

NGAKA MODIRI MOLEMA DISTRICT MUNICIPALITY



PERFORMANCE MANAGEMENT AND FRAMEWORK POLICY

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1. INTRODUCTION

The purpose of this document is to respond to the requirements of Chapter 6 of Local Government Municipal Systems Act, No. 32 of 2000 to develop a performance management system for the Municipality. This framework caters for the development, implementation and roll-out of performance management within the Municipality.

In developing a performance management system, the Municipality must ensure that the system:

- i). Complies with all the requirements of the Act
- ii). Demonstrate how it is to operate and is managed from the planning stage up to the reporting stage
- iii). Clarifies roles and responsibilities of each role player, including the local community in the functioning of the system
- iv). Determines the frequency of reporting and the lines of accountability for performers.
- v). Relates to the Municipality's employee performance management processes
- vi). Provides for the procedure by which the system is linked to the Municipality's integrated development planning process
- vii). Is adopted before or at the same time as the commencement of the process of setting key performance indicators and targets in accordance with the Integrated Development Planning (IDP)
- viii) is aligned with the MFMA budget process

2. LEGAL FRAMEWORK

- i). Local Government Municipal Systems Act, No. 32 of 2000
- ii). Local Government Municipal Planning & Performance Management Regulations, 2001.
- iii). Municipal Finance Management Act. No. 56 of 2003
- iv). The South African Constitution, No. 108 of 1996 (Chapter 7)

3. DELEGATION OF RESPONSIBILITIES

The Municipal Systems Act places the responsibility on Council to adopt a performance management system, while holding the Executive Mayor responsible for the development and management of the system. In terms of section 39 of the Municipal Systems Act, the Executive Mayor assigns the management responsibility for the system to the Municipal Manager.

The roles and responsibilities of various stakeholders is attached as **Annexure A**.

4. PLANNING

During the planning phase of the IDP, the Municipal Council and the Executive Mayor must, as prescribed in its IDP process plan approve the following:

- i). PMS framework
- ii). Service Delivery Budget and Implementation Plan (SDBIP) which outlines IDP priorities, objectives, corporate key performance indicators, performance targets and budget summaries indicating monthly projections of revenue and expenditure.
- iii). Municipal strategic planning document outlining IDP priorities and objectives for a particular year.
- iv). A technical (departmental) service delivery and budget implementation plan.
- v). Performance Agreements of senior managers

5. COMMUNITY PARTICIPATION

The Municipality must ensure that the community is involved in the development of the performance management system, setting of key performance indicators and performance targets in accordance with section 9 and 15 of Local Government: Municipal Planning and Performance Management Regulations, 2001. The Municipality will implement community participation strategy mechanism and structures to facilitate community participation.

6. PMS PROJECT TEAM

In order to avoid duplication of duties, the IDP Steering Committee will also be responsible for performance management in the Municipality. The project team will report to the Executive Mayor. The project team must consist of the following :

- i). Municipal Manager
- ii). IDP Manager
- iii). All Heads of Department
- iv). Internal Audit Shared Service

7. NATIONAL KEY PERFORMANCE INDICATORS

The Municipality is also expected to set objectives to respond to the seven national key performance indicators as prescribed by the Municipal Planning and Performance Management Regulations by integrating them in the IDP objectives. These are water, sanitation, roads, local economic development, financial viability, employment

equity and skills development.

8. SATISFACTION SURVEYS

In order to determine the overall outcome of Municipal performance, an annual community satisfaction survey should be conducted and its results be used to measure community satisfaction, inform the Municipality's performance and inform the annual planning process. The Municipality shall prepare a questionnaire that will be distributed through our local municipalities to our communities. The communities will be urged to assess the performance of the Municipalities.

9. MONITORING

Monitoring is a continuous process of measuring, assessing, analysing and evaluating the performance of the Municipality with regard to the SDBIP. Mechanisms, systems and processes for monitoring should make provision for quarterly reporting to the Municipal Council and should be able to detect early indication of under-performance and provide for corrective measure to be taken in cases of under-performance. The Municipal Manager must hold at least monthly meetings with section 57 employees to discuss progress regarding the achievement of IDP objectives.

10. AUDITING

In order for the performance management system to be credible, performance reports must be audited. This will ensure that performance information collected and evaluated is accurate, reliable, transparent and correct.

10.1 INTERNAL AUDIT FUNCTION

Section 165 of the Municipal Financial Management Act, No. 56 of 2003 provides for the establishment of an internal audit function within the Municipality. Auditing must include assessment of the following:

- i). The functionality of the Municipality's performance management system.
- ii). Whether the performance management system complies with the relevant provisions of the municipal Systems Act, 2000.
- iii). The extend to which the municipality's performance measurements are reliable in measuring performance
- iv). On the continuous basis, audit the performance measurements of the municipality
- v). Submit quarterly reports on their audits to the Municipal Manager and the Audit Committee.
- vi). Additional functions of the Internal Auditor relating to financial and other systems of the municipality are outlined in the Municipal Finance Management Act and Internal Audit Charter.

10.2 AUDIT COMMITTEE

The Audit Committee established in terms of section 166 of the MFMA will perform amongst others the functions of auditing the performance management system. The functions of the Audit Committee must be formulated in a manner that takes into account the functions as indicated by the Planning and Performance Management Regulations.

11. PERFORMANCE REVIEW

Performance review, in which a comprehensive evaluation of the Municipal performance will be conducted, takes place during the mid-year budget and Performance Assessment in January and at the end of each Financial year when the annual performance reports is prepared.

The annual review is informed by the results of the community satisfaction survey and the reports, which are audited by the Audit Committee and measures that were taken during the year to improve performance.

The results of the review process will be used to develop corrective measures to improve performance and inform the subsequent stages of planning.

Review include assessment of the adequacy of all components of the system. It identifies the strength, weakness, opportunities and threats of the municipality in meeting targets set in the Service Delivery Budget and Implementation Plan. It also measures the economy, efficiency, effectiveness in the utilization of the resources and the impact government programmes are having on the lives of the people in the community. Performance improvement and adjustments are therefore based on the results of the review.

12. PERFORMANCE REPORTING & FREQUENCY

Head of departments report to the Municipal Manager on a monthly basis at the end of each month. The report must reflect whether key performance indicators and performance targets of Service Delivery Budget and Implementation Plans are achieved.

The reasons for under performance must be clearly spelt out, as well as measures to address under performance. Copies of these reports are made available to the Internal Audit unit which will make comments and report to the Municipal Manager. These reports are tabled at a management meeting before they are tabled at various portfolio committees established to assist the Executive Mayor.

Portfolio Committees discuss these reports and make recommendation

to the Executive Mayor. Furthermore, the Audit Committee receives reports from the internal audit unit through the Municipal Manager and makes recommendation to Council on a quarterly basis.

Council receives performance reports from the Executive Mayor, accompanied by the Audit Committee report at the end of every quarter.

Council report twice per annum to the community through mechanisms determined by it through its community participation and communication policy.

Council also reports annually to the office of the Auditor General and the MEC responsible for Local Government in the Province. The MEC consolidate all the municipal annual reports in the province and reports to the Minister responsible for Provincial Local Government who in turn will present a report on the state of Local Government to the National Assembly.

A key feature of the minister's report is the performance of the Municipalities on the objectives prescribed by the general key Performance Indicators in the planning and performance management regulations, 2001.

The Municipal Council will also adopt the annual objectives and priorities of its entities. This will include approval of the Municipal SDBIP, the budget and adjustment to the Municipal SDBIP and the budget.

13. EMPLOYEES PERFORMANCE APPRAISAL SYSTEM

Section 57 employees will annually enter into performance agreements with Council. The Municipal Manager will sign a performance agreement with the Executive Mayor, while the rest of section 57 employee will sign performance agreement with the Municipal Manager. The performance agreement will be based on the Municipality's SDBIP and the technical or departmental SDBIP

