



# **UMGUNGUNDLOVU ECONOMIC DEVELOPMENT AGENCY**

## **PERFORMANCE MANAGEMENT FRAMEWORK**

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## 1. PART ONE: APPROACH TO PERFORMANCE MANAGEMENT

### 1.1 DEFINITIONS

<b>Annual Report</b>	In relation to a Agency or Municipal Development Agency means, an annual report contemplated in section 121 of the Municipal Finance Management Act.
<b>Balanced scorecard</b>	Is a conceptual framework enabling an organisation in clarifying its vision and strategy, thus effectively translating them into action. This performance management approach provides feedback around the internal processes and external outcomes, essentially focusing on four indicators: Customer perspective, Internal-Business processes, Learning and growth and Financials.
<b>Current year</b>	Means the financial year, which has already commenced, but not yet ended.
<b>Section 54/56 Employees</b>	Means a person employed by an Agency as a Chief Executive Officer for which there is a Performance Agreement.
<b>Evaluation</b>	Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions to guide decision-making by staff/ managers and policy-makers. Evaluation may assess relevance, effectiveness, efficiency, impact and sustainability of the institution and officials.
<b>Indicators</b>	Indicators are pieces of objective evidence that tells us whether progress is, or is not being made in achieving goals.
<b>Input indicators</b>	Means an indicator that measures the costs, resources and time used to produce an output.
<b>Inputs</b>	The resources, physical, financial or otherwise that contribute to the delivery of outputs. In other words" what we use to do the work".
<b>Key Performance Area (KPA) Key Performance Indicators</b>	<p>This is area in which the Agency plays a role towards delivering services. These may include Basic service delivery and Transformation, Local Economic Development, Municipal Financial Viability and Management, Good Governance and Public Participation.</p> <p>Key performance indicators will be determined in respect of each development priority and objective. These indicators are subject to public participation and will be used to by each department. These quantifiable measures show where performance currently is in relation to the baseline and the targets. This describes the measure in a clear, simple and precise manner.</p>
<b>Local Community or Community</b>	<p>In relation to the Agency, means that body or person comprising- the residents of the District Agency.</p> <p>(a) The ratepayers of the Agency</p> <p>(b) Any civic organisations and non-governmental, private sector or labour organisations or bodies which are involves in local affairs within the Agency</p>

<b>MEC for Local Government</b>	Means the MEC responsible for local government in a province
<b>Monitoring</b>	Monitoring involves collecting, analysing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management. Monitoring aims to provide managers, decision-makers and other stakeholders with regular feedback on progress in implementation, results and early indicators of problems that need to be corrected. It is usually reports of actual performance against what was planned or expected.
<b>Agency</b>	When referred to as- (a) An entity, means a Agency as described in section2; and (b) A geographical area means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 ( Act No. 27 of 1998)
<b>Municipal Board of Directors or Board of Directors</b>	Means a municipal Board of Directors referred to in section 157 (1) of the Constitution
<b>Municipal Finance Management Act</b>	Means the Local Government: Municipal Finance Management Act of 2003 and any other regulations made under that Act.
<b>Municipal Systems Act</b>	Means the Local Government: Municipal Systems Act of 2000 (Act No. 32 of 2000)
<b>Objective</b>	An objective is a projected goal that a person, system, or organization plans or intends to achieve.
<b>Outcomes</b>	Refer to the ultimate effects of government activities on society in the medium term to long term. These are the results of specific outputs for strategic goals identified in the IDP / BUSINESS PLAN.
<b>Outcome indicator</b>	Means an indicator that measures the quality and or impact of an output on achieving a particular objective.
<b>Output indicator</b>	Means and indicator that measures the results of activities, processes and strategies of a program of a Agency.
<b>Outputs</b>	Goods and services produced by the Agency, which are identified by the performance measures. Outputs may be defined as “what we produce or deliver”.
<b>Performance Audit Committee</b>	An independent committee appointed to assess the annual performance of the Agency and report on the findings.
<b>Performance Agreement</b>	Means an agreement as contemplated in section 57 of the Municipal Systems Act

<b>Performance plan</b>	Means a part of the performance agreement, which details the measurable objectives (outputs), performance measures (KPI's), targets and activities that are aligned to the scorecards.
<b>Political office bearer</b>	Means Speaker, Executive Mayor, Mayor, Deputy Mayor or Member of Executive Committee as referred to in the Municipal Structures Act.
<b>Quarters</b>	Means any of the following periods in a financial year: (a) 1 July to 30 September (b) 1 October to 31 December (c) 1 January to 30 March (d) 1 April to 30 June
<b>Scorecard</b>	Is an evaluation device that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements. <b>Agency scorecard:</b> Five (5) year scorecard <b>Organisational scorecard:</b> Annual (year under review) scorecard with quarterly targets. <b>Departmental scorecard:</b> Annual (year under review) scorecard directly accountable to the Chief Executive Officer.
<b>Service Delivery budget and Implementation Plan</b>	Means a detailed plan approved by the Mayor of a Agency in terms of section 53 (1) (c) and 54 (1) (c).
<b>Target</b>	Target to achieve for that indicator over a specified timeframe.

## 1.2 INTRODUCTION

UMEDA's Performance Management System (PMS) is the primary mechanism to monitor, review and improve the implementation of its STRATEGIC / BUSINESS PLAN and to measure the progress made in achieving the objectives set out in the STRATEGIC /BUSINESS PLAN.

**In addition, an Agency's PMS must also facilitate increased accountability, learning, improvement, provide early warning signals and facilitate decision-making.**

The performance management system monitors actual performance against set targets and contractual obligations. Effective service delivery relies upon the STRATEGIC / BUSINESS PLAN, efficient utilization of resources and the performance management system being closely integrated across all function at an organizational and individual level. This document sets out:

- The legislative mandate that the PMS needs to comply with;
- The definition of a PMS, its objectives and the principles that will inform its use and continuous improvement;
- The process proposed for reviewing and implementing organizational performance management; and
- The process proposed for reviewing and rolling out individual performance.

The organizational and individual performance management are linked. Once organizational objectives and targets have been set for the Agency, municipal departments and business units have to align their business plans to that of the organization. In turn, the individuals, business units and departments by achieving their objectives and targets, contribute towards the Agency achieving the objectives of the IDP / BUSINESS PLAN.

## 1.3 LEGISLATIVE MANDATES

### 1.3.1 Municipal Systems Act (Act No. 32 of 2000)

Chapter 6, of the Municipal Systems Act of 2000, and specifically Sections 38 to 49, deals with organizational performance management. These legislative mandates require of all municipalities to;

- Development of a performance management system;
- Monitoring and review of performance management system Setting of key performance indicators and performance targets
- Publish annual report on performance for the benefit of the communities served by the Agency.
- Incorporate and report on a set of general key performance indicators prescribed nationally by the Minister responsible for local government.

- Auditing of performance measurement both internally and externally. Annual reporting on performance

Chapter 7 of the Municipal Systems Act deals with local public administration and human resources. In particular, section 57 of this Act requires that the Chief Executive Officer and Senior Managers directly accountable to the Chief Executive Officer (i.e. section 57 employees) sign annual performance agreement.

**An individual performance plan must be attached to the performance agreement and it must include the set of performance measures that will enable actual performance of individuals to be assessed against planned performance.**

### **1.3.2 Local Government: Municipal Planning and Performance Regulations, 2001.**

These regulations spell out the performance management responsibilities of municipalities in more detail: They deal with:

- The nature of PMS
- The adoption of the PMS
- The setting of key performance indicators
- The general key performance indicators published by the Minister, which reflect the objective of developmental local government
- The review of the key performance indicators Setting performance targets
- Monitoring measurements and review of performance, internal auditing of performance measurements; and community participation.

These regulations further instruct the Agency to ensure that its performance management system;

- Complies with the requirements of the Act;
- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting;
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
- Determines the frequency of reporting and the lines of accountability for performance.
- Relates to the Agency's employee performance management process;
- Provides for the procedure by which the system is linked to the Agency's STRATEGIC / BUSINESS PLAN processes

- **A performance management system must be adopted before or at the same time as the commencement by the Agency of the process of setting key performance indicators and targets in accordance with its integrated development plan.**

The implementation of the performance management framework should allow the Agency to collect, process, organize, analyse, reflect and report on performance information. It should also allow the Agency to take practical steps to improve performance.

#### **1.4 DEFINITION AND OBJECTIVES OF PERFORMANCE MANAGEMENT (PMS)**

##### **1.4.1 DEFINITION OF PMS**

Performance management is defined as: “a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets of efficiency, effectiveness and impact”

##### **1.4.2 OBJECTIVES OF PERFORMANCE MANAGEMENT**

The objectives of performance management are inter alia to:

###### **1.4.2.1 Facilitate increased accountability**

The PMS should provide a mechanism for increased accountability between:

- The business community of the Agency;
- The political and administrative components of the Agency; and
- The office of the CEO and each department.

###### **1.4.2.2 Facilitate learning and improvement**

The PMS must provide a platform for learning and improvement. It should enable the Agency to assess which approaches and methods are having the desired impacts in this way enable the Agency to make necessary improvements that will lead to more effective service delivery. It should form the basis for monitoring implementation, evaluation and improving the STRATEGIC / BUSINESS PLAN.



#### **1.4.2.3 Provide early warning signals**

The PMS should provide managers and supervisors at all levels, the Chief Executive Officer, and the Board of Directors with early warning of performance targets that are not going to be reached and thus adversely affecting the implementation of the STRATEGIC / BUSINESS PLAN. It is important that the system inform decision-makers of areas of delivery that are lagging behind so that they can intervene and take corrective action

#### **1.4.2.4 Facilitate decision making**

The PMS should provide suitable management information that will allow for efficient, effective and informed decision making, particularly on the allocation of resources.

The objectives listed above are not exhaustive, but briefly summarise the intended benefits of the PMS that is to be reviewed and implemented. These intended objectives together with other criteria should be used to evaluate the PMS at the end of each financial year.

### **1.5 PRINCIPLES OF PERFORMANCE MANAGEMENT**

The following principles are proposed to inform and guide the review and implementation of PMS:

#### **1.5.1 Simplicity**

The system must be a simple user-friendly system that enables the Agency to operate it with its existing resources with the involvement of external stakeholders.

#### **1.5.2 Shareholders driven**

The legislation requires the PMS to promote a culture of performance management in the political structures. It further states that Board of Directors must manage the development of the PMS and assign responsibility in this regard to the Chief Executive Officer. Once developed, Board of Directors must adopt the PMS. This means that Board of Directors is the owner of the system and must therefore oversee the implementation and improvements of the system and in the process inculcate a culture of performance improvement as is required by the Municipal Systems Act.

#### **1.5.3 Incremental implementation**

One of the most important lessons learnt by the municipal entities that have developed and implemented successful PMS is that it is an incremental process. They point out that the most important thing to do is to start measuring and reporting performance and not to carry on

developing the “best system”- start with a basic system, implement it and then improve it incrementally. It is not possible to transform overnight from close to noncompliance to international best practice. In practice it is only possible to move gradually towards a high performing organization.

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

The process of managing performance should be inclusive, open, and transparent. Citizens should know how departments within the Agency are run, how resources are spent, and who is in charge of a particular service. Similarly, all information on the performance of departments should be available for other managers, employees, the public and interest groups.

#### **1.5.5 Integration**

The PMS should be integrated into other management processes in the Agency, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool for managing affairs of the Agency.

#### **1.5.6 Objectivity**

Performance management must be founded on objectivity and credibility. Both the process of managing performance and the information on which it relies need to be objective and credible.

#### **1.5.7 Electronic Performance Management System (EPMS)**

An electronic performance management system can be used to automate and simplify performance management. The system must be easy to use and must be accessible at all times. The EPMS must replicate the manual system.

#### **1.5.8 PERFORMANCE MANAGEMENT MODELS**

##### **1.5.9. KEY PERFORMANCE AREA MODEL**

In the **Key Performance Model**, the performance indicators are grouped together per KPA for example all the key performance indicators dealing with local economic development will be grouped together and those dealing with basic service delivery will be grouped together.

#### **1.5.10 ORGANISATIONAL SCORECARD**

In the **Organisational scorecard model**, the performance indicators are grouped together based on the type of indicators in other words all the input indicators will be grouped together into one category and the same with the process, output and outcome indicators.

#### **1.5.11 BALANCED SCORECARD MODEL**

In the **Balanced scorecard model**, the performance indicators are grouped together into four categories and perspectives namely; learning and growth; business process perspective; customer perspective and financial perspectives.

**Currently the Agency is implementing the Key Performance Model**

### **1.6 Delegation of Responsibilities**

The Municipal Systems Act (2000) places the responsibility of adopting a Performance Management System (PMS) on the Board of Directors, while holding the Chief Executive Officer responsible for the development and management of the system.

The Board of UMEDA, delegates the responsibility for the development and management of the PMS to the Chief Executive Officer. The development of the system is a once-off activity and the Chief Executive Officer submits the system to the Chairperson and the Board for approval. The responsibility of implementation and management of the system remains with the Chief Executive Officer as part of his core functions as provided in Section 55(1) of the Municipal Systems Act of 2000 who further delegates the day-to-day management of the System to the PMS unit.

### **1.7 Adoption of a Performance Management System**

According to Regulation 8 of the Municipal Performance Regulations of 2001, the performance management system must be adopted before or at the same time as the commencement by the Agency of the process of setting key performance indicators and targets in accordance with its strategic plan. Efforts will be made to comply with this regulation on an annual basis whereby the indicators and targets will be reviewed, and this will coincide with the review and adoption of a reviewed system

## **2. PART TWO: ORGANISATIONAL PERFORMANCE MEASUREMENT**

### **2.1 INTRODUCTION**

At this level, the performance of the Agency is measured and managed against the progress made in achieving the strategic objectives as set out in the STRATEGIC / BUSINESS PLAN. This is done on the basis of the Key Performance Indicators set for each of the STRATEGIC / BUSINESS PLAN objectives.

The measures set at this level should be strategic and mostly long-term with an outcome and impact focus. The STRATEGIC / BUSINESS PLAN had a five-year time span and the measures set at this level must be captured in the organizational scorecard.

### **2.2 PLANNING**

Performance planning commences with the development or review of the Strategic Plan, at the beginning of the term of Board of Directors or as part of the annual review of the STRATEGIC / BUSINESS PLAN. The STRATEGIC / BUSINESS PLAN in fact constitutes an important part of the PMS and it is important to integrate the work done during the review of the STRATEGIC / BUSINESS PLAN into the PMS and to ensure that the PMS is an extension of the STRATEGIC / BUSINESS PLAN – it is the tool that used for monitoring the implementation of the STRATEGIC / BUSINESS PLAN.

The Board of Directors will, as prescribed in its STRATEGIC / BUSINESS PLAN process plan, adopt;

- The PMS framework;
  - The Agency strategic scorecard which outlines STRATEGIC / BUSINESS PLAN priorities and objectives;
- During the STRATEGIC PLAN process a corporate vision and mission was formulated for the Agency, together with broad key performance areas (KPA's), development objectives and key performance indicators (KPI's) which feed into the vision and mission. It is now necessary to take this process further into the performance management system, by developing an organizational or strategic scorecard that will encompass all the relevant areas or concepts that will allow measurement of the performance of the organization using this scorecard. This will be done by using relevant concepts to populate the organizational and service scorecards of the uMgungundlovu Economic Development Agency. This process of developing the organizational and service/departmental scorecards will be followed every year after adoption of the BUSINESS PLAN and the budget and after evaluation of the previous year scorecard or municipal performance.

## **- Organisational Scorecard Concepts**

- |               |  |
|---------------|--|
| <b>Step 1</b> | Outline the National Key Performance Areas                               |
| <b>Step 2</b> | Formulate appropriate development objectives (Strategic Plan Objectives) |
| <b>Step 3</b> | Develop suitable Key Performance Indicators (KPI's)                      |
| <b>Step 4</b> | Provide baseline information   |
| <b>Step 5</b> | Set targets for each KPI, per quarter                                    |
| <b>Step 6</b> | Allocate responsibility to departments for execution of actions          |

### ***Step 1: Setting out National Key Performance Areas (KPA's)***

Outlining Key Performance Areas is the first step in the performance management process. According to the 5-Year Local Government Strategic Agenda, all Agencies are required to cluster their priority issues identified during the BUSINESS PLAN development and review processes around the following KPA's:

- Local Economic Development;
- Agency Institutional Development & Transformation;
- Good Governance and Public Participation
- Agency Financial Viability & Management.
- Cross cutting Issues

### ***Step 2: Formulating Appropriate Development Objectives***

The next step involves the setting of at least a maximum of five (5) Strategic Objectives per KPA. An objective is a measurable statement of intent, measurable either quantitatively or qualitatively. It's a series of elements of the vision or mission broken down into manageable quantities.

There is no hard-and-fast rule about how many objectives to set, but it is important to make it manageable and realistic and it is therefore advisable to limit the number of objectives that are developed for each KPA.

### ***Step 3: Developing Suitable Key Performance Indicators (KPIs)***

The next step involves determining necessary Key Performance Indicators for each Strategic objective, which define what needs to be measured in order to gauge progress towards achieving the development objectives discussed in the previous step. KPI's must be measurable,

relevant, simple and precise. They simply define how performance will be measured along a scale or dimension (e.g. number of houses to be built).

KPI's are used to:

- Communicate the achievements and results of the Agency.
- Determine whether an Agency is delivering on its developmental mandate.
- Indicate whether the organisational structure of an Agency is aligned to deliver on its development objectives.
- Promote accountability by the Board of Directors to its electorate.

Whenever an Agency amends or reviews its BUSINESS PLAN in terms of section 34 of the Municipal Systems Act, the Agency must, within one month of its BUSINESS PLAN having been amended, review those KPI's that will be affected by such amendment.

The Performance Regulations of 2001 prescribes two core local government indicators. Agency indicators which are set by following this step, and national general indicators have been set by the National Minister.

The Agency's scorecard must incorporate both indicators. The National General indicators are prescribed in terms of Section 43 of the Municipal Systems Act and provided for in Regulation 10 of the 2001 Performance Regulations and are as follows:

- a. the percentage of the Agency's capital budget actually spent on capital projects identified for a particular financial year in terms of the Agency's integrated development plan;
- b. the number of jobs created through the Agency's local, economic development initiatives including capital projects;
- c. the number of people from employment equity target groups employed in the three highest levels of management in compliance with the Agency's approved employment equity plan;
- d. the percentage of the Agency's budget actually spent on implementing its workplace skills plan; and
- e. the Agency's financial viability as expressed by the ratios for debt coverage, outstanding service debtors to revenue and cost coverage.

#### ***Step 4: Determining Baseline Indicators***

Once the indicators are set in the scorecard, the next step is to determine the baseline indicator. A baseline indicator is the value (or status quo) of the indicator prior to the period over which performance is to be monitored and reviewed. However, since baselines can only be determined in the last quarter every year, the current year annual target (after mid-term adjustments) will be used as baselines when preparing the new year indicators, since the preparation commences before the monitoring year ends in instances where baselines cannot be established.

### ***Step 5: Setting Performance Targets***

The next step is to set performance targets for each identified KPI. Performance targets should comply with the “SMART” criteria:

Specific: the nature and the required level of performance can be clearly identified

Measurable: the required performance can be measured

Achievable: the target is realistic given existing capacity

Relevant: the required performance is linked to the achievement of a goal

Time-bound: the time period or deadline for delivery is specified

Target dates for the completion of actions should be set in conjunction with those Departments responsible for their achievement. It is important to be realistic in the setting of target dates. If realistic dates are not set the departments concerned create false expectations and also set themselves up for failure.

### ***Step 6: Allocating Responsibility***

It is also necessary to decide who takes responsibility for what actions. In the case of the organisational scorecard responsibility would be allocated to a Department. In regard to departmental and other lower echelon scorecards a name must be placed against indicator. This is also a way of cascading the responsibility from the strategic level down to the operational level and from the organisational objectives right down to individual performance monitoring. In this way individual employees can exactly know what their roles are in achieving the strategic objectives.

Service Delivery Budget and Implementation Plan (SDBIP's) which outlines municipal initiatives, programmes, projects, services, key performance indicators, performance targets and budget summaries.

The 5 year STRATEGIC PLAN and the annual reviews result in the development of the Service Delivery and Budget Implementation Plans (SDBIP) on an annual basis. The SDBIP gives effect to the BUSINESS PLAN and the budget of the Agency and is effective if the BUSINESS PLAN and budget are fully aligned with each other, as required by the Municipal Finance Management Act. The budget gives effect to the strategic priorities of the Agency and is not a management or implementation plan. The SDBIP therefore serves as a “contract” between the administration and the Board of Directors expressing the goals and objectives set by the Board of Directors 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 Chief Executive Officer is responsible for the preparation of the SDBIP, which must be submitted to the Board for approval once the budget has been approved by the Board of Directors. However, the Chief Executive Officer should start the process to prepare the first draft of the SDBIP no later than the tabling of the first draft budget to the Board. As per Section 53 (C) ii the Agency's service delivery and budget implementation plan is approved by the Board within 28 days after the approval of the budget.

The Municipal Systems Act, Section 57 (2) (a) (ii) states that the performance agreement must be concluded annually within one month after the beginning of each financial year of the Agency.

The SDBIP requires a detail of five necessary components and these are:

- 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 targets and performance indicators for each vote;
- Detailed capital projects or investments broken down across the District over three years.

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

### **2.3 PERFORMANCE IMPLEMENTATION**

The actual implementation and operation of the PMS occurs simultaneously with the implementation of the BUSINESS PLAN. The implementation of the BUSINESS PLAN over a single financial year is given effect through the Service Delivery Budget and Implementation Plan, (SDBIP), scorecards; performance contracts of the Chief Executive Officer other section S57 Managers. The Service Delivery Budget and Implementation Plan (SDBIP) is the implementation tool used to align the budget to the BUSINESS PLAN. The focus of the SDBIP is both financial and non-financial measurable performance objectives in the form of service delivery targets and other performance indicators.

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 Agency, thus providing credible management information and a detailed plan for how the Agency will provide such services and inputs and financial resources to be used.

The key performance areas and indicators of performance contained in the organizational scorecard are cascaded into departmental scorecards, and further into individual scorecards which ensure the appropriate alignment between organizational and individual performance.

### **2.4 PERFORMANCE MEASUREMENT**

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



## 2.5 PERFORMANCE MONITORING

Monitoring is a continuous process of measuring, assessing, analyzing and evaluating the performance of the organization and departments with regard to KPI's and targets. The Agency must develop mechanisms, systems and processes for monitoring performance.

The monitoring framework must:

- Identify the roles of the different role players in monitoring and measuring the Agency's performance;
- Provide for reporting to the Board of Directors at least twice a year;
- Be designed in a manner that enables the Agency to detect early indications of under-performance;
- Provide for corrective measures where under-performance has been identified.

## 2.6 PERFORMANCE REVIEW

Review includes assessment of the system itself, the framework, targets, and performance targets of departments and performance measurements of employees. It identifies the strengths, weaknesses, opportunities and threats of the Agency in meeting key performance indicators, performance targets and general key performance indicators. **It also measures the economy, efficiency, effectiveness in the utilization of resources and impact in so far as performance indicators and targets set by the Agency are concerned.** Performance improvement and adjustment is based on review. The Agency should ensure that the community participates in the review process.

### 2.6.1 Amending the Individual Performance Plan/scorecard at the Mid-Year Review

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

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

Any amendments must be reflected on a new performance scorecard, developed in accordance with the procedure outlined above. The Chief Executive Officer will be reviewed and rated on the amended

## 2.7 PERFORMANCE AUDITING

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

## **2.8 PERFORMANCE REPORTING**

Reporting requires the Agency to take the priorities, its performance objectives, indicators, targets, measurements and analysis, and present this information in a simple and accessible format, relevant and useful to the specified target group, for review. Performance management in local government is a tool to ensure accountability of the:

- Agency to investors / Business Communities
- Board to the Parent Municipality
- Head of Administration (Chief Executive Officer) to the Board
- Executive Management to the Head of Administration ( Chief Executive Officer)
- Line/ Functional Management to Executive Management and
- Employees to the Organisation to the Line Function Management

## **2.9 IMPROVING PERFORMANCE**

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve the quality of life, it is poor performance in particular that needs to be improved. It is important to analyse the causal and contributory reasons for poor performance and appropriate response strategy should be chosen among the following:

- Training and sourcing additional capacity can be useful where skills and capacity shortages are identified.
- Change management and educational programmes to address organizational culture;
- The revision of strategy by key decision makers to address shortcomings in the strategy;
- Consideration of alternative service delivery strategies can be explored.

## **2.10 INTERNAL AUDIT**

The Regulations provides that the internal audit activity must include assessment of the following:

- The functionality of the Agency's performance management system;
- Whether the performance managements system complies with the relevant provisions of the Municipal Systems Acts, 2000
- On a continuous basis, audit the performance measurements of the Agency;

- Submit quarterly reports on their audits to the Board and the Performance Audit Committee.

## **2.11 EXTERNAL AUDITING**

The results of performance measurements must be audited annually by Auditor- General.

## **2.12 PERFORMANCE AUDIT COMMITTEE**

2.12.1 The regulations further provides for the creation of a Performance Audit Committee:

- The Agency must annually appoint and budget for a Performance Audit Committee, of at least three members, the majority of which cannot be a Board of Directors or official of the Agency; Should budget constraints prevail, the Agency may share the Performance Audit Committee of the Parent Municipality
- Any external member of the committee may be remunerated in line with tariffs determined by the South African Institute of Chartered Accountants;
- The Performance Audit Committee must meet at least twice during the financial year, but a special meeting may be called by any member of the committee.

2.12.2 The roles and responsibilities of the Performance Audit Committee are the following;

- Review the quarterly reports submitted to it by Internal Audit;
- Review the Agency's performance management system and make recommendations in this regard to the Board of Directors of the Agency;
- In its review of the system, focus on economy, efficiency, effectiveness and impact of the KPI's and targets set; and
- Submit an audit report to the Board of Directors twice during the financial year

2.12.3 In order to fulfil their functions, a Performance Audit Committee may:-

- Communicate directly with the Board of Directors, Chief Executive Officer or internal Auditors of the Agency;
- Access any Agency records containing information that is needed to perform its duties or exercise its powers;
- Request ant relevant person to attend any of its meetings, and if necessary to provide information needed by the committee; and
- Investigate any matters it deems necessary for the performance of its duties and exercise of its powers.

2.12.4 The composition of the Performance Audit Committee should ensure that the following competencies are sufficiently catered for within the group:

- Expertise in performance management
- Expertise in finance

- An understanding of the development planning; and
- Credibility within all communities or organs of civil society within the Agency.

## **2.13 STANDARD OPERATING PROCEDURES FOR ORGANISATIONAL PERFORMANCE MANAGEMENT**

The process being outlined hereunder is at the Strategic level of the Agency whereby it will determine how the Senior Managers are responsible for the Planning, Implementation, Monitoring and Reporting, Evaluation and Reporting, Performance Auditing in their respective departments.

The following 5 steps will be determined for each of the outputs for OPMS as listed below:

- STEP 1 – Planning
- STEP 2 – Implementation
- STEP 3 – Monitoring and Reporting
- STEP 4 - Evaluation & reporting
- STEP 5 – Performance Auditing and reporting

### **OPMS outputs:**

- SDBIP and any other reporting template, which may arise during the course of the financial year.
- Mid-year Performance Assessment
- Annual Performance Report

### **2.13.1 Development of the SDBIP and any other reporting template, which may arise during the course of the financial year, and performance reporting.**

#### **2.13.1.1 Planning**

- Once Draft BUSINESS PLAN and Budget have been approved annually, the (PMS) /M & E unit will develop templates for the SDBIP and circulate it to the respective Senior Managers
- The Senior Managers will then forward the templates to the Line Managers in their departments to populate the templates with the required performance & budget information

- The Performance information has to be SMART aligned to the 5-year STRATEGIC PLAN and year scorecard and must contain the approved budgets.
- Line Managers having completed this process will then forward submissions to the Senior Managers for verification and accuracy as the overall accountability rests with them
- The M & E unit will then schedule sessions with the departments to finalise submissions before collation of the completed SDBIP.
- Once collation has been completed, the M & E unit will package all the information in the required format and forward it to the Chief Executive Officer for verification and sign off
- Once the Chief Executive Officer has signed off the SDBIP, the (PMS)/ M & E will then submit it to the Board for approval.
- The process outlined above for the SDBIP has to be completed within the legislative framework being SDBIP has to be approved by the Board within 28 days after the approval of the Budget.
- All departments will be duly informed by the PMS/ M & E unit of the dates and times for the processes required for the completion of the SDBIP.

#### **2.13.1.2 Implementation**

- Once the SDBIP/scorecard and annual performance monitoring and evaluation templates has been approved, the PMS/ M&E unit will then develop reporting template
- Having developed the reporting templates, the PMS/ M&E unit will circulate it to the Senior Managers
- Senior Managers will then forward the reporting templates to Line Managers within their departments for completion of the reporting documents including the development of Portfolio of Evidence (POE) for the actuals being reported.
- Line Managers having completed and finalized the reporting documents including POE, will then submit it to Senior Managers.
- The Senior Managers will then check the reported actuals for consistency, accuracy and completeness against the POE prior to forwarding it to the PMS/ M&E unit.
- The PMS/ M & E will verify the actual performance reported with the POE and submit the report back to the Senior Managers for consideration.
- The PMS unit will coordinate one-on-one performance assessment between the Chief Executive Officer and Senior Managers.
- The PMS/ M&E unit will then collate all the submissions for the Senior Managers and package it accordingly for onward submission to Internal Audit and Board of Directors.
- The Senior Managers will be required to submit their completed documents to the PMS unit by no later than the 10<sup>th</sup> of the first month after the end of the quarter.

#### **2.13.1.3 Monitoring and reporting**

- Monitoring of the SDBIP will be done quarterly.
- Quarterly reports will be presented to the Board of Directors, Audit Committee and Parent Municipality

- The respective Senior Managers must submit their departmental performance reports to the CEO.

#### **2.13.1.4 Performance auditing and reporting**

- Once the one-on-one performance assessments has been conducted by the CEO, the PMS unit will consolidate the report into an Organisational PMS report.
- The Internal Audit will then commence the audit of performance information contained in the report as well as the POE.
- Once the audit has been finished, a request for Management comments will be sent to the Senior Managers and the Chief Executive Officer.
- The Senior Managers are the obliged to respond to the request for management comments within the time frames stipulated in the request sent to them.
- Once management comments are received Internal audit will collate responses and finalise the report on performance information for the respective quarter.
- The final report will be sent to the Chief Executive Officer and Senior Managers, and presented in the Audit Committee.

#### **2.13.2 Mid-year Performance Assessment**

##### **2.13.2.1 Planning**

- As per section 72 of the MFMA, the Accounting Officer of the Agency must by 21 January each year, assess the performance of the Agency during the 1<sup>st</sup> of the financial year and table the Mid-year Performance report.
- During the month of January annually the PMS/ M&E unit will develop the Mid-year performance report.
- Any amendments to the SDBIP will be included as part of the recommendation of the Mid-year performance assessment report which will require Board of Directors approval.
- The PMS/ M&E unit will develop a reporting template that will summarise performance as at end of the 2<sup>nd</sup> quarter (December) and also include columns to indicate if the KPI's is to be amended, remains as it or to be removed all together.
- Reasons for a KPI to be amended, remains as it or to be removed all together will also be recorded in this column.

##### **2.13.2.2 Implementation**

- Having developed the mid-year performance assessment reporting templates, the PMS unit will then circulate it to the Senior Managers.
- The Senior Managers will then forward the mid-year performance assessment reporting template to Line Managers for completion including the development of POE for the actuals reported.
- Line Managers having completed the reporting documents including POE, will forward to the Senior Managers.

- The Senior Managers will then check the reported actuals for consistency, accuracy and completeness against the POE prior to forwarding it to the PMS unit.
- The PMS unit will collate all the Senior Managers submissions and consolidate it accordingly into an Organisational PMS report for onward submission to Board of Directors on or before the 25<sup>th</sup> of January annually.
- All timeframes to complete the mid-year performance assessment report will be communicated to the Senior Managers and it is the responsibility of each General Manager to ensure that the timeframes are adhered to accordingly.

### **2.13.2.3 Monitoring and reporting**

The monitoring of the mid-year report will be conducted by the Line Managers who are responsible for the completing the templates for their units prior to submission of finalized reports to the Senior Managers.

### **2.13.2.4 Evaluation and reporting**

- The evaluation of the mid-year report will be conducted by Senior Managers as it will be them responsible for finalization and will check the reported actuals for consistency, accuracy and completeness against the original approved SDBIP.
- The Senior Managers will forward complete information to PMS unit.
- The PMS unit will coordinate one-on-one performance assessment between the Chief Executive Officer and Senior Managers.
- The PMS unit will collate all the Senior Managers submissions and consolidate into an Organisational Mid-year performance assessment report for further submission to Board of Directors on or before 21<sup>st</sup> of January annually.

### **2.13.4.5 Performance auditing and reporting**

- Once the one-on-one performance assessments has been conducted by the Chief Executive Officer, the PMS unit will consolidate the report into an Organisational PMS report.
- The Internal Audit will then commence the audit of performance information contained in the report as well as the POE.
- Once the audit has been finished, a request for Management comments will be sent to the Senior Managers and the Chief Executive Officer.
- The Senior Managers are the obliged to respond to the request for management comments within the time frames stipulated in the request sent to them.
- Once management comments are received Internal audit will collate responses and finalise the report on performance information for the respective quarter.
- The final report will be sent to the Chief Executive Officer and Senior Managers, and presented in the Audit Committee.

## **2.13.3 Annual Performance Report**

### **2.13.3.1 Planning**

- The annual performance report are pre-determined templates issued as per circular 63 from National Treasury.
- The Annual Performance Report is chapter 3 of the Annual Report and must be submitted to Auditor general by the 31th of August annually (as per S46 of the MSA).
- The Annual Report must be tabled at a meeting of Board of Directors by the Chairperson within 7 months of the beginning of the new financial year i.e. by the 31<sup>st</sup> of January annually (as per S121 of the MFMA).
- Once Annual Report has been tabled in Board of Directors, it has to be sent to MPAC for interrogation and oversight.
- The Oversight Report on the Annual report must be tabled in Board of Directors by the Chairperson of the MPAC within 9 months of the beginning of a new financial year i.e. by the 31<sup>st</sup> of March annually.

### **2.13.3.2 Implementation**

- Having developed the annual performance report template, the PMS unit will circulate it to Senior Managers in the beginning of July annually.
- The Senior Managers will then forward the mid-year performance assessment reporting template to Line Managers for completion including the development of POE for the actuals reported.
- Line Managers having completed the reporting documents including POE, will forward to the Senior Managers.
- The Senior Managers will then check the reported actuals for consistency, accuracy and completeness against the POE prior to forwarding it to the PMS unit.
- The PMS unit will collate all the Senior Managers submissions and consolidate it accordingly into an Organisational PMS report for onward submission to Board of Directors on or before the 31<sup>st</sup> of August annually.
- All timeframes to complete the Annual performance report will be communicated to the Senior Managers and it is the responsibility of each General Manager to ensure that the timeframes are adhered to accordingly.

### **2.13.3.3 Monitoring and reporting**

- The monitoring of the Annual Performance report will be conducted by the Line Managers who are responsible for the completing the templates for their units prior to submission of finalized reports to the Senior Managers.
- The Senior Managers will check the reported actuals for consistency, accuracy and completeness against the POE prior to forwarding it to the PMS unit.

### **2.13.3.4 Evaluation and reporting**

- The evaluation of the Annual Performance Report and Annual Report will be conducted by the Auditor General as they will interrogate the information submitted as well as the POE's.



- The AG will then provide an opinion of the Annual Performance Report, i.e. status of the audit of performance information.
- Should inconsistency be found, the AG will also list them accordingly. The onus is on Board of Directors to ensure the irregularities are fixed and do not become repetitive.

#### **2.13.3.5 Performance Auditing & reporting**

- The MPAC will interrogate the Annual Report once the Board has tabled it before the end of January annually.
- The aim of the interrogation is to ensure what is recorded are based on facts and backed up by POE's.
- Inconsistencies found must be rectified prior to the tabling of the final Annual Report before the end of March annually.
- MPAC having interrogated the report will then develop an Oversight Report on the Annual report and can contain any matter arising out of the proceedings during the interrogation on the Annual Report.
- The Oversight Report and final Annual Report must be tabled in Board of Directors by the 31<sup>st</sup> of March annually.

## PROGRAMME FOR IMPLEMENTATION

In instances where the 10 or the 15<sup>th</sup> falls on a weekend and or holiday, the report must be submitted on the day before.

ACTIVITY	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
	01 July - 30 Sept	01 Oct- 31 Dec	01 Jan- 31 March	01 April- 30 June
Submission of reports to PMS Manager	10 October	10 January	10 April	10 July
Submission of POE files to PMS Manager	15 October	15 January	15 April	15 July
Validation and verification of POEs by PMS Manager	3 <sup>rd</sup> week of October	3 <sup>rd</sup> week of January	3 <sup>rd</sup> week of April	3 <sup>rd</sup> week of July
Departmental Quarterly review sessions with CEO and Heads of Departments	4 <sup>th</sup> week of October	4 <sup>th</sup> week of January	4 <sup>th</sup> week of April	4 <sup>th</sup> week of July
Submission of consolidated quarterly report to Manco	November	February	May	August
Submission of quarterly performance report to Internal Audit	November	February	May	August
Submission of Performance Analysis Report to Board of Directors	December	25 January as per MFMA	May/June	August

### 3 PART THREE: INDIVIDUAL PERFORMANCE

#### 3.1 INTRODUCTION

At this level, the performance of individuals is measured against personal performance targets set in their scorecards. These targets are also linked to the BUSINESS PLAN and relevant department's SDBIP, in this way ensuring that performance management at the various levels is linked and integrated.

#### 3.2 SECTION 54 AND 56 EMPLOYEES

**3.2.1** The performance agreements of the Chief Executive Officer and Managers directly reporting to the Chief Executive Officer, is the cornerstone of individual performance management.

**3.2.2** In terms of Section 57 of the Municipal Systems Act, these employees are required to sign a performance agreement within sixty days after assuming duty and then within one month after commencement of the new financial year.

**3.2.3** The performance agreement should be informed by the departmental and organisational scorecards and the content of the performance agreement should include the following:

- The legal agreement to be signed by the employer and the employee;
- A performance plan containing key activities, key performance indicators, performance targets (outputs) and the weighting of each output.
- A personal development plan that identifies the competencies and other development needs of the employee, as well interventions to improve these.

**3.2.4** The criteria upon which the performance of the employee must be assessed consists of two components, both of which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80:20 allocated to the **key performance areas (KPA's)** and the **Leading & Core Competency requirements (LCR's)**, respectively. Each area of assessment will be weighted and will contribute a specific part to the total score. KPA's covering the main areas of work account of 80% and LCR's will account for 20% of the final assessment.

**3.2.5** The employee's performance will be used on his or her performance in terms of outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which weightings agreed to between the employer and employee.

### 3.3 PERFORMANCE REVIEWS

- 3.3.1** The performance of the employee in relation to his or her performance agreement must be reviewed quarterly, with the understanding that reviews in the first and third quarter may be verbal if performance satisfactory.
- 3.3.2** The employer must keep a record of the mid-year review and annual assessment meetings.
- 3.3.3** The performance feedback must be based on the employer's assessment of the employee's performance.
- 3.3.4** The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.
- 3.3.5** The employer may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and or amend as case may be on agreement between both parties.
- 3.3.6 Portfolio of evidence:** The PMS Unit has taken the responsibility to scrutinise and review POEs of evidence to ensure its alignment with reported information before final submissions to the Internal Audit unit for quality purposes.

#### 3.3.7 Performance Rating

When the target is met, it is assessed with a green face



When target is still in progress it is assessed with progress face



The red face indicates that the target was not met.



### 3.4 MANAGEMENT OF EVALUATION OUTCOMES

- 3.4.1** Evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 3.4.2** A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus, the relevant percentage is based on the overall rating, calculating by using the applicable assessment rating calculator provided that;

- a score of 130% TO 149% is awarded a performance bonus ranging from 5% to 9%; and

- a score of 150% and above is awarded a performance bonus ranging from 10% TO 14%.
- The table herewith stipulates the guidelines on the exact % paid out according to the scores achieved:

<b>Score achieved</b>	<b>Bonus paid</b>
130% – 135%	5%
136% - 140%	7%
141% - 143%	8%
144% - 149%	9%
150% - 155%	10%
156% - 160%	12%
161% and above	14%

- Rewarding of Performance for Section 56 employees is done after the tabling of the annual performance report and the financial audited statements in February annually.

**3.4.2** In the case of unacceptable performance, the employer shall:

- Provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
- After appropriate performance counseling and having provided the necessary guidance and or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his or her duties.

#### 4 PART FOUR: REVIEW AND IMPROVEMENT OF THE PMS

**4.1** A logical point of departure in reviewing and evaluating the effectiveness of the PMS is to establish to what extent the system is compliant with legal mandates and to what extent it is moving beyond compliance towards best practice.

**4.2** Furthermore, the review of the PMS will need to be done with the participation of the users of the system. During this evaluation it will be necessary to examine the effectiveness of the system in all its phases and to identify areas of improvement by taking into account:

- The experiences in the application of the system;
- Best practices in other Agencies; and International trends in public sector performance management.

#### 5 REPORTING LINES AND FREQUENCY OF REPORTING (ROLES AND RESPONSIBILITIES)

It is important to clarify the roles and responsibilities of employees and stakeholders in the performance management cycle. The roles and responsibilities of the main role players of the performance management cycle are set out in the table below:

Role players	Performance planning	Performance review	Performance reporting	Performance audit
Board of Directors	<ul style="list-style-type: none"><li>- Adopt priorities and objectives of the STRATEGIC PLAN;</li><li>- Adopt the organisational strategic scorecard that includes key performance targets;</li><li>- Assigns the responsibilities for the management of the PMS to the Board</li></ul>	<ul style="list-style-type: none"><li>- Approves the annual review of the programme of STRATEGIC PLAN, including review of KPI's and performance targets;</li><li>- Approves the annual improvement measures of the Agency's part of the new organisational strategic scorecard;</li><li>- Approves the changes to priorities, objectives, key performance indicators and targets of the Agency</li></ul>	<ul style="list-style-type: none"><li>- Report the Agency's performance to the shareholder;</li><li>- Approves the recommendations for the improvement of PMS;</li><li>- Annually receive the appraisal of the CEO and other Section 57 employees;</li><li>- Submit the Agency annual report to Auditor-general and the Parent Municipality</li></ul>	<ul style="list-style-type: none"><li>- Approve the Agency annual audit plan and substantial changes to it;</li><li>- Receive performance reports from the PAC;</li><li>- Approves the implementation of the recommendations of the PAC;</li><li>- Receive performance audit report from the AG.</li></ul>

Role Player	Performance planning	Performance review	Performance reporting
Chairperson	<ul style="list-style-type: none"> <li>- Submit priorities and objectives of the BUSINESS PLAN to Board of Directors for approval;</li> <li>- Submits municipal strategic or organizational scorecard to Board of Directors for approval;</li> <li>- Approves the SDBIP;</li> <li>- Enters into a performance agreement with the CEO on behalf of Board of Directors;</li> <li>- Assigns responsibilities for the management of the PMS to the Chief Executive Officer;</li> <li>- Tables the budget and the SDBIP to Board of Directors for approval.</li> </ul>	<ul style="list-style-type: none"> <li>- Proposes to Board of Directors the annual review programme of the BUSINESS PLAN, including the review of the KPI's and targets;</li> <li>- Proposes the annual performance measurements of the Agency as part of the Agency's strategic or organizational scorecard;</li> <li>- Quarterly evaluates the performance of the Agency against the adopted KPI's and targets;</li> <li>- Quarterly and annually evaluates the performance of the Chief Executive Officer.</li> </ul>	<ul style="list-style-type: none"> <li>- Receives performance reports quarterly from the Internal auditor;</li> <li>- Receives the annual section 46 reports from the Chief Executive Officer before submission to Board of Directors, AG and the MEC;</li> <li>- Report to Board of Directors on the mid-term review and the annual performance report;</li> <li>- Reports to Board of Directors on recommendations for the improvement of the PMS.</li> </ul>

Role player	Performance Planning	Implementation	Performance review	Performance reporting	Performance audit
Chief Executive Officer	<ul style="list-style-type: none"> <li>- Coordinates the process of needs identification and prioritization among all stakeholders, including the community;</li> <li>- Coordinate the formulation and revision of the PMS framework;</li> <li>- Coordinate the formulation of the organizational scorecard that includes KPI's and targets;</li> </ul>	<ul style="list-style-type: none"> <li>- Manage the overall implementation of the BUSINESS PLAN;</li> <li>- Ensure that all role players implement the provisions of the PMS framework;</li> <li>- Ensure that departmental scorecards and departmental annual programmes serve the strategic scorecard of the Agency;</li> <li>- Implement performance improvement approved by Board of Directors;</li> </ul>	<ul style="list-style-type: none"> <li>- Formulate the annual review programme of the BUSINESS PLAN, including the review of KPI's and targets for consideration by Board of Directors;</li> <li>- Formulate the annual performance improvement measures of the Agency as part of the review of the strategic scorecard;</li> <li>- Quarterly review performance of department to improve</li> </ul>	<ul style="list-style-type: none"> <li>- Receive quarterly performance reports from Internal Audit;</li> <li>- Receive performance reports at least twice from PAC;</li> <li>- Receive monthly departmental reports;</li> <li>- Report quarterly to Board of Directors on the performance of the departments;</li> <li>- Report on the implementation of improvement measures adopted by Board of Directors;</li> </ul>	<ul style="list-style-type: none"> <li>- Formulate responses to the recommendations of Internal Audit and PAC;</li> <li>- Formulate responses to the performance audit report of the AG and recommend to Board of Directors.</li> </ul>



	<ul style="list-style-type: none"> <li>- Leads the process of the formulation and revision of the departmental scorecards;</li> <li>- Enters into a performance agreement with section 57 managers on behalf of Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure that performance objectives in section 57 manager's performance agreements are achieved.</li> </ul>	<p>economy, efficiency and effectiveness of the Agency;</p> <ul style="list-style-type: none"> <li>- Quarterly and annually evaluate the performance of section 57 manager's</li> </ul>	<ul style="list-style-type: none"> <li>- Annually report on the performance of section 57 Manager's;</li> <li>- Submit the municipal annual report to Board of Directors.-</li> </ul>	
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Role players	Performance planning	Implementation	Performance review	Performance reporting	Performance audit
Senior Managers	<ul style="list-style-type: none"> <li>- Participate in the formulation of the organisational strategic scorecard that includes KPI's and targets;</li> <li>- Develop departmental scorecards;</li> <li>- Develop departmental annual plans;</li> <li>- Manage performance of subordinate staff;</li> <li>- Enter into performance agreement with the CEO</li> </ul>	<ul style="list-style-type: none"> <li>- Manage the implementation of the departmental scorecards;</li> <li>- Ensure that annual programmes are implemented according to targets and timeframes agreed upon;</li> <li>- Implement measures approved by Board of Directors;</li> <li>- Manage the implementation of subordinate's performance measurement system;</li> </ul>	<ul style="list-style-type: none"> <li>- Participate in the formulation of the annual review programme at the BUSINESS PLAN, including the review of KPI's and targets;</li> <li>- Quarterly review the performance of the department to improve the economy, efficiency and effectiveness of the Agency;</li> <li>- Quarterly and annually evaluate the performance of the department.</li> </ul>	<ul style="list-style-type: none"> <li>- Submit quarterly departmental performance reports;</li> <li>- Report on the implementation on improvement measures adopted by Board of Directors;</li> <li>- Annually report on the performance of the department.</li> </ul>	<ul style="list-style-type: none"> <li>- Participate in the formulation of the responses to the recommendations of internal audit and PAC;</li> <li>- Participate in the formulation of the responses to performance audit report of AG and recommend to Board of Directors.</li> </ul>
		<ul style="list-style-type: none"> <li>- Ensure performance objectives in the performance agreement are achieved.</li> </ul>	the department.		

<b>Role player</b>	<b>Planning</b>	<b>Implementation</b>	<b>Review</b>	<b>Reporting</b>
Agency Staff	<ul style="list-style-type: none"> <li>- Participate in the development of departmental scorecards and annual plans;</li> <li>- Participate in the development of their own performance measures</li> </ul>	<ul style="list-style-type: none"> <li>- Execute individual work plans/ scorecards</li> </ul>	<ul style="list-style-type: none"> <li>- Participate in the review of departmental plans;</li> <li>- Participate in the review of own performance</li> </ul>	<ul style="list-style-type: none"> <li>- Report to line Managers.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>- Participate in the formulation of the annual audit plan.</li> </ul>		<ul style="list-style-type: none"> <li>- Measure the performance of departments according to KPI's and targets set in the scorecard;</li> <li>- Assess the functionality of the PMS;</li> <li>- Ensure that the system complies with the Act;</li> <li>- Audit the performance measurements in the organisational departmental scorecard</li> </ul>	<ul style="list-style-type: none"> <li>- Submit quarterly reports to the Chief Executive Officer;</li> <li>- Submit quarterly reports the PAC.</li> </ul>
Performance Audit Committee	<ul style="list-style-type: none"> <li>- Make inputs and recommendations on the annual audit plan.</li> </ul>		<ul style="list-style-type: none"> <li>- Review quarterly reports from the Internal Audit;</li> <li>- Participate in the review of KPI's and performance target.</li> </ul>	<ul style="list-style-type: none"> <li>- Report at least twice to Board of Directors;</li> </ul>

## 6 REPORT PREPARATION

Report	Purpose of report	Reporting structure					
		Senior Managers	CEO	Internal Audit	PAC	Corporate Governance	Board of Directors
1 <sup>st</sup> report	<ul style="list-style-type: none"> <li>- Review of KPI's</li> <li>- Audit performance measurement;</li> <li>- Report on adjustments made of the basis of previous report.</li> </ul>	Oct	Oct	Nov	<b>Nov</b>	Nov	Dec
2 <sup>nd</sup> report	<ul style="list-style-type: none"> <li>- Review of KPI's;</li> <li>- Review functionality of PMS;</li> <li>- Verify compliance with the Act;</li> <li>- examine reliability of performance</li> <li>- Report adjustments made on the previous report</li> </ul>	Jan	Jan	Feb	Feb	Feb	Feb

3 <sup>rd</sup> report	<ul style="list-style-type: none"> <li>- Review of KPI's ;</li> <li>- Audit performance measurements;</li> <li>- Report on adjustment made on the previous reports.</li> </ul>	April	April	May	May	May	May
4 <sup>th</sup> report	<ul style="list-style-type: none"> <li>- Review of KPI's;</li> <li>- Review functionality of PMS;</li> <li>- Verify compliance with the Act;</li> <li>- examine reliability of performance measurements;</li> <li>- Report adjustments made on the previous report</li> </ul>	July	July	August	August	August	August

## 7 CONCLUSION

The proposed performance management framework is aimed at guiding Board of Directors in the development and implementation of performance management system which will contribute to improving the municipal performance and enhance service delivery. The framework is drafted to provide details which describes and represents how the Agency's cycle namely: performance planning, monitoring, measurement, review, reporting and improvement will be conducted, managed, including determining their roles of different role players.

APPROVED BY CHAIRPERSON ON THE ..<sup>20</sup>..... OF ..February.....2025



Signature of the Chairperson