# PERFORMANCE MANAGEMENT FRAMEWORK FOR ZULULAND DISTRICT MUNICIPALITY 2022-2027

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## PERFORMANCE MANAGEMENT SYSTEM DEFINITIONS

| No | Term | Definition |
|---|---|---|
| 1. | Annual Report | In relation to the Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act. |
| 2. | BaseLine | The initial level of performance at which an organization, process, or function is operating upon which future performance will be measured. |
| 3. | Current year | The financial year which has already commenced, but not yet ended. |
| 4. | Evaluation | 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. |
| 5. | Key performance areas (KPAs) | KPAs are the areas in which the Municipality must excel in order to accomplish the vision and mission. |
| 6. | KPI (key performance indicator) | A KPI is an indicator but is explicitly linked to a strategic objective which enables the organization to translate its strategy execution into quantifiable terms. |
| 7. | Input Indicator: | Measures financial and human resources used to produce outputs and outcomes |
| 8. | Impact Indicator | Measure the direct or indirect effects or consequences resulting from achieving program goals. An example of an impact is the comparison of actual program outcomes with estimates of the outcomes that would have occurred in the absence of the program. |
| 9. | Lagging Indicator | Measures performance after the fact. Injury and illness measures such the Lost Workday Case Rate and the Total Recordable Case Rate are examples of lagging measures commonly used to measure environment, safety and health performance. Project cost performance is an example of a lagging indicator used to measure program performance. |
| 10. | Leading Indicator | Indicator used for monitoring and predicting future performance and includes measures such as<br>near misses, procedural violations, or estimated cost based on highly correlated factors |
| 11. | Local Community or Community | In relation to a Municipality, means that body or persons comprising –<br>1. The residents of the Municipality<br>2. The ratepayers of the Municipality<br>Any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality. |
| 12. | MEC for Local Government | Means the MEC responsible for Local Government in a Province. |
| 13. | Metric | A standard or unit of measure |
| 14. | Measurement | The quantitative parameter used to ascertain the degree of performance |
| 15. | Objective | A statement of the desired result to be achieved within a specified amount of time. |
| 16. | Outcome Indicator | The expected, desired, or actual result to which outputs of activities of an agency have an intended effect. For example, the outcome of safety training might be improved safety performance as reflected in a reduced number of injuries and illnesses in the workforce. |
| 17. | Output Indicator | A product or service produced by a program or process and delivered to customers (whether internal or external, e.g. of a training output would the number of people trained.<br>Process Indicator: Used to understand the intermediate steps in producing a product or service.<br>In the area of training for example, a process measure could be the number of training courses<br>completed as scheduled. |
| 18. | Performance- | A systematic approach to performance improvement through an ongoing process of |

| | | |
|---|---|---|
| | Based Management | establishing strategic performance objectives; measuring performance; collecting, analyzing, reviewing, and reporting performance data ; and using that data to drive performance improvement. |
| 19. | Performance Indicator | 1. A particular value or characteristic used to measure output or outcome.<br>2. A parameter useful for determining the degree to which an organization has achieved its goals.<br>3. A quantifiable parameter used to observe and track the status of a process. |
| 20. | Performance targets | Whereas KPIs express what needs to be measured, say, number of houses built, the performance target quantifies the KPI by expressing how many houses must be built, to what standard they must be built and by when they must be completed. Performance targets therefore equal outputs. |
| 21. | Performance Audit Committee | An independent committee appointed to assess the annual performance of the Municipality and report findings. |
| 22. | Performance Agreement | Means an agreement as contemplated in Section 57 of the Municipal Systems Act. |
| 23. | Performance Plan | Means a part of the Performance agreement which details with the Measurable objectives (Outputs), Performance Measures (KPI's), targets and activities that are aligned to the Scorecards. |
| 24. | Political Office bearer | Means the Speaker, Executive Mayor, Mayor, Deputy Mayor or Member of the Executive Committee as referred to in the Municipal Structures Act. |
| 25. | Quarters | Means any of the following periods in a financial year:<br>(1) 1 July to 30 September;<br>(2) 1 October to 31 December;<br>(3) 1 January to 31 March; or<br>(4) 1 April to 30 June. |
| 26. | Scorecard | Is a planning and evaluation device that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements.<br><br>Municipal Scorecard: Five (5) Year Scorecard.<br><br>Organisation Scorecard: Annual (Year under review) Scorecard with quarterly Targets.<br><br>Departmental Scorecard: Annual (Year under review) Scorecard with Quarterly Targets for Municipal Manager and Managers reporting to the Municipal Manager's, Departments/Votes. |
| 27. | Section 54/56 Employee | A person employed by a Municipality as a Municipal Manager or as a Manager directly accountable to a Municipal Manager and for which there is a Performance Agreement. |
| 28. | Service Delivery and Budget Implementation | Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c)<br><br>(ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate: |

| | | |
|---|---|---|
| | Plan | a) Projection for each month of –<br>1) Revenue to be collected, by source; and<br>2) Operational and capital expenditure, by vote;<br>b) Service delivery targets and performance indicators for each quarter; and;<br>c) Any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(1)(c) of the Municipal Finance Management Act. |
| 29. | Types of Indicators | There are generally 5 types of measures namely:<br>Input, Output, Process, Outcome and Impact. The actual definitions of the indicators are included in the definition list.<br>Indicators are also classified as leading and lagging and are used in monitoring. |
| 30. | Validation | An evaluation performed to determine whether planned actions, if implemented, will address specific issue(s) or objective(s). |
| 31. | Verification | 1. A determination that an improvement action has been implemented as designed.<br>2. The act of reviewing, inspecting, testing, checking, auditing. |

# PERFORMANCE MANAGEMENT SYSTEM INTRODUCTION

**INTRODUCTION**

A Municipality's Performance Management System (PMS) is the primary mechanism to monitor, review, and improve the implementation of its IDP and to gauge the progress made in achieving the objectives set out in the Integrated Development Plan (IDP). In addition, a Municipality'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 IDP, efficient utilisation of all resources and the performance management system being closely integrated across all functions at an organisational and individual level.

This documents sets out:

- The legislative mandates 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 management

The organizational and individual performance management are linked. Once organizational objectives and targets have been set for the municipality, municipal departments and business units. In turn, the individuals, business units and departments, by achieving their objectives and targets, contribute towards the Municipality achieving the objectives of the IDP.

**LEGISLATIVE MANDATES**

The development and implementation of a performance management system at local government level is guided by various legislative provisions, prescripts and guidelines including:

**The Constitution of the Republic of South Africa, Act 108 of 1996:**

Section 152(1) of the Constitution prescribes that the objects of local government are:

(a) To provide democratic and accountable government for local communities;

(b) To ensure the provision of services to communities in a sustainable manner;

(c) To promote social and economic development;

(d) To promote a safe and healthy environment; and

(e) To encourage the involvement of communities and community organizations in the matters of local government.

Section (152) (2) further states that:

*"A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)".*

**Municipal Systems Act (Act No 32 of 2000)**

Chapter 6 of the Municipal Systems Act, and specifically Sections 38 to 49, deal with organisational 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 an annual report on performance for the benefit of the communities served by the Municipality;
- 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 Chapter requires that the Municipal Manager and those officials reporting directly to the Municipal Manager (i.e Section 57 employees) sign annual performance agreements. An individual performance plan must be attached to the performance agreement and it must include a set of performance measures that will enable actual performance of individuals to be assessed against planned performance.

**Local Government: Municipal Planning and Performance Management Regulations, 2001**

These Regulations were passed by the Minister responsible for local government in terms of Section 49 of the Municipal Systems Act. These Regulations spell out the performance management responsibilities of municipalities in more detail. They deal with:

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

The regulations further instruct a municipality 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 municipality's employee performance management processes;
- Provides for the procedure by which the system is linked to the municipality's Integrated Development Planning processes;
- A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

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

**Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006:**

These regulations prescribe how the performance of municipal managers and managers' directly accountable to municipal managers must be directed, monitored and improved. The regulations include the following:

(i) Chapter 2: requirements and provisions of employment contracts;

(ii) Chapter 3: performance agreements, including prescribed key performance areas (KPA's) and core competency requirements (CCR's);

(iii) Chapter 4: the content of a job description for municipal managers.

**The Municipal Finance Management Act 56 of 2003**

The following provisions from the Municipal Finance Management Act (MFMA) relate largely to the PMS of the municipality:

(i) Section 53(1)(c)(ii) of the Act requires that the municipality's Service Delivery and Budget Implementation Plan (SDBIP) is approved by the Mayor within 28 days after the approval of the budget;

(ii) Section 53(1)(c)(iii) requires the Mayor to ensure that the performance agreements of Section 57 employees comply with the requirements of the MSA in that they promote sound financial management and that they are linked to measurable performance objectives approved with the budget and included in the SDBIP;

(iii) Section 72 of the Act requires the accounting officer of the municipality to submit a mid-year budget and performance assessment by the 25 January each year. The assessment must include:

(a) The monthly budget statements, of the first 6 months of the financial year, as required in terms of Section 71 of the MFMA.

(b) The municipality's service delivery performance, for the first 6 months of the financial year, against targets and indicators as set out in the municipality's approved SDBIP.

(c) Progress on resolving problems identified in the past year's annual report;

(d) An assessment of the performance of every municipal entity taking into account reports in terms of Section 88 of the Act.

(iv) Section 127(2) of the Act requires the Mayor to, within seven months after the end of the financial year, table in the municipal Council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control;

(v) Section 129 (1) requires the Council of a municipality to consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the Council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the Council-

*(a) Has approved the annual report with or without reservations;*

*(b) Has rejected the annual report; or*

*(c) Has referred the annual report back for revision of those components that can be revised.*

## DEFINITION AND OBJECTIVES OF PERFORMANCE MANAGEMENT (PMS)

### 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 organisation in terms of indicators and targets of efficiency, effectiveness and impact."

### 1.1.1 OBJECTIVE OF PERFORMANCE MANAGEMENT

The objectives of performance management are, inter alia to:

**Facilitate increased accountability**

The PMS should provide a mechanism for ensuring increased accountability between:

- The citizens of the Local Municipality and the Municipal Council;
- The political and administrative components of the Municipality; and
- The Office of the Municipal Manager and each municipal department.

**Facilitate learning and improvement**

The PMS must also provide a platform for learning and improvement. It should enable the Municipality to assess which approaches and methods are having the desired impact and in this way enable the Municipality to make the necessary improvements that will lead to more effective service delivery. It should form the basis for monitoring implementation, evaluating and improving the IDP.

**Provide early warning signals**

The PMS should provide managers and supervisors at all levels, the Municipal Manager, Portfolio Committees and the Council with early warning of performance targets that are not going to be reached and thus adversely affecting the implementation of the IDP. It is important that the system informs decision makers of areas of delivery that are lagging behind so that they can intervene and take corrective action as required.

**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 summarize 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.

**PRINCIPLES OF PERFORMANCE MANAGEMENT**

The following principles are proposed to inform and guide the review and implementation of the Zululand District Municipality's PMS:

ZDM does not measure every metric or indicator that is produced by its functions and operations (see Table 1) because there would be a multitude of metrics making it impossible to focus on and manage.

It was also intentionally decided that the ZDM's performance management system:

1. Must not be a punitive measurement system i.e. it must not create a police-man like mentality. It assumes that the accountability structure of management and institutional arrangements are clearly understood and are operational.
2. Is not used to manage routine tasks and job descriptions.
3. The focus of the system is on improving performance and monitoring performance in key areas.
4. In designing the framework, it is critical that the system must not allow individuals to be side tracked by the system administration or on producing masses of data.
5. Must provide a structured approach to focusing on strategic performance objectives
6. Must provide an easy mechanism of linking budget, expenditure and service delivery.

Over and above these ZDM principles, following principles are also proposed to inform and guide the review and implementation of the Zululand District Municipality's PMS:

**Simplicity**

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

**Politically driven**

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

**Incremental implementation**

One of the most important lessons learnt by municipalities that have developed and implemented successful PMSs 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 non-compliance to international best practice. In practice it is only possible to move gradually towards a high performance organisation.

**Transparency and accountability**

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

**Integration**

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

**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.

**Overview:**

A municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to gauge the progress made in achieving the objectives set out in the IDP. In addition, a municipality's PMS must also facilitate increased accountability, learning, improvement, provide early warning signals and facilitate decision-making.

The PMS monitors actual performance against set targets and contractual obligations. Effective service delivery relies upon the IDP, efficient utilization of all resources and the PMS being closely integrated across all functions at an organizational and individual level.

The most valuable reason for measuring performance is that what gets measured gets done.

The IDP outlines how the challenges of sustainable development in a municipality are to be met through strategic interventions and service delivery over the five year period. The IDP is developed by the Municipality in conjunction with the community and a credible IDP must be supported by a realistic budget.

Once performance planning, the IDP, has been completed and departmental SDBIP's are in place, they need to be implemented by executing the work in accordance with theses plans. As the work is executed, it needs to be continuously monitored and periodically measured and reported on. Reporting requires that the municipality takes the priorities of the organization, its performance objectives, indicators, targets, measurements and analysis, and present this information in a simple and accessible format, relevant and useful to the specific target group, whilst meeting the legal prescripts for reporting.

The PMS Cycle can be illustrated as follows:

**INTEGRATED PLANNING, IMPLEMENTATION, MONITORING AND EVALUATION PERFORMANCE MANAGEMENT FRAMEWORK**

| PROCESS | TIME FRAMES | OUTPUT |
|---|---|---|
| **1. Planning** | • July<br>• Aug – Sep<br>• Oct – Nov<br>• March<br>• May | • IDP, Budget & OPMS Process Plan<br>• Public Participation<br>• Strategic/ Development Planning<br>• Draft Budget & IDP<br>• Approved Budget & IDP with 5 yr Municipal Scorecard & 1 yr organizational scorecard as Annexures. |
| | • June | • Service Delivery and Budget Implementation Plan/Departmental Scorecards. |
| | • June | • Annual Performance Agreements & Plans |
| | • June | • Portfolios of Evidence Files & Index |
| **2. Implementation** | • Quarterly<br>• Monthly<br>• January<br>• August<br>• Bi Annually | • SDBIP Reporting & POE.<br>• SDBIP Reporting<br>• Mid-Year Performance Assessment<br>• Annual Performance Report<br>• Assessments of the Municipal Manager and the other S54/56 Managers by Evaluation Panels |
| **3. Monitoring& Reporting** | • Bi Annually<br>• Annually | • Performance Audits: Internal Audit<br>• Performance Audits: Auditor General |
| | • Annually<br>• Every 5 years | • Customer Satisfaction Survey<br>• Quality of Life surveys |
| **4. Evaluation& Reporting** | | |

STAKEHOLDERS PARTICIPATION

Planning is the first phase of an organizational performance management system (OPMS) and the key output is the development of the Integrated Development Plan (IDP). The municipality must develop an IDP which is utilized to plan future developments in the municipal area to meet the needs of the community.

The IDP assists the municipality as follows:

- It is a planning process that involves the entire municipality and its citizens in finding the best solutions to achieve long-term development.
- It assists in the coordination of the work of local government and other spheres of government to improve the quality of life for all people living in an area.
- It considers the existing conditions and problems and resources available for development.
- It considers the economic and social development needs for the area.
- It sets a framework for land use, infrastructure, services, and the protection of the environment.

The IDP has a lifespan of 5 years that is linked directly to the term of office for Councillors. The municipality is required to draft a 5 year IDP which is then broken down into short term goals that can be achieved in 1 year. Prior to the setting of the annual targets, the IDP is reviewed and the necessary changes are made. It should take 6 to 9 months to develop an IDP. During this period, service delivery and development continues.

Planning involves 4 main tasks:

*(i) Pre-planning:*

- Development and adoption of the IDP Process Plan;
- Data collection, analysis and storage;
- Identify, collect and review relevant inputs for the IDP and develop a prioritization model.

*(ii) Public Participation:*

- Schedule and host Public Participation Meetings;
- Update the draft IDP.

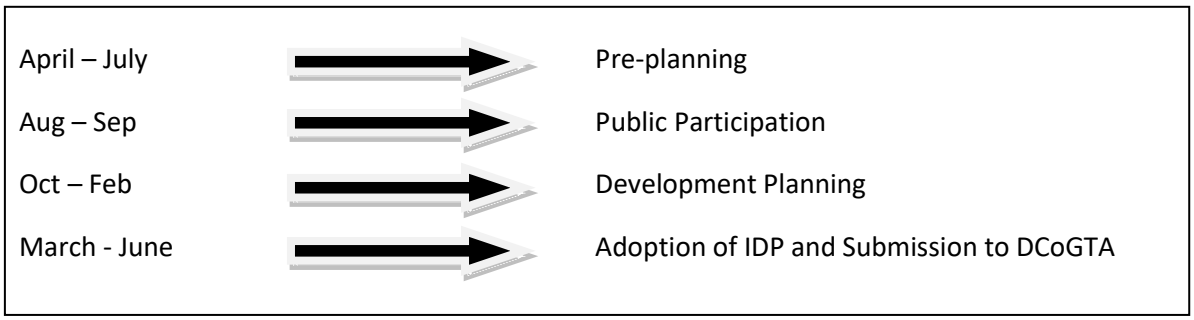
*(iii) Development Planning:*

- Coordinate and host organizational and departmental strategic planning workshops;
- Complete IDP.

(iv) *Adoption of the IDP* and submission to the Department of Cooperative Governance and Traditional Affairs (DCoGTA):

- Present IDP to Council for adoption;
- Submit adopted IDP and Council resolution to DCoGTA.

The municipality should start the planning process at least 15 months prior to the start of the financial year where implementation takes place in order to ensure that all stakeholders are involved in the planning processes for transparency and accountability. This is depicted in the following illustration:




In addition to the IDP Process Plan, the IDP office is responsible for the development of a procedure and implementation manual that will give effect to steps (i) – (iv) annually.

Implementation:

The actual implementation of the IDP over a single financial year is given effect through the Service Delivery and Budget Implementation Plan (SDBIP), scorecards, performance contracts of the Municipal Manager and other S57 Managers.

The SDBIP is the implementation tool used to align the budget to the IDP. 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 municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the 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.

The performance measures that will be used to measure organizational performance need to be developed. In doing so, it is necessary to take into account the funding and staff requirements, availability of the necessary skills and time constraints.

Projects need not only consist of capital projects such as water schemes and housing developments. They can also consist of softer, internal issues such as, “Review the Workplace Skills Plan.” This indicates all work done in the municipality, whether it is services to communities or internal processes.

Implementation involves 4 main tasks:

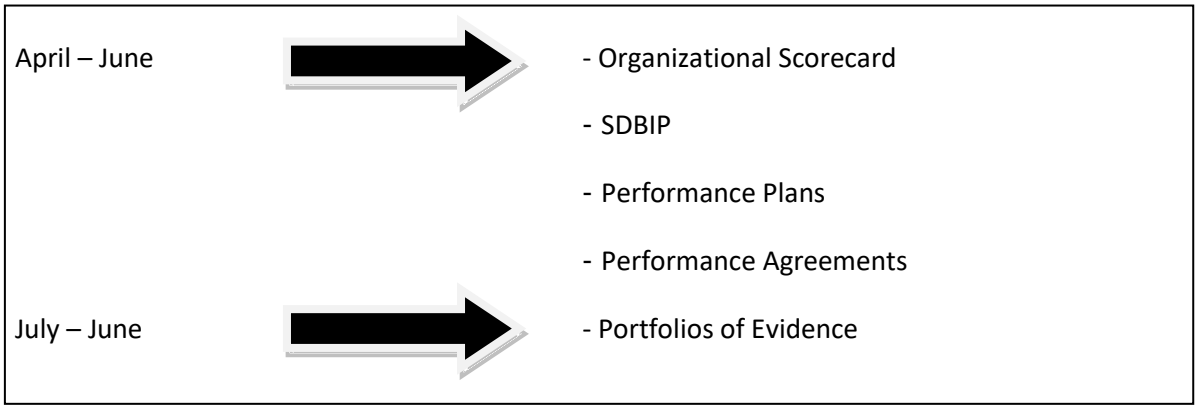
(i) Developing the organizational scorecard;

(ii) Preparing the Service Delivery and Budget Implementation Plan;

(iii) Preparation of the Annual Performance Plans, Performance Agreements and Personal Development Plans for the Municipal Manager and Section 57 Managers.

(iv) Compilation of Portfolios of Evidence (PoE’s).

Steps (i) – (iii) must be completed prior to the start of the financial year where implementation takes place to ensure that data collection for PoE’s and reporting is accumulated throughout the period under review. This is depicted in the following illustration:




The Organizational Performance Management Unit must develop a procedure manual, including the relevant templates, for the implementation of steps (i) – (iv) above annually prior to the beginning of the financial year during which implementation is to take place. Annexure A to this policy is the Systems and Procedures including templates.

Monitoring:

Monitoring continuously tracks performance against what was planned by collecting and analyzing data on the indicators established for monitoring and evaluation purposes. It provides continuous information on whether progress is being made towards achieving results (outputs, outcomes, and goals) through record keeping and regular reporting systems. Monitoring looks at both programme processes and changes in conditions of target groups and institutions brought about by programme activities. It also identifies strengths and weaknesses in a programme. The performance information generated from monitoring enhances learning from experience and improves decision-making. Management and programme implementers typically conduct monitoring.

The monitoring framework must:

- Identify the roles of the different role players in monitoring and measuring the municipality's performance;
- Allocate specific tasks to the gathering of data and submission of reports;
- Determine the data that must be collected in order to assess performance, how that data is to be collected, stored, verified and analyzed and how reports on that data are to be compiled;
- Provide for reporting to Council at least quarterly;
- Be designed in a manner that enables the municipality to detect early indications of under-performance;
- Provide for corrective measures where under-performance has been identified; and
- Compare current performance with performance during the previous financial year and baseline indicators.

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per vote), it is imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end-of-year targets must be based on quarterly and monthly targets, and the Municipal Manager must ensure that the budget is built around quarterly and monthly information. Being a star-of-year planning and target tool, the SDBIP gives meaning to both in-year reporting and end-of-year annual reports.

Monitoring involves 3 main tasks:

(i) Measuring Performance;

(ii) Compilation of Quarterly Performance Reports at a Business Unit Level;

(iii) Compilation of Consolidated Quarterly, Half-yearly and Annual Performance reports at an Organizational/Municipal Level.

The Organizational Performance Management Unit must develop a procedure manual, including the relevant templates, for the implementation of steps (i) – (iii) above annually prior to the beginning of the financial year during which implementation is to take place.

Review:
Municipality 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 municipality are concerned. Performance improvement and adjustment is based on review. The municipality should ensure that the community participates in the review process.

## FUNCTIONS THAT KPI'S MEASURE

The following table indicates the current functions that ZDM is legislated to deliver (as per the Municipal Structures Act). These functions are performed in addition to the operational functions that ZDM have to perform as a municipality (refer to Appendix 1 for ZDM's organogram).

Table 1: Legislated Functions that ZDM delivers as per Municipal Structures Act

| No. | Functions as per Municipal Structures Act | Additional Details |
|---|---|---|
| 1. | Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district | IDP alignment, Planning |
| 2. | Bulk supply water | Provision and regulation |
| 3. | Bulk supply of electricity | Not applicable<br>Pending REDS |
| 4. | Bulk sewage purification works and main sewage disposal | Provision |
| 5. | Solid waste | policy, and regulation<br>Note: local municipalities are responsible for cleansing, refuse removal, dumps and solid waste disposal. |
| 6. | Municipal (district) roads | Not applicable |
| 7. | Regulation of passenger transport services | planning of infrastructure<br>Regulating (permits, control) |
| 8. | Municipal airports | operation, management |
| 9. | Municipal health services | Limited to Environmental health services<br>Includes regulation of<br>Air and noise pollution,<br>storm water management,<br>water and sanitation, refuse and solid waste disposal |
| 10. | Fire fighting services | Planning, coordinating and regulating<br>Standardization of infrastructure, vehicles and procedures<br>Disaster Management Plan |

| | | |
|---|---|---|
| 11. | The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality | Not applicable |
| 12. | The establishment, conduct and control of cemeteries and crematoria | Provide funds for pauper burials |
| 13. | Promotion of local tourism for the area of the district municipality | Co-ordination, strategic planning |
| 14. | Municipal public works relating to any of the above functions or any other functions assigned to the district municipality | construction and maintenance of public infrastructure and facilities |
| 15. | The receipt, allocation and if applicable the distribution of grants made to the district municipality | |

The system therefore measures performance/delivery of services and functions that are selected from the legislated functions and operations (refer to appendix 1) that ZDM fulfill.

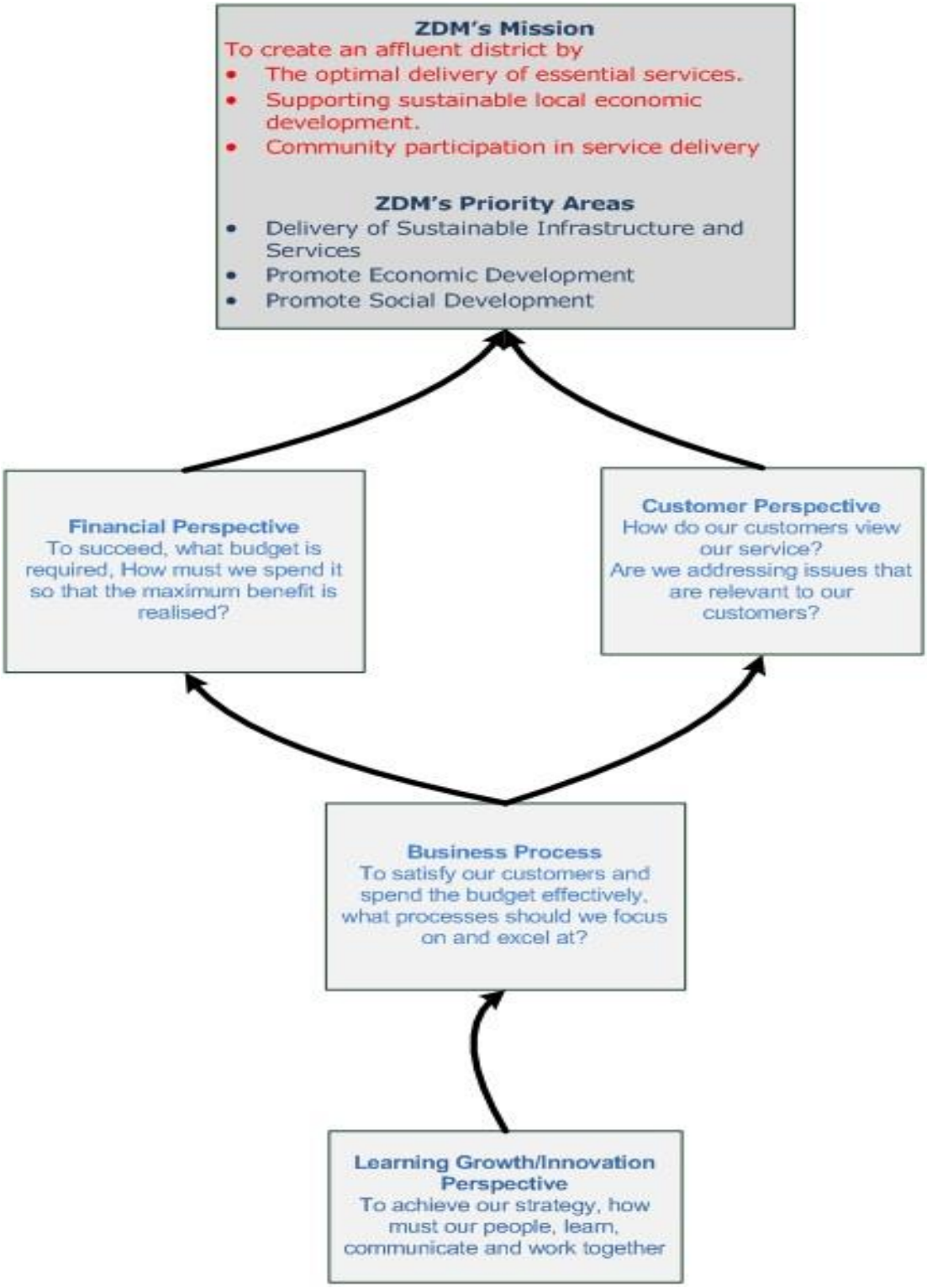
KPI SELECTION

ZDM's PMS system will only focus on selected KPI's (key performance indicators). The KPI's will facilitate measurement and monitoring of progress that is made by implementing specific projects/initiatives, in prioritized strategic areas (illustrated in Figure1). Since there are numerous KPI's, KPI's are selected and finalized using the Balanced Score Card technique so that all of the four perspectives are represented.

The four perspectives are:

- **Financial perspective which addresses budget, spending and Return on investment: E.g.** operating margins, Budget Spent on capital expenditure and infrastructure
- **Customer perspective, which addresses customer satisfaction, relationships and customer demand: E.g.** Customer satisfaction, Customer response time to queries,
- **Business process perspective, which addresses quality, timeliness and cost: E.g.** Plant down times, processing cost, water quality levels
- **Learning & Growth/Innovation Perspective, which addresses technologies, training, competencies, culture :E.g.** Investments in people, information technology and organizational procedures to prepare the organization for success in the future

Figure 1: Balanced Score Card Perspectives used at ZDM



KPI OVERVIEW

1. All KPI's are associated with a key performance area. Currently there are five national key performance areas namely, Basic Service Delivery, Local Economic Development, Good Governance and Public Participation, Financial Viability and management and Institutional Development and Transformation.
2. Each KPI must be linked to a strategic objective that has one or more strategic outcomes.
3. A KPI must have an objective. The KPI measures the successful implementation of the objective that is associated with the strategic objective.
4. The KPI's also includes legislated KPI's that all municipalities must report on.
5. A KPI is implemented via one or more strategies/interventions/tasks.
6. Each KPI must have a target that indicates the level of performance that would be achieved within a specified time period e.g. actual annual expenditure within 2% of the budget.
7. Each KPI has a unit of measure, and a baseline measurement.
8. The KPI's are generally annual indicators (i.e. are fully achieved at end of the year), however there may be some KPI's that are achieved prior to year end.
9. A KPI's targets and indicators must be**:**
   - **Approved in the budget** as an annual indicator with projections for at least two outer years based on the strategic priorities.
   - The budget resolution must approve measurable performance objectives for each vote (and for key sub-functions as may be prescribed) including service delivery targets and other performance indicators so that council can be judged on service delivery as well as revenue and expenditure.
   - **Split into quarterly projections** for the forthcoming budget in the SDBIP
   - The SDBIP would then break the annual targets and indicators into quarterly projections to assist with implementation. Quarterly reviews would compare targets with actual and revise future targets as necessary.
   - **Contained in annual performance agreements** of the municipal manager and senior managers. The quarterly projections in the SDBIP must be consistent with the annual performance agreements of the municipal manager and senior managers so that they can be held accountable for performance in line with the SDBIP, budget and IDP.
   - **Reported on** for in-year reporting (quarterly and mid-year) and the annual report

KPI SCORING

1. Performance of the KPI's is reviewed on quarterly basis.
2. KPI Performance is rated using a rating that ranges between 1 and 5.
   Where the rating is as follows:

**Table: Scoring suggested by the Regulations (2006)**

| LEVEL | TERMINOLOGY | DESCRIPTION |
|---|---|---|
| **5** | Outstanding performance | Performance far exceeds the standard expected *of* an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the **PA** and Performance plan and maintained this in all areas of responsibility throughout the year. |
| **4** | Performance significantly above expectations | Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and **fully** achieved all others throughout the |

| | | |
|---|---|---|
| | | year. |
| **3** | Fully effective | Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan. |
| **2** | Performance not fully effective | Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan. |
| **1** | Unacceptable performance | Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement. |

# LEGISLATED PERFORMANCE FRAMEWORK AND TIMELINES

## IDP AND SDBIP OVERVIEW

Municipalities must consult and engage communities to develop the strategic plan, which is known as the Integrated Development Plan (IDP) (refer to Figure 2). The IDP outlines the organisation's priority areas, objectives and strategies, and has multi year targets. It also ensures that the municipality's priority areas are aligned to the National and Provincial performance areas and initiatives.

Each year the municipality reviews the IDP and develops a Service Delivery Budget Implementation Plan (i.e. SDBIP) which is a plan that outlines how the objectives in the IDP are to be achieved. The SDBIP is a high level summary of the component SDBIP's that are developed for each department that are known as DSDBIP's.

The SDBIP acts as a "contract" between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that must be implemented by the administration in the following twelve months. Therefore the SDBIP provides the basis for:

- Measuring performance in service delivery against targets and
- Implementing the budget.

The SDBIP facilitates accountability, i.e. it enables the:

- municipal manager to monitor the performance of senior managers,
- the mayor to monitor the performance of the municipal manager, and for
- The community to monitor the performance of the municipality.

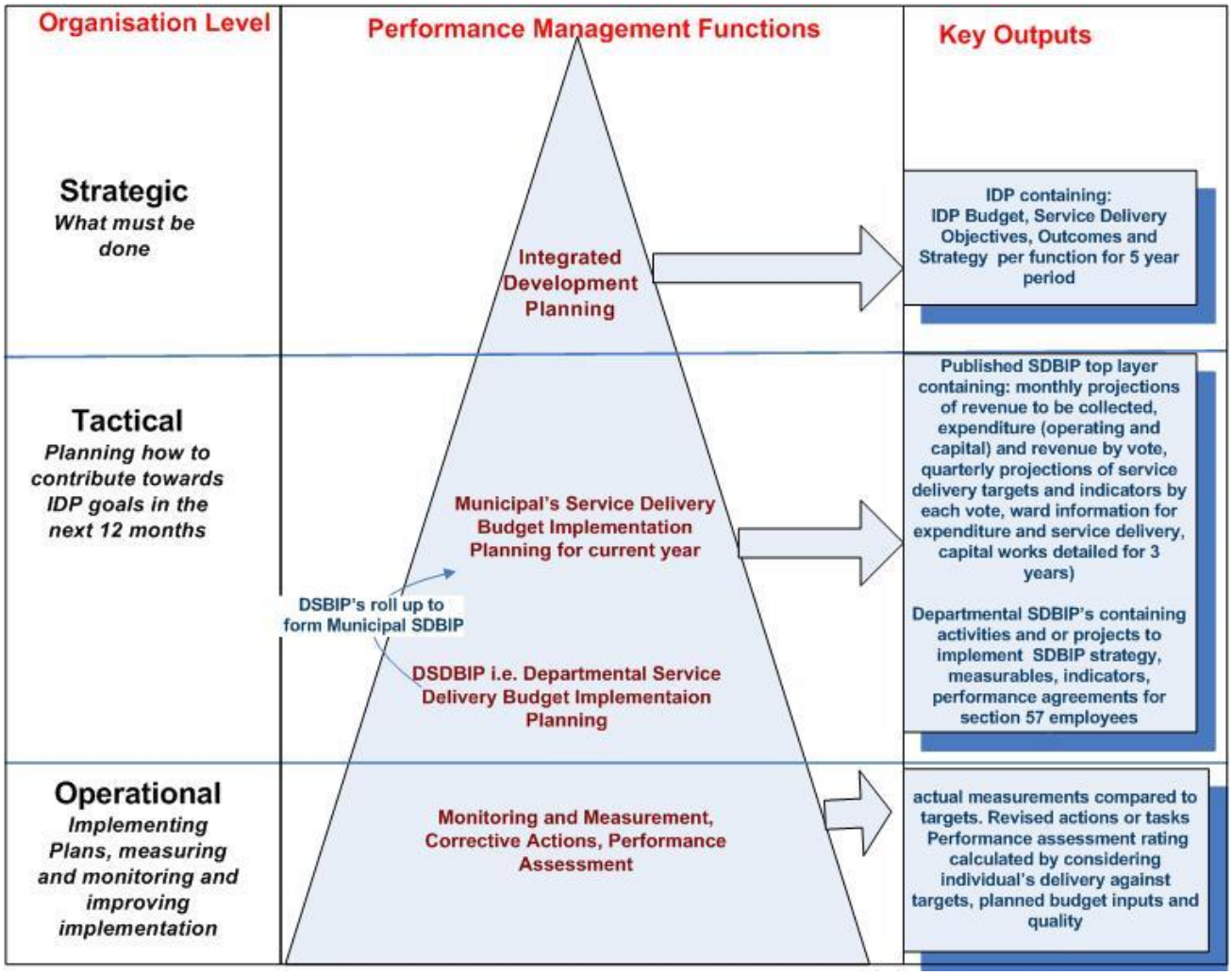



Figure 2: Illustrates the interaction and alignment between the different levels of management in a municipality. It also indicates the core performance management functions and their key outputs

## PERFORMANCE PROCESS OVERVIEW

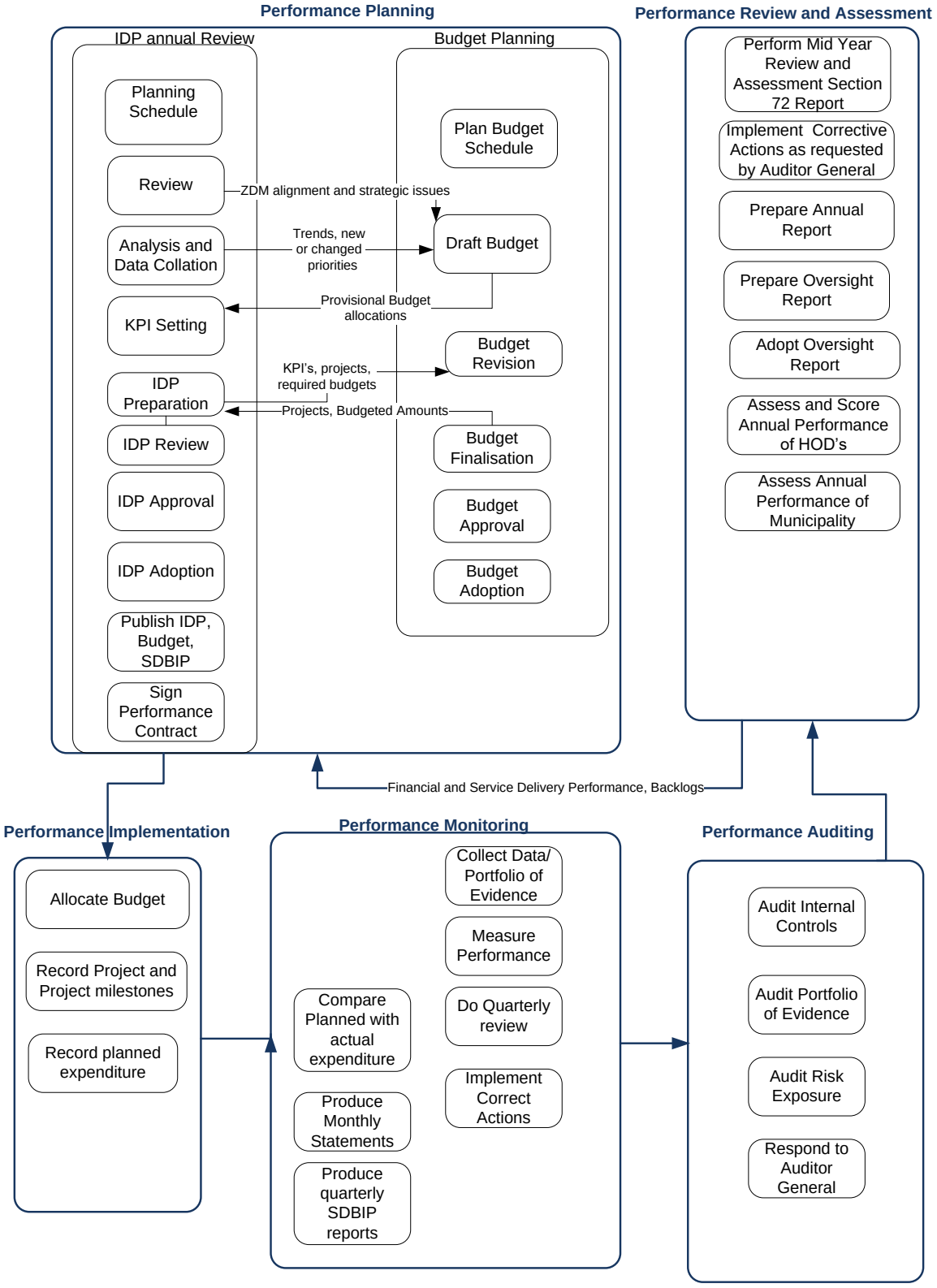



Figure 3: Conceptual view of performance related functions

## WHEN DOES PERFORMANCE MANAGEMENT START?

Performance planning commences with the development or review of the Integrated Development Plan, at the beginning of the term of council or as part of the annual review of the IDP. The IDP in fact constitutes an important part of the PMS and it is important to integrate the work done during the review of the IDP into the PMS and to ensure that the PMS is an extension of the IDP – it is the tool that is used for monitoring the implementation of the IDP.

The municipal council will, as prescribed in its IDP process plan, adopt:

- The PMS framework;
- The municipal strategic balanced scorecard which outlines IDP priorities and objectives;
- Service Delivery and Budget Implementation Plans (SDBIPs) which outlines municipal initiatives, programmes, projects, services, key performance indicators, performance targets and budget summaries.

The municipality must involve the community in the development of the performance management system, setting of KPIs and performance targets in accordance with section 9 and 15 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

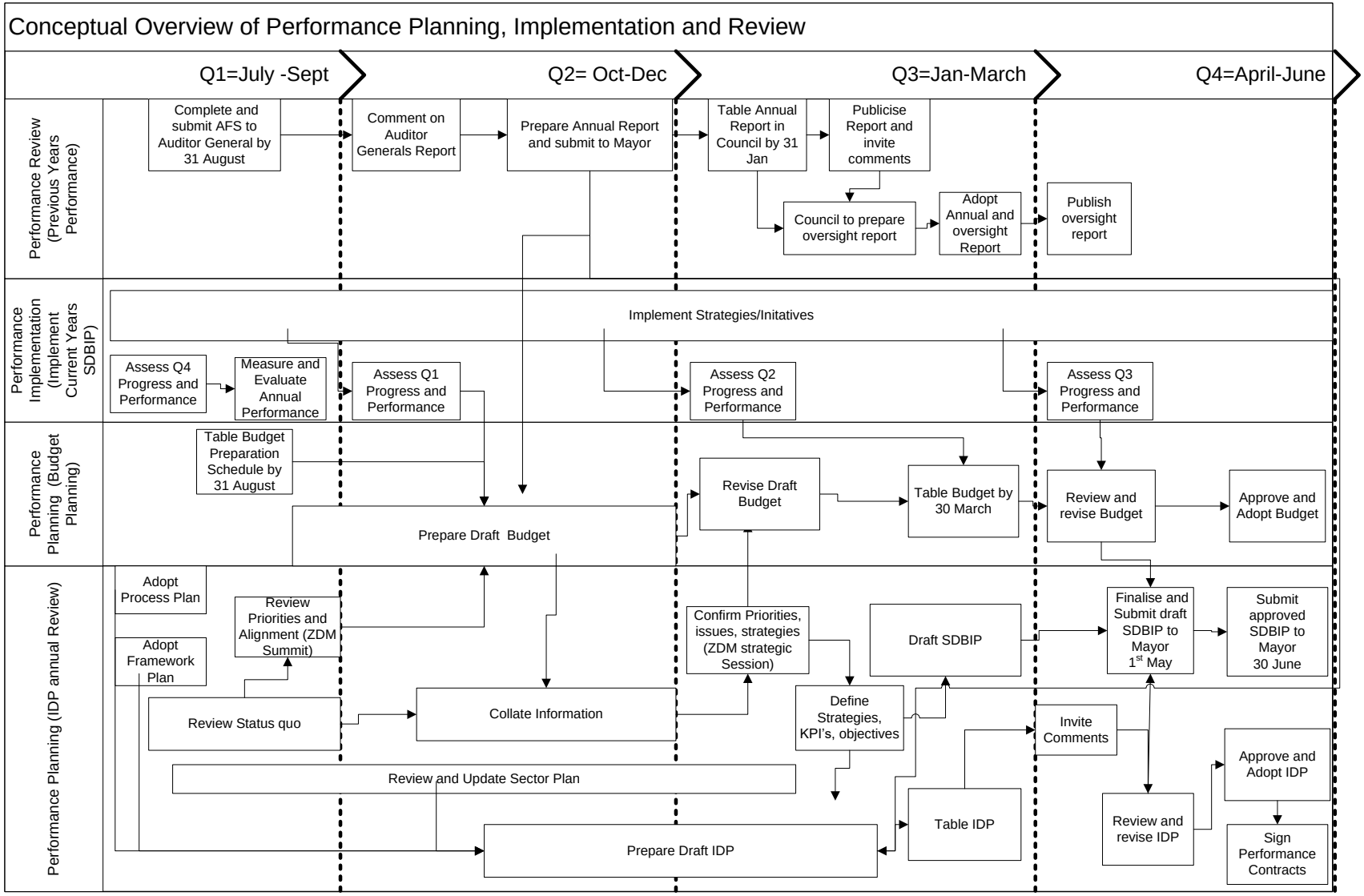



Figure 4: High level Conceptual diagram illustrating the Concurrent Performance Management Processes.

# ACCOUNTABILITY AND INSTITUTIONAL STRUCTURES

## ACCOUNTABILITY DEFINED

Accountability differs from responsibility in that accountability implies authority to perform specific actions without seeking approval and in being liable for performance and actions. The implications of accountability are summarized below:

**Accountability is a relationship**

The relationship/contract is between a person with assigned authority namely the Municipal Manager and the head of department. The Municipal Manager is responsible for providing adequate direction, guidance, and resources as well as removing barriers to performance. The head of department is responsible for fulfilling his/her responsibilities.

**Accountability is results-oriented**

Accountability for results asks if you have done everything possible with your resources towards affecting the achievement of intended results and if you have learned from past experience what works and doesn't work. It means you are accountable for what you can influence as well as what you can directly control.

**Accountability requires reporting**

Reporting is the "backbone" of accountability. Reporting, as used in this context, means providing an account of actions and results, i.e., here is what we did and here is what happened. Secondly, it means providing tangible evidence of results, to eliminate guess work and speculation. To be useful, the reporting must be timely, accurate, and complete. Reporting requires processes for data collection, analysis, and proper record keeping.

**Accountability is meaningless without consequences**

Accountability is an *obligation* to answer for the discharge of responsibilities. It is an *obligation* to demonstrate and take responsibility for performance. It is an *obligation* to answer for the execution of one's assigned responsibilities. Obligation implies liability, which comes with consequences. The consequences could be positive (rewards) or negative (sanctions).

**Accountability improves performance**

The goal of accountability is to improve performance, not to place blame and deliver punishment. Accountability is a relationship and process through which performance expectations are planned, defined, and negotiated at the outset; resources are allocated; performance is evaluated; and adjustments/corrections are made as necessary. In this process, the person being held to account is actively involved in each of these phases. Additionally, the foundation is set such that those being held to account, stay focused on improving performance, not explaining a lack of it.

## INSTITUTIONAL STRUCTURES

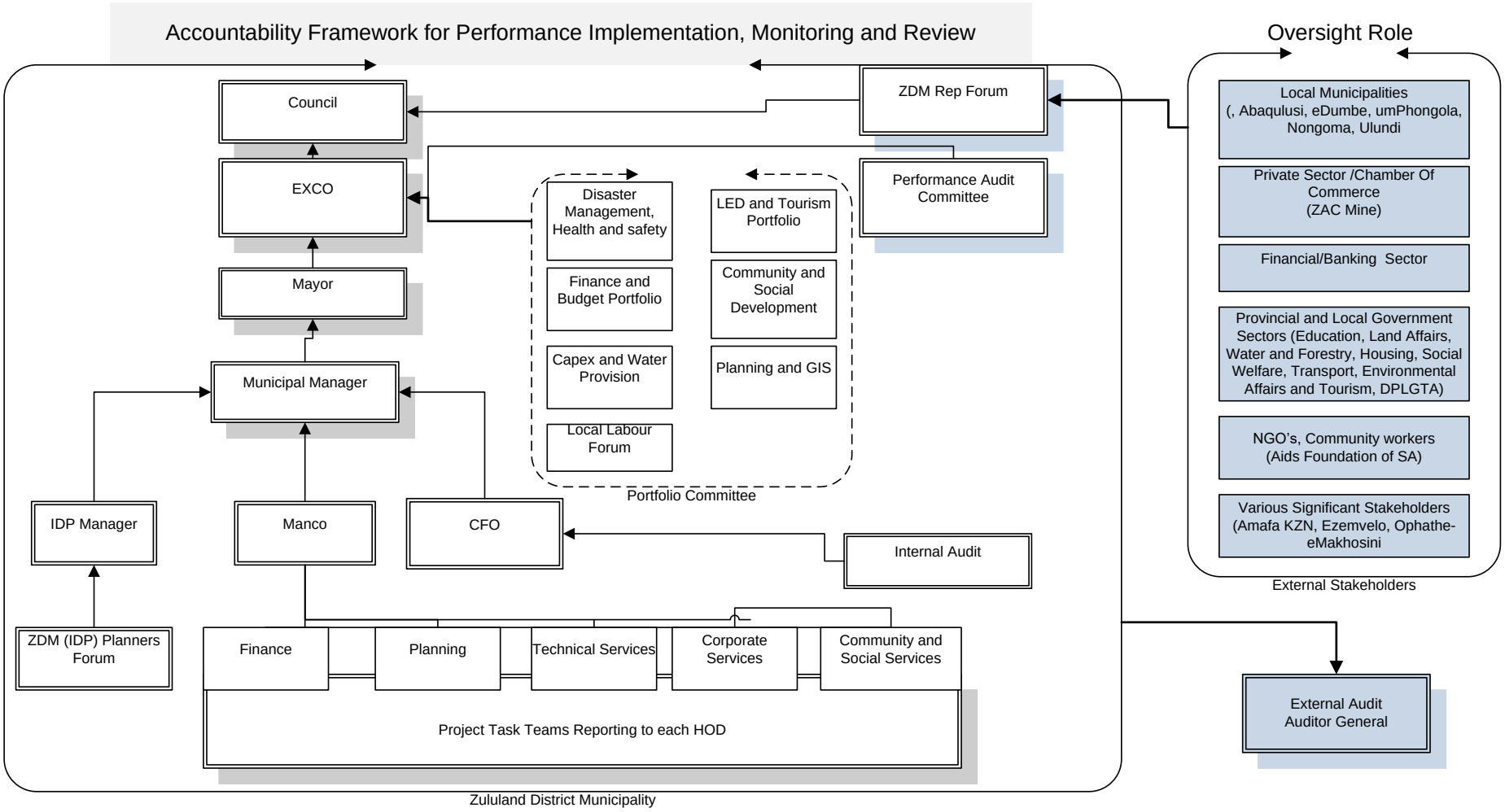



Figure 5: Illustrating accountability structure i.e. who reports to whom

| Role Player | Description |
|---|---|
| Council | The ZDM Council consists of 34 councillors. The council is chaired by the speaker. The council is elected by the municipality's residents to decide on their behalf, on the overall direction and policies for the municipality |
| Exco (Executive Committee) | Exco is nominated by the council. ZDM's EXCO consists of 7 councillors and is chaired by the Mayor. |
| Mayor | The mayor is responsible for approving the annual performance contract for the municipal manager and monitors actual performance. The mayor is responsible for approving Policy, budgets, outcomes, policy and management oversight over municipal manager. |
| Municipal Manager | The municipal manager is responsible for ensuring that the policies of council are implemented. The municipal manager is the accounting officer of the municipality and is accountable to the mayor for implementing specific agreed outputs, and to the council for the overall administration of the municipality. |
| CFO (Chief Financial Officer) | Chief Financial Officer is accountable to the MM and is responsible for:<br>Budgeting and administering the budget<br>• providing advice to the MM on the exercise of powers and duties assigned to the MM<br>• assisting the MM in the administration of the municipality's bank<br>• accounts and in the preparation and implementation of the municipality's budget<br>• advising HOD's and other senior officials in the exercise of assigned powers and duties in terms of the MFMA or delegated to them by the MM.<br>CFO is also accountable for accounting, financial analysis and reporting, cash management, debt management, supply chain management, financial management, and other duties as may be delegated by the MM. |
| Manco (Management Committee) | Manco consists of all Heads of Department and the Municipal manager who collectively reviews the KPI's each year. Manco addresses any current implementation or planning issues relating to performance. |
| HOD's | Currently there are five head of departments who report directly to the municipal manager. They are accountable to the MM for the implementation of the SDBIP of their function. |

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|---|---|
| Internal Audit | Outsourced to Price Waterhouse Coopers. Internal Audit's accountabilities include the following:<br>prepare a risk based audit plan and an internal audit programme for each financial year<br>• advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:<br>– internal controls<br>– accounting procedures and practices<br>– risk and risk management<br>– performance management<br>– loss control<br>– compliance with the MFMA, DoRA and any other applicable legislation<br>• examine and review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report this information<br>• examine and review the systems established to ensure compliance with policies, plans, procedures, laws, regulations and contracts that could have an impact on the overall operations and reporting of the council<br>• examine and review the system of internal controls for safeguarding assets of the municipality<br>• periodically verify the existence of property and equipment assets of the municipality<br>• evaluate the economy and efficiency with which the municipality has utilized resources<br>• review the operations and programmes of the municipality to ascertain whether the results are consistent with established goals and objectives<br>• evaluate the extent of compliance and reliability of performance management<br>• systems as required by the MFMA, and ensure that annual performance agreements are evaluated at the end of each financial year<br>• perform investigations into financial problems of the municipality based on circumstances encountered during internal audit reviews or as requested by the audit committee or management |

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| PAC (Performance Audit Committee) | There is a Performance Audit Committee that has been appointed by ZDM.<br>The audit committee is an independent advisory body, which advises EXCO, on matters relating to:<br>• internal financial control and internal audits<br>• risk management<br>• accounting policies<br>• the adequacy, reliability and accuracy of financial reporting and information<br>• performance management<br>• effective governance<br>• compliance with the MFMA, any other applicable legislation<br>• performance evaluation<br>• respond to the council on any issues raised by the Auditor-General in the audit report |
| ZDM Rep Forum | A broad public, participative forum that is formed annually to provide input into the IDP document. The forum consists of stakeholders from the private, NGO, Local municipal, sector departments, and provincial government. |
| Oversight Committee | The oversight committee is a sub -committee that is selected from the ZDM Rep Forum. The committee is made up of only non-executive councillors and representatives of the community. It is formed each year to deal with the review of the annual report. Municipal officials cannot be members of an oversight committee as this would pose a conflict of interest.<br>The current years oversight committee is?? |
| IDP Manager | The current IDP manager is Mr S Landman. |
| IDP Planners Forum | Consists of IDP managers from each of the constituent local municipality's. The IDP Planners Forum addresses all planning and IDP issues that pertain the current year as well as planning for next year's IDP. |
| Portfolio Committee | Specialist committees that are chaired by an Exco member. |

# TASKS AND ACCOUNTABILITIES

## FUNCTION: REVIEW OF ANNUAL PERFORMANCE

Legislation:

Section 129 of the MFMA

MFMA Circular No. 63 - Annual Report Guidelines - 26 January 2012

Description:

An annual process, where the municipality's performance is formally reviewed and documented as an annual report. The report contains both financial and non-financial information and serves as an authoritative record of the municipality's performance. The annual report is submitted to the council by the Municipal Manager and the mayor. The tabling of the annual report is a formal discharge of accountability by the executive and administration for their performance. The council then considers and consults on the annual report. The council then produces an oversight report

| Accountability | Action | Deadline |
|---|---|---|
| CFO | Complete annual financial statements | 31 August |
| CFO (Delegated by MM) | Submit financials to Auditor General | 31 August |
| CFO (Delegated by MM) | Submit consolidated financials to Auditor General for audit | 30 September |
| CFO | Receive audited annual financial statements and audit report of municipality from Auditor General | November |
| MM | Delegate issues that require responses to audit findings. | November |
| MM | Ensure that issues raised in the audit are addressed or that plans are implemented to address issues that were raised in the audit reports | |
| CFO | Prepare Annual Report | July - November |
| CFO | submit annual report to municipal manager | November |
| MM | Revise and approve annual report<br>Submit approved annual report to Mayor | November |
| Mayor | Table annual report and audited financials in council | November/December |

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| Oversight Committee | Draft oversight report | September/November |
| Oversight Committee | Conducts public hearings, debates issues and considers oversight report; make oversight report public | |
| MM | Attend public hearings to respond to Questions.<br>ensure copies of minutes of the meetings are submitted to the Auditor- General and organs of state as required | September/November |
| (Planning) delegated by MM | Publish annual report<br>Submit report to Auditor-General, and organs of state as required | December |
| Council | Adopt oversight report (within two months of tabling Annual Report (section 72 report) | December |
| (Planning) delegated by MM | Publish oversight report and submit to AG, provincial treasury | Within 7 days from adoption |

## FUNCTION: PLAN NEXT YEAR'S BUDGET

Legislation: MFMA

Description:

A function that allows the municipality to plan and propose budgetary amounts that would be required to implement projects and or functions. The process caters for various inputs such as the District's strategic priorities and alignment (from ZDM Summit), proposed allocations (provincial) and revised implementation priorities (as per ZDM's strategic workshop) that have considered the previous year's and the current year's performance.

| Accountability | Action | Deadline |
|---|---|---|
| CFO | Prepare budget preparation schedule | August |
| Mayor | table budget schedule, outlining key deadlines for budget process<br>establish committees and consultation forums for the budget process | 31 August |
| CFO | Based on the input from ZDM Growth and | 30 September |

| | | |
|---|---|---|
| | Development Summit, review budget projections.<br>Determine revenue and expenditure projections including levels for rates and tariffs<br>Produce the Medium Term Budget Policy Statement for<br>the municipality (MTBPS)<br>Engage with national and provincial sector departments for alignment with municipal strategy | |
| HOD | Submit budget requests and justification to CFO | 31 December |
| CFO | Proposed budget, strategic objectives, strategies are prepared (considering Annual Report, strategic direction, the municipal MTBPS and previous year's performance as per audited financial statements) | 31 December |
| CFO | Incorporate proposed national and provincial allocations<br>into budget documentation | 28 January |
| HOD | Revise budget allocations based on proposed budget and ZDM strategic workshop | 15 February |
| CFO | Proposed budget and SDBIP submitted to mayor taking into account the mid-year review of the current year and any corrective measures proposed as part of an oversight report<br>for the past year.<br>District municipalities to notify local municipalities of projected allocations | 31 March |
| Mayor | Table budget including all required documentation.<br>Submit to organs of state as required<br>and invite stakeholders to comment | 31 March |
| CFO | Budget documentation revised taking into account consultation and results of the third quarterly review | April |

| | | |
|---|---|---|
| CFO | Final budget documentation prepared for consideration of approval by council | May |
| Council | Table approved budget , 30 days before start of budget year | June |
| CFO (delegated by MM) | Publish approved budget and required supporting documentation immediately after approval | June |
| MM | Revise SDBIP and performance contracts as per approved budget | June |
| MM | Submit SDBIP and performance contracts to Mayor | 14 days after budget is adopted |
| Mayor | Approves SDBIP and annual performance agreements of senior managers | within 28 days of approval of the budget by council, before start of new year |
| Mayor (delegated to MM) | publishes SDBIP and annual performance agreements and provides to council and MEC for local government in the province | |

## FUNCTION: PLAN NEXT YEAR'S IDP (IDP ANNUAL REVIEW)

Legislation: MFMA

Description:

A function that allows the municipality to review the IDP and determine, implementation priorities, KPI's for the following year.

| Accountability | Action | Deadline |
|---|---|---|
| IDP Manager | Produce IDP framework plan (that illustrates how alignment within the district would be achieved) and Process Plan (that illustrates how IDP annual Review process would occur). | 31 August |
| IDP Manager | Produce Process Plan (that illustrates how IDP annual Review process would occur). | 31 August |
| MM | Table Process and Framework Plan | 31 August |
| IDP Manager | Plan and Co-ordinate ZDM Summit | September |

| | | |
|---|---|---|
| IDP Manager | Document and circulate summit actions, findings to relevant stakeholders | September |
| Planning | Determine Status Quo (review and update demographic information, backlogs) | September |
| Planning | Review and update key Sector Plans;<br>Produce workplan and milestones to review and update sector plan information | |
| All departments | Co-ordinate finalization of key Sector Plans incl.<br>WSDP, LED Plan, HIV/AIDS strategy, Youth Development Plan, Skills Development Plan, Financial Plan, SDF, Disaster Management Sector Plan to be reviewed and incorporated into IDP | 28 February |
| IDP Manager | Facilitate IDP Planners Forum meetings<br>Provide feedback on alignment and planning issues to the relevant HOD | Ongoing |
| IDP Manager | Collate information that affects IDP i.e.<br>Status Quo changes, Summit Actions, IDP planners inputs, Budget allocations | Mid January |
| HOD's | Analysing data, trends that determines future directions or changes in the environment. | |
| Planning | Co-ordinate ZDM strategic meeting | 28 February |
| MM | Facilitate or delegate facilitation of workshop | |
| IDP Manager | Document Strategic meeting actions | |
| HOD's | Define objectives, KPI's, strategies, baseline, targets, quarterly targets, budget input | March - May |
| HOD's | Defining KPI's data requirements, portfolio of evidence for KPI's, responsibility for data collection, collection procedure and frequency. | |
| HOD's | Specifying and implementing systems to collect data | |
| HOD's | Define required monitoring and management information that ensures KPIs are achieved. | |
| IDP Manager | Validate Quality of KPI's in terms of its Smartness. | |
| IDP Manager | Validate KPI's to ensure:<br>1. Ensure KPI's are aligned to IDP strategic | |

| | | |
|---|---|---|
| | Objectives<br>2. Compulsory KPI's included<br>3. ZDM's KPI's represent balanced score card perspective | |
| MANCO | Review municipal SDBIP | March - May |
| HOD | Revise SDBIP to produce final SDBIP<br>Approve KPI's | June |
| IDP Manager | Prepare Draft IDP | 28 February |
| MM | Produce Performance Contracts with HOD's KPI's and responsibilities | June - July |
| MM | Discuss and sign performance agreements | |
| IDP Manager | Submit draft to ZDM Rep Forum | |
| | Submit Draft to Exco | March |
| IDP Manager | Advertise Draft IDP for comments | March - April |
| IDP Manager | Incorporate Comments | April - May |
| IDP Manager | Submit IDP to Exco for final approval | May |
| IDP Manager | Submit approved IDP to council | May |
| IDP Manager | Submit approved IDP to DLGTA | June within 10 days after council approval |
| Mayor | Report to public, council, MEC<br>Monthly revenue and expenditure projections, service delivery targets and performance indicators for each quarter. | 14 days after approval of SDBIP |

FUNCTION: IMPLEMENT CURRENT YEARS IDP

| Accountability | Action | Deadline |
|---|---|---|
| CFO | Ensure vote structure supports reporting and traceability to KPI's<br>Allocate approved budget to vote numbers | |
| CFO (delegated by MM) | Set up internal audit and performance audit committees schedule<br>Ensure that TOR is reviewed and is relevant for internal audit and Performance Audit Committee | 01 August |
| HOD's | Capture project information in IMPI i.e. project description, vote number, KPI Number, planned quarterly milestones, estimated budget expenditure per quarter | 01st of July, ongoing |
| HOD's | Implement strategies, projects or initiatives for KPI | 01 July to 30 June |
| CFO | Provide Monthly report to MM | 7 days from month end |
| MM | Provide Monthly report to mayor and provincial treasury<br>Statement in prescribed format on state of budget reflecting details for the month and year-to-date, including projections for rest of year as required by section 87, MFMA | 10 working days from month end |
| Mayor | review monthly reports and only report to council if there are material deviations from the budget and SDBIP | 10 working days from month end |
| HOD | Review and assess quarterly KPI performance.<br>Identifying and implementing process improvement initiatives. | 10 working days from month end for the quarter |
| HOD | Ensuring that portfolio of evidence is routinely collected.<br>Make evidence available to internal audit. | 10 working days from month end for the quarter |
| CFO | Produce and submit quarterly reports on performance to MM | 7 days from month end for the quarter |

| | | |
|---|---|---|
| MM | Assess and review HOD's quarterly performance and consider internal audit's report | 10 working days from month end for the quarter |
| MM | Produce and submit quarterly reports on performance to Mayor | 10 working days from month end for the quarter |
| CFO | Prepare and submit mid-year review reports to MM | January |
| MM | Provide mid-year review report including recommendations regarding the need for an adjustment budget to mayor, National and provincial treasury (MFMA, subsection 1a) | 25 January |
| Mayor | Present Section 72 report to council | 31 January |
| CFO | Consider mid year performance assessment in budget preparation function | 31 January |
| Mayor | review mid year review reports and tables to council with recommendations regarding the need for an adjustments budget | 31 January |
| Council | Considers midyear performance assessment and act as necessary | 31 January |
| MM | Assess annual performance | 31 August of next year |
| CFO (delegated by MM) | Management of contracts and agreements as well as performance of contractors in terms of section 116. | Monthly |

## REPORTING REQUIREMENTS

| REPORT | FREQUENCY | SUBMITTED FOR CONSIDERATION AND/OR REVIEW TO | REMARKS |
|---|---|---|---|
| 1. SDBIPs | Quarterly | Executive Committee | See MFMA Circular 13 of National Treasury for further information |
| 2. Monthly budget statements | Monthly | Mayor (in consultation with Exco) | See sections 71 and 54 of the MFMA |
| 3. Organisational Scorecard | Quarterly | Executive Committee | |
| 4. SDBIP mid-year budget and performance assessment | Annually during January of each year | Mayor (in consultation with Exco) | See sections 72 and 54 of the MFMA |
| 5. Performance report | Annually | Council | See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report (see 7 below) |
| 6. Annual report | Annually | Council | See chapter 12 of the MFMA |

## PERFORMANCE ASSESSMENT

1. Performance will be measured and evaluated annually.
2. The performance assessment consists of two components, both of which must be contained in the performance agreement. The employee is assessed against both components, with a weighting of 80: 20 allocated to the Key Performance Areas (KPAs) and the Critical Leading Competencies (CLCs), respectively.
3. The employee's assessment will be based on his or her performance of the KPI's that are associated to a KPA.
4. In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.
5. The CLCs will make up the other 20% of the employee's assessment score.
6. The performance of the employee in relation to his or her performance agreement is reviewed quarterly, with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory.
7. ZDM does a written assessment of the mid-year review and annual assessment meetings.
8. Performance feedback is based on the employer's assessment of the employee's performance.
9. 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.
10. Calculation of scorecards:
11. KPI's are scored per KPA, where each KPA is weighted and the total of the KPA weightings =1

    KPA Score = KPA weighting * % KPI for associated KPA, where

    % KPI =(Total of the KPI ratings for the measured KPI's where rating ranges from of 1 to 5)/ (number of KPI's for the KPA *3), since 3 represents 100%.

    CLC Score = Sum of (CLC weighting *%CLC), where % CLC = CLC rating (1-5) /3

    <u>Performance Assessment Calculation</u>

    = 0.8 * KPA score + 0.2 Competency Requirement Score

## WHAT ASPECTS OF PERFORMANCE WILL BE MANAGED?

The following aspects relating to performance management will be managed:

| ASPECT | DESCRIPTION |
|---|---|
| Broad Participation | Representation via the ZDM Rep Forum<br>Sector engagement via Portfolio Committees and consultants<br>IDP Roadshows<br>Adverts in local and provincial newspapers |
| IDP Alignment | IDP Alignment via the IDP planners forum<br>ZDM Summit that is held annually<br>Regular alignment meetings as per IDP Framework |
| Accountability | Signing of Performance Contract<br>Ensuring that each KPI has one person who is accountable for the KPI's performance.<br>TOR for:<br>• IDP Manager<br>• IDP Planners Forum<br>• Performance Audit Committee<br>• Internal Audit |
| Reporting Format Consistency | Standard Templates for SDBIP (see Appendix C)<br>Standard Template for Quarterly Review (See Appendix D) |
| Performance Planning | During Performance planning the following aspects are verified by the IDP manager and Internal Audit<br>• IDP Alignment<br>• Legislative Compliance (see Tasks and Accountabilities)<br>• KPI Selection (see below)<br>• KPI Quality (see below)<br>• KPI Data Criteria (see below) |
| Performance Implementation | Signing of Performance Contract |
| Performance Monitoring | Monthly Performance Monitoring via Manco Meeting<br>Quarterly Review by HOD's<br>Monthly Budget and Expenditure Statement<br>Mid Year Review<br>Quarterly SDBIP |

| | |
|---|---|
| Performance Auditing | TOR of Performance Audit Committee and Internal Audit |
| Performance Review And Assessment | Year end performance evaluation and assessment<br>Annual Report (section 72 report)<br>Oversight Report<br>Review of progress towards outcomes |

### KPI SELECTION

KPI's are selected so that they represent all four of the balanced score card perspectives (refer to KPI selection).

KPI's are also classified in terms of whether it represents an input, output, process or outcome indicator. KPI's are chosen so that there is a mixture of leading and lagging indicators.

### KPI QUALITY ASSESSMENT

Each KPI is evaluated according the following criteria:

**S = Specific** Is the measure clear and focused to avoid misinterpretation? It should include measurement assumptions and definitions, and should be easily interpreted.

**M = Measurable** Can the measure be quantified and compared to other data? It should allow for meaningful statistical analysis. Avoid yes/no" measures except in limited cases, such as start-up or systems-in-place situations.

**A = Attainable** Is the measure achievable, reasonable, and credible under conditions expected?

**R = Realistic** Does the measure fit into the organization's constraints? Is it cost-effective?

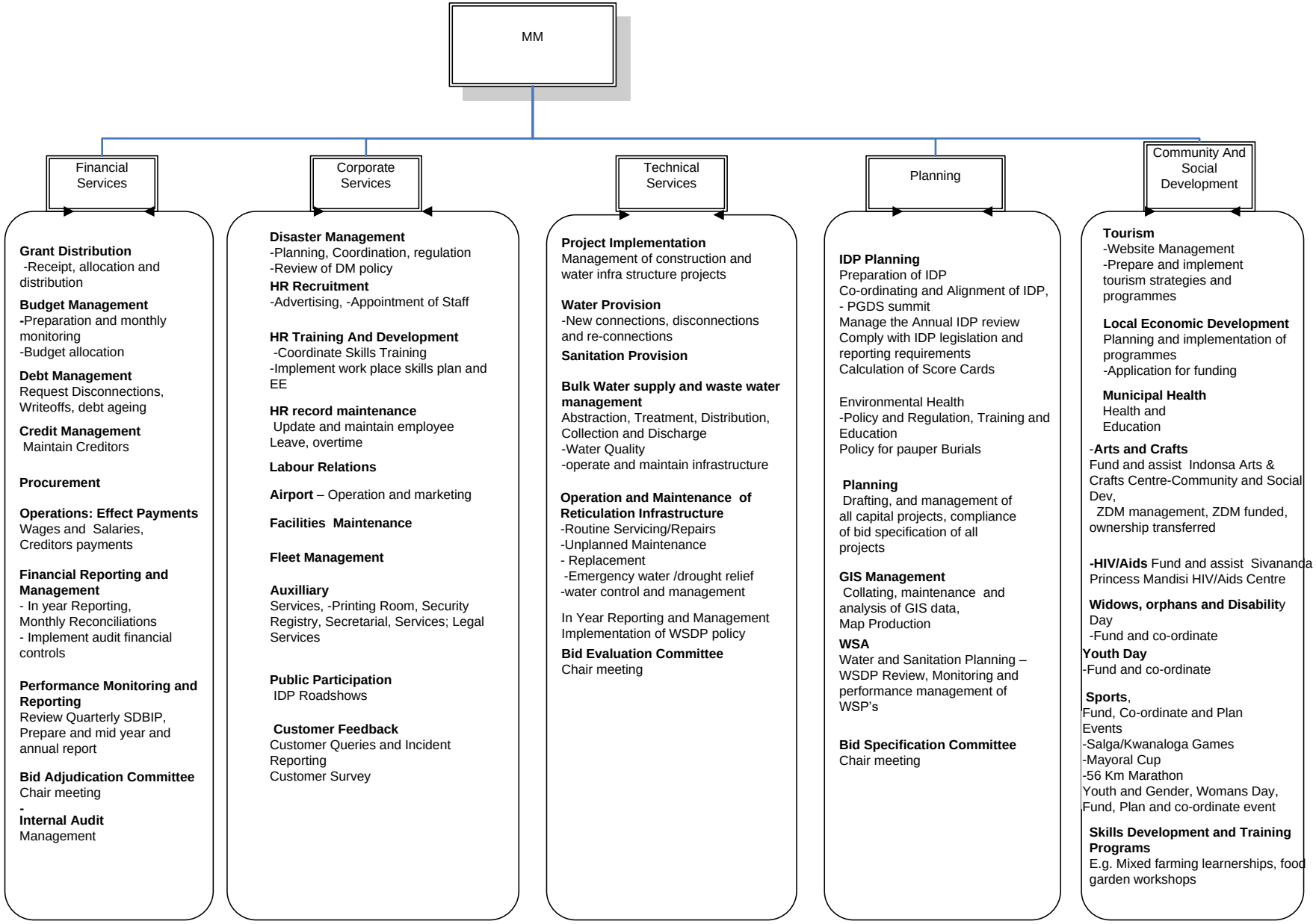
**T= Timely** Is measurement doable within the time frame given?

DATA CRITERIA

Data availability and reliability can impact the selection and development of performance measures. With regard to *Data Criteria*, the following aspects are considered

| | |
|---|---|
| Availability | Is the data currently available? If not, can the data be collected?<br>Are better indicators available using existing data?<br>Are there better indicators that we should be working towards, for which data are not currently available? |
| Accuracy | Are the data sufficiently reliable?<br>Are there biases, exaggerations, omissions, or errors that are likely to make an indicator or measure inaccurate or misleading?<br>Is the data verifiable and auditable? |
| Timeliness | Is the data timely enough for evaluating program performance?<br>How frequently is the data collected and/or reported (e.g., monthly vs. annually)? |
| Costs of Data Collection | Are there sufficient resources (e.g., expertise, computer capability or funds) available for data collection?<br>Is the collection of the data cost-effective (i.e., do the costs exceed the benefits derived from the data) |

# APPENDIX A: ZDM ORGANOGRAM



# APPENDIX B: ORGANIZATIONAL SCORECARD TEMPLATE

| Program driver | Objective | Indicator | Ind. Type | No | Baseline | Quarter 1 | | Quarter 2 | | Mid-Year Performace Q1 + Q2 | | Quarter 3 | | Quarter 4 | | Annual Target (Year 1) | | | | | Year 2 | Year 3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target | Actual | 1 (Unacceptable Performance) | 2 (Not Fully Effective) | 3 (Fully Effective) | 4 (Performance Significantly above expectations) | 5 (Outstanding Performance) | Annual target | Annual target |
| | | | | | | | | | | | | | | | | | | | | | | |
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# APPENDIX C: SDBIP TEMPLATE

| Program driver | Objective | Indicator | Ind. Type | No | Baseline | Quarter 1 | | | Quarter 2 | | | Mid-Year Performace Q1 + Q2 | | Quarter 3 | | | Quarter 4 | | | Annual Target | | | | | Project | GFS Vote | Evidence reference |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Target | Actual | Evidence reference | Target | Actual | Evidence reference | Target | Actual | Target | Actual | Evidence reference | Target | Actual | Evidence reference | 1 (Unacceptable Performance) | 2 (Not Fully Effective) | 3 (Fully Effective) | 4 (Performance Significantly above expectations) | 5 (Outstanding Performance) | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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# APPENDIX D: PERFORMANCE ASSESSMENT CALCULATOR

| ZDM PERFOMANCE ASSESMENT CALCULATOR<br>Annual Performance Assessment<br>Assessment Rating Calculator | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name:** | | | | | | | |
| **Year:** | 2012/13 | | | | | | |
| **KPA** | **Weight** | **Rating** | **Score** | | **CCR** | **Weight** | **Rating** | **Score** |
| 1 | 40% | 3 | 1.2 | | 1 | 25% | 3 | 0.75 |
| 2 | 15% | 3 | 0.45 | | 2 | 20% | 3 | 0.6 |
| 3 | 25% | 3 | 0.75 | | 3 | 25% | 3 | 0.75 |
| 4 | 20% | 3 | 0.6 | | 4 | 10% | 3 | 0.3 |
| 5 | 0% | 3 | 0 | | 5 | 20% | 3 | 0.6 |
| | | | 0 | | | | | 0 |
| | | | 0 | | | | | 0 |
| | 100% | | 100 | | | 100% | | 100 |
| KPA weight | | | 80% | | CCR weight | | | 20% |
| **KPA SCORE** | | | **80%** | | **CCR SCORE** | | | **20%** |
| **FINAL SCORE** | | | | | | | | **100%** |

# APPENDIX E: PERFORMANCE AGREEMENT

# SENIOR MANAGEMENT SERVICES

# PERFORMANCE AGREEMENT

_____

The Municipal Manager reporting to the Mayor

("The Municipal Manager"

AND

_____

The Head of Department: ..... Services reporting to the Municipal Manager

("The Head of Department: ..... Services")

Financial year: 01 July ..... - 30 June .....

**PERFORMANCE AGREEMENT**

**ENTERED INTO BY AND BETWEEN:**

The Zululand District Municipality herein represented by the Municipal Manager (hereinafter referred to as the Employer or Supervisor)

And

Mr/Ms, Employee of the Municipality (hereinafter referred to as the Employee or Head of Department: ..... Services).

**WHEREBY IT IS AGREED AS FOLLOWS:**

## 1. INTRODUCTION

1.1 The Municipality has entered into a contract of employment with the Head of Department: ..... Services for a period of five (5) years, ending on 31 July 2016 in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act").

1.2 Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement.

1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Head of Department: ..... Services reporting to the Municipal Manager to a set of outcomes that will secure local government policy goals.

1.4 The parties wish to ensure that the Municipal Manager will be responsible for facilitating the setting and evaluation of performance objectives and targets on behalf of the Municipality. The Municipal Manager shall report to the Mayor in regard to the above.

## 2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to –

2.1 comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the employment contract entered into between the parties;

2.2

2.3 specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality.

2.4 specify accountability as set out in a performance plan, reflected as Annexure A to the performance agreement;

2.5 monitor and measure performance against set targeted outputs;

2.6 monitor and measure the core competencies against competency behavioural standards;

2.7 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;

2.8 in the event of outstanding performance, to appropriately reward the employee;

2.9 proactively focus on the development of the Head of Department: ..... Services (Personal Development Plan – Annexure B);

2.10 give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

## 3. COMMENCEMENT AND DURATION

3.1 This Agreement will commence on the 1st of July ..... and will be applicable until the 30th of June ..... This agreement will remain until a new Performance Agreement is concluded between the parties, if required during the performance cycle.

3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by no later than the beginning of each successive financial year.

3.3 This Agreement should be read in conjunction with the Contract of Employment and this agreement will terminate on the termination of the Head of Department: ..... Services Contract of Employment.

3.4 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

## 4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan (Annexure "A") sets out:

4.1.1 The performance objectives and targets that must be met by the Head of Department: ..... Services ; and

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The performance objectives and targets reflected in Annexure "A" are set by the Municipal Manager in consultation with the Head of Department: ..... Services, and based on the Integrated

Development Plan, Service Delivery and Budget Implementation Plan (SDBIP), and shall include key objectives, key performance indicators, target dates and weights.

4.3 The key objectives describe the main tasks that need to be done.

4.4 The key performance indicators provide a means to measure the extent to which a key objective has been achieved.

## 5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Head of Department: ..... Services accepts that the purpose of the Performance Management System will be to provide a comprehensive system with specific performance standards to assist the Municipality, management and municipal staff to perform to the standards required.

5.2 The Municipal Manager will consult the Head of Department: ..... Services about the specific performance standards that will be included in the Performance Management System as applicable to the Head of Department: ..... Services.

5.3 The Municipal Manager undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the employee's responsibilities) within the local government framework.

5.4 The criteria upon which the performance of the Head of Department: ..... Services shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

5.5 The Head of Department: ..... Services must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CLCs) respectively.

5.6 Each area of assessment will be weighted and will contribute a specific part to the total score.

5.7 KPAs covering the main areas of work will account for 80% and CLCs will account for 20% of the final assessment.

5.8 The Head of Department: ..... Services assessment will be based on his performance in terms of the performance indicators identified as per attached Performance Plan (**Annexure A)**, which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Municipal Manager and the Head of Department: ..... Services.

| **Key Performance Areas (KPA's)** | **Weighting** |
|---|---|
| Basic Service Delivery | |
| Local Economic Development, Agriculture and Business | |
| Social Development and Food Security | |
| Good governance and Public Participation | |
| **Total** | **100%** |

5.9 The critical Leading Competencies (CLC) and Core Competencies (CC) as per Annexure A of the Local Government: Competency Framework for Senior Managers will make up the other 20% of the Employee's assessment score. There is no hierarchical connotation and all competencies are essential to the role of the …… . All competencies must therefore be selected from the list below as agreed to between the Employer and the Employee:

| CRITICAL LEADING COMPETENCIES | | WEIGHT |
|---|---|---|
| **Strategic Direction and Leadership** | • Impact and influence<br>• Institutional Performance Management<br>• Strategic Planning and Management<br>• Organisational Awareness | |
| **People Management** | • Human Capital Planning and Development<br>• Diversity Management<br>• Employee Relations Management<br>• Negotiation and Dispute Management | 20% |
| **Programme and Project Management** | • Program and Project Planning and Implementation<br>• Service Delivery Management<br>• Program and Project Monitoring and Evaluation | 5% |
| **Financial Management** | • Budget Planning and Evaluation<br>• Financial Strategy and Delivery<br>• Financial Reporting and Monitoring | |
| **Change Leadership** | • Change Vision and Strategy<br>• Process Design and Improvement<br>• Change Impact Monitoring and Evaluation | |
| **Governance Leadership** | • Policy Formulation<br>• Risk and Compliance Management<br>• Co-operative Governance | |
| **CORE COMPETENCIES** | | |
| **Moral Competence** | | |
| **Planning and Organising** | | |
| **Analysis and Innovation** | | |
| **Knowledge and Information Management** | | |
| **Communication** | | |
| **Results and Quality Focus** | | |
| | | |

| | | |
|---|---|---|
| **Total percentage** | | 100% |

## 6. EVALUATING PERFORMANCE

6.1 The Performance Plan (Annexure "A") to this Agreement sets out:

6.1.1 the standards and procedures for evaluating the Head of Department: ..... Services performance; and

6.1.2 the intervals for the evaluation of the Head of Department: ..... Services performance.

6.2 Despite the establishment of agreed intervals for evaluation, the Municipal Manager may, in addition, review the Head of Department: ..... Services performance at any stage while the Contract of Employment remains in force.

6.3 Personal growth and development needs identified during any performance review discussion must be documented in Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.

6.4 Any submission/achievement required in accordance with a KPI will be deemed to be submitted/achieved, only after the Municipal Manager was satisfied that the submission/achievement was of sufficient quality.

6.5 The annual performance appraisal will involve:

6.5.1 **Assessment of the achievement of results as outlined in the performance plan:**

(a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.

(b) An indicative rating on the five-point scale should be provided for each KPA.

(c) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

6.5.2 **Assessment of the CLCs & CCs:**

(a) Each CLC & CC should be assessed according to the extent to which the specified standards have been met.

(b) An indicative rating on the five-point scale should be provided for each CLC & CC

(c) This rating should be multiplied by the weighting given to each CLC & CC during the contracting process, to provide a score.

(d) The applicable assessment rating calculator must then be used to add the scores and calculate a final CLC & CC score.

6.5.3 **Overall rating**

(a) An overall rating is calculated by using the applicable assessment-rating calculator. Such overall ratings represent the outcome of the performance appraisal.

6.5.4 The assessment of the performance of the Head of Department: ..... Services will be based on the following rating scale for KPA's and CLCs & CCs:

| Level | Terminology | Description |
|---|---|---|
| 5 | Outstanding performance | Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year. |
| 4 | Performance significantly above expectations | Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all other throughout the year. |

| | | |
|---|---|---|
| 3 | Fully effective | Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan. |
| 2 | Not fully effective | Performance is below the standards required for the job in key areas. Performance meets some standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan. |
| 1 | Unaccepted performance | Performance does not meet the standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement. |

6.6 For purpose of evaluating the annual performance of the Head of Department: ..... Services an evaluation panel constituted of the following persons must be established –

a) Municipal Manager;
b) Chairperson of performance audit committee
c) Member of the executive committee
d) Municipal Manager from another municipality

6.7 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panel referred to in sub-regulations (d) and (e) of the Municipal Systems Act (Act no 32 of 2000).

## 7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of the employee in relation to his performance agreement shall be reviewed on the dates provided by the Municipal Manager and one member of the Executive Committee and in case of

managers reporting to the Municipal Manager, the Municipal Manager with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

| | | |
|---|---|---|
| **First quarter** | **:** | **October** |
| **Second quarter** | **:** | **January** |
| **Third quarter** | **:** | **April** |
| **Fourth quarter** | **:** | **July** |

7.2 The Municipal Manager shall keep record of the mid-year review and annual assessment meetings.

7.3 Performance feedback shall be based on the Municipal Managers assessment of the Head of Department: ..... Services performance.

7.4 The Municipal Manager will be entitled to review and make reasonable changes to the provision of Annexure A from time to time for operational reasons. The Head of Department: ..... Services will be fully consulted before any such change is made.

7.5 The Municipal Manager may amend the provisions of Annexure A whenever the Performance Management System is adopted, implemented and / or amended as the case may be. In that case the Head of Department: ..... Services will be fully consulted before any such change is made.

## 8. DEVELOPMENTAL REQUIREMENTS

8.1 The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure B.

8.2 The Employer shall –

8.1.1 create an enabling environment to facilitate effective performance by the employee;

8.1.2 provide access to skills development and capacity building opportunities;

8.1.3 work collaboratively with the Head of Department: ..... Services to solve problems and generate solutions to common problems that may impact on the performance of the Head of Department: ..... Services .

8.1.4 on request of the Head of Department: ..... Services delegate such powers reasonably required by the Head of Department: ..... Services to enable him to meet the performance objectives and targets established in terms of this Agreement; and

8.1.5 make available to the Head of Department: ..... Services such resources as the Head of Department: ..... Services may reasonably require from time to time to assist him to meet the performance objectives and targets established in terms of this Agreement.

## 9. CONSULTATION

9.1 The Municipal Manager agrees to consult the Head of Department: ..... Services timely where the exercising of the powers will have amongst others:

9.1.1 a direct effect on the performance of any of the Head of Department: ..... Services functions;

9.1.2 commit the Head of Department: ..... Services to implement or to give effect to a decision made by the Municipal Manager; and

9.1.3 a substantial financial effect on the Municipality.

9.2 The Municipal Manager agrees to inform the Head of Department: ..... Services of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable to enable the Head of Department: ..... Services to take any necessary action without delay.

**10. MANAGEMENT OF EVALUATION OUTCOMES**

10.1 The evaluation of the Head of Department: ..... Services performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

10.2 A performance bonus for the Head of Department: ..... Services in recognition of outstanding performance to be constituted as follows:

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

b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

10.3 In the case of unacceptable performance, the Municipal Manager shall –

a) provide systematic remedial or developmental support to assist the Head of Department: ..... Services to improve his or her performance; and

b) after appropriate performance counselling and having provided the necessary guidance and / or support as well as reasonable time for improvement in performance, the Municipal Manager may consider alternative steps as advised through a formal disciplinary hearing.

**11. DISPUTES RESOLUTION**

11.1 In the event that the employee is dissatisfied with any decision or action of the Council in terms of this Agreement, or where a dispute or difference arises as to the extent to which the employee has achieved the performance objectives and targets established in terms of this Agreement, the employee may meet with the employer with a view to resolving the issue.

11.2 During the meeting the employer will record the outcome of the meeting in writing.

11.3 If the parties could not resolve the issues as mentioned in 11.1 the matter should be referred to the Municipal Council (or any other person appointed by the Council provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations, 2006,) within thirty (30) days of receipt of a formal dispute from The Head of Department: ..... Services.

11.4 If the parties do not agree, the dispute may be reffered to a mediator, mutually agreed upon by both parties whose decision shall be final and binding on matters covered in this agreement.

11.5 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

**12. GENERAL**

12.1 The contents of the Agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Municipality, where appropriate.

12.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Head of Department: ..... Services in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

12.3 The performance assessment results of the Head of Department: ..... Services must be submitted to the MEC for Local Government in the provincial government and the National Minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and **signed** at **Ulundi** on this ….. day of **July .....**

**AS WITNESSES:**

1. ……..

2. ……..  ……..

**THE MUNICIPAL MANAGER**
**ZULULAND DISTRICT MUNICIPALITY**

Signed at **Ulundi** on this …… day of **July .....**

**AS WITNESSES:**

1. ……..

2. ……..  ……..

**HEAD OF DEPARTMENT: ..... SERVICES**

# APPENDIX F: ANNUAL PERFORMANCE PLAN

**PERFORMANCE PLAN OF THR HEAD OF DEPARTMENT: ..... SERVICES ...../.....**

| NO | Objective | Indicator | Quarterly targets | | | | Annual target (...../.....) |
|---|---|---|---|---|---|---|---|
| | | | Q1 | Q2 | Q3 | Q4 | |
| **BASIC SERVICE DELIVERY** | | | **Total Weight** | | | | **20%** |
| | | | | | | | |
| **LOCAL ECONOMIC DEVELOPMENT** | | | **Total Weight** | | | | **30%** |
| | | | | | | | |
| **FINANCIAL VIABILITY** | | | **Total Weight** | | | | **20%** |
| | | | | | | | |
| **GOOD GOVERNANCE & PUBLIC PARTICIPATION** | | | **Total Weight** | | | | **15%** |
| | | | | | | | |
| **MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT** | | | **Total Weight** | | | | **15%** |
| | | | | | | | |

**Municipal Manager's signature: _____**

**Head of Department: ..... Services signature: _____**

# APPENDIX G: STANDARD OPERATING PROCEDURES

| KEY PERFORMANCE AREA | Purpose/ Importance (objective) | Type of KPI | Indicator title | Indicator No. | Definition | Source/collection of data (Input) | Reporting cycle | Method of calculation / verification (Portfolio of Evidence) | Activities | Calculation type | Desired performance (Output) | Indicator responsibility |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| Infrastructure and Services | Maintaining an updated Water Services Development Plan | Input | Final 2018/2019 WSDP submitted to Council for approval by 30 Jun 2018 | 1 | The KPI intends to measure and monitor the development of the WSDP | STATS SA Data, baseline information, community and stakeholder's priorities, projects and programmes | Annually | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft 2018/2019 WSDP submitted to Council for approval by 30 Mar 2018; Final 2018/2019 WSDP submitted to Council for approval by 30 Jun 2018 | Non-cumulative | Final 2018/2019 WSDP submitted to Council for approval by 30 Jun 2018 | HOD: Planning |
| | Maintaining an updated water loss strategy | Process | Final 2018/2019 water loss strategy submitted to Council for approval by 30 Jun 2018 | 2 | The KPI intends to measure and monitor the development of the water loss strategy | baseline information | Annually | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft 2018/2019 Water Loss submitted to Council for approval by 30 Mar 2018 | Non-cumulative | Final 2018/2019 Water Loss submitted to Council for approval by 30 Jun 2018 | HOD: Planning |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ensuring universal access to water&sanitation | Output | % of households with access to basic level of water (Reticulation-new household connections) | 3 | The intention of the KPI is to measure the number of households served | Baseline information | Quartely | Completion certificate/ Design report/ Spreadsheet with borehole information | Number of new connections divided by the number of households within the District and multiply by 100, and that gives the percentage of households served within that specific quarter. | Non-cumulative | | | HOD:TECH |
| | Ensuring universal access to water&sanitation | Output | % of households earning less than R1600 pm with access to free water (Note: Rudimentary) | 4 | The intention of the KPI is to measure the number of households served through rudimentary and house connections | Baseline information | Quartely | Completion certificate/ Design report | Number of new connections divided by the number of households within the District and multiply by 100, and that gives the percentage of households served within that specific quarter. | Non-cumulative | | | HOD:TECH |
| | Ensuring universal access to water&sanitation | Output | & of households with access to basic level of sanitation as per WSDP | 5 | This KPI intends to measure the number of households served through sanitation | baseline information | Quartely | Measurement certificate | Number of new connections divided by the number of households within the District and multiply by 100, and that gives the percentage of households served within that specific quarter. | Non-cumulative | | | HOD:TECH |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ensuring universal access to water&sanitation | Outp ut | % of households earning less than R1600 pm with access to free basic sanitation | 6 | This KPI intends to measure the number of households served through sanitation | baseline information | Quartel y | Measurement certificate | Number of new connections divided by the number of households within the District and multiply by 100, and that gives the percentage of households served within that specific quarter. | Non-cumulative | | HOD:TECH |
| | Implement regional schemes | Input | Number of business plans submitted to funders by 30 Jun 2018 | 7 | The KPI intends to source funding for implementati on of regional schemes | Comprehensi ve infrastructur e plan and WSDP | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: |
| | Implement rural sanitation new infrastructure & phase 3 replacement programme | Input | Number of business plans submitted to funders by 30 Jun 2018 | 8 | The KPI intends to source funding for implementati on of rural sanitation infrastructure | Comprehensi ve infrastructur e plan and WSDP | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: |

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| | Effectively regulating and monitoring WSP's and Water Services Intermediaries | Proce ss | Number of WSP Meetings scheduled per quarter | 9 | The KPI intends to measure and ensure the efectiveness of intergovernm ental relations/ programmes | Minutes of previous meeting/s | Quartel y | Minutes/ attendance register | 2 WSP meetings scheduled by 30 Sept 2018; 3 WSP meetings scheduled by 30 Dec 2018; 2 WSP meetings scheduled by 30 Mar 2018; 2 WSP meetings scheduled by 30 Jun 2018 | cumulative | 9 WSP Meeetings | HOD: Planning |
| | Implement strategies to reduce water loss | Outp ut | % water leaks recorded by 30 Jun 2018 | 10 | The KPI intends to measure the efectiveness of the water loss strategy | water loss reports; baseline | Quartel y | Water loss reports | conduct assesment of % water lost | cumulative | % water leaks recorded | HOD: Planning |
| | Investigate&implemen t billing to previously unbilled areas | Input | Develop phase 1 of the Comprehen sive indigent register by 30 Jun 2018 | 11 | the KPI ntends to regulate free basic service provision | Indigent register | Ongoin g | Indigent register | Draft scope of works& procure services of a suitable service provider; Field data collection& analysis; Draft phase 1 indigent register submitted to MM by 30 Mar 2018 | Non-cumulative | Final phase 1 indigent register submitted to MM by 30 Jun 2018 | HOD: CFO |
| | Improving quality of ground water delivered to communities through partnerships | Outp ut | Number of water quality tests conducted as per the approved strategy | 12 | The KPI intends to monitor quality of water supplied to communities | Test report | Quartel y | Water quality reports | Conduct water quality tests | cumulative | Water quality reports | HOD:TECH |

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| | Rehabilitation&Refurbishment of water treatment works & infrastructure to improve quality of surface water | Input | Rehabilitation and refurbishment programme submitted to MM by 30 Jun 2018 | 13 | This KPI intends to ensure maintanance of water infrastructure | Maintanance plan | Quartely | Rehabilitation and refurbishment programme | Draft scope of works& procure services of a suitable service provider; Field data collection& analysis; Draft Rehabilitation and refurbishment submitted to MM by 30 Mar 2018 | Non-cumulative | Final Rehabilitation and refurbishment submitted to MM by 30 Jun 2018 | HOD: TECH |
| | Constantly develop management capacity to operationalise the airport | Input | Investigate feasibility of transporting fresh produce outside of the DM by 30 Jun 2018 | 14 | The KPI intends to measure linkages between the airport and local economic development | Local economic development strategy | Quartely | Final fresh produce feasibility report | Draft scope of works& procure services of a suitable service provider; Field data collection& analysis; Draft fresh produce feasibility report outside of the DM by 30 Mar 2018 | Non-cumulative | Final fresh produce feasibility report outside of the DM by 30 Jun 2019 | HOD: COMM |
| | Secure capital to implement refurbishment and rehabilitation of airport infrastructure | Input | Number of business plans submitted to funders by 30 Jun 2018 | 15 | This KPI intends to ensure improvement and maintanance of airport infrastructure | Airport plan | Quartely | airport infrastructure bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | | HOD: CORP |
| | Investigate and implement potential opportunities to make the airport functional and viable | Input | No of engagements held with potential partners by 30 Jun 2018 | 16 | This KPI intends to enhance the funcionality and viability of the airport | Airport plan | Quartely | Minutes/ attendance register | Identify potential partners& request for proposals; Evaluate proposals&table to MANCO/EXCO; Enter into agreements with preffered bidder; Implement phase 1 of the agreement | Non-cumulative | Implement phase 1 of the agreement | HOD: CORP |

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| | Review Disaster Management Plan | Input | Final 2018/2019 Disaster Management Plan submitted to Council for approval by 30 Jun 2018 | 17 | Ensure that the Disaster Management Plan is developed, adopted by Council | STATS SA Data, baseline information, community and stakeholder's priorities, projects and programmes | Quartel y | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Identify key areas to review & table to portfolio committee; Draft 2018/2019 Disaster Management Plan submitted to Council for approval by 30 Mar 2018 | Non-cumulative | Final 2018/2019 Disaster Management Plan submitted to Council for approval by 30 Jun 2018 | HOD: CORP |
| | Establish functionally effective arrangements | Input | Package Business Plan for funding by 30 June 2018 | 18 | | | Quartel y | functionally effective arrangements Business Plans | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: CORP |
| | Constantly identify education, training, public awareness | Input | Disaster Management Workshop held by 30 Jun 2018 | 19 | The KPI intends to ensure awareness of disaster management plan and strategies | disaster management pla | Quartel y | Minutes/ attendance register | Draft list of requirements & workshop with portfolio committee; Market workshop; Schedule and implement workshop; Review workshop impact | Non-cumulative | | HOD: CORP |

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| | Develop Integrated Waste Management Strategy | Input | Package Business Plan for funding of Integrated Waste Management Strategy by 30 June 2018 | 20 | this KPI intends to ensure sourcing of funding for Integrated Waste Management Strategy | National Environmental Management: Waste Act | Quartely | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | Investigate feasibility of Regional Fresh Produce Markets | Input | Package Business Plan for funding of Regional Fresh Produce Markets by 30 June 2018 | 21 | this KPI intends to ensure sourcing of funding for Regional Fresh Produce Markets | LED Stategy | Quartely | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | To develop a Municipal Environmental Health Strategy | Input | Package Business Plan for funding of Municipal Enviro Health Strategy by 30 June 2018 | 22 | this KPI intends to ensure sourcing of funding for Municipal Enviro Health Strategy | National Health Act | Quartely | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | To investigate feasibility of a fresh produce market | Input | Package Business Plan for funding Feasibility of Fresh Produce Market by 30 June 2018 | 23 | this KPI intends to ensure sourcing of funding for Feasibility of Fresh Produce Market | | Quartely | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | |

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| | Investigate the feasibility of a Regional Cemetery | Input | Package Business Plan for funding of Feasibility of Regional Cemetery by 30 June 2018 | 24 | this KPI intends to ensure sourcing of funding for Feasibility of Regional Cemetery | community and stakeholder's priorities | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| Economic, Agriculture & Tourism | Transform the Spatial Economy | Input | Package Business Plan for funding of Nodal Developme nt Programme by 30 June 2018 | 25 | this KPI intends to ensure sourcing of funding for Nodal Development Programme | District Growth and Development Plan; ZDM SDF; ZDM IDP | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: Planning |
| | Build the Capacity of the people | Input | Package Business Plan for funding of Social Developme nt Review by 30 June 2018 | 26 | this KPI intends to ensure sourcing of funding for Social Development Review | Quality of life strategy | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | Develop Business | Input | Package Business Plan for funding of developing a ZDM Contractor Developme nt Programme by 30 June 2018 | 27 | this KPI intends to ensure sourcing of funding for ZDM Contractor Development Programme | LED Stategy | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |

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| | Explore mining | Input | Package Business Plan for funding of a ZDM mine resusication and prospecting rights strategy by 30 June 2018 | 28 | this KPI intends to ensure sourcing of funding for ZDM mine resusication and prospecting rights strategy | LED Stategy | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | |
| Social Development & Food Security | Review of Zululand HIV strategy | Input | Package Business Plan for funding the review of ZDM HIV strategy by 30 June 2018 | 29 | this KPI intends to ensure sourcing of funding for ZDM HIV strategy | Quality of life strategy | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | To train&build capacity of employees | Outp ut | Percentage of the municipalit y's budget actually spent on implementi ng its Workplace Skills Plan | 30 | This KPI intends to ensure a well capacitated human resources | Workplace skills plan | Quartel y | Expenditure reports/ | Identify & capture staff skills training needs; dentify & evaluate service providers; Implement training; Monitor training impact | Non-cumulative | Comprehen sive training report | HOD: CORP |
| | Developing Youth, Gender&Elderly strategy | Input | Package Business Plan for funding the review of ZDM Youth, Gender&El derly strategy by 30 June 2018 | 31 | The KPI intends to ensure the development of special groups | sTATS SA Data, baseline information, community and stakeholder's priorities, projects and programmes | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |

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| | To train&build capacity of communities | Outp ut | No people from the community who benefited from community building programme s | 32 | This KPI intends to ensure a well capacitated community | Ndosa training centre | Quartel y | copy of reegistration register | 20 people from the community benefited from community building programmes; 21 people from the community benefited from community building programmes; 22 people from the community benefited from community building programmes; 23 people from the community benefited from community building programmes | cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | Maintaining an updated Orphans, Elderly&disabled strategy | Input | Package Business Plan for funding the review of ZDM Orphans, Elderly and Disabled strategy by 30 June 2018 | 33 | The KPI intends to ensure the development of special groups | Social development strategy | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |
| | Maintaining an updated Early Childhood Infrastructure development strategy | Input | Package Business Plan for funding the developme nt of ZDM Early Childhood Infrastructu re strategy by 30 June 2018 | 34 | this KPI intends to ensure sourcing of funding for ZDM Early Childhood Infrastructure strategy | Social development strategy | Quartel y | Bussines plan | Draft concept plan&table with portfolio committee; Cost concept & include table to CFO along with budget inputs; Draft Business Plans submitted to MM by 30 Mar 2018 | Non-cumulative | Final Business Plans submitted to MM by 30 Jun 2018 | HOD: COMM |

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| Institutional Development&Transformation | Maintain and enhance ICT infrastructure (software&hardware) of the municipality | Input | ICT policy submitted to MM by 30 Jun 2018 | 35 | To ensure management of investment in modern technology | baseline | Quartely | ICT Policy | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft ICT policy submitted to MM by 30 Mar 2018 | Non-cumulative | Final ICT policy submitted to MM by 30 Jun 2018 | HOD: CFO |
| | Maintain building assets and equipment through maintenance and refurbishment | Input | Report on the status of all municipal buildings submitted to MM by 30 Jun 2018 | 36 | The KPI intends to ensure maintenance of municipal assets | asset regiester | Quartely | Buildings maintenance report | Draft scope of works& procure services of a suitable service provider; Field data collection& analysis; Draft Report submitted to MM for budget analysis&incorporation; Implement prioritised repairs | Non-cumulative | Buildings maintenance report | HOD: CFO |
| | Maintain an updated employment equity plan | Input | Employment Equiity Plan submitted to Council fo approval by 30 Jun 2018 | 37 | To ensure complience with Employment equity targets | Employment Equity Act | Quartely | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Employment Equity Plan submitted to MM by 30 Mar 2018 | Non-cumulative | Final Employment Equity Plan submitted to MM by 30 May 2018 | HOD: CORP |

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| | Maintain an updated succession strategy | Input | Succession Strategy submitted to Council fo approval by 30 Jun 2018 | 38 | This KPI intends to ensure the development human resources to ensure availability suitably skilled/ experienced internal staff for future positions | Workplace skills plan; | Quartel y | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Succession strategy submitted to Council by 30 Mar 2018 | Non-cumulative | Final Succession strategy submitted to Council by 30 Jun 2018 | HOD: CORP |
| | Constantly monitor and improve efficiency of systems&operations | Input | Standard Operating Procedures developed for the municipalit y by 30 Jun 2018 | 39 | To ensure efficient and effective municipal operations | Performance Management System | Annuall y | Standard Operating Procedures | | Non-cumulative | Standard Operating Procedures | |
| | Constantly monitor& introduce methods to increase productivity of employees | Input | Report on methods to increase staff productivity submitted to MM by 30 Jun 2018 | 40 | To improve productivity of staff | Workplace skills plan; Performance Management System; Employee Assistance Plan; Human Resource strategy | Quartel y | Final Report on Methods | Draft scope of works with MM; Data collection& analysis; Draft Report on Methods submitted to MM | Non-cumulative | Final Report on Methods submitted to MANCO | HOD: CORP |

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| | Consistent analysis and review of the organogram against the service delivery model | Input | Municipal Organogram submitted to Council for approval by 30 Jun 2018 | 41 | the KPI intends to effective, efficient and economic use of Human Resources | Powers & Functions | Quartely | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Municipal Organogram submitted to Council by 30 Mar 2018 | Non-cumulative | Final Municipal Organogram submitted to Council by 30 Jun 2018 | HOD: CORP |
| | To review the supply chain system and establish mechanism and controls to maximise employment opportunities of local enterprizes | Input | Reviewed Supply Chain Policy submitted to Council for approval | 42 | To ensure compliance with Finance legislation | MFMA; Preferential Procument Policy Framework Act | Quartely | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Supply Chain Policy submitted to Council by 30 Mar 2018 | Non-cumulative | Final Supply Chain Policy submitted to Council by 30 Jun 2018 | HOD: CFO |
| Financial Viability | To increase the cost coverage ratio | Process | Cost Coverage ratio achieved per quarter | 43 | | | | | | | | HOD: CFO |
| | To increase the debt coverage ratio | Process | Debt Coverage ratio achieved per quarter | 44 | The general key performance indicators. This KPI measures financial viability of the municipality to service cost of debt. | Operating revenue received Operating grants Debt service payments | Quartely | (Operating revenue - Operating grants)/Debt payments | Provides relevant analysis to mangement to enable them to take better decisions on funding model through long term service debt. | Non-cumulative | Favourable calculated ratio (3). | HOD: CFO |

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| | To keep a minimum cash balance to cover average monthly expenditure | Outp ut | Number of days with excessive funds in current account in relation to strategy | 45 | | | | | | | | HOD: CFO |
| | To report timely and accurately | Proce ss | Annual report 2017/2018 tabled to Council by 31 Jan 2018 | 46 | To ensure annual report is developed and adopted by Council | IDP; PMS; baseline information, community and stakeholder's priorities, projects and programmes; Financial Statements; AG report | | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Annual Report submitted to Council by 30 Aug 2017; Final Annual Report submitted to Council by 30 Jan 2018 | Non-cumulative | Final Annual Report submitted to Council by 30 Jan 2018 | HOD: CFO |
| | improve revenue collection(collection of rates in previously unbilled areas) | Outp ut | % of rates collected in previously unbilled areas by 30 Jun 2018 | 47 | General key performance indicator. This ratio assess financial viability to cellect outstanding debtors. | BS 902 Report | Quarte rly | Total outstanding service debts/Revenu e actually collected | Identifies the effectiveness of management strategies regarding the implementation of debt collection policy. | Cummulativ e | Favourable calculated ratio (0.25). | HOD: CFO |

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| Democracy&Governance | complete and submit accurate annual financial statements within the specified time period | Output | % of accounts adjustments effected per quarter | 48 | The municipality is required to prepare Annual Financial Statementsa and submit to AG with two months after the financial year end. | Annual Financial Statements | Annually | Acknowledgement of receipt by AG. | To ensures compliance with Public Audit Act and other relevant legislations. | None | Submission by 30 August. | HOD: CFO |
| | complete a budget within the specified time period | Input | Final budget tabled to Council for approval by 30 Jun 2018 | 49 | To ensure sound budgetting to achieve municipal objectives | IDP; STATS SA Data, baseline information, community and stakeholder's priorities, projects and programmes | Quarterly | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Budget submitted to Council by 30 Mar 2018 | Non-cumulative | Final Budget submitted to Council by 30 Jun 2018 | HOD: CFO |
| | To have an effective Auditing Function | Output | Percentage of audit querries addressed from the AG report by end of the financial year | 50 | To ensure issues raised by AG are attended to and rectified | Audit Action Plan; Auditor General Report | Quarterly | Audit Action Plan status Report | To ensure that all audit queries are addressed to resolve at the end of the financial year. | Cumulative | 100% resolved | HOD: CFO |
| | To review and improve public participation mechanisms | Input | Public Participation Programme submitted to Council by 30 Jun 2018 | 51 | To ensure community involvement in municipal programmes and activities | Community and stakeholder's priorities, projects and programmes | Quarterly | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Participation Plan submitted to Council by 30 Mar 2018 | Non-cumulative | Final Participation Plan submitted to Council by 30 Mar 2018 | |

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| | Schedule annual events to inform and report back to communities on service delivery programmes | Output | No of scheduled annual events held by 30 Jun 2018 | 52 | to forster interaction between the municipality and communities | Community and stakeholder's priorities, projects and programmes | Quarterly | | Scheduled 1 annual event per quarter | cumulative | 4 scheduled annual events held by 30 Jun 2018 | |
| | Development and maintenance of an updated communication strategy | Input | Communication Strategy tabled to Council for approval by 30 Jun 2018 | 53 | To enhance communication between the municipality and stakeholders | community satisfaction survey | Quarterly | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Communication Strategy tabled to Council for approval by 30 Mar 2018 | Non-cumulative | Final Communication Strategy tabled to Council for approval by 30 May 2018 | |
| | Maintain an updated performance management system to monitor service delivery performance | Input | Performance Management Framework tabled to Council for adoption by 30 Jun 2018 | 54 | Ensure that the PMS Framework is reviewed & adopted by Council | IDP Strategic Objectives | Quarterly | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft Performance Management Framework tabled to Council for adoption by 30 Mar 2018 | Non-cumulative | Final Performance Management Framework tabled to Council for adoption by 30 Mar 2019 | HOD: Planning |
| | Ensure audit and risk committees sit regularly to ensure performance management and financial systems are on track | Output | No of targeted Audit and Risk Management meetings held per quarter | 55 | To ensure auditing of municipal operations and mitigate against risks | Audit Action Plan; Auditor General Report; Risk Management Strategy | Quarterly | Minutes/ attendance register | Schedule Audit and Risk Management meetings each quarter | cumulative | 4 Audit and Risk Management meetings held by 30 Jun 2018 | HOD: CFO |

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| | To promote integrated development planning (including the spatial reflection thereof) in an environmentally responsible manner | Input | Integrated Developme nt Plan tabled to Council for adoption by 30 Jun 2018 | 56 | Ensure that the (five year plan) Integrated Development Plan is developed, adopted by Council and submitted to all relevant authorities in line with the provisions of the MSA | STATS SA Data, baseline information, community and stakeholder's priorities, projects and programmes | Quarte rly | Council resolution | Identify key areas to review & table to portfolio committee; Conduct Situational Analysis and Strategies; Draft IDP submitted to Council by 30 Mar 2018 | Non-cumulative | Final IDP submitted to Council by 30 Jun 2018 | HOD: Planning |