



Policy Name	ORGANIZATIONAL PERFORMANCE MANAGEMENT POLICY
Policy Number	OPMS 1
Status	REVIEW OF THE APPROVED OPMS POLICY 18/19 FY FOR IMPLEMENTATION IN THE 19/20 FY
Commencement Date of Review	1 APRIL 2019
Approved By	FULL COUNCIL
Date Last Approved	4TH JUNE 2018 – BY SMC 28TH NOVEMBER 2018 – BY FULL COUNCIL
Date Last Reviewed	2018/2019 FINANCIAL YEAR
Date For Next Review	WITHIN 12 MONTHS FROM DATE OF APPROVAL FOR THE 2019/2020 FY

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1. DEFINITIONS

Activities	Actions or processes that use a range of inputs to produce the desired outputs. In essence, activities describe “what we do.”
Accounting Officer	In relation to the Municipality means the municipal official referred to in Section 60 and includes a person duly appointed as acting accounting officer.
Annual Report	In relation to the Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act.
Approved budget	An annual budget: (a) Approved by a Municipal Council; or (b) Approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28.
Backlogs	Quality of service/goods that have accumulated over time that are still undelivered/unattended/still not produced. The backlogs in rural water, sanitation and electricity have been defined in official census figures, but vary (increase or decrease) from year to year due to migration patterns and service delivery interventions.
Baseline	The accurate and quantitative data at a stated point in time that marks the beginning of a trend. Referred to as “current status quo”.
Baseline Measure	A measurement of the indicator at the start of the period under evaluation.
Consequence Management	Is a robust, transparent and consistent practice for managing consequences of noncompliance with organizational policies, codes, rules, regulations etc. It refers to actions taken that seek to maintain or restore essential services, manage and mitigate problems that have emerged.
Current year	The financial year which has already commenced, but not yet ended.
Section 57/56 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.
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.
Financial year	The financial year of municipalities that end on 30 June of each year.
Indicators	Indicators are a piece of objective evidence that tell us whether progress is or is not being made in achieving goals.
Input indicator	An indicator that measures the costs, costs resources and time used to produce an output.
Inputs	The resources, physical, financial or otherwise that contribute to the delivery of outputs. In other words, “what we use to do the work.”
Key Performance Area (KPA)	<p>This is the area in which Municipality plays a role towards delivering services. These may include infrastructure and Engineering, Community Planning and Safety, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Governance and Financial Management, amongst others.</p> <p>National Key Performance Indicators is clustering of areas of functions: infrastructure and services, social and economic development, institutional development, public participation, financial viability and spatial planning.</p>
Key Performance Indicators (KPI)	Key Performance Indicators will be determined in respect of each development priority and objective. These indicators are subject to public participation and will be used by each Department as well as each municipal entity where applicable. These are quantifiable measures which show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner.
Local Community or Community	<p>In relation to a Municipality, means that body or persons comprising –</p> <ul style="list-style-type: none"> a) The residents of the Municipality b) The ratepayers of the Municipality c) Any civic organisations and non-governmental, private sector or

	labour organisations or bodies which are involved in local affairs within the Municipality.
MEC for COGTA	Means the Member of executive council responsible for Corporate Governance & Traditional Affairs
Minister	Means the National Minister responsible for Corporate Governance & Traditional Affairs
Monitoring	Monitoring involves collecting, analysing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management on an on-going basis. Monitoring, aims to provide managers, decision-makers and other stakeholders with regular feedback on progress in implementation, results and early indicators of problems that need to be corrected. It usually reports on actual performance against what was planned or expected.
Municipality	When referred to as: An entity, means a Municipality as described in section 2; and a) A geographical area: means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998).
Municipal Council or Council	Means municipal Council referred to in section 157 (1) of the Constitution.
Municipal Finance Management Act	Means the Local Government: Municipal Finance Management Act. 2003, any regulations made under that Act
Municipal Structures Act	Means the Local Government: Municipal Structures Act. 1998 (Act 117 of 1998)
Municipal Systems Act	Means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
Non Compliance	A breach by an individual of applicable laws, regulations, codes or organizational standards. It is a failure or refusal to comply with something (such as a request for information with a timeline that is not adhere to). A state of not being in compliance, whereby an accepted model or accepted standards are not correctly adhered to.
Outcomes	The ultimate effects (impacts) of government activities on society in the medium to long term. These are the results of specific outputs for strategic goals identified in the IDP.

Outcome indicator	Means an indicator that measures the quality and or impact of an output on achieving a particular objective.
Output indicator	Means an indicator that measures the results of activities, processes and strategies of a program of a Municipality.
Outputs	Goods and services produced by the Municipality which are identified by the performance measures. Outputs may be defined as “what we produce or deliver.” These are tangible/can be seen.
Performance Audit Committee	An independent committee appointed to assess the annual performance of the Municipality and report findings.
Performance Agreement	Means an agreement as contemplated in Section 57 of the Municipal Systems Act.
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.
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.
Quarters	Means any of the following periods in a financial year: (1) 1 July to 30 September; (2) 1 October to 31 December; (3) 1 January to 31 March; and (4) 1 April to 30 June.
Resident	In relation to a Municipality, means a person who is ordinarily resident in the Municipality.
Scorecard	Is a planning and evaluation device that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements. Municipal Scorecard: Five (5) Year Scorecard. Organisation Scorecard: Annual (Year under review) Scorecard with quarterly Targets. Departmental Scorecard: Annual (Year under review) Scorecard with Quarterly Targets for Municipal Manager and Managers reporting to

	the Municipal Manager’s, Departments/Votes.
SMART	Specific, Measurable, Achievable, Realistic & Time bound
Service Delivery and Budget Implementation Plan	<p>Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c)</p> <p>(ii) of the Municipal Finance Management Act for implementing the Municipality’s delivery of municipal services and its annual budget, and which must indicate:</p> <p>a) Projection for each month of –</p> <ol style="list-style-type: none"> 1) Revenue to be collected, by source; and 2) Operational and capital expenditure, by vote; <p>b) Service delivery targets and performance indicators for each quarter; and;</p> <p>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.</p>
Target	Target/Aim which is to be achieved for that indicator over the specified timeframe.

2. ABBREVIATIONS

CDS	City Development Strategy
CM	City Manager
GM	General Manager
SM	Senior Managers
DoRA	Division of Revenue Act, No. 2 of 2008
IDP	Integrated Development Plan
IPMS	Individual Performance Management System
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
M&E	Monitoring & Evaluation
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act, No. 56 of 2003
MSA	Municipal Systems Act, No. 23 of 2000
OC, P & KM	Organisational Compliance, Performance & Knowledge Management
OPMS	Organisational Performance Management System
OP	Operational Plan
PMS	Performance Management System
SDBIP	Service Delivery & Budget Implementation Plan
SDF	Spatial Development Framework

3. PREAMBLE

Chapter 6 of Municipal Systems Act of 2000 reviewed in 2004 requires for all Municipalities to develop Performance Management System. Organizational Performance Management is the cornerstone for providing means to measure the performance of projects as stipulated in Municipality's Integrated Develop Plan. In 2012 Msunduzi Municipality adopted a Performance Management Policy Framework which was subsequently implemented in the 2012/2013 financial year. Year on year the municipality has reviewed this policy in order to ensure the policy is up to date as per legislation and the needs of the Council.

Performance information indicates how well a municipality is meeting its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of its mandate. Performance information is key to effective management: including planning, budgeting, and implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling councillors, members of the public, and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.

The municipality delivers services essential to the well-being and development of communities. In order to ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers where corrective action is required. Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that *what gets measured gets done*. If a municipality knows that its performance is being monitored, it is more likely to perform the required tasks and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

4. PURPOSE OF THE POLICY

- 4.1.** The Municipal Systems Act 2000 and the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006, provides for the establishment and implementation of a performance management system for municipalities in South Africa. In order to comply with legislation and to improve upon good governance and service delivery, it is essential for the municipality to adopt a policy on performance management.
- 4.2.** This performance management policy framework will provide guidance in terms of the municipality's cycle and processes of performance planning, implementation, monitoring, evaluation, auditing and quality control.
- 4.3.** This policy framework, as informed by The Local Government Municipal Systems Act (2000) and The Municipal Performance Regulations (2006), which aims to put in place a results-based performance measurement tool to review performance, and track progress in achieving desired outcomes and ensure:
- 4.3.1. Greater accountability in the use of resources;
 - 4.3.2. Ongoing focus and review on the achievement of results;
 - 4.3.3. An effective tool for decision making;
 - 4.3.4. Timely interventions and corrective actions;
 - 4.3.5. Strengthen governance;
 - 4.3.6. Promote institutional learning and knowledge sharing; and
 - 4.3.7. An effective and timely reporting process.
- 4.4.** This policy framework will therefore ensure uniformity and the standardized application of performance management processes in order to ensure that accountabilities, responsibilities, data, and process control points are clear at any stage in order to give effect to the OPMS annual calendar of tasks as per **ANNEXURE 1**.

5. POLICY APPLICABILITY

- 5.1.** The policy shall be applicable to the municipality at an Organizational level for the 2019/2020 Financial Year and / or until a review is required.

6. LEGISLATIVE FRAMEWORK

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

6.1. 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)”.

6.2. The Local Government Municipal Systems Act 32 of 2000 (MSA): -

Chapter 6 of the MSA deals specifically with performance management in local government. Section 38 of the Act prescribes that a municipality must:

- (a) Establish a performance management system;
- (b) Promote a culture of performance management among political structures, office bearers and councilors and in its administration; and
- (c) Administer its affairs in an economical, effective, efficient and accountable manner.

Further legislative requirements within the MSA include:

- Section 39 stipulates that the Executive Committee (EXCO) is responsible for the development of a PMS, for which purpose they may assign responsibilities to the Municipal manager. The EXCO must submit the proposed PMS to Council for approval.
- Section 40 stipulates that a municipality must establish mechanisms to monitor and review its PMS.
- Section 41 prescribes that the core components of the PMS must:
 - (i) Set appropriate key performance indicators (KPI's);
 - (ii) Set measurable performance targets;
 - (iii) Monitor performance;
 - (iv) Measure and review performance annually;
 - (v) Take steps to improve performance where performance targets are not met; and
 - (vi) Establish a process of regular reporting.
- Section 41(2) states that the PMS of a municipality must serve as an early warning indicator of under-performance.
- Section 42 requires that the community, in terms of the provisions of chapter 4 of the Act, should be involved in the development, implementation and review of the PMS. The community should also be involved with the setting of Key Performance Indicators (KPI's) and performance targets for the municipality.
- In terms of section 43, the general KPI's to be applied by all municipalities may be prescribed by regulation.
- Section 44 prescribes that the KPI's and performance targets in the PMS of a municipality must be made known both internally and externally in a manner described by Council.
- In terms of section 45, the results of the performance measurement must be audited as part of the internal auditing processes and annually by the Auditor General.
- Section 46 requires that the municipality prepare an annual performance report which must form part of the municipality's annual report in terms of the requirements of chapter 12 of the Municipal Finance Management Act (MFMA) of 2003.

6.3. Local Government: Municipal Planning and Performance Management Regulations, 2001:

These regulations state that a municipality's PMS entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players.

Chapter 3 outlines the regulations in terms of the:

- (a) The adoption of the performance management system;
- (b) Setting of key performance indicators;
- (c) General key performance indicators;
- (d) Review of key performance indicators;
- (e) Setting of performance targets;
- (f) Monitoring, measurement and review of performance; and
- (g) Internal auditing of performance measurement.

Chapter 4 regulates the requirements for community participation in respect of performance management.

The following are compulsory key performance indicators emanating from *Section 43 of the Local Government Municipal Systems Act and Regulation 5 (1)*:

No.	Compulsory Key Performance Indicators
1	Percentage of households with access to all basic household services
2	Percentage of households with imputed expenditure of less than R1 100 per month that have access to free basic services.
3	Percentage of capital budget spent on projects identified in terms of the IDP.
4	Number of jobs created through local economic development initiatives supported by the municipality.
5	Percentage achievement of approved employment equity plan within the first three layers of management.
6	Percentage of skills levy received in rebate as a measure of the municipality's investment in human resource development.
7	Financial Viability.

6.4. 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.

6.5. 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 manager's 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.

7. POLICY PRINCIPLES

7.1. Msunduzi Municipality Views Performance Management (PM) as a business process.

Performance management is an integral part of the Municipality's business process, and hinges on strong teamwork amongst management and employees in order to achieve the organisations goals.

7.2. PM is viewed by Msunduzi Municipality as an approach & a system to manage people and performance.

The focus of performance management in Msunduzi Municipality is on connecting people to one another, and to the organisation as a whole, and its values. Managers and supervisors are required to support people to work together to achieve shared aims.

7.3. In Msunduzi Municipality, managers and employees will use the management of performance for the health, and long-term growth of the Municipality according to the strategies and objectives set, and agreed to, by the Council.

7.4. Competencies and standards drive the process of achieving performance, results and development.

Managers and employees are required to identify and define the competencies and standards to steer the work unit, teams, and individuals to produce superior performance, and foster a learning climate conducive to continuous development.

7.5. In Msunduzi Municipality judgment will be the most important factor in determining competence and performance ratings; mathematical calculations cannot be a substitute for the use of good judgement and common sense when it comes to performance assessments. – re word

Managers and employees are directed to rely on a combination of subjective and objective interpretation of performance information to reach a rounded conclusion about performance and competence. The Portfolio of Evidence's are key in this process.

7.6. In Msunduzi Municipality clear, consistent, and visible involvement by EXCO and managers is mandatory for successful performance measurement and management.

Senior leadership is directed to personally articulate/spread the word about the mission, vision, and goals to various levels within the Municipality, and are also involved in the

dissemination of both performance expectations and results throughout the organisation.

7.7. Effective and open communication by all levels of management and employees is mandatory.

Internal communication is an inherent requirement for all employees and managers to ensure accomplishment of organisational goals.

7.8. Accountability for results must be clearly assigned and well understood by everyone.

Management and employees are required to proactively identify what it takes to determine success and make sure that all managers and employees understand what they are accountable for. Accountability is a key success factor.

7.9. Measures must be linked to performance planning and assessment for both teams and individuals.

Managers and employees are required to identify the correct measures by which performance and competence will be assessed. The municipality will have valid and reliable data for the selected measures.

7.10. Targets should be linked to performance assessment discussions

Targets that are linked to performance assessment discussions and are designed to make managers, teams, and employees at all levels accountable for their contributions to the achievement of the overall strategy.

7.11. Results, and progress toward achieving outputs and results, will be openly shared & communicated with stakeholders

While sensitive information generally must be protected, performance measurement information will be openly and widely shared with managers and employees to the greatest extent practicable. Information about performance objectives and specific progress toward these objectives can be provided in newsletters, employee bulletin boards, and public notice boards.

7.12. Performance measurement results will be used to effect continuous performance change and improvement

It is mandatory to use assessment results to build towards continuous performance improvement,

Note: There are certain significant aspects of using the results of performance measurement that should be kept in mind when deploying a performance management system. Performance measures should be used to assess strategic and 1-year goals and objectives; provide timely, relevant, and concise information for use by decision-makers at all levels to assess progress toward achieving predetermined goals.

7.13. Managers are to be sufficiently well briefed and trained to take responsibility to implement a formal performance management system.

Everyone involved in the management of the process needs to know:

- The purpose of performance management;
- How all Stakeholders will benefit from the process;
- The performance management policies that guide the management of the process;
- How each phase of the process works and the role they play in each phase (planning, managing, evaluating, compensating);
- How decisions about performance reviews and rewards will be made; how conflict and disagreements about ratings, and remuneration will be handled;
- How flexible objectives and accountabilities will be; and
- The performance and cultural values that the business seeks to conduct its affairs by (the what and how of performance)

7.14. Section 56 (previously S57) employees are mandated to sign performance agreements at the beginning of each financial year, and staff up to level 3 (Process Managers) to sign annual work plans at the beginning of each financial year.

This is to give rise to the alignment Process of Organisational targets being linked to individual targets in the form of a Performance Agreement and Work Plan

7.15. In order to give effect to this Policy, A Standard Operating Procedure for the OPMS has been developed including templates for each process.

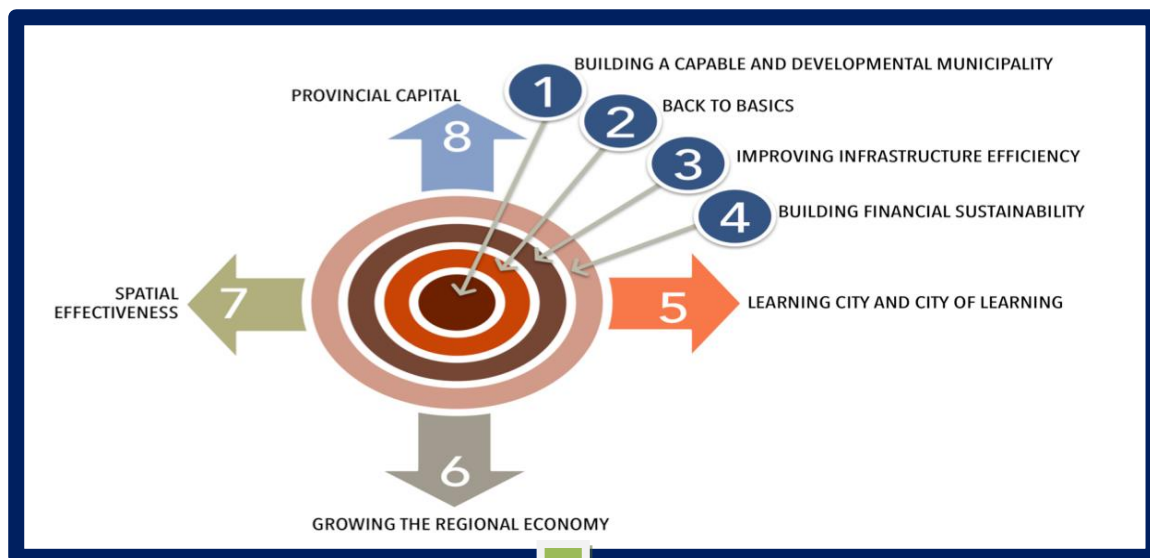
8. ORGANIZATIONAL PERFORMANCE MANAGEMENT SYSTEM OVERVIEW

Below, is a diagrammatic illustration of the components of the Msunduzi Organisational Performance Management System:

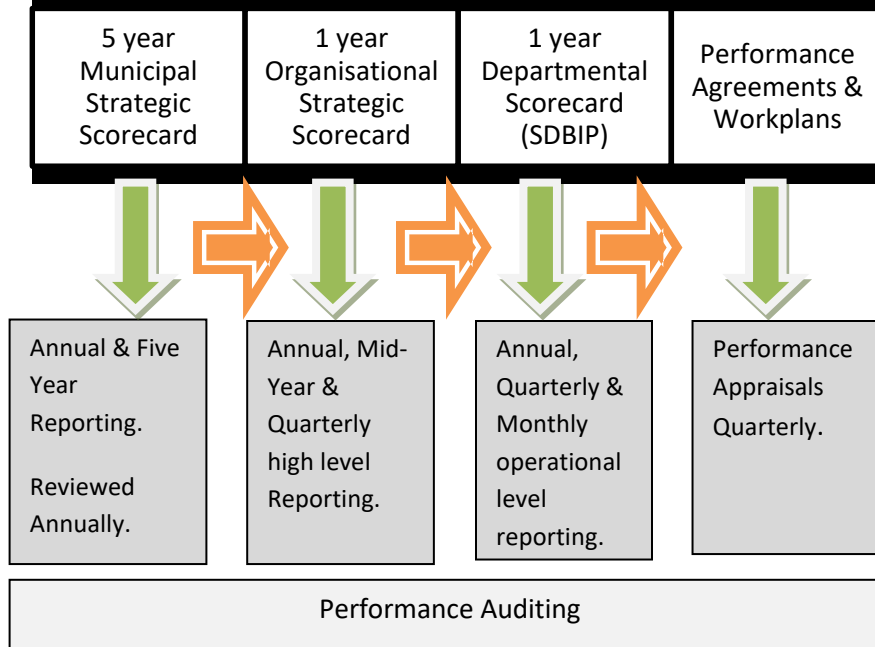
Vision: "A safe, vibrant City in which to live, learn, raise a family, work, play and do business"

Mission: "To ensure that the Municipality functions effectively and in a sustainable manner in order to deliver service of excellence to the community"

CITY DEVELOPMENT STRATEGY – VISION 2030

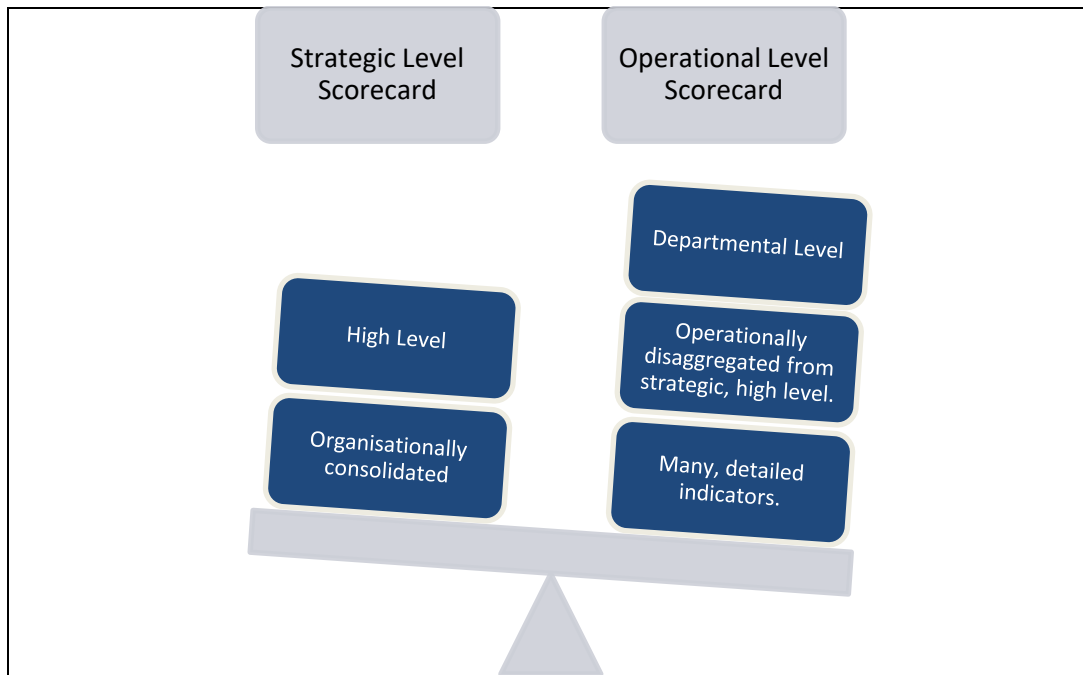


5 Year Strategic Plan: IDP



- 8.1.** The Msunduzi City Development Strategy (CDS) was developed in 2015, to integrate and build on the Vision 2030 strategy, the 2017 IDP and the 2014/15 SDF. However, a strategy without implementation is worthless. The Msunduzi CDS is made up of eight strategies, the first four being necessary conditions for creating Msunduzi' s vision and the last four sufficient conditions for creating a better Msunduzi which allows for a happier, safer, cleaner and greener city.
- 8.2.** The strategies are as follows: (1) ***build a capable and developmental municipality;*** (2) ***focussed on back-to-basics;*** that (3) ***ensures the existing and new infrastructure works efficiently, effectively and economically;*** and (4) ***where the city has a sustainable financial base. Investing energy and resources in getting these fundamentals working well will allow the city to*** (5) ***grow the regional economy,*** (6) ***serve the needs of a provincial capital,*** (7) ***allow the city to continue to be a place of learning and become a learning city and*** (8) ***incrementally improve its spatial effectiveness thereby bringing spatial justice to the most disadvantaged who are located furthest from places of opportunity.***
- 8.3.** The IDP is the five-year strategic plan for the municipality influenced by the 8 strategies of the CDS thereby ensuring alignment between the strategies of the CDS & IDP.
- 8.4.** The IDP includes a 5-year strategic level municipal scorecard and an organisational 1-year strategic scorecard as Annexures to it. The IDP is the Planning of the OPMS.
- 8.5.** Flowing from the IDP the annual budget and annual operational plan which is the SDBIP and comprises the Departmental Operational Scorecards: which comprise of annual and quarterly performance targets and quarterly projected budget per source.
- 8.6.** From the SDBIP/Departmental scorecards the Performance Agreements of Departmental Heads are compiled and the performance management system if cascaded downwards continues to cascade from the Head of Departments Performance Agreement and departmental scorecard to Senior Managers with the development of Work plans.

8.7. Key to the OPMS is that there are essentially two levels of scorecards:



8.8. The Implementation of the Performance Management System is carried out through systems and procedures which include the following:

- 8.8.1. An Annual OPMS Calendar;
- 8.8.2. Structures and Role-definition as per the OPMS Process Plan; and
- 8.8.3. Templates for planning and reporting.

8.9. This OPMS Framework comprises:

- 8.9.1. Section I: Msunduzi OPMS Policy Framework;
- 8.9.2. Section II: Msunduzi OPMS Standard Operating Procedures & Templates

9. ROLES AND RESPONSIBILITIES

9.1. It is also important to clarify the roles and responsibilities of employees and stakeholders. These roles and responsibilities are indicated as per overleaf:

ROLES AND RESPONSIBILITIES	
Responsibility	Role
Citizens & Communities	<ul style="list-style-type: none"> • Be consulted on needs. • Develop the long term vision for the area. • Assist in identifying priorities. • Participate in the identification of indicators and setting targets. • Be given the opportunity to review municipal performance and suggest new indicators and targets.
Council	<ul style="list-style-type: none"> • Facilitate the development of long term vision. • Develop strategies to achieve the vision. • Identify priorities. • Adopt indicators and set targets. • Review municipal performance quarterly.
Mayor	<ul style="list-style-type: none"> • Approves the SDBIP • Where necessary, evaluates the performance of the Municipal Manager.
Executive Committee	<ul style="list-style-type: none"> • Give strategic direction and develop strategies and policies for the municipality. • Management the development of the IDP. • Approve and adopt indicators and targets. • Communicate the plan to other role-players. • Conduct major reviews of municipal performance determining where goals had or had not been met, what the reasons were and to adopt response strategies.
Portfolio Committees	<ul style="list-style-type: none"> • Manage the implementation of the strategy. • Review and monitor the implementation of the IDP and the PMS. • Propose response interventions, in areas of non/under-performance, to EXCO.
City Manager	<ul style="list-style-type: none"> • Enters into a Performance Agreement with the Mayor of the Municipality. • Giving strategic direction and developing strategies and policies for the municipality. • Provides an enabling environment for the General Managers to carry out their respective job functions • Manage the development of the IDP. • Ensure that the plan is integrated. • Identify and propose indicators and targets. • Communicate the plan to other role players. • Regularly monitor the implementation of the IDP and identify risk areas. • Ensure regular monitoring (measurement, analysis and reporting). • Propose response strategies to Portfolio Committees and EXCO

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> • Oversee Service Delivery and Budget Implementation Plans for the Municipality. • Evaluates the performance of the section 57 managers (GMs on a Quarterly & Annual Basis) • Implements consequence management for non-compliance with the approved policies by the General Managers.
General Managers	<ul style="list-style-type: none"> • Enters into a Performance Agreement with the City Manager. • Accountable for the formulation of strategic goals, objectives and priorities of the IDP for their respective business units. • Accountable for the alignment of the Key Performance Indicators and Performance Targets for their respective business units as contained in the IDP Scorecards and the SDBIP & OP. • Accountable for the formulation and revision of the strategic scorecards that include Key Performance Indicators and Performance Targets for their respective business units that are SMART, budgeted for and meets the requirement of Council. • Accountable for Service Delivery & Budget Implementation Plan and Operational Plans that include Key Performance Indicators and Performance Targets for their respective business units that are SMART, budgeted for and meets the requirement of Council. • Participates in the formulation of the annual review programme of the IDP, including the review Key Performance Indicators and Performance Targets for their respective business units. • Quarterly evaluates the performance of their Senior Managers against adopted KPIs and Performance Targets. • Is overall accountable for the performance reporting templates such as the development & reporting on the SDBIP & OP, MFMA, B2B, Annual Report, Annual Performance Report and any other performance related template having checked the information for accuracy, reliability, validity and completeness of information submitted by their Senior Managers. • Will perform a quality check of all information prior to submission. • Is overall accountable for the contents of the Portfolios of Evidence prepared & submitted for Audit Purposes to Internal Audit and the Auditor General. • Will co-sign the POE files with their Senior Managers having performed quality control and confirmed the information for accuracy, reliability, validity and completeness of information. • Regularly monitor the implementation of the IDP and identify risk areas. • Ensure regular monitoring (measurement, analysis and reporting). • Propose response strategies to the City Manager. • Evaluates the performance of the Senior Managers on a Quarterly & Annual Basis.

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> • Advises the City Manager & implements consequence management for non-compliance with the approved policies by the Senior Managers. • Ensures requests for information from their Business Units prior to dissemination is valid, accurate, reliable and complete having conducted the necessary reviews of the information requested. • Must conform to all timeframes in respect of requests for information / completion of performance documents / reports such as the development & reporting on the SDBIP & OP, MFMA, B2B, Annual Report, Annual Performance Report and/or otherwise will be subjected to consequence management by the City Manager. • Responsible for the development of their Business Units Standard Operating Procedures for the effective implementation of the approved OPMS policy. • Will inform the City Manager of all risks identified immediately and provide mitigating advice where possible. • Will be required to sign a Memo to the Mayor indicating the KPIs on the SDBIP & OP are SMART, aligned to council priorities, budgeted for and will be accountable for the submission of monthly reports on the SDBIP & OP and the submission of the Portfolios of evidence, prior to the Mayor approving the SDBIP & OP for a financial year. • Will be required to sign a Memo to Full Council indicating their satisfaction with the Annual Report submissions for their Business Units in terms of accuracy, reliability, validity and completeness prior to the completion of the Oversight Report as these memos must form part of the report as an annexure. • Will be solely responsible for the submission of all performance management information & reports directly to the OC, P & KM unit having verified the information for Validity, Reliability, Accuracy and Completeness. The GM may opt to submit the information via their Personal Assistants, or via Performance Management Champion within their Business units. This will not take the responsibility away from the GM in performing the duties of verifying the information for Validity, Reliability, Accuracy and Completeness. • GM's to ensure that the OC, P & KM unit have a standing slot in their MANCO's for the verification of performance information, re: SDBIP & OP, B2B & MFMA monthly, quarterly and annual submissions as well as the correctness of the Portfolios of Evidence.
Senior Managers	<ul style="list-style-type: none"> • Enters into a Performance Agreement with the General Manager / and or City Manager if reporting directly to the City Manager • Responsible for the formulation of strategic goals, objectives and priorities of the IDP for their respective sub units. • Responsible for the alignment of the Key Performance Indicators and Performance Targets for their respective sub units as contained in the IDP Scorecards and the SDBIP & OP.

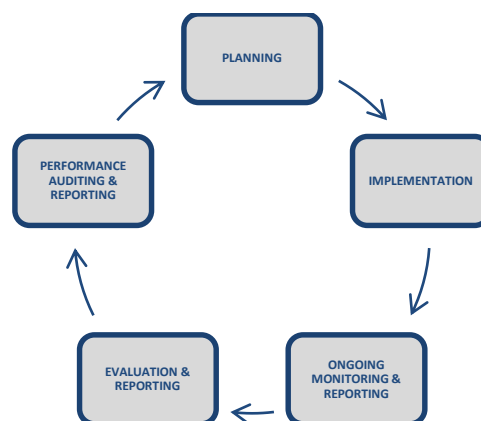
ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> • Responsible for the formulation and revision of the strategic scorecards that include Key Performance Indicators and Performance Targets for their respective sub units that are SMART, budgeted for and meets the requirement of Council. • Responsible for Service Delivery & Budget Implementation Plan and Operational Plans that include Key Performance Indicators and Performance Targets for their respective sub units that are SMART, budgeted for and meets the requirement of Council. • Participates in the formulation of the annual review programme of the IDP, including the review Key Performance Indicators and Performance Targets for their respective sub units. • Is overall responsible for the performance reporting templates such as the development & reporting on the SDBIP & OP, MFMA, B2B, Annual Report, Annual Performance Report and any other performance related template having checked the information for accuracy, reliability, validity and completeness of information submitted. • Will perform a quality check of all information prior to submission. • Is overall responsible for the contents of the Portfolios of Evidence prepared & submitted for Audit Purposes to Internal Audit and the Auditor General. • Will co-sign the POE files with their General Managers having performed quality control and confirmed the information for accuracy, reliability, validity and completeness of information. • Regularly monitor the implementation of the IDP and identify risk areas. • Ensure regular monitoring (measurement, analysis and reporting). • Propose response strategies to the General Manager or City Manager if reporting directly to the City Manager. • Advises the General Manager or City Manager & implements consequence management for non-compliance with the approved policies by the staff below them. • Ensures requests for information from their Sub Units prior to dissemination is valid, accurate, reliable and complete having conducted the necessary reviews of the information requested. • Must conform to all timeframes in respect of requests for information / completion of performance documents / reports such as the development & reporting on the SDBIP & OP, MFMA, B2B, Annual Report, Annual Performance Report and/or otherwise will be subjected to consequence management by the General Manager or City Manager. • Will assist the GM or CM with the development of their Business Units Standard Operating Procedures for the effective implementation of the approved OPMS policy. • Measure performance according to agreed indicators, analyze and report

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<p>regularly.</p> <ul style="list-style-type: none"> • Manage implementation and intervene where necessary. • Inform decision makers of risks immediately.
Organizational Compliance, Performance and Knowledge Management Unit	<ul style="list-style-type: none"> • Will be responsible for the development and customization of performance reporting templates that is to be disseminated to General Managers and/or any other stakeholder for completion. • Will be responsible for the collation and submission of information to all stakeholders internally & externally pertaining to performance management in the organization. • Will distribute performance templates at the will of the City Manager to all stakeholders for completion and submission. • Will schedule Business unit sessions for the development of the SDBIP & OP annually. • Will schedule Business unit sessions for the review of the SDBIP & OP annually during the mid-year review period to amend the SDBIP & OP. • Will attend meetings where any performance related report is being discussed. • Will assist the City Manager is developing Monthly, Quarterly and Annual Reports on the SDBIP & OP and any other report deemed necessary for all Portfolio Committees of Council. • Will provide comments on any proposed amendments to any performance indicator or targets. • Will be responsible for maintaining records of the PMS. • Will Advise staff on PMS via internal communication means. • Forward copies of the Annual Performance Report, Annual Report to the Council, Internal Audit, Auditor General and MECs in the Province. • Facilitate the annual review of the OPMS policy. • Monitor Compliance to the OPMS policy as approved by Council. • Inform the City Manager of any non-compliance to the approved OPMS policy. • Develop the performance agreements of the City Manager, General Managers and Senior Managers. • Will perform quality control of all information submitted for performance management matter re: SDBIP & OP, Annual Reports, MFMA, and Back to Basics Reports • The OC, P & KM unit will attend the standing slots in GM's MANCO's for the verification of performance information, re: SDBIP & OP, B2B & MFMA monthly, quarterly and annual submissions as well as the correctness of the Portfolios of Evidence. • The OC, P & KM unit will on a continuous basis report to GMs any errors or omissions in respect of performance reporting templates submitted • The OC, P & KM unit will provide the GMs with feedback pertaining to the

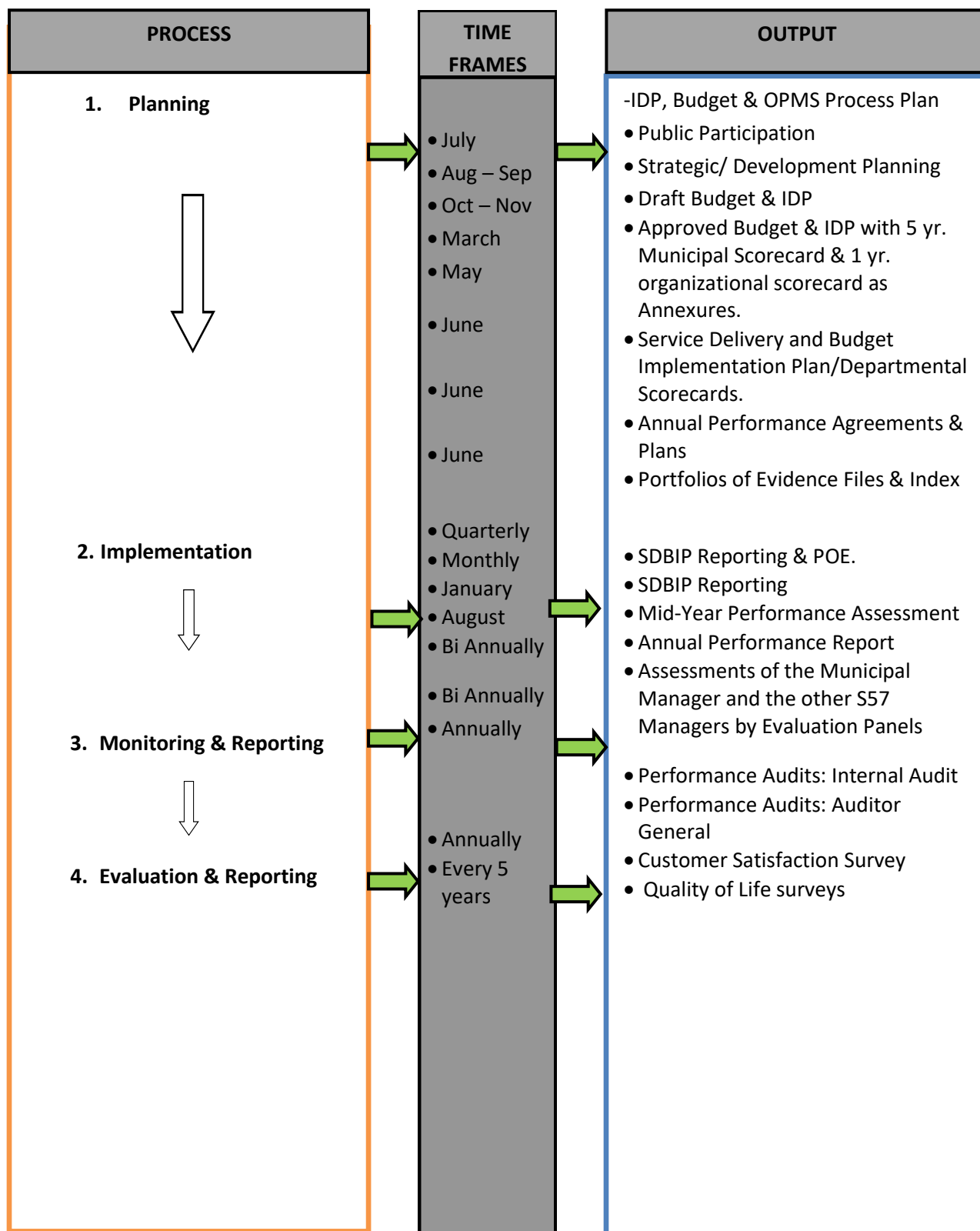
ROLES AND RESPONSIBILITIES	
Responsibility	Role
	SDBIP & OP submissions where amendments are necessary prior to the submission of the SDBIP & OP to the Mayor for approval
Internal Audit	<ul style="list-style-type: none"> • Assess the functionality, effectiveness and legal compliance with the PMS.
Evaluation Panels	<ul style="list-style-type: none"> • Evaluate the performance of the Municipal Manager and Section 57 managers as per the requirements of section 27 (d) & (e) of the Municipal Performance Regulations for City Managers and Managers Directly Accountable to City Managers, 2006.
Auditor General	<ul style="list-style-type: none"> • Audit Municipal Performance
Performance Audit Committee	<ul style="list-style-type: none"> • Independent oversight
MPAC	<ul style="list-style-type: none"> • Oversight on Municipal Performance

10. THE ORGANIZATIONAL PERFORMANCE MANAGEMENT SYSTEM CYCLE

- 10.1.** 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.
- 10.2.** 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. –
- 10.3.** The most valuable reason for measuring performance is that what gets measured gets done.
- 10.4.** 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.
- 10.5.** 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 these 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.
- 10.6.** The PMS Cycle can be illustrated as follows:



11. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM PROCESS PLAN



12. PROCESS PLAN PRINCIPLES

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.

12.1.1. 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 Council. 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.

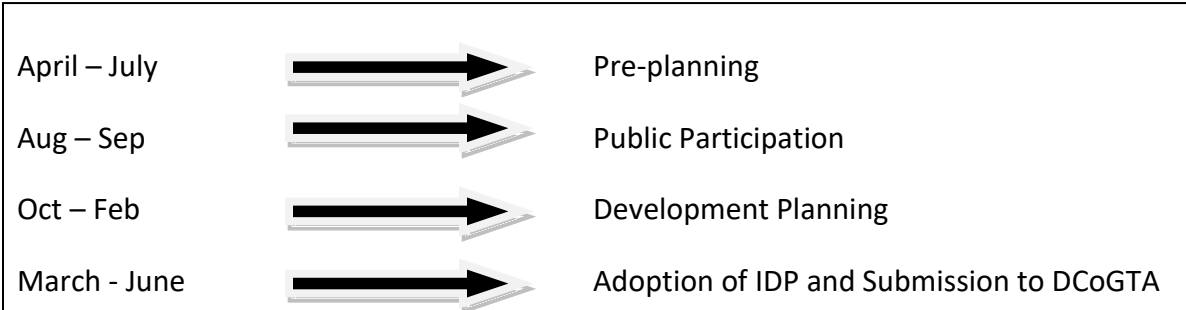
(iii) Development Planning:

- 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.

- Once the Integrated Development Plan (IDP) and Budget have been approved annually by the end of May, the OC, P & KM unit will develop templates for the SDBIP & OP and circulate same to the respective General Managers and Managers reporting directly to the CM.
- General Managers and Managers reporting directly to the CM will then forward the templates to their respective Senior Managers/Managers to populate the templates with the required Performance & Budget Information.
- The Performance Information has to be SMART, aligned to the IDP 5 year and 1 Year scorecards and must contain the approved budgets as well as vote numbers.
- Senior Managers/Managers having completed this; will then forward submissions to the General Managers and Managers reporting directly to the CM for verification and accuracy as the overall accountability rests with them.

12.2. IMPLEMENTATION:

12.2.1. 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 City Manager and other S57 Managers.

12.2.2. 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.

12.2.3. 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.

12.2.4. 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.

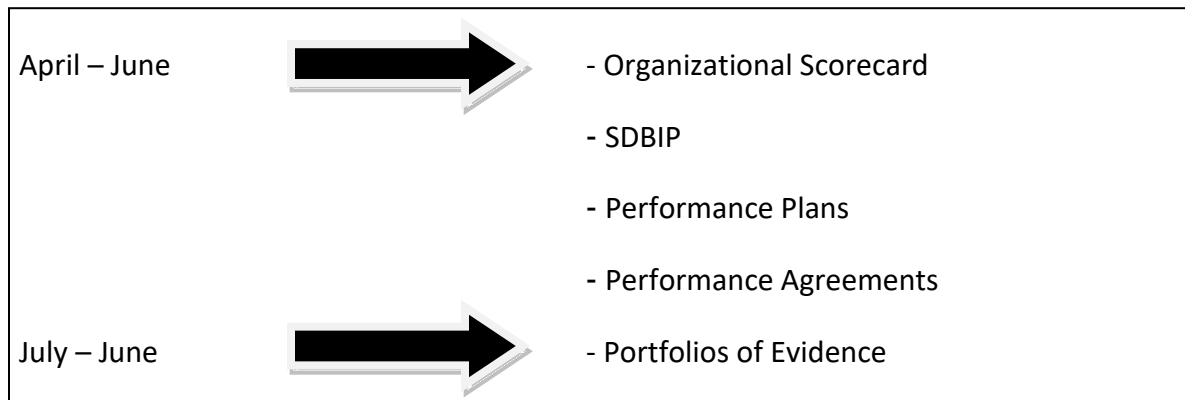
12.2.5. The performance measures that will be used to measure organizational performance need to be developed. In doing so, it is necessary to take into account the funding and staff requirements, availability of the necessary skills and time constraints.

12.2.6. 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.

12.2.7. Implementation involves 4 main tasks:

- (i) Developing the organizational scorecard;
- (ii) Preparing the Service Delivery and Budget Implementation Plan;
- (iii) Preparation of the Performance Agreements (Annual Performance Plans and Personal Development Plans) for the City Manager and Section 57 Managers.
- (iv) Compilation of Portfolios of Evidence (PoE's).

12.2.8. 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:



12.2.9. The OC, P and KM unit, must develop a standard operating procedure, for the implementation of steps (i) – (iv) above within one month of the start of the new financial year during which implementation is to take place. Annexure A to this policy is the Standard Operating Procedure including templates.

12.3. MONITORING:

12.3.1. 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.

12.3.2. The Monitoring Unit 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.

12.3.3. 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 City Manager must ensure that the budget is built around quarterly and monthly information. Being a start-of-year planning and target tool, the SDBIP gives meaning to both in-year reporting and end-of-year annual reports.

12.3.4. Monitoring involves 3 main tasks:

- (i) Measuring Performance;
- (ii) Compilation of Monthly Quarterly Performance Reports at a Business Unit Level;
- (iii) Compilation of Consolidated Quarterly, Half-yearly and Annual Performance reports at an Organizational/Municipal Level.

12.4. EVALUATION:

12.4.1. Evaluation is a periodic, in-depth analysis of programme performance. It relies on data generated through monitoring activities as well as information obtained from other sources (e.g. studies, research, in-depth interviews, focus group discussions, surveys, etc.). Evaluations are often (but not always) conducted with the assistance of external evaluators.

12.4.2. Evaluation of the SDBIP & OP & MFMA will be done on a Quarterly Basis. Quarterly Reports on the SDBIP & OP & MFMA will be tabled and discussed at the OMC meeting during each respective month of the financial year.

12.4.3. The SDBIP & OP will be presented to all Portfolio Committees as well as EXCO and Full Council. The MFMA quarterly report will be presented to EXCO & Full Council once it has been discussed at OMC meetings.

12.4.4. The evaluation Model concerns to assess programme performance are:

- Relevance: Does the programme continue to meet our needs?
- Effectiveness: Are we achieving the desired results?
- Efficiency: Are the results cost-effective?
- Sustainability: Can the results be sustained after withdrawing support?
- Alternative Strategies: Are there better alternatives to achieve the desired results?

12.4.5. The following role players are involved, to some degree, in evaluations:

- Internal Audit
- City Manager
- Auditor General
- Performance Audit Committee/Audit Committee
- Oversight Committee
- Municipal Standing Committee on Public Accounts
- Department of Cooperative Governance and Traditional affairs
- Community
- OC, P & KM

12.4.6. Evaluation will take place as follows:

- (i) Ongoing as part of the monitoring and reporting process;
- (ii) Compilation of Quarterly Performance Reports at a Business Unit & Organizational Level;
- (iii) Monthly Management Meetings in which all Senior Managers are invited
- (iv) Compilation of Consolidated Annual Performance reports at an Organizational/Municipal Level.

13. POLICY REVIEW

- 13.1.** A cover report including a comparison of amendments of the current approved policy vs the reviewed policy being submitted for approval along with the reviewed OPMS policy will be submitted to relevant Committees by the 30th of June every financial year.
- 13.2.** The Organizational Compliance, Performance and Knowledge Management Unit is responsible for the review of the OPMS policy.

14. NON COMPLIANCE & CONSEQUENCE MANAGEMENT

- 14.1.** For the purposes of this policy and the implementation thereof, the following definitions of Non Compliance and Consequence Management will be applicable.
- 14.2.** Non Compliance – A breach by an individual of applicable laws, regulations, codes or organizational standards. It is a failure or refusal to comply with something (such as a request for information with a timeline that is not adhere to). A state of not being in compliance, whereby an accepted model or accepted standards are not correctly adhered to.
- 14.3.** Consequence Management - Is a robust, transparent and consistent practice for managing consequences of noncompliance with organizational policies, codes, rules, regulations etc. It refers to actions taken that seek to maintain or restore essential services, manage and mitigate problems that have emerged.
- 14.4.** The City Manager will be charged with the Authority to enforce consequence management on any member of staff that fails to comply with this Policy.

15. OPMS STANDARD OPERATING PROCEDURE

- 15.1.** In order to give effect to the above policy and ensure compliance is at an optimum level, a Standard Operating Procedure has been developed. The following Standard Operating Procedure will be descriptive in nature, narrative where necessary and also inclusive of adaptations of the full templates to be used for the OPMS process for the 2019/2020 financial year. The detailed Standard Operating Procedure is attached with this policy as ***Annexure 2.***

ANNEXURE 1: OPMS ANNUAL CALENDAR 2019/2020 FY

QUARTER ONE:
<ul style="list-style-type: none">➤ AG: Performance Audit.➤ SDBIP Departmental Monthly Reporting to Council for oversight.➤ Week 3 of the last month of the quarter: quarterly assessments for S56 & Senior Managers.➤ Week 4 of the last month of the quarter: organisational quarterly assessment and planning utilising departmental scorecards (SDBIP).➤ Organisational quarterly assessment report Presented to Council.➤ Performance audits as part of annual audit plan.
QUARTER TWO:
<ul style="list-style-type: none">➤ SDBIP Departmental Monthly Reporting to Council for oversight;➤ Week 3 of the last month of the quarter: quarterly assessments for S57 & Staff:➤ Week 4 of the last month of the quarter: organisational quarterly assessment and planning.➤ Organisational quarterly assessment report Presented to Council.➤ Audit Committee Meeting including Performance management consideration.➤ Mid-Year Assessment & Report.
QUARTER THREE:
<ul style="list-style-type: none">➤ Mid-Year Review & budget adjustment: month one of quarter three.➤ Annual Performance Review; Performance Report; month three of quarter three.➤ Strategic Planning Session (end of quarter): month three of third quarter.➤ Performance Audits – as per of annual audit plan.➤ Audit Committee Meeting including Performance Management consideration.
QUARTER FOUR:
<ul style="list-style-type: none">➤ Oversight Committee; Annual Report.➤ IDP Adoption (5-year municipal scorecard, 1 year organisational strategic scorecard), SDBIP Adoption (Departmental scorecards), Budget Adoption.➤ Section 56 Performance Agreements & Staff Workplans Completed, signed off. (annual and quarterly broken down outputs).➤ AG performance audit working papers put together from on-going POE throughout year.➤ Audit Committee Meeting including Performance Management consideration.



MSUNDUZI MUNICIPALITY
2019/2020 FINANCIAL YEAR

***STANDARD OPERATING PROCEDURE FOR THE ORGANIZATIONAL
PERFORMANCE MANAGEMENT POLICY***

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LIST OF ABBREVIATIONS

1	AC	Audit Committee
2	APR	Annual Performance Report
3	AR	Annual Report
4	B2B	Back to Basics
5	CoGTA	Cooperative Governance and Traditional Affairs
6	GM	General Manager
7	EXCO	Executive Committee
8	MFMA	Municipal Finance Management Act
9	CM	City Manager
10	MPAC	Municipal Public Accounts Committee
11	MSA	Municipal Systems Act
12	OC, P & KM	Organizational Compliance, Performance & Knowledge Management
13	OMC	Operational Management Committee
14	OP	Operational Plan
15	OPMS	Organizational Performance Management System
16	SM	Senior Manager
17	PMS	Performance Management System
18	POE	Portfolio of Evidence
19	SBU	Strategic Business Unit
20	SDBIP	Service Delivery & Budget Implementation Plan
21	SMC	Strategic Management Committee
22	SOCA	State of the City Address
23	SOP	Standard Operating Procedure

1. 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 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 these 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 has 5 steps as per below; which will be described later in this SOP manual:

- 1. Planning**
- 2. Implementation**
- 3. Monitoring and Reporting**
- 4. Evaluation and Reporting**
- 5. Performance Auditing & Reporting**

The SOP will unpack the 5 steps mentioned above for each of the following outputs:

- 1. Development of the SDBIP & OP and/or any other reporting template which may arise during the course of the financial year**
- 2. Performance Reporting on the SDBIP & OP and/or any other reporting template which may arise during the course of the financial year**
- 3. Mid-Year Performance Review**
- 4. Annual Performance Report & Annual Report**

2. BACKGROUND

Performance information indicates how well a municipality is meeting its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of its mandate. Performance information is key to effective management: including planning, budgeting, and implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling Councillors, members of the public, and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.

The municipality delivers services essential to the well-being and development of communities. In order to ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers where corrective action is required. Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that what gets measured gets done. If a municipality knows that its performance is being monitored, it is more likely to perform the required tasks and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

3. DEFINITION OF STANDARD OPERATING PROCEDURES

By definition, Standard Operating Procedures (SOPs) within the context of Organizational Performance Management, is a written description of steps for all significant activities relating to the practice of Organizational Performance Management. SOPs should accurately reflect the methodology for processes required for Implementation of the OPMS Policy, be sufficiently practical and be usable in the municipal environment. Good organizational performance management serves as an important tool for realizing organizational goals by implementing competitive human resources management strategies. It helps in aligning and integrating the objectives with the KPI's in an organization both vertically and horizontally across all job categories and the levels and thus helps in driving all the activities right from the bottom level towards one single goal.

4. JUSTIFICATION FOR STANDARD OPERATING PROCEDURES

There are several challenges the existing Performance Management System is facing; these include the following among others;

- Poor and incomplete recording of data needed for Performance Management;
- Use of non-standardized Portfolio of Evidence templates by business units, has been happening owing to lack of or failure to use existing Portfolio of Evidence templates (POEs) for setting up portfolios of evidence;
- Lack of guidance on how to determine the source documents for a respective target, and;
- Lack of guidance on how to Develop Portfolios of Evidence (POEs) e.g. that was generated through service delivery implementation.
- For a number of financial years Internal Audit (IA) as well as the Auditor General (AG) have raised queries in respect of Performance Information (Source Documents / Portfolios of Evidence) being inadequate. The development and implementation of Standard Operating Procedures for the development of Portfolios of Evidence if implemented correctly should eliminate further queries.

5. ANTICIPATED BENEFITS OF HAVING STANDARD OPERATING PROCEDURES FOR ORGANIZATIONAL PERFORMANCE MANAGEMENT

- A good SOP on organizational performance management systems works towards the improvement of the overall organizational performance by managing the performances of teams and individuals for ensuring the achievement of the overall organizational ambitions and goals.
- An effective SOP on performance management systems can play a very crucial role in managing the performance in an organization by:
 - Ensuring that the employees understand the importance of their contributions to the organizational goals and objectives.
 - Ensuring each employee understands what is expected from them and equally ascertaining whether the employees possess the required skills and support for fulfilling such expectations.
 - Ensuring proper aligning or linking of objectives and facilitating effective communication throughout the organization.
 - Facilitating a cordial and a harmonious relationship between an individual employee and the line manager based on trust and empowerment.

6. STANDARD OPERATING PROCEDURES (SOP) PER LEVEL

The general Standard Operating Procedures for Organizational Performance Management at all levels will include amongst others, the following:

- Data sources must be clearly defined at each level of collection to allow traceability of performance by the Strategic Business Unit head (GM) / Senior Manager reporting directly to the CM,
- Data verification and validation must be done at a source point (between supervisors and incumbents), and;
- At each level of data flow, there must be data sign-off to indicate that responsible managers agree with the reported data and that the report reflects true activities in their area of responsibility.

7. PERFORMANCE MANAGEMENT & PORTFOLIO OF EVIDENCE CRITERIA

Each Strategic Business Unit (SBU) must make sure that its records meet the following criteria:

- **Authenticity** - are created, stored and are able to prove beyond doubt that the record is 'what it claims to be' and identifies the individual who created it, by maintaining a record of its management through time,
- **Accuracy** - have to accurately reflect the transactions/event they document,
- **Accessibility** - must be readily available as and when required,
- **Complete** - must be adequate in content, context and structure to recreate the pertinent activities and transactions/events they document,
- **Comprehensive** - must document the entire range of the SBUs business,
- **Compliant** - must act in accordance with any record keeping requirements from legislation, audit rules and other applicable regulations,
- **Effective** - should be maintained for the specific purposes for which it was gathered, and the information contained must meet those purposes, and;
- **Secure** - have got to be securely stored and maintained preventing unauthorized access, modification, damage or removal. They have to be stored in an administered, secure environment, the degree of security relevant to the sensitivity and significance of the content.

8. STANDARD OPERATING PROCEDURE FOR ORGANIZATIONAL PERFORMANCE MANAGEMENT

HIGH LEVEL SUMMARY

The process being outlined hereunder is at the Strategic level of the Municipality whereby it will determine how General Managers (GMs) and Senior Managers reporting directly to the City Manager (CM) are responsible for the **Planning, Implementation, Monitoring and Reporting, Evaluation and Reporting & Performance Auditing & Reporting** of their respective Strategic Business Units (SBUs) and Sub Units **SDBIPs & OP and/or any other reporting template which may arise during the course of the financial year, Mid-Year Performance Assessment / Review, Annual Performance Report & Annual Report.**

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

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

OPMS outputs:

- **Development of the SDBIP & OP and/or any other reporting template which may arise during the course of the financial year**
- **Performance Reporting on the SDBIP & OP and/or any other reporting template which may arise during the course of the financial year**
- **Mid-Year Performance Review**
- **Annual Performance Report & Annual Report**

8.1. Development of the SDBIP & OP and/or any other reporting template which may arise during the course of the financial year and performance reporting

8.1.1. Planning

- Once the Integrated Development Plan (IDP) and Budget have been approved annually by the end of May (or otherwise communicated via the Office of the City Manager, the OC, P & KM unit will develop templates for the SDBIP & OP and circulate same to the respective General Managers and Senior Managers reporting directly to the CM. ***The templates will be sent out within 1 day of the IDP & Budget Approval. The templates and associated documents must be received by the GMs & SMs reporting directly to the CM as though it was the CM that had sent it to them and carry out the tasks as a lawful instruction.***
- General Managers and Senior Managers reporting directly to the CM will then forward the templates to their respective Senior Managers/Managers to populate the templates with the required Performance & Budget Information.
- The Performance Information has to be SMART, aligned to the IDP 5 year and 1 Year scorecards and must contain the approved budgets as well as vote numbers.
- Senior Managers/Managers having completed this process will then forward submissions to the General Managers and Senior Managers reporting directly to the CM for verification and accuracy as the overall accountability rests with them.
- The Organizational Compliance, Performance & Knowledge Management Unit will then schedule sessions per Business Unit and Sub unit. These sessions will be used to finalize the respective Strategic Business Units (SBU) submissions before collation of the completed SDBIP & OP. ***This will be done within 10days of the original template being sent to GMs & SMs reporting directly to the CM after the approval of the IDP & Budget.***
- At these sessions the OC, P & KM unit will assist the GMs and SMs with the SMART principle so the GMs & SMs can ensure the KPIs and Performance Targets are SMART as they are overall accountable for the SMARTness of Key Performance Indicators and Performance Targets. ***The GMs & SMs reporting directly to the CM will have 2 days from the date of the sessions to supply the OC, P & KM unit with their final submissions having checked and confirmed the submission to be accurate, valid, reliable and complete.***
- Once collation has been completed, ***the OC, P & KM unit will package all the information in the required format within 3 days of receiving same*** and forward it to the General Managers & SMs reporting directly to the CM where errors, omissions and matters pertaining to SMARTness are identified. This process can be in the form of a memo or an email from the OC, P & KM unit to the GMs & SMs reporting directly to the CM based on the time factor. ***The GMs & SMs reporting directly to the CM will have 3 days to attend to all the matters raised by the OC, P & KM unit.***

- ***The GMs & SMs reporting directly to the CM will have to sign off on the memo as per annexure 3; thereby assuring the council that the KPIs are SMART, budgeted for and is a reflection of the will of the Council.***
- ***In instance where the above processes are not adhered to by the GMs & SMs reporting directly to the CM, the OC, P & KM unit will have to report same to the City Manager as it will amount to a breach of this policy and therefore consequence management must be enforced by the CM and is applicable as the SDBIP & OP are statutory documents governed by legislation and timeframes.***
- ***The City Manager may; due to the non-compliance of the GMs & SMs reporting directly to the CM & the tight timeframes; opt to delegate authority to the OC, P & KM unit to fix the SMARTness of the Key Performance Indicators & Performance Targets on his/her behalf in instances where they are applicable.***
- ***The City Manager may; due to the non-compliance of the GMs & SMs reporting directly to the CM & the tight timeframes; opt to delegate authority to the OC, P & KM unit to remove Key Performance Indicators & Performance Targets on his/her behalf in instances where there is too little information provided, errors or omissions are present and where no vote numbers and budgets are not provided. The GMs & SMs reporting directly to the CM will account for these KPIs and Performance targets not being contained in the approved SDBIP & OP because of their failure to amend same and submit on time. The CM must take note of same where he/she implements consequence management.***
- Once all of the above processes have been completed the onus rests with the OC, P & KM unit to supply the City Manager with a completed draft SDBIP & OP that has been edited and is free of errors. This needs to be completed within 3 days.
- Once the City Manager has signed off on the SDBIP & OP, the OC, P & KM unit will then submit it to the Mayor for Approval.
- The process outlined above has to be completed within the legislative timeframe being; the SDBIP & OP has to be approved by the Mayor within 28 days after the approval of the IDP & Budget, hence by the 28th of June annually; or an alternate date as communicated by the City Manager / City Manager's Office.
- The process outlined above for the SDBIP & OP will be exactly the same for the Back to Basics template as the B2B targets have to now be integrated into the SDBIP as per correspondence received from National CoGTA.
- In terms of any other performance template as directed by the CM, the same processes recorded above will be followed.
- All SBUs will be dually informed by the OC, P & KM unit of dates and times for the processes required for the completion of the SDBIP and any other performance template as directed by the CM
- The following is adaptations of the full templates to be used in the 2019/2020 financial year and is included here for ease of reference:

8.1.2. Implementation

- Once the SDBIP & OP & any other annual performance monitoring & evaluation templates have been approved, the OC, P & KM unit will then develop reporting templates for each one of them.
- Having developed the reporting templates, the OC, P & KM unit will then circulate same to the General Managers or their PA's & Performance Champions and Senior Managers reporting directly to the CM on a monthly and quarterly basis.
- General Managers and Senior Managers reporting directly to the CM will then forward the reporting templates to Senior Managers/Managers/Staff within their respective SBUs/units for completion of the reporting documents including the development of Portfolios of Evidence for the actuals being recorded.
- Senior Managers/Managers/Staff within the respective SBUs/units having completed and finalized the reporting documents including Portfolios of Evidence, will then forward same to the General Managers and Senior Managers reporting directly to the CM.
- General Managers and Senior Managers reporting directly to the CM will then check the reported actuals for validity, accuracy, reliability and completeness against the POE prior to forwarding same to the OC, P & KM unit.
- The OC, P & KM unit will then collate all the submissions from General Managers and Senior Managers reporting directly to the CM.
- **The OC, P & KM unit will complete a quality control on the information submitted, where inconsistencies are found, the OC, P & KM unit will return the submissions to the GMs & SMs for review with a provision that until a revised submission is received, it will be taken as no submission for that/those particular KPIs and performance Targets where received. The onus rests with the GMs & SMs to ensure the reviewed response is submitted.**
- **Quality control by the OC, P & KM unit will only be fully effected if the business units adhere to the strict deadlines set by the OC, P & KM unit, due processes cannot be undertaken where the information is submitted late on a monthly/quarterly basis.**
- **Once all submissions are received, the OC, P & KM unit will package same accordingly for onwards transmission to the Operational Management Committee meeting for the respective month/quarter.**
- **At the Operational Management Committee meeting, the respective monthly / quarterly report on the SDBIP & OP and any other performance reporting template will be interrogated by all present including the GMs, SMs and the City Manager.**
- **Where further discrepancies are noted, the accountable GM will be required to ensure the reviewed response is submitted to the OC, P & KM unit by the Wednesday after the OMC meeting.**
- **The OC, P & KM unit will complete a quality control on the information submitted thereafter the OMC meeting, where inconsistencies are found, the OC, P & KM unit will return the submissions to the GMs &**

- SMs for review with a provision that until a revised submission is received, it will be taken as no submission for that/those particular KPIs and performance Targets where received. The onus rests with the GMs & SMs to ensure the reviewed response is submitted.**
- **Should no submission be forthcoming, the OC, P & KM unit will collate and package the information for onwards transmission to the Portfolio Committees.**
 - **The GMs & SMs will be responsible to account to the Portfolio Committees as to why the information is incomplete and therefore providing inaccurate information to the portfolio committees and not allowing them to play their oversight role on that/those particular KPIs and performance targets.**
 - **In instances where this occurs, the OC, P & KM unit will advise the CM. The CM will consider this to be an act of non-compliance and therefore employ consequence management on the respective CM or SM.**
 - **Once again it must be noted that the OC, P & KM unit will only accept information from GMs and SMs and/or their respective PA's or the identified Performance Champion of the SBU/unit. No other submissions will be considered to be valid outside of these individuals.**
 - The following timeframes are applicable for the above mentioned reporting templates (SDBIP & OP and any other performance reporting template); between the 1st and 3rd of every month of a respective financial year, the OC, P & KM unit will send out the respective templates to General Managers and Senior Managers reporting directly to the CM. This is in line with an OMC resolution that because the GMs & Senior Managers reporting directly to the CM are accountable overall for the performance reporting of their SBUs/Units, no templates will be sent directly to Senior Managers/Managers/Staff within their respective SBUs/Units for completion, as it is the responsibility of the GM and Senior Managers reporting directly to the CM to do so.
 - OMC is scheduled to take place on the Monday after the 15th of every month in order to allow for the finance unit to close their systems by the 10th of every month and finalize the financials for performance reporting.
 - Therefore, GMs will be required to submit their completed documents to the OC, P & KM unit by no later the 11th of every month. Where the 11th falls on a weekend the submission is due the following Monday after the 11th of every month.
 - No information received after these dates will be accepted, it will be reported to the CM and the respective GM & SM will be accountable to the OMC / Portfolio Committees as to why the information was not submitted.
 - General Managers are required to ensure they provide the OC, P & KM unit a standing time slot on their respective MANCOs to allow the OC, P & KM unit to provide performance advice in respect of validity, reliability, accuracy and completeness of the reporting templates and the portfolios of evidence.
 - The following is adaptations of the full reporting templates to be used in the 2019/2020 financial year and is included here for ease of reference:

SDBIP & OP 2019/2020 QUARTERLY & MONTHLY PERFORMANCE REPORTING TEMPLATES

SDBIP & OP 2019/2020 QUARTERLY PERFORMANCE REPORTING TEMPLATES

INDEX	IDP REFERENCE	SDBIP REFERENCE	PROGRAMME	PROJECT	MEASURABLE OBJECTIVE	ANNUAL TARGET / OUTPUT	PERFORMANCE MEASURE	PERFORMANCE REPORTING - QUARTER (__?__) - MONTH (__?_) ENDING (__?__)						
								QUARTER (__?__) - MONTH (__?_) ENDING (__?__)						
								QUARTER (__) TARGET	QUARTERLY PROGRESS - ACTUAL	ACTUAL (1,2,3,4,5, Not	REASON FOR DEVIATION	CORRECTIVE MEASURE	TIMEFRAME TO IMPLEMENT CORRECTIVE	SOURCE DOCUMENT
								What has been done in respect to the target?		If not Achieved, What setbacks had occurred?	What measures/ actions are to be taken to ensure target can be achieved?	What is the estimated time to achieve target after setback?	Evidence to support progress	

SDBIP & OP 2019/2020 MONTHLY PERFORMANCE REPORTING TEMPLATES

INDEX	IDP REFERENCE	SDBIP REFERENCE	PROGRAMME	PROJECT	MEASURABLE OBJECTIVE	ANNUAL TARGET / OUTPUT	PERFORMANCE MEASURE	PERFORMANCE REPORTING - QUARTER (__?__) - MONTH (__?_) ENDING (__?__)							
								QUARTER (__?__) - MONTH (__?_) ENDING (__?__)							
								QUARTER (__) TARGET	MONTHLY PROJECTION	MONTHLY PROGRESS	ACTUAL (1,2,3,4,5, Not	REASON FOR DEVIATION	CORRECTIVE MEASURE	TIMEFRAME TO IMPLEMENT CORRECTIVE MEASURES	SOURCE DOCUMENT
										What has been done in respect to the target?		If not Achieved , What setbacks had occurred ?	What measure/ actions are to be taken to ensure target can be achieved ?	What is the estimated time to achieve target after setback?	Evidence to support progress

8.1.3. Monitoring and Reporting

- Monitoring of the SDBIP & OP **and/or any other reporting template which may arise during the course of the financial year** will be done on a monthly basis.
- General Managers are required to ensure they provide the OC, P & KM unit a standing time slot on their respective MANCOs to allow the OC, P & KM unit to provide performance advice in respect of validity, reliability, accuracy and completeness of the reporting templates and the portfolios of evidence.
- Monthly Reports on the SDBIP & OP **and/or any other reporting template which may arise during the course of the financial year** will be tabled and discussed at the OMC meeting during each respective month of the financial year.
- Monthly Reports on the SDBIP & OP will be presented to all Portfolio Committees as well as EXCO and Full Council.
- Although the B2B template is included in the SDBIP Template, the B2B template that is sent to CoGTA on a Monthly basis, it will be presented as a separate agenda item at each monthly meeting of the Full Council.
- This process will be undertaken as per above - 8.1.2. Implementation.

8.1.4. Evaluation and Reporting

- Evaluation of the SDBIP & OP **and/or any other reporting template which may arise during the course of the financial year** will be done on a Quarterly basis.
- General Managers are required to ensure they provide the OC, P & KM unit a standing time slot on their respective MANCOs to allow the OC, P & KM unit to provide performance advice in respect of validity, reliability, accuracy and completeness of the reporting templates and the portfolios of evidence.
- Quarterly Reports on the SDBIP & OP **and/or any other reporting template which may arise during the course of the financial year** will be tabled and discussed at the OMC meeting during each respective month of the financial year.
- Quarterly Reports on the SDBIP & OP will be presented to all Portfolio Committees as well as EXCO and Full Council.
- This process will be undertaken as per above - 8.1.2. Implementation.

8.1.5. Performance Auditing & Reporting

- Once the Quarterly SDBIP & OP reports have been tabled, discussed and interrogated at a meeting of the OMC, the Internal Audit Unit will request the final report from the OC, P & KM unit.
- The Internal Audit Unit will then commence the audit of performance information contained in the respective reports as well as the POE's.
- It is the responsibility of each GM & SM reporting directly to the City Manager to ensure that the requested POE's are sent to Internal Audit unit as per the stipulated timeframes in the request notice sent to them.
- The OC, P & KM unit will also send the final SDBIP & OP reporting templates to the Municipal Public Accounts Committee (MPAC) as well as the Audit Committee where the same will be presented.
- Once the Internal Audit unit has finished the Audit, a request for Management Comments will be sent to the GMs / SMs reporting directly to the CM as well as the Senior Manager in the Office of the City Manager.
- GMs as well as the Senior Manager in the Office of the City Manager are then obliged to respond to the request for management comments within the timeframes stipulated in the request notice sent to them.
- Once management comments are received Internal Audit will collate responses and finalize the report on performance information for the respective quarter.
- The final report will be sent to all GMs & the Senior Manager in the Office of the City Manager as well as the CM; and will be sent to the MPAC and Audit Committee where it will be presented and discussed.

8.2. Mid-Year Performance Assessment / Review

8.2.1. Planning

- As per S72 of the MFMA, the Accounting Officer of the Municipality must by January 25 each year, assess the performance of the municipality during the 1st half of the financial year and table the Mid-Year Performance Report to council.
- During the Month of January annually the OC, P & KM unit will develop the Mid-Year Performance Report.
- Any amendments to the SDBIP & OP will be included as part of the recommendation of the Mid-Year Performance Assessment report which will require Council approval.
- The OC, P & KM unit will develop a reporting template that will summarize performance as at the end of the 2nd Quarter (December) and also include columns to indicate if the KPI is to be amended, remains as it or be removed all together. Reasons for a KPI to be amended, remains as it or be removed all together will also be recorded in this column. It will also cater for New KPIs to be added during the mid-year performance assessment.
- The OC, P & KM unit will schedule sessions with each GM and SMs reporting directly to the CM. At these sessions the OC, P & KM unit will assist with the completion of the templates where the adjustments will be recorded.

8.2.2. Implementation

- Having developed the mid-year performance assessment reporting templates, the OC, P & KM unit will then circulate same to the General Managers and Senior Managers reporting directly to the CM with a date and time for submission which must be taken as a direct instruction from the CM. Dates and timeframes must be adhered to by the GMs and SMs in order for the report to be finalized and submitted to the relevant portfolios before onwards transmission to Council for approval.
- General Managers and Senior Managers reporting directly to the CM will then forward the mid-year performance assessment reporting templates to Senior Managers/Managers/Staff within their respective SBUs/Units for completion of the reporting documents including the development of Portfolios of Evidence for the actuals being recorded.
- Senior Managers/Managers within the respective SBUs having completed and finalized the mid-year performance assessment reporting documents including Portfolios of Evidence, will then forward same to the General Managers and Senior Managers reporting directly to the CM.

- General Managers and Senior Managers reporting directly to the CM will then check the reported actuals for accuracy, validity, reliability and completeness against the POE prior to forwarding same to the OC, P & KM unit.
- The OC, P & KM unit will schedule sessions with each GM and SMs reporting directly to the CM. At these sessions the OC, P & KM unit will assist with the completion of the templates where the adjustments will be recorded.
- In order to finalize the report; the Finance Unit of Council has to forward to the OC, P & KM unit the allocated budget and expenditure for both the operating and capital budgets with graphical representations.
- The OC, P & KM unit will then collate all the General Managers and Senior Managers reporting directly to the CM submissions and package same accordingly.
- The OC, P & KM unit will complete a quality control on the information submitted, where inconsistencies are found, the OC, P & KM unit will return the submissions to the GMs & SMs for review with a provision that until a revised submission is received, it will be taken as no submission for that/those particular KPIs and performance Targets where received. The onus rests with the GMs & SMs to ensure the reviewed response is submitted.
- Once the reviewed submissions are received, the OC, P & KM unit will then collate all the General Managers and Senior Managers reporting directly to the CM submissions and package same accordingly for onwards transmission to a meeting of the Strategic Management Committee, EXCO and Council before the 25th of January Annually.
- All timeframes to complete the mid-year performance assessment report will be communicated to General Managers and Senior Managers reporting directly to the CM in January annually.
- It is the responsibility of the General Managers and Senior Managers reporting directly to the CM to ensure that the timeframes are adhered to accordingly.
- In instances where this occurs and no submissions / or late / or incomplete submissions are received by the OC, P & KM unit; the OC, P & KM unit will advise the CM. The CM will consider this to be an act of non-compliance and therefore employ consequence management on the respective CM or SM.
- The GMs & SMs will be responsible to account to the City Manager & Portfolio Committees as to why there was no submissions / or late / or incomplete submissions and therefore providing inaccurate information to the portfolio committees and not allowing them to play their oversight role on that/those particular KPIs and performance targets.
- Once again it must be noted that the OC, P & KM unit will only accept information from GMs and SMs and/or their respective PA's or the identified Performance Champion of the SBU/unit. No other submissions will be considered to be valid outside of these individuals.
- The following is adaptations of the full templates to be used in the 2019/2020 financial year and is included here for ease of reference:

IDP REFERENCE	NATIONAL KEY PERFORMANCE INDICATOR	PROGRAMME	PROJECT	WARD	BASELINE / STATUS QUO	MEASURABLE OBJECTIVE	ANNUAL TARGET / OUTPUT	PERFORMANCE MEASURE	PERFORMANCE REPORTING - QUARTER 2 - ENDING DECEMBER							KPI STATUS QUO - UNCHANGED, AMEND, REMOVE OR NEW	REASONING FOR AMEDMENT OR REMOVAL	SOURCE DOCUMENT
									QUARTER 2 - ENDING DECEMBER									
									QUARTER 2 TARGET	QUARTER 2 PROGRESS	ACTUAL	REASON FOR DEVIATION	CORRECTIVE MEASURE	TIMEFRAME TO IMPLEMENT	SOURCE DOCUMENT			

8.2.3. Monitoring and Reporting

- The Monitoring of the mid-year report will be conducted by Senior Managers/Managers within the respective SBUs as it will be them who will be responsible for completing the templates for their units prior to submission of finalized reports to their General Managers and/or Senior Managers reporting directly to the CM.

8.2.4. Evaluation and Reporting

- The Evaluation of the mid-year report will be conducted by General Managers and/or Senior Managers reporting directly to the CM as it will be them who will be responsible for finalization & will then check the reported actuals for accuracy, validity, reliability and completeness against the Original Approved SDBIP & OP.

- GMs and/or Senior Managers reporting directly to the CM will forward complete information to the OC, P & KM unit.
- The OC, P & KM unit will then collate all the General Managers and Senior Managers reporting directly to the CM submissions and package same accordingly for onwards transmission to a meeting of the Strategic Management Committee, EXCO and Council before the 25th of January Annually.
- The OC, P & KM unit will send collated reports to all GMs and Senior Managers reporting directly to the CM for final confirmation (providing a due date for receipt of confirmation). Should no responses be received from all GMs and Senior Managers reporting directly to the CM, it will be taken as the GMs are satisfied with the quality and accuracy of the information contained in the respective reporting template.

8.2.5. Performance Auditing & Reporting

- SMC having interrogated the mid-year assessment report will then resolve to recommend to the Executive Committee.
- The Executive Committee will then exercise their Oversight Role and make recommendations if they foresee any necessary changes required.
- These amendments and recommendations will then be forwarded to Council to play their Oversight Role.
- Council may approve the report as per EXCO recommendations and if necessary could request further amendments to the report.
- The Final Report being the Mid-Year Performance Assessment / Review will be sent to Internal Audit to conduct a review, the results of which will be circulated to all GMs & SMs reporting directly to the CM and the Senior Manager in the Office of the CM for Comments. The report containing all the comments will be sent to MPAC and the Audit Committee as well as EXCO & Council.

8.3. Annual Performance Report & Annual Report

8.3.1. Planning

- The Annual Performance Report & Annual Report templates being used by Council are pre-determined templates issued as per Circular 63 from National Treasury.
- During the month of June annually the OC, P & KM unit will commence with customization of the reports to suit the financial year to which they are to be reported on.
- The Annual Performance Report is CHAPTER 3 of the Annual Report.
- The Annual Performance Report must be submitted to the Auditor General by the 31st of August Annually (as per S46 of the MSA).
- The Annual Report must be tabled at a meeting of the Council by the Mayor within 7 months of the beginning of a new financial year i.e. by the 31st of January Annually (as per S121 of the MFMA)
- Once the Annual report has been tabled in Council, it has to be sent to the MPAC for interrogation and oversight. The Oversight Report on the Annual Report must be tabled in Council by the Chairperson of MPAC within 9 months of the beginning of a new financial year i.e. by the 31st of March Annually.

8.3.2. Implementation

- Having developed & customized the Annual Performance Report & Annual Report templates, the OC, P & KM unit will then circulate same to the General Managers and Senior Managers reporting directly to the CM during the 1st week of July Annually.
- General Managers and Senior Managers reporting directly to the CM will then forward the Annual Performance Report & Annual Report templates to Senior Managers/Managers/Staff within their respective SBUs/Units for completion of the reporting documents including the development of Portfolios of Evidence for the actuals being recorded.
- Senior Managers/Managers/Staff within the respective SBUs/Units having completed and finalized the Annual Performance Report & Annual Report templates including Portfolios of Evidence, will then forward same to the General Managers and Senior Managers reporting directly to the CM.
- General Managers and Senior Managers reporting directly to the CM will then check the reported actuals for accuracy, validity, reliability and completeness against the POE prior to forwarding same to the OC, P & KM unit. Submissions from GMs and Senior Managers reporting directly to the CM must reach the OC, P & KM unit by the date and time specified in the request for information email sent out by the OC, P & KM unit.

- The OC, P & KM unit will send collated reports to all GMs and Senior Managers reporting directly to the CM for final confirmation (providing a due date for receipt of confirmation). Should no responses be received from all GMs and Senior Managers reporting directly to the CM, it will be taken as the GMs are satisfied with the quality and accuracy of the information contained in the respective reporting template.
- The OC, P & KM unit will then collate all the General Managers and Senior Managers reporting directly to the CM submissions and package same accordingly for onwards transmission to a meeting of the Strategic Management Committee & a meeting of the Audit Committee during the last week of August Annually. The OC, P & KM unit will then make any amendments as per recommendations of the SMC & AC prior to submission to the AG by the 31st of August Annually.
- All timeframes to complete the Annual Performance Report & Annual Report templates will be communicated to General Managers and Senior Managers reporting directly to the CM in July annually.
- It is the responsibility of the General Managers and Senior Managers reporting directly to the CM to ensure that the timeframes are adhered to accordingly.
- In instances where this occurs and no submissions / or late / or incomplete submissions are received by the OC, P & KM unit; the OC, P & KM unit will advise the CM. The CM will consider this to be an act of non-compliance and therefore employ consequence management on the respective CM or SM.
- The GMs & SMs will be responsible to account to the City Manager & Portfolio Committees as to why there was no submissions / or late / or incomplete submissions and therefore providing inaccurate information to the portfolio committees and not allowing them to play their oversight role on that/those particular KPIs and performance targets.
- Once again it must be noted that the OC, P & KM unit will only accept information from GMs and SMs and/or their respective PA's or the identified Performance Champion of the SBU/Unit. No other submissions will be considered to be valid outside of these individuals.

- The following is adaptations of the full templates to be used for the Annual Performance Report & Annual Report templates for the 2019/2020 financial year and is included here for ease of reference:

1.1 WATER SERVICES	
INTRODUCTION TO WATER SERVICES	
1.1	This text box must be completed by all units of Council.
1.2	Water Services is merely an example.
1.3	The Actual requirements of what must be inserted here will be sent to the respective GM when the templates are to be completed.

WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP						
Service Objectives	Outline Service Targets	2017/2018		2018/2019		2019/2020
Service indicators (i)		Target	Actual	Target	Actual	Target
<ul style="list-style-type: none"> • This table must be completed by all units of Council. • Water Services is merely an example. • The Actual requirements of what must be inserted here will be sent to the respective GM when the templates are to be completed. 						

EMPLOYEE: WATER SERVICES					
Job Level	2017/2018	2018/2019			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
<ul style="list-style-type: none"> • This table must be completed by all units of Council, however as per the Oversight Committee resolution 2012/2013, this table must be completed by the Corporate Services Unit as employee data is a Human Resources function. Thus Corporate Services Unit will be responsible for completion of the template for all units and submission to the OC, P & KM unit for Inclusion on the APR/AR. • Water Services is merely an example. • The Actual requirements of what must be inserted here will be sent to the respective GM when the templates are to be completed. 					

FINANCIAL PERFORMANCE 2018/2019: WATER SERVICES					
Details	2017/2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget %
<ul style="list-style-type: none"> • This table must be completed by all units of Council, however as per the Oversight Committee resolution 2012/2013, this table must be completed by the Financial Services Unit as Finance data is a Budget & Treasury function. Thus Financial Services will be responsible for completion of the template for all units and submission to the OC, P & KM unit for Inclusion on the APR/AR. • Water Services is merely an example. • The Actual requirements of what must be inserted here will be sent to the respective GM when the templates are to be completed. 					

CAPITAL EXPENDITURE: WATER SERVICES					
DETAILS	2018 / 2019				
	R,000				
	ORIGINAL 2015 / 2016 BUDGET	ADJUSTED 2016 / 2017 BUDGET	YTD ACTUAL EXPENDITURE	VARIANCE FROM ADJUSTED BUDGET %	TOTAL PROJECT VALUE
<ul style="list-style-type: none"> • This table must be completed by all units of Council, however as per the Oversight Committee resolution 2012/2013, this table must be completed by the Financial Services Unit as Finance data is a Budget & Treasury function. Thus Financial Services will be responsible for completion of the template for all units and submission to the OC, P & KM unit for Inclusion on the APR/AR. • Water Services is merely an example. • The Actual requirements of what must be inserted here will be sent to the respective GM when the templates are to be completed. 					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

- This text box must be completed by all units of Council.
- Water Services is merely an example.
- The Actual requirements of what must be inserted here will be sent to the respective GM when the templates are to be completed.

- **NB: PLEASE NOTE THE ABOVE TEMPLATES ARE NOT ALL THE TEMPLATES CONTAINED IN THE APR/AR FOR EACH RESPECTIVE BUSINESS UNIT. IT IS MERELY A SUMMARY OF SOME OF THE TEMPLATES. WHEN FORWARDING THE TEMPLATES TO THE RESPECTIVE GMs, THE OC, P & KM UNIT WILL ENSURE THE TEMPLATES ARE PACKAGED FOR EACH SBU SO AS TO PREVENT ANY DUPLICATION.**

8.3.3. Monitoring and Reporting

- The Monitoring of the Annual Performance Report & Annual Report will be conducted by Senior Managers/Managers within the respective Units as it will be them who will be responsible for completing the templates for their units prior to submission of finalized reports to their General Managers and/or Senior Managers reporting directly to the CM.
- General Managers and Senior Managers reporting directly to the CM will then check the reported actuals for accuracy, validity, reliability and completeness against the POE prior to forwarding same to the OC, P & KM unit.

8.3.4. Evaluation and Reporting

- The Evaluation of the Annual Performance Report & Annual Report will be conducted by the Auditor General as they will interrogate the information submitted as well as the POE's.
- The AG will then provide an opinion in terms of the Annual Performance Report, i.e. on the status of the Audit of Performance Information.
- Should inconsistencies be found, the AG will also list them accordingly. The onus is on Council to ensure the irregularities are fixed and do not become repetitive.

8.3.5. Performance Auditing & Reporting

- The MPAC will interrogate the Annual Report once the Mayor has tabled same before the end of January Annually.
- The aim of the interrogation is to ensure what is recorded are based on facts and backed up by POE's.
- Inconsistencies found must be rectified prior to the Tabling of the final Annual Report before the end of March Annually.
- Whilst MPAC is engaging in the oversight process, the Internal Audit Unit will conduct an Audit of the Annual Report.
- The Findings of their Audit will be tabled at the MPAC meetings where the Annual Report is being discussed.
- Any amendments as per the Internal Audit report must be must be rectified prior to the Tabling of the final Annual Report before the end of March Annually.

- All amendments must be supplied via the respective GMs and Senior Managers reporting directly to the CM; the OC, P & KM unit will then be responsible to ensure the respective amendments are made to the Annual Report before final print.
- MPAC having interrogated the Annual Report will then develop an Oversight Report on the Annual Report.
- The Oversight report can contain any matter arising out of the proceedings during the interrogation of the Annual Report.
- The Oversight Report and Final Annual Report must be tabled in Council by the 31st of March Annually.

9. CONCLUSION

- In conclusion, the benefits of implementing the Standard Operating Procedure for the Organizational Performance Management System will ensure better audit results for the municipality.
- If followed correctly the steps above will ensure that what is reported is a true reflection of activities within Strategic Business units at any given time in a financial year.
- Performance management will be strengthened as information provided will be backed up by clear, concise and validated Portfolios of Evidence.
- The SOP on the OPMS policy will ensure that all reporting timeframes are adhered to.



The Msunduzi Municipality

OFFICE OF THE CITY MANAGER

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Private Bag / Isikhwama: X 321

Pietermaritzburg/ePietermaritzburg 3201

MEMORANDUM

To: CITY MANAGER
HIS WORSHIP THE MAYOR

Attention: SENIOR MANAGER: OFFICE OF THE CITY MANAGER

From: GENERAL MANAGER: _____

Enquiries: _____

Date: _____ **Ref:** _____

Subject: *PROVISION OF ASSURANCE TO THE MSUNDUZI COUNCIL ON THE SDBIP & OP SUBMITTED FOR MY BUSINESS UNIT TO THE MAYOR FOR APPROVAL*

This serves to confirm to the Msunduzi Council that –

I, the undersigned General Manager: for _____, provides the assurance to the Msunduzi Council that I have reviewed the Key Performance Indicators and Performance Targets for my Business unit as contained in the SDBIP & OP submitted to the Mayor for approval and therefore confirm the following –

- (a) The Key Performance Indicators and Performance Targets comply with the SMART principle;
- (b) The projects contained in the SDBIP & OP are Budgeted for the Financial Year;
- (c) The projects contained in the SDBIP & OP are a reflection of the will of the Council;
- (d) That I will ensure reports containing performance information submitted on the SDBIP & OP for my Business Unit is reliable, accurate, verifiable and complete at all times as and when required;
- (e) That I will ensure Portfolios of Evidence in support of the reports containing performance information submitted on the SDBIP & OP for my Business Unit is reliable, accurate, verifiable and complete at all times as and when required; and
- (f) That I will ensure reports containing performance information submitted on the SDBIP & OP for my Business Unit will be submitted to the OC, P & KM unit by Myself or my PA and/or the performance champion in my Business Unit as per the approved OPMS policy.

SIGNED: _____

DATE: _____

GENERAL MANAGER: _____