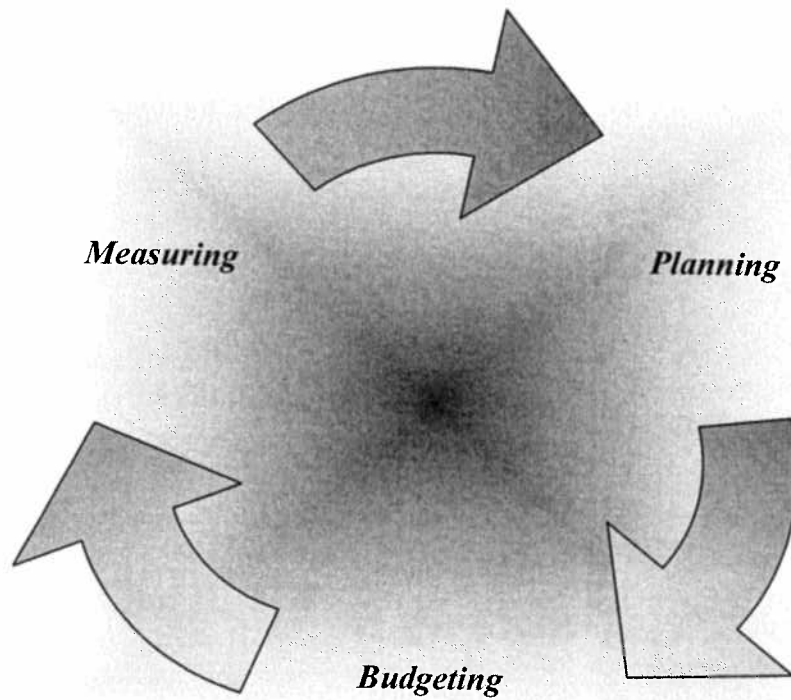


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***West Coast District Municipality***  
***FRAMEWORK FOR IMPLEMENTING PERFORMANCE MANAGEMENT***  
***April 2009***





## **1. WHY PERFORMANCE MANAGEMENT?**

Performance information indicates how well a municipality is meeting its goals and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of its mandate. Performance information is key to effective management, including planning, budgeting, implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling councilors, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.

The municipality delivers services essential to the well-being and development of the communities. To ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers to areas where corrective action is required.

Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks - and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

## **2. PURPOSE OF THE POLICY FRAMEWORK**

The Municipal Systems Act of 2000 and the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers of 2006, provide for the establishment and implementation of a performance management system for each and every municipality in South Africa. In order to comply with legislation and to improve on good governance and service delivery it is essential for the municipality to adopt a policy on performance management.

The performance policy framework will provide guidance in terms of the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting, auditing and quality control. The Performance Management Policy as informed by the Municipal Systems Act (2000) and the Municipal Performance Regulations (2006).



The framework serves the following purpose:

- Indicates the process of performance planning
- Indicates the process of performance monitoring / assessment
- Indicates the process of reporting
- Indicates the process of interpreting / reviewing performance
- Indicates the roles and responsibilities w.r.t. implementing performance management

### **3. LEGAL FRAMEWORK**

The following Policy and Legislative provisions governs performance management in the local government sphere:

#### ***White Paper on Local Government (1998)***

The White Paper on Local Government (1998), introduced the practice of performance management for local government as a tool to facilitate their developmental role. Such practice further serves to increase the accountability of the municipality and the trust of the community in such municipality.

#### ***Constitution of the RSA, 1996***

The Constitution of the RSA, 1996, Section 152, which deals with the objects of local government, paves the way for performance management with the requirements for an "accountable government". Many of the democratic values and principles in terms of Section 195(1) of the Constitution can also be linked with the concept of performance management, with reference to the principles of, inter alia, the promotion of the efficient, economic and effective use of resources, accountable public administration, displaying transparency by making available information, being responsive to the needs of the community, and by facilitating a culture of public service and accountability amongst staff.

#### ***Municipal Systems Act, 2000 (Act 32 of 2000)***

The Municipal Systems Act, 2000 (Act 32 of 2000) also picks up on these concepts and principles of accountability in Sections 4, 6, and 8. Section 11(3) specifically states that a municipality exercises its executive or legislative authority by, inter alia, "the setting of targets for delivery; monitoring and regulating municipal services provided by service providers; monitoring the impact and effectiveness of any services, policies, programmes or plans; and establishing and implementing performance management systems."



Chapter 6 of the Systems Act deals specifically with performance management in local government.

In terms of Section 38, a municipality must establish a Performance Management System (PMS); promote a culture of performance management among political structures, office bearers & councillors and its administration, and administer its affairs in an economical, effective, efficient and accountable manner.

Section 39 stipulates that the Executive Committee (Exco) is responsible for the development of a PMS, for which purpose they may assign responsibilities to the Municipal Manager. The Exco is also responsible for submitting the PMS to Council for approval. Section 40 stipulates that a Municipality must establish mechanisms with which to monitor and review the PMS.

In terms of Section 41, the core components of a PMS are to (i) set Key Performance Indicators (KPIs), (ii) set measurable performance targets (PTs), (iii) monitor performance & measure and review annually, (iv) take steps to improve performance, and (v) establish a process of regular reporting.

Section 42 requires that the community, in terms of the provisions of Chapter 4 of the Act, which deals with Public Participation, should be involved in the development, implementation and review of the PMS, and also that the community be involved with the setting of KPIs & PTs for the municipality. In terms of section 43 the general key performance indicators to be applied by all municipalities may be prescribed by regulation.

Section 44 stipulates that the KPIs and PTs in the PMS of the municipality must be made known both internally and externally in a manner described by the Council.

In terms of section 45, the results of the performance measurement must be audited as part of the internal auditing processes and annually by the Auditor General. Section 46 also requires that the municipality prepare an annual report consisting of a (i) performance report, (ii) financial statements; (iii) audit report on financial statements; and (iv) any other reports in terms of legislative requirements. This report must be tabled within one month of receiving the audit report. In terms of section 46(3) the Municipal Manager must give proper notice of meetings at which the annual report will be tabled and submit information on same to the Auditor General & the MEC for Local Government. Section 46(4) stipulates that a Municipality must adopt the annual report and make copies available within 14 days, to the Auditor General, the MEC for Local Government and any others as may be prescribed by regulation.



***The Municipal Planning and Performance Management Regulations (No 796, 24 August 2001)***

The regulations deal with provisions for the following aspects of the PMS:

- The framework that describes and represents the municipality's cycle and processes for the PMS and other criteria and stipulations [S7], and the adoption of the PMS [S8];
- The setting and review of Key Performance Indicators (KPIs) [S9 & 11];
- The General KPIs which municipalities have to report on [S10], and which include:
  - (i) Households with access to basic services
  - (ii) Low income households with access to free basic services
  - (iii) Capital budget spent in terms of the IDP
  - (iv) Job creation in terms of the LED programme
  - (v) Employment equity with target groups in the three highest levels of management
  - (vi) The implementation of work skills plan
  - (vii) The financial viability of the municipality.
- The setting of performance targets, and the monitoring, measurement and review of performance [S 12, 13];
- Internal Auditing of performance measurements [S14];
- Community participation in respect of performance management [S15]

***Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (No R. 805, 1 August 2006)***

These regulations seek to set out how the performance of Municipal Managers and Managers directly accountable to Municipal Managers will be uniformly directed, monitored and improved.

The regulations include the following:

- Chapter 2 deals with the requirements and provisions of the employment contracts;
- Chapter 3 deals with the performance agreements, which must include prescribed Key Performance Areas and Core Competency Requirements.
- Chapter 4 deals with the content of a Job Description for Municipal Managers.

A list of legislation applicable to municipalities is attached as Annexure B.



#### **4. APPLICABILITY OF FRAMEWORK**

This policy framework is applicable to West Coast District Municipality.

The Municipal Systems Act (2000) places the responsibility on the Council to adopt a PMS, while holding the Executive Mayor responsible for the development and management of the system.

The Executive Mayor delegates the responsibility for the development and management of the PMS to the Municipal Manager of West Coast District Municipality.

#### **5. KEY CONCEPTS**

The terminology behind the key concepts used in this policy framework is described in Annexure A attached to this document.

#### **6. PERFORMANCE MANAGEMENT CULTURE**

The Municipal Systems Act requires the municipality to establish a PMS that is commensurate with its resources; best suited to its circumstances and in line with the IDP. It is required to create a culture of performance throughout the municipality.

The PMS should obtain the following core elements:

- Setting of appropriate performance indicators;
- Setting of measurable performance targets;
- Agree on performance measurement;
- Performance monitoring, reviewing and evaluation;
- Continuous performance improvement;
- Regular performance reporting; and
- Intervention where required.

In order to ensure that the municipality meets its organisational performance indicators, it must introduce a PMS that measures performance on organisational and individual level. Each individual should have performance objectives and targets that are linked to his/her team, department and the municipality, assigned to him/her.

#### **7. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM**

The objectives of implementing a performance management system include:



- Facilitates strategy (IDP) deployment throughout the municipality and align the organization in executing its strategic objectives;
- Facilitate increased accountability;
- Continues and sustainable service delivery improvement;
- Create an organisational performance culture;
- Provide early warning signals;
- Develop open and constructive relationship between customers, leadership and employees;
- Encourage reward for good performance;
- Manage and improve poor performance;
- Link performance to skills development and career planning, therefore encourage learning and growth; and
- Comply with legislative framework.

## 8. PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT

The process of developing a performance management system for the municipality should be guided by a detailed process plan whereby the following principles informed the municipality's performance management system:

### ***Simplicity***

The system is developed to operate accurately and effectively, but still in a simple and user-friendly manner which will enable the municipality to develop, implement, manage and review the system without placing an unnecessary great burden on the existing capacity of the municipality.

### ***Politically acceptable and administratively manageable***

The system is developed to be acceptable to political role players on all levels and flexible enough to be accepted by the municipal council and to enjoy the buy-in across political differences. The process will involve both councillors and officials, but the day-to-day management of the process will be done administratively with regular progress reporting to the political level.

### ***Implementable***

Considering the resource framework of the municipality, the PMS should be implementable within the resources of the municipality, which will include time, institutional, financial, and technical resources.



### ***Transparency and accountability***

The development and implementation of a PMS should be inclusive, transparent and open. The general public should, through the system be made aware of how the operations of the municipality are being administered, how public resources are being spent and who is responsible for what. The implementation framework, captured as part of this policy, will outline the implementation of this principle.

### ***Efficient and sustainable***

The PMS should, like other services within the municipality, be cost effective and should be professionally developed, managed and operated in a sustainable manner.

### ***Public participation***

The constituency of the municipality should be granted their legal rights, in terms of the Constitution and the MSA, through encouragement of public participation by the municipality during the development and implementation of a PMS. The implementation framework indicates the time, kind of involvement and responsibilities in terms of public participation.

### ***Integration***

The PMS should be developed and implemented in such a manner that it will be integrated within the integrated development process of the municipality and its individual employee performance management.

### ***Objectivity***

The PM-System must be developed on a sound value system where the management of the system and the information is based upon being objective and credible. The adopted performance assessments ensure objectivity and credibility in the management of performance.

### ***Reliability***

The PMS should provide reliable information on the progress made by the municipality in achieving the objectives as set out in its IDP. The system provides for the use of source documents to verify the information put into the system.

## **10. PERFORMANCE MANAGEMENT CYCLE**

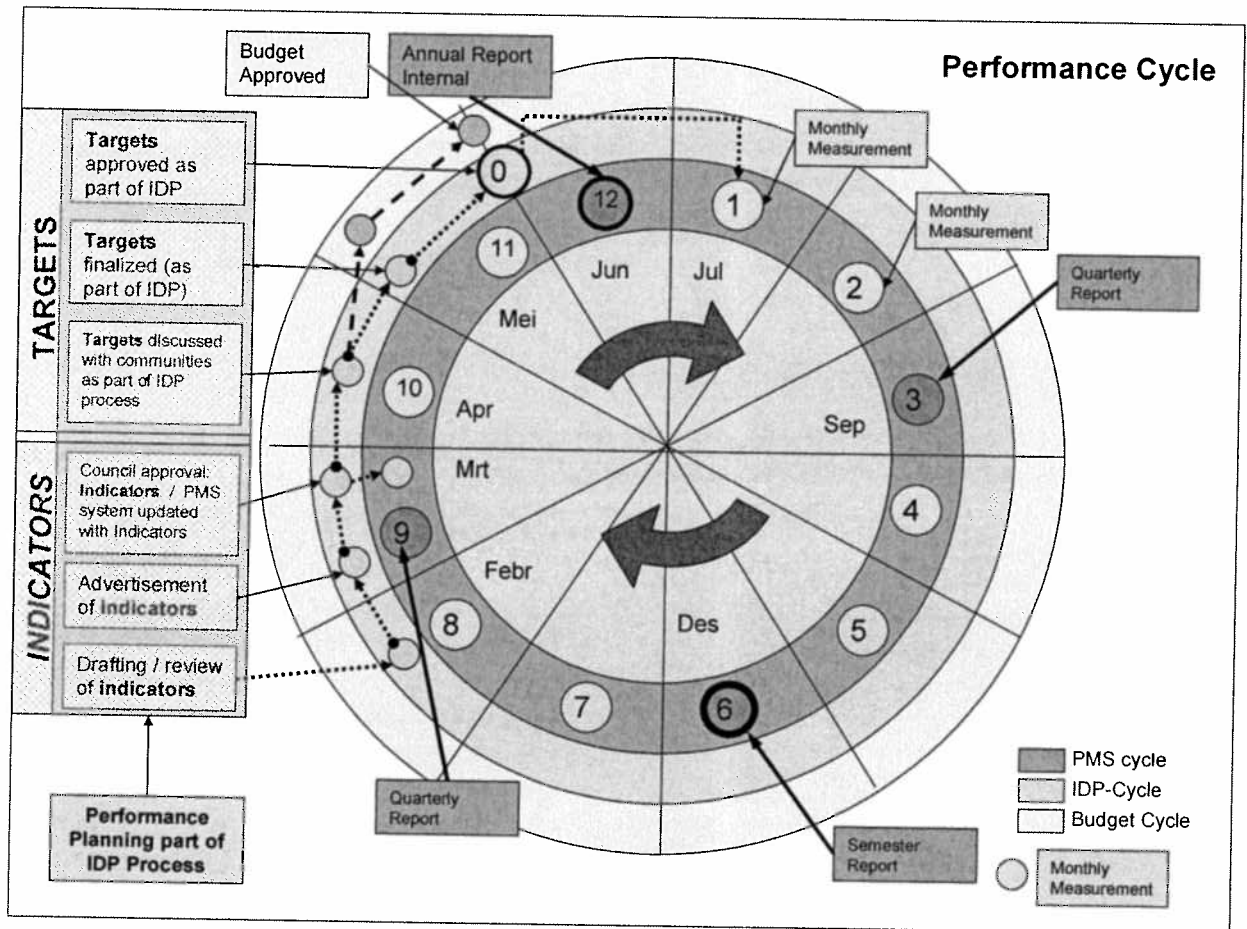
The municipality needs to adopt a performance management and reporting cycle which include timeframes to complete the process. The cycle should start with the strategic session of Council





and include the IDP and budget processes. The IDP and budget should be converted to a Service Delivery Budget Implementation Plan (SDBIP) as corporate performance management tool and cascaded down to the PMS of the municipality.

In order to align the different planning related processes, the following performance cycle is recommended. The process should be repeated on an annual basis, with the exception that KPI's have been established during the initial year and need only be reviewed in subsequent years (projects need to be annually updated).



## 11. CORPORATE PERFORMANCE

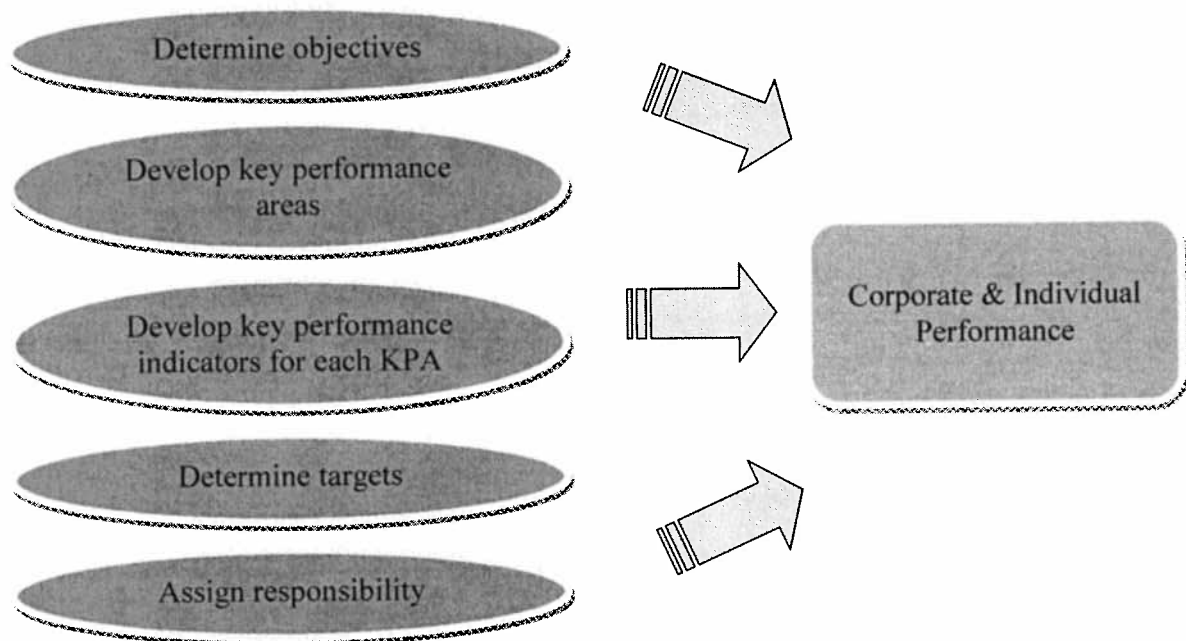
The IDP process and the performance management process must be seamlessly integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

Corporate performance is the first step to seamlessly integrate the IDP and performance management. Corporate performance is measured through the SDBIP.



The SDBIP is a plan where the IDP and budget is converted into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented. It also allocates responsibility to departments to deliver the services in the IDP and budget. The SDBIP needs to be approved by Council within 28 days after the budget has been approved.

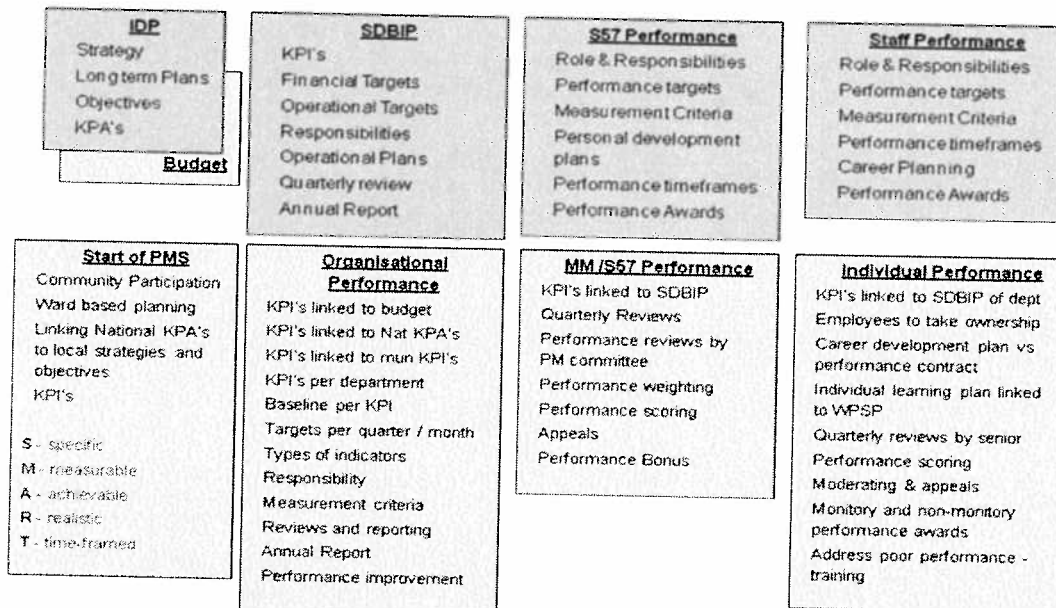
The performance areas and indicators are defined in Annexure A and the responsibilities of individuals are assigned as per paragraph 12 below. The process in determining the performance measures can be summarized as follows:



Performance against the SDBIP needs to be reviewed on at least a quarterly basis and the performance against the set criteria needs to be entered on the SDBIP.

The leadership team should use the web-based SDBIP system to manage corporate performance and as an early warning system to identify areas of poor / slow performance and take performance improvement actions. It will be tabled quarterly at Council meetings.

The following diagram illustrates the integration of performance management and sets the scene for managing performance on individual level:



## 12. INDIVIDUAL PERFORMANCE

Once the SDBIP has been approved, the portfolios of the council, departments and S57 appointees need to be confirmed.

### SECTION 57 MANAGERS:

The Local Government Municipal Systems Act 2000 requires the Municipal Manager and the Managers reporting directly to the Municipal Manager to enter into annual Performance Agreements. The employment contract of the Municipal Manager and other Section 57 Managers should be directly linked to their Performance Agreements. These Performance Agreements therefore consist of two distinct parts:

- Performance Agreement: This is an agreement between the Section 57 Manager and the Municipality, which regulates the performance required for a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement is normally for a period of 5-years but must be reviewed and renewed annually, subject to the individual's annual performance.
- Performance Plan: The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The Departmental Business Plan or scorecard (sorted per Department) transcends into the Performance Plan/s of the respective Section 57 Managers according to their areas of responsibility.
- The performance agreement should be prepared in terms of R805 of 1 August 2006.



**MANAGERS REPORTING TO S57 EMPLOYEES:**

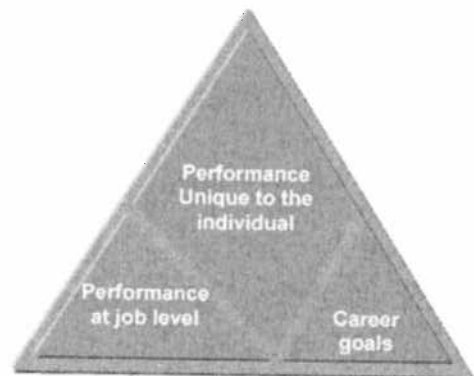
The performance of the managers reporting to the s57 employees should be measured in terms of a performance plan which stipulates in detail the performance requirements for a single financial year. The Departmental Business Plan or scorecard (sorted per sub-directorate) transcends into the Performance Plan/s of the respective managers according to their areas of responsibility

The data obtained from sorting the information in the SDBIP according to Individuals, will provide input into the respective Individual performance contracts.

**STAFF:**

**Individual performance contracts** are agreed with each employee as part of his / her career development plan. Performance contracts will include the following:

- Performance agreed for all employees on a specific job level. A metrics to be developed.
- Performance agreed with the individual employee unique to the employees daily tasks
- Career goals – activities agreed that will allow the employee to start addressing their career goals



A **performance development plan** should be agreed for all employees and include the following:

- Performance contract – including core competencies;
- Career path for the respective employee, including long term and intermediate goals; and
- Training or other skills development needs of the employee.

The **skills development plan** needs to be compiled / updated with the information obtained from the career development plans. The human resources manager together with the respective line manager is responsible to facilitate

**Formal performance reviews** need to be done at least bi-annually to determine the required skills development interventions.

**Please note** that performance and growth is the responsibility of each individual employee and employees should ensure that his / her career development plan is executed. Performance measurement is an ongoing process and should not only be addressed during the formal reviewing sessions.



### ***WEIGHTINGS / RATINGS***

Weightings show the relative importance of input or output against another input or output. Every input or output in the performance agreement must be assigned to a weighting. The weightings / ratings and the distribution of the ratings per level need to be determined by leadership in the beginning of each financial year and agreed with the employer or group of employers.

### ***REPORTING***

Reports need to be prepared for management to act timiously and tabled as required by the respective legislation and this policy framework. The municipal manager should delegate the responsibility of preparing reports on SDBIP progress and employee performance to one or a group of employees.

### ***PERFORMANCE IMPROVEMENT***

The Municipal Systems Act requires the Municipality to annually evaluate its Performance Management System. It is proposed that after the full cycle of the annual review is complete, the performance management team will initiate an evaluation report annually, taking into account the input provided by Departments. This report will then be discussed by the Management Team and finally submitted to the Council for discussion and approval.

While good and excellent performance must also be constantly improved to meet the needs of communities and improve their quality of life, it is poor performance in particular that needs to be improved as a priority. In order to do this, it is important that the casual and contributory reasons for poor performance are analysed. Poor performance may arise out of one or more of the following:

- Poor systems and processes
- Inappropriate organisational structure
- Lack of skills and capacity
- Absence of appropriate strategy
- Inappropriate organisational culture

It is suggested that the municipality implement a **customer care** system, not only to improve service delivery but to obtain and capture feedback on municipal performance from our customers.



The table below provides a clear timeframe for the key milestones for performance management:

<b>STRATEGY</b>	Approve IDP and Budget		June
<b>PLANNING</b>	Development of Service Delivery Implementation Plan (SDBIP)		July
	Confirm portfolio's of Council and Departments	Confirm Portfolio's of managers	July
		Performance Agreements of Section 57 Managers	July
		Performance Contracts/Plans with rest of staff	August
	Update Skills Development Plan (SDP)	Finalise Career Development Plans	June
	Agree performance weighting and rewards for year		August
<b>MONITOR, MEASURE &amp; REVIEW</b>	Monthly Monitoring SDBIP and SDP		Monthly
	Quarterly Review/s SDBIP and SDP	Bi-annual or quarterly reviews	September December March
		Annual Performance Appraisal	June
	Reward and Recognition		December June
<b>REPORTING</b>	Quarterly Report/s		September December March
	Mid-year assessment to Council	Mid-year Assessment Report	Jan
	Annual Report	Annual Staff Performance Report	July
<b>PERFORMANCE IMPROVEMENT</b>	Performance Improvement Plans		January July



### 13. REWARD AND RECOGNITION

The Council needs to finalise its reward and recognition structure before the approval of the budget.

#### ***Remuneration Committee – Section 57 of the Systems Act (2002)***

The Act requires that every municipality must have a remuneration policy that sets out the link between performance and reward for the Municipal Manager and Managers reporting directly to the Municipal Manager. The employment of the first two levels of Management is regulated by the Local Government: Municipal System Act (2002) and guidelines for the remuneration of Municipal Managers to be issued by the Department of Provincial and Local Government as contemplated by the legislation. It is essential that the remuneration policy ensure that there is no confusion in the minds of the Municipal Manager and the Managers reporting to the Municipal Manager what the remuneration policy is in relation to linking the results of their performance to reward. The remuneration policy must clearly indicate the rewards in relation to the performance outcomes of the Municipal Manager and the managers reporting to the Municipal Manager.

Recognition and reward should be linked to achieving the overall performance of the municipality (10%), the performance of the department or team (20%) and individual performance (70%).

#### ***Recognition programme for employees***

The municipal manager and the Remuneration Committee must annually prepare a Recognition programme to reward good performance for Council approval. The recognition programme should address:

- Bonus schemes
- Award determination
- Types of rewards
- Merit increase
- Informal awards – for teambuilding purposes
- Administration of bonuses, merit increases and awards

These rewards need to be communicated to all staff appropriately.

### 14. APPEALS PROCEDURE

Should employees not agree with the contents of their performance agreement after the performance discussions or with the final scores that are allocated to them, they may elect to follow the municipality's normal grievance procedures.



## 15. ROLES AND RESPONSIBILITIES

The responsibility for Performance Management and Integrated Development Planning should be located in one unit or section to ensure close alignment and co-ordination.

The following table sets the **Roles and Responsibilities of Stakeholders** in performance planning, measurements and analysis and performance reporting and reviews:

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	<b>ADMINISTRATIVE OVERSIGHT</b>	
<b>Executive Mayor</b>	Facilitate the development of a long term Vision regarding IDP and PMS. Mayor is responsible for the performance and need to approve the SDBIP and submit the annual performance report to Council	Optimum and equitable service delivery.
<b>Mayoral Committee</b>	Provide strategic awareness and manage the development of the IDP and PMS.	Promotes public awareness and satisfaction.
<b>Portfolio Committee</b>	<ul style="list-style-type: none"> <li>• Manage the implementation of the strategy.</li> <li>• Review and monitor the implementation of the IDP and the PMS.</li> </ul>	Facilitates the process of benchmarking and collaboration with other municipalities.
<b>Council</b>	<ul style="list-style-type: none"> <li>• Adapt the PMS policy and approve the IDP.</li> <li>• Monitor performance.</li> </ul>	Provides a mechanism for the implementation and review of PMS and IDP achievement.

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	<b>OFFICIALS</b>	
<b>Municipal Manager</b>	<ul style="list-style-type: none"> <li>• Ensure the implementation of the IDP and the PMS.</li> <li>• Communicate with the Executive Mayor and Management Team.</li> </ul>	Clarifies goals, targets and work expectations of the executive management team, other senior managers, line managers and individual employees.
<b>Management Team</b>	Manage Departmental Business / Operational Plans and Performance.	Facilitates the identification of training and development needs at different levels in the





STAKEHOLDERS	INVOLVEMENT	BENEFITS
	<b>OFFICIALS</b>	
		municipality.
<b>Line Managers</b>	Implement the departmental business / operational plans and monitor the Individual Performance Plans.	Provides an objective basis upon which to reward good performance and correcting under performance.
<b>Individual Employees</b>	Execute individual performance plans.	Mechanism for early warning indicators to check and ensure compliance.
<b>Internal Audit</b>	Assess the functionality, effectiveness and legal compliance with the PMS.	<ul style="list-style-type: none"> <li>Enhances the credibility of the PMS and the IDP.</li> <li>Enhances the status and role of Internal Audit.</li> </ul>
	<b>COMMUNITY / PUBLIC</b>	
Representative Forums / Ward Committees	<ul style="list-style-type: none"> <li>Inform the identification of community priorities.</li> <li>Public involvement in service delivery of the municipality.</li> </ul>	Provide a platform for the public / communities to inform and communicate with Council.
	<b>OTHER PARTNERS</b>	
Auditor-General	Ensure legal compliance.	Provides warning signals of under- performance which can provide pro-active and timely interventions.
Performance Audit Committee	Independent oversight on legal compliance.	Provides warning signals of under- performance.

### ***Process of managing performance***

The annual process of managing the performance of the Municipality will include performance planning, measurement, analysis, reporting, performance reviews and performance auditing.

### ***Council Reviews***

It is obligatory for the Mayoral Committee in terms of the Systems Act to report to Council on municipal performance and the diagram for reporting and reviewing indicates that the Mayoral Committee will report biannually to Council in the required format. The annual performance report will form part of the Municipality's annual report as per section 121 of the Municipal Finance Management Act.



### ***Public Reviews***

The Municipal Systems Act as well as the Municipal Finance Management Act requires the public to be given the opportunity to review municipal performance. Section 127 of the MFMA requires that the accounting officer (Municipal Manager) must immediately after the annual report is submitted to Council, make the report public and invite the local community to submit comments in connection with the annual report.

It is also proposed that a public campaign be embarked upon annually to involve citizens in the review of municipal performance over and above the requirements of the MFMA. Such a campaign could involve the various Ward Committees as well as the media.

## **16. AUDITING AND QUALITY CONTROL**

All auditing should comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). Auditing of performance reports must be conducted by the Internal Audit structure prior to submission to the Municipality's Audit Committee and Auditor-General.

### ***Continuous quality Control and Co-ordination***

The Municipal Manager will be required on an ongoing basis to co-ordinate and ensure good quality of reporting and reviews. It will be his / her role to ensure conformity to reporting formats and check the reliability of reported information, where possible.

### ***Performance Investigations***

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

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

### ***Audit and Performance Committee***

The results of performance measurement must be audited as part of the Municipality's internal auditing process, as well as annually by the Auditor-General. Municipalities are therefore expected to establish frameworks and structures, in order to examine the effectiveness of their internal performance measurement control systems and make recommendations as an



independent advisory body to the Municipal Council, the Political Office Bearers, the Accounting Officer and the Management staff of the municipality.

### ***Internal Audit***

The Municipality's internal auditors in terms of Section 165 of the MFMA, in auditing the performance reports of services and the corporate PAW's as required by the regulations, will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and Audit Committee. If required, the capacity of the internal audit unit will need to be improved beyond the auditing of financial information.

The role of the Audit Committee will be to assess:

- The functionality of the municipality's performance management system;
- The adherence of the system to the Municipal Systems Act;
- The extent to which performance measurements are reliable;

Legislation provides municipalities with the option of establishing a separate performance audit committee. However, the policy proposes only one audit committee regarding the financial and performance management matters of the municipality.

The Municipality has already established an Audit Committee as far as performance auditing and management are concerned and the powers and functions of the committee are set out in its terms of reference and encompasses the MFMA and related legislative requirements.

## **17. MEASUREMENT AND ANALYSIS**

Analysis requires that line managers compare current performance with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor. They should also analyse the reason for performance levels and suggest corrective action where necessary.

Municipal – wide outcome indicators will be co-ordinated centrally by the PM Unit.

Prior to reviews taking place by the Management Team, the Mayoral Committee and Council, the corporate performance reporting will need to be tracked and co-ordinated by the PMS Manager. Therefore accumulative quarterly reports will be submitted to the Audit Committee and the Mayoral Committee by the PMS Manager.



## **18. IMPLEMENTATION PLAN**

The municipality cannot implement this framework within one financial year and therefore prepared an implementation plan. The implementation plan is attached as Annexure C and will be strictly adhered to.



## Annexure A – Key Concepts

<b>Performance Management</b>	A performance management framework that describes and represents how the municipal cycle and processes of performance planning, monitoring, measurements, review, reporting and improvement will be conducted, organised and managed, including determining roles of the different role players.
<b>Performance Management System (PMS)</b>	A strategic approach which provides a set of tools and techniques to plan regularly, monitor, measure and review performance of the organisation and individuals. Performance management is a system that is used to make sure that all parts of the municipality work together to achieve the goals and targets that are set.
<b>Organisational Performance Management</b>	Concerned with the overall performance of the Municipality/ Organisation in relation to giving effect to the IDP (Macro Dynamics).
<b>Individual Performance Management</b>	Linked to the Organisational Performance Management System are the individuals who contribute to the success or failure of the Municipality/ Organisation. Each individual will have performance objectives, targets and standards that are linked to objectives of his/her Division, Department and Municipality.
<b>Integrated Development Plan (IDP)</b>	Clearly defining 5-year Strategic Plan of a Municipality. IDP should be reviewed annually or as required.
<b>Key Performance Area (KPA)</b>	Key areas of responsibility and developed to achieve the objectives set
<b>Objective</b>	Statement about what outcomes do we want to achieve.
<b>Core Competencies</b>	Every employee, no matter at what level or within what function, is required to demonstrate a number of behaviours and skills that are considered core to achieve the objectives of the municipality.
<b>Key Performance Indicators (KPI)</b>	Measures (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives.
<b>Input Indicators</b>	Indicator that measures resources economy and efficiency.
<b>Output Indicators</b>	Indicator that measures whether a set of activities yields the desired results or products/service.
<b>Outcome Indicators</b>	Measures the broader results achieved through the provision of goods and services (impact).
<b>Target</b>	The level of performance (or desired state of progress) of the indicator that is intended to be achieved by a specified time period.
<b>Baseline Indicator</b>	The value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. The base from which progress will be measured.
<b>Benchmarking</b>	Refers to a process whereby an organisation of a similar nature uses each other's performance as a collective standard against which to measure their own performance.



## Annexure B – Legal Framework

<p><b>Constitution 1996 (Section 152)</b></p>	<p><b>Mandates Local Government to:</b> Provide democratic and accountable government for local communities; Ensure the provision of services to communities in sustainable manner; Promote social and economic development; Promote a safe and healthy environment; Encourage the involvement of communities and community organisations in the matters of local government.</p>
<p><b>Municipal System Act Act 32 of 2000 (Chapter 6)</b></p>	<p><b>A Municipality must:</b> Establish a Performance Management System. Promote a performance culture. Administer its affairs in an economical, effective, efficient and accountable manner. <b>It further outlines the core components of a performance management system as follows:</b> Set KPI's as a yardstick for measuring performance. Set measurable performance targets with regard to each of those development priorities and objectives. Monitor measure and review performance once per year. Take steps to improve performance. Report on performance to relevant stakeholders.</p>
<p><b>White Paper on Service Delivery (Batho Pele) 1998</b></p>	<p>PMS is based on the 8-principles of improved service delivery as outlined in the White Paper: Consultation Service Standards Access Courtesy Information Openness/ Transparency Redress Value for Money</p>
<p><b>MFMA – Act 56 of 2003</b></p>	<p>Establish a performance management system. Development of a performance management system. Monitoring and review of performance management system. Community involvement. General key performance indicators. Audit of performance measurement. Annual performance reports.</p>



<b>Municipal Manager</b>	<p>White Paper on Local Government (1998)          Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)          Local Government: Municipal Structures Amendment Act (No. 1 of 2003)          Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)          Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)          Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998)          Transfer of Staff to Municipalities Act          Local Government Laws Amendment Act (No. 51 of 2002)</p>
<b>Arts, Culture &amp; Heritage</b>	<p>Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003)          Archive Act          Cultural Laws Amendment Act 2001          National Heritage Resources Act 1999</p>
<b>Libraries, Social Development and Sport &amp; Recreation</b>	<p>Social Assistance Act No. 13 of 2004          National Council for Library and Information Service Act of 2001,          Pension Fund Second Amendment Act 2001          SA Sport Commission Second Amendment act 1999,</p>
<b>Legal, IT, HR, Administration</b>	<p>Skills development Amendment act (No. 31 of 2003)          Access to Information Act, 2000 (Act no. 2 of 2000)          Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)          Local Government: Municipal Structures Amendment Act (No. 1 of 2003)          Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)          Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)          Labour Relations Act 66 of 1995          Labour Relations Amendment Act (No. 12 of 2002)          Basic Conditions of Employment Act 75 of 1997 (BCEA)          Basic Conditions of Employment Amendment Act (No. 11 of 2002)          Employment Equity Act 1998          Skills Development Act 97 of 1998          Occupational Health and Safety Act          Unemployment Insurance Fund Act          Pensions Fund Act</p>



	<p>Unemployment Insurance Amendment Act (No. 32 of 2003)  Promotion of Equality and Prevention of Unfair Discrimination Amendment Act (No. 52 of 2002)  Smoking and Other Workplace Legislation  Public Holidays Act 35 of 1994, amended by 48 of 1995  Promotion of Equality and Prevention of Unfair Discrimination Act  Unemployment Insurance Contributions Act (No. 4 of 2002)</p>
<b>Electricity</b>	<p>Eskom Conversion Act No.13 of 2001  Blueprint on the Restructuring of The Electricity Distribution (2001)</p>
<b>Revenue and Expenditure</b>	<p>Local Government: Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)  Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)  Local Government: Municipal Structures Amendment Act (No. 1 of 2003)  Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)  Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)  Procurement Act  Division of Revenue (No 7 of 2003), (No 5 of 2004) and (NO 1 of 2005)  Local Government Municipal Property Rates Act (No. 6 of 2004)</p>
<b>GIS</b>	<p>Local Government: Municipal Finance Management Act (No. 56 of 2003)  Access to information Special framework and SDF  Spatial data infrastructure act (No. 54 of 2003)</p>
<b>IDP / Strategic Planning</b>	<p>Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)  Local Government: Municipal Structures Amendment Act (No. 1 of 2003)  Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)  Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)  Constitution 1996  PMS Regulations 2001</p>
<b>PMS</b>	<p>Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)  Local Government: Municipal Structures Amendment Act (No. 1 of 2003)  Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)</p>





	PMS Regulations 2001 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) Constitution
<b>Municipal Police &amp; Traffic</b>	National Road Traffic Amendment Act (No. 20 of 2003) SAP Service Amendment Act
<b>Parks &amp; Cemeteries</b>	Cemeteries Act
<b>Planning : Environment, Land, Transport &amp; Town/Urban Planning</b>	Squatter Acts Land Use Management Act Land Restitution Act Town Urban Planning, Communal Land Rights Act No. 11 of 2004 Land Transport Transition Amendment Act 2001 National Environmental Management Amendment Act (No. 8 of 2004) National Environmental Management: Biodiversity Act (No. 10 of 2004) Adjustments Appropriation Act (No. 27 of 2004) Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998)
<b>Roads &amp; Storm Water</b>	Water Service Act, Road Traffic Act No. 29 of 1998
<b>Valuation</b>	Municipal Property Rates Act, 2004 (Act No. 6 of 2004) Property Valuers Profession Act 2000 Local Government Municipal Property Rates Act (No. 6 of 2004) Deeds Registries Amendment Act (No. 9 of 2003)
<b>Water &amp; Sanitation</b>	Sanitation Act, National Water Act 1998 Water Services Amendment Act (No. 30 of 2004)
<b>Waste Management</b>	Environment Management Act Solid Waste Disposal Act National Environmental Management Amendment Act (No. 8 of 2004) National Environmental Management: Biodiversity Act (No. 10 of 2004)
<b>Health</b>	Primary Health Act National Health Act (No. 61 of 2003)
<b>Disaster Management</b>	Disaster Management Act (No. 57 of 2002) Drought Relief Adjustments Appropriation Act (No. 3 of 2004)



## Annexure C – Implementation Plan

Activity	Activity	Timeframe
<b>Phase 1: s57 contracts (completed)</b>	Completed	Completed
<b>Phase 2: Review, alignment and update of the Performance Policy Framework and related policies</b>	Update	November 2008
	Workshop	December 2008
	Training to Councillors / Approval	January 2009
	Training to Performance Audit Committee	February 2009
<b>Phase 3 : PMS design and PMS manual</b>	Departmental workshops to determine specific needs	January 2009
	Design PMS and Manual	February 2009
	Motivational Plan	February 2009
	Workshop and approval	March 2009
<b>Phase 4: PMS implementation over period of 9 months</b>	Departmental Training workshops	April 2009
	Career / Performance plans	May 2009
	Performance Management Implementation	July - Nov 2009

## PMS Objectives

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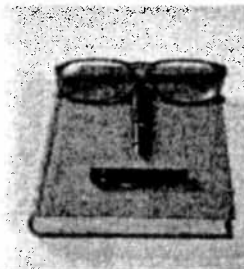
- Facilitates strategy (IDP) deployment throughout the municipality and align the organization in executing its strategic objectives - Vision, mission and IDP into clear measurable outcomes
- Tool for assessing, managing, and improving the overall health and success of business processes and systems.
- Create an organisational performance culture (culture of best practices);
- Provide early warning signals;
- Promote accountability.
- Develop open and constructive relationship between customers, leadership and employees;
- Encourage recognition for excellent performance;
- Manage and improve poor performance;
- Link performance to skills development and performance development planning, therefore encourage learning and growth; and
- Replace existing assessment models with a consistent approach to performance measurement and management.
- Sustainable improvements in Service Delivery
- Comply with legislative framework



## PMS Principles

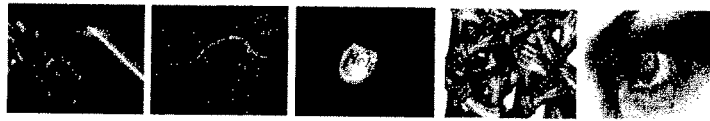
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- Simplicity
- We develop our community by developing our staff
- Aligned with municipal strategy and promote good performance
- We appoint good people and therefore expect good/ excellent performance
- Each staff member takes ownership of own career.
- Implementable
- Transparency and accountable
- Efficient and sustainable
- Public participation
- Integration with municipal processes
- Objectivity
- Reliability



## → West Coast District Municipality

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## Performance Management

### Background

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#### Performance Management to date

- ⊗ SDBIP
- ⊗ S57 performance contracts
- ⊗ Training to senior staff

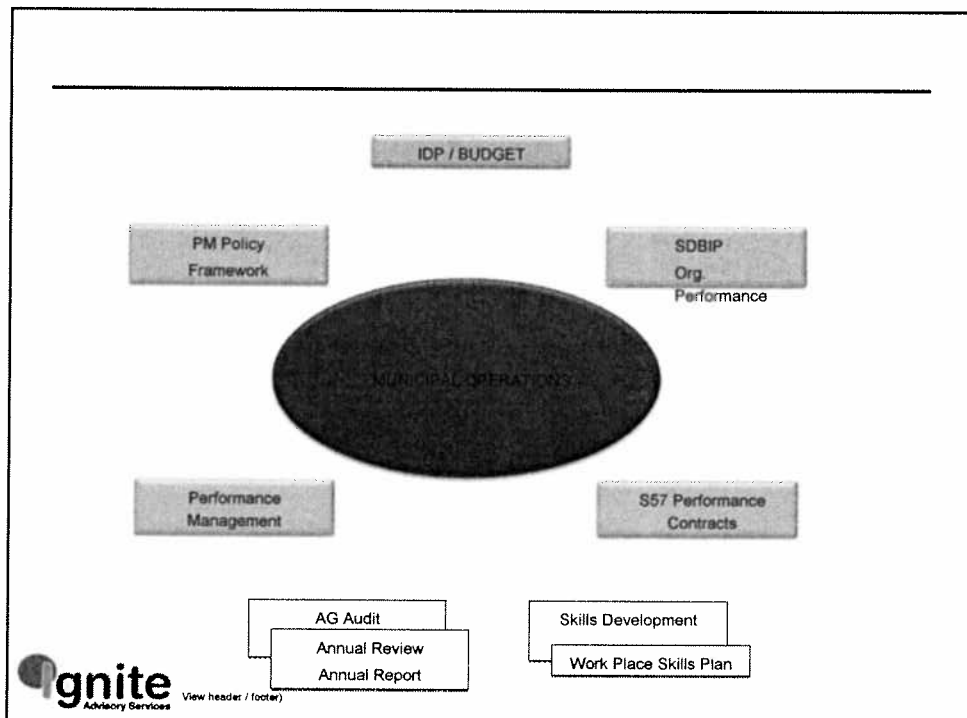
#### Basic requirements

- ⊗ Must be applicable to all levels in the municipality
- ⊗ Corporate performance indicators aligned with IDP and budget
- ⊗ Performance contracts, evaluation and measurement for s57 appointments and other managers
- ⊗ Performance management and evaluation at lower level
- ⊗ Create a culture of performance within the municipality
- ⊗ Including incentives to assist in creating a culture of performance
- ⊗ Measures to address weak performance

## Legislative Overview

SA legislative and regularity framework to define PMS

- Ⓢ Constitution of the RSA, 1996 - 195
- Ⓢ Municipal Systems Act, 2000 – Chapter 6
  - Performance managements system to be implemented by each municipality
  - Culture of performance within municipality
  - Efficiency, economically, effectively and accountability
  - Regular monitoring and evaluation
  - Addresses the key components of the PMS
- Ⓢ Municipal Finance Management Act -88
- Ⓢ White paper on Local Government (1998)
- Ⓢ Municipal Planning and Performance Management regulations (796, Aug 2001)
- Ⓢ Performance Management Regulations for MM's & s57 Appointees (R805, Aug 2006)
- Ⓢ White paper on transforming Public service delivery (Batho Pele)
- Ⓢ National and Provincial Regulations



## PMS Policy Framework Definitions

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A Performance Management System (PMS) 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 different role players.

The purpose of this policy framework is to make provision for the development of a Performance Management System for West Coast District Municipality and to establish a culture of performance management in terms of the requirements and provisions of Chapter 6 of the Municipal Systems Act, 2000 (Act 32 of 2000).

The broad functions of a policy document of this nature are to:

- standardise terminology
- provide a broad framework which will enable adjustments and refinements over time
- give direction for processes to effectively implement policy
- phase in policy implementation
- comply with regulations under the Municipal Systems and Financial Management Acts

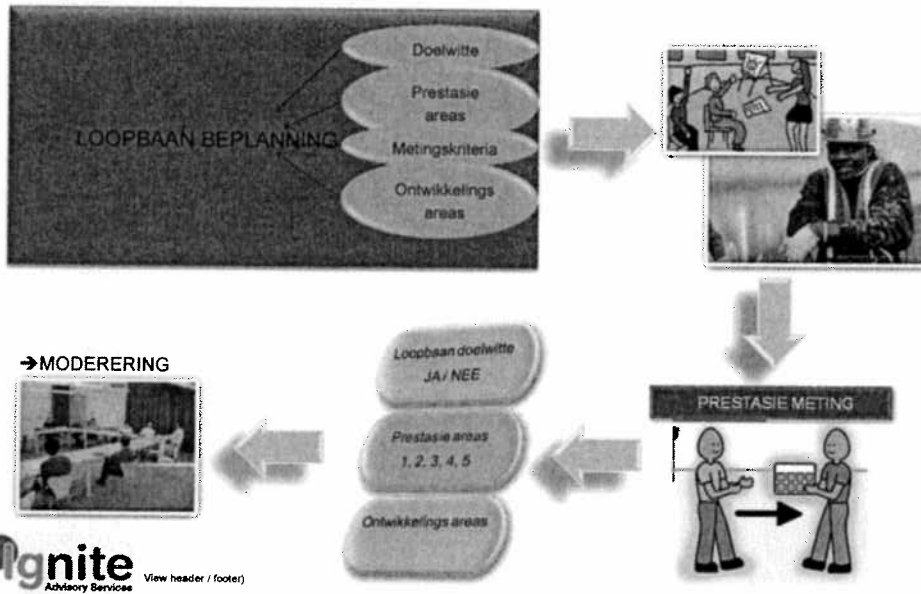
## PMS Policy Framework

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- Introduction – General Principles
- Linking Organisational PM to Individual PM
- PMS Objectives
- PMS Cycle
- Organisational Performance
- Individual Performance – s57 and permanent employees
- PMS Timeframe
- Reward & Recognition
- Appeals procedures
- Auditing of PM
- Roles & Responsibilities
- Implementation Plan
- Key Concepts
- Legal Framework



## Prestasiebestuur proses

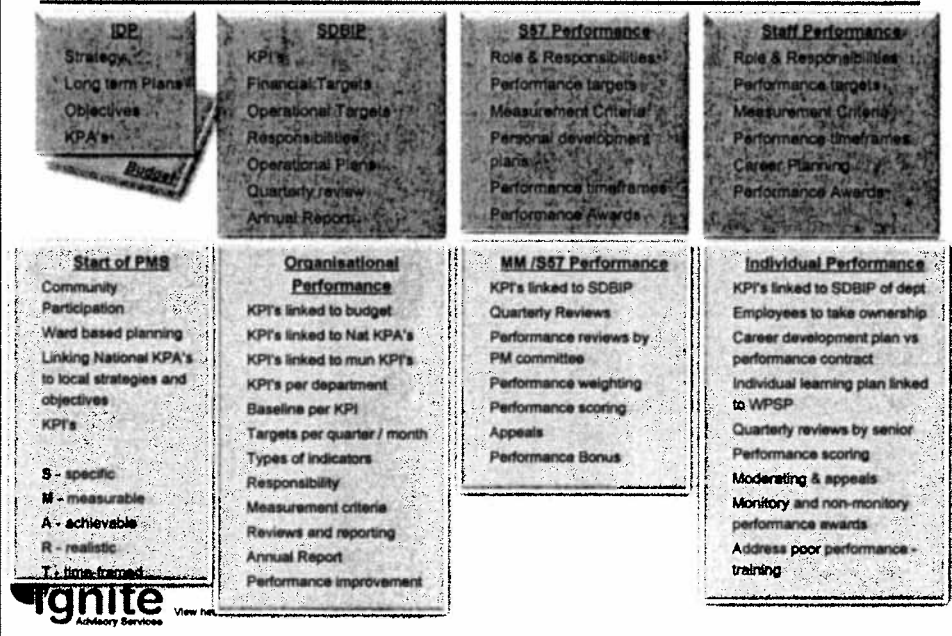


## Evaluering – as agtergrond

Punt	Omskrywing
5	Uitstekende Prestasie
4	Prestasie bo verwagte prestasievlak
3	Prestasie op verwagte vlak – ten volle effektief
2	Nie ten volle effektief nie
1	Onaanvaarbare Prestasie



## Performance Linkages



## → Individuele Prestasie

Individuele prestasie moet ondersteun word deur opleiding, mentorskap, loopbaanontwikkeling, motivering, retensie strategie en insentiewe

Prestasie moet gemeet en geëvalueer word op 'n gereelde basis om 'n prestasie kultuur te skep

Prestasie kontrakte vir s57 aanstellings

- » Prestasie ooreenkoms
- » Prestasie plan gekoppel aan SDBIP aangeheg by ooreenkoms

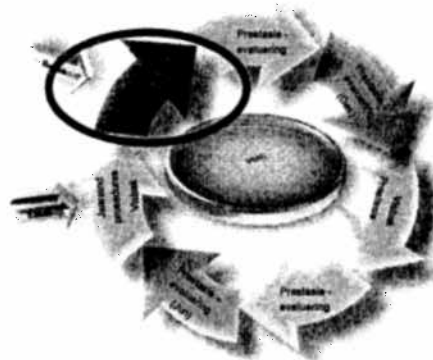
**Bestuurders**

- » Prestasie ooreenkoms
- » Prestasie gekoppel aan SDBIP

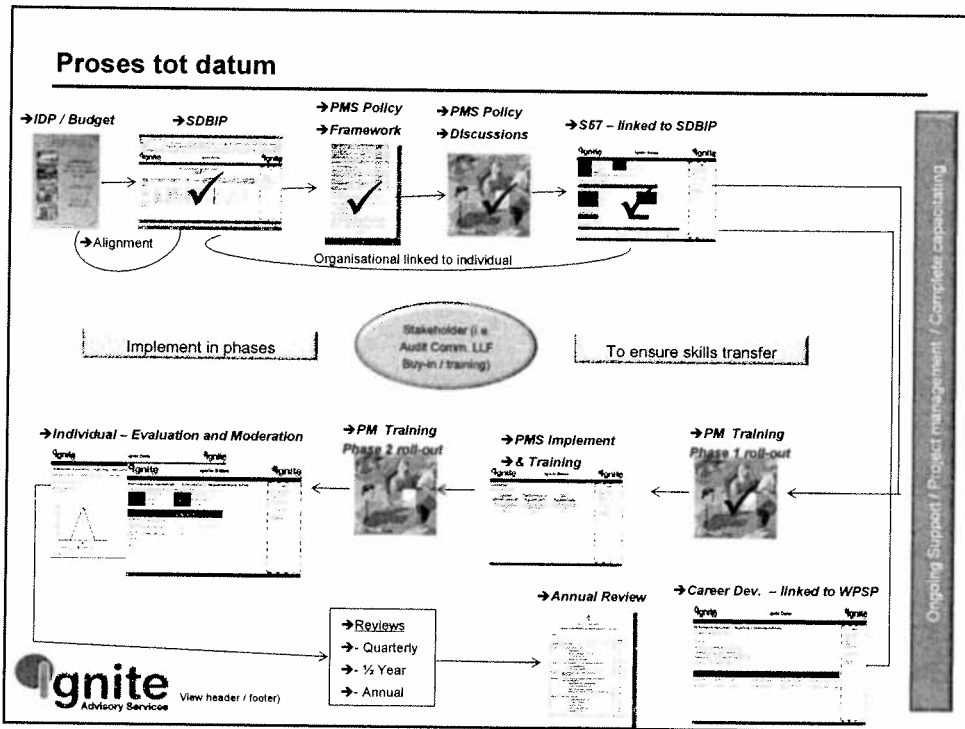
**Munisipale werknemers**

Individuele prestasie ooreenkoms:

- » Wat is die take waarvoor ek verantwoordelik is?
- » Wat is my loopbaan doelwitte?
- » Hoe gaan my prestasie gemeet word?
- » Wat is my ontwikkelingsareas?
- » Hoe gereeld gaan my prestasie gemeet word?







## Performance Management

### Process ahead

The process to be followed to implement PMS:

- @Training: Performance Audit Committee
- @Implement
- @Training: Evaluation
- @Follow-up training and support





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## PMS Questions / General Discussion

## Forms

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### Performance Development Plan

#### Personal Information

Name	
Gender	
Race	
Department	
Section	
Job title	
Job level	
Job number	
Manager	
Performance year	
Date	

#### Formal Qualifications

Name	Accredited	Comments

#### Informal Qualifications

Type	Name	Accredited	Comments

# Forms

## Job functions

Name	Description

## Career Goals

Name	Description

## Key Performance Areas Key Performance Areas linked to Job Level

Name	Description	Measurement	Comments

## Key Performance Areas unique to this job

Name	Description	Measurement	Comments

# Forms

## Key Performance Areas linked to career goals

Name	Description	Measurement	Comments

## Skills development plan

Priority	Name	Outcome	Training	Delivery Mode	Time frame	Work opportunity	Support person

## General Comments

Created on	Created by	Message

Signed and accepted by the Employee

Date

Signed and accepted by the Manager

Date

# Forms

## Performance Agreement

### Personal Information

Name	
Grade	
Role	
Department	
Section	
Job title	
Job level	
Job number	
Manager	
Performance year	
Date	

### Formal Qualifications

Name	Accredited	Comments

### Informal Qualifications

Type	Name	Accredited	Comments

# Forms

### Job functions

Name	Description

### Career Goals

Name	Description

### Key Performance Areas Key Performance Areas linked to career goals

Name	Description	Measurement	Comments

### Organisational Key Performance Areas (from SOBIP)

Name	Objective	KPI	Measurement	Baseline	Target Unit	T1	T2	T3	T4	Comments

# Forms

## Managerial Key Performance Areas (from roles)

Case Managerial KPA	Skill Deficiency	Skill level	Measurement

## Skills development plan

Priority	Issue	Outcomes	Training	Delivery Mode	Timeframes	Work opportunity	Support person

## General Comments

Created on	Created by	Message

Signed and accepted by the Employee  
Date

Signed and accepted by the Manager  
Date