

# Performance Management Framework



For

Lesedi Local Municipality

*Approved*  
*Council Resolutuion Nr xxx/xx/xx*

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## 1. INTRODUCTION

The Municipal Planning and Performance Management Regulations stipulates that a municipality's Organisational Performance Management System (OPMS) must entail 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, organised and managed, including the roles of the different role-players.

In line with the said legal requirement this framework is a policy document that will set out:

- The requirements that the Lesedi Local Municipality's OPMS will need to fulfil,
- The principles that must inform its development and subsequent implementation,
- The preferred performance management model of the municipality,
- The process by which the system will work,
- The delegation of responsibilities for different roles in the process; and
- The PMS Monthly Implementation Plan that will assist with the implementation of the organisational performance management system.

This Framework Document is intended to be adopted by the municipal council as its performance management system.

## 2. LEGISLATIVE FRAMEWORK FOR OPMS

Legislative enactments, which govern performance management in the Lesedi Local Municipality are found in the Batho Pele Principles; the White Paper on Local Government; Municipal Systems Act, 2000; Municipal Planning and Performance Management Regulations 2001; Municipal Finance Management Act 2003; Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006; the Framework on Managing Performance Information and lastly the Directive: Performance Information Public Audit Act, 2004 published under Notice 646 of 2007.

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

- The Municipal Systems Act, 32 of 2000
- The Municipal Planning and Performance Management Regulations, 2001
- The Municipal Finance Management Act, No. 56 of 2003; and
- The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, (1 August 2006).

Extracts of all relevant policies and legislation that governs municipal performance management can be made available. Summaries of very important provisions relating to organisational performance management are thus set out hereunder.

#### **A. The Local Government: Municipal Systems Act , 32 of 2000**

Chapter 6 of the Municipal Systems Act (2000) provides briefly that a municipality must:

- Establish a performance management system;
- Promote a performance culture amongst political structures, political office bearers, councillors and its administration;
- Administer its affairs in an economical, effective, efficient and accountable manner;
- Set Key Performance Indicators (KPI's) as a yardstick for measuring performance;
- Set targets & monitor & review the performance of the municipality based on indicators linked to their IDP;
- Monitor, measure and review performance at least once per year;
- System must be devised in such a way that it will serve as an early warning system in terms of under-performance
- Take steps to improve performance;
- To propose remedial action to be taken
- Ensure Community involvement
- Establish a process of regular reporting
- 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 Local Government: Municipal Finance Management Act, 2003;
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government;
- Conduct on a continuous basis an internal audit of all performance measures;
- Have their annual performance report audited by the Auditor-General; and
- Involve the community in setting indicators and targets and reviewing municipal performance.

Section 55 to 58 of the Act outlines the provisions on the employment and functions of the Municipal Manager and Managers directly accountable to the Municipal Manager.

#### **B. The Municipal Planning & Performance Management Regulations of 2001**

In summary the Regulations provide that a municipality's PMS must:

- Entail a framework that describes and represents 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 Systems Act;
- Relate to the municipality's employee performance management processes and be linked to the municipality's IDP; and that:
- A municipality **must**:
  - Set key performance indicators (KPI's) including input, output and outcome indicators in consultation with communities;
  - Annually review its KPI's;
  - For each financial year set performance targets;
  - Measure and report on the nine nationally prescribed KPI's;
  - Report on performance to Council at least twice a year;
  - As part of its internal audit process audit the results of performance measurement;
  - Annually appoint a performance audit committee; and

- Provide secretarial support to the said audit committee.

### **C. The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)**

The Municipal Finance Management Act, 2003 also contains various important provisions relating to performance management. In terms of the Act all municipalities must:

- Annually adopt a service delivery and budget implementation plan with service delivery targets and performance indicators;
- When considering and approving the annual budget set measurable performance targets for revenue from each source and for each vote in the budget;
- Empower the Executive Mayor / Mayoral Committee to approve the Service Delivery and Budget Implementation Plan (*SDBIP*) 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 others, include the municipality's performance report compiled in terms Section 46 of the Systems Act.

The Municipal Systems Act and the Municipal Finance Management Act require that the Performance Management System be reviewed annually in order to align it with the reviewed Integrated Development Plan (*IDP*) and the Budget. As a direct consequence of the reviewed organisational performance management system it then becomes necessary to compile a Service Delivery Budget Implementation Plan (*SDBIP*) that needs to be cascaded downwards to Managers, Supervisors & eventually to Employees in the workforce.

### **D. The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (1 August 2006)**

This legislation regulates the management of the Section 54 & 57 employees of a municipality by providing an outline of employment contracts, performance agreements, performance plans (*SDBIP*), employee development, empowerment measures and performance evaluation processes. These regulations further provide criteria for performance assessment and the 5-point rating scale upon which performance of an individual will be scored during the quarterly assessments and evaluation.

## **3. OBJECTIVES AND BENEFITS OF ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM**

A Organisational Performance Management System (*OPMS*) is the primary mechanism to monitor, review and improve the municipal performance as a whole that should in addition assist with the following:-

- **Facilitate increased accountability**

The performance management system will provide a mechanism for ensuring increased accountability and commitment between the local community, politicians, the municipal council, the municipal management team and the municipal workforce.

- **Facilitate learning and improvement**

The Organisational Performance Management System (*OPMS*) should facilitate learning in order to enable the municipality to improve delivery.

- **Provide early warning signals**

It is important that the system ensure that decision-makers are timeously informed of performance related risks for intervention, if necessary.

- **Facilitate decision-making**

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

- **Support municipal oversight**

The performance management system should support oversight by the council and community over the performance of the Mayoral Committee and Municipal Administration

The adoption of a performance management system is beneficial in that it identifies major or systematic blockages, timeously, ensures accountability between residents, the political leadership and the administration of the municipality, and the system serves as an early warning system to identify challenges for corrective action, before it becomes a crisis.

#### **4. DEVELOPMENT OF AN ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM**

The Municipal Systems Act (2000) places the responsibility for the establishment of a Performance Management System (PMS) on the Council, while holding the Executive Mayor, responsible for the development and management of the system.

The Executive Mayor of the Lesedi Local Municipality delegated the responsibility for the development and management of the PMS to the Municipal Manager. The development of the system was a once-off activity and the Municipal Manager submitted the system to the Executive Mayor and the Mayoral Committee, who in turn forward it to the full council for adoption.

The responsibility of implementation and the ongoing management of the system remains with the Municipal Manager as part of his core functions as provided in Section 55(1) of the Municipal Systems Act of 2000.

#### **5. ADOPTION OF AN ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM**

According to Regulation 8 of the Municipal Performance Regulations of 2001, the organisational performance management system must be adopted at least at the same time as the commencement by the municipalities' process of setting key

performance indicators and targets in accordance with its Integrated Development Plan (*IDP*). Efforts will be made to comply with this regulation on an annual basis whereby the indicators and targets will be reviewed and this will coincide with the adoption of the planning documents of the council.

## **6. PRINCIPLES GOVERNING AN ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM (*OPMS*)**

The process of developing a performance management system includes the following principles:-

- **Simplicity** so as to facilitate implementation given any current capacity constraints,
- **Politically acceptable** to all political role-players,
- **Administratively managed** in terms of its day-to-day implementation,
- **Implementable** with any current resources constraints,
- **Transparency and Accountability** both in terms of developing and implementing the system,
- **Efficient and Sustainable** in terms of the ongoing implementation and use of the system,
- **Public participation** in terms of granting citizens their constitutional right to participate in the process,
- **Integration** of the PMS with the other management processes within the Municipality,
- **Objectivity** based on credible information and lastly, and
- **Reliability** of the information provided on the progress in achieving the objectives as set out in its IDP.

## **7. OPMS REFERRED TO AS THE KEY PERFORMANCE AREA MODEL**

The Lesedi Local Municipality adopted the Key Performance Area (*KPA*) Model, that is a manual system and that provides a common framework of what aspects of performance will be measured and managed.

The KPA Model is useful in the management of performance for the following reasons:-

### **7.1 SIMPLICITY**

The model replaces a long list of indicators attempting to sufficiently cover performance, into a set of categories sufficiently covering all key areas of performance.

### **7.2 ALIGNMENT TO STRATEGIC PLANNING METHODOLOGY**

The model aligns the processes of performance management between the different stages of performance from the performance planning, implementation, monthly monitoring, performance review and assessment phase, the reporting phase and finally the analysing phase to identify causes of possible poor performance for the implementation of corrective measures.

The Lesedi Local Municipality uses the Key Performance Area (*KPA*) Model where all indicators are grouped together into the National *KPA*'s and the Municipality's *IDP*. The *SDBIP* Performance Scorecard has been structured accordingly.

## **8. BASIS OF THE ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM**

The basis of *OPMS* at the Lesedi Local Municipality starts with the relationship between the Integrated Development Planning (*IDP*), the Service Delivery and Budget Implementation Plan (*SDBIP*) from where performance will be managed.

### **8.1 INTEGRATED DEVELOPMENT PLAN (IDP)**

Integrated development planning, as defined by the Municipal Systems Act, is a process by which municipalities prepare a five(5) year strategic plan that is reviewed annually in consultation with communities and stakeholders. This strategic plan adopts an implementation approach and seeks to promote integration. The *IDP* serves as the directive plan of movement with its resources in order to achieve objectives within a certain timeframe.

The *IDP* process will deliver the following products in relation to performance management:

- An assessment of development in the municipal area, identifying development challenges, marginalised and vulnerable citizens as identified by communities.
- A long term vision for the municipal area that will overcome its development challenges;
- Key Performance Areas and objectives, based on identified needs, achievable in the current term of office, that would contribute significantly to the achievement of the developed vision for the area;
- A set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realisation of the municipalities' vision;
- Identified Programmes and projects which will contribute to the achievement of the above objectives;
- High level Key Performance Indicators and Performance targets that will be used to measure progress on the implementation of projects and progress towards attainment of the objectives and the vision; and
- A financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality as set out in the *IDP*;

The established structures of the municipality will assist with consultation, oversight and management of integrated development planning. These inter alia will include the:

- The IDP Representative Forum; and
- Annual IDP Izimbizo

The IDP planning process will result in the formation of the above key performance areas with objectives and Key Performance Indicators (*KPI*) for which performance targets will be set.

During August and March of the financial year, the above elements are reviewed which occurs simultaneously with the implementation of the current year SDBIP.

## **8.2 SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)**

The development of a five(5) year IDP with the annual review process, result in the development of the one(1) year SDBIP.

The SDBIP gives effect to the IDP and the Budget of the municipality and is effective if the IDP and budget are fully aligned with one another, as required by the Municipal Finance Management Act (*MFMA*).

The budget gives effect to the strategic priorities of the municipality and is not a management or implementation plan. The priorities of the IDP must be aligned with the budget and cash flow budget, otherwise the IDP will remain a wish list.

The SDBIP (*also referred to as the strategic implementation plan*) will serve as a “contract” between the administration, council and the community by expressing the goals and objectives set by the council as quantifiable outcomes that will be implemented over the next twelve months.

The Municipal Manager is responsible for the preparation of the SDBIP that is submitted to the Mayoral Committee for approval. However, the Municipal Manager should start the process by preparing the SDBIP by not later than the tabling of the budget (*around 1 March*) and preferably submit a draft SDBIP to the Executive Mayor for initial approval by not later than **1 May**.

It should be noted that according to Sec 69(3)(a)&(b) the Draft SDBIP as well as the Draft Annual Performance Agreements of the Municipal Manager and Senior Managers must be submitted to the Mayoral Committee **within 14 days** after the approval of the budget, whilst Sec 53(1)(c)(ii) requires that the final SDBIP and annual Performance Agreements must be adopted by the Mayoral Committee **within 28 days** after the approval of the budget.

**The SDBIP requires details of the following 5 necessary components:** (*Sec 17(3)(b)(c)*)

- I. Monthly projections of revenue to be collected for each source;
- II. Monthly projections of expenditure (*operating and capital*) and revenue for each vote;
- III. Quarterly projections of service delivery targets and performance indicators for each vote;
- IV. Information for expenditure and service delivery as per Ward; and
- V. Detailed capital works and source's plan broken down by Ward over three years.

### 8.3 MANAGEMENT OF PERFORMANCE

From the above detail, it is clear that the IDP, the Budget together with the Cash-Flow-Budget and the SDBIP informs the municipality's performance on pre-determined targets and objectives. These concepts including the outcome of the employees performance in terms of job descriptions, will make up the municipal performance on responsibilities (*the hard issues*).

The important components / process of the SDBIP Performance Scorecard:-

<b>Step 1</b>	Outline the Five(5) National Key Performance Areas
<b>Step 2</b>	Define IDP / Strategic Objectives
<b>Step 3</b>	Formulate Key Performance Indicators
<b>Step 4</b>	Determine the Unit of Measure
<b>Step 5</b>	Record the Baseline of the respective KPI
<b>Step 6</b>	Determine the Annual Target
<b>Step 7</b>	Record the Budget and Budget Vote Numbers ( <i>where applicable</i> )
<b>Step 8</b>	Determine the Quarterly Projections
<b>Step 9</b>	Record the Responsible Designation against the KPI
<b>Step 10</b>	Cascade downwards to ensure Implementation

Herewith some explanatory notes expanding on each of the components of the SDBIP Performance Scorecard.

#### NATIONAL KEY PERFORMANCE AREAS (KPA'S) – STEP 1

Outlining Key Performance Areas is the first step in the performance management process. According to the 5-Year Local Government Strategic Agenda, all municipalities are required to cluster their priority issues identified during the IDP development and review processes around the *five(5) KPA's*. The IDP priorities and objectives as aligned with the budget, will be clustered under the following five headings to align the municipal documents with other tiers of government :-

- Service Delivery;
- Institutional Transformation;
- Local Economic Development;
- Financial Management & Viability.
- Good Governance

## **IDP / STRATEGIC OBJECTIVE - STEP 2**

It is advisable to identify and define the IDP / Strategic Objective that fall under each of the Key Performance Area's. Examples of Strategic Objectives that fall under the Service Delivery KPA will be **Water, Electricity, Sanitation, Roads**, etc. Each KPA will have specific strategic areas and each of these must be outlined in the municipal performance scorecard (*SDBIP*).

## **KEY PERFORMANCE INDICATOR - STEP 3**

The next step will involve the formulation and setting approximately Key Performance Indicators as per each of the KPA's. It is imperative that these objectives (*indicators*) complies to the SMART principle (*i.e. Specific, Measurable, Achievable, Realistic and Time framed*). This will be a series of elements based on the vision & mission that was broken down into manageable quantities.

There is no hard-and-fast rule about how many objectives to set, but it is important to make it manageable and realistic and it is therefore advisable to limit the number of objectives that are developed for each KPA.

KPI's are used to:

- Communicate the achievements and results of the municipality.
- Determine whether a municipality is delivering on its developmental mandate.
- Indicate whether the organisational structure of a municipality is aligned to deliver on its development objectives.
- Promote accountability by the council to its electorate.

The municipality's SDBIP must show the following types of indicators that are popularly used to measure organizational performance include the following:-

- Input Indicators: These indicators are typically cost related. As the name suggests, they literally measure what inputs have been made towards achieving the objective and they are most relevant to the day-to day operations of a municipality. These are indicators that measure the costs, resources and time used to produce an output;
- Process indicators: These indicators describe how well the municipality uses its resources in producing services. They cover the activities and operations that convert inputs into outputs. They are essentially internal types of indicators.
- Output indicators: These indicators that measure the results of activities, processes and strategies of a program of the municipality. They refer to "products" produced by processing inputs (*i.e. the end point of an activity*). An example of an output indicator is "*the number of houses built or the number of electricity connections made*". Output indicators should only be used for those functions for which the municipality is directly responsible.
- Outcome indicators: These indicators measure the quality and or impact of an output on achieving a particular objective. Outcomes are usually based on the results of different

variables acting together (for example *“increased economic activity as a result of improved water supply”*). They measure the effect that the goals and objectives are having on the community and they are important diagnostic tools. Based on many variables, they tend to lag behind output indicators because they can only be measured after the outputs have been produced. They are also more difficult to measure and are usually influenced by factors external to the municipality’s control.

Example of a developmental objective that is aligned with the KPA:

KPA = Refuse Collection

KPI = “To provide every household with a weekly door-to-door refuse collection services”

The following National General indicators in terms of Sec 43 of the Municipal Systems Act (Act 32 of 2000) and provided for in Regulation 10 of the 2001 Performance Regulations must be built into the SDBIP :-

- a. the percentage(%) of households with access to basic level of water, sanitation, electricity and solid waste removal;
- b. the percentage(%) of households earning less than R1100 per month with access to free basic services;
- c. the percentage(%) of the municipality’s capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality’s integrated development plan;
- d. the number of jobs created through the municipality’s local, economic development initiatives including capital projects;
- e. the number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality’s approved employment equity plan;
- f. the percentage(%) of the municipality’s budget actually spent on implementing its workplace skills plan; and
- g. the municipality’s financial viability as expressed by the ratios for debt coverage, outstanding service debtors to revenue and cost coverage.

#### **UNIT OF MEASURE - STEP 4**

Whilst the KPI define what needs to be measured in order to gauge progress towards achieving the development objectives discussed in the previous step, the unit of measure will indicate the way in which the objective will be measured and therefore reported on a quarterly basis (e.g. *number of houses to be built*).

#### **BASELINE INDICATORS – STEP 5**

Once the indicators and the unit of measure has been set, the next step is to determine the baseline indicator. A baseline indicator is the value or (*“status quo”*) of the indicator prior to the period over which performance is to be monitored and reviewed (*normally the previous year*).

#### **ANNUAL TARGET - STEP 6**

The next step will be to set annual target for each identified Key Performance Indicator (KPI). It is important that the municipality be realising in the setting of annual targets. If realistic targets are not set the departments concerned create

false expectations and also set themselves up for failure.

#### **BUDGET INVOLVED AND BUDGET VOTE NUMBERS - STEP 7**

After the Annual Target has been determined, the next step will be to include a budget amount involved for the implementation as well as a possible Budget Vote Number. This will ease the task during Quarterly Assessments and/or the evaluation of performance.

#### **QUARTERLY PROJECTIONS - STEP 8**

It will be important for the respective Head of Department to project how the Annual Target will be implemented over the four quarters of the following financial year.

#### **ALLOCATING RESPONSIBILITY - STEP 9**

It is also necessary to determine who will take responsibility for what actions. In the case of the SDBIP – Performance Scorecard, responsibility will be allocated to the Head of Department or Section Managers within a Department. The Position must be recorded against the Performance Indicator.

#### **CASCADING DOWN OF STRATEGIC OBJECTIVES - STEP 10**

Step 9 above will serve as the first step of cascading strategic objectives downwards to lower levels to ensure implementation.

### **9. PERFORMANCE MANAGEMENT UNIT**

Due to the fact that the Municipal Manager is responsible for Performance Management, it is advisable that this strategic function of Performance Management operates from the Office of the Municipal Manager.

By implementing the OPMS according to the framework will require proper co-ordination and administrative support. It is therefore important to designate official to be responsible for managing and oversee the process at all levels, because the overseeing and the meeting of due dates and time frames determine the value of the end result.

#### **Adherence to Deadlines & Timeframes**

The Performance Management Unit will develop a PMS Monthly Implementation Plan that outlines the performance processes, due dates and time frames for submission.

#### **Co-ordination**

The co-ordination of performance information for reporting purposes will be the function of the PMS Unit, which will be responsible for the following core activities:

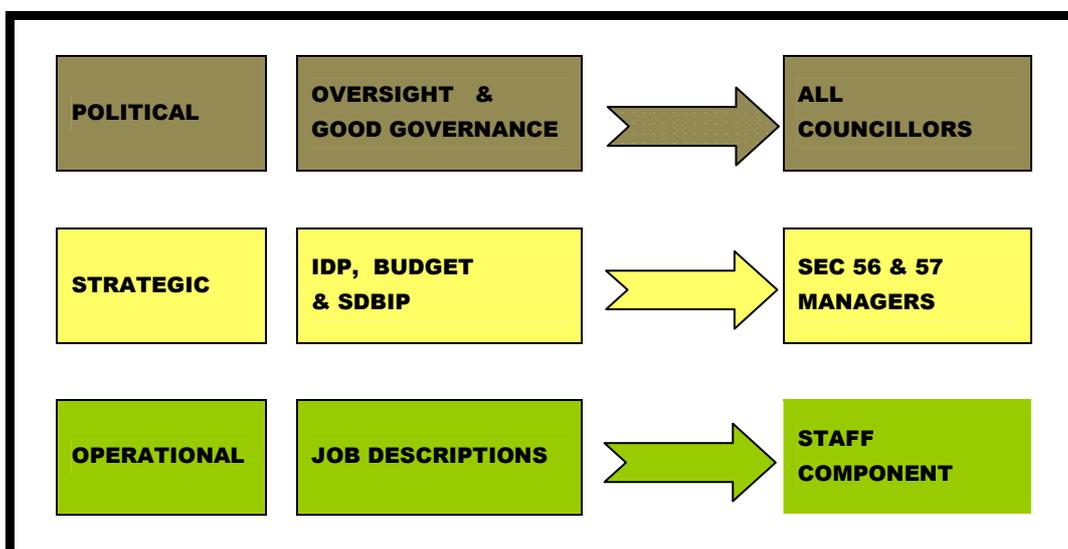
- Responsible for the co-ordination of implementation activities of the Organisational Performance Management System, through interaction with all relevant stakeholders;

- Ensuring and overseeing the implementation of this Performance Management Framework through the Monthly Implementation Plan;
- Facilitating inputs for the review and further development / refinement of the Organisational Performance Management System;
- Providing support and capacity to the different departments in developing departmental performance scorecards;
- Providing technical support to the Municipal Manager and the executive management team with implementation, assessment, review, monitoring and information management;
- Preparation of organizational performance reports from information submitted by Executive Managers on a quarterly, mid-term and annual basis;
- Responsible for co-ordination and compiling the six-monthly performance reports in order to prepare an Annual Section 46 Performance Report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to all stakeholders timeously, i.e. quarterly reports to Mayoral Committee; mid-term report to Council and Annual performance reports to Auditor General, MEC and the public;

**10. PERFORMANCE MANAGEMENT AT VARIOUS LEVELS**

The legislative framework makes provision for performance management at various levels in the municipality i.e. **Strategic performance** (also referred to as performance against pre-determined targets and objectives of the SDBIP), as well as the **Municipal performance** that involves all levels of performance within the municipality (i.e. performance on job descriptions as well as strategic objectives).

Given that an IDP has a five-year time span, the measures set at this level will focus on the long-term with an outcome and impact, whilst the SDBIP Performance Scorecard will focus on the short term that is performance over one financial year.



### 10.1 POLITICAL

The performance of the Political Pillar is linked to Good Governance, the approval of Policies, Community involvement as well as the oversight role in terms of service delivery towards the community in general. For that purpose a SDBIP with clear KPI's and Objectives must be developed for monitoring purposes.

### 10.2 STRATEGIC

The Strategic Level of performance is linked to the pre-determined targets and objectives of the IDP, Budget & SDBIP. At this level the performance against the progress made with the achievement of strategic objectives as set out in the integrated development plan (*IDP*) of the municipality.

This is done on the basis of key performance indicators (*KPI's*) and targets as applicable to each objective in the IDP of the municipality and that will be transferred to the SDBIP in phases of 12 month periods.

Section 54 & 57 Employees, will be assessed on a quarterly basis on the results against pre-determined targets and objectives of the planning documents (*i.e. IDP, Budget & SDBIP*). These quarterly assessments are important to determine if the municipality will achieve the objectives as approved within the SDBIP and indicate what corrective measures will be put in place to ensure the achievement of results.

### 10.3 OPERATIONAL

This level of performance is linked to the job descriptions of permanent employees (*SALGBC*).

Any organisation will fail when there is a lack of performance and/or when human resources are not managed effectively. The personnel are the most important asset of the council and also very expensive. Therefore the council cannot allow that the management of soft issues be ignored as it will require the much needed ownership and commitment of staff members in order to maintain proper discipline in the workplace.

The Performance Management Unit work in conjunction with the different Political Office Managers and Executive Managers (*HOD of the Department*) and liaise with the respective Secretaries in order to obtain the required information for reporting purposes. The Secretary of the different units/departments plays an important role to assist the PMS Unit with communication and co-ordination at political unit / departmental level.

The Performance Management System of the Lesedi Local Municipality requires that the following be measured in order to obtain a correct and fair measurement of the municipal performance as a whole:-

**Hard Issues**

Approved Planning Documents (*IDP, Budget & SDBIP*)

Job Descriptions

**Responsibilities** (*Overall performance of daily responsibilities*)

**Soft Issues**

Impact on the Environment

General Behaviour & Attitudes

Teamwork & Commitment

The most important soft issues that will be measured and that will be referred to as the impact on the environment are as follows:-

- 1) **Judgement**  
*(The extent to which the individual remain focussed, good decision making and valid feedback information to the Line Manager)*
- 2) **Quality**  
*(The overall quality and ownership of responsibilities as expected)*
- 3) **Liaison-Human Relations**  
*(The extent to which the individual is able to listen and display a positive, friendly and helpful attitude and ability to accept criticism)*
- 4) **Commitment**  
*(The extent to which the individual displays commitment as well as the willingness to walk the “extra mile” in order to assist in the workflow of the unit)*
- 5) **Teamwork**  
*(The extent to which the individual is able to communicate and the ability to obtain mutual trust with the team members and to work together to achieve results)*
- 6) **Punctuality**  
*(The extent to which the individual adhere to deadlines and time frames)*
- 7) **Management by Walk About**  
*(The extent to which the individual lead by example and to reach the goal of the unit)*

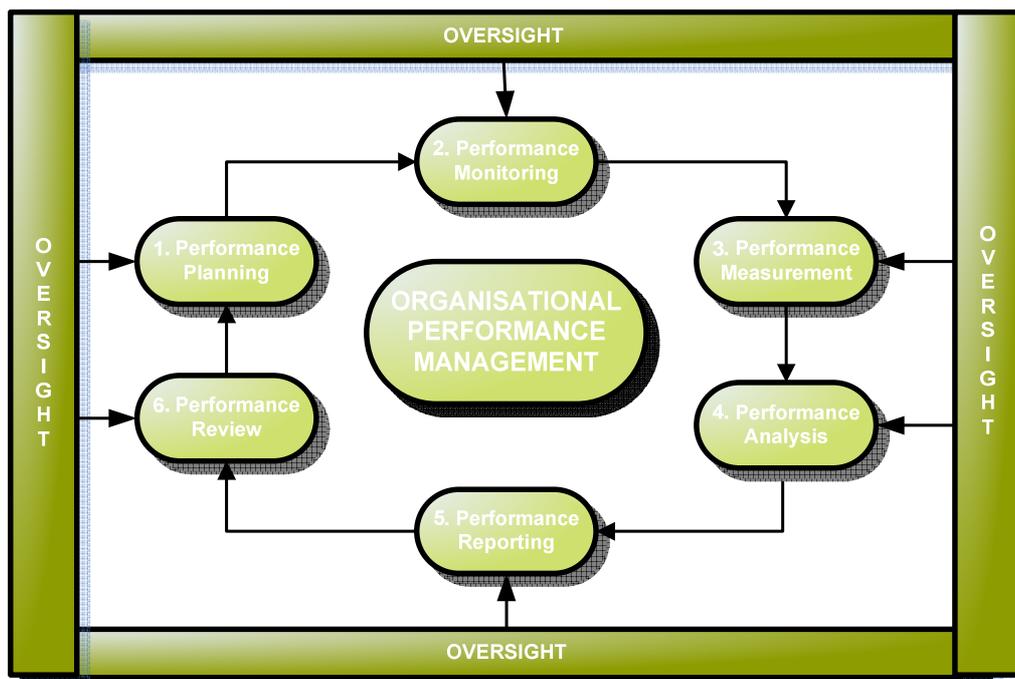
All stakeholders will be assessed on the following Rating Scale between a 0 – 5 Star Rating.

<b>ALARM</b>	<b>Unacceptable</b>	<b>Very Poor</b>	<b>Maintenance Management</b>	<b>Satisfactory</b>	<b>ExcelLent</b>
<b>0 – 35%</b>	<b>36% - 48%</b>	<b>49% - 61%</b>	<b>62% - 74%</b>	<b>75% - 87%</b>	<b>88% - 100%</b>
					
<b>0 STAR</b>	<b>1 STAR</b>	<b>2 STAR</b>	<b>3 STAR</b>	<b>4 STAR</b>	<b>5 STAR</b>

Individual Performance Review Sessions will take place on an annual basis during **December**, to obtain the Mid Term Performance Outcome and **June**, to obtain the Annual Performance Outcome of the municipality as a whole.

**11. THE PERFORMANCE CYCLE PROCESS**

The annual process of managing performance at organisational level at Lesedi Local Municipality involves the steps as set out in the diagram below:-



The above diagram provides for the cycle of performance management in the Lesedi Local Municipality to commence with performance planning followed by performance monitoring, performance measurement, performance reporting and finally the analysing of performance. The outcome after the analysing phase will form the basis for the new performance planning process. This is the only way to ensure that there will be an improvement on the performance of the municipality.

The following table spells out in more detail the role and responsibilities of all the relevant role-players in the context of each of the above stages of the Lesedi Local Municipality’s organisational performance management cycle:

<b>COUNCIL AND COMMUNITY OVERSIGHT</b>						
<b>CITIZENS AND COMMUNITIES</b>	<b>Performance Planning</b>	<b>Monthly Performance Monitoring</b>	<b>Performance Review &amp; Assessments</b>	<b>Performance Measurement</b>	<b>Performance Reporting</b>	<b>Performance Analysis</b>
	<ol style="list-style-type: none"> <li>1. Be consulted on their needs <i>(During Planning Process i.e. August to March of the FY)</i></li> <li>2. Participate in the development of the long term vision for the area</li> <li>3. Influence the identification of priorities</li> <li>4. Be consulted on the adoption of the Municipality's PMS framework <i>(Finance &amp; Admin Sec 80 Committee)</i></li> <li>5. Be consulted on the mechanisms, systems and processes for performance management as set out in the performance management framework</li> <li>6. Be consulted on and influence the choice of indicators and the setting of targets <i>(During Planning Process i.e. August &amp; March of the FY)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the community's general oversight role review whether performance monitoring has taken place <i>(Council Meetings / Public Meetings / Ward Committee Meetings etc.)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Be given the opportunity to participate in the review of municipal performance <i>(see Point 16 of this Framework)</i></li> <li>2. Be given the opportunity participate in the deliberations of the Municipal Oversight Committee</li> <li>3. Be given the opportunity to influence the outcome of the oversight report</li> <li>4. Be given an opportunity to influence what areas needs to be focused on in the next planning cycle</li> <li>5. opportunity to suggest new indicators and targets</li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the community's general oversight role review whether performance measurement has taken place <i>(Council Meetings / Public Meetings / Ward Committee Meetings etc.)</i></li> <li>2. Participate in the Measurement of performance by completing the External Appraisal Forms <i>(Point 16 of this Framework)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the community's general oversight role review whether performance reporting has taken place <i>(Council Meetings / Public Meetings / Ward Committee Meetings etc.)</i></li> <li>2. Attend meetings of Council / MAYCO where the performance scorecards are to be reviewed</li> <li>3. As part of the community's general oversight role monitor that where targets have not been met corrective action are taken</li> <li>4. Be kept informed about how the Municipality performed to date against targets set <i>(in-year reporting)</i></li> <li>5. Be informed about and provided with the Municipality's annual report (year-end reporting) and citizens report if compiled</li> <li>6. Make representations on the Municipality's annual report as tabled</li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the community's general oversight role review whether performance analysis has taken place</li> <li>2. Be involved in the analysis process as and when required</li> </ol>

<b>COUNCIL AND COMMUNITY OVERSIGHT</b>						
<b>MUNICIPAL COUNCIL</b>	<b>Performance Planning</b>	<b>Monthly Performance Monitoring</b>	<b>Performance Review &amp; Assessments</b>	<b>Performance Measurement</b>	<b>Performance Reporting</b>	<b>Performance Analysis</b>
	<ol style="list-style-type: none"> <li>1. Facilitate the development of a long-term vision.</li> <li>2. Develop strategies to achieve vision</li> <li>3. Identify priorities</li> <li>4. Participate in the IDP process</li> <li>5. Adopt the Municipality's performance management system</li> <li>6. Adopt indicators and set targets as recommended by MAYCO</li> <li>7. Participate in the annual review of the Municipality's performance management system and agree on any amendments thereto.</li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the Council's general oversight role review whether performance monitoring has taken place as provided for in this Framework <i>(All Performance Reports)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Review the decisions taken by MAYCO in considering the quarterly performance report.</li> <li>2. Establish and serve on the oversight committee</li> <li>3. Fulfil its oversight role over the Executive and Administration by considering the annual report and adopting an oversight report</li> <li>4. Influencing what areas needs to be focused on in the next planning cycle</li> <li>5. Suggesting new indicators and targets</li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the Council's general oversight role review whether performance measurement has taken place <i>(Quarterly Performance Assessments)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the Council's general oversight role review whether performance reporting has taken place as provided for in this Framework</li> <li>2. Attend meetings of MAYCO Meetings where the performance scorecards are to be reviewed</li> <li>3. As part of the Council's general oversight role monitor that where targets have not been met corrective action are taken</li> <li>4. Receive and consider the report from MAYCO on the review of the performance of the Municipality for the previous quarter</li> </ol>	<ol style="list-style-type: none"> <li>1. As part of the Council's general oversight role review whether performance analysis has taken place as provided for in this Framework <i>(All Performance Reports)</i></li> <li>2. Be involved in the analysis process when required</li> </ol>

COUNCIL AND COMMUNITY OVERSIGHT						
MAYORAL COMMITTEE	Performance Planning	Monthly Performance Monitoring	Performance Review & Assessments	Performance Measurement	Performance Reporting	Performance Analysis
		<ol style="list-style-type: none"> <li>1. Play the leading role in providing strategic direction and developing strategies and policies for the organisation</li> <li>2. Manage the development of the IDP</li> <li>3. Recommend indicators and targets to Council</li> <li>4. Manage the development of the Municipality's performance management system</li> <li>5. Assign responsibilities to manage the development of the performance management system to the Municipal Manager</li> </ol>	<ol style="list-style-type: none"> <li>1. Review whether performance monitoring has taken place as provided for in this Framework <i>(Responsible MMC Councillor in conjunction with the AO) member responsible for each Department to work closely with HOD in ensuring that regular performance monitoring takes place. (Responsible MMC Councillor in conjunction with the AO)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct the Quarterly reviews of municipal performance, determining whether targets had or had not been met, what the causal reasons were and to adopt appropriate response strategies based on recommendations by the management team</li> <li>2. Submit a report to Council on the review undertaken of the Municipality's performance Decide what areas needs to be focused on in the next planning cycle</li> <li>3. Suggesting new indicators and targets</li> </ol>	<ol style="list-style-type: none"> <li>1. Review whether performance measurement has taken place as <i>(Responsible MMC Councillor in conjunction with the AO)</i></li> <li>2. Take appropriate action against those HODs who on a regular basis do not meet the reporting deadlines <i>(Responsible MMC Councillor in conjunction with the AO)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Consider the quarterly performance reports submitted by the management team <i>(Responsible MMC Councillor in conjunction with the AO)</i></li> <li>2. Monitor the drafting of the annual report and ensure that it is submitted to Council through the Mayor within seven months after each financial year <i>(Responsible MMC Councillor in conjunction with the AO)</i></li> </ol>

MUNICIPAL MANAGER & EXECUTIVE MANAGERS	COUNCIL AND COMMUNITY OVERSIGHT					
	Performance Planning	Monthly Performance Monitoring	Performance Review & Assessments	Performance Measurement	Performance Reporting	Performance Analysis
	Assist the Municipal Manager in: <ol style="list-style-type: none"> <li>1. Providing strategic direction and developing strategies and policies for the organisation</li> <li>2. Managing the development of the IDP</li> <li>3. Develop service plans for their Departments and ensure that it is integrated within the strategy of the organisation</li> <li>4. Managing the development of the Municipality's performance management system as dele-gated by the Mayo</li> <li>5. Identify and propose indicators and targets</li> </ol>	<ol style="list-style-type: none"> <li>1. Monitor performance against targets set as <i>(AO in conjunction with DPLG Regulations)</i></li> <li>2. Take interim action in instances where targets are not going to be met <i>(AO and HOD's)</i></li> <li>3. Get line Managers in Department to monitor the performance of their sectors <i>(See Sec 12.3 of this framework)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Attend the MAYCO meeting at which the quarterly performance report is reviewed to answer any questions</li> <li>2. Attend the Council meeting at which MAYCO reports on the decisions taken in respect of the quarterly performance report and answer any questions Council might have</li> <li>3. Participate in the annual process to review the performance of Council <i>(See Point 18 of this Framework)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Measure performance according to agreed indicators and targets on a quarterly basis <i>(See Sec 12.3 of this framework)</i></li> <li>2. Internal Audit Reports</li> <li>3. Review Risk Register and minimize risks</li> <li>4. Timeous and correct Financial reports</li> <li>5. Management of all performance reports that serve before Mayoral Committee &amp; Council are correct and timely tabled.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ensure that a quality quarterly performance report is submitted to MAYCO <i>(See Point 13 of this Framework)</i></li> <li>2. Compile the annual performance report for his/her Department <i>(See Point 13 of this Framework)</i></li> <li>3. Provide input and assist in the compilation of the Municipality's annual report <i>(See Point 13.3)</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Analyse and capture the underlying reasons why targets have/have not been met as provided <i>(Performance Feedback Report by HOD's)</i></li> <li>2. Where targets have not been met compile a draft recommendation with proposed corrective action <i>(Performance Feedback Report by HOD's)</i></li> <li>3. Submit measurements, analysis and proposed corrective action via the OPMS Manager to the senior management team <i>(PMS Unit in conjunction with HOD's)</i></li> <li>4. Participate in the meeting of senior management at which the completed performance report is discussed <i>(See Sec 12.3 of this framework)</i></li> </ol>

In addition to the above a number of other role players also have an important role in the municipal performance management system. These role players are as follows:

- The Performance Management Unit (*see Sec 9 of this framework*)
- The Internal Audit Unit (*see Sec 14 of this framework*)
- Council Oversight (*see Sec 15 of this framework*)
- Community Oversight (*see Sec 16 of this framework*)
- The Role of the Audit & Performance Committee (*see Sec 17 of this framework*)

**The following outlines the implementation process and how it will unfold in the process of managing performance in the municipality in more detail.**

## **12. OPMS IMPLEMENTED ON DIFFERENT LEVELS**

In local government the Political Pillar refers to all councillors and the Administrative Pillar refers to all employees. The combination of Political and Administrative will produce a performance outcome for the Municipality as a whole as required by Chapter 6, Section 38 of the Municipal Systems Act (*Act 32 of 2000*). Herewith a brief discussion of the two pillars :-

### **12.1 POLITICAL PILLAR**

Councillors are democratically elected by the community to serve them in a proper manner

The appointed Political Pillar consists of two particular units i.e. the **Mayoral Committee** that consists of the Executive Mayor & MMC Councillors and the other unit consists of the **Speaker**, Ward & PR Councillors. The Political Pillar are therefore elected and appointed for the following reasons:-

- To uplift the services of our local community by making use of all available systems within the administrative pillar of the municipality.
- To oversee that local communities receive all basic services that are paid for with hard earned tax monies.
- To identify the needs of the community, to react promptly in conjunction with the administration.
- To ensure effective communication by means of recording complaints, to follow it up and to ensure that timeous feedback are provided.

- To ensure that our communities remain informed on strategic decisions and or important council resolutions by way of Ward Committee Meetings, Imbizo's and with general conversations.

The Executive Mayor and Speaker in conjunction with their offices will develop key performance indicators under the following KPA's for implementation over the next twelve months, that will be referred to as the Political SDBIP of the council:-

- 1) Executive Mayor & Unit Commitment
- 2) Speaker & Unit Commitment
- 3) MMC Commitment (*Mayoral Committee*)
- 4) Political Commitment
- 5) Administrative Office Commitment

After the approval of the Political SDBIP it will be circulated to all relevant stakeholders (*Councillors & Office Personnel*) for implementation.

## 12.2 ADMINISTRATIVE PILLAR

The Administrative Pillar fall between two broad categories, namely those employees whose employment are governed by <sup>1)</sup>Section 54 & 57 of the Revised Municipal Systems Act that was gazetted on 5 July 2011 and who will enter into time-specified employment contracts with the municipality **and** <sup>2)</sup>those who are employed on permanent basis and whose employment is governed by the provisions of the South African Local Government Bargaining Council (*SALGBC*).

Sec 54 & 57 Managers (*Municipal Manager & Executive Managers*), will develop Key Performance Indicators and objectives under the following National Key Performance Areas (KPA's) :-

- 1) Service Delivery;
- 2) Institutional Transformation;
- 3) Local Economic Development;
- 4) Financial Management & Viability.
- 5) Good Governance

The SDBIP Performance Scorecard will outline the expected performance of the Administrative Pillar over the next twelve months.

It must be noted that the SDBIP Performance Scorecard will also inform the Monthly, Quarterly and Annual Reports of the Council.

After the approval of the SDBIP Performance Scorecard, it will be cascaded down to lower levels for implementation. At each lower level the objectives as per the different job descriptions may be incorporated in the Sectional / Unit SDBIP, for easy reference.

### 12.3 MUNICIPAL PERFORMANCE

The municipal performance as a whole will be derived from the performance outcome of both the Political- and Administrative Pillars, this entails the Councillors, Strategic Managers as well as Bargaining Council Employees.

The relationship between municipal and employee performance starts with a) Planning, b) Implementation, c) Monitoring, d) Reviewal & Assessment, e) Reporting f) Analysing of previous performance g) Performance Coaching h) Performance Rewards.

Although monthly and quarterly reports will inform the daily activities of individuals, units, sections and departments, it does not produce a municipal performance outcome.

#### **a) Planning & Implementation**

With the approval of the Service Delivery Budget Implementation Plan (SDBIP), the Executive Manager of the Department will ensure that strategic objectives are cascaded downwards, that objectives are implemented and that feedback are provided for quarterly assessment and reporting purposes.

In order to ensure implementation, the **Executive Manager (HOD)** will take ownership of the approved SDBIP (*Performance Scorecard*) and cascade it down to the Section Managers

**Section Managers** will rename the SDBIP relevant to their Section and delete all objectives that are not applicable on his/her particular section and include operational objectives related to their particular section and further cascade the Section SDBIP down to Supervisory Level.

**Unit Supervisors** will rename the Section SDBIP relevant to their Unit and delete all objectives that are not applicable his/her particular unit and include operational objectives related to their particular unit.

With the process of cascading the SDBIP downwards, it is advised that Section Manager, Unit Supervisors and Individuals include the most important objectives from their respective job descriptions on the SDBIP template, for easy reference and effective monitoring purposes.

After the SDBIP has been cascaded downwards to the lower levels, the planning process for implementation will be seen as complete.

This process must be finalized **within 14 days** after the approval of the SDBIP in June of the financial year and the Revised SDBIP in January, of the financial year.

It is therefore imperative that every employee in a particular section understand the IDP, Budget & SDBIP to understand their reason for being and right of existence within the municipal environment.

#### **b) Monitoring & Reviews**

Performance monitoring will take place on a monthly basis and the results will be recorded on the monthly Report Template.

#### **c) Performance Reviews**

Performance Reviews refer to the formal process of monitoring performance as well as the collecting and capturing of performance information to enable reporting to take place.

The Performance Monthly Implementation Plan outlines the due dates and timeframes for all performance related information and/or processes.

It must be noted that when the reviewal of performance is due, we will look at performance history and it is therefore imperative that corrective measures are put in place in cases where severe deviations and/or a lack of performance is visible.

The formal one-one-one performance review discussions will officially be arranged to collect and collate the necessary performance data for reporting purposes.

### **POLITICAL PILLAR**

The **Executive Mayor** in conjunction with his/her office will ensure that one-on-one performance reviews be arranged between the Executive Mayor & MMC Councillors whilst the **Speaker** in conjunction with his/her office will ensure that one-on-one performance reviews be arranged between the Speaker, Ward & PR Councillors.

There performance will be based on the Political SDBIP that in turn will produce an Individual Performance Scorecard as well as a Political Unit Performance Scorecard.

## **ADMINISTRATIVE PILLAR**

The Executive Manager in conjunction with the Department Secretary will be responsible to ensure the coordination of the Performance Review processes within the respective department.

Whilst this process inter alia lies within their area of accountability, it assist with the identifying of performance related problems and to track performance trends at an early stage to allow appropriate remedial action.

These one-on-one performance review discussions will be arranged between Individuals and line managers not only to ensure effective communication between management and the workforce, but it will also assist employees to take ownership of responsibilities and to have a better understanding of their importance within the chain of responsibility in the municipal environment.

The outcome of the one-on-one performance review discussions will be minuted on a **Performance Review Minute Document** (*Attached herewith as Annexure "A"*), that will be signed by both parties.

*NOTE (In a case where individual performance was not achieved as required, the Line Manager will ensure that the reason for the performance status as well as the corrective action is recorded on the Performance Review Minute document for future monitoring purposes.)*

On completion of the performance review process, a Departmental Performance Scorecard will be developed that will contain information of Individual Performance- Unit Performance-, Section Performance-, as well as the performance outcome of the Department.

### **d) Performance Assessments**

With the reviewal process each department will obtain performance information on strategic objectives that will be collected and provided to the office of the HOD for incorporation in the SDBIP Monitoring Dashboard.

The individual performance assessments of Section 54 & 57 Employees will be arranged on a quarterly basis as required by the DPLG Regulations (1 August 2006).

An updated SDBIP Monitoring dashboard will be submitted to the PMS Unit as per the due dates and time frames of the PMS Monthly Implementation Plan.

The PMS Unit will submit the updated SDBIP Monitoring Dashboard to the Internal Audit Unit of the council, for verification purposes.

***NOTE The outcome of the (Political) SDBIP, the (Strategic) SDBIP Performance Scorecard as well as the (Operational) Performance Outcome will be reconciled to produce a Municipal Performance Outcome as a whole.***

**Portfolios of Evidence:** The compilation of the portfolio of evidence will be required to serve as proof of performance for auditing purposes.

**Criteria for the Portfolio of Evidence:** The criteria for the Portfolio of Evidence will be determined at the planning stage of the SDBIP with Section Managers and will basically be whatever serves as means of proof or verification for the claimed achievement.

#### **e) Unit / Departmental Performance & Performance Feedback Reports**

Apart from the Departmental Performance Scorecard a Performance Feedback Reports on all the challenges as identified during the performance review process that will include the corrective action taken in this regard will be developed by the office of the Political Unit / Head of Department for submission to the PMS Unit of the council during **June & December** as required by the PMS Monthly Implementation Plan from where the Municipal Performance Outcome will be reconciled for reporting purposes.

The above performance feedback reports will form part of the Mid-Term Performance Report as well as the Annual Performance Report of the Council.

Two six-month municipal performance outcomes will eventually produce an annual performance outcome over one financial year.

#### **f) Performance Aanalysis**

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not.

Where targets have not been met performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

In practice the aforementioned entails that the Executive Manager will analyse the underlying reasons why a target has or has not been met and capture a summary of the findings by indicating what steps must be put in place to ensure the achievement of the necessary targets in future.

The reconciled DRAFT Organisational Performance Scorecard (*SDBIP*) as captured by Political Pillar and the different Departments, will then be submitted to a formal meeting of the Senior Management Team for further analysis and consideration.

This level of analysis should examine performance across the organisation in terms of all its priorities with the aim to reveal and capture whether any broader organisational factors are limiting the ability to meet any performance targets in addition to those aspects already captured by the relevant Manager.

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

#### **g) Performance Coaching**

Should it be identified during the Performance Review process that an individual has not achieved the required performance standard the line manager must assist the employee by managing and monitoring the individual's performance more closely. This must be addressed after the first quarter and should not wait for year end.

It is not appropriate that an employee hears about his/her non-performance during his/her formal Performance Review. The Line Manager will be responsible to coach and provide on-the job training and to provide feedback to the employee throughout the first year of his/her appointment in the particular position, and if necessary, this should be maintained for longer periods.

The HR Manager will then become involved in the process to assist the Section Manager with the identification of problem areas and make recommendations on the intervention required in order to assist a struggling employee.

The intervention must be related to employee wellness and/or capacity. However it must be noted that any challenges will be resolved by the HR Manager and both the Executive Manager of the Department in conjunction with the Manager of the particular section.

#### **h) Performance Rewards**

The local government legislation has provided guidance on managing and rewarding performance of Section 54 & 57 Managers. The Performance Regulations (1 August 2006) makes provision for managing the performance of these employees.

### **13. PERFORMANCE REPORTING**

The PMS Unit of the Council will be responsible for the reviewal of the Performance Management Framework and Performance Management Policy, as well as the development of the following performance reports applicable to one financial year:-

1. Four Quarterly Performance Reports on pre-determined targets & objectives
2. Two Six-month Performance Reports on the Municipal Performance as a whole
3. Two External Performance Reports based on community surveys
4. One Annual Report on the Municipal Performance as a whole

It is very important to note that the Performance Management Unit of the Council will not be required to monitor, measure & analyse any performance output of the municipality, but only to facilitate and support the process of performance management within the municipality and to ensure that the required data is collated and available as per this framework on behalf of the Municipal Manager.

At an individual level the responsibility for co-ordination, administration and record keeping will remain at unit/departmental level i.e. the Political Office Manager and/or the Office of the Executive Manager.

The following table, derived from both the legislative framework for performance management, summarises for ease of reference and understanding the various reporting deadlines as it applies to the municipality:

	Activity	Responsibility	Time Frame	Applicable to
<b>PLANNING</b>	Development and approval of the SDBIP and organizational scorecard	HOD's & Departmental Managers	March – June	Council
	Performance Contracts	Signing performance Contracts/Plans with MM	31 July	Executive Mayor, Municipal Manager

		and Section 57 managers		Executive Managers
<b>MONITOR, MEASURE &amp; REVIEW</b>	Monthly Monitoring	Monthly Monitoring	Monthly	Municipal Manager Executive Managers
	Quarterly Assessments of Sec 54 & 57 Employees	PMS Unit in conjunction with the Municipal Manager	October January April July	Municipal Manager Executive Managers
	Six-Monthly one-on-one Performance Review Discussions	Executive Mayor Speaker Political Office Manager Executive Managers Office Secretaries	May October	Councillors Employees up to Supervisory Level
	Mid-Term Performance Outcome	Executive Mayor Speaker Political Office Manager Executive Managers Office Secretaries	November / December	Councillors All Employees up to Supervisory Level
	Annual Performance Outcome	Executive Mayor Speaker Political Office Manager Executive Managers Office Secretaries	May / Jun	Councillors All Employees up to Supervisory Level
<b>REWARDS</b>	Sec 54 & 57 Employees (DPLG Regulations)	Reward & Recognition	February	Municipal Manager Executive Managers
<b>REPORTING</b>	Sec 54 & 57 Employees (DPLG Regulations)	PMS Unit in conjunction with the Municipal Manager	October January April July	Municipal Manager Executive Managers
	<b>Mid-Term Report</b> (Systems Act)	PMS Unit in conjunction with the Municipal Manager	25 January	Councillors Employees
	<b>Annual Report</b> (Systems Act)	PMS Unit in conjunction with the Municipal Manager	31 August	Councillors Employees
<b>IMPROVE PERFORMANCE</b>	Analysing of Performance Reports to improve Service Delivery	Municipal Manager Executive Managers	After approval all performance reports become working documents	Municipal Manager Executive Managers

### 13.1 QUARTERLY PERFORMANCE REPORTS

*(DPLG Regulations – 1 August 2006)*

After the assessment of all pre-determined targets and objectives of the SDBIP, a Quarterly Performance Report (*SDBIP Monitoring Dashboard*) will :-

- a) Serve before the Audit & Performance Committee for comments
- b) Submitted to the Mayoral Committee and Council for oversight & approval;
- c) Submitted to Provincial Government as required by legislation.

### 13.2 MID-YEAR PERFORMANCE REPORT

*(Sec 41 (1)(c) of the Municipal Systems Act)*

The mid-term Performance Report will result from the mid-term performance review process (*i.e. November / December*) of the financial year.

This process will inter alia result in the adjustment of the budget and the SDBIP.

Section 72(a) of the MFMA determines that the Accounting Officer must by 25 January submit the mid-term performance assessment report of the municipality to the Mayoral Committee & Council for oversight and approval.

The following performance documents will serve on/or before Council by 25 January of a financial year :-

- a) Adjustments Budget
- b) Revised SDBIP
- c) Mid-year Assessment Report in terms of the Municipal Performance as a whole.

The Mid-Term Assessment Report is a major milestone in the implementation of the OPMS and it marks the beginning of what should become a regular event, namely using the OPMS as a tool to review the municipal performance and to make important political and management decisions on how the municipality can improve its performance.

### **13.3 ANNUAL PERFORMANCE REPORT**

*(Sec 46(2) of the Municipal Systems Act)*

It is recommended that the report on the Municipal Performance as a whole be finalized by mid August to ensure incorporation in the Municipal Annual Report to be approved by not later than **31 August** of a financial year.

The requirements for the compilation, consideration and review of the Municipal Annual Report are set out in Chapter 12 of the MFMA. In summary it requires that:

- All municipalities for each financial year compile an annual report;
- The annual report be tabled **within seven months** after the end of the financial year;
- The annual report immediately after it has been tabled **be made public** and that the local community be invited to submit representations thereon;

After approval all performance documents becomes working documents for the Administration of the Council.

It should be noted that the outcome of the measurement process must be analysed in order to improve performance and/or otherwise inform the next

IDP compilation/review phase by focusing the planning processes on those areas in which the municipality has under-performed.

#### **14. INTERNAL AUDIT**

The MFMA requires that the Municipality must establish an internal audit section which services could be outsourced depending on its resources and specific requirements. Section 45 of the Municipality Systems Act stipulates that the results of the Municipality's performance measures must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor- General.

The Municipality also needs to ensure that its internal audit section is capacitated to deal with the additional responsibilities it has in terms of the verification of performance results and the implementation of the performance management system as outlined in this framework over and above its traditional financial audit responsibilities.

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

**a) Functionality**

To function can be defined as a proper or expected activity or duty or to perform or operate as expected (*Chambers Handy Dictionary*). This could also be applied to the operation of any system such as OPMS. The internal audit section must therefore on a regular basis audit whether the OPMS of the Municipality is functioning as developed and described in this framework.

**b) Compliance**

To comply can be defined as to act in the way that someone else has commanded or wished (*Chamber Handy Dictionary*). In this respect it is clear that the legislature wishes to ensure that the Municipality's OPMS complies with the requirements of the Systems Act, Regulations and the MFMA. This compliance check would require that the Municipality's internal audit unit, at least on an annual basis, verifies that the Municipality's OPMS complies with the said legal requirements.

**c) Reliability**

To rely could be defined as to trust or depend (*upon*) with confidence. Reliability in the context of OPMS refers to the extent to which any performance measures reported upon could be seen as being reliable, e.g. if the performance target was to build 500 houses and it is reported

that the target has 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 and targets reported upon. This will require that the Municipality sets in place a proper information management system (*electronically or otherwise*) so that the internal audit section is able to access information regularly and to verify its correctness.

The Municipality's internal auditors must submit quarterly reports on the audits undertaken to the Municipal Manager and the Audit Committee

## **15. AUDIT & PERFORMANCE COMMITTEE**

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal council establish an Audit & Performance Committee consisting of a minimum of three members, where no members are Councillors or Employees of the municipality.

The appointed Audit & Performance Committee is an independent advisory body that advises Council and the Mayoral Committee on financial and risk matters and can act as an advisory body to the oversight committee.

The Audit & Performance Committee are required to :-

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

In order to fulfil their function a performance audit committee may, according to the MFMA and the Regulations,

- Communicate directly with 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 meetings, 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.

## **16. OVERSIGHT : INTERNAL & EXTERNAL**

One of the objectives of the performance management system is to support oversight by council and the community. The performance cycle as set out in this framework also highlights the importance of Council and community oversight in each of the stages of the cycle.

It is therefore important to reflect briefly on this aspect and how it relates to the cycle and process of performance management in the Lesedi Local Municipality.

Oversight refers to the role of legislatures and citizens in monitoring and reviewing the actions of executive organs of government for efficiency, probity and accountability. The general purpose of oversight is to ensure that municipal policies are properly and efficiently implemented, that the municipal departments run smoothly and in line with their democratic mandate and that the law is upheld.

Oversight is exercised in the interest of society in general and should ensure that the considerable powers that government executives and administrations assume are monitored to avoid abuse and under-performance. In the municipal context oversight has two facets namely internal and external.

## 16.1 INTERNAL

### Accounting Officer

The Municipal Manager remain accountable for the financial management issues such as budgetary, revenue and expenditure management and supply chain management.

### Oversight Committee

The oversight committee performs an oversight function on behalf of Council it is not a duplication of, and must not be confused with either the audit committee or the finance portfolio committee.

As oversight, the Municipal Council consider the annual report **within nine months** after the end of the financial year and **adopt an oversight report** containing the council's comments on the annual report;

It is further proposed that the oversight committee functions as a standing committee on municipal accounts (*municipal scopa*). As such the committee must examine:

- the financial statements of all executive organs of Council;
- any audit reports issued on those statements;
- any reports issued by the AG on the affairs of any municipal entity; and

- other financial statements or referred to the Committee by Council;
- may report on any of those financial statements or reports to Council;
- may initiate any investigation in its area of competence; and
- must perform any other oversight function assigned to it by resolution of Council.

### **Oversight Report**

The Municipal Annual Report (*as tabled*) and the Council's Oversight Report will be **submitted to the Provincial legislature**.

The oversight report to be adopted provides an opportunity for the full Council to review the performance of the Municipality.

It is required that the annual report once tabled as well as the adopted oversight report **be made public** and similarly provides the mechanism for the general public to review the performance of the Municipality.

It is however proposed that in an effort to assist the public in the process and subject to the availability of funding, a user-friendly citizens' report be produced in addition to the annual report for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.

## **16.2 EXTERNAL**

*(Chapter 4 Sec 16(1)(a)(iii) and Sec 42 of the Municipal Systems Act)*

In order to ensure community involvement with the measurement of basic services and/or the rendering of services by councillors and municipal employees, the Lesedi Local Municipality have gone a step further to ensure that the community in general, including service providers, businessman and other spheres of government's have an opportunity to measure the municipal performance on basic services as well as the implementation of the Batho Pele principles.

For that purpose the Lesedi Local Municipality developed two external appraisal questionnaires one for the **Political Pillar** (*that focus on the residential areas of the municipality*) and one for the **Administrative Pillar** (*that focus on the Municipal Offices and/or town areas*). (*Attached as Annexure "C" is copies of these questionnaires for easy reference*). Community members therefore will be able to provide feedback to council on how they perceive the services of the municipality.

These external appraisal forms are available at all public offices throughout the Lesedi council i.e. Clinics, Libraries, Pay Offices, the office of the Executive Mayor, the office of the Speaker, the Municipal Manager as well as Heads of Departments.

Completed forms are submitted at the office of the municipal manager and may also be deposited in a clearly marked box that has been made available for that purpose at the Municipal Tax Hall (*Main building*) situated at c/o Du Preez- & Louw Streets, Heidelberg, Gauteng.

The completed forms are captured on a software system that in turn will produce a performance outcome in this regard. The office of the Municipal Manager will develop at least two External Appraisal Reports during one financial year (*i.e. January & July*) for approval by the Mayoral Committee and Council.

All performance reports will be placed on the Municipal Website for community observation and/or otherwise.

After approval all performance reports becomes working documents not only to improve the municipal performance, but also to assist with future planning.

## **17. PERFORMANCE INVESTIGATIONS**

The Audit & Performance Committee of the Lesedi Local Municipality should also be able to, in consultation with council commission, perform in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. The performance investigations should assess:

- The reliability of reported information;
- The extent of performance gabs from targets;
- The reasons for performance gaps; and
- Corrective action and improvement strategies

While the internal audit section may be used to conduct these investigations, is it preferable that external service providers, preferably academic institutions, who are experts in the area of auditing, should be used.

For that purpose, clear terms of reference will be adopted by the Council for each such investigation.

## **18. ANNUAL REVIEWAL OF THE ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM (OPMS)**

The Municipal Systems Act requires the Municipality to annually evaluate its OPMS.

One of the functions of the Audit & Performance Committee is to review the Organisational Performance Management System (OPMS) PMS of the Lesedi Local Municipality. It is envisaged that after the full cycle of the annual review and reporting is complete and the audit committee has met as required; the internal audit section will compile a comprehensive assessment/review report on whether the Municipality's OPMS meets the system objectives and principles as set out in this framework and whether the system complies with the Systems Act, OPMS Regulations and the MFMA.

This Internal Audit Report then needs to be considered by the Audit & Performance Committee and any recommendations for amendment or improvement to be made to the Organisational Performance Management System.

The recommendations of the Audit & Performance Committee will then be discussed by the Management Team of the council to either approve or where necessary improve on the OPMS from where it will be submitted to Council for final approval.

## 19. CONCLUSION

In conclusion it must be emphasised that there are no definitive solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where the Municipality must continuously improve the way the system works to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

This Policy has been considered and approved by the Council of **Lesedi Local Municipality** on this day 18 June 2013.

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Mr. A Makhanya  
Municipal Manager

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Date:

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June 2013