the Systems Act, results of the performance measurement must be audited as part of the municipality's internal auditing process and annually be the Auditor-General. The Municipality has therefore established a framework and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems.

The figure 2 below reflects the **Performance Management Cycle**



### 3.2 Clarify Roles and Responsibilities of Stakeholders and Role-players

It is important to understand the duties, roles and responsibilities of the different stakeholders and role players in the various processes that together constitute the framework of the PMS. It is important that the accountabilities and relationships and priorities of the various stakeholders are set to ensure that there is a complete understanding of the participation, consultation and involvement of all stakeholders for maximum inputs into, and success of the PMS.

The PMS is a component of municipal governance and management systems that is aimed at ensuring that the performance of the Municipality is developmental, while complementing planning and budgeting processes as an integral part of organizational and individual management. It involves a wide variety of stakeholders, all of whom play a vital and integral part in the overall success of the PMS.

The schedule hereunder sets out the tasks, which should not be seen as a chronological sequence and events. The tasks, together with the appropriate stakeholders/role-players (with their roles and responsibilities), are the following:

<b>TASK</b>	<b>Shareholders/ Role-players</b>	<b>Roles and responsibilities</b>
<b>Review, amend and sanction of Performance Management process</b>	<b>PMO Section and Council</b>	Adopt and Review the PMS Policy
<b>Developing measures/indicators</b>	<b>Executive Directors</b>	Provide the IDP and PMS documentation and (when appropriate) of the previous reporting period.
		Provide inputs into the process with reference to the available resources within their respective departments (costed project charters to inform deliverables/targets).
		Document the measures/indicators
		Provide the schedule of measure/indicators to relevant stakeholders.
	<b>Councillors</b>	Provide input into the process with reference to the needs and requirements of their constituents and the community
		Engage with the officials to ensure maximum utilization of resources taking into account the budgetary guidelines and possible limitations,
	<b>Local Community and stakeholders</b>	Provide inputs through the IDP process with reference to their specific needs and requirements.
	<b>Executive Directors and</b>	Provide inputs into the process

<b>Setting targets</b>	<b>Managers</b>	with reference to the available resources within their respective departments.
		Document the targets.
		Provide and publicize the schedule of targets to the relevant stakeholders
	<b>Councillors</b>	Provide inputs into the process with reference to the needs and requirements of their constituents and the communities
		Engage with the officials to ensure maximum utilization of the resources taking into account the budgetary guidelines and possible limitations.
	<b>Local Community and stakeholders</b>	Provide inputs into the process with reference to their specific needs and requirements.
<b>Linking measures/indicators and targets to performance commitment of staff</b>	<b>Municipal Manager</b>	Ensure that the measure/indicators and targets in the performance agreements of senior managers are linked with his/her agreement.
		Provide inputs into senior managers' performance agreements.
		Ensure that the measure/indicators and targets of the departments and sub-ordinates are linked with the senior managers' agreement.
	<b>Executive Mayor</b>	Ratify and adopt the performance agreements.
	<b>Executive Mayor</b>	Monitor and evaluate (according to agreed schedule) the measures/indicators and targets of

<b>Monitoring and Evaluation</b>		the Municipal Manager.
	<b>Municipal Manager</b>	Monitor and evaluate (according to agreed schedule) the measures/indicators and targets of senior managers.
		Ensure that the results are documented and publicized to relevant stakeholders.
<b>Information collection, processing and analysis</b>	<b>Councillors</b>	Provide inputs into the process with reference to the needs and requirements of their constituents and communities.
		Ensure with the council officials that all information is made available.
		Examination, scrutiny and critical analysis of measures/indicators, targets, output and outcomes.
	<b>Executive Directors</b>	Collect and process relevant and appropriate information from departments.
	<b>Local Community and Stakeholders</b>	Provide inputs into the process with reference to their specific needs and performance.
<b>Auditing of information</b>	<b>Programme Management Office</b>	Prepare performance agreements with the agreed and approved measure/indicator and targets.
		Ensure that all senior managers' performance agreements are published.
		Collect and process relevant and appropriate information from departments.
		Compile SDBIP, monthly and quarterly reports.
		Examination, scrutiny and critical
		analysis of information from departments.
	<b>Performance Audit Committee</b>	Examination, scrutiny and critical analysis of information from organisational .

	<b>Auditor-General</b>	Collect and process the relevant and appropriate information from the Municipality
		Examination, scrutiny and critical analysis of information from the Municipality.
<b>Audit reporting</b>	<b>Internal Auditor</b>	Provide an independent audit report to the Audit Committee.
	<b>Performance Audit Committee</b>	Provide an independent audit report to the Municipal Manager, Mayoral Committee and Council.
<b>Reporting</b>	<b>Municipal Manager</b>	Provide approved, relevant and appropriate information reports to National- and Provincial Government; and the Auditor-General
<b>Report to Community</b>	<b>Municipal Manager</b>	Ensure that the results are documented and publicized to relevant stakeholders and municipal website.
<b>Review of performance management and setting of new measures/indicators and target</b>	<b>Senior management (EDs and CFO)</b>	Provide inputs into the process with reference to the available resource within their respective departments
		Document the measures/indicators and targets
		Provide and publicize the schedule of revised measure/indicators and target to relevant stakeholders.
	<b>Councillors</b>	Provide inputs into the process with reference to the needs and requirements of their constituents and the communities.
		Engage with the officials to ensure maximum utilization of the resources taking into account the budgetary guidelines and possible limitations in the light of the revised measures/indicators and targets.



	<b>Local Community and Stakeholders</b>	Provide inputs into the process with reference to their specific needs and requirements in the light of the revised measures/indicators and targets.
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### 3.3 Setting Measures/Indicators and Targets

The setting of measures/indicators and targets happens during the IDP process is linked to the strategic objectives of the Municipality. Performance measures/indicators and targets are used to show how the Municipality is performing on its objectives. This stage entails setting measures/indicators and targets, and then gathering data and information on these measures/indicators to assess the progress of the Municipality. Performance measurement allows for comparison of actual performance to intended performance, and against nationally defined minimum standards where applicable.

Performance targets are the planned level of performance or the milestones the Municipality sets for itself for each indicator identified. Baseline measurements and service standard must be identified, which will serve as the measurement of the chosen indicator(s) at the start of the period. In setting targets, it is important to know how the municipality is performing at the current moment. This step also tests whether the chosen indicator is in fact measureable and whether there are any problems. The targets need to realistic, measurable and be commensurate with available resources and capacity. The public must / should be consulted on their needs and expectations in setting a target. Politicians need to give clear direction as to the importance of the target and how it will address the public need.

Targets should be informed by the development needs of the communities and the development priorities of the municipality. The municipality must for each financial year set performance targets for each of the key performance indicators set by it. A performance target must be practical and realistic. It must measure the efficiency, effectiveness, quality and impact of the performance of the municipality. It must also identify administrative components, structures, bodies or persons for whom a target has been set. Finally targets need to be consistent with the development priorities and objectives set out in the IDP.

In order to measure progress in terms of a target during monitoring and evaluation (as discussed below), intermediate milestone, if capable, should be specified with the same criteria as for performance targets.

### **3.3.1 Incorporating the General Key Performance Indicators**

The following general key performance indicators are prescribed in Section 10 of the Municipal Planning and Performance Management Regulations, 2001 and must be reported on annually:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- The percentage of indigent households with access to free basic services;
- 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 integrated development plan;
- The number of jobs created through municipality's local economic development initiatives including capital projects;
- 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;
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
- Financial viability as expressed by ratios that measure debt coverage, outstanding service debtors to revenue, and cost coverage

### **3.3.2 Incorporating the Medium Term Strategic Framework 2014 to 2019**

South Africa's MTSF to 2019 is the first framework drawn up following the adoption of the National Development Plan in September 2012. It sets out actions the government and its partners will take to implement the NDP over the first five years of the plan, and provides a framework for the other plans of national, provincial and local government. The MTSF has identified the following 14 priorities of the NDP that need urgent attention.

- Outcome 1: Quality basic education
- Outcome 2: A long and healthy life for South Africans
- Outcome 3: All people in South Africa are and feel free
- Outcome 4: Decent employment through incisive economic growth
- Outcome 5: A skilled and capable workforce to support an incisive growth path
- Outcome 6: An efficient, competitive and responsive economic infrastructure network
- Outcome 7: Vibrant, equitable and sustainable rural communities contributing to food security for all
- Outcome 8: Sustainable human settlement and improved quality of household life
- Outcome 9: A responsive, accountable, effective and efficient local government developmental system
- Outcome 10: Protecting and enhancing our environmental assets and natural resources
- Outcome 11: Create a better South Africa, contribute to a better and safer South Africa in a better world
- Outcome 12: An efficient and effective development-oriented public service
- Outcome 13: An inclusive and responsive social protection system
- Outcome 14: A diverse, socially cohesive society with a common national identity

These outcomes have been expanded into high level outputs and activities, which in turn formed the basis of performance agreements. Whilst all of the outcomes can to some extent be supported through the work of local government, Outcome 9 (A responsive, accountable, effective and efficient local government system) and its 7 outputs are specifically directed at local government:

- Output 1: Implement a differentiated approach to municipal financing, planning and support;
- Output 2: Improving access to basic services;
- Output 3: Implementation of the Community Work Programme;
- Output 4: Actions supportive of the human settlement outcome;
- Output 5: Deepen democracy through a refined Ward Committee model;
- Output 6: Administrative and financial capability; and
- Output 7: Single window of coordination

Further to this framework the municipal plans are also aligned to the 5 Back to Basics (B2B) outputs and the Provincial 10 Pillars programme and the West Rand regional 14 outcomes.

**Back to Basics:**

1. Put people and their concerns first: Listen and communicate
2. Deliver municipal services to correct quality and standard
3. Good governance and sound administration
4. Sound financial management and accounting
5. Building institutional and administrative capabilities

**Gauteng 10 Pillars:**

1. Radical economic transformation
2. Decisive spatial transformation
3. Accelerating social transformation
4. Transformation of the state and governance
5. Modernization of the economy
6. Modernization of the public service and the state
7. Modernization of human settlements and urban development
8. Modernization of public transport and other infrastructure
9. Reindustrializing Gauteng as economic hub
10. Taking a lead in Africa's new industrial revolution

### West Rand Regional 14 Outcomes:

- Outcome 1: Basic Service delivery improvement
- Outcome 2: Accountable municipal administrative
- Outcome 3: Skilled, capacitated, competent and motivated workforce
- Outcome 4: Ethic administrative and good governance
- Outcome 5: Safe communities
- Outcome 6: Educated communities
- Outcome 7: Healthy communities
- Outcome 8: Sustainable environment
- Outcome 9: Build spatially integrated communities
- Outcome 10: Socially cohesive communities
- Outcome 11: Reduce unemployment
- Outcome 12: Economic development
- Outcome 13: Robust financial administration
- Outcome 14: Institutional planning and transformation

### Regional outcomes aligned to Municipal Key Performance Areas/Goals

STRATEGIC KEY PERFORMANCE AREA	REGIONAL OUTCOMES
<b>Goal 1:</b> Basic Service Delivery	<b>Outcome 1 :</b> Basic Service Delivery Improvement
<b>Goal 2:</b> Local Economic Development and Social Development	<b>Outcome 5 :</b> Safe Communities <b>Outcome 6 :</b> Educated Communities <b>Outcome 7 :</b> Healthy Communities <b>Outcome 10 :</b> Social Cohesive Communities <b>Outcome 11 :</b> Reduced Unemployment <b>Outcome 12 :</b> Economic Development
<b>Goal 3:</b> Transformation and Organisational Development	<b>Outcome 3 :</b> Skilled, Capacitated, Competent and Motivated workforce <b>Outcome 14:</b> Institutional Planning and Transformation
<b>Goal 4:</b> Municipal Financial Viability and Management	<b>Outcome 13 :</b> Robust Financial Administration
<b>Goal 5:</b> Good Governance and Public Participation	<b>Outcome 2 :</b> Accountable Municipal Administration <b>Outcome 4 :</b> Ethical Administration and Good Governance
<b>Goal 6:</b> Intergraded Spatial Development Framework	<b>Outcome 8 :</b> Sustainable Environment <b>Outcome 9 :</b> Build Spatially Integrated Communities

Key Performance Indicators qualifies the main aspect that needs to be achieved and thus measure the progress being made in achieving the objectives, it should therefore specify the object or deliverables to be achieved and the means by which it will be measured. Depending on the nature of such KPI, it may also include specifications regarding the quantity and standards of the object, and usually includes the timing or projected phasing of delivery. KPIs may be both strategic and operational in nature. The KPIs must be relevant to the competencies of Local Government.

The number of indicators should serve the purpose of providing an adequate view of performance. For this reason there should not be too few indicators, not to reflect the real picture nor too many indicators to make it costly and unmanageable. A balanced set of indicators to cover all priority areas should be used. Indicators should comply with the SMART principle (Specific, Measurable, Attainable, Realistic, Time bound).

In unpacking the **SMART** acronym, the following aspects are highlighted:

### **Specific**

Is the target specific or vague? By being specific, the municipality commits itself to a standard of delivery. E.g. by stating "1000 standpipes will be constructed" the municipality is committing to a specific target opposed to a statement "to provide people with water".

Further, the municipality needs to be absolutely sure what element of objective it wants to measure e.g. the quality of water being provided or the number of stands pipes being constructed. Therefore, the KPI's which needs to be measured should be identified and prioritized and specific targets set.

Care should be taken not to mix the different targets in one KPI measurement, as it will make measurement of it difficult

### **Measurable**

In deciding what specific part of the KPI a municipality wants to measure it must decide:

- If the municipality can measure the targets set (example, does it have the staff, funding, information/ data to do this)
  - If the municipality can provide proof (information/ data) that the target set was actually achievable.
- If a municipality cannot measure a target for any reason, it should amend or remove it.
- If the municipality wants to measure any target, it must decide on the most appropriate manner for obtaining such proof, and whether it is justified to employ additional staff or incur additional expenditure on providing the proof that a specific target was achieved?
- Also, there should be a purpose or reason for measuring a target, e.g. there is no reason to measure the reduction in the incidences of cholera if the Municipality has no clear strategy and objective in place to address this aspect and is not doing anything to reduce the impact.
- Measure against backlogs or and baseline.

### **Attainable/ Achievable**

Can the municipality meet the target set? Does it have the human, financial, infrastructure and other resources to deliver on the target set?

In determining if a target is attainable, the municipality must determine if it has a total executive control over the objective,

KPI and Targets set. E.g. provision of education is a national and provincial Government function. Thus, developing a KPI of “constructing schools” and setting a target of “building 5 schools” would not be attainable as it falls outside the control of the municipality (operationally)

Further, the municipality needs to determine/ identify whether there are real risks (political, financial, human, natural etc) involved, in firstly setting the target, and secondly meeting it. (This relates to the realistic element of the target as well)

An Attainable KPI in this area would be more process and outcome orientated. For example, an attainable indicator for a municipality in a non-core function would be to liaise with the Department of Education and Culture to present information on future plans with an associated target of budget alignment in 2015/2016 to take place.

## **Realistic**

By setting a realistic target the municipality must take its capacity into consideration. There is no point in setting a target of “5000 stand pipes in one year” if the municipality only has the capacity (human, infrastructural and financial) to deliver “1000 stand pipes in one year.”

Similarly in a non-core-function, if a municipality does not have the capacity and the responsibility to build a school, the targets set should reflect the aim of the municipality to liaise and lobby with the Department of Education. By setting the unrealistic targets, the municipality will only set itself up for failure.

## **Time related**

Quarterly and annual targets are set, it must relate to a timeframe. These timeframes should in themselves be specific, attainable and realistic. Time frames are not necessarily related to a financial year, but could span over several years. Applicable targets dates for each KPI must be determined.

However, a municipality should annually monitor its achievements towards the target and review/adapt if required. If a target cannot be met in one year, extend the time frame or reduce the target so that it can be met in the time frame specified. Consequently, a “SMART” target could be to build 1000 stand within the financial year (time related).

Note that for IDP purposes a five year target needs to be determined using the same criteria. The quarterly and annual target then feeds into the five year, which reduces each year.

### **3.3.3 Types of indicators**

The following types of indicators will be used:

- **Input indicators**

These are indicators that measure the resources that contribute to the production and delivery of outputs and include finances, personnel, equipment and buildings

- **Activity indicators**

These are processes or acts that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do” □

- **Output indicators**

These are indicators that measure whether a set of activities or processes yield the desired product or deliverables. They measure effectiveness and typically associated with operational KPIs. They are usually expressed in quantitative terms and may be defined as “What we produce or deliver”.

- **Outcome Indicators**

These are indicators that measure the impact or the net effect or the medium term results for specific beneficiaries in terms of the achievement of the overall objectives and are the consequences of achieving specific outputs. Outcomes should relate clearly to the organizational strategic goals and objectives and can be defined as “what we wish to achieve”.

- **Impact Indicator**

These indicators are the results of achieving specific outcomes such as poverty reduction and job creation.

### **3.3.4 Identification of Indicators**

The following aspects will be considered when identifying indicators:

- Regional outcomes, Key Performance Areas (KPA's), strategic objectives and development objectives set in the IDP;
- The activities, projects, programmes and processes identified in the IDP for achieving the developmental objectives as well as the earmarked resources; and
- Whether data and baseline information is available for its measurement in the Merafong City Local Municipality area.

KPIs must be set in respect of each of the development priorities and objectives referred to in Section 26(c) of the MSA. It must also be ensured that KPIs inform the indicators set for all its departments and relevant employees and service provider with whom the municipality has entered into a service delivery agreement.

### **National Key Performance Indicators (KPIs)**

General KPIs are prescribed in terms of Section 43 of the MSA and Outcome 9. Merafong City Local Municipality takes cognizance of these indicators and will report on them as is required by the Act.

### **3.3.5 Review of KPIs and Targets**

The municipality will review its KPIs and targets annually as part of the performance review in accordance with Section 54(1) of the MFMA following approval of an adjustment budget or whenever it amends its IDP in terms of Section 34 of the MSA.

## **3.4 Performance Management Phases**

### **□ Performance Planning**

The performance of the Merafong City Local Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the SDBIP, and the annual review of the IDP therefore constitutes the process of planning for performance.

It should be noted that the last component of the process 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.

### □ **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 measure/indicators and targets happens during the IDP process and is linked to the strategic objective of the municipality. To ensure the integrity of the indicators and targets set, baseline information based on backlog and current performance should be used as the basis for setting sound measures/indicators and targets. Performance measurement allows the municipality to compare their actual performance in relation to backlog and current (baseline) performance.

### □ **Performance Monitoring**

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator and target as set out in the SDBIP continuously monitors current performance against predetermined objectives (PDOs). 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.

### □ **Performance Analysis**

Performance analysis involves the process of making sense of measurement/indicators. It requires interpretation of the measurement 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 organizational learning.

<b>No.</b>	<b>Quarters</b>	<b>Time Frames</b>	<b>Departmental Quarterly Evaluation</b>
1.	First Quarter	July to September	By October
2.	Second Quarter	October to December	By January
3.	Third Quarter	January to March	By April
4.	Fourth Quarter	April to June	By July



The executive management should also ensure that quality performance reports are submitted to the Mayoral Committee and that adequate response strategies are proposed in cases of poor performance.

### **3.5 Schedules for Performance Reviews**

The performance of the employee in relation to his/her performance agreement must be reviewed in accordance with the following schedule. Quarterly performance appraisals shall be conducted for all contracted employees no later than four weeks after the end of the last month of quarter for which the appraisal is being done.

#### **Schedule for Performance Reviews**

The quarterly appraisal shall be performed between the employee and his/her superior. The appraisal shall be based on actual achievement of the indicators agreed for each deliverable or target. The employer must keep a record of the mid-year review and the annual assessment meetings. Performance feedback must be based on the employer's assessment of the employee's performance and supporting Portfolio of Evidence (PoE). The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time operational reasons on agreement between both parties.

## **4. Performance Management Process**

### **4.1 Municipal Level**

The Merafong City Local Municipality's organizational performance system can be defined as the planning process whereby the municipality sets the strategic agenda, vision and mission, as well as strategic and development objectives for the upcoming financial year/s, and the desired performance results. Performance management at municipal level involves the following phrases:

#### **4.1.1 Phase 1: Planning**

The Integrated Development Planning process and the Performance Management Process should appear to be seamlessly integrated. The IDP fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process.

#### **4.1.2 Phase 2: Priority Setting**

In setting priorities, the municipality should, inter alia, consider the following:

- An assessment of development in the municipal area, identifying development challenges and the status quo of the underdeveloped areas;
- A long term development vision for the municipality to address its development challenges;
- A set of KPAs, strategic objectives and development objectives, based on identified needs, achievement of the development vision for the area;
- A set of internal transformational objectives;
- Additional projects and programmes identified in contributing to the achievement of the above objectives;

- A financial plan and medium term income and expenditure framework that is aligned to priorities of the municipality; and
- A spatial development framework.

To be useful in the management of performance, the IDP must provide very clear indicators by which to measure the achievement of the objectives and unambiguous targets for those indicators.

### **4.1.3 Phase 3: Setting Objectives**

All components of the IDP need to be translated into a set of clear and tangible pre-determined development objectives. This is a crucial stage in ensuring that there is clarity on the IDP and that the suitable indicators are found. A clear and concise construction of statement of objectives is needed. The statement requires tangible, measurable and ambiguous commitment to be made. It is often useful to have a clear timeframe attached to this commitment in objectives statement.

### **4.1.4 Phase 4: Setting Key Performance Indicators**

KPIs are measurements that tell us whether progress is being made in achieving our objectives. Indicators should describe performance dimension considered key in measuring performance. The ethos of performance management as implemented in local governments and captured in the MSA and Municipal Planning and Performance Management Regulations rely centrally on the use of Key Performance Indicators.

### **4.1.5 Phase 5: Setting Targets**

The municipality should have clear objectives for its IDP and identified appropriate indicators. Targets are purely objectives or milestones for what we intend an indicator to measure at various timeframes. Performance targets are planned levels of performance or milestones the municipality sets itself for each indicator identified. Targets are usually expressed in quantity or time terms.

### **4.1.6 Phase 6: Monitoring**

Monitoring is a continuous process of measuring, assessing, analysis and evaluating the performance of the organization and departments with regards to KPIs and targets. Mechanisms, systems and processes for monitoring should provide for reporting at least twice per annum to the Merafong Municipal Council and community. It should enable detection of early indication of underperformance and provide for correction measures/indicators.

### **4.1.7 Phase 7: Review**

Review includes assessment of the system itself, the framework, targets, and performance targets of the departments and performance measurement of employees. It identifies the strengths, weaknesses, opportunities and threats of the municipality in meeting key performance indicators, performance targets and general key performance indicators. It also measures indicators the economy, efficiency, effectiveness in the utilization of resources and impact in so far as performance indicators and targets set by the municipality.

Performance improvement and adjustment is based on review. The Merafong City Local Municipality should ensure that the community participates in the review.

#### **4.1.8 Phase 8: Performance Auditing**

Performance review/auditing is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to Section 45, of the MSA, results of the performance measurement must be audited as part of the municipality's internal auditing process and annually by the Auditor-General. The municipality has therefore established frameworks and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems. Areas of weak performance identified at yearend must be addressed during the following year's planning phase.

### **4.2 Individual Level**

The employee performance management system can be defined as the process through which the planned performance objectives as defined in the IDP are cascaded onto the employee's Annual Performance Plans, thus allowing for the planning, coaching and monitoring, reviewing and rewarding of performance, and the enhancement of development, at the level of the individual employee.

#### **4.2.1 The Performance Agreement (Section 56/57 and Senior Management)**

##### **□ The Purpose of the Performance Agreement**

- Specify indicators and targets defined and agreed with the employee and to communicate to the employee employer's expectations of the employee's performance and accountabilities in alignment with the SDBIP of Merafong;
- Monitor and measure performance against set targeted outputs and outcome;
- Use the performance agreement as basis for assessing whether the employee has met the performance expectations applicable for his or her job function;
- In the event of outstanding performance, to appropriately reward the employee; and - Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

##### **□ Commencement and duration of the Performance Agreement**

- The Performance agreement must be entered into for each financial year or part thereof;
- The performance agreement will commence annually on the 1<sup>st</sup> of July; and
- The performance agreement of the Municipal Manager and Senior Managers directly accountable to the Municipal Manager must be concluded by no later than 30 June.

### **4.3 Assessment of Performance**

The performance of individual employees will be evaluated based on two components, being the IDP KPIs/targets and the individual core competencies. The IDP KPIs/targets will account for 80% and the individual core competencies will account for 20% of the final score. The IDP KPIs will be evaluated on a quarterly basis and the core competencies on a six monthly basis (January and July).

Personal growth and development needs identified during performance evaluation discussion will be documented in a personal development plan (PDP) as well as the action agreed to and implementation must take place with set time frames

The assessment of performance will be based on the following rating scale:

Level	Terminology	Description
5	<b>Outstanding Performance</b>	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.
4	<b>Performance significant above expectations</b>	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	<b>Fully effective</b>	Performance fully meets the standards in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	<b>Not fully effective</b>	Performance does not meet the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half key performance criteria and indicators as specified in the PA and Performance Plan.
1	<b>Unacceptable Performance</b>	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all the performance criteria and indicators as specified in the PAS and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

#### 4.3.1 The process for reviewing quarterly performance

The process for reviewing performance is as follows:

- The evaluated employee to submit all required PoE to the manager directly reporting to;
- The evaluated employee to prepare for the formal review based on the scoring on the performance management system against the agreed objectives and KPIs and targets;
- The assessor/panel and evaluated employee will meet to finalize the formal performance review and agree on the final scores; and
- The assessor/panel to prepare final scores of the evaluated employee's performance.

Should the evaluated employee not agree with the outcome of his/her performance results, they may follow the dispute procedure as outlined in the Local Government: Disciplinary Regulations for Senior Managers, 2010.

The assessor/panel and evaluated employee must prepare and agree to a PDP. This only needs to be done at the final review in August.

#### **4.3.2 The Evaluation Panel for Reviewing Annual Performance**

According to the Municipal Performance Management Regulations, 2006, Regulations 27(4) (d), the evaluation panel shall comprise of:

- For purposes of evaluating the Municipal Manager:
    - Executive Mayor;
    - Chairperson or delegated member of the Performance & Audit Committee;
    - At least one member of the Mayoral Committee (MMC);
    - Mayor and/or municipal manager from another municipality; and
    - One ward committee member as nominated by the Executive Mayor.
  - For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, the evaluation panel will comprise of:
    - Municipal Manager;
    - Chairperson or delegated member of the Performance & Audit Committee;
    - At least one member of the Mayoral Committee (MMC); and
    - Municipal Manager from another municipality.
- For purposes of evaluating the annual performance of managers and specialists, and evaluation panel constituted of the following persons must be established:
- Supervisor/Line Manager
  - Employee; and
  - HR/PMS specialist.

### **4.4 Managing Poor Performance**

Should an employee not achieve the predetermined objectives (PDOs), indicators and targets in his/her performance agreement, the manager and the employee should agree on corrective measures. (It is inappropriate that an employee is informed of his or her non-performance at the formal performance review). Employees must be given feedback throughout the year.

#### **4.4.1 Early Warning Mechanisms**

The municipality's first quarter performance report should be used as an early warning mechanism to determine whether the annual developed objectives, KPIs and targets will be achieved. The departments should review mechanisms to improve its performance and indicate to the Municipal Manager, PMO, Internal Audit and Performance Audit Committee how they intend to improve performance. The reasons for deviations and corrective measures must be clearly indicated In the monthly and quarterly SDBIP performance reports and evidence of corrective measures take must be presented.

#### 4.4.2 Addressing Poor Performance

The management of poor performance should be seen as a corrective process, focusing on addressing issues that lead to performance related problems. Counselling is seen as the first correct process, which should include the following:

- Identify and agree on the problem;
- Describe the impact of the poor performance;
- Establish reasons for performance;
- Decide and agree on what actions are required, and set the necessary timeframes; and □ Resource the agreed action.

### 4.5 Reward and Recognition

#### 4.5.1 Non-Financial Rewards

Non-financial rewards are based on recognizing high performance in ways other than financial reward.

Such recognition should be based on the following three approaches:

- **Informal** – These are spontaneous and can be implemented with the minimal planning and effort, e.g. calling an employee into the office and thanking him/her for a job well done and not discussing anything else.
- **Awards for specific achievements and activities** – These are tailored to reward specific achievements and behaviors desired most in the organization, e.g. long service awards, monthly award, etc.
- **Formal** – If the municipality has formal recognition programmes, some may be used to formally acknowledge (in public) significant contributions by individuals and teams, e.g. annual mayor's award for excellence, etc.

#### 4.5.2 Performance Bonuses for Section 56/57 Employees

The annual performance score of an individual is calculated based on the SDBIP results and core competencies rating added together to give total score. This total score is converted by the assessment-rating calculator (in terms of the Regulations) for performance management and bonus purposes.

Paragraph 32 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, No. 21 of 17 January 2014 provides that a performance bonus ranging from **5% to 14%** of the allinclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus of Section 56/57 employees, the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculation; provided that:

The annual bonus will be based on the results of the formal evaluation after moderation and will be paid in terms of the following bonus structure:

<b>Regulation 805 bonus structure</b>		
<b>% Achieved</b>	<b>Bonus</b>	
130% - 149%	5-9%	
150%+	10-14%	
<b>R805 %</b>	<b>Total Average Score</b>	<b>Bonus</b>
130%	3.25	5%
132%	3.30	5%
134%	3.35	6%
136%	3.40	6%
138%	3.45	7%
140%	3.50	7%
142%	3.55	8%
144%	3.60	8%
146%	3.65	9%
148%	3.70	9%
150%	3.75	10%
152%	3.80	10%
154%	3.85	11%
156%	3.90	11%
158%	3.95	12%
160%	4.00	12%
162%	4.05	13%
164%	4.10	13%
166%	4.15	14%

In the case of unacceptable performance (score between 0-99%), the employer shall:

- Provide systematic remedial or developmental support to assist the employee to improve his/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 un-fitness or incapacity to carry out his/her duties.

## 4.6 Dispute Mechanism

The procedure for dealing with poor performance is prescribed in Regulations 16 of the Disciplinary Regulations for Senior Managers.

The Municipal Performance Management Regulations for Section 57 managers provide clear guidelines for performance disputes relating to the performance agreements 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 performance agreements as stipulated in the said regulations.

Any dispute 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; and
- In the case of managers directly accountable to the municipal managers, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee;

In the event that the mediation process contemplated above fails, the relevant clause of the Contracts of Employment shall apply.

The following process relates to dispute relating to employees below Section 57 – employees:

- Conducting performance counselling in case of poor performance;
- If counselling does not yield results, employees are put on performance improvement process with action plan and clear timelines; and
- If performance does not improve, disciplinary process will be initiated, as per the mentioned Disciplinary Regulations.

## 4.7 Integrating PMS with the Council's existing Management Cycle

Leading practice indicates that PMS stand the best chance to succeed if it is integrated with the current management cycle of the municipality. The purpose of such a cycle will be to guide the integration of important processes such as strategic planning or development process in terms of the IDP methodology, the annual budget process and the formal process of evaluating and assessing Council's performance in terms of the approved PMS and this framework and it is recommended that the municipality develop and adapt a similar cycle that suitable to its own circumstances and requirements.



## 4.8 Performance Reporting

The legislative requirements regarding the reporting processes are summarized in the following table:

### Reporting Intervals

#### **An overview of performance reports required by municipalities**

<b>Report Type</b>	<b>Description</b>
<b>Monthly budget statements</b>	<p>Section 71 of the MFMA requires monthly reporting within ten days after the end of each month. The statement must include:</p> <ul style="list-style-type: none"> <li>• A projection of the relevant municipality's revenue and expenditure for the rest of the financial year; as well as</li> <li>• Information stating the financial situation of each municipal entity, if any.</li> </ul>
<b>Quarterly IDP and SDBIP Reporting</b>	<p>The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through section 71 monthly reports, and evaluated through the annual report process.</p>
	<p>The SDBIP information on revenue will be monitored and reported monthly by the municipal manager in terms of section 71(1)(a) and (e). For example, if there is lower than anticipated revenue and an overall cash shortage in a particular month the municipality may have to revise its spending downwards to ensure that it does not borrow more than anticipated. More importantly, such information requires the municipality to take urgent remedial steps to ensure it improves on its revenue-collection capacity if the municipality wants to maintain its levels of service delivery and expenditure.</p> <p>Section 1 of the MFMA, Act 56 of 2003 states that the SDBIP as a detailed plan approved by the mayor of a municipality in terms of service delivery should make projections for each month of the revenue to be collected, by source as well as the operational and capital expenditure by vote. The service delivery targets and performance indicators need to be reported on quarterly (MFMA 2003)</p>
<b>Mid-year budget and DPLG report</b>	<p>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. The report must be submitted to the mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the council to consider mid-year performance and what adjustments should be made if necessary.</p>
<b>Performance report</b>	<p>Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:</p> <ul style="list-style-type: none"> <li>• The performance of the municipality and of each external service provided during that financial year;</li> <li>• A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and</li> <li>• Measures to be taken to improve on the performance. The performance report must be submitted at the end of the financial year and will be made</li> </ul>

	<p>public as part of the annual report in terms of chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.</p>
<b>Annual Report</b>	<p>Every municipality and every municipal entity under the municipality's control is required by Section 121 to prepare an annual report for each financial year, which must include:</p> <ul style="list-style-type: none"> <li>• The annual financial statements of the municipality or municipal entity as submitted to the Auditor General for audit (and, if applicable, consolidated annual financial statements);</li> <li>• The Auditor-General's audit report on the financial statements;</li> <li>• An assessment by the accounting officer of any arrears on municipal taxes and service charges;</li> <li>• Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;</li> <li>• Any explanations that may be necessary to clarify issues in connection with the financial statements;</li> <li>• Any information as determined by the municipality, or, in the case of a municipal entity, the entity or its parent municipality;</li> <li>• Any recommendations of the municipality's audit committee, or, in the case of a municipal entity, the audit committee of the entity or of its parent municipality;</li> <li>• An assessment by the accounting officer of the municipality's performance against the measurable performance objectives for revenue collection and for</li> </ul>

	<p>each vote in the municipality's approved budget for the relevant financial year;</p> <ul style="list-style-type: none"> <li>• An assessment by the accounting officer of the municipality's performance against the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality;</li> <li>• The annual performance report prepared by a municipality; and □ Any other information as may be prescribed.</li> </ul> <p>Section 127 prescribes the submission and tabling of annual reports. In terms of this section:</p> <ol style="list-style-type: none"> <li>1. The accounting officer of a municipal entity must, within six months after the end of a financial year, submit the entity's annual report for that financial year to the municipal manager of its parent municipality.</li> <li>2. The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and any municipal entity under the municipality's sole or shared control.</li> <li>3. If the Mayor, for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven after the end of the financial year to which the reports relates, the mayor must: <ul style="list-style-type: none"> <li>a) Submit to the council a written explanation setting out the reasons for the delay, together with any components of the annual report that are ready; and</li> <li>b) Submit to the council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.</li> </ul> </li> </ol>
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<b>Oversight Report</b>	<p>The council of a municipality must consider the municipality's annual report (and that of any municipal entity under the municipality's control), and in terms of Section 129, within two months from the date of tabling of the annual report, must adopt an oversight report containing the council's comments, which must include a statement whether the council:</p> <ol style="list-style-type: none"> <li>a) Has approved the annual report with or without reservations;</li> <li>b) Has rejected the annual report; or</li> <li>c) Has referred the annual report back for revision of those components that can be revised.</li> </ol> <p>In terms of Section 132, the following documents must be submitted by the accounting officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report:</p> <ol style="list-style-type: none"> <li>a) The annual report (or any components thereof) of each municipality and each municipal entity in the province; and</li> <li>b) All oversight reports adopted on those annual reports. It is important to note that the oversight committee working with these reports should be chaired by the opposition party.</li> </ol>
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**Table 6: Reporting Procedures**

<b>TIMEFRAME</b>	<b>MSA/ MFMA REPORTING ON PMS</b>	<b>SECTION</b>
<b>QUARTERLY REPORTING</b>	<ul style="list-style-type: none"> <li>The Performance Management Section collates the information and draft the organisational scorecard, which is submitted to Internal Audit.</li> <li>The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee.</li> <li>The Municipal Manager submits the reports to the Executive Mayor and Council.</li> </ul>	MSA Regulation 14(1)(c)
<b>BI – ANNUAL REPORTING</b>	<ul style="list-style-type: none"> <li>The Accounting officer must by 25 January of each year assess the performance of the municipality and submit and report to the Mayor, National Treasury and the relevant Provincial Treasury, Internal Audit and Performance Audit Committee.</li> <li>The Performance Audit Committee must review the PMS and make recommendations to council.</li> <li>The Performance Audit Committee must submit at least twice during the year a report to council.</li> <li>The Municipality must report to Council at least twice a year.</li> </ul>	MFMA S 72  MSA Regulation 14(4)(a)  Regulation 14(4)(a)  Regulation 13(2)(a)

ANNUAL REPORTING	<ul style="list-style-type: none"> <li>The annual report of a municipality must include the annual performance report and any recommendations of the municipality's audit committee.</li> </ul>	MFMA S121(3)(c)(j) & MSA S46
	<ul style="list-style-type: none"> <li>The accounting officer of a municipality must submit the performance report to the Auditor- General for auditing within two months after the end of the financial year to which that report relate.</li> </ul>	MFMA S126 1(a)
	<ul style="list-style-type: none"> <li>The Auditor-General must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report.</li> </ul>	MFMA S126(3)(a)(b)
	<ul style="list-style-type: none"> <li>The Mayor of a Municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality.</li> </ul>	MFMA S127(2)
	<ul style="list-style-type: none"> <li>The Auditor-General may submit the performance report and audit report of a 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.</li> </ul>	MFMA S127(4)(a)
	<ul style="list-style-type: none"> <li>Immediately after an annual report is tabled in the council, the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.</li> </ul>	MFMA S127(5)(b)
	<ul style="list-style-type: none"> <li>The council of the municipality must consider the annual report by no later than two months from the date on which the annual report was tabled and adopt an oversight report containing council's comments on the annual report.</li> </ul>	MFMA S129(1)
	<ul style="list-style-type: none"> <li>The meetings of a 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.</li> </ul>	MFMA S130(1)
	<ul style="list-style-type: none"> <li>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.</li> </ul>	MFMA S134

## 4.9 Service Providers

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to the AG's office:

- Service provider means a person or institution or any combination of persons and institutions which provide a municipal service;
- External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality; and
- Service delivery agreement meant an agreement between a municipality and an institution or person mentioned in section 76(b) 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

All contract appointments are regularly monitored to ensure, that the requirements of the contract are complied with. This process is conducted during the processing of progress payments based on payment certificates and performance reports submitted.

## 5. Performance Auditing

### 5.1 The role of Internal Audit in terms of Performance Management

The MFMA requires that the municipality must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 45 of the MSA stipulates that the result of the municipality's performance measures/indicators must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor –General.

The Municipal Planning and Performance Management Regulations stipulate that the internal audit section must on a continuous basis audit all performance and the auditing must include an assessment of the following:

- The functionality of the municipality's performance management system;
- Whether the municipality's performance management system complies with the Act; and
- The extent to which the municipality's performance measures are reliable in measuring the performance of municipalities by making use of indicators.

#### 5.1.1 Functionality

Function could be defined as a proper or expected activity or duty or to perform or operate as expected. This could also be applied to the operation of any system such as the PMS. The internal audit section must therefore on a regular basis audit whether the PMS of Merafong City Local Municipality is functioning as developed and described in this framework.

#### 5.1.2 Compliance

The Merafong City Local Municipality PMS must comply strictly with the requirements of The MSA, applicable regulations and the MFMA. The municipality's Internal Audit Unit, at least on a quarterly basis, verifies that the PMS complies with the said legal requirements.

### 5.1.3 Reliability

To rely could be defined as to trust or depend (upon) with confidence, Reliability in the context of PMS refers to the extent to which any performance measures/indicators reported upon could be seen as being reliable, e.g. if the performance target was built 500 houses and it is reported that the target has not been met or exceeded, it must be established whether the information is factually correct or only an estimation or even worse, purposeful misrepresentation.

Undertaking a reliability audit will entail the continuous verification of performance measures/indicators and targets reported upon. This will require that the municipality establish a proper information management system (electronically or otherwise) so that the Internal Audit Section is able to access information regularly to verify its correctness. The municipality's Chief Audit Executive must submit quarterly reports on the audits undertaken to the Municipal Manager and Audit Committee.

## 5.2 Operation of the Performance Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal council establish an audit committee consisting of a minimum of three members, where the majority of the members are not employees of the municipality. No Councillor may be a member of the audit committee. Council must also appoint a chairperson who is not an employee. The Regulations gives municipalities the option to establish a separate performance audit committee whereas the MFMA provides only for a single audit committee. The operation of this audit committee when dealing with performance management is governed by Section 14 (2-4) of the Regulations which require that audit committee must:

- Review the quarterly reports submitted to it by the internal audit unit;
- Review the municipality's PMS and make recommendations in this regard to the Council of the municipality; and
- At least twice during a financial year submit an audit report to the municipal Council;

In order to fulfill their function a performance audit committee may. According to the MFMA and the Regulations:

- Communicate directly with the council, municipal manager or the internal and external auditors of the municipality concerned;
- Access any municipal records containing information that is needed to perform its duties or exercise its powers;
- Request any relevant person to attend any of its meeting, and if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

## Roles and Responsibilities

**(Municipal Systems Act, 2000 and the Municipal Planning and Performance Regulations, 2001)**

<b>Lines of Accountability</b>	<b>Review Role / Inputs</b>
Managers, Executive Directors and Municipal Manager	Review performance of employees reporting directly to them (monthly)
Manager(s)	Review performance of their respective Functional areas (monthly)
Section 80 Committees and Mayoral committee	Manage and review performance (on organizational priorities) of Sections and functions of their portfolio(s) (monthly)
Executive Directors	Review performance constantly by monthly reporting
Mayoral Committee	Review performance of the Administration (annually)
Council	Review the performance of the Municipal Council, its Committees and The Administration (annually)
The Public Representatives	Review the performance of the Municipality and public representatives (Councillors) (annually)



<b>DESIGNATION</b>	<b>ROLE</b>	<b>RESPONSIBILITIES</b>
<b>Municipal Council</b>	<b>Approval and Oversight</b>	<ul style="list-style-type: none"> <li>• Adopts the PMS framework</li> <li>• Adopts Priorities and objectives of the IDP</li> <li>• Adopts Municipality's corporate strategy that includes KPI and Performance targets □ Adopts the SDBIPs</li> <li>• Approves the review of KPI's and targets</li> <li>• Approves changes to priorities, KPI's and targets</li> <li>• Reports Municipal performance to the community twice a year.</li> </ul>
<b>Executive Council</b>	<b>Oversight</b>	<ul style="list-style-type: none"> <li>• Oversees the development of the municipality's performance management system</li> <li>• Assigns the responsibility of development to the Municipal Manager</li> <li>• Submits the PMS framework to council</li> <li>• Submits the priorities and objectives of the IDP to council</li> <li>• Approves the SDBIP</li> <li>• Assigns the responsibility for management of the PMS to the Municipal Manager</li> <li>• Quarterly evaluates the performance of the municipality</li> <li>• Approves implementation of Internal Audit recommendations in performance and PM System.</li> <li>• Receives performance audit report from the AG and makes recommendations to council.</li> </ul>
<b>Ward Committees/ Communities</b>	<b>Participatory</b>	<ul style="list-style-type: none"> <li>• Advise the Mayor on priorities and objectives of the IDP</li> <li>• Participates in the drafting and implementation of the IDP</li> <li>• Participates in the monitoring, measurement and review of the municipality's performance</li> <li>• Discuss the development, implementation and review of the municipality's PMS</li> <li>• Monitors the municipality's performance</li> <li>• Participates in the development of the KPI's</li> <li>• Participate in the formulation of proposals for performance improvements</li> <li>• Reports to the Mayor recommendations for the improvement of the PM System □ Participate in the annual review of performance</li> </ul>

DESIGNATION	ROLE	RESPONSIBILITIES
<b>Municipal Manager</b>	<b>Monitoring</b>	<ul style="list-style-type: none"> <li>• Manages the development of the performance management function/framework</li> <li>• Ensures that a high level scorecard, linked to the IDP and budget is developed</li> <li>• Ensures that all role players implement the provision of the PMS framework</li> <li>• Receives the quarterly and annual audited performance reports from Internal Audit.</li> <li>• Submits all necessary reports on performance to exco and council</li> </ul>
<b>Performance Management</b>	<b>Establish, monitor and control</b>	<ul style="list-style-type: none"> <li>• Ensure compliance with the System Act</li> <li>• Establish a performance management system for the municipality</li> <li>• Promote a culture of performance management among its political structures, political office bearers and councilors and its administration</li> <li>• Administer the PMS in an economical, effective and efficient and accountable manner.</li> <li>• Establish a framework with demonstrates the operation and management of Performance Management</li> <li>• Ensure PMS links to the Integrated Development Planning process</li> <li>• Ensure that key performance indicators in respect of development priorities and objectives are set</li> <li>• Ensure community participation in the various performance management processes</li> <li>• Obtain quarterly information on progress on targets set in the organizational scorecard □ Review KPI's annually</li> <li>• Ensure that performance targets are set</li> <li>• Develop and implement mechanisms, systems, and processes for monitoring, measurement and review of performance</li> <li>• Establish a process of regular reporting to the council, political office bearers and staff, the public and appropriate organs of the state.</li> <li>• Prepare quarterly and annual reports on organisational performance</li> <li>• Ensure that an early warning system is in place to detect indications of under-performance.</li> <li>• Ensure corrective measures for under-performance have been identified</li> <li>• Ensure that a performance audit committee is appointed</li> <li>• Ensure that a budget exists for the audit committee</li> <li>• Ensure performance audit committee complies with the Systems Act regulations</li> <li>• Ensure that at secretariat service is provided for the performance audit committee</li> </ul>

<b>DESIGNATION</b>	<b>ROLE</b>	<b>RESPONSIBILITIES</b>
<b>Internal Audit</b>	<b>Monitor and review</b>	<ul style="list-style-type: none"> <li>• Assess the functionality of the PMS</li> <li>• Ensure the system complies with the Act</li> <li>• Determine whether the performance measurements are reliable in measuring performance</li> <li>• Continuously audit performance measurements of the municipality</li> <li>• Annually audit the results of performance measurement</li> <li>• Submit quarterly reports on the audits to the municipal manager and the performance audit committee</li> </ul>
<b>Audit Committee</b>	<b>Oversight review</b>	<ul style="list-style-type: none"> <li>• Must meet at least twice during the financial year</li> <li>• Review quarterly reports</li> <li>• Review the municipality's performance management system and make recommendations to council □ Submit an audit report to council at least twice during the financial year</li> </ul>
<b>Senior Management</b>	<b>Implementer</b>	<ul style="list-style-type: none"> <li>• Set KPI's and targets</li> <li>• Determine responsible persons</li> <li>• Ensure that plans in place meet set targets</li> <li>• Implements performance improvement measures approved by the Executive Mayor and Council □ Ensures that the performance objectives in the performance agreements are achieved. □ Provides quarterly information to update the organisational scorecard □ Retains evidence of all items reported on performance.</li> </ul>