

**LEKWA-TEEMANE
LOCAL MUNICIPALITY
“NW396”**



**PERFORMANCE MANAGEMENT
SYSTEM FRAMEWORK
2012/2013**

ADOPTION DATE: 29 June 2012

COUNCIL RES NO.: 135/2012

LEGISLATIVE BACKGROUND

This document is informed and derives its authority from the following legislative instruments:

The **Constitution of the Republic of South Africa (1996)** mandates local government to:

- Provide democratic and accountable local government for communities;
- Ensure the provision of services to communities in a sustainable manner;
- Promote a safe and healthy environment;
- Encourage the involvement of communities and community organisations.

From a developmental perspective, local government is required to work with local communities to find ways to meet their needs and improve the quality of their lives. Municipalities are therefore encouraged to focus on realizing developmental outcomes.

The three complimentary approaches recommended to assist municipalities in becoming more developmental are – integrated development planning; budgeting; performance Management and; working together with local citizens and partners.

Requirements of Chapter **6 section 38(a) of the Municipal Systems Act (MSA of 2000), 2000**, which requires a municipality to establish a *performance management system* that is:

- Commensurate with its resources;
- Best suited to its circumstances; and
- In line with the priorities, indicators and targets contained in its integrated development plan.

The municipality is also required by the MSA of 2000 to:

- Promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and
- Administer its affairs in an economical, effective, efficient and accountable manner.

The White Paper on Local Government stipulates:

“Performance Management is critical to ensure that plans are being implemented, that they are having the desired developmental impact, and that resources are being used efficiently.”

The Batho-Pele White Paper (1998) on Transforming Service Delivery states the following principles:

- Consultation on service delivery
- The making aware of service standards

- Improving access to services
- The treatment of citizens in a courteous manner
- The offering of full and accurate information
- Employees acting in an open and transparent manner while services should be offered and provided economically and efficiently

The Municipal Planning and Performance Management Regulations, 2001, further instruct a municipality to ensure that its performance management system:

- Complies with the requirements of the Act.
- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting.
- Clarifies the roles and responsibilities of each role player, including the local community.
- Determines the frequency of reporting and the lines of accountability for performance.
- Relates to the municipality's employee performance management processes.
- Provides for the procedure by which the system is linked to the municipality's integrated development planning processes.
- Is adopted before or at the same time as the commencement of by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

The implementation of a performance management system framework should allow the municipality to collect, process, organize, analyze, audit, reflect and report on performance information. It should also allow the municipality to take practical steps to improve its performance.

This framework, together with the KPIs and performance targets in the Service Delivery and Budget Implementation Plan, Performance Agreements of senior managers, regular reporting through monthly budget statements to the Executive Mayor and quarterly reports to council, periodical review and improvement of the system, constitute the performance management system of the municipality.

The **Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager (2006)** sets out certain criteria required for the municipalities' Performance Management System, as well as how the performance of Municipal managers and managers directly accountable to Municipal Managers will be uniformly directed, monitored, evaluated and improved.

The **Municipal Finance Management Act 56 of 2003** requires all municipalities to:

- Annually adopt a service and budget implementation plan, which must indicate service delivery targets and performance indicators.
- Annually set measurable performance targets for revenue from each source and for each vote in the budget taking into account the municipality's IDP.
- Establish an Audit Committee, which must advise the municipal Council, political office bearers, management staff on matters relating to amongst others performance management, effective governance and performance evaluation.
- Provide an annual report on the performance against the budget of the municipality.

MANAGEMENT & OPERATION OF THE SYSTEM

The Mayor manages the development of the performance management system. The system is submitted to the municipal council for adoption and the Mayor assigns the management responsibility for the system to the Municipal Manager in terms of section 39 of the Municipal Systems Act, 2000.

Principles of the Performance Management System

In developing the system, the municipality must be guided by the following principles:

- The system must be owned by the municipality and supported by other spheres of government.
- The system must place the Lekwa-Local Municipality community at the centre
- The system should be non punitive and developmental.
- The system should be linked to the IDP framework.
- The system must be developed and implemented within the available capacity and resources.
- The system should align to the municipality's initiatives.

The Lekwa Teemane Performance Management System will be practiced in such a way that it:

- Is developmental and not punitive in nature, as employees will be allowed to be creative and innovative in improving their performance.
- Allows for joint responsibility and accountability based on mutual trust and respects.
- Is cost effective and practical as it enhances improvements in quality.
- Is applied consistently and it documents formal and informal feedback.
- Is applied equitably and fairly.
- Focuses on critical work activities

Objectives of the performance management system

The objective of the performance management system, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to **monitor, review and improve the implementation of the municipality's IDP**. Performance Management is seen as a tool to improve performance of municipality's through:

- Creating pressure for change at various levels.
- Creating a culture of best practice and encouraging shared learning among municipalities.
- Promoting accountability
- Contributing towards the overall development of the local government system in the country
- Helping to develop meaningful intervention mechanism
- Guiding the development of municipality capacity building programmes.

The main thrust of the Lekwa- Teemane Performance Management System is to:

- To improve service delivery, through the development of the effective management system.
- To increase staff morale and motivation through objective setting and feedback on performance.
- To create public confidence in the work of the Lekwa-Teemane Local Municipality, through making public commitments to service levels, and providing feedback against them.

The 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, organized and managed, including- determining the roles of different role players.**

Planning

During the planning phase of the IDP, either at the beginning of the term of council or during the beginning of the IDP annual review, the municipal council and the Mayor will, as prescribed in its IDP process plan, adopt and approve:

- The PMS framework.
- The Top –Layer SDBIP, which outlines IDP priorities, objectives, corporate key performance indicators, corporate performance targets and budget summaries indicating monthly projections of revenue and expenditure.
- The municipal strategic balanced scorecard which outlines IDP priorities and objectives
- A technical Service Delivery and Budget Implementation Plan
- Performance Agreements of senior managers

Community Participation

The municipality must involve the community in the development of the performance management system, setting of KPIs and performance targets in accordance with section 9 and 15 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

Operation

The Operation of the system occurs during implementation of the Service Delivery and Budget Implementation Plan, when programmes are implemented and budgets expended. Performance is then measured against key performance indicators and performance targets set for departments in the SDBIP and how these progressively contribute to the achievement of corporate targets of the municipality as contained in the Top-Layer SDBIP.

Measurements – KPIs & Targets

Measurement occurs when value is ascribed to costs, resources and time used to produce outputs using input indicators. It indicates the extent to which municipalities' activities and processes produced outputs in accordance with the identified output indicators. It measures the total improvement brought about by outputs in accordance with outcome indicators.

National General KPIs

Municipalities are also expected to set objectives to respond to the 7 National General Key Performance Indicators as prescribed by the Local Government: Municipal Planning and Performance Management Regulations, 2001 by integrating them in their IDP objectives.

Satisfaction Survey

In order to determine the overall outcome of municipal performance, an annual community satisfaction survey should be conducted and its results be used to measure community satisfaction to inform the municipality performance and to also constantly inform the annual planning process.

Determining the overall municipal achievement the following surveys should be conducted:

- A community satisfaction survey.
- An employee satisfaction survey.

Monitoring

Monitoring is a continuous process of **measuring, assessing, analysing and evaluating the performance of the organisation with regard to the SDBIP and corporate KPIs and targets.** Mechanisms, systems and processes for monitoring should provide for reporting at least once a quarter to the municipal council, it should enable detection of early indication of underperformance and provide for corrective measures to be taken in cases of underperformance.

Auditing

The Municipal Planning and Performance Management Regulations, 2001, requires municipalities to develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its auditing processes. This is meant to ensure that performance information collected by the municipality is verifiable, reliable and correct (performance evidence).

Performance Audit Committee

The Audit Committee established in terms of the MFMA will perform the function of performance audit. The functions of the Audit Committee must be formulated in a manner that takes into account the instructions of the Planning and Performance management Regulations.

Performance Review & Evaluation

Performance review is undertaken **monthly, quarterly, mid-term and annually**.

- At the end of each month, review is undertaken informally through the process of submission and assessment of monthly performance progress reports.
- At the end of the 1st and 3rd quarter, quarterly reports (consolidation of monthly performance progress reports of respective quarter) plus performance evidence are submitted for assessment.
- A more **comprehensive evaluation** of the municipal performance will be conducted during the mid year Budget and Performance Assessment in **January** and at the end of each financial year when the annual performance report is prepared.

The annual review is informed by the results of the community satisfaction survey and reports, which are audited by the Audit Committee and measures that were taken during the year to improve performance.

PMS Review

The results of the review process will be used to develop corrective measures to improve performance and inform the subsequent stages of planning.

Review includes assessment of the adequacy of all components of the system. It identifies **the strengths, weaknesses, opportunities and threats of the municipality** in meeting targets set in the **Service Delivery and Budget Implementation Plan**. It also measures the economy, efficiency, effectiveness in the utilization of resources and the impact government programmes are having on the lives of the people in the community. Performance improvement and adjustment is based on the results of the review.

Reporting & Frequency of Reporting

Directors report to the Municipal Manager on a **monthly basis**. The reports must reflect whether **key performance indicators and performance targets of the Service Delivery and Budget Implementation Plans** are achieved.

The reasons for under performance, **deviations and other challenges** must be clearly spelt out, as well as measures to address **under performance**.

Copies of these reports are made available to the internal audit which make comments and report to the Municipal Manager. These reports are tabled at a management meeting before they are tabled at the various political committees established to assist the Mayor.

Council Committees discuss these reports and make recommendations to the Mayor. The Audit Committee receives reports from the internal audit division through the Municipal Manager and makes recommendations to Council quarterly.

Council receives performance reports from the Mayor, accompanied by the Audit committee report at the end of every quarter. Council reports twice per annum to the community through mechanisms determined by it through its community participation and communication policy.

Council also reports annually to the Office of the Auditor General and the MEC responsible for local government in the province. The MEC consolidates all municipal annual reports in the province and reports to the Minister responsible for Provincial and Local Government who in turn will present a report on the state of local government to the national assembly.

A key feature of the minister's report is the performance of the municipalities on the objectives prescribed by the General Key Performance Indicators in the Planning and Performance Management Regulations, 2001.

Employee Performance Appraisal System

Section 57 Managers annually enter into Performance Agreements with the Council. The municipal Manager signs the agreement with the Mayor. The Performance Agreements are based on the municipality's Top-Layer SDBIP and the Technical Service Delivery and Budget Implementation Plans.

A performance appraisal system of the Municipal Manager and Managers directly accountable to the Municipal Manager must be outlined in the agreement and must provide for mid-term and annual performance appraisal.

Stakeholders Involvement

The municipality must establish conditions for the participation of all stakeholders as legislated in the Municipal Systems Act of 2000 and the Municipal Planning and Performance Management Regulations of 2001.

The roles of the various stakeholders are as follows:

INTERNAL AND EXTERNAL STAKEHOLDER INVOLVEMENT OF LEKWA-TEEMANE

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
Parliament <i>(external to municipality)</i>			Chapter 4 of the Constitution of the RSA, 1996	Chapter 4 of the Constitution of the RSA, 1996
Minister of Corporate Governance and Traditional Affairs <i>(external to municipality)</i>	Section 43(1)(a) of MSA	Section 49 of MSA	Section 43(1)(b)&49 of MSA	In terms of Section 48(1) of the MSA & Section 134 of the MFMA the minister must: <ul style="list-style-type: none"> • Annually compile and submit to Parliament and the MEC for local government a consolidated report of the local government performance i.t.o. general KPI's • Publish the report in the Government Gazette
National Council of Provinces <i>(external to municipality)</i>				Section 42 & 65-69 of Chapter 4 of the Constitution of the RSA, 1996
Provincial Legislature <i>(external to municipality)</i>				The provincial legislature must evaluate and approve the PMS annual report on the basis of two main criteria: <ul style="list-style-type: none"> • The report

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
				must identify municipalities that are underperforming and propose remedial action to be taken.
MEC for Local Government <i>(external to municipality)</i>	Section 31 of MSA	Section 31 of MSA	In terms of Section 155(7) of the Constitution, national and provincial government have the legislative and executive authority to see to the effective performance by municipalities of their functions	Minister's consolidated report on the performance of municipalities in the province. The MEC must publish the report in the Provincial Gazette and submit a copy of the report to the National Council of Province. Section 132 of the MFMA: Municipal Manager submit annual report to Provincial Legislature
National & Provincial Treasury			Section 74 of MFMA: General reporting obligation: Non-compliance of any information to National Treasury, Provincial Treasury, Department in the province or	<u>Midyear budget & performance assessment</u> Section 72(1) of the MFMA

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
			AG- reasons submit by the MM to Mayor and Provincial Treasury	
Auditor General <i>(external to municipality)</i>				In terms of section 45(b) of MSA, AG must annually audit the results of performance measurements in terms of Section 41(1) (c) of the Act.
Council <i>Executive Mayor</i> <i>Executive Committee</i>	<ul style="list-style-type: none"> • Play the leading role in providing a strategic direction and developing strategies and policies for the organisation • Manage the development of the PMS • Identify indicators and set targets • Communicate the plan to other stakeholders 		<ul style="list-style-type: none"> • As far as possible monitor municipal performance from different areas • Commission audits of performance where necessary 	Conduct the major reviews of municipal performance, determining where goals have or have not been met, what the causal reasons are and to adopt response strategies.
Standing Portfolio Committees Council	<ul style="list-style-type: none"> • Facilitate the development of a long term vision • Develop strategies to achieve vision 		As far as possible, monitor municipal performance from different areas	<ul style="list-style-type: none"> • Review municipal performance for major reviews such as the annual

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
	<ul style="list-style-type: none"> Identify priorities Adopt indicators and set targets 			<ul style="list-style-type: none"> review Review the performance of the executive committee
Municipality <i>Municipal Manager</i> <i>Senior Managers</i> <i>Line Management</i>	<ul style="list-style-type: none"> Assist the executive committee in providing strategic directions and developing strategies and policies for the organisation Manage the development of the IDP Ensure that the plan is integrated Identify indicators and set targets Communicate the plan to other stakeholders 	Manage the implementation of the IDP & PMS- make it a reality	<ul style="list-style-type: none"> Regularly monitor the implementation of the IDP & PMS, identify risks early Ensure that regular monitoring measurement, analysis and reporting is happening in the organisation Intervene in performance problems on a daily operational basis Measure performance according to agreed indicators, analyse and report regularly, e.g. monthly 	<ul style="list-style-type: none"> Conduct regular reviews of performance Ensure the availability of information Propose response strategies to the executive committee or Council Conduct reviews of team performance against plan before executive reviews
Employees	<ul style="list-style-type: none"> Contribute ideas to the integrated development plan Adopt IDP by aligning 	Implement the IDP & PMS and fulfil the personal plan	<ul style="list-style-type: none"> Monitor own performance continuously Monitor and audit the performance of the 	<ul style="list-style-type: none"> Participate in review of own performance Participate in review of organisational performance

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
	personal goals and plan with the organisation plan		organisation and respective team	where necessary
Organised Labour	<ul style="list-style-type: none"> • Play a contributory role in giving strategic direction and developing long-term vision for the organisation and municipal area • Contribute to the development of the IDP • Ensure support of members of the IDP & PMS 		Monitor and audit the performance of the organisation, especially from a labour perspective	Participate in the public review of municipal performance
AUDITING Internal and External Auditors			Must on continuous basis audit the performance measurement of the municipality	Must submit quarterly reports on their audits to the Municipal Manager and the performance audit committee
Performance Audit Committee			<ul style="list-style-type: none"> • Must meet at least twice during a financial year • May communicate directly to Council, the MM and internal or external auditors 	<ul style="list-style-type: none"> • Must review the quarterly reports submitted to it • Review the Municipalities PMS and make recommendation in this regard to Council • At least twice during the

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
			<ul style="list-style-type: none"> • Access any municipal records containing information that is needed to perform its duties or exercise its powers • Request any relevant person to attend its meetings and, if necessary to provide information to the Committee • Investigate any matter it deems necessary for the performance of its duties 	<p>financial year submit an audit report to Council</p>
Municipal Public Accounts committee (MPAC)				<ul style="list-style-type: none"> • They must play oversight role to reports submitted to them.
Auditor General				<p>In terms of Section 45(b) of MSA, AG must annually audit the results of performance measurements in terms of Section 41(1)(c) of the Act</p>
CITIZENS &	<ul style="list-style-type: none"> • Be consulted 		Be able to	Be given the

Stakeholders	Planning	Implementing	Monitoring	Reviewing and Reporting
COMMUNITIES: <ul style="list-style-type: none"> • <i>Civics</i> • <i>Community Based Organisations</i> • <i>Ward Committees</i> • <i>NGO's</i> • <i>Businesses & Organised Businesses</i> 	<p>on needs</p> <ul style="list-style-type: none"> • Develop the long term vision for the area • Influence the identification of priorities • Influence the choice of indicators and setting targets 		<p>monitor and "audit performance" against commitments</p>	<p>opportunity to review municipal performance and suggest new indicators and targets</p>
PARTNERS Public Partners	<p>The KPI's must inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement</p>			<p>Review the KPI's set which for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement</p>

ACTION PLAN

The following actions and timeframes are considered to be the implementation plan regarding organisational PMS for the municipality for a specific financial year:

Period.	Activity.	Legs Mandate	Responsible Person.
July	CY: Drafting of Annual Performance Reports	MSA sec 46	Accounting Officer, HOD's ,PMS Manager
	CY: Conclude PA's	MSA Sec 57 MFMA S.53 (1) ©	Mayor
	PY: review quarterly projections for period ending 30 June for SDBIP & Compare actual Performance to objectives in conjunction with preparation of sec 52 report (provides for general responsibilities of the mayor)	MFMA guide	Accounting Officer

Period.	Activity.	Legs Mandate	Responsible Person.
August	CY: Make Public PA & ensure copies are provided to council, Provincial MEC for LG	MFMA 53(3)(b)	Mayor
	CY: Make Public SDBIP	MFMA 53(3) (b)	Mayor
	CY: Place PA's on municipal website	MFMA 75(1) (d)	AO
	Next 3yr Budget: Establish appropriate committees and consultation forums and plan programme of internal and public meetings, to update community needs analysis and obtain feedback on the past year performance.	MFMA guide	Mayor
	Next 3yr budget: Ensure internal analysis of nonfinancial and financial performance over year are prepared, analyse gaps between actual and planned performance, assess impacts of plans. Determine	MFMA Guide	Accounting Officer

	financial position and assess financial capacity against future strategies.		
	Submission of internal audit report to Municipal Council;		
	Presentation of Audit Committee's report to Municipal Council.		
	PY AFS- Compile & submit to AG's office	MFMA 126 (1)	Accounting Officer, Chief Financial Officer
	PY: Submission of section 46 report to AG's office for audit purposes	MSA sec 46	Accounting Officer

Period.	Activity.	Legs Mandate	Responsible Person.
September	Conduct PMS training for all stakeholders (Frame work, SDBIP's)	Framework	PMS Manager;
	CY: Consider monthly (s.71) report, review SDBIP identify problems and amend or recommend appropriate amendments. Submit report to council and make public any amendment to the SDBIP-due end of month (N.B Monthly process)	MFMA 54(1)	Mayor

Period.	Activity.	Legs Mandate	Responsible Person.
October	Next 3yr budget: commence preparations on departmental operational plans and SDBIP's aligned to strategies in IDP and inputs from other stakeholders including government and bulk service providers.	MFMA Guide	Accounting Officer
	Next 3yr budget: commence preparation of annual report utilising financial and non-financial information first reviewed as	MFMA Guide	Accounting Officer

	part of the budget and IDP analysis.		
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Period	Activity	Legs Mandate	Responsible Person.
November.	Receive Auditor General's Reports.	MFMA 126(3)	Accounting Officer
	Draft the municipal organisational annual report.	MFMA 121	Accounting Officer
	Ensure MM addresses audit queries raised by AG and prepare action plan/audit plans to address and incorporate into annual report.	MFMA 131(1)	Mayor

December.	<ol style="list-style-type: none"> 1. Address Auditor General's audit queries 2. Receive Auditor General's Reports on AFS and respond to those queries by taking corrective measures and or drafting action plan 3. Submission of monthly (Nov) budget performance report (S71) to Council, NT, PT and DLG&TA 4. Participate in the budgeting process as per timeframes set in the schedule of key deadlines 		<ol style="list-style-type: none"> 1. Accounting Officer; 2. Accounting Officer; Mayor 3. Chief Financial Officer and Other Directors
	Finalise first draft of annual report incorporating financial and non-financial information on performance, Audit reports and AFS, submit it to the mayor	MFMA 127(1)	Accounting Officer

January.	<ol style="list-style-type: none"> 1. Tabling of municipal organisational annual report in council; 2. Drafting municipal organisational mid-term report. 3. Ensure that AFS, Audit report, & response to audit queries (with action plan) are included in the Annual Report tabled. 	MFMA 127,129,	<ol style="list-style-type: none"> 1. Executive Mayor/ Mayor; 2. Municipal Council; 3. PMS Manager 4. CFO 5. Accounting Officer
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February.	<ol style="list-style-type: none"> 1. Submission of internal audit report to Municipal Council; 2. Presentation of Audit Committee's report to Municipal Council; 3. Tabling of municipal organisational mid-term report MANCO; 4. Publishing the municipal organisational annual report. 		<ol style="list-style-type: none"> 1. Chief Internal Auditor; 2. Audit Committee Chairperson; 3. PMS Manager; 4. Municipal Manager 5. Chief Financial Officer
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March.	<ol style="list-style-type: none"> 1. Submission of oversight report to council; 2. Establishing Assessment Committee 		<ol style="list-style-type: none"> 1. Chairperson of MPAC; 2. Municipal Council 3. Chief Financial Officer 4. Mayor
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April.	<ol style="list-style-type: none"> 1. Submission of internal audit report to Municipal Council; 2. Presentation of Audit Committee's report to Municipal Council; 3. Conducting the assessment of individual section 57 employees. 		<ol style="list-style-type: none"> 1. PMS Manager; 2. Chief Internal Auditor; 3. Audit Committee Chairperson. 4. Assessment Committee 5. Chief Financial Officer 6. Municipal Manager 7. Mayor 8. DLG&TA
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May.	<ol style="list-style-type: none"> 1. Drafting of Corporate Service Delivery and Budget Implementation Plan (SDBIP); 2. Drafting of Technical Service Delivery and Budget Implementation Plans (SDBIPs); 	<ol style="list-style-type: none"> 1. PMS Manager; 2. PMS Manager 3. Chief Financial Officer 4. Mayor 5. Accounting Officer
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June.	<ol style="list-style-type: none"> 3. Drafting individual employee Performance Agreements for the next financial year; 	<ol style="list-style-type: none"> 1. Manager: Human Resource Management; 2. Chief Financial Officer
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