

Chapter 3 – Strategic Performance

General development priority areas other than basic services and LED

- Focussing on poverty and unemployment
- Deploying more resources to create a safer city
- Implementing energy efficiency strategies
- Maximising benefits of 2010
- Intensifying the campaign against HIV/AIDS and TB
- Gearing up for Disaster Management
- Regenerating former township CBDs
- Driving our eventing strategy
- Improving public transport systems
- Developing electronic connectivity

Basic services delivery
(see following pages)

National Key Performance Area	Strategic Focus Area	Key Performance Indicator	Baseline 0708	Annual Target 0809	5 year target- 2010/11	Means of Verification	Measures taken to improve performance	Target as at end Q3: 31 March 2009	Status as at end Q3: 31 March 2009	Target as at end Q4: 31 June 2009	Status as at end Q4: 31 June 2009	
BASIC SERVICE DELIVERY	Address Community Service Backlogs	Reduction of the backlog of 'access to' community services										
		Primary Health Care	44.00%	0.40%	42.00%	Access Model	Only well located projects get capital budget approval	Annual target measured at end of Quarter 4	-	43.60%	44.00%	
		Libraries	36.00%	0.20%	32.00%	Access Model	Only well located projects get capital budget approval	Annual target measured at end of Quarter 4	-	35.80%	36.00%	
		Education	20.00%	0.20%	16.00%	Access Model	Only well located projects get capital budget approval	Annual target measured at end of Quarter 4	-	19.80%	20.00%	
		Parks & Leisure	22.80%	0.13%	21.00%	Access Model	Only well located projects get capital budget approval	Annual target measured at end of Quarter 4	-	22.67%	22.80%	
		Fire	45.00%	0.40%	43.00%	Access Model	Only well located projects get capital budget approval	Annual target measured at end of Quarter 4	-	44.60%	45.00%	
		Police	Currently compiling figures									
		Cemeteries	Currently compiling figures									
		Water Backlog (households)	31603	23603	Nil	GIS/VISUAL	Shared project resources	25603	22844	23603	19695	
		Sanitation Backlog (Households)	165758	156558	116080	GIS/VISUAL	Shared project resources	158858	154401	156558	149324	

BASIC SERVICE DELIVERY	Meet Service needs and address Backlogs									
Housing Backlog (units)	181851	165851	150 000	Projects managers records kept at regional offices (North - Phoenix Branch office, West - contract)	Exceeded target	169851	169699	165851	165336	
Solid Waste Service (household served)	1539997	1569997	1 340 000	documentation, physical site inspections/ counting, GIS registers, GIS verification. 16 x	not applicable	1562497	1679974	1569997	1679974	
Electricity (backlog)	209722	199722	180 000	Connections recorded on Ellipse	Linked to Housing delivery	202222	199887	199722	196493	
Backlog - Unsurfaced to surfaced conversion	2070.20	2066.20	2042.20	Contract data		2067.20	2067.60	2066.20	2064.23	
No. of households with access to free basic water	981670	1005670	984 838			999670	1002581	1005670	1010852	
No. of households earning less than R1100 pm with access to free basic electricity services	55542	74759	115 000	Issued tokens recoded on Contour		74759	59266	74759	63906	

Number of jobs created by LED initiatives

YEAR	No. of jobs created by LED initiatives
2008	38135
2009	40036 projected at 4% growth in employment

Total number of EPWP projects initiated

YEAR	No. of EPWP projects	No. of EPWP projects using labour intensive methods
2008	42	20
2009	47	23

Strategic development

City Vision:

“By 2020, eThekweni Municipality will be Africa’s most caring and liveable city.”

To realise this vision, we believe there are basic elements that all citizens, the business community and visitors must enjoy.

They must:

- Have ease of movement in the city
- Enjoy a safe environment in all parts of the municipal area
- Afford what the city offers
- Enjoy a clean and green city
- Have access to economic opportunities
- Enjoy homely neighbourhoods
- Have access to services, in particular municipal, health and education services

With delivery of these, the people of eThekweni should be able to:

- Live in harmony
- Be proud of their city
- Feel protected
- Feel their basic needs are being met

Achieving the vision as interpreted, will also mean addressing the key development challenges by making key interventions.

Key Choices

In order to achieve our vision, there are a number of key choices we have had to make. These choices lead to the creation of structures which support, house and associate other actions and activities – the building blocks around which actions take place. Choices also act as a point of leverage for creating a sustainable city that is caring and liveable.

CHOICE ONE: Improving our port and logistics infrastructure

Improving the City's logistics infrastructure will ensure that we maximise the opportunities presented by the existence of the Port and other enterprises to partner us in increasing economic opportunities. The Port and its environs is the greatest job-creating opportunity at present. The improvement of logistical infrastructure will:

- Improve connectivity in the Municipal area
- Increase the scope and opportunity for learning
- Increase economic opportunities

CHOICE TWO: Using Land Use Management to increase densities and to reduce sprawl

The Municipality is striving to ensure that people are brought closer to where they live, work, study and relax. While the Council is committed to bringing people closer to areas of economic activity, the principle of sustainability will be the driver to ensure that people are living in harmony with the environment.

Using the municipal Spatial Development Framework (SDF), the Municipality is committed to the zoning of land to increase densities and reduce urban sprawl. The SDF will ensure that:

- There is more effective use of facilities
- The municipality reduces the need to build new facilities
- People live closer to amenities and work opportunities

CHOICE THREE: Bridging the digital divide

Over the past three years, the City has extended its telecommunication infrastructure to connect all its sites, thereby improving data and voice communication between these sites. This has reduced the cost of telecommunications for the City.

Given the extended network which comprises a fibre backbone to be complemented by a wireless network, it is now possible to extend the opportunities for improving telecommunications to businesses, citizens and other public bodies. This is critical for economic and social empowerment, providing citizens with opportunities that they have not previously enjoyed, and bridging the digital divide.

CHOICE FOUR: Good public transport system

One of the objectives of the 2020 Vision is ease of movement for commuters to and from work, shopping, leisure and school (our specific vision here is that people will not have to take more

than two buses, taxis or trains before they reach their destination in eThekweni). If Durban improves its public transport then it will:

- Reduce the need to increase road networks
- Provide a platform of connectivity between people
- Reduce pollution by minimising vehicle usage

CHOICE FIVE: Ecological and related tourism

The natural resources of the City have large economic benefits for tourism and economic development. This choice seeks to develop an innovative, highly effective and measurable marketing plan to grow tourism numbers with the aim of:

- Keeping people active
- Retaining natural assets and benefiting from the natural environment
- Keeping people healthy

CHOICE SIX: Ecological integrity

Ecological integrity is ensured by building sustainability into the way we promote and manage economic development, provide infrastructure and services, manage our City finances, involve citizens in decision making, and protect our threatened ecosystems. This includes:

- Decreasing the cost of engineering
- Retaining an attractive city
- Reducing the cost associated with natural disasters

The balancing of social, economic and environmental needs of eThekweni will result in the efficient usage of all our resources, and therefore ensure that all forms of development occur within the carrying capacity of our natural environment.

Alignment criteria

Alignment criteria	Yes/No
Does the municipality have outcome, input, output indicator?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned?	Yes
Does the budget align with the KPIs in the strategic plan?	Yes
Do the IDP KPIs align with the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter-aligned reports submitted within stipulated time frames?	Yes

Report of the Head: Internal Audit and Risk Services



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City Manager
eThekweni Municipality

Performance Management and Performance Information Audit for the Year
Ended 30 June 2009

1. INTRODUCTION

The Internal Audit Unit of the eThekweni Municipality and its entities has conducted a review of the Performance Management system that is currently in place, and the results of performance against the Municipality's set objectives and plans for the year-ending 30 June 2009.

Background

The Municipal Systems Act (2000), Section 45, requires that the results of performance measurements, be audited as part of the Municipality's Internal Auditing processes. In Terms of Regulation 14 (1) of the Municipal Planning and Performance Management Regulations, 2001, of the Systems Act, it is the Municipality's responsibility to develop and implement mechanisms, systems and processes for auditing the results of the performance measurements, as part of its internal audit processes.

In addition, the Municipal Finance and Management Act No 56 of 2003, Section 165 (2) (b) (v) requires that the Internal Audit Unit of a Municipality, must report to the Accounting Officer (City Manager) and the Audit Committee on matters relating to Performance Management.

2. AUDIT OBJECTIVE AND SCOPE

2.1 Audit Objectives



In line with the performance management regulations, the objectives of the reviews were to assess the adequacy and effectiveness of the performance management process and systems; and the reliability of the performance management information as reported by management.

These objective were to:

- Audit the functionality of the performance management system (PMS);
- Verify that the PMS complies with the Municipal System Act; and
- Establish whether eThekweni Municipality's performance measurements are reliable in measuring the performance of the municipality.

Our audit procedures were limited to a review of the high level Key Performance Indicators (KPIs) included in the Municipality's Organisational Scorecard for the financial year ending 30 June 2009.

2.2 Audit Scope

The scope of work carried out in the quarterly reviews during the year covered the following:

- The functionality of the performance management system in the Municipality and its entities;
- The audit of the IDP Plans 1 to 8 as per the municipality's Organisational Scorecard for the year to June 2009, which are inclusive of the National KPI's.
- The appropriateness of Targets and Baselines set and whether the Targets are Specific, Measurable, Attainable, Reliable and Time Specific (Smart).
- Tests for alignment between the IDP, the SDBIP and the Organisational Scorecard (in some instances).

The scope of the review did not cover the following:

- The reliability of the performance information in the individual performance plans of the Heads of Departments and the Deputy City Managers for the financial year.
- The performance rewards policy and procedures; the awarding and payment of the performance linked bonuses to management. This audit has been planned for the new financial year.
- The reported achievement of targets per the Service Delivery Budget Implementation Plan (SDBIP) for the quarter ending June 2009

3. RESULTS OF THE REVIEW

Our review of the performance management system and the balanced scorecard revealed the following:

3.1 Performance Management Policy and Framework

- The Municipality has a Performance Management Framework that has been formally adopted by Council.
- Performance Agreements and performance plans for the section 57 employees are in place. Performance bonuses are paid based on the results of the performance assessments.
- Individual performance plans for top management, Unit Heads, Deputy Heads and Senior Managers are also in place (employment grade levels TK19 – TK24); while performance plans for middle management (employment grade levels TK18 – TK14) have now been introduced for the 2009/10 financial year.

- The main shortcoming herein has been lack of evidence of community involvement in setting up the Key Performance Indicators (KPI's); which is non compliance to legislation governing performance management.

3.2 Organisational Scorecard (see below)

- The Municipality had a Council approved Organisational Scorecard during the year under review which was used to monitor performance against set objectives; and to ensure there is alignment of this scorecard to the eight point plan per the IDP.
- Key Performance Indicators (KPI's) have been developed and are aimed at meeting the SMART principle.
- However, the reviews of the Organizational Scorecard Plans 1 to 8 revealed that not all KPI's meet the SMART principle (specific, measurable, attainable, reliable and timely).

3.3 Performance Management Application System

- The performance management application system developed during prior years to support and enable the performance management process has not yet been implemented.
- The new Human Resources Application solution currently under development will include a performance monitoring system for all levels of employment, other than management.

3.4 Performance Management information

- Performance information for the respective KPI's audited was available in the form of manual systems.
- While an electronic application system was developed, the application is not in use, and therefore the input and recording of information is manual.
- In the event of information being available management reports substantiating the baselines and / or position achieved were inspected for confirmation i.e. compared to source.
- The audit of performance information revealed that some KPI's did not have any supporting documentation nor auditable information.
- Further, there was inconsistency in the number of KPI's reported on from quarter to quarter. No evidence could be obtained of approval to amend the KPI's.
- Annual targets do not allow for monitoring of actual performance during course of year.

3.5 Inadequate Performance Management procedures

- Lack of management information to support the administrative processes. Further, there are no formal timeframes to guide the submission of quarterly information.
- This resulted in delays in the population of the organisational scorecard and submission of performance information.

4. EXECUTIVE SUMMARY OF PERFORMANCE INFORMATION AS AT 30th JUNE 2009

The organisational scorecard, Plans 1 – 8, is attached hereto as Annexure 1.

PLAN 1: SUSTAIN THE NATURAL AND BUILT ENVIRONMENT

- All the Key Performance Indicators (KPI's) are annual, and were therefore only reviewed at year end.
- The annual targets for all the KPI's were achieved where the direct control was within the

units belonging to the Sustainable Development Cluster.

- Not all KPI's met the SMART principle and they need to be reviewed and updated for the financial year 2009/10. The respective Unit Heads are in the process of resolving this issue.

PLAN 2: ECONOMIC DEVELOPMENT AND JOB CREATION

- All the Key Performance Indicators (KPI's) are annual, and were therefore only reviewed at year end.
- There are four annual KPI's, and the annual target was achieved in respect of one KPI.
- The current KPI's do not appear to be SMART. As a result a general review and update of all the KPI's for Plan 2 has been scheduled for the financial year 2009/10.

PLAN 2: ENTITY- uSHAKA MARINE WORLD

- There are 15 key performance indicators including 7 that are annual targets and were reviewed at year end.
- Six (6) of the annual targets were achieved.
- Eight (8) quarterly targets were verified to source, but the quarterly targets were not achieved in full in respect of 3.

PLAN 2: ENTITY- CHIEF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE

- The ICC had 32 key performance indicators (KPI's), including 3 that have annual targets and were therefore reviewed at year end.
- The annual targets for 18 KPI's 14 were achieved; 10 did not achieve the annual target; 3 partially achieved and one KPI could not be measured..

PLAN 3: QUALITY LIVING ENVIRONMENT

Meeting Community Services Backlog - Infrastructure (Strategic Focus Area)

- No information available for quarter as this target is measured annually.

Meet Service needs and address backlogs (Strategic Focus Area)

- The baseline has been improved on and the target has been achieved as per statistics provided by the Unit.
- Some KPI's do not have any supporting documentation or auditable information
- The Unit should reflect the performance measure in the SDBIP to enable the Unit to monitor and evaluate the performance of the respective KPI's.

PLAN 4: SAFE HEALTHY AND SECURE ENVIRONMENT

- There are 10 Key Performance Indicators (KPIs) relating to Plan 4.
- Four (4) KPIs were verified and these were accordingly achieved; while six (6) KPIs could not be verified as no auditable information was made available.

PLAN 5: EMPOWERED CITIZENS

- There are 10 KPIs relating to Plan 5. The reviews revealed that 3 key performance indicators have been accomplished and verified.
- 3 key performance indicators were not verified due to auditable information not being furnished to the audit team during the review. These KPIs will be followed-up during the next review for the quarter ending June 2009.
- 3 key performance indicators regarding ABM's (Area Based Management) were not verified due to unavailability of auditable information. The responsibility these KPIs has not been confirmed.
- 1 key performance indicator was found to be incorrectly defined and a recommendation to remove it from the scorecard is under consideration.

PLAN 6: PROMOTING CULTURAL DIVERSITY

- Of the 4 key performance indicators, 2 indicators were verified and achieved.
- 1 indicator is an annual target while information supporting the 3rd indicator was not available.

PLAN 7: GOOD GOVERNANCE

- Of the 5 key performance indicators, 3 are annual targets and will be reviewed at year end.
- Of the other 2 indicators 1 was verified, while information supporting the 2nd indicator was not available.

PLAN 8: FINANCIAL VIABILITY AND SUSTAINABILITY

- Of the 13 key performance indicators, 6 were verified and achieved.
- Of the 7 that were not verified, 4 are annual targets and will be reviewed at year end; 1 is included for information purposes and in respect of the remaining 2, while a full audit is planned for the 2009/10 financial year, the status as at the end of the financial year (4th Quarter) will be verified accordingly.

5. CONCLUSION

The challenges with the availability and reliability of performance information resulted in Internal Audit not being able to express an opinion on the achievement of a number of targets, as indicated in the above executive summary.

Notwithstanding the fact that there is in some instances a lack of auditable evidence, the inroads made by the eThekweni Municipality in the provision of basic services should be commended.



Sinaye Nxumalo

Head: Internal Audit & Risk Services

Organisational Performance Scorecard

(see following pages)