

# UMZIMVUBU LOCAL MUNICIPALITY

## EC-442



## PERFORMANCE MANAGEMENT, MONITORING, EVALUATION AND REPORTING – STANDARD OPERATING PROCEDURE

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## KEY ACRONYMS

AG	Auditor General
APR	Annual Performance Report
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
MFMA	Municipal Finance Management Act, 2003
MM	Municipal Manager
MPPMR	Municipal Planning and Performance Management Regulations, 2001
MSA	Municipal Systems Act, 2000
NKPIs	General / National Key Performance Indicators
OPMS	Organisational Performance Management Scorecard
PMR	Performance Management Regulations 2006
PMS	Performance Management Systems
SDBIP	Service Delivery and Budget Implementation Plan
SOP	Standard Operating Procedure

## 1. Preamble

The Standard Operating Procedures (SOP) clarifies the processes to collect, collate, verify, upload data in the automated performance management system and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets set in terms of the annual Service Delivery and Budget Implementation Plan (SDBIP) in support to the implementation of Umzimvubu Local Municipality Performance Management System (PMS) Policy and Framework as well the the Integrated Development Plan (IDP).

## 2. Introduction and background

The PMS Policy and Framework is reviewed as and when the need arises so as to comply with Section 38 of the Municipal Systems Act (MSA). The PMS Policy and Framework represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and planned measures for improvement is conducted, organised and managed, including determining the roles and responsibilities of the different role-players.

At Umzimvubu Local Municipality, the SDBIP is the tool to monitor its service delivery, i.e., a tool for assessment of Service Delivery, IDP and Budget Implementation. The SDBIP has measurable strategic objectives which are aligned to the budget. The SDBIP has key performance indicators (KPIs) and performance targets, which are also aligned to a budget. The SDBIP assessment is done on a quarterly basis to measure projected targets against achieved targets; thereby reflecting the progress on service delivery targets and administrative targets as encapsulated in the SDBIP that is uploaded in the automated performance management system.

The following is a description of all the elements that appear on the SDBIP:

- a) **SDBIP No.:** This is the SDBIP number per Key Performance Area (KPA).
- b) **IDP Ref:** Location of the function in the IDP document.
- c) **Strategic Objective:** This outlines the aim of the municipality within the defined priority area and key performance area as related to the specific service to be delivered. Objectives as contained in the SDBIP give sense of direction and sense of priority. Objectives happen through performance measures, which illustrate what are we trying to achieve, and by what means (how).
- d) **Project / Programme Name:** Name provided for each project and/or programme to be undertaken by the municipality.
- e) **Key Performance Indicators (KPI):** These are quantifiable measures that show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner. The final products, or goods and services produced for delivery. Outputs may be defined as "what we

produce or deliver". Each Key Performance Indicator is linked to the 6 National Key Performance Areas, 7 Municipal Strategic Objectives and 9 Municipal Priorities.

- Umzimvubu Local Municipality has to develop the indicators, which are qualitative and quantitative that indicates whether progress is being made in achieving the objectives and targets. A good indicator must be:
  - **Measurable:** easy to calculate from data that can be generated speedily, easily & at reasonable cost
  - **Specific:** measure only those dimensions that the municipally intends to measure
  - **Relevant:** measure those dimensions that enable measurement of progress on its objectives
  - **Simple:** avoid combining too much in one indicator and avoid ambiguity
  - **Reliable:** degree to which repeated measures under exactly the same conditions will produce the same results
  - **Minimizes perverse consequences:** do not alter actions in an unintended manner.
- Indicators are important because they:
  - enable the review of objectives;
  - provide a common framework for measuring and reporting;
  - translate complex concepts into simple operational measurement variables;
  - assist to provide feedback to a organisation, its staff and stakeholders; and
  - assist when comparing the municipality's performance to that of others.
- Indicators as well as objectives need to be clear, concise and measurable
  - It is useful to have a timeframe attached to objectives
  - Objectives should be outcome and impact focused
  - Objectives should indicate the scope and nature of desired change
- The above requirements can be summed up by the acronym SMART to define a good objective and indicator:
  - **Specific:** clear about what, where, when, and how the situation will be changed; and measure only those dimensions that the municipally intends to measure;
  - **Measurable:** able to quantify the targets and benefits; and easy to calculate from data that can be generated speedily
  - **Achievable:** able to attain the objectives (*knowing the resources and capacities at the disposal of the community*);
  - **Realistic:** able to obtain the level of change reflected in the objective; and

- **Time-bound:** stating the time period in which they will each be accomplished (achievable within a defined time scale)
  
- The following aspects should be considered when identifying indicators:
  - Priorities and objectives set in the IDP;
  - Objectives to be clustered into KPAs such as service delivery development, institutional transformation, governance and financial issues;
  - The activities and processes identified in the IDP for achieving the developmental objectives as well as the earmarked resources; and
  - Whether data is available for its measurement in the Umzimvubu area.
  
- Some questions that may guide the selection of indicators include:
  - **Does this indicator enable one to know about the expected result or condition:** Indicators should, to the extent possible, provide the most direct evidence of the condition or result they are measuring. For example, if the desired result is a reduction in unemployment, achievement would be best measured by an outcome indicator, such as the unemployment rate. The number of people employed would not be an optimal measure for this result; however, it might well be a good output measure for monitoring the service delivery necessary to reduce unemployment rates.
  - **Is the indicator defined in the same way over time? Are data for the indicator collected in the same way over time:** To draw conclusions over a period of time, decision-makers must be certain that they are looking at data which measure the same phenomenon (often called reliability). The definition of an indicator must therefore remain consistent each time it is measured. For example, assessment of the indicator successful employment must rely on the same definition of successful (i.e., three months in a full-time job) each time data are collected. Likewise, where percentages are used, the denominator must be clearly identified and consistently applied. For example, when measuring unemployment rates over time, the population of people from which unemployment individuals are counted must be consistent (i.e., 10% of employed graduates 2011 to 2017). Additionally, care must be taken to use the same measurement instrument or data collection protocol to ensure consistent data collection.
  - **Will data be available for an indicator:** Data on indicators must be collected frequently enough to be useful to decision-makers. Data on outcomes are often only available on an

annual basis; those measuring outputs, processes, and inputs are typically available more frequently.

- ***Are data currently being collected? If not, can cost effective instruments for data collection be developed:*** As demands for *accountability* are growing, resources for monitoring and evaluation are decreasing. Data, especially data relating to input and output indicators and some standard outcome indicators, will often already be collected. Where data are not currently collected, the cost of additional collection efforts must be weighed against the potential utility of the additional data.
  - ***Is this indicator important to most people? Will this indicator provide sufficient information about a condition or result to convince both supporters and skeptics:*** Indicators which are publicly reported upon must have *high credibility*. They must provide information that will be both easily understood and accepted by important stakeholders. However, indicators that are highly technical or which require a lot of explanation (such as indices) may be necessary for those more intimately involved in programs.
  - ***Is the indicator quantitative:*** Numeric indicators often provide the most useful and understandable information to decision-makers. In some cases, however, qualitative information may be necessary to understand the measured phenomenon.
- A results-based *accountability system* often requires data on a number of different indicators, reflecting the information needs of different decision-makers. Legislators and senior agency staff frequently require information on long-term outcomes (and, in some cases, inputs) while program and provider staff require details on inputs, processes, and outputs as well as outcomes. Umzimvubu Local Municipality follows a logic which is based on *effectiveness and efficiency* and makes use of five (5) indicators namely – Inputs, Activities/Processes, Outputs, Outcomes and Impact. For each indicator, baseline data needs to be collected to identify the starting point from which progress is examined. Comparison of actual indicator results to anticipated levels (often called performance standards or targets) allows decision-makers to evaluate the progress of programs and policies. Assigning responsibility for indicator data collection to individuals or entities in an organization helps to assure that data will be regularly collected.

- It is important to note that indicators serve as a red flag; good indicators merely provide a sense of whether expected results are being achieved. They do not answer questions about why results are or are not achieved, unintended results, the linkages existing between interventions and outcomes, or actions that should be taken to improve results. As such, data on indicators must be interpreted with caution. They are best used to point to results that need further exploration, rather than as definitive assessments of program success or failure.
- f) **Unit of Performance Measurement:** Performance measures have performance targets.
  - g) **Reporting Period:** This refers to the desired level of service delivery for the current financial year or specified period.
  - h) **Institutional / Ward:** Location of the project and/or programme.
  - i) **2019/2020 Demand, Baseline, Backlog:** These are operational plans that are currently in place or being planned to reach the objectives of the various KPAs; conditions before a project or programme is implemented; and targets which could not be met by deadline of the project and/or programme.
  - j) **2020/2021 Annual, Mid-Year and Quarterly Projections:** This is (preferably) a quantifiable figure that indicates how current quantifiable measures compare with the set quantifiable targets for the time specified. These targets are directly linked to the "Budget Estimate". Performance targets must be relevant to achieving objectives. Performance targets represent quantified direction. Performance targets clarify priorities.
  - k) **Financial Performance:** Source and Budget.
  - l) **Portfolio of Evidence:** Means of Verification

In terms of departmental performance targets, each department is responsible for compiling portfolio of evidence (PoE) files for recording and storing of performance information to be made available, a quarterly basis, to the IDP & PMS Assistant Manager for co-ordination of performance information and to internal auditors for validating the reported information. These PoE files are presented to the respective Performance Evaluation Panels appointed for the annual assessment of the performance of the Municipal Manager (MM) and Managers directly accountable to the MM (Section 57 and 56 Managers).

The municipality is therefore mainly relying on paper based mechanisms in order to track progress, record the performance information and the storage thereafter. One of the



problems with this is the information recorded on the relevant reporting templates, it is not always congruent with what is submitted as part of the Portfolio of Evidence (PoE) and vice versa. Report-writers also have a window of opportunity to make amendments on their reports before it serve at the relevant portfolio committee, therefore contributing to discrepancies during the validation of information.

The Office of the Auditor General (AG) at the time of validating the achievements reported in the 2019/2020 Annual Performance Report (APR) recommended that, in order to improve on the quality and validity of information reported, Standard Operating Procedures (SOPs) be developed and implemented for the collecting, collating, verifying and storage of performance information on the SDBIP by the various municipal departments in support to the Umzimvubu Local Municipality PMS Policy and Framework.

### **3. Definition of Standard Operating Procedures**

By definition, Standard Operating Procedures (SOPs) within the context of Performance Information, Project Listings and Portfolio of Evidence (PoE) Files, is a written description of steps for all significant activities relating to the practice of management of information. SOPs should accurately reflect good information management practices, be sufficiently practical and be usable in the municipal environment. Good management practices relate to general aspects of performance management functions including target reporting, data collection, compilation, analysis, storage, data processing, record storage, handling of urgent data requests/needs, management of the devices, tools, appliances used to manage data.

### **4. Justification for Standard Operating Procedures**

There are several challenges that the existing PMS Policy and Framework implementation is facing; these include among others the following:

- Poor and incomplete recording and reporting of data needed for Performance Management Reporting;
- Use of non-standardized PoE templates by different municipal departments due to the lack of / or failure to adhere to existing PoE requirements for setting and implementing of portfolio of evidence;
- Lack of guidance on how to determine which documents to use as the source document in support of PoE for a respective performance target; and
- The Office of the Auditor General has raised the query in respect of Performance Information, Project Listings and Source Documents / PoE Files being inadequate and incongruent/inconsistent.

In addressing the above challenges, the recording systems should clearly define the technical standards to be met as well as the validating of reported information as part of continuous process of compiling a portfolio of evidence.

## 5. Anticipated benefits of having generic SOP for Performance Management, Monitoring, Evaluation and Reporting

There are several benefits in having generic SOPs; these include among others the following:

- Harmonisation of performance management reporting procedures to ensure effective and efficient coordination in the development of PoE;
- Validity and credibility of reported actual on reporting templates is enhanced by signing of by the respective incumbent preparing the reported information, including the Supervisors, Managers directly accountable to MM and Municipal Manager;
- Ensures better alignment between reported actual and source document (i.e, POE);
- Improves attainment of organisational performance targets;
- Improves outcomes of audit processes as a standardized PoE template will be implemented for all user departments;
- Improve better alignment with legislation governing organisational performance, i.e. MFMA, MSA and Performance Management Regulations 2001 and 2006; and
- Effective accountability will be displayed during performance assessments as incumbents (i.e. Managers directly accountable to MM) will both be reliant on the POE during their respective performance assessments.

## 6. Standard Operating Procedures (SOP) per level

The general standard operating procedures for managing performance information at all levels will include amongst others, the following:

- Data sources must be clearly defined at each level of collection to allow traceability of performance by the Managers directly accountable MM / reporting directly to the MM;
- Data verification and validation must be done at a source point between incumbents responsible for recording of the information and the relevant Managers directly accountable to MM; and
- At each level of data flow, there must be a sign-off to indicate that the responsible managers agree with the reported data / information and that the report reflects true activities in their area of responsibility.

## 7. Performance Management and Portfolio of Evidence Criteria

In order to ensure increased accountability between the local community, politicians, the municipal council and the municipal management team, each department must make sure that its records meet the following criteria:

- **Authenticity** – are created, stored and are able to prove beyond doubt that the record is ‘what it claims to be’ and identifies the individual who created the record, by maintaining a record of its management through time;
- **Accuracy** - have to accurately reflect the transaction/event which they are documenting;
- **Accessibility** - must be readily available as and when required, mainly for auditing purposes and by the relevant auditing / performance evaluation panels; and uploaded in the Automated Online PMS System
- **Complete** - must be adequate in content, context and structure to recreate the pertinent activities and transactions/events which they are documenting;
- **Comprehensive** - must document the entire range of the strategic business unit’s / section’s relevant process / business;
- **Compliant** - must act in accordance with any record keeping requirements as prescribed by legislation, organizational record keeping systems/policies, auditing rules, applicable regulations;
- **Effective** - should be maintained for the specific purposes for which it was gathered, and the information contained must meet those purposes; and
- **Secure** - have got to be securely stored and maintained preventing unauthorized access, modification, damage or removal. It have to be stored in an administered, secure environment, the degree of security relevant to the sensitivity and significance of the contents thereof.

## 8. Portfolio of Evidence Development Cycle

The process being outlined below is at the strategic level of the municipality whereby it will determine how the Section 56 Managers (Managers directly accountable to MM) should prepare and validate the PoEs for their respective departments.

- Each Section 56/57 Manager must develop their own departmental mechanisms, which are relevant to their respective departments, and having done so, create a platform for the accurate development and submission of PoE.
- Section 56/57 Managers are responsible for the confirmation of all relevant PoE’s prior to uploading and submission to Automated PMS System and any required forum / committee and for validation thereof by the Internal Auditors. The submission of PoE’s therefore rests with the Section 56 Managers.
- PoE files must be prepared, finalized, and uploaded in the Automated PMS System for submission to Internal Audit on request by the 15<sup>th</sup> of the first month after each quarter end, i.e. **Quarter 1 finalized by 15<sup>th</sup> October, Quarter 2 finalized by 15<sup>th</sup> January**, etc. Non-compliance will be reported to the MM.
- Section 56/57 Managers are to use the template developed by the IDP/PMS Manager within the Office of the Municipal Manager (OMM) for creating PoE’s and Project Listings in a standardized format. The relevant departmental units heads (Line Managers) will be responsible and be key in preparing the PoEs

and having satisfied themselves with the contents of the PoE files in respect of source documents and will sign-off the PoE prior to submission to the relevant Section 56/57 Manager.

- Quarterly departmental reports must cross-reference to the PoE files & Project Listings to ensure that the reported performance is adequately supported. Section 56 Managers must verify if all PoEs have been submitted and placed on file before signing-off on the departmental PoE files.
- The PoE files will be verified by the IDP & PMS Unit prior submission to the Internal Auditors for review purposes

#### **8.1. Step 1 - Administering and Preparing of Performance Information**

- Departmental administrative staff (i.e. Line Managers and/or Supervisors) responsible for administering and preparing of performance information and reports must collate, record, verify and forward performance achievements in terms of the SDBIP performance information to the respective departmental unit heads within 15 days after each end of the quarter for uploading on Automated PMS System.
- Trained departmental performance champions must develop PoE files where performance information can be accurately and sequentially filed.

## 8.2. Step 2 - Completion of the Quarterly SDBIP Performance Reporting

Each Section 56 Manager must ensure that:

- The actual achievements are aligned to the target and recorded correctly in the relevant quarterly Actual column by firstly indicating whether the relevant target has been met (achieved) or not met (not achieved).
- Followed by reasons for deviation and corrective action where applicable.

Sample templates for completion of quarterly performance information are illustrated below.

### ***Sample Template 1***



# Umzimvubu Local Municipality

## SDBIP 2020/2021 >> Manage >> Update >> Departmental SDBIP

### Update Departmental KPI D463 for September 2020

#### Summary Details

<b>Ref:</b>	D463
<b>Internal Ref / Indicator Code:</b>	2_00013
<b>Responsible Department:</b>	Office of the Municipal Manager - IDP, IGR & PMS
<b>Responsible Owner:</b>	Assistant Manager: IDP, IGR & PMS
<b>KPI Name:</b>	Number of SDBIP Performance Reports compiled and submitted to Council
<b>Description of Unit of Measurement:</b>	Number
<b>National KPA:</b>	Municipal Transformation and Organisational Development
<b>Municipal KPA:</b>	Municipal Transformation and Organisational Development
<b>Source of Evidence:</b>	Performance reports & Council Resolutions
<b>Baseline:</b>	4.00
<b>Target Type:</b>	Number
<b>Calculation Type:</b>	Accumulative

#### Update form

<b>Original Target:</b>	1
<b>Target Adjustments:</b>	0
<b>Revised Target:</b>	1
<b>Target Description:</b>	Review & Consolidation of departments report inputs for 19/20FY APR & submission to Council and the Office of The Auditor-General
<b>Actual:</b>	<input type="text" value="1.00"/> <i>Note: Only numbers (0-9), period (.) and dash (-) permitted</i>
<b>Performance Comment:</b> <i>[Required if target not met]</i>	<input type="text" value="2019/2020FY Annual Performance Report compiled and submitted to Council"/>
<b>Corrective Measures:</b> <i>[Required if target not met]</i>	<input type="text" value="N/A"/>

Sample Template 2

The screenshot displays the Action Assist web application interface for Umzimvubu Local Municipality. The browser address bar shows the URL <https://assist.action4u.co.za/login.html>. The application header includes the Action Assist logo and the title "Umzimvubu Local Municipality". A navigation menu at the top right contains "MAIN MENU".

The main content area features a form for updating performance data. The form includes the following fields and options:

- Target Type:** Number
- Calculation Type:** Accumulative
- POE:** Annual Performance Report
- POE Attachment:** ULMEC442ANNUALPERFORMANCEREPORT19-20FY.docx (with Download and Delete options)
- Is this update complete?:** Yes (selected) / No
- Save Update:** A green button to save the changes.

Below the form is a section titled "Current Results" with a table. The table has columns for "Period Performance", "Year to Date Performance", and "POE".

The footer of the application shows the user is logged in as "Zandisile Tyebisa" and provides a "Logout" option. The system tray at the bottom of the screen displays the time as 13:21 on 2020/12/08.

Sample 3

Browser: <https://assist.action4u.co.za/login.html>

Network Authentication | www.Action4u.co.za

newsfeed | www.Action4u.co.za

# Action Assist

## Umzimvubu Local Municipality

SDBIP Assist: +New +Manage +Admin +Report +Setup MAIN MENU

	communication to attorneys																			
1	Number	Performance reports & Council Resolutions	Municipal Transformation and Organisational Development	Municipal Transformation and Organisational Development	4	Number	Accumulative	0	0	X		1	1	G		0	0	X		Update
3	Number	Signed SDBIP and advert	Municipal Transformation and Organisational Development	Municipal Transformation and Organisational Development	2	Number	Accumulative	0	0	X		0	0	X		0	0	X		Update
	Number	Email submission printout	Good Governance and Public Participation	Good Governance and Public Participation	12	Number	Accumulative	0	0	X		3	3	G		0	0	X		Update
	Number	Annual Report, Council Resolution	Good Governance and Public Participation	Good Governance and Public Participation	N/A - New KPI	Number	Stand-Alone	0	0	X		1	1	G		0	0	X		Update
	Number	Audit Report on Performance	Good Governance	Good Governance	3	Number	Accumulative	0	0	X		1	1	G		0	0	X		Update

Print page | Action Assist is owned by Action IT (Pty) Ltd. | You are currently logged in as: Zandisile Tyebisa | Logout

Windows Taskbar: Type here to search | 13:33 2020/12/08



### 8.3. Step 3 – Updating of Performance Information on Automated PMS System

Each Section 56/57 Manager must:

- Upload on the Automated Online PMS System completed SDBIP performance information recorded, including planned measures for corrective action in the case where a target was not met (not achieved).
- Verify the information recorded by the incumbent responsible for the recording of the performance achievements information, verify the reason for non-achievement in the case of a target not met (not achieved) and validate the planned measures for corrective action as recorded by the relevant incumbent responsible for performing the KPI.
- Approve the recorded information as valid and correct by signing-off and record the date of signing before the 15th of the after the end of the quarter.

Section 56/57 Managers must before signing-off the PoE, exercise the following checks and balances:

- Confirm that the data on the Quarterly SDBIP reporting template is aligned across all reporting columns, hence the reported progress is aligned to the projected target as well as the reported progress is aligned to the source documents recorded on the template/Automated Online PMS System;
- Once alignment is complete, Section 56/57 Managers must then go through the PoE file prepared by the departmental performance champion to confirm that the data on the Automated Online PMS System is backed by the relevant POE;
- In the event that the Section 56/57 Manager may or may not agree with the PoE file information, and at that instance, he/she must then request further documentation to be included and uploaded in the Automated Online PMS System for the department.
- The Automated Online PMS System as well as the PoE reporting template must be amended / updated accordingly to ensure alignment in reporting of achievements.

Storage of Departmental PoE files:

- Departmental quarterly PoE files once completed will be kept in the IDP/PMS Unit Office and be made available for inspection by the Internal Auditors within one month after each quarter end.
- Section 56/57 Managers must review and present the PoE files to the respective Performance Evaluation Panel on the day of the performance assessment sessions (quarterly and/or annually as the case may be) through the Automated Online PMS System;
- PoE files must be presented to the External Auditors (Auditor General) upon their request within the stipulated timeframe of 3 days as and when required;
- Once the Annual Performance Assessments of Section 56 and 57 Managers on the completed financial year is completed and the Auditor General has performed their final year-end auditing process, Departmental Performance Champions of Section 56 Managers must submit the PoE files to Registry for filing as required in terms of the statutory and regularity framework in which sound records management is founded.

## 9. Conclusion

In conclusion, the implementation of this Standard Operating Procedure must be seen as a learning process, where Umzimvubu Local Municipality must continuously improve on the quality of performance management information reported to stakeholders and different organs of state.

The benefits of implementing the SOP for the development of POE will ensure better audit of performance results for the municipality.

If the steps above are adhered to, it will ensure that what is reported is a true reflection of activities at any given time in the financial year and it will avoid the delaying in having available the required information as required in terms of various legislated timeframes.

Performance Management will be strengthened as information provided will be backed up by a clear, concise and standardized validated PoE. This will be evident when conducting quarterly performance assessments and scoring criteria for assessment hinges predominately on the correctness/accuracy of reported results versus the PoE in supporting results.