

**REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON
PERFORMANCE MEASUREMENT AT THE CITY OF JOHANNESBURG
METROPOLITAN MUNICIPALITY (MUNICIPALITY) FOR THE YEAR ENDED
30 JUNE 2005**

1. ASSIGNMENT

The compilation, presentation and publishing of performance measurements [as included on pages.....to.... of this annual report] and the implementation, management and internal control of supporting systems, are the responsibility of the city manager.

My responsibility is to provide an assessment of the controls implemented by the city manager to develop and manage the municipality's performance management system as required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

My role is not to assess or comment on the municipality's actual performance, but rather to assess the processes followed during the implementation of the performance management system.

2. NATURE AND SCOPE

I have performed the procedures agreed with management and described below regarding the performance management system of the Municipality. The assignment was undertaken in accordance with the Statements of South African Auditing Standards applicable to agreed upon procedures engagements.

The responsibility of determining the adequacy or otherwise of the procedures agreed to be performed is that of the Municipality. My procedures were performed solely to evaluate the controls implemented by the city manager regarding the municipality's performance management system against the criteria set out in:

- chapter 6 of the Municipal Systems Act, 2000;
- the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796); and
- international good practices,

so as to report on the applicable compliance with legislation and to assist in identifying possible areas for improvement.

The scope of this report does not extend to the Municipality's Utilities, Agencies and Corporatised Entities.

The procedures performed during our assignment were based on the feedback received from the completion of the high-level overview checklist by the city manager and included a review of the following aspects:

- Development of an integrated development plan
- Development of a performance management system
- Development and implementation of key performance indicators
- Setting of targets for key performance indicators
- Actual service delivery process
- Internal monitoring of performance measurements
- Internal control of the performance management system
- Performance measurement and reporting
- Revision of strategies and objectives

3. FINDINGS

The following matters were identified:

3.1 Development of an integrated development plan

A formalised process for the development of the integrated development plan (IDP) was adopted in the 2002-2003 year and amended during the 2003-2004 year. For the period under review amendments to the 2002/2003 IDP were made.

3.2 Development of a performance management system

The Municipality had an approved development framework which was adopted in the previous period ending 30 June 2003. During the current period the Municipality reviewed its performance management system, in consultation with the public and other stakeholders. Regular meetings to monitor the review of the performance management system were held.

3.3 Development and implementation of key performance indicators

The Municipality's key performance indicators (KPI's) were reviewed according to the process prescribed in the performance management system. This included the amendments made as a result of the revision in the previous year to the KPI's.

3.4 Setting of targets for key performance indicators

A review of the key performance indicators was performed, taking into account the amendments made to the KPI's in the previous year. Targets were set for each of the performance indicators.

3.5 Actual service delivery process

The Municipality had an electronic system for tracking and monitoring the performance of both its major service providers and employees. Designated officials were tasked to continuously monitor the performance of all the major service providers to ensure adherence to the respective service level agreements. Progress was reported on a weekly as well as a quarterly basis.

3.6 Internal monitoring of performance measurements

The Municipality carried out a review of staff in the form of staff coaching on a quarterly basis and staff reviews in December and June.

However, reporting to Council was only done once a year as opposed to the requirement of Regulation 13 of the Local Government: Municipal Planning and Performance Management Regulations, 2001, to report at least twice a year.

3.7 Internal control of the performance management system

The Municipality utilised the Audit Committee as its Performance Audit Committee for the review of the municipality's performance. The Audit Committee charter was amended during the year under review to include the duties required by Regulation 14 of the Local Government: Municipal Planning and Performance management Regulations, 2001 in relation to performance management.

Based on a review of the minutes of the Audit Committee meetings, no assurance could be obtained to indicate that the Audit Committee received the required information so as to enable it to:

- Review the municipality's performance management system;
- Focus on the economy, efficiency, effectiveness and impact in so far as the KPI's and performance targets set by the municipality were concerned; as well as to
- Provide the municipality with recommendations regarding the review done by the committee of the performance management system.

3.8 Performance measurement and reporting

In terms of Regulation 14(1)(b) of the Local Government: Municipal Planning and Performance Management Regulation, 2001, a review of the performance management was done by internal audit.

3.9 Revision of strategies and objectives

Strategies and objectives were amended and an amended IDP was prepared for 2005/06.

4. CONCLUSION

Because the above procedures do not constitute either an audit or a review made in accordance with Statements of South African Auditing Standards, I do not express any assurance on any performance measurement as at 30 June 2005.

An audit of the financial statements in accordance with statements of South African Auditing Standards was concluded and a report to this effect was included in the annual report.

This report relates only to the specific phases of the performance management system as specified above, and does not extend to any financial statements of the Municipality, taken as a whole.

5. APPRECIATION

The assistance rendered by the staff of the Municipality during the assignment is sincerely appreciated.

Auditor-General

Pretoria

Date



A U D I T O R - G E N E R A L