



PERFORMANCE MONITORING MASTER CLASS

31 OCTOBER 2018 – 02 NOVEMBER 2018

RIVERSIDE HOTEL

1. INTRODUCTION

The Auditor-General Outcomes Report identified performance monitoring or lack thereof, as one of the major challenges faced by municipalities in KwaZulu-Natal. With this in mind, eThekweni Municipality's Performance Monitoring and Evaluation Unit, the KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs (KZN COGTA), in partnership with MILE hosted a Master Class on Performance Monitoring from the 31st of October 2018 to 01 November 2018 at the Riverside Hotel in Durban.

The Masterclass aimed to empower performance monitoring practitioners and IDP Managers to improve on institutional support for monitoring. With at least forty municipalities in attendance, the Masterclass provided a platform to able practitioners to blend the critical aspects of building a successful Performance Monitoring system and how to practically reduce audit findings for performance information.

The Masterclass arises at the backdrop of the proposed National Treasury indicators, the Back to Basics Programme as well as the General Assessment of Performance by the Auditor-General.

Over the years, MILE Masterclasses have been an overwhelming success. MILE continues to create platforms to share insights, expertise, experiences and ideas. MILE supports COGTA's mandate to capacitate municipalities and its aspiration of clean audits throughout KwaZulu-Natal.

2. AIMS AND OBJECTIVES

The Master Class aimed to empower performance monitoring practitioners and IDP Managers to improve on institutional support for monitoring.

3. STRUCTURE OF THE DOCUMENT

This document reflects key outcomes that were deliberated during the workshop, and serves as an internal resource to guide further work in positively contributing to further work of Performance, Monitoring and Evaluation. It does not provide a verbatim of proceedings but however emphasises central themes that emerged from discussions.

Local Government Performance Monitoring



Electricity calculation in ESKOM/Municipal areas

In most cases, ESKOM and municipalities have a shared mandate in easing access to electricity. Bearing this in mind, the City of Umhlathuze only reports on the services under the licensed area of the municipality which excludes Eskom. This forms part of an Indicator in the Organisational Scorecard which remain consistent throughout the years. In terms of the accuracy of the statistics presented by Eskom, the municipality is not at liberty to have a view on it as it is not their area of delivery.

Separation of responsibilities

It is common practice that responsibilities of PMS and IDP overlap in a number of key areas such as the development of the strategic framework in the IDP, as well as goals, objectives and IDP indicators. In the case of uMhlathuze, these responsibilities are shared as they are all stationed in the Municipal Manager's Office and report to the Chief Operating Officer.

Responsibility areas are also often blurred between Internal Audit and PMS. Regarding the validation or verification of the performance information, previously Umhlathuze relied on the departments and on Internal Audit. However, that has changed as validations are processed internally.

Performance Audit Committee

The Performance Audit Committee meets quarterly and all reports are submitted to EXCO.

National, Provincial and Organisational Monitoring



COGTA Electricity Provision Template

The indicators on the template that was issued by COGTA regarding electricity provision were designed by the Infrastructure Unit. The main purpose for this was to focus on backlog issues in KwaZulu–Natal, which most municipalities have raised queries. In order to resolve this, there is a need for COGTA to liaise directly with Eskom as there are differing views on the numbers reported, as well as the indigent register. As an immediate solution, municipalities must continue with the template, despite the challenges that exist.

SCM Policy regarding contracts

COGTA is inundated with queries on how to monitor service providers. EThekwini metro has adopted an SCM Policy that states that R10 million contracts are to be monitored on a month-to-month basis. It is important to note that contract under R10 million are not abandoned, but with them monitoring is still lenient as there are various limitations. Monitoring these contracts will improve when the limitations have been addressed.

Linking Performance Monitoring with accountability

In the case of eThekwini, a template is used for monitoring and has two parts to it. The first part is on normal construction related contracts where time, quality and cost are measured. The second part is based on goods and services where different indicators are set for example serviced delivery, time, quality etc.

Lack of accountability

The argument of whether the presence of indicators increases accountability or not brings forth a number of valid points. Ultimately, increased accountability is subject to the presence indicators clearly defined in the descriptions; their validation; and information being availed regularly (quarterly).

Key Lessons Learnt

- ★ Analysis is key in deriving challenges. Municipalities should not only focus on internal challenges but also external. Thus, by applying the PESTEL framework ie analysis of political, economic, social, technological, environmental and legal factors, the root causes will be determined.
- ★ The Vision is important.
- ★ EThekweni Municipality utilizes outcomes-based planning to derive impact.

- Service Provider Performance is ***not a Performance Management System (PMS) capability.***
- The importance of ***service provider assessment*** (best practice template)
- Indicator Summary Table*** – Challenges with top layer of SDBIP
- Proposed Extension of January 25 submission date*** (Mid-Term Performance Report to stakeholders)
- The need for ***standardisation of Back to Basics (B2B) indicators*** across municipalities

➔ ***Good working relationship*** between MPAC and Performance Management Unit

➔ The need to ***change processes*** that do not yield change

➔ ***IDP is the golden thread*** between all strategic documents

➔ ***Legislated /technical indicators*** were highlighted

➔ ***Risk assessment*** of Key Performance Indicators

Organisational Performance Monitoring & Audit of Performance Information





Technical Indicator Descriptions

In eThekweni Municipality, the development of technical indicator descriptions is a joint effort by the Performance Monitoring and Evaluation (PME) Unit, and the Units responsible for that technical indicator, due to their in-depth understanding of their business. However, they own the indicators and are responsible for them.

SDBIP/mSCOA Compliance

EThekweni Municipality is moving towards the direction of capturing the SDBIP in the same system used by the municipal Finance Department, for the purposes of alignment.

Evidence Verification

It is worth noting there is no uniform procedure of verifying reports and evidence in all municipalities. In the case of eThekweni Municipality, uploaded evidence from all Units is received by the PME Unit, which is submitted to Internal Audit during audits. Findings are raised with the relevant departments, and PME is informed in order to accordingly effect changes to the SDBIP.

Issues raised by Internal Audit

There are cases whereby Internal Audit conducts audits and raises findings even at the level of Audit Committee. There is a challenge that management does not resolve the issues raised and leaves them vulnerable to qualified Auditor General (AG) audits. In the case of eThekweni, Units upload their evidence and PME retrieves it from the system. This evidence is then submitted to Internal Audit during their audit period. Findings are directly communicated by Internal Audit to the relevant departments. However, PME receives reports in order for the necessary adjustments to the SDBIP can be effected. It is crucial to note that the responsible Units/departments are responsible for findings as they have technical capabilities to develop their own solutions.

Monitoring Targets on OPMS- (achieving targets not previously achieved)

In terms of OPMS, practitioners might battle to monitor targets that were not achieved in the previous quarter. They are face with the predicament of measuring them separately or taking them forward. In addressing this issue, EThekweni Municipality has a quarterly strategic business review which takes place after the quarterly reporting. The achievement for the quarter is discussed amongst the strategic management within the City ie the City Manager,

Deputy City Managers, Heads and the owners. Discussions on unachieved targets take priority in these meetings. A trend analysis of indicators over the years is undertaken on quarterly basis. Recommendations are then taken by PME to the Units/departments and are not enforced. Over and above, year on year comparisons are also done. Therefore, it is the responsibility of Units to monitor targets and ensure they are addressed.

Circular 88 Monitoring and Evaluation Forum

There is a National Monitoring & Evaluation Forum that deals with indicators that have been issued by Treasury. They have requested the establishment of a Provincial Monitoring & Evaluation Forum. This request is welcomed as it would be very helpful.

Information Use

There are various concerns regarding information provided by Statistics SA ie conflicting data. In order to address this issue, eThekweni is currently engaged in ongoing talks with Statistics SA to overcome the discrepancy of information.

Performance Management v Performance Monitoring

Although the two terms co-exist, the line between them is often blurred which elevates the need for clarity to be established. To avert uncertainty, eThekweni Municipality has taken the initiative to define Performance Management and Performance Monitoring. Performance management is defined as managing performance within Units and the individuals belonging to them. Therefore, performance management relates to individual performance. When it comes to the Monitoring aspect, it is whereby performance is managed across the entire organisation.

However, current legislation has not changed and does not reflect this line of thinking. Although the national Department of Monitoring and Evaluation has made strides to address this at high level, but the Department of Cooperative Governance and Traditional Affairs (COGTA) insists it relates to the scorecard.

It is worth emphasizing that each indicator on the SDBIP is coupled with a KPI owner, even at project and programme level. The PME Unit is able to detect recurring “not achieved” targets and arrange to undertake a quarterly performance review session with the relevant Unit. However, it is the responsibility of the KPI owner to take action to ensure targets are achieved. Thus, it is where the performance management aspect is applicable as opposed to performance monitoring. In this light, the eThekweni SDBIP is directly linked to the IPPs of the Executives. If they do not achieve SDBIP targets as Executives, achieving targets on IPPs becomes impossible.



Auditor-General Findings

For Auditor-General to raise findings for municipalities which have their Internal Audit departments is a cause for concern. However, this is due to a number of reasons which might be beyond of control of Internal Audi departments. In order to avert findings, it is crucial to adopt a proper approach to audit as it gives good guidance to Auditors. As auditing is mainly concerns sampling, the main purpose is to advise of any inaccurate or incomplete work. Addressing this is the prerogative of management. In addition, further to sampling is substantive testing. That is why it is crucial to avoid or address recurring findings by dealing with their root causes.

Subjectivity of Portfolio of Evidence (POEs)

The submission of incomplete POEs (due to reasons that are beyond the control of the owner) is a reality for some municipalities. This put the owner at the risk of being classified as target not met. At eThekweni Municipality, the milestone indicator is utilised and it provides an indication of the anticipated evidence at the end of the quarter to demonstrate the achievement of targets. Circular 13 indicates that the lower levels of SDBIPs can be changed ie to the departmental SDBIPs. However, as far as evidence is concerned, with the approval from the Unit Head, sections of project plans can be changed and submitted to PME prior to reporting dates.

Internal Audit and PME Department – coordination of MPAC Meetings

The responsibility of coordinating MPAC meetings lies with the appointed Secretariat, and not of Performance Management and Internal Audit. In the case of eThekweni Municipality, the PME Unit is required to report on performance to MPAC and provide the reports to the Secretariat within the Agenda.



Key Lessons Learnt

- Policy of *cascading PMS* (OPMS/IPMS)
- *Panel Assessment* in lower management
- **City of Cape Town:**
 - ✓ Site inspections, monitoring templates and KPIs (*best practice*)
 - ✓ *Quality assurance* (best practice for Provincial and Local Government)
 - ✓ Technical indicator *descriptions*
 - ✓ *Indicators and verifications* of achievement

- Performance *Management* vs Performance *Monitoring*
- *Importance of Portfolio of Evidence* (POEs) as they are often not maintained
- *Individual Performance Management System* – calculations and assessments
- Identification of *Common PMS challenges* across most municipalities
- *Consequence Management Model* (for non-adherence to PMS policies)
- *CREAM principles* are to be applied beyond *SMART principles*

- Emphasis on *alignment* of IDP Budget Performance programmes and projects in terms of strategy (Crucial for service delivery)
- *Overview of the organisational perspective* on the eThekweni Municipality OPMS/IPMS
- Performance Management System *Policy on cascading*
- The importance of *maintaining POEs*
- IPMS – *calculations and assessments*
- Municipalities experience *common Performance Management related challenges*
- *Distinction management* and performance monitoring (serves as an early warning system)