

**UMGUNGUNDOLOVU DISTRICT MUNICIPALITY**

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**UMGUNGUNDOLOVU DISTRICT MUNICIPALITY**

**PERFORMANCE MANAGEMENT SYSTEM  
POLICY**

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## List of Acronyms

AG: Auditor General

CFO: Chief Financial Officer

MM: Municipal Manager

HOD: Head of Department

MTSF: The Medium-Term Strategic Framework

IUDF: Integrated Urban Development Framework

IDP: Integrated Development Plan

KPA: Key Performance Area

KPI: Key Performance Indicator

LED: Local Economic Development

MFMA: Municipal Finance Management Act

MPAC: Municipal Public Accounts Committee

MSA: Municipal Systems Act

MTEF: Medium Term Economic Framework

MTREF: Medium Term Revenue and Expenditure Framework

OPMS: Organizational Performance Management System

POE: Portfolio of Evidence

AC: Audit Committee

PAC: Performance Audit Committee

PMS: Performance Management System

SDBIP: Service Delivery and Budget Implementation Plan

SMART: Specific, Measurable, Achievable, Realistic, Time-bound

SOP: Standard Operating Procedures

## Key Words and Definitions

All key words and conceptions contained herein are as defined in the relevant legislation and in these definitions unless the context indicates otherwise:

<b>Activities</b>	Actions or processes that use a range of inputs to produce the desired outputs. In essence, activities describe “what we do.”
<b>Accounting Officer</b>	In relation to the Municipality means the municipal official referred to in Section 60 and includes a person duly appointed as acting accounting officer.
<b>Annual Report</b>	In relation to the Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act.
<b>Approved budget</b>	An annual budget: (a) Approved by a Municipal Council; or (b) Approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28.
<b>Backlogs</b>	Quality of service/goods that have accumulated over time that are still undelivered/unattended/still not produced. The backlogs in rural water, sanitation and electricity have been defined in official census figures, but vary (increase or decrease) from year to year due to migration patterns and service delivery interventions.
<b>Baseline</b>	The accurate and quantitative data at a stated point in time that marks the beginning of a trend. Referred to as “current status quo”.
<b>Baseline Measure</b>	A measurement of the indicator at the start of the period under evaluation.
<b>Current year</b>	The financial year which has already commenced, but not yet ended.
<b>Section 57/56 Employee</b>	A person employed by a Municipality as a Municipal Manager or as a Manager directly accountable to a Municipal Manager and for which there is a Performance Agreement.
<b>Evaluation</b>	Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions to guide decision-making by staff/managers and policy-makers. Evaluation may assess relevance, effectiveness, efficiency, impact and sustainability of the institution and officials.
<b>Financial year</b>	The financial year of municipalities that starts on the 01 <sup>st</sup> of July and end on the 30 <sup>th</sup> June of each year.
<b>Indicators</b>	Indicators are a piece of objective evidence that tell us whether progress is or is not being made in achieving goals.

<b>Input indicator</b>	An indicator that measures the costs, costs resources and time used to produce an output.
<b>Inputs</b>	The resources, physical, financial or otherwise that contribute to the delivery of outputs. In other words, “what we use to do the work.”
<b>Key Performance Area (KPA)</b>	<p>This is the area in which Municipality plays a role towards delivering services. These may include infrastructure and Engineering, Community Planning and Safety, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Governance and Financial Management, amongst others.</p> <p>National Key Performance Indicators is clustering of areas of functions: infrastructure and services, social and economic development, institutional development, public participation, financial viability and spatial planning.</p>
<b>Key Performance Indicators (KPI)</b>	Key Performance Indicators will be determined in respect of each development priority and objective. These indicators are subject to public participation and will be used by each Department as well as each municipal entity where applicable. These are quantifiable measures which show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner.
<b>Local Community or Community</b>	In relation to a Municipality, means that body or persons comprising – <ul style="list-style-type: none"> <li>a) The residents of the Municipality</li> <li>b) The ratepayers of the Municipality</li> <li>c) Any civic organizations and non-governmental, private sector or labor organizations or bodies which are involved in local affairs within the Municipality.</li> </ul>
<b>MEC for Local Government</b>	Means the MEC responsible for Local Government in a Province.
<b>Minister</b>	Means the National Minister responsible for Local Government.
<b>Monitoring</b>	Monitoring involves collecting, analyzing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management on an ongoing basis. Monitoring, aims to provide managers, decision-makers and other stakeholders with regular feedback on progress in implementation, results and early indicators of problems that need to be corrected. It usually reports on actual performance against what was planned or expected.
<b>Municipality</b>	When referred to as: <ul style="list-style-type: none"> <li>An entity, means a Municipality as described in section 2; and</li> <li>a) A geographical area: means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998).</li> </ul>

<b>Municipal Council or Council</b>	Means municipal Council referred to in section 157 (1) of the Constitution.
<b>Municipal Finance Management Act</b>	Means the Local Government: Municipal Finance Management Act. 2003, any regulations made under that Act
<b>Municipal Structures Act</b>	Means the Local Government: Municipal Structures Act. 1998 (Act 117 of 1998)
<b>Municipal Systems Act</b>	Means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
<b>Outcomes</b>	The ultimate effects (impacts) of government activities on society in the medium to long term. These are the results of specific outputs for strategic goals identified in the IDP.
<b>Outcome indicator</b>	Means an indicator that measures the quality and or impact of an output on achieving a particular objective.
<b>Output indicator</b>	Means an indicator that measures the results of activities, processes and strategies of a program of a Municipality.
<b>Outputs</b>	Goods and services produced by the Municipality which are identified by the performance measures. Outputs may be defined as “what we produce or deliver.” These are tangible/can be seen.
<b>Performance Audit Committee</b>	An independent committee appointed to assess the annual performance of the Municipality and report findings.
<b>Performance Agreement</b>	Means an agreement as contemplated in Section 57 of the Municipal Systems Act.
<b>Performance Plan</b>	Means a part of the Performance agreement which details with the Measurable objectives (Outputs), Performance Measures (KPI's), targets and activities that are aligned to the Scorecards.
<b>Political Office bearer</b>	Means the Speaker, Executive Mayor, Mayor, Deputy Mayor or Member of the Executive Committee as referred to in the Municipal Structures Act.
<b>Quarters</b>	Means any of the following periods in a financial year: (1) 1 July to 30 September; (2) 1 October to 31 December; (3) 1 January to 31 March; or (4) 1 April to 30 June.
<b>Resident</b>	In relation to a Municipality, means a person who is ordinarily resident in the Municipality.

<b>Scorecard</b>	<p>Is a planning and evaluation device that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements?</p> <p>Municipal Scorecard: Five (5) Year Scorecard.</p> <p>Organization Scorecard: Annual (Year under review) Scorecard with quarterly Targets.</p> <p>Departmental Scorecard: Annual (Year under review) Scorecard with Quarterly Targets for Municipal Manager and Managers reporting to the Municipal Manager's, Departments/Votes.</p>
<b>Service Delivery and Budget Implementation Plan</b>	<p>Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c)</p> <p>(ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate:</p> <ul style="list-style-type: none"> <li>a) Projection for each month of – <ul style="list-style-type: none"> <li>1) Revenue to be collected, by source; and</li> <li>2) Operational and capital expenditure, by vote;</li> </ul> </li> <li>b) Service delivery targets and performance indicators for each quarter; and;</li> <li>c) Any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(1) (c) of the Municipal Finance Management Act.</li> </ul>
<b>Target</b>	<p>Target/Aim which is to be achieved for that indicator over the specified timeframe.</p>

*Table 1: Key Words and Definitions*



## **Part A: Performance Management Framework**

### **1. Background**

The 1998 White Paper on Local Government proposed the introduction of performance management systems to local government, as a tool to monitor service delivery progress at local government. It concludes that the integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands and to direct resources allocations and institutional systems to a new set of development objectives.

### **2. Introduction**

The Municipal Systems Act (MSA) of 2000 mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001 describes the municipality's performance management system as consisting of a policy that articulates and represents how the municipality's performance management cycle and processes of planning, implementation, reporting, monitoring, measurement, review and improvement will be conducted, organized and managed and to determine the roles of different stakeholders.

The Municipal Finance Management Act of 2003 (MFMA) requires that the 5-year strategy of a municipality, the Integrated Development Plan (IDP), must be aligned to the municipal budget and must be monitored for the implementation of the IDP against the budget via the Annual Service Delivery and Budget Implementation Plan (SDBIP).

In relation to the legislative provisions, the performance management of Section 56 Managers must align with the implementation of the organizational scorecard as regulated in terms of the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers of 2006.

Performance management comprises of an organizational performance management process as well as individual performance process and as such the performance management system developed must be able to provide linkages between the two intertwining processes. Both processes entail the implementation of organizational strategies. They both enhance the Local Government Developmental Agenda through measurement of key performance areas of local economic development, municipal transformation, financial viability and service delivery.

The purpose of this document is to have a Performance Management System (PMS) policy that must be adopted by the municipal council. The Policy will reflect the alignments between the Integrated Development Plan (IDP), the Budget, the Service Delivery and Budget Implementation Plan (SDBIP) and how the Performance Management System (PMS) of the municipality should provide linkages between organizational and individual performance management processes.

This document will detail legislations and guidelines relevant to local government municipal performance management and outline the roles and responsibilities of different stakeholders. As required by the Municipal Systems Act, 2000 and the Planning and Performance Management Regulations, 2001.

### **3. Policy Purpose**

The purpose of the Performance Management System policy is to systematically detail the legislative requirements and processes relating to each component of the performance management cycle which include planning, implementation, reporting, monitoring and evaluation of the municipality. It recognizes the extent of local government performance management, namely, organizational performance management process as well as the individual performance management process, and the system seeks to provide a clear linkages between two processes.

### **4. Policy Scope and Application**

The policy is applicable to:

- Municipal Manager
- Chief Financial Officer
- Heads of Departments
- All employees

### **5. Legislative Framework**

Local government performance management is guided by the following legislative prescripts; the White Paper on Local Government; Municipal Systems Act, 2000; Municipal Planning and Performance Management Regulations 2001; Municipal Finance Management Act 2003; Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006; the Framework on Managing Performance Information and lastly the Directive: Performance Information Public Audit Act, 2004 published under Notice 646 of 2007.

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

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

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

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

- Develop a performance management system;
- Promote a performance culture;
- Administer its affairs in an economical, effective, efficient and accountable manner;

- Set appropriate Key Performance Indicators (KPI's) as a yardstick for measuring performance;
- Set targets and monitor and review the performance of the municipality based on indicators linked to their IDP;
- Monitor, measure and review performance at least once per year;
- Take steps to improve performance;
- Report on performance to relevant stakeholders;
- Publish an annual performance report on performance of the municipality forming part of its annual report as per the Local Government: Municipal Finance Management Act, 2003;
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government;
- Conduct on a continuous basis an internal audit of all performance measures;
- Have their annual performance report audited by the Auditor-General; and
- Involve the community in setting indicators and targets and reviewing municipal performance.

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

## 5.2 The Municipal Planning and Performance Management Regulations of 2001

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

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

A municipality must:

- Set key performance indicators (KPI's) including input, output and outcome indicators in consultation with communities;
- Annually review its KPI's;
- For each financial year set performance targets;
- Measure and report on the nine nationally prescribed KPI's;
- Report on performance to Council at least twice a year;
- As part of its internal audit process audit the results of performance measurement;
- Annually appoint a performance audit committee; and
- Provide secretarial support to the said audit committee.

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

The Municipal Finance Management Act, 2003 also contains various important provisions relating to performance management.

Section 53 (1) states the following:

The mayor of a municipality must take all reasonable steps to ensure that-

- (i) the municipality approves its annual budget before the start of the budget year;
- (ii) the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget;
- (iii) the annual performance agreements as required in terms of Section 57 (1) (b) of the Municipal Systems Act of the municipal manager and all senior managers

Section 53 (1) states the following:

- a) That the revenue and expenditure projections for each month and a service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.

That the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan.

## **6. Performance Management Systems Policy Implications**

The existence of a performance management system policy of the district is not an end on its own, but, it is a means to a particular end. Apart from achieving outcomes and realising objectives, the policy must be accustomed to draw influences from various stakeholders. Amongst others, this policy is crafted to have the following effects:

- 6.1** a user-friendly performance management system policy must influence employees to perform optimally in a coordinated manner;
- 6.2** a clear, precise and well implemented performance management system policy must continuously improve the opinion of the Auditor General;
- 6.3** a simple and vibrant performance management system policy must earn public trust and galvanise support from all public stakeholders;
- 6.4** a performance management system policy that has a clear vision and with achievable outcomes will attract investors or business interests to the district's vision;

**6.5** through the performance management system policy, the district must be able to serve as a benchmark and learning exchange institution within and in the outer world; and

**6.6** a functional performance management system policy must interlink with all spheres of governance through the principles of cooperative governance.

## **7. Objectives and Benefits of Performance Management System**

The main objectives of managing performance are to:

**7.1** facilitate increased accountability;

**7.2** facilitate learning and efficiency;

**7.3** provide early warning signals;

**7.4** facilitate informed decision-making;

**7.5** obtain quality and excellent results;

**7.6** enable auditing of the municipality's performance;

**7.7** improve compliance to critical dates and timelines;

**7.8** determine roles and responsibilities of different stakeholders

The objectives are also for the performance management system to serve as a primary mechanism to monitor, review and improve the implementation of the uMgungundlovu District Municipality's IDP. Performance management is viewed as a tool that will improve the overall performance of the municipality.

## **8. Principles Governing Performance Management System**

The Performance Management System of the uMgungundlovu District Municipality is guided by the following principles:

**8.1** Simplicity, integration, objectivity, transparency and accountability, that it must be politically-driven and that its implementation must be incremental;

**8.2** Both development and implementation of the system are driven by top management and council;

**8.3** The system must be owned by all relevant stakeholders within the municipality and supported by other spheres of government;

**8.4** Communication must occur at all levels;

**8.5** The value of having the PMS must be understood by all role players and stakeholders;

**8.6** The system must place the community at the centre of the local government processes

- 8.7** The system should not be punitive, but be developmental; and must allow space for all employees to be creative and innovative in improving their performance;
- 8.8** The system must be developed and implemented within the available capacity and resources of the municipality;
- 8.9** The system should align to other municipal initiatives, systems and processes;
- 8.10** The system must provide learning and growth opportunities through the coaching and review processes.

## **9. Developing a Performance Management System**

Performance management of the municipality is implemented on three separate, but inter-related, processes of performance, namely organizational performance management process, departmental and individual performance management processes. Each department's performance in the organization should be aligned to organizational performance and, in turn, each individual's performance should be linked to the departmental measurement.

### **9.1 Delegation of Authority**

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

The Executive Committee of the UMgungundlovu District Municipality delegates such responsibility for the development and management of the PMS to the Municipal Manager / Accounting Officer. The development of the system is a once-off activity and the Accounting Officer submits the proposed system to the Mayor and the Executive Committee, who in turn forwards it to the full council for approval.

The responsibility of implementing and managing of the system remains with the Accounting Officer as part of his core functions as provided in Section 55(1) of the Municipal Systems Act of 2000.

According to Regulation 8 of the Municipal Performance Regulations of 2001, the performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan. Efforts will be made to comply with this regulation on an annual basis whereby the indicators and targets will be reviewed and this will coincide with the review and adoption of a reviewed system.

### **9.2 General accountability of the Municipality**

### **9.2.1 Local Community:**

- The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R796 of 2001, Section 14) make explicit provision for the involvement of the local community in the performance management process. Section 42 of the MSA states that the Municipality:
- The intention of the performance management system is to ensure the practical implementation of the IDP, it is suggested that it would be appropriate that the Local IDP Structures/ Representative Forums and Ward Committee Structures be utilized to facilitate the involvement of the local community in the performance planning and performance review processes; and
- The community and stakeholders of the Municipality will be engaged in a number of ways as defined in the Municipality's Communication Policy.

### **9.2.2 Municipal Council**

The Municipal Council adopts and approves the following:

- A process to guide the planning, drafting, adoption and review of the IDP;
- The IDP including organizational indicators and targets;
- Changes to the IDP, organizational indicators and target;
- The organizational Performance Management System (PMS);
- Performance monitoring, review and oversight mechanisms and structures;
- Adopts performance management policy and system;
- Approval of performance bonuses of section 57 Managers;

### **9.2.3 The Mayor**

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

- Identifies, reviews and evaluates the municipalities needs in order of priority;
- Recommend to the council strategies, projects and services to address priorities through the IDP;
- Responsible for the management of the performance management system and submits to the municipal council for adoption;
- Draft performance agreement, including measurable key performance indicators and targets for the municipal manager's
- Formal quarterly performance evaluation of the municipal manager
- Ensures the performance agreements of section 57 employees are made public;
- Approves the organizational SDBIP and the municipality projects as per the IDP; and
- Presents the annual report to the municipal council.

#### **9.2.4 Section 56 Managers / Managers directly accountable to the Municipal Manager:**

- Assisting in providing strategic direction and developing strategies and policies for the organization;
- Assist the Municipal Manager with the development and implementation of the IDP;
- Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;
- Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
- Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis;
- Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes;
- Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates (Department Heads / Managers) and personal development plans for lower level staff where applicable;
- Quarterly performance evaluation of immediate subordinates (Department Heads / Managers) lower level staff where applicable;
- Ensure that quarterly performance evaluation of all employees are complied with in line with this policy and submit a report to the Municipal Manager in this regard for final approval prior to the payment of any performance incentive as part of this policy

#### **9.2.5 Department Heads / Managers / Sub Directorate Heads:**

- Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;
- Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
- Ensure that accurate, reliable and evidence-based performance results are provided to the relevant director for performance measurement on a quarterly basis;
- Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes;
- Draft performance agreements, IPP's, including measurable key performance indicators and targets for immediate subordinates and performance development plans for lower level staff where applicable;



- Ensure that quarterly performance evaluation of all employees in the unit/section/sub directorate are complied with in line with this policy, and submit a report to the Head of Department for endorsement and onward submission to the Municipal Manager for final approval prior to the payment of any performance incentive as part of this policy;
- Ensure that the assessment is completed and submitted to the moderator for moderation in line with the approved process plan for Individual Performance;
- Coaching report must be uploaded/ submitted to the Human Resources Department during Mid-Term Assessments for further implementation;
- All IPPs must be captured on the Electronic Performance Management System or alternatively be captured manually where no electronic performance management system is in place.

### **9.2.6 Supervisors and team leaders**

To ensure successful management of the individual/team performance the Supervisor and /or Team Leader must:

- Communicate with employees, and show them how their work contributes to the success of the municipality;
- Ensure that employees know what is expected of them and why;
- Help employees to set objectives according to the SMART principles and work with them to help them achieve these objectives;
- Identify knowledge, skills and behaviors needed by the employee to achieve the objectives and performance standards that have been set;
- Together with the employees, complete an individual learning plan that caters for his/her/their specific developmental needs in relation to the municipality;
- Create a climate that encourages employees' natural motivation;
- Ensure that quarterly performance evaluation of all employees directly reporting to him/her are complied with in line with this policy, and submit a report to the immediate Supervisor for further upward endorsement of Head of the unit/section/sub and Head of Department and finally to the Municipal Manager for final approval prior to the payment of any performance incentive as part of this policy

### **9.2.7 Performance Management Unit / Performance Management Officer**

- The Individual Performance Management unit shall report to the Accounting Officer;
- The delegated PMS Officer/Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis;

- It is this Manager/Officer's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible;
- Render municipal wide support with updating and correcting of performance information on PMS system, and compliance with this policy

### **9.2.8 Internal audit**

- Section 165 of the MFMA requires that each municipality must have an internal audit unit however such function may be outsourced.
- The municipality's internal audit function will need to be continuously involved in auditing the performance reports based on the organizational and directorate/departmental scorecards, and Individual Performance Management System as per this policy.
- As required by Regulations, Internal Audit will be required to produce an audit report on an annual basis, to be submitted to the Municipal Manager prior to the final approval of payment of performance rewards in terms of this policy.

The audit should include an assessment of:

- The functionality of the municipality's Individual performance management system
- The extent to which the performance measurements have been cascaded from the Top Layer SDBIP and Departmental SDBIP and alignment to the Job description of the employee
- The extent to which performance measurements are reliable
- The extent of performance gaps from targets
- The reasons for performance gaps
- Corrective action and improvement strategies

### **9.2.9 The Audit Committee or Performance Audit Committee**

The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) provide clear guidelines on the formal monitoring, audit and reporting of performance of the Municipality. In terms of Regulation 14 (4) (a) the Audit Committee must:

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

- In so far as the IPMS is concerned, the Audit Committee must ensure that the audit of the IPMS at least annually is included in the Annual Internal audit plan of the municipality. Where internal capacity is not available, the Audit Committee must make recommendations to the Municipal Manager to appoint an external service provider for this purpose.

#### **9.2.10 The Employees Role in Performance Management Systems**

The employee must take an active role in the performance management process and the employee's role includes:

- Suggesting challenging but realistic objectives that will support the Municipality's strategies and departmental goals.
- Assuming responsibility for the standard of their performance by trying to improve and develop themselves.
- Developing and implementing action plans so that they can achieve their objectives. Asking their Manager/Supervisor for information, help or advice to assist them in meeting their objectives.
- Regularly seeking feedback from others, including their Manager/Supervisor, so that they can monitor their own performance.
- Critically assessing how they can improve their performance.
- Ensure that an adequate portfolio of evidence is available at the time of assessment

### **10. Local Municipal Strategic and Legislative Prescripts**

Performance management system policy adopts a strategic and a leveled legislated municipal prescripts in its hierarchical form:

- Spatial Development Framework (SDF): assesses overall land use management within the district and gives effect to the vision, goals and objectives of the IDP.
- Integrated Development Plan: contains strategic objectives of the district and determines the KPIs, Targets and Key Performance Measurements.
- Service Delivery and Budget Implementation Plan (SDBIP): translates KPIs into measurable outputs and budget utilization in order to realize strategic objectives contained on the IDP.
- Any other sector planning or guiding document including disaster management plan and financial plan which seeks to broaden the vision and scope of the municipality.

## 10.1 The Relationship between IDP, Budget, SDBIP and PMS Policy

The municipal performance management system policy provides a link between integrated development planning, budget and service delivery and budget implementation plan. Integrated development planning as defined by the Municipal Systems Act, is a process by which a municipality prepares a 5-year strategic master plan taking into cognizance the economic, ecological and social pillars of sustainability without compromising the institutional capacity required in the implementation and by coordinating actions across sectors and spheres of government.

The District IDP process gives effect to the performance management system policy by:

- Assessing levels of development in the district area, identifying development challenges, marginalized and vulnerable citizens and communities;
- Identifying a long term development vision for the district area that overcomes its developmental challenges;
- Streamlining the Key Performance Areas and Strategic Objectives, based on identified needs, achievable in the current term of office, that would contribute significantly to the achievement of the development vision for the district area;
- Detailing a set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realization of the development vision;
- Designing programmes and projects identified which contribute to the achievement of the strategic objectives contained in the IDP;
- Setting up High level Key Performance Indicators and Performance targets that will be used to measure progress on implementation of projects and progress towards attainment of the objectives and the vision;
- Outlining a financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality; and
- Enabling Public Participation throughout the performance management cycle.

The current IDP informs the municipality's scorecard by delivering the KPA's, Strategic Objectives, High-level Indicators and Targets. Such a process culminates to the makeup of the organizational scorecard and eventually the SDBIP.

The budget of the district gives effect to the strategic priorities of the municipality by;

- looking into future performance projections and strategic priorities as it is approved in the current year for the following new financial year and future years; and

- it must be approved together with the integrated development plan by the 31st of May of the current financial year;

The SDBIP of the district support the performance management system by:

- Providing an implementations mechanism of the Integrated Development Plan (IDP) and in line with the Budget;
- Formulating the basis for measuring service delivery performance against end of year targets and budget implementation;
- Operating as management tool to monitor organizational and individual performance;
- Serving as a “contract” between the administration, council and the community expressing the goals and objectives set by the council and detailing the quality or quantifiable outcomes that can be implemented by the administration over the next twelve months.

### **11. Adoption of a Performance Management System Policy**

The adopted performance management system policy is beneficial in that it identifies major or systematic blockages, timeously, ensures accountability between residents, the political leadership and the administration of the municipality, and the system provides early warning signals so that corrective action can be taken on a regular basis.

The Mayor of the District after having considered a developed performance management system must table same to the Council Meeting of the District as per the Municipal Systems Act (2000) which places the responsibility of adopting a Performance Management System (PMS) on the Council, while holding the Executive Committee responsible for the development and management of the system.

### **12. Implementing the Performance Management System**

UMgungundlovu District Municipality’s performance management system process is carried out within the following phases:

Phase 1: Planning for Performance

Phase 2: Project Implementation

Phase 3: Performance Monitoring and Managing Performance Information

Phase 4: Performance Reporting

Phase 5: Performance Measurement and Analysis

Phase 6: Performance Review and Improvement

Each phase is outlined in detail and this includes the actual step-by-step guide on what each phase entails and how each one will evolve. Templates that is used in each phase are illustrated figuratively in the document.

### **Phase 1: Planning**

Planning for performance simply means developing and reviewing the IDP annually in preparation for continuous implementation. Municipal performance planning is part of the IDP strategic planning processes. The IDP process and the performance management process are seamlessly integrated. Integrated development planning fulfils the planning phase of performance management. Performance management fulfils the implementation, management, monitoring and evaluation of the IDP process.

**Step 1:** Integrated Development: Planning, Priority Setting, Identifying Key Performance Areas, Setting Objectives and Developing Key Performance Indicators and Performance Targets.

During the planning phase, the municipality is guided by the following development priorities in the IDP under the following 5 Key Performance Areas (KPA's):

- Service delivery;
- Local Economic Development;
- Municipal Transformation and Institutional Development
- Good governance; and
- Sound Financial Viability
- Good governance and public participation

The IDP planning process will result in the formation of the above key performance areas (KPA's) and Strategic Focus Areas will be identified within each KPA. Objectives are developed for each KPA and Strategic Focus Areas, together with Key Performance Indicators and performance targets.

### **Step 2:** Service Delivery and Budget implementation Plan

The SDBIP is a culmination of the integrated development planning and municipal budget process. The SDBIP monitors the municipal budget implementation in line with strategic priorities, key performance areas, strategic objectives contained in the IDP. It does so by formulating the basis for measuring service delivery performance against end of year targets and budget implementation and developing key performance indicators and performance targets.

The Municipal Manager is responsible for the preparation of the SDBIP, which must be submitted to the Mayor for approval once the budget has been approved by the council. The Municipal Manager must prepare the first draft of the SDBIP no later than 14 days after the tabling of the first draft IDP and budget to EXCO. As per Section 53 (C) ii the municipality's service delivery and budget implementation plan is approved by the Mayor within 28 days after the approval of the budget.

The SDBIP requires a detail of five necessary components and these are:

- i. Monthly projections of revenue to be collected for each source;
- ii. Monthly projections of expenditure (operating and capital) and revenue for each vote;
- iii. Quarterly projections of service delivery targets and performance indicators for each vote;
- iv. Ward/Local Municipality information for expenditure and service delivery; and
- v. Detailed capital works plan broken down by ward/Local Municipality over three years.

### **Step 3: Performance Agreements**

The Municipal Systems Act, Section 57 (2) (a) (ii) states that the performance agreement must be concluded annually within one month after the beginning of each financial year of the municipality. Section 56/57 managers will be required to sign performance agreements within 60 days of commencement of duties and within 14 days after the approval of the Service Delivery & Budget Implementation Plan (SDBIP) annually thereafter.

The four components of the performance agreement:

- The Contractual Agreement between the employer and the employee
- Financial Declaration
- Personal Development Plan
- The Workplan

### **Step 4: Attending to Governance and Compliance Issues.**

Upon approval of all the strategic documents, the Mayor and the Municipal Manager must sign the Municipal Manager's Performance Agreement before 31 July of every year. The Municipal Manager must do the same and sign Performance Agreements with all the Managers directly accountable to him before 31 July of every year. These agreements will be discussed in detail below under individual performance management.

The Mayor will also publicize the SDBIP, the organizational scorecard and the Municipal Manager's Performance Agreement as per the provisions of Section 53(3) of the Municipal Finance Management Act.

The UMgungundlovu District Municipality will use the following publicity platforms to publicize the above documents:

- The municipal website
- Local Newspaper
- Distribution to strategic posts or areas

The Mayor will also submit copies of the SDBIP, performance agreements of all the Section 56 Managers to the MEC for Cooperative Governance and Traditional Affairs in the KwaZulu Natal province.

The whole planning process for performance management will be done once per year in preparation for implementation in the following year, starting in July. By the beginning of a new financial year, all planning must be complete, compliance issues attended to and resources allocated accordingly.

## **Phase 2: Monitoring**

Monitoring of performance will be an ongoing process throughout the year and will run parallel to the implementation of the IDP. Monitoring will be conducted within each department. The UMgungundlovu District Municipality will use both paper-based and electronic report-based monitoring mechanism. Different role players are allocated tasks to monitor and gather information that would assist the municipality to detect early indications of under-performance and take corrective measures on time. Information management plays a central role during this phase.

The UMgungundlovu District Municipality's monitoring system places responsibility on each Department, Division/Section and Individual employee to collect relevant data and information to support the monitoring process. Evidence of performance will be gathered, stored by each department and presented to substantiate claims of meeting (or not meeting) performance standards. This evidence is stored on files (both manual filing and digital filing, where possible).

The Heads of the Departments will allocate responsibility in their offices for information management, as these performance information files must be separate from normal registry filing. These files will be regarded as portfolio of evidence kept for purposes of performance measurement, performance review and audit in the other phases.

The roles and responsibilities for monitoring are allocated as follows:

- **The Management Team** – The management team discuss departmental performance progress on a quarterly basis and need to reflect on whether targets are being met, reflect on the reasons being provided by departments for targets not being met and suggest corrective action. The purpose for a performance-driven management team is to instill a culture of collective management and eliminate the silo mentality.
- **EXCO** – The Municipal Manager will submit quarterly/annual reports on all the indicators in the organizational scorecard to the EXCO in order for him to monitor if targets are being achieved and where they are not, that proper corrective strategies are put in place to keep to the timelines set for achieving each indicator and targets.
- **Municipal Council** – Performance reports will be submitted to the council at the end of every quarter after Internal Audit have reviewed the report.

## **Phase 3: Measurement and Analysis**

Performance Measurement is essentially the process of analyzing the data provided by the above Performance Monitoring System in order to assess performance. At organizational level, Performance Measurement is formally executed on a quarterly basis and also at individual level is done quarterly.



#### **Phase 4: Performance Reviews**

Performance review is a process where the municipality, after measuring its own performance as detailed in the previous phase, assesses whether it is giving effect to the IDP. It is a phase where it will assess whether it is doing the right thing, doing it right and better, or not. Performance reviews will be conducted through the municipality's scorecard model by assessing performance against the 5 Key Performance Areas (KPA's), indicators, and targets.

#### **SCHEDULE FOR PERFORMANCE REVIEWS**

1st Quarter assessments (Jul –Sept) - be conducted on or before 30 November (verbal)

2nd Quarter assessments (Oct – Dec) –be conducted on or before 28 February (Recorded)

3rd Quarter assessments (Jan –Mar) – be conducted on or before 31 May (Verbal)

4th Quarter assessments (Apr – Jun) – be conducted on or before 31 August (Recorded)

Annual performance Assessments/Appraisals to be conducted after adoption of the oversight report for the financial year under review.

The Employer shall keep a record of the mid-year review and annual assessment meetings. Performance feedback shall be based on the Employer's assessment of the Employee's performance.

#### **Performance Reviews Process**

As in the monitoring and measurement stages, reviews will be conducted according to the lines of accountability within the municipality's organizational structure. Reviews at all levels on organizational indicators and targets will be conducted quarterly, preceded by coaching sessions by the Municipal Manager to his direct reports. On considering the quarterly reports from each department and the results of the measurement revealing the level of performance in each department, the Municipal Manager must conduct one-on-one coaching sessions with Managers directly accountable to him, to ascertain the level of comfort and confidence in achieving set targets, and to understand the challenges that the Managers might be facing in achieving results. The coaching session must be recorded and the coaching notes be kept in the department's evidence file for individual performance evaluation purposes.

## **Executive Management Team**

The Municipal Manager and his management team will review performance prior to, and more often than, the Mayor/EXCO, as follows:

- Firstly, they will need to review performance more often, such that they can intervene promptly on operational matters where poor performance or the risks thereof occur.
- Secondly they will need to review performance before reporting to politicians so that they can prepare; control the quality of performance reports submitted to the councillors and the public; and ensure that adequate response strategies are proposed in cases of poor performance.
- It is strongly recommended that the executive management team review performance monthly, prior to reviews being conducted by Executive Committee. At these reviews relevant functional managers will be required to report on respective priority areas.

## **Mayor**

The Performance Management System of uMgungundlovu District Municipality is designed in such a way that it allows the Mayor with executive committee to strategically drive and manage performance in the organization. Reviews at this level will remain strategic so that the Mayor is not restrained by operational discussions. In order for this review to be strategic it is recommended that the Mayor with his EXCO review performance quarterly, with the second quarter report taking the form of a mid-term review, as provided for by Section 72 of the MFMA and the final quarterly review taking the form of an annual review. The content of the review should be confined to the adopted 5 key performance areas (KPA's) and objectives. The Municipal Manager will remain accountable for reporting on performance at this level.

## **Council**

All performance reports submitted and approved by executive Committee (EXCO) on a quarterly basis, will also be forwarded to the municipal council to allow for oversight responsibility.

## **The Public**

The public will be involved in reviewing municipal performance at least annually, in the form of the annual report.

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve their quality of life, it is poor performance that needs to be improved as a priority.

## **Improving Performance**

In order to improve performance, the Municipality, throughout the performance management phases, will analyze the causal and contributory reasons for poor performance, through coaching sessions from top to lower levels of the administration and appropriate response strategies will be developed.

These will include, inter alia:

- Process and systems improvement strategies to remedy poor systems and processes;
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Change management and diversity management education programmes to address organizational culture;
- Review of the IDP where councillors will address shortcomings in the strategy;
- Development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms shall be considered.

## **Phase 5: Reporting on Performance Information**

Reporting requires that the municipality take its key performance areas, its performance objectives, indicators, targets, measurements and analysis, and present this information in a simple and accessible format, relevant and useful to the different stakeholders for review.

The main feature of the reporting phase is the production of the annual report. This is a consolidated report that reflects results on performance on each of the 5 perspectives as per the adopted model. The main report will be informed by the information gathered through the scorecards throughout the year and one performance report will be compiled as per the requirements of Section 46 of the Municipal Systems Act. Since UMgungundlovu District Municipality adopted the Key Performance Area Model, its annual report will reflect its performance results:

- Under the Socio – Economic Development the municipality will reflect results achieved on indicators around the performance area of local economic development. This area measures the outputs on socio-economic development in the municipality.
- Under the Basic Service Delivery, the municipality will reflect its annual performance achievements in the overall delivery of basic and infrastructural services outputs.
- Under the Financial Viability and Management, the annual report will reflect the municipality's performance with respect to the management of its finances. It has to reflect the results of the process and input indicators, as well as outcome indicators in relation to the impact its financial management systems have achieved on overall financial viability of the municipality.

- The Municipal transformation and Institutional Development will report on input indicators that measure the functioning of the municipality under areas such as human resources,
- Under the Good Governance the municipality's annual report must indicate results achieved in relation to its processes of engagement with its stakeholders in the process of governance, established and functioning governance structures, good corporate governance and implementation of the IGR Act, etc.

### **Tracking and Managing the Reporting Process**

To ensure that the reporting processes run smoothly and effectively, the PMS Unit in the Office of the Municipal Manager will co-ordinate all activities related to efficient reporting. The functions of the Unit in this instance include the following:

- Developing a process plan or timetable for all reporting processes for the year;
- Prepare logistics for reporting;
- Improve the reporting format, should there be a necessity to do so;
- Track and monitor reporting processes;
- Control the quality of reports going to reviews at political levels in terms of alignment with the adopted reporting format;
- Compile quarterly organizational performance reports, annual performance report and the annual report;

### **Auditing of Performance Information**

In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports, must be audited. Audits should ensure that reported performance information is accurate, valid and reliable.

In terms of the provisions of the Municipal Systems Act and the Performance Regulations of 2001, the annual performance report must be audited internally, and before being tabled and made public, the annual performance report will also be audited by the Auditor-General. It is therefore important to allow sufficient time between completion of annual reports and the tabling of the annual report for auditing.

After being reviewed by the council, the annual report must then be submitted to the Auditor-General before 31 August of every year, for auditing and be submitted to the MEC for local government in the province for the MEC to complete an annual report of performance of all municipalities in the province, identifying poor performing municipalities and proposing remedial action and submit the provincial report to the national minister. The national minister will then present a consolidated report to parliament.

## **Internal Auditing of Performance Measurements**

The municipality has an established Internal Audit Unit in line with Planning and Performance Regulations of 2001, in terms of Regulation 14, every municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The functions of the internal audit unit include the assessment of the following:

- The functionality of the municipality's performance management system;
- whether the municipality's performance management system complies with the provisions of the Municipal Systems Act; and
- The extent to which the municipality's performance measurements are reliable in measuring performance of municipalities on its own indicators and the national indicators

The Regulations further provides that the municipality's internal auditors must:

- On a continuous basis, audit the performance measurements of the municipality; and
- Submit quarterly reports on their audits to the Municipal Manager and the Performance Audit Committee.

The Municipal Manager and the Mayor will place reliance on the performance audit risk assessments and audit reports to make informed decisions and motivate for any reviews and improvements to the municipal council and communities

## **The Performance Audit Committee**

Regulation 14 of the Planning and Performance Regulations stipulates the provisions that guide the establishment of the Performance Audit Committee and outline the functions and powers entrusted to the committee as the following:

- review the quarterly reports submitted to it by the Internal Auditors;
- review the municipality's performance management system and in doing so, focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the UMgungundlovu District Municipality in its organizational scorecard are concerned;
- make recommendations in this regard to the municipal council and the Board of the entity; □at least twice during a financial year submit report to the municipal council;
- communicate directly with the council, Municipal Manager, CEO or the internal and external auditors of the municipality;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;

- request any relevant person to attend any of its meetings, and if necessary to provide information requested by the committee; and
- Investigate any matter it deems necessary in the performance of its duties and the exercise of its powers

The uMgungundlovu District Municipality has appointed the Audit Committee which deals with both financial and performance information. The municipality provides an annual budget for the running of this committee and also provides the relevant secretarial capacity for the committee.

### **13. Responding to Organizational Performance**

#### **13.1 Good or Exceptional Performance**

Good or exceptional organizational performance is a culmination of successes of organizational and individual performance management systems intertwined. Determinants of a good or exceptional performance are;

- Positive opinion of the Auditor General of South Africa as expressed on the financial statements and audit of performance information of the district;
- Good Financial Health of the Municipality;
- Cordial intergovernmental relations; and
- Public trust and positive relations with civil society organizations

Good or exceptional performance can be attained by propelling strong systems of control viz. internal audit, risk management, performance monitoring, compliance management, capital expenditure committee and quality control.

uMgungundlovu district municipality rewards good and outstanding organizational performance. The criteria used for good or exceptional performance is through the assessment of achievements within the 5 Key Performance Areas (KPA's) as well individual assessment of measurement of KPIs to determine the overall performance.

#### **13.2 Poor Performance**

A generally poor performance in municipalities is often characterized by disclaimers and adverse opinions from the Auditor General, negative publicity even from print media and broadcasters and prevalence of community actions for inadequate service delivery. The worst measure that is taken for worst performing municipalities is the application of Section 139 intervention by the MEC for Local Government in the province.

Some root causes of poor performance are.

- Poor implementation of the performance management system;

- Inadequate internal control systems (internal audit, risk management, performance monitoring, compliance management, capital expenditure committee and quality control).
- Lack or poor communication of the vision, mission, goals, strategic objectives and indicators of the municipality.

### **3.2.1 Addressing Poor Performance**

Poor performance must be addressed. The following steps should be followed:

- Ensure Personal Development Plans are regularly reviewed to update competency requirements.
- Agree on performance plans based on KPAs, KPIs and CCRs.
- Provide adequate resources and human capital.
- Conduct regular performance reviews.
- Provide regular feedback on improvement.

### **3.2.2 Poor Performance Counselling**

In instance where poor performance does not improve, performance counselling should be applied by:

- Identifying areas where performance is below required standards.
- Agree on personal Performance Development Plan to improve performance.
- Inform incumbent of possible consequences of not complying with performance standards.

### **3.2.3 Corrective Action**

uMgungundlovu District Municipality applies consequence management as corrective measures timeously in any of the weak functional areas identified by the performance management system.

## **14. The Process of Managing the Performance System**

### **14.1 Co-ordination**

Co-ordination involves the overall responsibility of and carrying out the function of, and being the custodian of UMgungundlovu District Municipality's performance management system and managing the system on behalf of the Municipal Manager. This is a strategic function which resides in the Office of the Municipal Manager. The co-ordination of the implementation phases of the PMS is the function of the PMS Unit which will be responsible for the following core activities:

- Responsible for the co-ordination of the development and implementation activities of the organizational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of this Performance Policy Framework and compliance to all performance legislative requirements

in respect of the implementation of the PMS through the development of a Performance Process Plan;

- Facilitating inputs for the review and further development and refinement of the PMS;
- Providing regular support and capacity to the different departments in developing departmental scorecards;
- Continuously providing technical support to the Municipal Manager and the executive management team with implementation, assessment, review, monitoring and information management;
- Providing capacity for analyzing organizational performance information submitted by Executive Managers on a quarterly, mid-term and annual basis in preparation for reporting;
- Responsible for co-ordination and compiling the annual Section 46 performance report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to all stakeholders timeously, for example, quarterly reports to Mayor; mid-term report to council and annual performance reports to Auditor General, MEC and the public;
- Work closely with the IDP and Audit Offices to co-ordinate performance activities; and
- Co-ordinate capacity building activities on municipal performance management for all stakeholders.



## Part B: Individual Performance Management Process

The individual performance management process is largely informed by and based on the Organizational and Departmental Performance Management System – captured in departmental SDBIPs. It encompasses all the phases of performance management system, namely, planning, implementation, reporting, monitoring and evaluation.

### Legislative Compliance of Individual

The municipality is committed to IPMS. This commitment will also help in fulfilling the requirements of the following legislation:

- Chapter 6 of the Local Government: Municipal Systems Act (32 of 2000)
- Municipal Planning and Performance Management Regulations of 2001
- Performance Management Regulations of 2006
- The Municipal Systems Act No 32 of 2000
- The Municipal Structures Act No 117 of 1998 as amended
- Local Government Municipal Finance Management Act, 2003.
- Labor Relations Act 66 of 1995

### Principles of IPMS

The municipality's IPMS is underpinned by the following principles:

NUMBER	PRINCIPLES	DESCRIPTION
1	<b>Transparency</b>	Promoting openness, sincerity and honesty among all the role players in the IPMS process.
2	<b>Flexibility:</b>	The ability to make room for change for the benefit of the IPMS process.
3	<b>Accountability:</b>	The assumption by all the participant managers in the IPMS process of full responsibility for their individual actions and conduct as well as a willingness and commitment to implement, abide by and communicate as necessary all measures and decisions in the course of the process.
4	<b>Integration:</b>	IPMS processes are integrated into mainstream policies and services, such as the IDP process, service delivery planning and budgeting
5	<b>Linking OPMS and IPMS:</b>	The organizational performance management system and departmental SDBIPs shall constitute a basis for development and management of individual performance standards from the Municipal Manager down to the work teams under Process Managers.

<b>NUMBER</b>	<b>PRINCIPLES</b>	<b>DESCRIPTION</b>
<b>6</b>	<b>Targeting</b>	The municipality shall set targets and monitor and review the performance of individual managers based on indicators linked to the IDP.
<b>7</b>	<b>Community Participation</b>	The community shall be involved in setting indicators and targets and reviewing individual managers' performance.
<b>8</b>	<b>Overall Auditing</b>	The municipality shall on a continuous basis review individual managers' performance standards preferably on an annual basis as part and parcel of an overall audit and assessment of performance measures.
<b>9</b>	<b>Specific Auditing</b>	The performance of individual managers shall be subjected to audit by the municipality's Audit Committee and the Auditor-General.
<b>10</b>	<b>Stakeholders</b>	
<b>11</b>	<b>Ongoing Monitoring</b>	The continual collection, analyzing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management: regular feedback on progress of actual performance against what was planned or expected.

### **Procedures to Consider For the IPMS**

1. The individual performance management system will be largely informed by and based on the Organizational and Departmental Performance Management System – captured in departmental SDBIPs.
2. Appointment of individual managers shall be based on performance contracts so as to enhance a culture of accountability and performance within the municipality. Followed by the signing of performance agreement within 60 days after signing the employment contract.
3. Managers/Employees shall be informed both verbally and in writing of what is expected of them in their Performance agreements before signing off.
4. The signing of performance agreements shall be between the Supervisor and the incumbent; The Mayor will sign for the Municipal Manager; The Municipal Manager will sign for Heads of Departments.
5. Performance of Section 56 employees shall be strictly managed according to the 2006 Performance Management Regulations issued by the national Department of Provincial and Local Government.
6. Performance standards and measures for each Head of Department shall be set according to the predetermined performance values and criteria for the Unit and the post. Individual managers will have Performance Agreements developed, against

which they will sign: indicating their respective acceptance of the targets contained therein.

7. Performance management measurements shall be pursued in order to identify performance gaps, deficiencies, and good performance for the purpose of making interventions and awarding rewards where necessary and if budgeted for.
8. Managers/Employees shall be assessed according to the competency model which entails job knowledge, skills, attributes and set performance standards, objectives and targets. Core competencies appropriate to local government management functioning specifically, will be enumerated up-front at the beginning of the financial year. The following competencies are considered critical – and cannot be delegated to other units that may have the coordination role overall:
  - Managers' Performance Management of their subordinates;
  - Managers' Management of the budgets, vehicles and equipment directly under their control;
  - Managers' Risk Management of processes within their authority; and,
  - Managers' Human Resource Management of the personnel reporting to them: including capacity building and training of their subordinates.
9. Critical training needs for the managers will also be established through this process in the Personal Development Plan contained in the Performance Agreement.
10. Managers will be entitled to receive regular feedback on their performance in quarterly appraisals
11. Managers will have a duty and obligation to perform their duties in terms of the set performance standards, job description and details captured in performance Agreements.
12. Individual performance assessments shall be done quarterly in respect of all managers recognized in terms of section 56.
13. The PMS Unit in the Office of the MM and the Unit/Function of the Corporate Services Unit specific to their levels of control as mentioned above shall be responsible for recording the proceedings of performance assessment scoring of individual managers at all times.
14. The institution of disciplinary proceedings arising from poor work performance will be the exclusive preserve of the Human Resources Unit within the Corporate Services Department of the municipality.

## **Individual Performance Management Cycle**

### **1. Planning**

- 1.1 Performance targets and expectations for all managers shall be set once in a financial year prior to the commencement of the new financial year.
- 1.2 Performance targets can be amended during the Mid-year review. In conjunction with the development of the SDBIP, the PMS Unit located in the Office of the MM will also commence with the development and customization of the Performance Agreements for the MM and Heads of Departments.

### **2. Implementation**

- 2.1 The fundamental aspect of individual performance management remains the discussion between the Supervisor & Incumbent, upon discussions amendments can be made prior to the signing of a performance agreement except KPIs adopted from the approved SDBIP as they are approved by Council. Amendments to Targets for these reports can only be done by way of a Council Resolution.

Several matters can be discussed prior to the signing of a performance agreement:

- Contents of the performance agreement and work plan (performance targets);
- Choice of Key Performance Areas (KPIs) & respective Weighting; and
- Choice of Core Managerial Competencies (CMCs) & respective Weighting.

- 2.2 Any other matter may be discussed between Supervisor & Incumbent, prior to the signing of a performance agreement. Any amendments recommended need to be made before the signing of the performance agreement. No amendments can be made after a performance agreement has been signed. Only during mid-year review will any amendment be made, this however has to be accompanied by a Council resolution authorizing same. Any amendment must be verified by the respective PMS unit
- 2.3 Having completed the above process of template development and customization, the PMS Unit in the Office of the MM will then begin the process of populating the performance agreements and work plans with the relevant performance data.

### **3. Monitoring & Reporting**

- 3.1 Managers shall report their performance targets on the SDBIP quarterly.
- 3.2 Performance of the all managers shall be assessed four times in a financial year, that is, quarterly.
- 3.3 Each manager shall prepare a performance report according to the performance indicators and targets set out in their Performance Agreement, within a month of the end of each three month-period. – Quarterly Reporting
- 3.4 The performance work plan which shall be utilized in the assessment and shall be populated with performance information contained in the quarterly SDBIP as prepared by the manager.

#### **4. Evaluation & Reporting**

- 4.1 The PMS Unit in the Office of the MM will attend the assessment of the MM and HODs and will provide support to the Chairpersons of the assessments. Human Resources Support Services will also be requested to attend the MM and HODs assessments.
- 4.2 The PMS Unit will call sessions to assist the chairpersons in verifying the assessment process scoring and portfolios of evidence, however the relevant Supervisor & Incumbent should have already completed the assessment templates before the verification sessions.
- 4.3 Assessment of Performance reports or records of performance assessments shall be subjected to ratification and acceptance with or without alterations by the respective performance evaluation panel.
- 4.4 The Performance Assessment Panel for section 57 Managers for the annual and mid-year performance appraisals shall be constituted in terms of *Section 27 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers*.
- 4.5 The annual and mid-year performance review for the Municipal Manager and Heads of Departments shall consist in terms of panel members as per Regulations of Senior Manager;

The evaluation panel for evaluating the Municipal Manager consists of:

- Executive mayor or mayor.
- Chairperson of the performance audit committee.
- Member of the mayoral or executive committee.
- Mayor and/or municipal manager of another municipality.
- Member of the ward committee.

The panel for evaluating the performance of managers reporting directly to the Municipal Manager consists of:

- The municipal manager.
- Chairperson of the performance audit committee.
- Member of the mayoral or executive committee.
- Municipal manager of another municipality.

The performance of other staff will be evaluated by their respective supervisors and should also focus on the services provided to the citizens.

- 4.6 The quorum for each performance assessment for panel to sit and conduct its business in terms of the 2001 regulations and this policy shall be 50% plus one, in any given situation.

- 4.7 In this performance assessment meeting, agreements and disagreements around performance issues between the manager and senior will be recorded.
- 4.8 Disagreements and disputes pertaining to performance for Section 57 employees will be dealt with in terms of the 2006 Regulations for Municipal Managers and Managers directly accountable to the Municipal Managers.
- 4.9 Any performance dispute/disagreement affecting lower level managers shall be referred to Performance Assessment Appeal Panel (AAP) set up by the Municipal Manager for the purpose of resolving that particular dispute.

## **5. Individual Performance Contract Signing and Reporting**

- 5.1 Once the Supervisor & Incumbent have had discussions pertaining to the performance agreement, the agreed amendments need to be made and communicated with the relevant PMS Unit.
- 5.2 Section 56/57 managers will be required to sign Employment contracts with the Municipality prior to the commencement of duties. Section 56/57 managers will be required to sign performance agreements within 60 days of commencement of duties and within 14 days after the approval of the Service Delivery & Budget Implementation Plan (SDBIP) annually thereafter.
- 5.3 Performance Contracts for the above mentioned Managers are compulsory. Any contractual dispute should be addressed by following normal grievance process.
- 5.4 The employee will have 5 national KPAs, to sign against: with a total weight of 100%.
- 5.5 The employee will choose a maximum of twelve core management competencies (MMC's) which weigh 20%. The following illustrates the MMC's managers can choose from as per the **Local Government: Competency Framework for Senior Managers**.
- 5.6 "core competencies" are competencies that cut across all levels of work in a municipality and enhance contextualised leadership that guarantees service delivery impact, and "leading competencies" means competencies that are required to develop clear institutional strategy, initiate, drive and implement programs to achieve long-term sustainable and measurable service delivery performance results.
- 5.7 The competency framework consists of six leading competencies which comprise of twenty (20) driving competencies that communicate what is expected for effective performance in local government. The competency framework further involves six (6) core competencies that act as drivers to ensure that the leading competencies are executed at an optimal level. There is no hierarchical connotation to the structure and all competencies are essential. All competencies must therefore be considered as measurable and critical in assessing the level of a senior manager's performance.
- 5.8 The competency framework is underscored by four (4) achievement levels that act as benchmark and minimum requirements for other human capital interventions, which are, recruitment and selection, learning and development, succession planning, and promotion.

- 5.7 Scoring will only be done on the national KPAs being 80%, and MMCs being 20%.
- 5.8 It is incumbent upon individual managers to ensure that a performance agreement is adequately completed and signed on time without errors.
- 5.9 Managers on performance agreements shall report their performance in a prescribed template in all performance review intervals. These templates may be reviewed from time to time.
- 5.10 All individual quarterly performance reports shall be due for submission by managers to their immediate seniors and the respective PMS Unit within one month after the end of each quarter.
- 5.11 Mid-year and annual performance reports, per department, will be due for submission to the PMS Unit within one month after the end of first six month-period and financial year respectively.
- 5.10 Each Manager will be responsible for keeping his or her personal copies of their' performance agreement as well as individual performance reports in a safe place for reference purposes.
- 5.11 The PMS Unit will be responsible for distributing performance agreements with: performance review and individual performance reporting to the respective managers before the commencement of the performance assessment period.
- 5.12 Signed copies of the Performance Agreements will be presented to Sector Departments and Placed on Municipal Websites as evidence of compliance, as a matter of due diligence on the part of the municipality.

## **6. Quarterly, Mid -Year And Annual Performance Reviews**

- 6.1 Individual managers shall undergo the mid-year performance review after the first sixth months of the financial year.
- 6.2 The mid-year performance review will deal with the assessment of achievement of all job objectives as well as performance targets as outlined in the performance agreement.
- 6.3 The mid-year performance review will be used to revise work objectives and performance targets in view of any prevailing circumstances warranting such revision. Targets may be amended downwards or to a lesser value only in instances where anticipated budget towards the completion of the original, specified target is not available or through Council Resolution.
- 6.4 Managers/ shall be at liberty to amend the performance agreement for the remaining six months of the financial year with no punitive consequences – subject to negotiated agreement with their immediate senior. In the case of MM, alterations should be approved by the Mayor.
- 6.5 Normal quarterly performance reviews will not be affected by the provisions for revision accorded mid-year performance reviews.

- 6.6 There will be scoring for mid-year performance reviews and annual performance reviews. Only annual performance reviews will count for the payment of a performance bonus or the giving of an award.
- 6.7 The annual performance review shall be conducted at the end of the financial year, within legislated timeframes.
- 6.8 The annual performance review shall entail overall assessment of the employee for the entire 12 month-performance period.
- 6.9. This particular performance review will not replace any of the regular performance appraisals in terms of this policy framework.
- 6.10 The main purpose of the annual evaluation will be to determine a final score which may lead to payment of performance bonus or reward to the deserving manager/employee.
- 6.11 A pre-assessment of the Heads of Departments for the Mid-year assessment and Annual Assessment shall be conducted by the Municipal Manager and PMS Unit in the Office of the City Manager.

The Pre assessment must also be used to ensure the adequacy of the POE to be presented to the Evaluation panel.

- 6.13 On an annual basis prior to the commencement of a new financial year, the PMS Unit in the Office of the MM, will develop an annual assessment schedule with dates and times of assessments for the MM and HODs for the Quarterly Assessments, Mid-Year Assessment and Annual Assessments for approval by the Executive Management Committee.
- 6.14 Once the above mentioned annual assessment schedule has been approved, the onus is upon the MM & HODs to ensure availability for the date of the assessment that will be confirmed in liaison with the office of the HOD and the PMS Unit-
- 6.15 Attendance to all Assessment is compulsory, if a Manager for some reason fails to attend these assessments without notifying his/her Supervisor in writing; the Supervisor is entitled to institute disciplinary actions against that particular employee.
- 6.16 Even Though the PMS Unit has developed a performance Assessment Schedule, The Municipal Manager Reserves the right to call upon Performance Assessment at any given time in the financial year.

## **7. Tools of Individual Performance Management**

- 7.1 The Work plan contained in The Performance Agreement shall be used as the central tool for capturing critical performance information like performance objectives, indicators and targets for all performance contract managers
- 7.2 Standard Core Competency documentation will be provided by the PMS Unit from which individual managers/employees negotiate agreements with their immediate seniors regarding those competencies required for their function.



- 7.4 At the Assessment the supervisor along with the panel will either confirm the self-scoring of the incumbent or provide a different scoring for the incumbent being assessed after having gone through any Portfolio of Evidence that was provided by the incumbent.
- 7.5 The SDBIP shall also be utilized in the Assessment to ensure alignment of targets and scoring.
- 7.6 The following tools shall also be needed for the Assessments;
- Capex Expenditure
  - Internal Audit Report (if available at the time Assessments are set)
  - AG Action Plan

## **8. Elements of Performance Planning and Assessment**

- 8.1 The elements of performance planning and assessment are as follows:
- Job objective
  - Tasks to be completed to achieve job objective
  - Target/Success criteria which measure effectiveness of job objective achievement
  - Evidence of performance to illustrate examples of work achievement
  - Proficiency rating scale of 1 to 5 measuring effectiveness of target/success criteria achievement, and
  - Average rating for all scores assigned to targets/success criteria.
- 8.2 The performance planning and assessment system for Section 57 employees will apply according to the provisions of the 2006 Local Government Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager. These will be cascaded to Section 58 managers & managers in strategic positions.
- 8.3 Both senior and the subordinate managers on performance contracts will be required to agree on the elements of the performance planning and assessment process up-front at the beginning of the financial year. In a case where the supervisor adds any other target over and above what has been agreed upon, there has to be a discussion and an agreement with the Subordinate.

## **9. Mid-Year / Annual Performance Assessment Proceedings**

- 9.1 The PMS Unit shall be responsible for issuing invites to the members of the performance review panel to attend the planned performance review sessions.
- 9.2 The PMS Unit shall be responsible for inviting managers to attend the planned performance review sessions.
- 9.3 A notice of not less than 7 calendar working days shall be given to stakeholders to attend the performance review proceedings.

- 9.4 All stakeholders attending the performance review proceedings will be required to sign an attendance register.
- 9.5 The venue and time for the performance review sessions shall be identified and decided by the PMS Unit in consultation with other relevant stakeholders.
- 9.6 The PMS Unit shall be responsible for budgeting for the funding of the performance management processes.
- 9.7 The outcome of the annual and final performance review will be submitted to the Audit Committee for review prior to submission to full Council.
- 9.8 Performance scoring shall be in line with performance management regulations (2006).

**10. Target Success Criteria and Calculation of Scores for Awarding Performance Bonus/Reward**

10.1 The five-point rating will apply in evaluating the performance within the uMgungundlovu District Municipality. The 2006 Performance Regulations sets out the rating as follows:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard Expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintain this in all Areas of responsibility throughout the year.	
4	Performance significantly above expectations	Performance is significantly higher than the Standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicate that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the performance agreement and performance plan	
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some standards expected for job. The review / assessment indicate that the employee has achieved below fully effective results against more than half the key performance indicators	

		as specified in the performance agreement and performance plan.	
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against the performance agreement and performance plan. The employee has failed to the commitment or ability to bring performance up to the level expected for the job despite management efforts to encourage improvement.	

A performance bonus ranging from a minimum of 5% - 14% maximum of the all-inclusive remuneration package must be paid as follows:

- i. A score of 130 - 149% is awarded a bonus from 5% - 9%
- ii. A score of 150% and above is awarded a bonus from 10% - 14%;

Evaluation Results	Performance Bonus Range	Recommended Payment
130%		5.00%
131%		5.21%
132%	Range of 5 – 9%	5.43%
133%		5.64%
134%		5.85%
135%		6.06%
136%		6.27%
137%		6.48%
138%		6.69%
139%		6.90%
140%		7.11%
141%		7.32%
142%		7.53%
143%		7.74%
144%		7.95%
145%		8.16%

<b>Evaluation Results</b>	<b>Performance Bonus</b>	<b>Recommended</b>
146%		8.37%
147%		8.58%
148%		8.79%
149%		9.00%
150%	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Range of 10 – 14% </div>	10.00%
152%		11.00%
153%		12.00%
154%		13.00%
155%		14.00%

- 10.2 This rating and scoring mechanism will apply to all managers on performance contracts as per this policy
- 10.5 The final rating, scoring and the payment of a performance bonus/reward shall be based on the annual performance review and assessment as well as the overall opinion of the Municipal Public Accounts Committee Oversight Report on the Annual Report.
- 10.6 Such final rating and scoring will be verified and ratified by the respective performance review panel (subject to the AAP process) as set out in this policy and finally the Audit Committee.
- 10.7 The legislated formula in the August 2006 Performance Management Regulations shall be used to calculate total scores for awarding the performance bonus.

## **11. Management of Sub-Standard / Poor Performance**

- 11.1 All endeavors shall be made to provide support in the form of coaching, guidance, mentoring, training and counseling to any manager displaying signs of sub-standard performance.
- 11.2 These managers shall be given an adequate period ranging from three to six months to improve performance.
- 11.3 Revised performance targets with a succinct corrective action plan shall be drawn up for such managers with clear results to be achieved.
- 11.4 The time needed for a manager to improve their performance will be dictated by the nature and level of the job.
- 11.5 Any form of punitive action responding to the manager's poor performance shall be preceded by a comprehensive package of assistance within a reasonable time frame.

11.6 The Manager shall seek advice from HRSSM for the points mentioned above.

## **12. Performance Dispute Resolution**

12.1 A performance dispute must be declared in writing by an affected manager within 10 working days of the occurrence if the need to do so arises.

12.2 The Performance Assessment Appeal Panel will be appointed within 10 working days by the Mayor after receipt of such complaint.

12.3 The Performance AAP will be made up of not less than 3 members and not more than 5 members.

12.4 The members of the Performance AAP will be drawn from municipal officials serving in the managerial and supervisory positions with expertise from the line function, performance management and HR.

12.5 The Performance AAP will have a chairperson appointed by the Mayor.

12.6 The Performance AAP chairpersons shall convene a meeting within 14 working days of the receipt of the dispute to hear the dispute.

12.7 The affected manager will be afforded representation rights and other rights as accorded in the disciplinary procedure.

12.8 The proceedings of the AAP shall be recorded by means of a mechanical device.

12.9 The manager shall lead evidence in chief and the supervisor or incumbent shall reply in stating the municipality's side of the story.

12.10 The disputing manager and his/her representative shall be entitled to cross-examine the supervisor.

12.11 The AAP shall deliver its verdict within 10 working days after completion of the proceedings to the Mayor. The Mayor or his/her designated official given authority to decide for or against the disputing manager / staff member, shall have the final say.

12.12 The manager shall be advised about the decision by the Office of the Mayor within five working days of receipt of the verdict of the AAP.

12.13 If the manager is still not satisfied with the outcome of the performance dispute resolution, the matter can then be treated in terms of the normal grievance procedure of the municipality.

12.14 If the matter is not resolved in terms of the grievance procedure, the matter may be escalated to the Municipal Bargaining Council

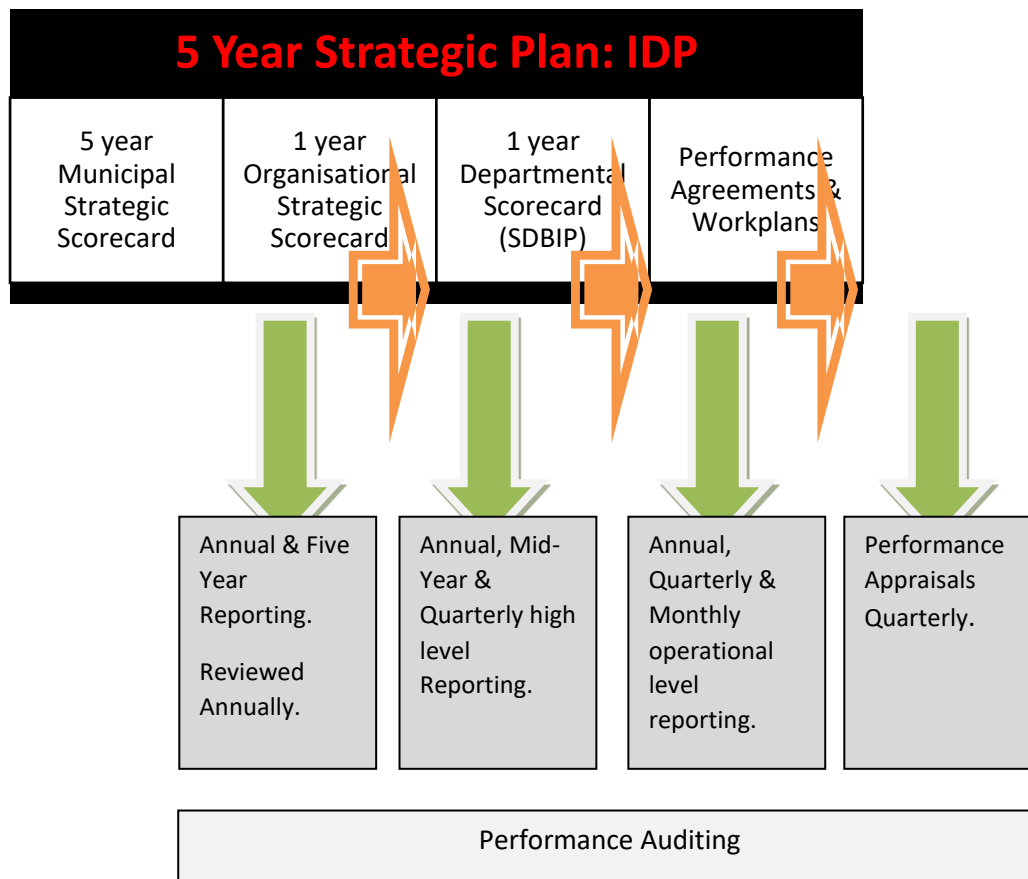
## **13. Consequence Management**

In the instance where there are allegations that Managers and Supervisors are not complying with certain provisions of the Municipality's Performance Management Policy, a further investigation will be recommended and where necessary, disciplinary action will be taken against Supervisory/Managerial staff who commit such unlawful practice.

## Part C: Organizational Performance Management Process

Organizational performance management system draws similarities to individual performance as they are interrelated, guided by similar legislative prescripts and effectively linked by all-encompassing performance management steps, namely, organizational planning, implementation, reporting, monitoring and evaluation.

The overview of organizational performance management process is captured below;



- The IDP is the five-year strategic plan for the municipality and the plan includes a 5-year strategic level municipal scorecard and an organizational 1-year strategic scorecard as Annexures to it.

The IDP is the Planning of the OPMS.

- Flowing from the IDP the annual budget and annual operational plan which is the SDBIP and comprises the Departmental Operational Scorecards: which comprise of annual and quarterly performance targets and quarterly projected budget per source.

From the SDBIP/Departmental scorecards the Performance Agreements of the Municipal Manager and Departmental Heads are compiled.

## Roles and Responsibilities

ROLES AND RESPONSIBILITIES	
Responsibility	Role
Citizens & Communities	<ul style="list-style-type: none"> <li>• Be consulted on needs.</li> <li>• Develop the long term vision for the area.</li> <li>• Assist in identifying priorities.</li> <li>• Participate in the identification of indicators and setting targets.</li> <li>• Be given the opportunity to review municipal performance and suggest new indicators and targets.</li> </ul>
Council	<ul style="list-style-type: none"> <li>• Facilitate the development of long term vision.</li> <li>• Develop strategies to achieve the vision.</li> <li>• Identify priorities.</li> <li>• Adopt indicators and set targets.</li> <li>• Review municipal performance quarterly.</li> </ul>
Mayor	<ul style="list-style-type: none"> <li>• Approves the SDBIP</li> <li>• Where necessary, evaluates the performance of the Municipal Manager.</li> </ul>
Executive Committee	<ul style="list-style-type: none"> <li>• Give strategic direction and develop strategies and policies for the municipality.</li> <li>• Management the development of the IDP.</li> <li>• Approve and adopt indicators and targets.</li> <li>• Communicate the plan to other role-players.</li> <li>• Conduct major reviews of municipal performance determining where goals had or had not been met, what the reasons were and to adopt response strategies.</li> </ul>
Portfolio Committees	<ul style="list-style-type: none"> <li>• Manage the implementation of the strategy.</li> <li>• Review and monitor the implementation of the IDP and the PMS.</li> <li>• Propose response interventions, in areas of non/under-performance, to EXCO.</li> </ul>
Municipal Manager and Section 57 Managers	<p>Assist EXCO in:</p> <ul style="list-style-type: none"> <li>• Giving strategic direction and developing strategies and policies for the municipality.</li> <li>• Manage the development of the IDP.</li> <li>• Ensure that the plan is integrated.</li> <li>• Identify and propose indicators and targets.</li> <li>• Communicate the plan to other role players.</li> <li>• Regularly monitor the implementation of the IDP and identify risk areas.</li> <li>• Ensure regular monitoring (measurement, analysis and reporting).</li> <li>• Take corrective action as and when required.</li> <li>• Conduct regular reviews of performance.</li> <li>• Ensure the availability of information.</li> <li>• Propose response strategies to Portfolio Committees and EXCO</li> <li>• Develop Service Delivery and Budget Implementation Plans for the Municipality.</li> </ul>

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> <li>• Municipal manager, where necessary, evaluates the performance of the section 57 managers.</li> </ul>
Departmental Managers	<ul style="list-style-type: none"> <li>• Assist the Section 57 manager to Develop Service Delivery and Budget Implementation Plans for the Municipality.</li> <li>• Measure performance according to agreed indicators, analyze and report regularly.</li> <li>• Manage implementation and intervene where necessary.</li> <li>• Inform decision makers of risks immediately</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Assess the functionality, effectiveness and legal compliance with the PMS.</li> </ul>
Evaluation Panels	<ul style="list-style-type: none"> <li>• Evaluate the performance of the Municipal Manager and Section 57 managers as per the requirements of section 27 (d) &amp; (e) of the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.</li> </ul>
Auditor General	<ul style="list-style-type: none"> <li>• Ensure legal compliance</li> </ul>
Performance Audit Committee	<ul style="list-style-type: none"> <li>• Independent oversight on legal compliance</li> </ul>

## The organizational performance management cycle

### 1. Planning

Planning is the first phase of an organizational performance management system (OPMS) and the key output is the development of the Integrated Development Plan (IDP). The municipality must develop an IDP which is utilized to plan future developments in the municipal area to meet the needs of the community.

The IDP assists the municipality as follows:

- It is a planning process that involves the entire municipality and its citizens in finding the best solutions to achieve long-term development.
- It assists in the coordination of the work of local government and other spheres of government to improve the quality of life for all people living in an area.
- It considers the existing conditions and problems and resources available for development.
- It considers the economic and social development needs for the area.
- It sets a framework for land use, infrastructure, services, and the protection of the environment.

The IDP has a lifespan of 5 years that is linked directly to the term of office for Councillors. The municipality is required to draft a 5 year IDP which is then broken down into short term goals that can be achieved in 1 year. Prior to the setting of the annual targets, the IDP is reviewed and the necessary changes are made. It should take 6 to 9 months to develop an IDP. During this period, service delivery and development continues.



Planning involves 4 main tasks:

(i) *Pre-planning:*

- Development and adoption of the IDP Process Plan;
- Data collection, analysis and storage;
- Identify, collect and review relevant inputs for the IDP and develop a prioritization model.

(ii) *Public Participation:*

- Schedule and host Public Participation Meetings;
- Update the draft IDP.

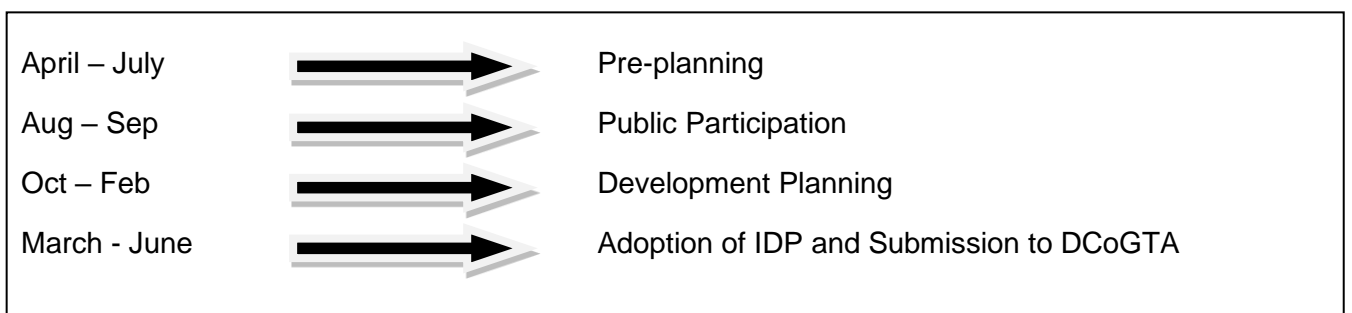
(iii) *Development Planning:*

- Coordinate and host organizational and departmental strategic planning workshops;
- Complete IDP.

(iv) *Adoption of the IDP and submission to the Department of Cooperative Governance and Traditional Affairs (CoGTA):*

- Present IDP to Council for adoption;
- Submit adopted IDP and Council resolution to CoGTA.

The municipality should start the planning process at least 15 months prior to the start of the financial year where implementation takes place in order to ensure that all stakeholders are involved in the planning processes for transparency and accountability. This is depicted in the following illustration:



In addition to the IDP Process Plan, the IDP office is responsible for the development of a procedure and implementation manual that will give effect to steps (i) – (iv) annually.

## **2. Implementation:**

The actual implementation of the IDP over a single financial year is given effect through the Service Delivery and Budget Implementation Plan (SDBIP), scorecards, performance contracts of the Municipal Manager and other S57 Managers.

The SDBIP is the implementation tool used to align the budget to the IDP. The focus of the SDBIP is both financial and non-financial measurable performance objectives in the form of service delivery targets and other performance indicators.

The SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used.

The key performance areas and indicators of performance contained in the organizational scorecard are cascaded into departmental scorecards, and further into individual scorecards which ensure the appropriate alignment between organizational and individual performance.

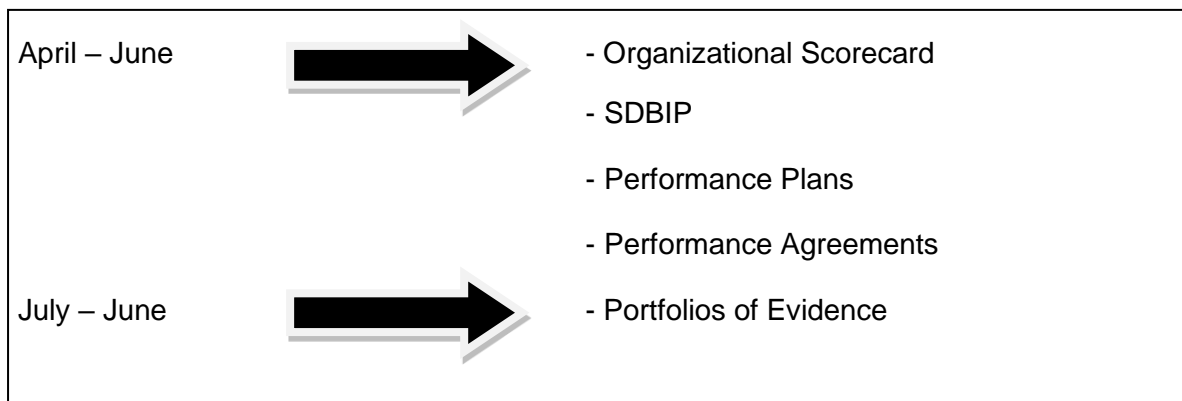
The performance measures that will be used to measure organizational performance need to be developed. In doing so, it is necessary to take into account the funding and staff requirements, availability of the necessary skills and time constraints.

Projects need not only consist of capital projects such as water schemes and housing developments. They can also consist of softer, internal issues such as, "Review the Workplace Skills Plan." This indicates all work done in the municipality, whether it is services to communities or internal processes.

Implementation involves 4 main tasks:

- (i) Developing the organizational scorecard;
- (ii) Preparing the Service Delivery and Budget Implementation Plan;
- (iii) Preparation of the Annual Performance Plans, Performance Agreements and Personal Development Plans for the Municipal Manager and Section 57 Managers.
- (iv) Compilation of Portfolios of Evidence (PoE's).

Steps (i) – (iii) must be completed prior to the start of the financial year where implementation takes place to ensure that data collection for PoE's and reporting is accumulated throughout the period under review. This is depicted in the following illustration:



The PMS Unit must develop a procedure manual, including the relevant templates, for the implementation of steps (i) – (iv) above annually prior to the beginning of the financial year during which implementation is to take place.

### **3. Monitoring:**

Monitoring continuously tracks performance against what was planned by collecting and analyzing data on the indicators established for monitoring and evaluation purposes. It provides continuous information on whether progress is being made towards achieving results (outputs, outcomes, and goals) through record keeping and regular reporting systems. Monitoring looks at both programme processes and changes in conditions of target groups and institutions brought about by programme activities. It also identifies strengths and weaknesses in a programme. The performance information generated from monitoring enhances learning from experience and improves decision-making. Management and programme implementers typically conduct monitoring.

The monitoring framework must:

- Identify the roles of the different role players in monitoring and measuring the municipality’s performance;
- Allocate specific tasks to the gathering of data and submission of reports;
- Determine the data that must be collected in order to assess performance, how that data is to be collected, stored, verified and analyzed and how reports on that data are to be compiled;
- Provide for reporting to Council at least quarterly;
- Be designed in a manner that enables the municipality to detect early indications of under-performance;
- Provide for corrective measures where under-performance has been identified; and
- Compare current performance with performance during the previous financial year and baseline indicators.

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per vote), it is imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end-of-year targets must be based on quarterly

and monthly targets, and the Municipal Manager must ensure that the budget is built around quarterly and monthly information. Being a star-of-year planning and target tool, the SDBIP gives meaning to both in-year reporting and end-of-year annual reports.

Monitoring involves 3 main tasks:

- (i) Measuring Performance;
- (ii) Compilation of Quarterly Performance Reports at a departmental level;
- (iii) Compilation of consolidated Quarterly, Mid-year and Annual Performance reports at an Organizational/Municipal level.

The PMS Unit must develop relevant templates, for the implementation of steps (i) – (iii) above annually prior to the beginning of the financial year during which implementation is to take place.

#### **4. Evaluation:**

Evaluation is a periodic, in-depth analysis of programme performance. It relies on data generated through monitoring activities as well as information obtained from other sources (e.g. studies, research, in-depth interviews, focus group discussions, surveys, etc.). Evaluations are often (but not always) conducted with the assistance of external evaluators.

Evaluations include preparations to define standards to be used to conduct an impact assessment on the achievement of the planned outcome, collecting information, analyzing information, drawing conclusions, documenting lessons learned and formulating recommendations.

When assessing programme performance, evaluations look beyond the delivery process and focus on the results of inputs delivered and the work done. The outcome of this assessment determines whether or not the programme has achieved or is likely to achieve its outputs and contribute to achieving programme outcomes and impact.

The core evaluation concerns to assess programme performance are:

- Relevance: Does the programme continue to meet our needs?
- Effectiveness: Are we achieving the desired results?
- Efficiency: Are the results cost-effective?
- Sustainability: Can the results be sustained after withdrawing support?
- Alternative Strategies: Are there better alternatives to achieve the desired results?

The following role players are involved, to some degree, in evaluations:

- Internal Audit
- Auditor General
- Performance Audit Committee/Audit Committee
- Oversight Committee
- Municipal Standing Committee on Public Accounts
- Department of Cooperative Governance and Traditional affairs
- Community

Evaluation will take place as follows:

- (i) Ongoing as part of the monitoring and reporting process;
- (ii) Annual Customer satisfaction surveys;
- (iii) 5-yearly Quality of Life surveys.

The PMS Unit must develop a procedure manual for the implementation of steps (i) – (iii) above annually prior to the beginning of the financial year during which implementation is to take place.

## **10 Conclusion**

The policy framework for the implementation of the Organizational Performance Management System (OPMS) and Individual Performance Management System (IPMS) serves as a guideline document for the implementation of the OPMS within the uMgungundlovu District Municipality. The implementation of performance management is guided by various legislative prescripts and requirements.

In order to give effect to the policy, procedure manuals/plans must be developed for each of the respective processes, i.e.:

- (i) Planning;
- (ii) Implementation;
- (iii) Monitoring;
- (iv) Evaluations

Once initially developed, these procedure manuals/plans must be updated annually in line with relevant timeframes and prevailing circumstances. Such updates must be presented to Council for approval at least one month prior to the start of the financial year during which implementation is to take place.

## 11 Annexure A: Critical Dates and Timeframes for Performance Management

Phase	Organizational	Individual Activities	Timeframe	Responsibility
Planning	Adopt Reviewed PMS Framework Development and approval of the organizational scorecard and SDBIP		March – June	Management/Council
		Signing performance agreements with MM and sections 56 Managers	31-Jul	Mayor, Municipal and HOD
Monitoring, Measure and Review	Quarterly Monitoring; Quarterly Reviews and Performance Appraisals	Quarterly Monitoring	Quarterly	Municipal Manager, HODs
	Quarterly Review/s	Quarterly Reviews	December; March and June	Municipal Manager, HODs
	Annual Performance Appraisals	Annual Performance Appraisals	March	Mayor Municipal; Municipal Manager; HODs and External Evaluation Panel members
	Annual Performance Appraisals	Reward and Recognition	April	
Reporting	Quarterly and Mid-Term	Quarterly Reports / Mid-year Performance Report	Quarterly/January	Municipal Manager, HODs

<b>Phase</b>	<b>Organizational</b>	<b>Individual Activities</b>	<b>Timeframe</b>	<b>Responsibility</b>
	Annual reports	Annual Performance Report	31-Aug	Mayor / Municipal Manager / PMS
		Table Annual report to council	31-Jan	Mayor / Municipal Manager / PMS
	Oversight reports	Council adopts oversight report	31-Mar	Mayor / Municipal Manager / PMS
<b>Improvement</b>	Performance Improvement		Ongoing	Municipal Manager, HODs