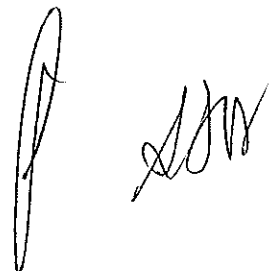


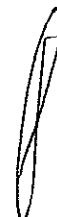
UBUNTU MUNICIPALITY

**PERFORMANCE
MANAGEMENT SYSTEM**

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PERFORMANCE MANAGEMENT SYSTEM

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1. INTRODUCTION

The Performance Management System for the Ubuntu Municipality is developed from the Municipal Systems Act, the general key performance indicators, the municipality's vision, mission and development objectives approved in the strategies phase of the Integrated Development Plan. In the document a definition on performance management, the principles of performance management, a legal perspective and a program is also provided.

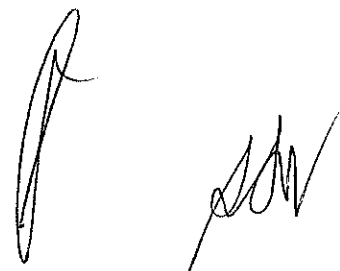
▪ DEFINITION OF PERFORMANCE MANAGEMENT

- Performance Management is a strategic and integrated process that delivers sustained success to organisations by improving the performance of people who work in them and by developing the capabilities of individual contributors and teams.
- Performance Management is strategic in the sense that it is concerned with the broader issues facing that organisation if that organisation is to function effectively and efficiently in its environment, and in the general direction in which the organisation intends to achieve its vision, mission and longer-term goals.

▪ PRINCIPLES OF PERFORMANCE MANAGEMENT

Performance Management principles can be summarised as follow:

- It translates corporate goals into individual, team, department and divisional goals.
- It helps to clarify corporate goals.
- It is a continuous and evolutionary process, in which performance improves over time.
- It relies on consensus and co-operation rather than control.
- It creates a shared understanding of what is required to improve performance and how this will be achieved.
- It encourages self-management of individual performance.
- It requires a management style that is open and honest and encourages two-way communication between superiors and subordinates.
- It requires continuous feedback.
- Feedback loops enable the experiences and knowledge gained on the job by individuals to modify corporate objectives.
- It measures and assesses all performance against jointly agreed goals.
- It should apply to all staff; and is not primarily concerned with performance to financial reward.



2. METHODOLOGY

The methodology followed where the following:

- Assessment of the legal framework within which the system will operate.
- General key performance indicators as set in Regulation Gazette, 7146, volume 434, 24 August 2001, No 22605.
- Vision, Mission and Development Objectives of Ubuntu Municipality as set in their Integrated Development Plan.
- Proposal on how the system is to operate from the planning stages through to the reporting stages.
- Relating the system into agreements with the applicable officials.

3. LEGISLATION AS FRAMEWORK

Municipal Systems Act, 2000, Act 32 of 2000, Chapter 6, Sections 38 – 49.

38. Establishment of Performance Management System –

A municipality must –

(a) establish a performance management system that is –

- (i) commensurate with its resources;
- (ii) best suited to its circumstances; and
- (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

(b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and

(c) administer its affairs in an economical, effective, efficient and accountable manner.

(Date of commencement of s.38: 1 July 2001)

39. Development of performance management system –

The executive committee or executive mayor of a municipality or, of the es not has an executive committee or executive mayor, a committee of councillors appointed by the municipal council must –

(a) manage the development of the municipality's performance management system;

(b) assign responsibilities in this regard to the municipal manager, and

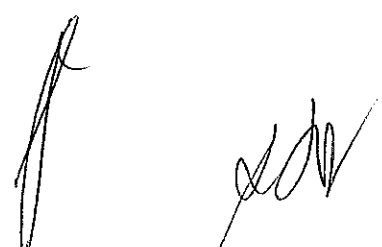
(c) submit the proposed system to the municipal council for adoption.

(Date of commencement of s.39: 1 July 2001)

40. Monitoring and review of performance management system –

A municipality must establish mechanisms to monitor and review its performance management system.

(Date of commencement: 1 July 2001)



41. Core components –

- (1) A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed –
 - (a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
 - (b) set measurable performance targets with regard to each of those development priorities and objectives;
 - (c) with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b) –
 - (i) monitor performance ; and
 - (ii) measure and review performance at least once a year;
 - (d) with regard to those development priorities and objectives where performance targets are not met; and
 - (e) establish a process of regular reporting to –
 - (i) the Council, other political structures, political office bearers and staff of the municipality; and
 - (ii) the public and appropriate organs of state.
- (2) The system applied by a municipality in compliance with subsection (1)(c) must be devised in such a way that it may serve as an early warning indicator of under-performance.
(Date of commencement of s.41: 1 July 2001)

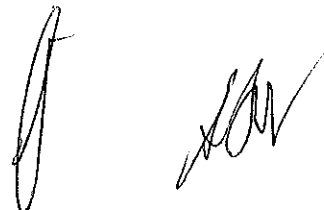
42. Community involvement –

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

(Date of commencement: 1 July 2001)

43. General key performance indicators –

- (1) The Minister, after consultation with the MECs for local government and organised local government representing local government nationally, may –
 - (a) by regulation prescribe general key performance indicators that are appropriate and that can be applied to local government generally; and
 - (b) when necessary, review and adjust those general key performance indicators.
- (2) Key performance indicators set by a municipality must include any general key performance indicators prescribed in terms of subsection (1), to the extent that these indicators are applicable to the municipality concerned.
(Date of commencement of s.43: 1 July 2001)



44. Notification of key performance indicators and performance targets –
A municipality, in a manner determined by its council, must make known, internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system.
(Date of commencement: 1 July 2001)
45. Audit of performance measurements –
The results of performance measurements in terms of section 41(1)(c) must be audited –
(a) as part of the municipality's internal auditing processes; and
(b) annually by the Auditor-General.
(Date of commencement of s.45: 1 July 2001)
46. Annual reports –
1. A municipality must prepare for each financial year an annual report, consisting of –
(a) performance report reflecting –
(i) the municipality's, and any service provider's performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
(ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
(iii) measures that were or are to be taken to improve performance;
(b) the financial statements for that financial year prepared in accordance with the standards of generally recognised accounting practice referred to in section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
(c) an audit report on the financial statements and the report on the audit performed in terms of Section 45(b); and
(d) any reporting requirements in terms of other applicable legislation.
2. A municipality must table its annual report within one month of receiving the audit report referred to in subsection (1)(c).
3. (a) The Municipal Manager must –
(i) by prior notice in the media, inform the local community of the meeting or meetings of the Council at which the municipality's annual report is tabled or discussed, which meetings must be open to the public;
(ii) give written notice of such meetings to the Auditor-General and the MEC for local government in the Province;
(iii) submit copies of the minutes of those meetings to the Auditor-General and the MEC for local government in the Province.
(b) Representatives of the Auditor-General and the MEC for local government in the province are entitled to attend and to speak at such meetings, and the municipal manager must be available to respond to questions related to the annual report.



4. The municipality must adopt its annual report, and within 14 days –
- (a) make copies of the report accessible to the public, interested organisations and the media, free of charge or at a reasonable price; and
 - (b) submit a copy of the report to –
 - (i) the MEC for local government in the Province;
 - (ii) the Auditor-General; and
 - (iii) such other institutions as may be prescribed by Regulation.

(Date of commencement of s.46: 1 July 2001)

47. Reports by the MEC –

- (1) The MEC for local government must annually compile and submit to the Provincial Legislature and the Minister a consolidated report on the performance of Municipalities in the Province.
- (2) The report must –
 - (a) identify municipalities that under-performed during the year;
 - (b) propose remedial action to be taken; and
 - (c) be published in the Provincial Gazette.
- (3) The MEC for Local Government must submit a copy of the report to the National Council of Provinces.

(Date of commencement of s.47: 1 July 2001)

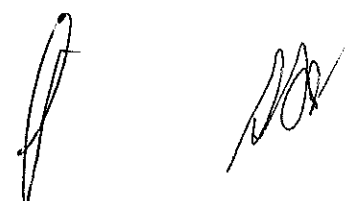
48. Reports by the Minister –

- (1) The Minister must annually compile and submit to Government performance in terms of general key performance indicators.
- (2) The report must be published in the Gazette.

(Date of commencement of s.48: 1 July 2001)

49. Regulations and Guidelines –

- (1) The Minister may for the purpose of this Chapter make regulations or issue guidelines in terms of Section 120 to provide for or regulate –
 - (a) incentives to ensure that municipalities establish their performance management systems within the applicable prescribed period, and comply with the provisions of this Act concerning performance management systems;
 - (b) the setting of key performance indicators by a municipality with regard to its development objectives;
 - (c) the identification of appropriate general key performance indicators that can be applied to municipalities generally and that reflect the object and intent of section 23;
 - (d) the regular review by a municipality of its key performance indicators;
 - (e) the setting of a framework for performance targets by municipalities consistent with their development priorities, objectives and strategies set out in their integrated development plans;
 - (f) mechanisms, systems and processes for the monitoring and measurement of performance by a municipality with regard to its development objectives;



- (g) the internal auditing of performance measurements;
 - (h) the assessment of those performance measurements by a municipality;
 - (i) the assessment of progress by a municipality with the implementation of its integrated development plan;
 - (j) the improvement of performance;
 - (k) any other matter that may facilitate –
 - (i) the implementation by municipalities of an efficient and effective system of performance management.
 - (ii) the application of this chapter.
- (2) When making regulations or issuing guidelines in terms of Section 120 to provide for or to regulate the matters mentioned in Subsection (1) of this Section, the Minister must –
- (a) take into account the capacity of municipalities to comply with those matters; and
 - (b) differentiate between different kinds of municipalities according to their respective capacities.
- (3) The Minister, by notice in the Gazette, may phase in the application of the provisions of this Chapter which place a financial or administrative burden on municipalities.
- (4) A notice in terms of Subsection (3) may –
- (a) determine different dates on which different provisions of this Chapter becomes applicable to municipalities;
 - (b) apply to all municipalities generally;
 - (c) differentiate between different kind of municipalities which may, for the purpose of the phasing in of the relevant provisions, be defined in the notice in relation to categories or types of municipalities or in any other way; or
 - (d) apply to a specific kind of municipality only, as defined in the notice.

(Date of commencement of s.49: 1 July 2001)

4. GENERAL KEY PERFORMANCE INDICATORS

In Regulation Gazette No 7146 Vol. 434 of 24 August 2001, No 22605, the following general KPI's were set by Minister and this must be included in the municipalities KPI's:

1. The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
2. The percentage of households that earn less than R 1 100-00 per month with access to free basic services;
3. The percentage of a municipality's capital budget actually spent on capitol projects identified for a particular financial year in terms of the municipalities integrated development plan;
4. The number of jobs created through the municipality's local economic development including capitol projects;
5. The number of people from the employment equity groups employed in the three highest levels of management in compliance with an approved municipal employment equity plan;

6. the percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
7. financial viability as expressed by the following ratio:

➤ **A=(B-C)/D**

A= Debt coverage

B= Total operating revenue received

C= Operating grants

D= Debt service payment due within the financial year

➤ **A=B/C**

A= Outstanding service debtors to revenue

B= Total outstanding service debtors

C= Annual revenue actually received for services

➤ **A=(B+C)/D**

A= Cost coverage

B= All available cash at particular time

C= Investments

D= Monthly fixed operating expenditure

8. The percentage of the voting age who believe that they are given the necessary in formation and opportunities to influence the running of Local Government in their area.

5. MUNICIPALITY'S VISION, MISSION AND DEVELOPMENT OBJECTIVES

Vision

The vision of the Ubuntu Municipality is "the provision of efficient, sustainable and affordable services to the inhabitants of Ubuntu within a safe environment".

Goals

Spatial and Land Reform

- The finalisation of a comprehensive rezoning scheme and town plan for towns within its jurisdiction.
- The integration of racially divided suburbs.
- The acquisition of more land for livestock farming and for irrigation purposes within the jurisdiction of Ubuntu Municipality.

Socio-economic

- The improvement of the income levels of all inhabitants.
- The creation of job opportunities in order to decrease the level of unemployment.
- The initiation of poverty relief programmes, capacity building programmes and empowerment programmes.
- The establishment of health programmes and the provision of health services for the benefit of all inhabitants.

- The establishment of educational programmes focusing on water, conservation, payment of services, HIV/AIDS, tourism, awareness and municipal services.
- Sport and recreational facilities within all towns.
- The provision of emergency services in all towns.
- The proper provision of safety and security services in all towns to secure a safe environment.

Infrastructural

- Drilling and equipping of boreholes at Victoria West.
- Upgrading of reservoirs at Richmond, Loxton and Victoria West.
- Replacement of water meters and water networks in all towns.
- Installation of water softeners in all three towns.
- Upgrading of access roads.
- Provision of 935 houses over a period of 5 years.
- Survey 100 plots.
- Upgrading of the hostels in Victoria West.
- Completion of a feasibility study regarding public transport in all towns.
- Upgrading of drainage in all towns.
- Phasing out of bucket; Removal or upgrading of the sewerage pump station in Victoria West.
- Upgrading of oxidation dams at Victoria West, Loxton and Richmond.
- Provision of external dumping sites in towns.
- Purchase of dirt bins for all towns.
- Area lighting in all towns with additional street lighting.
- Upgrading of high voltage wire in Victoria West.
- Upgrading of telemetric system.
- Provision of pre-paid meters.

Economic

- Agriculture
 - o Repair of Infrastructure on commonage;
 - o Garlic and vegetable processing at Loxton;
 - o Feasibility study regarding a wool factory.
- Mining
 - o Determine the mining potential in Ubuntu;
 - o Compilation of an environmental management programme.
- Tourism and Business
 - o Research the possibility of steam safaris;
 - o Upgrading of the Horse Museum at Richmond;
 - o Compilation of a Tourism Development plan for Ubuntu.

Institutional

- Administration
 - o Finalisation of the integration of the region;
 - o Finalisation of the organograms;
 - o Drafting and signing of performance contracts;
 - o Finalisation of roles and function analysis;

- Finalisation of delegation;
 - Finalisation of a programme for the training/capacity building of personnel and councillors;
 - Establishment of an effective administrative system;
 - Finalisation of service delivery contracts;
- Finance
- Establishment of an effective system of finance;
 - Establishment of an effective credit control system and a credit policy;
 - Completion of budgets;
 - Finalisation of a programme for financial training/capacity building of personnel and councillors.

Strategies

Spatial and Land Reform

- To complete the zoning scheme and town planning the following option will be pursued:
 - A service provider will be appointed to complete the zoning scheme and the town plans.
- To integrate the racially divided communities the following option will be pursued:
 - Town planning will occur in such a fashion that the open spaces between divided suburbs are filled with residential plots if it is practically possible.
- To achieve the provision of land the following option/s will be considered:
 - The Municipality will submit applications for the purchase of commonage to the Department of Land Affairs that will then be rented to inhabitants;
 - Those persons in need of land can by own initiative use their own funds to purchase land through the Department of Land Affairs, Commercial Banks, Landbank, Industrial Development Corporation, etc.

Socio-economic

- To increase the income level of inhabitants the following option/s will be pursued:
 - Activate local economic development;
 - Determination of minimum local wages.
- For job creation the following option/s will be pursued:
 - Local Economic Development;
 - Infrastructural projects using the unemployed in the Ubuntu region;
 - Poverty relief projects.
- To eradicate poverty the following option/s will be pursued:
 - Poverty relief projects;
 - Subsidisation of services;
 - Local Economic Development;
 - Free basic services.

- Health Services and Health Programmes have the following option/s:
 - o An application to the relevant department/s to provide the required services;
 - o Negotiations with the District Council.
- Educational programmes focusing on water, tourism, HIV/AIDS, etc. will pursue the following option/s:
 - o Water and Sanitation awareness programmes (Department of Water Affairs and Forestry);
 - o HIV/AIDS programmes;
 - o Awareness programmes regarding Municipal services;
 - o Tourism Awareness programmes.
- To establish sport and recreation facilities the following option/s will be pursued:
 - o Applications will be submitted to possible donors: Department of Sport, Arts & Culture, the Lotto, private sponsors, NGO's etc. for the provision of the desired facility.
- To provide emergency services the following option/s will be pursued:
 - o Emergency services applications/agreements with the relevant government departments for the provision of the said services.
- Safety and Security will pursue the following option/s:
 - o Appointment of more police officers (especially women and youth);
 - o More vehicles to achieve more effective policing;
 - o Institute community policing;
 - o Keep police stations open for longer hours.

Infrastructural

- After funding has been secured, boreholes will be drilled and equipped;
- CMIP funds will be used for the upgrading, installation and replacement of water meters;
- Funds received from the relevant departments will be used to erect houses;
- A consultant will be appointed to survey stands and to do town planning;
- Consultation with the appropriate funder will result in the upgrading of all access routes;
- Roads will be upgraded in phases depending on the funding available;
- Government funding will be used to phase out the bucket system and to establish an effective sewerage system that has the capacity to accommodate new connections;
- Dirt bins will be purchased and supplied to inhabitants;
- Funding from CMIP, DWAF and other sources will be used completely overall the electrical system.

Economic

- Agriculture
 - o Funding from the DBSA will be used to repair infrastructure;
 - o LED funding will be used to fund the garlic and vegetable project;
 - o A feasibility study with regards to the wool factory will be completed prior to it being considered a project.
- Mining

To determine the potential for mining the following option will be pursued:

- A geologist will be appointed to determine the potential for mining; Geo-Science (Uppington) will be requested to render this service;
- A consultant will be appointed to develop an environmental management programme.
- Tourism and Business
 - A study will be undertaken to determine the feasibility of steam safaris in Ubuntu;
 - Own funds and funding from the DBSA will be used to upgrade the museum at Richmond;
 - A consultant will be tasked to compile a Tourism Development Plan.

Institutional

- Administration

The finalisation of the integration of the region, the organogram, performance contracts, role and function analysis, delegation, training/capacity building programme, establishment of an effective administrative system and the finalisation of service delivery agreements will be pursued by:

 - Allowing the Municipal Manager and his management team as well as the councillors to sort it out;
 - Appoint a consultant to sort it out along with the afore-mentioned role players.

6. PROPOSAL ON HOW THE PMS IS TO OPERATE AND BE MANAGED FROM THE PLANNING STAGE UP TO THE STAGES OF REVIEW AND REPORTING

As indicated above, a framework for the operation and management of a PMS at Ubuntu Municipality was developed from the Legislation (Municipal Systems Act, Act 32 of 2000) and the Regulations published in the Government Gazette on 24 August 2001 and are attached to this report. The framework also encompasses two key processes that are interlinked with the PMS, namely the integrated development plan (IDP) and the preparation of the operating and capital budget on an annual basis (Budget). What is of vital importance in this regard is not to view these as three separate processes but elements of a single process. It is the IDP that provides the objectives that are measured in terms of the key performance indicators and performance targets by the PMS while the Budget provides the financial means for achieving the objectives as set out in the IDP. The framework extends over a period that encompasses some two calendar years, from January in Year 1 to December in Year 2.

The operation and management of the PMS is reflected in the framework in terms of distinct phases:

PHASE	NATURE OF INVOLVEMENT
Planning	This includes the determination of key performance indicators, the establishment of baseline measurement and the participation of community structures in the measurement process – the planning phase precedes the commencement of the financial year for which the PMS is to be implemented.
Implementation	This phase involves the collection of pertinent information required for the measurement of the specific and general key performance indicators. Collection of information is an ongoing process throughout the financial year for which the PMS has been implemented.
Monitoring	Monitoring relates to the internal audit process – an objective assessment of the information collected.
Reporting	This involves the presentation of information, analysis and recommendation in a report form. The Legislation and Regulations stipulate a number of required reports, produced internally and externally; this is dealt with in more detail below.
Review	The review phase encompasses the consideration of internally generated audit reports to establish whether performance targets in terms of the key performance indicators are being met.
Evaluation	Regulation 13(2)(c) requires that corrective action be taken where under-performance has been identified – this is the key to the evaluation phase.
Performance Audit	This phase relates primarily to an external evaluation of the performance measurement process – external parties involved here are the Performance Audit Committee and the Auditor General. The involvement of the Auditor General is subsequent to the financial year for which the PMS has been implemented and encompasses primarily a review of the annual performance report as prepared by the Municipal Manager.

7. ROLES AND RESPONSIBILITIES OF EACH ROLE PLAYER

The attached framework clearly specifies the responsibilities per activity; where applicable, the responsibility is allocated in terms of the Legislation (Municipal Systems Act, Act 32 of 2000) and the Regulations (Municipal Planning and Performance Management Regulations, 2001, as published in the Government Gazette dated 24 August 2001). The key role players and their role in the functioning of the performance management system are reflected below:

ROLE PLAYER	ROLE PERFORMED
Council	Approving and confirming political authority.
Municipal Manager	Responsible for achievement of performance targets – will provide administrative direction in terms of collection of information and corrective action where under-performance occurs.
Municipal Management Team	Evaluation of contents of internal audit reports.
Heads of Department	Responsible for achievement of performance targets within functional area – ensure implementation of corrective action where under-performance occurs.
Internal Audit	In terms of the Legislation required providing an objective evaluation on a quarterly basis of the performance measures.
Performance Audit Committee	Primarily external evaluator of performance measures – the performance audit committee must consist of at least three members, the majority of which may not be involved in the municipality as a councillor or employee.
Auditor General	External review of the Annual performance report prepared by the Municipal Manager.
Community Structures	Chapter 4 of Municipal Systems Act, Act 32 of 2000, indicates that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance and must for this purpose encourage and create conditions for the local community to participate in the affairs of the municipality, including the establishment, implementation and review of its performance system – Section 16(1)(ii).

8. PROCESS OF IMPLEMENTING THE SYSTEM WITHIN THE IDP

The connection between the Performance Management System (PMS) implemented in a municipality and its Integrated Development Plan (IDP) is outlined in the Municipal Systems Act, Act 32 of 2000. Section 26(1) of the Municipal Systems Act stipulates that an integrated development plan must reflect the key performance indicators and performance targets determined in terms of Section 41 (of the same Act). This means that, by the time it is ready to finalise and publish its IDP, a

municipality must already have decided its key performance indicators and set targets for these indicators.

The Municipal Systems Act sets out clear procedures on how to manage the drafting process of the IDP. To the extent that a core component of the PMS (key performance indicators and performance targets) is reflected in the IDP, the PMS is subject to the same drafting procedures. This includes provisions for the MEC to require municipalities to adjust their IDP if it does not comply with the provisions of the Act – Section 32(2)(a).

The most compelling link that indicates that the IDP and the PMS are elements of one process is found in Section 34 of the Municipal Systems Act. It stipulates that a municipal council –

- (a) must review its integrated development plan –
 - (i) annually in accordance with an assessment of its performance measures in terms of Section 4(1); and
 - (ii) may amend its integrated development plan in accordance with a prescribed process.

9. PROPOSAL ON THE FREQUENCY OF REPORTING

The attached framework clearly reflects the reporting requirements as contained in the Municipal Systems Act and the Municipal Planning and Performance Regulations.

BY WHOM	TO WHOM	WHEN	CONTENT
Internal Audit	Municipal Manager	Quarterly	Objective review of information collected in respect of key performance indicators.
Performance Audit Committee	Council	Half Yearly	Review of quarterly internal audit reports in respect of performance measures.
Municipal Manager	MEC / Auditor General / Community	Annually	Report in the performance of the municipality in terms of its key performance indicators.
Auditor General	Council	Annually	Review of the annual performance report.
MEC	Provincial Legislature / National Minister Council of Provinces	Annually	Annual performance report on all municipalities within the Province.
National Minister	Parliament / MECs for Local Government	Annually	Performance report in terms of general key performance indicators.

Key performance indicators are determined as part of the IDP process, after consultation with the community structures, and confirmed by the Council of the municipality. Political accountability for the achievement of the performance measures therefore vests in the Council. The implementation of the provisions of the IDP falls within the ambit of the administration of the municipality and therefore is the responsibility of the Municipal Manager who must ensure that there is a baseline measurement and that, with the cooperation of departmental management, corrective action is taken where under-performance is noted.

10. PROPOSAL ON HOW THE SYSTEM RELATES TO THE MUNICIPALITY'S EMPLOYEES PERFORMANCE MANAGEMENT

The Municipal Systems Act, Act 32 of 2000, introduces the concept of performance agreements for municipal managers and managers directly accountable to municipal managers. Section 57(1) of the Act indicates that a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager directly accountable to the municipal manager, may appointed to that position only –

- (a) in terms of a written employment contract with the municipality complying with the provisions of Section 57;
- (b) subject to a separate performance agreements concluded annually as provided for in Subsection (2).

Section 57(2) of the Act stipulates that the performance agreement referred to in Subsection 1(b) must –

- (a) be concluded within a reasonable time after a person has been appointed as the municipal manager or as a manager directly accountable to the municipal manager, and thereafter, within one month after the beginning of the financial year of the municipality;
- (b) in the case of the municipal manager, be entered into with the municipality as represented by the mayor or executive mayor, as the case may be; and
- (c) in the case of a manager directly accountable to the municipal manager, be entered into with the municipal manager.

Section 57(3) of the Municipal Systems Act indicates that the employment contract referred to in Subsection 1(a) must include, subject to applicable labour legislation, details of duties, remuneration, benefits and other terms and conditions of employment. Section 57(4) stipulates that the performance agreement referred to in Subsection 1(b) must include –

- (a) performance objectives and targets that must be met, and the time frames within which those performance objectives and targets must be met;
- (b) standards and procedures for evaluating performance and intervals for evaluation; and
- (c) the consequences of substandard performance.

Section 57(5) of the Act further notes that the performance objectives and targets referred to in Subsection 4(a) must be practical, measurable and based on the key performance indicators set out from time to time in the municipality's integrated development plan. There is therefore a parallel link between the employee management performance and the performance measurement process within the municipality.

11. PROPOSE MECHANISMS, SYSTEMS FOR MONITORING, MEASUREMENT AND REVIEW

Section 38 of the Municipal Systems Act, Act 32 of 2000, introduces the concept of a performance management system by indicating that a municipality must –

- (a) establish a performance management system that is –
 - (i) commensurate with its resources;
 - (ii) best suited to its circumstances;



- (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.
- (b) promote a culture of performance management amongst its political structures, political office bearers and councillors and in its administration; and
- (c) administer its affairs in an economical, effective, efficient and accountable manner.

It is evident from the Legislation that due cognisance should be taken of the limitation on resources; it does not assist the municipality if resources are diverted to the performance management process to the detriment of the service delivery capacity of that indicators that are to be measured. In this regard it is important that the key performance indicators are measurable, simple to measure, can be precisely determined, are relevant to the objective being measured and can be measured impartially. Equally important is the availability of accurate baseline measurements for each of the key performance objectives from which the envisaged performance improvement will eventuate. In the case of the Ubuntu Municipality, one of the key difficulties faced is the establishment of accurate baseline information in the absence of an up to date status quo review.

In summary the key elements for monitoring, measurement and review of the KPIs are –

- indicators that can easily be measured;
- baseline information that is accurate;
- information on progress that can be economically collected;
- review process that clearly identifies shortcomings or under-performance.




12. PERFORMANCE MANAGEMENT SYSTEM SCHEDULE FOR UBUNTU MUNICIPALITY

PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Operating and Capital Budget	Preparation	Circulation of operating and capital budget timetable	Manager: Institutional and Finance	January / February	
Operating and Capital Budget	Preparation	Review of actual revenue and expenditure against budget for eight month period to February	Manager: Institutional and Finance	February / March	
Operating and Capital Budget	Preparation	Establishment of available funding for capital projects	Manager: Institutional and Finance	March	




PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Integrated Development Plan	Review	Identify development priorities and objectives as indicated by the annual review of the Municipality's Integrated Development Plan	Council	March / April	Section 26(c) Section 41(1)(a) Regulation 6(a)
Integrated Development Plan	Review	Confirm development priorities and objectives with community structures	Council / Community Structures	March / April	Section 42
Performance Management System	Planning	Set appropriate key performance indicators including input indicators, output indicators and outcome indicators	Council	March / May	Section 41(1)(a)
Performance Management System	Planning	Set measurable performance targets	Council	March / May	Section 41(1)(b)
Operating and Capital Budget	Preparation	Discuss budgetary requirements with each Head of Department	Manager: Institutional and Finance / Manager: Social and Infrastructure	April	

PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Operating and Capital Budget	Preparation	Finalisation of the draft operating and capital budget for the ensuing financial year	Manager: Institutional and Finance	March / April	
Operating and Capital Budget	Consultation	Presentation of the draft operating and capital budget to the Finance, Audit and Tender Committee for review	Manager: Institutional and Finance	April	
Operating and Capital Budget	Consultation	Presentation of the draft operating and capital budget to Ward Councillors	Finance, Audit and Tender Committee	March / May	
Operating and Capital Budget	Consultation	Discussion of draft operating and capital budget with community structures	Ward Councillors	April / May	
Performance Management System	Planning	Setting of general key performance indicators	Minister of Provincial and Local Government	May / June	Section 43(1)
Operating and Capital Budget	Approval	Preparation of final operating and capital budget for the ensuing financial year	Manager: Institutional and Finance	May	
Operating and Capital Budget	Approval	Submission of operating and capital budget to Executive Committee	Manager: Institutional and Finance	May	
Operating and Capital Budget	Approval	Approval of operating and capital budget	Council	May	

PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Performance Management System	Planning	Publication of key performance indicators and performance targets	Municipal Manager	March / June	Section 44
Performance Management System	Planning	Setting of departmental specific key performance indicators and performance targets	Municipal Manager / Heads of Department	June	
Operating and Capital Budget	Approval	Submission of Council approved operating and capital budget to the Department of Finance	Manager: Institutional and Finance	June	
Performance Management System	Implementation	Collection of pertinent information relating to each of the general and specific key performance indicators	Municipal Manager	July / Sept	
Performance Management System	Monitoring	Audit of the performance measurements of the Municipality	Internal Audit	July / Sept	Regulation 14(1)(c)
Performance Management System	Reporting	Preparation of quarterly internal audit report	Internal Audit	September	Regulation 14(1)(c)
Performance Management System	Review	Consideration of quarterly internal audit report	Municipal Manager	October	Regulation 14(1)(c)




PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Performance Management System	Evaluation	Consideration of performance measurements contained in internal audit report	Municipal Management Team	October	
Performance Management System	Evaluation	Provision for corrective measures for identified under-performance	Municipal Manager / Head of Department concerned	October	Regulation 13(2)(c)
Performance Management System	Monitoring	Audit of the performance measurements of the Municipality	Internal Audit	December	Regulation 14(1)(c)
Performance Management System	Reporting	Preparation of quarterly internal audit report	Internal Audit	December	Regulation 14(1)(c)
Performance Management System	Review	Consideration of quarterly internal audit report	Municipal Manager	January	Regulation 14(1)(c)
Performance Management System	Evaluation	Consideration of performance measurements contained in internal audit report	Municipal Management Team	January	
Performance Management System	Evaluation	Provision for corrective measures for identified under-performance	Municipal Manager / Head of Department concerned	January	Regulation 13(2)(c)




PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Performance Management System	Performance Audit	Review of September and December quarterly internal audit reports	Performance Audit Committee	January	Regulation 14(1)(c)
Performance Management System	Reporting	Submission of an internal audit report for Council consideration	Performance Audit Committee	January	Regulation 14(4)(a)
Performance Management System	Reporting	Adoption of the internal audit report submitted by the Performance Audit Committee	Council	February	
Performance Management System	Monitoring	Audit of the performance measurements of the Municipality	Internal Audit	January / March	Regulation 14(1)(c)
Performance Management System	Reporting	Preparation of quarterly internal audit report	Internal Audit	March	Regulation 14(1)(c)
Performance Management System	Review	Consideration of quarterly internal audit report	Municipal Manager	April	Regulation 14(1)(c)
Performance Management System	Evaluation	Consideration of performance measurements contained in the internal audit report	Municipal Management Team	April	



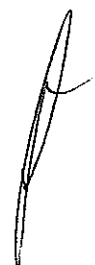

PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Performance Management System	Evaluation	Provision for corrective measures for identified under-performance	Municipal Manager / Head of Department concerned	April	Regulation 13(2)(c)
Performance Management System	Implementation	Collection of pertinent information relating to each of the general and specific key performance indicators	Municipal Manager	April / June	
Performance Management System	Monitoring	Audit of the performance measurements of the Municipality	Internal Audit	April / June	Regulation 14(1)(c)
Performance Management System	Evaluation	Consideration of performance measurements contained in the internal audit report	Municipal Management Team	July	
Performance Management System	Performance Audit	Review of the March and June quarterly internal audit reports	Performance Audit Committee	July	Regulation 14(1)(c)
Performance Management System	Reporting	Submission of an internal audit report for Council consideration	Performance Audit Committee	July	Regulation 14(1)(c)
Performance Management System	Evaluation	Consideration of the internal audit report submitted by the Performance Audit Committee	Council	July	




PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Performance Management System	Reporting	Adoption of internal audit report submitted by the Performance Audit Committee	Council	August	
Performance Management System	Reporting	Preparation of annual performance report	Municipal Manager	July	Section 46(1)(b)
Performance Management System	Reporting	Annual external audit of performance measures	Auditor General	July / August	Section 46(1)(c)
Performance Management System	Evaluation	Consideration of audit report by the Auditor General	Council	August	
Performance Management System	Reporting	Adoption of annual report on performance to community representatives	Council	September	Section 46(4)
Performance Management System	Reporting	Provision of access to annual report on performance to community representatives	Municipal Manager	September	Section 46(4)(a)
Performance Management System	Reporting	Copies of annual report on performance forwarded to Auditor General, MEC and other prescribed institutions	Municipal Manager	September	Section 46(4)(b)
Performance Management System	Reporting	Annual performance report by MEC to Provincial Legislature and National Minister	MEC	October	Section 47(1)
Performance Management System	Reporting	Annual performance report submitted to Council of Provinces	MEC	October	Section 47(3)




PROCESS	PHASE	ACTIVITY	RESPONSIBILITY	TIMING	LEGISLATION
Performance Management System	Reporting	Annual performance report to Parliament and MECs for Local Government in terms of general key performance indicators	Minister of Provincial and Local Government	November	Section 48(1)
Performance Management System	Reporting	Annual report published in Government Gazette	Director General of DPLG	November	Section 48(2)




13. LEGAL FRAMEWORK FOR AGREEMENTS WITH MUNICIPAL MANAGER AND DIRECT REPORTS

The Performance Management System of the Ubuntu Municipality now needs to be related into agreements with the officials that need performance management contracts in terms of the Municipal Systems Act, 2000, Act 32 of 2000, Section 57, in this section of employment as well as the performance agreements are addressed:

57 Employment contracts for Municipal Managers and Managers directly accountable to Municipal Managers:-

- (1) A person to be appointed as the Municipal Manager of a Municipality, and a person to be appointed as a manager directly accountable to the Municipal Manager, may be appointed to that position only –
 - (a) in terms of a written employment contract with the Municipality complying with the provisions of this section; and
 - (b) subject to a separate performance agreement concluded annually as provided for in Subsection (2).
- (2) The performance agreement referred to in Subsection (1) (b) must –
 - (a) be concluded within a reasonable time after a person has been appointed as the Municipal Manager or as a manager directly accountable to the Municipal Manager, and thereafter, within one month after the beginning of the financial year of the municipality;
 - (b) in the case of the Municipal Manager, be entered into with the municipality as represented by the Mayor or Executive Mayor, as the case may be; and
 - (c) in the case of a manager directly accountable to the Municipal Manager, be entered into with the Municipal Manager.
- (3) The employment contract referred to in Subsection (1) (a) must include, subject to applicable Labour Legislation, details of duties, remuneration, benefits and other terms and conditions of employment.
- (4) The performance agreement referred to in Subsection (1) (b) must include –
 - (a) performance objectives and targets that must be met, and the timeframes within which those performance objectives and targets must be met;
 - (b) standards and procedures for evaluating performance and intervals for evaluation; and
 - (c) the consequences of substandard performance.
- (5) The performance objectives and targets referred to in Subsection (4) (a) must be practical, measurable and based on the key performance indicators set out from time to time in the Municipality's Integrated Development Plan.
- (6) The employment contract for a municipal manager must –
 - (a) be for a fixed term of employment not exceeding a period ending two years after the election of the next Council of the Municipality;
 - (b) include a provision for cancellation of the contract, in the case of non-compliance with the employment contract or, where applicable, the performance agreement;
 - (c) stipulate the terms of the renewal of the employment contract, but only by agreement between the parties; and




- (d) reflect the values and principles referred to in Section 50, the Code of Conduct set out in Schedule 2, and the management standards and practices contained in Section 51.
- (7) A Municipality may extend the application of Subsection (6) to any manager directly accountable to the Municipal Manager.
- (8) Remuneration of Municipal Managers and Managers directly accountable to Municipal Managers.

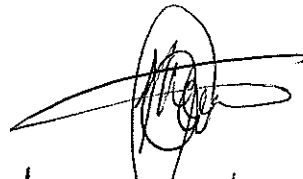
A Municipality must, on or before 31 October of each year, publish in the media the salary scales and benefits applicable to posts of the Municipal Manager and every manager that is directly accountable to the Municipal Manager.

14. PERFORMANCE PLAN, PERFORMANCE CHARTERS AND PERFORMANCE AGREEMENTS FOR MUNICIPAL MANAGER AND DIRECT REPORTS

The following pro forma documents are attached as Appendixes:

- Performance Plan – Municipal Manager (Appendix “A”)
- Performance Charter – Municipal Manager (Appendix “B”)
- Performance Agreement – Municipal Manager (Appendix “C”)
- Performance Plan – Direct Report (Appendix “D”)
- Performance Charter – Municipal Institutional and Finance (Appendix “E1 – E3”)
- Performance Plan – Municipal Social and Infrastructure (Appendix “F1 – F6”)
- Guidelines on the Performance Plan (Appendix “H”)


27/05/2021


21/05/2021

