PERFORMANCE MANAGEMENT FRAMEWORK 2023/2024

Preamble

The White Paper on Local Government (1998) proposed the introduction of Performance Management Systems (PMS) for local government as a tool to monitor the progress of service delivery at local government level. In 2002, after four years, the Municipal Systems Act of 2000, required local governments to develop a PMS. It concludes that Integrated Development Planning, Budgeting and Performance Management are powerful aspects that can assist municipalities to develop an integrated perspective on development in their area.

It is against this background that this policy document for developing and implementing a PMS for Ndwedwe Local Municipality (NLM) should be evaluated. The purpose of this policy document is to (within the legal framework of the Municipal Systems Act) develop a performance management framework for the NLM. This framework caters for the initiation, development, implementation, reporting and rewarding of performance management within the Municipality.

The policy framework offers the NLM a platform to implement, assess, monitor, measure, review, manage and reward performance throughout the municipality. It is important to note that a PMS is dynamic and will change and develop over time to reflect the unique features of the NLM environment. This framework aligns itself with improved performance in the NLM with the express aim of achieving its stated objectives and levels of performance.

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1. INTRODUCTION

The 2001 Municipal Planning and Performance Management Regulations stipulates that a municipality's Performance Management System (PMS) must entail a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different stakeholders.

In line with the said legal requirement this framework is a policy document that will set out the requirements that Ndwedwe Local Municipality's PMS will need to fulfil, the principles that informed its development and subsequent implementation, the preferred performance model of the Municipality, the process by which the system will work, the delegation of responsibilities for different roles in the process and a plan for the implementation of the system. PMS 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 of the organisation in terms of indicators and targets for efficiency, effectiveness and impact. This policy document guides the development of a PMS for the Ndwedwe Local Municipality (NLM). It also forms the basis of aligning the Integrated Development Plan (IDP) with the operational business plans, performance areas and performance indicators of the various departments of the NLM. Furthermore, the MSA and the Municipal Finance Management Act of 2003 (MFMA) requires that the 5-year strategy of a municipality, the Integrated Development Plan (IDP), must be aligned to the municipal budget and must be monitored for the implementation of the IDP against the budget via the Top Layer SDBIP and Performance Plans. The Policy Framework will reflect the linkages between the Integrated Development Plan (IDP), the Budget, the Service Delivery and Budget Implementation Plan (SDBIP) and the Performance Management System (PMS) of the municipality. This document will therefore incorporate recently promulgated legislation and policies and outline the roles and responsibilities of different stakeholders. As required by the Municipal Systems Act, 2000 and the Planning and Performance Management Regulations, 2001, this Framework sets out:

One of the hallmarks of leading-edge local governments has been the successful application of performance measurement to gain insight into, and make judgements about, the municipalities and the effectiveness and efficiency of its programmes, processes, and people. However, leading municipalities do not stop at the gathering and analysis of performance data. These municipalities use performance measurement to drive improvements and successfully translate vision and strategies into action. In other words, they use performance measurement

processes for managing their municipalities. It is the intention of this policy framework to create a platform and infrastructure to manage the NLM as a leading-edge municipality in the Province of KwaZulu Natal.

2. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

As one of the local municipalities within the district of iLembe, Ndwedwe Local Municipality seeks to create an efficient and effective PMS that will be able to:

- Translate its vision, mission and IDP into clear measurable outcomes, indicators and performance levels that define success, and that are shared throughout the municipality and with NLM's customers and stakeholders.
- Provide a tool for assessing, managing, and improving the overall health and success of business processes and systems.
- Create a culture of best practices.
- Continue to shift from prescriptive and simply audit oversight to ongoing, forward-looking and compliance-based strategic partnerships involving *inter alia* agencies, communities, citizens and other stakeholders.
- Promote accountability amongst all its stakeholders.
- Include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, predictive PMS.
- Create pressures for change at various levels.
- Replace existing assessment models with a consistent approach to performance measurement and management.

These above objectives are aligned to the Municipal Systems Act, 2000 (Act No. 32 of 2000) Treasury guidelines and Performance Management Regulations and other relevant Legislations.

3. POLITICAL AND LEGAL RATIONALES BEHIND NLM PMS

The objectives of performance management as stated in Section 2 set the scene for the political and legal rationales behind the performance management system. The Local Government: Municipal Systems Act of 2000 requires local governments to:

- Develop a PMS that is commensurate with its resources.
- Set targets, monitor and review performance based on indicators linked to the IDP.

- Publish an annual report on performance management for the councillors, staff, 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.
- Have the annual performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and review of performance.

The sections that follow focuses on complying with these legal requirements by integrating them into the initialising, development, implementing, review, assessment and auditing of the PMS.

4. INITIALISING THE PMS

4.1 DELEGATION OF RESPONSIBILITIES

The Municipal Systems Act (2000) places the responsibility on the Council to adopt a PMS, while holding the Executive Mayor responsible for the development and management of the system. The Executive Mayor of the NLM delegates the responsibility for the development and management of the PMS to the Municipal Manager of NLM. The NLM's Executive Directors will be responsible for executing the PMS in their respective departments according to the approved framework.

4.2 PMS RESPONSIBILITY AND THE STRUCTURE OF THE NLM

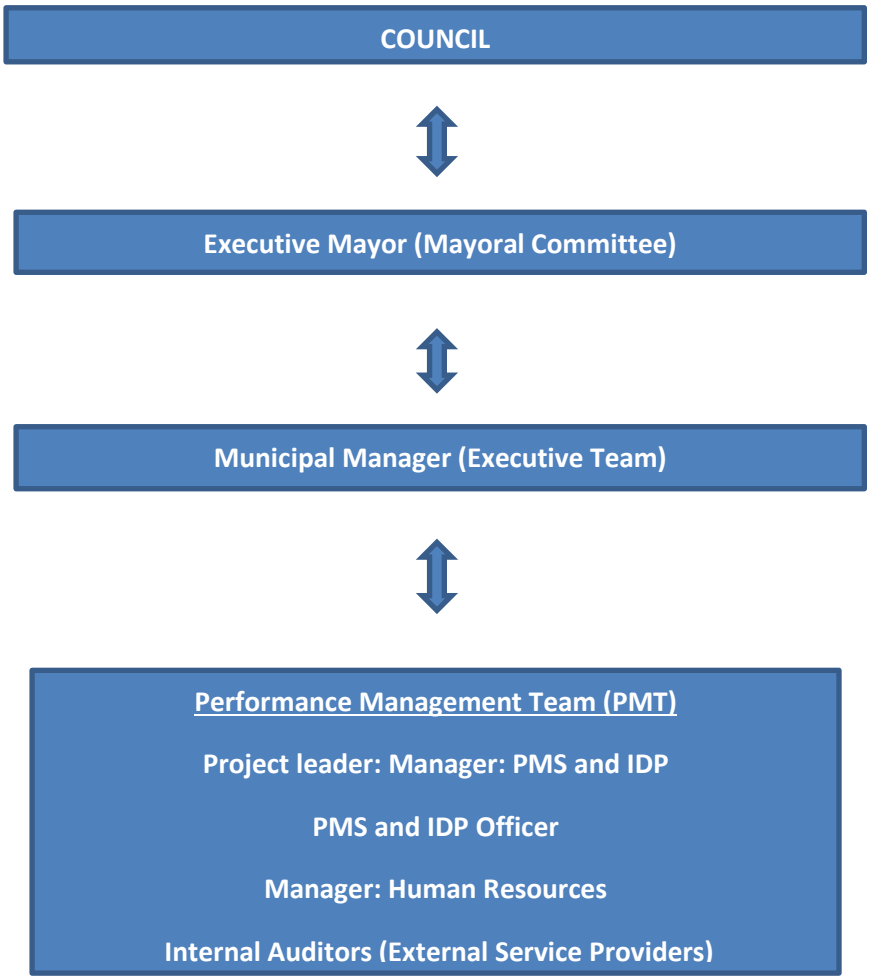
A project team led by the Manager IDP and PMS, delegated by the Municipal Manager, will be responsible for Organisational Performance Management. The project team will consist of IDP, PMS Officer, and Human Resources Manager and appointed Internal Auditors. The PMS Team is responsible for the following core activities:

- Responsible for the development and implementation of the Organisational PMS.
- Ensuring NLM's implementation and compliance to all legal aspects in respect of the PMS policy.
- Facilitating further development and refinement of the PMS.
- Continuously supporting NLM with implementation, assessment, review, monitoring and computerising of the process.

- Responsible for compiling the quarterly and annual status report to the Council.

The Municipal Manager and the PMS Team will have the authority to appoint and co-opt:

- Specialists to assist with its core responsibilities where necessary. Co-opted specialists should have practical experience of the South African local government environment and the development and implementation of PMS in a local government sector.
- Departmental PMS champions to assist with the development and implementation of the organisational PMS in their respective departments.
- The team will report to the Municipal Manager, who will in turn account to the Mayor and finally to Council.



4.3 DEVELOPMENT OF PMS

Although the development of the PMS is a separate process, it has very strong linkages to the preparation and development phases of the IDP. It is also crucial that the continuous development of the PMS identifies overlaps and is used to enhance the alignment between the IDP and performance measurement and performance management system of the NLM. The IDP process and the performance management process are seamlessly integrated.

This integration and alignment can be diagrammatically represented as follows:

INTEGRATED DEVELOPMENT PLAN

- Municipality Level
- Vision
- Mission
- Strategic Objectives

BUSINESS PLAN

- Department Level
- Vision, Mission
- Departmental Objectives
- Action Plans
- Budget

Table 1: Integration between IDP, Departmental Plans, KPAs and KPIs.

PERFORMANCE MANAGEMENT/AGREEMENT (DEPARTMENTAL AND INDIVIDUAL LEVEL)		
A. KPAs/KPIs Team and Individual Objectives measured through: • KPAs • Action plans • KPIs - input - output - outcome • Source of Evidence • Weighting • Timeframe • Target • Responsibility	**B. MONITORING & FEED-BACK** **Informal** • Specific, Continuous, • Balanced, Timeous **Formal** • Bi-Annual, Quarterly • Documented Performance Rating	**C.CONTINUOUS IMPROVEMENT** ***Individual*** • Personal Development Plan (PDP) • Career and Succession Planning ***Team*** • Problem Solving Steps and Techniques • Workgroups/Quality Teams

4.4 PERFORMANCE MANAGEMENT SYSTEM

The Municipal System Act requires municipalities to develop a PMS suitable to their own circumstances and in line with their available resources. Therefore, working with the NLM stakeholders, the PMS Team should continuously ensure that the PMS is relevant and realistic and performance driven.

The NLM's PMS will cover the framework and a performance management model. A framework describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different players.

A performance management model is used to choose which dimensions of performance will be measured. The model that a municipality develops will influence which indicators it decides to use, and how it will group these indicators together into areas of performance (efficiency, customer satisfaction, effectiveness and economy). In developing its PMS, the NLM will ensure that the system:

- Complies with all the requirements set out in the Municipal Systems Act;
- Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
- Clarifies the processes of implementing the system within the framework of the IDP process;
- Determines the frequency of reporting and the lines of accountability for performance;
- Relates to the municipality's employee performance management processes;
- Provides for the procedure by which the system is linked to the municipality's Integrated Development Planning processes; and
- Provides for adoption of the PMS

4.4.1 ADOPTION OF A PERFORMANCE MANAGEMENT SYSTEM

According to Regulation 8 of the Municipal Performance Regulations of 2001, the performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance

with its integrated development plan. Efforts will be made to comply with this regulation on an annual basis whereby the indicators and targets will be reviewed and this will coincide with the review and adoption of a reviewed system.

4.5 STRUCTURES FOR STAKEHOLDER PARTICIPATION

It will be important to establish structures that will facilitate the meaningful participation of all stakeholders in the development of the system, consistent with the legislation. The NLM municipality will utilise the same and/or linked IDP structures for stakeholder participation.

The NLM may amongst others also utilise the following structures:

- Ward committees
- IDP Rep Forum meetings
- Municipal website
- Local Newspapers/Municipal Noticeboards

4.5.1 COMMUNITY INVOLVEMENT IN THE SETTING OF KPI'S

As stated in the *Local Government: Municipal Planning and Performance Management Regulations, 2001, Chapter 3*

(1) A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.

(2) In developing its performance management system, a municipality must ensure that the system:

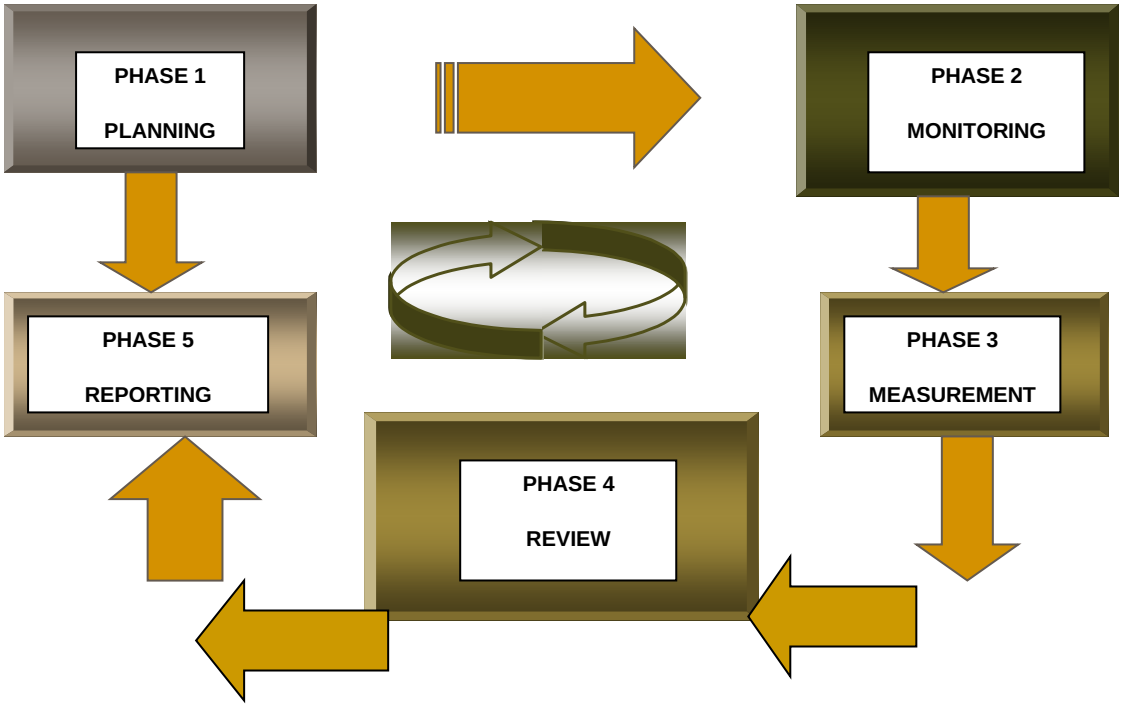
(a) complies with all the requirements set out in the Act;

(b) demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;

(c) clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system;

Community involvement can also be acquainted with the IDP/PMS roadshows that are conducted annually, in which these roadshows are held to gain insight into the needs of the community.

4.6 PLANNING FOR PERFORMANCE MANAGEMENT & IMPLEMENTATION



The IDP fulfils the planning stage of Performance Management and Performance Management fulfils the implementation management, monitoring and evaluation of the IDP process. All components of the IDP need to be translated into a set of clear and tangible objectives. The statement of objectives requires a tangible, measurable and unambiguous commitment. Ndwedwe Municipality will set Key Performance Indicators for inputs, outputs, outcomes and processes for each of the development priorities in the IDP. These indicators will be set by involving the communities as legislated in section 41 of the MSA. The setting of indicators will follow a SMART principle. The following general key performance indicators are prescribed in terms of Section 43 of the Municipal System Act (2000) will also be used to measure performance of NLM:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.
- The percentage of households earning less than R1100 per month with access to free basic services.
- The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.

- The number of jobs created through municipality's local economic development initiatives including capital projects.
- The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan.
- Financial viability as expressed by the following ratios:

$$A = B - C/D$$

Where:

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

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

4.6.1 DEVELOPMENT AND ADOPTION OF THE TOP LAYER SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) AND PERFORMANCE PLANS

The above results of the 5-year IDP and the annual reviews result in the development of the Top Layer Service Delivery and Budget Implementation Plans (SDBIP) and performance plans on an annual basis. The SDBIP gives effect to the Integrated Development Plan (IDP) and the budget of the municipality and is effective if the IDP and budget are fully aligned with each other, as required by the Municipal Finance Management Act. The budget gives effect to the strategic priorities of the municipality and is not a management or implementation plan.

The Top Layer SDBIP therefore serves as a "contract" between the administration, council and the community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of year targets and implementing the budget. The municipal manager is responsible for the preparation of the Top Layer SDBIP, which must be submitted to the Mayor for approval once the budget has been approved by the council (around End-May or Early-June). However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around 1 March or earlier) and preferably submit a draft SDBIP to the Mayor by 1 May (for initial approval). Once the budget is approved by the Council, the

municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days of the approval of the budget. Draft performance agreements should also be submitted with the draft SDBIP by 1 May, and then submitted for approval with the revised SDBIP within 14 days after the approval of the budget. The Mayor should therefore approve the final SDBIP and performance agreements simultaneously, and then make the SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July. In terms of Circular 13 of the MFMA, 56 of 2003, the SDBIP requires a detail of five necessary components and these are:

I. Monthly projections of revenue to be collected for each source;
II. Monthly projections of expenditure (operating and capital) and revenue for each vote;
III. Quarterly projections of service delivery targets and performance indicators for each vote;
IV. Ward/Local Municipality information for expenditure and service delivery; and
V. Detailed capital works plan broken down by ward/Local Municipality over three years.

From the above detail, it is clear that the IDP informs the municipality's scorecard concepts by delivering the KPA's, strategic objectives, high-level indicators and targets. These concepts are the ones that make up the organizational scorecard and the SDBIP.

4.7 REVIEW OF KPIs AND SETTING OF TARGETS

The NLM will review its key performance indicators annually as part of the performance review process or whenever it amends its IDP in terms of Section 34 of the Municipal System Act (2000). Performance targets are the planned level of performance or the milestones the NLM sets for itself for each indicator identified. The NLM will identify baseline measurements, which is the measurement of the chosen indicator at the start of the period.

In setting targets, it is important to know how the NLM is performing at the current moment. This step also tests whether the chosen indicator is in fact measurable and whether there are any problems. The targets need to be realistic, measurable and be commensurate with available resources and capacity. The public need to be consulted on their needs and expectations in setting a target.

Politicians need to give clear direction as to the importance of the target and how it will address the public need. Targets should be informed by the development needs of communities and the development priorities of the NLM. Line managers need to advise as to what a realistic and achievable commitment for a target is, given the available resources and capacity.

Managers will need to advise on seasonal changes and other externalities that should be considered in the process of target setting. There must be clear timelines related to the set targets.

The NLM will, for each financial year set performance targets for each of the key performance indicators set by it. A performance target must be practical and realistic. It must measure the efficiency, effectiveness, quality and impact of the performance of the NLM. It must also identify administrative components, structures, bodies or persons for whom a target has been set. It is important that the set target is commensurate with available resources and the NLM's capacity. Finally targets need to be consistent with the NLM's development priorities and objectives set out in its IDP.

4.8 DESIGNING A PERFORMANCE MEASUREMENT FRAMEWORK

A municipality is expected to develop a framework for undertaking performance measurements. It is essentially the process of analysing data provided by the monitoring system in order to assess performance.

A municipality has the choice of using any of the existing models or developing its own performance measurement model. Good measurement is time-specific, source specific, valid, reliable, clear and accurate.

It is highly recommended that line managers should be responsible for most measurements and that only measurements that are of a central nature need be undertaken centrally. Line managers should therefore see measurement and reporting as central to their management duties

TABLE 1

July	August	September	October	November	December	January	February	March	April	May	June

Assessment Quarter 1	**Assessment Quarter 2**	**Assessment Quarter 3**	**Assessment Quarter 4**	Submission of annual report to the MEC for Local Government
Internal Audit Performance Report to Municipal Manager	Internal Audit Performance Report to Council	Internal Audit Performance Report to Municipal Manager	Internal Audit Performance Report to Council	
Performance Audit Committee Report		Performance Audit Committee Report		

Table 2: Performance Audit Committee Report

Performance measurement will include the measurement of:

- Costs, resources and time used to produce outputs in accordance with the input indicators. (Economy indicators)
- The extent to which the municipality's activities or processes produced outputs in accordance with the output indicators. (Efficiency indicators)
- The total improvement brought by outputs in accordance with outcome indicators. (Effectiveness indicators)

The above-mentioned monitoring, measurement and review of performance management within the NLM is linked to different internal levels in the municipality.

These levels can broadly be categorised as follows:

- The Municipality or the Organisational level.
- The Executive level or Section 54/56 level.
- The human resources level or the staff members not directly linked to performance contracts or cash bonuses.

The table below provides an outlay of these levels, proposed measurement tools, frequency of assessment, internal audit requirements and reward systems to assess and award performance on these levels.

	Municipality Level	**Contract Staff**	**Non-Contract staff**
		Municipal Manager Directors	**Managers**
Type of review	Strategic scorecards Departmental scorecards	Performance Contracts	Performance Plans
Measurement	Staff satisfaction survey Customer satisfaction survey	Performance contract	Performance Plans
Frequency of assessment	Annually	Bi-annually/ Quarterly	Quarterly
Responsibility for assessment/ Review	Mayoral Committee/ Council/Portfolio Committee	Executive Mayor/Municipal Manager	Directors Senior Managers/Managers
Reward system	Not applicable	Bonus as per performance contract	Non-cash awards
Internal Auditing	Yes	Yes	No
Status of current assessment	Currently implemented	Currently implemented	Planned for implementation in 2023/2024 FY, and thereafter in phases until June 2023.

Table 3: Reward System for Performance

Performance Management in Chapter 6 of the Systems Act refers to the management of performance of the municipality as an organisation. However, this policy framework sets out options of measuring the NLM as an organisation on a corporate level, assessment and reviews of personnel on contracts (section 57 appointees) and makes reference to other (non-contractual) NLM staff members in order to cascade PMS to all other levels of the organisation. The NLM adopted a Scorecard approach to monitor both the performance of employees and the organisation.

The Scorecard is based on the prescribed Key Performance Areas by the Department of Local Government, Good Governance and Public Participation; Local Economic Development; Institutional Transformation and Development, Financial Management and Viability, Basic Service Delivery and Infrastructure Development and Cross Cutting.

Although the Municipality is currently using a Scorecard approach in line with a Logical Framework as determined by National Treasury, the intention is to move towards a Balanced Scorecard (developed by Kaplan & Norton) which is a conceptual framework for translating an organisation's (or municipality's) strategic objectives into a set of performance indicators distributed among four perspectives, namely, Financial, Customer, Internal Business Processes, and Learning and Growth perspective.

The Balanced Scorecard concept assists an organisation to monitor both its current performance (finance, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems and its ability to learn and improve.

4.8.1 FOUR PERSPECTIVES OF A BALANCED SCORECARD

Financial Management Perspective: This perspective measures how effectively and efficiently the municipality meet the needs of their constituencies. Therefore, in the government, the financial perspective emphasizes cost efficiency, i.e., the ability to deliver maximum value to the customer.

Customer Perspective: This perspective captures the ability of the organisation to provide quality goods and services, the effectiveness of their delivery, and overall customer service and levels of satisfaction.

Internal Business Processes: This perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet organisational objectives and customers' expectations, organisations must identify the key business processes at which they must excel. Key processes are monitored to ensure that outcomes will be satisfactory. Internal business processes are the mechanisms through which performance expectations are achieved.

Learning and Growth: This perspective looks at the ability of employees, the quality of information systems, and the effects of organisational alignment in supporting accomplishment of organisational goals. Processes will only succeed if adequately skilled and motivated employees, supplied with accurate and timely information, are driving them.

These perspectives can also be easily linked to the 6 National KPAs as determined by Local Government

Balanced Scorecard Perspective	National Key Performance Area
Financial Management	• Financial Management and Viability
Customer perspective	• Basic Service Delivery • Local Economic Development • Cross Cutting
Internal Business Processes	• Good governance and public participation
Learning and Growth	• Municipal Institutional Transformation and Development

Table 4: National KPAs Linked to PMS

4.8.2 PERFORMANCE MEASUREMENT AND ANALYSIS

Analysis requires the interpretation of the measurements to determine whether targets have been met and exceeded and projections on whether future targets will be met. Where targets are not being met, analysis requires that the reasons should be examined and corrective actions recommended.

The line managers are continuously analysing the measurements that they are generating as they have an in-depth understanding of their sector, to analyse whether targets are met currently, and will be met in the future, what the contributing factors are to the level of performance and what remedial action needs to be taken. This will constitute a preliminary

analysis and should be done by respective line managers for objectives and indicators that lie within their area of accountability. It is also useful to have a corporate analysis of performance. This analysis should examine performance across the municipality in terms of all its priorities. For this to be more effective, capacity for this level of analysis should be done centrally, in the office of the Municipal Manager as an Accounting Officer delegated by Exco Committee to manage performance management in the municipality.

4.9 PERFORMANE MONITORING & REVIEWS

In order to fulfil the objective of ensuring accountability, reviews are conducted according to certain lines of accountability

RESPONSIBILITY	FREQUENCY	NATURE OF REVIEW
Supervisors	Monthly	Review performance of individual or groups of employees reporting directly to them, depending on the type of employee PMS that is adopted
Line/ Functional Managers	Monthly	Review performance of their respective areas regularly (monthly). The reviews should at least cover all the organisational priorities respective to these functions.
Standing/ Portfolio Committees	Monthly	Manage performance of functions respective to their portfolios. They should at least review performance of organisational priorities that lie within their portfolio monthly, while maintaining a strategic role.
Admin Officers	Weekly/ Monthly/ Quarterly	The Admin Officers in each section has a responsibility of managing indicator information files as per the municipality's monitoring system. They are also responsible for collating this information in preparation for submission of performance reports to departmental heads by line managers. This responsibility is carried out on a weekly basis

Management (Municipal Manager and Management Team)	Monthly/ Quarterly	Review performance of the municipality monthly, prior to and more often than the Mayoral Committee: • Review performance more often, in order to intervene promptly on operational matters where poor performance or the risks thereof occur. • Review performance before reporting to politicians so that they can prepare, control the quality of performance reports submitted and ensure that adequate response strategies are proposed in cases of poor performance. • Review performance prior to being conducted by standing, portfolio or committees.
Mayoral Committee	Quarterly	Review performance of the administration, and should remain strategic. It is proposed that reviews take place on a quarterly basis with the regular final quarterly review taking the form of an annual review. The content of the review should be confined to agreed and confirmed priority areas and objectives only. The Municipal Manager should remain accountable for reporting on performance at this level.
Council	Quarterly /Annually	Review performance of the Municipal Council, its committees and the administration on an annual basis, in the form of a tabled annual report at the end of the financial year
Public	Annually	Review performance of the Municipality and public representatives (Councillors) in the period between elections. It is required by legislation that the public is involved in reviewing municipal performance at least annually.

Table 5: PMS Cycle

Below is the performance monitoring and the review flowchart.

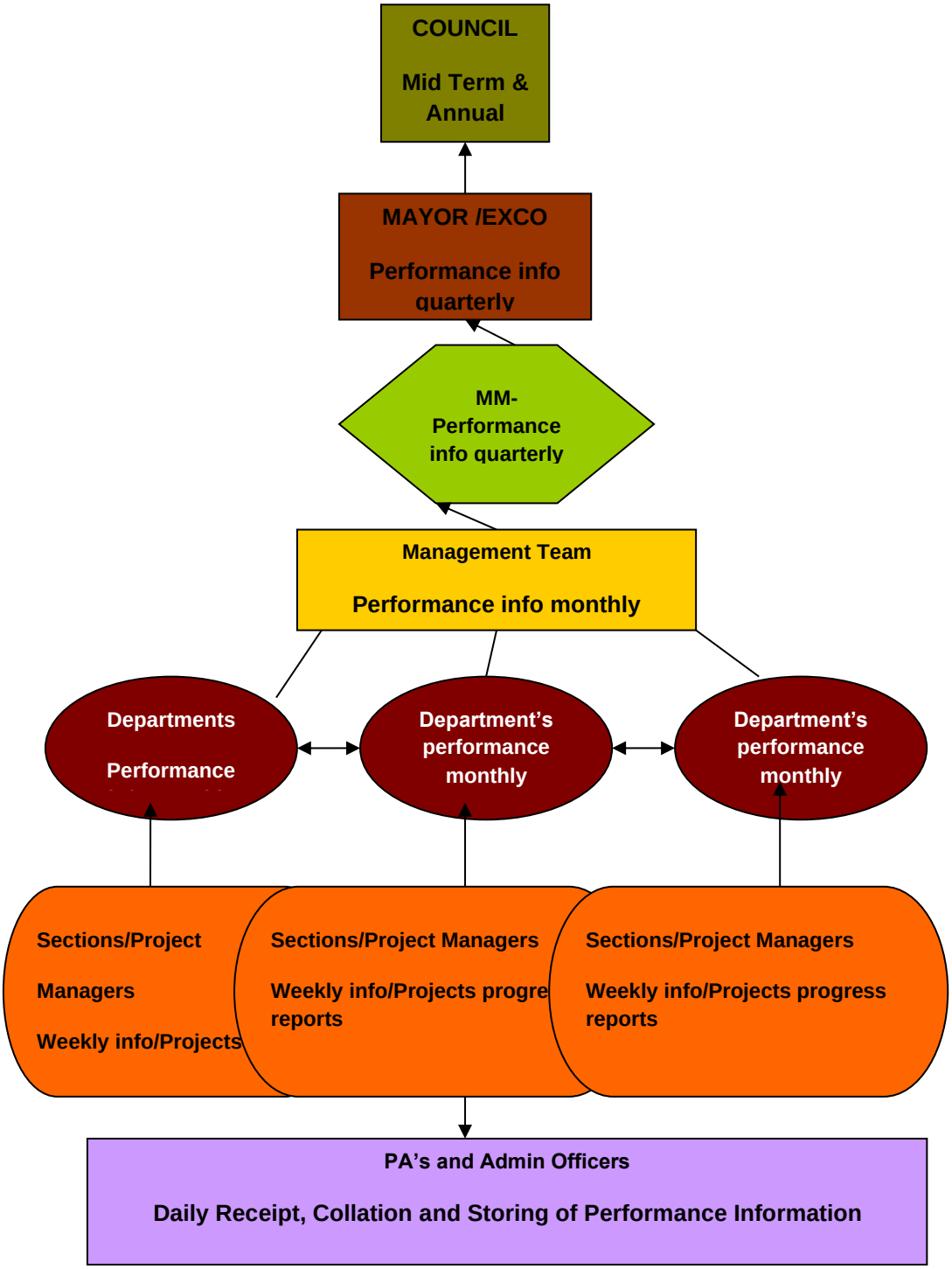


Figure 1: PMS Monitoring Flowchart

4.10 PERFORMANCE REPORTING

There are various types of reports that must be generated and disseminated to all the relevant stakeholders:

- Monthly reports,
- Quarterly reports,
- Mid-year assessment report also known as section 72 reports, and
- Annual reports which are key reporting instruments for municipalities to report against performance targets and budgets outlined in IDP.

Annual Reports contain information of service delivery, performance and how the budget was implemented. The oversight report is the final major step in the annual reporting process of a municipality. It is essential that all these reports are made accessible to everybody through publication in the municipal website in order to ensure transparency and access to information.

In order to ensure accountability and credibility, the quarterly reports are audited internally by the Internal Audit unit, the Performance Audit Committee and annually by the Auditor-General. The Performance Audit Committee must then table audited performance reports to Council bi-annually.

INDICATIVE PERFORMANCE REPORTING WORK PLAN:

Schedule Of OPMS and Review Meetings - Year: 2023/2024

SEPTEMBER (Quarter 1)						
Sunday	**Monday**	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Saturday**
	O2 October send email reminders for submission of Q1 report				**06 October** Q1 report due to PME section	
	October 16, Table Q1 report to Manco	**October 17,** Conduct POE review meetings with all departments to validate reported performance	**October 18 Conduct** POE review meetings with all departments to validate reported performance	**October 19** Conduct POE review meetings with all departments to validate reported performance	**20 October** Submit report to Internal Audit	
					27 October Receive audit report from Internal Audit	
					03 November Table quarterly report to PAC	
	06 November Distribute review documents to Exco				**10 November** Departmental PMS review meeting with Exco	
			22 November Table Q1 report to Exco and Council with action plans			

NDWEDWE LOCAL MUNICIPALITY - SCHEDULE OF PMS REVIEW MEETINGS - YEAR: 2023/2024

JANUARY (Quarter 2)						
Sunday	**Monday**	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Saturday**
	08 January send email reminders for submission of Q2 report				**12 January** Q2 report due to PME section	
	January 15, Table Q2 report to Manco	**January 16,** Conduct POE review meetings with all departments to validate reported performance	**January 17 Conduct** POE review meetings with all departments to validate reported performance	**January 18** Conduct POE review meetings with all departments to validate reported performance	**January 19** Submit report to Internal Audit	
				25 January Receive audit report from Internal Audit	**26 January** Table 2022/2023 Annual report to Council for approval Table **Mid-Term** Report to Council	
	05 February Advertise 2022/2023 Annual report for public comments and place copies at all libraries		**07 February** Begin with oversight meetings with MPAC to review 2022/2023 Annual report		**09 February** Table quarterly report to PAC	
	12 February Distribute review documents to Exco				**16 February** Departmental Mid-Term review meeting with EDs and Exco	
	19 February Advertise MPAC meetings in the newspaper to review 2022/2023 Annual report		**21 February** Table Q2 report to Exco and Council with action plans		**23 February** Send out evaluation invites to all Committee members and EDs	
		27 February- Section 57 Individual PMS Evaluations for Q1 & Q2				

NDWEDWE MUNICIPALITY

SCHEDULE OF PMS REVIEW MEETINGS YEAR: 2023/2024

APRIL (Quarter 3)						
Sunday	**Monday**	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Saturday**
			07 March 3rd Oversight meeting with MPAC			
			14 March Final oversight meeting with MPAC			
			21 March Table oversight report and annual report to council for approval			
		03 April Send email reminders for submission of Q3 report		**05 April** Submit oversight report to Legislature and advertise on the website	**06 April** Q3 Report due to PME section	
	April 09, Table Q3 report to Manco	**April 10,** Conduct POE review meetings with all departments to validate reported performance	**April 11** Conduct POE review meetings with all departments to validate reported performance	**April 12** Conduct POE review meetings with all departments to validate reported performance	**April 13** Submit report to Internal Audit	
		17 April **(21day period off)** Collect comments on annual report from public from libraries			**20 April** Receive audit report from Internal Audit	
		24 April Table quarterly report to PAC	**25 April** Send 2022/2023 Annual report to Cogta and AG and resolution from Council	**26 April** Q3 Departmental review meeting with EDs and Exco		

JULY (Quarter 4)						
Sunday	**Monday**	**Tuesday**	**Wednesday**	**Thursday**	**Friday**	**Saturday**
	02 July send email reminders for submission of Q4 report				**06 July** Q4 report due to PME section	
	July 09, Table Q4 report to Manco	**July 10,** Conduct POE review meetings with all departments to validate reported performance	**July 11** Conduct POE review meetings with all departments to validate reported performance	**July 12** Conduct POE review meetings with all departments to validate reported performance	**July 13** Submit report to Internal Audit	
					20 July Receive audit report from Internal Audit	
				26 July Table quarterly report to PAC	**27 July** Distribute review documents to Exco	
			01 August Departmental PMS review meeting with EDs and Exco			
			08 August Table Q4 report to Exco and Council with action plans		**10 August** Send out evaluation invites to all Committee members and EDs	
				16 August Section 57 Individual PMS Evaluations for Q3 & Q4		
	20 August Table performance information for 2022/2023 to Council and submission to Auditor General				**31 August** Submission of 2022/2023 Annual Report to Auditor General	

4.11 PERFORMANCE AUDITING

In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports, must be audited. Audits should ensure that reported performance information is accurate, valid and reliable. In terms of the provisions of the Municipal Systems Act and the Performance Regulations of 2001, the annual performance report must be audited internally, and before being tabled and made public, the annual performance report will also be audited by the Auditor-General. It is therefore important to allow sufficient time between completion of annual reports and the tabling of the annual report for auditing.

After being reviewed by the council, the annual report must then be submitted to the Auditor-General before 31 August of every year, for auditing and be submitted to the MEC for local government in the province for the MEC to complete an annual report of performance of all municipalities in the province, identifying poor performing municipalities and proposing remedial action and submit the provincial report to the national minister. The national minister will then present a consolidated report to parliament.

4.11.1 Internal Auditing of Performance Measurements

I. **The Internal Audit Unit of the NDWEDWE Municipality**

In terms of Regulation 14 of the Planning and Performance Regulations of 2001, every municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes. The functions of the internal audit unit include the assessment of the following:

- The functionality of the municipality's performance management system;
- Whether the municipality's performance management system complies with the provisions of the Municipal Systems Act; and
- The extent to which the municipality's performance measurements are reliable in measuring performance of municipalities on its own indicators and the national indicators
- The Regulations further provides that the municipality's internal auditors must:
    - on a continuous basis, audit the performance measurements of the municipality; and
    - submit quarterly reports on their audits to the municipal manager and the performance audit committee.

Ndwedwe Municipality has complied with the Regulations by establishing an Internal Audit Unit. The Internal Audit Unit will be responsible for the assessment of the functionality of the system, whether the municipality's PMS complies with the provisions of the acts, and to validate whether the municipality's measurement (Indicators) both the municipalities and National governments are reliable. The Municipal Manager and the Mayor will place reliance on the performance audit risk assessments and audit reports to make informed decisions and motivate for any reviews and improvements to the municipal council and communities.

II. **The Performance Audit Committee**

Regulation 14 of the Planning and Performance Regulations stipulates the provisions that guide the establishment of the Performance Audit Committee and outline the functions and powers entrusted to the committee as the following:

- review the quarterly reports submitted to it by the Internal Auditors;
- review the municipality's performance management system and in doing so, focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the Ndwedwe Local Municipality in its organizational scorecard are concerned;
- make recommendations in this regard to the municipal council; and
- at least twice during a financial year submit an audit report to the municipal council;
- communicate directly with the council, municipal manager or the internal and external auditors of the municipality;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;
- request any relevant person to attend any of its meetings, and if necessary to provide information requested by the committee; and
- Investigate any matter it deems necessary in the performance of its duties and the exercise of its powers.

The Ndwedwe Local Municipality appointed the Performance Audit Committee. The municipality provides an annual budget for the running of this committee and also provides the relevant secretarial capacity for the committee.

4.12 Employee Performance Management

4.12.1 Legal Framework that guides Employee Performance Assessments

The local government legislation has provided guidance on managing and rewarding performance of Section 56 Managers, i.e. the Municipal Manager and all Managers directly accountable to him/her. The 2006 Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager make special provisions for employment and managing performance of these employees.

The following are the conditions outlined in the regulations as follows: -

- Section 54/56 managers must enter into employment contract with the municipality on assumption of duties and the regulations gives a detailed guide on the elements of an employment contract;
- Performance Agreement must be signed on each financial year or part thereof;
- The **performance agreement** must be concluded within **60 days** after a person has been appointed as the Municipal Manager or as a Manager directly accountable to the Municipal Manager
- A new performance agreement must be concluded within one month after the commencement of the new financial year, i.e., by 31 July of every year;
- A personal development plan must be documented at the end of the performance review and form part of the performance agreement;
- The employee's performance must be assessed against two components: Key Performance Areas at (80%) and Leading and Core Competency Requirements (20%);
- A 5 - point rating scale should be provided for each Key Performance Indicator in the employees' scorecard;
- The municipality must establish Evaluation Committees who must meet annually to evaluate the performance of the Municipal Manager and the managers directly accountable to the Municipal Manager;
- The 2006 Municipal Performance Regulation for Municipal Managers and managers directly accountable to Municipal managers in section 27(4) (f) states "that the manager responsible for human resources of the municipality must provide secretariat services to the evaluation panel."
- The Municipal Manager's annual performance must be evaluated by the Mayor, Chairperson of the Performance Audit Committee, Member of the Executive Committee, Mayor and/or Municipal Manager from another municipality and Member of a Ward Committee nominated by the Mayor;

- Managers directly accountable to the Municipal Manager must be rated by the Municipal Manager, Chairperson of the Performance Audit Committee, Member of the Executive Committee and a Municipal Manager from another municipality.

Performance Bonuses

- A performance bonus ranging from a minimum of 5% - 14%maximum of the all-inclusive remuneration package may be paid as follows:
    - A score of 130 - 149% is awarded a bonus from 5% - 9%
    - A score of 150% and above is awarded a bonus from 10% - 14%;

The table herewith stipulates the guidelines on the exact % paid out according to the scores achieved:

Score achieved	Bonus paid
130% – 135%	5%
136% - 140%	7%
141% - 145%	8%
146% - 149%	9%
150% - 155%	10%
156% - 160%	12%
161% and above	14%

In accordance with regulation 32 of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006. A performance bonus, based on affordability, may be paid to the employee, after –

a. The annual report for the financial year under review has been tabled and adopted by the municipal council;
b. An evaluation of performance in accordance with the provisions of regulation 23; and
c. Approval of such evaluation by the municipal council as a reward for outstanding performance

As can be seen from the above provisions, the Section 56 employees in the NLM Municipality will align will the above regulations and their performance will be measured through their performance plans/scorecards.

5.1 PERFORMANCE PLANNING

The PMS refers to development of indicators and targets that are factored into an SDBIP and the Organisational Scorecard. These become an undertaking of the municipality to the community. These should be incorporated into the Municipal Manager's performance agreement, as he is responsible for the implementation of the PMS. The Municipal Manager may take relevant indicators to departments concerned. These indicators would then become the indicators and targets of the Heads of Departments to be incorporated in their performance agreement. The Head of Department may cascade these indicators and targets to lower levels in line with the scope of responsibilities at that level.

The phases of managing employee performance are outlined below.

Human Resources Department and Individual Performance Management System.

The performance of an organisation is integrally linked to that of its employees. If employees do not perform an organisation will fail. It is therefore important to manage both the organizational and employee performance at the same time. Human Resources Department will play a role in seeing that the individual performance management system of the municipality is developmental and not punitive.

The relationship between organisational performance and employee performance starts from planning, implementation, monitoring, review and reporting. All the 5 phases in the organizational performance apply to the management of employee performance. The monitoring system using monthly and quarterly reports is informed by individual activities at sectional and departmental levels. However, employee performance reviews differ from organizational reviews. Each phase will be discussed briefly below and the Human resources can play in role in the phases of individual performance management.

Phase 1: Planning

The IDP yields a set of indicators and targets. These become an undertaking of the municipality to the community. The IDP informs the development of the SDBIP and the organizational scorecard. The elements of the organizational scorecard will be cascaded to the Municipal Manager's performance scorecard and performance agreement as he/she is responsible for the implementation of the IDP. The Municipal Manager will then extract relevant KPA's and indicators to section or Departments concerned. These indicators would then become the KPA's, indicators and targets of the Head of the Department to be incorporated in their performance scorecards and agreements. The Head of Department will

in turn cascade the indicators and targets to lower levels in line with the scope of responsibilities at that level. Therefore, this policy framework establishes a system of individual performance management linked to the organizational performance through the scorecard model.

Weighting and Rating

Weighting Approach that will apply to MM and Section 54/56 Senior Managers of the municipality.

The weighting of indicators in the scorecards of the Section 54/56 Managers will follow the line of the provisions of the 2006 Performance Regulations. The weighting of 80% will be allocated to KPA-related indicators and 20% of the weighting will be allocated to CCR-related indicators.

The HR Department will also play a vital role in terms of linking the Core Competency requirement with the employee's job profile so as to have a link and a base for awarding a CCR score to the Manager. This will be done in the planning stage of the Performance Plans and Agreements.

According to the 2006, Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager:

S:27 (4) (c) Overall rating:

(i) An overall rating is calculated by using the applicable assessment rating calculator. Such overall rating represents the outcome of the performance appraisal.
(ii) The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCR's.

Performance Rating Approach that will apply to MM and Directors (Senior Managers)

The five-point rating will apply in evaluating the performance within the NLM Municipality. The 2006 Performance Regulations sets out the rating as follows:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING				
			1	2	3	4	5
5	Outstanding Performance	Performance far exceeds the standard expected *of* an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the **PA** and Performance plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and **fully** achieved all others					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

The MSA and the Local Government: Municipal Performance Regulations have not provided the actual calculator and in the absence of this, KZN-CoGTA informed the municipalities to utilise the calculator issued by the Department of Public Service and Administration (DPSA), which is currently being used by all Provincial and National Departments.

The utilisation of this approved DPSA assessment calculator by the municipalities can be regarded as Best Practices which is a procedure that has been shown by research and experience to produce optimal results. An example of the rating calculator used is shown as follows:

EPMDS Annual Performance Assessment Assessment Rating Calculator								
Name:	XXXXX							
Year:	1 July 20XX - 30 June 20XX							
KRA	**Weight**	**Rating**	**Score**		**CMC**	**Weight**	**Rating**	**Score**
1	60%	3	1,8		1	20%	3	0,6
2	20%	3	0,6		2	20%	3	0,6
3	20%	3	0,6		3	20%	3	0,6
4			0		4	40%	3	1,2
5					5			
6					6			
					7			
					8			
					9			
					10			
					11			
					12			
	100%		100			100%		100
KRA weight			80%		CMC weight			20%
KRA SCORE			**80%**		**CMC SCORE**			**20%**
FINAL SCORE								**100%**

<u>GUIDELINES FOR USING THE ASSESSMENT RATING CALCULATOR FOR THE KRA (Key Result Areas)</u>

1. For each KRA fill in the weighting that you have allocated to it. Ensure that the weighting adds up to 100%. Fill in the number of KRAs are relevant to you.

2. Rate each KRA according to the extent to which performance has met the criteria specified in the standards and indicators. Use the five-point scale described in the guidelines.

3. The assessment rating calculator will automatically calculate a score for each KRA by multiplying the weighting by the rating.

4. The calculator will then automatically calculate a total score by adding up the scores and dividing by 3. The Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Section 27, 4 (c) rating scale indicates the calculation of the overall rating, i.e. a rating of a “3” on the scale entails “fully effective”. In terms of this approach to performance rating, an employee who is rated “fully effective” has fully complied with the requirements of the job. On the rating scale, this translates to an overall score of 100%.

5. KRA score is calculated by multiplying this total by the 80% weighting allocated to the KRAs.

FOR THE CMC

6. For each relevant CMC fill in the weighting that you have allocated to it. Ensure that the weighting adds up to 100%.

6. Rate each CMC according to the extent to which performance has met the specified standards. Use the five-point scale described in the guidelines.

7. The assessment rating calculator will automatically calculate a score for each CMC by multiplying the weighting by the rating.

8. The calculator will then automatically calculate a total score for the CMC by adding up the scores, dividing by 3 and multiplying this total by the 20% weighting allocated to CMC.

FOR THE OVERALL RATING

9. The assessment rating calculator will provide a final appraisal score by adding the totals obtained for the KRAs and the CMC.

The outcome of the planning phase in the employee performance management will result in all employees having signed a performance scorecard by 31 July of every year.

The outcome of the planning phase in the employee performance management will result in all employees having signed performance agreements by 31 July of every year.

Phase 2: Implementation, Monitoring, Data Analysis and Measurement.

When projects and programmes are implemented, the monitoring system as proposed in the organizational performance phases will apply. All the reporting timelines and information

management responsibilities will be carried out as detailed in the monitoring phase of organizational performance management system.

Phase 3: Coaching

Should an employee not be achieving the agreed indicators and targets in his/her performance scorecard during the monitoring and analysis phase, the manager/supervisor must assist the employee by managing his/her performance more closely. It is not appropriate that an employee hears about his/her non-performance for the first time at the formal performance review. Employees must be coached and given feedback throughout the year.

The Human Resources Manager will then need to identify the problem area and make recommendations on the interventions required to assist a struggling employee. The intervention must be related to employee wellness issue or capacity issue; however, it must be noted that a resource problem will have to be resolved by both the Director and the manager.

Phase 4: Review

This phase involves jointly assessing actual performance against expectations at the end of the performance cycle so as to review and document planned vs. actual performance.

According to the Local Government: Municipal Performance Regulations for the municipal managers and managers directly accountable to municipal managers, 2006, which states that:

28. (1) 'The performance of the employee in relation to his or her performance agreement must be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory':

First quarter	:	July to September ……..
Second quarter	:	October to December ……
Third quarter	:	January to March……..
Fourth quarter	:	April to June…….

The following guidelines will be applicable for conducting individual performance reviews:

- A Manager/supervisor will prepare ratings of employee's performance against key performance indicators. The rating will be done by considering the year end actual cumulative as well, the evidence which was documented during the coaching cycle as well as any other relevant input.
- The Manager/supervisor will request the employee to prepare for formal appraisal by rating him/herself against the agreed key performance indicators on their scorecards.

- The Manager/supervisor and the employee meet to conduct a formal performance rating with a view to conclude a final rating. The employee may request time to consider the rating. A second meeting will then take place. In the event of a disagreement, the manager/supervisor has the final say with regard to the final rating that is given.
- After the ratings have been agreed upon the scores are calculated.
- The Manager/supervisor must make own notes during the formal review meeting. All the criteria that have been specified must be taken into consideration.
- Only those KPI's relevant for the review period in question should be rated according to the five-point scale as shown above
- After the year-end review the manager/supervisor and the employee prepare and agree on a personal development plan.
- The Human Resource Manager will then play a role in assessing whether or not the training or EAP assistance provided, did result in the change in behaviour, hereby measuring the Return on Investment (ROI).
- The HR Department can also use the information in the review to draft the new own Personal Development Plan to be done for the following year.
- The total score is determined once all the indicators have been rated and scored. This is done with a view to establish if an employee is entitled to a bonus as per the guidelines stated above.

Portfolios of Evidence

This will be determined at the planning stage of the scorecard with each manager responsible. It will basically be whatever serves as means of proof or verification for the claimed achievement. The PMS Unit has taken the responsibility to scrutinise and review POEs of evidence to ensure its alignment with reported information before final submission to the Internal Audit unit for auditing purposes.

Phase 5: Rewarding Performance

This phase establishes the link between performance and reward. It aims to direct and reinforce effective work behaviours by determining and allocating equitable and appropriate rewards to employees.

The performance reward system applies to Section 54/56 employees and they are clearly spelt out in the 2006 Performance Regulations and these rewards are in the form of performance cash bonuses that are allocated after the receipt of the Auditor-General's report, tabling of the annual report and adoption of the oversight report, i.e., in March of each year.

At the mid-year review, amendments may be made to the Top Layer SDBIP and senior manager's performance plans. These amendments may be affected if:

- At the mid-year review, amendments may be made to the employee's performance scorecard. These amendments may be affected if:

    - Baselines and targets were not finalised at the start of the new performance cycle. These should be finalised and signed off at the mid-year review;
    - The achievement or non-achievement of the particular KPI will be out of the employee's/team's span of control (e.g. the budget has been pulled from the project);
    - The municipality has changed its Top Layer SDBIP/scorecard, and the achievement of the KPI is no longer strategically important.

- Any amendments must be reflected on a new performance scorecard, developed in accordance with the procedure outlined above. The Director/Municipal Manager will be reviewed and rated on the amended scorecard. The Director and Municipal Manager must sign the amended scorecard and a copy must be kept by them.

5.1 Payment of a performance bonus to employees acting in section 54/56 positions

If there is a vacant position that is occupied by a non-section 54/56 employee in an acting capacity, that employee cannot be paid a performance bonus based on the fact that, he/she is paid an acting allowance for acting in that position and also on the basis that he/she has not signed any performance agreement with the Municipal Manager that is linked directly to reward as per the remuneration policy of the Municipality.
The other contributing factor for non-payment of a performance bonus will be based on the fact that the position which he/she occupies at an acting capacity is regarded as a vacant position until such time that the position is filled.

5.2 Amending the Top Layer SDBIP and Performance Plan at the Mid-Year Review

At the mid-year review, amendments may be made to the Top Layer SDBIP and senior manager's performance plans. These amendments may be affected if:

- Baselines and targets were not finalised at the start of the new performance cycle. These should be finalised and signed off at the mid-year review;

- The achievement or non-achievement of the particular KPI will be out of the employee's/team's span of control (e.g. the budget has been pulled from the project);
- The municipality has changed its Top Layer SDBIP, and the achievement of the KPI is no longer strategically important.
- Any amendments must be reflected on a new performance plan, developed in accordance with the procedure outlined above. The Municipal Manager/Senior Manager will be reviewed and rated on the amended performance plan. The Senior Manager and Municipal Manager must sign the amended scorecard and a copy must be kept by them.

6. PMS CHECKLIST - CRITICAL DATES AND TIMELINES

TIME FRAME	MSA/MFMA REPORTING ON PMS	SECTION
QUARTERLY REPORTING	• The Performance Management Section collates the information and draft the organizational scorecard, which is submitted to Internal Audit	MSA Regulation 14 (1)(c)
BI ANNUAL REPORTING	• The Performance Audit Committee must review the PMS and make recommendations to council.	MSA Regulation 14(4)(a)
	• The Performance audit committee must submit at least twice during the year a report to Council.	MSA Regulation 14(4)(a)
	• The municipality must report to Council at least twice a year.	MSA Regulation 13(2)(a)
ANNUAL REPORT	The Accounting Officer must by 25 January of each year assess the Performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury.	MFMA S72
	• The Annual Report of a municipality must include the annual performance report and any recommendations of the municipality's	MFMA S121 (3)(c)(j) & MSA S46
	• The accounting officer of a municipality must submit the performance report to the auditor-General for auditing within two months after the end of the financial year to which that report relate	MFMA S126 1(a)

	• The Auditor-General must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report • The Auditor-General may submit the performance report and audit report of municipality directly to the municipal council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of the state	MFMA S126 (3)(a)(b) MFMA S127 (4)(a)

PMS QUARTERLY CHECKLIST	
QUARTER ONE – 01 JULY TO 30 SEPTEMBER	
Current FY Previous FY Next FY	
ACTIVITY	**TIMEFRAME**
• Publication of approved SDBIP • PMS to ensure S54/56 Performance agreements are signed and submitted to KZN COGTA and all relevant stakeholders • Review and prepare the Annual Performance Report for the previous FY • Submission of 4th quarterly & draft AMPR to Internal Audit Unit for audit purposes • Submission of the draft AMPR to PAC and Final APR submitted to AG on 31st August	
QUARTERY TWO – 01 OCTOBER TO 31 DECEMBER	
ACTIVITY	**TIMEFRAME**
• AG visit to the municipality • Audit Opinion Received & prepare Action Plan • Review and preparation of first quarter performance reports submitted to PMS • Submission of 1st quarterly review reports to PMS Unit • Conducting of 1st quarterly review – S 54/56 • Submission of 1st quarterly review reports to Internal Audit Unit for auditing • Performance Audit report produced by Internal Audit • Audit Committee meeting	
• **QUARTER THREE – 01 JANUARY TO 31 MARCH**	
ACTIVITY	**TIMEFRAME**
• Prepare Action Plan based on Auditor-General findings • Preparation and consolidation of Mid-year performance reports • Conduct Mid-year performance reviews – S 54/56 senior managers • Submission of the mid-year performance report to Internal Audit Unit for audit purposes • Submission of mid-year performance report to MEC – COGTA/Treasury by 25th January	

• Submission of mid-year report to Council together with mid-term budget assessment • Conduct the Annual external appraisal for the previous FY • Start and finalize the adjustment process for the SDBIP/scorecard and performance plans • Preparation of the first draft SDBIP/Scorecard and performance plans for the new FY	
QUARTER FOUR- 01 APRIL TO 30 JUNE	
ACTIVITY	**TIMEFRAME**
• Review and prepare the 3rd quarter performance reports • Conduct 3rd quarter performance review of S 54/56 • Submission of 3rd quarterly reports to Internal Audit Unit for audit purposes • Submit 3rd quarter performance report to Performance Audit committee • Finalise SDBIP / Scorecards and performance plans for the new financial year • Mayor receives and approves the new financial year's SDBIP/scorecard and performance plans • Council adopts new financial year's SDBIP/Scorecard and performance plans • Council adopts reviewed OPMS Framework/policy • Council adoption and payment of performance bonuses	

7. BUILDING CAPACITY TO PERFORM

The success of the implementation of the PMS will rest on the capacity of line managers, management, councillors, citizens and communities to fulfil their roles. It is therefore important to train and support all the various stakeholders in NLM in order to get buy-in from all levels of the organisation. All stakeholder groups will need some level of training and support to fulfil their commitments in planning, monitoring, reviewing and improving performance. Training and support should be customised for each group. It would be cost-effective to provide all the above-mentioned additional functions within the municipality and if necessary that external service providers only be contracted if internal capacity is constrained or where specialists are needed to assist with the cascading of PMS to lower staff levels.

The PMS Team must ensure the implementation of a workable and effective PMS. This team is responsible for managing and improving the PMS. The project leader reports directly to the Municipal Manager.

In order to ensure that the PMS is useful and effective, it must be regularly evaluated in terms of all its users. At least once a year, preferably after the annual review process it may be useful, together with a sample group that is representative of all stakeholders, and key decision-makers in the municipality, to evaluate the PMS. These evaluations should result in an improvement plan for the performance management that should be implemented immediately afterwards.

8. CONCLUSION

PMS cannot be implemented in isolation as it is a systems-wide intervention which ensures control in the ultimate achievement of vision/mission, strategic objectives and goals. It is therefore important that the NLM takes ownership and grows into its own PMS. PMS is dynamic and will change and develop over time to reflect the unique features of the NLM. The framework is aimed at improving PMS at the NLM and bringing about positive changes with even more focussed alignment. However, to ensure the implementation of this framework it needs the commitment and dedication of the management and its leadership.