Greater Tubatse Municipality Performance Management Framework 2010/11

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1. BACKGROUND OVERVIEW

1.1 . Purpose

The Municipal Planning and Performance Management regulations of 2001, sec 7 (1) stipulates that a performance management system (PMS) 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 determining the roles of the different role-players.

1.2 . Scope of Application

The performance management framework applies to all employees of the municipality, but for 2010/11 financial year the performance management system will only be applicable to section 57 managers and managers accounting directly to section 57 managers. The framework reflects corporate monitoring and evaluation as well as individual performance management. Municipal manager and section 57 managers have the executive authority for the implementation of the framework; political leadership, (Executive Committee) and audit committee have oversight on the implementation of the PMS.

2. POLICY AND LEGISLATIVE FRAMEWORK FOR PERFORMANCE MANAGEMENT

2.1 . The Constitution of the RSA, 1996 (Act 108 of 1996)

The constitution (1996), section 152, dealing with the objects of local government, paves the way for performance management with the requirement for an "accountable government ". The democratic values and principles in terms of section 195(1) are also linked with the concept of, inter alia,: the promotion of efficient, economic and effective use of resources, accountable public administration, to be transparent by providing information, to be response to the needs of the community, and to facilitate a culture of public service and accountability amongst staff.

2.2 . The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

The major PMS policy instruments is the 1998 White Paper on Local Government supported by the Batho Pele Principles, which policies was given legal stature through the adoption of the Municipal Systems Act in 2000 (Act 32 of 2000).

The Act in reference requires the municipalities to:

- Develop a performance management system

- Set targets, monitor and review the performance of the municipality based on indicators linked to their Integrated Development Plan (IDP).

- Publish an annual performance report on performance of the municipality forming part of its annual report as per the Municipal Finance Management Act (MFMA).

- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribes 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.

- Involve the community in setting indicators and targets and reviewing municipal performance.

The municipality must compile an annual report, which must include a performance report compiled in terms of the Systems Act.

2.3 . The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)

- The needs of the community.

- Its priorities to meet those needs.

- Its processes for involving the community.

- Its organisational and delivery mechanisms for meeting the needs of the community; and

- Its overall performance in achieving the objectives referred to in subsection. Municipal Council must further develop mechanisms to consult the community and community organisations in performing its functions and exercising its powers.

2.4 . The Municipal Planning and Performance Management regulations (No 796, 24 August 2001)

The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal performance management systems. Each component of the proposed framework in this document is strongly informed by the Regulations. The Regulations deal with provisions for the following aspects of the Performance Management System:

a) The framework that describes and represents the municipality's cycle and processes for the Performance management system and other criteria and stipulations, and the adoption of the Performance Management System;

b) The setting and review of Key Performance indicators (KPI'S);

c) The General KPI'S and which include:

    I.   Households with access to basic services

    II.   Low income households with access to free basic services

III. Capital budget spent in terms of the IDP

IV. Job creation in terms of LED program

V. Employment equity plan with target groups in three highest levels of management

VI. Implementing of work skills plan

VII. The financial availability of the municipality

d) The setting of performance targets, and the monitoring, measurement and review of performance;

e) Internal Auditing of performance measurements;

f) Community participation in respect of performance management.

2.5. Regulations for Municipal Managers and managers reporting directly to Municipal Mangers, 14 August 2006

The Minister also recently published Regulations for municipal managers and managers directly reporting to municipal managers (section 57 employees) describing the process of how the performance of municipal managers will be, describing the process of how the performance of municipal managers will be uniformly directed and monitored. They address the job description, employment contract, as well as the performance agreement that is to be entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers.

2.6. The Municipal Finance Management Act, No 56 of 2003

It is also important to note that the Municipal Finance Management Act (MFMA), No 56 of 2003 contains various important related to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with the service delivery targets and performance indicators. Whilst considering and approving the annual budget the municipality must also set measurable targets for each revenue source and vote. In terms of a circular issued by National Treasury, provision is also made to the compilation on an annual basis of department SDBIP'S.

2.7. Batho Pele (1998)

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service that should be encapsulated in a municipal performance management system, namely;

a) Consultation: citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services that are provided.

b) Service standards: citizens should know what standard of service to expect.

c) Access: all citizens should have equal access to the services to which they are entitled.

d) Courtesy: citizens should be treated with courtesy and consideration.

e) Information: citizens should be given full and accurate information about the public services they are entitled to receive.

f) Openness and transparency: citizens should know how departments are run, how resources are spent, and who is in charge of particular services.

g) Redress: if the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.

"Importantly, the Batho Pele white Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture"- The White Paper on Local Government (1998).

2.8. The King Report on Corporate Governance for South Africa 2002

The King Report on Corporate governance for South Africa 2002 has been developed as an initiative of the Institute of Directors in Southern Africa. It represents a revision and update to the initial King Report first published in 1994, in an attempt to keep standards of governance applicable in South Africa current with reflection of the South African business community and the public sector's desire to serve as a contribution to the country's ongoing development.

The King Report 2002 emphasise the importance of striking a balance between "performance" (e.g. decisions making and actions designed to ensure the creation and protection of value) and "conformance" (e.g. the demonstrable adherence to due process in coming to such decisions and taking such actions). The King 2002 identifies the following as seven primary characteristics of good governance:

- Discipline, implies commitment by the organisation's senior management to widely accepted standards of correct and proper behaviour.

- Transparency, implies the ease with which an outsider can meaningfully analyse the organisation's action and performance.

- Independence, implies the ease extent to which an outsider can meaningfully analyse the organisation's actions and performance.

- Accountability, implies addressing shareowners' rights to receive, and if necessary query, information relating to the stewardship of the organisation's assets and its performance.

- Responsibility, implies acceptance of all consequences of the organisation's behaviour and actions, including a commitment to improvement where required.

- Fairness implies acknowledgement of, respect for and the balance between the rights and the interests of the organisation's various stakeholders.

- Social responsibility, implies the organisation's demonstrable commitment to ethical standards and its appreciation of the social environment and economic impact of its activities on the communities in which it operates.

3. STRATEGIC OBJECTIVES OF THE PERFORMANCE MANAGEMENT FRAMEWORK

The objectives of institutionalising Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfil the following functions:

- Promoting accountability;

- Decision-making and resource allocation;

- Guiding of development of municipal capacity-building programmes;

- Creating a culture for best practice, share-learning among municipalities;

- Develop meaningful intervention mechanisms and early warning system;

- Create pressure for change at various levels; and

- Contribute to the overall development of the Local Government System.

Diagram1: functions of a Performance Management System
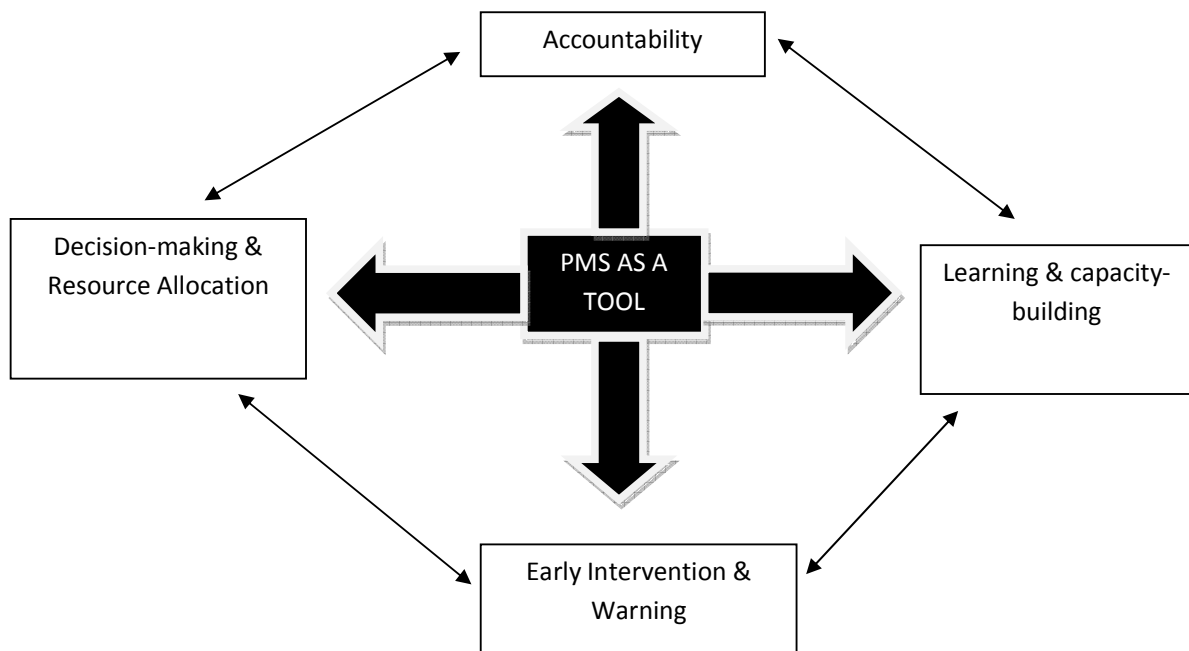
3.5. Accountability

A Performance Management System should facilitate accountability between a mandated and mandating body or the delegating and the delegated body. The key question that a performance management tool answer in terms of its accountability function is: "Have we/they done what was supposed to be done, that we/they had committed to do and that has been budgeted for?

In Greater Tubatse Municipality a Performance Management System is needed to ensure accountability between:

- The Administration and the Executive committee

- The Executive Committee and the Council

- Council and the citizens of Greater Tubatse Municipality(in their various forms of organizations)

The accountability function of Performance Management system is also useful in ensuring integration and alignment of programmes across Directorates, Departments and other spheres of government.

3.6. Best Practice, Learning and Capacity – Building

The Performance Management System must also ensure learning. It should help the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It should form the basis for monitoring, evaluating and improving the IDP.

3.7. Decision –making and Resource Allocation

Closely related to both the accounting and learning functions of the Performance Management System is that of improving the efficiency and effectiveness of decision making. This is particularly relevant in making decisions on the allocation of resources as budgetary processes are significantly enhanced by the availability of appropriate management information and evaluation capacity.

3.8. Early Intervention and Warning

It is also expected that the Performance Management System will provide the municipality with early warnings of failure to achieve the IDP objectives and governance commitments. Early warning should enable early intervention. It would be imperative and as required by legislation to monitor the performance of the municipality on a quarterly basis in order to pro-actively identify the so-called "hot-spots or gaps" where performance are not achieved. However, early warning is not directed at under-achievement only, but serves as an important mechanism to identify those instances where both over-and under-achievement have occurred. The over-achievement of performance objectives especially within a local government environment, might not implicate a positive consequence. A common typical negative example of over-achievement would for instances be where the budget has been spent before the end of the financial year and the consequence thereof leads to the non-implementation of other projects due to lack of financial support.

4. PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT

The following are proposed as principles that must inform the development and implementation of Performance Management System in Greater Tubatse Municipality.

4.5. Political Driven

Legislation clearly tasks the Mayor as the owner of the Performance Management System. The Mayor will need to drive both the implementation and the improvement of the system, and may delegate responsibilities in this regard. This is an important delegation which must be recorded within the municipality's System of Delegation as confirmed with the appropriate Council resolution.

4.6. Simplicity

The Greater Tubatse Municipality Institutional Management System must be simple and user-friendly enabling the municipality to manage it within its existing institutional and financial resource capacity. It must also be easily understandable to all stakeholders so that everyone knows what is expected from him/her or his/her team and what to expect from others.

4.7. Participatory

For this initiative to succeed there must be buy-in and support from all stakeholders. For this to be achieved, the development and implementation must be participatory.

4.8. Transparency and Consultation

The System must be a tool for consultation and accountability between the administration, the Council, the community and other spheres of government.

4.9. Development

The System will be developmental in two years. It will be a tool to measure developmental local government and the impact of the municipality on delivery on its key strategic objectives, identifying areas of weak performance and develop ways to improve. Secondly, the system itself will undergo continuous incremental development and improvement based on experiences.

4.10. Fair and objective

Performance management will be founded on fairness and objectivity in the recognition of poor or good performance. It will not be used to victimise or give an unfair advantage to an individual or groups of people.

5. DELEGATION OF RESPONSIBILITIES

The Systems Act of 2000, no 32 of 2000(sec 39) dictates apart from establishing a PMS system, how a municipality must develop and manage the system. The Act as in section 39 identifies the role-players that are mainly responsible for managing the system.

"The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or an executive mayor, a committee of councillors appointed by the municipal council must:

    a) Manage the development of performance management system;

    b) Assign responsibilities in this regard to the municipal manager, and

    c) Submit the proposed system to the municipal council for adoption".

The Mayor is responsible for overseeing the implementation of the PMS of the municipality. The Mayor of GTM therefore must officially delegate the relevant responsibilities to the MM. This delegation must be recorded in the Municipality's System of Delegation and as adopted by Council.

6. PERFORMANCE MANAGEMENT AT VARIOUS LEVELS

It is important to note that performance management should be applied to various levels of the organisation. The legislative framework provides for performance management at various levels in municipality including institutional (sometimes also referred to as municipal, organisational, strategic or corporate) level, operational (also referred to as services, departmental or section/team) level and lastly, individual level.

6.5.   Institutional Level and the IDP

It is important at the municipality, that the council and management should have access to the appropriate information for considering and making timeous interventions to uphold or improve the capacity of its delivery system. The performance of any *municipality as a service delivery mechanism* is fundamentally determined by factors enabling it to perform its Constitutional and statutory mandates. It is important that these causal and contributory factors for performance excellence at the municipality be measured to determine performance gaps timeously with the objective to respond with appropriate remedial interventions.

At Institutional level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level annual SDBIP forms the basis. The IDP is a long-term focus, measuring whether a municipality is achieving its IDP objectives.

The measures set for the municipality at institutional level is captured in an *institutional scorecard* structured in terms of the preferred performance management model of the municipality. The measures at operational level are to be captured in the SDBIP of the municipality and the SDBIP's of various departments in the municipality. The indicators as captured in the institutional scorecard and the SDBIP are to be aligned with the requirements of Circular 11 of the MFMA. This is required by each municipality with the main purpose to report on specific operational units and indicators measuring performance achieved of the financial year. Every municipality and

municipal entity must prepare a financial report for each financial year in accordance with the MFMA with stipulations to report on specific operations as required by Circular 11.

6.6.   Operational Level and the SDBIP (strategy implementation)

Managing strategy implementation deals with municipal performance at the strategic level but translated into departmental business plans. The business plans measure the success of achieving the strategic objectives o f the municipality through the *implementation of the IDP*. It should thus mainly inform the organization if it is doing the right things to produce the desired outcome or impact through its operational, actions to achieve its vision. It should thus focus on measuring the ongoing and long-term operations o f the organisation, linked with its annual business plan.

Annual departmental business planning can be defined as the detailed deployment of resources to achieve the IDP in terms of its annual development objectives. It includes annual action plans, which are structured and interconnected actions with implementation plan. Annual business planning is the process which determines all activities regarding the *what, where and by who and when* – on annual basis. Clearly defined KPI's and Performance targets furthermore direct it.

6.7.   Individual Level (IPMS)

Individual or staff performance management deals with *performance on the level of the individual employee*. Individual performance targets are also formulated during business planning process. Measuring staff performance provides Council and management with appropriate information on the behaviour of staff and outcomes in the workplace. Reviewing staff performance at regular intervals will provide the council and management with appropriate information on performance gaps excellence.

By cascading performance measures from strategic to operational level, both the IDP and the SDBIP, forms the link to individual performance management. This ensures that performance at the various levels relate to one another which is a requirement of the Municipal Planning and Performance Regulations and the MFMA. The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives becomes approved with the budget (circular 13 of the MFMA). The SDBIP in essence becomes the main operational tool to translate and manage the performance objectives as formulated in the IDP. This process is illustrated by the diagram below and as described in circular.

Diagram 2: SDBIP as a Management Tool

Council   **A**dministration

| IDP
Budget

Monthly reports
Mid-year performance assessment
Annual performance report
Annual report | SDBIP

Service delivery targets (by top manager and by ward)

Performance indicators

Revenue by source and Expenditure by source | Employee contracts and annual

Performance agreements for the municipal manager & senior managers |
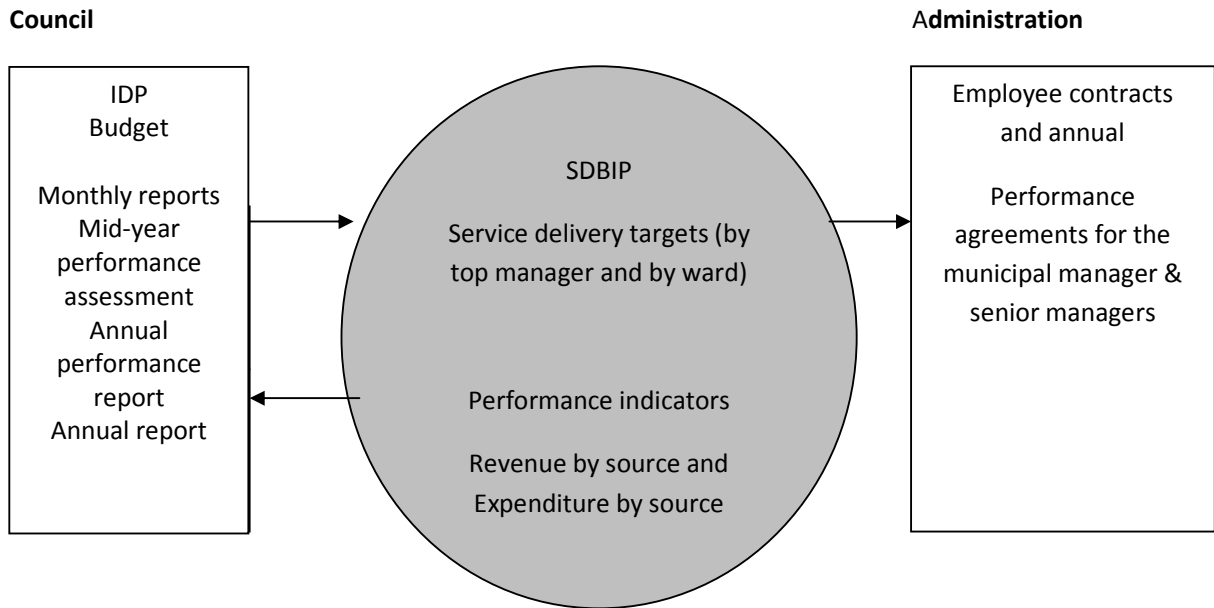
7. CORE COMPONENTS OF A MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

The core components of a PMS and its legal requirements as prescribed by the Systems Act, no 32 of 2000 and the Regulations can be as follows:

7.5. Developing and Maintaining the Performance Management System

According to the Systems Act of 2000, sec 39, it is responsibility of the executive committee and the executive mayor or a committee of appointed councillors to develop a performance management system. The IDP steering committee, assisted by experts if necessary, may be tasked to develop a performance management system, which will then be submitted to the IDP representative forum and eventually to Council for consideration. In developing its performance management system, a municipality must ensure that the system:

- Complies with all the requirements set out in the act;

- Demonstrate how it will operate and be managed from the planning stage up to the stage of performance and reporting;

- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;

- Clarifies the processes of implementing the system within the framework of the IDP process;

- Determines the frequency of reporting and the lines of accountability for performance;

- Relates to the municipality's employee performance management processes;

- Provides for the procedure by which the system is linked with the municipality's IDP; AND

- Indicates how any general KPI's envisaged in section 40 of the Act will be incorporated into the municipality's planning and monitoring processes.

A performance management system must be adopted before or at the same time as the municipality commences with the process of determining KPI's and the performance targets in accordance with the IDP.

7.6. Measuring for Performance

Performance measurement requires an objective framework for assessing performance. Setting KPA's and clustering development objectives and key development priorities in terms thereof establish this framework. It is important to ensure that the right measurement has to be done very carefully. It is important to ensure that the right information is obtained, and that this information is not manipulated to produce misleading results. This means that the municipality must ensure the integrity of measurement mechanism.

7.6.1. Municipal Council

The municipality's performance management system is to cluster the development priorities and objectives into KPA's as referred to in section 26(c) of the Systems Act. In this regard, GTM has set the following KPA's as captured in its institutional scorecard:

- Local economic Development;

- Basic Service Delivery;

- Municipal Transformation and Organisational Design;

- Good Governance and Public Participation; and

- Financial Viability.

Setting Objectives

Once the municipality identifies the KPA's it will be able to set clear objectives. Objectives are clear statements of intent, which guide the development of the programmes and projects making up the IDP. This will enable the municipality to link the KPA's and development objectives to its sectoral departments.

GTM has identified the following objectives:

- Create community beneficiation and empowerment opportunities through networking for increased employment and poverty alleviation;

- Create a stable economic environment by attracting suitable investors;

- Address community needs through developmental spatial and integrated planning;

- Improve access to sustainable quality and affordable services;

- Promote environmentally sound practice and social development;

- Optimise infrastructure investment and services;

- Maintain and upgrade municipal assets;

- Develop effective and sustainable stakeholder relations;

- Increase financial viability through increased revenue and efficient budget management;

- Develop and improve systems, processes, procedures and policies, practising sound government;

- Develop and build skilled and knowledgeable workforce;

- Develop a high performance cultures for a changed, diverse, efficient and effective local government; and

- Attract and retain best human capital to become the employer of choice.

7.6.3. Setting Key Performance Indicators (KPI's)

Once the municipality has identified KPA's and clear objectives in terms of its IDP process, it can move to set indicators. Indicators are derived from objective statements. KPI's define how performance will be measured. It ought to assist in motivating and orientating staff towards achieving the set objectives. KPI's define how performance will be measured along scale or dimension. KPI's are management tools, which assist in making performance –based decisions regarding strategies and activities. The following is applicable in this regard;

- KPI's are utilised to determine whether the municipality is delivering on its developmental mandate. The municipality would also be in a position to determine whether its organisational structure is suitable to meet its development objectives. KPI's also enforce accountability by the Council to its electorate.

- Whenever the municipality amends or reviews its IDP in terms of section 34 of the System Act, the municipality must, within one month of its IDP having been amended, review those KPI's that will be affected by such amendment.

- Before the KPI's are set, the municipality is expected to identify the KPA's that require performance measuring and improvement. Once this is done, a municipality will develop KPI's and performance targets with regard to each KPA and development objective.

7.6.3.1. Criteria for Good Indictors

- Focused and specific : indicators should be clearly focused and stated unambiguously;

- Measurable: an indicator should be clearly contain a unit of measurement;

- Valid and relevant: validity is the degree to which an indicator measures what is intended to be measured. This correlates strongly to the relevance of the indicator to the objective being measured. It is also important that the whole set of indicators chosen should be contextually relevant to the South African context;

- Reliable: reliable is the degree to which repeated measures, under exactly the same conditions will produce the same result;

- Simple: good indicators will be simple, easy to communicate such as that their relevance is apparent;

- Minimise perverse consequences: poorly chosen indicators, while nobly intended, can have perverse consequences in the behaviour of its inventiveness; and

- Data availability: good indicators will also rely on data that is, or intended to be, available of the financial year.

7.6.3.2. National Key Performance Indicators (KPI's)

In terms of the Municipal Planning and Performance Management Regulations of 2001, sec 10, all municipalities must report on the following general national KPI's by the end of the financial year.

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;

- The percentage of households earning less than R1 100 per month 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 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 expresses by the following ratios:

  I) Debt Coverage: $\underline{B-C}$

  $$D$$

  Where –

  'B' represents total operating revenue received

  'C' represents operating grants

  'D' represents debt service payments (i.e. interest + redemption) due within the financial year;

II)   Outstanding
Service Debtors to Revenue: <u>B</u>
                                                            D

Where –
'B' represents total outstanding service debtors
'C' represents annual revenue received actually for services;

III)   Cost
Coverage: <u>B + C</u>
                              D
Where –
'B' represents all available cash at particular time
'C' represents investments
'D' represents monthly fixed operating expenditure

7.6.4. Setting Performance Targets

Performance targets must be set for each identified KPI, as part of the performance measurement process. Performance targets should be **SMART** (Specific, Measurable, Attainable and Time related) and directly relate to (support) the indicator used to measure a particular performance objective. A typical example would be where a percentage is used as an indicator (e.g. % progress made) and the target is set in a percentage (e.g. 100%). Setting performance targets should be a realistic exercise – local performance targets must therefore be equal to or higher than national standards. The municipality sets out to achieve these performance targets within a given financial year, and its performance can then be measured according to whether targets for each indicator were met consistently.

Setting performance targets is particularly useful for internal contracted – out and privatised services, as it promises the public a defined quality of service.

Due to their five (5) year performance based contracts, the individual KPI's and performance targets of municipal managers and senior managers will be determined and based on the municipal KPI's and performance targets.

7.6.5. Benchmarking levels of service delivery

Benchmarking entails the measurement and improvement of the products, services and practices of the municipality's toughest competitors or those organisations regarded as leaders in a particular practice or business area. The goal of benchmarking is to reinvent operations to achieve significantly improved performance, and is best accomplished as part of a restructuring or re-engineering process. If the municipality wants to be the best-of-the-best in service delivery, benchmarking can assist. It is in addition to recommend to procure an external service provider to annually assess GTM performance management system against global and national best practice.

7.7.   Monitoring and evaluation of Performance

Performance monitoring and evaluation are processes aimed at assessing the performance of the municipalities, municipal staff and external contractors. All municipalities are obliged to monitor and evaluate their performance against their set objectives, KPI's and performance targets. This will allow the municipality to:

- Ensure the implementation of its plans and programmes;

- Measure their development impact;

- Ensure the efficient utilisation; and

- Assess its performance and that of departments, divisions, partners or agents.

Monitoring and evaluating performance are interlinked activities. Monitoring provides the information base in terms of which a more detailed evaluation can take place:

The information gathered through monitoring and evaluation will be utilised by:

- The public – to hold a municipality accountable for promised performance targets;

- Councillors – to enable them to measure the effectiveness of the administration; and

- Municipal management – to adjust strategies, plans and projects if necessary.

7.7.1. Monitoring

Monitoring is a continuous activity to measure KPI's and performance targets. It will provide project information to management. Monitoring include the systematically collection of information to enable management to evaluate whether project implementation is proceeding, as it should. It is important to ensure that the right information is obtained, and that this information is not manipulated to produce misleading results. This means that municipalities must ensure the integrity of measurement mechanisms.

7.7.2. Reporting on Performance

The Systems Act, sec 46 (1) stipulates that a municipality must prepare an annual report that reflects:

- A performance report which deals with:

    - The performance of the municipality during the financial year and a comparison between performance targets and performance in the previous year;

    - The development and service delivery priorities and the performance targets set by the municipality for the following financial year; and

    - Measures that were or able to be implemented to improve performance.

- Financial statements for the financial year;

- An audit report of the financial statements and the report of the results of the performance measures; and

- Andy other reporting requirements stipulated in other applicable legislation.

Performance reports must explain past performance (including deviations from performance targets) and highlight future plans. The annual report should also be linked to the annual IDP review – this report will thus combine current municipal reporting initiatives into one report that focuses on the municipality's performance in its totality.

Annual performance reports will at least contain the following objectives:

- A summary of KPA's and development objectives;

- Performance targets set for each KPA's for the previous year;

- Measurement of performance in terms of the KPI's for the previous year;

- An evaluation of performance;

- A review of delivery mechanisms in instances of under-performance, and corrective measures to improve performance;

- Any amendments to development of priorities and strategies contained in the IDP; KPI's and performance targets for the next financial year;

- Audited financial statements of the next financial year;

- A statement by the external auditors regarding the integrity of the municipality's performance by the mechanisms; and

- A review of the municipality's performance by the external and internal auditors.

The annual report must be presented to the community for discussion, and the MEC and Auditor – General must be notified about the meeting and any other interested parties. Copies should also be submitted to the MEC for local government, the Auditor – General and any other institution as may be prescribed by legislation.

In terms of section 47 of the Systems Act, the MEC's for local government must also compile a consolidated report on the performance of the municipalities, and submit such to the provincial legislatures to MEC. A copy of the report must be submitted to be published in the Gazette.

7.8.   Reviewing Institutional and Individual Performance

Reviewing entails adjustments and revisions which are based on the monitoring and evaluation of information. The monitoring results provide adjustments and corrective actions that are fed back into the planning process, to re-inform projects planning, design and implementation.

7.9.   Reviewing the Performance Management System

The municipal Systems Act, sec 40, requires the municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete, the performance management team will initiate an evaluation report annually, taking into account the input provided by departments. This report will then be discussed by the management team and finally submitted to the Executive Committee for discussions and approval. The evaluation should assess:

- The adherence of the performance management system to the Municipal Systems Act (chapter 6)

- The fulfilment of the objectives for a performance management system captured in section 3 of this document

- The adherence of the performance management system to the objectives and principles captured in section 4 of this document

- Opportunities for improvement and a proposed action plan.

It must once again 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 we are continuously improving the way the system works to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

7.10.   Public Participation

Public participation for improved performance is an important part of the overall. Public participation may also enhance the judgements, which will be made during this process as it involves the users of services themselves. Such a process involves public input into selecting and analysing the information that will be used during the monitoring and evaluation phase.

7.11.   Internal Audit Alignment of Performance Management

According to the Systems Act, sec 45, the results of performance measurements will be audited as part of the municipality's internal auditing process, and annually by the Auditor-General.

Performance auditing is a key element of the performance management system. This involves verifying that the measurement mechanisms are accurate and the proper procedures are followed to evaluate and improve performance.

Directorates will submit their quarterly and annual performance results to internal audit unit on a quarterly and annual basis. This process, in addition to verifying the results of the measurement exercise, will also verify the accuracy of the method.

7.12.   Intervention by Province

The Constitution allows Provinces to intervene in the affairs of municipalities in the event of non-performance. This is to ensure that citizens receive essential services. A performance management framework will ensure that such interventions are based on accurate diagnosis on an objective basis. This is important in terms of protecting local government's constitutional place as a sphere of government in its own right. Depending on the degree and nature of the lack of performance may:

- Suggest capacity building initiatives to alleviate the problem;

- Issue specific instructions to improve performance (e.g. budget restructuring);

- Recommend a process of competitive tendering in the case of service delivery problems;

- Appoint a person/ team to assist with specific functions for defined period of time;

- Transfer the function to another body for a specific period for a time; and

- Take over the function completely.

The information which provinces will base their actions on therefore has to be both comprehensive and accurate. Such information will flow from the annual performance reports provided by municipalities. In addition, provinces may also appoint management evaluation teams to investigate a particular issue (or function) within municipalities, if there is cause for concern.

8. INSTITUTIONAL PERFORMANCE MANAGEMENT GOVERNANCE STRUCTURE

As already been noted, section 39 of the Municipal Systems Act of 2000, requires that the political office bearers manage the development of the municipality's PMS.

8.5. Creating a Performance Management Structure

It is for this reason that it is important that the council set-up the necessary structures for the development and implementation of the PMS. It will most likely not be necessary to create new structures for this purpose since the IDP structures should already be in place and should be used for this purpose. The proposed structure for performance management at the Greater Tubatse Municipality is reflected hereunder.

In order to ensure the successful of the PMS, it is important that all the role players indicated in the structure below be involved in the development and implementation/ management thereof. Many municipalities that have successfully task team to assist with the development and implementation o f the system. Such as task team could consist of officials, such as the Municipal Manager, IDP / PMS Manager, engineering and / or planners, HR manager, transformation manager and the internal auditor. Although such as task team can render assistance with the development of the PMS, the final responsibility for the development and management thereof rests as in the case of GTM with the Municipal Manager under the Business Function: IDP, PMS and Budget Integration: (the role-players are indicated in Diagram 3 below). Once the PMS has been developed and implemented, it will become the tool by means of which the business of the municipality is managed.

Diagram 3: Institutional Performance Management Structure
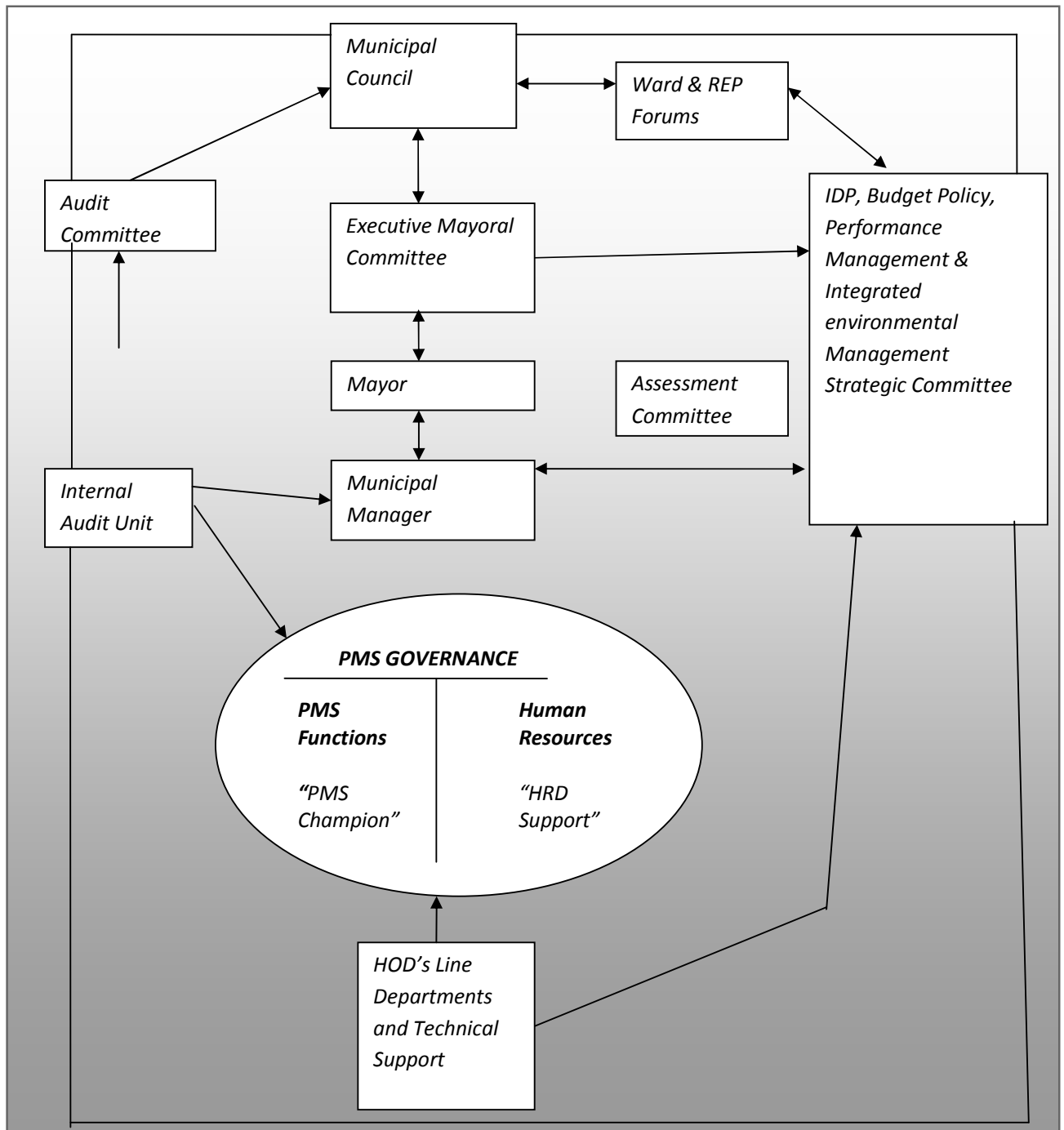
8.6.   Empowering Role-players to Implement and manage the PMS

The responsibility for the development and implementation of the PMS lies with the municipal council, which has the power to assign certain responsibilities to the Municipal Manager concerning the development of the PMS. In view of the diverse responsibilities of the Municipal Manager, it is suggested that a senior manager (Director Strategic Services) takes on the role of the "PMS Champion," which role must become apparent to all through his or her enthusiasm and dedication "to make the PMS happen".

To keep the councillors and officials capacitated to develop and implement the PMS it will be necessary for the municipality to conduct 'in-house ' information / training sessions where the information contained in this

framework can be presented and discussed. After the key role-players are fully familiarised with the development of a PMS, specific responsibilities should be assigned to the person and structures created for this purpose.

In so far as ward committees are concerned, they may in terms of section 74 of the Local Government: Municipal Structures Act, No 117 of 1998, make recommendations on any matter affecting their wards. The performance of the municipality on the delivery of services, directly affects a ward and its members. A ward committee in conjunction with the community must involve itself in the development, implementation and review of the municipality's performance management system by participating in the setting of appropriate **Key Performance Indicators** and **targets** for the municipality as provided for in section 42 of the Municipal Systems Act. Members of the Representative/Consultative Forums and any other structures developed by the municipality for the IDP/PMS should, as representatives and members of the community, also have to undertake these roles. In as far as the *review* of the members is concerned, the community and by implication the ward committees and members of the other IDP/PMS structures would, as provided for in regulation 13 (4) of the Municipal Planning and Performance Management Regulations 2001, as part of their roles have to assist in:

- Identifying the strength, weakness, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key national performance indicators;

- Reviewing the key performance indicators set in regard to the council's development priorities and objectives for its elected term, including its local economic development and its internal transformation needs as referred to in section 26 (c) of the Municipal System Act.

8.7.   Functional Roles and Responsibilities of the IDP/PMS and HR

The Strategic Planning Department is responsible for implementing PMS within GTM at the Institutional and is responsible for operational level, but supported with a prominent HR function in terms of human resource development (HRD). Table 1 below indicates the division of roles and responsibilities between these two functions.

Table 1: Division of PMS responsibilities in GTM

	PMS	Human Resources
PM System	• Take overall responsibility for the development, review & implementation of the performance management system. • Research, advise and provide input to individual/ employee performance towards the development & review of the Performance Management System to Council	• Participate in the team developing/ reviewing the PMS – make suggestions/ comments etc.
Framework for PM	• Take overall responsibility for the development, review and implementation of the Framework for PM. • Research, advise and provide input to individual/ employee performance towards the development of the Framework for PM. • Submit proposed framework to Council (annually) together with PMS Process Plan.	• Participate in the team developing the framework for PM- make suggestions/ comments etc.

Performance Planning	• Implement/ roll out institutional performance management in terms of the Performance Management System and the Framework for Performance Management.	
	• Take overall responsibility for the development of an integrated (SDBIP, institutional & individual) PM planning, monitoring & reporting.	
	• Implement/ roll out individual employee performance management system and the framework for performance management.	
	• Research, advise & provide input a PM system.	
	• Implement/ project manage the development & updating the individual PM system in accordance with the accordance with the integrated system.	
	• Undertake research and develop strategies to 'promote a culture of performance management	

Performance Planning	• Performance indicators & Targets developed during IDP process (including 7 KPI's) • Take overall responsibility and ensure the development of the institutional scorecard • Take overall responsibility and ensure the development of individual scorecards (Sec 57 & throughout organisations). • Core of individual scorecards: Sec 57-programme manager developed as part of IDP process plan (SDBIP) • Review, confirm sec 57 and PM's scorecards are developed in accordance with the PMS & the PM framework, prior to submission to the Mayor for sign off. • Submit SDBIP & Institutional Scorecard to Mayor for sign off. • Submit scorecards to Mayor for sign off.	• Organise training and development programmes to equip managers/supervisors with PMS skills • Organise training and development programmes to support individual development plans • Provide guidance and input to all departments in terms of budget available for training • Custodian of HRD strategy • Monitor achievement of EE policy and implementation • Provide guidance to career and succession planning.

Performance monitoring & Evaluation (measurement)	• Facilitate evaluation of quarterly targets achieved applying the institutional scorecard • Facilitate the evaluation of quarterly targets achieved by sec 57 employees • Facilitate evaluation process for all levels within GTM • Provide HR with information on section 57 managers performance	• Facilitate dispute resolutions based on disagreements with performance appraisal evaluation outcomes • Facilitate disciplinary action based poor performance • Custodian of incentive and rewarding systems e.g. performance-based bonuses • Facilitate and organise coaching and mentoring sessions to support performance improvement.
Performance Review	• Ensure quarterly review of SDBIP undertaken • Ensure quarterly review of institutional scorecard • Facilitate the evaluation of quarterly targets achieved by sec 57 employees • Provide HR with information on section 57 manager's performance.	• Support/ encourage the identification of measures to improve performance. • Facilitate evaluation process for the operational staff.

Performance Reporting	- Submit reports (SDBIP & Institutional Scorecard) to Council - Co-ordinate the preparation of the Performance Report for the Annual Report - Budget Officer or PMS Office to consolidate Annual Report.	

9. GENERAL ROLES AND RESPONSIBILITIES FOR DEVELOPING AND IMPLEMENTING PERFORMANCE MANAGEMENT

The development and implementation of the Integrated Development Plan and a Performance Management System involves the municipal officials as well as other actors outside the administration itself (private and public on different levels). That means that responsibilities in the municipal administration have to be defined both in the internal and the external perspective. Building strategic partnerships also includes clearly defined responsibilities among other actors.

9.1. Stakeholders

The following key stakeholders can be grouped as internal and external to the municipality:

Table 2: Internal and External Stakeholders

INTERNAL	EXTERNAL
Municipal Council Councillors Mayor Executive Committee	National Government Minister of Provincial and Local Government Auditor – General
Municipal Manager Directors Line managers Employees Internal Audit	Provincial Government MEC of Local Government
Performance Audit Committees IDP Representative Forum	External Suppliers Service Providers

Ward Committees	Private Sector
Organised Labour	Organised Labour
	Professional Bodies
	The Media
	Local Community and Public
	Civics
	CBOs
	NGOs

9.2. Roles and Responsibilities

The Integrated Development Plan forms the basis for a Performance Management System. The Performance Management System needs to be fully integrated with the IDP. The structures that are developed for the development of the system and for implementation, monitoring, review, evaluation and reporting are integrated with those of the IDP.

For each of these components, this chapter sets out the role stakeholders in the Performance Management System will play and how these components are to happen.

Table 3: General PMS Stakeholder Roles & Responsibilities

ROLE- PLAYERS	ROLES & RESPONSIBILITIES
Minister of Provincial and Local Government	May, after consultation with the MEC's for Local Government: • Prescribe general KPI's when necessary • Annually compile and submit to Parliament and the MEC's for Local Government a consolidated report of Local Government Indicators; and publish the report in the Government Gazette • Make regulations concerning the design and operation of the PMS.
Auditor-General	• Undertake annual reviews of the KPI's and performance targets. • Submits an Annual Audit Report on the Performance Management System
MEC Local Government	• Annually compile and submit to the Provincial Legislatures, the Minister and the National Council of Provinces a consolidated report on the performance of municipalities in the province.
National and Provincial Spheres of Government	• Commenting on system's capacity to enable alignment, effective information flows and coordination.
Council	The Municipal Systems Act, chapter 6 sect 39 places the following responsibilities on council: • Consider and adopt a PMS Framework Plan • Adopt a PMS before or at the same time as setting KPI's and performance targets in relation to the IDP • Review the IDP and PMS annually • Monitoring progress and development • Ensure the annual business are linked to and

	based on the IDP • Appoint Audit Committee and designate a chairperson • Review the IDP and PMS annually.
Ward Councillors	Ward councillors are the major link between the municipal government and the residents. As such, their role is to: • Link the planning process to their constituencies and/ or wards • Linking decisions on the development of the system • Ensuring communities understand the purpose and the key mechanisms of the system and are motivated to participate actively • Be responsible for organising public consultation and participation within their wards respectively.

ROLE- PLAYERS	ROLES & RESPONSIBILITIES
The Mayor	The Mayor of Greater Tubatse Municipality has the ultimate responsibility for the drafting of the PMS. In his capacity he has to: • Delegate clear responsibility for the development of a PMS that meets the legislative and regulatory requirements • Be responsible for the overall oversight, development and monitoring of the process or delegate PMS responsibilities to the Municipal Manager • Submit the proposed PMS to the municipal council for adoption.
Municipal Manager	• The municipal manager may further delegate the responsibility to another senior manager. Therefore it is important that council, within its policy framework in delegation, assigns responsibility accordingly • Ensure a plan agreed for the PMS development process • Make clear further delegations and ensure appropriate institutional arrangement • Ensure alignment of other key municipal system to support the PMS and strategic management of development and performance • Monitor progress and report to the Mayor

ROLE –PLAYERS	ROLES & RESPONSIBILITIES
	• Inform the local community through the media about the municipal meeting that will be held to discuss the annual report • Give written notice to the Auditor-General and the MEC for Local Government in the province about the annual report meeting • Submit minutes of the annual report meeting to the Auditor-General and the MEC for Local Government • Permit the Auditor-General and the MEC for Local Government to attend the report meeting and be available to reply to questions about the annual report.
Internal Audit	• Carry out assessments of the functionality of the PMS, whether the PMS complies with the Act and the reliability of KPI's • Quarterly performance measurements • Submit quarterly reports to the municipal manager and the performance audit committee
Audit Committee	• Must meet twice during a financial year • Special meeting may be called by any member • Review the PMS and make recommendations • Submit an audit report at least twice during the financial year • Make use of wide-ranging investigating powers
PMS Project Team	• Preparing the organisation for the change • Facilitating the development of the performance management system • Supporting the organisation during the implementation of the performance management system • Ongoing development and improvement of the performance management system • Specialist contribution to, and elaboration and discussion of, the performance planning dimensions of the IDP process • Ensuring planning phases lay effective ground for performance management, monitoring, evaluation and review • Summarising, digesting, processing inputs from participation process • Discussion of, and comment on, inputs of external specialist.

ROLE-PLAYERS	ROLESS & RESPONSIBILITIES
Directors & Managers	Directors and managers of departments, as the person in charge for physically, implementing the IDP, will have to be fully involve in the planning process and would: • Make suggestions and comments on making the system function optimally in relation to the specific circumstances of different kinds of jobs, functions and context • Provide inputs to ensure validity, feasibility, reliability of indicators, baselines and targets • Provide technical/sector expertise • Provide relevant technical, section and financial information for analysis for determining priority issues • Make necessary staff available for working in task teams and other working groups • Contribute technical expertise in the consideration and finalisation of strategies and identification of projects • Provide departmental, operations and capital budgetary information • Be responsible for the preparation of projects proposal, the integration of projects and sector programmes within their departments respectively; and • Be responsible for preparing relevant amendments to the above, after due consultation • Directors contract performance objectives and associated KPI's and targets with Managers and duplicate process with programme managers • Directors continuously monitor, evaluate and review the achievement of performance targets.

ROLE-PLAYERS	ROLES & RESPONSIBILITIES
Employees	• Be consulted on indicators and targets and comment on achievability • Provide data as requires by line managers • Monitor the performance of the organisation and respective team • Participate in the review of own performance and that of subordinates • Participate in the review of organisational performance where necessary
External Specialist	• Presenting options based, on "good practice" research and examples • Supporting internal decision-making processes • Providing technical support and information
"Civil Society" **Community Stakeholders**	Representing interest in terms of the inclusiveness of the system and process of deciding and communicating expectation
Labour	• Contribute to the development and implementation of an IDP • Provide the labour viewpoint to analysis and proposals on how to improve the performance management system • Representing members interest, specifically in relation to access to the process and the fairness of the system • Participate in the public review of municipal performance (through the labour forum)

10. PERFORMANCE MANAGEMENT AND ITS RELATIONSDHIP TO THE MUNICPAL MANAGEMENT CYCLE

While management cycles used by municipalities may differ from municipality to municipality, the following diagram provides a basic generic management cycle, which should be generally familiar to all municipalities.

Diagram 4: Generic Management Cycle in Municipalities
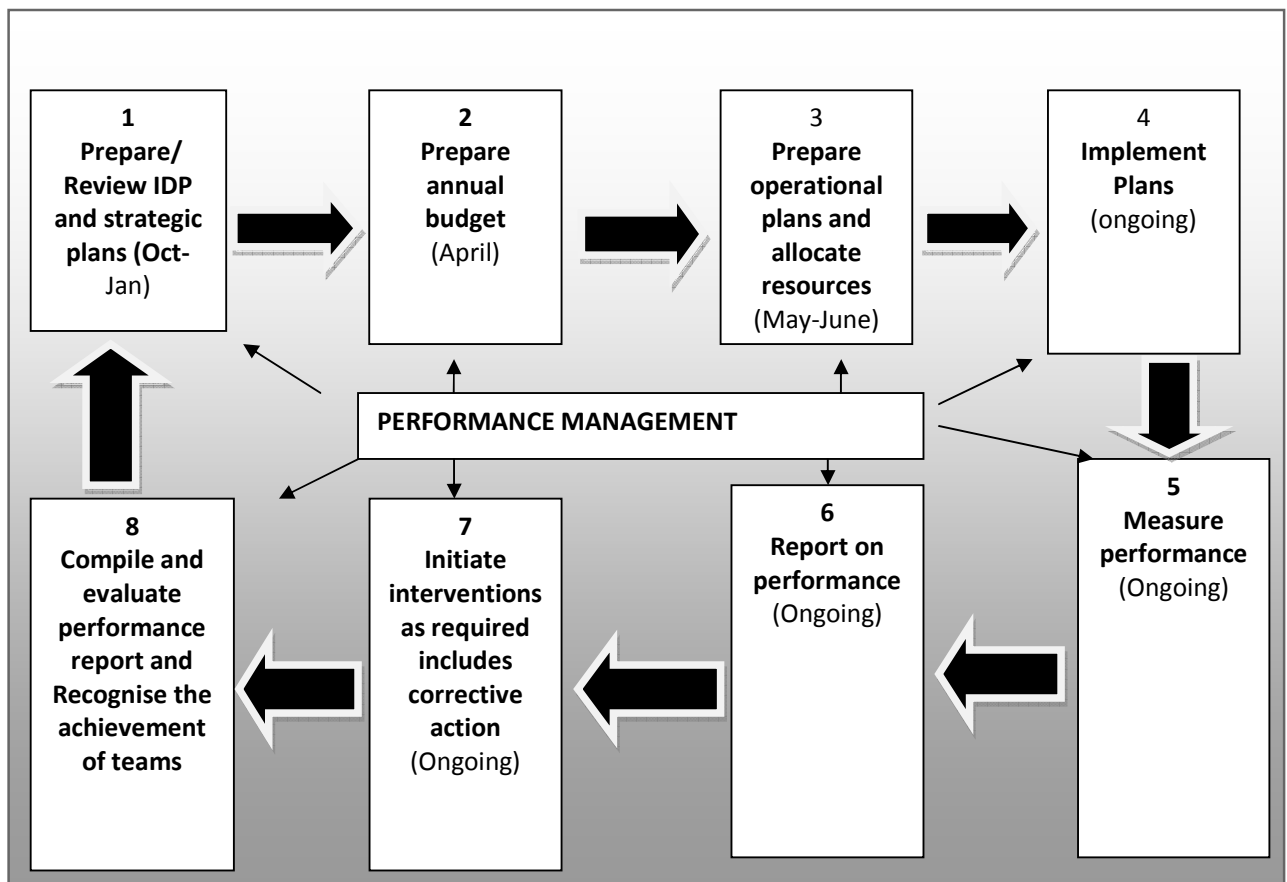
As can be seen from the above, the management cycle effectively begins at the planning stage with the development or review of the existing IDP and strategic plans. This is followed by the preparation of the annual budget and the cycle then flows through its phases and ends with the compilation and evaluation of performance reports and recognising team achievement. The consolidated information will then be considered when developing/reviewing the IDP and the strategic plans. The review of the IDP then begins again. All of these phases in the management cycle are discussed below together with an explanation as to how each phase related to the PMS.

Table 4: Link between the Management Cycle and the PMS

MANAGEMENT CYCLE	RELATIONSHIP EXPLANATION
1. prepare / review IDP (October to January) With the promotion of the Municipal Systems Act, the IDP has become the main planning vehicle for developmental local government – the strategic plan with strong development basis.	During the IDP process the vision, mission and strategic goals of the municipality are formulated or reviewed. This is followed by the identification of key performance areas (KPA's), development objectives and key performance indicators (KPI's) that are the building block of a PMS. During the IDP, review process the KPA's, development objectives and KPI's will be revisited and prioritised. Later on, during phase 4 the basis of the set measures, or indicators, against which the municipality's performance will be measured.
2. Prepare annual budget (April) After the IDP has been adopted, funds will have to be provided to realise the specific goals set out in the IDP. This entails the preparation of the annual budget. The municipal budget clearly specifies the finances available for the different development initiatives for a financial year. A certain amount of money will therefore be allocated to the different departments to finance their projects	From a performance management perspective it is important to monitor the spending patterns by comparing the allocation of resources and the amounts spent, as the year progresses, against the amounts made available in the budget. Furthermore, the financial reports will provide vital information for calculating unit costs that can be used for compilation purposes and doing projects.
3. Prepare operational plans and allocate resources (May-June) After the Annual Budget has been prepared, more detailed operational plans will have to be compiled setting out who has to do what, within what period and to what specifications. Once the operational plans have been prepared, the municipality will have to secure all the non-financial resources such as staff, service providers, equipment and material in	The operational plans should set out the detailed planning for each project which should include a complete set of measures, including KPA's, development objectives, KPI's performance targets, targets dates and who takes responsibility for what. This information forms the basis for measurement of performance. In the allocation of resources, detailed information has

order to realise the objectives set out in the operational plans. This will involve a process of staffing, procurement and tendering so that the projects can be activated.	to be provided of the cost of the resources, when they have to be provided and the standard or quality to which they must perform.
4. Implement plans (Ongoing) Once the resources have been provided, implementation of the various projects can commence. As the projects are implemented the municipality will have to determine whether the projects are proceeding according to schedule, within budget, quality and other specification.	During the implementation phase the action steps related to the various projects will be carried out and it will be necessary to constantly track progress and communicate with all those involved.
5. Measure performance (Ongoing) Measuring the performance against the key performance indicators and the performance targets will continue throughout the life of the project.	This is where the PMS fits into the management cycle. This is in essence, the PMS.
6. Report on performance (Ongoing) The data gathered during the measurement phase would have to be reported on a regular basis and in an agreed-upon and uniform format. This reporting will take place throughout the financial year.	This is also where the PMS fits into the management cycle. The data gathered during the measurement phase would be monitored, evaluated and reviewed on a regular basis.
7. Initiate interventions and when required – includes corrective action (Ongoing) If it is established from the performance reports that the implementation of projects are not on schedule and in accordance with required standards it will be necessary to intervene and take corrective action.	The intervention taken in form of corrective action would be as a direct result of the evaluation and review of performance.
8. Compile and evaluate performance reports and recognise achievement of teams(July) Performance reports for the year must be consolidated so that this information can be compiled and performance evaluated when developing/reviewing the IDP and strategic plans in phase 1. If it is established that the performance of the	The Municipal Systems Act and Regulations prescribe that the results of performance measurements must be audited as part of the municipality's internal auditing processes. In addition the Auditor-General must also audit the results of the performance measurements annually. This process will automatically identify the departments and teams that are achieving above average results and which are deserving of special recognition.

municipality's departments of teams are above the norm specified in the performance measures, recognition commensurate with the performance of department and teams should be given.	

The next section focuses on the annual work plan which should be implemented by the IDP/PMS activities with general management activities which will contribute to institutionalising a culture of performance management.

Table 5: IDP & PM Annual Work Programme

Reporting (Past year 09/10)	Planning & Review (new year 10/11)	Stakeholder & Community participatory/engagement	Approvals	Deadlines	Responsibility
	Submission: IDP Process Plan; PM Framework; Draft SDBIP; and Draft Performance plans		**Council**	April/may	Manager IDP Manager PMS
		June 2010			
	Submission: Final SDBIP and Performance plan		**Mayor**	June	Municipal Manager Manager PMS
		July 2010			
Submission of 4th Quarter performance reports			**MM & Dir Strategic**	July	Directors
4th Quarter Management review			**MM & Dir Strategic**	July	Manager PMS
Auditing of4th Quarter performance Report			**Audit Committee**	July	Internal Audit Committee
4th Quarter ExCo-			**MM & Dir**	July/August	Manager PMS

Lekgotla				**Strategic**		
August 2010						
		IDP/PMS forum: Send invitations two weeks prior to Rep Forum & prepare for meeting.	IDP Rep Forum – consultation with stakeholders on process plan, PMS framework & progress report past year.	**MM & Dir Strategic**	Mid August	Manager IDP Manager PMS
			Review & update IDP, PM & Budget Rep forum – invite reps to participate in Forum.		Joint advert with above	Manager IDP Manager PMS
		Making Public: SDBIP and Performance plans		**Council**	11 August	Municipal manager
		Establishment of IDP committees and forum			August	Manager IDP
Preparation of 2009/10 Annual performance report.				Council	August	Manager PMS
Preparation of 2009/10 Annual Report				Council	August – November	Manager PMS
September 2010						

		Conducting Community, stakeholder and municipal wide analysis.		Council	August – October	Manager IDP
October 2010						
		Spatial Analysis; Socio-economic differentiation ; Consolidation of priority issues ; In-depth analysis of priority issues; Review of Municipal Vision; Working Objectives; and Strategic guideline		• Council	October	Manager IDP
Submission of Annual performance Report to: Portfolio committee; ExCo; Council; and DLGH		Submission of 1st Quarter Performance Report		**MM & Dir Strategic**	October	All Director
		1st Management	Directors & level one	**MM & Dir**	October	Manager PMS

		Review	managers	**Strategic**		
		Auditing of performance reports		**Municipal manager**	October	Internal audit committee
		1st ExCo-Lekgotla	Directors and Executive committee members	**MM & Dir Strategic**	October /November	Manager PMS
November 2010						
Submission of Annual Report to: Portfolio committee		Creation of conditions for public debate on analysis; formulation of IDP steering committees; Establishment of preliminary budget; Design project and programme proposal; involvement of project proposal; setting indicators for objectives; and cost/budget estimate sources	All stakeholders	Portfolio committee MM & Director Strategic planning	November	Manager IDP Manager PMS Manager Budget

		of financing				
December 2010						
Submission of Annual Report to: ExCo and DLGH		Screen of draft project proposal; Integrating projects and programmes; and establishment of 5 year capital investment programme		**Executive committee** **MM & Director Strategic planning**	December	Manager IDP Manager PMS Manager Budget Manager Technical service
January 2011						
Submission of Annual report to: Council; DLGH		Integration of sector plans in the IDP		**MM & Director Strategic planning**	25 January	Manager IDP Manager PMS
Establishment of Oversight committee of Annual Report		Submission of Mid – year Performance to: Council; DLGH	Public	Council	25 January	Manager IDP Manager PMS
		Submission of 2nd Quarter performance Report		**MM & Director Strategic planning**	January	Manager PMS
		2nd Management Review; Mid-Year Budget		**MM & Director Strategic planning**	January	Manager PMS Manager Budget

		Adjustment				
		2nd performance Audit		**MM & Director Strategic planning**	January	Internal Audit committee
		2nd ExCo-Lekgotla; Mid-Year Budget Adjustment		**MM & Director Strategic planning**	January /February	Manager PMS Budget Office
February 2011						
		Performance management Indicator		Council	February	Manager PMS
Individual assessment for 2009/10 financial year		Individual assessment mid-year 2010/11 financial year		**MM & Director Strategic planning**	February	Manager PMS
		Development of Scorecard, Draft SDBIP and Performance plans		**MM & Director Strategic planning**	February/March	Manager PMS
March 2011						
		Send invitations two weeks prior to Rep Forum & prepare for meeting	IDP Rep Forum consult with stakeholder as per Process Plan, PM Framework & progress report re past year		March	Manager IDP Manager PMS
		Draft Budget, Draft IDP & Draft SDBIP tabled to council (90 days		**Council**	End of March	Manager IDP Manager PMS Manager Budget

		before the start of the financial year)				
		Ensure indicators & targets incorporates into PA's (sec 57-Managers)			March – April	Manager PMS
Council approves Annual Report and adopts oversight report				**Council**	March	Manager PMS
Adopts oversight report approval)				**Council**	March	Manager PMS
April 2011						
		Public hearings			April	Office of the Mayor
		Finalise IDP, SDBIPs & PA's for submission to council			April	Manager IDP Manager PMS
		Submission of 3rd Quarter Performance Report		**MM & Director Strategic planning**	April	Manager PMS
		3rd Management Review		**MM & Director Strategic planning**	April	Manager PMS
		3rd quarter Performance audit		**Audit Committee**	April	Internal Audit Committee

		3rd Exco –Lekgotla		**MM & Director Strategic planning**	April/May	Manager PMS Budget Office
		May 2011				
		Final adopted of IDP by council		Council	End of May	Manager
		June 2011				
		Copy IDP to be submitted to MEC within 10 days of adoption (MEC to respond within 30 days)		**MM & Director Strategic planning**	June	Manager IDP
		Municipality within 14 days to give notice of adoption & publicise a summary		Municipal manager	June	Manager IDP
		Mayor approves SDBIP & PA's & ensures PA's linked t SDBIPs (28 days after approval of IDP & Budget)		Mayor	June	Manager PMS
		SDBIP & PA's made public (14 days after		**MM & Director Strategic planning**	June	Manager PMS

		approval)				
		Circulate IDP internally & externally		**MM & Director Strategic planning**	June	Manager IDP Budget Office
July 2011						
		Submit SBDIP & sec 57 performance agreements to Mayor (14 days after June approval IDP & Budget)		Mayor	June	Manager PMS
		Submission of 4th Quarter Performance Report		**MM & Director Strategic planning**	June	Manager PMS
		4th Management Review		**MM & Director Strategic planning**	June	Manager PMS
		4th performance Audit		**MM & Director Strategic planning**	June	Manager PMS
		4th ExCo-Lekgotla		**MM & Director Strategic planning**	June	Manager PMS

11. PERFORMANCE MANAGEMENT PROCESS

The annual process of managing performance at institutional level in the municipality involves the steps as set out in the diagram below:

Diagram 5: Performance Management Cycle
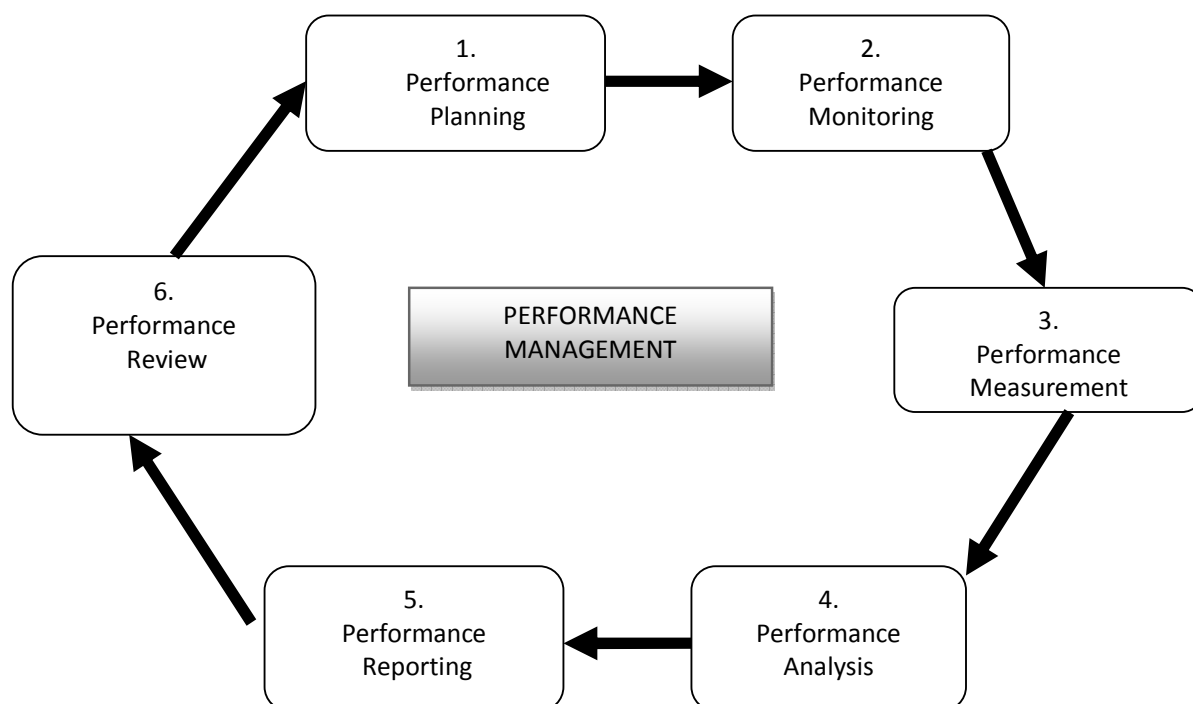
The balance of this section looks at each of the steps in more detail and how they will unfold in the process of managing performance in the GTM. Although the steps and what follow relates mainly to performance management at institutional level, the principles and approaches could also be applied to performance management at operational level.

11.1. Performance Planning

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

The IDP process constitutes the process of planning for performance. It is crucial that for all the priorities in the IDP, objectives, indicators and targets are developed.

ORGANISATIONAL LEVEL	PROCESS	FREQUENCE
Institutional Service Delivery capacity	• Clarity statutory mandate • Initial assessment of operational service delivery responsibilities and capacities • Develop KPI's and targets (input, process, output and outcome indicators) • Determine measurement source	Annually
Performance of strategy implementation	• Determine strategy in IDP and align with performance management and budget processes • Clarify roles and responsibilities • Develop departmental business plans to support strategy • Develop KPI's and targets • Determine individuals responsibility • Determine measurement source	Annually
Individual (staff) Performance Management	• Confirm organisational structure and job description • Determine roles of individuals in performance of organisation • Develop individual business plans with KPI's and targets to support departmental business plan	Annually

11.2. Performance Monitoring

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

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

In the instance of Greater Tubatse Municipality it is recommended that the institutional scorecard of the municipality be reported on a quarterly basis to the Executive Committee. Performance monitoring requires that in between the relevant formal cycle of performance measurement appropriate action be taken, should it become evident at least on a weekly basis Directors track performance trends against targets for those indicators that lie within the area of accountability of their respective departments as a means to early identify performance related problems and take appropriate remedial action.

It is further recommended that each Director delegate to the direct line manager the responsibility to monitor the performance for his/her sector. Such line managers are, after all, best placed given their understanding of their sector to monitor on a regular basis whether targets are being met currently or will be met in future, what the contributing factors are to the level of performance and what interim remedial action needs to be undertaken.

Monitoring and Evaluation

ORGANISATIONLA LEVEL	PROCESS	FREQUENCE
Institutional Service Delivery Capacity	• Review service delivery mechanism	• Quarterly and Annually
	• Diagnostic workshops	
	• Customer surveys	• Bi-annual
	• Employee satisfaction survey	• Annual
	• Measuring against National Indicators	• Annual
	• Measure against benchmarks, past performance and other municipalities	• Annual
	• Identify shortcomings/ resource needs	• Annual
		• Annual
Performance of strategy implementation	• Measuring against organisational objectives	• Quarterly
	• Measuring against departmental KPI's and targets	• Quarterly

	• Measuring against National Indicators	• Annually
	• Measuring against IDP KPI's	• Annually
Individual (staff) Performance	• Measure against individual performance plans	• Quarterly
	• Identity skills gaps	
		• Annually

An official will be responsible for each indicator, and as mentioned before usually the respective line manager. While this official will not necessarily be accountable for performance on this indicator, they will be responsible for conducting measurements of that indicator, analysing and reporting these for reviews.

Analysis requires that line managers compare current performance with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor. They should also analyse the reasons for performance levels and suggest corrective action where necessary.

Municipal wide outcome indicators and satisfaction surveys may need to be co-ordinated centrally. It is proposed that the Intergovernmental Relations be tasked with this responsibility.

It is further proposed taking that the following annual surveys be undertaken by the relevant departments to provide data for indicators organisationally and for the different service scorecards:

- A quality of life survey (IDP/PMS function)
- An employee satisfaction survey (HR)
- A customer satisfaction survey (IGR function)

Prior to reviews taking place by the Management Team, Executive Committee and Council, performance reporting will need to be tracked and co-ordinated. It is proposed that the Performance Management office be responsible for this process.

It will also be useful to provide an overall analysis of municipal performance with respect to the strategic objectives and services, at least for quarterly and annual reviews. Such an analysis could pick up trends in performance over time and over all departments. It is proposed that the Performance Management office be responsible for this.

11.3. 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. Given the fact that initially at least the municipality will have to rely on a manual process to manage its performance provision, has been made in the institutional scorecard for the name of an official responsible for reporting on each indicator.

The said official will, when performance measurement is due, have to collect and collate the necessary performance data or information and capture the result against the target for the period concerned on the institutional scorecard and report the result to his/her manager making use of the said scorecard. It should be noted at this stage that for each of the scorecards of the municipality two formats exist namely a planning and reporting format. The planning format is used to capture

performance of each indicator whilst the reporting format is used to capture actual performance against targets and to report to the Executive Committee.

This will require that the put 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.

11.4. Performance Analysis

Performance analysis involves the process 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; the reasons therefore should be examined performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceed, 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 Director responsible for each indicator will have to, after capturing the performance data against targets on the institutional scorecard, analyse the underlying reasons why a target has/has not been met and capture a summary of his/her findings on the institutional scorecard. The Director will thereafter have to compile a draft recommendation in terms of the corrective action proposed in instance where a target has not been achieved and also capture this on the institutional scorecard. Provision has been made on the reporting format of the institutional scorecard to capture both the actual performance 'reason for the performance status' (in other words the results of the analysis undertaken) and the 'corrective action 'proposed.

The institutional scorecard as completed must then be submitted to a formal meeting of the senior management team for further analysis and consideration of the draft recommendations as captures by the relevant Directors. 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 captures by the relevant Director.

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

11.5. Performance Reporting and Review

The next two steps in the process of performance management namely; that of performance reporting and performance review will be dealt with at the same time. This section is further divided into different section dealing with the requirements for quarterly versus annual reporting and reviews respectively and lastly a summary is provided of the various reporting requirements.

11.5.1. In year Performance Reporting and Review

The submission of the institutional scorecard to the Executive Committee for consideration and review of the performance of the municipality is the next step in the process. The first such report is a major milestone in the implementation of any PMS and it marks the beginning of what should become a regular event namely using the performance report as a tool to review the municipality's performance and to make important political and manage decisions on how to improve.

As indicated earlier it is recommended that the institutional scorecard be submitted to the executive committee for consideration, then to council and review on a quarterly basis. The reporting should therefore take place in October (for

the period July to end of September – Quarter 1 of the financial year), in January for the period of Oct-Dec to the end of March – Quarter 3) and July (for the period April to the end of June – Quarter 4).

The review in January will coincide with the mid-year performance assessment as per section 72 of the MFMA. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and report to the (council) the Mayor of the municipality; the national treasury and all relevant provincial treasury on its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

Performance review is the process where the leadership of an organisation, after the performance of the organisation have been measured and reported to it, reviews the results and decided on an appropriate action. The executive committee in reviewing the institutional scorecard submitted to it on a quarterly basis will have to ensure that targets committed to in the scorecard have been met, where they have not, that satisfactory and sufficient reasons have been provided by senior management and that the corrective action being proposed is sufficient to address the reasons for poor performance. If satisfied with the corrective action as proposed it must to be adopted as formal resolutions of the executive Committee, minutes and auctioned accordingly, then be taken to council.

Performance Review

ORGANISATIONAL LEVEL	PROCESS	FREQUENCE
Institutional Service Delivery Capacity	• Review institutional capacity for service delivery • Review institutional scorecard	• Annually • Quarterly
Operational Strategy Implementation	• Departmental reviews • Review IDP and strategy	• Monthly • Quarterly • Annually
Individual (staff) Performance	• Review individual performance	• Quarterly

11.5.2. Annual Performance Reporting and Review

On an annual basis a comprehensive report on the performance of the municipality needs to be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA (sec 121). 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

- 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

- The oversight report as adopted be made public

- The annual report as tabled and the council's oversight report be forwarded to the Auditor-General, the Provincial Treasury and the department responsible for local government in the province; and

- The annual report as tabled and the council's oversight report be submitted to the provincial legislature.

The oversight report to be adopted provides the opportunity for full council to review the performance of the municipality. The requirement that the annual report once tabled and the oversight report made public 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 in addition to be a simple, easily readable and attractive document that translated the annual report for public consumption.

It is also proposed that annually a public campaign be embarked upon to involve the citizens of the municipality in the review of municipal performance over and above the legal requirements of the Municipal Systems Act and the MFMA. Such a campaign could involve all any combination of the following methodologies:

- Various forms of media including radio, newspapers and billboards should be used to convey the annual report;

- The public should be invited to submit comments on the annual report via telephone, fax and email;

- Public hearings could be held in a variety of locations to obtain input of the annual report;

- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments;

- Hosting a number of public meetings and road shows at which the annual report could be discussed and input invited;

- Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public invited to comment; and

- Posting the annual report on the council website and inviting input.

The public review process should be concluded by a formal review of the annual report by the IDP Representative Forum of the municipality.

Lastly it should be mentioned that the performance report of a municipality is only one element of the annual report and to ensure that the outcome thereof timeously inform the next cycle of performance planning in terms of an IDP compilation/review process, it is recommended that the annual performance report be compiled and completed as soon after the end of a financial year as possible but ideally not later than two months after financial year end. According to the section 46 of Municipal Systems Act, Act 32 of 2000, Annual Performance Report reflect the following:

- The performance of the municipality and of the external service provider during that financial year;

- A comparison of the performance referred above with target set for and performance in the previous financial year;

- Measures taken to improve performance; and

- The Annual Performance Report must form part of the municipality's Annual Report

Performance Reporting

ORGANISATIONAL LEVEL	PROCESS	FREQUENCE
Institutional Service Delivery Capacity	12. Report on institutional capacity for service delivery	• Annually
Performance of Strategy Implementation	• Report to council on municipal performance against IDP based targets • Formal report to council and stakeholders on municipal performance against the reaching of IDP based targets • Citizen's report on municipal performance against the reaching of IDP based targets.	• Quarterly • Quarterly • Annually
Individual (Staff) Performance	• Reports on individual performance • Recognition for performance	• Six Monthly • Annually

11.5.3 Summary of various performance Reporting Requirements

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

Report	Frequency	Submitted for consideration and/or review to	Remarks
1. Departmental SDBIP's	Monthly Quarterly	Political head of department. Management review	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor	See section 71 and 54 of the MFMA
3. Institutional Scorecard	Quarterly	Executive Committee	
4. SDBIP mid-year budget and performance assessment	Mid – year during January of each year	Mayor (in consultation with Exco)	See section 72 and 54 of the MFMA
5. Performance Report	Annually	Council	See section 46 of the Municipal System Act as amended. Said report to form part of the annual report
6. Annual Report	Annually	Council	See chapter 12, sec 121 of the MFMA and requirements stipulated by circular 11

12. EARLY WARNING MECHANISM

One of the key functions of a PMS is to serve as an early warning system to indicate so-called "gaps" in the levels of service delivery to the community. It is therefore imperative that especially the processes of regular monitoring, measurements and review are executed to timeously identify area within which performance levels are to be found below satisfactory.

The next section gives an indication of the frequency of reviews to be performed by the relevant entities.

Performance Review

ORGANISATIONAL LEVEL	PROCESS	FREQUENCE
Institutional Service Delivery Capacity	• Review institutional capacity for service delivery	• Annually
Performance of Strategy Implementation	• Departmental reviews • Review IDP and strategy	• Monthly & Quarterly • Annually
Staff Performance	• Review individual performance	• Six Monthly

12.1 Departmental Review

It is intended that departments review their performance at least monthly and quarterly. Decision makers should be immediately warned of any emerging failures to service delivery such that they can intervene if necessary. It is important that departments use these reviews as an opportunity for reflections on their goals and programme and whether these are being achieved. Minutes of these reviews should be forwarded to the performance management team. Changes in indicators and targets may be proposed at this meeting but can only be approved by the relevant portfolio committee, in consultation with the Performance Management Office and the Mayor.

12.2 Management Team Reviews

Departments will then need to report on their performance in the required format to the municipal manager and the heads of departments. Additional indicators that occur in the strategic and operational plans will also be reviewed. The formulation of a strategic scorecard and the process of review will be co-ordinated by the performance Management Team.

The executive management team will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary. Where targets need to be changed, the management team can endorse these, for approval by the portfolio committee. The management team can delegate tasks to the performance management team in developing an analysis of performance prior to management team reviews.

12.3 Portfolio Committee Reviews

Each portfolio committee will be required to review the performance of their respective services against, target their service scorecard. The Portfolio committees should appraise the performance of the service against target. Where targets are not being met. Portfolio committees` should ensure that the reasons for poor performance are satisfactory and sufficient, to address the reason for poor performance. Changes in indicators and targets that do not appear in the strategic scorecard may the address the reasons for poor performance. Changes in indicators and targets that do not appear in the strategic scorecard may be proposed to and can only be approved by the relevant portfolio committee, in consultation with the PMS office and Mayor changes in indicators and targets that fall within the strategic scorecard will need to be approved by the Executive committee.

12.4 EXCO Reviews

On a quarterly basis, the Executive Committee should engage in an intensive review of municipal performance against both the service scorecards and the strategic scorecard, as reported by the municipal manager. Many of the indicators in the strategic scorecard will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of both scorecards. The review should reflect on the performance of services and the strategic scorecard. The Executive Committee will need to ensure that targets committee to in the strategic scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the reasons for poor performance. The review should focus on reviewing the systematic compliance to the performance management system, by departments, portfolio committees and the municipal manager.

13. COMMUNITY PARTICIPATION AND CONSULTATION

Chapter 4 of the Municipal Systems Act deals with public participation and the involvement of communities and community organisations in local government affairs.

13.1 A Framework for Community Participation and Involvement

The Systems Act stresses that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. The Act places special emphasis, *inter alia,* on participation in the IDP process and the evaluation of performance through management.

Section 42 of the Municipal Systems Act determines as follows:

> "A municipality, through appropriate mechanisms, processes and procedures established in terms of Chapter 4, must involve the local community in the development, implementation and review of the municipality's performance management system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.

In most municipalities, community involvement has already taken place with the IDP process and certain structures were created for that purpose such as IDP Forums, Representative Forums and Ward Committees. These structures were extensively objectives. The community involvement that is now envisaged is a continuation of that same process and the same structures should therefore be used. The emphasis in the consultation process, within these structures, now shifts to verifying the baseline data, prioritising IDP projects, setting indicators and monitoring and reviewing delivery.

As can be deduced from the following diagram, community participation is a continuous process, commencing with the identification of IDP priorities, going through various phases as indicated in the diagram, and ending with reviewing and evaluating reports performance.

Diagram 6: Consultative Performance Management Framework for Municipalities
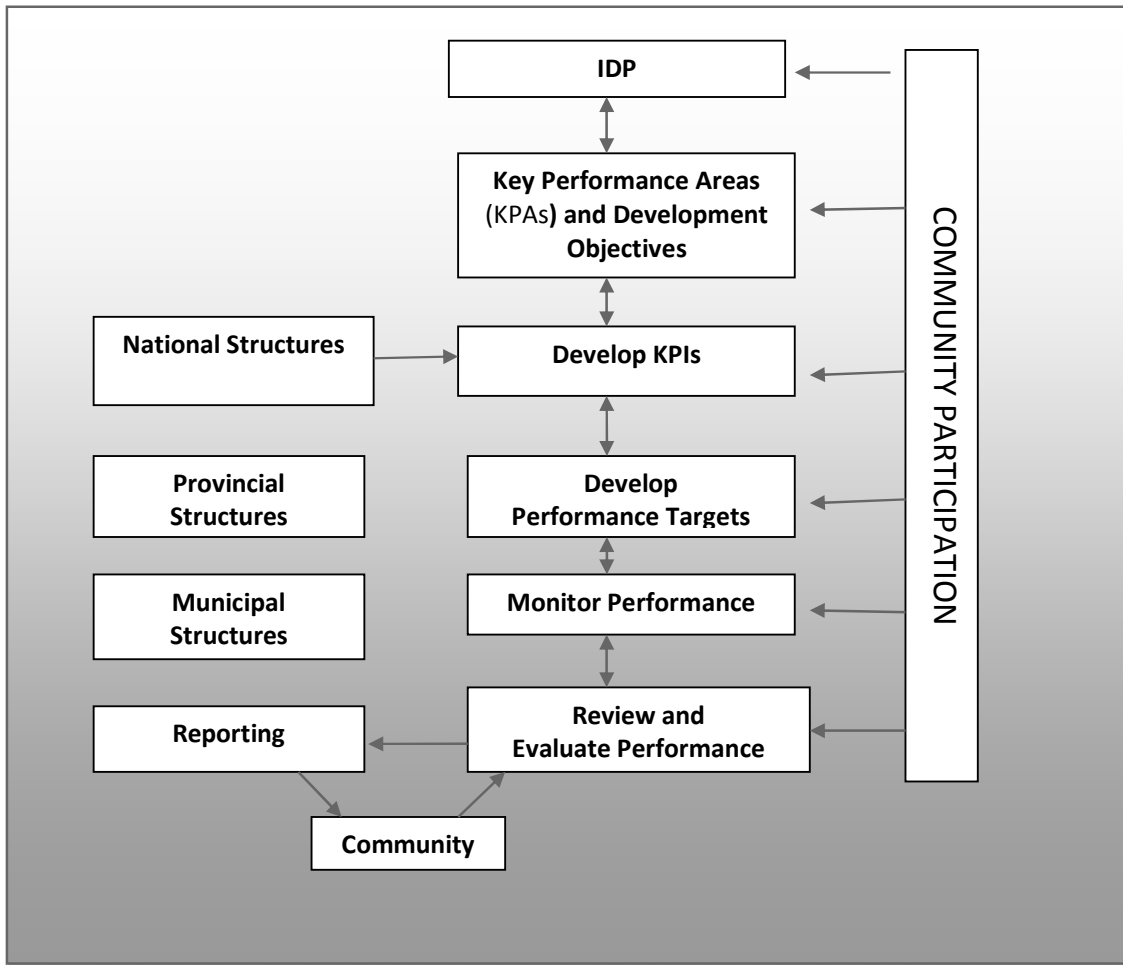
Community participation as reflected in the framework of the above diagram is carried out under the following steps:

- Carry out / complete the IDP review process addressing, inter alia, the following

    - Make a summary of your IDP reflecting all key performance areas, development objectives, key performance indicators and projects.

    - Analyse this summary document in the light of current resources and socio-economic and political realities in the municipal area.

    - Using the analysis, revise the IDP and priorities the projects.

- Present the revised IDP and prioritised projects to the community by making use of the consultation structures mentioned previously.

- Finalise the revised IDP with prioritised projects in view of the comments received during the consultation process.

- Present the draft set to the community by once again making use of the consultation structures.

- Implement the projects and report progress on a regular basis through the appropriate (to be changed or improved) structures.

- At the end of the year it will be necessary to present a performance report to the communities reflecting actual performance against targeted performance. Together with an indicator of what steps are to be taken to improve on current performance. At this point members of the public are invites to comment and then the whole process starts again.

13.2 Community Participation Plan

In terms of developing its performance management system it is proposed that external stakeholders be involved and consulted in the process by (1) workshopping the concept of performance management such stakeholders at the IDP Rep Forum, (2) obtaining the input of the Representative Forum on the Key Performance Indicators and Targets as proposed by Council, (3) the formal process of advertising the performance management system and (4) the holding of a number of roadshows during the period that the systems is open for public input.

13.3 Involving the Community in the process of Monitoring, Reviewing and Evaluating Municipal Performance

Citizens and communities should be afforded the opportunity to review the performance of the municipality and their public representatives, in the period between elections. It is required legislatively that the public be involved in reviewing municipal performance at least annually. As this is a new component to local government and performance management, some ideas for a campaign to allow the public to review municipal performance are listed in the DPLG PMS Guide. They are:

- Making use of toll-free numbers, e-mails, postal addresses and feedback boxes to obtain public input on municipal performance

- Conducting a series of public hearings on municipal performance

- Designated and implementing agent an ongoing municipal performance

- Involving appropriate stakeholders in the auditing of performance measures and reviewing municipal performance

14. MEASURING EXTERNAL SERVICE PROVIDERS

Chapter 1 of the Systems Act 2000 defines a "service delivery agreement" as 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.

"Service provider" means a person or institution or any combination of persons and institutions which provide a municipal service. Sec 76(b) stipulates that a municipality may provide a municipal service in its area through external mechanism by entering into a service delivery agreement with

(i)   a municipal entity

(ii)   another municipality

(iii)   a organ of the state, including:

(aa) a water committee established in terms of the Water Services Act, 1997 (Act No, 108 of 1997):

(bb) a licensed service provider registered or recognized in terms of national legislation: and

(cc) A traditional authority;

(iv)   a community based organisation or other non-governmental organisation legally competent to operate a business activity.

The Act as described above is broad in terms of classifying external service providers and as a result it is recommended within this framework to categorise the external service providers into a cluster of only five key ones. The purpose of limiting the number or external service providers in terms of service level agreements (which include performance agreements) is to avoid having agreements with every minor entity which provides a service to the municipality. The municipality should with the five key major service providers institute a performance agreement informed by a SLA. The performance agreement with the external service providers must include the same performance management dimensions as would have been measured as by an internal mechanisms e.g. KPAs, performance objectives, key performance indicators, targets, baselines(if appropriate) and measures.

15. THE AUDITING OF PERFORMANCE MEASURES

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 Municipal Systems Act stipulates that the result of the municipality's performance measures must be assess by internal audit section as part of the internal auditing process and annually by the Auditor-General.

15.1 The Role of the Internal Audit Unit

The internal audit unit will on a quarterly basis audit the results of performance measurements as part of its auditing processes. This will include an assessment of the following:

(i)   The functionality of the performance management system;

(ii)   Whether the performance management system complies with legislation;

(iii) The extent to which the performance measurements are reliable in measuring the performance of the municipality.

The aforementioned aspects are defined hereunder:

Functionality

Functionality is defined as a proper or expected activity or duty to perform or operate as expected (Chambers Handy Dictionary). The internal audit unit will therefore on a quarterly basis audit whether the PMS is functioning as developed and described in this framework.

Compliance

Compliance is defined as to act in a way that someone else has commanded or wished (Chambers Handy Dictionary). The internal audit unit will on an annual basis, report the extent to which PMS complies with the legal requirements.

Reliability

Reliability is defined as to trust or depend (upon) with confidence. Reliability in the context of PMS refers to the extent which any performance measures reported upon can be seen as being reliable. The internal audit unit will on an annual basis, report the extent to which the measurements performed are considered reliable.

The internal audit unit will submit quarterly reports on the audits undertaken to the municipal manager and the audit committee.

15.2 Audit Committee

GTM will establish an audit committee incorporating a performance audit committee consisting of a minimum of three members.

The Audit Committee will:

- 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

- At least twice during a financial year submit a report to the council.

The Audit Committee is empowered to

- Communicate directly with the council, municipal manager or the internal, and external auditors of the municipality.

- Access any municipal records containing information that may be 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.

15.3 Performance Investigations

The audit committee is empowered to commission in-depth performance investigation where there is either continued poor performance, a lack of reliability in the information being provided on an ad-hoc basis.

The performance investigations may assess:

- The reliability of reported information

- The extend of performance gaps from targets

- The reason for performance gaps

- Corrective action and improvement strategies

While the internal audit unit may used to conduct these investigations, external service providers, including academic institutions, who are experts in the area to be audited, may be used.

15.4 Auditing and Quality Control

ORGANISATIONAL LEVEL	PROCESS	FREQUENCE
Institutional Service Delivery Capacity	• Establish audit committee	• Annually
	• Internal audit to measure reliability of performance measurements	• Quarterly
	• Internal audit to determine functionality of the PMS	• Quarterly

	• Internal audit to determine adherence of the system to the Municipal Systems Act	• Quarterly
	• Internal audit to determine extent to which performance measurements are reliable	
	• Reports by internal audit	• Twice a year
	• Performance gap investigations by internal or external service providers	• Ad hoc
		• Annually
Performance of Strategy Implementation	• review PMS	• Annually
	• assess sufficiency of indicators	• Annually

## 16. REVIEW AND IMPROVEMENT OF THE PERFORMANCE MANAGEMENT SYSTEM

As stated earlier, one of the functions of the audit committee is to on at least an annual basis, review the PMS of the 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 unit will compile a comprehensive assessment/review report on whether the municipality's PMS meets the system objectives and principles as set out in this framework and whether the system complies with the Systems Act, PMS Regulations and the MFMA. This report then needs to be considered by the audit committee and any recommendations on amendments or improvements to be made to the PMS, submitted to the council for consideration.

The Municipal Systems Act, sec 40 requires the municipality also annually evaluates its PMS. The review undertaken by the audit committee and its recommendations could service as input into this wider municipal review of the PMS and it is proposed that after the full cycle of the annual review is complete; the municipal manager will initiate an evaluation report, taking into account the input provided by departments and the audit committee. The report will then be discussed by the management team and finally submitted to the municipal council for discussions and approval.

17. PERFORMANCE MANAGEMENT CULTURE

A culture of performance management would imply that it is standard practice within the municipality to plan annually which objectives and targets need to be achieved complemented with regular intervals of monitoring and measurement of successful achievements (and failures) and eventually, reviewing the processes followed and the levels of service delivery achieved. This cyclical performance management process is not isolated at the strategic or top management level of the municipality only, but it is to be cascaded to all levels within the institutions e.g. organisational and individual levels.

Diagram 7: Performance Management

Culture

IDP & SDBIP
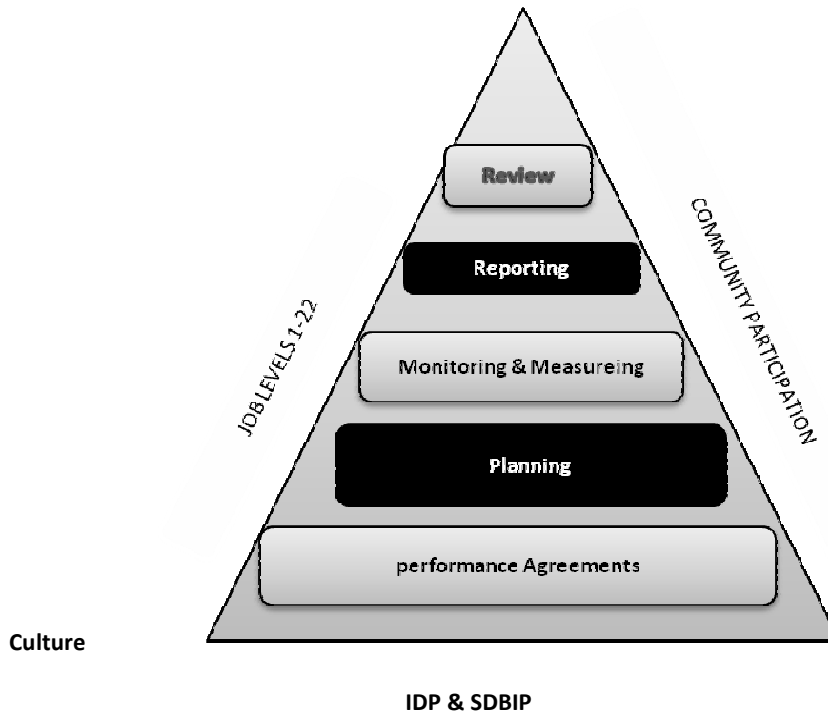
The diagram illustrates this process of performance management which should result in a performance agreement for each individual employee. A PM culture will not only in a performance agreements for each staff member, but needs to be integrated as part of the management cycle of the municipality as a whole. Some examples are provided which serves as enablers to support a culture of performance management, these are:

- Sponsorship by senior management

- Consistent communication of multi-dimensional performance to staff

- Open and honest application of measures

- No blame/ No game environment

- Integration and alignment of reward systems.

18. INCENTIVES FOR EXCELLENT PERFORMANCE

It will be important that the Executive Committee not only pay attention to poor performance but also to good performance. It is expected that the Executive Committee will acknowledge good performance, where departments have successfully met targets in their service scorecards. It is also proposed that an Annual Mayoral Award Excellent Performance be introduced to reward departments who have excellent in terms of their service scorecards. Such ward and the subsequence recognition can often be sufficient to motivate teams in the workplace.

19.   GENERAL

The following is some general issues related to performance management that needs to be taken into consideration in implementing the PMS of the Greater Tubatse Municipality:

19.1 Amendments to key performance indicators and targets

The municipality will have to adopt a policy on amendments to indicators and targets. It is recommended that such amendments may be proposed but will be subject to the approval of the Executive Committee in consultation with the municipal manager.

20. CONCLUSION

In concluding it must once again be emphasised that there are no identified solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where all involved are continuously improving the way the system works to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.