UMZUMBE MUNICIPALITY

UMASIPALA WASEMZUMBE

FINAL PEFORMANCE MANAGEMENT SYSTEM FRAMEWORK POLICY 2024/2025

LEGAL BACKGROUND

1. The Constitution of the Republic of South Africa

Section 152 of the Constitution spells out the objects or aims of a municipality and guides each municipality in all its activities, including its planning and service delivery process. More specifically it states that the objectives of local government is to:

a) provide democratic and accountable government for local communities;
b) ensure the provision of services to communities in a sustainable manner;
c) promote social and economic development;
d) promote a safe and healthy environment; and encourage the involvement of communities and community organisations in the matters of local government.

2. The White Paper on Local Government, 1998

With regard to performance management in municipalities, the White Paper (P32) noted that a national performance management system is required to assess the overall state of local government, monitor the effectiveness of development and delivery of strategies adopted by different municipalities and ensure that scarce resources are utilised efficiently. It will provide "early warning" where municipalities are experiencing difficulties, and enable other spheres of government to provide appropriate support before a crisis develops. It will also enable municipalities to compare their own performance to that of similar municipalities across the country, identify successful approaches or best practice and learn from them.

3. The Municipal Structures Act, Act 117 of 1998

The Municipal Structures Act place an obligation on municipalities to achieve the objects set in section 152 of the Constitution, and also sets the responsibility for establishing KPI's and attaining the standards set by them, at the highest level in municipalities. The executive mayor is then tasked with the duty to identify and develop criteria for KPI's. It is also his duty to evaluate and review progress on an ongoing basis as per Section 56(3).

4. The Municipal Systems Act, Act 32 of 2000

In terms of Section 38 a municipality must-

a) establish a performance management system that is
    i. commensurate with its resources;
    ii. best suited to its circumstances; and
    iii. in line with the priorities, objectives, indicators and targets contained in its integrated development plan;
b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and
c) administer its affairs in an economical, effective, efficient and accountable manner.

Section 39 stipulates that the executive mayor must-

a) manage the development of the municipality's performance management system;
b) assign responsibilities in this regard to the municipal manager, and
c) submit the proposed system to the municipal council for adoption.

Section 40 states that a municipality must establish mechanisms to monitor and review its performance management system.

Section 41 (1) stipulates that a municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed-

a) Set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
b) Set measurable performance targets with regard to each of those development priorities and objectives;
c) With regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)-
    i. Monitor performance; and
    ii. Measure and review performance at least once per year;
d) Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met; and
e) Establish a process of regular reporting to –
    i. Council, other political structures, political office bearers and staff of the municipality; and
    ii. The public and organs of the state.

Section 42 stipulates that a municipality, through appropriate mechanisms, processes and procedures established in terms of Chapter 4, must involve the community in the development, implementation and review of the municipality's performance management system, and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.

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

These regulations seek to set out how the performance of municipal managers will be uniformly directed, monitored and improved. The regulations address both the Employment Contract of a municipal manager and managers directly accountable to municipal managers, as well as the Performance Agreement that is entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers. These instruments will, in combination, ensure a basis for performance and continuous improvement in local government. The Employment Contract provides to specifically delineate the terms of employment for municipal managers, and managers directly accountable to municipal managers. Similarly, the Performance Agreement provides assurance to the municipal council of what can and should be expected from their municipal managers and managers directly accountable to municipal managers.

6. Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, published in GN R805 dated 1 August 2006

and Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014

The Employment Contract of Section 54 and 56 managers, subject to labour legislation, specifically delineates the terms of employment such as:

a) details of duties;
b) remuneration; and
c) benefits.

The Performance Agreement provides assurance to the municipal council of what can and should be expected from their municipal manager and managers directly accountable to municipal manager. The purpose thereof is to:

- comply with the provisions of Sections 54 and 56 of the Act as well as the employment contract entered into between the parties;
- 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 IDP, SDBIP and the budget of the municipality;
- specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- monitor and measure performance against set targeted outputs;
- use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;

The objectives of these regulations are to:

i. Create a career local public administration governed by the values and principles of public administration as enshrined in Chapter 10 of the Constitution characterised by a high standard of professionalism;
ii. Create an enabling environment for increased staff mobility within local government by standardising human resource management practices;
iii. Improve the capacity of municipalities to perform their functions and improve service delivery by ensuring that municipalities recruit and retain suitably qualified persons, especially person with scarce skills;
iv. Ensure predictability and maximise administrative and operational efficiency across municipalities; and
v. Establish a coherent human resource government regime that ensure adequate checks and balance.

7. Municipal Finance Management Act, Act 56 of 2003 (MFMA)

The MFMA's requirements in terms of performance management starts with the budgeting process as the annual budget is one of the most important management tools of any municipality.

Section 17(3) of the MFMA starts off the whole process by requiring the setting of measurable performance objectives in the early stages of the budgeting process.

While the other legislation prescribes the procedures and requirements for a performance management system, the MFMA focuses heavily on reporting on financial issues and performance with very clear instructions and guidelines with regard to roles and responsibilities of the mayor, chief financial officer and the accounting officer of the municipality.

8. Municipal Finance Management Act Circular No 11

The circular aims to encourage continuous improvement in the standard of reporting by municipalities and to promote accountability to stakeholders.

9. Municipal Finance Management Act Circular No 13

The circular further notes that the following are the five components of a proper SDBIP:

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

From the above it should be clear that the SDBIP is regarded as one of the most important management tools of the municipality, hence the obligation on the accounting officer to submit the SDBIP within 14 days after the approval of the annual budget for public comments.

10. Municipal Finance Management Act Circular No 32

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an "oversight report" containing the council's comments on each annual report.

The oversight report must include a statement whether the council:

- has approved the annual report, with or without reservations;
- has rejected the annual report; or

has referred the annual report back for revision of those components that can be revised.

11. Integrated Development Plan

The IDP of a municipality is certainly its most important strategic planning instrument. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide the activities of a municipality.

The IDP is a process through which municipalities prepare a strategic development plan which extends over a five- year period.

The IDP is the product of a public participation process during which as many as possible community stakeholders are involved in the development of the plan. Through the IDP, a municipality can:

- Identify its key development priorities;
- Formulate a clear vision, mission and values;
- Formulate appropriate strategies;
- Develop appropriate organisational structures; and
- Align resources with relevant development priorities.

12. Batho Pele Principles of Service Delivery

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service:

Consultation: Citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

Service standards: Citizens should know what standard of service to expect.

Access: All citizens should have equal access to the services to which they are entitled.

Courtesy: Citizens should be treated with courtesy and consideration.

Information: Citizens should be given full and accurate information about the public services they are entitled to receive

Openness and transparency: Citizens should know how departments are run, how resources are spent, and who is in charge of particular services.

Redress: If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.

Value-for-money: Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

The Umzumbe Local Municipality Performance Management Framework is done in compliance with the requirements as stipulated in the legislative framework stipulated above. The table below provides critical activities that the municipality undertakes to conduct its performance management.

CRITICAL ACTIVITIES		RESPONSIBLE PERSONS
QUARTER 1: JULY- SEPTEMBER		
July Week 1:	**1. Compile Quarter 4 Scorecard Reports** **2. Signing and Publication of Performance Contracts (S54 & S56)** **3. Initiate preparations for compiling Annual Financial Statements**	• **Directors/Head of Departments, Mayor & Municipal Manager** • **CFO**
July Week 2:	**4. Dry Run Verification of Portfolio of Evidence** **5. Consolidation of Scorecards** **6. Submission of Performance Contracts to MEC of COGTA** **7. Advertise/publicise Adopted SDBIP/Scorecards and Performance Contracts of Section 54 and 56 Managers**	• **Extended Top Manco** • **Municipal Manager** • **Directors/Head of Departments**
July Week 3:	**8. Quarter 4 (Annual) Review** **9. Draft IDP/Budget/PMS Process Plan**	• **EXCO, Top Management and Senior Managers** • **Municipal Manager** • **and CFO**
July Week 4:	**10. Submit Scorecards to Internal Audit** **11. Adopt Draft IDP/Budget/PMS Process Plan**	• **Municipal Manager** • **EXCO**
August Week 1:	**12. Advertise Draft IDP/Budget/PMS Process Plan**	• **Municipal Manager** • **Accounting Officer**
August Week 2	**13. Review of Quarter 4 Scorecards and Draft APR**	• **Internal Audit Unit**
August Week 3:	**14. Performance Audit and Audit Committee Meeting (Q4 Scorecards, Draft Annual Performance**	• **Performance Audit & Audit Committee Members, MPAC Chairperson, Top Management, Internal Audit Unit & PMS Unit**

CRITICAL ACTIVITIES		RESPONSIBLE PERSONS
	Report, Annual Financial Statement, IDP/Budget/PMS Process Plan)	
August Week 4:	**15. Finalise Annual Financial Statements** **16. Council adopts Annual Performance Report** **17. Adopt Final IDP/Budget/PMS Process Plan** **18. Submit APR & AFS to Auditor General of South Africa**	• **Council** • **Mayor** • **Accounting Officer (PMS) & CFO**
September Week 1:	**19. Advertise Final IDP/Budget/PMS Process Plan**	• **Municipal Manager**
September Week 2:	**20. Compilation of Draft Annual Report**	• **Top Management (PMS)** • **Municipal Manager**
September Week 3:	**21. IDP inputs into provincial adjustment budgets**	• **Top Management**
September Week 4	**22. Review of Sector Plans**	• **All Departments**
QUARTER 2: OCTOBER- DECEMBER		
October Week 1	**23. Compile Q1 Scorecard Reports**	• **Directors/Head of Departments**
October Week 2	**24. Dry Run & Verification of Portfolio of Evidence** **25. Consolidation of Q1 Scorecards**	• **Extended Top Manco** • **Municipal Manager**
October Week 3	**26. IDP Road Shows** **27. First Quarterly Review**	• **Mayor and Council** • **EXCO, Top Manco, Manager Development Planning (PMS) and Internal Audit Manager**

CRITICAL ACTIVITIES		RESPONSIBLE PERSONS
October Week 4:	**28. Publicise (Highlights) Performance Report to Community) IDP Road Shows** **29. Submit Q1 Scorecards to Internal Audit Unit**	• **Mayor and Council** • **Municipal Manager**
November Week 1:	**30. IDP Road Shows**	• **Mayor and Council**
November Week 2	**31. Review of Quarter 4 Scorecards**	• **Internal Audit**
November Week 3	**32. Compile IDP & SDF Situational Analysis Report**	• **Municipal Manager)**
November Week 4	**33. Compile IDP & SDF Situational Analysis Report**	• **Municipal Manager**
December Week 1:	**34. Performance Audit and Audit Committee Meeting (Q1 Scorecards, & MFMA S71 Reports)** **35. Audit Opinion Received and Prepare Action Plan**	• **Performance Audit & Audit Committee Members, MPAC Chairperson, Top Management, Internal Audit Unit & PMS Unit** • **Top Management**
December Week 2:	**N/A**	**N/A**
December Week 3	**N/A**	**N/A**
December Week 4	**N/A**	**N/A**
QUARTER 3: JANUARY- MARCH		
January Week 1:	**36. Compile Mid-Year Performance Review Scorecards**	• **Directors/Head of Departments**

CRITICAL ACTIVITIES		RESPONSIBLE PERSONS
January Week 2	37. Dry Run 38. Consolidation of Q2 Scorecards	• Extended Top Manco • Municipal Manager
January Week 3	39. Quarter 2 Review 40. Budget Adjustment/ Mid-Year Performance Review 41. Review and adoption of SDBIP 42. Submit Draft Annual Report	• Mayor, EXCO, Top Manco, Municipal Manager, CFO, Municipal Manager and Internal Audit Manager
January Week 4:	43. Council Meeting- adopt Adjusted Budget, Reviewed SDBIP, Draft Annual Report and Mid-Year Performance Report) 44. Advertisement of the Mid-Year Performance Report, SDBIP, Draft Annual Report 45. Submit Adjusted Budget & SDBIP to Provincial Treasury and National Treasury	• Council, CFO • Municipal Manager
February Week 1	46. Performance Audit and Audit Committee Meeting (Q2 Scorecards, & MFMA S71 Reports)	• Performance Audit & Audit Committee Members, MPAC Chairperson, Top Management, Internal Audit Unit & PMS Unit
February Week 2	47. Departmental Strategic Planning Sessions	• All Departments and Portfolio Committees
February Week 3	48. Departmental Strategic Planning Sessions	• All Departments and Portfolio Committees
February Week 4	49. Organisational Strategic Planning Session	• EXCO & Extended Top Management
March Week 1:	50. IDP projects Integration	• Extended Top Management • Municipal Manager

CRITICAL ACTIVITIES		RESPONSIBLE PERSONS
March Week 2	**51. IDP projects Integration**	• **Extended Top Management**
March Week 3	**52. IDP projects Integration**	• **Municipal Manager**
March Week 4	**53. Adopt Oversight Report, Annual Report, Draft IDP & Budget**	• **Council**
QUARTER 4: APRIL- JUNE		
April Week 1	**54. Advertise Annual Report & Oversight Report, Draft Budget and IDP**	• **Municipal Manager**
April Week 2	**55. Compile Q3 Scorecard Reports** **56. Dry Run** **57. Consolidate Q3 Scorecards**	• **All Directors/Heads of Departments** • **Extended Top Management** • **Municipal Manager**
April Week 3	**58. Third Quarterly Review** **59. Submit Scorecards and POEs to Internal Audit Unit for Review** **60. Mayoral Izimbizos**	• **EXCO, Top Manco, Municipal Manager and Internal Audit Manager** • **Manager Development Planning (PMS** • **Mayor & Council)**
April Week 4	**61. Annual Performance Assessment of Section 54 & S56 Managers** **62. Mayoral Izimbizos**	• **Evaluation Panels (As per MSA Regulations)** • **Mayor & Council**
May Week 1	**63. Review of Quarter 3 Scorecards**	• **Internal Audit Unit**
May Week 2	**64. Internal Audit Reports**	• **Top Management**
May Week 3	**65. Performance Audit and Audit Committee Meeting (Q3 Scorecards, & MFMA S71 Reports)**	• **Performance Audit & Audit Committee Members, MPAC Chairperson, Top Management, Internal Audit Unit & PMS Unit**

CRITICAL ACTIVITIES		RESPONSIBLE PERSONS
May Week 4	**66. Adoption of Final Budget/IDP**	• **Council**
June Week 1	**67. Consolidation of final SDBIP**	• **Municipal Manager**
June Week 2	**68. Consolidation of final SDBIP**	• **Municipal Manager**
June Week 3	**69. Drafting of Performance Contracts and Scorecards**	• **Top Management**
June Week 4	**70. Adoption of the Final SDBIP**	• **EXCO/Council/Mayor**

Conclusion

This policy is to guide the performance management system within the municipality and is to be reviewed annually by the Development Planning Unit, located in the Office of the Municipal Manager.