



LOCAL GOVERNMENT MANAGEMENT IMPROVEMENT MODEL (LGMIM)

**5-YEAR REVIEW
2014 TO 2019**

**ISSUED BY THE
DEPARTMENT OF
PLANNING,
MONITORING AND
EVALUATION**



REPUBLIC OF SOUTH AFRICA

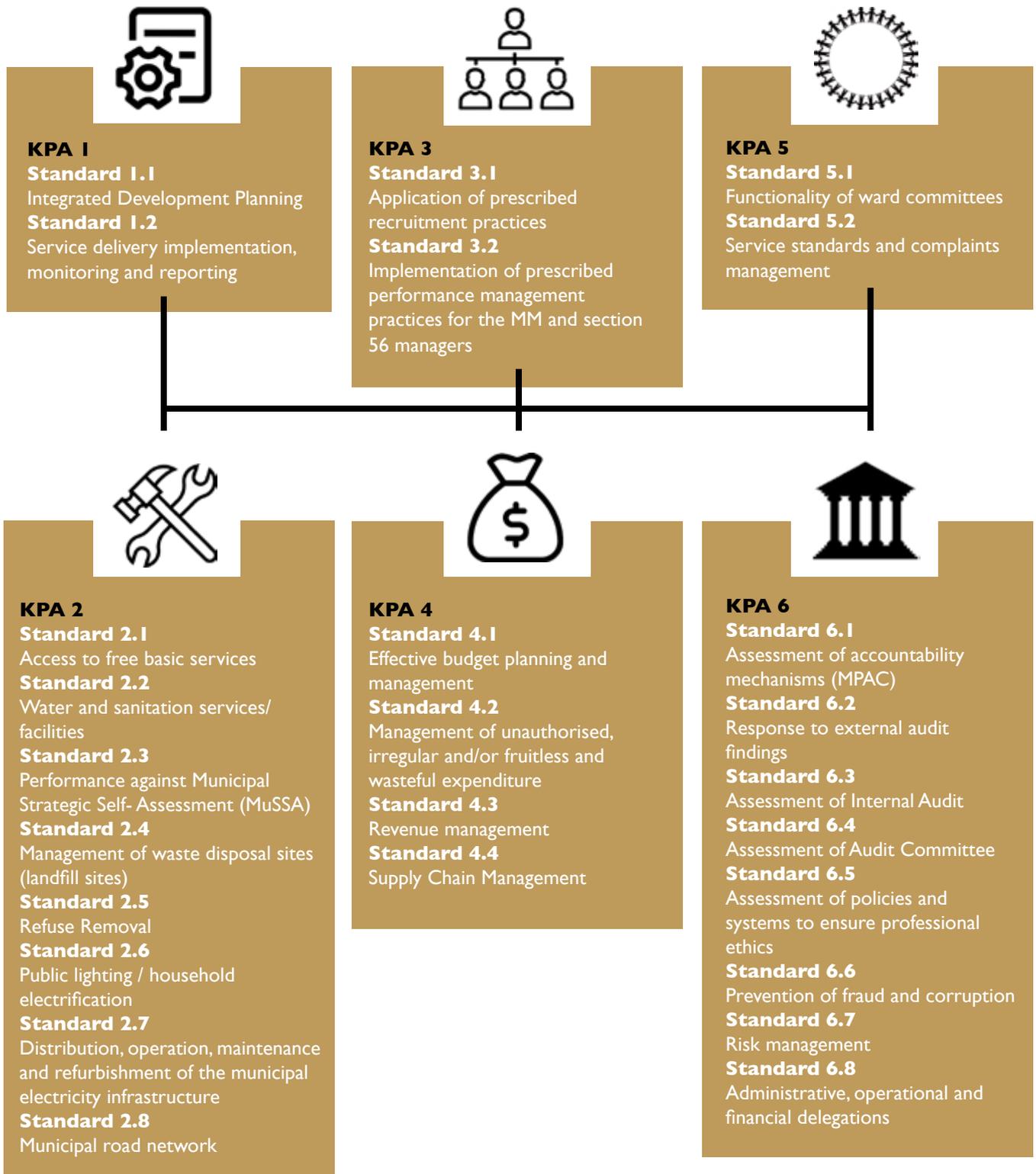


BACKGROUND

The NDP chapter on a Capable and Developmental State envisioned that by 2030 we will have a developmental local state that is accountable, focussed on citizen's priorities and capable of delivering high-quality services.

In an attempt to support and improve the performance of municipalities, the Local Government Management Improvement Model (LGMIM) tool was developed to measure or benchmark the institutional performance of municipalities across a number of Key Performance Areas (KPA's).

LGMIM provides an integrated and holistic view of a municipality's performance across several critical key performance areas, thus making it easier to prioritise areas that are in need of significant improvement and potential support.





THE LGMIM LOGIC

The LGMIM considers and focuses on the managerial practices of a municipality. That is to determine what the organisation does and how it approaches its tasks to achieve the desired results. The LGMIM assumes that good management practices combined with the necessary workplace capabilities will result in quality of service delivery & productivity.

A municipality that scores at Level 1 or Level 2 for a management performance standard is not fully compliant with the legal, regulatory and prescribed best practice requirements and there is room for improvement before a level 3 score, indicating full compliance can be achieved. When a municipality scores a level 4 in respect of a management performance standard it means that it is fully compliant and operating smartly and or innovatively in respect of that management performance standard. The four levels are described to the right:

Level	
Level 1	The municipality lacks management standards
Level 2	The municipality has a platform exists to become
Level 3	Municipality employs best practice and the management
Level 4	Municipality employs innovative



Description

Basic adherence to management practices in line with legal, regulatory and prescribed best practice requirements. Affected areas will require serious attention from the management team.

Some management practices in place that partially adhere to legal, regulatory and prescribed best practice requirements. Areas are not fully effective, but will require some attention from the management team.

Management practices in line with legal, regulatory and prescribed best practice requirements. The municipality is fully effective and the management team should endeavour to sustain the good performance.

Management practices in line with legal, regulatory and prescribed best practice requirements and shows innovation.

MUNICIPAL PARTICIPATION

The rollout of the LGMIM is currently in its sixth (6th) year since its inception and pilot. To date, one hundred and forty six (183) municipalities comprising of metropolitan, district and local municipalities participated in the programme.

Of the total:

- twelve (12) were assessed during the 2013/14 FY in the pilot phase;
- thirty (30) municipalities were assessed in 2014/15;
- thirty (30) municipalities were assessed in 2015/16;
- forty-one (41) municipalities were assessed during 2016/17;
- thirty-three (33) municipalities during the 2017/18; and
- thirty-seven (37) municipalities during the 2018/19

Data exclusions:

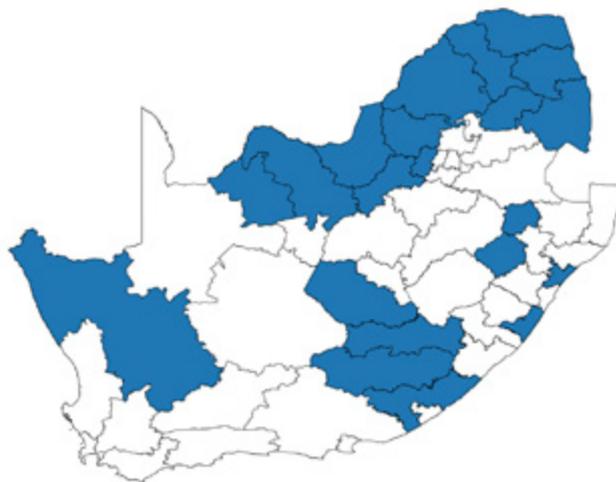
- Data from the following categories of municipalities assessed has been excluded from the analysis due to issues of relevance and representivity of results:
- Pilot phase municipalities' data has been excluded from the trend analysis due to the standards assessed having been significantly amended in line with the outcome of the pilot assessment and lessons learnt.
- Where the same municipality was assessed more than once only the most recent assessment results have been included
- Results of municipalities that had disestablished / amalgamated in 2016 have been excluded
- As only three metropolitan municipalities had been assessed, two in the pilot phase and one in the 2018/19 FY, the results from the metropolitan municipalities' have also been excluded as results pertaining to these cannot be construed as a representative sample to base assumptions on.

This report is therefore based on the results of one hundred and forty one (141) municipalities in line with the above-mentioned data exclusions.

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District municipalities that have been assessed:

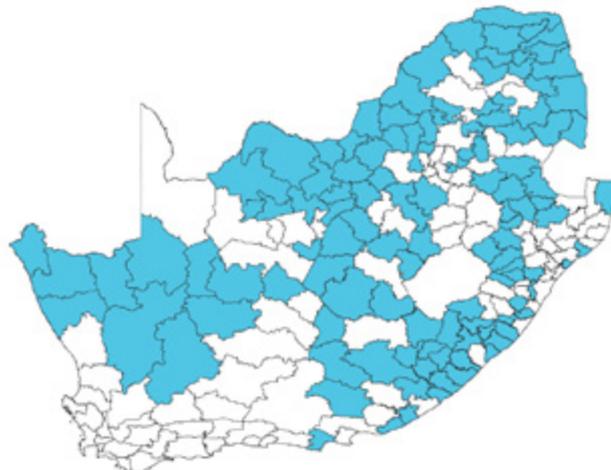
21 out of 44 (48%)



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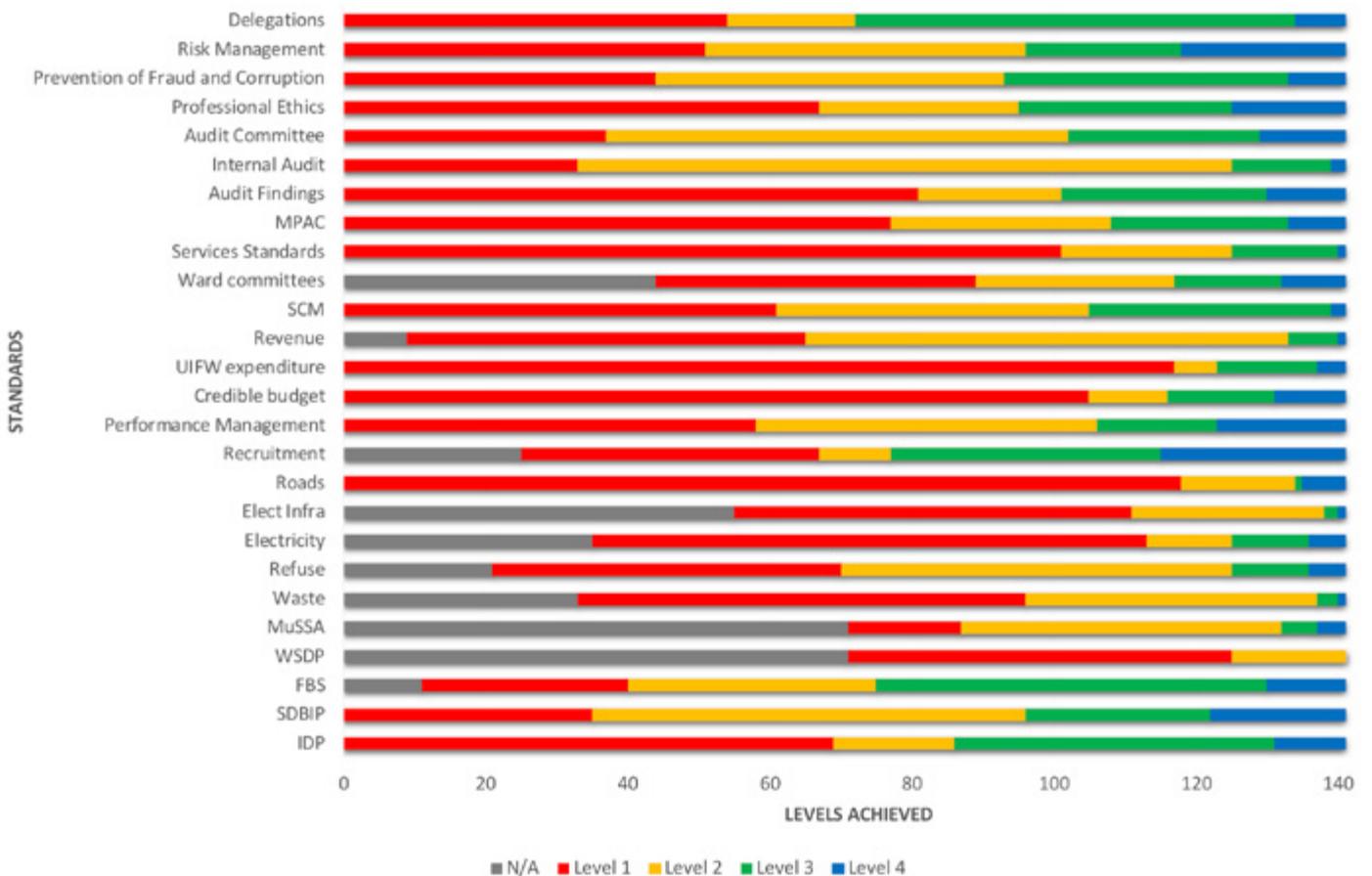
Local municipalities that have been assessed:

120 out of 205 (59%)





Snap Shot of LGMIM findings





KPA I:
**INTEGRATED PLANNING
AND IMPLEMENTATION**

Standard 1.1: Integrated Development Planning

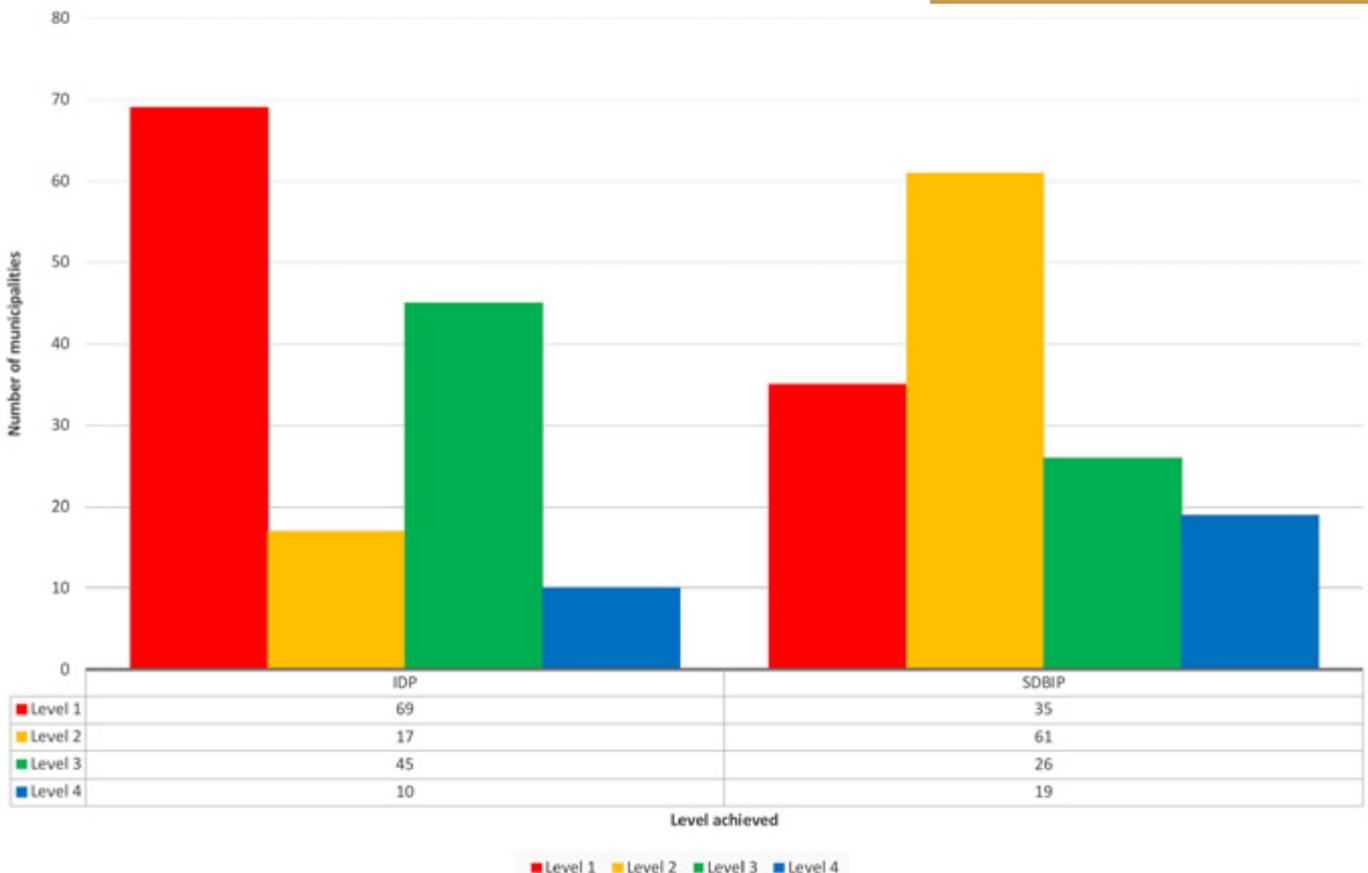
Most municipalities adhere to the requirements in respect of adopting the IDP. However, a number of municipalities uploaded either no evidence, incorrect evidence or evidence that did not prove full adherence in respect of the criteria requiring municipalities to demonstrate extensive consultation with a range of stakeholders and the publication of a summarised version of its IDP. The evidence lacking in the majority of cases are that of consultation with other government institutions such as sector departments. This may be due to reasons speaking to weak intergovernmental relations.

Over and above concerns around weak stakeholder engagement and participation, it is important for municipalities to promote access to, and understanding of their IDPs by making it more accessible through the availability of a summarised version – ideally in English and at least one of the most frequently spoken official languages within its area of jurisdiction. It might be useful to provide municipalities with some guidance on the format and type of information to be captured in such a summary.

**Standard 1.2:
Service Delivery Implementation, monitoring and reporting**

In general municipalities at least partially adhere to management practices in respect of service delivery implementation, monitoring and reporting.

However, when also considering the AGSA audit findings on predetermined objectives over the past years, there seems to be concerns in respect of the usefulness and reliability of reported information, which brings into question whether effective transparency and accountability to communities exists.



KPA 2:
SERVICE
DELIVERY

For KPA 2: Service Delivery, participating municipalities performed largely at either level 1 or 2, with the exception of Free Basic Services where 50,7% of participating municipalities that has this function scored on level 3 or 4.

The worst performing standard within this KPA is Standard 2.8: Municipal Road Network with 83,6% of participating municipalities scoring level 1.

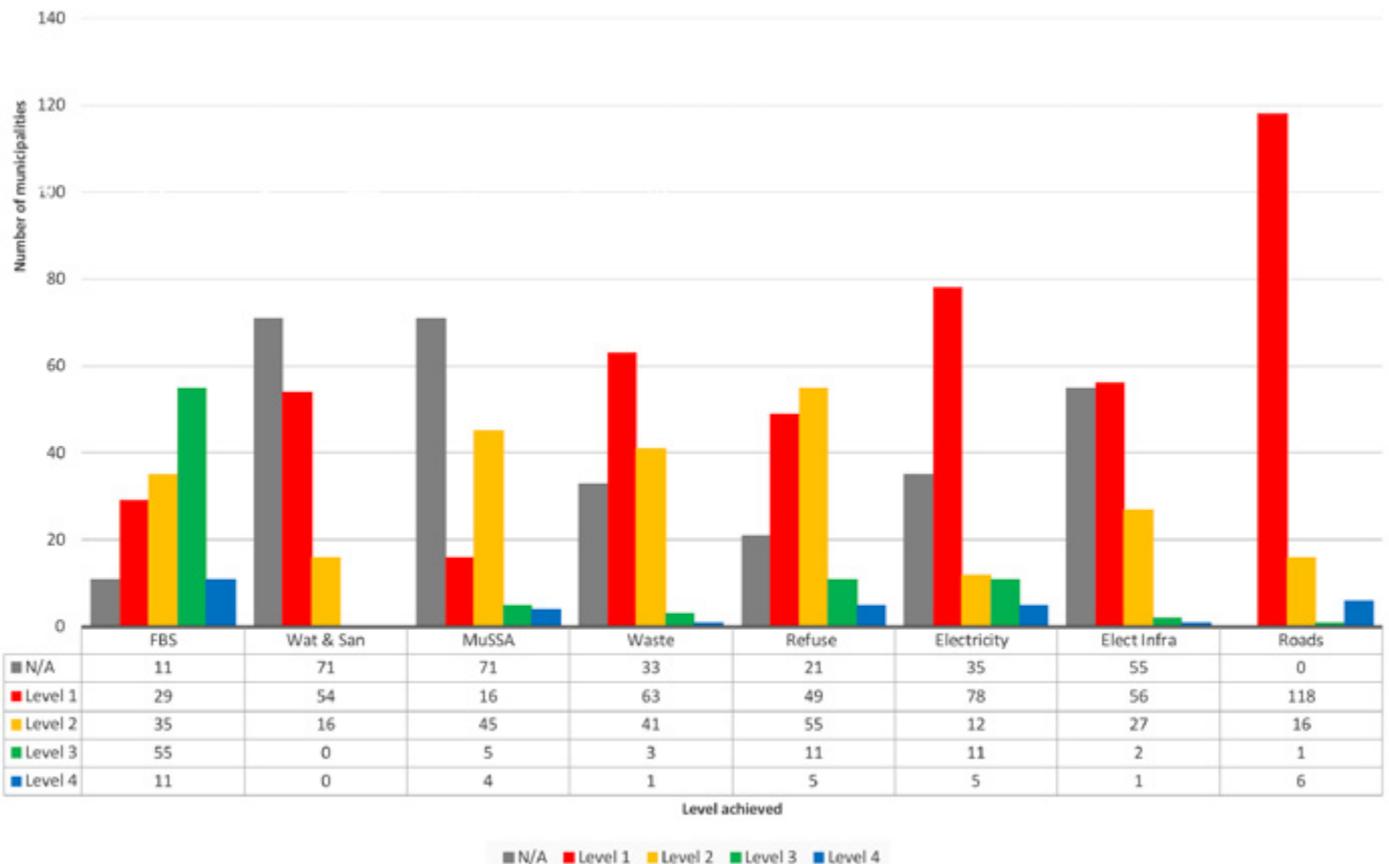
In respect of standards assessed through the LGMIM related to service delivery, of concern is the issue of sector plans not being updated and formally approved for implementation. This may hold implications on how well municipalities are able to do realistic forward planning and budgeting for service delivery.

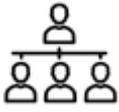
In these performance standards, the development and/or updating of plans adhering to legislative prescripts require specialised technical expertise and is resource intensive and costly; many small municipalities may not have sufficient expertise and resources to meet these requirements.

Furthermore, across all the services assessed, effective programme and project preparation systems are required, including the need to roll out infrastructure delivery management systems.

To enable municipalities to harness economies of scale in a fiscally constrained environment, it is important to consider the potential benefits of district wide master planning that may also facilitate the pooling of expertise in the fields of technical planning, project management, procurement, contract management, etc.

The worst performing standard within this KPA is Standard 2.8: Municipal Road Network





KPA 3: HUMAN RESOURCE MANAGEMENT



Standard 3.1: Recruitment of MM and S56 Managers

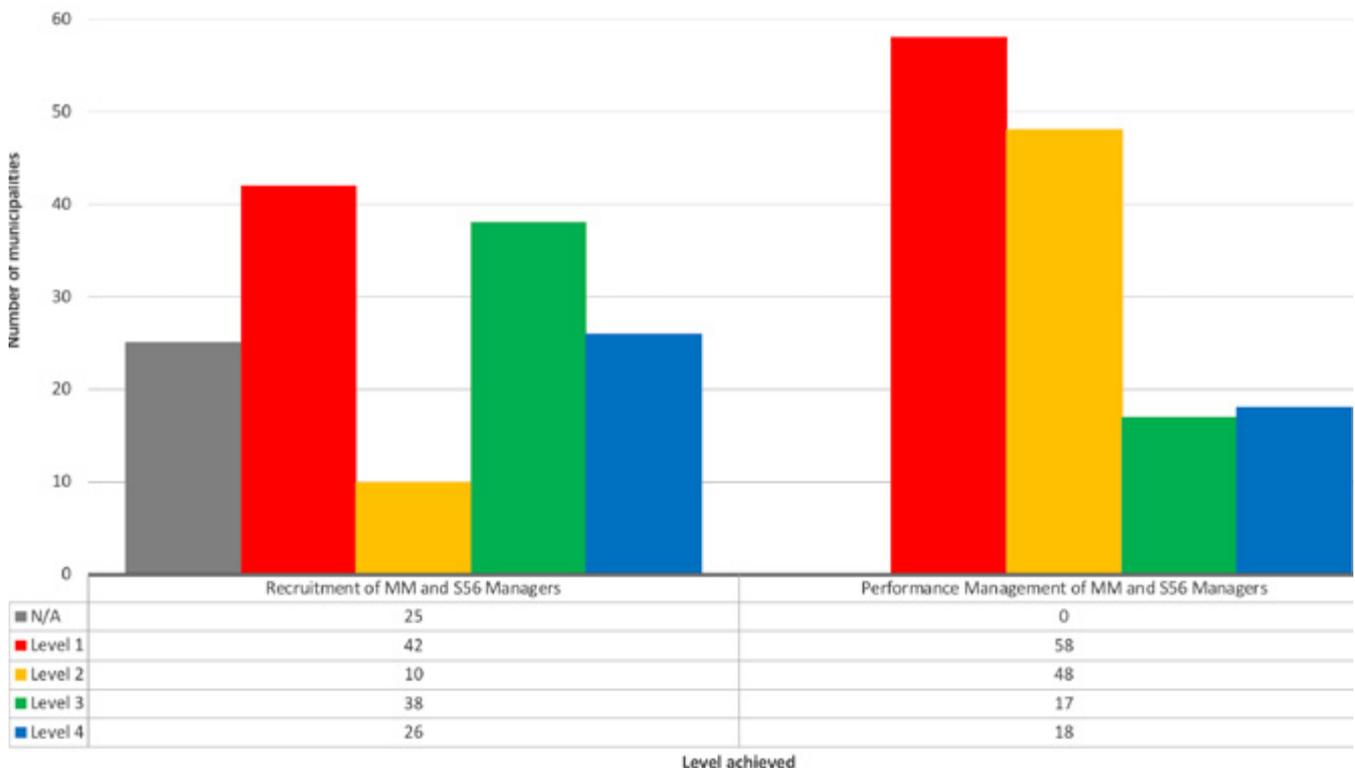
In terms of recruitment, MECs would normally grant concurrence on appointments of Municipal Managers and/or Section 56 Managers and in instances of any non-adherence to prescribed requirements for the position it is then recommended that such appointments be made on a probationary basis in which such issues needs to be remedied – i.e. attainment of the necessary qualification, etc.

An issue noted by CoGTA and others, is that the system of fixed term appointments for municipal managers and managers directly reporting to the MM is a cause of instability and uncertainty in the management echelon of municipalities, leading to high turnover in senior staff and lack of career path development. A recommendation has been made that the provision for fixed terms be reviewed in order to provide longer term job security and retain skills within the municipal system. The success of this hinges on municipalities applying strict recruitment practices to ensure managers that are appointed are able to do the job plus robust performance management systems exist (see standard 3.2 on the right). Without this incompetent officials may well end up ensconced in long-term job security.

Standard 3.2: Performance Management of MM and S56 Managers

The lack of regular individual performance reviews hampers the municipalities' ability to do effective performance management and/or put in place remedial actions for individuals that are underperforming. As performance management at senior management level is not yet optimal, municipalities will struggle to cascade a performance management system down to lower management levels.

In the absence of effective performance management practices, municipalities may find themselves in a situation where employee development cannot be realised. This may result in municipalities rewarding mediocre or poor performance, instead of utilising performance rewards as a motivation for improved service delivery to its community.





KPA 4:
FINANCIAL
MANAGEMENT

The success of human resource management hinges on municipalities applying strict recruitment practices.

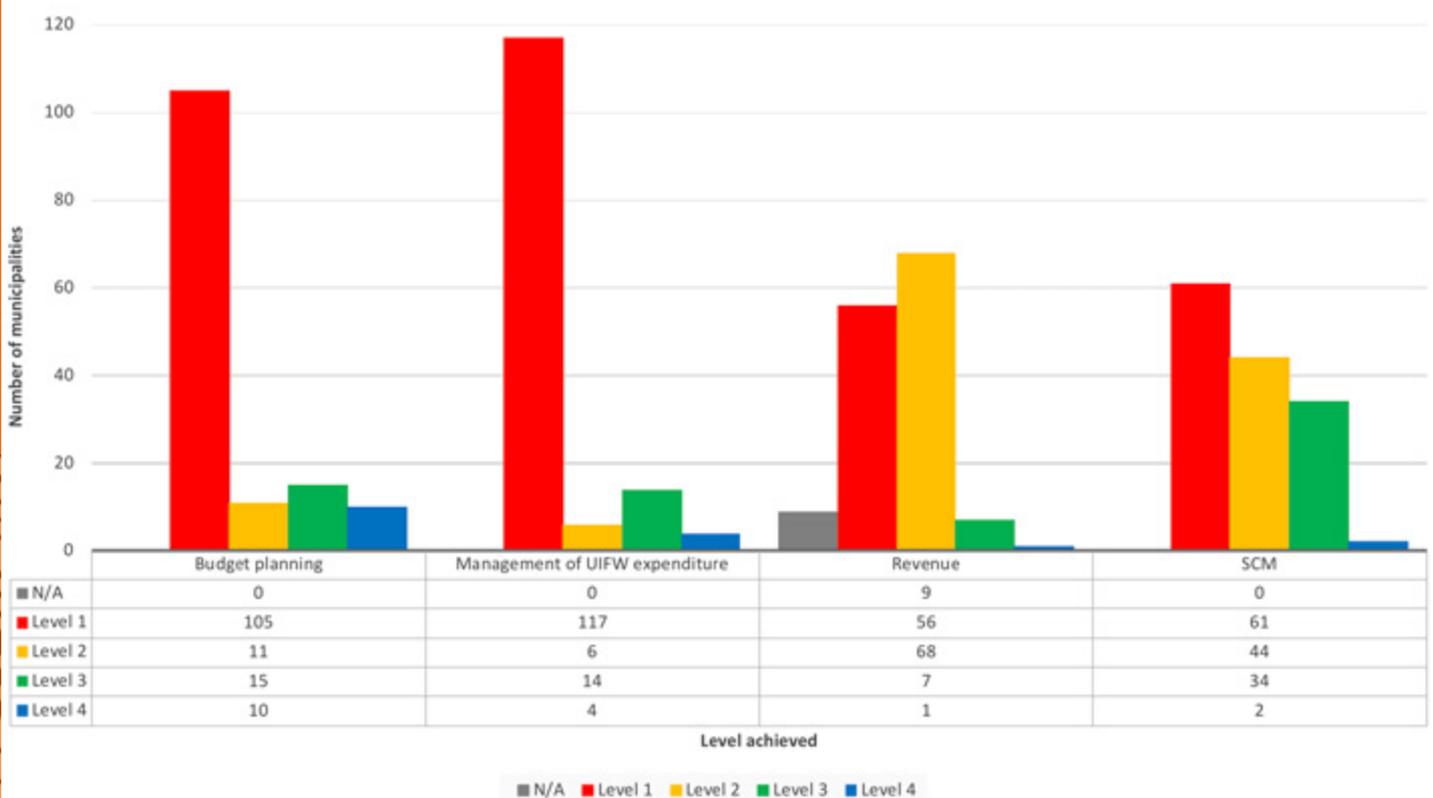
In terms of Standard 4.1: Budget Planning and Management, 74,4% of participating municipalities scored on level 1 mainly due to either not having had functional budget steering committees during the year under review and/or due to adopting unfunded budgets as assessed through the NT budget funding assessment tool.

On Standard 4.2 Management of unauthorised, irregular and/or fruitless and wasteful expenditure, 83% of participating municipalities scored on level 1 due to non-adherence to the requirement to promptly inform the Mayor/Executive committee, the MEC and/or the AG promptly, in writing, of any such expenditure. Additionally, the majority of municipalities could not provide evidence that Council took decisions to recover, authorise or write-off unauthorised, irregular and/or fruitless and wasteful expenditure.

In respect of Standard 4.3: Revenue management, Only 6% of the participating municipalities were able to maintain a collection rate of at least 95% during the year under review.

In respect of Standard 4.4 on SCM, it is well-known that demand management as well as acquisition management pose many challenges to municipalities, but adding to the problem is that it seems that evaluating service providers in respect of their performance is not a common occurrence in municipalities. This points to a potential problem in contract management and could result in repeat cases of appointing service providers, based primarily on bid price without considering that service provider's track record in rendering value for money services.

Poor financial health of most municipalities can be partly explained by their poor performance on the above standards.





KPA 5:
COMMUNITY ENGAGEMENT/
PARTICIPATION

Standard 5.1: Functional Ward Committees

Ward Committees are meant to be a channel of communication and interaction between communities and municipalities via the Ward Councilor.

Record keeping of complaints, queries and requests from the community happens in quite diverse ways from municipality to municipality. In many instances, complaints recorded by ward committees are done on an ad hoc basis. Whether or not feedback on and/or resolution of such complaints are provided to community members through the ward committee structures could not be established.

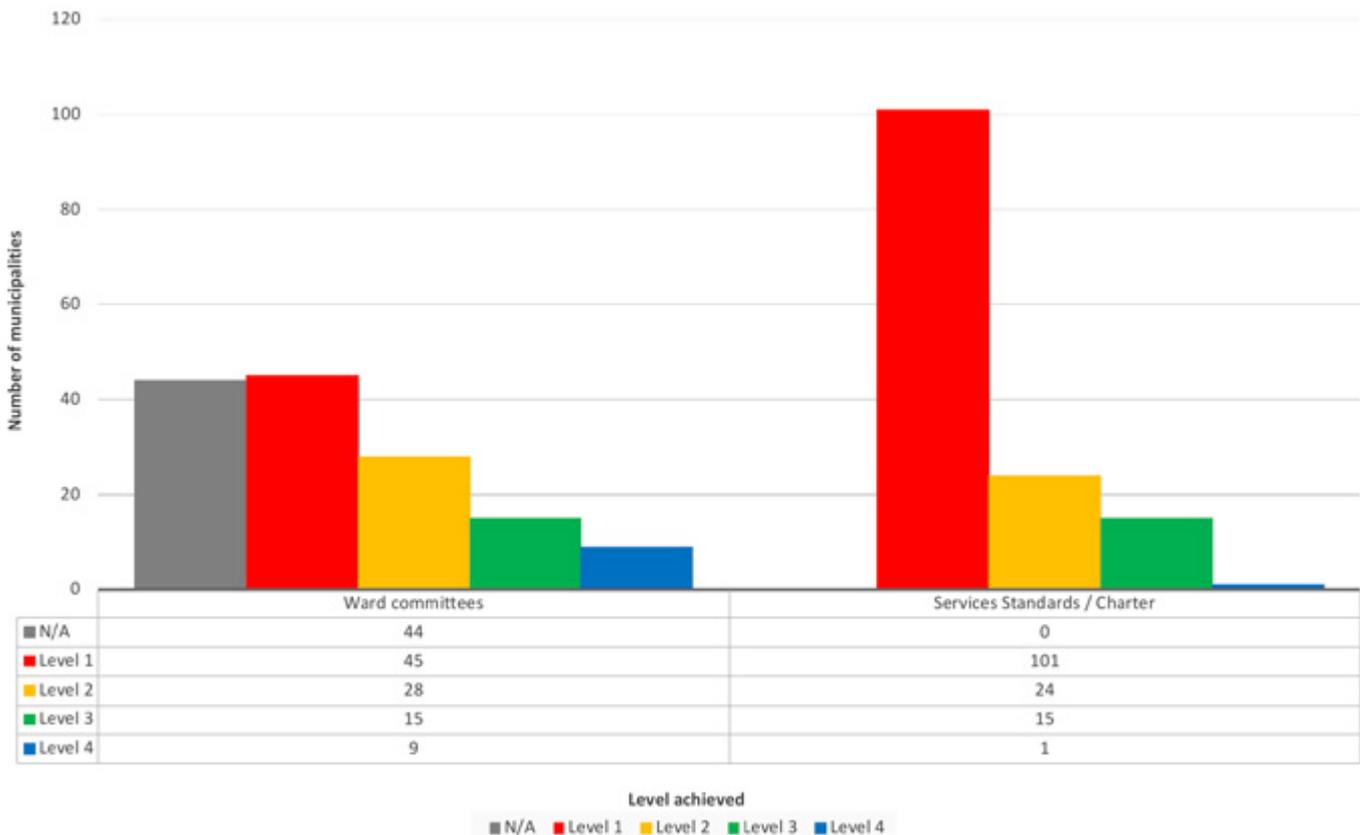
Standard 5.2: Service Standards and Complaints Management

Only 29,4% of participating municipalities had approved service standards in place.

Furthermore only 11% could provide sufficient evidence that they had a complaints management systems in place capable of resolution tracking via reference numbering, date of closure, etc.

Customer satisfaction surveys are not conducted frequently, and where surveys had been conducted, it seems that action was seldom taken to address the findings and recommendation of the survey results.

GCIS reports that public trust and confidence in municipalities have declined sharply over the years. The poor performance in these standards show that ward committees are generally not functional and municipalities don't have responsive systems to address and track citizens' complaints until these are resolved.





**KPA 6:
GOVERNANCE**

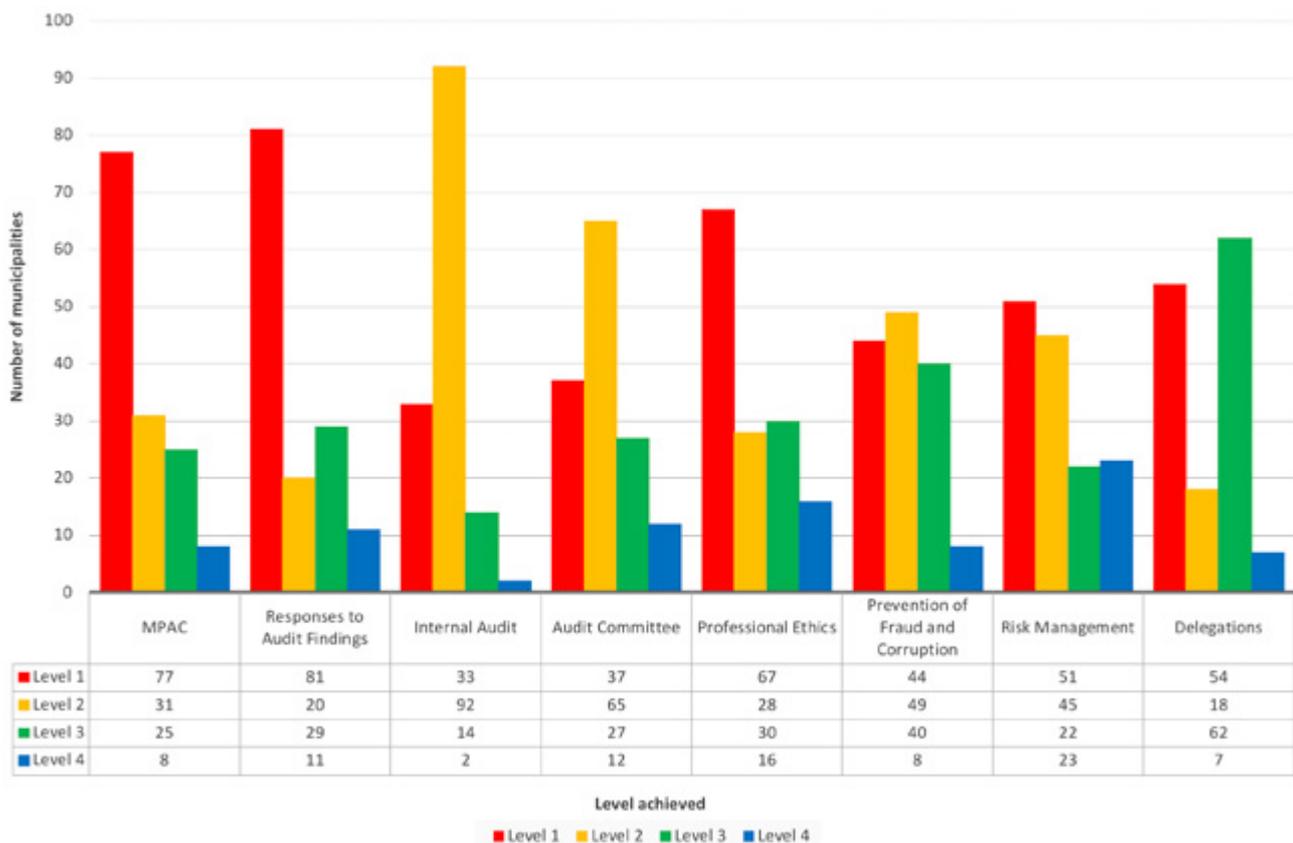
MPACs seem to lack resources and expertise in certain areas which might undermine the efficiency of the MPACs as council oversight committees. It seems that the monitoring of the implementation of Audit Action Plans are not done consistently on a quarterly basis. This can be seen as an indication that the municipal leadership did not adequately monitor or exercise appropriate oversight over the implementation of the existing audit action plans to ensure that corrective actions were taken where required. This can be seen as an indication that the municipal leadership did not adequately monitor or exercise appropriate oversight over the implementation of the existing audit action plan to ensure that corrective actions were taken where required.

Through the assessments it was found that quarterly reporting on the implementation of Internal Audit plans did not occur consistently. This hampers the leaderships' ability to improve audit outcomes and internal control measures. Where participating municipalities did not achieve full adherence in respect of the functioning of Audit Committees, they were unable to provide sufficient evidence that the Chairpersons of the Audit Committees' reports served before Council on a quarterly basis. The assessments did not establish whether this is due to the reports not having been submitted or that Councils did not consider such reports.

The Level 1 and 2 scores in respect of the standard on professional ethics may be primarily attributed to the fact that municipalities could not in all instances prove that all Section 56 managers and the MM completed, updated and/or confirmed financial disclosures during the year under review as required by Section 5(a) of Schedule 2 of the MSA. The LGMIM assessments showed that in respect of the prevention of fraud and corruption, the majority of participating municipalities have policies and systems in place to inform how such occurrences are to be dealt with. Very few were however able to take appropriate and effective action to detect, investigate or resolve such cases in a timely manner.

The Level 1 and 2 scores in respect of risk management were primarily caused by a lack of evidence to prove that the implementation of risk management activities were monitored on an ongoing basis. In respect of the delegations of authority, it seems that once systems of delegations have been reviewed and approved, little attention is given towards monitoring the effectiveness and efficiency of these.

Standard Name	% Compliance (Level 3&4)
6.1 MPAC	23%
6.2 Responses to Audit Findings	28%
6.3 Internal Audit	11%
6.4 Audit Committee	28%
6.5 Professional Ethics	33%
6.6 Prevention of Fraud and Corruption	34%
6.7 Risk Management	32%
6.8 Delegations	49%



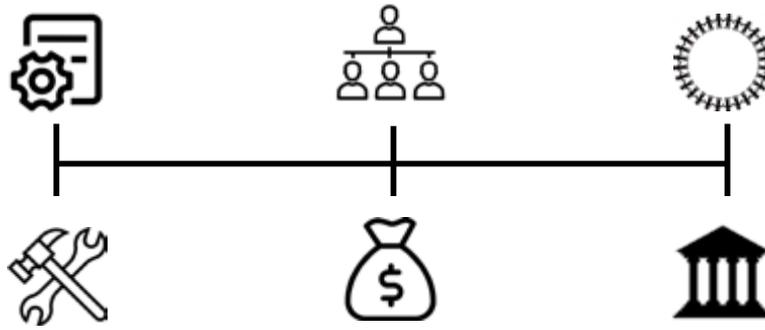
CONCLUSION

The success of LGMIM requires role players to understand their roles and carry out their responsibilities diligently. Effective leaders and managers value organisational assessments and diagnostics such as the LGMIM as a source of intelligence on the health of their organisation. They see identified weaknesses as an opportunity for the municipality to improve and become fully effective.

LGMIM can be a great asset to Executive Mayors and Municipal Managers who want to build strong and well-functioning municipalities. The benefits include:

- Providing municipalities with solid technical platform to reflect on management practices and operational processes.
- Assisting municipalities to identify where improvements are needed and the nature of the improvements required.
- Guiding the development and implementation of an improvement plan to give effect to the improvements.
- Focusing management on a set of key operational processes that are regularly measured, monitored and improved.
- Information generated through the LGMIM analysis can be used to inform the drafting of performance agreements.

CONTACT



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ENABLE IMPROVEMENT AND TRACK ACTIONS

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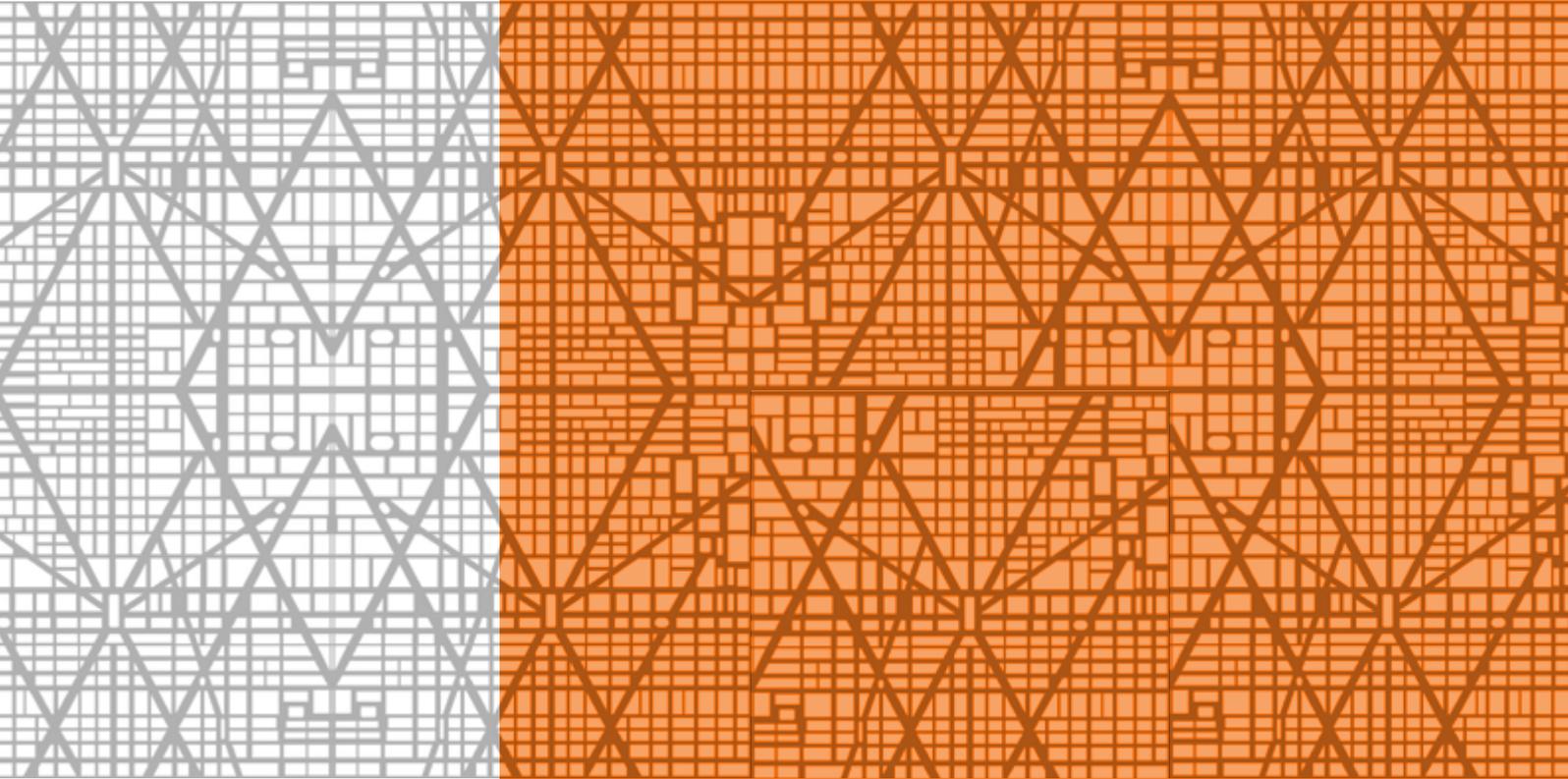
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