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**EPHRAIM MOGALE
LOCAL MUNICIPALITY**

**REVIEWED PERFORMANCE MANAGEMENT
SYSTEM FRAMEWORK**

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SECTION A:
THEORETICAL PERSPECTIVE ON
PERFORMANCE MANAGEMENT



EXECUTIVE SUMMARY

The Municipal Systems Act, promulgated in 2000, required every municipality to establish and implement a Performance Management System (PM System). The PM System must provide guidelines on the development and implementation of an organisational and employee PM System.

This document provides a review of the Framework required in order to ensure the effective establishment and implementation of a PM System within the Ephraim Mogale Local municipality (EPMLM). It examines in more detail the theoretical requirements that should be followed during the review and implementation of performance management and focuses specifically on the four key areas to be managed to ensure effective performance management namely Planning and Review, Monitoring, Reporting and Evaluation for both the organisational and employee PM System.

These key areas are examined within the framework of key legislative requirements. A detailed account is given on how these key areas should be implemented to ensure municipal success. The methodologies for performance management that are proposed within this document are based on the hybrid outcomes-based 11-Steps to Excellence© performance monitoring and evaluation methodology (PM&E) inclusive of:

- the identification of priority issues
- developing strategic objectives
- development of performance measures
- setting performance targets
- review of performance measures and targets
- continuous review and update of the Performance Management System Framework
- identifying methods to improve the performance management model

Central to any PM System is the development of a measurement system, i.e. Key Performance Indicators (KPIs), as essential instruments to assess performance and transform complex municipal challenges into quantifiable and measurable outputs. This is crucial if the services delivered by EPMLM are to be evaluated. Effective assessment will lead to the improvement of services and ultimately ensure the advancement with respect to the quality of life for all within the community.

The key area of planning and review encompasses two main actions that take place at different times of the municipal financial year. The first is the planning and review of the Integrated Development Plan (IDP) and the second relates to the planning and review of the budget and Service Delivery Budget Implementation Plan (SDBIP). The community plays a crucial role in the planning and review process and must be included in the review of the IDP. The needs of the community are crucial and require to be considered in the establishment and review of the PM system and performance outcomes and impacts. Community participation is established through Ward Committees.

Aligning the SDBIP with the budget plans will ensure effective implementation of the strategic objectives set in the IDP. To take the IDP forward, operational plans, capital plans, annual budgets, Institutional

plans, Human Resource Development (HRD) plans, etc., must be developed. To achieve effective, efficient and economic service delivery, the EPMLM should work according to the priorities and projects included in the SDBIP. Performance monitoring is a continuous process that runs parallel with the implementation of the approved IDP, budget and SDBIP and involves data management and assessment. Monitoring is crucial to ensure that the municipality continues on track with its scheduled programmes and projects.

Assessment consists of the measurement of data through evaluation, analysis and validation to determine if targets have been met. The DPLG: now referred to as COGHSTA, devised a five-point scale where three (3) indicates that a target has been met. Scoring allows for quick and easy assessment of performance. Currently, the EPMLM does not attach a score to individual KPI achievements, but rather reflects whether the target was achieved or not achieved. The performance achievements are subject to assessment by the Internal Audit Unit and actuals reported against individual KPIs are assessed and verified against the relevant portfolio of evidence (POE) to support the achievements.

Stakeholders are becoming increasingly interested in how well municipalities are performing. The emphasis is shifting from narrow financial reporting to a more comprehensive reporting on the organisational performance of non-financial measures in terms of achieving set objectives. The compilation of performance reports is management's means of communicating to the organisation's stakeholders on the economic and efficient utilisation of available resources as well as the effective performance of operational functions. EPMLM generates a variety of Monthly, Quarterly and Annual Reports, both of a financial and non-financial nature.

Evaluation of organisational and employee performance is essential to ensure that corrective measures are identified and implemented to improve areas of under-performance. In other words, the intention of evaluation is to critically assess past actions, build on areas of value, eliminate non-value adding processes and use the information gained to make informed decisions to re-align organisational objectives and actions. Without continuous evaluation, there can be no improvement and development. Evaluation is done through auditing (independent), administrative evaluation and political oversight.

At the EPMLM the Mayor and Municipal Manager must promote performance management to ensure that all role players and stakeholders within the municipality embrace the changes required to ensure improved performance. Effective employee performance management is imperative to ensure the efficient operation of the municipality, without the employees driving the operations of the municipality there will be no service delivery. Improved performance of employees will ensure enhanced municipal operations. This Framework proposes a combined employee PM system with integration between the phases of the organisational and employee PM System.

Employee assessment is based on the employee's performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which is linked to respective Key Performance Areas (KPA's). In order to fulfil the objective of ensuring accountability, reviews are

conducted in cycles of not less than three-month intervals as prescribed in Regulation 805 or more frequently if circumstances dictate.

Employee performance monitoring takes place through coaching where managers, supervisors and employees alike receive assistance and guidance to improve performance. Evaluation determines whether the skills base of senior managers is adequate to drive the municipal processes of executing tasks and taking accountability and whether appropriate rewards should be considered as per Regulation 805; section 56 managers only.

The aim of Section A of the Performance Management System Framework is to provide more detail on the theoretical background that structures performance management to ensure effective steps and controls are put in place to give authenticity to the PM system.



1. INTRODUCTION TO THE PERFORMANCE MANAGEMENT FRAMEWORK

1.1 INTRODUCTION

Section 11(3) (k) of the Municipal Systems Act (2000) states that a municipality exercises its legislative or executive authority by establishing and implementing a PM system. It states that a municipality must establish a PM system that corresponds with its resources, is best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its respective IDP.

The Local Government Municipal Structures Act (1998) provides guidance on the roles and responsibilities of municipal's senior management with regards to performance management. Sections 19(2), 44(3) and 56(3) state that the Municipal Council, Mayoral Committee and Mayor of a municipality are responsible for reviewing the performance of a municipality in order to inter alia, improve the economy, efficiency and effectiveness of that municipality; ensure efficiency of credit control, revenue and debt collection management practices; and ensuring the effective implementation of municipal by-laws. Such responsibilities may, according to Part 3 of the Municipal Systems Act (2000), be delegated to relevant individuals within departments.

According to National Treasury, performance information reflects how well an institution is meeting its aims and objectives and which policies and processes are effective or need to be reviewed to determine the successful performance of an Institution. The PM System is the primary mechanism to monitor, review and improve on the activities of a municipality and requires an integrated approach that links municipal performance to employee performance aimed at improving planning (reviewing), budgeting, monitoring and reporting.

The aim of the Performance Management System Framework is to facilitate increased accountability as well as improved decision-making and service delivery. This requires that the Framework is developed on sound theoretical, legislative and methodological principles and requirements. In relation to this, the aim of section A of the Framework is to provide the theoretical, legislative and methodological basis for the EPMLM PM System.

The first Chapter provides a basic background to the PM System and includes detail on:

- The background or motivation for implementing a Performance Management System Framework
- Clearly defining Performance management
- The purpose of the Framework
- Critical success factors that should be applied to ensure effective and efficient performance management

1.2 BACKGROUND

After the transition to democracy in South Africa, the initial emphasis was on policy development, followed by the drive to promote the implementation of policies and processes to ensure effective, efficient and economic service delivery. It is the responsibility of government structures on all spheres to implement and execute such policies. Strategies formulated by these organisations act as performance drivers to direct organisational activity; reflecting the requirements of government policies.

Working towards achieving effective and efficient implementation of policies requires the application of performance management monitoring and evaluation. In this way, effective implementation, inclusive of budget allocation, service delivery and the overall quality of Institutional operations can be measured. The most valuable motivation for measuring performance is, according to National Treasury, that if an organisation is aware that its performance is being monitored, it is more likely to perform the required tasks linked to strategies and policies and do so at an acceptable standard.

Section 11(3) (k) of the Municipal Systems Act (2000) states that each municipality should establish a performance management system. The 11-Steps to Excellence© proposes that this system incorporates four key areas, namely planning, monitoring, reporting and evaluation. The incorporation of these key areas is based on various research related to performance management.

The aim of the EPMLM Framework is to improve service delivery by clarifying Institutional arrangements, roles and responsibilities and procedures to be followed to ensure effective application of the PM System. The Framework as a tool for effective management ensures integration of performance management with other local government processes. It builds on existing processes available in the annual municipal cycle which relates to the IDP, the Service Delivery and Budget Implementation Plan (SDBIP) as well as employee performance agreements and contracts.

In the next section, the concept and application of performance management will be discussed in more detail. The four main phases of the performance management cycle will be examined in detail in subsequent Chapters.

1.3 DEFINING PERFORMANCE MANAGEMENT

Various definitions on performance management are available. Craythorne (2006:120) 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. Venter, et. al. (2007:111) 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.

Based on the above and other inputs the following definition is applied within this Framework to summarise the incorporation of the four processes into the PM System of a municipality:

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 of Council in terms of indicators to determine its efficiency, effectiveness and impact, thereby ensuring improved delivery and value for money to the community and citizens.

Performance management serves as a systematic approach to ensure performance improvement through an ongoing process of establishing strategic performance objectives.

This is achieved by:

- measuring performance
- aligning priorities
- collecting and analysing data
- reviewing and reporting on data
- using the data to improve performance

Performance management prescribes the methodologies required to gear an organisation towards the service delivery priorities identified during the strategic planning phase.

With relation to the above, the Framework provides an outline of the processes that the EPMLM should follow to conduct the planning, monitoring, reporting and evaluation elements of a PM System.

Two levels of performance management are to be implemented within the municipality:

- On an organisational level: to determine how the EPMLM 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 employees (public servants) are performing their duties in line with the strategic plan of the municipality.

Organisational performance management entails the development of priorities aligned to the municipal strategy as well as the development of strategic objectives, programmes, projects, KPIs, baselines and targets. The municipality delivers services critical to the well-being and development of its community. In order to ensure that municipal service delivery is as effective, efficient and economical as possible, all municipalities are required to:

- formulate strategic plans
- allocate resources via a municipal budgeting processes
- monitor the implementation thereof
- report on the results as required by applicable legislation
- implement a concurrent review process

The PM system, IDP, SDBIP, budgetary and business planning process outcomes are used as the basis for ensuring effective management of organisational performance.

Councillors, Section 56 Managers as well as all staff who contribute to the achievement of the strategic vision, mission, key performance areas and strategic objectives of the organisation are defined as employees responsible for performing certain duties in line with the organisational strategic plan. If these employees perform in line with the organisational plans, optimal performance management will be achieved.

The responsibility for performance in the municipality takes on a hierarchical structure. The Municipal Manager and his/her senior management team, are responsible to the Mayoral Committee who in turn inform Council of the overall performance of the municipality. If all departments and divisions align their business plans to those included in the strategic planning document, the organisation will operate optimally within the budgetary framework.

1.4 PURPOSE OF THE FRAMEWORK

The Framework outlines the processes that the EPMLM should follow to conduct the planning/review, monitoring, reporting and evaluation elements of its PM System with relation to key performance indicators, corresponding targets and timelines. The document outlines important aspects of the municipality's performance prescribed by legislative requirements and elaborates on the concepts and methodology of performance management. It also includes detail on the roles and responsibilities of performance management within the organisation as well as processes required to ensure effective management of performance.

The Framework focuses on the processes to be implemented by the EPMLM to improve its PM system through proper planning/review, monitoring and assessment as well as reporting and evaluating current



objectives and outcomes, programmes, projects and processes. If implemented effectively, the guidelines included in this Framework will lead to improved management of dynamic change. The Framework is divided into two specific sections:

- Section A: Theoretical Perspective on Performance Management
- Section B: Performance Management Governance Arrangements

The following aspects will receive attention within each section:

Section A: Theoretical Perspective on Performance Management

- The fulfilment of the legal requirements of a PM System
- Performance Management methodology, with specific relevance to the 11-Steps to Excellence©
- The principles that inform the review, monitoring, reporting and evaluation of performance within the EPMLM's departments and divisions
- Change management

Section B: Performance Management Organisational Arrangements

- Clarifying the EPMLM's governance model in terms of performance management
- Effective delegation of responsibilities to the different internal role players and stakeholders in the municipality's PM system process
- Opportunity for external stakeholders and role players to participate in performance management

1.5 CRITICAL SUCCESS FACTORS

Establishing effective and efficient performance management practices will ensure that the EPMLM creates integration between strategic objectives and practical application. The value of the PM system as proposed in this Framework provides guidelines for the implementation of performance within the EPMLM. The successful implementation of the Framework is based on the application of the following critical success factors:

TABLE 1: CRITICAL SUCCESS FACTOR

Accessibility:	Data and analysis play a key part in performance management. The data required by a pm system should be easily accessible and available with the least possible effort.
Straightforward:	Ensure that all information is clearly presented and easily interpreted and understood 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 or assumptions. It should, furthermore, be aimed at efforts to improve quality, quantity, efficiency, and effectiveness.
Objective:	The 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 mayoral 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.

1.6 CONCLUSION

The aim of this Chapter was to provide an overview of the Framework to be followed within EPMLM and performance management was defined and an outline of the Framework was provided. Detail was provided on the critical success factors that will determine the successful implementation of the Framework. The following Chapter will focus more specifically on the legislative requirements to be followed to ensure the effective development, implementation, monitoring, and review of performance management.

2. LEGISLATIVE REQUIREMENTS

2.1 INTRODUCTION

The proposed Framework for the EPMLM 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. Key legislative and policy directives that impacts on the Framework are listed below:

- The Constitution, Act 108 of 1996
- White Paper on Transforming Public Service Delivery (1997)
- The White Paper on Local Government (1998)
- Local Government: Municipal Structures Act 117 of 1998
- Local Government: Municipal Systems Act 32 of 2000
- Local Government: Municipal Planning and Performance Regulations (No 796 of 24 August 2001)
- Local Government: Municipal Finance Management Act, 2003
- MFMA Circular 63 (Annual Report Update)
- MFMA Circular 13 (SDBIP)
- MFMA Circular 32 (Oversight Report)
- MFMA Regulation 493 Municipal Regulations on Minimum Competency Levels 2007
- Guidelines for Legislative Oversight through Annual Reports (2005)
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 (2006)
- Framework for Managing Programme Performance Information (2007)
- Medium Term Strategic Framework (MTSF) 2014-2019)
- King IV Report (2016)
- Guideline to Outcomes Approach (2010)
- Limpopo Development Plan (2015)
- National Development Plan – Vision 2030
- Local Government Back to Basics Strategy - 2014

More detail on each of the above is provided in this Chapter.

2.2 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA ACT 108 OF 1996

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

2.3 WHITE PAPER ON TRANSFORMING PUBLIC SERVICE DELIVERY NOTICE 1459 OF 1997

The White Paper on Transforming Public Service Delivery (Batho Pele) (1997), hereafter referred to as the Batho Pele Principles, provide eight principles for good public service. The Batho Pele Principles state that the development of a service-orientated culture requires the active participation of the wider community. The Principles for good public service include:

TABLE 2: BATHO PELE PRINCIPLES

Consultation:	Citizens should be consulted about the level and quality of public service they receive and, where possible should be given an opportunity to influence municipal spending.
Service standards:	Citizens should be informed about service delivery and the levels thereof they can expect from the municipality.
Access:	All citizens should have equal access to the services.
Courtesy:	Citizens should be treated with courtesy and consideration.
Information:	Citizens should be given full and accurate information about public services.
Openness and transparency:	Citizens should know how municipal departments are run, how resources are spent, and who is in charge of different services.

Redress:	If the promised standard of services is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.
Value-for-money:	Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

2.4 WHITE PAPER ON LOCAL GOVERNMENT 1998

The White Paper on Local Government (1998) hereafter referred to as the White Paper, introduced the practice of performance management as a tool to facilitate development. The aim of developing a performance management structure is to improve accountability of a municipality and improve the trust of the community in the activities of such a municipality.

The White Paper promotes developmental local governance by stating that integrated developmental planning, budgeting and performance management are powerful tools which can assist municipalities to develop a cohesive perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands and direct resource allocations and Institutional systems to a new set of developmental objectives.

Involving communities in the development of certain municipal key performance indicators and providing feedback, increases the accountability of the municipality and develops public trust in the local government sphere.

2.5 LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT 117 OF 1998

The aim of the Municipal Structures Act, No 117 of 1998 is to provide for the establishment of municipalities in accordance with categories and types of municipalities. The Act provides information on the division of functions and powers between categories of municipalities, the regulation of internal systems as well as structures and office-bearers.

2.6 LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT 32 OF 2000

Section 11(3) of the Local Government: Municipal Systems Act No. 32 of 2000 states that a municipality should exercise its executive or legislative authority by, inter alia, setting targets for delivery; monitor



and regulate municipal services provided by service providers; monitor the impact of effectiveness of any services, policies, programmes or plans; and establishing and implementing performance management systems. More specific guidelines in terms of performance management provided by the Act are provided below.

TABLE 3: MUNICIPAL SYSTEMS ACT REQUIREMENTS

Section 11(3)(h)	In order for a municipality to exercise its legislative and executive authority, it should prepare, approve and implement budgets. Funds should be allocated to building the capacity of the local community. This budget is a core component of the IDP of a municipality. The policy framework of the IDP provides the basis for the annual budget.
Sections 26(h) (i)	The budget should include projections for at least the next three years as well as key performance indicators and performance targets with regards to development priorities.
Sections 39 to 46	<p>These sections deal specifically with performance management in local government and require of local government to develop amongst others, a framework within which to:</p> <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 of performance before tabling the Annual Report • Have the Annual Performance Report audited by the Auditor-General • Involve the community in setting indicators and targets and reviewing municipal performance <p>In particular, Section 39 stipulates that the Mayor or Mayoral Committee is responsible for the development of a PM system. The Mayor or Mayoral Committee is responsible for submitting the PM system to Council for approval. They may assign responsibilities for the development and management of the PM System to the Municipal Manager.</p>



Section 40	Stipulates that a municipality must establish mechanisms with which to monitor and review its PM System.
Section 41	<p>This section identifies the core components of a PM System as:</p> <ul style="list-style-type: none"> • setting Key Performance Indicators (KPIs) • setting measurable performance targets • 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	Stipulates that the KPIs and performance targets 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. The performance report should reflect the development and service delivery priorities and performance targets in terms of the IDP of the municipality.
Section 46	<p>The municipality prepares an Annual Report consisting of a:</p> <ul style="list-style-type: none"> • performance report • financial statements • audit report on financial statements • any other reports in terms of legislative requirements. This report must be tabled within one month of receiving the audit report
Section 76	Mechanisms for providing services can include internal mechanisms which may be a department or other administrative unit within its administration, any business unit devised by a municipality or any



	external mechanism such as a municipal entity, another municipality or an organ of State.
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2.7 LOCAL GOVERNMENT: MUNICIPAL PLANNING AND PERFORMANCE MANAGEMENT REGULATIONS AND GUIDELINES GN 796 OF 2001

The Municipal Planning and Performance Management Regulations and Guidelines (2001) deal with the provision of various aspects of performance management. The document provides user-friendly non-prescriptive guidelines to assist municipalities in developing and implementing their legislatively required PM System. It is designed to enable them to develop and implement such systems within their resource constraints, suited to their circumstances and in line with the priorities, objectives, indicators and targets contained in their IDPs.

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. While providing guidance on the development and implementation of an organisational PM System, it also highlights some of the linkages to an employee PM System. A discussion on the stipulations of relevant sections follows.

TABLE 4: MUNICIPAL PLANNING AND PERFORMANCE REGULATIONS AND GUIDELINES

Section 2(1) (d) & (e):	The IDP of a municipality must identify all known projects, plans and programs to be implemented within the municipality by any organ of state as well as the KPIs set by the municipality. The performance management indicators should relate back to the objectives and targets identified in the Municipal IDP which sets out the vision, objectives and development plans of a municipality, including the objectives, KPIs and targets agreed upon. The IDP lays the basis for the effective performance management of a municipality.
Section 7(1) & (2):	These section sets out the format for the municipal performance management system framework by stating that a municipality’s PM 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.
Section 8:	A PM system must be adopted before or at the same time as the commencement by the municipality of the process of setting KPIs and targets



	in accordance with its IDP. Annual Reports provide feedback on the implementation of performance in relation to the IDP, budget and SDBIP in terms of performance measurement.
Sections 9 & 15:	KPIs including input indicators ¹ , output indicators ² and outcome indicators ³ must be set in respect of each of the development priorities and objectives within the IDP. KPIs must be measurable, relevant, objective and precise. A municipality must ensure that communities are involved when setting these indicators. These indicators must also inform the indicator set for administrative units and employees as well as municipal entities and service providers.
Section 10:	General KPIs which municipalities have to report on include households with access to basic services, low-income households with access to free basic services, job creation in terms of the IDP, employment equity with target groups and the implementation of work skills plans.
Sections 12 & 13:	Performance targets must be set, monitored, measured and reviewed to ensure effective, efficient and economic performance.
Section 14:	Explain requirements related to internal Auditing of performance measurements.
Section 43:	Authorises the Minister to prescribe General KPIs that every municipality must report on.

The objective of institutionalising a PM system beyond the fulfilling of legislative requirements is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality’s IDP. In doing so, it should promote accountability, decision-making and resource allocation, meaningful intervention mechanism development as well as early warning systems.

¹Refers To An Indicator That Measures The Cost, Resources And Time Use To Produce An Output.

²Refers To An Indicator That Measures The Results Of Activities, Processes And Strategies Of A Programme Of A Municipality.

³Refers To An Indicator That Measures The Quality And Or Impact Of An Output On Achieving A Particular Objective.



2.8 LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003

The Municipal Finance Management Act 56 (2003), hereafter referred to as the MFMA, ensures sound and sustainable management of the fiscal and financial affairs of municipalities. It establishes norms and standards based on National Treasury guidelines to ensure the effective management of municipal finances.

Sections 16 (2) & 17 (3) state that an annual budget be tabled, approved and submitted to National Treasury. Section 17 (3)(b) further states that the budget should include measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's IDP. The budget of the municipality should, therefore, be compiled to reflect the priorities, objectives and projects outlined within the IDP of the EPMLM.

Section 53 (1) of the Act provides guidance in terms of employee performance management within municipalities. The section states that it is the responsibility of the Mayor to ensure that the annual performance agreements as required in terms of Section 57 (1) (b) of the Municipal Systems Act for the Municipal Manager and all Senior Managers are prescribed. The Mayor must ensure that these performance agreements are made public no later than 14 days after the approval of the municipality's SDBIP. Copies of such performance agreements must be submitted to the Council and the MEC for local government in the Province Section 57 (3) (b).

In addition to the above, the various sections of the MFMA indicate the reporting requirements necessary to ensure continuous review, reporting, monitoring and planning of municipal performances. A summary of the content to be included in these reports follows.

TABLE 5: MFMA REPORTING REQUIREMENTS

Report	Legislation	Frequency	Process Owner	Accountable to
Monthly budget statement	MFMA S71 (1)	Monthly	Accounting Officer	The Mayor, Provincial Treasury
Quarterly reports reporting on the implementation of the budget and the financial state of Municipal affairs	MFMA S52	30 Days after end of each quarter	Mayor	Council

Report	Legislation	Frequency	Process Owner	Accountable to
Mid-year budget and performance assessment Report	MFMA S72 (1)(a)	Mid-year Jan 25	Accounting Officer	The Mayor, National and Provincial Treasury
General reporting obligations	MFMA S74	Continuous	Accounting Officer	National and Provincial Treasury, CoGTA & COGHSTA or the Auditor General
Annual Performance Report	MFMA S121 & S132	Annual	Municipality	Council, Provincial Legislature or MEC, Auditor General
Submission and tabling of Annual Report	MFMA S127(1)	Within 6 months after the end of financial year	Accounting Officer	Municipal Manager
Submission and tabling of Annual Report	MFMA S127(2)	Within seven months after the end of a financial year	Mayor	Municipal Council
	MFMA S127(5)	After tabling of Annual Report to Council	Accounting Officer	Community, Auditor General, Provincial Treasury and COGHSTA
Oversight report on Annual Report	MFMA S129(1)	2 months from date on which Annual Report was tabled in Council	Oversight Committee	Council, Auditor General
Annual Report to Parliament	MFMA S134	Annually	Cabinet member responsible for local government	Parliament

Report	Legislation	Frequency	Process Owner	Accountable to
Annual Financial Statements	MFMA S122 and 126	Annually	CFO	Municipal Manager

The IDP review is informed by changing circumstances as is evidenced from the Mid-year Budget and quarterly performance report tabled to Council in terms of Section 72 of the MFMA and also from the Annual Report in terms of Section 121 (Annual financial and performance reports) tabled to Council. According to MFMA (2003: Section 121(1) and Section 129, every municipality/municipal entity must, for each financial year, prepare an Annual Report (AR). The AR provides feedback on the implementation of performance in relation to the IDP, budget and SDBIP in terms of the performance measurement system. The Council must, within nine months after the end of the financial year, deal with the AR of the municipality and of any municipal entity under the municipality’s sole or shared control. In this instance, the municipality is encouraged to submit both the Draft AR inclusive of the unaudited Annual Financial Statements and MSA 2003: Section 46 documents by the end of August of that year, to short-circuit the time period of submission.

It is necessary that municipalities derive maximum benefit from their efforts in submitting reports, due to the importance of the relationship and linkages to other planning and reporting processes, it is required that monthly reports be submitted to the Mayor and Provincial Treasury MFMA Section 71(1) culminates into providing information to be included in the mid-year budget and performance report MFMA Section 72(1). The first three quarterly reports are rolled up and inform the fourth quarter report, which is synonymous with both the Annual Performance Report and the Draft AR, which contains the financial statements, derived from the in-year reports.

The unaudited AR refers to the fourth quarter report that includes all information required within the AR. One of the advantages of compiling an unaudited AR in August is that it can be used to influence the objectives indicated in the IDP for the next financial year as well as the budgetary requirements related to each. An unaudited AR submitted in August will provide a municipality with an opportunity to review the functional areas that received attention during the current financial year and take the necessary corrective actions to align the IDP and budget to more urgent programmes and functional areas.



2.9 MFMA CIRCULAR NO 63: ANNUAL REPORT GUIDELINES 2012

This circular has been developed by National Treasury to provide guidance on the preparation of the new Annual Report (AR) format and was issued after consultation with the Presidency, National Department of Cooperative Governance, sector departments, provincial departments and municipalities. Information included in the New AR will 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.

The AR content will assist municipal Councillors, municipalities, municipal entities, residents, oversight institutions and other users of AR's 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.

The purpose of the new AR format is to:

- Standardise reporting to enable municipalities / municipal entities to submit comparable AR's;
- Align financial and non-financial reporting in the AR;
- Create a standardised reporting structure that will enhance comprehensive oversight, meaningful evaluation and improved understanding of service delivery output;
- Ensure the standardisation of terminology used in AR's; and
- Support the internal and external audit process.

2.10 MFMA CIRCULAR NO 13: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2005

The circular 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 budget gives effect to the strategic priorities of the municipality and is not a management or implementation plan. The SDBIP, therefore, serves as a "contract" between the administration, Council and community expressing the goals and objectives set by the Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget.

The circular further notes that the following five components must be reflected in the SDBIP:

- 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

From the above it should be clear that the SDBIP is regarded as one of the most important management tools of the municipality, hence the obligation on the Accounting Officer to submit the SDBIP within 14 days from the approval of the annual budget. The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the Municipal Manager and Section 56 managers, whose performance can then be monitored through Section 71 monthly reports, and evaluated through the Annual Report process.

Once the top layer targets are set, senior management is expected to develop the lower layer of the SDBIP by providing more detail on each output for which they are responsible and break up such outputs into smaller outputs and link these to each middle-level and junior manager. Much of this lower layer is not made public, nor tabled in Council. The lower level SDBIP is dynamic and should be continually revised by the Municipal Manager and other senior managers as actual performance after each month or quarter is taken into account.

The lower SDBIP should include departmental prioritisation and strategies presented via a business plan inclusive of detailed project plans to ensure performance measurement. These plans are to be used as monitoring tools to ensure effective performance of departments. The lower SDBIP should vent into the operational planning issues, but it is not required to be made public.

2.11 MFMA CIRCULAR 32: THE OVERSIGHT REPORT 2006

This circular focuses on the oversight process that Councils must follow when considering the Annual Report (AR) and how to deal with the Oversight Report by encouraging continuous improvement and promoting accountability to stakeholders. The Oversight Report is the final major step in the AR reporting process of a municipality. Section 129 of the MFMA requires the Council to consider the AR of its municipality and municipal entities and to adopt an “oversight report” containing the Council’s comments.

The recommended process is that once the Auditor General’s audit report has been issued on the AR, no further changes are permitted. The Mayor tables the audited AR and financial statements to Council. The audited AR is made public on 31st January. The Oversight committee assesses the AR tabled to Council for approval after which it is submitted to relevant Provincial legislators and Treasury. The Oversight

Report must include summaries, statements and recommendations to indicate whether Council has approved the rejected or has referred the AR back for revision.

2.12 MFMA REGULATION 493: MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS 2007

The aim of this Regulation is to in terms of Section 168 of the MFMA compile a set of general and minimum competency levels for Accounting Officers, Chief Financial Officers, senior managers of municipalities, inclusive of other financial and supply chain management officials. It provides guidelines on the skills, experience and capacity required to fulfil the responsibilities, functions and powers assigned to the above-identified officials in terms of the MFMA. Requirements related to highest educational qualification, work related experience, core managerial and occupational competencies and financial and supply chain management competency areas are provided. Information on competency assessment and reporting on and monitoring thereof to be included in performance agreements are provided.

New regulations pertaining to core competencies for Municipal Managers and Managers Directly Accountable to the Municipal Manager are contained in the Municipal Systems Act, hereafter referred to as Resolution 21 of 2014; refer section 2.14 for further details.

2.13 GUIDELINES FOR LEGISLATIVE OVERSIGHT THROUGH ANNUAL REPORTS 2005

The Guidelines for Legislative Oversight through Annual Reports (2005) states that the most important documents tabled for any department every year are its strategic plan, budget and Annual Report (AR). The strategic plan and budget of a department are forward-looking while the AR is backward-looking. The AR is a report on the actual performance at the end of the financial year, reporting on how its strategic plan and budget were implemented. In addition to these guidelines, National Treasury compiled an AR Template and Guide to assist municipalities in improving the quality of the ARs submitted.

According to this document the purposes of an AR are inter alia to provide a record of activities during a specific financial year; provide a report on performance against the budget for that specific financial year in relation to the outcomes identified in the IDP promote accountability to the local community for decisions made throughout the financial year; and reflect on the performance of the municipality and other external service provider during a financial year in comparison with targets and performance of the previous financial year.

Annual Reporting as set out by legislation provides municipalities with an opportunity to report on non-financial and financial performance against set targets. In support of legislative requirements, ARs can

be seen as a key instrument in ensuring accountability and transparent governance. It is the vital mechanism used to measure performance for the year.

2.14 MUNICIPAL PERFORMANCE REGULATIONS FOR MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER NOTICE 805 OF 2006

Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager, hereafter referred to as Regulations 805, seek to set out how the performance of Municipal Managers will be uniformly directed, monitored and improved. Regulation 805 addresses both the Employment Contract of a Municipal manager and managers directly accountable to the Municipal manager as well as the Performance Agreements that is 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.

New regulations pertaining to core competencies for Municipal Managers and Managers Directly Accountable to the Municipal Manager are contained in the Municipal Systems Act, hereafter referred to as Resolution 21 of 2014. It provides a competency framework of the leading and core competencies these managers have to adhere to and it provides definitions of the achievement levels as basic, competent, advanced or superior achievement levels. The competencies detailed in the framework are as presented in table 6 below.

TABLE 6: COMPETENCIES FOR MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

Leading competencies	
Strategic direction and leadership	Impact and influence Institutional performance management Strategic planning and management Organisational awareness
People management	Human capital planning and development Diversity management Employee relationship planning Negotiation and dispute management
Program and project management	Program and project planning and implementation Service delivery management Program and project monitoring and evaluation

Leading competencies	
Financial management	Budget planning and execution Financial strategy and delivery Financial reporting and monitoring
Change leadership	Change vision and strategy Process design and improvement Change impact monitoring and evaluation
Governance leadership	Policy formulation Risk and compliance management Cooperative governance
Core competencies	
Moral competence Planning and organising Analysis and in innovation Knowledge and information management Communication Results and quality focus	

2.15 FRAMEWORK FOR MANAGING PROGRAMME PERFORMANCE INFORMATION 2007

According to the Framework for Managing Programme Performance Information (2007) performance information needs to be structured to demonstrate clearly how government uses available resources to deliver its mandate. This needs 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.

According to the Framework 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.

Guidelines provided in this Framework are to be used by municipalities to ensure that programmes, projects and processes are effectively planned, reviewed, monitored and evaluated.

2.16 MEDIUM TERM STRATEGIC FRAMEWORK 2014-2019

The Medium Term Strategic Framework (MTSF, 2014-2019) builds on the success of over 20 years of democracy. Over this period the first phase of our democratic transition the foundations have been laid for a non-racial, non-sexist, united and prosperous South Africa, and for a society based on fundamental human rights, equality and unity in diversity. Our people's dignity has been restored and non-racial majority rule based on one-person, one-vote has brought about government based on the will of the people.

Municipalities are expected to adapt their IDPs in line with the National medium-term priorities. The central objective is to set the country on a higher and sustainable growth trajectory that will ensure greater equity, social cohesion and includes universal access to electricity, water and sanitation in decent community settlements.

However, the challenges still facing our country are immense as the Twenty Year Review and the National Planning Commission's 2011 Diagnostic Report highlights. These include poverty, inequality and unemployment which continue to negatively affect the lives of many communities. High unemployment, protracted investment levels and education lags behind our requirements which results in the current weak state of the economy and impedes our efforts to reach our developmental goals.

The second phase of our democratic transition calls for bold and decisive steps to place the economy on a qualitatively different path that eliminates poverty, creates jobs and sustainable livelihoods and substantially reduces inequality. This requires radical economic transformation and a sustained focus on addressing the erratic quality of service delivery

This Medium Term Strategic Framework (MTSF) is 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). The MTSF sets out the actions government will take, targets to be achieved and provides a framework for the other plans of National, Provincial and local government.

The National Development Plan provides the framework for achieving the radical socio-economic agenda set out in the Governing party's election manifesto. It recognises the need for a capable and developmental state, a thriving business sector and strong civil society Institutions with shared and complementary responsibilities. It identifies decent work, education and the capacity of the State as

particularly important priorities. It also highlights the need to improve the quality of administration of many government activities.

The 2014-2019 electoral mandate focuses on the following priorities:

- 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.

In its focus on these priorities, and their elaboration into fourteen key outcomes and associated activities and targets, the MTSF has two over-arching strategic themes namely, radical economic transformation and improved service delivery.

2.17 KING IV REPORT TM

The King IV Report is the fourth edition published in 2016 that sets out the philosophy, principles, practices and outcomes which serve as the benchmark for corporate governance in South Africa. An update of the previous version became necessary due to various developments in corporate governance since King III came into effect in 2009.

2.18 GUIDELINE TO OUTCOME APPROACH

The Outcomes Approach is designed to ensure that government is focused on achieving the expected real improvements in the life of all South Africans. The guideline clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we have succeeded. The guideline will assist all spheres of government to ensure that results improve the lives of citizens rather than just routinely perform functions. It will assist us to monitor the progress achieved and provide evidence to determine challenges to allow informed decisions to be made to improve our planning and implementation on an annual basis.

This guideline describes the government performance monitoring and evaluation system and the management for outcomes that has been approved by Cabinet. It provides a broad overview of the

twelve (12) outcomes that collectively address the main strategic priorities of government. Each outcome has a limited number of measurable outputs and sub-outputs as well as clear targets. These outcomes and outputs will be the strategic focus of our work going forward. Based on these outcomes, the President has signed Performance Agreements with each Minister. This guideline also provides detailed guidance on developing a Delivery Agreement and establishing the Implementation Forums that will support the work required for each outcome.

The role of Implementation Forums is to coordinate government's work towards the achievement of the key outcomes. Each outcome is to be managed by an Implementation Forum comprising of an Executive Implementation Forum and a supporting Technical Administrative Forum. The main tasks of the Implementation Forum is to negotiate a Delivery Agreement and coordinate the implementation of the agreement across spheres and structures of government. This involves, inter alia, monitoring the achievement of milestones.

Delivery Agreements are collective agreements that, in most cases, involve all spheres of government and a range of partners outside government. Producing Delivery Agreements requires a structured and systematic approach and all key partners for an outcome need to be brought together to agree on key activities. Such activities include who needs to do what, by when, with what resources and within which context (legislative, regulations, and organisational arrangements).

2.19 LIMPOPO DEVELOPMENT PLAN

The Limpopo Development Path (LDP) (2015) reflects the steps that the Limpopo Province will follow in an ongoing journey to eliminate poverty, reduce inequality and improve the quality of life for its citizens, as visualised in the National Development Plan. For the Province to realise its developmental objectives, there is a need to institutionalise long-term planning, integration and coordination. This institutionalisation will be managed by the Office of the Premier and will be rolled out into every organization in Limpopo.

The process of crafting the LDP is all inclusive and participatory for all stakeholders and was developed with the participation of public entities, the private sector, organised labour and civil society.

The purpose of the Limpopo Development Plan, 2015 - 2019, is to:

- Outline the contribution from Limpopo Province to the National Development Plan objectives and the National Medium Term Strategic Framework for this period;
- Provide a Framework for the strategic plans of each Provincial Government department, as well as the IDPs and Sector plans of district and local municipalities;

- Create a structure for the constructive participation of private sector business and organised labour towards the achievement of Provincial growth and development objectives; and
- Encourage citizens to become active in promoting higher standards of living within their communities.

This LDP builds on the foundations of the Limpopo Economic Growth and Development Plan 2009 - 2014 and the Limpopo Provincial Growth and Development Strategy 2004 - 2008. These strategies were reviewed, in order to maintain positive momentum for development and to overcome shortcomings that were revealed during their implementation cycles. Risks to the achievement of the LDP objectives were identified and mitigation plans were devised.

2.20 NATIONAL DEVELOPMENT PLAN – VISION 2030

The National Development Plan (NDP) developed by the National Planning Commission and unveiled on 11 November 2011 states that:

South Africa can eliminate poverty and reduce inequality by 2030. It will require change, hard work, leadership, and unity. Our goal is to improve the life chances of all South Africans, but particularly those young people who presently live in poverty. The plan asks for a major change in how we go about our lives. In the past, we expected government to do things for us. What South Africa needs is for all of us to be active citizens and to work together – government, business, communities – so that people have what they need to live the lives they would like.

The NDP proposes a new approach to tackling these challenges, one that moves from a passive citizenry receiving services from the State to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to develop people’s capabilities to lead the lives they desire.

The NDP clearly assists us to chart a new course and focuses on implementing the opportunities that people need to grasp, such as education and public transport and to broaden the opportunities through economic growth and the availability of jobs.

Everything in the NDP is aimed at reducing poverty and inequality. Our view is that government should shift the balance of spending towards programmes that help people improve their own lives and those of their children and the communities they live in. South Africa can become the country we want it to become. It is possible to get rid of poverty and reduce inequality in 20 years. We have the people, the goodwill, the skills, the resources and now, a cohesive plan.

This will be achieved by prioritising the following initiatives:

- 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

2.21 LOCAL GOVERNMENT BACK TO BASICS – 2014

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”.

This strategy also deals with the Back to Basics programme of change whereby it advocates the principle of acceptable levels of performance which means that municipalities must:

- 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
- 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

2.22 CONCLUSION

Legislation and regulations impact on the performance management operations within a municipality. The IDP process and the performance management process must ideally be seamlessly integrated. The IDP fulfils the planning stage of performance management, which 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 performance management and 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.

Legislation and regulations impact on the performance management operations within a municipality. The IDP and performance management processes must ideally be seamlessly integrated with the IDP fulfilling the planning stage of performance management which 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 as the SDBIP, 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.



3. PERFORMANCE MANAGEMENT METHODOLOGY

3.1 INTRODUCTION

In the highly dynamic municipal environment, strategy is of extreme importance. Success depends on the ability of a municipality to continuously improve itself and this requires tremendous strategic agility and superior execution of the chosen strategy. This is only possible if an effective and efficient PM System is in place to measure the quality of municipal performance. A variety of performance management methodologies need to be incorporated into a PM System in order to accommodate all the needs and requirements of a municipality.

It is imperative that these methodologies be linked to legislative requirements in terms of stakeholder, role player input and project, process output requirements to ensure effective, efficient and economic municipal service delivery. It should explain how the cascading will be conducted at organisational level, ending at the performance targets of individual employees.

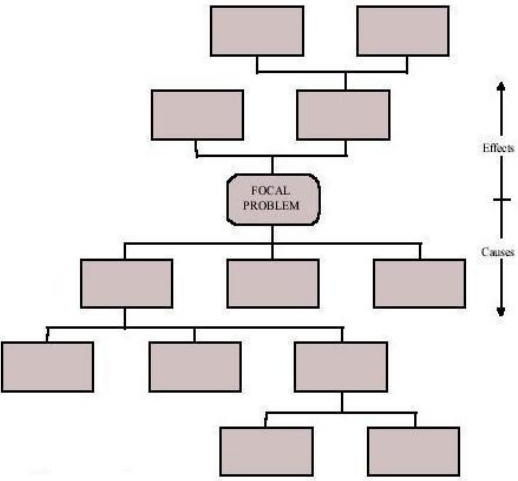
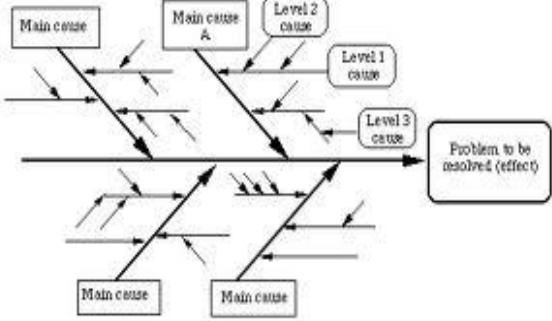
By using a variety of methodologies the EPMLM will position itself to successfully apply the phases of performance management required to complete its IDP, budget, SDBIP, monitoring, measuring, reporting and evaluation processes according to legislative requirements. With the above in mind, this Chapter examines the various practices to be executed to achieve effective and efficient performance management within the municipality.

3.2 PROBLEM ANALYSIS

The Outcomes Approach suggests that a Problem Analysis be conducted to develop a clear understanding of the problems that impact on organisational activities. Analytical tools such as Problem Trees, Fishbone, Business Process Re-engineering or Cause-and-Effect Analysis can also be used. The underlying principle of all these tools is that problems are complex and usually encompass a range of causes. These causes need to be identified in order to determine the most appropriate solution. Such a solution can also be identified via the Theory of Change methodology and then incorporated into the strategic and business plans of the organisation via the Balanced Scorecard and Logic Model.

The following table 7, provides a brief description of various Problem Analysis tools that may be used to analyse problems:

TABLE 7: PROBLEM ANALYSIS TOOLS

Tool	DESCRIPTION	Example
<p>Problem Tree Analysis</p>	<p>The problem tree is a planning method based on needs. The problem can only be addressed on the basis of available information and an understanding of the main cause/effect relationships; creating a detailed overview of the current situation. No solution should be unilaterally discarded as this would narrow the perspective and possibilities to ensure the desired outcome and or desired change has been agreed upon</p>	 <p>4</p>
<p>Fishbone</p>	<p>It is an analysis tool that provides a systematic way of looking at effects and the causes that create or contribute to those effects. The value of the fishbone is to assist organisations in categorising potential causes of problems or issues in an orderly way⁵.</p>	

⁴ Participation: Our Vision. 2010. *Problem, Alternative, Objective Tree*. Available At: http://www.fao.org/participation/english/web_new/content_en/problem_tree.html.

⁵ North Carolina Department Of Environment And Natural Resources. 2010. *Fishbone Diagram: A Problem-Analysis Tool*. Available At: <http://quality.enr.state.nc.us/tools/fishbone.htm>.

Tool	DESCRIPTION	Example
Cause and Effect	This technique is used when analysing big problems or seemingly complicated issues where all factors seem to be interrelated.	
Business process re-engineering (BPR)	BPR refers to the process of re-thinking what an organisation does and how it does it. It takes into account all factors involved – cultural, technical, cost, skills and outcomes.	

Problem causes should be solved so as to resolve the problem by itself and it is important to ensure that the problem is understood from the point of view of the needs and concerns of the intended beneficiaries. Possible solutions should contribute to improved service delivery and a better life for all citizens of the municipality and this will ensure that planned interventions are relevant.

⁶Irm Training White Paper. 2007. *Problem Analysis Techniques*. Available At: http://Irm.Com.Au/Problem_Analysis_Techniques.Pdf.

⁷Gd250. 2010. *Bpr Connection Between Business Process Reengineering And V-Model*. Available At: <http://www.informatik.uni-bremen.de/Gdpa/Part3/P3gpo.htm>

3.3 BALANCED SCORECARD

Principles of the Balanced Scorecard, interlinked with those of the Logic Model are used to create strategic alignment between various strategic and business planning documents within the municipality.

The Scorecard has proved to be the most popular performance and strategic management tool used by both public and private organisations nationally and internationally. The benefits of implementing the Scorecard model include that it provides strategic focus and direction to the organisation; improves governance and accountability; promotes alignment and transparency and improves management effectiveness.

Aspects of the Logic Model are used to compile clear directives to measure success and achievements. A Logic Model can be described as a rationale underlying a specific intervention. It usually describes the link between an intervention, requirements and activities as well as the expected outcomes. It is an organising tool that explains how a specific action works and links short-term and long-term objectives with programme activities and processes through outcomes and outputs.

The Scorecard framework cascades to all levels of municipal service delivery (strategic, tactic and operational management). The objectives of cascading the Scorecard are to achieve synergy across the municipality, maximise internal business process efficiencies (e.g. supply chain, information technology, human resources, etc.) and efficient allocation of resources (financial and human). The development of Scorecards ensures integration of information and objectives included in the IDP, SDBIP and Lower SDBIP of a municipality.

The Scorecard methodology follows the traditional design approach promulgated by Kaplan and Norton (1996) adapted by the Institute for Performance Management to assist municipalities to comply with legislative requirements. The Scorecard method of performance management was developed as a tool to measure whether the smaller scale operational activities of an organisation are aligned with its larger scale strategic objectives.

The measurements to determine the achievement of objectives includes the following:

TABLE 8: MEASUREMENTS REQUIRED TO ACHIEVE OBJECTIVES

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: Is the municipality delivering the services the electorate wants?
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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 needs to focus on those critical operations that enable them to satisfy the electorate, citizens and community. Management must answer the question: <i>Can the municipality improve upon a service by changing the way a service is delivered?</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>

The overall aim of the Scorecard is to provide a framework in which an organisation can determine the quality of its service delivery by creating an interface between the strategic objectives and departmental activities. Within the municipal environment, the Scorecard provides a structure for the integration between the IDP and SDBIP, where the IDP is cascaded to the SDBIP, and where departmental outputs and outcomes are integrated with the outcomes and outputs of the SDBIP. Collectively the information included in the Scorecard provides detail on municipal performance targets as well as the planned level of performance or the milestones an organisation sets for itself. It promulgates the desired level of service delivery for the current financial year.

3.4 LOGIC MODEL

The Logic Model is used to give execution to the strategic objectives that the municipality has set for itself. It operates on the principle that once the strategic objectives of a municipality have been established (via the Scorecard), they are to be translated into outcomes and outputs. Outputs are the first measurement that refers to the quantity and quality of services delivered by the municipality. The achievement of outputs should lead directly to the realisation of outcomes defined in response to performance areas, strategic objectives and programmes.

Execution and measurement of the achievement of priorities and objectives can only be ensured by compiling performance indicators as measurement tools. KPIs must be compiled to ensure the successful implementation of the Strategic Scorecard. Such indicators provide guidelines to ensure cascading of current strategic objectives to every department and employee within the municipality in order to measure performance. Performance measurement is the golden thread that runs throughout the PM System and weaves each of the elements together into a cohesive and aligned system that enables the municipality to give authority to its identified strategic objectives.



Regular measurement of progress toward achieving specified outcomes is a vital component of any effort of managing-for-results. This is the process that focuses on maximising benefits and minimising negative consequences of services and programmes. Effective and efficient performance measurement, therefore, encompasses the regular measurement of the results (outcomes and outputs) and efficiency of services or programmes (inputs, outputs and outcomes). Performance information provides managers with:

- details on programme activities
- possible risk areas within programmes
- motivation to strive for service improvement

It is important to note that performance measurement and performance management are two different fields of study. Performance measurement is a tool used within performance management to periodically evaluate and review performance. Performance measurements tell us whether progress is being made in achieving our goals and essentially describe the performance dimension that is key to achieving performance management intended results.

Performance measurements are completely dependent on obtaining accurate, reliable and relevant information. If measurement is conducted incorrectly or inaccurately, the data could be misleading and impact negatively on decision-making.

Targets included in the Scorecard are usually expressed in terms of quality and time and require the establishment of baseline measurements. Baseline measurements are the state of current affairs at the start of a specific period. If performance is seen as a race, then baseline is the starting point and target the finish line. Baseline information is required to define the status quo and determine if any progress was made compared with baseline information. The IDP needs to reflect five-year targets in terms of backlog (baseline information).

The setting of targets entails a two-way communication:

- Politicians need to give clear direction as to the importance of the targets and how it will address the public need
- Line managers need to advise as to what a realistic and achievable commitment for a target is, given the availability of resources and capacity to execute

The ideal performance measurement system is one that energises the people in an organisation to focus their effort on improving actions that really matter. Such a system will give people the information and freedom that they need to realise their potential within their roles in the organisation and that aligns their contribution to the success of the municipal performance measurement system. National Treasury compiled generic performance indicators as guidelines to all government institutions

The National Treasury adopted the Logic Model in its Framework for Managing Programme Performance Information in 2007. The aim of the document and the use of the Logic Model were to explain the importance of performance information as a management tool in planning budgeting and reporting. A more comprehensive explanation pertaining to National Treasury requirements with respect to the Logic Model can be viewed in Appendix A to this document.

3.5 PERFORMANCE-BASED BUDGETING

A budget establishes the objectives to be realised within a specific period of time in order to realise the IDP strategies identified in the Scorecard. The information contained in a budget provides an indication of the focus areas to which municipal funds will be allocated. The budget is the mechanism to execute the strategic plan and must provide high-level strategic objectives for both Councillors and the community and shift the focus towards outputs and outcomes. The budget, therefore, becomes a programme of proposed action, an estimate and a source of information for all concerned.

Section 53 of the MFMA states that the Mayor must take steps to ensure that the municipality approves its annual budget before the start of the budget year. The Accounting Officer of a municipality is responsible for implementing the municipality's approved budget, including taking reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or SDBIP. The Accounting Officer is further responsible to submit to the Mayor and relevant Provincial Treasury a statement that prescribe the format on the state of the municipality's budget no later than ten working days after the end of each month. When necessary, an explanation of variances and expenditure projection per vote should be submitted with the monthly budget expenditure report.

According to Section 1 of the MFMA, expenditure in terms of an approved budget should be displayed by vote. Votes provide budget structure for appropriate service delivery and performance. Votes must be linked to departmental or functional level to ensure that municipalities are organised around departments and special functions. It is then much easier for the vote to be used to facilitate greater accountability for service delivery and budget implementation over the performance of senior managers in accordance with their annual performance agreements.

One of the key reforms required by the MFMA is to link measurable performance objectives to votes to ensure that municipalities are accountable to the community for service delivery as well as expenditure and revenue. Measurable performance objectives must be broken down into specific objectives and sub-functions, to be published in the budget or SDBIP. Performance-Based Budgeting is, therefore, a methodology that can be employed to link the objectives and outcomes to monetary requirements based on programme goals and measured results and provide a systematic approach for developing effective performance budgets. It uses a methodology that instils real performance-related transparency into the budget by linking day-to-day programme activities with long-term goals and identifying the full cost and unit cost of activities to ensure the achievement of goals, objectives and performance measures.

In line with the requirements of the MFMA and various National Treasury Circulars, this budgeting method is result-oriented, ensuring integration between municipal strategies, outcomes and financial frameworks. Activities to achieve strategic objectives form the foundation of the overall evaluation. Performance budgeting comprises three elements:

- the result (final outcome)
- the strategy (different ways to achieve the final outcome)
- activity/outputs (what is actually done to achieve the final outcome)

A Performance-Based Budget comprises an annual integrated performance plan, indicating the relationship between the levels of programme funding and the anticipated outcomes. It refers to a single or a set of performance targets which must be achieved at a given expenditure level. The aim of the methodology is to align funds to set goals from which specific objectives are delineated to enable funds to be as allocated as appropriate.

This type of budgeting requires KPIs to be set at the outset and links resources to these indicators to ensure effective and efficient outcomes. Objectives and activities are used to attain set targets and it also forms the base for evaluation. Linking resources with results provide information on how much it cost to deliver a given level of outcome. Many public bodies fail to determine the cost to deliver an output, primarily due to problems with indirect cost allocation. Activity-Based Costing can be used to overcome this problem.

To conclude, Performance-Based Budgeting is based on the assumption that presenting performance information alongside budget funding will improve budget decision-making by focusing funding choices on programme results. This process cannot commence until a system of performance measurement has been instituted.

3.6 RESULTS AND COMPETENCY-BASED EMPLOYEE PERFORMANCE MANAGEMENT

Employee Performance Management (EPM) relates to the processes designed to improve organisational, team and employee performance by planning employee performance, facilitate the achievement of work-related goals and reviewing performance as a means of motivating employees to achieve their full potential in line with the organisational objectives. It is a planned process which provides the opportunity for both the manager/supervisor and employee to identify, focus on and review the intended contributions towards the achievement of the strategic goals and objectives of the organisation. EPM is a process of establishing a shared understanding about what is to be achieved and how it is to be achieved. It is an approach to manage people that increase the probability of achieving success and self-development.

As is the case in any other organisation, human resources are necessary to ensure that effective services are provided within municipalities. Municipalities and departments within municipalities need effective human resource management practices that can ensure that appropriate employees are deployed, supported and held accountable for delivery. It stands to reason that the effectiveness with which such human resources are selected, developed, disciplined and managed impacts directly on departmental and organisational performance

EPM, therefore, requires activities to ensure that organisational strategies and goals are being met in an effective and efficient manner; resulting in performance management being an integral part of effective human resource management. The focus should be on results as the preferred approach to EPM as it enables employee efforts to be linked to organisational goals.

According to the Performance Management Process Handbook and the Free Management Library the process of effective EPM encompasses various phases, including establishing performance goals; compiling performance plans; monitoring performance and providing feedback; evaluating performance and reward performance or taking corrective action. The process of performance management described above is the single most important management tool. If used well, it is a powerful tool to mobilise the energy of every employee of the organisation towards the achievement of strategic goals.

Letsoalo (2007:41-42) states that a variety of PM Systems are available to measure and appraise employee performance. Based on information provided in the Municipal Systems Act (MSA) No 32 of 2000 and Government Regulation 805 of 2006, it is suggested that a Results and Competency-based methodology be followed to implement a comprehensive EPM system. This Methodology has its roots in Management by Objectives which involves a discussion between employer and employee on what the latter has to achieve and achieved within a given period of time. Competency-based approach involves rating the behavioural attitudes essential to good performance.

Various tools are required to achieve the Results and Competency-based EPM. The MSA (2000) and Regulation 805 (2006) provide detail on the tools and required process. Sections 56 of the MSA and Sections 24–26, inclusive of Regulation 805 state that EPM should encompass a written employment contract based on the job description detail provided in Section 35 of the Regulation 805, as well as a separate performance agreement; Section 23, inclusive of a performance plan and personal development plan.

Section 56 of the MSA provides detail on the purpose and requirements of the employee contract and performance agreements. Section 28 of Regulation 805 provides detail on the performance review process whilst Section 8 explains the process related to performance bonuses. Even though legislation only refers to the performance management of the Municipal Manager and manager's directly accountable, effective and efficient organisational performance is only to be achieved if the performance management process is cascaded down to incorporate all employee levels.

A cyclical process is to be followed to ensure effective and efficient EPM. According to Section 26 of Regulation 805, the employee must agree to participate in the PM System of the municipality and accept the purpose of the system which will provide specific performance standards to assist the employer in achieving set objectives. The employee undertakes to actively focus on the promotion and implementation of the Key Performance Areas (KPA's) within the local government framework.

Based on the information provided in the above-mentioned legislative documents, the Results and Competency-based EPM process encompass the activities linked to organisational performance management phases, namely planning, monitoring, reporting and evaluation.

3.7 CONCLUSION

In this Chapter, the different methodologies relating to the establishment and implementation of a PM System were briefly described. The Problem Analysis and Theory of Change methods are used to identify problems and possible solutions to be dealt with during municipal operations. The Scorecard and Logic Model are used to give execution to the solutions aiming to ensure that municipal activities meet required community needs.

The application of the phases of performance management will be discussed in more detail in the next Chapter.



4. PERFORMANCE MANAGEMENT MUNICIPAL EXCELLENCE MODEL

4.1 INTRODUCTION

As explained in Chapter 1, Performance management is the management approach that provides strategic direction to manage the performance of an organisation and individual employees. Performance management relates to the efficiency relationship between inputs, activities, outputs, outcomes and impact. Sections 38 and 39 of the Municipal Systems Act require municipalities to develop and implement a PM System. The process of developing a PM System entails:

- Setting targets and indicators and monitoring performances thereof
- Publishing an Annual Report on performance
- Conducting an internal performance audit prior to the Annual Report
- Submitting the Annual Report to the Office of the Auditor-General
- Setting KPIs inclusive of those prescribed by the Minister
- Involving the community in setting indicators and targets and reviewing municipal performance

It is a multi-dimensional process that measures a variety of factors that impact on effective and efficient performance. The performance management methodology is guided by the following extract from the Performance Management Guidelines for Municipalities (2001: Chapter 5):

Having adopted the system, the municipality can mandate the project team to facilitate the implementation thereof. The team, which may be the same as the IDP team, should develop an implementation strategy. The strategy should be linked to the IDP implementation framework and should entail planning, implementation, monitoring and review. Measurement and reporting should be included.

For both Organisational and EPM, four distinct phases should be followed in each annual cycle, linked to the 11-Steps to Excellence®.

These phases relate to planning and review, monitoring, reporting and evaluation. Whilst planning & review deals with planning for the future through the strategic and development objectives, indicators and projects – monitoring, reporting and evaluation deal with the history to determine how well the organisation has performed.

Detail on each of the above phases will be provided throughout this Chapter.

4.2 PLANNING AND REVIEW

Planning and review essentially consist of a number of actions that take place at different times of the municipal financial year. These include the planning/review of the IDP, the compilation and review of the budget and SDBIP and individual Section 56 employee performance plans as well as the mid-year review and adjustment of both the budget and SDBIP to feed into the adjustment of employee performance plans. The community needs should feed into the IDP review phases.

The planning/review phase starts off with a process of regional planning. Sections 16 and 17 of the Municipal Systems Act (MSA) (2000) and Section 22 of the MFMA state that municipalities are obliged to involve its public in its operations by encouraging and creating conditions for the community to participate in the following public processes:

- The preparation, implementation and review of the IDP
- The establishment, implementation and review of the PM system of the municipality
- Monitoring and reviewing of municipal performance including outcomes and impact
- After tabling of the annual budget the Municipal Council and the Accounting Officer must make public the annual budget and documents, invite the local community to submit representations in connection with the budget, and submit the annual budget to the National Treasury and the relevant Provincial Treasury in printed and electronic formats
- The tabling of the draft budget in Council will be followed by publication of the budget documentation, and consultative meetings will be held to receive submissions from stakeholder's formations

Involving communities in the affairs of the municipality and meeting community needs through effective and efficient service delivery requires an active participatory community approach. The four major functions to ensure community participation is required, namely:

- Needs identification
- Identification of appropriateness of proposed solutions
- Community ownership and buy-in
- Empowerment

Currently, community participation is sought through the use of media such as local newspapers, municipal newsletters and the municipal website where copies of important documents such as the IDP and SDBIP are made public. Public consultation meetings are conducted to provide feedback on municipal activities and obtain input from communities.

In addition to the above, the EPMLM has established Ward Committees to deal with matters affecting the community. The purpose of Ward Committees is to act in the best interest of the community, make recommendations to Council on any matters affecting the wards and ensure participation in the IDP, budget and decision-making processes of the municipality.

In addition to Ward Committees, the process of involving Traditional Leaders in municipal activities can be used to promote community participation. Section 81 of the Municipal Structures Act (1998) states that Traditional Authorities that observe a system of customary law in the area of a municipality, may participate through their leadership in the proceedings of the Council of that municipality. Municipal Council's must allow Traditional Leaders to attend and participate in any meeting and afford them the opportunity to express views on the matters raised, before any decision on any matter directly affecting the area of a Traditional Authority is taken.

4.2.1 STRATEGIC PLANNING - IDP DEVELOPMENT PHASES

Performance Management Guidelines for Municipalities (2001) states that a strategic approach to the implementation of a PM System is very important. 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. Strategic direction setting from a performance-driven point of view is important to focus the organisation in a performance-oriented way. Before starting the planning process, an IDP Process Plan must be drawn up and approved by Council before the commencement of the new financial year. This plan is to ensure the proper management of the planning process with respect to the review of the IDP.

Providing strategic direction entails aligning the Vision for the municipality and encapsulating the intent thereof into the IDP. In order to ensure that the municipality serves the needs of the community with effective, efficient and economical service delivery, an in-depth analysis must be conducted to highlight the changes that have occurred and their impact on the strategic focus of the current IDP. Only once the relevant information has been obtained can the actual strategic planning process commence.

The process undertaken to produce the IDP consists of 5 phases which are described in more detail as follows.

4.2.1.1 PHASE 1: ANALYSIS

During this phase information is collected on the existing conditions prevailing within the municipality and involves interacting with the communities and stakeholders at large to ensure that the decisions taken are based on peoples' priority needs and problems and on a profound understanding of the dynamics influencing the development in the municipal area. A holistic approach is taken with respect to the analysis to ensure that all possible factors that may influence the strategic direction of the



municipality are taken into account. It focuses on the types of problems faced by the community, other stakeholders and takes cognisance of the National and Provincial priority areas and outcomes. Analysis and comparison of these in relation to the needs of communities are imperative to identify priorities in terms of what is most urgent.

4.2.1.2 PHASE 2: STRATEGIES

During Phase 2, the municipality works on finding solutions to the problems assessed in Phase 1 by arranging a strategic planning workshop involving the Mayoral Committee, Council, senior management and relevant Sector departments. The strategic planning workshop will develop a revised IDP based on the review of strategic goals, objectives and programmes based on community needs and the strategic status quo analysis.

The outcome of the workshop should yield clear and tangible strategic objectives based on the critical success factors of the municipality, inclusive of strategic indicators and initiatives to be achieved. Definitive strategic objectives provide a way of measuring the progress toward the achievement of the strategic goals of the municipality and is the vehicle of turning the Vision into reality. Strategic objectives are detailed, valued, and timed plans of what the municipality will do to meet each strategic goal. They set out a work plan for the organisation, typically over a twelve-month period. The following diagram typically illustrates the process inputs and outputs of the strategic planning workshop process.

FIGURE 1: STRATEGIC WORKSHOP CYCLE



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4.2.1.3 PHASE 3: PRIORITISED PROJECTS

During this phase, the municipality works on the design and content of projects identified during Phase 2. Project proposals will be developed in line with the strategies and priority issues and where necessary additional information on project details. Clear details of each project need to be established in terms of:

- Which of the priority issues will it address and who will benefit?
- How much is it going to cost?
- How is it going to be funded?
- How long would it take to complete?
- Who is going to manage it?

This phase ensures a smooth planning delivery link by providing an opportunity for a detailed and concrete project planning process to be conducted by project task teams of professionals and relevant stakeholders who provide proposals with tentative target figures, technical standards, locations, time frames and cost estimates. Clear targets must be set and milestones established to measure performance as well as the impact of individual priorities. Alignment back to the strategic and development objectives as well as the priority areas is of extreme importance.

4.2.1.4 PHASE 4: INTEGRATION

Once all priorities have been identified, the municipality has to re-evaluate that they contribute to meeting the objectives outlined in Phase 2, namely the Vision; Goals, Strategic objectives, strategies and resources and that all are in harmony. The programmes identified will provide an overall picture of the development plans which must now be integrated with district and Sector initiatives. The municipality should also have overall strategies for strategic issues like dealing with HIV/AIDS, poverty alleviation, disaster management and LED. These strategies should be integrated with the overall IDP

4.2.1.5 PHASE 5: APPROVAL

The IDP is presented to the Council for consideration and adoption. The Council may adopt a draft for public comment before approving the finalised IDP. After approval by Council, the municipality within 14 days gives notice to the public on the adoption of the plan and that copies of the plan are made available for inspection at specified places.

4.2.2 MTREF AND BUDGETING

Chapter 4 of the MFMA deals in detail with the process that is required to be followed in the development and approval of the annual municipal budget. It provides the local government sphere with guidance to ensure the budget and tariffs set by municipalities do not undermine the National economic, tax and fiscal objectives of the country and National Treasury publishes annual MFMA Budget Guidelines Circulars in this regard. It is anticipated that municipalities make every effort to comply with the legislation and related circulars. To this effect, municipalities should prepare multi-year budgets, service delivery implementation plans, publish key performance targets for each vote on the budget and implement performance contracts for senior managers linked to these performance targets.

As already indicated, municipalities are required by the MFMA to table an approved three-year budget. The aim of this three-year budget or Medium Term Revenue and Expenditure Framework (MTREF) is to guide the municipality's budget formulation for the next three years. The budget framework, which is reviewed annually takes account of budget and economic realities and sets the path for service provision. The MTREF reflects costs for the actual fiscal year as well as for the following two years. The following two years are indicative (estimated) amounts, which is why the Framework is revised and adjusted annually.

The Medium-Term Revenue and Expenditure Framework (MTREF) is also the municipality's three-year projected budget linked to its IDP and SDBIP. In relation to the above, Circular 45 of 2003 explains that the budget and IDP process should be combined into a single process. This approach will enhance community input, encourage debate on service delivery and local economic development, improves understanding of community needs and provides an opportunity for feedback, accountability and responsiveness to the needs of the EPMLM community. The value of the MTREF is that it makes budget plans more predictable, can be aligned with the longer term IDP and highlights priority areas by showing whether expenditure is increasing or decreasing. The MTREF is used to ensure effective management of financial control, improved financial planning and provide information essential for effective decision-making.

Section 16 of the MFMA (2003) requires the municipality to approve its annual budget before the start of a financial year. Section 26 of the Municipal Systems Act (2000) requires the municipality to align the IDP with a financial plan, which must include budget projections for at least the next three years. According to Section 53 of the MFMA the budget process starts with the Mayor providing general political guidance over the budget process and priorities. The Mayor is also responsible for guiding the preparation of the budget and coordinates the annual IDP revision.

Subsequently, the Chief Financial Officer will issue instructions to the various Heads of Departments based on an approved long-term financial strategy. This long-term financial strategy is utilised to ensure financial affordability and sustainability over the medium to long-term and is considered a key financial

planning tool and is used to inform the MTREF compilation. Aspects such as Equitable Share, grants, impact of inflation, tariff increases, etc. impact on the compilation of the MTREF.

During the budget compilation process, departments are required to develop revenue and expenditure projections for both operating and capital budgets to ensure effective cash flow planning. Periodic planning for operating revenue and expenditure differ from the planning for capital budget expenditure, in that planning for the operating budget is conducted per line item; and planning for the capital budget by project. The budget of EPMLM is divided into an operating budget and a capital budget. All assets are to be acquired through the capital budget.

Previous revenue and expenditure patterns will assist departmental (cost centre) managers in setting the timing of their respective cash flows, but they may also be guided by other factors and in this way the incremental budgeting process is employed to compile the municipal budget. The incremental budget for the next financial year is based on actual Equitable Share, grants, subsidies and investments provided during the current financial year and adjusted for expected price increase, with the inclusion of each item justified and motivated for; items should not be included simply because they were in the previous budget.

Cash flow management is critical due to the requirements of the MFMA section 45, which severely limits the municipality's ability to use short-term debt. Ultimately the purpose of the MTREF (inclusive of capital and operational budgets) is to ensure good governance, financial viability and optimal institutional transformation with which to execute its mandate.

4.2.3 SDBIP AND LOWER SDBIP

The SDBIP serves as a “contract” between the administration, Council and community expressing the goals and objectives set by the Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against annual targets and implementing the budget.

The Municipal Manager is responsible for the preparation of the municipal SDBIP, which is prescribed by legislation to be submitted to the Mayor for approval once the budget has been approved by the Council (around end-May or early-June). The Municipal Manager should commence the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around 1st March or earlier) and preferably submit a Draft SDBIP to the Mayor by 1st 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. The output and goals made public in the SDBIP will be used to measure performance on a quarterly basis during the financial year.

Similar to the SDBIP a municipality should compile a Business Plan inclusive of priorities, objectives and targets linked to that of the relevant municipality. An example of the information to be included in such a document is provided below:

TABLE 9: MUNICIPAL BUSINESS PLAN CONTENT REQUIREMENTS

Strategic Objective	Vote	Functional Area	Performance objective	Key Performance Indicator(s)	Sub Functional Area	Target	Project/ Process

SDBIP Business Plan targets are reported on by the municipal departments in terms of monthly, quarterly, mid-year, annual and five-year term performance reports which represent the effectiveness of the targets set by the municipality. Linking the IDP and SDBIP with the budget plans requires the combination of many different processes which will ensure effective implementation of the strategic and developmental objectives

The SDBIP Business Plan is a layered plan with the top layer of the plan dealing with consolidated service delivery targets and in-year deadlines linked to the IDP. The top layer includes information on the revenue to be collected by source and operational and capital expenditure by vote projected for each month as well as service delivery targets and performance indicators for each quarter.

The lower layer provides more detail on each output. These outputs are in return broken down into even smaller outputs which are linked to middle and junior level managers. This level of the SDIBP will not be made public or tabled in Council and is referred to as the Lower SDBIP. The Lower SDBIP is used by senior management to hold middle and junior management responsible for various components of the SDBIP.

Programme and project management:	<p>Departmental SDBIP’S are based on the initial revenue and expenditure projections provided by the budget office of the municipality. Each departmental SDBIP should be divided into sections and sub-sections related to IDP objectives.</p> <p>Ensuring that the strategic objectives are met requires that programmes are projects are project managed in an effective and efficient manner.</p> <p>The primary challenge of project management is to achieve all of the project outcomes and outputs while honouring the preconceived project</p>
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	<p>constraints. Typical constraints are scope, time, and budget. The secondary and more ambitious challenge is to optimise the allocation and integration of inputs necessary to meet pre-defined strategic objectives; hence the importance of aligning projects to the achievement of both the financial and non-financial measurements.</p> <p>Prince 2 (projects in controlled environments) is a process-based method employed to ensure effective project management. Prince 2 is fundamentally a structured project management methodology, emphasising the need to divide projects into manageable and controllable stages.</p>
<p>Process management:</p>	<p>Process management refers to the activities of planning and monitoring the performance of processes⁸. It relates to the planning and administering of activities necessary to achieve a high level of performance in a process and identifying opportunities for improving quality, operational performance and ultimately customer satisfaction. Process management is required to ensure effective and efficient cooperation between various departments to implement programmes and projects.</p>

In addition to the above, the SDBIP is also a vital monitoring tool for the Mayor and Council to monitor in-year performance of the Municipal Manager and for the Municipal Manager to monitor the performance of all managers in the municipality within the financial year. According to Circular 13 (2005), the SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and the financial resources to be employed. The SDBIP details the responsibilities and outputs for each of the senior managers, the inputs to be used, and the time deadlines for each output. The SDBIP will, therefore, determine the performance agreements of the Municipal Manager and senior managers, including the outputs and deadlines for which they will be held responsible.

⁸A Process Can Be Defined As A Series Of Actions, Changes Or Functions Aimed At Bringing About A Result.



4.2.4 BUDGET AND SDBIP ADJUSTMENT PROCESS

The adjustment process focuses specifically on the review of the annual budget and SDBIP as a result of the need for the municipality, to revise an approved annual budget, through an adjustment budget process. The adjustments budget must align the revenue and expenditure estimates as appropriate if there is material under-collection of revenue. It may also include allocating appropriate additional revenues, or it may authorise certain other adjustments elucidated in the MFMA. Only the Mayor may table an adjustments budget in the Municipal Council and must be submitted simultaneously with the mid-year review on or before 25 January each year.

In terms of the MFMA, essentially three conditions can be defined that necessitates the adjustment of a budget, namely:

- Under-collection of revenue
- Emergency or other exceptional circumstances
- Mid-term budget review

In terms of the SDBIP, it should be seen as a dynamic document that may (at lower layers of the plan) be continually revised by the Municipal Manager and other senior managers, dictated by the actual performance incurred each month or quarter. However, the top-layer of the SDBIP and its targets cannot be revised without notifying Council, and if there is to be changes in service delivery targets and performance indicators, this can only implemented with the approval of Council; following approval of an adjustments budget (section 54(1)(c) of MFMA). This Council approval is necessary to ensure that the Mayor or Municipal Manager do not revise service delivery targets downwards for reasons of poor performance.

4.2.5 EMPLOYEE PERFORMANCE MANAGEMENT PLANNING AND REVIEW

Included in the planning phase is the signing of an Employee Contract and Performance Agreement between the employee and employer linked to the IDP and SDBIP objectives, outcomes and targets. The employee performance planning sessions usually commence in July of each year, i.e. the beginning of the financial year. It is the responsibility of the manager/supervisor to schedule the meeting as both manager/supervisor and employee are required to prepare for the planning session.

According to Regulation 805 of 2006, Municipal Manager and Managers reporting to the Municipal Manger (Section 56 managers) should sign Employment Contracts that should be compiled for a fixed term of employment, not exceeding a period ending one year after the election of the next Council of the municipality. The contracts should include a provision for cancelling the contract in the case of non-compliance, stipulate the terms of renewal and reflect values and principles included in the Code of

Conduct, Schedule 2 of the MSA. The contract must provide a commencement and termination date as well as a clause that there should be no expectation that the employment contract will be renewed or extended beyond the terms indicated in the contract.

Employment of the Municipal Manager and managers reporting to the Municipal Manager is further subject to the signing of a Performance Agreement (within ninety (60) calendar days after assumption of duty and annually within one (1) month after commencement of the new financial year. The Performance Agreements must provide detail on performance objectives and targets defined and agreed upon between the employer and employee. Further to this, information on standards and procedures for evaluating performance, intervals for evaluation and consequences of substandard performance must also be included.

Performance Agreements are to be used as the basis for assessing whether relevant managers have met the performance expectations applicable to his/her job. The Performance Agreement should, therefore, include detail on monitoring and measurement requirements against set targeted outputs. The Performance Agreement must communicate to the employee the employer's expectations of performance and accountabilities in line with the IDP, budget and SDBIP of the municipality to ensure good governance and better accountability. An annexure to the performance agreement should include a Performance Plan as well as a Personal Development Plan.

The Performance Plan sets out the performance objectives and targets that must be achieved by the employee as well as the time frames within which those objectives must be achieved. The performance objectives and targets are based on the IDP, SDBIP and budget. The Personal Development Plan addresses developmental gaps that should be catered for via formal and informal training, coaching and mentoring.

It is practice within the EPMLM to appoint the Municipal Manager and Managers directly accountable to the Municipal Manager on a contract basis and to expect them to sign a Performance Agreement. The aim thereof is to ensure parity in the application of performance management practices and provide a link to permanent employees.

The best type of performance management system adopts a cascading or "rolling-down" of performance objectives from top to bottom. In order to ensure that the EPMLM meets and deliver on its Municipal Scorecards KPAs and KPIs at a high standard, it is proposed that the Performance Management Results and Competency-based methodology© be followed to ensure that the process of employee performance management is cascaded throughout the municipality.



4.3 MONITORING

Paragraph 5.5 of The Guidelines (2001) states that the performance measurement is essentially the process of analysing the data provided by the monitoring system in order to assess performance. Monitoring is the key to any successful PM System because it gathers information that can then be compared to set targets to determine the current state of performance. It also relates to the collection of relevant information from various sources to compare results in the next municipal phase of reporting. It refers to the location, collection and selection of information during the monitoring process and is essentially the process of analysing the data provided by the PM system in order to assess performance.

Performance monitoring is a continuous process that runs parallel with the implementation of the approved IDP and SDBIP. The monitoring process must be set up in such a way that data, relevant to programmes and projects can be collected, stored and proactively used to guide the municipality in managing its performance. The importance of an effective monitoring and report generation is evident in the statement:

You cannot manage what you do not measure.

Detail of the aspects to be applied to ensure effective and efficient monitoring and data generation as part of the PM System is described in more detail below.

4.3.1 DATA MANAGEMENT

Data management can be described as:

The process of managing data as a valuable resource. It encompasses all the disciplines related to data modelling or metadata management. *Data management encompasses all organisational, methodological, conceptual and technical measures implemented to support the use of data as a resource.* It involves the development of data architectures, practices and procedures to deal with data and the effective management thereof.

The purpose of data management is to manage and supply data, either for decision-making or monitoring and evaluation purposes so that data can be used effectively. Data management is the cornerstone of the monitoring pillar of performance management and all relevant data must be collected and stored in such a way that it is secure, but also easily retrievable.

Effective data management requires that data be collected and captured according to prescribed processes. Data collection should also be monitored to ensure the integrity of the data, therefore data verification is an integral part of the data collection process. Data is presently captured manually based on standard input templates, but it is anticipated that at a later juncture of the PM implementation programme this activity will be done online by EPMLM and captured into an automated system. This data is available for management and monitoring purposes and such data should be verified to ensure that it complies with data validity requirements as determined by Statistics SA.

Data captured by way of the current manual PM System is used to generate the quarterly PM report for future analysis and decision-making. In addition, this data should be supported by relevant evidence in the form of records that can be used to substantiate or support collected data commonly referred to as Portfolio of Evidence (POE). Records management is about the management of all these records to ensure their availability, categorisation and classification for future use.

4.3.2 DATA VALIDATION

The Guidelines (2001) states that a municipality must develop and implement mechanisms, systems and processes to validate performance data/information. Data validation is done once data and other records of evidence are collated within the PM System. This validation should be conducted by the department responsible for capturing data.

The municipality's performance validation process should include confirmation of the following:

- The quality and validity of information on programmes and projects presented within the organisation
- The functionality of the municipality's PM system
- Whether the municipality's performance systems comply with the Municipal Systems Act
- The extent to which the municipality's performance measurements are reliable in measuring performance on set indicators

Two bodies are required to ensure the above, namely an Internal Audit Unit and an Audit Committee. Section 165 of the MFMA explains that an Internal Audit Unit is responsible for preparing a risk-based audit plan and an internal audit programme for each financial year. The Internal Audit Unit must advise the Accounting Officer and report to the Audit Committee on the implementation of the internal audit plan as well as on matters relating to internal audit, internal controls, accounting procedures, risk management, performance management and loss control. The internal audit function is there to assist management and Council to achieve the goals of the organisation by evaluating and recommending improvements to the performance management process.

In addition to the Internal Audit Unit, Section 166 of the MFMA states that an Audit Committee must also be established. The Audit Committee is responsible for providing the Council, Political Office-bearers, Accounting Officer and the management of the municipality with an independent and objective evaluation of the effectiveness and efficiency of operations and service delivery as well as the financial status to accomplish municipal objectives. Other functions of the Audit Committee include ensuring that the audit plan is sufficiently broad in scope and executed in a timely manner; ensure that audit reports are actionable and implemented; and enable an audit team that is independent, empowered and sufficiently staffed and resourced.

4.3.3 ASSESSMENT

Assessment is the measurement of data through a scoring process to determine if targets were met. Performance is assessed against the achievement or non-achievement of targets. When a situation of non-performance and non-compliance against performance targets are identified, reasons must be provided to explain the underlying mitigating factors contributing to this occurrence. When targets are set, a score or variance is applied and performance should be easy to recognise.

DPLG (COGHSTA) has depicted a five-point scale (1-5) where three (3) indicates that target has been met. Currently, the EPMLM does not attach a score to individual KPI achievements, but rather reflects whether the target was achieved or not achieved, which is then converted into a score during the assessment process. The municipality has produced a performance calculator whereby scores 1-5 are converted into a percentage of performance that can be used to calculate bonuses, thus facilitating a quick and easy assessment of performance.

Based on the scores, a process of data analysis is employed where the municipality after measuring its own performance, assesses whether it is achieving the objectives and targets it set for itself. Analysis of performance requires a municipality to look at inputs (resources, financial perspective), outputs (results, service delivery perspective) and outcomes (impact, customer satisfaction, growth, quality of life) to determine the impact made on service delivery to the community.

4.3.4 INDIVIDUAL EMPLOYEE PERFORMANCE MONITORING AND ASSESSMENT

Monitoring involves more than reviewing the final outcome as it encompasses a continuous review of the level and standard of activities achieved by an employee. The monitoring of employees, irrespective of level and status, should be conducted at least on a quarterly basis using the employee assessment tool to review achievements.

With relation to employee performance monitoring, data management relates to keeping record of information related to the job description, selection, recruitment, performance management training

and exit processes of personnel working within the municipality. It also involves capturing data about the performance of an employee and ensuring that this data is available during the assessment process to determine the success with which an employee has achieved his/her job requirements.

All data should ultimately be presented in an integrated manner to provide proof of employee performance. A Portfolio of Evidence (PoE) per employee should be compiled based on available data, to indicate the performance of the employee against set agreed indicators or measurable activities. Such PoE is to be validated by internal audit to ensure its validity.

In keeping with the concerns about the impact of the expansion of electronic networks on information privacy, and congruent with the ethical considerations of human resources management, all information related to employees within the municipality should be protected and secured, whether electronically or paper-based. Access to information should be restricted and the Human Resource department, in collaboration with the Information Communication Technology department must ensure that all data related to employee performance management be kept secure.

The manager/supervisor evaluates the achievement of employee performance against agreed objectives as a result of the evidence and other related input provided. The employee prepares for the meeting through self-evaluation. During the actual assessment the manager/supervisor and employee review performance and evidence provided and agree on actions/activities required to improve performance, if necessary. The performance assessment and relevant scoring will according to Regulation 805 of 2006 be based on two components namely, Key Performance Areas and Core Competency Requirements; Section 56 managers, which as applicable must be contained in the Performance Agreement.

The manager/supervisor should create both formal and informal opportunities to monitor and provide feedback to each employee reporting to him/her against agreed performance objectives by way of regular progress meetings. Ongoing monitoring provides the opportunity to check how well employees are meeting pre-determined standards and to make amendments to unrealistic or problematic targets. By monitoring continually, unacceptable performance can be identified early and assistance provided under the next phase (coaching) to address such performance.

4.3.5 INDIVIDUAL EMPLOYEE PERFORMANCE REPORTING AND COACHING

Employee and organisational performance reporting are synonymous components to the overall achievement of the strategic objectives and reporting thereof should correlate. The employer must maintain a record of all the performance and coaching sessions conducted with employees.

In the event of unsatisfactory performance, the supervisor/manager and the employee need to identify remedial interventions and set timelines to address and review progress to eliminate these factors.

Actions should be agreed upon to ensure that implementation takes place to provide sufficient training to meet development needs. Set time frames need to be compiled to ensure that training occurs. Even good performance may be improved through effective coaching and appropriate training.

Coaching can also be used to change behaviour or actions so as to ensure that targets are achieved against set standards. Personal growth and development needs identified must be documented in the Personal Development Plan. Coaching and training may be conducted to help the employee to meet or exceed the standards of expected performance. Coaching is a crucial part of the continuous tracking and improving employee performance. Coaching provides guidance and feedback and reinforcement of the key results and competencies expected of an employee. It is recommended that a programme of formal coaching sessions be conducted to assist the employee with performance improvement.

4.4 REPORTING

Performance reporting should answer the question:

What do I need to know to make sure things get better?

Performance reporting collates information into intelligence and is a data-driven, consistent, and real-time framework for defining and achieving strategic goals. By tracking departmental and overall performance against established objectives, municipalities can improve service levels, and identify and reverse undesirable trends.

Key decision-makers need to ensure that they are receiving accurate information and that they have the required skills to understand and make informed decisions. Importantly, those who receive reports need to ask pertinent questions about the information they receive which needs to be robust and answered honestly. The approach should be supportive, with an emphasis on looking for solutions rather than apportioning blame.

The need and necessity for continuous reporting on municipal performance are required by Section 41(1)(c), of the Municipal Systems Act (2000). This legislation states that a municipality must, in terms of its PM system and in accordance with any regulations and guidelines that may be prescribed, establish a system of regular reporting to Council, other political structures, political office bearers and staff of the municipality, and the public and other organs of state.

The frequency of reporting on municipal performance is linked to the regulations included in a variety of legislation. The rule that applies to reporting is that the more you measure your performance, the greater the control.

4.4.1 MONTHLY PERFORMANCE REPORTING

Information from departments is collated and an accumulative performance report is compiled and submitted for discussion at the monthly Portfolio Committee and senior management meetings with respect to each Directorate cluster. The purpose of the monthly accumulative performance report is to inform the Mayoral Committee of the progress made with the implementation of KPIs based on the objectives of the SDBIP. Even though the compilation of these monthly reports is not a legislative requirement, it assists political and administrative office bearers to monitor the performance of the municipality and be proactive in correcting areas of under-performance.

4.4.2 QUARTERLY PERFORMANCE REPORT

The quarterly performance report follows the same stages of development as the monthly report with the point of departure relating to the cover letter of the quarterly performance report. The cover letter of this report provides a more detailed analysis of performance highlights or specific areas of concern.

The second performance quarterly report referred to as the mid-year report, has significantly more meaning than its predecessor. The content of this report is to comply with the requirements of both the Local Government Municipal Systems Act (2000), as well as the Municipal Finance Management Act, 56 of (2003).

4.4.3 MID-YEAR PERFORMANCE REPORT

The purpose of the mid-year performance report is to inform the Mayoral Committee of the progress with regards the implementation of the SDBIP. This report should be compiled to comply with the requirements of Section 41(1), (e) and (2) of the Local Government Municipal Systems Act 32 (2000) as well as Section 72(1), (a) (ii) and (b), of the Municipal Finance Management Act 56 of (2003) which governs the requirements stipulated with respect to the criteria to be provided in the mid-year performance report.

Information included in the mid-year performance report will feed the adjustment of both the budget and the SDBIP. Adjustments are prepared based on financial shortcomings due to less than projected income or other negative factors. Due to its significance in determining the mid-year status of targets to be achieved, the mid-year performance report is often referred to as the mini Annual Report.

According to Section 35 of Government Gazette 31804 of 2009, a copy of the mid-year performance report needs to be submitted to National and Provincial treasury as well as COGHSTA by 25 January of each year.

4.4.4 ANNUAL PERFORMANCE REPORT

In terms of legislation, Section 46 (1) (2), of the Municipal Systems Act 2000, and Sections 121 and 132 of the Municipal Finance Management Act, each municipality must prepare an Annual Report (AR) for each financial year inclusive of information on financial and non-financial performance. The AR should include information pertaining to:

- The performance of the municipality and of each external service provider during that financial year
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year
- Measures that were taken to improve performance

An Annual Performance Report must form part of the municipality's AR in terms of Chapter 12 of the Municipal Finance Management Act. The results of performance measurements in terms of Section 41(1) (c) must be audited annually by the Auditor-General as part of the municipality's internal auditing processes.

4.4.5 MAYORAL MID-TERM PERFORMANCE REPORT

The Mayoral mid-term performance report reflects how the Mayor is progressing against the political mandate in terms of what was committed to be achieved over a five year time period; in essence, it means that targets will be measured accumulatively over that time period. The Mayoral mid-term performance report is to be compiled half-way through the five-year mayoral political term with the aim of reviewing the objectives that the Mayor has set at the beginning of the term. It also provides the Mayor with the opportunity to review the objectives and realign them according to National and Provincial intent during the IDP review process.

4.4.6 OVERSIGHT REPORT

Section 129 (1) of the Municipal Finance Management Act (Act No 56 of 2003) states that the Council of the municipality must consider the Annual Report (AR) of the municipality and by no later than two months from the date on which it was tabled in the Council, adopt an Oversight report containing the Council's comments on the AR, which must include a statement whether the Council has:

- Approved the AR with or without reservations
- Rejected the AR

- Has referred the AR back for revision of those components that can be resolved

4.5 EVALUATION

Evaluation involves assessing the strengths and weaknesses of achieving strategic objectives as well as the impact of programmes/project to improve the effectiveness of service delivery. Since there is no single, “best” approach to evaluation which can be used in all situations, it is important to decide on the purpose of the evaluation, the questions to be answered, and the methods to be used to obtain valid information. Evaluation should never be seen as a stand-alone process but rather as a part of an integrated process required to determine whether a municipality is functioning effectively, efficiently and economically.

Without continuous evaluation, there can be no improvement and development and for the evaluation process to be effective, it should comply with the following guidelines:

- Evaluation should be conducted regularly and planned accordingly.
- Evaluation should be conducted in terms of the predetermined objectives set.
- A holistic approach to the organisation as a whole needs to be adopted during evaluation.
- In-depth collation and analysis of the information must be conducted.

4.5.1 POLITICAL OVERSIGHT

Summative evaluation occurs at the end of a financial year with the submission of the Annual Report (AR) which represents the key reporting instrument for the municipality to be held accountable against the performance targets and budget outlined in its strategic plan. The AR is required to contain information on service delivery, financial statements and the annual external audit Auditor General’s report. According to Section 129 of the MFMA, Council needs to adopt an Oversight report containing the Council’s comments on the AR. Under Sections 33 and 79 of the Municipal Structures Act (1998), the Oversight Committee takes responsibility for the detailed analysis of the AR and the drafting of the Oversight report. The Auditor General is to take responsibility for auditing generated reports and the Mayoral Committee should use these reports to inform corrective actions to meet strategic targets and objectives.

Evaluation is addressed through the Portfolio and Oversight Committee functions. Municipal Councils are vested with the responsibility to oversee the performance of their respective municipality, as required by the Constitution, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA). This oversight responsibility of Council is particularly important for the process of considering AR.

Section 80 of the Municipal Structures Act makes provision for the Mayor to appoint Committees or Councillors to assist the Mayor, such as the Portfolio Committee. The Portfolio Committee can be mandated to assist in the evaluation of the monthly and quarterly performance reports by way of comment with respect to the achievement of the set objectives, as approved by Council. As this is a function that will occur at regular intervals during the year, the Portfolio Committee can, therefore, fulfil the formative evaluation of the PM System.

The MFMA and MSA recognise that Council has a critical role to play to ensure better performance by municipal departments. There now exists, an explicit linkage between the strategic objectives, set by Council through the IDP, which are translated into the budget, and the delivery of those objectives, which are reported in the AR. It is important for Council to ensure that the budget gives effect or expression to priorities contained in the IDP. A good budget will lay a basis for better oversight and cement the contracts between the Mayora Committee, Council, the administration and municipal communities. As part of the oversight process, Council must encourage continuous improvement and promote accountability to stakeholders.

The MFMA gives effect to financial management reforms that emphasise improved service delivery responsibilities for managers and makes them more accountable for performance. The Mayor or the Mayoral Committee is accountable to resolve any performance failures, but ultimately it is the Council that is vested with the authority and responsibility to oversee both the Executive and Administration of the municipality. The MFMA mandates Council a number of financial management tasks with which to fulfil its oversight role. The adoption of an "Oversight Report" is one such task.

The separation of roles between the Council and Administration is intended to strengthen the oversight function of Councillors. Good governance and effective oversight and accountability are predicated on there being this separation of functions. 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 Executive (i.e. Mayor or Mayoral Committee) and Non-Executive Councillors. This separation is vital to ensure Council maintains oversight for the performance of specific responsibilities and delegated powers to the Mayor or Mayoral Committee.

All meetings of Council and the Oversight Committee at which an AR is considered must be open to the public and a reasonable time must be allowed for discussion of any written submissions received and for members of the community and organs of state to address the meetings. Simultaneously, as the Oversight Committee is analysing the report in detail, other Councillors should also be conducting their own review of the report. This can include discussions with community members to encourage inputs and comments and to prepare for the full Council meeting that considers the AR and Oversight report.

In order to approve the AR without reservations, Council should be able to agree that the information contained in the report is a fair and reasonable record of the performance of the municipality and

properly accounts for the actions of the municipality in the financial year reported upon. Approval means that the Executive and Administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable to the community. An overview of this evaluation process follows.

4.5.2 ADMINISTRATIVE EVALUATION

Evaluation of performance requires of municipalities to look at the following to determine the impact made on service delivery to the community:

- Inputs (resources, financial perspective)
- Outputs (results, service delivery perspective)
- Outcomes (impact, customer satisfaction, growth, quality of life)

In relation to the above, the Municipal Manager is directly responsible for the administrative oversight of the IDP, SDBIP and budget. The Municipal Manager is responsible for ensuring, through oversight of management, that the municipality establishes and maintains internal controls to provide reasonable assurance with regard to the effectiveness and efficiency of operations and compliance with applicable legislation. The purpose of administrative oversight is to ensure that targets, as set in the IDP and SDBIP, are reached within the budget allocated.

4.5.3 AUDITOR GENERAL EVALUATION

Regulations 2001, Chapter 6 of the MFMA states that in order for the PM 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. The goal of the independent audit of the annual financial statements is to assure Councillors, officials, the public and other users of a municipality's financial information that the financial statements are fairly presented. The auditor's opinion on the fairness of the presentation of a set of financial statements is critical to discharging public accountability in a transparent manner. Auditing serves as an administrative procedure which verifies documents, accounts for assets and report on past events in order to improve on current implementation actions. It is conducted to improve accountability in the use of public funds and to streamline and improve service delivery in the municipality.

In terms of Section 188 of the Constitution, the Auditor-General must audit and report on the accounts, financial statements and financial management of all National and Provincial Departments, all municipalities and any other institution or accounting entity required by National and Provincial legislation. The Auditor-General submit audit reports to any legislature that has a direct interest in the audit and any other authority prescribed by National legislation.

The Auditor-General may use a variety of methods to obtain the evidence needed to determine whether the financial statements are fairly presented. Auditors inspect relevant documentation; observe employee performance; inquire about and review policies, procedures, transactions, and events; confirm balances and transactions with outside parties; and perform analytical procedures to determine the reasonableness of transactions and balances. The Auditor-General also examines and tests the municipality's compliance with the system of internal controls as a basis for reliance on the records that make up the financial statements. The Auditor-General will report any findings of instances of non-compliance with each of the above obligations. Within three months of receiving the statements, the Auditor-General is required to submit an audit report to the Council of the municipality

4.5.4 IMPACT EVALUATION

The impact evaluation process refers to conducting evaluations to determine the impact of outcomes achieved within the municipality. The intent of impact evaluations is to determine the impact of programmes and projects on the level of service delivery achieved as mandated in the IDP.

Evaluation should never be seen as a stand-alone process but rather as a part of an integrated tool with monitoring that should be used to determine whether the structures within the organisation are achieving the outcomes included in the IDP. Evaluation is essential to ensure that corrective measures are identified and put in place to improve areas of non-performance. In other words, the intention of evaluation is to critically evaluate past actions, build on areas of value, eliminate non-value adding processes and use the information gained to make informed decisions to realign strategic and operational outcomes and activities. Without continuous evaluation, there can be no improvement or development.

4.5.5 INDIVIDUAL EMPLOYEE PERFORMANCE EVALUATION AND REWARD

Annual performance appraisals involve the assessment of the achievement of results as outlined in the performance plan. Each KPA should be assessed according to the specified standards or performance indicators set in the performance agreement. This assessment approach is also relevant to each Core Competency Requirement if appropriate to the employee being assessed. An overall rating is calculated by using the applicable assessment rating calculator and represents the outcome of the performance appraisal. Evaluation panels will be appointed to conduct the performance assessments of the Municipal Manager and managers reporting to the Municipal Manager.

For purposes of evaluating the annual performance of Section 56 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 Mayoral Committee
- 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 a Section 56 manager in recognition of outstanding performance. The percentage of bonus to be paid out should be determined by the overall rating, calculated by using the assessment-rating calculator. A score of 130% - 149% constitutes a bonus of between 5-9% whilst a score of 150% constitutes a bonus of between 10-14%.

If it was found during the assessment that the performance was unacceptable and that targets agreed on in the performance agreement were not met, the employer should provide systematic remedial or developmental support to assist the employee to improve his/her performance. If, after appropriate performance counselling and guidance, performance has not improved, the employee may consider steps to terminate the contract of employment based on grounds of fitness or incapacity to carry out their duties.

The results of the formal annual year-end review need to be audited to ensure that all evidence is validated and relevant and to make recommendations on the improvement of the process. The audit should be conducted internally by the Performance Audit Committee.

4.6 CONCLUSION

The IDP, budget and SDBIP review is further explained in detail by referencing the Standard Operating Procedure Manual. It is important to note that the processes relating to performance management alone are noted since this document deals only with performance management alignment.

The planning/review process of the PM system starts with the review of the IDP of a municipality for the following financial year. Whenever the municipality amends its IDP the municipality will, as part of the process referred to in the Regulations (2001) review the municipal scorecard. The indicators in the IDP will be an integral part of the PM System. The performance evaluation process through oversight of the entire organisation provides a comprehensive record of the achievement and/or shortcomings in service delivery.

Departmental performance as recorded in the Annual Report is used to evaluate departments in terms of service delivery. The Oversight Report gives detailed information of the reasons for deviation and adjusted strategies that need to be followed. Departments carry out the service delivery and achievement of targets described in the IDP, thus an assessment of the departmental performance

against these measurements is essential to improve delivery or devise intervention strategies for remedial action against non-performance.

Since performance management is a continuous cycle of review and improvement, review always comes after the evaluation on how well the institution has performed in terms of the IDP and Municipal SDBIP. The reports that are referenced for review, are the audited Annual Report and Oversight Report which will inform and influence the review process of the IDP, SDBIP and Individual Performance Plans.



5. CHANGE MANAGEMENT

5.1 INTRODUCTION

When the White Paper proposed the introduction of PM 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 were discussed in Step 3 of Phase 1 of the Guidelines (2001). This step 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.

Based on the above, change management is required to manage and coordinate effective monitoring, reporting and evaluation as well as individual employee performance management within the municipality. People naturally resist change in the workplace for the reason of an imagined threat to their existing work routine and this resistance impacts on the behaviour and viewpoints of employees and often affects trust in the workplace. Therefore buy-in from employees is imperative in the development and implementation of a new PM system.

This Chapter focuses on the change management process required to ensure the effective and efficient implementation of the PM system.

5.2 OBJECTIVES OF CHANGE

Within organisations, management and employees may wonder why continuous change is necessary. Change in life is inevitable and one who accepts them and changes with them will achieve success. Change can occur where there is an imbalance between the current state within an organisation and a proposed future state. Within government organisations, it is the responsibility of management to drive the process of change. Change within government structures are often as a result of administrative and/or political transformation. It is the responsibility of management, both on political and organisational level, to detect trends in the macro and micro-environment that will impact on the method in which activities are conducted.

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 proposed 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 channels are 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 conducted.
- Highlighting the benefits of performance management to employees. Employees, generally are less likely to resist when they perceive the benefits to change overshadow the personal costs.

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

5.3 IMPACT OF CHANGE

Step 3 of Phase 1 of the PM Guidelines for Municipalities (2001) indicates that change related to performance management within an organisation should be managed with care to minimise the negative impact thereof on the overall performance. More specifically it states that

It is important that each municipality workshops these issues internally. It may be important that the leadership informs the organisation that performance management will ensure the accountability of the municipality to citizens and communities; the administration to Council; line functions to executive management; employees to the organisation

Often employees fail to recognise their role within the successful achievement of organisational objectives, but see themselves as an inconsequential part of a system over which they have little influence. This leads to the feeling of powerlessness which limits individual's ability to monitor and manipulate the impact of the change on the tasks they are required to perform. Effective and efficient information sharing policy and activities becomes vital to explain the importance and impact that individuals have on change.

Through the distribution of correct information, management will ensure:

- That change happens by mobilising the organisation towards a new goal;
- The strategy is clarified and accessible;
- The strategic alignment of all operations, thus transforming strategy into operations and vision into action;
- Clarify the management of roles, responsibilities and expectations between the public and the municipality, between politicians and officials;
- Effective communication of these roles, responsibilities and expectations within the organisation and to the public;
- Deepen democracy by encouraging public participation through the communication of performance information and the creation of appropriate mechanisms to hold the Council accountable in the periods between elections;
- The creation of a mechanism for efficient decision-making on the allocation of resources
- The introduction of diagnostic tools that not only tells us whether we are doing things right but also whether we are doing the right things;
- Redefinition of the incentive structure by rewarding successes and alternatively identifying opportunities for growth, learning and development; and
- That the process of developing the system will be:
 - Inclusive
 - Participatory, and
 - Transparent

- And that the system will be:
 - Simple
 - Realistic
 - Fair and objective
 - Developmental
 - Non-punitive

The full benefit of the change intervention of performance management in the organisation can only be realised if employees of the municipality understand the benefits of change and ultimately what a new PM system can offer them.



5.4 INTERVENTION ACTIONS

So far we have looked at some of the preparatory steps in ensuring the smooth introduction of a PM system that will assist in minimising problems during implementation. Phase 1 of the PM Guidelines for Municipalities: Draft II (2001) states that a number of actions should be taken by organisations to explain the changes within a performance management structure of an organisation and to minimise the negative impact thereof. Suggestions for actions may include conducting workshops to explain the focus of the new PM system

A number of questions may arise at this stage pertaining to the implementation of actions. Such questions include:

- Who is responsible for selecting the change intervention action?
- When should such interventions take place?
- What should these interventions include?
- How should these interventions take place?

As far as the Who question is concerned, the responsibility for organising and facilitating the change actions are usually the responsibility of the Human Resources department of a municipality. With the assistance of other role players such as management and trade union's such interventions should be organised in a manner that will comprehensively communicate to employees the full extent of change that will be brought about by the new PM system.

5.5 CONCLUSION

Change is imperative if the municipality desires to ensure the effective and efficient implementation of the PM system. Without change, the municipality will struggle to implement the system and comply with the requirements thereof. Because change is such a difficult concept for many people to embrace, performance management and the advantages thereof must be communicated to all stakeholders and role players within the municipality.

SECTION B:
PERFORMANCE MANAGEMENT
ORGANISATIONAL ARRANGEMENTS



EXECUTIVE SUMMARY

Governance is the process of decision-making that defines expectations, grants power and verifies performance and is a specific part of the management and leadership processes. As a process, governance aims to ensure that an organisation produces a worthwhile pattern of sustainable results. Within a political system, governance refers to the role of the political system to ensure effective decision-making and implementation.

Organisational arrangements refer to the structures that must be established to draw boundaries for organisational activities, organisational context and authority jurisdiction related to strategic decision-making. In this process, the organisation creates for itself collective units that are responsible for implementing the strategies. Organisational structures must relate to the strategy that is aligned to the Institutional response to the requirements of the legislative mandate within a specific environment. 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 structures ensure execution for the effective planning and review, monitoring, reporting and evaluation of services to achieve effective and efficient service delivery.

Organisational arrangements refer to the hierarchical and functional division of authority and responsibility, which includes conducting the activities necessary for the achievement of goals, 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. The first principle refers to clear identification of institutional authority relating to the distribution of authority including power and delegation. The second principle relates to the Institutional design which provides a graphic representation of the structural arrangements related to the strategic plan.

The aim of Section B: *Performance Management Organisational Arrangements* is to report on the implementation of the PM system in terms of roles, responsibilities and organisational arrangements within the EPMLM. The purpose of performance management is to highlight the areas in which the organisation excels and also the areas where improvement may be required. Clear distinction between the roles and responsibilities of 'stakeholder' and 'role-player' within the PM System.

6. OVERVIEW OF THE EPHRAIM MOGALE LOCAL MUNICIPALITY GOVERNANCE MODEL

6.1 INTRODUCTION

Section 152 of the Constitution (1996) requires that a municipality has to structure and manage its administration, budgeting and planning process to give priority to the basic as well as social and economic needs of its community. To achieve the requirements of the Constitution, the then DPLG compiled the Local Government: Municipal Planning and Performance Management (PM) Regulations (2001) which propose that

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

Various stakeholders and role players within the EPMLM are responsible for the effective management, inclusive of performance management of the municipality to ensure service delivery to the community.

Within the municipal environment, stakeholders and role players include groups of citizens within communities, Councillors, officials, other spheres of government and strategic partners. Each of these stakeholder and role player groups fulfils a variety of roles in the PM System. Established structures within the municipality are to facilitate the meaningful participation of all stakeholders and role players in the development and implementation of the PM System. Such structures include the Mayoral Committee, the Office of the Mayor and Municipal Manager, National Treasury, Sector Departments and COGHSTA, to name but a few.

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

- Internal stakeholders and role players
- External stakeholders and role players

An overview of the involvement of these groups in the organisational PM System implementation process of the EPMLM is provided below.

6.2 INTERNAL PM SYSTEM STAKEHOLDERS AND ROLE PLAYERS

The political structure of the municipality consists of a Council comprising sixteen (16) Ward Councillors, headed by the Mayor and a three (3) member Mayoral Committee. Section 39 of the Municipal Systems Act (2000) places the responsibility for the development and adoption of a PM System with the Mayor and Mayoral Committee:

The Mayor or Mayoral Committee of a municipality must manage the development of the municipality's performance management system, and submit the proposed system to the municipal council for adoption.

According to Section 39(b) of the MSA, in view of the strategic nature of performance management, the Mayor and Mayoral Committee may delegate the responsibility of developing and implementing a PM system to the Municipal Manager. In line with this regulation Section 3.1 of the Performance Management Guide for Municipalities (2001) states that:

The Mayor or Mayoral committee may assign responsibilities to the municipal manager in this regard but remains accountable for the development of the performance management system. The municipal manager may further delegate the responsibility to another senior manager.

Therefore it is important that the Council, within its policy framework on delegation, assigns responsibilities accordingly. This may be done in writing. In the assignment letter, the Council should stipulate quite clearly what needs to be done, by whom and when

Once the responsibility for the development and management of the PM System of a municipality has been assigned to the Municipal Manager she/he is responsible for setting up organisational arrangements, processes and systems for the development and implementation of the Institutional PM system. In addition, the Municipal Manager is responsible for developing:

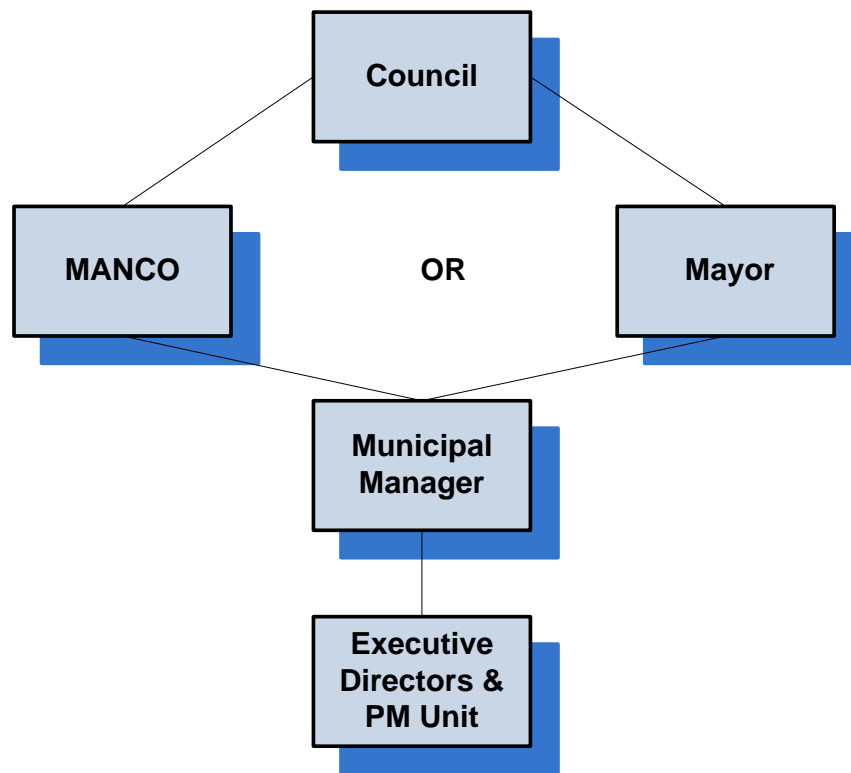
- a performance measurement Framework for the municipality
- a monitoring Framework for the municipality
- a reporting Framework for the municipality
- a performance review Framework for the municipality
- quarterly and annual performance reports for the municipality

Section 3.1 of the Performance Management Guide for Municipalities states that the Municipal Manager may further delegate the responsibilities pertaining to the PM System to a senior manager. The senior manager is responsible for:

- Preparing the organisation
- Facilitating the development of the PM System
- Supporting the organisation in implementation

The Executive Directors report to the Municipal Manager who, in turn, will account to the Mayor or Mayoral Committee and finally Council. The coordination of establishing, implementing and managing the municipal PM System, therefore, remains the responsibility of the Municipal Manager. The alignment to ensure delegation and accountability are diagrammatically illustrated in Figure 2 below:

FIGURE 2: INTERNAL INSTITUTIONAL ARRANGEMENTS



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Within the EPMLM the Municipal Manager delegates the responsibility of developing, monitoring and reviewing the PM System Framework to the Performance Management Unit

(PMU) whose role is to ensure that stakeholders and role players involved in the process of performance management participate actively. The PMU is also responsible for ensuring that the PM process is transparent, simple, realistic, fair, objective, developmental and non-punitive.

On Council level, the Oversight Committee, as well as the Performance Audit Committee, play crucial roles to ensure the effective and efficient implementation of the PM System. The Audit Committee monitors the quality and integrity of the PM System by verifying consistency in the application of evaluation norms and standards whilst the Oversight Committee is responsible for verifying information included in the Annual Report of the municipality.

In relation to the above, the internal stakeholders and role players involved in the performance management process can be identified as:

- Council
- Political Oversight Committee
- Political Management Team:
 - Office of the Mayor
 - Office of the Speaker
 - Office of the Chief Whip
- Mayoral Committee
- MPAC
- Audit Committee
- Office of the Municipal Manager
- Directors
- PM Unit
- Internal Audit and Risk Management
- Employees
- Organised Labour

It is important to identify, clarify and co-ordinate the roles, responsibilities and expectations of political and administrative officials within a municipality to ensure that political office bearers focus on the overall outcomes that should be set to meet the Medium Term Strategic Framework (MTSF). With respect to the administrative officials, their focus is to execute these outcomes through outputs and sub-outputs to ensure that the needs of communities are met in line with the outcomes as identified by National Government.

Within these divided tasks and responsibilities, officials should be aware of, understand the need for and role that performance management fulfils in the successful operations of a municipality. It is also important that they understand the principles that govern the PM system. Knowledge of how Institutional processes and procedures should be arranged to achieve the set performance indicators and targets is imperative.

More detail on the roles and responsibilities of internal stakeholders and role players will be provided in Chapter 7 of this document.

6.3 EXTERNAL STAKEHOLDER PARTICIPATION IN THE MUNICIPAL PM SYSTEM

According to Section 152 (1) (a)(e) of the Constitution, the object of local government is to provide a democratic and accountable government for local communities and to encourage the involvement of communities and community organisations in the matters of local government. The White Paper on Local Government (1998) suggests ways in which municipalities can engage citizens and community groups in the affairs of the municipality in their capacities as voters, citizens affected by municipal policy, consumers and end-users of municipal services, and partners in resource mobilisation for the development of the municipal area. Local government is therefore required to implement forms of public participation, particularly in development planning and budgeting. This requirement is further emphasised in Section 16 of the MSA (2000), stating that:

Municipalities are to develop a culture of community governance that complements formal representative government with a system of participatory governance.

In line with the above legislative requirements, Section 4 of the Performance Management Guidelines for Municipalities (2001) states that:

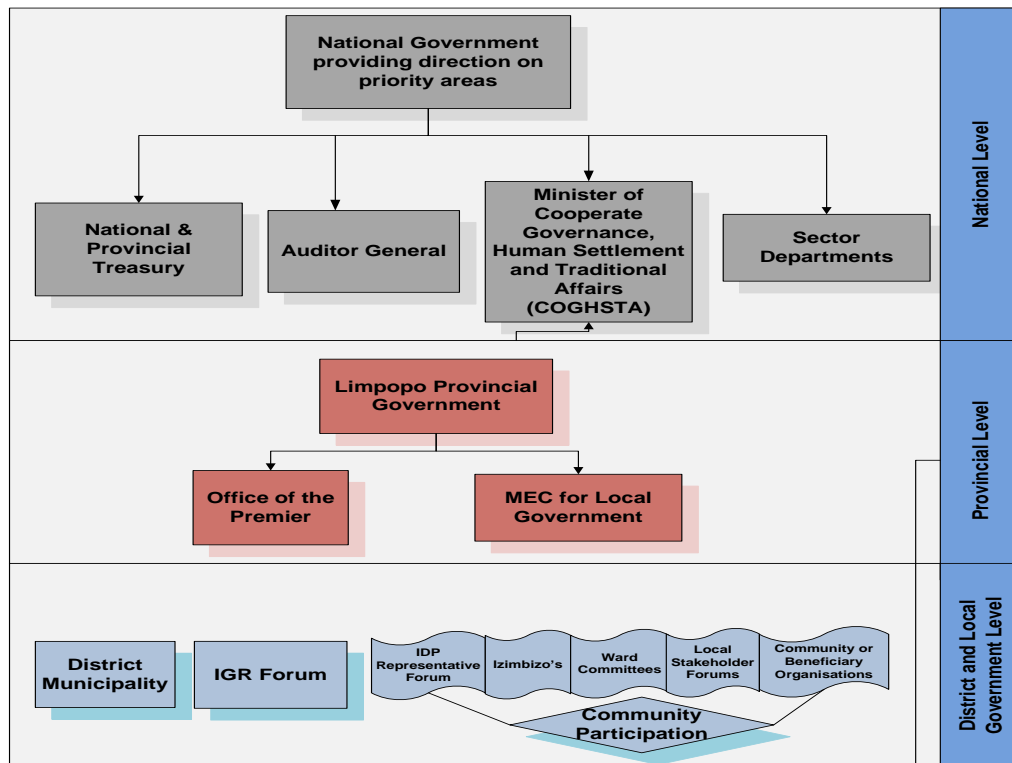
The clear identification of stakeholders is crucial, including groups of citizens and communities, Councillors, officials and partners. Each of these categories of stakeholders will play a different role in using the performance management system - each role must be acknowledged and planned for.

It is important to establish structures that will facilitate the meaningful participation of all stakeholders in the development of the system, consistent with the legislation. The municipality, in terms of their own circumstances, should determine the nature of the structure. The municipality shall thus make use of the IDP Representative Forum, the IDP steering committee and the IDP technical committee as part of the broader participation as is required by legislation.

Public (external stakeholder) participation is a cornerstone of the Country's democracy and such participation is required to make appropriate decisions on the real needs of the people. Government cannot address the developmental needs without the support of communities, civil society and businesses to identify areas where improved service delivery and development is required. Developmental local government is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. In addition, public participation is to be used to inform communities of the activities of government and what they are trying to accomplish with the limited budget and resources available.

Based on cited legislation, a platform should be created for external stakeholders to participate in the decision-making process of a municipality, such platforms may include public hearings, public meetings and report-back meetings, Ward Committees, Community Development Workers, etc. However, before such platforms can be created, a detailed analysis of the external communities and social partners involved in municipal activities should be identified. Participation platforms should then be created to ensure optimum participation from such stakeholders. Figure 3 below provides a diagrammatical representation of the external stakeholders to be taken into consideration:

FIGURE 3: EXTERNAL STAKEHOLDER ARRANGEMENTS



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More information on external stakeholder participation will be discussed in chapter 8.

6.4 CONCLUSION

The aim of this Chapter was to provide a brief overview of stakeholder and role player participation required to ensure effective performance management.

7. INTERNAL STAKEHOLDER PARTICIPATION IN PERFORMANCE MANAGEMENT

7.1 INTRODUCTION

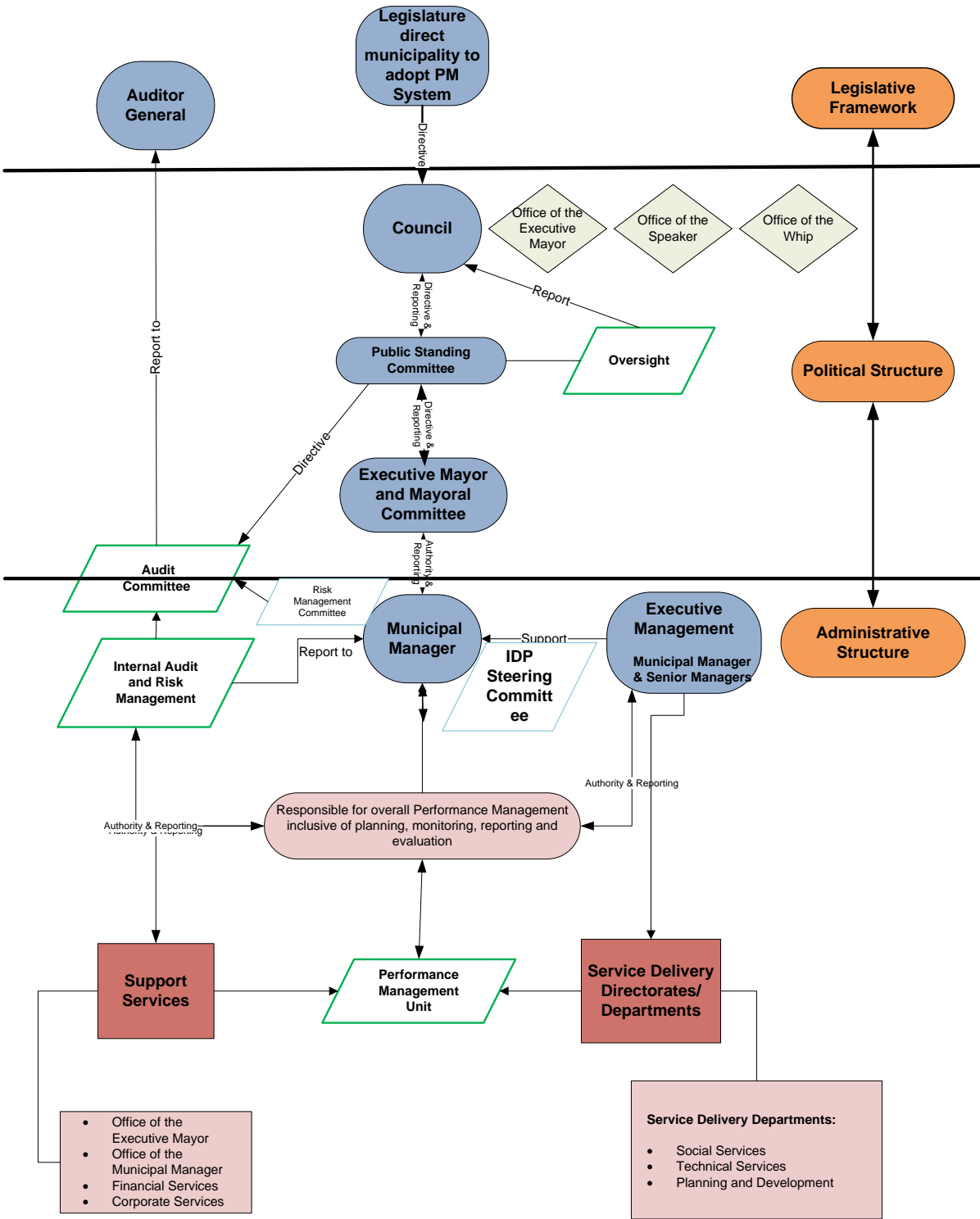
Government organisations are almost exclusively based on bureaucratic principles. However, in the modern organisational environment with the emphasis on democracy and participation, no organisation can afford to function strictly according to bureaucratic principles. When designing Institutional structures, elements of the behavioural model of organisational development must be incorporated. Minnaar (2010) suggests that an organisational structure is categorised based on the strategic objectives of what it is that the organisation is to achieve. It is important to note that structure must always follow strategy and not the other way around. Within an organisation, arrangements around strategies should always be created on a strategic, tactical and operational level.

Within a municipality, organisational arrangements pertaining to performance management should encompass both political and administrative functions. As indicated in Chapter 6, a variety of internal stakeholders and role players fulfil particular functions to ensure that the PM System of a municipality is effectively and efficiently developed, implemented and maintained. Such roles are linked to certain responsibilities to be executed by internal stakeholders, aimed at ensuring accountability within the municipality. Within the EPMLM such accountability between stakeholders includes:

- Municipality to citizens and communities
- Mayoral Committee to Council
- Administration to the Mayor and Mayoral Committee
- Line/Functional/Sectoral management to Directors, Portfolio and Standing Committees
- Employees to the organisation

To ensure the achievement of the above within the municipality an organisational arrangement structure based on strategic and operational activities has been created for the EPMLM. The aim of this organisational arrangement structure is to ensure that key stakeholders and role players are identified and understand the role they play in ensuring the development and implementation of performance management within the EPMLM. The organisational arrangement structure is illustrated in Figure 4 below and detail pertaining to roles and responsibilities are provided in the remainder of the Chapter.

FIGURE 4: EPMLM STRATEGIC AND ORGANISATIONAL STRUCTURES



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It is important to note that the successful management of municipal performance requires a concerted and committed undertaking from all internal stakeholders and role players to support and participate in the performance management process. A description of the responsibilities of political and administrative role players and stakeholders on various municipal levels are provided within the context of this Chapter.

7.2 COUNCIL

Councillors are elected to represent local communities on Municipal Councils so as to ensure that municipalities have structures and mechanisms of accountability to local communities. Section 160 (1) of the Constitution states that a Municipal Council:

- Makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- Must elect its chairperson; and
- May elect a Mayoral Committee and other Committees subject to National legislation

The Council of the EPMLM is the ultimate political and legislative decision-making body of the municipality and it is the function of the Council to provide direction on the content and priority areas included in the Integrated Development Plan (IDP). Council, as the political wing is responsible for advising the Administration on the needs and requirements of the community. These needs are to be integrated into the priorities during the compilation and review of the IDP.

Strategic goals as set by Council must be supported through the appropriate budget allocations and translate into operational service delivery objectives to ensure that community needs are being met. It is important for Council to ensure that the budget gives effect or expression to priorities contained in the IDP.

In relation to performance management, it is the responsibility of the Council to review and approve the PM System of the municipality. The specific functions towards managing the performance of the municipality to be executed by Council include:

- Lead the strategic direction and develop strategies and policies for the municipality
- Monitor the development of the PM system
- Identify strategic indicators and set targets
- Communicate the plan to other stakeholders
- Monitor and evaluate municipal performance
- Commission audits of performance where necessary

- Conduct reviews of municipal performance, determining where goals have or have not been met, evaluate the cause and adopt response strategies

Three Offices operate within the realm of Council, namely the Office of the Mayor, Office of the Speaker and Office of the Whip. A brief description of the responsibilities of these Offices in terms of performance management follows.

TABLE 10: RESPONSIBILITIES OF THE OFFICE OF THE MAYOR, SPEAKER AND WHIP

Mayor and Office of the Mayor	<p>The work of the Council is coordinated by the Mayor, elected by Council as per Schedule 3 of the Local Government Municipal Structures Act (1998)⁹. Section 49 of the Municipal Structures Act (1998)¹⁰ states that the functions and powers of the Mayor include:</p> <ul style="list-style-type: none"> • Resides at meetings of the Mayoral Committee • Perform the duties, including any ceremonial functions and exercises the powers delegated to the Mayor by the Municipal Council of the Mayoral Committee <p>The Mayor of EPMLM takes overall strategic and political responsibility for the municipality. The duties and responsibilities of the Mayor comply with the duties and powers delegated by Council in terms of Section 59 of the Local Government Municipal Systems Act (2000)¹¹.</p> <p>According to the Act, the Mayor is responsible for identifying the needs of the municipality; review and evaluate those needs so as to prioritise them; recommend strategies, programmes and services to Council to address the needs; and recommend the best ways to deliver strategies, programmes and services to the maximum benefit of the community.</p> <p>The Mayor is responsible to provide performance reports to the Council at least twice per year on the performance of the municipality¹².</p>
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⁹ SOUTH AFRICA. 1998. *LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT 117 OF 1998*. PRETORIA: GOVERNMENT PRINTERS.

¹⁰ Ibid.

¹¹ SOUTH AFRICA. 2000. *LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, NO 32 OF 2000*. PRETORIA: GOVERNMENT PRINTERS.

¹² Section 13(2) (A) Of The Local Government: Municipal Planning And Performance Management Regulations, 2001

The Manager in the Office of the Mayor is responsible for providing strategic and personal support to the Mayor in carrying out his/her political and executive responsibilities. Other responsibilities of the Manager in the Office of the Mayor include:

Strategic and personal support:

- The management of the office of the Mayor in accordance with legislation and delegated powers
- Provide strategic support to the Mayor in carrying out all his/her political and executive responsibilities
- Oversee management of dairy and year planner
- Oversee management of Mayoral sub-Committees chaired by the Mayor
- Overall office management inclusive of financial and human resources
- The coordination of activities and programmes of the Speaker's Office and the Chief Whip

Spokesperson for Mayor:

- The management of internal and external communication of the municipality
- The coordination of Public Participation and Intergovernmental Relations activities and programmes
- Community liaison in terms of complaint management, referrals and follow up

Special Projects Coordination:

- The coordination of Youth, Elderly, Children, Disabled and Gender activities and programmes
- The coordination of anti-corruption forum activities and programmes
- The coordination of events of the municipality with different stakeholders

	<p>Legal Advisor:</p> <ul style="list-style-type: none"> • Provide constitutional and legal advice • Draft legal opinions on behalf of Mayor • Personal advice • Monitoring of Mayoral Committee documents • Ensure general compliance with MFMA and other relevant legislation • Receive petitions and monitor implementation
<p>Office of the Speaker</p>	<p>In terms of Section 36 of the Local Government Municipal Structures Act (1998)¹³, each Municipal Council must have a chairperson who is called the Speaker. At the first sitting after its election, a municipal Council must elect a Speaker from amongst its Councillors. The Municipal Manager of the municipality or a person designated by the MEC for local government in the Province presides over the election of a Speaker.</p> <p>The Speaker is the promoter and protector of democracy. The Speaker is the head of the legislative arm of Council. The Speaker of the Council is responsible for presiding over Council meetings¹⁴ and performs duties as indicated in Section 59 of the Local Government Municipal Systems Act (MSA), 2000. The Speaker, as elected by the municipal Council presides at meetings, ensures that the Council meet at least quarterly.</p> <p>The Speaker must ensure compliance with Council and Council Committees with the Code of Conduct set out in Schedule 1 of the MSA (2000) and also ensure that Council meetings are conducted in an orderly manner. Within the municipality, the Office of the speaker also deals with issues of Councillors.</p> <p>In terms of performance management, the Speaker is responsible for ensuring community involvement in and obtaining feedback on the operations of the municipality. This information is provided to the Council who in turn advise the administration on identifying and prioritising key performance areas to be included in the IDP. The Speaker of the EPMLM is, therefore, the custodian of public participation within the municipal area</p>

¹³ SOUTH AFRICA. 1998. *LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT 117 OF 1998*. PRETORIA: GOVERNMENT PRINTERS.
¹⁴ Section 37 Of The Municipal Structures Act (1998)



	<p>and needs to convene and co-ordinate regular meetings with the role players involved.</p> <p>The Office of the Speaker consists of a Secretary that fulfils the secretariat function as well as the Community Liaison Officer. Strategic priorities of the Office of the Speaker include, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • Create a stable environment to promote political accountability and tolerance amongst Councillors and officials • Capacity building for Councillors • Provide political oversight on Council and Portfolio Committee Agendas • Provide sustainable welfare and support programmes for Councillors • Monitor representation of Council in all internal and external bodies • Project positive Council image
<p>Office of the Whip</p>	<p>The roles and responsibilities of the Office of the Whip of Council relate to maintaining positive relations between political parties in Council; ensures that Councillors are allocated to Portfolio Committees, and ensure the effective operations of Portfolio Committees.</p> <p>The Office of the Whip is mainly responsible for the political operations of the caucus. This includes acting as a link between the Mayoral Committee and the legislature (Council) of the municipality and between the ruling party and other parties in the Council and to ensure that discipline is maintained at all times. Since the Chief Whip is elected from the ruling party in the Council, one of the key political responsibilities of this office is to ensure that the strategic direction adopted by the municipality is in line with the mandate and policy directives of the ruling party.</p> <p>This Office is further responsible for organising party caucuses for Portfolio Committee and Council meetings, planning their agendas and making the necessary logistic arrangements for them.</p>



7.3 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC is a committee of Council established under Sections 33 and 79 of the Municipal Structures Act (2000):

A Municipal Council may establish one or more committees necessary for the effective and efficient performance of any functions of the exercise of any of its powers. The Municipal Council must determine the functions of a committee and may delegate duties and powers to it

Within the EPMLM the MPAC is a permanent Committee with decision-making functions. The primary function of the MPAC is to assist Council to hold the Executive and municipal administration to account and to ensure the effective and efficient use of municipal resources. To this effect, it is mainly responsible for financial management, performance oversight and other related management aspects of the municipality and provides directive to Council to fulfil their oversight responsibilities.

Activities of the MPAC are conducted on behalf of the Council and it is not a duplication of Council and should not be confused with the activities of the Audit Committee. However, it is important that good working relations are developed between the MPAC and other Committees, whilst guarding its independence, the MPAC should have the right to refer or receive matters from other Committees.

The MPAC, similar to other Council Committees should comprise solely of Councillors appointed by a full Council meeting. Due to the separation of roles and responsibilities between Council and the Executive, it is not appropriate for members of the Mayoral Committee to be members of MPAC. It is imperative that members represent a wide range of experience and expertise available in Council and that political representation should be taken into consideration. MPAC may invite members of the public or experts in relevant fields to assist and advise in its deliberations when the need arises.

The purpose of the MPAC relates to the oversight responsibilities assigned to a Municipal Council as prescribed in, inter alia Section 129(1) of the MFMA:

The Council of a municipality must consider the annual report of the municipality and by no later than two months from the date on which the annual report was tabled in the Council, adopt an oversight report containing the Council's comments on the annual report.

The MPAC has the primary functions of considering the Annual Report (AR), obtaining input from various role players and preparing a draft Oversight Report on the AR for consideration by Council. Specific functions that MPAC can become involved in may include:

- Undertaking a review and analysis of the Quarterly and Annual Performance Reports

- Invite, receive and consider inputs from Councillors and Portfolio Committees on the AR
- Consider written comments received on the AR from the public consultation process
- Conduct hearings to allow local community and organs of state to make presentations on the AR
- Receive and consider Audit Committee views and comments on the annual financial statements and performance report
- Prepare an Oversight Report taking into considerations all views and inputs

Preparation of the draft Oversight Report should take into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of State, Audit Committee and Councillors. MPAC has thus delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the AR on behalf of Council. Through the review of the AR and the compilation of an Oversight Report, Council fulfils the accountability cycle and the separation of powers is preserved to promote effective governance and accountability.

7.4 MAYORAL COMMITTEE

The Mayor is the first citizen of the EPMLM and has the overall political responsibility for the EPMLM and represents the face of the municipality and is responsible for managing all its affairs, inclusive of managing the performance of the municipality.

This is a mammoth task and therefore a Mayoral Committee (MAYCO) has been established to assist the Mayor. Acting as a Local Cabinet, MAYCO comprises five (5) members, excluding the Mayor, who acts as chairperson. Each Member of the MAYCO has been assigned certain responsibilities and coordinate the making of policies and overseeing implementation by municipal departments.

Section 60 (1) of the Municipal Structures Act (1998) states that the Mayor may delegate specific responsibilities to each member of the Committee inclusive of powers applicable within the EPMLM. MAYCO has a political responsibility to:

- Ensure sound governance and effective service delivery
- Promotion of economic growth and development
- Manage the municipality's physical development
- Promote the well-being of the community at large, including safety and security
- Preserve the municipality's natural and cultural resources

Based on the above responsibilities MAYCO needs to be involved in all four performance management processes, i.e. planning (review), monitoring, reporting and evaluation. In support of the above, Section 39 of the Municipal Systems Act (2000) explains that MAYCO as a Committee of Council must:

- Manage the development of the municipal PM System
- Assign responsibilities to that effect to the Municipal manager
- Submit the proposed PM System to the Municipal Council for adoption

Section 41(1) (e) of the Act provides detail on regular reporting of the performance of the municipality to Council and other political structures as well as the public. Such reports should include steps to be implemented to improve performance with regards to those specific priorities and objective where performance targets are not met.

7.4.1 PORTFOLIO COMMITTEES

Section 79 of the municipal structures act, permits a municipal council to establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers. The council appoints the members of these committees from among its members as well as the chairperson. Section 79 committees are usually temporary and are established and report to council and are usually set up to investigate a particular issue and do not have any decision-making powers.

If a Municipal Council has an mayor or mayco, it may appoint in terms of section 79 of the act, section 80 committees to assist the mayor or Mayoral Committee, but the number may not exceed the number of members of the Mayoral Committee. The Mayor appoints a chairperson for each committee from the Mayoral Committee and delegates any powers and duties to the committee. Such committee must report to the Mayor or the Mayoral Committee In accordance with the directions of the Mayor, which may vary or revoke any decision taken by a committee subject to any vested rights.

In terms of performance management within the EPMLM, Portfolio Committees may be required to fulfil the following roles:

- adopt indicators and set targets
- monitor municipal performance
- review municipal performance such as the annual review
- review the performance of the MAYCO

The Portfolio Committees can thus be mandated to assist in the planning and review, monitoring and evaluation of the achievement of strategic objectives as identified in the IDP.

7.5 AUDIT COMMITTEE

Section 14 of Chapter 3 of the Performance Management Guidelines 2001, states that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes, inclusive of review, reporting and evaluation. In relation to this, Section 166 of the MFMA states that each municipality must have an Audit Committee. It must be an independent advisory body which must advise Council, Politicians, the Accounting Officer and management of the municipality on matters relating to internal financial controls, risk management, accounting policies, financial reporting, performance management, effective governance and performance evaluations.

In relation to the functions of this Committee, the Performance Management Guidelines 2001 (Ch3:S14 (2) (b) (d)) states that a municipality must annually appoint and budget for an Audit Committee and that Council must designate a member of the Committee as the chairperson.

The EPMLM has established a fully-fledged Audit Committee fulfilling the role and responsibilities of both the Performance Audit Committee and Audit Committee and comprises of five (5) members who possess a diverse set of skills and competencies that adequately comply with legislative requirements.

The Audit Committee should meet at least four times during the financial year of the municipality, although any member thereof may call a special meeting of the Audit Committee. The Audit Committee may determine its own procedures after consultation with the Mayor or the Mayoral Committee of the municipality.

The aim of such auditing is to:

- Review and report on the functionality of the PM System of the municipality
- Determine whether the PM systems comply with the requirements of the Municipal Systems Act (2000)
- Analyse the extent to which the municipality's performance measurements are reliable in measuring performance indicators
- Report its findings to the Council

In addition, the Audit Committee focuses on evaluating the municipality's performance regarding economy, efficiency and effectiveness in terms of the KPIs and performance targets. To this effect the Audit Committee is responsible for:

- Reviewing of quarterly performance reports

- Reviewing the municipality's PM System
- Identifying the extent to which the PM system of the municipality is reliable in measuring performance of the municipality on set indicators
- Making recommendations to the Council on improvements that will enhance service delivery
- Submitting a bi-annual Annual Report to the Council

To achieve the above, the Audit Committee must perform procedures of an audit nature to obtain evidence about the performance information and related systems, processes and procedures. The Committee must also consider performance reports received from the Internal Audit Unit as well as Finance. The Audit Committee may:

- 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
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers

The Audit Committee is further responsible for overseeing the activities and input generated from the Internal Audit function and reports generated from the office of the Auditor General providing a continuous evaluation of the organisation's performance.

In performing its duties the Audit Committee has access to the financial records and other relevant information of the municipality and liaise with, inter alia the Internal Audit Unit of the municipality to audit financial statements of the municipality.

7.6 THE OFFICE OF THE MUNICIPAL MANAGER

Section 82(a) of the Municipal Structures Act (1998) states that Council must appoint a Municipal Manager who is the head of administration and inter alia Council delegates administrative functions to the Municipal Manager and his/her Office. The Municipal Manager as the head of the administrative function is responsible to drive the needs of the public and communities served by the EPMLM. In relation to this Section 39(b) of the Municipal Systems Act (2000) states that Council may assign its performance management responsibilities to the Municipal Manager. This includes ensuring:

- The day-to-day supervision of operations of all municipal directorates and prepare, monitor and execute the municipality's budget.
- The fair presentation of the financial statements in accordance with the applicable financial reporting framework. This responsibility includes:
 - designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are appropriate in the circumstances
- Complying with responsibilities as legislated in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) to report information related to performance against predetermined objectives.
- Through oversight of management, that the EPMLM establishes and maintains internal control to provide reasonable assurance with regard to the effectiveness and efficiency of operations and compliance with applicable legislation.
- The systems of financial and risk management and internal control should provide reasonable assurance that adopted policies and prescribed procedures are adhered to for the prevention and detection of errors and irregularities, including fraud and illegal acts.
- Provide for the regular monitoring of performance against objectives, and ensure that waste is minimised and business is conducted with due regard to probity.
- Directly responsible for the oversight of the IDP, SDBIP and Budget.
- The management of the municipality's administration in accordance with municipal legislation and other legislation applicable to the municipality inclusive of management, discipline and development of staff.
- The formation and development of an economical, effective, efficient and accountable administration that is equipped to carry out the task of implementing the municipality's Integrated Development Plan (IDP) and responsible to the needs of the local community.
- The management and monitoring of municipal services provided to local community in a sustainable and equitable manner.
- The administration and implementation of the municipality's by-laws and other legislation, including the implementation of National and Provincial directives, policies and legislation.

7.7 EXECUTIVE MANAGEMENT

The Management Committee (MANCO) refers to the Municipal Manager and senior management who are responsible for the overall management, co-ordination and monitoring of the performance of the municipality as well as for the publication of all the relevant reporting documentation. They ensure adherence and conformance of the directorates to the PM System. Key responsibilities of Executive Management include:

- Provision of strategic direction and develop strategies and policies for the municipality
- Manage the development of the IDP
- Identify realistic indicators and set targets
- Communicate with stakeholders
- Manage and regularly monitor the implementation of the IDP and PM System
- Manage the data
- Measure performance against agreed indicators and targets
- Propose response strategies to the Mayor or the Mayoral Committee
- Conduct reviews of the organisation as well as individual performance against plan

According to Section 5.6.1.4 of the Performance Management Guidelines (2001), it is important that the Executive Management review performance prior to, and more often than MAYCO as follows:

- Continuous performance review is important so that interventions can be put in place promptly on operational matters where evidence of under-performance or the risk thereof occurs.
- Review performance before reporting to politicians so that the quality of performance reports submitted to Council and the public can be controlled and that adequate response strategies are in place in cases of under-performance.
- It is strongly recommended that performance is reviewed monthly prior to reviews being conducted by Portfolio Committees. At these reviews relevant departmental managers should be required to report on respective priority areas.

The Section 56 Managers are responsible to ensure that operational performance information is managed, maintained and captured on the PM System of the EPMLM. This information provides the basis on which Monthly, Quarterly; Midyear and Annual Reports are generated, reflecting the municipality's performance for that specific period. The information and reports are also used to assess individual performance on a quarterly basis in terms of the performance management of senior managers as per the guidelines, Regulation 805 of 2006.

Performance management mechanisms & systems must form part of the activities of a municipality to ensure that monitoring, reviews, reporting and evaluation of municipal activities occur with the input of

relevant stakeholders and role players. The IDP Steering Committee plays a very important role in the review and planning and implementation of the PM system.

7.8 IDP STEERING COMMITTEE

Integrated Development Plans (IDP's) are required to be undertaken by all municipalities with the aim of developing a Vision and Goals for a municipality and align this to dedicated projects to be undertaken over the lifespan of the IDP. IDP's are constructed on the basis of a five-year plan but are required to be reviewed periodically. The IDP Steering Committee is a technical working team consisting of senior officials within the municipality who support the IDP manager to ensure a smooth planning process. It is the responsibility of MAYCO to define the terms of reference of the IDP Steering Committee. The Committee should be chaired by the IDP manager who is responsible for the process but will often delegate functions to members of the IDP Steering Committee. If relevant Portfolio Councillors wish to be part of the IDP Steering Committee, they should be included. The Integrated Development Planning document (2001) indicates that the IDP Steering Committee should fall within the Office of the Municipal Manager as indicated in Figure 5.

The IDP Steering Committee is responsible for the collating, distributing, evaluating and managing of information and intelligence related to the IDP. More specifically, the Committee will be responsible for the following:

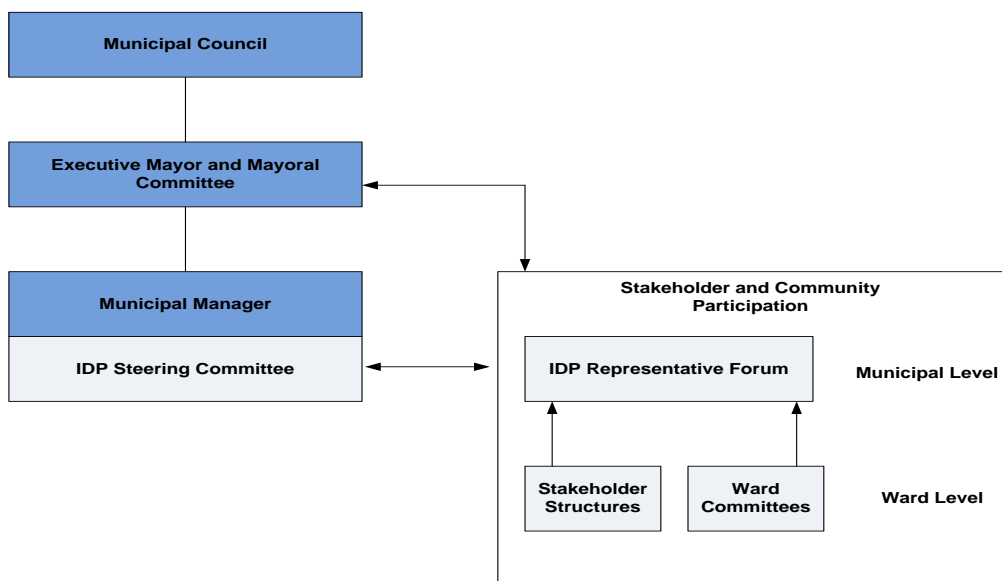
- Provide terms of reference for sub-Committees and various planning activities
- Commission research studies
- Consider and comment on inputs from sub-Committees, study teams and consultants as well as the Provincial sector and departments
- Process, summarise and draft outputs
- Make recommendations
- Prepare, facilitate and minute meetings
- Prepare and submit reports to the IDP Representative Forum

More specific detail pertaining to the above responsibilities of the IDP Steering Committee is provided below:

- Identification of priorities and programmes that link back to IDP and SDBIP.
- Informing Directorates of Strategic Objectives, KPAs and KPIs to link their programmes and projects too.
- Provide inputs related to various planning steps.
- Present IDP to communities and receive feedback on IDP.
- Analyse and consolidate comments to send to relevant departments.

- Summarises inputs from the various participation processes.
- The analysis should consider whether projects address needs; address the programmes and priorities; financial implications; risks and constraints.
- Monitor proceedings of budget hearings and write report on proceedings and a report to the Municipal Manager on outcomes of hearings and whether Finance complies with decisions taken prior to budgeting.
- Draft IDP based on MTREF budget submitted by Finance task team by mid-January.

FIGURE 5: ORGANISATIONAL STRUCTURE



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It is important to note that the IDP Steering Committee may establish sub-Committees for specific activities and outputs which may include additional persons outside the Steering Committee.

7.9 RISK MANAGEMENT

Section 62(c) (1) of the MFMA states that a municipality must maintain effective, efficient and transparent systems of financial and risk management. Risk management processes and responsibilities are incorporated in the list of responsibilities allocated to the Risk manager, Accounting Officers, Audit Committees and all departmental managers. Risk management must thus become the responsibility of everyone working within a municipal environment.

The process of managing risk is a structured approach that enables municipalities to incorporate risk management into the broader management framework. The approach should include aspects such as establishing a controlled environment; setting objectives; risk identification; risk assessment; risk management strategy; control activities; information and communication; and monitoring. Risk management is a process, not an event and therefore requires organisations to pay closer attention to the developments both in the external and internal control environments. Senior management's strategic direction and commitment are also regarded as very important if risk management processes are to be successful and effective.

Effective risk management processes will ultimately help achieve greater organisational clarity of purpose by clearly identifying policy needs and actions required to meet strategic objectives, more cohesiveness of effort through organisational consistency and better decisions through thorough consideration of issues.

Risk management within the EPMLM is currently managed by the Risk Manager. It provides a framework to identify, assesses and manage potential risks and opportunities pertaining to the performance of the organisation to achieve its set outcomes. Within the Performance Management System Framework, it provides information that managers should use to make informed decisions on improved performance of the municipality.

The main objective of the Risk manager when managing risk is to review and assess the effectiveness of risk management and control processes within the municipality. More specifically the areas addressed include:

- Identify and agree on the risk profile of the municipality
- Establish and maintain a common understanding of the risk environment to be addressed in order to achieve strategic outcomes and objectives
- Ensure that management has effectively identified the key operational risks and made provision for them within departmental/divisional activities
- Assess the appropriateness of management responses to significant risks
- Assess the adequacy of the assurance efforts provided by management, internal and external audit
- Keep abreast of changes to risk management and control systems
- Report to Audit Committee on the work undertaken in establishing and maintaining the understanding of risks that need to be managed and the adequacy of actions taken by management to address areas of improvement

In terms of risk management pertaining to the performance of a municipality the department is responsible for:

- Reviewing the risk philosophy of the Institution including the risk management policy and strategy, fraud prevention plan, risk management reporting lines and the values that have been developed for the municipality
- Reviewing the appropriateness of the risk tolerance levels set by the municipality, taking into consideration the risk profile of the organisation
- Providing assurance over the Institution’s risk identification and assessment processes
- Utilise the results of risk assessment to develop long-term and current year internal audit plans
- Providing independent assurance as to whether the risk management strategy, implementation plan and fraud prevention plan have been effectively implemented
- Providing independent assurance over the adequacy of the control environment inclusive of internal controls implemented to mitigate the identified risks

According to Section 165 of the MFMA, the municipality must prepare a risk-based audit plan and an internal audit program for each financial year. A municipality’s risk will come from both internal and external sources with the nature of external risks being more difficult to mitigate and usually originate from political, social, economic and technological factors. Examples of external risks include damage due to natural disasters, discontinuation of national and provincial grants and environmental degradation due to global warming.

Internal risks are those risks that are specific to a municipality and which can be controlled by the actions of the municipality itself. Examples of internal risks include the risk of fraud and misappropriation of municipal assets, inaccurate budgets and non-maintenance of infrastructure assets. Internal risks are identified from past experiences and the continuous development of good governance practices. Whether the municipality considers a risk to be of importance will depend on management’s judgement and assessment of the situation.

7.10 INTERNAL AUDIT UNIT

Performance auditing is a key element of the monitoring and evaluation process. This involves verifying that measurement mechanisms are accurate and that the proper procedures are followed to ensure and improve performance. Section 165 of the MFMA (2003) states that a municipality must have an Internal Audit unit responsible for preparing a risk-based audit plan and an internal audit programme for each financial year. It is also to advise the Accounting Officer and report to the Audit Committee on the implementation of the internal audit plan and matters relating to internal audit, internal controls, accounting procedures, risk management, performance management, loss control and compliance to a variety of legislative requirements. Within the EPMLM the Internal Audit is responsible for the internal auditing and review of the EPMLM’s financial and non-financial performance.

The operations of the Internal Audit are related to Section 72 of the Municipal Finance Management Act which stipulates that the Accounting Officer of a municipality must by 25 January of each year assess the

performance of a municipality during the first half of the financial year, taking into account monthly statements and Municipal service delivery performance.

National Treasury provides Guidelines for Internal Audit. The Internal Audit unit is accountable to the Accounting Officer for providing independent assurance regarding the risk management activities of an Institution. Internal Audit is therefore responsible for providing independent assurance that management has identified the Institution’s risks and has responded effectively. It is also to play an advisory and consulting role to management regarding risk management matters.

Internal Audit provides the municipal management with the opportunity of being pro-active in management decisions rather than re-active to external comments. Internal Audit should advise on the following:

- internal financial control and internal audits
- risk management
- accounting policies
- the adequacy, reliability and accuracy of financial reporting and information
- performance management
- effective governance
- performance evaluation
- any other issues referred to it by the municipality

7.11 SUPPORT SERVICE BUSINESS UNITS

Support service departments are responsible for providing support to Departments responsible for the implementation of programmes and projects to ensure effective, efficient and economic service delivery. A brief description of these Business Units is provided in the following table.

TABLE 11: SUPPORT SERVICES BUSINESS UNITS WITHIN THE EPMLM

Financial Services Business Unit	<p>The Financial Services Business Unit is responsible for:</p> <ul style="list-style-type: none"> • The management of the municipality's financial accounting functions to ensure unqualified audit reports • The compilation and control of the municipality's budget to effect no budget variance • The administration of the municipal finances to ensure cash is available for projects and operations
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	<ul style="list-style-type: none"> • Timely development and submission of financial statements to ensure positive financial results • Alignment of the budget, IDP and PM System • Manage income and expenditure of the municipality to ensure sound financial management of Council
<p>Corporate Services Business Unit</p>	<p>The Corporate Services Business Unit is responsible for:</p> <ul style="list-style-type: none"> • The management of the municipality's administration in accordance with legislation applicable to the municipality and management, discipline and development of staff • The administration and implementation of the municipality's by-laws and other legislation, including the implementation of National and Provincial directives, policies and legislation and the rendering of legal advice ensuring legislative requirements compliance • The effective management and coordination of Information Technology of the municipality, in so far as software as well as hardware requirements are concerned • Rendering of swift and accurate administrative services with internal customer orientation

7.12 SERVICE DELIVERY DEPARTMENTS

Service Delivery Departments are responsible for the management of the programmes specified in the IDP, SDBIP and budget framework. It is their responsibility to ensure that projects and processes are followed, executed and run according to the IDP, SDBIP and Budget. They need to monitor and evaluate programmes and projects to ensure that the current needs are met. Directorates must align their priority needs in terms of the strategic objectives and priority areas as identified in the IDP.

All Departments have responsibilities towards the planning, reviewing and development of the IDP, SDBIP and budget.

7.13 PERFORMANCE MANAGEMENT (PMU)

The PMU is responsible for providing support and guidance to management and politicians on issues related to effective performance management. The role of the PMU is to advise on the day-to-day issues



pertaining to performance management and provide an advisory service to the Municipal Manager and coordinate management activities thereof. Key roles of the PMU include:

- Providing guidance on the implementation of the PM system; and
- Providing ongoing training of Committee members and role players involved in performance management.
- Coordinate all activities pertaining to the successful implementation of the PM system, inclusive of Internal Audit, Risk and Budget Office
- Ensure maintenance and sustainability of the PM system
- Ensure alignment between IDP, Budget and SDBIP
- Develop the SDBIP and Adjusted SDBIP
- Report monthly, quarterly, mid-year and annually on EPMLM performance and distribute all relevant reports as per legislative guidelines
- Assist the Office of the Auditor General with the annual audit of predetermined objectives

It is the responsibility of the PMU to ensure that performance management is central to all activities of the municipality and promote awareness so that all role players understand the requirement of the PM system and are aware of their respective roles, its benefits and intentions. The PMU should communicate the purpose of the PM system and deal with all problems related to performance management and ensure improved co-ordination between the different departments.

7.14 CONCLUSION

The aim of this Chapter was to review the internal political and administrative divisions involved in municipal performance management. From a political point of view the Council and Mayoral Committee, inclusive of an Oversight Committee, is responsible for reviewing the overall performance management and all relevant Business Units are involved in performance management with the Audit Committees, both internally and externally providing an oversight function in the evaluation of the EPMLM performance.

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

TABLE 12: INTERNAL STAKEHOLDERS AND ROLE PLAYERS INVOLVED IN MUNICIPAL PERFORMANCE MANAGEMENT

Process		Structures For Consultation
Performance Planning and Reviewing		<input type="checkbox"/> Council
		<input type="checkbox"/> IDP Steering Committee
		<input type="checkbox"/> PM Manager
		<input type="checkbox"/> MAYCO
		<input type="checkbox"/> MANCO
		<input type="checkbox"/> Senior Managers
		<input type="checkbox"/> Organised Labour ¹⁵
Performance Monitoring		<input type="checkbox"/> IDP Manager
		<input type="checkbox"/> Senior Managers
		<input type="checkbox"/> IDP Steering Committee
		<input type="checkbox"/> PM Manager
		<input type="checkbox"/> MAYCO
		<input type="checkbox"/> MANCO
		<input type="checkbox"/> Council Committees
		<input type="checkbox"/> Internal Audit
	<input type="checkbox"/> Risk Management	
Performance Reporting		<input type="checkbox"/> Council
		<input type="checkbox"/> MAYCO
		<input type="checkbox"/> Council Committees
		<input type="checkbox"/> Audit Committee
		<input type="checkbox"/> PM Manager
		<input type="checkbox"/> Internal Audit
		<input type="checkbox"/> Risk Management
Performance Evaluation		<input type="checkbox"/> Council
		<input type="checkbox"/> MANCO
		<input type="checkbox"/> Audit Committee
		<input type="checkbox"/> PM Manager

¹⁵ When And If Required Through Labour Fora

8. EXTERNAL STAKEHOLDER AND COMMUNITY PARTICIPATION

8.1 INTRODUCTION

The relationship between Government and citizens is very important as referenced in Section 152(1)(e) of the Constitution which states that the object of local government is, inter alia to encourage the involvement of communities and community organisations in the matters of local government. This involvement is necessary because government is accountable to citizens for decisions taken. At local government level, consultation and involvement with communities should involve discussions around programmes and projects that directly affect them. This is emphasised in Sections 32 and 33 of the Constitution which guarantees all citizens the right to information and just administrative action about decisions that affect their rights.

Public participation inclusive of external stakeholder and community participation is a principle that is accepted by all spheres of government in South Africa. It is one of the cornerstones of our democracy and has equal benefits for government and civil society:

- Consultation will help government make more appropriate decisions based on the real needs of people
- The more informed people are the better they will understand the use of limited resources

The clear identification of stakeholders is crucial, including groups within citizens and communities, officials and partners as each of these categories of stakeholders will play a different role in ensuring the successful implementation of the PM System. Each role must be acknowledged and planned for. External stakeholders and role players refer to a variety of citizen groupings, National sector departments and Provincial departments as well as, in the case of EPMLM, the Sekhukhune District Municipality. A platform should be created for including external stakeholders and role players into the decision-making process of the municipality.

Both the IDP and PM Sections of the Municipal Systems Act make almost identical provision for the participation of communities. Section 5 of the MSA states that members of the local community have, inter alia the right to contribute and be informed of the decision-making process of the municipality. In support of the above, Section 42 states that a municipality should, through appropriate mechanisms, processes and procedures involve the local community in the development, implementation and review of the IDP and Municipal PM System.

Through an analysis of relevant legislation, five strategic goals to be achieved through public participation can be identified:

- Effecting behaviour change to a state where both elected representatives and administration Council officials work with communities in the ICICE mode, namely, Inform, Consult, Involve, Collaborate and Empower
- Ensuring that the doors to the local government political and administration structures are open to all members of the community all the time
- Creating mechanisms, processes and procedures that enable the local community to hold their local government democratically accountable, contribute to policies that are being developed, and participate in planning and budgetary processes
- Inculcating a positive consumer care culture within the municipal services delivery system and promoting a reciprocal consumer responsibility among citizens
- Establishing and sustaining an enabling support programme for citizens to take action, mobilise resources and make development happen in their communities

The Chapter will start off with a section on identifying external stakeholders.

8.2 IDENTIFYING EXTERNAL STAKEHOLDERS

External stakeholder groupings need to be invited to be part of the PM system as they have been part of the IDP 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. External stakeholder involved in the PM system of EPMLM was illustrated in Figure 3. Detail on external stakeholder participation follows.

8.3 NATIONAL AND PROVINCIAL STAKEHOLDER PARTICIPATION

Detail on the involvement of the following external stakeholders is discussed below:

- National Department of Co-operative Governance and Traditional Affairs (COGTA)
- Limpopo Department of Co-operative Governance Human Settlement and Traditional Affairs (COGHSTA)
- National and Provincial Treasury
- Office of the Auditor General
- Limpopo Provincial Government
- Sector Departments
- IDP Representative Forum
- Sekhukhune District municipality
- Ward Committees

- Inter-Governmental Forum

8.3.1 DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENT AND TRADITIONAL AFFAIRS (COGHSTA)

As an organ of state, the Department of Co-operative Governance, Human Settlement and Traditional Affairs (COGHSTA) derives its mandate from Chapters 3 and 7 of the Constitution of the Republic of South Africa. COGHSTA's mandate is to respond decisively to the enforcement of proper plans to eliminate the weaknesses and failures observed in government over the past several years.

The mandate places COGHSTA at the centre of government as a key partner to the National Planning Commission and the Monitoring and Evaluation Unit in the Presidency. The department is responsible for defining and driving a coordinated model for development planning, monitoring and evaluation centred on IDPs that represent the expression of government-wide and community priorities, synthesised into strategic and realistic development programmes. COGHSTA is therefore responsible for developing policies and legislation with regard to Provinces and local government and monitors the implementation of the legislative requirements for municipalities. This department governs and supports municipalities in the fulfilling of their constitutional and legal obligations.

The legislative requirements for conducting effective performance management were discussed in Section A. As the IDP, SDBIP and budgeting procedures are governed by legislation, municipalities must include COGHSTA in their decision-making processes. Municipalities must, therefore, submit their Mid-year and Annual Report to COGHSTA for approval. Municipalities must furthermore comply with National initiatives such as 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: A responsive, accountable, effective and efficient Local Government System.

8.3.2 NATIONAL AND PROVINCIAL TREASURY

Sustainable public financial management is fundamental to the promotion of economic development, good governance, social progress and rising standards of living for all South Africans. Chapter 13 of the Constitution mandates that the National Treasury ensures transparency, accountability and sound financial controls in the management of public finance. Specifically, Sections 215 and 216 states that it is the role of National Treasury to prescribe formats of budgets and for establishing measures to ensure transparency and expenditure controls in each sphere of government. To this effect National Treasury, on a continuous basis, publish circulars to govern inter alia municipal financial aspects. In particular, MFMA Circulars 11, 12, 13 and 32 focus on good cooperation between financial and non-financial performance and reporting systems and mechanisms vital to ensure legislative compliance by municipalities.

With specific relation to performance management, National Treasury published the document Framework for Managing Programme Performance Information in May 2007. The purpose of the document was to emphasise the importance of performance information as a management tool; providing a link between the Framework and the Government-Wide Monitoring and Evaluation system; explaining the role of performance information in planning, budgeting and reporting; and explain key concepts including criteria for good performance indicators.

Section 7.3 of the Framework states National Treasury's role in performance management encompasses:

- 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 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 municipalities and Provinces
- Developing guidelines on the use of performance information in different circumstances

The aim of the Limpopo Provincial Treasury is to ensure the effective and efficient running of finances and act as the lead advisor on financial and economic issues within the Province. It is responsible for fiscal discipline, enhancing the quality of expenditure, allocating financial resources and improving the overall financial governance of both the Provincial and municipal spheres. The overall purpose of the Limpopo Provincial Treasury is to ensure sound financial management of the Province's resources to achieve Provincial Government's goals and objectives. It deals with the administration of Provincial and municipal expenditure, administration of accounting services and systems development, management of government assets, liabilities and supply chain as well as administration of corporate governance.

In terms of Section 7.2 of the Framework Provincial Treasuries are responsible for the following pertaining to performance management:

- 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

8.3.3 OFFICE OF THE AUDITOR GENERAL

Regulations 2001, Chapter 6 MFMA states that in order for the PM 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. The Auditor General audits all municipal financial statements as well as performance information and responds on the quality of these statements by providing a report to the municipality reflecting its findings.

A performance audit is best described as an independent auditing process 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. The Auditor-General is a state institution established by Chapter 9 of the Constitution. As such, the Auditor-General is independent, subject only to the Constitution and the law, but accountable to the National Assembly.

In terms of Section 188 of the Constitution, the Auditor-General must audit and report on the accounts, financial statements and financial management of all National and Provincial departments, all municipalities and any other institution or accounting entity required by National and Provincial legislation.

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.

8.3.4 SECTOR DEPARTMENTS

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. This is required to ensure some degree of standardisation in terms of outcomes to be achieved as well as structures and systems used to ensure effective and efficient performance through various government spheres. Such departments also need to play a supporting role to manage performance information and providing systems training. The departments need to monitor performance information and use it to evaluate the overall delivery of services within their Sector.

Sector departments need to provide municipalities with planning information to support their IDP process plans. These Departments should provide municipalities with data and information concerning programmes, budget guidelines, budget and IDP alignments as well as professional and technical support. Funding options for specific priorities set on Provincial levels are provided to Sector departments as they fund specific divisions and sectors through government funds.

Input from Sector department 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.

8.3.5 LIMPOPO PROVINCIAL GOVERNMENT

The role of the Limpopo Provincial Government is informed by National policy, strategy and legislation, as governed by Schedule 5 of the Constitution. Taking its mandate from National intent, the Limpopo Provincial Government prioritised its strategic areas around the leadership and catalyst role government has to play in ensuring socio-economic development and transformation. Enshrined within the Limpopo Economic Growth and Development Path: Vision 2030 is the intrinsic role that the Province plays with respect to its developmental economic approach that concurrently addresses issues of sustained economic growth, reduction of poverty, unemployment and creation of jobs

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 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.

Through Intergovernmental Forums relations between Provincial and local government are promoted.

8.4 DISTRICT AND LOCAL GOVERNMENT STAKEHOLDER PARTICIPATION

8.4.1 DISTRICT MUNICIPALITY

A district municipality is, according to Section 1 of the Municipal Structures Act (1998) a municipality that has executive and legislative authority in an area that includes more than one municipality, and which is described in Section 155(1) of the Constitution as a Category C municipality. Chapter 5 of the Municipal Structures Act explains that a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by:

- Ensuring Integrated Development planning for the district
- Promoting bulk infrastructure development and services for the district as a whole
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking
- Promote the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services in the area

In terms of performance management, Section 84 of the Municipal Structures Act states that a district municipality must conduct integrated development planning for the district municipality as a whole including a framework for integrated development plans for the Local municipalities within its area of responsibility. 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 municipality and its various local municipalities. This forum will provide guidance and assistance and ensure alignment between the monitoring and evaluation activities of the district, local municipalities and the Provincial M&E.

8.4.2 INTER-GOVERNMENTAL FORUM

Section 24 – 27; inclusive of the Intergovernmental Relations Framework Act 13 of 2005 deals with the establishment and use of district Intergovernmental Forums. The Act indicates that a district Intergovernmental Forum must be established for every district municipality. Its aim is to promote and facilitate intergovernmental relations between the district municipality and the local municipalities in a district. A district Intergovernmental Forum consists of the Mayor of the district municipality and Mayors of the local municipalities. The Mayor of the district municipality is the chairperson of the forum and may invite any person to a meeting of the forum. The role of the district forum is to serve as a consultative forum for district and local municipalities to consult each other on matters of mutual respect, including:

- 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 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

In terms of Section 28 and 29 of Intergovernmental Relations Framework Act two or more municipalities may establish an Inter-municipality Forum to promote and facilitate intergovernmental relations between them. The composition, role and functioning of such an Inter-municipality Forum must be determined by agreement between the participating municipalities. The role of an Inter-municipality Forum is to serve as a consultative forum for the participating municipalities to discuss and consult each other on mutual interests, including information sharing, best practice and capacity-building, cooperation and any other strategic matters of importance.

Information fed by the above-described forums 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 EPMLM 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.

8.4.3 COMMUNITY PARTICIPATION

South Africa is a democratic nation which implies that the public has a say in the way government is governing. The government is elected to serve the people and should, therefore, be accountable for the level of service the public receives. Community participation creates a platform for the public to voice their opinion on the way in which the government serves its community.

Citizens and communities that need to be involved in the performance management system include:

- Civics
- Community-Based Organisations
- Non-Governmental Organisations
- Local Businesses

Community participation is an essential element of effective and accountable governance as it promotes democracy and people's engagement with local development challenges. Citizens and communities frequently take the lead in defining and shaping their priorities through Izimbizos and public meetings between municipalities and the community. For public participation to be successful, municipalities need to keep their communities informed by engaging with them, publicising important documents and informing them about their legal rights.

Citizens and communities may be consulted to obtain information related to:

- Needs and priority issues

- The development of the long-term vision for the municipality
- Influence the choice of indicators and setting of targets
- Monitor and “audit “performance against commitments

Public participation requires forums to ensure community participation concerning various phases of financial and non-financial performance processes within the municipality. Examples of forums that may be used to stimulate community participation include but are not limited to:

- IDP Representative Forum
- Izimbizo
- Ward Committees
- Local Stakeholder Forums
- Community or Beneficiary Organisations

The Speaker is responsible for ensuring community involvement and obtaining feedback on the operations of the municipality. This information is fed back to the Council who in turn advise the administration on identifying and prioritising key performance areas to be included in the IDP review process. The Speaker of the EPMLM is, therefore, the custodian of public participation within the municipal area and needs to convene and co-ordinate regular meetings with the role players involved. This activity is delegated to the Office of the Municipal Manager who in turn is responsible for coordinating and executing community participation activities.

While the need for broad public participation in the IDP review process is by no means underscored, it is also recognised that a smaller, more purposeful vehicle for more intensive public participation is required. This necessitates the need for an IDP Representative Forum. The aim of this forum is to present the interests of the community and act as a vehicle for discussion and communication between all stakeholders. The Forum’s responsibility is to be intensively involved in the identification of needs, projects and formulation of the Spatial Development Framework. Additional responsibilities include:

- Representing the interests of constituencies in the IDP process
- Provide an organisational mechanism for discussion
- Negotiation and decision-making between stakeholders
- Ensuring communication between all stakeholder representatives
- Monitors the performance of the planning and implementation process

The IDP Representative Forum generally consists of community stakeholders, Ward committees, traditional structures and Sector departments. The forum is constituted of representatives of various groupings of society, taking cognisance of stakeholder interest and contributes through their knowledge and ideas to the improvement of service delivery for the benefit of the community at large. The IDP



Representative Forum will be consulted in order for the municipality to identify community needs which will influence the services which the community specifically receives. Municipalities are accountable to their communities regarding service delivery to ensure a better life for all.

Annually through the IDP review process, the community participates in the affairs of the EPMLM as part of the community consultation process, affording the opportunity to plan and address the needs in an equitable way. Integral to the participation process is the need to develop a database inclusive of information pertaining to the needs of communities per Ward to be managed by the IDP Office. This database encompasses an inventory of development issues and needs recorded in each ward over a number of years within the whole municipal area. This “needs database” serves as the basis for community consultation and participation in the EPMLM and as inputs to the municipality service delivery planning process. This database is used to prioritise needs and service delivery within the EPMLM.

8.4.3.1 IZIMBIZO

An Izimbizo is a forum for enhancing dialogue and interaction between the municipality and community residents. Izimbizo provides an opportunity for municipal officials to communicate its action programme and progress directly to the people.

An Izimbizo provides an opportunity for a municipality to:

- Communicate its IDP, SDBIP and budget and the progress being made
- Promotes participation of the public in the programmes to improve their lives
- Highlight people’s concerns, grievances and advice about the operations of the municipality

Special Municipal Izimbizo’s are conducted annually to ensure community input into the IDP process.

8.4.3.2 WARD COMMITTEES

The Municipal Structures Act (1998) provides for the establishment of Ward Committees aimed at assisting the democratically elected representative of a Ward (Councillor) to carry out his/her mandate. Ward Committees are from different sectors in communities, representing a number of interests within the community and the Ward. They can be very useful for spreading information, assessing needs, building partnerships, consulting the community and highlighting local problems with service delivery.

Ward Committees can play a critical role in:

- The preparation and implementation of the IDP
- The establishment, implementation and review of a municipality's PM System
- Monitoring and review of a municipality's performance
- Preparation of a municipality's budget
- Decisions about the provision of municipal services
- Communication and dissemination of information

During the annual IDP review process, the municipality through their respective Ward Committees and Ward Councillors are given an opportunity to update the priority issues and needs of their specific wards. This process commences at the beginning of the IDP Review process.

According to the Councillor Handbook, Ward Committees are, in most cases the primary method of ensuring local community participation in the performance management activities of the municipality. Through setting of KPIs and performance targets, Ward Committees can ensure that community needs are adhered to. When determining the key performance areas of the municipality, there may be competing interests from various Wards, depending on what they consider is the higher priority. The PM System should incorporate as many of these interests as are feasible and sustainable.

Some of the key areas where Ward Committees play a role in performance management are during the planning, monitoring and review stages. Councillors are obligated to report to the Ward Committees on their performance reviews and have to consider the input made by them. This process ensures accountability and promotes consensus between the community and the Council. By involving the community in performance management, Councillors are recognising that their PM System will be viewed as credible by the community it serves.

8.4.3.3 LOCAL STAKEHOLDER FORUMS

Many different local forums already exist, for example, Community Police Forums and IDP Forums and others can be established comprising appropriate stakeholders to address specific projects and programmes. Forums are very useful for quick and ongoing consultation as well as for building partnerships between the community and government. They often represent a number of stakeholders and are also useful for resolving disputes and avoiding local conflicts over resource allocation.



8.4.3.4 COMMUNITY OR BENEFICIARY ORGANISATIONS

Many development programmes are inappropriate because of poor consultation and others are hampered by conflict among intended beneficiaries. Government aims to work with organisations that already exist or help build strong organisations among intended beneficiaries.

Such organisations should be encouraged to become involved in municipal performance management, examples of such organisations may include Non-Government Organisations (NGO's). The EPMLM needs to identify NGOs and their service offerings with the purpose of allocating funding to their programmes that are aligned with its strategic objectives. NGOs provide advice on interventions regarding health and welfare issues such as HIV/AIDS, orphanages, disabled communities, crime intervention, youth and elderly.

8.5 CONCLUSION

This concludes the section that examines the external stakeholders involved in and impacting the PM System of the EPMLM and provided an introduction to how the main external stakeholders and role players contribute to the phases of performance management at the EPMLM.

SUMMARY

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 organisations to pursue results-based management approaches such as performance agreements, risk management and benchmarking.

Performance management is an uninterrupted, ongoing and continuous process. It attempts to improve existing processes and actions within 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.

The Performance Management System Framework 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.

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GLOSSARY¹⁶

Activity-Based Costing	A business practice in which costs are tagged and accounted in detailed activity categories, to calculate the return on investment (ROI) and measure improvement. Implementing ABC requires proper data structures, and an adequate data reporting and collection system involving all employees involved in the activities.
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.
IDP Review	A specific process legally required of municipalities to review annually the achievements of the implementation of the IDP and to make any necessary changes to the IDP and inform 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 is required to compile an executive strategic report that captures the assessment scores of the Section 56 Managers to the Mayoral Committee and Council to determine the bonus to be paid to the Section 56 Managers
Auditing	In order for the PM System to enjoy credibility and legitimacy from the public and other stakeholders, performance reports will be audited to ensure that reported performance information is accurate, valid and reliable.
Balanced Scorecard	A measurement-based strategic management system, 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.

¹⁶ © INSTITUTE FOR PERFORMANCE MANAGEMENT, 2010

Baseline Information	Data on the current process that provides the basis against which to compare improvements and to use in benchmarking.
Baseline Indicators	These are indicators that show the status quo or the current situation and may indicate the level of poverty, service, infrastructure and so forth. They are utilised in the planning phase to indicate the challenges the organisation is faced with and are important to the organisation 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. These baseline indicators are typically 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.
Budget	Current budget as allocated on the IDP for a specific objective
Capacity Building	The process by which individual and organizations obtain, improve and retain the skills and knowledge needed to do their jobs competently.
Critical Success Factors	Key areas of activity in which favourable results are necessary for an organisation to reach its goals.
Composite Indicator	Combined sets of different indicators into one index by developing a mathematical relationship between them.
Developmental Approach	The PM System should encourage growth, change and learning
Effectiveness	Degree to which an activity or initiative is successful in achieving a specified goal
Efficiency	Degree of capability or productivity of a process, such as the number of 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	Managers 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	Managers need to focus on those critical operations that enable them to satisfy the electorate, citizens and community. Managers 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 PM system is an important element of the organisational PM System.
Input Indicator	Resource consumed in business activities and processes, such as funds, labour, time and equipment, etc., - measures economy and efficiency
Information Management Systems	Describes the processing of information through computers and other intelligent devices to store data and make that data easy to retrieve by the system's users and support managerial decisions within organisations.
Individual Employee Assessment	The method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organisations and are regulated by legislation to be conducted quarterly in the form of two formal and two informal assessments, the former by means of a panel whilst the latter is held between the employee and their 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 short list of metrics that a company's managers have identified as the most important variables reflecting Vision/Mission success, or organisational performance.
Key Success Factors	Define 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	An organisation's ability to improve and meet community demands ties directly to the employees' ability to meet those demands. Managers 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, reliable and available with the least possible effort.
Monitoring	The process of data gathering and data management.
Measurement source	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 results. 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 results in terms of the achievement of the overall objectives. In terms of quality, they measure whether the results 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. 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.
Performance Management	<p>Performance management is an adopted 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)¹⁷ 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)¹⁸ 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>

¹⁷ Van Der Waldt, G. 2004. *Managing Performance In The Public Sector: Concepts, Considerations And Challenges*. Cape Town: Juta.

¹⁸ Craythorne, D.L. 2006. *Municipal Administration: The Handbook*. 6th Ed. Cape Town: Juta.



	<p>Venter, et. al. (2007:111)¹⁹ 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)²⁰ 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>
Performance against target	The quantifiable level that indicates how the current measure compares with the set targets for the period under review.
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 Mayoral Committee.
Planned	Used as a comparison against actual performance, "Planned" typically represents the desired performance target for a given metric.
Programmes	A collection of activities relating to a skill-set or specific service delivery field
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 community awareness campaigns, where feedback will be provided. Formal public hearings will be held every mid-term and during the annual IDP review to report to communities on municipal performance.

¹⁹ Venter, A. Et. Al. 2007. *Municipal Management: Serving The People*. Cape Town: Juta.

²⁰ Marr, B. 2009. *Managing And Delivering Performance: How Government, Public Sector And Not-For-Profit Organisations Can Measure And Manage What Really Matters*. Amsterdam: Elsevier.

Projects	A project is a finite endeavour specific to a category of service which brings about beneficial change or added value.
Performance Measures	Quantifiable and qualitative measures reflecting the current status of performance in relation to the baseline and target.
Priority Areas	The general strategy broken down into categories that focuses on different perspectives of the organisation that can lead to overall success,
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
Review	Review is a planning process and involves setting a plan of action for the next period and reviewing what has been achieved in the last period.
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 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 will, for example, include management, employees, administrators, etc.
Strategic Objective	The aim of the municipality that clearly states what the institution intends doing (or producing) to achieve its goals



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 organisations' long-term goals and objectives, and strategies or 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.
Strategy	Hypotheses that propose the directions an organisation should adopt to fulfil its vision and maximise the possibility of its future success, taking cognisance of its available resources and are consistent with the expectations of the community. Answers the question, "Are we doing the right things?"
Strategy Map	A two-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 non-profits). Activities to achieve strategic goals are mapped as "bubbles" linked by cause-effect arrows that are assumed to occur.
Target	A quantitative predictive measurement of a performance metric that is to be achieved by a given time. A stretch target is similar, but its quantitative value is much higher, demanding a higher level of performance to achieve.
Target Date	The 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 PM System needs to be open and transparent in ensuring accountability and credibility at all levels, including the public.
Vote	The primary segment into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the departments or functional areas concerned.

Weighting	An indicator of the relative importance of a metric with respect to the other metrics within the same objective.

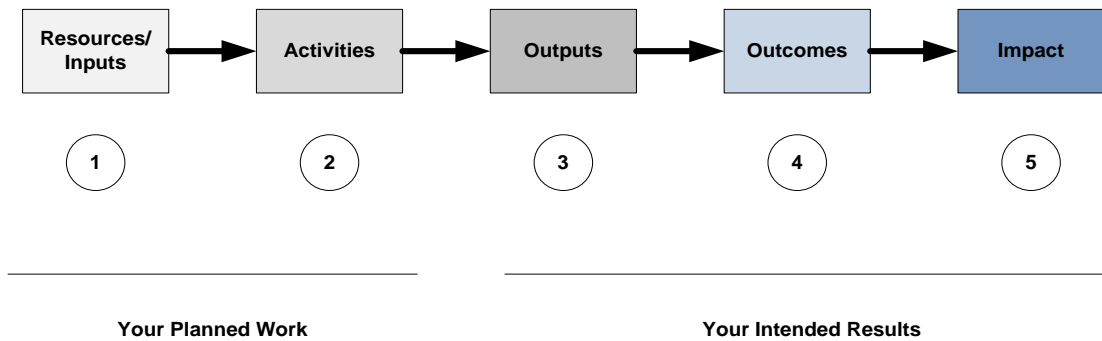


APPENDIX A: LOGIC MODEL APPLICATION

1.1 Understanding the Logic Model

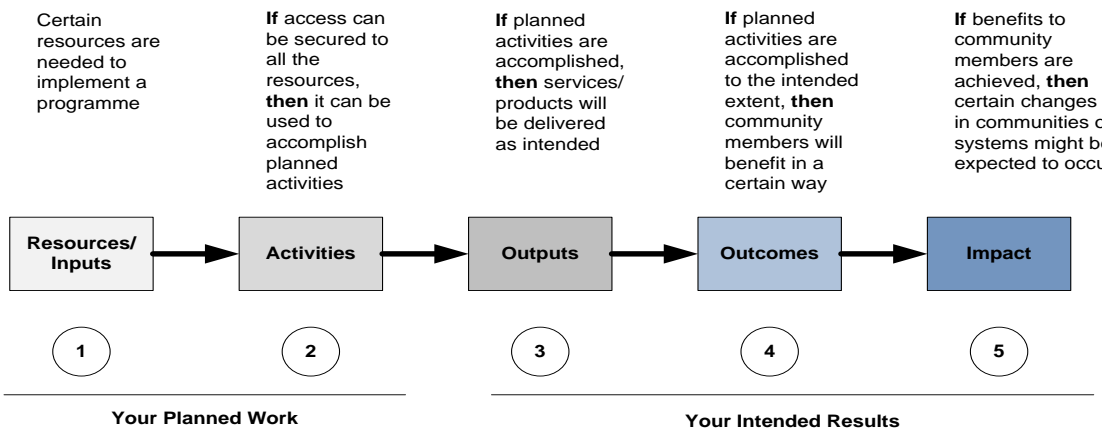
A Logic Model²¹ is a systematic and visual way to present and share understanding of the relationship amongst the resources required to operate a programme, the activities required and the changes or results to be achieved. The most basic Logic Model can be displayed as:

Figure 6: Basic Logic Model Principle



When reading from left to right the Logic Model describes programme basics over a time period from planning through to results. Reading a Logic Model requires that one follow the chain of reasoning or “If... then” statements which connect programme parts. For example:

Figure 7: Application of Logic Model



²¹ Wk Kellogg Foundation. 2001. *Logic Model Development Guide*. Available At: [Http://www.Wkcf.Org](http://www.wkcf.org).

The National Treasury adopted the Logic Model in its *Framework for Managing Programme Performance Information*²² in 2007. The aim of the document and the use of the Logic Model were to explain the importance of performance information as a management tool in planning budgeting and reporting. Performance information indicates how well an organisation is meeting its aims and objectives. The Logic Model is used to structure and demonstrate clearly how government uses available resources to deliver on its mandate.

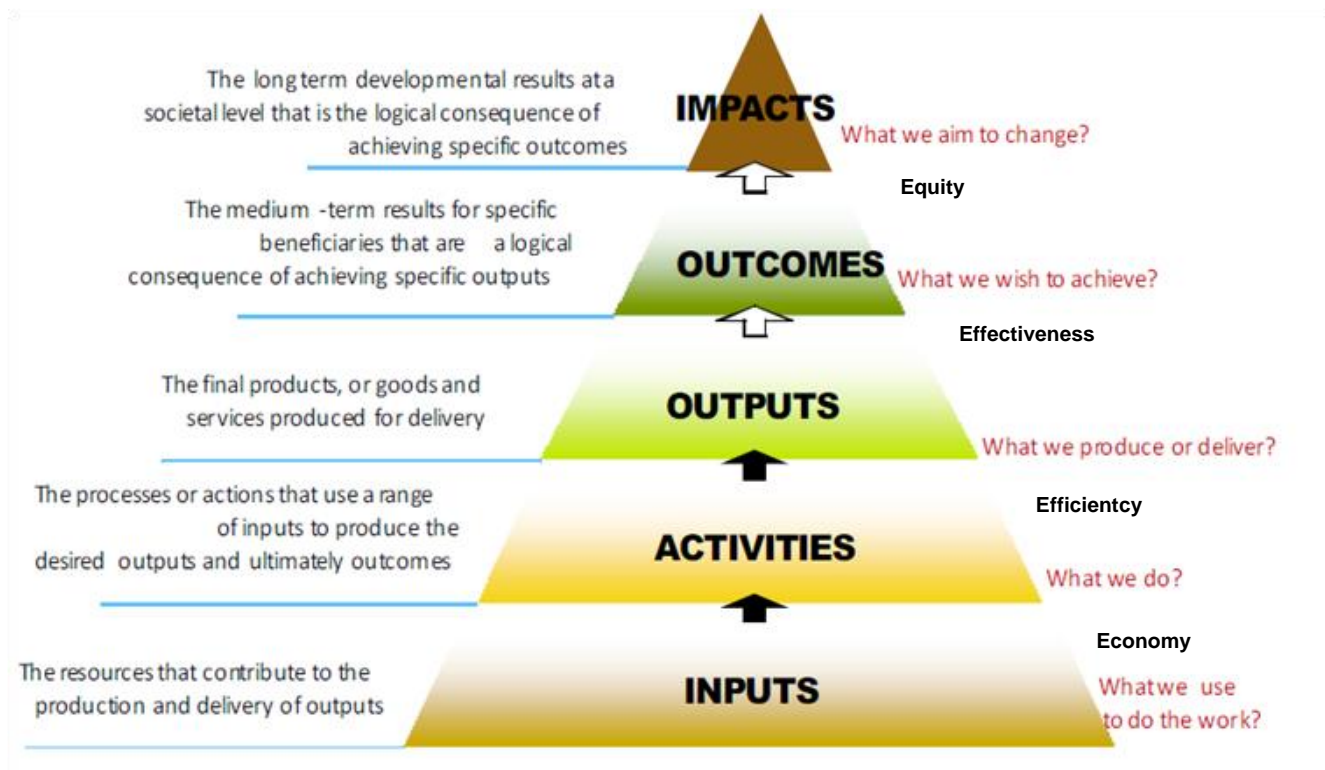
National Treasury included the following diagram to indicate the link between components relevant to the Logic Model and required indicators.²³ The same diagram was used and adapted to provide more detail on what the Outcomes Approach expect government organisations to measure.²⁴ A combination of the information included in both diagrams are summarised below:

²²National Treasury. 2007. *The Framework For Managing Programme Performance*. Available At: <http://www.treasury.gov.za> .

²³Ibid.

²⁴The Presidency: Department Of Performance Monitoring And Evaluation. 2010. *Guide To Outcomes Approach*. Available At: <http://www.thepresidency.gov.za/Main.Asp?Include=Dpme/Approach.Htm>.

Figure 8: National Treasury Key Performance Indicators



Detail on the meaning of the indicators follows.²⁵

Table 13: Description of Indicators

<p>Input Indicators</p>	<p>These are indicators that measure economy and efficiency. They measure what it costs them municipality to purchase the essentials for producing desired outputs (economy), and whether the municipality achieves more with less (efficiency) without compromising quality. Input indicators can be divided into economic indicators and efficiency indicators:</p> <p>Economic indicators are usually expressed in unit cost terms (e.g. the unit cost for delivering water to a single household). 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 the Municipality to deliver water to a single household.</p>
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²⁵ EPMLM Still Needs To Develop A Balanced Set Of Indicators Covering All Types Of Indicators, As Required By Legislation.

Output Indicators	<p>Output indicators refer to what is achieved as well as the effectiveness of the achievements and comprise of both outputs and effectiveness indicators:</p> <p>Output indicators determine if a set of activities or processes yield the desired products. The output indicators relate to programme activities or processes.</p> <p>Effectiveness indicators are usually expressed in quantitative terms (i.e. number or % of). An example would be the percentage of households connected to electricity as a result of the municipality’s electricity programme.</p>
Outcome Indicators	<p>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 and relate specifically to programme objectives.</p> <p>Quality Indicators</p> <p>Quality indicators 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.</p> <p>Impact Indicators</p> <p>Impact indicators measure the net effect of the services provided on the overall objective. 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.</p>

The municipality must compile indicators for each Key Performance Area (KPA), assess them and ensure that they are measurable, clear, precise, relevant, adequate and objective. Such indicators are called Key Performance Indicators (KPIs). General KPIs have been set in Section 43 of the Municipal Systems Act, (Act no. 32 of 2000) and Performance Management Regulations (Regulation 10), including:

- Percentage of households with access to basic level of water, sanitation, electricity, Municipal and solid waste removal
- Percentage of households earning less than R1100 per month with access to free basic services
- Percentage of a Municipality’s capital budget actually spent on capital projects identified for a particular financial year in terms of the Municipality’s Integrated Development Plan
- Number of jobs created through Municipality’s local economic development initiatives including capital projects
- Number of people from Employment Equity target groups employed in the three highest levels of management in compliance with the Municipality’s approved Employment Equity Plan
- The percentage of a Municipality’s budget actually spent on implementing its Workplace Skills Plan
- Financial viability: Debt Coverage; Cost Coverage and Service Debtors to Revenue

In addition, the Department of Performance Monitoring and Evaluation has published two documents called Development Indicators 2008 and 2009 that can also be used to provide guidance on indicators to be linked to the achievement of components included in the Logic Model. Detail on the contents of these documents can be accessed at: <http://www.thepresidency.gov.za/pebble.asp?relid=1689>

Setting KPIs is a legal requirement and an important step in the implementation of the PM system. Within the EPMLM both the Political and Administrative Executive is involved in determining strategic KPIs to be included in the scorecard.

1.2 Compiling Key Performance Indicators (KPI's)

Chapter 6 of The Systems Act S41 states that a municipality must in terms of its PM system and in accordance with any regulations and guidelines that may be prescribed set appropriate KPI's as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its IDP.

The identification and setting of KPIs can be an intricate task and both the Municipal Systems Act as well as the Performance Management Guidelines and Regulations give clear direction on how it should be done (Guidelines par. 5.2.1, 5.2.2 5.2.3 and 5.2.4). A municipality must identify indicators for each strategic objective/programme via brainstorming sessions. The following is important when identifying indicators:

- Priorities and objectives set in the IDPs
- Clustering the development objectives into programme areas including service delivery, development, institutional transformation, governance and financial issues
- Determining activities and processes identified in the IDP to achieve the objectives
- Identifying the resources earmarked to achieve the objectives and programmes
- Identifying the indicators for inputs, outputs and outcomes for ultimate impact

1.3 Setting Baselines

Baselines are derived from outcomes and indicators. Baselines are qualitative or quantitative information that provides data of the beginning of, or just prior to the monitoring period. Sources of baseline data can either be primary (collected specifically for the measurement system) or secondary (selected for another purpose). Sources of information to be used for establishing a baseline may include:

- Written records

- Individuals involved in a programme/ project
- General public
- Trained observers
- Mechanical measurements and test
- Geographic Information Systems²⁶

Data from such sources are to be used to establish the current level of performance within an organisation. Information obtained from inter alia, Statistics South Africa can be used to determine baseline information for some indicators. In addition, current impact studies or pilot studies can also be used to obtain baseline information. Audited information included in Annual Reports may also become a source of information from which a baseline for an indicator can be set.

1.4 Targets

Once baseline data on indicators have been established, the next step is to establish targets or that which needs to be achieved within a specific period of time to ensure the achievement of an output/outcome. Targets are based on outcomes and outputs to be achieved as well as indicators and baselines. A target is a specific objective that indicates the number, timing and location of that which is to be realised.²⁷

²⁶Morra Imas, L.G & Rist, R.C. 2009. *The Road To Results. Designing And Conducting Effective Development Evaluations*. Washington: The World Bank.

²⁷Ibid.