



Performance Management System Framework

Organisational Performance

June 2008

(adopted by council on the 27th June 2008)

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ORGANISATIONAL PERFORMANCE MANAGEMENT**PART 1****1. EXECUTIVE OVERVIEW**

The executive overview aims to provide an overall summary of the draft organisational framework document. Each of the areas covered in the main document is summarised below.

1. **Definition of performance management:** Performance Management is a process which measures the implementation of the organisation's strategy. It is also a Management tool to plan, monitor, measure and review performance of indicators to ensure efficiency, effectiveness and impact of service delivery by the municipality.
2. **The Aims and objectives of Performance Management Framework is to:**
 - Clarify processes of implementation
 - Ensure compliance with Legislation
 - Demonstrate how the system will be conducted
 - Define Roles and Responsibilities
 - Promote Accountability and Transparency
 - Reflect the linkage between the IDP, SDBIP, Budget and performance management
3. **The Legal Framework which forms the background is the Systems Act and regulations, and the Municipal Finance Management Act which are included as annexures to the main document.**
4. **The Benefits of a Performance Management System**
 - Identifies major or systematic blockages
 - Ensures accountability between residents and the Political administrations of the Municipality
 - Provides early warning signals
5. **The key issues underpinning the success of Performance Management are:**
 - Top management and council have to drive the system
 - Communication must occur at all levels
 - The Value of having the PMS must be understood.
 - The system provides learning opportunities through the coaching and review process
 - Performance Management is an ongoing process

6. The elements of the Performance Management Cycle are listed below and detail is provided in the main document.

- Performance Planning
- Performance Measuring and Monitoring
- Performance Evaluation
- Performance Reporting
- Performance Auditing/Review

7. The Performance Management Process below lists the key process for organisational performance and each item is detailed in the main document.

- Step 1: Establish the KPA's
- Step 2: Design Strategic Focus Areas
- Step 3: Determine KPI's
- Step 4: Obtain baseline Figures
- Step 5: Set Target Dates
- Step 6: Determine steps/plans to achieve Step 1-5
- Step 7: Provide quarterly status of the KPI's
- Step 8: Evaluate the KPI's and Targets
- Step 9: Compilation of Scorecard report
- Step 10: Auditing Scorecard
- Step 11: Submit final report to various stakeholders

8. Roles and Responsibilities

Designation	Role
○ Municipal Council	○ Approval and oversight
○ Executive Council	○ Oversight
○ Ward Committees	○ Participatory
○ City Manager	○ Monitoring
○ Performance Management	○ Establish, Monitor and Control
○ Internal Audit	○ Monitor and Review
○ Audit Committee	○ Oversight review
○ Senior Manager	○ Implementer

This framework seeks to provide the basis for a structured approach to performance management within the eThekwini Municipality.

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2. List of Acronyms

AG	: Auditor General
DPLG	: Department of Provincial and Local Government
IDP	: Integrated Development Plan
KPA	: Key Performance Areas
KPI	: Key Performance Indicators
LED	: Local Economic Development
MEC	: Member of the Executive Council
MFMA	: Municipal Financial Management Act
MSA	: Municipal Systems Act
MTEF	: Medium Term Economic Framework
PMS	: Performance Management System
SALGA	: South African Local Government Association
SDBIP	: Service Delivery and Budget Implementation Plan
SFA	: Strategic Focus Area
SMART	: Specific, Measurable, Achievable, Realistic, Time-frame
RSA	: Republic Of South Africa

3. Definitions

“accounting officer”

- (a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Systems Act; or
- (b) in relation to a municipal entity, means the official of the entity referred to in section 93, and includes a person acting as the accounting officer

“annual report”

in relation to a municipality or municipal entity, means an annual report contemplated in section 121 of the Municipal Finance Management Act

“Auditor-General”

means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person-

- (a) acting as Auditor-General
- (b) acting in terms of a delegation by the Auditor-General; or
- (c) designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General

“basic municipal service”

means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment

“Backlogs” A backlog can be defined as quality of service/ goods that have accumulated over time that are still undelivered/unattended/still not produced. The backlogs in rural water, sanitation and electricity have been defined in official census figures, but vary (increase or decrease) from year to year due to migration patterns. Regardless, these backlogs are now being dealt with systematically (refer to baseline).

“baseline”

the accurate and quantitative data at a stated point in time that marks the beginning of a trend.

“councillor”

means a member of a municipal council

“ Section 57 employee”

means a person employed by a municipality as a municipal manager or as a manager directly accountable to a municipal manager;

“employer”

means the municipality employing a person as a municipal manager or as manager directly accountable to a municipal manager and as represented by the mayor, executive mayor or municipal manager as the case may be;

“employment contract”

means a contract as contemplated in Section 57 of the Municipal Systems Act;

“external service provider”

means an external mechanism referred to in section 76(b) of the Municipal Systems Act; which provides a municipal service for a municipality

“financial statements”

in relation to municipality or municipal entity, means statements consisting of at least-

- (a) a statement of financial position;
- (b) a statement of financial performance;
- (c) a cash-flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements

“financial year”

means the financial year of municipalities that end on 30 June of each year

“input indicator”

means an indicator that measures the costs, resources and time used to produce an output

“integrated development plan”

means a plan envisaged in section 25 of the Municipal Systems Act

“local community” or “community”

in relation to a municipality, means that body or persons comprising –

- (a) the residents of the municipality
- (b) the ratepayers of the municipality
- (c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality

“mayor”

in relation to –

- (a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or
- (b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act

“MEC”

means the member of a provincial executive council

“MEC for local government”

means the MEC responsible for local government in a province

“Minister”

means the national Minister responsible for local government

“municipality”

when referred to as –

- (a) an entity, means a municipality as described in section 2; and
- (b) a geographical area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998)

“municipal council” or “council”

means a municipal council referred to in section 157(1) of the Constitution

“municipal entity”

means –

- (a) a company, co-operative, trust fund or any other corporate entity established in terms of any applicable national or provincial legislation ward which operates under the ownership control of one or more municipalities, and includes, in the case of a company under such ownership control, any subsidiary of that company, a private company referred to in section 86B(1)(a); or
- (b) a service utility.
- (c) a multi-jurisdictional service utility

“Municipal Finance Management Act”

means the Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act

“municipal manager”

means a person appointed in terms of section 82 of the Municipal Structures Act

“municipal service”

has the meaning assigned to it in section 1 of the Municipal Systems Act

“Municipal Structures Act”

means the Local Government: Municipal Structures Act. 1998 (Act 117 of 1998)

“Municipal Systems Act”

means the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000)

“Outcome indicator”

means an indicator that measures the quality and or impact of an output on achieving a particular objective

“Output indicator”

means an indicator that measures the results of activities, processes and strategies of a program of a municipality

“parent municipality”

- (a) in relation to a municipal entity which is a private company in respect of which effective control vests in a single municipality, means that municipality;
- (b) in relation to a municipal entity which is a private company in respect of which effective control vests in two or more municipalities collectively, means of those municipalities;
- (c) in relation to a municipal entity which is a service utility, means the municipality which established the entity; or
- (d) in relation to a municipal entity which is a multi-jurisdictional service utility, means each municipality which is a party to the agreement establishing the service utility

“ private company”

means a company referred to in section 19 and 20 of the Companies Act. 1973 (Act No. 61 of 1973)

“performance agreement”

means an agreement as contemplated in Section 57 of the Municipal Systems Act

“performance plan”

means a part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met.

“prescribe”

means prescribe by regulation or guidelines in terms of section 120 and “**prescribed**” has a corresponding meaning

“political office bearer”

means the speaker, executive mayor, mayor, deputy mayor or member of the executive committee as referred to in the Municipal Structures Act

“political structure”

in relation to a municipality, means the council of the municipality or any committee or other collective structure of a municipality elected, designated or appointed in terms of a specific provision of the Municipal Structures Act

“resident”

in relation to a municipality, means a person who is ordinarily resident in the municipality

“senior manager”

- (a) in relation to a municipality, means a manager referred to in section 56 of the Municipal Systems Act; or
- (b) in relation to a municipal entity, means a manager directly accountable to the chief executive officer of the entity

“service authority”

means the power of a municipality to regulate the provision of a municipal service by a service provider

“service delivery agreement”

means an agreement between a municipality and an institution or person mentioned in section 76(b) of the Municipal Systems Act in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

“service delivery and budget implementation plan”

means a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) of the Municipal Finance Management Act for implementing the municipality’s delivery of municipal services and its annual budget, and which must indicate –

- (a) projections for each month of –
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
 - (b) service delivery targets and performance indicators for each quarter; and
 - (c) any other matters that may be prescribed,
- and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act

“service utility”

means a municipal entity established in terms of section 82(1)(c), a body established in terms of section 86H of the Municipal Systems Act

“staff”

in relation to a municipality, means the employees of the municipality, including the municipal manager

“the Act”

means the Local Government: Municipal Systems Act, 2000

PART 2**1. Introduction**

Performance Management is a process which measures the implementation of the organisation's strategy. At Local Government level this has become an imperative, with economic development, transformation, governance, finance and service delivery being the critical elements in terms of Local Government Strategy. Performance Management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met. National Government has also found it necessary to institutionalize and provide legislation on the Performance Management Process for Local Government.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

Performance Management, therefore, is not only relevant to the organisation as a whole, but also to the Individuals employed in the organization as well as the External Service Providers and the Municipal Entities.

Given this background, it is important that a framework for Performance Management be established, implemented and monitored.

This framework therefore describes how the municipality's performance process, for the organisation as a whole will be conducted, organised and managed.

2. Aims / Objectives of a Performance Management Framework and System

This framework aims to:

- Clarify the processes of implementing the performance management system within the framework of the Integrated Development Planning (IDP) Process.
- Clarify definitions and standards for performance management.
- Ensure compliance with the South African Legal framework.
- Demonstrate how the system will be conducted, organized, operated and managed from the planning stage up to the stages of performance review.
- Define roles and responsibilities.
- Determine the frequency of reporting.
- Promote accountability and transparency of performance management within the eThekweni Municipality.

The objective of the framework is to create an efficient and effective Performance Management System for the eThekweni Municipality in order to:

- Translate the municipality's vision, mission and IDP into clear measurable outcomes, indicators and performance levels that define success and that are shared throughout the municipality and with the municipality's customers and stakeholders.
- Ensure the implementation of the plans and programmes
- Provide a tool for assessing, managing and improving the overall health and success of business processes and systems.
- Measure development impact
- Ensure efficient utilisation of resources
- Create a culture of best practice
- Promote accountability
- Include measures of quality, cost, customer service and employee alignment, motivation and skills to provide an in-depth and predictive Performance Management System
- Assess performance of the municipality and its management employees.

3. Integrated Development Plan (IDP)

An Integrated Development Plan is an inclusive and strategic plan for the development of the Municipality which links, integrates and co-ordinates plans, aligns resources and forms the framework on which annual budgets must be based. The IDP also addresses the National and Provincial Growth and Development Strategies.

An Integrated Development Plan adopted is the principal strategic instrument guiding all planning, management, investment, development and implementation decisions taking into account input from all stakeholders.

The IDP reflects

- (a) the Municipal Council's vision for the long term development of the Municipality
- (b) an assessment of the existing level of development
- (c) the councils development priorities and objectives
- (d) the councils development strategies
- (e) a spatial development framework
- (f) the councils operational strategies
- (g) disaster management plans
- (h) a financial plan
- (i) the key performance indicators and performance targets

In terms of Section 34 of the Municipal Systems Act, 2000:

A Municipal council:-

Must review its Integrated Development Plan –

- (i) annually in accordance with an assessment of its performance measurements
- (ii) to the extent that changing circumstances so demand;

And may amend its IDP in accordance with the prescribed process.

The relationship between IDP and Performance Management is therefore legislated and regulated. The Performance Management System serves to measure the performance of the municipality on meeting its Integrated Development Plan.

4. Service Delivery Budget Implementation Plan (SDBIP)

The SDBIP gives effect to the Integrated Development Plan and budget of the Municipality. The budget gives effect to the strategic priorities of the municipality. The SDBIP therefore serves as a “contract” between the administration, council and 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 measures the operational plan, whilst the PMS measures performance at a strategic level.

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

The SDBIP and the PMS 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 and the PMS are management implementation and monitoring tools which will assist the mayor, the councilors, municipal manager, senior managers and the community in evaluating the performance of the council. A properly formulated SDBIP and PMS will ensure that the appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget performance of the senior management and the achievement of the strategic objectives set by council. The SDBIP and PMS enables the municipal manager to monitor performance of senior managers, the mayor to monitor the performance of municipal manager and for community to monitor the performance of the municipality.

5. Policy and Legislative Requirements

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an “accountable government”. The democratic values and principles in terms of section 195 (1) are also linked with the concept of Performance management, with reference to the principles of interalia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The legal framework which forms the background for the performance management framework is set out in Annexure A.

The Legislation relevant for Performance Management are the:

- The Constitution of the Republic Of south Africa (Act 108 of 1996)
- Municipal Systems Act, 2000
- The Municipal Finance Management Act
- Municipal Planning and Performance Management Regulations, 2001
- Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006
- Municipal Structures Act of 1998

The relevant sections of the MSA and the MFMA related to Performance Management are reflected in Annexure A, as well as the regulations mentioned above.

6. Definition of Performance Management

Performance Management as defined by Department of Local Government (DPLG) is a strategic approach to 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. This system will therefore in turn ensure that all the leaders, managers and individuals in the municipality are held accountable for their actions which should bring about improved service delivery and value for money.

Performance management is aimed at ensuring that municipalities monitor their IDP's and continuously improve their operations and in terms of Section 19 of the Local Government Municipal Structures Act (MSA), that they annually review their overall performance in achieving their constitutional objectives.

The Performance Management System must:

- Have appropriate performance indicators, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in the IDP and the National KPA's
- Have measurable targets (quarterly, if possible annually)
- Reflect baseline information
- Comment on how to improve performance
- Monitor performance
- Measure and review performance at least once a year
- Aim to improve performance
- Establish a process of regular reporting
- Provide an early warning system to identify areas of poor performance

Performance management is potentially the area of management that can make a significant contribution to organizational and individual performance. The system must be designed so it improves strategic focus and organizational effectiveness through continually seeking to improve the performance of the municipality as a whole and the individuals in it.

7. Organisational Performance Management Link to Individual Performance

The performance of a municipality is integrally linked to that of staff. It is therefore important to link organizational performance to individual performance and to manage both at the same time, but separately.

The legislative mandate for measuring individual performance is found in section 57 of the Municipal Systems Act, which requires that the Municipal Manager and Managers who report directly to the Municipal Manager, sign performance contracts, which must include performance objectives and targets. These must be practical, measurable and based on key performance indicators set out on the IDP.

Effectively, the organizational scorecard is executed by the employees of the municipality. In practice this means that the strategic organisational scorecard becomes the responsibility of the municipal manager, and the Cluster scorecard is the responsibility of the Deputy City Manager of the Cluster.

The head of department's individual performance plans will flow out of the Deputy City Manager's performance plan and the manager on the lower level will have a performance plan that flows out of the head of the department's performance plan. This process is then cascaded down throughout the hierarchy of each of the department in the municipality.

Although legislation requires that the municipal manager, and managers directly accountable to the municipal manager, sign formal performance contracts, it is also a requirement that all employees have job descriptions. These must be aligned with the individual performance plan of the head of the department. In this way all employees are working towards a common goal. It is however the responsibility of the employer, to create an environment, which the employees can deliver the objectives and the targets set for them in their performance contracts and job descriptions.

The figure 1 below illustrates the link between the organizational performance management and individual performance management. Once organizational objectives and targets have been set it is then possible to cascade these down to the relevant departments and individuals.

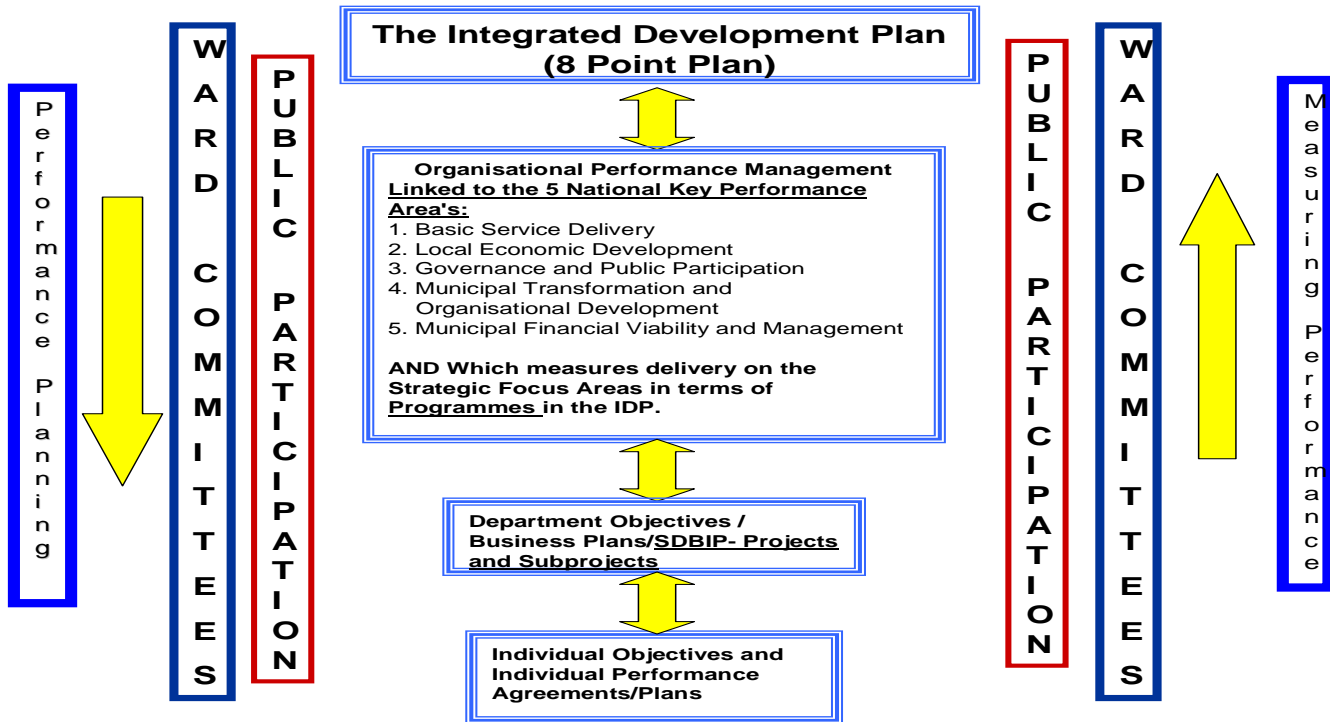


Figure 1

Adapted from - Performance Management Policy & Procedure Document for South African Municipalities (SALGA) (AUGUST 2001)

This performance management policy and procedure document is concerned with planning, measuring and reporting the organisational within the Municipality. If each employee achieves his/ her performance objectives, which are linked to the department's objective, and in turn linked to the Integrated Development Plan the Municipality will ultimately achieve its organizational performance objectives. The reporting requirements as stipulated in the Municipal System Act, the involvement of the community in setting performance indicators etc. needs to occur at an organizational performance management level. Individual performance management occurs at the level of the working relationship that exists between the employee and his/her Manager/ Supervisor.

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8. Benefits of a Performance Management System

Organisational Performance

The Organisational Performance Management System is advantageous to a municipality as it:

- Identifies major or systematic blockages and guides future planning and developmental objectives and resource utilization in the municipality
- Provides a mechanism for managing expectations and ensuring increased accountability between residents of a municipal area and the political and administrative components of the municipality.
- Provides early warning signals to identify problems in meeting the IDP strategies.
- Provides appropriate management information for informed decision making.

The Benefits of **Individual Performance** are to:

- Ensure alignment of individual goals and objectives with that of the organisation and to coordinate efforts in order to achieve those goals.
- Understand what is expected from the incumbents, by when it is expected and to what standard is expected
- Understand the incumbent's key areas of accountability.
- Determine whether or not performance objectives are being met.
- Make qualified decisions within the incumbents level of competencies
- Avail the incumbents of learning and development opportunities to competently meet their performance targets.

9. Key issues underpinning the success of Performance Management

In order to ensure the success of the Performance Management System, the following has been identified as areas which need emphasis:

- a. Top Management and council to drive the system
- b. A need for clarity regarding the strategy of the Municipality so that these can be used to determine the objectives of the Municipality, each business unit and each employee.
- c. Channels of communication needs to be in place
- d. A clear understanding and appreciation of the value of having a performance measurement system.
- e. The development of employees identified through the performance management process and providing learning opportunities through the process of planning, coaching and reviewing performance.
- f. Performance management is an ongoing process not a once a year event of conducting a performance review.

10. The Cycle of Performance Management

10.1 Core Elements

The council's performance management system contains the following core elements, each of which is detailed in the next chapter:

A) Performance Planning ensures that the strategic direction of the Municipality more explicitly informs and aligns the IDP with all planning activities and resource decisions. This is the stage where Key Performance Area's and Key Performance Indicators are aligned to the IDP and national requirements, and targets are set.

B) Performance Measuring and Monitoring is an on going process to determine whether performance targets have been met, exceeded or not met. Projections can also be made during the year as to whether the final target and future targets will be met. It occurs during key points in a process – for example, on a quarterly and annual basis.

C) Performance evaluation analyses why there is under-performance or what the factors were, that allowed good performance in a particular area. Where targets have not been met, the reasons for this must be examined and corrective action recommended. Evidence to support the status is also reviewed at this stage.

An additional component is the review of the indicators to determine if they are feasible and are measuring the key areas appropriately.

A corporate analysis of performance will be undertaken by the Performance Management Unit, to examine performance across the municipality in terms of all its priorities.

D) Performance Reporting entails reporting twice a year to management, the performance audit committee, council and the public. In addition, a quarterly report is also prepared and sent to Internal Audit to be audited, prior it being sent to council and the performance audit committee.

E) Performance review/auditing is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to section 45, of the Systems Act, results of the performance measurement must be audited as part of the municipality's internal auditing process and annually by the Auditor-General. The Municipality will therefore have to establish frameworks and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems

The figure 2 below reflects the **Performance Management Cycle**

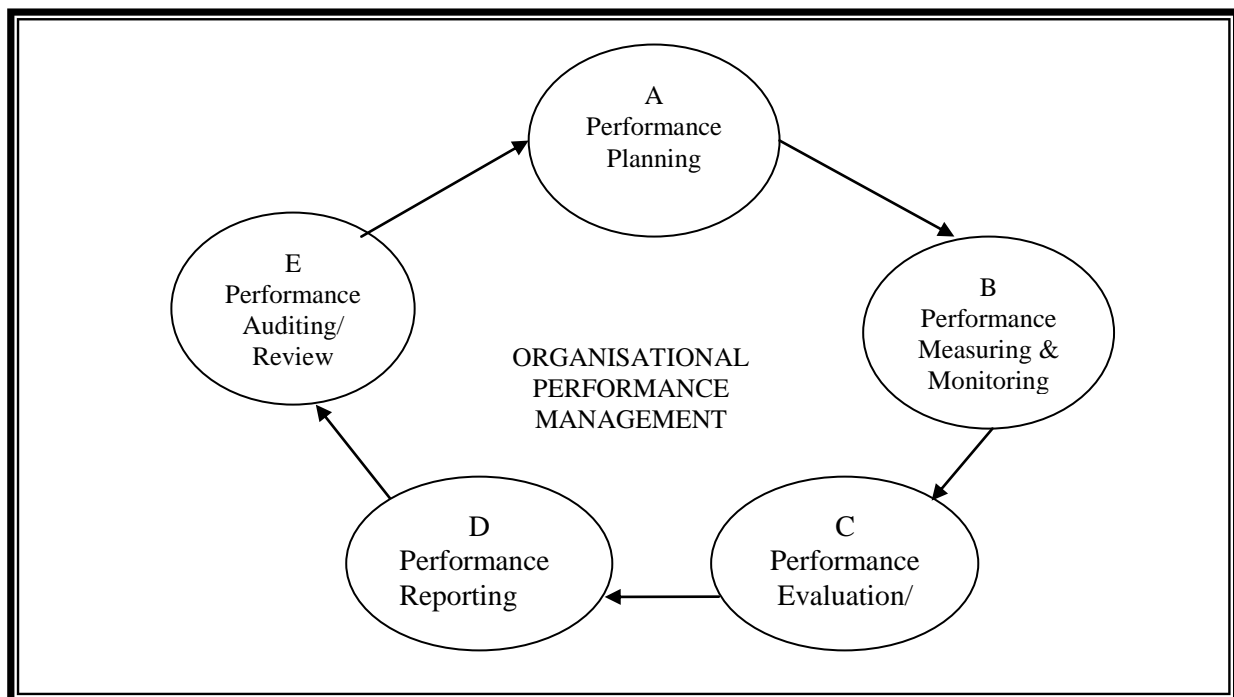


Figure 2

10.2 PERFORMANCE PLANNING

The planning phase entails setting

- a) Key Performance Areas (KPA's),
- b) Strategic Focus Areas (SFA's)
- c) Key Performance Indicators (KPI's),
- d) Baselines
- e) Targets

10.2.1 Key Performance Areas (KPA's)

A Key Performance Area is defined as a broad focus area, or group of objectives within the Integrated Development Plan, for example; the provision of water, sanitation and roads can be grouped under a Key Performance Area of “infrastructural development”.

The eThekweni Municipality has adopted the **5 National KPA's** as contained in the 5 year Local Government Strategic Agenda as the core KPA's in its organisational performance scorecard.

The KPA's are as follows:

1. Basic Service Delivery

- Includes aspects such as basic water, sanitation, electricity, refuse and roads.
- Includes social infrastructure, e.g. housing, health, education, welfare, cemeteries.

2. Local Economic development

- Economic Development and poverty alleviation strategies and awareness programmes
- In addition to the social infrastructure, social programmes also form part of this e.g. HIV/AIDS, ABET etc.
- Comprise economic generation objectives
- Elements of poverty alleviation are also grouped in this area.

3. Governance and Public Participation

- Measures how the local government sphere aligns and integrates with the provincial and national spheres of government on cross cutting issues.
- Programmes to demonstrate how the community participates/ is consulted/ is empowered in government programmes; particularly the establishment and functionality of ward committees and community development workers.
- The involvement of Traditional Councils in municipal affairs

4. Municipal Transformation and Organizational Development

- How the institution is (administratively and politically) capacitated to exercise its duties (Human Resource development and management)?
- How the organization structured to meet the needs of the IDP
- Is the organization accountable to the public via the necessary performance management systems?
- The internal policies and processes and adherence to aspects like gender equity, disability and general management of the municipality.

5. Municipal Financial Viability and Management

- Comprises the policies and process relating to revenue generation, debt and credit management as well assets and liability control and auditing.
- Aspects such as submission of the financial statements to the Auditor General (AG) as well as the findings of the AG on the Municipal affairs
- Compliance with Municipal Finance Management Act and the Service Delivery and Budget Implementation Plan.

10.2.2 Strategic Focus Areas (SFA's)

Within each key performance area in each of the 8 point plan, a number of **Strategic Focus Areas** have been developed. SFA's are medium to long term (possibly 3-5 years) development issues which will be addressed by the municipality

Table 1 shows an extract of the Organisational Performance Scorecard which reflects the Key Performance Areas and the linkage to the SFA's from the IDP

Table 1	
National Key Performance Area	Strategic Focus Area
PLAN 1 – SUSTAINING OUR NATURAL AND BUILT ENVIRONMENT	
BASIC SERVICE DELIVERY	Develop, manage and regulate the built and natural environment
	Pollution minimisation and efficient utilisation of resources
PLAN 2 – ECONOMIC DEVELOPMENT AND JOB CREATION	
LOCAL ECONOMIC DEVELOPMENT (LED)	Support and Grow New and Existing Businesses
	Provide secondary support to business enterprises
PLAN 3 – QUALITY LIVING ENVIRONMENT	
BASIC SERVICE DELIVERY	Address community services backlogs
	Meet service needs and address backlogs
PLAN 4 – SAFE HEALTHY AND SECURE ENVIRONMENT	
BASIC SERVICE DELIVERY	Promoting the safety of citizens
	Promoting the health of citizens
	Promoting the security of citizens
	Promoting the safety of municipal assets
PLAN 5 – EMPOWERING OUR CITIZENS	
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	Develop the city as a learning city
	Develop Human Capital
PLAN 6 – PROMOTING CULTURAL DIVERSITY	
LOCAL ECONOMIC DEVELOPMENT (LED)	Create economic opportunities for arts, culture and heritage
	Promote sport and recreation within the city
PLAN 7 – GOOD GOVERNANCE	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Ensure Accessibility and Promote Governance
	Create an efficient, effective and accountable administration
	Healthy and Productive Employees
PLAN 8 – FINANCIAL VIABILITY AND SUSTAINABILITY	
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Budget strategically and sustainably
	Value for money expenditure
	Grow and diversify our revenue
	Sound financial management and reporting

10.2.3 Key Performance Indicators (KPI's)

Key Performance Indicators are measurements that indicate whether progress is being made in achieving the SFA's. Indicators are important as they:

- (a) Provide a common framework for gathering data for measurements and reporting.
- (b) Translate complex concepts into simple operational measurable variables.
- (c) Enable the review of goals and objectives.
- (d) Help provide feedback to the municipality and staff.
- (e) Identify the gaps between IDP strategies and the operational plans of the various departments.

Setting of Key Performance Indicators:

The following **SMART** criteria must be used for the setting of indicators and targets:

S – Specific

M - Measurable

A - Achievable

R - Realistic

T - time-framed

(Details of the meaning of the above can be found under the performance targets)

Key Performance Information concepts should also be considered when indicators are set:

- (a) **Input Indicators:** all the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
- (b) **Activity indicators:** the processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
- (c) **Output indicators:** the final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”.
- (d) **Outcome indicators:** the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
- (e) **Impact indicators:** the results of achieving specific outcomes, such as reducing poverty and creating jobs.

TYPES OF INDICATORS

a) Direct Indicators - Data gathered mainly by management information systems viz.,

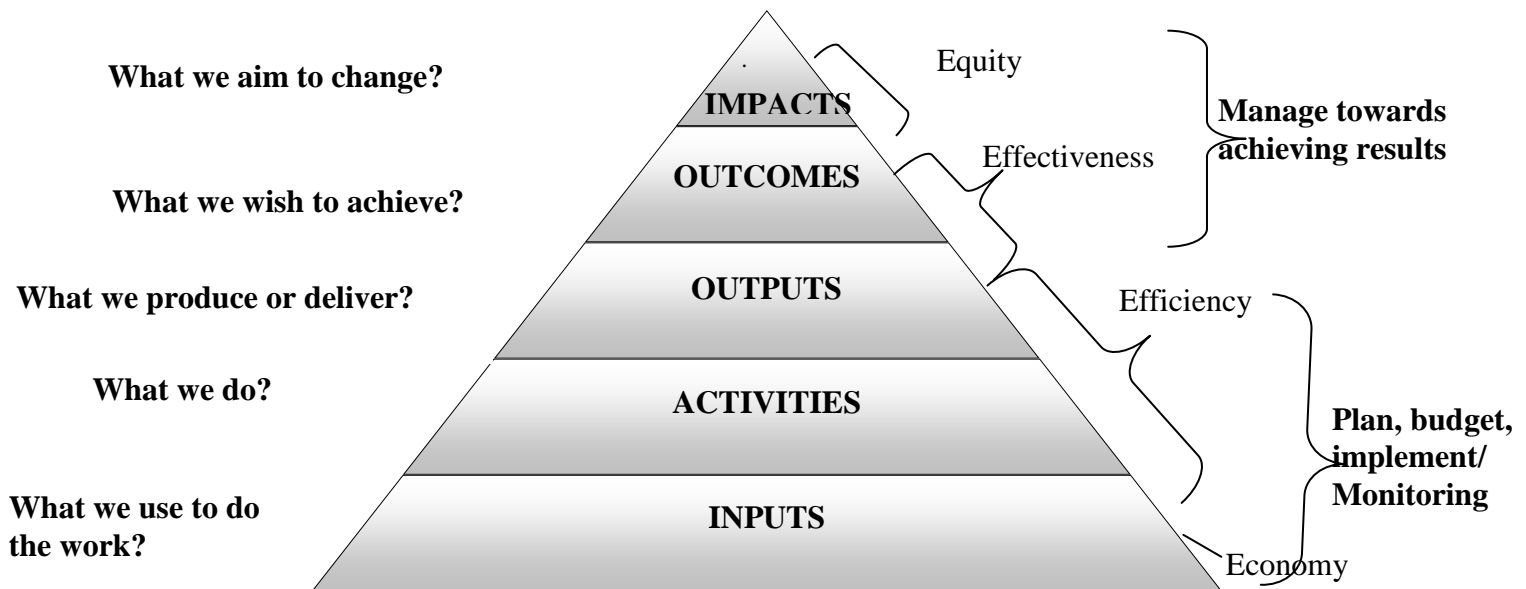
- Quantity
- Quality
- Cost / Price
- Timeliness
- Start and end times
- Distribution
- Adequacy
- Accessibility

b) Opinion- based indicators – data gathered through surveys

c) Relationship indicators – Calculated using a combination of direct indicators and other data

The following illustration reflects the relationship between the core performance information concepts.

Figure 3: Key performance information concepts



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'What gets measured gets done.'

In setting indicators, the following aspects must also be considered:

- The key priorities and objectives set in the IDP, which have been determined during the public participation process at ward committees.
- The activities and processes identified in the IDP for achieving the developmental objectives as well as the earmarked resources.
- Whether data is available for the measurement of the KPI's.
- Whether measurement tools to measure the performance of the indicators are available or can be developed.
- In the event that measurement tools do not exist, then it is advisable that a KPI be set which would measure the design and implementation of such a system. Once the measurement tool has been implemented, then the KPI measuring the output from the tool can then be included in the scorecard.
- The cost involved in setting up measurement tools needs to be considered.
- The time frame for the implementation of measurement tools is also important.
- It is important that the responsibility for the KPI needs to be allocated to the appropriate person who will be required to measure the output/outcome on the KPI's.

The following general key performance indicators are prescribed in terms of section 43 of the Municipal Systems Act, 2000: **These indicators must appear on the Organisational Scorecard in addition to all the KPI's which have been set by the Municipality.**

General Key Performance Indicators

1.	The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal
2.	The percentage of households earning less than R1 100 per month with access to free basic services
3.	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.
4.	The number of jobs created through the municipality's local economic development initiatives including capital projects
5.	The number of people from employment equity targets groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.
6.	The percentage of a municipality's budget actually spent on implementing its workplace skill plan.
7.	Financial viability as expressed (refer regulation (10)(g))

(i) Debt Coverage

$$A = \frac{B-C}{D}$$

Where-

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grant

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

(ii) Service Debtors to revenue

$$A = \frac{B}{C}$$

Where-

"A" represents outstanding service debtors to revenue

"B" represents total outstanding service debtors

"C" represents annual revenue actually received for services;

(iii) Cost Coverage

$$A = \frac{B+C}{D}$$

Where –

"A" represents cost average

"B" represents all available cash at a particular time

"C" represents investments

"D" represents monthly fixed operating expenditure

Once the indicators have been finalized, they are then included onto the spread sheet. Table 2 reflects an extract of the organisational scorecard (Plan 1 to Plan 4) which now includes the performance indicators.

Table 2		
PLAN 1 – SUSTAIN OUR NATURAL BUILT ENVIRONMENT		
National Key Performance Area	Strategic Focus Area	Key Performance Indicator
BASIC SERVICE DELIVERY	Develop, manage and regulate the built and natural environment	Council approval of 4 Spatial Development Plans
	Pollution minimisation and efficient utilisation of resources	Completion of the air quality management plan and implementation of phase 1
PLAN 2 – ECONOMIC DEVELOPMENT		
National Key Performance Area	Strategic Focus Area	Key Performance Indicator
LOCAL ECONOMIC DEVELOPMENT (LED)	Support and Grow New and Existing Businesses	<i>The number of jobs created through the municipality's local economic development initiatives including capital projects</i>
	Provide secondary support to business enterprises	No of businesses supported
PLAN 3 – QUALITY LIVING ENVIRONMENT		
National Key Performance Area	Strategic Focus Area	Key Performance Indicator
BASIC SERVICE DELIVERY	Meet service needs and address backlogs	<i>The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal</i>
	Address community services backlogs	Indigency Relief – No of Properties - Rates
PLAN 4 – SAFE HEALTHY AND SECURE ENVIRONMENT		
National Key Performance Area	Strategic Focus Area	Key Performance Indicator
BASIC SERVICE DELIVERY	Promoting the safety of citizens	Increased levels of Citizens feeling safer
	Promoting the health of citizens	Increase Equity in distribution of Health Services Resources in EMA
	Promoting the security of citizens	Provide Beneficiary Support to Vulnerable Groups
	Promoting the safety of municipal assets	Maintenance of off-site backup facilities and implementation of business continuity plan

10.2.4 **Baseline**

A baseline can be defined as an accurate and quantitative data, at a stated point in time which marks the beginning of a trend. In the Organisational Scorecard of eThekweni Municipality, the baseline figures are retrieved from the status column as at the end of the previous financial year. Organisational Performance is therefore tracked from the baseline figure obtained from the previous year to the target in the new year.

If a baseline does not exist in the previous year, this must be indicated as no baseline in place. After the end of the period, a baseline will be available for the following year.

Table 3 reflects the organisational scorecard with Plans 1 to 4 indicating the baseline figures from the previous year.

Table 3			
PLAN 1 – SUSTAIN OUR NATURAL BUILT ENVIRONMENT			
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607
BASIC SERVICE DELIVERY	Develop, manage and regulate the built and natural environment	Council approval of 4 Spatial Development Plans	Adoption of 1 Spatial Development Plan
	Pollution minimisation and efficient utilisation of resources	Completion of the air quality management plan and implementation of phase 1	Air Quality management plan developed for Southern Durban Basin – 100 % complete
PLAN 2 – ECONOMIC DEVELOPMENT			
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607
LOCAL ECONOMIC DEVELOPMENT (LED)	Support and Grow New and Existing Businesses	<i>The number of jobs created through the municipality's local economic development initiatives including capital projects</i>	31902
	Provide secondary support to business enterprises	No of businesses supported	7060
PLAN 3 – QUALITY LIVING ENVIRONMENT			
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607
BASIC SERVICE DELIVERY	Meet service needs and address backlogs	<i>The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal</i>	32228
	Address community services backlogs	Indigency Relief – No of Properties - Rates	64 288
PLAN 4 – SAFE HEALTHY AND SECURE ENVIRONMENT			
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607
BASIC SERVICE DELIVERY	Promoting the safety of citizens	Increased levels of Citizens feeling safer	2% increase 58%
	Promoting the health of citizens	Increase Equity in distribution of Health Services Resources in EMA	82%
	Promoting the security of citizens	Provide Beneficiary Support to Vulnerable Groups	25%
	Promoting the safety of municipal assets	Maintenance of off-site backup facilities and implementation of business continuity plan	New KPI, no baseline

10.2.5 Targets

Once the KPI's are developed, the municipality can then set targets (whether in terms of the MSA or MFMA). The targets must be quantified in terms of number/ figures/ time etc.

Regulation 12 of the Local Government: Municipal Planning and Performance Management Regulation 2001, states the following:

'In setting the targets, a Municipality develops a five year implementation programme (the "life of the Municipality IDP) to address the relevant National and Provincial service delivery targets in relation to the Municipal targets. This 5 year implementation programme contains annual targets which are broken down into quarterly targets as required by the MFMA. The targets must be "SMART" as explained in the guideline.

In unpacking the SMART acronym, the following aspects are highlighted:

- **Specific**

Is the target specific or vague? By being specific, the municipality commits itself to a standard of delivery. E.g. by stating "1000 standpipes will be constructed" the municipality is committing to a specific target opposed to a statement "to provide people with water"

Further, the municipality needs to be absolutely sure what element of objective it wants to measure e.g. the quality of water being provided or the number of stand pipes being constructed. Therefore, the KPI's which needs to be measured should be identified and prioritized and specific targets set.

Care should be taken not to mix the different targets in one KPI measurement, as it will make measurement of it difficult.

- **Measurable**

In deciding what specific part of the KPI a municipality wants to measure it must decide:

- If the municipality can measure the targets set (example, does it have the staff, funding, information/data to do this)
- If the municipality can provide proof (information / data) that the target set was actually achieved
- If a municipality cannot measure a target for any reason, it should amend or remove it.

- If the municipality wants to measure any target, it must decide on the most appropriate manner for obtaining such proof, and whether it is justified to employ additional staff or incur additional expenditure on providing the proof that a specific target was achieved?
- Also, there should be a purpose or reason for measuring a target, e.g. there is no reason to measure the reduction in the incidences of cholera if the Municipality has no clear strategy and objective in place to address this aspect and is not doing anything to reduce the impact.
- Measure against backlogs or and baseline.

- **Attainable/Achievable**

Can the municipality meet the target set? Does it have the human, financial, infrastructure and other resources to deliver on the target set?

In determining if a target is attainable, the municipality must determine if it has a total executive control over the objective, KPI and Target set. E.g., provision of education is a national and provincial Government function. Thus, developing a KPI of “constructing schools” and setting a target of “building 5 schools” would not be attainable as it falls outside the control of the municipality (Operationally)

Further, the municipality need to determine/ identify whether there are real risks (Political, financial, human, natural etc.) involved, in firstly setting the target, and secondly meeting it. (This relates to the realistic element of the target as well)

An Attainable KPI in this area would be more process and outcome orientated. For example, an attainable indicator for a municipality in a non-core function would be to liaise with the Department of Education and Culture to present information on future plans” with an associated target of “budget alignment in 06/07 to take place.

- **Realistic**

By setting a realistic target the municipality must take its capacity into consideration.

There is no point in setting a target of “5000 stand pipes in one year “if the municipality only has the capacity (human, infrastructural and financial) to deliver “1000 stand pipes in one year.”

Similarly in a non core-function, if a municipality does not have the capacity and the responsibility to build a school, the targets set should reflect the aim of that municipality to

liaise and lobby with the Department of Education and Culture. By setting the unrealistic targets, the municipality will only set itself up for failure.

Risk identification: it is important for the municipality to identify all possible (high level) risks that can impact on the delivery of target/s.

- **Time related**

Quarterly and annual targets are set, it must relate to a timeframe. These timeframes should in themselves be specific, attainable and realistic. Time frames are not necessarily related to a financial year, but could span over several years. Applicable target dates for each KPI must be determined.

However, a municipality should annually monitor its achievements towards the target and review/adapt if required. If a target cannot be met in one year, extend the time frame or reduce the target so that it can be met in the time frame specified. Consequently, a “SMART” target could be to build 1000 stand within the financial year (time related).

Note that for IDP purposes a five year target needs to be determined using the same criteria. The quarterly and annual target then feeds into the five year, which reduces each year.

The timeframes and the responsible person are critical areas which need to be considered when setting the targets.

Table 4

Table 4 below reflects the additional column which details the targets set. It must be emphasized that the targets must be SMART, in order to provide the necessary management information.

Table 5 reflects the 5 year targets, the means of verification and the measures to improve performance.

The planning stage is now complete.

TABLE 4				
PLAN 1 – SUSTAIN OUR NATURAL BUILT ENVIRONMENT				
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607	Annual Target 0708
BASIC SERVICE DELIVERY	Develop, manage and regulate the built and natural environment	Council approval of 4 Spatial Development Plans	Adoption of 1 Spatial Development Plan	Review of SDF
	Pollution minimisation and efficient utilisation of resources	Completion of the air quality management plan and implementation of phase 1	Air Quality management plan developed for Southern Durban Basin – 100 % complete	Production of Air Quality Management Plan report for 0708
PLAN 2 – ECONOMIC DEVELOPMENT				
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607	Annual Target 0708
LOCAL ECONOMIC DEVELOPMENT (LED)	Support and Grow New and Existing Businesses	<i>The number of jobs created through the municipality's local economic development initiatives including capital projects</i>	31902	10 1000
	Provide secondary support to business enterprises	No of businesses supported	9287	7060
PLAN 3 – QUALITY LIVING ENVIRONMENT				
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607	Annual Target 0708
BASIC SERVICE DELIVERY	Meet service needs and address backlogs	<i>The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal</i>	32228	Reduce by 8000 = total of 143680
	Address community services backlogs	Indigency Relief – No of Properties - Rates	64 288	61411
PLAN 4 – SAFE HEALTHY AND SECURE ENVIRONMENT				
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607	Annual Target 0708
BASIC SERVICE DELIVERY	Promoting the safety of citizens	Increased levels of Citizens feeling safer	2% increase 58%	60%
	Promoting the health of citizens	Increase Equity in distribution of Health Services Resources in EMA	82%	100%
	Promoting the security of citizens	Provide Beneficiary Support to Vulnerable Groups	25%	100%
	Promoting the safety of municipal assets	Maintenance of off-site backup facilities and implementation of business continuity plan	New KPI, no baseline	100%

10.3 PERFORMANCE MEASURING AND MONITORING

The next process in the cycle of performance is Measuring and Monitoring performance. This entails determining the progress on meeting the targets on a quarterly and annual basis.

The following needs to be considered:

- (a) A review of the organisational scorecard must take place on a quarterly basis.
- (b) The review entails determining the position as at the end of every quarter, for the KPI's and targets in place.
- (c) Information will be obtained from each plan owner on the status of the KPI targets, one month after the end of the quarter, except for the second quarter which ends in December, where information is required by the 2nd week in January due to legislative requirements. The MFMA requires that the accounting officer must by the 25th January each year, assesses the performance of the municipality for the first half of the financial year.
- (d) This quarterly review serves as an early warning indicator in areas of under-performance, which provides management an opportunity to take the necessary steps to improve performance by year end.
- (e) The other two columns which are required to be completed are the means of verification and the measures taken to improve performance.
- (f) The means of verification refers to the source of the information which can be referred to by the auditors to verify the status.
- (g) The measures taken to improve performance are required by the Systems Act S 46 (1) (c) and must be reported on every quarter. Note that this is required for measures which have already taken place within the financial year, or which is planned to take place. It is not only expected to be completed for areas where there is under-performance, but for all KPI's.
- (h) Another measuring and monitoring tool is the community participation process which is dealt with later in the document.

Table no 5 reflects the targets and the 5 year targets as well as the status for the quarter. This is what is measured every quarter, through liaison with the plan owner. In addition the means of verification and the measures taken to improve performance is also reflected.

Table 5									
PLAN 4 – SAFE HEALTHY AND SECURE ENVIRONMENT									
National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0607	Annual Target 0708	5 Year target – 2010/11	Means of Verification	Measures taken to improve performance	Target as at 31st Dec 2007	Status as at 31st Dec 2007
BASIC SERVICE DELIVERY	Promoting the safety of citizens	Increased levels of Citizens feeling safer	2% increase 58%	60%	100%	QOL Trends Survey	QOL Survey to be conducted before Q4	Not stated	Indeterminable, however 57.9 as of 30 th June 2007 according to Trend Survey.
		Establish ward Safety Forums	25%	75%	100%	SDBIP 07/08 and Safer Cities Records	Monitor sustainability of Wards Safety Forums	30%	100% - Safety Forum in all 100 wards.
		Enforcement of By laws in Four Areas a) Nuisance Buildings b) Illegal Dumping c) Illegal Posters d) Traffic Fines	50%	50%	100%	Stats kept at Metro Police and SDBIP 07/08	Recruiting of additional policemen is in progress	12%	9%
		Disaster & Major Incident Reporting Formulation of Plans	15%	100%	100%	SDBIP 07/08	Implementation of re-organization pending	30%	0% - in Risk Assessment.

10.4 PERFORMANCE EVALUATION

The next step in the process is the evaluation of performance which takes into consideration various factors.

1. An evaluation of the validity and suitability of the Key Performance Indicators is undertaken and recommendations must be made for any changes.
2. An evaluation of the annual and five targets is undertaken to determine whether the targets are over stated or understated. These changes need to be considered.
3. Changes to KPI's and 5 year targets need to be carefully considered, as these require council approval.
4. The reason for this is that the original KPI's and 5 year targets would have been published with the IDP, which would have been approved and adopted by council at the beginning of the financial year.
5. In addition, an analysis is undertaken of whether the Municipality is performing adequately or under-performing.
6. Note that substantive evidence supporting the status at the end of each quarter, needs to be retained by the plan owners for audit purposes.
7. A quarterly audit on the organisational scorecard will take place.
8. During the quarterly reviews, action will be recommended to management to review their performance for improvement.
9. Quarterly reports are sent to the Performance Audit Committee and the Council
10. The annual performance report is also audited by the Auditor General and is included in the Annual Report.

10.5 PERFORMANCE REPORTING

Stakeholders are becoming increasingly interested in how well municipalities are performing. The emphasis is shifting from narrow financial reporting to more comprehensive reporting on organizational performance. The compilation of performance reports is management’s means of reporting back to the organisation’s stakeholders on the economic and efficient utilization of resources as well as the effective performance of functions within an organisation.

Table 6: Reporting Procedures

TIME – FRAME	MSA/ MFMA REPORTING ON PMS	SECTION
QUARTERLY REPORTING	<ul style="list-style-type: none"> • The Performance Management Section collates the information and draft the organisational scorecard, which is submitted to Internal Audit. • The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee • The Municipal Manager submits the reports to the council. 	MSA Regulation 14(1)(c)
BI-ANNUAL REPORTING	<ul style="list-style-type: none"> • The Performance Audit Committee must review the PMS and make recommendations to council • The Performance Audit Committee must submit at least twice during the year a report to Council • The Municipality must report to Council at least twice a year • The Accounting officer must by 25 January of each year assess the performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury. 	MSA Regulation 14(4)(a) Regulation 14(4)(a) Regulation 13(2)(a) MFMA S72

ANNUAL REPORTING	<p>The annual report of a municipality must include the annual performance report and any recommendations of the municipality’s audit committee</p>	<p>MFMA S121 (3)(c)(j) & MSA S46</p>
	<p>The accounting officer of a municipality must submit the performance report to the Auditor-General for auditing within two months after the end of the financial year to which that report relate</p>	<p>MFMA S126 1(a)</p>
	<p>The Auditor-General must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report</p>	<p>MFMA S126 (3)(a)(b)</p>
	<p>The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality</p>	<p>MFMA S127(2)</p>
	<p>The Auditor-General may submit the performance report and audit report of a municipality directly to the municipal council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of the state</p>	<p>MFMA S127 (4)(a)</p>
	<p>Immediately after an annual report is tabled in the council, the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.</p>	<p>MFMA S127 (5)(b)</p>
	<p>The council of the municipality must consider the annual report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing council’s comments on the annual report</p>	<p>MFMA S129 (1)</p>
	<p>The meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organ of the state</p>	<p>MFMA S130 (1)</p>
<p>The Cabinet member responsible for local government must annually report to Parliament on actions taken by the MECs for local government to address issues raised by the Auditor-General</p>	<p>MFMA S134</p>	

10.6 PERFORMANCE REVIEW / AUDITING

Internal auditing of performance measurements

Regulation 14(1)

- (a) A municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.
- (b) Any auditing in terms of paragraph (a) must include assessments of the following:
 - (i) The functionality of the municipality's performance management system;
 - (ii) whether the municipality's performance management system complies with the Act; and
 - (iii) the extent to which the municipality's performance measurements are reliable in measuring performance of municipalities on indicators referred to in regulation 9 and 10
- (c) A 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 referred to in subregulation (2).

Summary of the performance management process

The **first step** is to establish KPA's

Example: A typical KPA is: Infrastructure Development and Service Delivery. eThekweni has adopted the 5 National Key Performance Areas.

The **second step** is to design **Strategic Focus Areas** in attaining that KPA, which are informed by the IDP.

Example: An SFA is: Meet community services.

The **third step** is to determine key performance indicators (KPI's) and to link them to performance targets. KPI's define how performance will be measured.

Example: A KPI is the percentage of households with access to basic level of water.

The **fourth step** is to obtain the baseline figures from the previous year's performance report or indicate that there is no baseline in place.

The **fifth step** is to set performance targets for each identified KPI. Targets dates needs to be set and responsible persons identified. The targets must be SMART (Specific, Measurable, Attainable, Realistic and Time-related).

Example: A performance target is to increase the percentage of households with access to basic level of water from 60% in 30 June 2006 to 70 % in 30 June 2007. The responsible person in this case is the Head: Water and Sanitation.

The **sixth step** to determine the actions, which are necessary to achieve steps 1-5, and develop a plan or programme of action to meet the KPI targets.

The **seventh step** is to provide information on the status of the KPI's on a quarterly basis.

The **eighth step** is the evaluation of the information, the KPI's and targets.

The **ninth step** is the compilation of the scorecard report.

The **tenth step** is the auditing of the scorecard

The **last step** submit the report to the various stakeholders.

11. The Performance Audit Committee

Regulation 14 of the Municipal Planning and Performance Regulations, 2001, provides direction on performance audit committees.

- The performance audit committee should comprise of a minimum of three (3) members, of which the majority may not be directly involved in the municipality's affairs. (i.e not an official or councilor).
- At least one (1) member must have experience in performance management.
- The performance audit committee must meet at least twice during the financial year.
- The committee must review the quarterly reports, review the performance management system and make recommendations to council,

Annexure A, Part 2 provides further details on performance audit committees.

12. Roles and Responsibilities

(As per the Municipal Systems Act, 2000 and the Municipal Planning and Performance Regulations, 2001

DESIGNATION	ROLE	RESPONSIBILITIES
Municipal Council	Approval and Oversight	<ul style="list-style-type: none"> • Adopts the PMS framework • Adopts Priorities and objectives of the IDP • Adopts Municipality's corporate strategy that includes KPI and Performance targets • Adopts the SDBIPs • Approves the review of KPI's and targets • Approves changes to priorities, KPI's and targets • Reports Municipal performance to the community twice a year
Executive Council	Oversight	<ul style="list-style-type: none"> • Oversees the development of the municipality's performance management system • Assigns the responsibility of development to the Municipal Manager • Submits the PMS framework to council • Submits the priorities and objectives of the IDP to council • Approves the SDBIP • Assigns the responsibility for management of the PMS to the Municipal Manager • Quarterly evaluates the performance of the municipality • Approves implementation of Internal audit recommendations in performance and the PM System • Receives performance audit report from the AG and makes recommendations to council
Ward Committees/ Communities	Participatory	<ul style="list-style-type: none"> • Advise the Mayor on priorities and objectives of the IDP • Participates in the drafting and implementation of the IDP. • Participates in the monitoring, measurement and review of the municipality's performance • Discuss the development, implementation and review of the municipality's PMS • Monitors the municipality's performance • Participates in the development of the KPI's • Participate in the formulation of proposals for performance improvements • Reports to the Mayor recommendations for the improvement of the PM System • Participate in the annual review of performance

City Manager	Monitoring	<ul style="list-style-type: none"> • Manages the development of the performance management function/framework • Ensures that a high level scorecard, linked to the IDP and budget is developed • Ensures that all role players implement the provision of the PMS framework • Receives the quarterly and annual audited performance reports from Internal Audit. • Submits all necessary reports on performance to exco and council.
Performance Management	Establish, monitor and control	<ul style="list-style-type: none"> • Ensure compliance with the Systems Act • Establish a performance management system for the municipality • Promote a culture of performance management among its political structures, political office bearers and councilors and its administration. • Administer the PMS in an economical, effective and efficient and accountable manner • Establish a framework which demonstrates the operation and management of Performance Management • Ensure PMS links to the Integrated Development Planning processes • Ensure that key performance indicators in respect of development priorities and objectives are set • Ensure community participation in the various performance management processes • Obtain quarterly information on progress on targets set in the organisational scorecard • Review KPI's annually • Ensure that performance targets are set • Develop and implement mechanisms, systems, and processes for monitoring, measurement and review of performance • Establish a process of regular reporting to the council, political officer bearers and staff, the public and appropriate organs of the state • Prepare quarterly and annual reports on organisational performance • Ensure that an early warning system is in place to detect indications of under-performance • Ensure corrective measures for under-performance have been identified. • Ensure that a performance audit committee is appointed • Ensure that a budget exists for the audit committee • Ensure performance audit committee complies with the Systems Act regulations • Ensure that at secretariat service is provided for the performance audit committee

Internal Audit	Monitor and review	<ul style="list-style-type: none"> • Assess the functionality of the PMS • Ensure the system complies with the Act • Determine whether the performance measurements are reliable in measuring performance • Continuously audit the performance measurements of the municipality • Annually audit the results of performance measurement • Submit quarterly reports on the audits to the municipal manager and the performance audit committee
Audit Committee	Oversight review	<ul style="list-style-type: none"> • Must meet at least twice during the financial year • Review quarterly reports • Review the municipality's performance management system and make recommendations to council • Submit an audit report to council at least twice during the financial year •
Senior Management	Implementer	<ul style="list-style-type: none"> • Set KPI's and targets • Determine responsible persons • Ensure that plans in place meet set targets • Implements performance improvement measures approved by the Mayor and Council • Ensures that the performance objectives in the performance agreements are achieved. • Provides quarterly information to update the organisational scorecard • Retains evidence of all items reported on performance

13. Community Participation

Batho Pele (1998)

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service which should be encapsulated in a municipal Performance Management System, namely:

- a) Consultation: Citizens should be consulted about the level and Quality of public service they receive, and, where possible, should be given a choice about the services that are offered.
- b) Service standards: Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.
- c) Access: All citizens should have equal access to the services to which they are entitled.
- d) Courtesy: Citizens should be treated with courtesy and consideration.
- e) Information: Citizens should be given full and accurate information about the public services they are entitled to receive.
- f) Openness and transparency: Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge.
- g) Redress: If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
- h) Value-for-money: Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

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

The Municipal Systems Act of 2000 requires all Municipalities to adopt a democratic approach to local government in order to meet their mandate of playing a developmental role. The approach implies that all stakeholders need to be afforded an opportunity to voice their opinions before final decisions are made on the IDP process. This gives real meaning to the notion of a participatory concept in Local Government affairs.

The city utilises the following structures to ensure that it reaches out to all members of the community:

- Council meetings
- Ward meetings
- Community Road Shows
- Sector meetings
 - Businesses
 - Labour
 - Youth
 - Churches
 - Community policing forums.

Public Hearings

Public hearings are held to report to communities on municipal performance and engage communities in a review of past performance and the identification of future priorities. These public hearings can be held as often as the municipality can afford, within resources and capacity restraints.

14. Conclusion

This framework provides a guide for the measurement of organisational performance. It is subject to change due to new legislative requirements which occur from time to time.

Performance is a consultative process and it needs to be clearly understood by all levels of staff and management, so that each individual in the municipality can play a role in meeting the vision of the organisation. Clearly in order to achieve this, the municipality and its employees need to establish a culture of performance driven management.

What gets measured gets done

If you do not measure result, you cannot tell success from failure

If you cannot see success, you cannot reward it

If you cannot reward success, you are probably rewarding failure,

If you cannot see success, you cannot learn from it

If you cannot recognize failure, you cannot correct it

If you can demonstrate results, you can win public support

(Orborne L. Gaebler, 1992)

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'What gets measured gets done.'

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