



ELIAS MOTSOALEDI
LOCAL MUNICIPALITY

PERFORMANCE MANAGEMENT FRAMEWORK AND PROCEDURE MANUAL

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SECTION A
PERFORMANCE MANAGEMENT
REQUIREMENTS

1. INTRODUCTION

The Municipal Systems Act (2000)¹ (MSA) requires all municipalities to develop a Performance Management System (PM System) suitable for their own needs. The Municipal Planning and Performance Management Regulations 796 describes the municipal performance management system as a framework that details 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. The PM System must provide guidelines on the development and implementation of an organisational and employee PM System.

The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance gets monitored, it is more likely to perform the required tasks and perform them well. Performance management therefore allows Directors to pursue results-based management approaches such as performance agreements / plans , risk management and benchmarking.

The Performance Management Framework aims to give information on how performance management should be applied – from the planning stage up to the evaluation stage; indicating the involvement of various stakeholders and role-players to ensure the functioning of the system; provide guidelines on the implementation of the system; and link performance management to the performance of employees.

This Framework follows a step-by-step approach as set out in the Institute's hybrid outcomes-based *11-Steps to Excellence*® Performance Management Methodology² which speaks to the intent of the legislation. This methodology is well researched to achieve responsible and accountable corporate governance. It has been developed to deal with these eleven steps in four phases, namely Planning and Review, Monitoring and Assessment, Reporting and Evaluation. The phases are conducted throughout the municipal annual cycle with relation to key performance indicators, corresponding targets and timelines. This framework is divided into three sections as follows:

- Section A: Performance Management Requirements
- Section B: Organisational arrangements
- Section C: Procedure Manual

Section A outlines an introduction and understanding of performance management, legislative requirements and methodology. Section B is an introduction to the internal and external role players in the performance management system while Section C is a comprehensive procedure guide for implementing the performance management system.

¹ South Africa. 2000. *Local Government Municipal Systems Act, No 32 of 2000*. Pretoria: Government Printers.

² Institute for Performance Management. 2009. *Hybrid Outcomes-based 11-Steps to Excellence*® Performance Management Methodology. Midrand: IPM.

2. INTRODUCTION TO PERFORMANCE MANAGEMENT

The Performance Management Framework and Procedural Manual will facilitate increased accountability and improved decision-making and service delivery. This requires that the Framework be developed on sound theoretical, legislative and methodological principles and requirements for performance management.

2.1 UNDERSTANDING PERFORMANCE MANAGEMENT

This framework defines performance management as follows:

Performance Management is a strategic approach to management which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance in terms of indicators, to determine its efficiency, effectiveness and impact; thereby ensuring improved delivery and value for money to the community and citizens and accountability.

Performance management and development system applies to all staff members of the municipality excluding staff member:

- (a) Appointed on a fixed term contract with a duration of less than 12 months.
- (b) Serving notice
- (c) Of termination of his or her contract of employment
- (d) To retire on reaching the statutory retirement age.
- (e) Appointed on an internship programme or participating in the national public works programme
- (f) Appointed in terms of section 54A and 56 of the act

The performance management and development system must be collaborative, transparent and fair. Performance management system shall be applied in a consultative, supportive and non-discriminatory manner in order to enhance organizational efficiency, effectiveness and accountability. It must be underpinned by an open, constructive, and ongoing communication between the supervisor and the staff member.

All staff members shall participate in the overall performance management system of the municipality, as well as the staff members individual performance evaluation and reward system in order to maximize the ability of municipality as a whole to achieve its objectives. Two levels of performance management are to be implemented within the Municipality:

- On an **organisational level** to determine how the Municipality as a whole is achieving its strategic and development objectives in relation to the Constitution, National and Provincial outcomes.

- On an **individual level** to determine how well Municipal employees are performing their duties in line with the strategic plan, namely the IDP (Integrated Development Plan) and the implementation plan, namely the SDBIP (Service Delivery and Budget Implementation Plan) of the Municipality and employee’s job descriptions.

Organisational performance management entails the development of priorities aligned to the municipal strategy inclusive of the development of strategic objectives, programmes, projects, Key Performance Indicators (KPIs), baselines and targets.

Individual or employee performance management is the human resource management process concerned with ensuring the best performance of individuals in an organisation. It involves an understanding of how to manage and develop people in a way that enables the achievement of the organisational and personal objectives.

Within the PM System the IDP, SDBIP, budgetary processes, business planning processes and employee appraisal system are used as the basis for ensuring effective municipal performance management. The responsibility for performance in the municipality thus takes on a hierarchical structure. The Municipal Manager and his/her Senior Management Team are responsible to Council for the overall performance of the municipality. If all Departments and Divisions align their business plans to those objectives included in the strategic planning document, the organisation will operate optimally within the budgetary framework.

Establishing effective and efficient performance management practices will ensure that the municipality creates integration between strategic objectives and practical applications.

The successful implementation of the PMS Framework and thus the System is based on the application of the following critical success factors:

Table 1: Critical Success Factors

Accessibility	Data and analysis play a key part in performance management. The data required by a performance management system should be easily accessible and available with the least possible effort
Straight forward	An attempt should be made to keep the information clear and simple in order to facilitate decision-making, planning and communication thereof
Precise and adequate	Information provided should cover all performance aspects and exclude any ambiguous information. It should, furthermore, be aimed at efforts to improve quality. It should include quantity, efficiency, and effectiveness
Objective	The PM Framework must provide clear guidance on how performance management within the municipality is to be implemented
Politically driven	The Municipal Systems Act assigns the responsibility for the adoption of the PM System with the Council, and the accountability for the implementation and management thereof with the Executive committee
Transparent	Performance Management needs to be open and transparent to ensure accountability and credibility at all levels
Integrated	To be effective and credible, performance management should be well integrated into all management systems
Developmental Approach	Performance management should encourage growth and development

2.2 LEGISLATIVE REQUIREMENTS

The PM Framework for the municipality is centrally informed by legislation, policy and regulations relevant to performance management in local government. The Framework is designed to comply with all of the requirements specified therein as well as to reflect the vision of developmental local government centred on improving the quality of the lives of local communities. A summary of key legislative and policy directives that impact on the Performance Management Framework are listed below:

Table 2: Legislative Requirements

<p>Legislation governing PM in Municipalities</p>	<ul style="list-style-type: none"> ● Constitution of the Republic of South Africa Act 108 of 1996 ● White Paper on Transforming Public Service Delivery Notice 1459 of 1997 ● White Paper on Local Government 1998 ● Local Government Municipal Systems Act 32 of 2000 (MSA) ● Local Government: Municipal Planning and Performance Management Regulations and Guidelines GN 796 of 2001 ● Performance Management Guidelines for Municipalities (2001) ● Local Government Municipal Finance Management Act 56 of 2003 (MFMA) ● Framework for Managing Programme Performance Information 2007 ● Medium Term Strategic Framework 2014-2019 ● Local Government Municipal Systems Act 32 of 2000 (MSA) ● Local Government Back to Basics strategy (2014)
<p>Employee PM Legislation</p>	<ul style="list-style-type: none"> ● Constitution of the Republic of South Africa Act 108 of 1996 ● Labour Relations Act, No 66 of 1995 ● White Paper on New Employment Policy in the Public Service ● Local Government Municipal Systems Amendment Bill (2010) ● Municipal Planning and Performance Regulations and Guidelines ● Municipal Finance Management Act ● MFMA Regulation 493: Municipal Regulations on Minimum Competency Levels ● Local Government: Regulations on appointment and conditions of employment of Senior Managers, Regulation 21 of January 2014 ● Department of Cooperative Governance Circular no. 2 of 2014, Implementation of Regulation 21 of 2014 ● Local Government: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, Regulation 805 of 2001
<p>Recent National Planning, Monitoring and Evaluation Legislation and Guidelines</p>	<ul style="list-style-type: none"> ● Green Paper: National Strategic Planning 2009 ● Green Paper on Performance Monitoring ● The Guide to Outcome Approach (2010)

Some highlights are listed in the following table:

Table 3: Legislative Requirements Detail

<p>The Constitution, Act 108 of 1996</p>	<ul style="list-style-type: none"> ● Section 152 of the Constitution of the Republic of South Africa (1996)³ deals with the objects of local government and paves the way for performance management with the requirements for establishing an accountable government ● The Constitution mandates the municipality to cooperate with the local community on better ways and means to meet their service delivery needs and improve the quality of their lives. The integrated development planning,
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³ South Africa. 1996. The Constitution of the Republic of South Africa, Act 108 of 1996. Pretoria: Government Printers.

	budgeting and performance management provide a municipality with a platform to be developmental in approach
White Paper on Transforming Public Service Delivery Notice 1459 of 1997	<p>The Batho Pele White Paper⁴ states that the development of a service-orientated culture requires the active participation of the wider community. It provide eight principles for good public service, namely:</p> <ul style="list-style-type: none"> ● Citizen consultations ● Publicise service delivery standards ● Equal Access to Services ● Courtesy and consideration to citizens ● Full and accurate information about public services ● Openness and transparency ● Redress for sub-standard service delivery ● Value-for-money
White Paper on Local Government 1998	The White Paper ⁵ introduced the practice of performance management as a tool to facilitate development. It states that integrated developmental planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area
Local Government Municipal Structures Act	The Local Government Municipal Structures Act ⁶ provides for the establishment of municipalities in accordance with categories and types of municipalities, information on the division of functions and powers between categories of municipalities, the regulation of internal systems as well as structures and office-bearers
Local Government Municipal Systems Act 32 of 2000	<p>Section 11(3) of the Local Government: Municipal Systems Act No. 32 of 2000⁷ states that a municipality should be setting targets for delivery; monitor and regulate municipal services; monitor the impact of effectiveness of any services, policies, programmes or plans; and establishing and implementing performance management systems. Of particular importance are:</p> <ul style="list-style-type: none"> ● Sections 26(h) and (1): The budget should include projections for at least the next three years as well as Key Performance Indicators (KPIs) and performance targets with regards to development priorities, objectives and measurable performance targets ● Sections 39 to 46: Requires of Local Government to develop amongst others, a framework within which to: <ul style="list-style-type: none"> ○ Develop a performance management system ○ Set targets, monitor and review performance, based on indicators linked to the IDP ○ Publish an Annual Report on performance for the Councillors, staff, the public and other spheres of government ○ Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for Local Government ○ Conduct an internal audit on performance before tabling the Report

⁴ South Africa. 1998. *White Paper on Transforming Public Service Delivery*. Pretoria: Government Printers

⁵ South Africa. 1998. *White Paper on Local Government*. Pretoria: Government Printers

⁶ South Africa. 1998. Local Government: Municipal Structures Act, 117 of 1998. Available at: <http://www.info.gov.za/view/DownloadFileAction?id=70652>. Accessed: 18 May 2010

⁷ South Africa. 2000. Local Government Municipal Systems Act, No 32 of 2000. Pretoria: Government Printers

	<ul style="list-style-type: none"> ○ Have the Annual Performance Report audited by the Auditor-General ○ Involve the community in setting indicators and targets and reviewing municipal performance. ● Section 40: Municipality must establish mechanisms with which to monitor and review its PM System. ● Section 41: Identifies the core components of a PM System as: <ul style="list-style-type: none"> ○ setting Key Performance Indicators (KPIs) ○ setting measurable performance targets (PTs) ○ monitoring performance & measure and review annually ○ taking steps to improve performance ○ establishing a process of regular reporting. ● Section 42: The community should be involved in the development, implementation and review of the PM System as well as the setting of KPIs for the municipality. ● Section 44: KPIs and PTs in the PM System of the municipality must be made known both internally and externally in a manner described by the Council. ● Section 45: The results of performance measurement must be audited as part of the internal auditing processes and annually by the Auditor General. ● Section 46: Preparation of Annual Performance Reports ● Section 76: Mechanisms for providing services
<p>Local Government: Municipal Planning and Performance Management Regulations and Guidelines GN 796 of 2001</p>	<p>The Regulations and Guidelines (2001) provide user-friendly non-prescriptive guidelines to assist municipalities in developing and implementing their legislatively required PM System. The document proposes three phases inclusive of a number of steps to guide municipalities in developing a PM System, implementing the system, setting targets, developing a monitoring framework, designing a performance measurement framework, conducting performance reviews, improving on performance and reporting on performance. Of particular importance are:</p> <ul style="list-style-type: none"> ● Section 2(1) (d) & (e): The IDP of a municipality must identify all known projects, plans and programs to be implemented within the municipality ● Section 7(1) & (2): Sets out the format for the municipal performance management system framework that describes how the municipality's cycle of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players ● Section 8: Adoption of PM System ● Sections 9 & 15: Defining input indicators⁸, output indicators⁹ and outcome indicators¹⁰ ● Section 10: Description of General Indicators ● Sections 12 & 13: Performance targets must be set, monitored, measured and reviewed to ensure effective, efficient and economic performance

⁸Refers to an indicator that measures the cost, resources and time use to produce an output.

⁹Refers to an indicator that measures the results of activities, processes and strategies of a programme of a municipality.

¹⁰Refers to an indicator that measures the quality and or impact of an output on achieving a particular objective.

	<ul style="list-style-type: none"> ● Section 14: Requirements for internal Auditing of performance measurements ● Section 43: Authorises the Minister to prescribe general KPI's that are appropriate and that can be applied to Local Government
<p>Local Government Municipal Finance Management Act 56 of 2003</p>	<p>The MFMA¹¹ establishes norms and standards based on National Treasury guidelines to ensure the effective management of municipal finances.</p> <ul style="list-style-type: none"> ● Sections 16 (2) & 17 (3) state that an annual budget be tabled, approved and submitted to National Treasury. This budget must be accompanied by the following documents: <ul style="list-style-type: none"> ○ Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's IDP ○ Any proposed amendments to the municipality's IDP following the annual review of the IDP in terms of S34 of the MSA ● Section 53 (1) provides guidance in terms of employee performance management within municipalities ● Section 54 prescribes measures to be taken by the Mayor in relation to budgetary control and early identification of financial problems. S54 (1) (c) also provides for the revision of the service delivery and budget implementation plan (SDBIP), if necessary and following the adjustment of the budget at mid-year <p>The Act further provides that the municipality must:</p> <ul style="list-style-type: none"> ● Adopt service delivery & budget implementation plan annually, which must indicate quarterly service delivery targets and performance measures ● Establish the Audit (Performance) Committee to advise Council, its structures and the management on performance management and evaluation ● Produce the mid-year budget and performance assessment in January and annual report on the performance against the municipal budget ● Produce performance agreements / plans linked to measurable performance objectives approved with the budget and to the SDBIP
<p>MFMA Circular No 63: Annual Report Guidelines 2005</p>	<p>Circular 63¹² provides guidance on the preparation of the new annual report format to better inform in a standardised framework how municipalities and municipal entities have performed, by providing information of a financial and non-financial nature in one document. It is to assist municipal councillors, municipalities, municipal entities, residents, oversight institutions and other users of annual reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in-year reports. The contents will also assist with the annual audits</p>

¹¹ South Africa. 2003. *Municipal Finance Management Act, No 56 of 2003*. Pretoria: Government Printers.

¹² National Treasury. *MFMA Circular No 63. Annual Report* Available at: <http://www.treasury.gov.za>.

<p>MFMA Circular No 13: Service Delivery and Budget Implementation Plan 2005</p>	<p>Circular 13 provide guidance and assistance to municipalities in the preparation of the SDBIP as required by the MFMA. The circular ¹³further notes that the following are the five components of a proper SDBIP:</p> <ul style="list-style-type: none"> ● Monthly projections of revenue to be collected for each source ● Monthly projections of expenditure (operating and capital) and revenue for each vote ● Quarterly projections of service delivery targets and performance indicators for each vote ● Ward information for expenditure and service delivery ● Detailed capital works plan broken down by ward over three years
<p>MFMA Circular 32: The Oversight Report 2006</p>	<p>Circular 32¹⁴ focuses on the oversight process that Councils must follow when considering the annual report and how to deal with the Oversight Report by encouraging continuous improvement and promoting accountability to stakeholders</p>
<p>Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager Notice 805 of 2006</p>	<p>Regulations 805¹⁵ seeks to set out how the performance of Municipal Managers will be uniformly directed, monitored and improved. The Regulations address both the Employment Contract of a Municipal Manager and managers directly accountable to the Municipal Manager as well as the Performance agreements / plans that are entered into between respective municipalities, Municipal Managers and managers directly accountable to Municipal Managers. Combined, these instruments ensure a basis for performance and continuous improvement in local government</p>
<p>Local Government: Regulations on appointment and conditions of employment of senior managers, Regulation 21 of January 2014</p>	<p>Regulation 21 of 2014 regulates the following matters regarding the appointment and conditions of employment of senior managers:</p> <ul style="list-style-type: none"> ● Staff establishment ● Recruitment, selection and appointment ● Conditions of employment, inclusive of the upper limits of total remuneration packages of senior managers ● Benefits ● Termination of service <p>The annexure to these regulations also guide amongst others the following matters:</p> <ul style="list-style-type: none"> ● The competency framework for senior managers ● Minimum competency requirements for senior managers

¹³ National Treasury. 2005. MFMA Circular No 13. Service Delivery and Budget Implementation Plan. Available at: <http://www.treasury.gov.za>.

¹⁴ National Treasury. 2006. MFMA Circular No 32. The Oversight Report. Available at: <http://www.treasury.gov.za>

¹⁵ Department of Provincial and Local Government. 2006. Local Government Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers. No R 805. 1 August 2006. Available at: www.participation.org.za/docs/MunicipalPerformance%20Regs2006.pdf.

Framework for Managing Programme Performance Information 2007	According to the Framework ¹⁶ , performance information needs to be structured to demonstrate clearly how government uses available resources to deliver its mandate. These also need to be identified and monitored so that risks can be managed and corrective action can be taken. In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. Well-defined strategic goals and objectives provide a basis from which to develop suitable programmes and projects, as well as appropriate indicators
Medium Term Strategic Framework 2014-2019	<p>The MTSF 2014-2019¹⁷ serves as the Government’s strategic plan for the 2014-2019 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the National Development Plan (NDP).</p> <p>The 2014-2019 electoral mandate focuses on the following priorities:</p> <ul style="list-style-type: none"> ● Radical economic transformation, rapid economic growth and job creation ● Rural development, land and agrarian reform and food security ● Ensuring access to adequate human settlements and quality basic services ● Improving the quality of and expanding access to education and training ● Ensuring quality health care and social security for all citizens ● Fighting corruption and crime ● Contributing to a better Africa and a better world ● Social cohesion and nation building
Green Paper on Performance Monitoring (2009)	The Green Paper ¹⁸ was developed with the aim of translating Government’s electoral mandate into a clear set of outcomes and output measures. It is envisaged that these outcomes and output measures will assist Government in delivering on the ten priority areas in the MTSF
King III Report	The King III Report ¹⁹ was presented by the King Committee on Governance in September 2009. It is intended that King III applies to all entities, including municipalities regarding the manner and form of incorporation or establishment
Outcomes Approach	The Outcomes Approach implies a shift of accountability away from employee level to organisational level. The Department of Performance Monitoring and Evaluation made suggestions to achieve alignment in the Green Paper Improving Government Performance: Our Approach (2009) and the Guide to Outcome Approach (2010). In terms of coordinated planning, monitoring and evaluation, the documents suggest the creation of an interrelationship between strategic outcomes identified by Government, Implementation forums, Delivery Agreements, implementation, monitoring reporting and evaluation
Labour Relations Act (1995)	The SALGBC Disciplinary Procedure Collective Agreement read together with the Labour Relations Act’s Code of Good Practice: Dismissal provides guidelines on the management of poor performance. These provisions provide a legal basis for the implementation of performance management

¹⁶ National Treasury. 2007. Framework for managing programme performance information. Available at: www.treasury.gov.za/publications/guidelines/FMPI.pdf.

¹⁷ MTSF 2014-2019 is available at: <http://www.thepresidency-dpme.gov.za/news/Pages/MTSF-2014-2019.aspx>

¹⁸ The Presidency. Republic of South Africa. 2009. Green Paper: National Strategic Planning. Available at: <http://www.thepresidency.gov.za>.

¹⁹ The Presidency: Department of Performance Monitoring and Evaluation. 2010. Guide to Outcome Approach. Available at: <http://www.thepresidency.gov.za/main.asp?include=dpme/approach.htm>

Basic Conditions of Employment Act (1997)	This Act links with the performance management, in that, it give effect to and regulates the right to fair labour practices and enforces the basic conditions of employment for employees on contracts and incapacity
The Skills Development Amendment Act (2003)	Prescribes the need to budget for at least one 1% of the payroll for the training and development of employees. Training and development links with the performance management requirement for personal individual development plans
Promotion of Access to Information Act (2000)	Promotes a culture of transparency and accountability by giving effect to the right of access to information, including access to performance information
National Development Plan – Vision for 2030	<p>The National Development Plan ²⁰ developed by the National Planning Commission and unveiled on 11 November 2011 focuses on the following priorities:</p> <ul style="list-style-type: none"> ● An economy that will create more jobs ● Improving infrastructure ● Transition to a low-carbon economy ● An inclusive and integrated rural economy ● Reversing the spatial effect of apartheid ● Improving quality of education, training and innovation ● Quality health care for all ● Social protection ● Building safer communities ● Reforming the public service ● Fighting corruption ● Transforming society and uniting the country <p>It is required of municipalities to align their priorities to the national priorities mentioned above</p>
Local Government Back to Basics Strategy	<p>During the Presidential Local Government Summit of 2014, the Back to Basics Strategy was introduced by the Department of Cooperative Governance and Traditional Affairs. The motto of this strategy is: "Serving our communities better".</p> <p>This strategy also deals with the Back to Basics programme of change whereby it advocates the principle of acceptable level of performance means that municipalities must:</p> <ul style="list-style-type: none"> ● Put people and their concerns first and ensure constant contact with communities through effective public participation platforms ● Create conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep, including budgeting to do so. Ensure no failures in services and where there are, restore services with urgency

²⁰ National Development Plan is available at: <http://www.npconline.co.za>

	<ul style="list-style-type: none">● Be well governed and demonstrate good governance and administration. Reduce wastage, spend public funds prudently, hire competent staff, ensure transparency and accountability● Ensure sound financial management and accounting, and prudently manage resources so as to sustainably deliver services and bring development to communities● Build and maintain sound institutional and administrative capabilities, administered and managed by dedicated and skilled personnel at all levels
Local Government: Municipal Staff Regulation.	Municipal staff regulation was introduced or came into effect on 20 September 2021. The regulation applies to all staff member excluding senior managers.

Legislation and regulations impact on the performance management operations within a municipality. The IDP process and the PM process must ideally be seamlessly integrated. The IDP fulfils the planning stage of PM. PM in turn, fulfils the implementation management, monitoring and evaluation as planned in the IDP. Organisational performance is the first step to seamlessly integrate the IDP and PM. Organisational performance is measured through the SDBIP. In the SDBIP the IDP and budget are converted into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented.

2.3 PRINCIPLES OF THE PERFORMANCE MANAGEMENT SYSTEM

The municipality must be guided by the following principles in developing the system:

- It has to own the system and it must be supported by the other spheres of government
- It must be transparent and promote a culture of outstanding performance
- The system must place the community at the centre of local government processes
- The system should be non-punitive and developmental in nature and approach
- System should be aligned to the IDP framework and the municipality's initiatives
- Municipality develops and implements the system within the available resources
- Provide the early warning signs for incidents of poor performance

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

- Is developmental and not punitive in nature and approach
- Allows employees to be creative and innovative in improving their performance
- Allows joint responsibility and accountability based on mutual trust and respects
- Is cost effective and practical as it enhances improvement in quality
- Consistent and documents formal and informal feedback
- Is equitable, fair and focuses on critical work activities

2.4 OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

A PM System is the mechanism to monitor, review and improve the implementation of the IDP and to measure progress made in achieving the IDP objectives. It is regarded as a management tool to improve performance at both individual and institutional levels through:

- Creating an enabling environment for transformation and change at all levels
- Promoting a culture of good ethics and best practice in the municipality
- Encouraging shared learning outcomes amongst all the municipalities
- Promoting accountability and a positive environment for good governance
- Contributing towards the development of the national local government system
- Assisting in developing a meaningful intervention mechanism to improve performance
- Guiding the development of municipality capacity building programmes

2.5 Use of web- based performance system and reporting.

For the financial year 2025/2026 onwards municipality will migrate from manual system to web based performance system. The municipality will cascade PMS to all employees where all employees will sign performance agreements and report on quarterly basis. The system will cater for Institutional PMS and Individual PMS. Both Institutional and Individual PMS reporting will be done on the system. The system is cloud based and it will always be live/ open to allow users to upload information/ progress and proof of evidence for that particular quarter at any time. The system will automatically close on the tenth day after the end of the quarter. After closing date users will not be able to upload any information related to that quarter, but they can proceed with accessing the system and uploading information for the next quarter. The system can be re-opened on request by the department to PMS unit only with valid reasons and only for extra two days. PMS and Internal audit officials are the only divisions that will be able to proceed with accessing the system by verifying submitted information and POE's submitted. The internal audit report will be sent to users through emails for responses and users will also return the report through email. At the end of the reporting cycle, both PMS and Internal audit unit will download the report for signing and submission to other stakeholders.

2.6 PERFORMANCE MANAGEMENT METHODOLOGIES

Methodology refers to a body of practices, procedures and rules used by those who work in a discipline. It is a theoretical analysis of the methods appropriate to a field of study or to the body of methods and principles particular to a branch of knowledge.²¹. As performance management is one of the biggest project management efforts an organisation can undertake, methodology becomes necessary as it provides a structured method on how to plan, monitor, report and evaluate the performance management process.

²¹ Answers.com. 2010. Methodology. Available at: <http://www.answers.com/topic/methodology>

This PM Framework is based on the hybrid outcomes-based *11-Steps to Excellence*© Performance Management Methodology²² that takes the uniqueness of the South African government spheres into consideration during the implementation of an integrated performance management system. The hybrid outcomes-based monitoring model includes best practice methodologies to ensure that sufficient measures according to a structured process are created to monitor and evaluate performance in line with the outcomes approach. Such methodologies include:

- **Problem analysis** tool to create a clear understanding of problems to be dealt with in an organisation
- **Scorecard** tool to provide strategic focus and direction to the organisation by promoting alignment and transparency
- **Logic Model** to create alignment between strategic objectives, outcomes, outputs, activities and inputs
- **Performance Indicators** to act as guidelines for performance measurement
- **Performance-based Budgeting** to link measurable performance objectives to votes
- **Change Management** inclusive of personal development plans to align employee and organisational performance requirements

Different methodologies are used in the different PM System implementation phases as below:

Table 4: Methodologies use during PM implementation

Phase	Methodologies
Planning	<ul style="list-style-type: none"> ● Problem Analysis ● Balanced Scorecard used for strategic alignment²³ ● Logic Model for setting KPIs ● Performance based budgeting for alignment with budgets
Monitoring	<ul style="list-style-type: none"> ● Balanced Scorecard ● Logic Model
Reporting	<ul style="list-style-type: none"> ● Balanced Scorecard ● Logic Model
Evaluation	<ul style="list-style-type: none"> ● Logic Model

²²Institute for Performance Management, 2009. Hybrid outcomes-based *11 Steps to Excellence* performance monitoring and evaluation methodology. Midrand: IPM.

²³ *Guide to the Outcomes Approach* (2010)

2.6.1 Hybrid, outcomes-based *11-Steps to Excellence* Performance Management Model ©

The hybrid, outcomes-based *11-Steps to Excellence*© Performance Management Methodology focuses on providing a well-defined strategy to which all other systems and processes are integrated, aligned and reviewed annually. It proposes that the processes included in the PM System incorporate four key areas, namely:

1. Planning/review
2. Monitoring
3. Reporting
4. Evaluation

A brief explanation of each phase follows:

Table 5: Performance Management Implementation Phases



Planning/Review

- Planning and review is the first step in the implementation of the Performance Management System
- Planning and review consists of two actions that take place at different times of the municipal financial year. The first is the review of the IDP at the beginning of the municipal financial year, which informs the planning for the forthcoming year
- Proper planning is required to ensure that effective and efficient monitoring and evaluation of the impact of activities can take place. The municipality identifies outcomes and outputs to be achieved which should be present in the 5-year IDP. The SDBIP will give effect to the IDP annually. Employee contracts and performance agreements / plans are to be derived from the SDBIP. The SDBIP can be cascaded to more operational levels into the Lower SDBIP

	<ul style="list-style-type: none"> ● The second part is Review that refers to mid-year and annual review and mid-year review of performance and adjustment budget. It assesses the achievements to the objectives set out in the preceding IDP
Monitoring	<ul style="list-style-type: none"> ● Monitoring is the key to successful performance management because it provides information that can be compared to initial targets to determine the current performance state ● The function of monitoring relates to the tracking of progress over time to achieve results pertaining to the municipal KPIs and projects
Reporting	<ul style="list-style-type: none"> ● Performance reporting collates information into business intelligence ● Performance reporting is a data-driven, consistent, and real-time framework for defining and achieving strategic goals
Evaluation	<ul style="list-style-type: none"> ● Evaluation involves assessing the strengths and weaknesses of KPIs and projects and the impact thereof

The value of including these four key areas is that it will support and assist an organisation to:

- Formulate strategic plans
- Allocate resources via a municipal budgeting process
- Monitor the implementation of strategies, programmes and projects
- Report on the results as required by applicable legislation
- Implement a concurrent review process

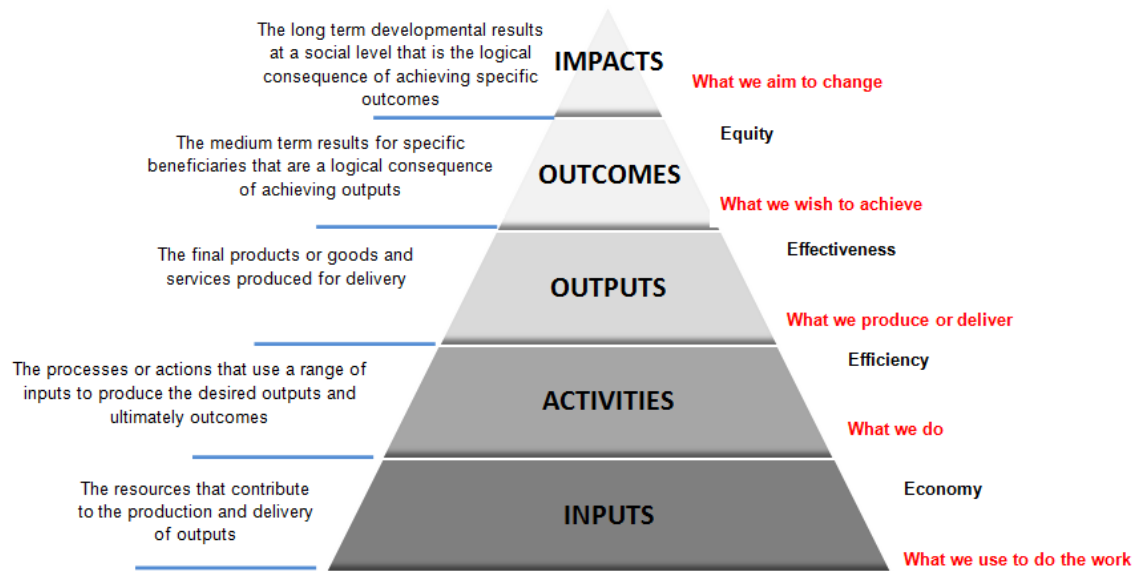
2.6.2 Logic Model

The Logic Model is a methodology that describes the link between an intervention, requirements and activities as well as the expected outcomes or impact. This model is used in the monitoring plan to align with the Outcomes Approach of national government²⁴. The National Treasury adopted the Logic Model in its *Framework for Managing Programme Performance Information*²⁵ in 2007. Essentially, a hierarchy of indicators is defined to measure and monitor impacts. The hierarchy is as follows:

²⁴ *Guide to the Outcomes Approach* (2010)

²⁵ National Treasury. 2007. *The Framework for Managing Programme Performance*. Available at: <http://www.treasury.gov.za>. Accessed: 20 November 2010.

Figure 1: Logic Model



(Guide to the Outcomes Approach, 2010)

A description of the indicator types to be used is provided below:

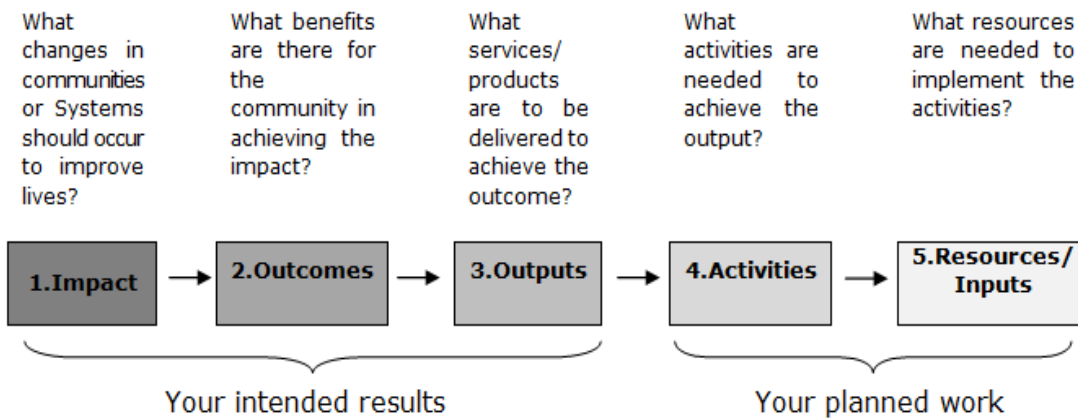
Table 6: Indicator Types

Impact Indicators	Impact indicators measure the net effect of an outcome(s) achieved. An example would be the percentage reduction in the number of houses destroyed by fire due to the replacement of other sources of energy, as a result of the electricity programme
Outcome Indicators	<p>Outcome indicators help to answer two fundamental questions:</p> <ul style="list-style-type: none"> ● How will we know success or achievement when we see it? ● Are we moving towards achieving our desired outcomes? <p>Outcome indicators measure the result in terms of the achievement of the overall outcomes as identified in the strategic plan. Outcome indicators measure whether the outputs meet the set standards in terms of the perceptions of the beneficiaries of the service rendered</p>
Output Indicators	<p>Output indicators refer to what is achieved as well as the effectiveness of the achievements and comprises of both outputs and effectiveness indicators. They determine if a set of activities or processes yield the desired outcome. The output indicators relate to programme /project activities or processes</p> <p>Output indicators are usually expressed in quantitative terms (i.e. number or % of)</p>
Input Indicators	Measures economy and efficiency. Measure what it costs to provide the essentials for producing desired outputs (economy), and whether the Sector achieves more with less (efficiency) without compromising quality. Input indicators can be divided into economic indicators and efficiency indicators:

	<ul style="list-style-type: none"> ● Economic indicators are usually expressed in unit cost terms (e.g. the unit cost for delivering a completed house to a single family). From a cost perspective, cost effectiveness relates to the relationship between outcomes and the costs of achieving them ● Efficiency indicators may be the amount of time, money and human resources it took to deliver a programme
Composite Indicators	Composite indicators combine a set of different indicators into one index by developing a mathematical relationship between them. The % municipal financial viability is an example of a composite indicator

The Guidelines to the Outcomes Approach²⁶ suggests that a new approach is necessary where we learn from past experience and therefore plan backwards. This means to identify the outcomes needed to improve lives first and then work backwards on how to achieve it and the resources required. For example:

Figure 2: Implementing Outcomes Approach



2.6.3 Balanced Scorecard

The Balanced Scorecard methodology is used to create a strategy map for the municipality. It focuses on:

- Aligning business activities to the vision
- Improving internal and external communications
- Monitor performance against strategic objectives

It is centralised around four perspectives as depicted below:

Table 7: Balanced Scorecard Perspectives

²⁶ Guide to the Outcomes Approach, version 27 May 2010, page 10

Customer (electorate, citizens, communities) Perspective	Management must know if the municipality is meeting the electorate's needs. This relates to services and products (outcomes and outputs) the municipality should achieve. They must determine the answer to the question: <i>Is the municipality delivering the services the electorate wants?</i>
Financial Perspective	Management must focus on how to meet service delivery needs in an economic, efficient and effective manner. They must answer the question: <i>Is the service delivered at a good price?</i>
Internal Processes Perspective	Management need to focus on those critical operations that enable them to satisfy the electorate, citizens and community. Management must answer the questions: <i>Can the municipality improve upon a service by changing the way a service is delivered? What are the organisational structures, processes & operational activities required to meet stakeholders' expectations?</i>
Learning and Growth (Employee Development) Perspective	An organisation's ability to improve and meet community demands ties directly to the employees' ability to meet those demands. Management must answer the question: <i>Is the municipality maintaining technology and employee training for continuous improvement?</i>

Scorecards are used to create a strategic logic or interface between national outcomes, and institutional strategic objectives. It depicts the objectives in support of the strategy in terms of different perspectives visible in the strategy map.

2.6.4 Performance- based Budgeting

Performance-based budgeting aims to improve the economy, effectiveness and efficiency of public expenditure by linking funding of municipalities to the results they deliver. It uses systematic performance information (indicators, evaluations, programme costing, etc.) to make this link. Performance-based Budgeting is the method used to allocate resources to achieve strategic objectives within programmes based on measurable results. This budgeting method is result-oriented, ensuring integration between strategic objectives and the financial framework.²⁷

Performance-based budgeting seeks to link performance measures to resource allocations (The World Bank)

There is often a misalignment between municipal priorities and budget application. This is because planning and budgeting processes are not always sufficiently coordinated.

The municipality aims to achieve alignment by asking questions such as *what kind and how many services are we getting from allocated funds?* and, *are these services of good value and are they making a difference in the lives of citizens?* To answer these questions, municipalities develop and implement performance-based budgeting systems.

The focus of performance-based budgeting is on results and not simply on inputs. Therefore, the aims of Performance-based Budgeting are on improved decision-making and enhanced service delivery. Public budgeting is essentially about making choices, and to make better

²⁷Institute for Performance Management, 2010

choices decision-makers need complete data and information. Performance-based budgets can provide this through various components or devices such as prioritisation of programme and projects and the funding contribution towards achieving the indicator target.

2.7 CHANGE MANAGEMENT

When the White Paper²⁸ proposed the introduction of performance management systems to local government as a tool to ensure Developmental Local Government, the recognition of the need for change management was identified. The method and framework for change was discussed in Step 3 of Phase 1 of the Guidelines²⁹ which states that the change process must be managed as follows:

When introducing a performance management system, it is important to prepare your organisation for change. Reaching a common understanding of performance management is crucial. The most serious stumbling block to making performance management work effectively arises out of different understandings of why we need it and what it will do. Stakeholders will thus need to come to a common understanding of performance management. This is an important preparatory component of the change process, requiring that politicians as well as officials are aware of, understand and accept why performance management is needed and what principles will govern its development and use.

It is important to estimate what impact change will have on employee behaviour patterns, work processes, technological requirements, and motivation. Management must assess what employee reactions will be to suggested changes and develop a change programme that will provide support to employees to learn to accept and adapt to change around them. Possible objectives of such a change management programme may include:

- Ensuring that the institution is ready for change. An organisation is ready for change when its management clearly articulates the need for change, the culture encourages risk-taking, rewards are given for change and communication in the institution is clear
- Creating momentum for change by ensuring that employees understand the necessity for change
- The creation of a strong guiding team
- Fostering trust between manager and employee by inviting open, honest and participative discussions when strategy and performance management planning is done
- Highlighting the benefits of performance management to employees. People, generally, are less likely to resist when they perceive the benefits to change overshadow the personal costs

²⁸South Africa. 1997. *White Paper on a New Employment Policy for Public Services*. Available at: <http://www.info.gov.za/whitepapers/1997/employ2.htm>. Accessed: 18 May 2010.

²⁹South Africa. 2001. *Local Government Municipal Planning and Performance Management Regulations, 2001*. Published in GN R7146 in Government Gazette 22605 of 24 August 2001. Pretoria: Government Publications.

Once the programme has been established, it should be implemented throughout the organisation. Its impact should be monitored for effectiveness, and adjusted where necessary.

SECTION B
PERFORMANCE MANAGEMENT
ORGANISATIONAL
ARRANGEMENTS

1. INTRODUCTION

Organisational arrangements refer to the hierarchical and functional division of authority and responsibility. This includes conducting the activities necessary for the achievement of goals and objectives and identifying the outcomes required to add value in terms of the organisational mandate. It requires, amongst other things, departmentalisation, span of control, centralisation and decentralisation.

The implementation of two principles is imperative to ensure the alignment of organisational arrangements (structure) to organisational strategies:

- Clear identification of institutional authority relating to the distribution of authority – including power and delegation
- Institutional design which provides a graphic representation of the structural arrangements related to the strategic plan

The organisational arrangement in terms of structure establishes the boundaries within which the strategy must be resourced and implemented. While the strategy provides the framework for institutional performance management, the structure ensure execution so as to ensure the effective planning and review , monitoring, reporting and evaluation of services to achieve effective and efficient service delivery.

Stakeholders and role players involved in the Performance Management System can broadly be categorised into two groups:

- Internal Role Players
- External Stakeholders

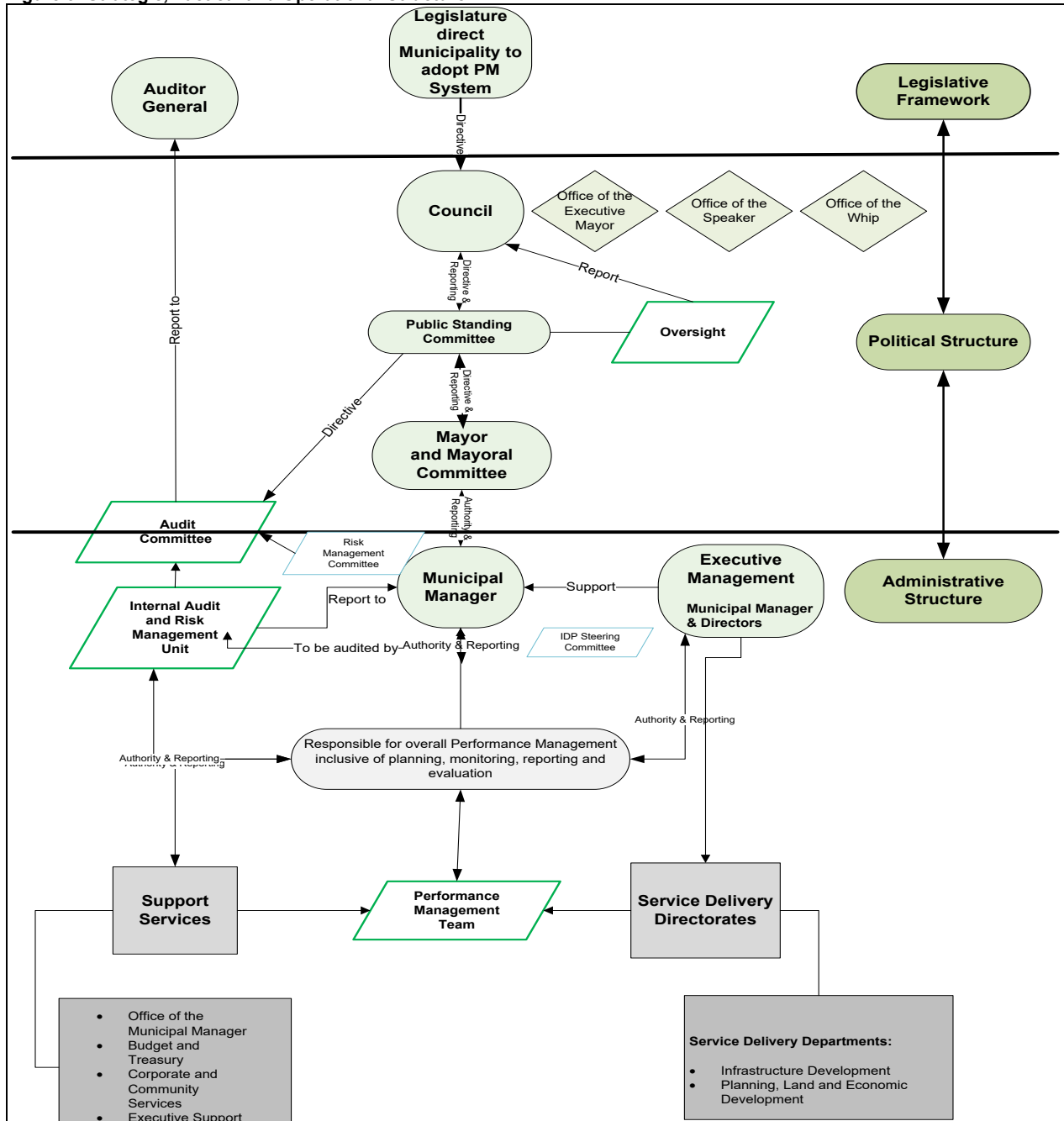
The aim of *Section B: Performance Management Organisational Arrangements* is to report on the implementation of the performance management system in terms of roles, responsibilities and organisational arrangements within the municipality.

2. INTERNAL ROLE PLAYERS

The organisational arrangements pertaining to performance management in a municipality should encompass both political and administrative functions. The organisational structure for municipalities is represented below.

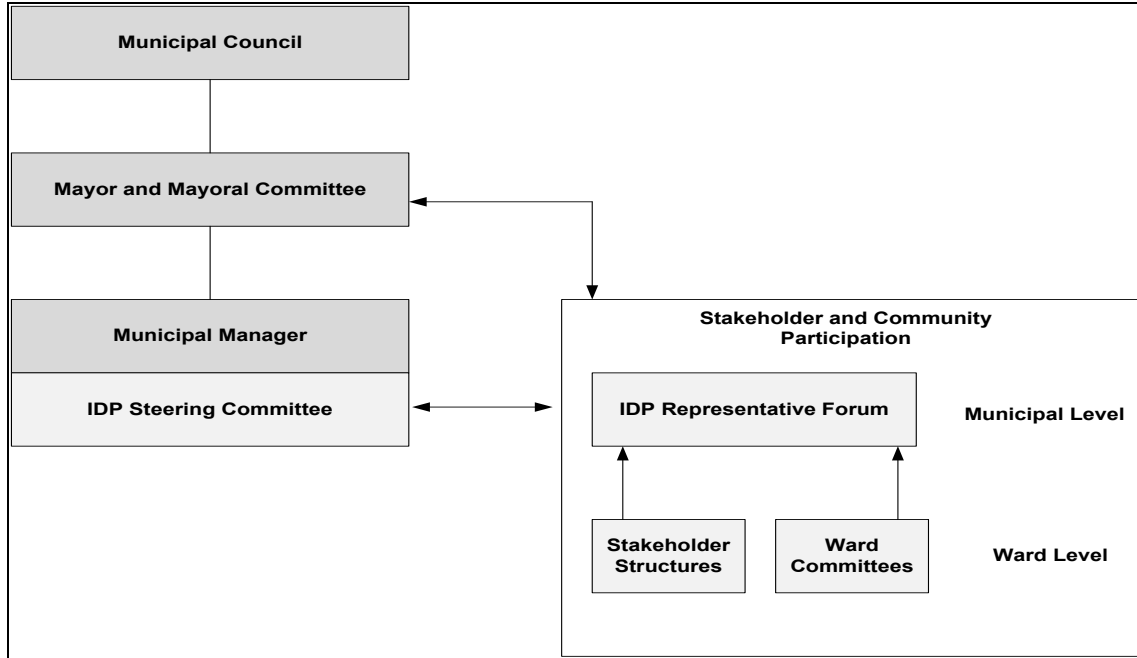
To ensure accountability of performance within the municipality, an organisational arrangement structure based on strategic and operational activities that will ensure that key stakeholders and role players are identified and that they understand the role they have to play in the development and implementation of performance management in the municipality is provided and graphically displayed in the following figure:

Figure 3: Strategic, Tactical and Operational Structure



The following diagram looks at the IDP Steering Committee in more detail:

Figure 4: IDP Steering Committee Organisational Structure



It is important to note that the successful management of municipal performance requires a concerted and committed undertaking from all internal role players to support and participate in the performance management process.

The municipality must involve the community in the development of the performance management system, including setting of key performance indicators and performance targets in accordance with the applicable legislative and policy framework. The community participates in the process to develop the performance management system through the IDP Representative Forum.

Descriptions of the responsibilities of political and administrative role players and stakeholders on various municipal levels are provided in the table below:

Table 8: Internal Role Players

Role players	Roles and responsibilities
Council	<ul style="list-style-type: none"> ● Prepare, decide on & adopt the IDP Review Process Plan. ● Ensure participation of all stakeholders. ● Develop procedures for participation and consultation. ● Ensure that that IDP Review is in line with all the Sector Plan requirements. ● Verify the alignment of the reviewed IDP report with the District framework. ● Approve and adopt the reviewed IDP.
EXCO	<ul style="list-style-type: none"> ● Decide on the process plan for the review. ● Oversee the overall co-ordination, monitoring, management of the review process. ● Identify internal officials and councillors for different roles & responsibilities during the review process.
Municipal Manager	<ul style="list-style-type: none"> ● Overall Accounting Officer. ● Delegate roles and responsibilities for officials in the IDP Review Process. ● Responds to public, district and provinces on the outcome and process of the review. ● Ensure vertical and cross municipal co-ordination of the review.
Directors	<ul style="list-style-type: none"> ● Co-operate and participate fully in the IDP Review Process. ● Provide relevant departmental info budgets in the review process. ● Helps in the review of implementation strategies during the review. ● Assist the Strategic Director and Municipal Manager in preparing detailed project implementation score cards for project evaluation process.
IDP/Budget Steering Committee	<ul style="list-style-type: none"> ● To provide technical assistance to the Mayor in discharging the responsibilities as set out in Section 53 of the MFMA

The PM System unit should further coordinate and unify the functions of the following Units to ensure the effective planning and review, monitoring, reporting and evaluation of the PM System:

Table 9: Divisional Activities

Role Players	Role & responsibility
PMS Division	<p>The PMS unit is responsible for the collating, distributing, evaluating and managing of information and intelligence. Functions include:</p> <ul style="list-style-type: none"> ● Identification of priorities and programmes that link back to the IDP and SDBIP ● Informing departments of Strategic Objectives (SOs), KPAs and KPIs to link their programmes and projects to the IDP outcomes

Role Players	Role & responsibility
	<ul style="list-style-type: none"> ● Business Case analysis and compilation of guidelines to give execution to IDP outcomes ● Analysis should examine: <ul style="list-style-type: none"> ○ do projects address needs? ○ do projects address the programmes and priorities? ○ financial implications; risks and constraints ● Develops the SDBIP ● Consolidates reports monthly, quarterly, mid-year and annually on municipal performance
IDP Division	<ul style="list-style-type: none"> ● Drafts IDP based on MTREF budget submitted by finance task team by mid-January ● Presents Draft IDP to communities and receives feedback on draft IDP
Communications and Marketing Division	<p>The aim of the Communications and Marketing Division is to provide a communication service to ensure the achievement of the following functions:</p> <ul style="list-style-type: none"> ● Liaison with local communities and other spheres of Government ● Administers internal and external communication ● Encourages a culture of community participation in governance ● Improves Council's public image ● Develops and establishes proactive communications efforts, targeting audiences in an effort to establish and foster community relations ● Responds promptly to questions, public requests for information, complaints and problems concerning municipal functions and procedures ● Develops contacts and relationships with media representatives to create opportunities to promote open communication for and about the municipality ● Coordinates the production of municipal publications <p>All existing channels of communication should be used to disseminate information. Through meetings, newsletters, e-mails, internet messages, posters, public speaking, bulletins, intranet, etc. dialogue can be promoted and the interaction between Municipal Council and Management and other internal role players and external stakeholders will be encouraged.</p>
Public Participation Division	<p>The main purpose of this Unit is to provide strategic advice, information and support to the municipality. In addition it aims to:</p> <ul style="list-style-type: none"> ● Bring citizens more effectively on board when it comes to local government and development ● Making governance more responsible to people's needs and aspirations through IDPs, Mayoral Izimbizo and general meetings ● Empowering citizens to fulfil their potential as partners with local government ● Deepen democracy beyond the representative dimension into a more participatory system <p>The aims and objectives of the Public Participation Unit include the following:</p>

Role Players	Role & responsibility
	<ul style="list-style-type: none"> ● To enhance participatory democracy in Local Government through mass programmes such as IDPs, Mayoral outreach, general service delivery meetings and feedback meetings ● To make government more responsive to people’s needs and aspirations through IDP, Mayoral outreach and general meetings ● To ensure that the democratic government and developmental government systems are rooted amongst the citizens through intensive community involvement ● To strengthen local governance through ward committees <p>Key functions include:</p> <ul style="list-style-type: none"> ● The provision of administrative and logistical support to the Executive Mayor, Speaker, Mayoral Committee, Councillors and Ward Committees ● Establishing Ward Committees ● Planning and assisting in developing IDPs ● Direct advice and support to Ward Committees through Ward Committee meetings and general meetings ● Mobilise public meetings and public hearings in order to raise awareness of the municipality’s issues ● Use of media ● Get publicity and grow support ● Register, report and feedback on community queries ● Develop and distribute public notices ● Provide support to projects through the necessary project cycle phases
<p>Internal Audit Division</p>	<ul style="list-style-type: none"> ● Any auditing must include assessments of the following: <ul style="list-style-type: none"> ● The functionality of the municipality’s performance management system ● Whether the municipality’s performance system complies with the Act ● The extent to which the municipality’s performance measurements are reliable in measuring performance of municipalities on the set indicators
<p>Budget</p>	<p>According to Section 80 (1) of the MFMA³⁰ every municipality must have a Budget Office consisting of:</p> <ul style="list-style-type: none"> ● A Chief Financial Officer (CFO) designated by the Accounting Officer of the municipality ● Officials of the municipality allocated to the CFO ● Any other persons contracted by the municipality <p>The Budget and Treasury Office needs to ensure budgetary integration with the IDP, take cognisance of prioritised projects to be included in the budgetary process to ensure budgetary alignment.</p>

³⁰ South Africa. 2003. *Municipal Finance Management Act, No 56 of 2003*. Pretoria: Government Printers.

Role Players	Role & responsibility
	This Office is also responsible for scheduling budget hearings and engaging with departments on budgets as per the Integrated Development Plan. The Budget Office makes recommendations on how the priorities set by the Integrated Development Plan will be funded and compiles a draft MTREF budget which includes a financial plan – inclusive of funding of capital and operational projects. The Office is further responsible for presenting the MTREF to communities through budgetary hearing. The Budget Office is responsible for ensuring financial alignment with the SDBIP quarterly reports and to report as such.
Human Resources Division	The Human Resources (HR) Division is responsible for aligning personnel goals of employees with organisational goals. They ensure employee alignment with organisational alignment and give input into the reward system. Human Resources must measure the employee climate and always come up with initiatives on how to improve change and a working environment conducive to an employee performance management system. Human Resources are to contribute to the employee direction and to monitor and audit the performance of the employees, especially from a labour perspective. They need to develop an assessment system that should correlate with the organisational assessment process and should be able to assist with coaching during the evaluation system.
Information and Communication Technology Division	It is the responsibility of Information and Communication Technology Division (ICT) to recommend and report on the data management of the municipality. Integrated data management systems form the foundation of effective performance management. Without these review, monitoring, reporting and evaluation of the current performance of the municipality cannot take place. Manages and monitors the municipality’s website content and appearance

The following table provides a summary of the internal role players involved in performance management, related to the four phases of performance management namely planning, monitoring, reporting and evaluation.

Table 10: Internal Role Players Summary

Process	Structures for consultation
Performance Planning and Reviewing	<ul style="list-style-type: none"> ● Council IDP Structures ● PM Project Task Team ● EXCO ● MANCO ● Directors ● Organised Labour³¹
Performance Monitoring	<ul style="list-style-type: none"> ● IDP ● Directors ● IDP Steering Committee ● PM Project Task Team ● EXCO

³¹ When and if required through Labour Fora

Process	Structures for consultation
	<ul style="list-style-type: none"> ● MANCO ● Council Committees
Performance Reporting	<ul style="list-style-type: none"> ● Council ● EXCO ● Council Committees ● Audit Committee ● PM Project Task Team
Performance evaluation	<ul style="list-style-type: none"> ● Council ● MANCO ● Audit Committee

3. EXTERNAL STAKEHOLDER AND COMMUNITY PARTICIPATION

External stakeholder groupings need to be invited to be part of the performance management system as they have been part of the integrated development planning processes. The Performance Management Guide for Municipalities (par. 4.3) states that clear identification of stakeholders plays a crucial role in the PM System. In light of the above, identification needs to be done to determine who these external stakeholder and role player groupings might be. A summary on external stakeholder participation follows:

Table 11: External Stakeholder Roles

Stakeholder	Role & Responsibility
Department of Cooperative Governance and Traditional Affairs	<p>The Department of Cooperative Governance and Traditional Affairs (COGHSTA) is responsible for defining and driving a coordination model for Development Planning and Monitoring and Evaluation centred on IDPs that represent the expression of government-wide and community priorities – synthesised into strategic and realistic development programmes</p> <ul style="list-style-type: none"> ● Municipalities must submit mid-year and annual reports to COGHSTA as per legislation ● Municipalities must comply with National initiatives such as the Back-to-Basics Approach, the Outcomes Approach and the ten National outcomes presented by National Government ● In particular, through the guidance of COGHSTA, local municipalities must work towards incorporating and aligning their plans to ensure the achievement of Outcome 9: <i>A responsive, accountable, effective and efficient Local Government System</i>³².
National and Provincial Treasury	<p>With specific relation to performance management National Treasury published the document Framework for Managing Programme Performance</p>

³² Presidency. 2009. *Improving Government Performance: Our Approach*. Pretoria: The Presidency.

	<p>in May 2007. Section 7.3 of the Framework³³ states National Treasury's role in performance management encompasses:</p> <ul style="list-style-type: none"> ● Developing standards that may be required to facilitate the implementation of performance management ● Developing formats for accountable reporting, including strategic plans, corporate plans, annual performance agreements / plans , budgets, in-year reports and annual reports ● Developing the core sets of performance information in collaboration with sector departments to ensure uniform information is produced to measure service delivery across provinces and municipalities ● Developing guidelines on the use of performance information in different circumstances. <p>In terms of Section 7.2 of the Framework, Provincial Treasuries are responsible for the following pertaining to performance management:</p> <ul style="list-style-type: none"> ● Monitoring the implementation of the Framework by all institutions within their respective spheres ● Providing training on the use of performance information ● Providing input into the processes to select and define performance indicators ● Using the information generated by other institutions to monitor, evaluate and report on economy, efficiency, effectiveness and equity in the use of resources to deliver service
<p>Auditor General</p>	<p>Regulations 2001, Chapter 6 of MFMA states that in order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports must be audited.</p> <ul style="list-style-type: none"> ● Audits should ensure that reported performance information is accurate, valid and reliable ● The Auditor General audits all municipal financial statements as well as performance information and responds to the quality of these statements by sending a report to indicate its findings ● The Auditor-General must submit audit reports to any legislature that has a direct interest in the audit and any other authority prescribed by National Legislation. In addition, the Office of the Auditor-General provides extensive support to the Public Accounts Committees in the form of briefings, report writing and training, as well as acting as an expert witness during hearings. ● The Auditor-General must understand the PM System used by the municipality and must give comment on the functionality and effectivity of the system that must be included in the Annual Report and submitted to the National Treasury within the prescribed time frames.

³³ Ibid.

<p>Sector Departments</p>	<p>According to Section 7.3 of the Framework, National Sector Departments responsible for concurrent functions need to be directly involved in developing the systems and structures to collect performance information on these functions across all spheres of government.</p> <p>Input from Sector Departments that is of particular importance includes Department of Minerals and Energy, Department of Water Affairs and Forestry, Department of Housing, Department of Health, Department of Education and Department of Labour. Functions include:</p> <ul style="list-style-type: none"> ● Play a supporting role to manage performance information and providing systems training ● Monitor performance information and using it to evaluate the overall delivery of services within their sector ● Providing municipalities with planning information to support their IDP process plans ● Providing municipalities with data and information concerning programmes, budget guidelines, budget and IDP alignments as well as professional and technical support ● Funding specific divisions and sectors through government funds
<p>Limpopo Provincial Government</p>	<p>The role of the Provincial Government is informed by National Policy, Strategy and Legislation, as governed by Schedule 5 of the Constitution.</p> <ul style="list-style-type: none"> ● In terms of Section 47 of the Local Government: Municipal Systems Act (2000) the MEC for local government must annually compile and submit to the Provincial Legislature and the Minister of COGHSTA a consolidated report on the performance of municipalities in the Province ● The MEC for Local Government must also publish the report in the Provincial Gazette and submit a copy of the report to the National Council of Provinces
<p>District Municipality</p>	<p>In terms of performance management, Section 84 of the Municipal Structures Act states that a district municipality must:</p> <ul style="list-style-type: none"> ● Conduct integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area (related to planning phase of the PM System) ● Section 88 of the Act provides detail on the cooperation between district and local municipalities by assisting and supporting each other. Upon request a district municipality may provide financial, technical and administrative support to local municipalities ● A monitoring and evaluation forum should be established between the district municipalities and its various local municipalities. This forum will provide guidance and assistance and ensure alignment between the monitoring and evaluation activities of local municipalities and the district and between the district municipality and provincial M&E

<p>Inter-governmental Forum</p>	<p>Section 24 -27 of the Intergovernmental Relations Framework Act 13 of 2005 deals with the establishment and use of District Intergovernmental Forums. Functions include:</p> <ul style="list-style-type: none"> ● Draft National and Provincial policy and legislation related to matters affecting Local Government interests in the district ● Implementation of National and Provincial policies and legislation with respect to matters within the district ● Planning and development within the district (to provide mutual support as per section 88 of the Municipal Structures Act) ● The coordination and alignment of the strategic and performance agreements / plans and priorities, objectives and strategies of the municipalities in the district ● Any other matters of strategic importance which affect the interests of the municipalities in the district <p>Information fed by the forum will directly impact the planning process within the PM System as direction from National, Provincial and District Government spheres will impact priority areas that the municipality will focus on. Alignment is required between National Outcomes and priorities and objectives identified within local municipalities to ensure that the electoral mandate of National Government is effectively executed. Intergovernmental Forums provide a platform to ensure such alignment.</p>
<p>Community</p>	<p>The community as stakeholder:</p> <ul style="list-style-type: none"> ● Participates in drafting and review of the IDP and the performance management system through the IDP Representative Forum and other processes, including the setting of indicators and targets ● Makes representation on the annual report <p>Public participation concerning various phases of financial and non-financial performance processes within the municipality requires forums to ensure community participation. Examples of forums that may be used to stimulate community participation include but are not limited to:</p> <ul style="list-style-type: none"> ● IDP Representative Forum ● Izimbizo ● Ward Committees ● Local Stakeholder Forums ● Community or Beneficiary Organisations

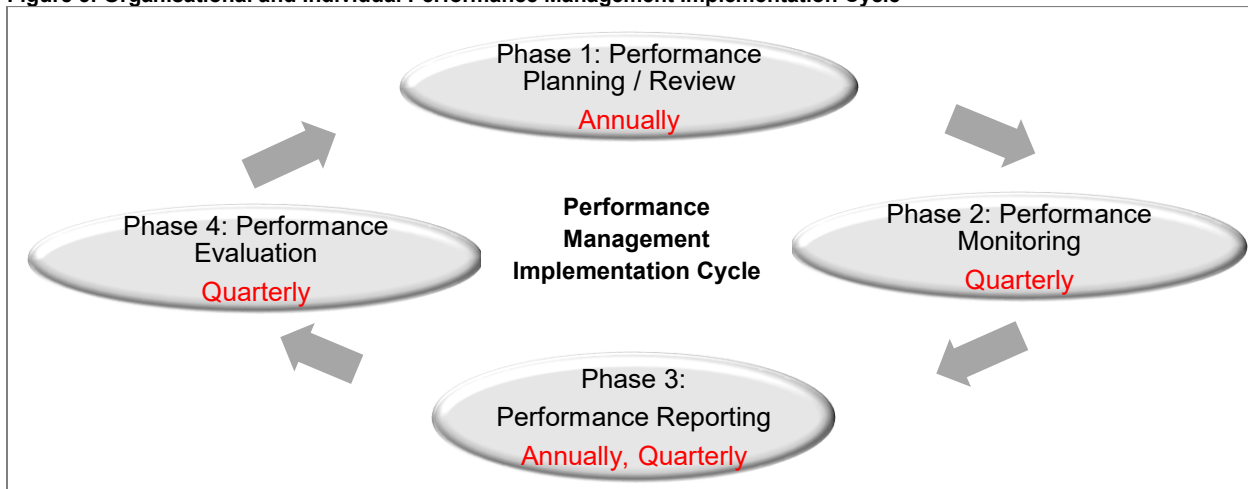
SECTION C
PERFORMANCE MANAGEMENT
PROCESSES AND PROCEDURES

1. INTRODUCTION

The focus of the Performance Management Procedural Section is to create a step-by-step process flow for each implementation phase included in the performance management process. It aims to give detail on how performance management should be applied – from the planning stage up to the evaluation stage – indicating the involvement of various stakeholders and role-players to ensure the functioning of the system; provide guidelines on the implementation of the system; and link performance management to the performance of employees.

It covers the planning cycle of the Organisational and Individual Performance Management System, implementation and review of the system and an institutional review mechanism such as public hearings, the approach to performance management review and how performance can be improved; how monitoring is to take place and what mechanisms such as auditing should be used as part of the monitoring and evaluation process. The detail of reporting will be dealt with in terms of reporting on performance and the publication of performance reports. A schematic representation of the four implementation phases is as follows:

Figure 5: Organisational and Individual Performance Management Implementation Cycle



Each implementation phase will be presented in a diagrammatic layout of steps followed by a more detailed explanation. The purpose thereof is to provide municipal employees with quick access to the processes of performance management with the understanding that the readers have an existing knowledge of the theory of performance management.

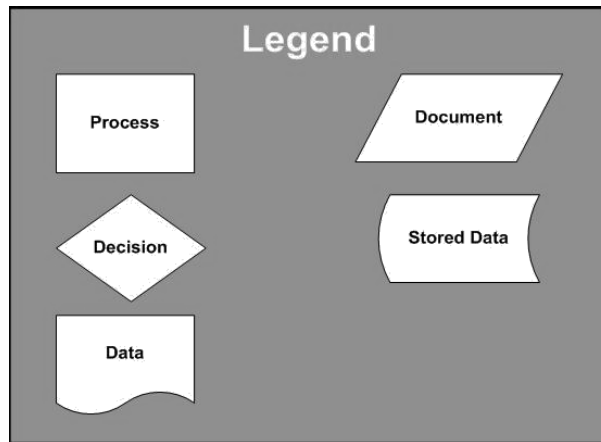
1.1 LEGEND FOR PROCESS FLOW

Phases and activities within the Performance Management Model require a number of inputs and actions to ensure implementation. Such inputs and actions may be translated into sequential steps/stages of the processes required to execute phases and activities, decision-

making inputs, data and document requirements to obtain relevant information and the storage of data for future use.

Flowcharts are used to represent the steps/states of phases and activities in a sequential manner. Within flowcharts specific symbols are used to identify different types of activities, input and data required to ensure successful execution. The symbols used to describe performance management phases and activities are presented below.

Figure 6: Legend for PM procedure phases and activities



A brief description of each of these symbols follows.

Table 12: Legend Description

Process:	Refers to the coordinated set of actions that will achieve a specific result.
Decision:	Indicates the decision/s to be taken to ensure implementation within the process.
Data:	Refers to information required to make informed decisions – to be obtained from various sources.
Document:	Refers to reports and other documents required to support the implementation of the process or provide feedback on the process.
Stored Data:	Relates to databases required to store data for future use.

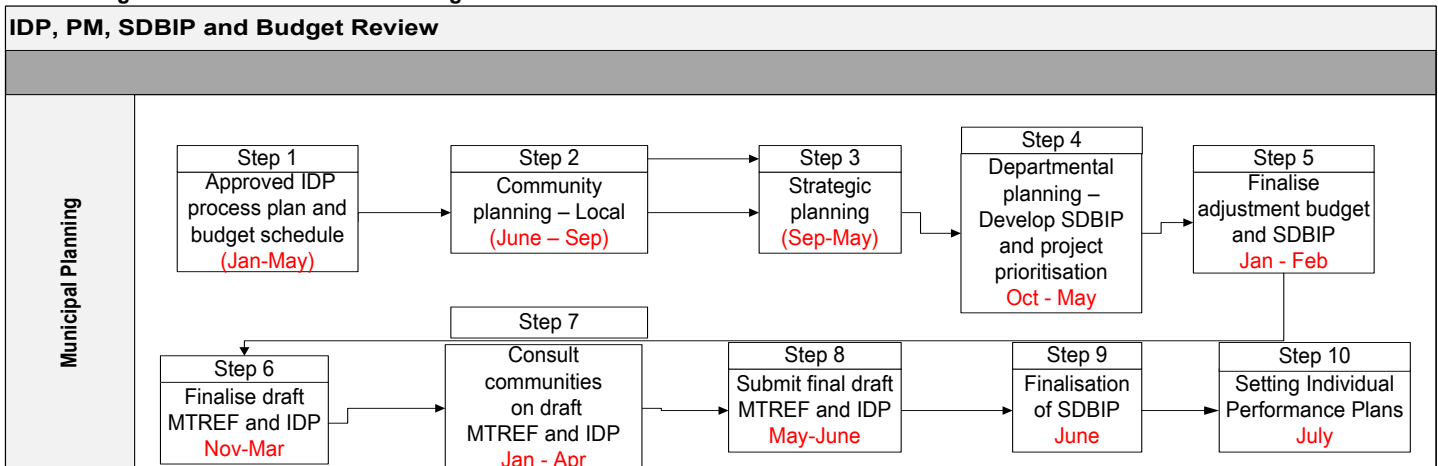
2. PHASE 1: PLANNING AND REVIEW

Planning and review takes place to identify the strengths, weaknesses, opportunities and threats of the municipality. This information is used to ascertain whether the objectives set by the municipality are viable and sustainable. This process is used to analyse information to see whether targets have been achieved; to benchmark the municipality's performance with other similar municipalities and to receive feedback from the community about their satisfaction levels with the service delivery of the municipality. *The planning and review processes are the same, as reviewing is the backbone to future planning.*

The starting point is the IDP review of the municipality for the forthcoming financial year that informs the planning process for the following year. During the review of the IDP, it is also important to take the Service Delivery and Budget Implementation Plan (SDBIP) into account for the following financial year. The process of IDP, budget and SDBIP review process is a highly integrated procedure which can easily become entangled with other procedures. As the annual reporting process is a **backward-looking** process the IDP and SDBIP are **forward-looking** and links actual performance with predetermined objectives.

Ten steps has been identified to enable the planning, review, integration and alignment procedure to be better understood for Phase 1 as below:

Figure 7: Process Flow for Planning Phase



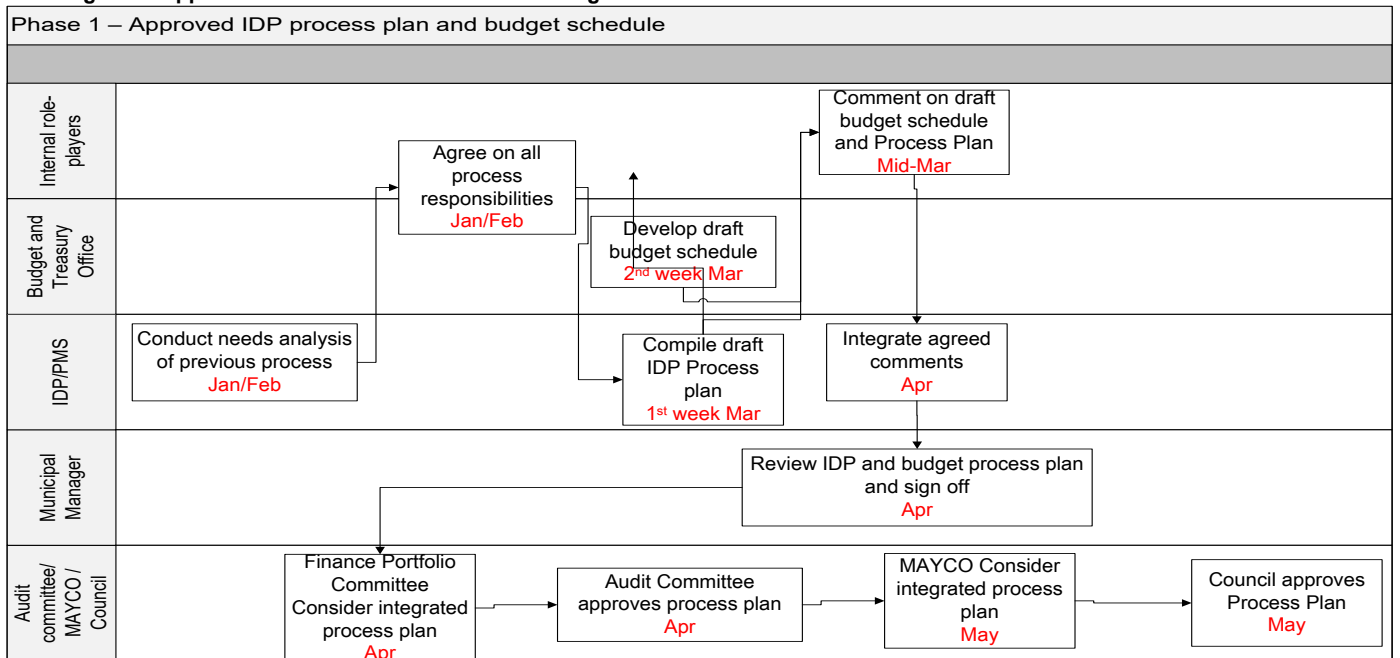
More detail on the application requirements of each of these ten steps follows below:

2.1 STEP 1: APPROVAL OF THE IDP PROCESS PLAN AND BUDGET

The Performance Management Guide for Municipalities (2001) states that the IDP process and the PM process should be seamlessly integrated. The IDP fulfils the planning stage of performance management, whereas PM fulfils the implementation management, monitoring and evaluation of the IDP process.

The processes involved in obtaining approval for the IDP Process Plan and Budget Schedule is diagrammatically displayed below.

Figure 8: Approval of the IDP Process Plan and budget Schedule Process Flow



The table below provides a more detailed analysis of the activities required to execute this phase:

Table 13: Approval of the IDP Process Plan and Budget Schedule Process Activities

What	Description	How	Who	When	Output/Comment
Conduct needs analysis of previous process	Evaluate previous years process to obtain needs of stakeholders	Review previous inputs from stakeholders e.g. Councillors and the Mayor	IDP	January / February	Comprehensive list of community issues and concerns regarding the process plan and schedule
Agree on all process responsibilities	Internal stakeholders and role players should agree on the responsibilities allocated to various authoritative structures, Directorates, committees and task teams.	Workshop/meeting	IDP	January / February	Comprehensive list of roles and responsibilities against processes

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What	Description	How	Who	When	Output/Comment
Compile draft IDP Process plan	Draft IDP process plan for the next financial year	IDP Division to draft plan and submit to Budget and Treasury Office (BTO) for planning of budget timelines	IDP	First week March	Submits to BTO and internal role players for comment
Develop Draft budget schedule	Develop draft budget schedule for the next financial year for inclusion in process plan	Consult legislative timelines	BTO	Second week March	Submits to internal stakeholders for comment
Comment on draft budget schedule and process plan	Comment on draft IDP process plan and budget timeframes	All Senior Managersto comment on draft IDP process plan and budget timeframes	IDP Steering Committee/ Internal Role Players	Mid- March	Submit comments to IDP
Integrate agreed comments	Integrate all agreed IDP and budget time frames comments into the IDP process plan	Following receipt of comments from internal Directorates, IDP Division will consolidate comments into report and submit this to the MM	IDP	April	Submit to Municipal Manager for sign off
Review IDP and budget process plan and sign off	Review the integrated IDP and budget process plan received, comment and sign off	Following receipt of IDP and Budget process plan, MM will review document and sign-off to submit this to the Finance Portfolio committee	MM	April	Approval and submit to Finance Portfolio committee
Finance Portfolio Committee Consider integrated process plan	Finance portfolio committee considers the integrated process plan	Meeting / Formal presentation	CFO & IDP to committee	April	Approval
Audit Committee approves process plan	Audit Committee considers the process plan	Meeting	Audit committee	April	Make recommendations to EXCO
EXCO considers integrated process plan	EXCO considers the process plan for approval	Formal presentation	CFO, MM	End May (at same time as	Make recommendations to Council

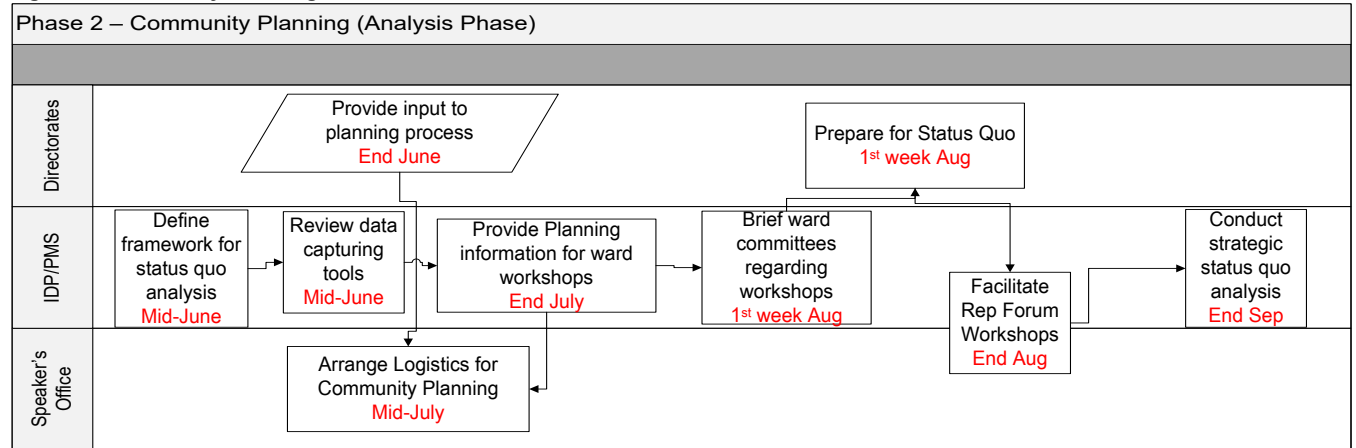
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What	Description	How	Who	When	Output/Comment
				final IDP and Budget)	
Council approves Process Plan	Council considers the process plan for approval	Corporate Services to submit the report to Council once it has been approved by EXCO	Mayor	End May (at same time as final IDP and Budget)	Approval

2.2 STEP 2: COMMUNITY PLANNING

External stakeholder groupings need to be invited to be part of the Performance Management System as they have been part of the integrated development planning processes. The Office of the Municipal Manager through the Chief Operating Officer (COO), the Public Participation Division (PPU) and IDP Unit, is responsible for managing and coordinating public participation meetings. Specifically the Public Participation Division should organise meetings such as Izimbizo, IDP Representative Forum, ward committee and general community meetings to ensure that communities are involved in and receive feedback on municipal activities. The process to be followed to obtain required information is presented below:

Figure 9: Community Planning Process Flow



The process is described in the following table:

Table 14: Community Planning Process Activities

What	How	Who	When	Output/Comment
Define the framework for the status quo analysis	Conduct a risk assessment of the key drivers and outputs that may	IDP	Mid-June	Compiled framework for status quo analysis

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What	How	Who	When	Output/Comment
	influence planning and service delivery			
Review data capturing tools and community planning processes to be held with stakeholders	Engage with relevant stakeholders	PMS, PPU & IDP	Mid-June	Obtain consensus on the community planning process
Provide input to planning process	Engage with internal role players to provide input to the planning process	MM, PMS & IDP	End June	Obtain feedback on historical needs addressed to-date
Arrange logistics for community planning workshops	Invitations sent to Ward Councillors and other interested stakeholders for ward committee meetings and Representative Forum meetings	Speaker's Office & PPU	Mid-July	All stakeholders invited
Provide planning information for ward workshops	Speaker's office and Corporate Services are provided with information in preparation of ward meetings	PPU & IDP	End July	Senior Managers and ward committees provided with all relevant documentation
Brief Ward committees with regards the planning workshops	Ward committees are briefed	IDP, PPU & BTO	First week August	Ward committees briefed
Prepare for status quo	All Senior Managers to research and identify institutional status quo and identify institutional priority areas	Directorates	First week August	Institutional priority focus areas
Facilitate Rep Forum workshop	Provide opportunity for stakeholders to provide inputs into status quo	IDP, PPU & Directorates	End August	Priority issues are identified for each area
Conduct status quo analysis	IDP to consolidate all information received from community meetings. Submit Status Quo report and strategic planning framework to IDP Steering Committee	PPU & IDP	End September	Guide planning processes in communities and strategic planning at organisational level

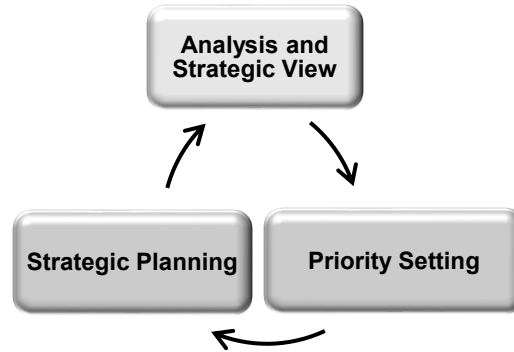
2.3 STEP 3: STRATEGIC PLANNING

The Performance Management Guidelines for Municipalities (2001)³⁴ makes it clear that a strategic approach to the implementation of a performance management system is to be

³⁴ Department of Provincial and Local Government. 2001. Performance Management Guide for Municipalities. Available at: www.COGHSTA.gov.za/subwebsites/annualreport/reports/pm.pdf

followed. This strategic approach should correlate with the IDP planning and review process, and should interlink with the development of the budget and SDBIP for the year. The phase of strategic planning comprises a number of activities, as displayed in the following diagram:

Figure 10: Annual Strategic Planning Process Flow

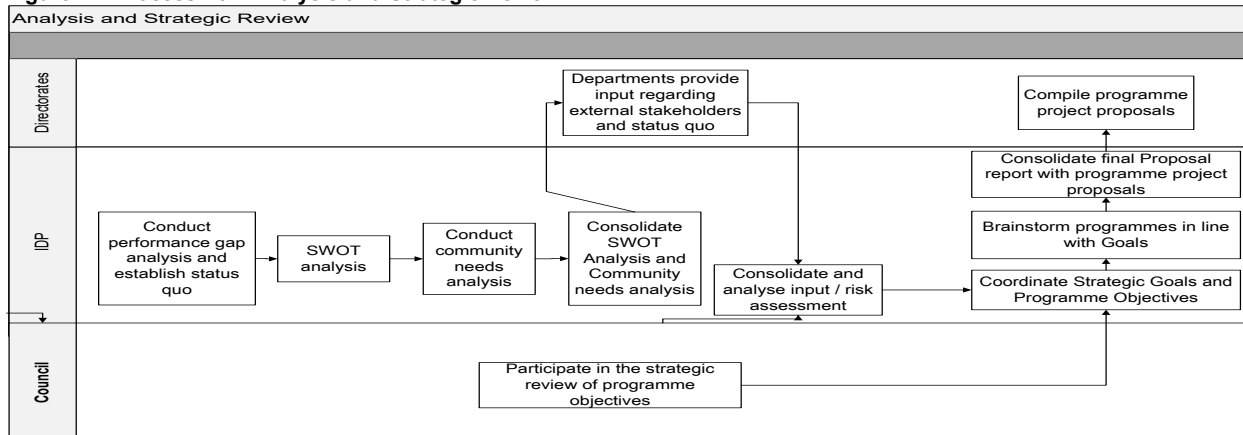


The Process is described as follows:

2.3.1 Analysis and Strategic Review

The following figure provides an outline of the process flow to be applied during Analysis and Strategic Review:

Figure 11: Process flow Analysis and Strategic Review

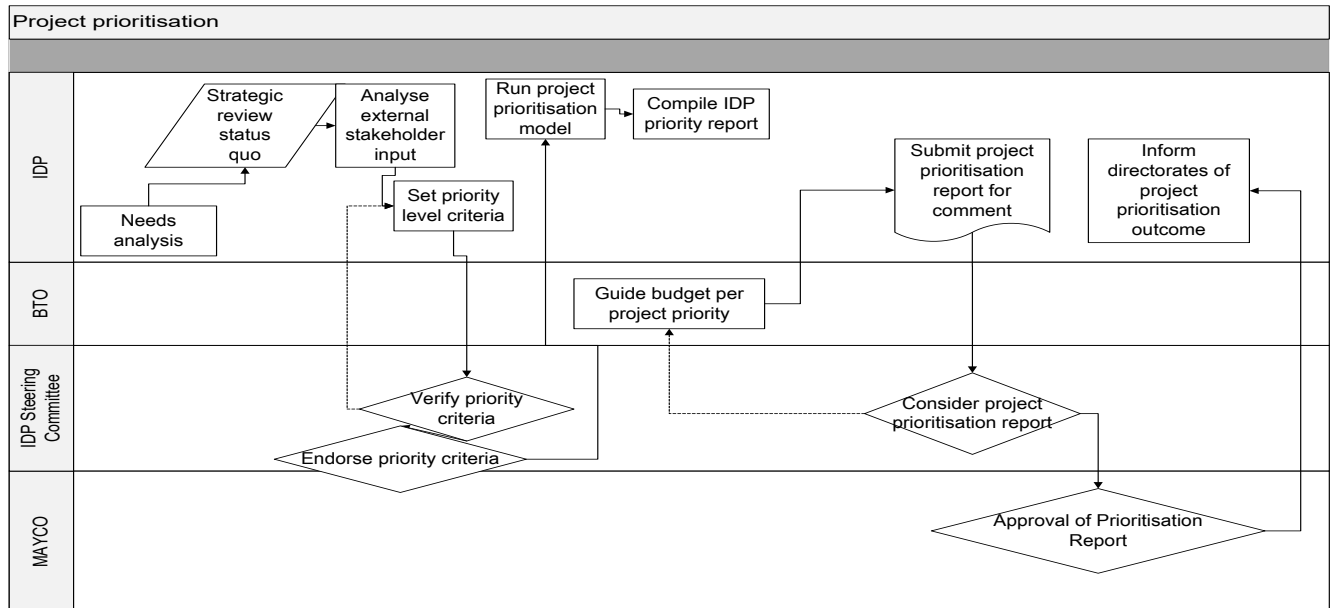


2.3.2 Priority Setting

Through consultation with the community and other key stakeholders, the IDP process helps to define the delivery priorities and objectives and will provide guidance of the developmental priorities of the municipality. The municipality extrapolates these priorities in the roll-out plan in the SDBIP to ensure that it is tangible and measurable. The municipality will decide what programmes will be undertaken and decide which strategic projects will be implemented to

achieve the delivery priorities and objectives. The financial resources to support these projects will need to be prioritised. A diagrammatical representation of this process is provided in the following figure:

Figure 12: Priority



2.3.3 Strategic Planning

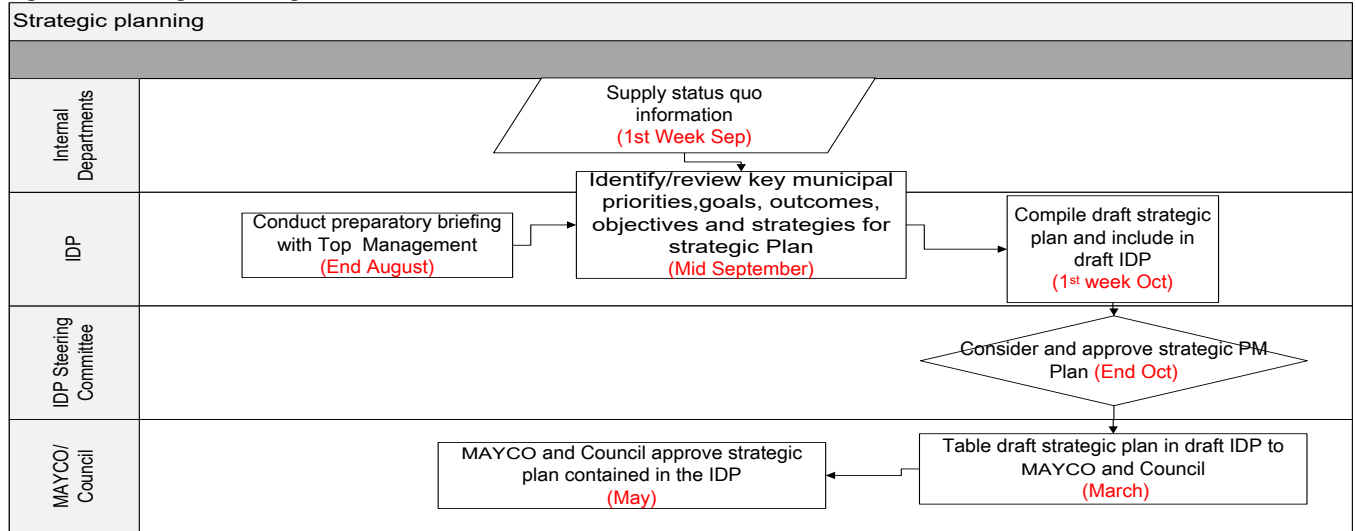
The purpose of strategic planning is to assist municipalities in establishing priorities that will better serve the needs of its community. A strategic plan must be flexible and practical. Strategic planning is informed by the priorities of the elected government. The electoral mandate and overarching National Outcomes inform the development of the strategic plans for all government spheres inclusive of municipalities.

The outcomes of the strategic plan of the municipality must therefore comply with the strategic objectives identified in the Medium Term Strategic Framework and Green Paper: National Strategic Planning. The Green Paper states that the key to effective government planning relates to the ability of different spheres of government to assist one another and establish effective and efficient plans to promote functionality. As a matter of principle, the national strategic plan defines the framework for planning across all other spheres of government – including municipalities.

One of the outputs of strategic planning is the setting of priorities, objectives, identifying new and/or reviewing existing key performance indicators (KPIs) and setting of targets. This will form the strategic plan in the IDP with minimum 3-year targets to be reported on in the Annual Report. The strategic plan is then expanded into the SDBIP and the lower SDBIP.

Within the municipal framework, the Strategic Planning activity requires the following processes, document and decision-making input:

Figure 13: Strategic Planning Process



The table below provides a more detailed account of the input required to ensure effective strategic planning:

Table 15: Strategic Planning Activities

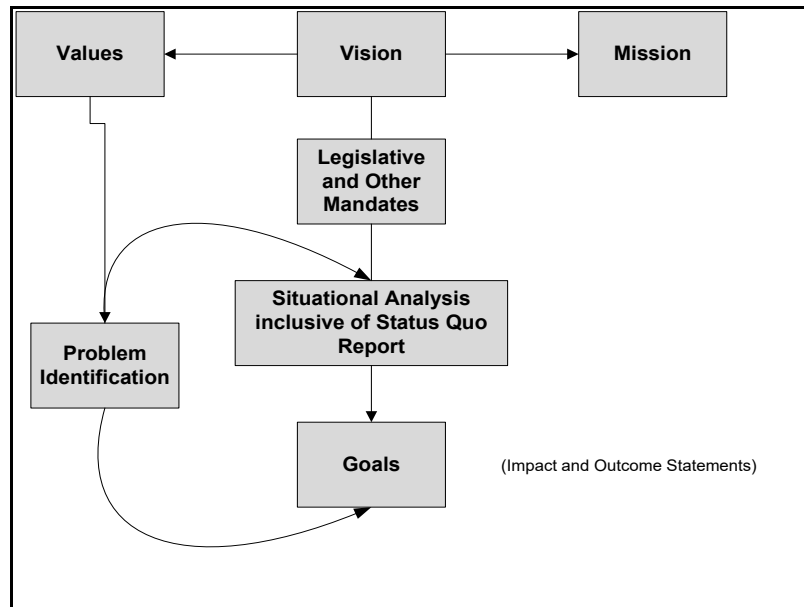
What	How	Who	When	Output/Comment
Conduct preparatory briefings with Senior Managers for strategic planning workshop	Arrange meeting to inform and prepare management for the organisational strategic planning session	IDP Steering Committee	End August	Preliminary briefing on workshop expectations
Supply status quo information	Report on departmental performance from previous year	Internal departments	First week in September	Municipal Status Quo
Identify the high level strategic intent	Strategic workshop to develop or review the municipal vision, mission, values, strategic goals, outcomes, and measurements for the outcomes	Mayor, Speaker, Chief Whip, MPAC chairperson, MM, Directors, IDP, PMS unit representatives	Mid-September	Draft municipal strategic goals, outcomes and measurements to provide guidance to Senior Managers in developing their individual business plans
Identify/review organisational plans	Combined or individual departmental workshops	Directors, Divisional Managers	End September	Departmental business plans

What	How	Who	When	Output/Comment
	to develop or review programmes, outcomes, objectives, strategies and targets based on community needs and strategic status quo analysis			
Compile draft Strategic plan and include in draft IDP	Combine all inputs into a three year strategic plan	MM & IDP	First week in October	Draft strategic Plan included in Draft IDP
Consider and approve strategic plan	IDP Steering Committee review and considers five year strategic plan	IDP Steering Committee	End of October	IDP Steering Committee confirms priorities and how they are to be resourced
Table draft strategic plan contained in the draft IDP to EXCO and Council	Council taking note of the draft strategic plan as contained in the draft IDP prior to public participation process of the draft IDP and Budget	IDP and Corporate Services	March	Tabled draft IDP prior to public participation process for the IDP and Budget
Submit the final strategic plan contained in the final IDP to Council for approval	Council considers and approves final IDP	IDP and Corporate Services	May	Approved final IDP

2.3.3.1 High Level Strategic Intent

The high level strategic intent involves the following as indicated in the graph below:

Figure 14: High level strategic intent



(Institute for Performance Management, 2011)

2.3.3.1.1 Vision, Mission and Values

A good vision should comply with the following criteria (Aun, 2010):

- Must be future forecasting and clear and indicate where the municipality wants to go in future
- Must be daring and demonstrate the willingness of the municipality to take risks to go where it wants to go
- Must be short, powerful and descriptive – thus be a single sentence or phrase that is simple, short, clear and easy to understand
- Must be measurable by the goals and five-year targets
- Be easily remembered

The **vision statement** of a municipality aims to create a picture of the preferred future that is inspiring and energising.

For projects and goals the vision statement should focus on the desired outcome of the project/goal and its completion date (Minnaar, 2010).

The vision statement of the municipality informs and is entrenched in the mission statement. The mission statement defines the organisation's fundamental purpose and what is most important to achieve the crafted vision of the municipality. It focuses the energy, actions, behaviour and decisions necessary to move forward. A good mission statement should:

- Indicate the stakeholders, its resources, its main activities, technologies, its position at the moment and where the municipality wants to be

- Make clear who the key people or groups of people inside and outside the institution are and how decisions are made
- Convey the values of the institution, helping to answer questions about the way the institution operates

The **mission statement** is a brief description of what the institution wants to focus on, what it wants to accomplish and what it wants to become in respect of a specific policy mandate (Minnaar, 2010)

Values are the qualities that transform an institution's vision and mission into reality. The Batho Pele ("people first") principles should form the basis of the value system. These principles are aligned to the Constitution and are the fundamental values that should guide public servant behaviour.

Institutional values define the acceptable standards that govern the behaviour of individuals within an institution. It is a collection of values and norms that are shared by people and groups in an institution that controls the way the institution interacts with its stakeholders. Institutional values and ideas should be used to achieve the vision and mission of the institution (Institute for Performance Management, 2011).

2.3.3.1.2 Compiling a Strategy Map

A strategy map is a visual representation of the strategy of an institution. It illustrates how the institution plans to achieve its mission and vision by means of a linked chain of continuous improvements. The first layer represents a structure of strategic goals linked to key performance areas. It depicts the strategic goals in support of the strategy in terms of different perspectives as described within the Balanced Scorecard Methodology³⁵, including:

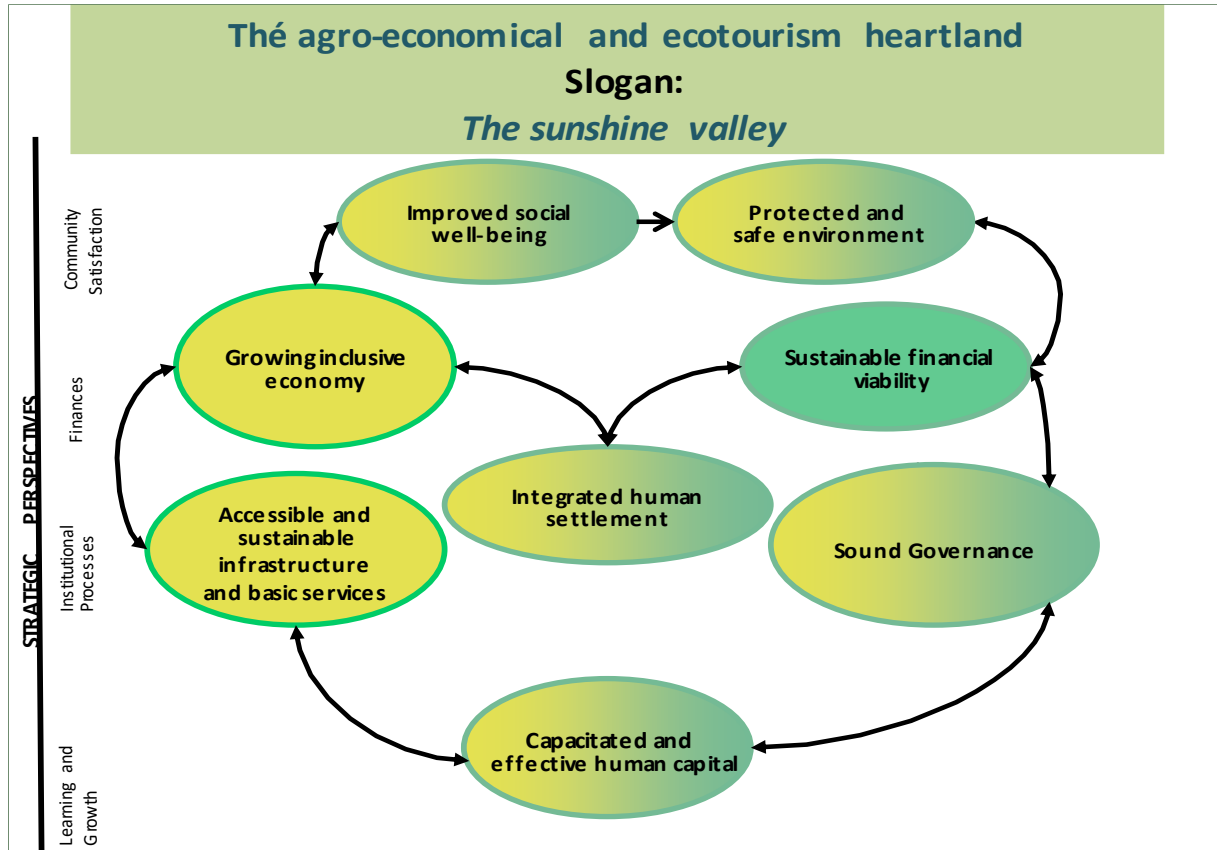
- Customer perspective
- Financial perspective
- Institutional perspective
- Learning and Growth perspective

The strategic goals are to be aligned with National Outcomes, outputs and sub-outputs related specifically to Outcome 9 priorities and objectives described in the National Development Plan: Vision 2030 and detail included in the 2014-2019 Medium Term Strategic Framework.

³⁵ The Balanced Scorecard Methodology to strategic management was developed in the early 1990's by Drs. Robert Kaplan and David Norton.

A strategy map is the output of the strategic sessions and SWOT analysis. The recently crafted Strategy Map of Elias Motsoaledi LM is represented below:

Figure 15: Elias Motsoaledi 2015/16 Strategy Map



2.3.3.1.3 Strategic Goal Statements, Outcomes and Outcome Measurement

Strategic goals need to be provided with goal statements and the outcomes to be achieved through the goal. Goal statements are general statements of milestones you need to meet to achieve your vision. Once defined, a goal outcome indicator with targets is defined. The outcomes are the changes or benefits of having the strategic goal. Outcome indicators are defined for each strategic goal and outcome. Outcome indicators allow us to check whether our development strategies and policies are working. They help us to identify gaps and improve strategies and policies. The following is an example of a template for this purpose:

Table 16: Goal Statements, Outcomes and Outcome Measurement

Perspective:					
Strategic Goal 1:					
Outcome Orientated Goal:					
Goal Statement					
Goal Outcome					
Goal Outcome Indicator					
Baseline					
Annual Targets	Year 1	Year 2	Year 3	Year 4	Year 5

2.3.3.1.4 Strategy Map Alignment

The strategic goals as per the strategy map have to be reviewed and aligned to National and Provincial Plans. The following is an example of Alignment:

Table 17: Strategic Alignment

Category	Millennium Goals	National Development Plan	National Outcomes	Outcome 9 Outputs	Northern Cape Provincial Growth & Development Strategy	MTSF 2014 - 2019	Municipal Strategic Goals
Basic Services		Improving infrastructure	6. An efficient, competitive and responsive economic infrastructure network.	Improved access to Basic Services	Construction and Infrastructure	Ensuring access to adequate human settlements and quality basic services	Accessible and sustainable infrastructure and basic services
Economic	Develop a global partnership for development and eradicate extreme poverty and hunger		4. Decent employment through inclusive growth	Implement the Community work programme and Co-operatives supported	Growth and Investment	Radical economic transformation, rapid economic growth and job creation	Growing inclusive economy
		An economy that will create more jobs	11. Create a better South Africa and contribute to a better Africa and a better world	Deepen democracy through a refined ward committee model.	Mining and Energy	Contributing to a better Africa and a better world	

2.3.3.2 Organisational (Developmental) Strategies

Following the high-level strategic intent as set by the politicians, the administration needs to cascade that intent down to the operational level by identifying or reviewing the programmes (functional areas) and the unpacking thereof by means of strategic objectives, short-, medium- and long-term strategies or tactics, measurements and projects per identified programme, in order to ensure that on operational or developmental level, the high-level strategic intent is realised.

2.3.3.2.1 Key Performance Areas

The best type of performance management system adopts a cascading or “rolling-down” of performance objectives from top to bottom. It starts with identifying the key performance areas (KPAs) into which the programmes, objectives and KPIs will be grouped.

Municipalities are currently using the six key performance areas as reported to COGHSTA and National Treasury. These KPAs are also used in employee performance agreements / plans :

- KPA 1: Spatial Development and Rationale
- KPA 2: Municipal Service Delivery and Infrastructure Development
- KPA 3: Basic Service Delivery and Infrastructure Development
- KPA 4: Local Economic Development
- KPA 5: Municipal Financial Viability
- KPA 6: Good Governance and Public Participation

2.3.3.3 Setting Programmes

Programmes are groups of related key performance indicators or projects. They are used to subdivide KPAs into related groups or functional areas. The following is an example:

Table 18: Setting programmes

Perspective	Strategic Goal	KPA	Programme
Financial Perspective	Enhance revenue and financial management	KPA 4: Municipal Financial Viability	Budget
			Financial Reporting
			Expenditure Management
			Revenue Management
			Indigent Management
			Demand and Acquisition

2.3.3.4 Setting Strategic Objectives

All components of the Integrated Development Plan, whether they are strategies or priority areas, need to be translated into a set of clear and tangible objectives. This is a crucial stage in ensuring that there is clarity on the Integrated Development Plan and that suitable indicators can be determined.

Strategic objectives should:

- Measure progress towards achieving KPAs/priority areas
- Be stated in the form of a performance statement that is SMART:
 - **S**pecific – the nature and required levels of performance can be clearly identified
 - **M**easurable – the required performance can be measured
 - **A**chievable – the target or indicator is realistic given existing capacity
 - **R**elevant – the required performance is linked to strategic objectives and programmes
 - **T**ime-bound – the time period or date is specified

Strategic Objectives should meet the following criteria:

- It must carry out a single theme and refer to one thing only
- Be results-oriented and therefore include baseline information as well as targets
- Must be measurable to determine when the objective is achieved

Objectives should include the following information:

- A short title
- Relate to an Objective statement written out in full to be SMART
- Relate to, as minimum, 3- year targets
- Be in line with the Baseline information to indicate the present level of performance of strategic objective
- Link to the achievement of National Outcomes, National Development Plan: Vision 2030, MTSF, legislative/regulatory requirements, other plans of related Government institutions and other policies³⁶.

The process involved in setting objectives is further outlined as follows:

- Through a strategic workshop to review the strategic direction of the municipality
- Conduct a SWOT analysis
- Establish the key priority issues emanating from the SWOT analysis
- Review strategic objectives to address the key priority issues of the SWOT analysis
- Align strategic objectives on the basis of the principles of the SMART criteria

³⁶Framework for Strategic Plans and Annual Performance agreements / plans , 2010

- Ensure that the strategic objectives clearly convey the impacts and outcomes to be achieved and are readily understood
- Senior Managers develop the framework of the municipal scorecard components of the IDP (with at least three year annual targets and the SDBIP (first year’s annual targets broken down into quarterly targets)
- Draft strategic document for consideration and approval by the IDP Steering Committee
- Final strategic chapter approved by Council as contained in the final IDP.

Table 19: Setting Strategic Objectives

Perspective	Strategic Goal	KPA	Programme	Strategic Objectives
Financial Perspective	Enhance revenue and financial management	KPA 4: Municipal Financial Viability	Demand and Acquisition	<ul style="list-style-type: none"> ● Ensure compliance with SCM regulatory framework at all times ● Timely, cost-effective, efficient, equitable, transparent and fair procurement of goods and services at all times ● Continuously creating a healthy working environment that takes diversity into consideration to improve efficiency and effectiveness

2.3.3.5 Strategies

Strategies on how to achieve the strategic objective needs to be developed. These strategies should include Short-Term (1-2 years), Medium-Term (2-3 years) and Long-Term (3-5 years) strategies. Strategies are the specific implementation plans of how you will achieve your objectives. An example is depicted below:

Strategies
Programme: Demand and Acquisition
Strategic Objective:
<ul style="list-style-type: none"> ● Ensure compliance with SCM regulatory framework at all times ● Timely, cost effective, efficient, equitable, transparent and fair procurement of goods and services at all times

Strategies	
●	Continuously creating a healthy working environment that takes diversity into consideration to improve efficiency and effectiveness
Short-Term Strategies (1-2 years):	
●	Fill vacant positions.
●	Conduct supplier workshops about procurement
●	Conduct internal workshops on SCM
●	Identify recurring procurement that can be outsourced
●	Conduct awareness on SCM processes during induction of new staff
●	Updating of database on annual basis
●	Data cleansing of suppliers
●	Revision of procurement policy on annual basis
Medium-Term Strategies (2-3 years):	
●	Development and implementation of an efficient and effective demand management system
●	Updating of database on annual basis
●	Revision of procurement policy to make provision for small enterprises regarding registration requirements.
●	Building the capacity in the SCM unit
●	Revision of procurement policy on annual basis
Long-Term Strategies (3 - 5 years):	
●	Centralisation of procurement processes.
●	Updating of database on annual basis
●	Building the capacity in the SCM unit
●	Revision of procurement policy on annual basis

2.3.3.6 Setting KPIs

Key Performance Indicators are measurements that tell us how successful organisations are in making progress towards reaching a specific strategic objective. They essentially describe the performance dimension that is considered key in *measuring* performance. KPIs should:

- Measure what matters
- Keep it simple
- Aligned to the organisation's strategy
- Include as minimum three-year targets broken down annually
- Include targets as quantitative measures for the achievement of outputs (quantity) and qualitative measures for the achievement of the outcomes (quality or efficiency). Qualitative measures are also acceptable where institution's outputs are not a number or volume
- Requires baseline to measure improvement.

An example of a programme KPI is reflected below:

Table 20: Programme KPI

Perspective	Strategic Goal	KPA	Programme	Strategic Objectives	Programme KPI
Financial Perspective	Enhance revenue and financial management	KPA 4: Municipal Financial Viability	Demand and Acquisition	<ul style="list-style-type: none"> ● Ensure compliance with SCM regulatory framework at all times ● Timely, cost effective, efficient, equitable, transparent and fair procurement of goods and services at all times ● Continuously creating a healthy working environment that takes diversity into consideration to improve efficiency and effectiveness 	Average number of days between closing of tender and adjudication YTD

2.3.3.7 Setting Targets

A performance target is a management-approved expression of the level of performance that must be met to satisfy the outcome to be achieved. The municipality’s executive leadership should give direction on the targets in order to address the expectations of public needs. Targets will be informed by the development needs of communities and the development priorities of the municipality identified during the strategic planning process of the IDP and available financial and other resources, taking cognisance of baseline and backlog statistics. The process of setting targets encompasses the following:

- Benchmark previous performance achievement levels (baseline)
- Establish the level of performance that is relevant to the indicator chosen
- Establish whether the performance level can be measured
- Set performance level that challenges existing baseline
- Determine the evidence to be collected to substantiate the performance level
- Specify the timeframe in which the target needs to be achieved
- Requires Unit of Measure(UOM), example %, #, km, R
- Set a numeric value in order to be measurable.

An example is depicted in the following table:

Table 21: Setting Targets

KPI	Level	U O M	B/line	Type	Annual Target	Annual Target FY+1	Annual Target FY+2	Annual Target FY+3
Average number of days between closing of tender and adjudication YTD	Strategic	%	120 days	Output	90 days	80 days	70 days	60 days

2.4 STEP 4: DEPARTMENTAL PLANNING – SDBIP AND PROJECT PRIORITISATION

Circular 13 provides guidance and assistance to municipalities in the preparation of the SDBIP as required by the Municipal Finance Management Act (MFMA). The SDBIP gives effect to the IDP and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.

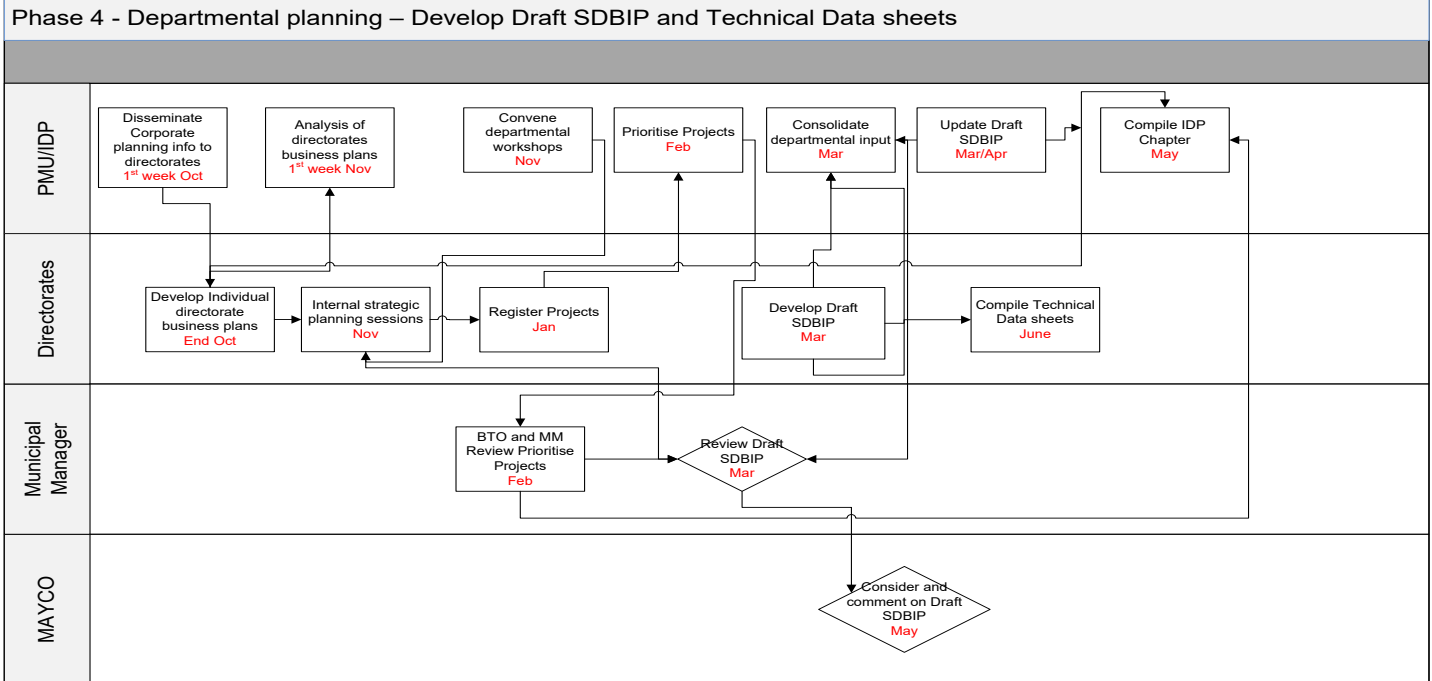
The SDBIP forms an integral part of the performance management system and serves as an in-year management, implementation and monitoring tool to assist the Executive Mayor, Councillors, Municipal Manager, Senior Managers and the community in measuring performance achieved by the municipality. When properly formulated, it monitors the execution of the budget, the achievement of strategic objectives as set by Council and the performance of the directors. The result is true cascading of the strategic indicators to institutional indicators and from strategic projects into institutional projects and down to the Directorates. An example of cascading strategic indicators to institutional indicators (SDBIP) is below:

Table 22: Indicator Cascading

KPI	Level	UOM	Baseline	Type	Annual Target	Target Q1	Target Q2	Target Q3	Target Q4	Annual Target FY+1	Annual Target FY+2	Annual Target FY+3	POE
% Liquidity Ratio Year to date	Strategic	%	90%	Outcome	200%	200%	200%	200%	200%	200%	200%	200%	Financial statements
% Capital Budget actually spent on planned capital projects year to date	SDBIP	%	42%	Output	100%	25%	50%	75%	100%	100%	100%	100%	Financial statements

The diagram below provides a summary of the process to be followed to develop the SDBIP and project prioritisation:

Figure 16: SDBIP Development and Project Prioritisation Process Flow



A more detailed outline of the processes and decision-making required in the development of the SDBIP and project prioritisation follows:

Table 23: SDBIP and Project Prioritisation Development

What	How	Who	When	Output/Comment
Disseminate Corporate planning info and guidelines to Senior Managers	Arrange a meeting with all directorate planners	PMS	First week October	Senior Managers informed of municipal strategic goals and supporting programmes for evaluation of directorate contribution
Develop individual directorate Business Plans	Conduct directorate strategic planning workshops	PMS Directorates	End October	Develop Corporate and Directorate scorecards, including targets, strategies and baseline information
Analysis of directorate input / business plans	PMS to compare directorate targets and priorities to inputs and consolidate	PMS & IDP	First week November	Alignment of input to the strategic goals, both technical and strategic
Complete registration of projects	Incorporate all projects in respect to programme achievement	Directorates	Mid-January	Utilising specific templates namely, project prioritisation report
Prioritise projects according to an agreed process weighing system	Based on agreed scoring system	PMS & IDP	February	All projects captured and consolidated into system

What	How	Who	When	Output/Comment
Submit consolidated prioritisation project works plan to BTO	IDP to submit report to BTO for comment	IDP	February	Consolidated projects works plan that reflects projects by weighting to inform budget allocations
Compile Draft IDP projects		IDP	February	Incorporating both municipal scorecards
Submit consolidated Draft SDBIP to OMM	PMS to submit Draft SDBIP to OMM for comment	PMS	March	Consolidated report reflects KPI's and projects and all relevant supporting documents
Draft SDBIP updated to reflect OMM comments		PMS/Senior Managers	March	Incorporating both SDBIP scorecard and supporting documents
Submit Draft SDBIP to Mayor for consideration		PMU	May	Incorporating Section 55 and 56 Draft Performance agreements / plans and Agreements

The Framework for Managing Programme Performance Information requires that when setting indicators and targets, to develop a Technical Indicator Description Sheet for each indicator as part of planning each indicator and to manage the collection, supply and verification of performance information.

- The technical indicator descriptions clearly explain the scope and context of each indicator³⁷.
- It aims to assist in monitoring, evaluation and reporting functions as well as auditing as all have a clear understanding of the indicator.
- It should be attached/linked to each indicator.

An example of a typical template is provided below:

³⁷ Ibid.

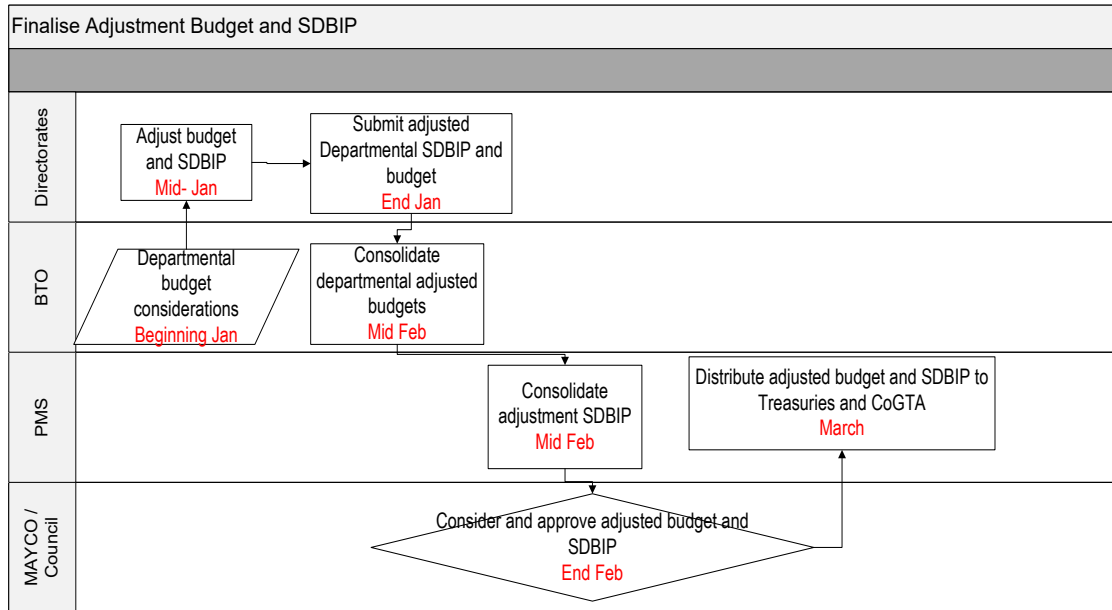
Table 24: Technical Indicator Description Information Sheet

Current KPI number	SO/12/1/14_42
New indicator (Yes / No)	NO
Source of collection of data	Financial System
Programme / function	Skills Development
Indicator responsibility (owner)	Corporate Support Services Manager
Indicator responsibility (updater)	HR
INDICATOR TITLE	% of Municipal Operating Budget actually spent on implementing the WSP annually
Process for achievement of targets	WSP Implementation
Worst possible performance	0%
Achievement limitations or risks	Lack of funding availability
Supporting documentation (POE)	Approved WSP program & signed training report
Method of calculation	R-value expenditure on training / Total R-value of municipal operational budget as %
Process for collection of supporting documentation / data	Request expenditure information from BTO through Financial System
Data limitations	Late capturing of expenditure
Purpose of indicator	Compliance to Reg 796

2.5 STEP 5: ADJUSTED BUDGET AND SDBIP

After the first six months of implementing the budget, the Municipal Manager must make an assessment of the financial and non-financial performance of the municipality to determine whether it is necessary to adjust the budget for the remainder of the year in terms of actual revenue collection against projected revenue collection. Such adjustments must be reviewed and approved by Council. On approval of the budget adjustment, the SDBIP also needs to be adjusted accordingly and such adjusted budget must be approved by Council as required by Section 54 (1) (c). The process to adjust the budget and SDBIP is represented in the following figure.

Figure 17: Adjustment Budget and SDBIP Process Flow



The table below provides more detail on the processes, decisions and documents required to complete this phase.

Table 25: Adjust Budget and SDBIP

What	How	Who	When	Output/Comment
Departmental budget considerations	Operational and Capital budget adjustments based on revenue	BTO	Beginning of January	Operational and Capital budget adjustments guidelines
Adjust Budget and SDBIP	Analyse impact the adjustment budget has on project budgets and non-financial targets and adjust accordingly as per Operational and Capital budget adjustments guidelines advised by BTO. Submit changes to PMS. PMS consolidated information into the adjustments SDBIP	Directorates	Mid-January	Adjustments is based on review of revenue and expenditure forecasts
Submit proposed adjusted budgets to BTO and PMS for consideration	Electronically	Directors	End January	Adjusted budget and SDBIP
Consolidate financial budget adjustments and non-financial SDBIP adjustments	Consolidate inputs from departments	BTO PMS	Mid-February	Adjustment budget and adjusted SDBIP

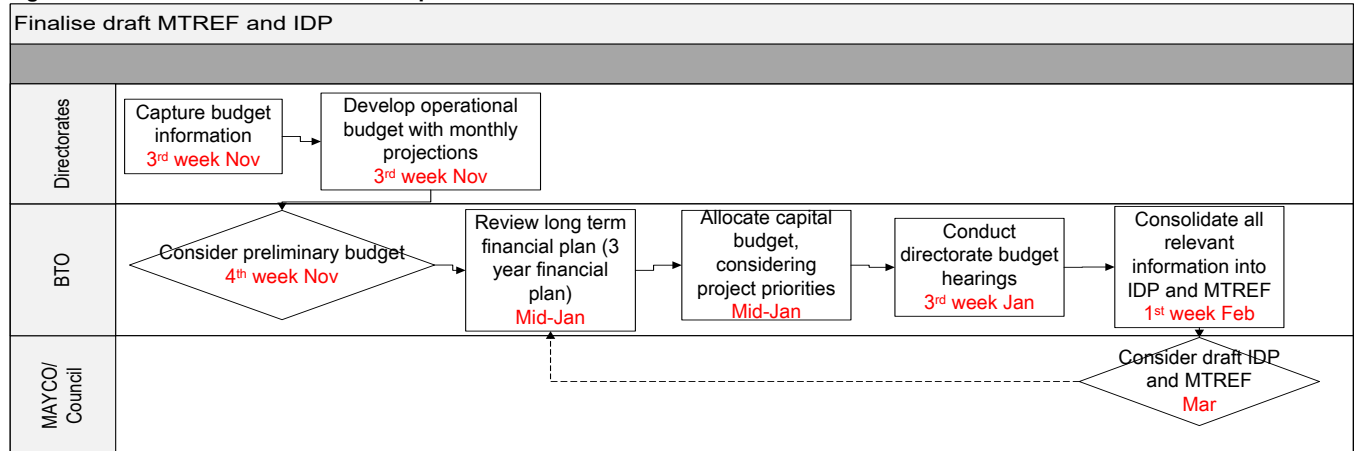
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What	How	Who	When	Output/Comment
EXCO considers the adjusted budget for Council approval	EXCO meeting	EXCO	Mid-February	Adjusted SDBIP and budget approved for consideration by Council
Submit adjusted budget to Council for approval	Council meeting (cognisance of impact on original Budget)	BTO, PMS, Council	End February	Approved adjusted SDBIP
Distribute copies of approved Adjusted SDBIP and budget to external stakeholders	Electronically	CFO and PMS	March	National and Provincial Treasury and COGHSTA supplied with copies

2.6 STEP 6: FINALISE DRAFT MTREF AND IDP

Municipalities are required by the MFMA to table and approve three-year budgets in accordance with uniform formats as per MFMA requirements. Municipalities must ensure that their proposed budgets have clear and unambiguous linkages to their IDP strategies. MFMA Circulars 10, 11, 19, 31 and 51 provide guidance on the budget processes to be followed to ensure that the Municipal annual budget supports the implementation of the IDP. The process flow for finalising the MTREF and IDP is displayed in the following figure.

Figure 18: Finalise draft MTREF and IDP process flow



Detail on the process to finalise the MTREF and IDP follows:

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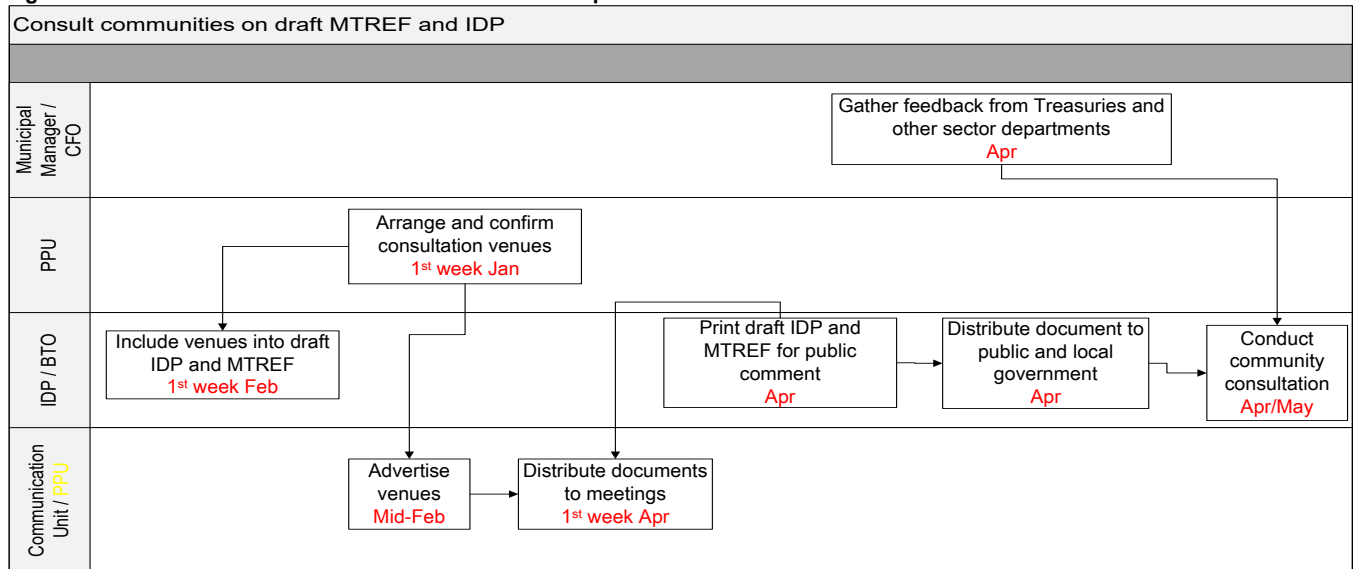
Table 26: Finalising the MTREF and IDP Process Activities

What	How	Who	When	Output/Comment
Capture all budget costs for operational, capital (inclusive of monthly projections) and personnel requirements	Review previous budget and actual expenditure history	Directorates	Third week November	Previous expenditure patterns considered
Develop operational / capital budgets with monthly projections	Analyse operational costs (refer NT circular guidelines) and forecasted project requirements	Directorates	Third week November	Preliminary Directorate budget compiled including two forward years
Consider preliminary budget	Review and consolidate inputs from departments	BTO	Fourth week November	Preliminary organisational budget compiled including two forward years
Review Long Term Financial Plan (Strategy)	Align preliminary budget and long term financial strategy.	BTO	Mid-January	Financial liquidity assessed over three year period
Allocate capital budget, considering project priorities	Align project priorities with available capital budget	CFO	Mid-January	Draft MTREF
Conduct directorate budget hearings	Conduct Budget Hearings to discuss funding proposals in line with consolidated project prioritisation report	BTO Directors IDP	Third week January	Agreement on proposed budget allocations aligned to Budget guidelines
Consolidate all relevant information into IDP and MTREF	Allocate capital budget, considering project priorities after budget hearings. Consolidate all information into the draft IDP and MTREF	CFO and IDP	First week February	Consolidated Draft MTREF and IDP document
Consider draft IDP and MTREF for community consultation	Portfolio committees, IDP and CFO confer to discuss draft IDP and MTREF for community consultation	Portfolio Committees IDP CFO	End February	Inputs into draft IDP and MTREF
EXCO considers draft IDP and MTREF for approval	EXCO meeting	EXCO	Mid-March	Draft IDP and MTREF approved for community consultation
Council takes note of draft IDP and MTREF	Convene Council meeting	CFO	End March	Draft IDP and MTREF noted for community consultation

2.7 STEP 7: CONSULT COMMUNITIES ON DRAFT MTREF AND IDP

Section 42 of the MSA states that the community should be involved in the development, implementation and review of the MTREF and IDP. This is because the IDP yields a set of indicators and targets which is budgeted for in the MTREF. These become an undertaking of the municipality to the community. It is important to determine the views of people within the municipality on the IDP and MTREF. This is crucial because services offered by the municipality must ultimately meet the needs of the community it serves. The public must be involved and be informed of the proposed services offered by the municipality. This will increase the credibility and legitimacy of the planning and review process. The processes involved in consulting communities on the content of the IDP and MTREF is represented in the following diagram:

Figure 19: Consult Communities on Draft MTREF and IDP process flow



A more detailed account of the above processes is provided in the following table:

Table 27: Consult Communities on Draft MTREF and IDP Process Activities

What	How	Who	When	Output/Comment
Arrange and Confirms venue(s) for consultations	The Strategic Directorate, through the Public Participation Unit identifies appropriate venues and informs IDP and BTO	PPU	First week January	Venues must be confirmed
Include venue(s) allocation in the Draft MTREF and IDP document	Update draft IDP	IDP, PPU and CFO	First week February	Updated Draft IDP

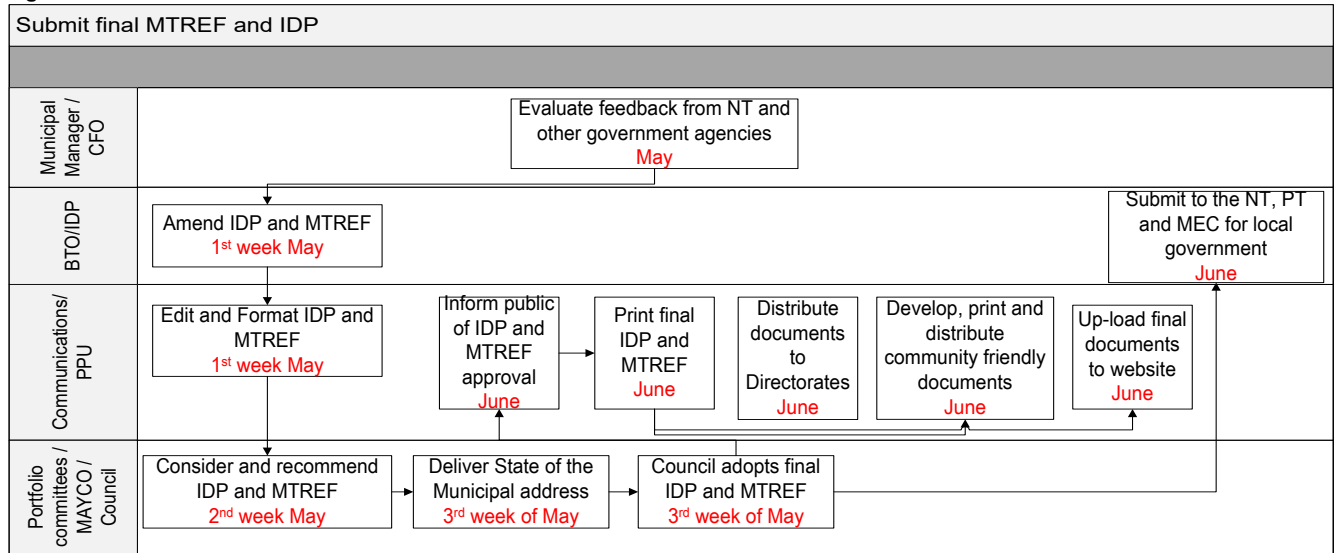
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What	How	Who	When	Output/Comment
Advertise venues for consultative meetings and arranges all logistics	Arrange newspaper adverts for meetings. After approval from CFO and IDP, place notices in newspapers, municipal web site and social media	PPU	Mid-February	Venues communicated to all stakeholders and all logistics arranged
Distribute documents to meetings	Print copies of draft IDP and MTREF for community consultation sessions	IDP and BTO	First week April	After Council has pronounced itself on the documents, printed documents are ready
Distribute copies of the draft MTREF and IDP to MPCCs and libraries	Print copies of draft IDP and MTREF and distribute to MPCCs and libraries	PMS	Before first meeting	Copies of documentation available at other appropriate venues
Submit a copy of the Draft IDP to MEC for local government	E-mail draft IDP	PMS	Mid-April	MEC for local government to provide comment
Conduct community consultation sessions on the Draft MTREF and IDP	Communities provided with feedback	Mayor IDP BTO	Ongoing April	Communities must be representative of planning sessions
Provide opportunity from NT and other Sector Departments to give feedback		MM CFO	April	External stakeholder comment obtained
Closing date for written comment		CFO IDP	Last week April	Internal stakeholders must also submit comment by this date

2.8 STEP 8: SUBMIT FINAL DRAFT MTREF AND IDP

Once the draft MTREF and IDP have been reviewed by all stakeholders and role players, the next phase is to finalise them. All inputs must be reviewed and added to ensure that the IDP and MTREF represent the needs and requirements of the municipality as well as the community it serves. This phase consists of the following processes:

Figure 20: Submit Final Draft of MTREF and IDP Process Flow



Detail on how to achieve the final submission is provided in the following table:

Table 28: Submit Final MTREF and IDP, Approval of final IDP and MTREF Process Activities

What	How	Who	When	Output/Comment
Update and amend MTREF and IDP	According to comments received from communities and decisions taken by political leadership	IDP and CFO	First week May	All input should be validated for language interpretation and editing
Edit IDP	Strategic Manager to coordinate and fast track	Strategic Manager	First week May	QA document prior to submission for approval
Submit final draft IDP and budget to the IDP Steering Committee for approval	IDP Steering committee considers and approve final draft IDP and budget and makes recommendations to EXCO and Council	IDP Steering Committee	Second week May	Document approved for consideration by EXCO and Council, including recommendations
Portfolio committees considers final draft MTREF and IDP and make recommendation	Report to be submitted by IDP and BTO to Corporate Services after comments have been collected by relevant directorates. Corporate Services submit final draft IDP and MTREF to Portfolio Committees	IDP CFO Corporate Services Portfolio Committees	Second week May	Final draft IDP and MTREF approved for consideration by EXCO, including recommendations by Portfolio Committees
EXCO considers and recommends MTREF and IDP	IDP to bring about any changes necessary after Portfolio committee and	EXCO MM	Second week May	Document approved by EXCO with

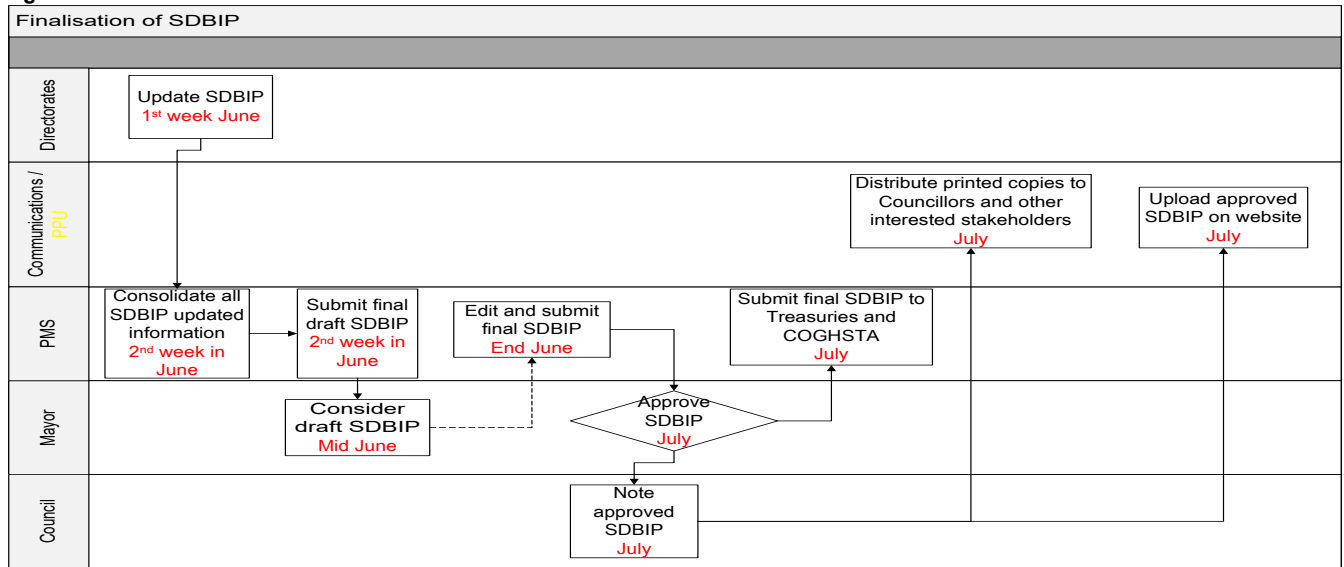
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What	How	Who	When	Output/Comment
	submit to Corporate Services for EXCO Agenda			recommendations to Council
Publish public notice of open Council meeting for approval of final IDP and Budget	Public notice by way of newspaper advertisements	PPU	Second week May	Informed community
Mayor Presents the Budget speech	CFO and Strategic Manager assists with the drafting of the budget speech. Special Council debate	Mayor Council	Third week May	Approve IDP and MTREF
Inform public of the approval of the MTREF and IDP by way of newspaper advertisements	Using the print medium of newspaper advertisements.	PPU CFO	Second week June	Informed community
Develop and print community friendly copies of approved MTREF and IDP	Distribute printed copies to Councillors and other interested stakeholders	PPU CFO (MTREF newsletter)	June	Translated into relevant languages
Distribute approved MTREF and IDP to MEC of local government, National and Provincial Treasuries		IDP CFO	Mid-June	Ensure community accessed in all areas
Up-load approved MTREF and IDP on municipal web-site.		ICT	First week June	Approved MTREF and IDP accessible to all interested parties

2.9 STEP 9: FINALISATION OF SDBIP

Amendments are made to the SDBIP to ensure that it complies with the objectives, targets and outcomes set in the IDP and MTREF. The processes for finalising the SDBIP are represented in the following figure:

Figure 21: Finalisation of SDBIP Process Flow



A more detailed outline of the phase to finalise the SDBIP follows:

Table 29: Finalisation of the SDBIP Process Activities

What	How	Who	When	Output/Comment
Update SDBIP	Break down annual targets for the next financial year in the approved MTREF and IDP into quarterly targets	Directorates PMS	First week June	Updated departmental SDBIP
Consolidate all SDBIP updated information	Receive Quarterly breakdown of project and KPI targets from all departments and consolidate into one document	PMS	Second week in June	Final amended SDBIP compiled
Submit final draft SDBIP to the Mayor for consideration within 14 days of approval of IDP and budget.	Mayor considers draft SDBIP and approves within 28 days of approval of IDP and budget or send back to PMS with comments for reconsideration	Mayor	Draft - Mid-June (within 14 days of adoption of IDP and Budget)	SDBIP approved/commented by the Mayor
Edit if Mayor submits comments and submit final SDBIP to the Mayor for approval within	Finalise SDBIP with comments from the Mayor and re-submit to Mayor for approval.	PMS	Final - End June (within 28 days of adoption of IDP and Budget)	SDBIP approved by the Mayor

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What	How	Who	When	Output/Comment
28 days of adoption of IDP and Budget				
Table final approved SDBIP to Council for notification	Council taking note of approved SDBIP	PMS Corporate Services Council	End July	Council informed of approved SDBIP
Submit approved SDBIP to MEC for local government and national and provincial treasuries	Provide MEC for local government and national and provincial treasuries with hard and soft copies of the final approved SDBIP	PMS	End July	Compliance to MFMA
Develop and print community friendly copies of approved SDBIP	Distribute printed copies to Councillors and other interested stakeholders	PMS	July	Printed Copies of approved SDBIP
Publish approved SDBIP on web-site	Up-load approved SDBIP on municipal web-site.	ICT division	End July	Approved SDBIP accessible to all interested parties

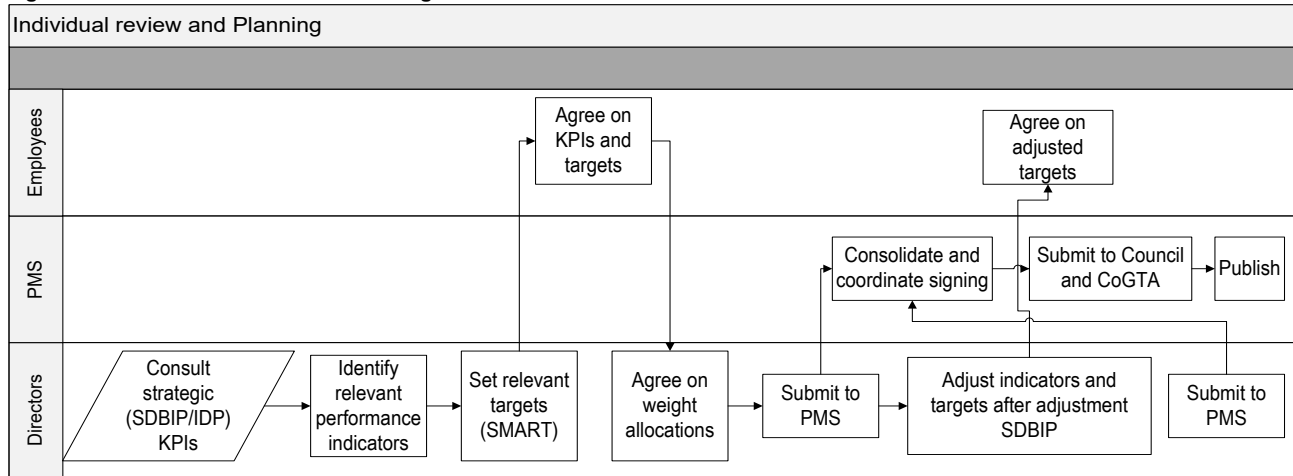
2.10 STEP 10: PLANNING AND REVIEW INDIVIDUAL PERFORMANCE MANAGEMENT

After completion of the final SDBIP, individual performance management plans for its Municipal Manager and Managers directly accountable to the Municipal Manager are to be developed. This system is to be replicated for all other staff in accordance with accepted management practices.

The Performance Management Guide for Municipalities and Regulation 805 of 2006 advocates the review of performances of staff by concluding performance agreements / plans and agreements based on the approved IDP/ Budget and SDBIP. The key performance indicators and targets reflected in the scorecard are set by the incumbent in consultation with the direct supervisor and based on the IDP, SDBIP and the Budget of the municipality. On lower levels performance indicators and targets reflected in employee performance agreements / plans should be linked to strategic outcomes as reflected in the operations of relevant Directorates.

The process of planning for individual performance management takes place in July and is displayed in the following figure:

Figure 22: Individual Review and Planning Process Flow



Planning for individual performance management ensures that continuous personnel development occurs, and increased skills capacity is available within the municipality. Steps within the process include:

- Managers select performance indicators from IDP and SDBIP for employees within its department
- Managers select the performance indicators which correlate with the job description of the employee
- Managers set measurable performance targets, based on the SMART. principles
- Parties agree upon the weight of the allocations per KPA
- Parties compile a performance agreement for the following term / year
- Parties agree on the future dates of performance appraisal sessions of employees
- Parties agree on targets
- Adjustments are done based on adjusted SDBIP and budget.

An example of the performance plan template is as follows:

Table 30: Sample Performance Plan Template for KPIs

KPA	Programme	Key performance indicator	Budget	Expenditure	Audited Baseline	TARGET Q1 (JUL - SEPT)	TARGET Q2 (OCT - DEC)	TARGET Q3 (JAN - MAR)	TARGET Q4 (APR - JUN)	ANNUAL TARGET	POE / Evidence

Approval of individual performance management plans for all municipal employees is compulsory to ensure that employees are held accountable for the successful planning, review, monitoring, reporting and evaluation within the institutional performance management system. Senior Managers are, according to various sections of legislation, responsible for the

effective implementation of the performance management system – including approving the IDP process plan and budgeting schedule.

2.11 CONCLUSION

In conclusion of phase 1, planning and review is imperative to ensure that municipality meets the basic needs of its community, builds a clean, responsive and accountable local government and in doing so improves the functionality, performance and professionalism of the municipality. In this way the effective and efficient planning and review process contributes towards identifying a tailor-made turnaround strategy that will enhance the integrity of the municipality.

3. PHASE 2: MONITORING

The Second Phase in the PMS Implementation cycle is that of Monitoring. A general definition for monitoring is:

Monitoring refers to the process of data management that includes collection, capturing, storing and analysis of data on inputs, activities, outputs, outcomes and impacts against what was planned or expected in a way that supports effective decision-making.

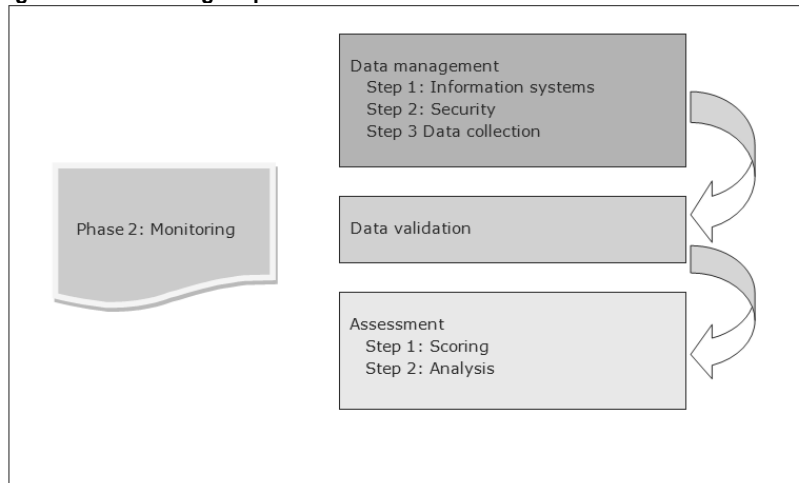
Monitoring process involves a manager consistently measuring performance on the job and providing ongoing feedback to staff and teams on progress towards reaching staff member and team goals. It includes conducting progress assessment with staff member and teams through one on one or team engagement sessions during which their performance is compared against predetermined performance standards. During monitoring process, the supervisor must offer coaching when required in order to reinforce effective performance or bring the performance of staff member closer to expected standard

Monitoring aims to provide regular feedback on:

- Comparing progress of initial targets to determine the current state of performance
- Determining achievement of objectives and goals
- Early indicators of challenges that need to be corrected³⁸

The following are involved in the monitoring phase:

Figure 23: Monitoring Steps



3.1 DATA MANAGEMENT

Data Management relates to the collection and capturing of data according to prescribed processes and managing such data as a valuable resource for decision-making. The following steps are involved in data management for the municipality:

- Step 1: Information Systems
- Step 2: Manage Data Security
- Step 3: Data Collection

Information systems is the use of hardware and software to collect, filter, process and storing of data for delivering, creating, distributing and communication of information and knowledge to support operations, management and decision making.

Data collection: data is collected manually by way of emails. Departments sends information and reports to PMS office for consolidation and capturing of progress towards annual targets and verify evidence submitted.

3.2 DATA VALIDATION

Internal Audit and PMS play a role in data validation. PMS will to a lesser extend validate data to make sure data is sensible when writing reports. PMS validation process flow is as follows:

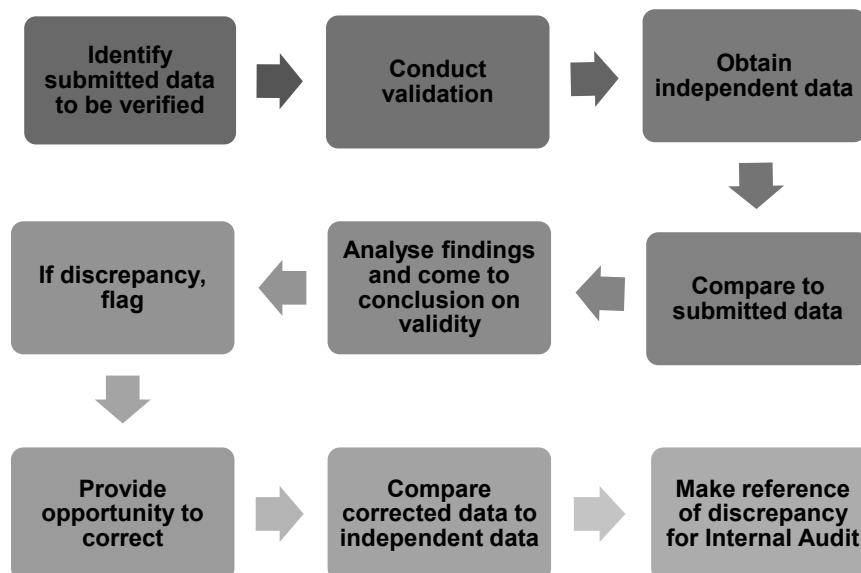
Figure 24: PMS Validation



The role of the Internal Auditor in validation is as follows:

- Identify data to be validated as not all KPIs might be monitored with every reporting period
- Assign a data validator (a person from Internal Audit)
- Consider progress against targets
- Validate progress against POE
- Flag discrepancies
- Validation comments *can* be sent back to users for correction
- Final Validation on corrected information that was flagged
- Report on final discrepancies.

Figure 25: Data Validation Process Flow for Internal Audit



3.3 DATA ASSESSMENT

Assessment of data refers to the analysis of data to determine if targets have been met. Assessment relates to:

- Data Analysis
- Risk Analysis
- Scoring
- Individual Assessment

3.3.1 Data Analysis

The aim is to measure progress against targets. Key factors to be considered:

- Whether resources are spent according to plans
- Whether strategic objectives were achieved or progress made towards the achievement of strategic objectives
- Aspects that resulted in success so that it can be shared to promote inter-governmental learning

3.3.2 Risk Analysis

Risk identification refers to the process of identifying risks that can negatively impact on the operations of the organisation. These are included in a risk register. Through the register, all possible risks to the operations of the Municipality are identified, described and assessed.

- Senior Managers provide input in terms of quarterly performance levels achieved against set targets as prescribed in the approved SDBIP
 - Risk manager evaluate quality of inputs and identify potential risk areas
 - Summary of risks are consolidated in quarterly reports by Risk Manager
 - Proposals to minimise risk areas are also included in reports
 - A copy of the quarterly report is submitted to Internal Audit
 - Internal Audit further evaluates risk profile based on submitted evidence
 - Internal Audit compiles and updates the risk register based on their assessment of evidence to validate performance levels reported
 - Internal Audit Report is submitted in conjunction with the quarterly report to the Municipal Manager and Council
 - This information is used by Senior Managers to make informed decisions and implement corrective intervention measures
-

3.4 CONCLUSION

It is essential to ensure that data management is done efficiently as it forms the backbone of a monitoring process and is the foundation for which reporting and evaluation techniques are built on. Without monitoring, the municipality will not be able to identify possible problem areas and will not be able to take corrective measures to solve these. In the same instance, the municipality will not be able to enhance the lives of their communities as decision-making will be hindered. Ultimately the municipality will then fail in its attempt to ensure a better live for the community which the municipality serves.

4. PHASE 3: REPORTING

The reporting process provides information to decision makers on the progress of strategic goals, programmes and projects. Reporting collates information into intelligence and represents consolidation from the previous steps into reports. Reports inform decision makers of the challenges faced and the interventions envisaged that will enhance the performance of under-performing programmes/projects. The Oxford English Dictionary defines a report as follows:

A report is a statement of the results of an investigation or of any matter on which definite information is required.

Two types of reporting should take place, namely:

- In-year reporting
- End-year reporting

The functions of the different reports can be summarised as follows:

Table 31: Functions of various reports

Report type	Description
Monthly Departmental PM Report	This report needs to contain the progress towards service delivery projections for each month. It is compiled by the department and is based on the SDBIP and the lower SDBIP. Although not legally required, it is recommended for monthly reporting to take place to keep track of progress and challenges.
Quarterly IDP and SDBIP Reporting	This report needs to contain the service delivery projections for each quarter. It needs to include the operational and capital expenditure, by vote. These targets need to be reported on quarterly according to National Treasury Circular 13.
Mid-year Budget and COGHSTA Report	This report reflects the performance of the municipality during the first half of the financial year in terms of S72 of the MFMA. The report must be submitted to the Mayor, National Treasury and COGHSTA. It serves to identify possible adjustments that need to be made to ensure targets are met at the end of the financial year.
Annual Performance Report	Section 46 of the MSA identifies that each municipality has to produce an annual performance report for each financial year. This report must include: <ul style="list-style-type: none"> ● the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year ● the development and service delivery priorities and the performance targets set by the municipality for the following financial year ● measures that were or are to be taken to improve performance

Report type	Description
Annual Report	Section 121 of the MFMA identifies that each municipality has to produce an annual report for each financial year. This report must include: <ul style="list-style-type: none"> ● the financial statements of the municipality approved by the Auditor-General ● an audit report from the Auditor-General ● an assessment by the accounting officer ● evidence of corrective action taken in response to the audit report from the Auditor-General ● information pertaining the municipality’s audit committee ● assessment of the accounting officer to measure performance objectives ● the annual performance report of the municipality ● any other information as prescribed in the document.
Oversight report ³⁹	The Municipal Council needs to consider the municipal annual report whereupon an oversight report should be compiled. The Oversight Report needs to include a statement explaining that the annual report has been approved with or without reservations; has rejected the annual report or has referred the annual report back for revision.

4.1 QUARTERLY REPORTING

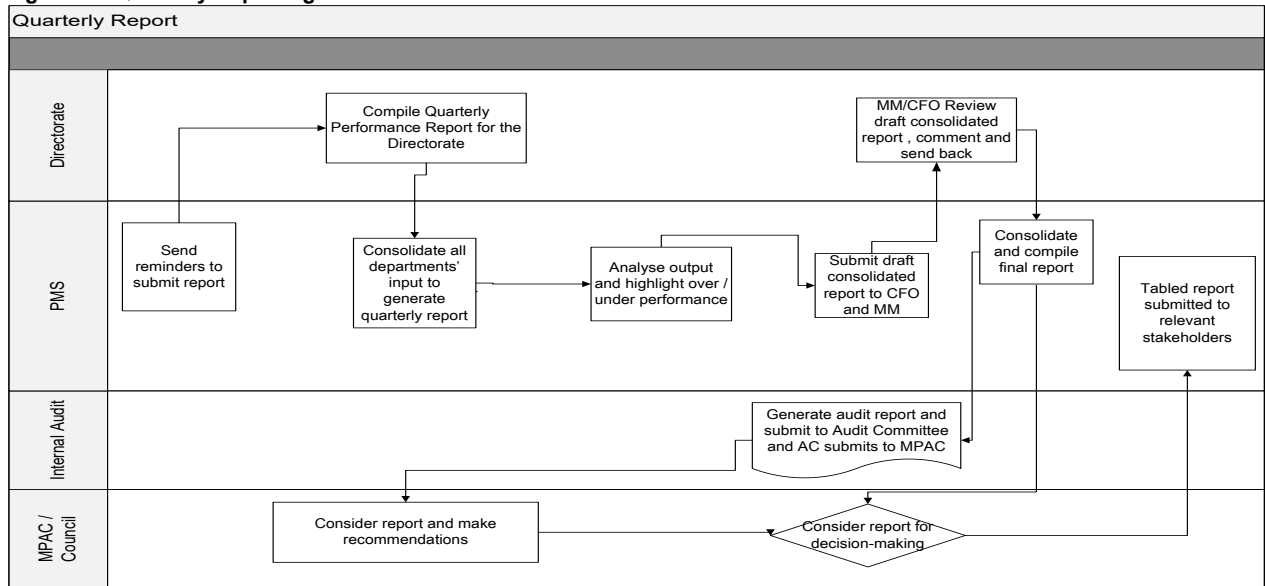
The quarterly performance report is generated from information and actions taken within the quarter of reporting. It is based on the SDBIP. Certain stages of reporting occur before the information is collated into an organisational performance report by the PMS Unit. These stages include:

- Compiling reports and obtaining approval
- Distributing reports
- Review.

The process flow for compiling quarterly performance reports are depicted in the figure below:

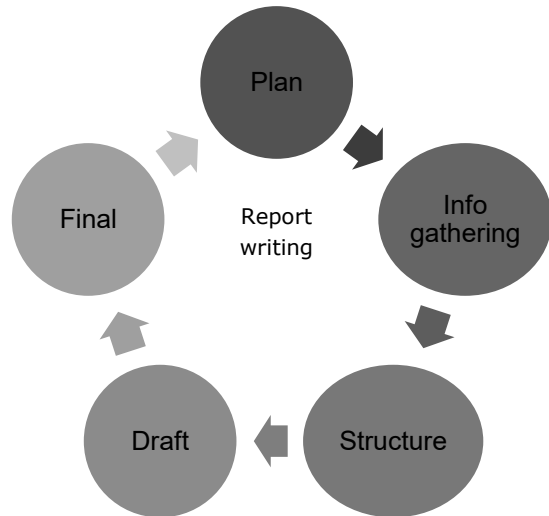
³⁹ National Treasury. 2006. *MFMA Circular No 32. The Oversight Report*. Available at: <http://www.treasury.gov.za> [Accessed: 19 November 2012].

Figure 26: Quarterly Reporting Process Flow



4.1.1 Stage 1: Compiling Reports and Obtaining Approval

Compiling performance reports are conducted in stages. Compilation of performance reports can only start after all data has been captured and PMS has validated the data for completeness and accuracy. This should take place by the 5th of every month. The data should be based on non-financial information as per the SDBIP pertaining to KPIs and Projects. The departments should first complete their quarterly report which is then forwarded to the PMS unit for consolidation into the organisational performance report.



The stages involved in compiling a report are:

- Planning your work
- Collecting your information
- Structuring your report
- Writing the first draft
- Checking, correcting and re-writing

A performance report should include as minimum the following:

- Report on monthly/quarterly, mid-year and annual targets vs actual
- Report on the status of KPIs, projects and process (at any given time)
- Report on the progress of programmes / objectives / priority areas
- Reporting on outcome and impact: Measure and analyse actual improvement or decline in programme performance with related trends and projections against the annual targets
- Report on the areas of concern raised through the Audit Process to ensure application of the defined principles
- Reports on performance of budget and expenditure per activity, project/process, priority area and IDP objective
- Trends and analysis reporting: Produce quality performance data, trend analysis and related performance reports that will facilitate accountability and faster decision-making so as to improve integration opportunities
- Exception Reporting: Produce graphs, exception reports, statistical information and scorecards which will not only indicate key performance trends, projections and alerts, but also identify important relationships between metrics as well as hidden cause-and-affect patterns thus allowing for well-informed decisions and adjustments to implementation strategies and priorities.

After the quarterly organisational performance report has been compiled by the PMS Unit, it is send to the Municipal Manager for review. After review, the PMS unit consolidates the inputs from the Municipal Manager and produces the final quarterly organisational performance report.

4.1.2 Stage 2: Distribute Reports

Once the quarterly organisational report has been approved by the Municipal Manager, the report is distributed to Internal Audit and Council for review and consideration. Internal Audit can comment on report and send report to Audit Committee/MPAC for further comments. The approved report is then distributed to certain external stakeholders as prescribed by legislation.

4.1.3 Stage 3: Review Reports

The final Quarterly Organisational Performance Report is to be presented by the PMS Unit to the Municipal Manager, Directors and Managers by way of a formal presentation. The presentation summarises all the performance indicators in the Key Performance Areas of:

- Spatial Rationale
- Basic services and infrastructure investment
- Financial management and viability
- Local Economic Development
- Institutional and organisational development
- Good governance and public participation

Based on the content of the report, management is placed in a position where sound decisions can be made on intervention strategies required to address areas of concern.

The performance reporting process activities are summarised below:

Table 32: Performance Reporting Process Activities

What	How	Who	When	Output/Comment
To compile performance reports	Obtain data from respective divisions	PM data developers	End of quarter under review	Performance related data
	Collate data from source input	PM data developers Divisional Managers	Within two days of quarter end	Substantiated input on indicators and expenditure. Evidence retained for submission
	To analyse and validate data and input information	PM data developers	Before the close of business on the third day of the quarter	Quality assured data input. Queries to be referred to source
	To comment and approve (sign off) directorate submission	Directors	Before the close of business on the fifth day of the quarter	Approved Directorate report
	Inform PMS Unit that reporting data together with PoEs is ready for validation	Directors	Before the close of business on the sixth day of the quarter	Consolidated Directorate report, including PoEs
	Validation of reported data against received PoEs. Refer back to Director in the event of inconsistency between reported data and supporting documentation	PMS	Before the close of business on the tenth day of the quarter	Validated Directorate reports
	Amend or correct reported data to the satisfaction of PMS	PM data developers, Directors	Before the close of business on the tenth working day of the quarter	Accurate and substantiated Directorate reports
	Inform PMS that all performance data is corrected and accurate	Directors	Before the close of business on the twelfth day of the quarter	Accurate and substantiated Directorate reports
	Compile composite organisational performance report	PMS	Before the close of business on the twentieth day of the quarter	Organisational performance report on KPI's and projects
	Analyse performance report and submit a	Internal Audit	Within 3 days of receipt of	Validated performance reports

What	How	Who	When	Output/Comment
	report to Management and Audit Committee		consolidated report from PMS	
	Present finding to Municipal Manager and Directors	PMS	Before the end of the month after reporting quarter	Presentation of performance highlights
	Executive Management approves the consolidated report and make recommendations to EXCO and Council	Executive Management	Before the end of the month after reporting quarter	Approval by Executive Management with recommendations to EXCO and Council
	Considers report and make recommendations to Council	MPAC	First week of second month after end of reporting quarter	MPAC oversight and recommendations to EXCO and Council
	Submit quarterly performance report to EXCO and Council for notification	PMS Corporate Services EXCO Council	First Council sitting in the second month of the quarter	Tabled quarterly performance reports

4.2 MID-YEAR REPORTING

The stages for compiling the mid-year report remains the same as those described for the quarterly reports. However, in this report greater emphasis is placed on the first six-month achievement of a Directorate in comparison to identified mid-year targets. This reporting cycle coincides with the mid-year adjustment budget and SDBIP and therefore plays an important role in the process of decision-making with regards areas of non-performance. The content of this report is to comply with the requirements of both the Local Government Municipal Systems Act (2000), as well as the Section 72 of the Municipal Finance Management Act, 56 of (2003). The mid-year report must be assessed by the Municipal Manager by the 25th of January and submitted to council by 31 January each year.

4.3 ANNUAL REPORTING

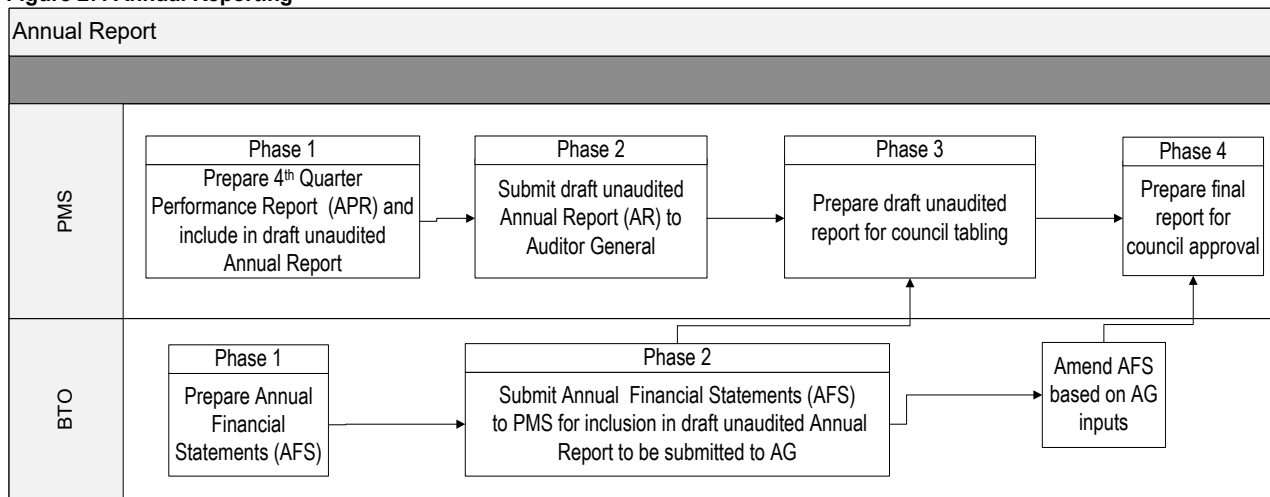
Every municipality must prepare an annual report for each financial year in accordance with relevant legislation. The purpose of the report is to provide a record of the activities of the municipality; provide a report on performance in service delivery and budget implementation; and promote accountability to the local community.

Annual reports are used to compare performance targets and budget outlined in strategic plans to actual performances achieved. Annual reports are therefore based on accumulated data and performance reports presented throughout the year.

National Treasury published a new annual report format and guidelines by means of Circular 63⁴⁰ to streamline, standardise and fast track the annual reporting processes in order for it to be meaningful and be within the timeframe to inform the review of the IDP and therefore contribute to improved and informed planning. It should be noted that Circular No. 63 prescribes that the Annual Performance Report and Financial Statements should be included in the unaudited annual report and that this report should be submitted to the Auditor General by the end of August.

Compiling the annual report is a lengthy process. For this reason the process flow has been divided into four sections as represented in the figure below.

Figure 27: Annual Reporting

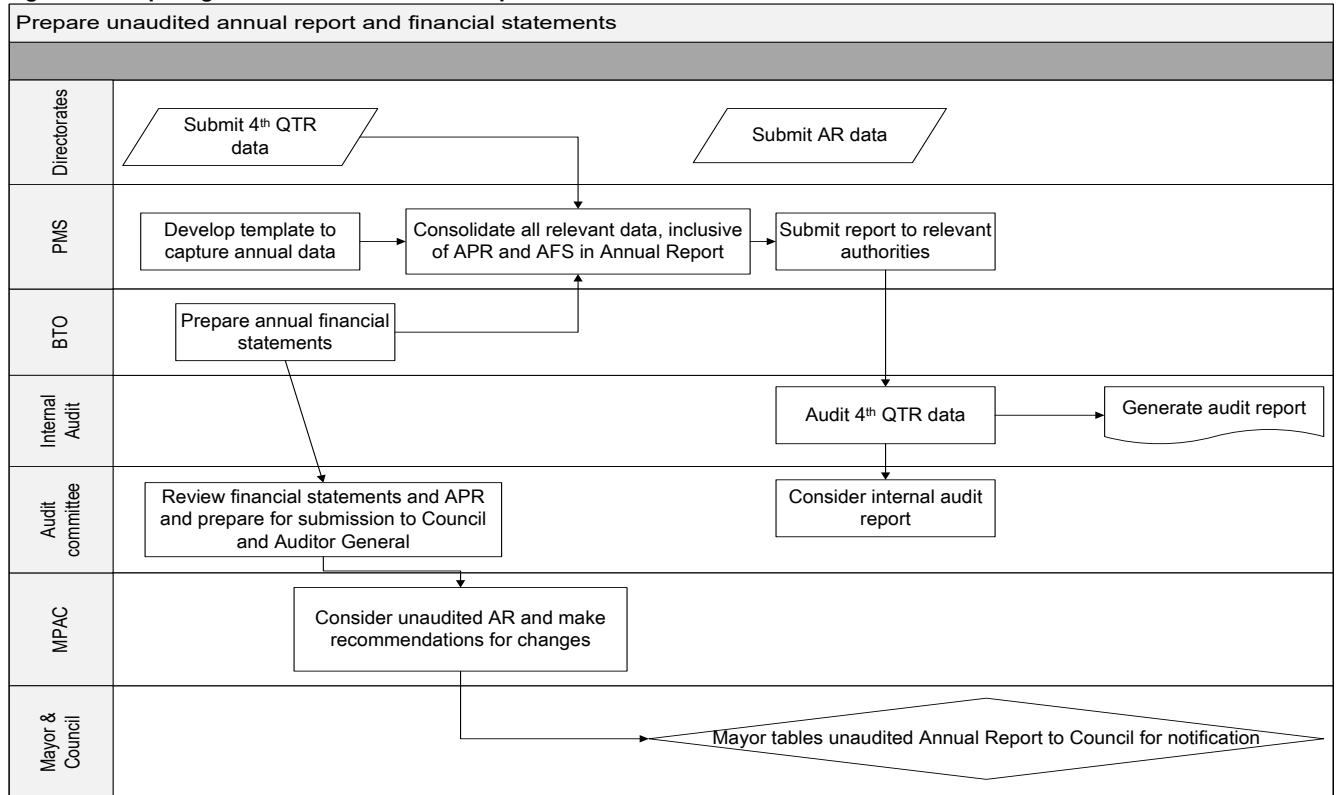


Detail on these phases follow:

4.3.1 Phase 1: Prepare Annual Performance Report and Annual Financial Statements

Preparing the annual performance report (APR) encompasses the following processes:

Figure 28: Preparing the Annual Performance Report for inclusion in AR Process Flow



The processes require the following:

Table 33: Preparing the Annual Performance Report for inclusion in AR Process Activities

What	How	Who	When	Output/Comment
Develop an Annual Report reporting template	Use template based upon standard National Treasury Template	PMS	End June	Standardised Directorate input
Submit fourth quarter performance information to PMS	As per guidelines communicated by the MM	Directorates	First week July	Submission dates as communicated by PMS
Validation of reported data against received PoEs. Refer back to Director in the event of inconsistency between reported data and supporting documentation	Finalise validation of the 4 th quarter Directorate reports	PMS	Second week July	Validated 4 th quarter Directorate reports
Consolidate all information of the quarterly reports into the Annual Performance Report	Submit to MM	PMS	Third week in July	QA in-year reports before submission
Prepare the annual financial statements		CFO	July	Financial statements are

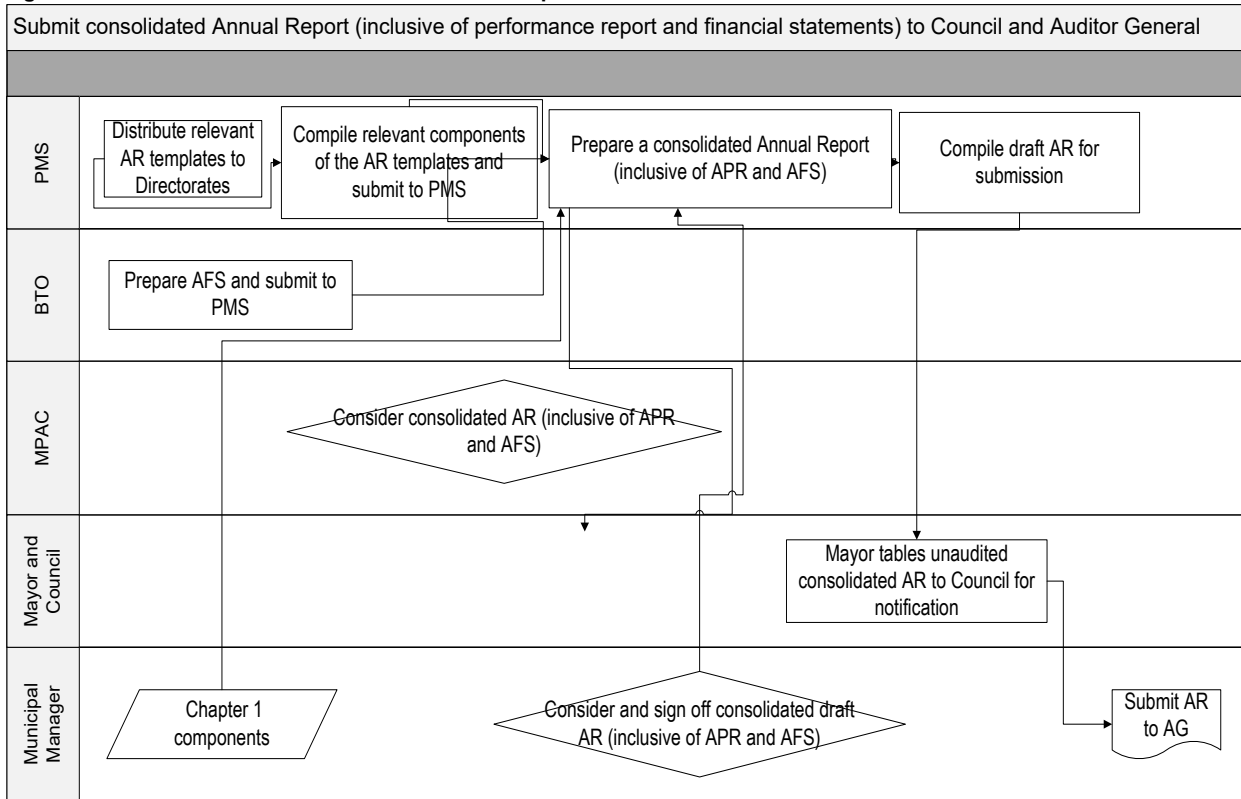
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What	How	Who	When	Output/Comment
				unaudited at this stage
Drafts internal audit report on the 4th quarter performance data and submits report to Management and Audit Committee	Internal audit generates report	Internal Audit	Last week July	Validated and accurate Annual Performance Report
Considers Annual Performance Report	Convene Senior Managers meeting to review and finalise	Top management	Last week July	Approve Annual Performance Report
Audit committee considers Annual Performance Report and financial statements	Audit committee generates report	Audit committee	First week August	AC report compiled for both performance and financial statements
Finalised unaudited Annual Financial Statements	Submit unaudited final AFS to PMS for inclusion in draft Annual Report	BTO	Third week of August	Finalised unaudited AFS included in draft Annual Report
Sing off and submit APR and financial statements Auditor General (AG)	Hard copies and electronic versions of the AR and AFS including the IDP and approved and adjusted SDBIP submitted	PMS CFO MM	Third week of August	Unaudited Annual Report (inclusive of APR and AFS) submitted to Auditor General

4.3.2 Phase 2: Submit Consolidated Unaudited Annual Report to Auditor General

Finalising and submitting the consolidated unaudited Annual Report (inclusive of the Annual Performance Report and Annual Financial Statements) to the Auditor General.

Figure 29: Submit consolidated unaudited Annual Report to Auditor General Process Flow



The processes require the following:

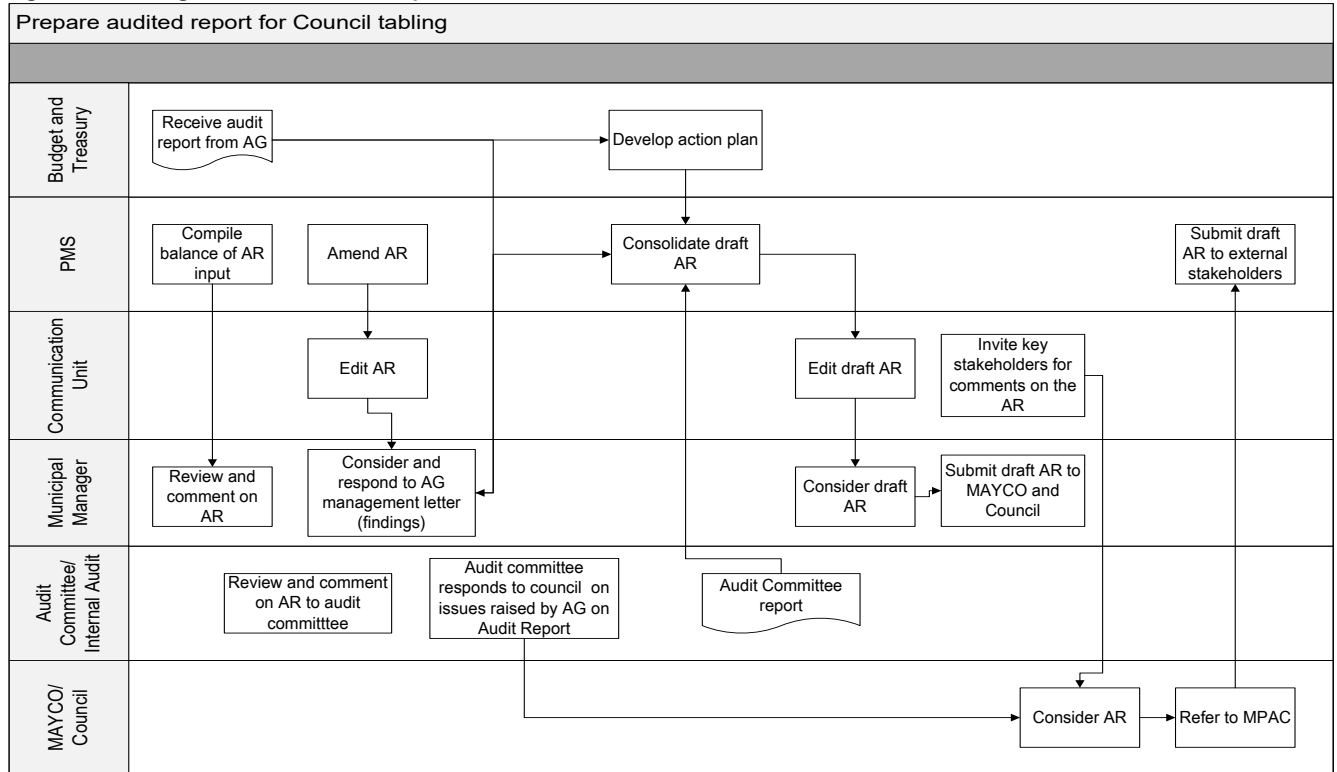
Table 34: Submission process of Consolidated Annual Report to Auditor General

What	How	Who	When	Output/Comment
Obtain chapter one components from the offices of the Mayor and MM		PMS	First week July	Incorporate both forewords in Annual Report
Compile relevant components of the AR template and submit to PMS		Divisional Managers Directors	First week July	Directorate inputs into AR
Prepare a consolidated annual report (inclusive of APR and AFS)		PMS	First week August	Incorporating information submitted by Directorates
Edit the consolidated report and submit to PMS		Communications Unit	Second week August	Internally audited AR and AFS submitted to AG for auditing
MM approves final consolidated document		MM	Third week August	Approved document submitted to internal audit
Annual performance report and AFS submitted to internal audit for auditing		Internal audit	Second week of August	Auditing the report and make recommendations
Annual performance report and the AFS are tabled to audit committee		Audit committee	Third week of August	Engage the report and recommendations
Inclusion of internal audit and audit committee's recommendation in the report		PMS	Last week of August	final report ready for submission to council
Mayor tables unaudited AR and AFS to Council		Corporate Support Services MM Mayor	Last week in August	Council notes unaudited AR.
Submission of the unaudited consolidated annual report and financial statements to Auditor General		MM	Last week in August	Internally audited AR and AFS submitted to AG for auditing

4.3.3 Phase 3: Preparation of Audited AR for Tabling at Council

Preparation for the Audited Annual Report to be tabled at Council encompasses the following:

Figure 30: Tabling of Audited Annual Report at Council Process Flow



Detail on the process follows:

Table 35: Tabling of Annual Report to Council

What	How	Who	When	Output/Comment
Compile all chapters of the annual report not yet completed (excluding AG report, audited financial statements and internal audit report) Submit to Communication for editing.	Finalising draft AR (excluding AG Report and AFS)	PMS	Second week October	
Editing and language check		Communication	Second week October	

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What	How	Who	When	Output/Comment
Amend Annual report if necessary (excluding chapters already submitted to AG in August)		PMS	End October	
Receive response from AG (management letter)		MM	End October	As per audit plan of Auditor General
Respond to management letter from AG		MM	First week November (within 3 days of receipt of draft management letter from AG)	As per audit plan of Auditor General
Receive AG audit report		MM CFO	End November	
Submit AG audit report and audited financial statements to PMS		Internal Audit CFO	End November (Within one day of receipt of report from AG)	Incorporate reports in the consolidated Annual Report
Develop action plan in response to AG audit report.		Directors MM	First week December	Input from all Senior Managersto compile consolidated plan
Submit action plan to PMS		MM	First week December	Incorporate report in the consolidated Annual Report
Internal Audit submits AG report and action plan to Audit Committee.		Internal Audit	First week January	Incorporate report in the consolidated Annual Report
Internal Audit submits audit committee report to Corporate Services for inclusion in Council Agenda.		Internal Audit	First week January	Audit committee recommendations
Consolidates draft AR inclusive of: <ul style="list-style-type: none"> • APR • Audited AFS • Audit report • Action plan 		PMS	First week January	

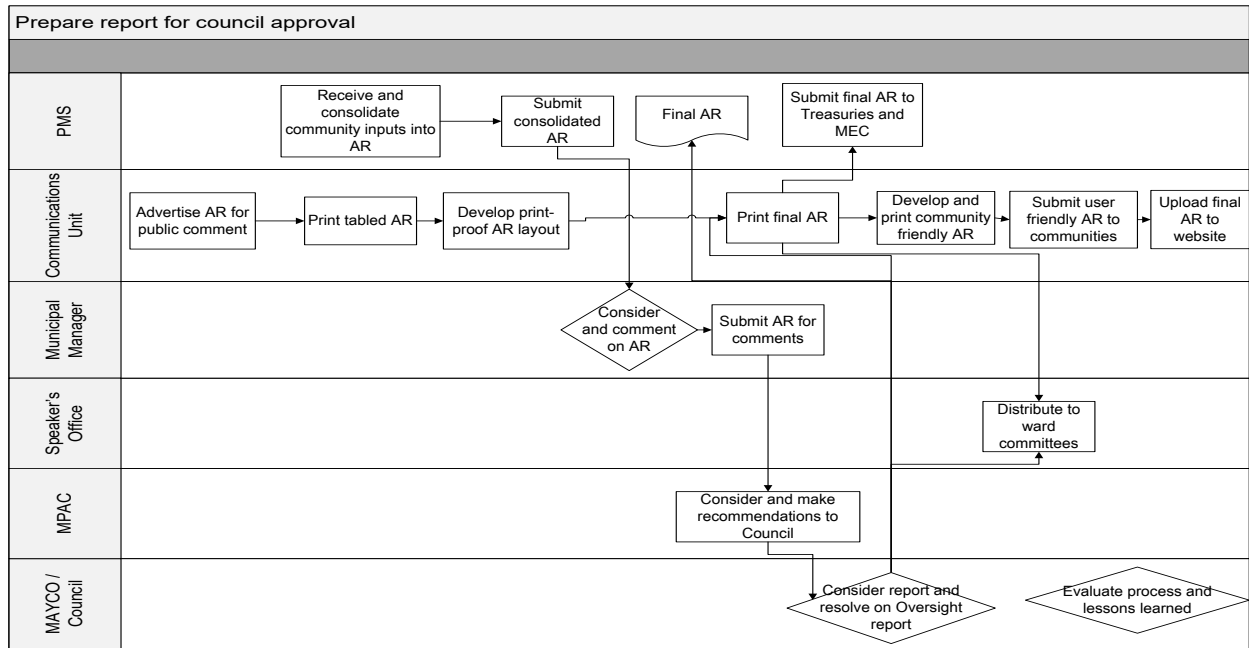
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What	How	Who	When	Output/Comment
Sign off and submit final draft report to Corporate Services		MM / PMS	Second week January	Approve Draft AR for consideration by EXCO
Print draft copy of AR for submission to EXCO and Council through Corporate Services.		PMS Corporate Services	Third week January	
Invite key stakeholders to Council Meeting for tabling of AR		Corporate Services	Third week January	External stakeholders include: Auditor General National and Provincial Treasury and COGHSTA
Mayor tables audited Annual Report and financial statements to Council. Council refers draft AR to MPAC for oversight	EXCO committee and Council meetings	EXCO Council	Last week January	Tabled Draft AR for notification by Council

4.3.4 Phase 4: Preparation of Annual Report for Council Approval

The following process is required to prepare the Annual Report for approval by Council:

Figure 31: Preparation for approval Process Flow



Detail on this process follows:

Table 36: Prepare Annual Report for Council Approval

What	How	Who	When	Output/Comment
Audited Annual Report is made public immediately after it was tabled to Council. Invite public comments	Posted on municipal website and news papers	Communication Unit Corporate Services to develop content of advert	First week February	Community participation
Print copies of the tabled AR for distribution to communities		Communication Unit	First week February	
Distribute copies of AR to ward committees, customer care centres and libraries		Speaker's office (ward committees) PMS	First week February	Progress update and request for comment
Receive comments on the AR from the communities		PMS	Last week February	Consolidate comments into AR
Municipal Public Accounts Committee considers AR and draft report to Council		MPAC	First week of March	MPAC recommendations for Oversight report
Invite external stakeholder to a public hearing about the annual report	Invitation posted on	MPAC PMS	Third week March	

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What	How	Who	When	Output/Comment
	website and newspaper			
Invite external stakeholders to council meeting to consider AR and oversight report		Corporate Services / Speaker's Office	Third week March	External stakeholders include: Auditor General National and Provincial Treasury COGHSTA
Council approves Annual Report as the Oversight Report	EXCO committee and Council meetings	EXCO Council	Last week March	Approved Annual Report
Oversight report is submitted to Legislators, Treasuries and COGHSTA	Electronically and hard copies		First week April	
print and distribute the approved annual report for public		PMS	First week April	Provide copies to the public
Upload final AR on website		IT	First week April	

PHASE 5: EVALUATION

Evaluation of a municipality's performance, inclusive of organisational, financial and employee performance is essential to ensure that corrective measures are identified and put in place to improve areas of non-performance. The following definition of evaluation applies:

Evaluation is assessing the strengths and weaknesses of strategic objectives, programmes, indicators and projects as well as the impact of programmes/projects. Evaluation determines whether the municipality is functioning effectively, economically and efficiently.

Evaluation within the organisation occurs at three levels to ensure impartial, transparent and accurate validation of performance achievements:

- Administrative Evaluation
- Political Oversight
- Auditor General Evaluation

The levels of evaluation are as follows:

- Administrative Evaluation
 - Performance Reports
 - Impact of programmes and projects
 - Internal Audit Committee
 - Performance Audit Committee
- Political Oversight
 - Portfolio Committees
 - Municipal Public Account Committee
 - Council
- Auditor General Evaluation
 - Auditor General

More detail on each of the levels of evaluation follows:

5.1 ADMINISTRATIVE EVALUATION

Administrative evaluations refer to evaluations by the Administration of the municipality. The following provides more detail on the processes:

5.1.1 Performance Reports Evaluation

Preparation for this function is the responsibility of the PMS Unit. They prepare an analysis and present it to EXCO for evaluation.

Table 37: Performance Reports Roles

What	How	Who	When	Output/Comment
Develop Performance Reports	Monitoring, reporting and evaluation of the performance of Directorate achievement of the key performance areas specified in the SDBIP document.	PMS	Quarterly by the 10 th of each month; Annual Report before end of August	Quarterly and annual Presentations on Performance reports evaluations

The following diagram displays the process flow:

Figure 32: Annual Performance Report Process Flow



5.1.2 Impact Evaluation

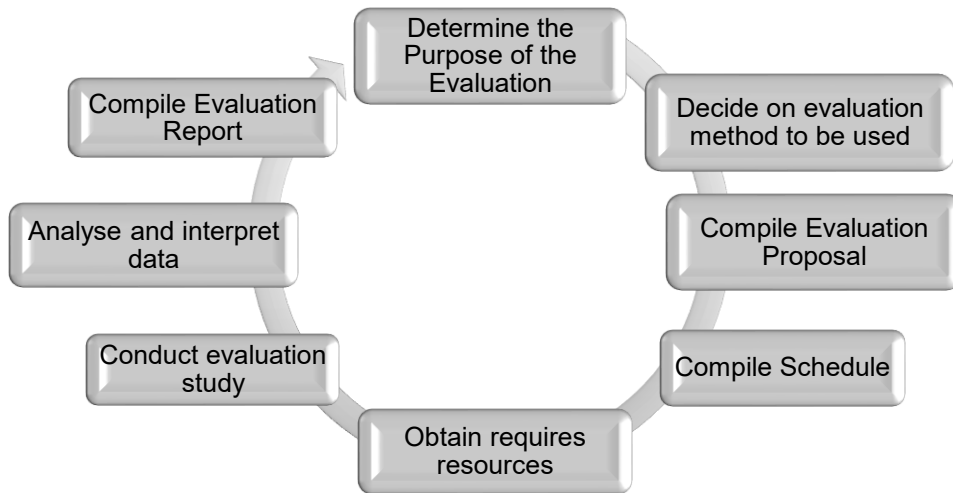
From time to time, and in conjunction with the Limpopo Province or other government organisations, the municipality may be required to become involved in impact evaluations. An impact evaluation sets out to determine the improvement of living conditions and economic development within the district or province. More detail follows.

Table 38: Impact Evaluation Roles Process Activities

What	How	Who	When	Output/Comment
Impact Evaluations	Conducting evaluations to determine the impact of programmes and projects implemented by the Municipality.	Provincial or other government organisations, PMS; other Senior Managers	As and when required by	Impact evaluation example: determine the impact of programmes/projects on the improvement of living conditions and economic development within the district or province.

The process is as follows:

Figure 33: Impact evaluation process flow



5.1.3 Performance Audit Committee

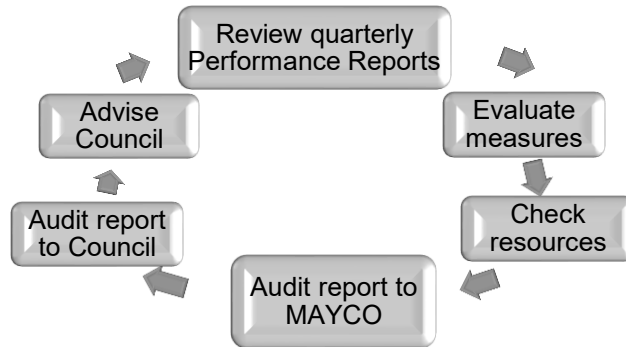
This form of internal evaluation is focused on the oversight of the internal audit process and reports generated from the office of the Auditor General. This body oversees the activities and input generated from both internal and external audit reports. It is aimed at evaluating the measures instituted by management, or the lack thereof, in ensuring that resources at their disposal have been employed in an economical, efficient and effective manner.

Table 39: Performance Audit Committee Evaluations Process

What	How	Who	When	Output/ Comment
PAC Reports	Independent auditing process for evaluating the measures instituted by management, or the lack thereof, in ensuring that resources at their disposal have been employed in an economical, efficient and effective manner. Focus on the oversight of the internal audit process and reports generated from the office of the Auditor General.	PAC - must comprise at least three members;	Quarterly	PAC Report

The following diagram illustrates the process flow:

Figure 34: Performance Audit Committee Evaluation Process Flow



Steps in this process involve:

- Performance Audit Committee (PAC) reviews the quarterly SDBIP performance reports submitted
- The Committee evaluates the measures instituted by management, or lack thereof
- The Committee establishes whether the resource available have been employed in the most economical, efficient and effective manner
- The Committee presents an audit report on its findings to Council at least twice a year
- The Committee facilitates consideration of the AR in its entirety and advises Council accordingly.

5.2 POLITICAL OVERSIGHT

The separation of roles between the Council and Administration is intended to strengthen the oversight function of Councillors. The Mayor provides the link between the Council and Administration and is responsible for regular monitoring and for tabling reports before the Council. The MFMA further assumes a separation between Councillors serving on the EXCO and Non-Executive Councillors. This separation is vital to ensure Council maintains oversight for the performance of specific responsibilities and delegated powers to the EXCO with regards to the fact that no member of the EXCO may be members of the Municipal Public Accounts Committee (MPAC) or Audit Committee.

5.2.1 Municipal Public Accounts Committee (MPAC) Evaluations

The Guideline for Establishment of Municipal Public Accounts committees (MPAC) ⁴¹ is established to strengthen the oversight arrangements in municipalities. The MPAC is established in terms of Section 79 of the Municipal Structures Act and performs an oversight function on behalf of council. The Auditor General is to take responsibility for auditing

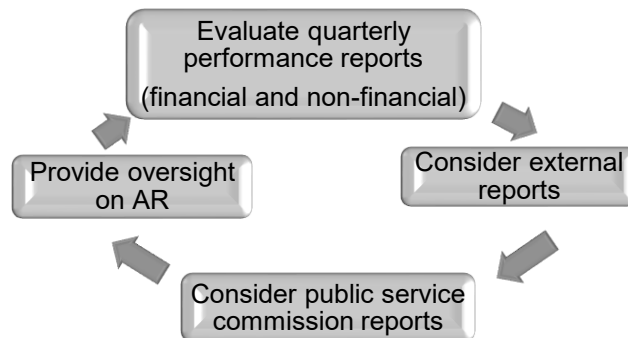
generated reports and the Executive committee(EXCO) should use these reports to suggest corrective actions to meet strategic targets and objectives.

Table 40: MPAC Evaluation Roles

What	How	Who	When	Output/Comment
Evaluate quarterly and annual performance reports, the financial statements and audit reports of the municipality and municipal entities	<ul style="list-style-type: none"> ● Assist in the evaluation of the quarterly performance reports by way of comment with respect to the achievement of the set strategies, as approved by Council; ● Consider any reports issued by external stakeholders that play key roles in monitoring and evaluating the service delivery performance of Government; ● MPAC considers any reports from the Public Service Commission on the extent to which Senior Managers have implemented Performance Management Systems; ● Consider improvements from previous statements and reports and evaluate the extent to which the PAC and the Auditor General’s recommendations have been implemented and submit specific recommendations thereof to the Oversight Committee. 	MPAC	At least quarterly in accordance with Internal Auditing Schedule	Quarterly Evaluation Reports; The MPAC draft and submit the comments on the Annual Report to Council for consideration and adoption of the Oversight Report as stipulated within Section 129 of the MFMA.

The process flow is as per the diagram below:

Figure 35: MPAC Evaluation Process Flow



5.3 AUDITOR GENERAL EVALUATION

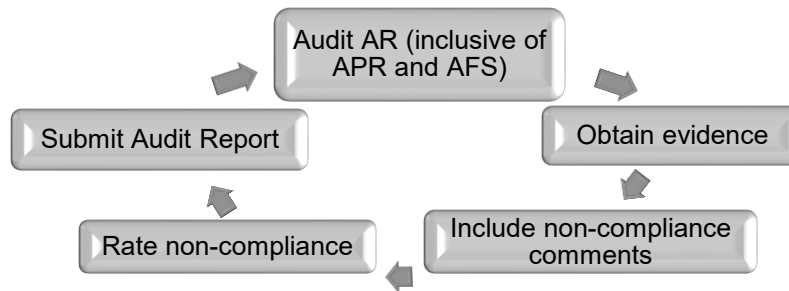
The Auditor-General is a state institution established by legislation, entrenched in the Constitution. As such, the Auditor-General is independent, subject only to the Constitution and the law. The Auditor General is accountable to the National Assembly.

Table 41: Auditor General Evaluation Role

What	How	Who	When	Output/ Comment
Audit APR and AFS	Audits and reports on the accounts, financial statements and financial management of the municipality	AG	Annually	AG Report
Obtain evidence	Obtaining evidence about the performance information and related systems, processes and procedures. The procedures selected depend on their judgment			
Non-compliance comments	Elaboration on non-compliance with any applicable legislation relating to performance management and other related matters			
Rate non-compliance	Classifies non-compliance at various levels of severity			
Submit Audit Report	Submits an audit report to the municipality based on its findings related to the review of performance information; Submits the audit report to any legislature that has a direct interest in the audit and any other authority prescribed by national legislation.			

The following diagram illustrates the process flow:

Figure 36: AG Evaluation Process Flow



5.4 Performance Agreements.

- (1) A supervisor and staff member must enter into a performance agreement for each performance cycle of the municipality.
- (2) The performance agreement of a-
 - (a) Serving staff member must be concluded within 30 days of the commencement of the new financial year of the municipality; and
 - (b) Of a newly appointed Staff member must be concluded within 60 days of-
 - (i) His or her appointment after probation as from 1 July of the new financial year;
 - (ii) His or her transfer of promotion of a new post; or
 - (iii) His or her return from prolonged leave that is more than three months.
- (3) It at any time during the performance cycle, the responsibilities of the staff members change to the extent that the performance plan in the performance agreement is no longer appropriate, the parties must revise the performance agreement.
- (4) The performance agreement may not diminish the obligation and duties of a staff member in terms of the staff member's employment contract, or any applicable regulations or municipal policy.
- (5) The performance of agreement must include a performance plan that contains-
 - (a) The name, job title and the department of the staff member.
 - (b) The objectives or targets
 - (c) KPA's, their weightings and the target date of the meeting of the KPA.
 - (d) The KPI's and the performance standard for each KPI
 - (e) The name and definition of the job specific competencies, their weightings and the expected level of capability for each competency.
 - (f) A personal development plan prepared in compliance with regulations 51 and
 - (g) The process of monitoring and assessing performance, including the planned dates of assessment.

5.5 INDIVIDUAL PERFORMANCE EVALUATION AND REWARD FOR SENIOR MANAGERS

The aim of individual performance evaluation is to evaluate the actual performance of an individual against set objective criteria of the job requirements. The outcome of evaluation is to assess whether the individual has performed at the required level of performance and what developmental or intervention programmes is required.

For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established -

- Executive Mayor
- Chairperson of the performance audit committee
- Member of the EXCO
- Mayor and/or municipal manager from another municipality
- Member of a ward committee as nominated by the Executive Mayor

For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager, an evaluation panel must be established by the Municipal Manager. The panel consists of the following persons:

- Municipal Manager
- Chairperson of the Audit Committee
- Member of the EXCO
- Municipal Manager from another municipality

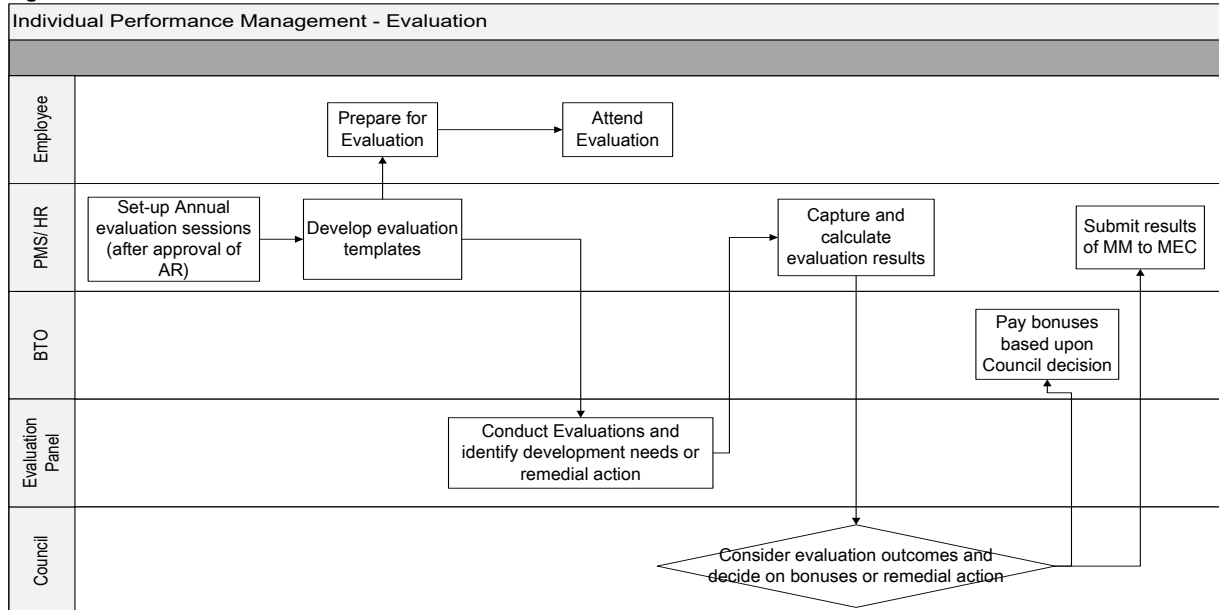
In terms of a performance bonus, Section 32 of Regulation 805 states that a performance bonus rating from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. The percentage of bonus to be paid should be determined on the overall rating, calculated by using the assessment-rating calculator. The individual performance evaluation process can be displayed as follows:

- Director and employee sets out a performance plan
- Parties identify personal growth and development
- Parties agree on a personal development plan
- Employer agrees upon setting an environment for the employee to achieve outcomes of the personal development plan within reason
- Director sets out a collaborative plan to work with employee to solve problems and generate solutions
- Employee agrees to meet the performance objectives and targets
- In cases of unacceptable performance the manager sets out a remedial programme to support the employee to improve his/her performance
- Annually, after the Annual Report has been adopted by Council, Annual Evaluation panels meet to finally evaluate the performance of employees, by providing average scores per Key Performance Areas (KPA's) and Core Competency Requirements (CCRs) as per the outcome of individual assessments

- Evaluation panels make recommendations for payment of performance bonuses in the event of outstanding performance and in the case of consistent under performance, recommendations for remedial action
- Personal development plan is reviewed at appraisal meetings
- Evaluation panels make recommendations
- Council consider payment of bonuses
- Performance bonuses are paid as per Council decision

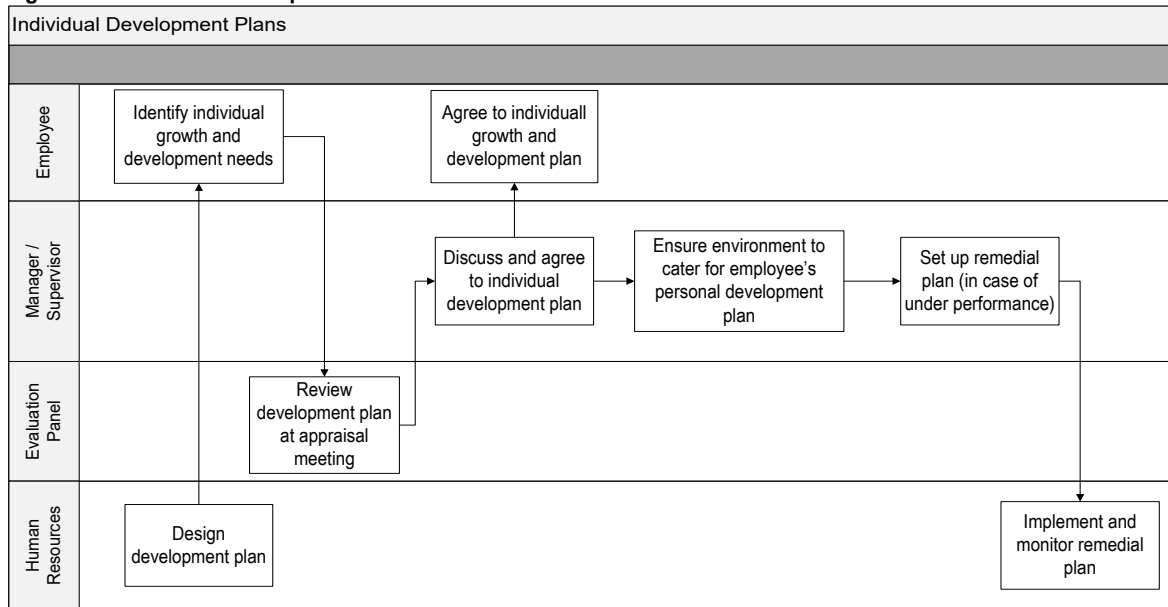
The following figure provides a diagrammatic display of the evaluation steps:

Figure 37: Individual Performance Evaluation



The following figure provides a diagrammatic display of the development plans:

Figure 38: Individual Development Plans



5.6 INDIVIDUAL PERFORMANCE EVALUATION AND REWARD FOR STAFF MEMBERS BELOW SECTION 57

Individual performance is closely linked to organisational performance. During the assessment step, the actual performance of individuals must be determined and be judged against the planned performance as well as other standards that have been set in advance for an individual. As per the requirements of Municipal Staff Regulation, assessment should be conducted during the following intervals:

- First quarter: July – September (informal)
- Second quarter: October – December (formal)
- Third quarter: January – March (informal)
- Fourth quarter: April – June (formal)

Supervisors will conduct performance assessments on quarterly basis taking into account that for first and third quarter assessments are informal. The first quarter informal performance assessment will take place during October and November month and be concluded by end of November. Third quarter informal performance assessments will take place during April and May month and be concluded by end of May. The second quarter (mid-year) assessments and annual assessments will be formal where portfolio of evidence need to accompany the performance. Mid-year performance assessments will take place during January and February months and be concluded by End of February. Annual performance assessments will be conducted during August and September month and be concluded by End of September. The last date of assessments is inclusive of Moderation committee's reports (both departmental

and municipal) Supervisors will inform their subordinates of the date, venue and time of the assessments.

The annual performance evaluation must involve an assessment of the extent to which staff member achieved the performance objectives and targets as outlined in the performance plan. It also determines a performance rating for the performance cycle. The evaluation of the performance of the staff member must be conducted by that staff member's supervisor or his or her delegate. The staff member assessed must provide the supervisor with a portfolio of evidence relating to his or her KPA for the entire performance cycle. The maintenance and provision of the portfolio of evidence to support the decision on the final score is the responsibility of the staff member.

There are other categories which may be exempted from maintaining portfolio of evidence based on the nature of job they are performing. The supervisor must keep a record of all assessment meetings. Personal growth and career development needs identified during any performance review or assessment, together with the actions and timeframes agreed to, must be recorded in the staff member's personal development plan. Once the annual performance evaluation has been concluded, the performance assessment reports and outcomes must be subjected to departmental moderation process.

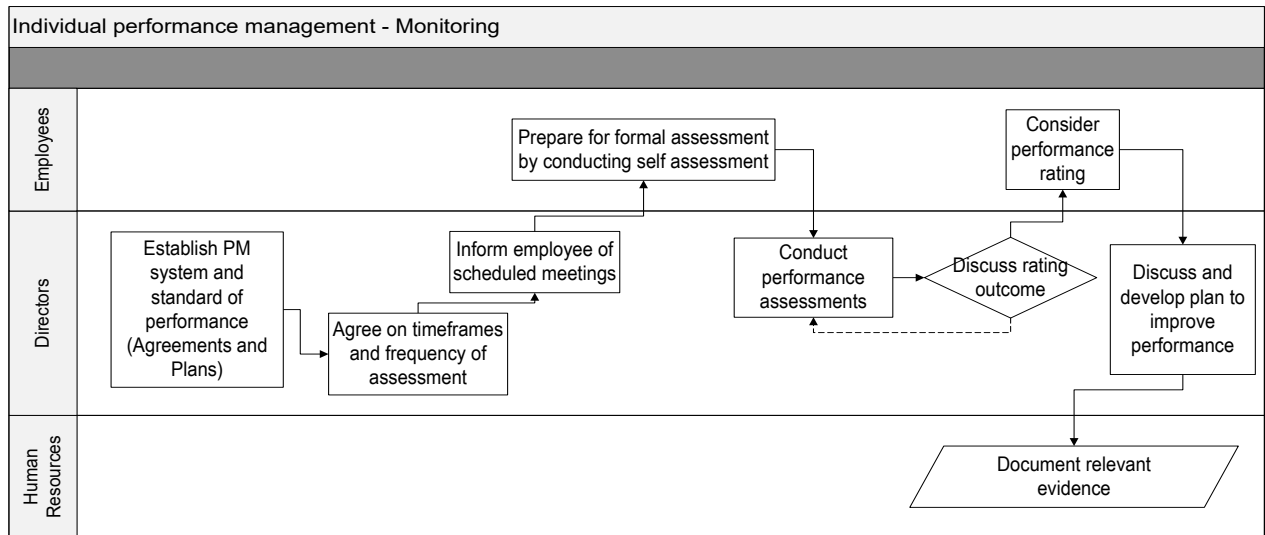
Steps in this process include the following:

- Employee and supervisor discuss and agree upon the standard of performance in terms of the outputs/outcomes aligned to department and municipal objectives
- Parties agree on a frequency to conduct formal assessment
- Supervisor informs employee of date and venue of meeting
- Supervisor prepares a rating of employee's performance against key performance indicators agreed to
- Employee prepares for formal assessment by rating him/herself against the agreed key performance indicator
- Parties meet to conduct a formal performance assessment
- Parties agree upon a final employee rating
- Parties discuss and review employee development plans
- Parties agree on the date and venue of the next meeting
- Supervisor forwards the performance assessment reports and outcome to Senior manager to be subjected to departmental moderation processes.

The process of individual performance monitoring is diagrammatically displayed below:

5.7 Individual Assessment

Figure 39: Individual Performance Assessment Process Flow



The formula will result in a score of 1-5 based on the following sliding scale:

PERFORMANCE APPRAISAL OF KPAS AND CCRS				
LEVEL	DESCRIPTION	RATING	TOTAL ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 5: Outstanding Performance	Performance far exceeds the standard expected for the job in all areas of the manager. The manager has achieved exceptional results against all performance criteria and indicators specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.	5	150% and above 150-153.4 153.5-156.8 156.9-160.2 160.2-163.6 163.6-166	10-14% 10% 11% 12% 13% 14%

PERFORMANCE APPRAISAL OF KPAS AND CCRS				
LEVEL	DESCRIPTION	RATING	TOTAL ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 4: Performance significantly above expectations	Performance is significantly higher than the standard expected for the job in all areas. The manager has achieved above fully effective results against more than half of the performance criteria and indicators specified in the Performance Plan and fully achieved all others throughout the year.	4	130%-149% 130-133.8 133.9-137.6 137.7-141.4 141.5-145.2 145.3-149	5-9% 5% 6% 7% 8% 9%
Level 3: Fully effective	Performance fully meets the standard expected for the job in all areas. The manager has achieved effective results against all significant performance criteria and indicators specified in the Performance Plan and may have achieved results significantly above expectations in one or two less significant areas throughout the year.	3	100-129%	No bonus
Level 2: Performance not fully satisfactory	Performance is below the standard required for the job in key areas. The manager has achieved adequate results against many key performance criteria and indicators specified in the Performance Plan but did not fully achieved adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.	2	67-99%	No bonus

PERFORMANCE APPRAISAL OF KPAS AND CCRS				
LEVEL	DESCRIPTION	RATING	TOTAL ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 1: Unacceptable performance	Performance does not meet the standard required for the job. The manager has not met one or more fundamental requirements and/or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The manager has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement.	1	0-66%	No bonus

Level 1: less than 30: unacceptable performance

Level 2: 31-50: performance not fully effective

Level 3: 51-64 : fully effective

Level 4: 65-74 : performance significantly above expectations

Level 5 : 75-100 Outstanding performance

5.8 Performance Moderation

5.8.1 Departmental moderation committee

Municipal Manager will establish departmental performance moderation committee, which must convene annually. Performance moderation processes must take place within a reasonable timeframe after the end of the performance cycle, but not later than six months after the end of financial year. The timeframes will be as stipulated above on page 106

The performance moderation committee shall be constituted as follows:

- (a) the relevant head of department, who act as chairperson in the committee

- (b) all managers directly accountable to the heads of department, who must be recused from the committee before their assessments are considered by the committee
- (c) a Senior PMS functionary who will advise, guide and provide support, including arrangements for secretariat services

The committee will perform their duties as outlined in Municipal staff regulation. Once the moderation committee has concluded, the committee will recommend the moderated performance scores for all staff members to municipal moderation committee for approval.

5.8.2 Municipal Performance Moderation Committee

Municipal council will establish a moderation committee, which must be convened annually. The moderation committee shall be constituted as follows:

- (a) Municipal manager, who must act as the chairperson of the committee.
- (b) All heads of department
- (c) Head of municipal planning and organisational performance
- (d) Head of municipal internal audit
- (e) A senior PMS functionary to guide, advise and provide support including arrangements for secretariat services.
- (f) A performance specialists, where applicable.

Appointment of moderation committee members will be as per the regulation.

The committee will perform their duties as outlined in Municipal Staff Regulation.

6. performance rewards

1. performance rewards are based on municipality's affordability and it may be financial or various forms of recognition (none financial) Performance rewards is at the discretion of the municipality and may be awarded to the following staff members:
 - (i) a staff member who has served the full assessment period of 12 months on 30 June of each financial year of a municipality.
 - (ii) transferred or seconded horizontally during a performance cycle within the municipality
 - (iii) Who is on uninterrupted approved leave for 3 months or longer.
 - (iv) Who is on approved maternity leave for more than 3 months
 - (v) Who received a performance rating of performance significantly above expectations or outstanding performance (level 4 and 5) during a performance cycle after moderation of performance results.

Performance rewards may not be awarded to the following staff members:

- (i) staff member appointed after 1 July of that performance cycle.
- (ii) Who is serving probation.
- (iii) Whose performance period is less than 12 months
- (iv) Whose employment is for a fixed term duration of less than 12 months

- (v) Whose post was upgraded without a change in performance agreement.
- 2. Municipality may not spend more than 1.5% of its annual salary and wage bill for staff performance rewards. In case where performance rewards exceed 1.5% of annual salary bill, Municipality may opt for an affordable way of rewarding employees. The affordable way will be determined by municipal council based on Municipal financial situation.
- 3. Performance rewards will only be paid to employees whose performance is significantly above expectation and have achieved at least two key performance indicators with performance significantly above expectation (level 4).

6.1 DISPUTES ABOUT PERFORMANCE AGREEMENTS AND ASSESSMENTS.

- 4. Any dispute about performance objectives or targets must be mediated by the relevant head of department or directorate of the staff member to whom this function is delegated. If the dispute is not resolved to the staff member's satisfaction, the staff member may lodge a grievance in terms of the applicable procedures.
- 5. Any dispute relating to the conclusion of the performance agreement or an amendment to the performance agreement, must be referred to the head of relevant department or directorate not later than five days of lodging the grievance in terms of the applicable procedures.
- 6. A dispute contemplated in sub-regulation (2) must be resolved within one month of receipt of the dispute by the head of department after-
 - (a) Considering the representation from the staff member concerned and his or her supervisor and
 - (b) Consultation with the head of human resources.
- 7. A staff member who is not satisfied with the outcome of the procedure in sub-regulation (3), may lodge a dispute in terms of the dispute resolution mechanism of the bargaining council.

5. CONCLUSION

Performance management is an uninterrupted, ongoing and continuous process. It attempts to improve existing processes and action with the strategic goals to enhance the lives of the community it serves. In an ever growing and dynamic country where diversity, development and respectful behaviour is constitutional, effective performance management will ensure capable individuals providing essential services to grateful communities who are part of decision making processes.

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
AG	Auditor General
APP	Annual Performance Plan
APR	Annual Performance Report
AR	Annual Report
BTO	Budget and Treasury Office
CCRs	Core Competency Requirements
CFO	Chief Financial Officer
COGHSTA	Department of Cooperative Governance, Human Settlement and Traditional Affairs
DPLG	Department of Provincial and Local Government
EXCO	Executive Committee
GKPIs	General Key Performance Indicators
HR	Human Resources
ICT	Information and Communication Technology
IGR	Intergovernmental Relations
IDP	Integrated Development Plan
KFA	Key Focus Area
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MBRR	Municipal Budgeting and Reporting Regulations
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MEC	Member of Executive Committee
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
QTR	Quarter / Quarterly
PAC	Performance Audit Committee
PDP	Personal Development Plan
PP	Performance Plan
PPU	Public Participation Unit
PM	Performance Management
PMS	Performance Management System
PMU	Performance Management Unit
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SMART	Specific, Measurable, Achievable, Realistic, Time-bound
SO	Strategic Objective
SWOT	Strengths, Weaknesses, Opportunities, Threats

GLOSSARY

Activity-Based Costing	A business practice in which costs are tagged and accounted in detailed activity categories, so that return on investment and improvement effectiveness can be evaluated. Implementing ABC requires proper data structures, and an adequate data reporting and collection system involving all employees in the activity.
Activity-Based Management	The use of ABC data to ascertain the efficiency or profitability of business units, and the use of strategic initiatives and operational changes in an effort to optimise financial performance.
Annual IDP and Performance Management Review	A specific process legally required of municipalities is to review the achievements of the implementation of the IDP [performance management system] and to make any necessary changes to the IDP plan and feed into the budget for the following financial year.
Assessment	The measurement of data by means of a scoring process to assess if targets were reached.
Assessment Reporting	The Municipal Manager as the head of the administration to compile an executive strategic report that captures the assessment scores of the Section 57 Managers to the EXCO and Council to determine the bonus to be paid to the Section 57 Managers
Auditing	In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports will be audited. Audits should ensure that reported performance information is accurate, valid and reliable.
Balanced Scorecard	A measurement-based strategic management system ⁴² , originated by Robert Kaplan and David Norton, which provides a method of aligning business activities to the strategy, and monitoring performance of strategies goals over time.
Baseline Information	Data on the current process that provides the metrics against which to compare improvements and to use in benchmarking. Estimate current level or measure of the situation
Baseline Indicators	These are indicators that show the status quo or the current situation. They may indicate the level of poverty, service, infrastructure and so forth. They are usually utilised in the planning phase to indicate the challenges the organisation is faced with. They are important, since organisations use them to assess whether programmes are indeed changing the situation. Baseline indicators are typically used for reporting purposes and no targets or scores are attached to them. An example will be the number of indigent households.

⁴² Institute for Performance Management. 2009. *Using a Balanced Scorecard within the South African Municipal Environment*. Midrand: IPM.

	These baseline indicators are typical used when reporting to DPLG on the status quo of municipalities.
Benchmark	Used as a comparison against actual performance, "Benchmark" typically represents an industry average of performance for a given Metric.
Best	Used as a comparison against actual performance, "Best" typically represents the absolute best possible performance imaginable for a given Metric. In some instances, it may be used to represent the target performance.
Budget/Budget Estimate	Current budget as allocated on the IDP for a specific objective
Capacity Building	Efforts aimed to develop human skills or societal infrastructures within a community or organisation needed to reduce the level of risk.
Critical Success Factors	Key areas of activity in which favourable results are necessary for a company to reach its goal.
Composite Indicator	Combined sets of different indicators into one index by developing a mathematical relationship between them.
Developmental Approach	The performance management system should encourage growth and learning as opposed to punitive measures.
Effectiveness	(a) Degree to which an activity or initiative is successful in achieving a specified goal; (b) degree to which activities of a unit achieve the unit's mission of goal.
Efficiency	(a) Degree of capability or productivity of a process, such as the number of cases closed per year; (b) tasks accomplished per unit cost.
Evaluation	Evaluation involves interpretation of data with a view to improvement, as well as the comparison of actual project impacts against the agreed strategic plans. It can be formative (taking place during the life of a project or organisation, with the intention of improving the strategy or way of functioning of the project or organisation). It can also be summative (drawing learning's from a completed project or an organisation that is no longer functioning). For Municipalities, Formative Evaluation is through the use of Portfolio Committees and Performance Audit Committee and Summative Evaluation is through the Oversight Committee. Evaluation takes place half-yearly and annually.
Financial Perspective	Directors must focus on how to meet service delivery needs in an economic, efficient and effective manner. They must answer the question: Is the service delivered at a good price?
Goal	A specific intended result of a strategy; used interchangeably with objective.
Implementation	Ongoing development of a performance management system requires regular implementation of new measures to improve the system. Implementation also refers to the annual implementation of the reviewed IDP and the regular steps of monitoring, reporting, evaluation and review.
Indicator	A simple metric that is intended to be easy to measure. Its intent is to obtain general information about performance trends by means of surveys, telephone interviews, and the like.

Initiative	A project related to an objective which, if successfully completed, will assist in achieving the Objective.
Internal Processes Perspective	Directors need to focus on those critical operations that enable them to satisfy the electorate, citizens and community. Directors must answer the question: Can the Municipality improve upon a service by changing the way a service is delivered?
Individual management	Refers to the management of the performance of individuals in the organisation in terms of their individual performance contracts/key result documents and the contribution they are expected to make towards the collective achievement of organisational objectives. The employee performance management system is an important element of the organisational performance management system.
Input Indicator	Resource consumed in business activities and processes, such as money, labour, time, equipment, etc - measures economy and efficiency.
Information Management Systems	The organisation information from various sources that is used in immediate management and in longer term assessment planning and changes to the management of implementation.
Individual Assessment	The measurement of data by means of a scoring process to assess if targets were reached. For individuals, 2 formal and 2 informal assessments need to take place annually. The formal individual assessment is by means of a panel scoring the performance of the individual. Informal individual assessment takes place between the employee and the superior.
IDP Strategy	A report will be generated on how well the municipality is doing in terms of the IDP strategy.
Key Performance Indicators (KPI)	A sort list of metrics that an organisation's managers have identified as the most important variables reflecting vision / mission success or organisational performance.
Key Success Factors (KSF)	The three to five broad areas on which an organisation must focus in order to achieve its vision. They may be major weaknesses that must be fixed before other goals can be achieved. They are not as specific as strategies. Sometimes called critical success factors (Mark Graham Brown, Winning Score)
Key Performance Areas	A grouping of metrics of performance success of a process or management system.
Learning and Growth (Employee Development) Perspective	An organisation's ability to improve and meet community demands ties directly to the employees' ability to meet those demands. Directors must answer the question: Is the municipality maintaining technology and employee training for continuous improvement?
Logic Model	A generic model of any business process, which breaks it down into inputs, activities (or processes), outputs, and outcomes (or results)

Metric	A performance indicator used to determine success or failure. Each Objective must have a Metric(s) which will indicate progress towards achieving the desired goal.
Measurable	Ensuring that the tracking of the progress of a measure or activity is through data that is accessible and available with the least possible effort.
Monitoring	The process of data gathering and data management.
Measurement source and frequency	Source and frequency of where data will be gathered for monitoring performance at the organisational level
Objective	An aim or intended result of a strategy.
Outcome	A description of the intended result, effect, or consequence that will occur from carrying out a program or activity. A long-term, ultimate measure of success or strategic effectiveness. Results that are desired by producing outputs; accomplishments - measures quality as well as impact (according to SA legislation)
Output	A description of the level of activity or effort that will be produced or provided over a period of time or by a specific date, including a description of the characteristics and attributes (e.g., timelines) established as standards in the course of conducting the activity or effort. A tactical or short-term quality of efficiency indicator for a business process.
Output Indicators	These are the indicators that measure whether a set of activities or processes yield the desired products. They are essentially effectiveness indicators. They are usually expressed in quantitative terms (i.e. number of or % of). An example would be the number of households connected to electricity as a result of the municipality's electrification programme. The output indicators relate to programme activities or processes.
Outcome Indicators	These are the indicators that measure the quality as well as the impact of the products in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. Examples of quality indicators include an assessment of whether the service provided to households complies with the applicable standards or percentage of complaints by the community. In terms of impact, they measure the net effect of the products/services on the overall objective. An example would be percentage reduction in the number of houses destroyed by fire due to the switch from other sources of energy, as a result of the electrification programme. Outcome indicators relate to programme objectives
Owner	A user who is responsible (i.e., accountable) for a particular scorecard component, such as a metric, objective, initiative, or task.
Performance Based Budgeting	Performance Based budgeting relates value to impacts. Increasing ratio's reflecting improvements in the amount of value received per unit of impact (productivity / efficiency ratio's) – a declining intensity ratio reflects a positive performance improvement. Input / output ratio's (e.g. process yields) leads to sustainability performance.

<p>Performance management</p>	<p>Performance Management is a management approach that provides strategic direction for managers and politicians to manage performance within the organisation. During this process, municipalities continuously seek to improve their functioning and accountability.</p> <p>Van der Walt (2004:34)⁴³ explains that performance is about the efficiency relationship between inputs and outputs; the reduction of inputs or the cost of inputs; the following of due processes and equity; and the relationship among inputs, outputs and outcomes.</p> <p>Craythorne (2006:120)⁴⁴ states that performance management is most commonly thought of as a technique applied to the performance of staff. While that is true, performance management is also a powerful tool that can be applied to the performance of an organisation.</p> <p>Venter, et. al. (2007:111)⁴⁵ describes performance management as a multidimensional construct, the measurement of which varies depending on a variety of factors that compromise it. It is the outcomes of work because it provides the strongest linkage to the strategic goals of the institution, customer satisfaction and economic contributions.</p> <p>Marr (2009:1)⁴⁶ states that in principle performance management are very simple: You first need to agree and clarify on what matters in your organisation, then collect the right management information to understand whether you are delivering according to your plans and lastly gain insight from the information, which in turn will help you deliver better performance going forward.</p>
<p>Performance against target</p>	<p>Quantifiable level that indicates how the current quantifiable measure compares with the set quantifiable targets for the period.</p>
<p>Politically driven</p>	<p>The Municipal Systems Act assigns the responsibility for the adoption of the performance management system with the Council and the accountability for the implementation and management thereof, with the EXCO.</p>
<p>Planned</p>	<p>Used as a comparison against actual performance, "Planned" typically represents the desired performance target for a given Metric. In some cases, the Planned performance may actually be set to equal the Best performance</p>
<p>Precise and adequate</p>	<p>Information contained in the performance management system should cover all performance aspects and include any ambiguous information. It should, furthermore, be aimed at efforts to improve quality. Quantity, efficiency, effectiveness as well as cost effectiveness and the impact the system intends to measure.</p>
<p>Programmes</p>	<p>Programmes are groups of related key performance indicators or projects.</p>

Perspective	According to the Norton/Kaplan balanced scorecard model, one of four views of the business - Financial, Customer, Internal or Learning & Growth.
Public Feedback and Hearings	Public feedback on reported performance will be obtained through ongoing awareness performance reporting programmes, where feedback will be gathered in the most suitable form. The public will also be encouraged to provide feedback by calling in to the municipality and using feedback boxes. Public hearings will be held every mid-term and during the annual IDP review to report to communities on municipal performance.
Projects	A project is a finite endeavour—a unique class or service which brings about beneficial change or added value.
Performance Measures	Quantifiable and qualitative measures showing where performance currently is in relation to the baseline and target.
Project Management	This is the daily implementation of the management approach of the Municipality’s internal resources and external linkages to ensure that the appropriate delivery happens in the most efficient way. In managing the daily implementation it provides crucial management information for organisational performance management. In turn it is given improved feedback from the organisational management process of the Municipality.
Review	Review is the last step in the Implementation of the performance management system. The review of the implementation phase essentially consists of two actions that take place at different times of the municipal financial year. The first is the review of the IDP, SDBIP and budget runs concurrently with the financial year planning cycle.
Role player	A person with specifically assigned tasks or functions within a programme, project or process. It may also be a person who assumes or act out a particular role within a specific framework.
Reporting	Collates information into intelligence and represents consolidation into reports.
SDBIP	Service delivery and budget implementation plan
Stakeholders	Those groups and organisations having an interest or stake in an organisation. Specific people or groups who have a stake or an interest in the outcome of an action. Normally stakeholders are from within an organisation and could include internal clients, management, employees, administrators, etc
Strategic Objective	The aim of the municipality within the defined priority issue and KPA as related to the specific service to be delivered.
Strategic Plan	A document used by an organisation to align its organisation and budget structure with organisational priorities, missions and objectives. According to requirements of Government Performance and Results Act (1993), a strategic plan should include a mission statement, a description of the agency’s long-term goals and objectives, and strategies or means the agency plans to use to achieve these general goals and objectives. The strategic plan may also identify external factors that could affect the achievement of long-term goals.

Strategic Themes	The general strategy broken down into categories that focuses on different perspectives of the company that can lead to overall success, such as customer satisfaction, reduced cost, employee growth, etc. Usually general and not quantified.
Strategy	(1) Hypotheses that propose the directions a company or agency should go to fulfil its vision and maximise the possibility of its future success. (2) Unique and sustainable ways by which organisations create value. Answers the question, "Are we doing the right things?"
Strategy Map	A 2-dimensional visual tool for designing strategies and identifying strategic goals. It usually shows the four perspectives of the balanced scorecard in four layers, with learning & growth at the bottom, followed by business processes, customer satisfaction, and financial results (or mission value in the case of nonprofits). Activities to achieve strategic goals are mapped as "bubbles" linked by cause-effect arrows that are assumed to occur. Sometimes called "strategic map".
Target	A quantitative measurement of a performance metric that is to be achieved by a given time. Both metric and the schedule need to be specified for targets. A stretch target is the same thing, but its quantitative value is much higher, demanding breakthrough performance to achieve.
Target date or period	Period in which service will be delivered.
Task	An activity which is a component of an Initiative. One or several Tasks comprise an Initiative.
Transparent	The performance management system needs to be open and transparent in ensuring accountability and credibility at all levels, including the public.
The five Key Performance Areas	These will be according to the broad mandate of local government in terms of specific programmes, programme objectives, KPIs, institutional projects and activities.
Vote	a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different Senior Managers or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the Senior Managers or functional areas concerned ⁴⁷ .
Weighting	An indicator of the relative importance of a Metric with respect to the other Metrics within the same Objective.

⁴⁷ National Treasury. 2003. *MFMA Circular No. 12. Definition of Vote in MFMA*. Available at: <http://mfma.treasury.gov.za/Circulars/Pages/Circular12> [Accessed: 19 November 2012].

ANNEXURE A: PROPOSED ANNUAL CALENDAR

The proposed annual calendar follows in the table below:

	Week 1	Week 2	Week 3	Week 4
July				
Community planning	Facilitate cluster planning in each cluster (IDP to facilitate. BTO to co-facilitate).	Facilitate cluster planning in each cluster (IDP to facilitate. Finance to co-facilitate). Speaker's Office & PPU - Arrange logistics for community planning workshops. Invitations sent to Ward Councillors and other interested stakeholders	Facilitate cluster planning in each cluster (IDP to facilitate. Finance to co-facilitate).	
Reporting	Monthly Budget Statement	CFO submits budget statement to Mayor	CFO submit monthly budget statement to EXCO	
	Submit monthly report data to PMS	PMS submits monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Annual report	Submission by Senior Managers of required 4 th Quarter performance information as per guidelines communicated by Municipal Manager. PMS obtains chapter one components from the office of the Mayor and Municipal Manager. Senior Managers compile relevant components of the AR template and submit to PMS.	PMS Validates reported data against received PoEs. Refer back to Director in the event of inconsistency between reported data and supporting documentation. BTO prepare the annual financial statements.	Consolidation of the 4 th Quarter report (annual performance report). BTO prepare the annual financial statements.	Senior Managers considers audited 4 th quarter report (annual performance report). Internal audit drafts internal audit report on the 4 th quarter performance data and submits report to Management and Audit Committee. BTO prepare the annual financial statements.

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	Week 1	Week 2	Week 3	Week 4
	<p>BTO prepare the annual financial statements.</p> <p>PMS Obtains chapter one components from the offices of the Mayor and Municipal Manager.</p> <p>Divisional Managers and Directors compile relevant components of the AR template and submit to PMS</p>			
Finalisation of the SDBIP			<p>Submit approved SDBIP to MEC for local government and national and provincial treasuries.</p> <p>Develop and print community friendly copies of approved SDBIP</p>	<p>Table final approved SDBIP to Council for notification.</p> <p>Up-load approved SDBIP on Municipality web-site.</p>
Planning	<p>Establish a relevant budget/IDP planning forum.</p>			
Community planning		<p>Speaker's Office & PPU - Arrange logistics for community planning workshops.</p> <p>Invitations sent to Ward Councillors and other interested stakeholders for both ward committee meetings and Representative Forum meetings</p>		<p>PPU & IDP - Speaker's office, Corporate Services and other Senior Managers are provided with information in preparation of ward meetings</p>
August				
Community planning	<p>IDP, PPU & BTO - Brief Ward committees with regards the planning workshops.</p>			

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	Week 1	Week 2	Week 3	Week 4
Strategic planning			Logistics and preparation for the strategic planning process.	
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	
	Submit monthly report data to PMS	PMS submits monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Annual report	<p>PMS prepares a consolidated annual report (inclusive of APR and AFS)</p> <p>Audit committee considers consolidated annual report (inclusive of APR and AFS)</p>	<p>MPAC considers unaudited AR and make recommendations for changes.</p> <p>Communication edits the consolidated report and submit to PMS</p>	<p>BTO submits unaudited final AFS to PMS for inclusion in draft Annual Report.</p> <p>PMS consolidates APR and Financial Statements into AR.</p> <p>MM signs off annual performance report and financial statements inclusion in AR and for submission to Council and the Auditor General.</p>	<p>Mayor tables unaudited Annual Report to Council.</p> <p>Submission of the unaudited consolidated annual report and financial statements to Auditor General</p>
Status Quo	<p>All Senior Managers to research and identify institutional status.</p> <p>IDP - Finalise status quo report</p>	Submit Status Quo report and strategic planning framework to MM for consideration	IDP, PPU & Senior Managers- Facilitate Rep Forum workshop	Submit Status Quo report and strategic planning framework to IDP Steering Committee

September

Strategic planning		<p>Use unaudited Annual Report data as part of analysis and planning for the next year.</p> <p>Strategic planning (IDP, PMS and Finance to coordinate resources for the facilitation of strategic planning)</p>	<p>Convene strategic planning workshop to identify key municipal priorities, objectives and strategies.</p> <p>Strategic workshop to develop or review strategic goals, objectives and programmes based on community needs and strategic status quo analysis</p>	Compile strategic plan and prioritization framework and submit to MM for consideration
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	Week 1	Week 2	Week 3	Week 4
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	Quarterly report: Senior Managers start capturing quarterly performance information and gathering PoEs
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Annual report	Communication publishes unaudited Annual Report and invite public comments	Develop and submit Chapter 1 components (Mayor and Municipal Manager foreword) to PMS for incorporation into the Annual report. Communication publishes unaudited Annual Report and invite public comments Design and submission of cover design to PMS for incorporation into the Annual Report	Preparation of the consolidated annual performance report with municipal entities information Preparation of the consolidated annual financial statements	Editing of the consolidated performance report and submission to PMS Sign off and submission of consolidated performance report and financial statements to the AG

October

Strategic planning	IDP - Submit draft Strategic plan for consideration by the IDP Steering Committee			
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	CFO Submit monthly budget statement (Schedule C for previous 3 months) to Council
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	Consolidated monthly reports (for previous 3 months) submitted to Council
	Quarterly report: Senior Managers populate and submit their quarterly data on the template to PMS	Quarterly report: PMS verifies reported data against submitted PoEs, refer back to Senior Managers in case of inconsistency.	MM conducts quarterly assessments and coaching with Directors (one on one discussions and allocation of scores).	Submit quarterly performance report to Council

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	Week 1	Week 2	Week 3	Week 4
		Senior Managers correct and submit to PMS. PMS submit reports to MM for assessment	Consolidate quarterly performance report. MM submits outcome of assessments to HR for record keeping and to PMS for consolidation for purposes of Annual Evaluations	
Develop SDBIP and project prioritisation for next financial year	PMS - Disseminate Corporate planning info and guidelines to directorates. Circulate strategic plan and Directorate planning requirements to Directorates. Arrange a meeting with all directorate planners			Directorate planning for next financial year. Service Delivery and Budget Implementation Plans are produced per directorate as per guidelines provided. Senior Managers are coached to produce the plans (Directorates, PMS to coach Directorates)
Annual report		PMS compiles all chapters of the annual report not yet completed (excluding AG report, audited financial statements and internal audit report). Communication edits annual report. Municipal Manager considers draft annual report		PMS amends Annual Report if necessary (excluding chapters already submitted to AG in August) MM receives the Management letter from the AG. Final response to the Management letter of the AG.
November				
Finalise the draft pre-consultation MTREF and IDP	Capturing of Personnel Cost Plan. (CFO & Directors) – To Start	Capturing of Personnel Cost Plan. (CFO & Directors)	Capturing of Personnel Cost Plan. (CFO & Directors). BTO - Analyse operational costs (refer NT circular guidelines) and forecasted project requirements	

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	Week 1	Week 2	Week 3	Week 4
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Annual report				<p>Receive the Auditor General's audit report.</p> <p>Internal Audit submits AG report (Within one day of receipt of report from AG) and audited financial statements (in word format) to PMS for inclusion into the Annual Report</p>
Develop SDBIP and project prioritisation for next financial year	PMS to compare directorate targets and priorities to inputs and consolidate			
December				
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	Quarterly report: Senior Managers start capturing quarterly performance information and gathering PoEs
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Annual report	<p>Senior Managers develop action plan in response to AG audit report.</p> <p>PMS consolidates draft AR inclusive of:</p> <ul style="list-style-type: none"> ● APR ● Audited AFS ● Audit report ● Action plan. <p>Internal Audit submits AG report and action plan to Audit Committee.</p>	<p>Internal Audit submits audit committee report to Corporate Services for inclusion in Council Agenda.</p> <p>Mayor tables audited Annual Report and financial statements to Council.</p> <p>PMS submits final draft AR to MPAC.</p> <p>Audited Annual Report is made public immediately after it</p>	<p>PMS receive comments on the AR from the communities.</p> <p>MPAC considers AR and makes recommendation to Council regarding the Oversight report statements.</p>	<p>Council considers MPAC and Audit Committee recommendations and resolves on the oversight statements.</p> <p>Oversight report is made public immediately after adoption by Council. Oversight report is submitted to Legislators, Treasuries and COGHSTA</p>

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	Week 1	Week 2	Week 3	Week 4
	MM signs off final draft AR. PMS prints draft copy of AR for submission to EXCO and Council through Corporate Services.	was tabled to Council. Invite public comments. Distribute copies of AR to ward committees, customer care centres and libraries Corporate Services / PPU invite external stakeholders to council meeting to consider AR and oversight report		
Directorate Planning		Submit prioritization report to MM for consideration		
January				
Adjustment Budget and SDBIP and Mid Term report	Operational and Capital budget adjustments guidelines advised by BTO	Senior Managers Adjust Operational and Capital budgets		Senior Managers submit proposed adjusted budgets to BTO for consideration
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	CFO Submit monthly budget statement (Schedule C for previous 6 months) to Council
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	Consolidated monthly reports (for previous 3 months) submitted to Council

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	Week 1	Week 2	Week 3	Week 4
	Quarterly and mid-year report: Senior Managers populate and submit their quarterly data on the template to PMS	Quarterly report: PMS verifies reported data against submitted PoEs, refer back to Senior Managers in case of inconsistency. Senior Managers correct and submit to PMS. PMS submits reports to MM for assessment	MM conducts quarterly assessments and coaching with Directors (one on one discussions and allocation of scores). MM submits outcome of assessments to HR for record keeping and to PMS for consolidation for purposes of Annual Evaluations. Consolidate mid-year performance report in terms of S72 of MFMA. PMS submit mid-year report to MM for consideration.	MM considers mid-year report and does an assessment of the mid-year performance of the municipality and makes recommendations to Council. Internal Audit audits mid-year report and submit report to Audit Committee. Submission of Mid-Year Performance Report to Council in terms of S72 of MFMA. Council considers Mid-Year financial and non-financial Performance Report
Annual Report	Submit the Council resolutions (Oversight Report) on the Annual Report to: Auditor General, National and provincial treasuries and MEC for Local Government. Internal process to support MFMA Section 127 (5) (a)	PMS prints final approved AR	PMS develops and prints community friendly versions of AR. Upload final AR on website	
Finalise the draft pre-consultation MTREF and IDP		CFO - Review Long Term Financial Strategy	BTO, Directors & IDP - Discuss Capital funding proposals in line with consolidated project prioritisation report	
Consult community on draft IDP and MTREF	Identify and confirm venues for community consultation for zones in each cluster (Speaker's Office (SO))			
Directorate Planning				Senior Managers finalise and submit Directorate plans and budgets

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	Week 1	Week 2	Week 3	Week 4
Finalise adjustments budget and SDBIP	Directorate Adjustments Budget and adjusted SDBIP submissions for the current year – to start	Directorate Adjustments Budget and adjusted SDBIP submissions for the current year	Directorate Adjustments Budget and adjusted SDBIP submissions for the current year	Directorate Adjustments Budget and adjusted SDBIP submissions for the current year – To end
Develop SDBIP and project prioritisation for next financial year		Senior Managers- Complete registration of projects	Senior Managers- Complete registration of projects	
February				
Adjustment Budget and SDBIP and Mid Term report		EXCO considers the adjusted budget for Council approval		Submit adjusted budget to Council for approval
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	Monthly Budget Statement
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	Submit monthly report data to PMS
Annual report	Distribute copies of the Annual Report to Customer care centres, Libraries. Ward committees			PMS and Internal Audit - Assessment of lessons learned and recommendations for future. Incorporate identified risks into future plans
Consult community on Draft IDP and MTREF		Publication of Community Consultation venues (Speakers Office, Marketing and communications PMS and CFO)	PPU - Arrange newspaper adverts for meetings	
Finalise adjustments budget and SDBIP		Submit to Municipal Manager adjustment budget and SDBIP	Submission of Adjusted SDBIP and MTREF to EXCO for consideration	Council considers adjusted budget and SDBIP (EXCO)
IDP and Budget Process	Evaluate previous years process to obtain needs of stakeholders	Evaluate previous years process to		

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	Week 1	Week 2	Week 3	Week 4
Plan for next financial year		obtain needs of stakeholders		
Develop SDBIP and project prioritisation for next financial year	PMS & IDP - Prioritise projects according to an agreed process weighing system	IDP - Submit consolidated prioritisation project works plan to BTO	CFO considers consolidated prioritisation project works plan and comments	IDP - Compile Draft IDP projects
Finalise the draft pre-consultation MTREF and IDP	CFO and IDP - Consolidate all information into the draft IDP and MTREF			
March				
Adjustment Budget and SDBIP and Mid Term report	Senior Managers- Analyse impact the adjustment budget has on project budgets and non-financial targets and adjust accordingly. Submit changes to PMS. PMS consolidates information into the adjustments SDBIP		PMS & Corporate Services submit adjusted SDBIP to EXCO and Council for approval	
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	Quarterly report: Senior Managers start capturing quarterly performance information and gathering PoEs
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Adjustment Budget and SDBIP and Mid Term report				Stakeholders receive copies of adjustment budget, adjustment SDBIP and Mid-Year Performance Report
Finalise the draft pre-consultation MTREF and IDP	Consolidation of proposed Draft pre-consultation MTREF and IDP (CFO & IDP)	Portfolio Committees considers and discuss draft pre-community Consultation MTREF and IDP.	IDP/Budget/PMS Steering Committee considers draft Pre-consultation IDP and MTREF.	Council considers draft pre-Community Consultation IDP and MTREF and draft integrated planning,

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	Week 1	Week 2	Week 3	Week 4
	Submission of draft pre consultation IDP and MTREF to relevant portfolio committees	IDP and BTO compile draft integrated planning, budgeting and reporting Process Plan and submits to IDP/Budget/PMS Steering Committee.	IDP/Budget/PMS Steering Committee considers draft integrated planning, budgeting and reporting Process Plan EXCO considers draft Pre-consultation IDP and MTREF and draft integrated planning, budgeting and reporting Process Plan	budgeting and reporting Process Plan
Consult community on draft IDP and MTREF	Publication of draft IDP and MTREF consultation information.			
IDP and Budget Process Plan for next financial year	IDP - Drafts IDP process plan for the next financial year	BTO - Drafts budget schedule for the next financial year	IDP Steering Committee - Comment on draft IDP process plan and budget timeframes	
Develop SDBIP and project prioritisation for next financial year	IDP - Submit draft IDP projects to IDP Steering Committee for consideration and inputs			Table draft IDP containing projects chapter together with draft budget
April				
Adjustment Budget and SDBIP and Mid Term report	CFO and PMS - Distribute copies of approved Adjusted SDBIP and budget to external stakeholders			
Consult community on Draft IDP and MTREF	Print and distribute copies of draft IDP and MTREF for consultation	Consult communities in clusters (IDP; Finance; Directorates) – To Start Submit copy of draft pre consultation IDP	Consult communities in clusters (IDP; Finance; Directorates) – To Start Meeting with National Treasury (MM/CFO) – Date to be confirmed	Consult communities in clusters (IDP; Finance; Senior Managers– To Finish Update and amend IDP and MTREF

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	Week 1	Week 2	Week 3	Week 4
		and MTREF to MEC for Local Government Circulate draft integrated planning, budgeting and reporting Process Plan.		Closing date for written comments on IDP and Budget
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	CFO Submit monthly budget statement (for previous 3 months) to Council
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	Consolidated monthly reports (Schedule C for previous 9 months) submitted to Council
	Quarterly report: Senior Managers populate and submit their quarterly data on the template to PMS	Quarterly report: PMS verifies reported data against submitted PoEs, refer back to Senior Managers in case of inconsistency. Senior Managers correct and submit to PMS. PMS submit reports to MM for assessment	MM conducts quarterly assessments and coaching with Directors (one on one discussions and allocation of scores). Consolidate quarterly performance report. MM submits outcome of assessments to HR for record keeping and to PMS for consolidation for purposes of Annual Evaluations.	Submit quarterly performance report to Council
Planning				Senior Managers compile draft Directorate SDBIP
IDP and Budget Process Plan for next financial year	IDP and BTO - Integrate agreed IDP and budget time frames. Submit to Municipal Manager for sign off	Finance portfolio committee considers the integrated process plan	Audit Committee considers the process plan and makes recommendations to Portfolio Committees	
May				
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	Monthly Budget Statement

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	Week 1	Week 2	Week 3	Week 4
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	Submit monthly report data to PMS
IDP, MTREF adoption	IDP and CFO - According to comments received from communities and decisions taken by political leadership update and amend MTREF and IDP	IDP Steering committee considers and approve final draft IDP and budget and makes recommendations to Portfolio Committees. Portfolio committees considers final draft MTREF and IDP and make recommendations. PPU - Publish public notice of open Council meeting for approval of final IDP and Budget	EXCO considers and recommends the IDP and MTREF. Meeting with National Treasury – (EM/CFO) – Date to be confirmed. CFO and Strategic Manager assists with the drafting of the budget speech. Special Council debate	State of Municipal Address and Budget Speech (Executive Mayor). Budget speech presented by Executive Mayor. Special Council debate on the IDP and MTREF and the integrated planning. IDP and MTREF Approval
IDP and Budget Process Plan for next financial year	Circulate draft MTREF and IDP, including IDP, budget and reporting process plan to Portfolio Committees	Portfolio Committees considers the IDP and MTREF Process Plan and make recommendations to Council.	EXCO considers the process plan for next year for approval together with final IDP and budget	Council considers the process plan for approval together with final IDP and budget
June				
Finalisation of the SDBIP	Update SDBIP (Senior Managers and PMS)	Submit draft SDBIP to the Mayor		Mayor approves SDBIP
Publication of final IDP and MTREF	Print (Glossy copies) of the IDP and MTREF reports Publication of the approved reports onto the municipality website (IT)	PPU - Inform the public of the approval of the IDP and MTREF. Development and printing of community friendly versions of the IDP and MTREF /Newsletter (including translation into 4 different languages) (Communications & CFO) – To start.	Development and printing of community friendly versions of the IDP and MTREF /Newsletter (including translation into 4 different languages) (Communications & CFO) – To complete. Distribution of the IDP (including user friendly versions) to customer care centres, libraries	Print (Glossy copies) of the IDP and MTREF reports – To be completed Submit IDP, MTREF and integrated process plan to National and Provincial Treasuries and MEC for Local Government

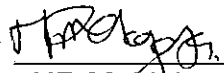
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	Week 1	Week 2	Week 3	Week 4
		IDP & CFO - Distribute approved MTREF and IDP to MEC of local government, national and provincial treasuries	and other stakeholders; Ward Committees	
Reporting	Monthly Budget Statement	CFO submit monthly budget statement to Mayor	CFO submit monthly budget statement to EXCO	Quarterly report: Senior Managers start capturing annual performance information and gathering PoEs
	Submit monthly report data to PMS	PMS submit monthly report to Municipal Manager	Consolidated monthly reports submitted to EXCO	
Annual Report				PMS - Develop an Annual Report reporting template based upon standard National Treasury Template
Status Quo of the Municipal		<p>Institutional analysis and directorate status quo work sessions</p> <p>Arrange logistics for cluster community planning sessions.</p>	Institutional analysis and directorate status quo work sessions	
Community Planning		<p>IDP - Define the framework for the status quo analysis.</p> <p>Conduct a risk assessment of the key drivers and outputs that may influence planning and service delivery</p>	IDP - Review data capturing tools and community planning processes to be held with stakeholders	IDP - Engage with internal role players to provide input to the planning process. Obtain feedback on historical needs addressed to-date. Strategic Manager, PPU - Provide input to planning process

FRAMEWORK REVIEW

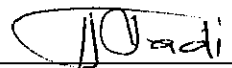
THE FRAMEWORK WILL BE REVIEWED AS AND WHEN THE NEED ARISES.

SIGNATORIES



Ms. NR Mahlakwane Pr Tech Eng
Municipal Manager

19/06/2026
Date



The Mayor
Cllr. Tladi MD

19/06/2026
Date