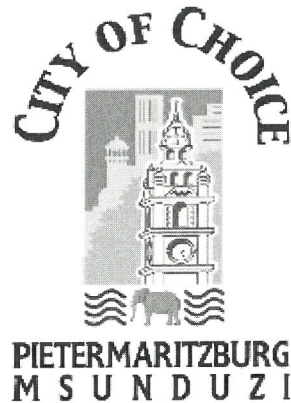


MSUNDUZI MUNICIPALITY



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Policy Author Contact Details	O33 392 3766

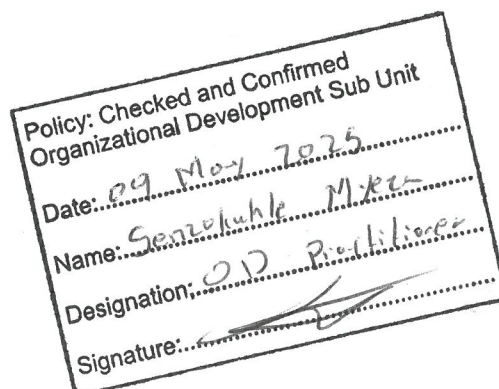


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1. INTRODUCTION

Performance Management is a process which measures the implementation of the organization's strategy. It is also a management tool to plan, monitor, measure and assess performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

Performance Management is the practice of linking the long-term strategic objectives of an organization to its day-to-day performance by setting measurable key performance indicators (KPIs) and monitoring performance against those indicators. When implemented correctly, it is an essential tool to monitor whether or not a municipality is on track to meet targets or, serves as an early warning system to identify areas where improvement is required to enhance service delivery and recognize excellent performance.

The municipality delivers services essential to the well-being and development of the communities it serves. 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 to areas where corrective action is required.

The Constitution of South Africa (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government".

The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration.
- to be transparent by providing information.
- to be responsive to the needs of the community; and
- To facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), Act No. 32 of 2000, requires municipalities to establish a Performance Management System (PMS). Further, the MSA and the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP by way of the Service Delivery and Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A municipality's PMS entails a policy that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, assessment, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players."

This policy therefore describes how the Municipality's performance process, for the organization as a whole, will be conducted, organized and managed. It also has the following objectives:

- clarify processes of implementation;
- ensure compliance with legislation;
- demonstrate how the system will be managed;
- define roles and responsibilities;
- promote accountability and transparency; and
- Reflect the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

Effective performance management is fundamental to the delivery of excellent local services. Local government has achieved improvements in recent years, however, councils are recognizing that they need to continue to develop and embed their approaches if they are to achieve further improvements.

Integrated Development Planning and Performance Management were introduced to realize the developmental role of local government. Whilst the IDP provides a policy for strategic decision-making, performance management must ensure that the desired results are achieved during implementation to ensure the correctness of the strategic direction of the objectives, strategies and projects put forward by the IDP.

2. POLICY PURPOSE

2.1 Performance management is a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to:

- regularly plan.
- continuously monitor.
- periodically measure; and
- review performance

A PMS entails a policy that describes and represents how the municipality's process of performance planning, monitoring, measurement review, reporting and improvement will be conducted, organized and managed, including determining the different role players. This policy document guides the development of a PMS for the Msunduzi Municipality. It also forms the basis of alignment between the IDP, the operational SDBIPs, performance areas and performance indicators of the various departments of the Municipality.

3. 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. Could also refer to a Consequences for outstanding Performance, where compliance was executed at standard that deserves rewarding, the reward is the consequence of exceptional Performance
CURRENT YEAR	The financial year which has already commenced, but not yet ended.
DMM	Deputy Municipal Manager

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 starts on the 1 st of July and ends 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)	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 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.
SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c)(ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate: a) Projection for each month of – 1) Revenue to be collected, by source; and 2) Operational and capital expenditure, by vote; b) Service delivery targets and performance indicators for each quarter; and; 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.
TARGET	Target/Aim which is to be achieved for that indicator over the specified timeframe.

TID	Technical Indicator Description
NDP	National Development Plan
PGDS	Provincial Growth Development Strategy

4. LEGISLATION AND SUPPORTIVE DOCUMENTS

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the Municipal Systems Act of 2000, Msunduzi Municipality must establish mechanisms to monitor and review its PMS so as to measure, monitor, review, evaluate and improve performance at organizational, departmental and lower levels.

Section 34 of the Municipal Systems Act, furthermore, point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP Review Process the Key Performance Areas, Key Performance Indicators and Performance Targets are reviewed and that this review will form the basis for the review of the Municipal PMS and Performance Agreements of Senior Managers.

The PMS is informed by the following legislation and policies:

- The Constitution of the Republic of South Africa, Act No. 108 of 1996 and as amended.
- Local Government: Municipal Systems Act, Act No. 32 of 2000 as amended.
- Local Government: Municipal Structures Act, Act No. 117 of 1998;
- Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003; • Local Government: Municipal Planning and Performance Management Regulations, 2001 (R796 of August 2001);
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, (R 805 of August 2006);
- Local Government: Regulations on appointments and conditions of employment of senior managers (R21, January 2014)
- National Treasury: Policy for Managing Programme Performance Information, 2007;
- National Treasury: MFMA Circular 13 (Services Delivery and Budget Implementation Plan);
- National Treasury: MFMA Circular 63 (Annual Report: Guidelines - update);
- National Treasury: MFMA Circular 65 (Internal Audit and Audit Committee);
- National Treasury: MFMA Circular 32 (The Oversight Report); and
- The White Paper on Transforming Public Service Delivery (Batho-Pele) (1997).
- Government – wide monitoring and evaluation framework (2007)
- National Treasury Framework for managing programme performance information (2007).

Other legislation that impacts on and relates to performance management includes:

- Labour Relations Act, Act No. 66 of 1995: Code of Good Practice;
- Basic Conditions of Employment Act, Act No. 75 of 1997;
- Employment Equity Act, Act No. 55 of 1998;
- The Skills Development Amendment Act, Act No. 31 of 2003; and
- Promotion of Access to Information Act, Act No. 2 of 2000; etc.

Although it is not considered necessary to go into detail in respect of all the legislation it is important to give a brief overview of the most important legislative provisions set out in:

- The Local Government: Municipal Systems Act, Act No. 32 of 2000 as amended;
- The Municipal Planning and Performance Management Regulations of 2001;
- The Local Government: Municipal Finance Management Act, Act No. 56 of 2003; and
- The Municipal Performance Regulations of 2006 for Municipal Managers and Managers directly Accountable to Municipal Managers (R805).

5. STATEMENT OF INTENT

- 5.1 In order to ensure there is development, monitoring and reporting on Organizational performance objectives as set in the IDP a Performance management policy must be developed to ensure there is a system and procedure in place to deal with the Performance Management at an Organizational level.

6. **POLICY OBJECTIVES**

- 6.1 A municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP. The PMS process plan includes the following objectives that the system should in addition fulfil:
- (i) The PMS should provide a mechanism for ensuring increased accountability between the local community, politicians, the Municipal Council and the municipal management team.
 - (ii) The PMS should facilitate learning to enable the Municipality to improve delivery.
 - (iii) It is important that the system ensures decision-makers are timeously informed of performance-related risks, so that they can facilitate intervention, if necessary; and
 - (iv) The PMS should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The objectives are also for the PMS to serve as a primary mechanism to monitor, review and improve the implementation of Msunduzi Municipality's IDP. Performance management is viewed as a tool that improves the overall performance of the Municipality.

7. POLICY APPLICATION

The Organizational Performance Management Policy is applicable to all structures and staff of the Msunduzi Municipality that participate in the Organizational Performance Management System.

8. PROCEDURE/STRUCTURE

8.1 Setting Measures/Indicators and Targets

- 8.1.1 The setting of measures/indicators and targets happens during the IDP process and is linked to the strategic objectives of the Municipality. Performance measures/indicators and targets are used to show how the Municipality is performing on these objectives. This stage entails setting measures/indicators and targets and gathering data and information on these measures/indicators to assess the progress of the Municipality. Performance measurement allows for comparison of actual performance to intended performance, and against nationally defined minimum standards. It will also, in time, allow for the comparison of their performance against that of other Municipalities.
- 8.1.2 Targets should be informed by the development needs of communities and the development priorities of the municipality. The municipality must for each financial year set performance targets for each of their key performance. It must measure the efficiency, effectiveness, quality and impact of the performance of the Municipality. It must also identify administrative components, structures, bodies or people for whom a target has been set. Finally targets need to be consistent with the development priorities set out in the IDP
- 8.1.3 The setting of performance Indicators will be guided by the implementation of the IDP scorecard, the Business units will be responsible for crafting indicators that will be on the SDBIP on an Annual basis, this must happen annually within 28 days of the Approval of the Budget.
- 8.1.4 The PMS unit send a Memo for DMMs to sign and commit to Council that the indicators contained in the SDBIP are measurable, consistent and verifiable.
- 8.1.5 Once the Indicators are set, a monitoring template will be designed to measure Performance on Quarterly and monthly basis basis as per legislation and also on a monthly basis to measure performance milestones.

8.2 Types of Indicators

The following types of indicators will be used and these will be reflected in the IDP and Technical Indicator descriptions.

(i) **Input Indicators**

Input: all the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.

(ii) **Output Indicators**

The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver"

(iii) **Outcome Indicators**

The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve"

8.2.1 Identification of Indicators

The following aspects will be considered when identifying indicators:

- Key Performance Areas (KPAs) and strategic objectives set in the IDP;
- The activities, projects, programmes and processes identified in the IDP for achieving as well as the earmarked resources; and
- Whether data and baseline information are available for its measurement in the Msunduzi Municipal area.

KPIs must be set in respect of each of the development priorities and objectives referred to in Section 26(c) of the MSA. It must also be ensured that KPIs informs the indicators set for all its administrative units and employees as well as every municipal entity and service provider with whom the Municipality has entered into a service delivery agreement.

The following **SMART** criteria will apply for the determination of KPIs and targets:

- S** – Specific.
- M** – Measurable.
- A** – Achievable.
- R** – Realistic; and
- T** – Time-bound.

8.2.2 NATIONAL KEY PERFORMANCE AREAS

PERFORMANCE AREA	DEFINITION
KPA 1: MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	Institutional transformation to provide an effective and efficient workforce by aligning institutional arrangements to the overall municipal strategy in order to deliver quality services
KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	To ensure provision of efficient infrastructure (Roads and stormwater) and energy supply that will contribute to the improvement of quality of life for all
KPA 3: LOCAL ECONOMIC DEVELOPMENT	To facilitate sustainable economic empowerments for all communities and enabling a viable and conducive economic environment through the development of related initiatives including job creation and skills development
KPA 4: FINANCIAL VIABILITY AND MANAGEMENT	To ensure the financial viability and sustainability of the municipality and to adhere to statutory requirements
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To promote proper governance and public Participation. To improve public relations thus pledging that our customers are serviced with dignity and care to facilitate the development of the poor and most vulnerable including the elderly, women, people with disabilities, youth and rights of Children
KPA6: CROSS CUTTING	Refers to key areas that intersect and impact various aspects of development. The needs of vulnerable groups are given much attention here, such as marginalized communities. This means considering their needs and ensuring their inclusion across policies, plans, and programs. In prioritizing vulnerable groups, the aim is to create a more equitable and just society. The Spatial Development Framework (SDF) outlines the spatial vision, emphasizing sustainable land use, infrastructure development, and urban-rural integration. It guides decisions related to land, housing, transportation, and environmental management.

The following are the strategies applicable to Msunduzi Municipality and will be monitored through the implementation of the Service Delivery budget Implementation Plan.

8.2.3 IDP MEDIUM-TERM GOALS

Goals	Strategic Objectives
1) Governance and Policy	1.1 Eradicate fraud and corruption 1.2 Compliance with all legislative provisions 1.3 Develop and strength Communication and Stakeholder Relations 1.4 Human Resources Management and Development
2) Developed and Maintained Infrastructure	2.1 Ensure access to affordable, reliable, sustainable and modern energy for all. 2.2 Ensure availability and sustainable management of water and sanitation for all. 2.3 Develop and maintain Municipal Road networks 2.4 Develop ICT infrastructure
3) Human and community development	3.1 Enhance waste management capacity. 3.2 Enhance the Pubic facilities, Parks and public spaces within the City. 3.3 Enhance the Enforcement of By-laws, Public Safety and Security. 3.4 Safeguard and enhance sustainable livelihoods and food security.
4) Financial Viability	4.1 Improved Revenue collection 4.2 Revenue Enhancement 4.3 Improved Expenditure Management 4.4 Improved Budgeting and reporting
5) Economic Growth and Development	5.1 Job Creation 5.2 Improved Investment Attraction and Retention 5.3 Improved and developed Tourism sector 5.4 Promote SMME and entrepreneurial development
6) Spatial Equity & Human Settlements	6.1 Integrated land use management, ensuring equitable access to goods and services, attracting social and financial investment. 6.2 Improved Environmental Management 6.3 Integrated Residential Development (Inner-city Housing)

8.2.4 ALIGNMENT BETWEEN CDS, IDP, DDM, PGDS AND NDP

Vision 2040 Strategic Outcomes	IDP medium-term goals (2022-2027)	City Development Strategies	District Development Model: One Plan	Provincial Growth and Development Strategy	National Development Plan
A Sustainable City	<p>Governance and Policy</p> <p>Developed and Maintained Infrastructure</p> <p>Financial Viability</p> <p>Economic Growth and Development</p>	<p>Strategy 1: Building a capable and development al municipality</p> <p>Strategy 2: Back to Basic: Cleaning, Repairing, Enforcing and Responding</p> <p>Strategy 4: Financial sustainability</p> <p>Strategy 5: Growing the regional economy</p> <p>Strategy 6: Serving as a provincial capital</p> <p>Strategy 7: creating a learning city and city of learning</p> <p>Strategy 8: spatial effectiveness and justice: increasing densities and improving mobility</p>	<p>Governance and Management</p> <p>Economic development</p> <p>Waste management</p> <p>Climate change adaptation strategies and sustainable water resource management</p> <p>Spatial equity, land and human settlements</p>	<p>Priority 1: Basic Services</p> <p>Priority 2: Job Creation</p> <p>Priority 3: Growing the Economy</p> <p>Priority 4: Growing SMMEs and Cooperatives</p> <p>Priority 6: Human Settlement and sustainable livelihood</p>	<p>Priority 1: Capable, Ethical and Development al State</p> <p>Priority 2: Economic transformation and job creation</p> <p>Priority 3: Health and Education</p> <p>Priority 4: Consolidating Social Wage through reliable and quality basic services</p>

8.3 TECHNICAL INDICATOR DESCRIPTIONS

- 8.3.1** The Municipality is to ensure that in line with the Policy that it develops technical Indicator descriptions for each of the Key Performance Indicators for the Approved SDBIP. Staff are to ensure that they follow the same procedure and develop Technical Indicator descriptions for the following layers of the Departmental SDBIP to ensure alignment and adhere to SMART principle.
- 8.3.2** The technical indicator description is one of the key requirements from the National Treasury, as provided for in the Framework for Strategic Planning and Annual Performance Plan. Each and every performance indicator will have a Technical Indicator Description, known as the TID
- 8.3.3** The Technical Indicator Description will be developed along with the Approved SDBIP and will be posted on the website upon the Approval of the SDBIP. The TID will have their own template, this document will be used to support the SDBIP Indicators.
- 8.3.4** The Technical Indicator Descriptions will be submitted to the Management Committee for noting and consideration on an Annual basis and will be posted online with the SDBIP Top Layer.

8.4 PERFORMANCE MANAGEMENT CYCLE

The Performance management system is prescribed by legislation in terms of section 38 of the Municipal Systems Act. No 32 of 2000 (MSA). The Performance management system is a tool that equips leaders, managers, workers and stakeholders with techniques for regularly planning, continuously monitoring and periodically measuring, reviewing, reporting and evaluating the performance of the city.

The planning, budgeting and reporting cycle describes the relationship between these processes and emphasizes that the executive is accountable to the relevant elected representative body for the entire process. Full and regular reports are required at each stage of the process.

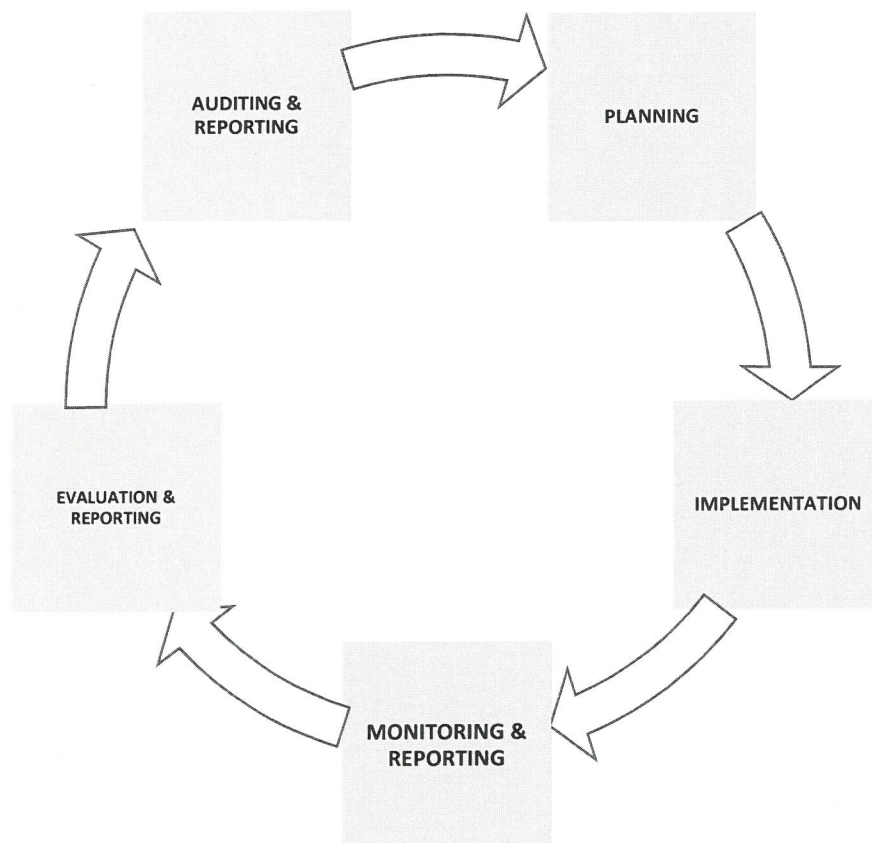
Figure 2 of the National Treasury Framework for Managing Programme Performance Information (2007).



Key performance indicators are developed and targets set to measure the economy, efficiency and effectiveness of service delivery. It is against these measures that the community can monitor the municipality and its members. Performance management system provides a mechanism for managing expectations. The MSA further requires that the system should be reviewed annually in terms of section 40, 41(1)(ii). Section 42 of the MSA requires that the local community must be involved and participate in the reviewing of the OPM system.

The diagram below depicts the process followed by the Municipality in order to bring into consideration the National Treasury Framework for managing performance information.

PERFORMANCE MANAGEMENT CYCLE IN MSUNDUZI DIAGRAM



8.4.1 Performance Planning

The performance of the Msunduzi Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the SDBIP, and the annual review of the IDP thereof constitutes the process of planning for performance. It should be noted that the last component of the process is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality has underperformed.

Planning involves four main tasks:

- (i) ***Pre-planning: This is in conjunction with the IDP Process Plan***
- (ii) ***Public Participation: Izimbizo and community meetings***
- (iii) ***Adoption of the IDP and submission to the Department of Cooperative Governance and Traditional Affairs (CoGTA)***
- (iv) ***Preparing the Service Delivery and Budget Implementation Plan in accordance with the IDP goals and objectives.***
- (v) ***Approval of the SDBIP by the Mayor within 28 days after Budget & IDP Approval***

8.4.2 Performance Implementation

- a. Performance implementation refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. The setting of measures/indicators and targets happens during the IDP process and is linked to the strategic objectives of the Municipality.
- b. To ensure the integrity of the indicators and targets set, baseline information based on historic and current performance should be used as the basis for setting sound measures/indicators and targets. Performance measurement allows the Municipality to compare their actual performance in relation to historic and current (baseline) performance.
- c. In the Implementation of the SDBIP Msunduzi Municipality will be guided by the National Treasury Circular 13 which will be used to guide and measure the implementation of the PMS system utilizing the SDBIP

8.4.2.1 Implementation involves four main tasks:

- (i) ***Developing Quarterly and Monthly Performance reporting template.***
- (ii) ***Preparing the Service Delivery and Budget Implementation Plan.***
- (iii) ***Preparation of the Performance Agreements (Annual Performance Plans and Personal Development Plans) for the Municipal Manager and Section 57 Managers.***
- (iv) ***Compilation of Portfolios of Evidence (PoE's).***

-
- All performance related templates submitted to either the PMS unit or Internal Audit unit, need to be accompanied by a credible POE.
 - The process for compiling the POE file is covered as per the SOP for the Development of POE files
 - PMS Advisors will conduct site visits in relation to verifications in order to ensure that what is reported can be supplemented with a POE and site verification report
 - Non submission of a credible and verifiable POE will result in the scoring of achievement being downgraded to a 1 in terms of the scoring calculator.
 - POEs submitted late will not be considered by the PMS unit and it will be reported to Internal Audit that PMS did not review POE due to late submissions

8.4.3 Performance Reporting

- (i) In order for Performance Reporting and Analysis to find uniformity it has to be supported by a credible and Portfolio of Evidence. A portfolio of evidence is required for all submissions made towards the SDBIP, Annual Report, and Annual Performance Report within legislative deadlines.
- (ii) The PMS unit on a Quarterly basis will present a quarterly report on the performance of each business unit regarding all performance templates. DMMs are to ensure that PMS unit has a monthly and Quarterly Slot to present the performance related reports.
- (iii) Reporting will occur as per the timelines of this Policy, Business units will be required to make Monthly and Quarterly submission along with credible POE. Submissions must occur by the 12th of every month. If the submission does not include a credible POE the achievement score will be downgraded to Nil Achievement as it will not be verifiable.
- (iv) The reporting process is linked to legislative timeframes as per the table below.

Reporting dates as per legislation

Report	Applicable legislation	Frequency	To whom	Content
Internal Audit reports on performance results	MSA Regulation 14(1)(c)	Quarterly	Council and Performance Audit Committee	Audit outcomes from auditing actual results captured/ indicated/ reported
Quarterly performance Report	MFMA Sec 52 report	Quarterly (within 30 days after end of quarter)	Management and Council (Copy to PT and NT)	Actual results achieved against SDBIP KPIs
Report	Applicable legislation	Frequency	To whom	Content
Mid-year Report	MFMA Sec 72 report	25 January	Executive Mayor (Submit to next Council meeting after 25 January and copy to PT and NT)	Consists of 2 parts PM: Actual results achieved against Finance: As prescribed by NT Proposed Indicators to be removed
Annual Performance Report	MSA Sec 46 report	31 August	AG, Council	Consist of chapters 3 & 4 of the AR
Annual report	MFMA Sections 121, 129 and 132.	Draft: 31 October to AG Draft: 31 January to Council Final: 31 March to Council with oversight report	AG, Council, Performance Audit Committee, Oversight Committee (Copy to PT and NT, DLG, Provincial Legislature)	As prescribed

8.4.5 Performance Evaluation

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. Evaluations are often (but not always) conducted with the assistance of external evaluators. The Evaluation of Performance information in Msunduzi takes place on a quarterly basis. Evaluation is completed through Management Committees as well as submissions to council portfolio committees.

Evaluation will take place as follows:

- (i) Compilation of Portfolio of evidence Reports to assess the quality of POE submissions*
- (ii) Performance Assessments conducted in accordance with Municipal Performance Regulations for Municipal managers and Managers directly accountable to the Municipal Manager*
- (iii) Site visits to evaluate the projects reported on the SDBIP*
- (iv) Internal PMS Surveys will be included as part of the evaluation criteria*

8.4.6 Performance Auditing

- (i) The PMS unit will send all Performance Related documents in conjunction with credible POE files to the Internal audit unit and formulate Quarterly reports on Performance Information. The Business units will keep the files in accordance to SOP for POE Compilation.
- (ii) Upon receiving Communication of findings PMS will be responsible for facilitating comments from Business units to submit either to Internal Audit or Auditor General
- (iii) The files will be returned to Business units upon the completion of the audit for that specific financial year.
- (iv) Business unit must maintain a credible POE file in soft copy and hard copy for auditing purposes

9. ROLES AND RESPONSIBILITIES

It is important to understand the duties, roles and responsibilities of the different stakeholders and role players in the various processes that together constitute the policy of the PMS. It is important that the accountability and relationships and priorities of the various stakeholders are set to ensure that there is a complete understanding of the participation, consultation and involvement of all stakeholders for maximum inputs into, and success of the PMS.

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.• Active role during public participation
Council	<ul style="list-style-type: none">• Facilitate the development of long-term vision.• Develop strategies to achieve the vision.• Identify priorities in consultation with Citizens.• Review municipal performance quarterly.• Approve amendments to SDBIP.• Approve PMS Policy
Mayor	<ul style="list-style-type: none">• Approves the SDBIP• Evaluates the performance of the Municipal Manager.• Tables Annual Report to Council• Chairperson in the assessment of 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.• 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.
Portfolio Committees Chairperson	<ul style="list-style-type: none">• Monitor SDBIP Presentation in Portfolio Meetings• Member of Assessment Panel for the Assessments of DMMs accountable to their Portfolio• Propose response interventions, in areas of non/under-performance, to EXCO.
Municipal 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.

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> • 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 • Oversee Service Delivery and Budget Implementation Plans for the Municipality. • Evaluates the performance of the section 57 managers (DMM on a Quarterly & Annual Basis) • Implements consequence management for non-compliance with the approved policies by the General Managers. • Ensuring alignment with PGDS and NDP
Deputy Municipal Managers	<ul style="list-style-type: none"> • Enters into a Performance Agreement with the Municipal Manager. • Alignment of the Key Performance Indicators and Performance Targets for their respective business units as contained in the IDP Scorecards and the SDBIP. • 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 the Council. • Provide assurance in terms of 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 the Council. • Participate 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 • 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. This includes Quarterly report information and Portfolio of evidence 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. • Ensure regular monitoring (measurement, analysis and reporting). • Evaluates the performance of the Senior Managers on a Quarterly & Annual Basis. • 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.

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> • Responsible for the development of their Business Units Standard Operating Procedures for the effective implementation of the approved OPMS policy. • Will be required to sign a Memo to the Mayor indicating the KPIs on the SDBIP are SMART, aligned to council priorities, budgeted for and will be accountable for the submission of monthly reports on the SDBIP and the submission of the Portfolios of evidence, prior to the Mayor approving the SDBIP for a financial year. • Appointment of performance Champion of the Business unit to assist the DMM with collation of all performance information for onward submission to PMS unit
Senior Managers	<ul style="list-style-type: none"> • Enters into a Performance Agreement with the General Manager / or Municipal Manager if reporting directly to the Municipal Manager • Responsible for Service Delivery & Budget Implementation Plan and Operational Plans that include Key Performance Indicators and Performance Targets for their respective subunits that are SMART, budgeted for and meets the requirement of the Council. • Is overall responsible for the performance reporting templates • Annual Performance Report and any other performance related template having checked the information for accuracy, reliability, validity and completeness of information submitted. • 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 Municipal Manager if reporting directly to the Municipal Manager. • Advises the General Manager or Municipal Manager & implements consequence management for non-compliance with the approved policies by the staff below them. • Ensures requests for information from their Subunits prior to dissemination is valid, accurate, reliable and complete having conducted the necessary reviews of the information requested. • 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 regularly. • Ensure Cascading of Performance Management System to staff in their respective units • Conduct Performance Assessment of staff
Performance Management Unit	<ul style="list-style-type: none"> • 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. • Responsible for the collation and submission of information to all stakeholders internally & externally pertaining to performance management in the organization.

ROLES AND RESPONSIBILITIES	
Responsibility	Role
	<ul style="list-style-type: none"> • Distribute performance templates at the will of the Municipal Manager to all stakeholders for completion and submission. • Schedule Business unit sessions for the review of the SDBIP annually during the mid-year review period to amend the SDBIP. • Assist the Municipal Manager in developing Monthly, Quarterly and Annual Reports on the SDBIP and any other report deemed necessary for all Portfolio Committees of Council. • Provide comments on any proposed amendments to any performance indicator or targets. • Facilitate the annual review of the Approved Performance policy. • Monitor Compliance to the Approved Performance policy as approved by the Council. • Inform the Municipal Manager of any non-compliance to the approved PMS policy. • Assist in the Development of the performance agreements of the Municipal Manager, General Managers and Senior Managers. • perform quality control of all information submitted for performance management matters • report to DMM any errors or omissions in respect of performance reporting templates submitted • provide the DMM with feedback pertaining to the SDBIP submissions where amendments are necessary prior to the submission of the SDBIP to the Mayor for approval • provide relevant support to DMM in respect of other performance related documents
Performance Champions	<ul style="list-style-type: none"> • Collation of performance Information or DMMs • Ensuring all information is submitted before the deadline to DMM for verification • Assist the PMS unit in making follow ups for missing information • Ensure compliance to Procedures
Internal Audit	<ul style="list-style-type: none"> • Assess the functionality, effectiveness and legal compliance. • Audit performance information
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 Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.
Employees	<ul style="list-style-type: none"> • Adherence to PMS Policy
Auditor General	<ul style="list-style-type: none"> • Audit Municipal Performance
Performance Audit Committee	<ul style="list-style-type: none"> • Independent oversight on Performance Management system once it has been established
MPAC	<ul style="list-style-type: none"> • Oversight on Municipal Performance

9 **APPEAL PROCESS/GRIEVANCE PROCEDURE**

Grievance Procedure will follow the Grievance Procedure set in the Labour Relations Act in relation to Performance Management.

In relation to Performance Assessments Grievances to be taken in accordance

10 **MONITORING AND EVALUATION**

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator and target as set out in the SDBIP continuously monitors current performance against pre-determined objectives (PDOs). The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

11.1 Monitoring involves three 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.***

Evaluation is a periodic, in-depth analysis of programme performance. It relies on data generated through monitoring activities. Evaluations are often (but not always) conducted with the assistance of external evaluators. The Evaluation of Performance information in Msunduzi takes place at the end of the financial year. Evaluation is done through PMS Surveys and Customer Satisfaction surveys and Performance Assessments.

11.2 Evaluation will take place as follows:

- (iv) ***Ongoing as part of the monitoring and reporting process.***
- (v) ***Performance Management Surveys***
- (vi) ***Compilation of Consolidated Annual Report at and Organizational/Municipal Level.***

11.3 Performance Assessment/Reviews also form part of the Performance Evaluation for DMMs in Msunduzi Municipality will take place in accordance with the Performance regulation for Municipal Managers and Managers directly accountable to Municipal Managers.

11.4 Assessments must take place Quarterly with Quarter 1 and Quarter 2 being verbal and Mid Term and Annual Assessments being formal sessions.

11.5 An evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

11.6 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that

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- (a) a score of 130 % to 149 % is awarded a performance bonus ranging from 5 % to 9%; and
(b) a score of 150 % and above is awarded a performance bonus ranging from 10 % to 14%.

12. POLICY REVIEW

The review of the Policy will commence in April 2026.

13. DATE OF IMPLEMENTATION

The date for implementation will commence upon approval of the Policy