
Performance Management Policy



DESCRIPTION	
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COMPILED BY:	DEVELOPMENT SERVICES
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1. PREAMBLE

The Theewaterskloof Municipality accepts that its employees are its greatest asset and are key to its ability to fulfill its Mission and Vision and achieve its strategic objectives. The Municipality further recognises that managing and reviewing performance and fostering development are critical factors in achieving institutional strategic priorities and overall success.

In pursuit of its vision the Municipality accordingly implement an institution-wide Performance Management (PM) System.

2. PHILOSOPHY UNDERLYING THE PERFORMANCE MANAGEMENT SYSTEM

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

The municipality delivers services essential to the well-being and development of the communities. 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.

Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks - and to perform them well. In addition, the availability of performance information allows

managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

3. PURPOSE

The Municipal Systems Act of 2000 and the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers of 2006, provide for the establishment and implementation of a performance management system for each and every municipality in South Africa. In order to comply with legislation and to improve on good governance and service delivery it is essential for the municipality to adopt a policy on performance management.

The purpose of the Performance Management Policy is to facilitate and promote the achievement of institutional objectives through the effective management of employee performance. The performance policy will provide guidance in terms of the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting, auditing and quality control and aims to:

- (i) Clarify definitions and standards for performance information in support of regular audits of such information where appropriate
- (ii) Improve integrated structures, systems and processes required to manage performance information
- (iii) Define roles and responsibilities for managing performance information
- (iv) Promote accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.
- (v) Comply with the requirements of the Municipal Systems Act (2000) and the Municipal Performance Regulations (2006).

4. LEGAL FRAMEWORK

The following Policy and Legislative provisions governs performance management in the local government sphere:

White Paper on Local Government (1998)

The White Paper on Local Government (1998), introduced the practice of performance management for local government as a tool to facilitate their developmental role. Such practice further serves to increase the accountability of the municipality and the trust of the community in such municipality.

Constitution of the RSA, 1996

The Constitution of the RSA, 1996, Section 152, which deals with the objects of local government, paves the way for performance management with the requirements for an “accountable government”. Many of the democratic values and principles in terms of Section 195(1) of the Constitution can also be linked with the concept of performance management, with reference to the principles of, inter alia, the promotion of the efficient, economic and effective use of resources, accountable public administration, displaying transparency by making available information, being responsive to the needs of the community, and by facilitating a culture of public service and accountability amongst staff.

Municipal Systems Act, 2000 (Act 32 of 2000)

The Municipal Systems Act, 2000 (Act 32 of 2000) also picks up on these concepts and principles of accountability in Sections 4, 6, and 8. Section 11(3) specifically states that a municipality exercises its executive or legislative authority by, inter alia, “the setting of targets for delivery; monitoring and regulating municipal services provided by service providers; monitoring the impact and effectiveness of any services, policies, programmes or plans; and establishing and implementing performance management systems.”

Chapter 6 of the Systems Act deals specifically with performance management in local government.

In terms of Section 38, a municipality must establish a Performance Management System (PMS); promote a culture of performance management among political structures, office bearers & councillors and its administration, and administer its affairs in an economical, effective, efficient and accountable manner.

Section 39 stipulates that the Executive Committee (Exco) is responsible for the development of a PMS, for which purpose they may assign responsibilities to the Municipal Manager. The Exco is also responsible for submitting the PMS to Council for approval. Section 40 stipulates that a Municipality must establish mechanisms with which to monitor and review the PMS.

In terms of Section 41, the core components of a PMS are to (i) set Key Performance Indicators (KPIs), (ii) set measurable performance targets (PTs), (iii) monitor performance & measure and review annually, (iv) take steps to improve performance, and (v) establish a process of regular reporting.

Section 42 requires that the community, in terms of the provisions of Chapter 4 of the Act, which deals with Public Participation, should be involved in the development, implementation and review of the PMS, and also that the community be involved with the setting of KPIs & PTs for the municipality. In terms of section 43 the general key performance indicators to be applied by all municipalities may be prescribed by regulation.

Section 44 stipulates that the KPIs and PTs in the PMS of the municipality must be made known both internally and externally in a manner described by the Council.

In terms of section 45, the results of the performance measurement must be audited as part of the internal auditing processes and annually by the Auditor General. Section 46 also requires that the municipality prepare an annual report consisting of a (i) performance report, (ii) financial statements; (iii) audit report on financial statements; and (iv) any other reports in terms of legislative requirements. This report must be tabled within one month of receiving the audit report. In terms of section 46(3) the Municipal Manager must give proper notice of meetings at which the annual report will be tabled and submit information on same to the Auditor General & the MEC for Local Government. Section 46(4) stipulates that a Municipality must adopt the annual report and make copies available within 14 days, to the Auditor General, the MEC for Local Government and any others as may be prescribed by regulation.

The Municipal Planning and Performance Management Regulations (No 796, 24 August 2001)

The regulations deal with provisions for the following aspects of the PMS:

- The framework that describes and represents the municipality's cycle and processes for the PMS and other criteria and stipulations [S7], and the adoption of the PMS [S8];
- The setting and review of Key Performance Indicators (KPIs) [S9 & 11];
- The General KPIs which municipalities have to report on [S10], and which include:
 - (i) Households with access to basic services
 - (ii) Low income households with access to free basic services
 - (iii) Capital budget spent in terms of the IDP
 - (iv) Job creation in terms of the LED programme
 - (v) Employment equity with target groups in the three highest levels of management
 - (vi) The implementation of work skills plan

- (vii) The financial viability of the municipality.
- The setting of performance targets, and the monitoring, measurement and review of performance [S 12, 13];
 - Internal Auditing of performance measurements [S14];
 - Community participation in respect of performance management [S15]

Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (No R. 805, 1 August 2006)

These regulations seek to set out how the performance of Municipal Managers and Managers directly accountable to Municipal Managers will be uniformly directed, monitored and improved.

The regulations include the following:

- Chapter 2 deals with the requirements and provisions of the employment contracts;
- Chapter 3 deals with the performance agreements, which must include prescribed Key Performance Areas and Core Competency Requirements.
- Chapter 4 deals with the content of a Job Description for Municipal Managers.

5. POLICY STATEMENT

The Municipality recognizes the value of a performance based institutional culture that promotes productivity, engagement, and development by aligning individual and municipal performance goals with the municipality's mission, strategic goals, and objectives.

6. SCOPE OF APPLICATION

This policy is applicable to the Municipality and replaces the policy framework. The Municipal Systems Act (2000) places the responsibility on the Council to adopt a PMS, while holding the Executive Mayor responsible for the development and management of the system.

The Executive Mayor delegates the responsibility for the development and management of the PMS to the Municipal Manager of The Municipality. The Heads of Department will be responsible for executing the PMS in their respective departments according to the approved framework.

7. KEY CONCEPTS

The terminology behind the key concepts used in this policy is described in Annexure A attached to this document.

8. ORGANISATIONAL PERFORMANCE MANAGEMENT LINKED TO INDIVIDUAL PERFORMANCE MANAGEMENT

The Municipal Systems Act requires the municipality to establish a PMS that is commensurate with its resources; best suited to its circumstances and in line with the IDP. It is required to create a culture of performance throughout the municipality.

The PMS should obtain the following core elements:

- (i) Setting of appropriate performance indicators;
- (ii) Setting of measurable performance targets;
- (iii) Agree on performance measurement;
- (iv) Performance monitoring, reviewing and evaluation;
- (v) Continuous performance improvement;
- (vi) Regular performance reporting; and
- (vii) Intervention where required.

In order to ensure that the municipality meets its organisational performance indicators, it must introduce a PMS that measures performance on organisational and individual level. Individuals are given performance objectives and targets that are linked to his/her team, department and the municipality.

Once the municipal objectives and targets have been set it is possible to cascade these down to departments, teams and employees.

9. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

The objectives of implementing a performance management system include:

- (i) Facilitates strategy (IDP) deployment throughout the municipality and align the organization in executing its strategic objectives;
- (ii) Facilitate increased accountability;
- (iii) Continues and sustainable service delivery improvement;
- (iv) Create an organisational performance culture;
- (v) Provide early warning signals;
- (vi) Develop open and constructive relationship between customers, leadership and employees;
- (vii) Encourage reward for good performance;
- (viii) Manage and improve poor performance;

- (ix) Link performance to skills development and career planning, therefore encourage learning and growth; and
- (x) Comply with legislative framework.

9. PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT

The performance management system is based on the following principles:

(i) Simplicity

The system should operate accurately and effectively, but still in a simple and user-friendly manner which enables the municipality to develop, implement, manage and review the performance without placing an unnecessary great burden on the existing capacity of the municipality.

(ii) Politically acceptable and administratively manageable

The system should be acceptable to political role players on all levels and flexible enough to be accepted by the municipal council and to enjoy the buy-in across political differences. The process involves both councillors and officials, but the day-to-day management of the process will be done administratively with regular progress reporting to the political level.

(iii) Implementable

Considering the resource framework of the municipality, the PMS should be implementable within the resources of the municipality, which will include time, institutional, financial, and technical resources.

(iv) Transparency and accountability

The PMS should be inclusive, transparent and open. The general public should, through the system be made aware of how the operations of the municipality are being administered, how public resources are being spent and who is responsible for what.

(v) Efficient and sustainable

The PMS should, like other services within the municipality, be cost effective and should be professionally managed and operated in a sustainable manner.

(vi) Integration

The PMS should be integrated within the integrated development process of the municipality and its individual employee performance management.

(vii) Objectivity

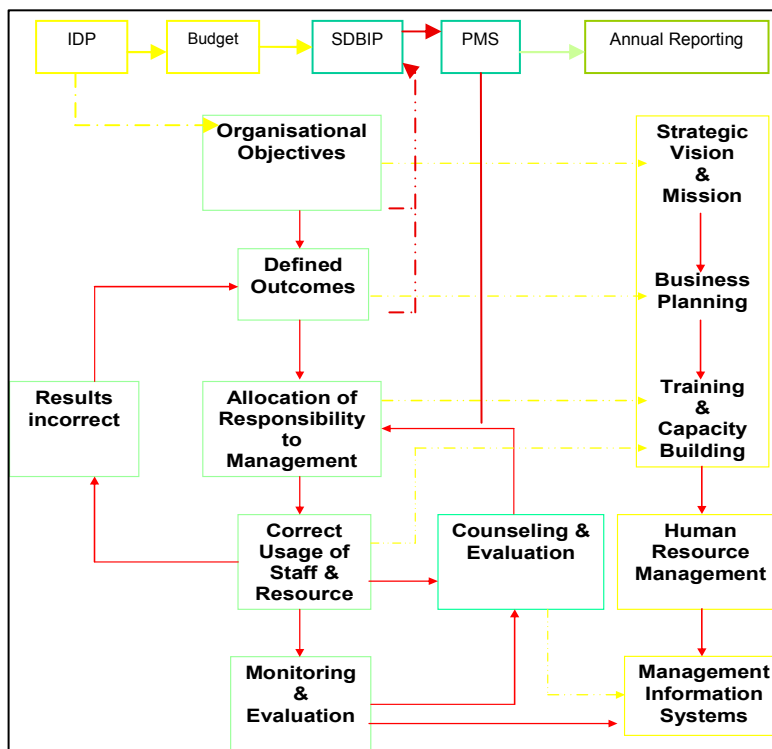
The PMS must be based on a sound value system where the management of the system and the information is objective and credible. The adopted performance assessments should ensure objectivity and credibility in the management of performance.

(viii) *Reliability*

The PMS should provide reliable information on the progress made by the municipality in achieving the objectives as set out in its IDP. The system provides for the use of source documents to verify the information entered into the system.

10. PERFORMANCE MANAGEMENT CYCLE

The municipality adopted a performance management and reporting cycle which include timeframes to complete the process. The cycle starts with the strategy formulation and includes the IDP and budget processes. The IDP and budget should be converted to a Service Delivery Budget Implementation Plan (SDBIP) as corporate performance management tool and cascaded down to the PMS of the municipality. The interaction of the performance management and reporting framework and other business processes is summarized in the diagram below.



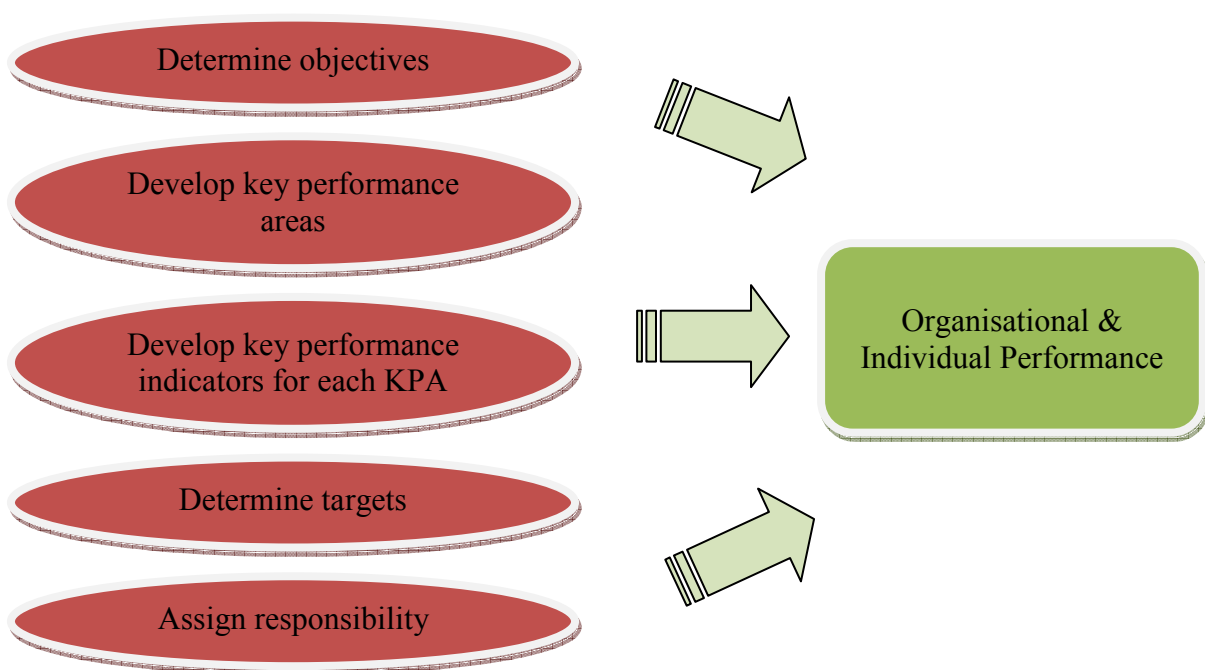
11. ORGANISATIONAL PERFORMANCE

The IDP process and the performance management process must be seamlessly integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

Organisational performance is the first step to seamlessly integrate the IDP and performance management. Performance is measured through the SDBIP and the PMS Dashboards.

The SDBIP is a plan where the IDP and budget is converted into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented. It also allocates responsibility to departments and towns to deliver the services in the IDP and budget. The SDBIP needs to be approved by the Mayor within 28 days after the budget has been approved.

The performance areas and indicators are defined in Annexure A and the responsibilities of individuals are assigned as per paragraph 13 below. The process in determining the performance measures can be summarized as follows:



The performance management system implemented must consider the implementation of the town management model where the corporate departments will focus on strategy, development and review while the town's will be the implementers and be responsible for maintenance.

The performance targets must be annually set and should be reviewed monthly in accordance with the approved performance management system of the municipality.

Analysis of performance requires that line managers compare current performance with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor. They should also analyse the reason for performance levels and suggest corrective action where necessary. The leadership team should use the web-based PMS to manage organisational performance and as an early warning system to identify areas of poor / slow performance and take performance improvement actions.

- (i) The corporate departments in collaboration with Council and the Service Deliver Unit (towns) should review and agree on performance targets before the start of the new financial year.
- (ii) The approved targets should form part of the performance management system and monitored on an ongoing basis.
- (iii) Performance should be reported to the portfolio committees where after a summary report will be submitted to Council.
- (iv) The municipal manager should conduct monthly high level reviews on the performance of the corporate departments and the services department (towns).
- (v) Corrective measures should be taken where poor performance was identified.
- (vi) The Service Level Agreements (SLA) with the communities must also form part of the PMS. The SLA's must be agreed with the community annually and reports on performance against the SLA must be submitted with the performance reports to the municipal manager (monthly), Council (quarterly) and the community (at least annually).

Prior to reviews taking place by the Management Team, the Mayoral Committee and Council, the organisational performance reporting will need to be tracked and co-ordinated by the PMS Manager. Therefore accumulative quarterly reports will be submitted to the Audit Committee and the Mayoral Committee by the PMS Manager.

12. INDIVIDUAL PERFORMANCE

Once the SDBIP/organisational performance criteria have been approved, the portfolios of the council, departments and S57 appointees need to be confirmed.

12.1 SECTION 57 MANAGERS:

The Local Government Municipal Systems Act 2000 requires the Municipal Manager and the Managers reporting directly to the Municipal Manager to enter into annual Performance Agreements. The employment contract of the Municipal Manager and other Section 57 Managers should be directly linked to their Performance Agreements. These Performance Agreements therefore consist of two distinct parts:

- (i) Performance Agreement: This is an agreement between the Section 57 Manager and the Municipality, which regulates the performance required for a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement is normally for a period of 5-years but must be reviewed and renewed annually, subject to the individual's annual performance.
- (ii) Performance Plan: The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The Departmental Business Plan or scorecard (sorted per Department) transcends into the Performance Plan/s of the respective Section 57 Managers according to their areas of responsibility
- (iii) Personal Development Plan: The employer and employee must identify developmental areas (especially after the first evaluation) for the employee and a plan should be developed to address the developmental areas. The PDP should be attached to the performance contract and evaluated on an ongoing basis.

12.2 OTHER EMPLOYEES:

The implementation of performance management to lower levels of staff will be considered at a later stage.

12.3 WEIGHTINGS / RATINGS

Weightings show the relative importance of input or output against another input or output. Every input or output in the performance agreement must be assigned to a weighting. The weightings / ratings and the distribution of the ratings per level need to be determined by leadership in the beginning of each financial year and agreed with the employees.

12.4 REPORTING

Reports need to be prepared for management to act timorously and tabled as required by the respective legislation and this policy framework. The municipal manager should delegate the responsibility of preparing reports on SDBIP progress and employee performance to one or a group of employees.

12.5 PERFORMANCE IMPROVEMENT

The Municipal Systems Act requires the Municipality to annually evaluate its Performance Management System. It is proposed that after the full cycle of the annual review is complete, the performance management team will initiate an evaluation report annually, taking into account the input provided by Departments. This report will then be discussed by the Management Team and finally submitted to the Council for discussion and approval.

While good and excellent performance must also be constantly improved to meet the needs of communities and improve their quality of life, it is poor performance in particular that needs to be improved as a priority. In order to do this, it is important that the casual and contributory reasons for poor performance are analysed. Poor performance may arise out of one or more of the following:

- (i) Poor systems and processes
- (ii) Inappropriate organisational structure
- (iii) Lack of skills and capacity
- (iv) Absence of appropriate strategy
- (v) Inappropriate organisational culture

It is suggested that the municipality consider a **customer care** system after performance management has been implemented, not only to improve service delivery but to obtain and capture feedback on municipal performance from our customers.

The table below provides a clear timeframe for the key milestones for performance management:

PHASE	ORGANISATIONAL ACTIVITY	INDIVIDUAL ACTIVITY	TIME-FRAME
STRATEGY	Approve IDP and Budget		June
PLANNING	Development of Service Delivery Implementation Plan (SDBIP)		July
	Confirm portfolio's of Council and Departments	Confirm Portfolio's of managers	July
	Finalisation of Performance agreements	Performance Agreements of Section 57 Managers	July
MONITOR, MEASURE & REVIEW	Monthly Monitoring PMS	Submit reports to MM and Portfolio Committees	Monthly
	Quarterly Review/s	Bi-annual or quarterly reviews	September December March
	Performance measurement	Annual Performance Appraisal	Dec - March (After receipt of AG report)
	Reward and Recognition	Where applicable	Dec - March (After receipt of AG report)

REPORTING	Quarterly Report/s	Quarterly assessment reports	September March
	Mid-year assessment to Council	Mid-year Assessment Report	Jan
	Annual Report	Annual Performance Report	Dec - March (After receipt of AG report)
PERFORMANCE IMPROVEMENT	Performance Improvement Plans		January July

12.6 REWARD AND RECOGNITION

The Act requires that every municipality must have a remuneration policy that sets out the link between performance and reward for the Municipal Manager and Managers reporting directly to the Municipal Manager. The employment of the first two levels of Management is regulated by the Local Government: Municipal System Act (2002) and guidelines for the remuneration of Municipal Managers to be issued by the Department of Local Government as contemplated by the legislation. It is essential that the remuneration policy i.e. there must be no confusion in the minds of the Municipal Manager and the Managers reporting to the Municipal Manager what the remuneration policy is in relation to linking the results of their performance to reward. The remuneration policy must clearly indicate the rewards in relation to the performance outcomes of the Municipal Manager and the managers reporting to the Municipal Manager.

12.7 APPEALS PROCEDURE

Should employees not agree with the contents of their performance agreement after the performance discussions or with the final scores that are allocated to them, they may elect to follow the municipality's normal grievance procedures.

13. ROLES AND RESPONSIBILITIES

The responsibility for Performance Management and Integrated Development Planning should be located in one unit or section to ensure close alignment and co-ordination.

The following table sets the **Roles and Responsibilities of Stakeholders** in performance planning, measurements and analysis and performance reporting and reviews:

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	ADMINISTRATIVE OVERSIGHT	
Executive Mayor	Facilitate the development of a long term Vision regarding IDP and PMS. Mayor is responsible for the performance and need to approve the SDBIP and submit the annual performance report to Council	Optimum and equitable service delivery.
Mayoral Committee	Provide strategic awareness and manage the development of the IDP and PMS.	Promotes public awareness and satisfaction.
Portfolio Committee	<ul style="list-style-type: none"> Manage the implementation of the strategy. Review and monitor the implementation of the IDP and the PMS. 	Facilitates the process of benchmarking and collaboration with other municipalities.
Council	<ul style="list-style-type: none"> Adapt the PMS policy and approve the IDP. Monitor performance. 	Provides a mechanism for the implementation and review of PMS and IDP achievement.

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	OFFICIALS	
Municipal Manager	<ul style="list-style-type: none"> Ensure the implementation of the IDP and the PMS. Communicate with the Executive Mayor and Management Team. 	Clarifies goals, targets and work expectations of the executive management team and other senior managers
Management Team	Execute performance targets Manage Departmental SDBIP's and Performance.	Facilitates the identification of training and development needs at different levels in the municipality.
Line Managers	Implement the departmental business / operational plans	Monitor employee performance
Town Managers	Implementing town SLA's, SDBIP;s and reporting to ward committees	Facilitate the needs at town level and support required by towns from corporate and effective service delivery
Internal Audit	Assess the functionality, effectiveness and legal compliance with the PMS.	<ul style="list-style-type: none"> Enhances the credibility of the PMS and the IDP. Enhances the status and role of Internal Audit.
Administration	Maintaining of data and implementing agents	<ul style="list-style-type: none"> Clear understanding of what is required

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	OFFICIALS	
		<ul style="list-style-type: none"> • Effective service delivery

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	COMMUNITY / PUBLIC	
Representative Forums / Ward Committees	<ul style="list-style-type: none"> • Inform the identification of community priorities. • Public involvement in service delivery of the municipality. 	Provide a platform for the public / communities to inform and communicate with Council.
OTHER PARTNERS		
Auditor-General	Ensure legal compliance.	Provides warning signals of under- performance which can provide pro-active and timely interventions.
Performance Audit Committee	Independent oversight on legal compliance. (Audit committee)	Provides warning signals of under- performance.

14. PERFORMANCE REVIEWS

The annual process of managing the performance of the Municipality will include performance planning, measurement, analysis, reporting, performance reviews and performance auditing.

14.1 Council Reviews

It is obligatory for the Mayoral Committee in terms of the Systems Act to report to Council on municipal performance and the diagram for reporting and reviewing indicates that the Mayoral Committee will report biannually to Council in the required format. The annual performance report will form part of the Municipality's annual report as per section 121 of the Municipal Finance Management Act.

14.2 Public Reviews

The Municipal Systems Act as well as the Municipal Finance Management Act requires the public to be given the opportunity to review municipal performance. Section 127 of the MFMA requires that the accounting officer (Municipal Manager) must immediately after the annual report is submitted to Council, make the report public and invite the local community to submit comments in connection with the annual report.

It is also proposed that a public campaign be embarked upon annually to involve citizens in the review of municipal performance over and above the requirements of the MFMA. Such a campaign could involve the various Ward Committees as well as the media.

15. AUDITING AND QUALITY CONTROL

All auditing should comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). Auditing of performance reports must be conducted by the Internal Audit structure prior to submission to the Municipality's Audit Committee and Auditor-General.

15.1 *Continuous quality Control and Co-ordination*

The Municipal Manager will be required on an ongoing basis to co-ordinate and ensure good quality of reporting and reviews. It will be his / her role to ensure conformity to reporting formats and check the reliability of reported information, where possible.

15.2 *Performance Investigations*

The Mayoral Committee or Audit Committee should be able to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. Performance investigations should assess:

- The reliability of reported information;
- The extent of performance gaps from targets;
- The reasons for performance gaps;
- Corrective action and improvement strategies.

15.3 *Audit and Performance Committee*

The results of performance measurement must be audited as part of the Municipality's internal auditing process, as well as annually by the Auditor-General. Municipalities are therefore expected to establish frameworks and structures, in order to examine the effectiveness of their internal performance measurement control systems and make recommendations as an independent advisory body to the Municipal Council, the Political Office Bearers, the Accounting Officer and the Management staff of the municipality.

The role of the Audit Committee will be to assess:

- (i) The functionality of the municipality's performance management system;
- (ii) The adherence of the system to the Municipal Systems Act;

- (iii) The extent to which performance measurements are reliable;

Legislation provides municipalities with the option of establishing a separate performance audit committee. However, the policy proposes only one audit committee regarding the financial and performance management matters of the municipality. The Municipality has already established an Audit Committee as far as performance auditing and management are concerned and the powers and functions of the committee are set out in its terms of reference and encompasses the MFMA and related legislative requirements.

15.4 Internal Audit

The Municipality's internal auditors in terms of Section 165 of the MFMA, in auditing the performance reports of services and the corporate PAW's as required by the regulations, will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and Audit Committee. If required, the capacity of the internal audit unit will need to be improved beyond the auditing of financial information.

Annexure A – Key Concepts

CONCEPT	DEFINITION
Performance Management	A performance management framework that describes and represents how the municipal cycle and processes of performance planning, monitoring, measurements, review, reporting and improvement will be conducted, organised and managed, including determining roles of the different role players.
Performance Management System (PMS)	A strategic approach which provides a set of tools and techniques to plan regularly, monitor, measure and review performance of the organisation and individuals. Performance management is a system that is used to make sure that all parts of the municipality work together to achieve the goals and targets that are set.
Organisational Performance Management	Concerned with the overall performance of the Municipality/ Organisation in relation to giving effect to the IDP (Macro Dynamics).
Individual Performance Management (Sec 57 employees)	Linked to the Organisational Performance Management System are the individuals who contribute to the success or failure of the Municipality/ Organisation. Each Sec 57 employee will have performance objectives, targets and standards that are linked to objectives of his/her Division, Department and the municipality.
Integrated Development Plan (IDP)	Clearly defining 5-year Strategic Plan of a Municipality. IDP should be reviewed annually or as required.
Key Performance Area (KPA)	Key areas of responsibility and developed to achieve the objectives set
Objective	Statement about what outcomes do we want to achieve.
Core Competencies	Every employee, no matter at what level of within what function, is required to demonstrate a number of behaviours and skill that are considered core to achieve the objectives of the municipality.
Key Performance Indicators (KPI)	Measures (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives.
Input Indicators	Indicator that measures resources economy and efficiency.
Output Indicators	Indicator that measures whether a set of activities yields the desired results or products/service.
Outcome Indicators	Measures the broader results achieved through the provision of goods and

CONCEPT	DEFINITION
	services (impact).
Target	The level of performance (or desired state of progress) of the indicator that is intended to be achieved by a specified time period.
Baseline Indicator	The value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. The base from which progress will be measured.
Benchmarking	Refers to a process whereby an organisation of a similar nature uses each other's performance as a collective standard against which to measure their own performance.