MSINGA LOCAL MUNICIPALITY

PERFORMANCE MANAGEMENT FRAMEWORK

2021/2022

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1. Introduction

The 2001 Municipal Planning and Performance Management Regulations stipulates that a municipality's Performance Management System (PMS) must entail a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players.

In line with the said legal requirement this framework is a policy document that will set out the requirements that Msinga local Municipality's PMS will need to fulfill, the principles that informed its development and subsequent implementation, the preferred performance model of the Municipality, the process by which the system will work, the delegation of responsibilities for different roles in the process and a plan for the implementation of the system.

2. The legislative framework & guiding documents for performance management

2.1 The Constitution

Section 152(1) of the Constitution sets out the goals and objectives of local government:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to local communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organizations in the matters of local government.

2.2 White Paper on Local Government

The White Paper on Local Government (1998), introduced the practice of performance management for local government as a tool to facilitate their

developmental role. Such practice further serves to increase the accountability of the municipality and the trust of the community in such municipality.

2.3 Municipal Systems Act in 2000 (Act 32 of 2000) and Batho Pele principles

- Develop a performance management system;
- Set targets and monitor and review the performance of the Municipality based on indicators linked to their Integrated Development Plan (IDP);
- Publish an annual performance report on performance of the Municipality forming part of its annual report as per the Municipal Finance Management Act (MFMA);
- Incorporate and report on a set of general (sometimes also referred to as national) indicators 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.

2.4 Municipal Planning and Performance Management Regulations (2001)

The Minister responsible for local government published the Municipal Planning and Performance Management Regulations (2001) in terms of the Municipal Systems Act setting out in detail the requirements for a municipal PMS. The

Regulations also contain the general indicators prescribed by the Minister responsible for local government. In 2006 the Minister published a further set of Regulations dealing with Performance Management for Municipal Managers and Managers Directly Accountable to Municipal Managers.

Municipal Planning and Performance Management Regulations for Municipal Managers and Managers directly accountable to the Municipal Managers (2006). Chapter 3, Section 23 of the Regulations state the Municipal Manager and Mangers directly accountable to the Municipal Manager must enter into Performance Agreements to comply with MSA Section 54 and 56 .Sub-section 1 - 7 outline the contents of the Performance Agreement and section 24 provides the duration or timeframe of the agreement. The performance objectives and introduction of the employee to the Performance Management System are catered for in section 25 and 26 of the Regulations.

2.5 Municipal Finance Management Act

It is also important to note that the MFMA contains various important provisions related to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with service delivery targets and performance indicators. Whilst considering and approving the annual budget the Municipality must also set measurable performance targets for each revenue source and vote. The Municipality must lastly compile the annual report, which must include a performance report compiled in terms of Section 46 of the Municipal Systems Act. In terms of a circular issued by National Treasury, the provision for the compilation of the departmental SDBIP's is also made on an annual basis. `

2.6 The Local Government Regulations on appointment and basic conditions of Senior Managers

The Local Government Regulations on appointment and basic conditions of Senior Managers (2014) outlines the requirements, appointment and dismal of

Senior Managers and the Municipal Manager. Senior managers including the Municipal Manager are the champions of implementing strategies and achieving the objectives that are set out in the Integrated Development Plan (IDP).They are assessed on a quarterly basis on the implementation as well as the achievement of the set targets as per the their performance plans . Annexure B of Regulations sets out the required qualifications, skills, knowledge and expertise that Senior Managers need to have to implement their duties effectively and efficiently.

Annexure A of the *Local Government Regulations on appointment and basic conditions of Senior Managers* (2014) sets out the core and leading competencies requirements of Senior Managers, the achievement level from 1 - 5 and provides a detailed explanation on the six leading competencies which are used to develop clear institutional strategies, initiate, drive and implement programs to achieve long-term sustainable and measurable service delivery performance results. An annexure of the regulations in terms of competencies is included at the end of the framework.

2.7 Performance Management Made Simple

The performance management made simple booklet intends to serve to provide information for all Councillors, Managers and Officials at the Municipality. The purpose is to ensure uniformity and standardised application of performance management processes and to ensure that accountabilities, responsibilities, data, and process control points are clear at any stage.

2.8 Framework for Managing Programme Performance Information

This guide is used by the Auditor General when assessing the indicators and targets of any government institution. It aims to define the roles and responsibilities in managing performance information, improve integrated structures, systems and processes and promote accountability and transparency.

3. Performance management and measures at various levels

Performance management can be applied to various levels within any organisation. The legislative framework as set out above provides for performance management at various levels in a municipality including organizational (sometimes also referred to as municipal, corporate or strategic) level, departmental (also referred to as services, operational or section/team level) and lastly, individual level.

At organizational level, the five-year IDP of a municipality forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives. The TL-SDBIP for the organization (both for the municipality as a whole and that of a department) is more short-term in nature and the measures set in terms of the SDBIP, reviewing the progress made with implementing the current budget and achieving annual service delivery targets.

The measures set for the Municipality at TL-organisational level is captured in an organisational scorecard structured in terms of the preferred performance management model of the Municipality. The measures at departmental level are captured in the SDBIPs of the various Departments of the Municipality.

By cascading performance measures from organisational to departmental level, both the IDP and the SDBIP, forms the link to individual performance management .This ensures that performance management at the various levels relate to one another which is a requirement of the 2001 Municipal Planning and Performance Regulations. The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget.

4. Objectives of the Performance Management System

Performance Management System is the primary mechanism to monitor, review and improve the implementation of it's IDP and to gauge the progress made in achieving the objectives as set out in the IDP. In doing so, it should fulfill the following functions:

- ***Facilitate increased accountability***

  The performance management system should provide a mechanism for ensuring increased accountability between the local community, politicians, the Municipal Council and the municipal management team.

- **Facilitate learning and improvement**

  The PMS should facilitate learning in order to enable the Municipality to improve delivery.

- **Provide early warning signals**

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

- **Facilitate decision-making**

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

The functions listed above are not exhaustive, but summarise the intended benefits of the system. These intended functions should be used to evaluate and review the performance management system on a regular basis.

5. Principles governing the PMS of the Municipality

The following principles guided the process of developing a performance management system for the Msinga local Municipality:

- ***simplicity*** so as to facilitate implementation given any current capacity constraints,
- ***politically acceptable*** to all political roleplayers,
- ***administratively managed*** in terms of its day-to-day implementation,
- ***implementable*** within any current resource constraints,
- ***transparency and accountability*** both in terms of developing and implementing the system,
- ***efficient and sustainable*** in terms of the ongoing implementation and use of the system,
- ***public participation*** in terms of granting citizens their constitutional right to participate in the process,
- ***integration*** of the PMS with the other management processes within the Municipality,
- ***objectivity*** based on credible information and lastly,
- ***Reliability*** of the information provided on the progress in achieving the objectives as set out in its IDP.

6. Preferred performance management model

A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicators, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organisation to manage and analyse its performance. As such a model provides a common framework for what aspects of performance is going to be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organization.

A number of performance models are available and any of them could be applied by the Municipality. The available models include the Municipal Scorecard, Balanced Scorecard and the Key Performance Area Model. The Municipality has chosen the Key Performance model. In the said model all indicators are grouped together under the national key performance areas as per the Municipal Systems Act and the local key performance areas as per the Msinga IDP. The said Model therefore enables the Municipality to assess its performance based on the national and its own local key performance areas.

7. Development of indicators and targets (SMART principle)

The municipality has to develop the indicators which are qualitative and quantitative that indicates whether progress is being made in achieving the objectives and targets. Indicators are important because they:

- enable the review of objectives
- provide a common framework for measuring and reporting
- translate complex concepts into simple operational measurement variables
- help to provide feedback to an organization, its staff and stakeholders

- help when comparing the municipality's performance to that of others

Defining a good performance indicator requires careful analysis on what is to be measured and a thorough understanding of the nature of the input, output, activities and desired outcome.

A performance indicator should meet the following criteria:

- **Reliable**-accurate enough for its intended use
- **Well-defined**-clear and unambiguous
- **Cost effective**-usefulness of collecting data must satisfy the cost
- **Verifiable**-processes and system that produced the indicator can be validated.
- **Relevant-**relates to the municipalities mandate
- **Appropriate**-encourage service delivery

Once suitable indicators have been set, the required level of performance has to be established using the SMART principle.

This is to ensure that the targets set meet the following criteria:

Specific - measure only those dimensions that the municipally intends to Measure;

Measurable - easy to calculate from data that can be generated speedily, easily & at reasonable cost;

Attainable - able to attain the objectives (*knowing the resources and capacities at the disposal of the community);*

Realistic - able to obtain the level of change reflected in the objective;

Time bound - achievable within a defined time scale (this would not be applicable to a standing objective);

8. The process of managing Organizational & Individual Performance

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



The balance of this chapter looks at each of the steps in more detail and how they will unfold in the process of managing performance in the Municipality. Although the steps and what follow relates mainly to performance management at organizational level, the principles and approaches could also be applied to performance management at departmental level.

8.1 Performance Planning

The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof constitutes the process

of planning for performance. It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality has under-performed.

8.2 Performance monitoring

Performance monitoring is an ongoing process by which a Manager accountable for a specific indicator as set out in the organizational scorecard (and a service delivery target contained in the SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

In the instance of Msinga local Municipality, it is recommended that the organizational performance of the Municipality be reported on a quarterly basis to the Audit Committee and the Executive Committee. The same will apply to the various TL and Departmental SDBIPs. Performance monitoring requires that in between the said formal cycle of performance measurement appropriate action be taken should it become evident that a specific performance target is not going to be met. It is therefore proposed that at least on a monthly basis Managers track performance trends against targets for those indicators that lie within the area of accountability of their respective Departments as a means to early on identify performance related problems and take appropriate remedial action.

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

8.3 Performance measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. Given the fact that initially at least the Municipality will have to rely on a manual process to manage its performance provision has been made in the organizational and SDBIP scorecards for the department responsible for reporting on each indicator.

The said official will, when performance measurement is due, have to collect and collate the necessary performance data or information and capture the result against the target for the period concerned on the Top Layer scorecard and relevant Departmental scorecard and report the result to the Municipal Manager making use of the said scorecard after completing the next step (see performance analysis below).

After the **end of each quarter**, the:

1)Completed Departmental scorecard,

2)A file of **POE** correctly labeled with a contents page reference as per KPI no.

3) **SIGNED by the HOD** to ascertain completeness of reported information

4) Date on which the POE is received will be stamped by the MMs office

The documents listed above must be submitted to the MMs office by the 8th of the month of the new quarter; i.e

1) Quarter 1- report is due on the 8th of October
2) Quarter 2- report is due on the 8th of January
3) Quarter 3- report is due on the 8th of April
4) Quarter 4- report is due on the 8th of July

As conducted in terms of the previous step to determine whether targets have been met, exceeded and to project whether future targets will be met or not. Where targets have not been met performance, analysis requires that the reasons

therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organizational learning.

In practice the aforementioned entails that the Manager responsible for each indicator will have to, after capturing the performance data against targets on the TL/organizational or departmental scorecards, analyze the underlying reasons why a target has not been met and capture a summary of his/her findings on the scorecard. The Manager will thereafter have to compile a draft recommendation in terms of the corrective action proposed in instances where a target has not been achieved and also capture this on the relevant scorecard. Provision has been made on the reporting format of the organisational and Departmental scorecards to capture both the '*reason for the performance status'* (in other words the results of the analysis undertaken) and the 'corrective action' proposed clearly marked in the scorecard as ''*measures taken to improve performance* ''.

The Organizational and Departmental scorecards as completed must then be submitted to a formal meeting of the (SMT) Senior Management Team for further analysis and consideration of the draft recommendations as captured by the relevant Managers. This level of analysis should examine performance across the organization in terms of all its priorities with the aim to reveal and capture whether any broader organizational factors are limiting the ability to meet any performance targets in addition to those aspects already captured by the relevant Manager.

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

Departmental scorecards be submitted to the Executive Committee for consideration and review.

8.5 Performance reporting and review

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

8.5.1 In-year performance reporting and review

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

As indicated earlier it is recommended that the organizational and Departmental scorecards be submitted to the Internal Auditor, Audit Committee and the Executive Committee for consideration and review on a quarterly basis.
The reporting should therefore take place in :

- October (for the period 01 July -30 September - Quarter 1)= **October**
- January (for the period 01 October -31st December - Quarter 2), =**January**
- April (for the period 01 January -30 March - Quarter 3) and **April**
- July (for the period 01 April- June 30th - Quarter 4). **July**

The review in January will coincide with the mid-year performance assessment as per section 72 of the MFMA. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and report to the Council on inter alia its service delivery performance

during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

Performance review is the process where the leadership of an organization, after the performance of the organization have been measured and reported to it, reviews the results and decided on appropriate action. The Audit Committee and the Executive Committee in reviewing the organisational and departmental scorecards submitted to it will have to ensure that targets committed to in the scorecard have been met, where they have not, that satisfactory and sufficient reasons have been provided by senior management and that the corrective action being proposed is sufficient to address the reasons for poor performance. If satisfied with the corrective action as proposed these must to be adopted as formal resolutions of Council, minuted and actioned accordingly.

8.5.2 Annual performance reporting and review

On an annual basis a comprehensive report on the performance of the Municipality also needs to be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA, the detailed required information has been articulated in Circular 63 of the MFMA of 2012. In summary it requires that:

- All municipalities for each financial year compile an **Annual Report**;
- The annual report be tabled within seven months after the end of the financial year i.e January
- The annual report immediately after it has been tabled be made public and that the local community be invited to submit representations thereon;
    - The municipal Council consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the council's comments on the annual report; i.e March

The *oversight report* as adopted by Council has to be made public;

- The annual report as tabled and the Council's oversight report be forwarded to the Auditor-General, the Provincial Treasury and the department responsible for local government in the Province; and
- The annual report as tabled and the Council's oversight report be submitted to the Provincial legislature.

The oversight report to be adopted provides the opportunity for full Council to review the performance of the Municipality. The requirement that the annual report once tabled and the oversight report be made public similarly provides the mechanism for the general public to review the performance of the Municipality. It is however proposed that in an effort to assist the public in the process and subject to the availability of funding, a user-friendly citizens' report be produced in addition to the annual report for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.

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

- Various forms of media including radio, newspapers and Municipal website should be used to convey the annual report.
- The public should be invited to submit comments on the annual report via Post, telephone, and email;
- Public participation meetings could be held in a variety of platforms inclusive of Social media (whatsapp/Facebook, etc) to obtain inputs on the annual report;
- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments;

- Hosting a number of public meetings and roadshows at which the annual report could be discussed and input invited;
- Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public invited to comment; and
- Posting the annual report on the council website and inviting inputs.

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

The performance report of a municipality is only one element of the annual report and to ensure that the outcome thereof timeously inform the next cycle of performance planning in terms of an IDP compilation/review process, it is recommended that the annual performance report be compiled and completed as soon after the end of a financial year as possible but ideally not later that two months after financial-year end. i.e by mid August

In line with the performance agreements that are entered into by the Municipal Manager and Managers directly accountable to the Municipal Manager, annual performance evaluations are conducted by a Panel of evaluators for the Section 54/56 Manager which consist of the Chairperson of the Audit Committee, MM of the Municipality, MM of another municipality and Member of the Executive Committee (EXCO), Ward Committee member to evaluate their performance against pre-determined objectives.

8.5.3 Summary of various performance reporting requirements

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

Report	Frequency	Submitted for consideration and/or review to	Remarks
1. SDBIPs	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organisational Scorecard	Quarterly	Executive Committee and Audit Committee	This PMS framework (see section 8.5.1 above)
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	See sections 72 and 54 of the MFMA
5. Performance report	Annual	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual report	Annually	Council	See chapter 12 of the MFMA, circular 63

9. Roles and Responsibilities

The following table spells out in more detail the role of all relevant roleplayers in the above steps:

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Citizens and Communities	• Be consulted on needs • Develop the long term vision for the area • Influence the identification of priorities • Influence the choice of indicators and setting of targets		• Be given the opportunity to review municipal performance and suggest new indicators and targets

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Council	• Facilitate the development of a long-term vision. • Develop strategies to achieve vision • Identify priorities • Adopt indicators and set targets		• Review municipal performance annually
Executive Committee and the IDP Steering Committee	• Play the leading role in giving strategic direction and developing strategies and policies for the organization • Manage the development of an IDP • Approve and adopt indicators and set targets • Communicate the plan to other stakeholders		• Conduct the major reviews of municipal performance, determining where goals had or had not been met, what the causal reasons were and to adopt response strategies

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Municipal Manager + HODs	Assist the Executive Committee in • providing strategic direction and developing strategies and policies for the organization • Manage the development of the IDP • Ensure that the plan is integrated • Identify and propose indicators and targets • Communicate the plan to other stakeholders	• Regularly monitor the implementation of the IDP, identifying risks early • Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organization • Intervene in performance problems on a daily operational basis	• Conduct regular reviews of performance • Ensure that performance reviews at the political level are organized • Ensure the availability of information • Propose response strategies to the Executive Committee
Departmental Managers	• Develop service plans for integration with other sectors within the strategy of the organization	• Measure performance according to agreed indicators, analyze and report regularly • Manage implementation and intervene where necessary • Inform decision-makers of risks to service delivery timeously	• Conduct reviews of service performance against plan before other reviews

10. The auditing of performance measures

10.1 The role of internal audit in terms of performance management

The MFMA requires that the Municipality must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 45 of the Municipal Systems Act stipulates that the results of

the Municipality's performance measures must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor-General.

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

(i) The ***functionality*** of the municipality's performance management system.

(ii) Whether the municipality's performance management system ***complies*** with the Act.

(iii) The extent to which the municipality's performance measurements are ***reliable*** in measuring the performance of municipalities by making use of indicators.

Each of the aforementioned aspects will now be looked at briefly.

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

- **Compliance**
  To comply can be defined as to act in the way that someone else has commanded or whished (Chambers Handy Dictionary). In this respect it is clear that the legislature wishes to ensure that the Municipality's PMS complies strictly with the requirements of the Systems Act, Regulations and the MFMA. This compliance check would require that the Municipality's

internal audit unit, at least on an annual basis, verifies that the Municipality's PMS complies with the said legal requirements.

- **Reliability**

  To rely could be defined as to trust or depend (upon) with confidence. Reliability in the context of PMS refers to the extent to which any performance measures reported upon could be seen as being reliable, e.g. if the performance target was to build 500 houses and it is reported that the target has been met or exceeded, it must be established whether the information is factually correct or only an estimation or even worse, purposeful misrepresentation. Undertaking a reliability audit will entail the continuous verification of performance measures and targets reported upon. This will require that the Municipality sets in place a proper information management system (electronically or otherwise) so that the internal audit section is able to access information regularly and to verify its correctness.

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

10.2 Audit Committee

The MFMA and the 2001 Municipal Planning and Performance Management Regulations require that the municipal council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations gives municipalities the option to establish a separate performance audit committee whereas the MFMA provides only for a single audit committee. The operation of this audit committee when dealing with

performance management is governed by section 14 (2-3) of the Regulations which require that the audit committee must:

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

In order to fulfill their functions a performance audit committee may, according to the MFMA and the Regulations,

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

10.3 Performance Investigations

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

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

While the internal audit section may be used to conduct these investigations, it is preferable that external service providers, who are experts in the area to be investigated, should be used. Clear terms of reference will need to be adopted by the Council for each such investigation.

11. General issues relating to performance management

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

11.1 Annual review of the Performance Management System

As stated earlier, one of the functions of the audit committee is to on at least an annual basis, review the PMS of the Municipality. It is envisaged that after the full cycle of the annual review and reporting is complete and the audit committee has met as required; the internal audit section will compile a comprehensive assessment/review report on whether the Municipality's PMS meets the system objectives and principles as set out in this framework and whether the system complies with the Systems Act, PMS Regulations and the MFMA. This report then needs to be considered by the audit committee and any recommendations on amendments or improvements to be made to the PMS, submitted to Council for consideration.

The Municipal Systems Act requires the Municipality also annually evaluate its PMS. The review undertaken by the audit committee and its recommendations could

serve as input into this wider municipal review of the PMS and it is proposed that after the full cycle of the annual review is complete; the Municipal Manager will initiate an evaluation report, taking into account the input provided by departments. The report will then be discussed by the Management Team and finally submitted to the Council for discussion and approval.

11.2 Amendments to key performance indicators and targets

It is recommended that such amendments be proposed and be subject to the approval of the Executive Committee.

11.3 Integrating PMS with the Council's existing management cycle

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

11.4 Institutional arrangements

The implementation of the PMS in terms of this framework would require co-ordination and it is recommended that at organizational level be the task of the Manager responsible for the IDP and PMS. This is not to say that it would be the said person responsibility to measure, analyze and report on performance but only to ensure that this happens and that material is collated and available for analyses and review as per this framework on behalf of the Municipal Manager.

At an individual level, the responsibility for co-ordination, administration and record keeping should be the responsibility of the Manager PMS with assistance

from Manager IDP the functions to be performed by the said Manager, amongst others are as follows:

- Providing strategic direction and developing of *organizational PMS;*
- Manage the day to day of PMS;
- Identify and propose indicators and targets;
- Communicate the plan to other stakeholders;
- Co-ordination, administration and record keeping of PMS;
- Conduct regular reviews of performance; and
- Ensure the availability of information.

The Municipality also needs to ensure that its internal audit section is capacitated to deal with the additional responsibilities it has in terms of performance management over and above its traditional financial audit responsibilities.

12. Conclusion

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

Annexure A

Competency Framework

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.

COMPETENCY FRAMEWORK

Leading and Core Competencies **Weight = 100%**

Weight (%)	LEADING COMPETENCIES (70%)	
20	• Strategic Direction and Leadership	• Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organizational Awareness
5	• People Management	• Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management
25	• Programme and Project Management	• Programme and Project Planning and Implementation • Service Delivery Management • Programme and Project Monitoring and Evaluation
5	• Financial Management	• Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring
5	• Change Leadership	• Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation
10	• Governance Leadership	• Policy Formulation • Risk and Compliance Management • Cooperative Governance
/70		

Weight (%)	CORE COMPETENCIES (30%)	
5	• Moral Competency	• Able to identify moral triggers, apply reasoning that promotes honesty and integrity and consistently display behavior that reflects moral competency.

Weight (%)	CORE COMPETENCIES (30%)	
5	• Planning and Organizing	• Able to plan, prioritize and organize information and resources effectively to ensure the quality of service delivery and build efficient contingency plans to manager risk.
5	• Analysis and Innovation	• Able to critically analyze information, challenges and trends to establish and implement fact based solutions that are innovative to improve institutional processes in order to achieve key strategic objectives
5	• Knowledge and Information Management	• Able to promote the generation and sharing of knowledge and information through various processes and media, in order to enhance the collective knowledge base of local government
5	• Communication	• Able to share information, knowledge and ideas in a clear, focused and concise manner appropriate for the audience in order to effectively convey, persuade and influence stakeholders to achieve the desired outcome.
5	• Results and Quality Focus	• Able to maintain high quality standards, focused on achieving results and objectives while consistently striving to exceed expectations and encourage others to meet quality standards. Further, to actively monitor and measure results and quality against identified objectives.
/30		

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

Achievement Levels	Description	Scoring
Basic	Applies basic concepts, methods and understanding of local government operations, but requires supervision and development intervention	1 -2
Competent	Develops and applies more progressive concepts, methods and understanding, plans and guides the work of others and executes progressive analysis	3
Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in depth analyses	4
Superior	Has a comprehensive understanding of local government operations, critical in shaping strategic directions and change, develops and applies comprehensive concepts and methods	5