PERFORMANCE MANAGEMENT POLICY FRAMEWORK

2024/25

1. Background

The White Paper on Local Government (1998) 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.

Chapters 6 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000), requires local government to:

- Develop a performance management system.
- Set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP).
- Publish an annual report on performance management for the councillors, staff, the public and other spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for local government.
- Conduct an internal audit on performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and reviewing municipal performance.

2. Introduction

Section (A) of the Local Government Municipal Systems Act no 32 of 2000 requires every municipality to establish a Performance Management System that is commensurate with its resources and best suited to its circumstances in line with its priorities, objectives, indicators and targets reflected in its Integrated Development Plan (IDP).

It further obliges every municipality to promote a culture of Performance among its political structures, political office bearers, councillors and its administrators and to administer its affairs in an economical, effective, efficient and accountable manner.

In seeking to comply with the above statutory requirement, this document therefore serves a Performance Management Systems Policy Framework for the **Greater Taung Local Municipality.** This framework caters for the development, implementation and roll-out of Performance Management System within the **Greater Taung Local Municipality**.

3. RATIONALE OF PERFORMANCE MANAGEMENT

The requirement for the development and implementation of a Performance Management System is provided for in legislation, which makes it peremptory for

municipalities to comply. The Auditor-General is required to audit municipalities for compliance with legislation and non-compliance will result in adverse consequences.

3.1. Policy and Legal Context for PMS

- The White Paper on Local Government (1998)
- Batho Pele (1998)
- The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
- The Local Government: Municipal Systems Act, (32/2000): Municipal Planning and Performance Management Regulations (2001) , Chapter 3, by the Department Cooperative Governance.
- Guide on Performance Agreements Workshop, 2001, by the South African Local Government Associations (referred to as SALGA Guidelines in short).
- DPLG, 2001, PMS Training Manuals (referred to as PMS Training Manuals in short).
- Municipal Finance Management Act (2003) .
- Municipal Performance Management Regulations (2006) .
- LGTAS and incorporation of specifically Outcome 9

3.2. Objectives of Performance Management System

- Facilitate increased accountability
- Facilitate learning and improvement
- Provide early warning signals
- Facilitate decision-making
- Recognise outstanding performance

3.3 Benefits of Performance Management

- Improved organizational profitability
- Increased employee responsibility
- Equitable treatment of employees
- Enhanced quality of work life

3.4 Principles that will guide the development and implementation of the Performance Management System

- Simplicity
- Politically driven
- Incremental implementation
- Transparency and accountability
- Integration

- Objectivity

3.5 Greater Taung Local Municipality Performance Management Systems (PMS) Model

- What is a performance Measurement Model
- The value of a Performance Measurement Model
- Criteria of a Good Performance Model
- The Balance Scorecard Performance Model
- The revised Municipal Scorecard Model
- Why **Greater Taung Local Municipality** will adopt the Revised Municipal Scorecard Model

3.5.1 What is a Performance Measurement Model?

Performance management is defined as a strategic process to management (or system of management), which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. Regulation 7 of the 2001 Performance Regulations requires that every municipality develop a performance management system (PMS) which consists of a performance 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, and must set out the roles and responsibilities of the different stakeholders. The regulations further provide in Regulation 13 that a municipality must, after consultation with the community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and targets set by it.

Performance measurement involves determining the extent to which objectives are being achieved through developing indicators and linking them to targets and related standards. Review of performance against set targets is undertaken on a regular basis. A performance measurement framework is a practical plan for the municipality to collect, process, organise, analyse, audit, reflect on and report performance information.

A performance measurement model is the system that is used to monitor, measure and review performance indicators within the above performance management framework. It is a choice about what aspects or dimensions of performance will be measured. It implies the grouping together of indicators into logical categories or groups, called **perspectives,** as a means to enhance the ability of an organization to manage and analyze its performance.

3.5.2 The Value of a Performance Measurement Model

The value of performance measurement models can be summarized as follows:

- Models simplify otherwise long lists of indicators by organizing them into perspectives which will sufficiently represent effective performance;

- Different models differ enormously on what is viewed as key aspects of performance (Key Performance Areas) and can help organizations make their own decisions on a model that fits their context;
- Models help in aligning the relationship between areas of performance when planning, evaluating and reporting;
- Models help align strategic planning and performance management by directly linking Key Performance Areas to priority areas in the strategic plan.
- Building an own model allows municipalities to agree on what areas of performance should be integrated, managed and measured and what values should inform indicators and standards of achievement.

3.5.3 Criteria of a Good Performance Model

The following characteristics should guide the choice of a performance model:

a) It must be simple to develop and its implementation must be able to be cascaded to the lower levels with ease.
b) The model must ensure that there is a balance in the set of indicators being compiled.
c) The balance created by the model must encompass all relevant and priority areas of performance.
d) The perspectives must be aligned to the IDP objectives.
e) The model must be able to timeously diagnose blockages in the system.
f) It must be easy to replicate to all other levels.
g) It must be easy to integrate with other municipal systems and processes.

3.5.4 The Balanced Scorecard Performance Model

The widely used performance model is the Balanced Scorecard. The Balanced Scorecard ensures that there is balance in the set of indicators being compiled. It was developed as a means to measure performance by combining both financial and non-financial indicators to create a balance between financial and other critical functional areas in organizations. By combining financial indicators and non-financial indicators in a single report, the Balanced Scorecard aims to provide managers with richer and more relevant information about the activities that they are managing than is provided by financial indicators alone.

The Balanced Scorecard performance model requires the use of scorecards as a systematic approach to assessing internal results while probing the external environment. This Model groups its indicators into four perspectives: financial perspectives, customer perspective, internal perspective and learning and growth perspective.

3.5.5 The Revised Municipal Scorecard Model

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. There are five KPA’s that municipalities are required to align their

strategic planning on and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through these five perspectives:

a) The Municipal Development Perspective
b) The Service Delivery Perspective
c) The Institutional Development Perspective
d) The Financial Management Perspective, and
e) Governance Process Perspective

3.5.6 Why Greater Taung Local Municipality will adopt the Revised Municipal Scorecard Model?

In previous years **Greater Taung Local Municipality** adopted the balanced scorecard model in its adapted Municipal Scorecard Performance Model format. This model consisted of four perspectives, namely; (1) Development Impact Perspective; (2) Resource Management Perspective; (3) Service Delivery Perspective; and (4) Governance Process Perspective.

The **Greater Taung Local Municipality** having adopted the Municipal Scorecard Performance Model, will align this framework to the revised Municipal Scorecard Model and its performance will be grouped under the following 5 perspectives:

3.5.6.1 The Municipal Development Perspective

In this perspective the municipality will assess whether the desired development indicators around the performance area of social and economic development is achieved.

3.5.6.2 The Service Delivery Perspective

This perspective will asses the municipality's performance in the overall delivery of basic and infrastructural services and products.

3.5.6.3 The Financial Management Perspective

This perspective will measure the municipality's performance with respect to the management of
its finances.

3.5.6.3 The Institutional Development Perspective

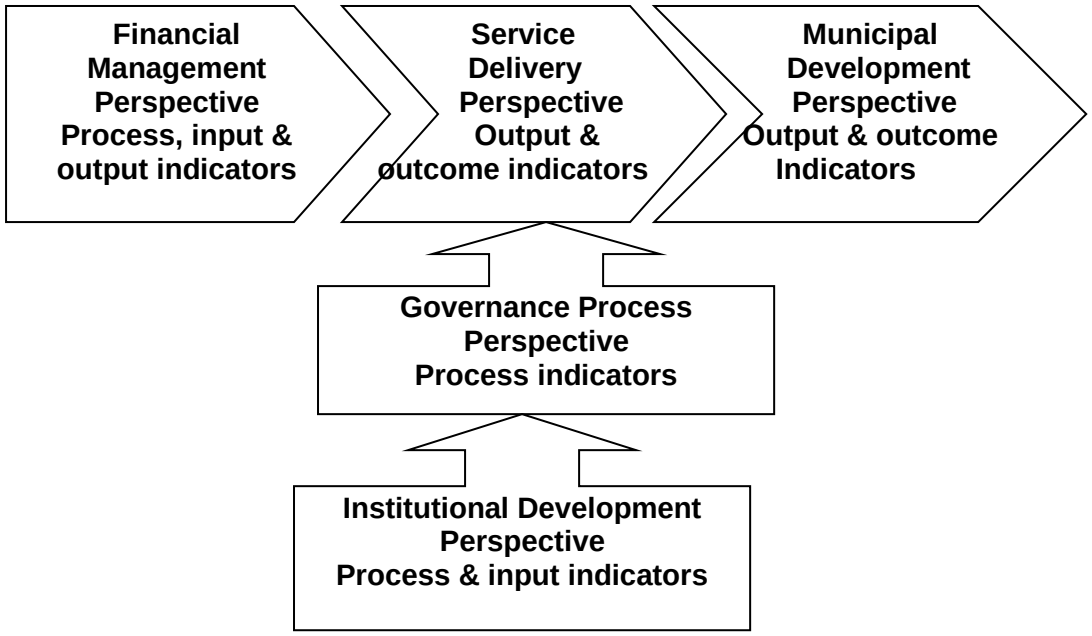
This perspective relates to input indicators that measure the functioning of the municipality under areas such as human resources, strategic planning and implementation, performance management and all other indicators that seek to develop and manage the municipal institution.

3.5.6.4 The Governance Process Perspective

This perspective will measure the municipality's performance in relation to its engagement with its stakeholders in the process of governance, established and functioning governance structures, and good municipal governance processes.

Figure 1 below illustrates the Revised Municipal Scorecard Model and reflects the five perspectives that make up this performance model.

Figure1: The 5 Perspectives of the Revised Municipal Scorecard



3.6 Implementation of the Revised Municipal Scorecard in the Greater Taung Local Municipality

The Greater Taung Local Municipality, had adopted a two-level approach of implementing the scorecard. The two levels were:

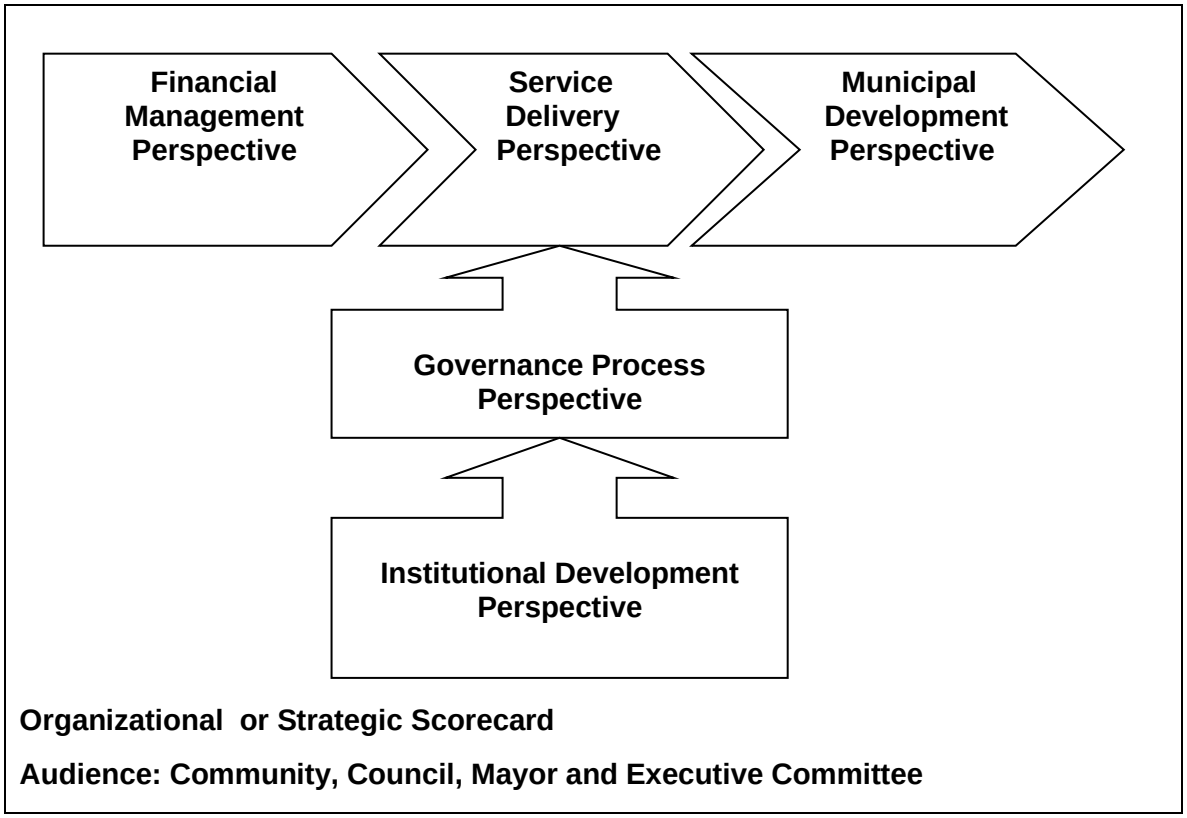
- The Strategic or Organizational Scorecard Level – reflecting the strategic priorities of the municipality
- The Service Scorecard Level – which captured the municipality's performance in each defined service, provided a comprehensive picture of the performance of a particular service and consisted of objectives, indicators and targets derived from the service plan and service strategies.
- In reviewing the Policy Framework, a two-level scorecard approach is proposed. The Strategic or Organizational Scorecard will reflect KPA's, objectives, indicators and targets at a strategic level and will align directly with the IDP priorities. This scorecard will follow along the lines of the SDBIP, but will not have the monthly financial cash flow projections and the ward level projects. The second scorecard will be service or departmental scorecards, similar to the one currently used by the municipality. This

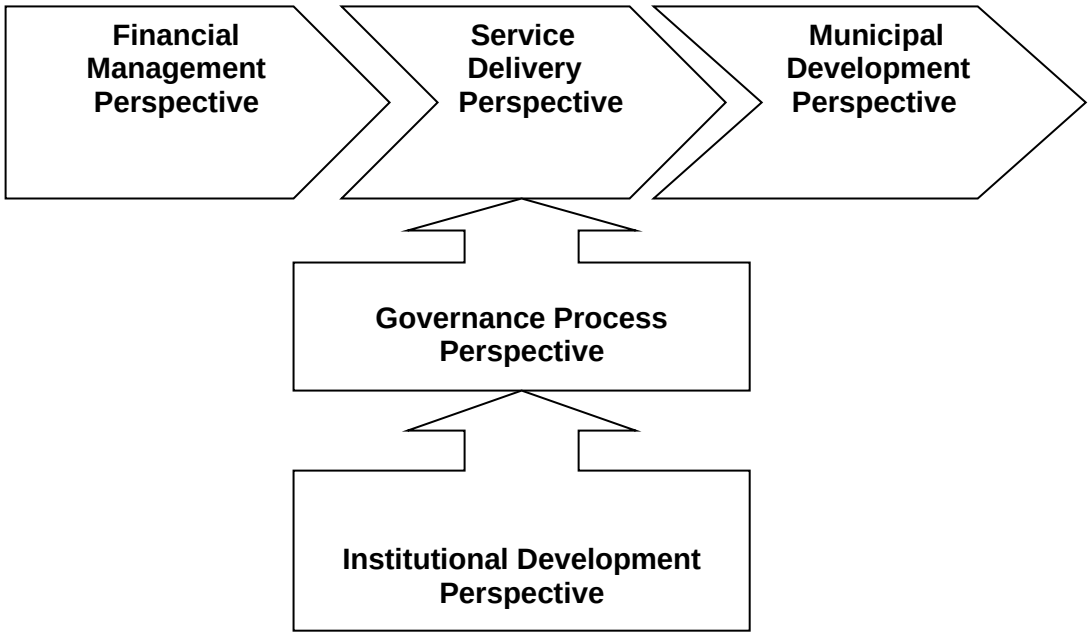
level of scorecard will reflect objectives, indicators and targets at a departmental level. This scorecard will also inform the individual scorecards of the Section 57 Managers.

The two levels of scorecards will then become the organizational performance management system (PMS) of the **Greater Taung Local Municipality**. All reporting on the municipality's performance will be informed by information derived from the two-level scorecard and reflect the municipality's performance on the five perspectives.

An illustration of the two-level scorecard is presented below in **Figure 2.**

Figure 2: The Two-Level of Scorecard Model





Departmental or Service Scorecard

Audience:
Mayor, Council Committees, Municipal Manager, Heads of Departments, Section Managers

3.7 Developing the Organizational Scorecard and Outlining the Scorecard Concepts

During the IDP process a corporate vision and mission were formulated for the Greater Taung Local Municipality, together with broad key performance areas (KPA's), development objectives and key performance indicators (KPIs) which feed into the vision and mission. It is now necessary to take this process further into the performance management system, by developing an organizational or strategic scorecard that will encompass all the relevant areas or concepts that will allow measurement of the performance of the organization using this scorecard. This will be done by using relevant concepts to populate the organizational and service scorecards of the Greater Taung Local Municipality. This process of developing the organizational and service/departmental scorecards will be followed every year after adoption of the IDP and the budget and after evaluation of the previous year's scorecard or municipal performance. An illustration of the components of an organizational or strategic scorecard is reflected in figure 3 below.

Figure 3: Organisational Scorecard Concepts

Step 1	Outline the National Key Performance Areas (KPA's)
Step 2	Define Strategic Focus Areas (SFA's) that fall under each KPA
Step 3	Formulate appropriate development objectives (IDP Objectives) for each SFA
Step 4	Develop suitable Key Performance Indicators (KPIs)

Step 5	Indicate the types of Key Performance Indicators
Step 6	Provide baseline information
Step 7	Set annual targets for each KPI
Step 8	Indicate quarterly targets to be met arising out of the each of the set annual targets
Step 9	Allocate responsibility to departments for execution of actions
Step 10	Provide frequency of reporting on progress
Step 11	Indicate structure mandated to receive progress reports

In the following paragraphs are explanatory notes expanding on each of the component concepts set out in the above illustrative scorecard.

4.1. Step 1: Setting out National Key Performance Areas (KPA's)

Outlining thematic areas is the first step in the performance management process. Municipalities are required to cluster their priority issues identified during the IDP development and review processes around the following KPA's:

- Basic Service Delivery;
- Municipal Transformation and Organisational Development
- Local Economic Development;
- Municipal Financial Viability and Management
- Good Governance and Public Participation

4.2 Step 2: Defining Strategic Focus Areas (SFA's) that fall under each KPA

In its IDP the Greater Taung Local Municipality will cluster the elements within each of the broad KPA's under Strategic Focus Areas.

An example: Under the Basic Service Delivery KPA there will be several Strategic Focus Areas such as water and sanitation, electricity, etc.

4.3 Step 3: Formulating Appropriate Development Objectives

As a third step the municipality will design high level objectives per (Strategic Focus Areas) SFA. An objective is a measurable statement of intent, measurable either quantitatively or qualitatively. It's a series of elements of the vision or mission broken down into manageable quantities.

There is no hard-and-fast rule about how many objectives to set, but it is important to make it manageable and realistic and it is therefore advisable to limit the number.

An example: Under the KPA of Basic *Service Delivery* and the SFA of *Waste Management*, the municipality can formulate an objective that goes along these lines:

"To provide every dwelling with a weekly door-to-door refuse collection service by July 2016"

4.4 Step 4: Developing Suitable Key Performance Indicators (KPIs)

As a fourth step it is necessary to determine KPIs, which define what needs to be measured in order to gauge progress towards achieving the development objectives discussed in the previous step. KPIs must be measurable, relevant, simple and precise. They simply define how performance will be measured along a scale or dimension (**example:** "number of houses to be built"). The White Paper on Local Government stresses the need for involving communities, officials and organised labour in the development of KPIs.

KPIs can also be used to:

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

4.5 Step 5: Indicate the Types of Indicators (KPIs)

Input Indicators: These indicators are typically cost related. As the name suggests, they literally measure what inputs have been made towards achieving the objective and they are most relevant to the day-to day operations of a municipality. Examples of input indicators include costs, equipment, human resources, time, etc.

Process indicators: These indicators describe how well municipalities use their resources in producing services. They cover the activities and operations that convert inputs into outputs. They are essentially internal types of indicators.

***Output indicators*:** These indicators refer to "products" produced by processing inputs (i.e. the end point of an activity), for example the number of houses built or the number of electricity connections made. Output indicators should only be used for those functions for which the municipality is directly responsible.

***Outcome indicators*:** These indicators measure the extent to which strategic goals or outcomes are being met. Outcomes are usually based on the results of different variables acting together (for example increased economic activity as a result of improved water supply). They measure the effect that the goals and objectives are having on the community and they are important diagnostic tools. Based on many variables, they tend to lag behind output indicators because they can only be measured after the outputs have been produced. They are also more difficult to measure and are usually influenced by factors external to the municipality's control, so

it cannot necessarily be said that a municipality is solely responsible for performance in this regard.

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

A KPI has to be consistent with the principles of:

- Measurability;
- Relevance;
- Simplicity; and
- Precision.

KPI's should also comply with the SMART principle; namely Specific, Measurable, Achievable, Realistic and Time Bound

In terms of Regulation 10 of the Municipal Planning and Performance Management Regulations, 2001, all municipalities must report on general national KPIs by the end of the financial year. The reasons why it is important to incorporate the national KPIs into the municipality's set of measures is to:

- Ensure accountability.
- Direct municipalities to focus on national goals and priorities.
- Measure the impact of municipalities on national transformation, development and service delivery programmes.
- Enable benchmarking and create the basis for performance comparison across municipalities.
- Bring some uniformity in the system by ensuring that there is commonality of measures in performance evaluation across municipalities.

The seven (7) general KPIs are provided for in Regulation 10 of the 2001 Municipal Planning and Performance Regulations and are listed below:

a. the percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
b. the percentage of households earning less than R4100 per month with access to free basic services;
c. the percentage of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
d. the number of jobs created through the municipality's local, economic development initiatives including capital projects;
e. the number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan;
f. the percentage of the municipality's budget actually spent on implementing its workplace skills plan; and

g. the municipality's financial viability as expressed by the ratios for debt coverage, outstanding service debtors to revenue and cost coverage.

4.6 Step 6: Provide Baseline Information for each KPI

The next step is to determine the baseline indicator for each set KPI. A baseline indicator is the value (or status quo) of the indicator prior to the period over which performance is to be monitored and reviewed.

4.6 Step 7: Set Annual Targets for each KPI

In this step annual performance targets must be set for each identified KPI. Performance targets should comply with the SMART principles (Specific, Measurable, Achievable, Realistic and Time related). It is important to guard against setting too many performance targets.

Target dates for the completion of actions should be set in conjunction with those Departments responsible for their achievement. It is important to be realistic in the setting of target. If realistic targets are not set the municipality will create false expectations and also set its employees up for failure. A need to align and develop risk management strategies to targets is necessary.

4.8 Step 8: Outline Quarterly Targets

This step is about unpacking each of the annual targets and dividing them into quarterly targets. Provision must be made in the organizational scorecards for targets to be met in respect of the first, second, third or fourth quarter.

4.9 Step 9: Allocating Responsibility

It is also necessary to decide who takes responsibility for what actions. In the case of the organisational scorecard responsibility would be allocated to a Department. With regards to departmental and other lower echelon scorecards a name must be place alongside each action described above. This is also a way of cascading the responsibility from the strategic level down to the operational level and from the organisational goals right down to individual employee performance. The allocation of responsibility should be consistent with the employees' duties and functions as identified on the incumbent's job description or profile. In this way individual employees can also see exactly what their roles are in achieving the strategic objectives.

4.10 Step 10: Deciding on Frequency of Reporting

In this column the frequency of reporting must be inserted which could be

- ✓ Monthly
- ✓ Quarterly
- ✓ Bi-Annually or
- ✓ Annually

4.11 Step 11: Indicate the Structure Mandated to Receive Progress Reports

This step must show the structure that is mandated to play an oversight or executive role or to manage that particular performance area and the structure that will receive the reports on that KPA and SFA.

A template of the Organizational Scorecard with all the above concepts is illustrated below as **Figure 4.**

Figure 4: Organizational Scorecard Template

KEY PERFORMANCE AREA 4: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT												
STRATEGIC FOCUS AREAS (SFA'S)	**OBJECTIVES**	**KEY PERFORMANCE INDICATORS (KPIS)**	**TYPE OF KPI**	**BASE LINE INFO**	**ANNUAL TARGETS**	**QUARTERLY TARGETS**				**RESPONSIBLE DEPARTMENT**	**FREQUENCY OF REPORTING**	**RESPONSIBLE STRUCTURE RECEIVING REPORTS**
						Q1	**Q2**	**Q3**	**Q4**			
Water services	To improve access to water to households in the informal settlements	1. Unit costs for purchasing water pipes to connect to single households	Input indicator	R10 000	R80 000	R20 000	R20 000	R20 000	R20 000	Infrastructure Dept	Monthly	Section 79 Committee responsible for Service Delivery
		2. No. of households connected in one year	Output indicator	100	1 000 households	250	250	250	250	Infrastructure Dept	Monthly	Section 79 Committee responsible for Service Delivery

5 THE PROCESS OF MANAGING ORGANIZATIONAL PERFORMANCE

The Municipal Systems Act (2000) places the responsibility on the Council to adopt a PMS, while holding the Mayor responsible for the development and management of the system. The Mayor of the **Greater Taung Local Municipality** delegates the responsibility for the development and management of the PMS to the Municipal Manager. The development of the system is a once-off activity and the Municipal Manager submits the system to the Mayor, who in turn forwards it to the full council for approval. The responsibility of implementation and management of the system remains with the Municipal Manager as part of his/her core functions as provided in Section 55(1) of the Municipal Systems Act of 2000.

4.1 Co-ordination

Co-ordination involves the overall responsibility of and carrying out the function of, and being the custodian of **Greater Taung Local 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 will be the function of the PMS Unit who will be responsible for the following core activities:

- Co-ordination of the development and implementation activities of the organisational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of this Performance Policy Framework;
- Ensuring compliance with all performance management legislative requirements in respect of implementation of the PMS through further 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 service/departmental scorecards;
- Continuously providing technical support to the Municipal Manager and the Top management team with implementation, assessment, review, monitoring and information management;
- Providing capacity for analysing organizational performance information submitted by Senior 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, e.g quarterly reports to Mayor; mid-term report to council and annual reports to Auditor General, MEC and the public;
- Work closely with the IDP and Audit Offices to co-ordinate performance activities according to the Greater Taung Local Municipality Performance Process Plan; and;

- Co-ordinate capacity building activities on municipal performance management for all stakeholders.

4.2 Implementing the Performance Management System

Having identified the preferred performance model to be the Revised Municipal Scorecard, and having agreed to measure its performance against the five perspectives, **Greater Taung Local Municipality** will adopt a process plan for implementing its performance management system. The PMS implementation and management process will be carried out within the following phases:
Phase 1: Planning for Performance
Phase 2: Performance Monitoring and Managing Performance Information
Phase 3: Performance Measurement and Analysis
Phase 4: Performance Review and Improvement
Phase 5: Performance Reporting

The cycle of performance that will be adopted is shown **in figure 5** below. 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 will be used in each phase are illustrated figuratively in the document.

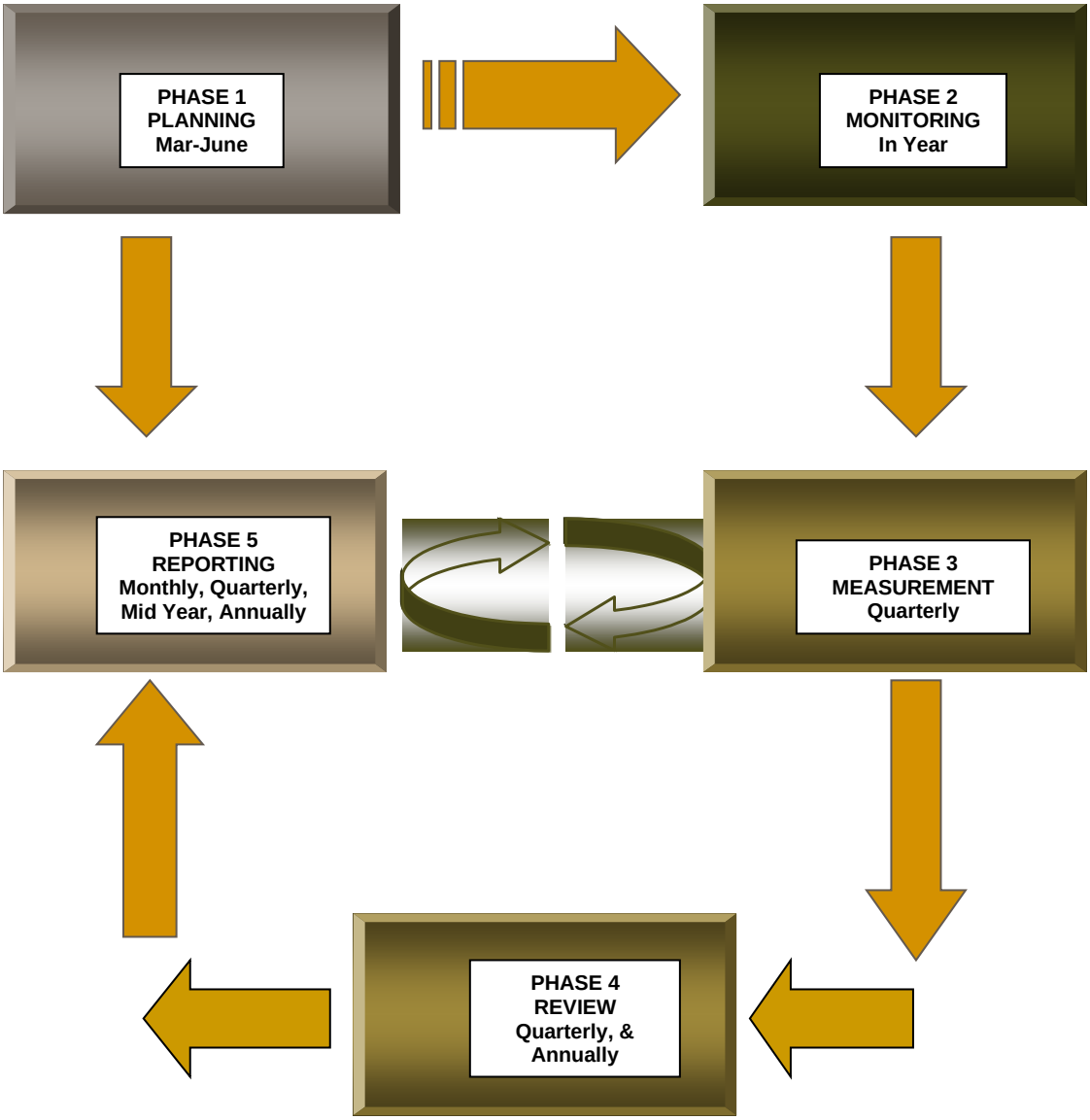


Figure 5: The Performance Management Cycle

5. PERFORMANCE MANAGEMENT CYCLE

5.1 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. The performance planning phase will be undertaken in three steps.

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

Integrated development planning, as defined by the Municipal Systems Act, is a process by which municipalities prepare a 5 year strategic plan that is reviewed annually in consultation with communities and stakeholders.

This strategic plan adopts an implementation approach and seeks to promote integration. By balancing 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 IDP delivers a number of products that translate to the formulation of the municipal budget, the development of an annual Service Delivery and Budget Implementation Plan and an organizational performance scorecard for the municipality. In a nutshell, the IDP process should deliver the following products in relation to performance management:

- An assessment of development in the municipal area, identifying development challenges, marginalised and vulnerable citizens and communities;
- A long term development vision for the municipal area that overcomes its development challenges;
- A set of delivery priorities and 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 area;
- A set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realisation of the development vision;
- Programmes and projects identified which contribute to the achievement of the above objectives;
- 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; and
- A financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality;

In 2011, the Greater Taung Local Municipality adopted IDP which outlined all the priorities and the plan to address developmental challenges during the current councillors' term of office. The IDP spans over the period from 2021 to 2027 and is reviewed annually.

The municipality must have established structures for consultation, oversight and management of integrated development planning. These include the following or depending on the applicable individual institutional arrangements. This need to align to institutional plan:

- The IDP Representative Forum
- The Ward Councillors and Ward Committees, and
- Two IDP Izimbizo per annum

The Local Government Turnaround Strategy indicates that the IDP of the municipality should contain the following thematic areas:

(a) **Service Delivery** – this area refers to the delivery of basic services in municipal areas. These are primarily water, sanitation, refuse removal, electricity and roads.

b) **Spatial conditions** – these include geographic considerations such as characteristics of urban areas, conditions in former 'Homeland' or 'Bantustan' areas (e.g. Ciskei), location of poverty, and types of economies in the area, such as mining or agriculture.

c) **Governance** – this covers elements such as political leadership, institutional organization, administration, capacity and skills, oversight and regulation, monitoring and reporting).

d) **Financial Management** - Municipality budget and income management (e.g. from water, rates, electricity charges. The Intergovernmental Fiscal System distributes grants to municipalities for service delivery. These include the Equitable Share (ES) and the Municipal Infrastructure Grant (MIG).

e) **LED** – Local Economic Development refers to the approach a municipality and region may take to encouraging investment by big business, small local business development, tourist industries or large sector economy management in mining, manufacturing or farming.

f) **Labour Relations** – the way the management of municipalities and the workforce of the municipality organize and cooperate together.

The thematic areas should be translated into objectives, and Key Performance Indicators and performance targets have been set for each key performance area. Every year the above elements are reviewed within the period of July and Mach which occurs simultaneously with the implementation of the IDP.

Step 2: Developing and Adoption of the Service Delivery and Budget Implementation Plan ("the SDBIP")

The SDBIP gives effect to the Integrated Development Plan (IDP) and the budget of the municipality and is effective if the IDP and budget are fully aligned with each other, as required by the Municipal Finance Management Act. The budget gives effect to the strategic priorities of the municipality and is not a management or implementation plan. The SDBIP therefore serves as a "contract" between the administration, council and the community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of year targets and implementing the budget.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for

its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnerships, service contracts and the like.

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 SDBIP indicates the responsibilities and outputs for each of the senior managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP will therefore determine the performance agreements of the municipal manager and senior managers, including the outputs and deadlines for which they will be held responsible. The SDBIP should also provide all expenditure information (for capital projects and services) per municipal ward, so that each output can be broken down per ward, where this is possible, to support ward councillors in service delivery information.

The SDBIP is also a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the performance of all managers in the municipality within the financial year. This enables the mayor and municipal manager to be pro-active and take remedial steps in the event of poor performance. The SDBIP aims to ensure that managers are problem-solvers, who routinely look out for unanticipated problems and resolve them as soon as possible. The SDBIP also enables the council to monitor the performance of the municipality against quarterly targets on service delivery.

The SDBIP is a layered plan, with the top layer of the plan dealing with consolidated service delivery targets and in-year deadlines, and linking such targets to top management.

Being a management and implementation plan (and not a policy proposal), the SDBIP is not required to be approved by the council – it is however tabled before council and made public for information and for purposes of monitoring. The SDBIP should be seen as a dynamic document that may (at lower layers of the plan) be continually revised by the municipal manager and other top managers, as actual performance after each month or quarter is taken into account. However, the top-

layer of the SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes in service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustments budget (section 54(1)(c) of MFMA). This council approval is necessary to ensure that the mayor or municipal manager do not revise service delivery targets downwards in the event where there is poor performance.

The municipal manager is responsible for the preparation of the SDBIP, which must be legally submitted to the mayor for approval once the budget has been approved by the council (around end-May or early-June). However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around 1 March or earlier) and preferably submit a draft SDBIP to the mayor by 1 May (for initial approval). Once the budget is approved by the Council, the municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days of the approval of the budget. Draft performance agreements should also be submitted with the draft SDBIP by 1 May, and then submitted for approval with the revised SDBIP within 14 days after the approval of the budget. The mayor should therefore approve the final SDBIP and performance agreements simultaneously, and then make the SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July.

The SDBIP requires a detail of five necessary components are:

1. Monthly projections of revenue to be collected for each source
2. Monthly projections of expenditure (operating and capital) and revenue for each vote
3. Quarterly projections of service delivery targets and performance indicators for each vote
4. Ward information for expenditure and service delivery
5. Detailed capital works plan broken down by ward over three years.

The **Greater Taung Local Municipality** organizational scorecard will group its indicators and targets under five perspectives and will monitor and measure its performance against achievements and improvement within the 5 perspectives. This is the difference between the SDBIP and the organizational scorecard. The components of the organizational scorecards will differ from those of the SDBIP and will be made up of eleven (11) components as outlined in paragraph 3.8 above under: Developing the Organizational Scorecard and Outlining the Scorecard Concepts and as illustrated in Figure 4 above.

<u>Step 3: Development and Approval of the Organizational Scorecard and Service/Departmental Scorecards</u>

It is clear from the above exploratory detail on the SDBIP and its components that there is an overlap between the SDBIP and the municipal performance scorecard as described in **paragraph 3.8** above. This overlap usually creates confusion to municipalities as to which performance planning tool to subscribe to and usually it is the SDBIP that is adopted and regarded as the scorecard of the municipality.

However, this causes problems because the SDBIP remains a top level document and is not cascaded to, and aligned to the performance scorecards of individual managers. Moreover, because the components of the SDBIP are mainly along monitoring budget implementation, the other non-financial functional areas of the municipality end up being not monitored and reported on as vigorously as the financial functional area. Furthermore, this vigorousness is also concentrated on spending of the budget on time, not necessarily looking at the whole financial viability and management of the municipality

In addressing the concerns raised in the above argument, the **Greater Taung Local Municipality** will adopt the Revised Municipal Scorecard Performance model to utilize it as the tool to monitor and measure both the financial and non-financial performance of the municipality. The SDBIP will form part of the performance management tools.

Since the SDBIP monitors the budget performance, it will form part of the overall performance management processes of the municipality and component 3 of the SDBIP (**Quarterly projections of service delivery targets and performance indicators for each vote)** will have similar information as the one that appears on components 5 and 7 of the organizational scorecard.

The organizational scorecard of the Greater Taung Local Municipality will be laid out in a simple spreadsheet as indicated in **Figure 4** above. The organizational scorecard of the Greater Taung Local Municipality will be made up of layers of spreadsheets consisting of information on each of the components as stated above within each of the 5 Key Performance Areas (Municipal Transformation and Institutional Development; Good Governance; Local Economic Development; Municipal Financial Viability; and Service Delivery and Infrastructure Development).

The organizational scorecard will inform departmental scorecards and departmental business plans. These in turn will inform the individual scorecards for the Section 57 Managers and other employees. Drafting of these scorecards should happen simultaneously with the other documents, and submitted to the Mayor for approval and submission to the full council.

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 her before 31 July of every year. These agreements will be discussed in detail below under employee 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 Greater Taung Local Municipality will use the following publicity platforms consistent with the provision of the communications policy adopted by the municipality to publicize the above documents:

- Weekly Local newspapers;
- Community meetings;
- Ward committees;
- Local radios;
- Print and electronic media;
- Website and intranet;
- Community centres;
- Intergovernmental forums.

The Mayor will also submit copies of the SDBIP, the Organizational Scorecard and all the Section 57 Managers to the MEC for Local Government in the North West Province

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

5.2 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 Greater Taung Local Municipality** will use a paper-based and 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 Greater Taung Local Municipality 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 must allocate responsibility in their offices for information management, as these performance information files must be separate from normal registry filing. Even though registry will have all the data and files as per their filing system. The performance information will be filed according to key performance area and key performance indicators. These files will be regarded as **portfolio of evidence** and must be kept for purposes of performance measurement, performance review and audit in the other phases.

The roles and responsibilities for monitoring are allocated as follows:

I. **Section Managers –** Each section manager will be responsible for monitoring and reporting on each indicator in their departmental scorecards. They will monitor performance of their direct reports under their functional areas and report as per the indicator that has been set to measure that functional area. This monitoring occurs on a daily basis, with report being submitted to section managers by direct reports on a monthly basis. The section manager is responsible for compiling section reports on each indicator, collect the relevant data related to each project and indicator and facilitate proper storage of the data in files.

II. **Admin Officers –** The Admin Officers in each section has a responsibility for managing indicator information files as per the Greater Taung Local Municipality monitoring system. They are also responsible for collating this information in preparation for submission of performance reports to Heads of Departments by section managers. This responsibility must be carried out on a monthly basis.

III. **Departments or and Teams –** The departments will receive progress reports on progress into the implementation of their departmental scorecards from section managers on a monthly basis. The monthly reports are compiled into quartely reports that are discussed at the Management meetings.

IV. **The Management Team –** The management team discusses departmental performance progress on a monthly 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.

V. **Section 79 Committees –** These committees will monitor performance of their respective services against departmental scorecards. They will receive reports on a Quarterly basis and must appraise themselves on progress on performance of their service areas against set targets. Where targets are not being met, the Section 79 Committees should ensure that the reasons for poor performance are satisfactory and sufficient to address whatever delays, and corrective strategies are sufficient to address the poor performance.

VI. **The Mayor –** The Municipal Manager will submit Quarterly progress reports on all the indicators in the organisational scorecard to the Mayor 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.

VII. **Municipal Council –** Performance reports will be submitted to the council twice a year. A mid-term report and an annual report are the two reports that will be submitted council.

A performance monitoring flow chart is illustrated in **Figure 6** below.

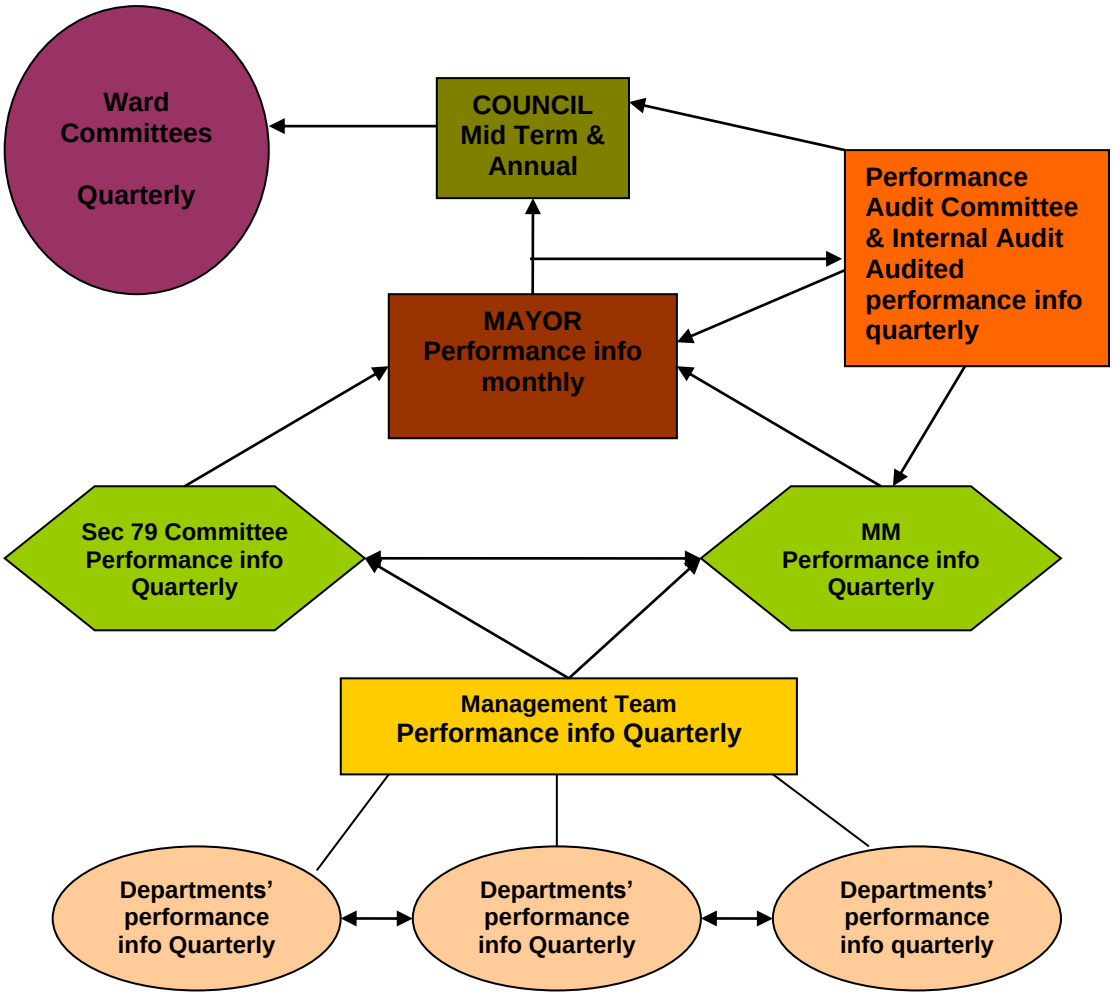


Figure 6: The Greater Taung Local Municipality **Performance Monitoring System**

5.3 Phase 3: Measurement and Analysis

Performance Measurement is essentially the process of analysing the data provided by the Performance Monitoring System in order to assess performance. At organisational level, Performance Measurement is formally executed on a monthly and quarterly basis, whilst Performance Measurement at an individual level is done quarterly.

The three core components of the Municipality's IDP are service delivery, budget and performance management. The three components cannot function outside the ambit of the Municipal IDP. These three components are obviously supported by the aspects such as human resources, skills, municipal infrastructure etc.

It is within this context that the KPA's, KPI's and Targets are set for the budget and service delivery components and into the receiving component being the performance management. These measures are set in balance. This means that for every; Service Delivery KPA, a Budget KPA must be set. For example, if the municipal IDP identified Economic Development as a KPA, there must be a proportionate allocation (vote) of the total Budget towards addressing this KPA, e.g.

20% of the total budget to the Vote: Planning and Development. This applies to the KPI's and targets set, in that for every service delivery KPI and target, an appropriate budget KPI and target must be set.

In developing these KPI's and targets, the municipality must also take into consideration its current human and infrastructural capital into consideration (risk identification) as well as keeping the following "SMART" (Specific, Measureable, Attainable, Realistic and with deliverable Time-Frames) criteria in mind.

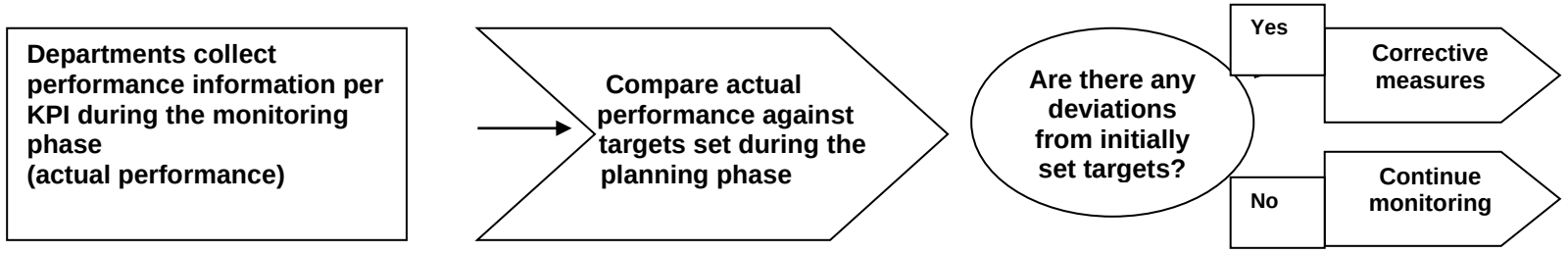
As indicated in section 3, the **Greater Taung Local Municipality** has adopted the Revised Municipal Balanced Scorecard to analyse the performance information submitted during the monitoring phase and asses its performance levels. The adopted model will measure the municipality's performance through achievements within the 5 Key Performance Areas and report its organizational performance along the 5 performance perspectives.

The template for the performance measurement scorecard that will be used by the **Greater Taung Local Municipality** is illustrated below in **Figure 7.**

All the measured results are then recorded on a report. The municipality will use one reporting template for all key performance indicators and all departments will use this formant to produce quarterly reports and the annual review report. The reporting template will be discussed under the reporting section.

Figure 7: The link between performance monitoring, analysis and measurement

KEY PERFORMANCE AREA 4: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT											
STRATEGIC FOCUS AREAS	**OBJECTIVES**	**KEY PERFORMANCE INDICATORS (KPIS)**	**TYPE OF KPI**	**BASELINE INDICATOR**	**ANNUAL TARGETS**	**QUARTERLY TARGETS**				**RESPONSIBLE DEPARTMENT**	**FREQUENCY OF REPORTING**	**RESPONSIBLE POLITICAL STRUCTURE**
						Q1	**Q2**	**Q3**	**Q4**			
Water services	To improve access to water to households in the informal settlements	1. Unit costs for purchasing water pipes to connect to single households	Input indicator	R10 000	R80 000	R20 000	R20 000	R20 000	R20 000	Infrastructure Dept	Monthly	Section 79 Committee responsible for Service Delivery
		2. No. of households connected in one year	Output indicator	100	1 000	250	250	250	250	Infrastructure Dept	Monthly	Section 79 Committee responsible for Service Delivery


Departments collect performance information per KPI during the monitoring phase
(actual performance)
Compare actual performance against targets set during the planning phase
Are there any deviations from initially set targets?
Yes
Corrective measures
No
Continue monitoring

5.4 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. Greater Taung Local Municipality reviews will be conducted by using the "best value review" approach in the following three methods:

a. The first method will look at whether the current level of performance is better than that of the previous year, **using baseline indicators** as adopted in the organizational scorecard. This assessment is important because the municipality can only know if its performance is improving by comparing with past performances. This review method will be the one used regularly alongside the monitoring and analysis processes. The reviews will occur quarterly and annually.
b. The second method will be through conducting **customer perception surveys** on an annual basis. The survey will assess the community's perceptions about the performance of the municipality against the delivery in their key performance areas.
c. The third method will look at the municipality's performance by comparison with other similar ones through **benchmarking exercises** conducted once in two years.

The "best value review" approach challenges the current level of municipal performance (**through comparing actual performance against the baselines**), compare it to others (**through benchmarking**), consult with customers and communities **(through customer perception surveys**) and find ways of competing with other municipalities to provide best value in service delivery (**through twinning agreements**).

The results of measurement and reviews will be captured on the spreadsheet reporting format as shown on **Figure 8** under the reporting section below. All performance reports from departmental to organizational will be done on the same format so that there will be consistency on reporting

Who has the Responsibility of Conducting Reviews in <u>Greater Taung Local Municipality?</u>

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 managers to her/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 her, to ascertain the level of comfort and confidence in

achieving set targets, and to understand the challenges that the Manager might be facing in achieving results. Actions to alleviate any specific problem areas, enhance performance, remove barriers of some sort and agreeing on steps necessary to bring this about must be taken. The coaching session must be recorded and the coaching notes be kept in the department's evidence file for individual performance evaluation purposes.

Supervisors

Supervisors will review the performance of employees reporting directly to them. These reviews will be conducted on a monthly basis and any deviations can be recommended by the supervisor to their section managers, only if they affect indicators and targets that are at their levels, not organizational or departmental indicators.

Section Managers

These managers review performance of their respective areas on a monthly basis, as they are monitoring, analyzing and measuring performance as against their departmental scorecards. The review will cover all organizational key performance areas and indicators with respect to their functional areas and any deviations from original targets can be recommended to their respective senior mangers and can be authorised if it is not organizational or departmental targets.

Section 79 Committees

These committees manage the performance of sectors and functions respective to their portfolios. In order to build the role played by Section 79 Committees, while ensuring that their role remains strategic and not operational, it is recommended that they review performance as often as monthly. However, the committees can only approve deviations on targets related to their service areas, after receiving recommendations from the management team.

Senior Management Team

The municipal manager and her management team will review performance prior to, and more often than, the Mayor or Section 79 Committees, 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 Mayoral Committee or the Section 79 Committees. At these reviews relevant functional managers will be required to report on respective priority areas.

Mayor

The Performance Management System of **Greater Taung Local Municipality** is designed in such a way that it allows the Mayor to strategically drive and manage performance in the organisation. 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 review performance quarterly, with 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

Council will review the performance of the municipal council, its committees and the administration, annually, in the form of a tabled annual report at the end of the financial year.

The Public

The public will be involved in reviewing municipal performance at least annually, in the form of the annual report and the annual customer surveys.
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. Poor performance may arise out of one or more of the following:

- Poor systems and processes
- Inappropriate structure
- Lack of skills and capacity
- Inappropriate organisational culture
- Absence of an appropriate strategy and departmental business plans that lay the foundation for optimum performance
- Low employee morale;
- Ineffective Leadership.

Improving Performance

In order to improve performance, the **Greater Taung Local Municipality** throughout the performance management phases, will analyse 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:

- Restructuring as a possible solution for an inappropriate structure
- Process and system 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 can address organisational culture
- Review of the IDP by councillors to address shortcomings in strategy
- Development of appropriate departmental business plans and operational plans to guide performance in each department
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms shall be considered.
- Optimising the applicability of employee wellness programme
- Team effectiveness enhancement

5.5 Phase 5: Reporting on Performance

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 **Greater Taung Local Municipality** will adopt the reporting format shown in **Figure 8** below as its uniform reporting template at all levels of reporting.

The proposed template will contain only necessary and relevant information and will cover the period for which the reporter is reporting, state the relevant key performance areas, capture all the agreed objectives and indicators, state agreed targets relevant to the period which the report covers, measure current performance over the period for which the report is covering, specify when the measurement was done, specify the source of the measurement, reflect on whether agreed targets have been met, analyse the reasons for the level of performance, and suggest corrective action, if necessary.

All stakeholders who are expected to report on performance will use this one reporting format. The reporting format will remain simple, accessible to all users and useful to the intended reader.

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 requirement of Section 46 of the Municipal Systems Act. Since the **Greater Taung Local Municipality** adopted the Revised Municipal Scorecard model, its annual report will reflect its performance results clustered in the following 5 perspectives:

- Under the Municipal Development Perspective the municipality will reflect results achieved on indicators around the performance area of social and economic development. This perspective measures the outputs on socio-economic development in the municipality.
- Under the Service Delivery Perspective the municipality will reflect its annual performance achievements in the overall delivery of basic and infrastructural services outputs.

- Under the Financial Management Perspective, the annual report will reflect the municipality's performance with respect to the management and viability of its finances. It has to reflect the results of the financial process, inputs and output indicators.
- The Institutional Development Perspective will report on input indicators that measure the functioning of the municipality under areas such as human resources, strategic planning and implementation, performance management, etc; and
- Under the Governance Process Perspective 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, for example, a functioning Audit Committee, etc.

Figure 8: The Performance Reporting Template for the Greater Taung Local Municipality

REPORTING PERIOD											
INFRACTRUCTURE DEPARTMENT (where it is a departmental report)											
KEY PERFORMANCE AREA 4: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT											
STRATEGIC FOCUS AREA	**OBJECTIVE**	**KPIS**	**TYPE OF KPI**	**SOURCE**	**PREVIOUS YEARS CONCLUNG / CONSOLIDATED BASELINE MEASUREMENT**	**CURRENT SERVICE DELIVERY TARGET FROM IDP**	**CURRENT BUDGET TARGET FROM IDP**	**CURRENT YEARS CONCLUDING / CONSOLIDATED BASELINE MEASUREMENT**	**REASONS FOR PERFORMANCE STATUS**	**RECOMMENDED CORRECTIVE ACTION**	ACTION TO CORECT THE SITUATION
Infrastructure and services	To ensure the provision of adequate basic water and sanitation facilities to nodal and traditional areas according to	% of households supplied with potable water (in dwelling or stand, standpipes or communal taps at <200 metres,				25 000 households with no access to water	3000				

	acceptable (RDP) standards ensuring the reduction in reported cases of diseases	spring water, boreholes or communal water tanks).									

6. REPORTING

6.1 Who Reports to Whom?

The reporting process will follow the lines of accountability as detailed in the performance monitoring, measurement and review phases above. Reports will be submitted to all different stakeholders using following internal processes as outlined above and through the different political and community stakeholders as required by the Municipal Systems Act, the Municipal Finance Management Act and the Performance Regulations. Reports will be submitted to the following stakeholders during the timelines outlined in the municipality's performance process plan as shown under the **Performance Cycle** section:

- Greater Taung Local Municipality Municipal Council reporting to Communities;
- Greater Taung Local Municipality Municipal Council reporting to Ward Committees;
- Mayor reporting to Council;
- Municipal Manager reporting to the Mayor and the Executive Committee;
- Heads of Departments reporting to the Municipal Manager, through Portfolio Committees;
- Section Managers reporting to Heads of Departments; and
- Employees reporting to their section managers and supervisors.

6.2 Tracking and Managing the Reporting Process

To ensure that the reporting processes runs 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;
- Analyse departmental performance reports;
- Compile quarterly organisational performance reports and the annual report; and
- Review the reporting process and suggest improvements.

6.3 Publication of Performance Reports

The annual report is required by legislation to be availed to the public. The **Greater Taung Local Municipality** will, however, within its resources and capacity, keep the communities more frequently informed of performance information through:

a. Publication of reports in the municipal website
b. Press releases
c. Publication of pamphlets or newsletters

d. Local Radio programmes
e. Ward Committee meetings.

6.4 Public Feedback Mechanisms

Public feedback on reported performance will be during IDP review processes, annual customer surveys and through ward committee meetings.

6.5 Auditing Performance and Quality Control

In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports, particularly the annual performance report, 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.

6.6 Internal Auditing of Performance Measurements

6.6.1 The Internal Audit Unit of the Greater Taung Local Municipality

In terms of Regulation 14 of the Planning and Performance Regulations of 2001, 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:

(i) The functionality of the municipality's performance management system;
(ii) whether the municipality's performance management system complies with the provisions of the Municipal Systems Act; and
(iii) 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:

(i) on a continuous basis audit the performance measurements of the municipality; and
(ii) submit quarterly reports on their audits to the municipal manager and the performance audit committee.

Greater Taung Local Municipality has established an Internal Audit unit whose functions are provided for by the 2001 Performance Regulations as indicated in the above extract. The Internal Audit Unit will be responsible for quality checks balances of all performance information submitted for measurement and review. Quality control is the central and key function of the Unit that will ensure achievement of effective and efficient performance by the **Greater Taung Local Municipality** 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.

6.6.2 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 **Greater Taung Local Municipality** in its organizational scorecard are concerned;
- make recommendations in this regard to **Greater Taung Municipal** council; and
- at least twice during a financial year submit an audit report to the municipal council;
- communicate directly with the council, municipal manager 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 for the performance of its duties and the exercise of its powers.

In 2018/2019 the **Greater Taung Local Municipality** appointed its own Performance Audit Committee, and over the years the municipality utilized shared services of the **Dr Ruth Segomotsi Mompati** District Municipality Performance Audit Committee. This method has proved to be ineffective in realizing the holistic goals of performance auditing.

7. REPORTING PROCEDURES

Time-frames	MFMA Reporting on SDBIP	SECTION IN MFMA	MSA REPORTING ON PMS	SECTION IN MSA AND MPPM Regulations
Monthly Reporting	The Municipal Manager reports monthly to the Mayor 10 days after the month-end (on the prescribed Treasury format)	Section 71 (c) Section 165 (b)	The municipality must report regularly to the Council The Internal Auditors (IA) of the Municipality must on a continuous basis audit the performance of the municipality	Section 41 (c) (2) Regulation 14 (1) (c)
	1ST ALIGNMENT ASPECT **It is recommended that:** ▪ The MM report in terms of the MFMA and MSA to the Mayor on a monthly basis ▪ Internal Audit to audit on a Quarterly basis the performance of the municipality and compile quarterly report s authentic and The IA need to report quarterly to the Performance Audit Committee			
QUARTERLY REPORTING	The Mayor must report on quarterly basis to the Council (30 days after the close of the quarter) Audit Committee must meet at least quarterly per year to advise the Council and MM on PMS	Section 52 Section 166 (4) (b)	The Internal Auditors of the municipality must submit quarterly reports to the MM and to the Performance Audit Committee	Regulation 14(i)(c)
	2nd ALIGNMENT ASPECT **It is recommended that:** ▪ The Mayor's report to the Council be the quarterly audited report done by the Audit Committee of the Municipality and submitted to the MM (and such other necessary information required by the MFMA)			
BI-ANNUAL REPORTING	The MM must do a mid-year assessment of budget performance by 25 January and report	Section 72 (1)	▪ The Performance Audit Committee must meet at least twice per year to audit the PMS and reports of the Municipality. ▪ The Performance Audit	Regulation 14(4)(a) Regulation

	to the Mayor who will report to the Council		Committee must submit at least twice during the year a report to Council. ▪ The Municipality must report to Council at least twice a year.	14(4)(a) Regulation 13(2)(a)
	3RD ALIGNMENT ASPECT The Audit/Performance Audit Committee's report in January, will inform the MM''s mid-year assessment of budget performance and report to the Mayor (due to report to MFMA). It will also be in compliance with the MSA requirement of a bi-annual audit to PMS. The Audit/Performance Audit Committee's must report in July which will inform the Annual Report to be submitted in terms of Section 121 of the MFA and Section 46 of the MSA (as amended).			
CONSULTATION	**REPORTING ON AMENDMENTS TO BUDGET AND SDBIP TARGETS** The Mayor on advice from the MM can revise (Quarterly and mid-yearly) the targets in the SDBIP on two conditions: 1. the prior approval of Council; and 2. Council approving an adjustment budget. Any revision of the SDBIP must be made public (assumed, as not stipulated, as per Section 21A and 21B of the MSA.	Section 54 (1)(c); Section 71; and 72 Section 54 (3)	**REPORTING ON AMENDMENTS TO THE IDP AND PMS TARGETS** ▪ A Municipality must annually review its IDP and PMS to Section 41 of the MSA and…. ▪ May amend it in accordance with a prescribed process. ▪ A Municipality must involve the local community as per Chapter 4, to review the Municipalities' IDP and performance via an established public, participatory and representative forum. ▪ An amendment to the IDP and PMS must be published for 21 days for public comment prior to adoption. ▪ A Municipality must report regularly to the public on PMS.	Section 34 Regulation 3 Regulation 42, Regulation 1 Regulation 3(4)(b) and 15 Section 41(i)(e)
	4TH ALIGNMENT ASPECT It appears from the MFMA as if the public involvement in the amendment to the budget or SDBIP is seen as an event, as opposed to a process as per the MSA It is thus recommended that: The public involvement processes for IDP and PMS Review as prescribed under the MSA be used to inform the MM/Mayor of any amendments to the SDBIP and PMS			

Municipal Planning and Performance Regulations, 2001

8. ROLES AND RESPONSIBILITIES OF DIFFERENT STAKEHOLDERS

As can be noted from the above analysis of each phase in performance management and from the plethora of legislative prescripts governing municipal performance, it is clear that, for the performance management system of **Greater Taung Local Municipality** to be functional, a number of stakeholders have to be involved. These stakeholders have different roles and responsibilities within each of the performance management phases. The tables below will outline roles and responsibilities of each of the stakeholders in each phase.

8.1. The role of Municipal Public Accounts Committee (MPAC)

The Municipal Public Accounts Committee (MPAC) performs:

- an oversight function on behalf of Council and is not a duplication of, and should not be confused with the internal audit committee or the finance portfolio committee.
    - The internal audit committee is an independent advisory body that advises Council and the executive on financial and risk matters and can act as an advisory body to the MPAC
    - The finance portfolio committee deals with financial management issues such as budgetary, revenue and expenditure management and supply chain management.
- The primary function of the MPAC is to assist Council to hold the executive and the municipal administration to account and to ensure the effective and efficient use of municipal resources. It will execute this function by reviewing public accounts and exercising oversight on behalf of the Council.

It is however important that good working relationships are developed between the MPAC and the other committees. Whilst guarding its independence, the MPAC should have the right to refer or receive matters from the other committees.

It is recommended that the committee examines the following:

- Financial statements of all executive organs of Council
- Any audit reports issued on those statements
- Any reports issued by the Auditor General on the affairs of any municipal entity
- Any other financial statements referred to the committee by Council
- The annual report on behalf of Council and make recommendations to Council thereafter

The committee may also:

- Report on any financial statements or reports to Council
- Initiate and develop the annual oversight report based on the annual report
- Initiate any investigation in its area of competence
- Perform any other function assigned to it by resolution of Council

When examining financial statements and audit reports, the committee must consider improvements from previous statements and must monitor the extent to which the committee's and the Auditor General's recommendations are implemented. The outcomes and the resolutions taken by this committee must be reported to Council and made public.

8.2. The roles of the Auditor-General as per the Public Act No. 25, 2004

(1) The Auditor-General must audit and report on the accounts, financial statements and financial management of—

(a) all national and provincial state departments and administrations;
(b) all constitutional institutions;
(c) the administration of Parliament and of each provincial legislature;
(d) all municipalities;
(e) all municipal entities; and
(f) any other institution or accounting entity required by other national or by provincial legislation to be audited by the Auditor-General.

(2) The Auditor-General must audit and report on the consolidated financial statements of —

(a) the national government as required by section 8 of the Public Finance Management Act;
(b) all provincial governments as required by section 19 of the Public Finance Management Act; and
(c) a parent municipality and all municipal entities under its sole or effective control as required by section 122(2) of the Municipal Finance Management Act.

(3) The Auditor-General may audit and report on the accounts, financial statements and financial management of—

(a) any public entity listed in the Public Finance Management Act; and
(b) any other institution not mentioned in subsection (1) and which is—
(i) funded from the National Revenue Fund or a Provincial Revenue Fund or by a municipality; or
(ii) authorised in terms of any legislation to receive money for a public purpose.

(4) In the event of any conflict between a provision of this section and any other legislation existing when this section takes effect, the provision of this section prevails.

8.3. Other functions in Public Audit Act, 2004

(1) The Auditor-General may, at a fee, and without compromising the role of the Auditor-General as an independent auditor, provide—

(a) audit related services to an auditee referred to in section 4(1) or (3) or other body, which is commonly performed by a supreme audit institution on condition that—

(i) no services may be provided in respect of any matter that may subsequently have to be audited by the Auditor-General;

(ii) such service will not directly result in the formulation of policy; and

(iii) there must be full and proper disclosure of such services in terms of section 10(1)*(b)*.

(b) advice and support to a legislature or any of its committees outside the scope of the Auditor-General's normal audit and reporting functions;

(c) comments in a report on any responses by an auditee to reported audit findings, or responses by an auditee to a report of any legislature arising from its review of an audit report; or

(d) carry out an appropriate investigation or special audit of any institution referred to in section 4(1) or (3), if the Auditor-General considers it to be in the public interest or upon the receipt of a complaint or request.

(2) In addition, the Auditor-General may—

(a) co-operate with persons, institutions and associations, nationally and internationally;

(b) appoint advisory and other structures outside the administration of the Auditor-General to provide specialised advice to the Auditor-General; and

(c) do any other thing necessary to fulfil the role of Auditor-General effectively.

(3) The Auditor-General may, in the public interest, report on any matter within the functions of the Auditor-General and submit such a report to the relevant legislature and to any other organ of state with a direct interest in the matter.

8.4.The role of the Department of Cooperative Governance

According to the Section 48 of the Municipal Systems Act No. 32 of 2000:

Section 46 Annual performance reports

(1) A municipality must prepare for each financial year a performance report reflecting-

(a) the performance of the municipality and of each external service provider during that financial year;

(b) a comparison of the performances referred to in paragraph *(a)* with targets set for and performances in the previous financial year; and

(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

Section 47 Reports by MEC

(1) The MEC for local government must annually compile and submit to the provincial legislatures and the Minister a consolidated report on the performance of municipalities in the province.

(2) The report must-

(a) identify municipalities that under-performed during the year;

(b) propose remedial action to be taken; and

(c) be published in the *Provincial Gazette*.

(3) The MEC for local government must submit a copy of the report to the National Council of Provinces.

Section 48 Reports by Minister

(1) The Minister must annually compile and submit to Parliament and the MECs for local government a consolidated report of local government performance in terms of general key performance indicators.

(2) The report must be published in the *Gazette*.

Section 49 Regulations and guidelines

(1) The Minister may for the purposes of this Chapter make regulations or issue guidelines in terms of section 120 to provide for or regulate-

(a) incentives to ensure that municipalities establish their performance management systems within the applicable prescribed period, and comply with the provisions of this Act concerning performance management systems;

(b) the setting of key performance indicators by a municipality with regard to its development objectives;

(c) the identification of appropriate general key performance indicators that can be applied to municipalities generally and that reflect the object and intent of section 23;

(d) the regular review by a municipality of its key performance indicators;

(e) the setting of a framework for performance targets by municipalities consistent with their development priorities, objectives and strategies set out in their integrated development plans;

(f) mechanisms, systems and processes for the monitoring and measurement of performance by a municipality with regard to its development objectives;

(g) the internal auditing of performance measurements;

(h) the assessment of those performance measurements by a municipality;

(i) the assessment of progress by a municipality with the implementation of its integrated development plan;

(j) the improvement of performance;

(k) any other matter that may facilitate-

(i) the implementation by municipalities of an efficient and effective system of performance management; or

(ii) the application of this Chapter.

(2) When making regulations or issuing guidelines in terms of section 120 to provide for or to regulate the matters mentioned in subsection (1) of this section, the Minister must-

(a) take into account the capacity of municipalities to comply with those matters; and

(b) differentiate between different kinds of municipalities according to their respective capacities.

(3) The Minister, by notice in the *Gazette*, may phase in the application of the provisions of this Chapter which place a financial or administrative burden on municipalities.

(4) A notice in terms of subsection (3) may-

(a) determine different dates on which different provisions of this Chapter becomes applicable to municipalities;

(b) apply to all municipalities generally;

(c) differentiate between different kinds of municipalities which may, for the purpose of the phasing in of the relevant provisions, be defined in the notice in relation to categories or types of municipalities or in any other way; or

(d) apply to a specific kind of municipality only, as defined in the notice.

Roles and responsibilities of stakeholders in the operation and management of the PMS

8.5. Roles and Responsibilities of the Mayor

PLANNING	MONITORING, ANALYSIS AND MEASUREMENT		
	REVIEW	REPORTING	ASSESSMENT
* Submits priorities and objectives of the Integrated Development Plan to Council for approval * Submits the PMS policy framework for approval * Submits the municipal strategic or organizational scorecard to Council for approval * Approves the Service Delivery and Budget Implementation Plans (SDBIP) * Enters into a performance agreement with the Municipal Manager on behalf of the Municipal Council * Assigns the responsibility for the management of the PMS to the Municipal Manager * Tables the budget and the SDBIP to Council for approval	* Proposes to Council the annual review programme of the IDP, including the review of key performance indicators and performance targets * Proposes the annual performance improvement measures of the municipality as part of the municipal strategic or organizational scorecard * Proposes changes to the priorities, objectives, key performance indicators and performance targets of the municipality * Quarterly evaluates the performance of the municipality against adopted KPIs and targets * Quarterly reviews the performance of the departments to improve the economy, efficiency and effectiveness of the	* Receives monthly budget statements * Receives performance reports quarterly from the internal auditor * Receives performance reports twice a year from the Performance Audit Committee * Receives monthly and quarterly reports from the Municipal Manager on the performance of managers and the rest of the staff * Receives the annual Section 46 reports from the Municipal Manager before submission to council, Auditor General and MEC * Report to council on the mid-term review and the annual report on the performance of the municipality	* Assess and submits the municipal annual audit plan and any substantial changes to council for approval * Assess and approves the implementation of the recommendations of the internal auditor with regard to improvement in the performance of the municipality or improvement of the performance management system itself * Receives and assess performance audit report(s) from the Auditor General and management comments and make recommendations to Council on addressing whatever audit queries raised therein

* Approves the departmental or service scorecards and Section 57 Managers scorecards	municipality * Quarterly and annually evaluates the performance of the Municipal Manager	* Reports to Council on the recommendations for the improvement of the performance management system	

8.6. Roles and Responsibilities of the Municipal Manager

PLANNING	IMPLEMENTATION	MONITORING, ANALYSIS AND MEASUREMENT		
		REVIEW	REPORTING	ASSESSMENT
* Coordinates the process of needs identification and prioritization among all stakeholders, including community structures * Coordinates the formulation and revision of the PMS policy framework * Coordinates the formulation and revision of the municipality's strategic or organizational scorecard * Leads the process of the formulation and revision of the Service Delivery and Budget Implementation Plans * Enters into	* Manages the overall implementation of the IDP * Ensures that all stakeholders implement the provisions of the PMS policy framework * Ensures that the Departmental scorecards and departmental annual programmes serve the strategic or organizational scorecard of the municipality * Ensures that annual programmes are implemented according to the targets and timeframes agreed to * Implements performance improvement measures approved by the Mayor and the Council * Ensures that performance	* Formulates the annual review programme of the IDP, including the review of key performance indicators and performance targets for the consideration of Council Committees and the Mayor * Formulates the annual performance improvement measures of the municipality as part of the new municipal strategic or organizational scorecard * Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the municipality * Quarterly and annually evaluates the performance	* Receives performance reports quarterly from the internal auditor * Receives performance reports twice a year from the Performance Audit Committee * Receives monthly departmental performance reports * Reports quarterly to the Mayor on the performance of Departments * Reports on the implementation of improvement measures adopted by the Mayor and Council * Monthly, quarterly and annually reports to the	* Formulates the municipal annual audit plan * Assess and formulate appropriate responses to the recommendations of the internal auditor and the Performance Audit Committee * Assess and formulate appropriate responses to performance audit queries raised by the Auditor General and make recommendations to the Executive Mayor

performance agreements with Section 57 Managers on behalf of Council	objectives in the Section 57 Managers' performance agreements are achieved	of Section 57 Managers	Mayor on the performance of Section 57 Managers and departments * Submit the municipal annual Section 46 report to the Mayor	

8.7. Roles and Responsibilities of the Section 79 Committees

PLANNING	MONITORING, ANALYSIS AND MEASUREMENT		
	REVIEW	REPORTING	ASSESSMENT
* Advice the Mayor on priorities and objectives of the Integrated Development Plan	* Participate in the formulation of the annual review programme of the IDP, including the review of key performance indicators and performance targets	* Reports to the Mayor on the recommendations for the improvement of the performance management system * Receive reports from the departmental heads and section managers on performance in their respective service areas	* Advise the Mayor on the implementation of the recommendations of the internal auditor, the Performance Audit Committee and the Auditor-General

8.8. Roles and Responsibilities of the Section 57 Managers

PLANNING	IMPLEMENTATION	MONITORING, ANALYSIS AND MEASUREMENT		
		REVIEW	REPORTING	ASSESSMENT
* Participate in the formulation of the SDBIP and the municipal strategic or organizational scorecard * Manage subordinates' performance * Enter into performance agreements with the Municipal Manager	* Manage the implementation of the Departmental scorecards * Ensure the performance objectives in the performance agreements are achieved	* Quarterly and annually review the performance of the department * Quarterly review performance of direct reports	* Report on the implementation of improvement measures adopted by the Mayor and Council * Annually report on the performance of their departments	* Participate in the formulation of the response to the recommendations of the internal auditor, Performance Audit Committee and the Auditor General

			* Receive monthly performance reports from section managers * Reports monthly on progress	

8.9. Roles and Responsibilities of Non-Section 57 Municipal Employees

PLANNING	IMPLEMENTATION	MONITORING, ANALYSIS AND MEASUREMENT		
		REVIEW	REPORTING	ASSESSMENT
* Participate in identifying of priorities and setting KPIs and targets for the municipality's IDP * Participate in the development of the organizational and the departmental scorecards * Participate in the development of their own performance scorecards	* Execute individual work plans * Manage all information and evidence required for performance measurement	* Participate in the review of departmental plans * Participate in the review of own performance	* Report on progress on achieving of own scorecard targets to section managers	* Assess performance review reports of own section

8.10. Roles and Responsibilities of the Community

PLANNING	REVIEW	REPORTING

* Participate in the drafting and implementation of the municipality's IDP through established forums * Participate in the setting of KPIs and targets for the municipality every year * Make representations on the draft annual budget	*· Participate in the annual review of performance through their involvement in ward committee structures and customer perception surveys.	* Receive annual performance and budget reports from council

8.11. Roles and Responsibilities of Ward Committees

PLANNING	REVIEW	REPORTING
* Participate in the drafting and implementation of the municipality's IDP * Participate in the setting of KPIs and targets for the municipality every year * Make representations on the draft annual budget	*· Participate in the annual review of performance through their involvement	* Receive quarterly performance reports from council

8.12. Roles and Responsibilities of Organized Labour

PLANNING	REVIEW	REPORTING
* Participate in the drafting and implementation of the municipality's IDP through established forums	* Participate in assessment and the quarterly reviews of employee	* Receive quarterly performance reports on employee under-performance in the Local Labour

* Participate in the setting of KPIs and targets for the municipality every year * Participates and provide inputs in the drafting of the organizational and departmental scorecards * Oversee the overall application of the Performance Management Policy Framework on Non-Section 57 employees	performance and compilation of departmental and organizational performance review reports	Forum * Report on any negative effects of the PMS on employees

8.13. Roles and Responsibilities of the Internal Audit

PLANNING	AUDIT	ASSESSMENT	REPORTING
* Develop the risk and compliance-based audit plan	* Audit the performance measures in the municipal and departmental scorecards * Conduct compliance based audits	* Assess the functioning of the municipality's PMS to ensure it complies with the Act	* Submit quarterly reports to the Municipal Manager. * Submit quarterly reports to the Performance Audit Committee

8.14. Roles and Responsibilities of the Performance Audit Committee

PLANNING	REVIEW	REPORTING
* Receive the annual audit plan from Internal Audit	* Review quarterly reports from the internal audit office on quarterly basis	* Submit quarterly reports to the municipal Manager and the Mayor * Submit bi-annual reports to the Municipal Council

9. CONCLUSION

The policy framework for performance management supplies the necessary guidelines and direction for the development, implementation and management of performance within the **Greater Taung Local municipality**.