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Determinants of the quality and use of annual performance reports in the governance of South Africa's metropolitan municipalities

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RESEARCH REPORT

RESEARCH TITLE:

Determinants of the quality and use of annual performance reports in the governance of South Africa's metropolitan municipalities

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This research report is submitted in partial fulfilment of the requirements of the Master of Management in Governance and Management degree

DEDICATION

To my mother, who exemplifies love, dedication and service. My siblings, the best cheerleaders I could have hoped for. My two precious daughters, Awakhiwe and Naledi, who bring me tremendous joy.

Lastly, to my late father, Judge George Sammy Shane Maluleke, who gently prodded me over two decades to get this done. *Munwanati, mintirho ya n'wina ya ha vulavula.*

ACKNOWLEDGEMENTS

I owe this research project to several important contributors to this work.

Special mention goes to:

- God Almighty, my all-knowing Creator
- My parents, siblings and precious daughters, who inspire me to do better
- My life-ling friend, Sizakele Khoza, who served as my accountability partner
- My colleagues at AGSA, who work alongside me on our noble crusade of shifting the culture of the public sector
- My supervisor and dedicated examiners, who generously shared their wisdom.

I stand on each of your contributions. Thank you

GLOSSARY OF TERMS AND ACRONOYMS

AFS	Annual Financial Statements
APR	Annual Performance Report
COCT	City of Cape Town
COE	City of Ekurhuleni
CM	City Manager
IAR	Integrated Annual report
IDP	Integrated Development Plan
Metro	Metropolitan Municipality
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
NPM	New Public Management
PFMA	Public Finance Management Act
PVT	Public Value Theory
SDBIP	Service Delivery and Budget Implementation Plan

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TITLE FOR RESEARCH

Determinants of the quality and use of annual performance reports in the governance of South Africa's metropolitan municipalities.

1. INTRODUCTION

Municipalities in South Africa are established through the constitution and form the local sphere of government, with several key service delivery responsibilities, such that they are a critical pillar in the creation of public value for citizens.

The governance arrangements for municipalities as institutions, as well as for their interaction, cooperation and collaboration with other spheres of government are informed by the prescripts set out in the Constitution as well as several legislations, regulations and policies. The National Treasury has established the key prescripts that inform financial and performance management in municipalities. These prescripts are largely informed by the New Public Management (NPM) paradigm (Munzhedzi, 2021), (Cameron, 2009).

In her thesis titled: "South African law perspectives on the promotion of public value in local government", Kaywood finds that the prescripts for municipal performance management planning, monitoring and evaluation and reporting can be analysed based on the Moore's Public Value Theory ("PVT") framework, which prioritises the participation and active contribution of all sectors of society in the creation of public value through the delivery the public goods and services that are needed and wanted by members of society as well as ongoing public engagement in democratic processes. This principle of public participation and ongoing engagement in governance is consistent with the aspirations set out in both the South African constitution and the White Paper on Local Government (Kaywood, 2024).

Since their establishment, municipalities have been associated with poor governance and continually declining levels of service delivery, with detrimental consequences for the economic and social development of South Africa. Decades of poor service delivery outcomes have led to reduced levels of citizen engagement in public governance, diminished trust in public institutions and reduced levels of participation in public value creation and contribution thereto.

The eight metropolitan municipalities ("Metros") are large, urban municipalities that, given their scale and geographic location, collectively have the most significant impact on service delivery and economic growth.

The key question that the research seeks to interrogate is that given the constitutional imperatives for metros to create public value, what accounts for the growing service delivery gaps and reduced trust and legitimacy.

The objectives of the research project are to:

1. Assess the correlation between public value creation and the governance processes for performance planning, management and reporting at metros.
2. Use the lens of the audit outcomes of the eight metros in South Africa to assess the correlation between the credibility or quality of performance information and public value, specifically service delivery as assessed by citizens and voter turnout at local government election, which is a measure of citizen engagement.
3. Assess the quality of performance information reported by the two selected metro's, against the criteria of being timely, relevant, complete, unbiased and accessible, as established by Dillon et al (Dillon, Buchanan, & Corner, 2010). In this regard, the two metros that demonstrated the best audit outcomes on the credibility of their performance information were selected for further assessment.
4. Follow the PVT framework to examine the processes and role players involved in preparing, reviewing, auditing and using performance information at a purposively selected sample of metros.

The assessment is based on a detailed review and analysis of a variety of relevant documents.

This research assesses the role played by those that prepare, review and review performance information. The researcher concludes by highlighting not only the research findings, but conclusions and recommendations that, if implemented, would enhance the quality of performance information, improve the effective utilisation of performance information by the different stakeholders of a metro, so that these stakeholders can better contribute to the creation of public value and further strengthen the legitimacy of metros as public institutions.

Key limitations for this study are that it does not assess the efficiency, adequacy or quality of service delivery. Its primary contribution is to synthesise the determinants for the preparation of quality performance information and use thereof in the creation of public value.

2. BACKGROUND AND RATIONALE FOR THE STUDY

2.1 LOCAL GOVERNMENT IN SOUTH AFRICA

Chapter 7 of the Constitution establishes the local sphere of government and provides for municipalities to enjoy relative autonomy where the executive and legislative authority vests in its municipal council. Municipalities are tasked with providing democratic & accountable government, services to communities on a sustainable basis, promoting social and economic development, ensuring safe and healthy environment and encouraging the involvement of communities and community organisations in the matters of local government

The White Paper on Local Government that was published in 1998 sets out the institutional policy frameworks that inform how the sphere of local government is structured and governed. The White Paper, which the then Minister of Provincial Affairs and Constitutional Development, Valli Moosa, described as a

"mini-constitution for local government" sets out key principles on how municipal governance should be structured so as to ensure that municipalities "maximise their impact on social development and economic growth; playing an integrating and coordinating role to ensure alignment between public (including all spheres of government) and private investment within the municipal area; democratising development; and building social capital through providing community leadership and vision, and seeking to empower marginalised and excluded groups within the community" (Department of Provincial Affairs and Constitutional Development, 1998)

Building on existing models from other jurisdictions, the White Paper sets out an integrated strategic planning framework that prioritises community involvement, 'crowds-in' private sector investment, facilitates alignment and effective cooperation with other spheres of government in delivering on short-, medium- and long-term priorities in a sustainable way, and provides for adequate transparency and accountability.

Whilst the principles underpinning public administration in post-Apartheid South Africa are related to those of New Public Management (Cameron, 2009), the focus that the White Paper on local government placed on active participation by citizens and other stakeholders in the governance of municipalities, mirrors the key principles of Moore's public value theory.

2.2 METROPOLITAN MUNICIPALITIES

Metropolitan municipalities ("metros" in South Africa are large urban cities defined as 'Category A' municipalities in S155 of the Constitution, which confers on them "exclusive municipal executive and legislative authority in their area".

They are institutions of significant scale in terms of revenues, expenditures, number of staff, public service delivery responsibilities and impact on local and regional economies. Together, the metros account for 46% of the total expenditure budget of local government and are responsible for service delivery to 45% of South Africa's households. Because of migration patterns, metros have experienced rapid growth

with the number of households and residents increasing by 28.7% from 2011 to 2022[1], outpacing other categories of municipalities, which further increases the significance of metros in service delivery and development in South Africa

There are eight metros in different provinces of South Africa, being:

- Buffalo City Metro (BCM) and Nelson Mandela Bay Municipality (NMBM) in the Eastern Cape province,
- City of Cape Town (CoCT) in the Western Cape province,
- City of Ekurhuleni (CoE), City of Johannesburg (CoJ) and City of Tshwane (CoT) in the Gauteng province,
- eThekwini in the province of Kwazulu-Natal, and
- Mangaung Municipality in the Free State Province.

Metros are located in the urban areas of South Africa, with most of them serving as home to the major industrial activities that have a direct impact on the performance of the economy of the country.

The performance of metros in terms of service delivery has a direct impact on the economic and social wellbeing of the majority of South Africans. The White Paper advocates for use of indices to assess the performance of municipalities their development impact and on the efficiency with which resources are used.

The Good Governance Africa (GGA), a research and advocacy non-profit organisations conducts a regular independent assessment of the governance and service delivery practices of all municipalities, with an emphasis on metros. GGA's 2024 report provides a ranking of metros on their Governance Performance Index (GPI), covering scores in the following five categories: (i) administration and leadership, (ii) economic development, (iii) leadership and management, (iv) planning, monitoring and evaluation, as well as (v) service delivery. The top performing metros were (1) City of Cape Town and (2) City of Ekurhuleni. CoCT scored highest the

[1] Data from Statistics South Africa's Census 2022

service delivery category, whilst CoE scored highest in the leadership & management category.

Municipalities fund their activities through a combination of the revenues that they raise (through charging residents for services delivered), the grants or transfers that they receive from the national fiscus and the loans that they raise from the capital markets. The major component of municipal funding is sourced through charges to households and residents. As the South African economy has stagnated and household finances have become more strained, their ability to pay for municipal rates and services has diminished, leading to poor revenue collections. This in turn, places further strain on municipal finances and increases the need for better efficiency by municipalities. This operating context also heightens the urgency for municipalities to harness the public value contributions of all their stakeholders, including individuals and businesses. The complex challenges fiscal constraints under which most metros operate require that they operate more efficiently, improve the quality of their spending and engender greater collaboration and partnership with communities and stakeholders (SACN, 2022).

2.3 SERVICE DELIVERY AT LOCAL GOVERNMENT LEVEL

The significant service delivery mandates of municipalities cover the “basic services are the fundamental building blocks of improved quality of life, are necessary for life, well-being and human dignity. Access to basic services is related to social inclusion and social capital through social and economic development” (Statistics South Africa, 2024)

Following its National Census in 2022, Statistics South Africa reports that municipalities registered “a decade of progress in service delivery in South Africa”, noting that between 2011 and 2022, access to essential services had improved across

the country, with gains made on access to clean water, sanitation, refuse removal and electricity. This was building on progress made over previous decades. Stats SA further notes that even with these improvements, access still varies widely within and between municipalities, with rural municipalities still lagging behind on the quality of services delivered, whilst registering substantial increases in access.

Furthermore, reliability of services is deteriorating across the country, with increased instances water and electricity disruptions experienced by residents. Consequently, citizens' experiences and perceptions of service delivery by municipalities have been declining over several decades.

2.4 CITIZEN ENGAGEMENT AT LOCAL GOVERNMENT LEVEL

As citizens have experienced declining service delivery, their expectations of their local municipalities have lowered. This particularly evident in Metros, where citizens continue to be disappointed by deteriorating quality and reliability of service delivery in water supply, water quality, electricity supply, garbage/refuse disposal, road maintenance, clean streets and suburbs, reliable billings [2].

The Organisation for Economic Cooperation and Development ("OECD") asserts that trust in government is essential for social cohesion and well-being and that voter turnout is a measure of citizen engagement in the political process. Research conducted by the OECD and published as the OECD Better Life Index confirms that the participation of voters in regular elections is an indicator of citizen engagement, especially in countries where voting is not compulsory (OECD, 2025).

Engaging citizens and facilitating their effective participation and contribution in the process of value creation, adds value into the systems of governance and lends additional capacity to identify problems and potential solutions in service delivery (Biljohn & Lues, 2020).

[2] Consulta's 8th South African Citizen Satisfaction Index (SA-csi)

Consequently, voter turnout provides some insight onto the level of engagement of citizens in public value creation, especially when voting is not compulsory. Stockemer highlights the need for some caution to be exercised in interpreting and attributing trends in voter turnout, by considering the broader context within which the elections were held (Stockemer, 2016).

Notably, voter turnout has been on the decline over successive local government elections, with the most recent 2021 local government election registering the lowest voter turnout since the beginning of South Africa's democratic order. Whilst changes in voter turnout can only be interpreted on the basis of the prevailing context, it appears that the residents of South Africa's municipalities are increasingly disengaged, disaffected, disillusioned and chose to rather opt out of the democratic process of voting, which they perceive to be futile (Schulz-Herzenberg, 2022) (Stockemer, 2016).

In response to growing dissatisfaction with municipal service delivery, the frequency and violence of community protests have increased over the last two decades, with most of the protests happening in the metros. The participants in protests are mostly young people between age 18 and 35 (69%) who are unemployed people (71%). Municipalities believe that the key potential contributors to a reduction in the number, frequency and violence of protests are: (i) Better functioning Ward Councils , (ii)more effective participation of communities in council decision-making more, (iii) national government allocating additional human and monetary resources to local government to address service delivery backlogs, (iv) improved coordination of shared services between the spheres of government, and (v) more strategic and thorough consultation with local government when establishing national priorities. Local government also reported that the support that they required most was improved public participation protocols and systems for meaningful engagement (Steyn, 2016).

By its own admission, local government confirms the importance of service delivery as well as meaningful engagement with citizens as well its own weaknesses in these areas (Steyn, 2016).

3. LITERATURE REVIEW AND DEFINITION OF KEY CONCEPTS

3.1 THEORETICAL FRAMEWORKS

3.1.1 TRADITIONAL PUBLIC MANAGEMENT

Up until the latter part of the 20th century, the public administrations in the developed countries of the Europe and the United States, traditionally operated on a model that was described by Max Weber as being hierarchical and bureaucratic. The model worked on the assumption that there were distinct roles for the political leader and the bureaucrat or civil servant. The elected politician was responsible and accountable for setting the policy direction, whilst the appointed civil servant, was expected to remain subordinate to the authority of the elected politician and "conscientiously" implement the policy and instruction of his/her superior. The civil servant was appointed on the basis of merit and expected to be apolitical, act with neutral competence and enjoy permanence or stability in his/her role (Pfiffner, 2004).

Pfiffner narrates that this classical or traditional model of public management was increasingly challenged as economies grew, private sector institutions grew in size, complexity and influence. During this time, the size and complexity of public sector institutions and administrations was also growing. However, the experience of public administration was increasingly characterised by instability in the administration, inefficiency and corruption.

3.1.2 NEW PUBLIC MANAGEMENT THEORY

In the 1980's, concerns about efficiency and accountability gaps in public administration increased the interest in emulating the private sector institutions where managers had greater autonomy. The paradigm of the new public management theory is informed by the agency theory, wherein the principal formally delegates some decision-making power and authority to the

subordinate agent, who then acts in the interest of the principal and is expected to account for his/or actions. (Schillemans & Bjurstrom, 2020) ,

NPM has the following features and characteristics: narrow or smaller government with limited capabilities, greater reliance on the private sector that was largely seen as being more efficient, performance management at organisational and individual level, quicker and more flexible decision-making through delegation of authority, improved internal and external accountability (Saliterer & Korac, 2014) (Pfiffner, 2004).

NPM prioritises efficiency & performance management, delivery through increased market-based competition and even privatisation, which had mixed results both economically and politically (Mills, Bradley, & Keast, 2021) (O' Flynn, 2007).

A feature of NPM, is more rigorous performance management at organisational and individual level, with accountability and consequence-management as key aspects (Mills, Bradley, & Keast, 2021) (Krogh & Triantafillou, 2024) (Schillemans & Bjurstrom, 2020) (O' Flynn, 2007).

Pfiffner observed that NPM had evolved as a mechanism for established economies and governments and is therefore less-suited to developing countries who have not had the benefit of a strong, stable traditionally management public administration to build on (Pfiffner, 2004).

3.1.3 NEW PUBLIC GOVERNANCE

New Public Governance theory emerged in the 2000's, as a consequence of growing acceptance that effective problem-solving and value creation was best-achieved by focusing externally and fostering greater collaboration and cooperation across the different players in society. New Public Governance seen as an umbrella term for cross-sector collaboration in public governance (Krogh & Triantafillou, 2024)

NPG further recognises the importance of building and maintaining the mutual trust that is necessary for effective collaboration, networks and partnerships across “sectors and levels of society” (Krogh & Triantafillou, 2024). Consequently, the NPG paradigm prioritises community engagement, through extended engagement of a nature, frequency and layers necessary for the context.

The NPG is premised on the stewardship theory, which is based on trust and cooperation as opposed to the control-based agency theory (Schillemans & Bjurstrom, 2020) (Krogh & Triantafillou, 2024). NPG contended that, contrary to the assumptions of the agency theory, the agent (individual or organisation) is likely to act in the interest of the principal and society, if there is alignment of interest and purpose between the principal and the agent (Mills, Bradley, & Keast, 2021) (Schillemans & Bjurstrom, 2020).

Whilst the agency and stewardship theories tend to be viewed in binary terms, there is growing acceptance that context informs the policy choices and public administration models selected. In designing and implementing models for public administration and governance, there is merit in combining aspects of these theories and using the different models as “toolkits” or “menus” (Schillemans & Bjurstrom, 2020), (Uwizeyimana, 2015)

3.1.4 PUBLIC VALUE THEORY

The Public Value Theory emerged as an evolution from NPM and NPG, with a stronger focus on proactive and consistent engagement with the stakeholders of the institution (O' Flynn, 2007). Mark Moore has been credited with proposing and developing the concept of value-creation in the public sector, by suggesting in 1995 that “the aim of managerial work in the public sector just as the aim of

aim managerial work in the private sector is to create private value" in both the short and long run (Luca & Picciaia, 2013), (Naidoo & Holtzhausen, 2020).

Whilst there is no fixed definition for public value, according to Moore, public value is the value that an institution or activity contributes to society as it aims to meet citizens' collective expectations, through services, laws, regulations and other actions (Moore, 2013), (Rukanova, et al., 2023), (Naidoo & Holtzhausen, 2020).

Moore further explained that public value cannot be measured using private sector-based models of using customer satisfaction and the bottom line or net profit generated. Rather, public value includes the achievement of the goals that have been collectively defined by the key stakeholders, in the context of the operational capacity of the institution and is best measured through the lens of the public (Moore, 2013), (Naidoo & Holtzhausen, 2020).

The public value theory ("PVT") depicts public managers as "entrepreneurs" that are actively seeking ways to create public value, in contrast to the traditional public managers that tend to be "more passive, rule-bound, direction-following administrators" (Bryson, Sancino, Benington, & Sorensen, 2017).

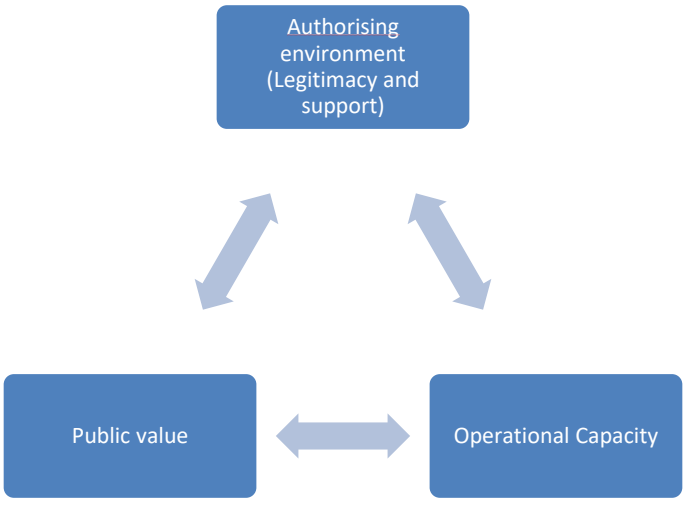
It is widely recognised that the co-creation of public value requires input, interaction, collaboration and cooperation amongst many actors in society, including business and citizens, consistent with the democratic principles of inclusive dialogue and deliberation (Bryson, Sancino, Benington, & Sorensen, 2017), (Brown, 2021), (Rukanova, et al., 2023) (Naidoo & Holtzhausen, 2020) (O' Flynn, 2007).

Moore introduced the PVT strategic triangle with 3 inter-connected goals: legitimacy & support; public value and operational capacity. The strategic triangle for creating public value has been further refined to recognise the importance of:

1. The public value proposition, which is the formulation of what social outcomes are considered desirable and what specific contribution the agency/network hopes to make;
2. The authorising environment, comprising the set of different stakeholders that need to provide the activities of the agency/network with legitimacy and support – especially political; and
3. The operational capacity and processes required for delivery (de Jong, et al., 2017)

As depicted in the graphic below, these goals are interconnected and reinforce each other. For example, when the authorising environment (legitimacy and support) is strengthened, it becomes easier to crowd-in the contributions of players from different sectors of society. When public managers enhance the internal operational capacity, they deploy the invested resources more efficiently, which then enhances the legitimacy and support that they enjoy as they aim to create public value.

PVT Strategic Triangle



Source: Atlas of Public Management

The strategic triangle encourages public managers to ‘manage up’ to the formal authorising environment, “manage outwards” to the public and stakeholders and “manage down” to ensure the adequacy and responsiveness of the internal operations (Bryson, Sancino, Benington, & Sorensen, 2017). In this paradigm, the demands on the executive leadership are significant, in that they have to be adaptive, collaborative and effective at building and maintaining productive relationships with a broad range of stakeholders (O' Flynn, 2007).

Aspect	**New Public Management**	**New Public Governance**	**Public Value Creation**
Core Focus	Value for money, Efficiency, Effectiveness	Networked collaboration across different partnerships	Societal value, legitimacy, trust
Management style	Control-based, entrepreneurial, competitive, clear performance metrics	Trust-based, collaboration, seeks alignment on purpose	Strategic alignment of resources, authorisation and capacity. Investment in long-term relationships across a broad range of stakeholders, building trust, seeking goal clarity and building trust.
Accountability	Output-based, KPIs, measures	Social responsibility	Relational, multi-stakeholder engagement,

	such as customer satisfaction		with measures including citizen participation in elections and in surveys
Role of citizens	Relatively passive recipients of services	Collaboration and cooperation in networks	Co-creation and active contribution towards public value outcomes
Role of business	Providers of services that are outsourced to them	Collaboration on projects	Co-creation of public value

3.2 QUALITY OF INFORMATION

Dillion, et al observed that in order for such information to drive transparency and support effective participation by different actors in public value creation, it must be of good quality, in that it is timely, relevant, complete, unbiased and accessible (Dillon, Buchanan, & Corner, 2010)

Transparency is a communication process that involves an organisation or social actor making available the information required by external stakeholders to monitor and assess the value of that organisation (Douglas & Meijer, 2016)

Transparency about each aspect of the strategy is a pre-condition for the creation of public value, as it enables stakeholder participation, facilitates accountability and enhances trust (Douglas & Meijer, 2016).

Proponents of transparency argue that it can clean up corruption, build trust and increase accountability. However, detractors say that transparency increases outside meddling and can actually undermine trust (Douglas & Meijer, 2016).

Douglas & Meijer used a framework to assess the extent of transparency by considering two aspects, being (i) the type and (ii) quantity of information provided.

Their framework assesses the type of information presented by referring to the three dimensions of the PVT strategic triangle, namely:

(1) "Information about the operational capacity, referring to the actual operational data and the actions of management to improve the operational value.

(2) Information about the public value proposition, referring to the goals of the organization and the deliberations of management in drafting these plans.

(3) Information about the authorizing environment, referring to the design of the stakeholder environment and the dynamics between management and stakeholders (Douglas & Meijer, 2016). "

The other aspect of the assessment, quantity of information, refers to three aspects, namely:

"(1) Completeness of information: transparency may refer to basic, brief information without any details or consist of elaborate information in the form of both quantitative and qualitative data.

(2) Colouring of information: Information about the organization can never be presented in a fully neutral manner. The organization will always present the information in a certain "frame", but the restrictiveness and bias of the presentation may vary.

(3) Usability of information. The information can be made available in an accessible format which is easily understandable for a layperson, or be presented in such a way that only committed experts can understand it. Timeliness is also an aspect of the usability of information (Douglas & Meijer, 2016)."

Douglas & Meijer further found that more transparent public organisations are those that achieved higher public value scores, especially if they disclosed information about the design and dynamics of their authorising environment, although this was correlation rather than attribution (Douglas & Meijer, 2016).

Naidoo and Holtzhausen assert that 'imperfect public information', lack of responsiveness, transparency and accountability compromise trust in government and can lead to the destruction public value, along with other aspects such as delays in service delivery and inadequate attention to equitable distribution of benefits (Naidoo & Holtzhausen, 2020).

3.3 EFFECTIVE CITIZEN PARTICIPATION

As citizens have experienced declining service delivery, their expectations of their local municipalities have lowered. This particularly evident in Metros, where citizens continue to be disappointed by deteriorating quality and reliability of service delivery in water supply, water quality, electricity supply, garbage/refuse disposal, road maintenance, clean streets and suburbs, reliable billings [3].

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Engaging citizens and facilitating their effective participation and contribution in the process of value creation, adds value into the systems of governance and lends

[3] Consulta's 8th South African Citizen Satisfaction Index (SA-csi)

additional capacity to identify problems and potential solutions in service delivery (Biljohn & Lues, 2020).

3.4 USE OF PERFORMANCE INFORMATION

Performance management in public management covers the process of formulating and measuring strategic goals and achievements so as to improve performance (or decrease the performance deficit) and increase accountability (Cepiku, Hinna, Scarozza, & Savignon, 12/2017).

Naidoo & Holtzhausen argue that just as creating public value is important, so too is measuring it by focusing on outcome achievement, trust and legitimacy, service delivery quality and efficiency (Naidoo & Holtzhausen, 2020).

Cepiku et al followed Behn's analysis and identified eight potential uses of performance information, namely: evaluate activities under review; control; budget; motivate staff, contractors, citizens and other stakeholders; promote externally the agency; celebrate in order to strengthen organisational culture; learn; improve. They concluded that of the eight potential uses, the most important or value was that relating to learning and improving performance, as that was the basis on which efficiency gains could be attained (Cepiku, Hinna, Scarozza, & Savignon, 12/2017).

The potential uses of performance information bring into sharp focus the importance of performance information in supporting the interactive process of value creation by different stakeholders, who work together to address a variety public concerns (Rukanova, et al., 2023).

3.5 DETERMINANTS OF THE USE OF PERFORMANCE INFORMATION

Cepiku et al categorised the determinants of the use of performance information as:

- Supply side elements, which comprise performance information systems, the involvement of employees & other stakeholders, adaptability of systems, accessibility and quality of the reports, in that the content is accessible, relevant to users, trustworthy and reliable.
- Demand side elements relate to features of the intended users of the reports, with consideration of the adequacy of their competencies, the time that they have for analysing & using the information and expected benefits from the use of performance data
- Context: internal (organisational culture, leadership commitment, resource availability) and external (legislation & administrative regulations, influence from professional & citizen's associations)

This research report is focused on the supply side of elements of the determinants of the use of performance information, as defined by Cepiku et al.

The quality of performance information is a key determinant of its use by the intended users or audiences. The process of compiling and assuring a report largely determines the quality of what is produced.

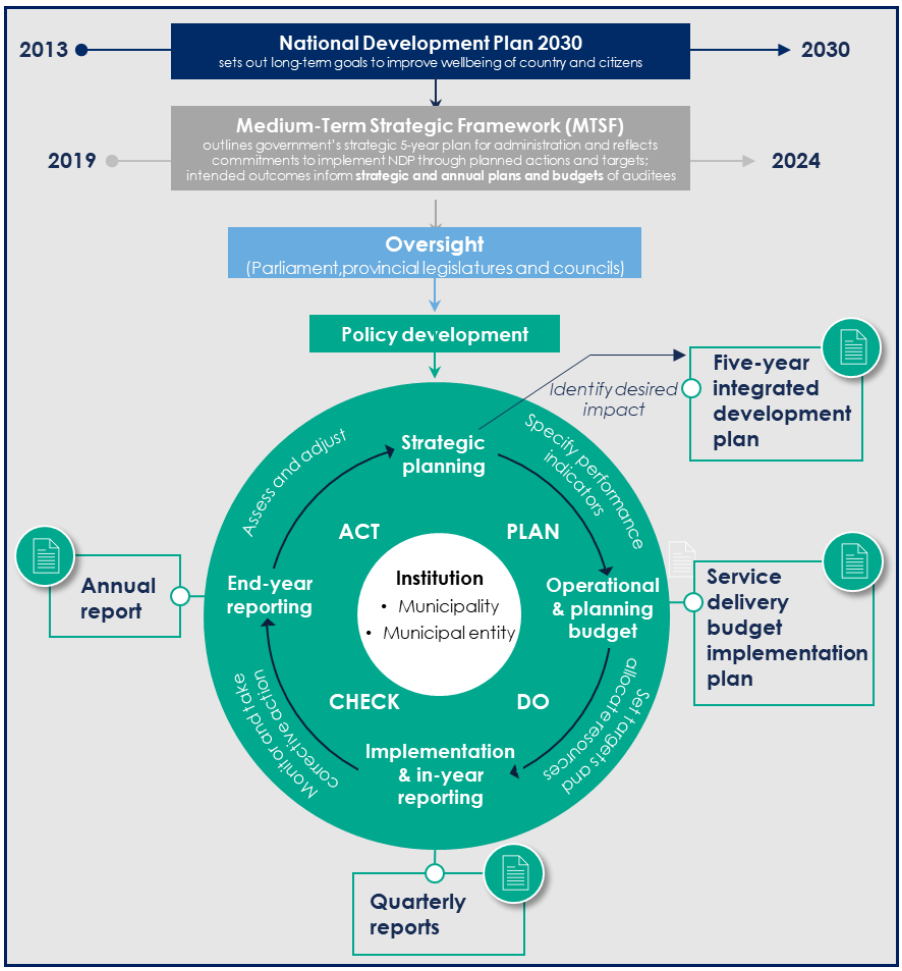
The key determinants to the use of the annual performance report that were the subject of this research are therefore as follows;

- Involvement of key stakeholders in compiling the performance objectives in the IDP and SDBIP, as prescribed by the prescripts. The researcher has incorporated consideration of the involvement of employees as stakeholders, as it has been found that engaging employees in performance planning, contracting and measuring enhances individual and organisational performance, staff absenteeism and turnover (West & Dwason, 2012).

- Completeness and Relevance: alignment to the approved IDP & SDBIP and inclusion of information on key PVT aspects of public value proposition, the authorising environment and operational capacity
- Accessibility: easy to find, read, understand and interpret , through the lens of a layperson (Dillon, Buchanan, & Corner, 2010)
- Reliability: information is confirmed to have no bias, to represent the facts accurately and objectively (Dillon, Buchanan, & Corner, 2010), by the independent external auditor as assurance provider, where this is available.
- Timeliness: information that is published and availed to stakeholders in accordance with the timelines set out in the prescripts.

3.6 PERFORMANCE INFORMATION IN SOUTH AFRICA'S LOCAL GOVERNMENT

3.6.1 PERFORMANCE PLANNING, MANAGEMENT AND REPORTING CYCLE



Source: AGSA Consolidated General Report 2023

Performance management is an instrument to support effective collaboration, implementation and decision–making as it helps to clarify the vision & strategy and then translate them into goals or actions (Ndevu & Muller, 2017). Performance management is acknowledged as one of the tools that support service delivery, along with integrated development planning, budgeting and performance monitoring and working together with local citizens and partners (Enaifoghe, 2022).

The performance management processes that apply to South Africa's local government are governed by the legal prescripts set out in the MFMA, MSA and regulations published by the National Treasury from time to time. The process flow set out in the prescripts is depicted in the graph above.

The process of planning for performance provides for broad citizen participation, which is facilitated by the required public participation in the process of compiling the Integrated Development Plan, which is recognised as the strategic plan of a municipality" and a "powerful instrument for municipalities to facilitate integrated and co-ordinated service delivery within their locality" (Ndevu & Muller, 2017), (Adonis & van der Walt, 2017)

Consistent with the PVT approaches, the IDP helps to align public policy goals for development and local community values in their diversity and complexity and serve as a powerful instrument for municipalities to facilitate integrated and co-ordinated service delivery within their locality (Ndevu & Muller, 2017).

The process of compiling the IDP creates space for partnership and active collaboration with social partners (business, organised labour, ward committees and community forums). (Ndevu & Muller, 2017), (de Vries & Ile, 2021), This is consistent with assertion made by the South African Cities Network, that central to effective cooperative and participative governance approaches are aspects such as "values and principles, political-administration interface and the capacity of the state (SACN, 2022).

Each year, the IDP is reviewed in order to realistically and comprehensively assess and respond to emerging risks and opportunities, changes in the environment, views of stakeholders. MFMA Sections 53,54 and 69 set out the purpose and requirements for the annual Service Delivery Budget Implementation Plan ("SDBIP") as a detailed implementation plan for service delivery, covering 1 year's performance but with a three-year capital plan. Alignment between IDP & the capital budget is crucial for effective planning for priorities and capital projects (Majam & Uwizeyimana, 2018).

This approach enhances the focus on citizens, driving ongoing performance assessment and improvement across functions and enhancing transparency and accountability, even to citizens (Adonis & van der Walt, 2017).

The prescripts provide that the IDP as well as the annual SDIPB and budget are approved by council. The management team led by the City Manager as accounting officer, are required to implement the plans. The performance of the organisation and that of individuals (the management team and other officials) is measured and assessed on the attainment of the objectives, goals and targets stipulated in the approved plans (Sebake & Mukonza, 2021) , (Enaifoghe, 2022).

3.6.2 PERFORMANCE REPORTING IN LOCAL GOVERNMENT

The MFMA provides that the City Manager must submit quarterly performance reports to council, as well as a mid-year performance report to the National Treasury, which is in the national sphere of government. At the end of the performance year, the City Manager submits the annual performance report, together with the annual financial statements, to the auditor-general for her to conduct the independent external audit.

In accordance with the provisions of the Public Audit Act, once the auditor general completes the external audit, she issues an audit report that sets out the key audit findings and matters for the attention of the management team (led by the City Manager), the Mayor and the Council. The report provides an opinion on the credibility of the annual financial statements, a conclusion on the usefulness and reliability of performance and an indication of whether the audit identified instances of material or significant non-compliance with key laws relating to financial and performance management. The audit report also includes an assessment of the state of internal controls and key weaknesses that require the attention of the City Manager.

The scrutiny of the auditor general of performance information culminates in an independent conclusion of whether the annual performance report is useful and reliable, in that it can relied upon by the intended users of the report for performance assessment and decision-making.

Each municipality is required to compile an annual report comprising the audited annual financial statements, APR, and the audit report. The annual report required to be a "'transparent and impartial means of measuring the actual performance against the planned municipal performance'", "it could be a useful instrument in determining the extent to which public value, as planned, was created. Supports the goal of building trust and maintaining legitimacy (Enaifoghe, 2022).

Essentially, the annual report is an accountability document that comprises a combination of financial and non-financial information. As important as credible, legible and intelligible financial statements are, on their own, they are inadequate for transparency and accountability. This is especially true in the public sector. The inclusion of non-financial information is essential to stakeholders of the public sector institutions, especially citizens, for them to arrive at valuable and relevant conclusions about the performance of the institution (Testa, Lepore, & Pisano, 2022), (Ndevu & Muller, 2017).

3.7. ROLE PLAYERS IN THE PREPARATION, ASSURANCE AND USE OF PERFORMANCE INFORMATION IN LOCAL GOVERNMENT

This research project assesses the role played by those responsible for the supply-side of performance information, in that they are responsible for preparing and reviewing the preformation information. For some of the role players that are internal to the institution, they operate in the supply side of performance information (as they have responsibilities to review and provide assurance) and they are also users of the report, the research project provides some key insight on the use of performance information.

The different role players and their respective mandates are defined accounting to the provision of the MFMA and guidance from the National Treasury.

3.7.1 Management

The Administration of the institution is led by the City Manager/Municipal Manager, who is the Accounting Officer in terms of the MFMA. There is a "principal-agent relationship between the city manager and council". Whilst the CM's work is not always seen, in that it is overshadowed by councillors, he or she is there to implement council decisions, whilst acting as support and sounding-board to council (Motubatse & Ngwakwe, 2018).

The CM is supported by the senior manager, who are appointed by the Council in accordance with S56 of the MFMA. The Head of Department responsible for Corporate Planning and Reporting is primarily responsible for compiling the performance information, working with the heads of the operating divisions.

3.7.2 Internal Audit

Section 165 of the MFMA[4] requires that every municipality establish an internal audit unit that operates under the direction of the audit committee. The internal audit unit is required to prepare and execute an annual 'risk-based audit plan" that deals with "internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with applicable legislation". The internal audit unit is required to act as advisor to the accounting officer and the audit committee.

The internal audit unit, under the leadership of the Head of Department for Internal Audit (often referred to as the Chief Audit executive, CAE) supports that City Manager and audit committee by reviewing the information and the process of preparing it and

[4] Municipal Finance Management Act No. 56 of 2003

providing some guidance on whether it is credible and reliable, with recommendations for improvements.

3.7.3 Audit committee/ Audit and performance audit committee ("APAC")

An Audit committee is established as independent advisory body in each municipality in accordance with Section 166 of the MFMA, with its mandate and function being to advise the "council, political office-bearers, accounting officer and management on "internal financial control and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance". In some municipalities, they prefer to establish an audit and performance audit committee, to emphases and take account of the oversight responsibilities on performance information, beyond financial and compliance management.

According to the guidance provided by the National Treasury, more recently through the toolkit for audit committees, the audit committee is required to perform the following duties in relation to performance management:

- Review and comment on compliance with statutory requirements and performance management best practices and standards
- Review and comment on the alignment of the IDP, SDBIP and performance agreements
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality
- Review compliance with in-year reporting requirements
- Review the quarterly performance reports submitted by internal audit
- Review and comment on municipality's annual reports
- Review and comment on the performance management system and make recommendations for improvement
- Review whether the performance reporting and information uses appropriate targets and benchmarks

3.7.3 External Audit

The annual external audit is conducted by the auditor-general, who is required to audit the financial and performance reports of municipalities each year, in accordance with the provisions of the Constitution, the Public Audit Act and the MFMA.

3.7.4 Municipal Public Accounts Committee ("MPAC")

MPACs act on behalf of the council to hold the executive and management to account, enhancing trust with citizens, fiscal oversight (Motubatse & Ngwakwe, 2018)).

3.8 USERS OF PERFORMANCE INFORMATION

3.8.1 Mayor

The mayor is a key player in the leadership and governance arrangements of a municipality, with direct oversight on the municipal manager. He or she should guide and support collaborative work of councillors, whilst resolving disputes (Motubatse & Ngwakwe, 2018).

3.8.2 Council

Council, comprising councillors that are proportional representatives and ward councillors, is as the highest decision-making body (Motubatse, Ngwakhwe, & Sebola, 2017). According to the Municipal Systems Act (MSA), ward Committees are established to enhance participatory democracy in municipal affairs. Together with the rest of council, ward committees should participate effectively in the municipality's strategic planning, prioritisation, project planning as well as performance monitoring and evaluation processes M&E processes. Ward committees should be enabled to play this role through training or capacity development, delegations of authority levels, resources as well as access to information, including the SDBIP reports, service delivery satisfaction score reports for ward committees (de Vries & Ile, 2021).

4. METHODOLOGY

The research project was initially designed as a qualitative study using the methods of document reviews and semi-structured interviews. As the data collection progressed, it became clearer that the ethical and reputational risks would be difficult to manage, especially given the positionality of the researcher, who serves as the independent external auditor for the municipalities [5]. The researcher thus opted to broaden the analysis to cover all eight metropolitan municipalities and then purposively select two of them for a detailed document review. The focused analysis provides detailed insight and comparison.

The documentation that was reviewed was limited to publicly-available information and includes documentation that captured the views and perspectives of senior managers and political leaders that would have been solicited during semi-structured interviews. The risk of bias is mitigated by using independent external audit reports and other data sources.

This report sets out the findings of a critical thematic literature and document review, and a comparative analysis of the reports and governance practices of two of the eight metros.

4.1 DOCUMENTS REVIEWED

The following documents related to non-financial performance management were reviewed: IDP, SDBIP, Performance contracts of the City Manager and other senior managers, Annual report, Quarterly performance reports, Audit report (from the auditor-general), MPAC oversight report, Report of the Audit and Performance Committee.

[5] The completion of the annual audit of CoE for F2024 was delayed due to a dispute process that was still under way at the time scheduled for data collection. Interaction with officials and/or political leaders whilst the audit was underway would have comprised the integrity of the audit process. It would have been impossible to effectively 'bracket' the researcher.

4.2 KEY RESEARCH QUESTIONS

The data and insights sought from the document reviews were:

- Correlation between the outcomes of the external annual audit of performance information and public value creation
- The process of preparing performance information (planning and reporting)
- The participation by key stakeholders in performance planning
- Alignment between the strategies of the municipality as detailed in the IDP and SDBIP and the corporate performance plans and reports
- Alignment of the individual performance contracts for senior managers to the organisational plans
- Specific information on selected road infrastructure projects and the performance report of the relevant department responsible for constructing and maintaining roads, to further assess the alignment of service delivery performance priorities and the performance plans and reports
- The level of transparency of the information available for uses of the performance reports, especially those that are external stakeholders
- The perspectives of the senior leadership, specifically the City Manager and the Mayor (as expressed through their forewords in the relevant reports)
- The role played by the assurance providers (management, which is led by the city manager (municipal manager) as the head of administration, Internal Audit, External audit, Audit committee and MPAC

5. RESEARCH FINDINGS

5.1 Data on value creation

Data on value creation data for each of the eight metros is focused on the service delivery surveys and indices prepared by external, independent players, namely:

- Statistics South Africa on service delivery
- Consulta on service delivery
- Good Governance Africa Performance Index
- Voter turnout for the 2016 local government election

The data is summarised as follows:

METRO	Consulta's Citizen Satisfaction per 2021 Index	Ranking per Consulta	Voter turnout LGE 2016	Voter turnout ranking	GGA's GPI 2024 ranking
BCM	44.0	7	56.1%	8	6
CoCT	61.9	1	64.3%	1	1
CoE	52.2	2	58,0%	5	2
CoJ	47.2	6	57.2%	7	5
CoT	50.0	5	59.3%	4	7
eThekwini	50.1	4	59.8%	3	3
Mangaung	32.6	8	57.8%	6	8
NMBM	50.5	3	64,0%	2	4

Observations on value creation

On service delivery and governance, as assessed by Consulta and Good Governance Africa CoCT and CoE rank first and second, well ahead of the other 6 metros.

Voter turnout for CoCT is highest, whilst CoE ranks at number 5 out of the 8 metros. It is worth noting that CoE is part of the Gauteng province along with CoJ and CoT, ranked 7th and 4th respectively. That the voter turnout for the Gauteng province

were lower than others and that the 2016 LGE resulted in coalitions for each of the three Gauteng metros may provide the context that Stockemer referred to wherein he observed that in countries where voting is not compulsory, determinants of turnout are more complex and are rather more 'context dependent" (Stockemer, 2016)

5.2 AUDIT LENS AND OUTCOMES

The auditor-general's analysis of data and findings from the annual external audits conducted throughout all municipalities is detailed in the annual general report. The published general report for 2023 provides data for F2022 and F23 in its annexures, which was analysed and distilled as follows:

- 50% of the metros publish credible financial reports, however only 3 (38%) of them manage to submit quality financial statements for audit and rely on the audit process to identify and correct the financials that are ultimately published.
- Although 2 metros published annual performance reports that were found to be useful and reliable (CoCT and CoE), neither of them submitted quality performance reports for audit and relied on the auditors to identify errors, which they could then correct.
- Only one metro (CoCT) has the internal capacity required to fulfil its financial management and reporting responsibilities.
- None of the municipalities have established the information systems capabilities (human resource, systems and governance practices) to manage their affairs.
- Only 3 metros (38%) have established the necessary governance arrangements required in the areas of risk management, internal audit, and audit committees.
- Only two metros (CoCT and CoE) have effective processes for ensuring that there is appropriate responsiveness to audit findings and there have no audit findings repeated from year to year. This component is indicative of the commitment of the leadership of the metro continuous improvement and to maintain a culture of responsive governance.

- Four metros did not have instances where procurement awards were made in favour of providers or suppliers that have links with their employees or council members. This gives a sense of the commitment of the leadership of the municipality to advocating for ethical conduct and ensuring that there are adequate controls and oversight practices to maintain a culture of ethical conduct.

The audit outcomes of CoCT and COE in respect of the years F22 and F23, when compared to the other metros, demonstrate that they have established and stabilised the key practices that allow for them to prepare credible financial and performance information on a consistent basis, which guides the researcher to interrogate the practices in these two metros.

Statistics South Africa conducted a national census in 2022 and, amongst other reports, published key data on service delivery by municipalities (Statistics South Africa, 2024). Each of the metros publishes annual reports comprising audited financial statements and annual performance reports. The two metros have similar profiles in terms of the size of the population, number of households served, and number of wards, size of councils and level of annual revenues. CoE serves 4.1 people and 1.4m households, whilst the CoCT serves 4.8m people and 1.4m households. Key data on these two metros selected for further analysis is set out below:

	CoE	**CoCT**
Population served [6]	4,066,691	4,772,846
Number of households served	1,421,003	1,452,845
Annual revenue (F23)[7]	R 47.1 bn	R53.1bn
Number of employees (posts filled at the year-end)[8]	16, 352	30,047
Number of councillors[9]	224	231

[6] Data from Statistics South Africa and Published Annual Reports for the year ended 31 June 2023
[7] Data from the published, audited annual financial statements
[8] Data from the published annual report for the financial year
[9] Data from the published annual report for the financial year

Number of wards[10]	112	116

5.3 ASSESSMENT OF EXTERNAL AUDIT OUTCOMES ON PERFORMANCE INFORMATION

The detailed data set that can be reconciled to the General Report is in included in the Annexure A attached to this report.

The audit outcomes data collected from the AGSA general report in respect of each metro was distilled as follows:

5.3.1 Financial reporting:

1 point was allocated if good quality financial statements were submitted for audit. An additional point was allocated if, at the end of the external audit, credible financial statements were published and included in the annual report (as confirmed by the auditor-general)

5.3.2 Performance reporting:

1 point was allocated of good a quality performance report was submitted for audit. An additional point was allocated if, at the end of the external audit, the annual performance report that was published as part of the annual report, was confirmed to be 'useful and reliable' by the auditor-general

5.3.3 Capacity:

Wright observes that many "service delivery failures may be attributable to a lack of resources (financial, human or infrastructure) or mismanagement" (Wright, 2024). Furthermore, Naidoo quotes Herder in asserting that while public managers and

[10] Data from the published annual report for the financial year

officials have flexibility in executing their duties, they must do so whilst complying with the law (Naidoo & Holtzhausen, 2020).

1 point was allocated if there were no non-compliance findings on the management of Human resources. An additional point was allocated if no consultants were relied upon in the preparation for the annual financial statements submitted to the external auditors, meaning that the financial statements were prepared by internal resources or capacity.

Human resources are a key part of the strategic and operational capacity required to create public value, alongside technological and monetary resources (Naidoo & Holtzhausen, 2020). When these are adequate and well-managed, there is no over-reliance on the external consultants and contractors and there is compliance with the prevailing prescripts.

5.3.4 Leadership:

Municipal leadership should act in accordance with the constitutional values of "honesty, integrity, trustworthiness, ethical conduct, accountability and responsiveness (Ndevu & Muller, 2017)".

1 point was allocated if there were no repeat audit findings from year-to-year, as this indicates that leadership is adequately responsive and ensures that errors and weaknesses are addressed following each audit. Whey they fail to do that, there are repeat findings. An additional point was allocated if there were no audit findings related to the institution awarding procurement opportunities (essentially trading with) its own employees or their close family members, either directly or through companies owned by them. It is leadership that sets the ethical tone and ensures that there are adequate internal controls and oversight process to avoid such transactions. Additionally, a key element of creating public value relates to operating within the rule of law, which contributes to the legitimacy of public administration (Naidoo & Holtzhausen, 2020).

5.3.5 Governance

When municipalities fail to maintain effective governance arrangements, the often face consequences such as loss of credibility or legitimacy, increased service delivery failures, protests by residents. They often struggle to attract investments from the private sector or attract and retain the required human capital or skills (Masegare & Ngoepe, 2018)

Information technology management, internal audit, risk management and audit committees play an important role in the governance arrangements of all institutions. Within metro's, the scale and complexity of their operations requires that these functions operate effectively.

1 point was allocated if there were no audit findings or weaknesses identified in any of these areas.

Metro	**Financial reporting**	**Performance reporting**	**Capacity**	**Leadership**	**Governance**	**Total**	**Ranking per Agsa**
BCM	0	0	0	1	0	1	***4***
CoCT	2	1	2	2	1	8	***1***
CoE	2	1	0	2	1	6	***2***
CoJ	1	0	0	0	0	1	***4***
CoT	0	0	0	0	0	0	***5***
eThekwini	2	0	1	0	1	4	***3***
Mangaung	0	0	0	1	0	1	***4***
NMBM	1	0	0	0	0	1	***4***
TOTAL	**8**	**2**	**3**	**6**	**3**	**22**	
Possible scores	16	16	16	16	16	80	

actual % as scored	50%	13%	19%	38%	19%	28%

From the analysis above, it is clear that the area in which Metro's score the lowest points is Performance reporting. Only two metro's (CoCt and COE) published performance reports that were deemed to be useful and reliable. However, they both submitted APRs that contained errors that were identified during the external audit process. This indicates that none of the metros have adequate processes, practices and disciplines to prepare credible performance reports, suggesting that the internal capabilities that support the preparation of credible quarterly and annual performance reports are weaker than those supporting the preparation of financial reports (financial statements).

After performance reporting, the two categories with the lowest scores are governance and internal capacity.

5.4 QUALITATIVE REVIEW AND ASSESSMENT OF ANNUAL REPORTS

The review of the integrated annual reports of the two metros selected (CoCT and CoE) for further interrogation covered the key determinants of the use of performance information, as set out in the earlier chapter. They are summarised below as:

1. Confirmation of the involvement of key stakeholders in compiling the performance objectives in the IDP and SDBIP, as prescribed by the prescripts, as well as alignment between the organisational performance objectives and those of senior management.
2. Completeness and Relevance: alignment of the APR to the approved IDP & SDBIP in a manner assists stakeholders, especially citizens to arrive at valuable and relevant conclusions about the performance of the institution and inclusion of information on key PVT aspects of public value proposition, the authorising environment and operational capacity.
3. Accessibility: easy to find, read, understand and interpret, through the lens of a layperson.

4. Reliability: information is confirmed to have no bias, to represent the facts accurately and objectively by the independent external auditor as assurance provider, where this is available.
5. Timeliness: information that is published and availed to stakeholders in accordance with the timelines set out in the prescripts.

In arriving at the findings and observations from the document review, the following assumptions were made:

1. The official website is the primary mechanism for publishing key documents by the municipality and communicating with key stakeholders.
2. The IDP, SDBIP and Quarterly Reports that are published on the website are final versions.
3. The annual report that is published on the official website is the one that was approved by MPAC and Council.
4. The reports signed by the Mayor and City Manager in the annual report reflects the views of both the individuals and the institution.
5. The timelines stipulated by the prescripts are designed to achieve the appropriate balance between speed of publishing and information quality

5.5 RESEARCH FINDINGS (SUMMARISED)

The research findings below are summarised, based on the detailed findings as set out in the attached Annexure A.

5.5.1 City of Ekurhuleni

Determinant	Finding/Observation
Stakeholder participation	There is extensive stakeholder engagement, covering residents/citizens. There is significant reliance on ward councillors and ward committees to drive ongoing and effective citizen engagement. However, ward

	committees have known operational challenges with no evidence that addressing these challenges is a priority for the management team. There is inadequate attention to enabling ward councillors and their committees to play their role effectively, even though citizens highlight their growing dissatisfaction with their local councillors. There is engagement with senior management on performance service delivery priorities and performance planning and senior management. It is unclear how or to what extent the lower levels of staff are engaged. Based on the extensive review of documentation, the metro does not pay adequate attention to proactive and consistent engagement with business. The IPD/SDIBP's developed from the public participation process respond to the needs as identified and are aligned organisational performance plans. The organisation performance plans are aligned to the performance contracts of senior management. However, there is no clear alignment between the performance assessment and reward of senior management and the operational performance of the metro. Bonuses for senior managers were paid 'across the board' with no differentiation. Senior managers left at the end of the terms of their employment contracts, with no transparent link to performance.

Completeness	The performance information as included in the performance plans (IDP & SDBIPs), performance reports (quarterly reports and annual performance report) as well as the annual report cover key aspects of PVT strategic triangle, namely the public value proposition, authorising environment and operational capacity. However, the substance of the information relating to specific areas does not meet the intention or objective of its inclusion, such as the responsiveness of management to implement accountability for performance and improve the operational capacity so that it responds to the demands of the value proposition. Furthermore, there is some contradiction in the information provided in different sections, suggesting inadequate reviews and assurance processes. It also suggests that the form of the reports is better than the substance.
Relevance	Based on a detailed review of the IDP, SDBIP, Quarterly and Annual performance reports as well as the annual report, there is inadequate alignment of the APR to the approved IDP & SDBIP in a manner that assists stakeholders, especially citizens to arrive at valuable and relevant conclusions about the performance of the city. The lack of clarity the progress and expenditure on a high-value multi-year, grant-funded infrastructure project that is described as 'catalytic', undermines transparency, accountability and confidence of residents.

Accessibility	Published reports are widely available. The bulky reports contain both qualitative and quantitative data, with volume that may render the reports inaccessible for users that are not committed experts. The Quarterly reports have more quantitative data, which makes the content less accessible to readers.
Reliability	No adverse findings from the external auditor. However, some observation on the substance of matters reported on. The repetition of performance information for the Roads & Stormwater department from year-to-year highlight, as well as transparency gaps, highlight the negative impact of management instability, inadequate attention by the collective of senior management, internal audit and the audit committee.
Timeliness	Timelines for Quarterly and Mid-year reports were met throughout the year. The annual report was slightly delayed as the external audit was signed-off late, however it was published promptly after sign-off.

5.5.2 City of Cape Town

Determinant	**Finding/Observation**
Stakeholder participation	The city actively engages its stakeholders on public value creation and invites their participation thereto on. There is ongoing attention to seeking and analysing

	feedback from residents through the annual satisfaction survey. There is a focus on engaging with the private sector/business, as part of an effort to 'crowd in' investment, especially on attending to the infrastructure requirements of the city. Senior managers are engaged on their specific areas of performance priorities, which are captured in their individual performance agreements.
Completeness	The annual report details information on each of the three areas of the PVT strategic triangle, namely: the public value proposition, the authorising environment, and operational capacity The public value proposition aspect includes reference to outcomes through the lens of the public, though satisfaction surveys and the Human Development Index (HDI).
Relevance	There is an effort to align the IDP/SDBIPs to the corporate budgets, performance plans and scorecards. However, there was a gap identified in the transport infrastructure needs and priorities allocated to the Department for Urban Mobility. A project that was identified as priority in the IDP, was not included in the corporate scorecards of the same IDP, for two years running. This gap may negatively impact the trust and confidence of the intended beneficiaries of the project.

	There was a commitment that this was to be remedied through a prioritisation framework that was to be developed in latter years. There is not mention on how the ward committees could be enlisted as partners in the process of setting priorities and communication of the management deliberations, to communities and other stakeholders.
Accessibility	Performance information was easy to find on the website, with clear links to the IDP, SDBIPs, quarterly reports and annual report (which include the annual performance report) The innovative production of the Infrastructure Reports, which provide more useful information for key stakeholders such as private sector investors and residents (current and prospective), highlight the positive impact of management stability. The Annual report is easy to read, however, the different schedules on performance information make compromise the reader's ability to understand the information. The report on C88 indicators was added as an appendix.
Reliability	After auditing performance objectives in three development priorities, the auditor-general audit did not identify areas that were not useful or reliable. There is no reference by the auditor, to any work or assurance on the report on the C88 indicators. However, this is the impression given by the City.

	There is an opportunity for the AGSA to clarify the extent of the external audit assurance, as there may be scope to increase the assurance provided by the Internal audit function.
Timeliness	Performance information was presented to the MPAC and council and then published in accordance with the timelines stipulated in the prescripts.

6. CONCLUSIONS

From the study as set out in the summary above as well as the detailed findings set out in Annexure A, the following conclusions are made:

1. There is a correlation between quality performance information and service delivery or public value creation, with those metros that have better quality performance information achieving better public value creation than not.
2. The audit insights highlight that the governance aspect of performance management and reporting is an area of weakness for most metros, who have not yet established the required internal operational capacity. Most metros do not currently have the capability required to plan, manage and report on performance adequately. A key impediment to building the necessary capacity is instability at key managerial levels, especially the CM and senior management.
3. The prescripts set by the National Treasury for public management and governance approaches to performance planning, management and reporting can be interpreted using the PVT framework
4. Based on a detailed review of the performance information for the two metros with better capabilities for performance reporting, it is evident that while metros have embraced the reporting formats and requirements, there are opportunities for them to improvement in the

substance of what is done in this area if they are to derive the benefits of public value creation.

5. While engagement with residents/citizens is prioritised, there is scope to improve the functioning of ward committees in public value creation.
6. There is an opportunity to embrace and engage the private sector more deliberately and consistently as a key partner in the process of creating public value.
7. Whilst there are attempts to demonstrate alignment between IDPs & SDBIPs on the one hand and corporate performance plans and reports on the other hand, this is not yet been achieved in substance.
8. There is little transparency on the alignment between the organisational performance plans and achievements on the one hand, and the individual performance of senior managers. There is opportunity for better alignment and more visible and consistent consequences.
9. The key governance structures of internal audit, audit committee and MPAC, do not pay adequate attention to performance information, and fall short of what is required of them in the prescripts
10. The level of assurance provided by the auditor-general (as the external auditor) on performance information is lower than that provided on the financial statements. This is not always clearly articulated by the preparers of the performance report. The detail in the audit report is likely to be misunderstood by a reader that is not a committed expert. There is room to enhance the understanding of users on what the audit report section on performance information

7. RECOMMENDATIONS

Based on the research findings and conclusions, the following macro-level recommendations are made for improving the quality and use of performance information in metros:

1. Citizen engagement: whilst advances have been made in giving effect to citizen participation, this work should be deepened so that it is more consistent and impactful. Part of deepening citizen participation may include extending it beyond mere consultation as part of performance planning processes to cover the actual prioritisation of identified needs, the delivery of services and evaluation thereof (Biljohn & Lues, 2020). In this regard, strengthening the ward committees so that they function more effectively would assist. This would also include better transparency on the deliberations of management on service delivery and project priorities (Douglas & Meijer, 2016).
2. Deliberate attempts should be made to engage with business or the private sector and actively align priorities and 'crowd-in' the activities of business and capital providers as key partners in the process of value creation, by 'managing outward' as envisaged in the theory on public value.
3. Alignment between the IDPs/ SDBIPS and corporate plans and budgets should be strengthened. Similarly, the transparency and reliability of performance reports should be improved. A key aspect of driving these improvements relates to building and maintaining the necessary internal operating capability to do so.
4. The use of residents' satisfaction surveys and development indices to assess progress being made in the creation of public value should be maintained, as this is consistent with the key principles of public value creation (Kaywood, 2024), (Moore, 2013), (O' Flynn, 2007).
5. Performance reports should be enhanced to improve transparency on service delivery as well as the building and maintenance of infrastructure, so as to promote collaboration with other stakeholders, including the public sector and foster public trust, for legitimacy and support.
6. The role internal audit functions, audit committees and MPACs should be enhanced so that they are equipped to fulfil their intended function effectively.

These high-level recommendations are applicable for the other categories of municipalities.

In addition, the following specific recommendations are made at the micro-level to the two metros that were assessed.

City of Cape Town

The alignment between departmental key performance indicators and the annual iterations of the five-year IDP scorecard should be strengthened, especially on infrastructure projects. This would enhance the completeness and relevance of the performance reports.

City of Ekurhuleni

1. Whilst the form of the performance reports meets the PVT criteria, the substance of what is reported on needs attention.
2. There should be more deliberate engagement with the private sector or business as critical stakeholders of the municipality and contributors to its value-creation efforts.
3. The weaknesses in the functioning of ward committees should be addressed to enhance the legitimacy and support available to the municipality.
4. The alignment between the organisational performance plans and individual performance contracts of senior managers should be strengthened and monitored. This would enhance the legitimacy of the performance plans whilst informing the program of building operational capacity.
5. The different role players involved in the preparation of performance reporting should fulfil their duties in accordance with the respective duties and terms of reference. These role players include management, internal audit, the audit committee and the municipal public accounts committee.
6. There should be incremental and consistent investment in the internal operational capacity for performance measurement and reporting as advocated for by Christensen and Yoshimi (Christensen & Yoshimi, 2001).

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ANNEXURE A

RESEARCH REPORT ANNEXURE A: DETAILED FINDINGS

1. AUDIT OUTCOMES ANALYSED

Metro	Credible AFS published *(Fin reporting)*	Quality AFS submitted *(Fin. reporting)*	Useful & reliable APR published *(Perf. reporting)*	Quality APR submitted *(Perf. reporting)*	No HR Findings *(Capacity)*	No Use of financial consultants *(Capacity)*	No Repeat findings *(Lead.)*	Governance (Risk,IA, AC) *(Gov.)*	No IT Findings *(Gov.)*	No Awards to employees or close family members *(Lead.)*	TOT.
BCM	0	0	0	0	0	0	0	0	0	1	**1**
CoCT	1	1	1	0	1	1	1	1	0	1	**8**
CoE	1	1	1	0	1	0	1	1	0	1	**7**
CoJ	1	0	0	0	0	0	0	0	0	0	**1**
CoT	0	0	0	0	0	0	0	0	0	0	**0**
eThekwini	1	1	0	0	0	1	0	1	0	0	**4**
Mangaung	0	0	0	0	0	0	0	0	0	1	**1**
NMBM	1	0	0	0	0	0	0	0	0	0	**1**
											0
TOTAL	5	3	2	0	2	2	2	3	0	4	**23**
Scoring: Yes = 1; No = 0											
Possible scores	8	8	8	8	8	8	8	8	8	8	**80**
	%63	%38	%25	%0	%25	%25	%25	%38	%0	%50	

2. DOCUMENT REVIEW FINDINGS:

COE

Determinant	Discussion
Stakeholder participation	**Engagement with residents:** F2022/23 Annual report details extensive stakeholder engagement program, including citizen engagement and participation through ward committees, with number of meetings held in different wards. **Engagement with business:** Although the section on Stakeholder Management (page 49) mentions that the metro is "the manufacturing hub and the host of the busiest airport on the Continent", there is no specific reference to Business as a stakeholder nor is there a clear indication on how business generally or the manufacturing sector or airport are engaged. This gap is glaring. **Engagement with staff:** That the published individual performance agreements of senior management are signed by them, indicates that there was engagement with at least that level. *It is unclear how the lower levels of staff are engaged.* **Alignment between IDP/SDIP and Performance priorities:** The Mayor and CM (City Manager) and, in their Foreword and Executive Summary respectively, indicate that the performance priorities are informed by the long-term strategy of the City and updated regularly as the IDP, SDBIP and budgets are compiled .The CM specifically notes that Reports that the IDP KPIs link to SDBIP KPIs and budget and Section 57 Managers' KPIs (page 61).

	The annual report includes the Annual Performance with detail of how the performance objectives link with the service delivery priorities set out in the IDP and SDBIP **Alignment between organisational performance and individual performance**: A review of the published performance agreements of the CM, Chief Audit Executive and HoD: Roads & Stormwater, confirms that the key managers are engaged on organisational priorities and there is effort made to link the SDBIP priorities to the performance objectives for individual senior managers. However, there is little link between actual performance of the departments lead by the respective senior managers and performance rewards. **Role of councillors and ward committees** The CM notes that the ward councillors have 'daily operational challenges that they encounter', with no articulation of how these challenges are being addressed. On page 78, the report provides insight on the outcomes of the externally conducted Quality of Life survey (QoL) conducted independently by the Gauteng City-Region Observatory (GCRO). It is notable that the survey respondents indicated declining satisfaction with and confidence in their local councillors and attended fewer ward meetings
Completeness and Relevance	**Information on the public value proposition** The report reflects on the service delivery focus of the municipality, with reflections on externally/independently conducted Quality of Life survey, which assesses the satisfaction of residents with service delivery by the municipality. On page 78, the annual report references the QOL survey results with residents' satisfaction rate, having reduced from 67% in the prior year. The decline is attributed to the impact of the global Covid-19 pandemic and its negative impact on declines in quality of life for residents.

	However, in her Executive Summary, the CM refers to biennial Quality of Life Survey conducted for Gauteng Cities, showing CoE with the most-satisfied residents compared to other Gauteng municipalities, although declining per F20/21 data. She notes that residents' satisfaction with Roads "*has been declining for a number of years, as a result of potholes, inadequate signage and poor road maintenance"* Ward priorities for F2021/2022 highlight Roads & Stormwater as having the highest needs (205/560) as communicated by citizens. The same information on this priority is stated in the F2021/2022, F2022/2023 and F2023/2024 annual reports. However, the annual performance reports for the three financial years indicate performance gaps on the roll-out of infrastructure projects, on repairs and maintenance as well as responsiveness to residents' complaints about potholes. Despite this, review of the budgets, adjusted budgets and expenditure for the Department of Roads and Stormwater, which is responsible for maintaining roads across the metro, does not indicate any increased management attention to enhancing the operational capability and performance of the department. Key data points considered in arriving at this assessment are: - **Leadership stability and performance:** The Head of Department was in his role for each of the three years, namely F2021/2022, F2022/2023 and F2023/2024. He received a performance bonus, along with all the other heads of Department and the CM, in F2021/2023 and F2023/2024. No senior management bonus payments are reflected in the audited annual financial statements for 2022/2023. The F2022/23 annual report (page 543) states the "City did not pay performance-related bonuses due to financial availability". This Head of Department was therefore not treated

	any differently from the other senior managers in terms of performance rewards. According to the audited financial statements for F2023/2024, he left the employ of the metro when his contract ended, close to the end of the financial year. - **Allocation of financial resources:** The budget for the department and the portion allocated roads maintenance did not change significantly from year to year, - **Performance planning:** The annual performance targets on road maintenance and reported achievements do not reflect the prioritisation of roads maintenance, even though the narrative says that key deliverables are '*fixing of potholes, improving signage, and building new roads'* and the major service delivery priorities for the department listed as "*construction of new tarred roads, construction of new stormwater systems maintenance of existing road and stormwater infrastructure"* - **Performance reporting and capital projects:** The departmental performance report for Roads and Stormwater highlights as its key achievement on 'a catalytic project', which is the 'completion of phase 4" of the N12 Dayveton highway interchange project, which is shown as 'in progress' each year, with no clarity on how far it has actually progressed, relative the original plan, neither in total project value nor in project phases. The original budget for the F2022/2023 year was R50m, funded out of the USDG received from the National Treasury. The budget was adjusted down to R25.8m. R22.234m was spent. The project seems to be a multi-year project as it is also included in both the F2021/2022 and F2023/2024 reports , with F24 R10m original budget adjusted to R4.3m , which is what was spent (R4.3m). This is reported on page 140 of F2023/2024 report. There is no clarity on how much the project was initially meant to take or how long it would take to reach completion the information in three successive annual reports provides on

	clarity on what was planned (scope, cost or timing), what is being achieved and what is projected. This undermines transparency, accountability and confidence. - **Operational capacity:** The Performance Report on Road Transport refers to the limitations to performance as being: the department's poor internal controls, adverse audit opinions on both financial information and service delivery reporting, inadequate skills and continued vacancies (27%, being 159 vacancies out of a total establishment of 599. That the vacancies remained unfilled may be a result of funding constraints, as the budget and actual payroll spend do not have a high variance. A similar profile on vacancies is reported in both the preceding and subsequent years (F2021/2022 and F2023/2024 respectively). In 2023/2024, the vacancy rate was 21%, with 466 posts filled out of the establishment of 589. That there is little change in this area suggests that there is inadequate management action to adjusting the operational capacity to ensure that it responds to the performance or service delivery gaps. - **Relevance on operational expenditure:** Page 139 of the Annual report for F2022/2023 reflects that for the Roads and Stormwater department, Operational expenditure of R1.7bn included 1bn identified only as 'other', with no clarification what this entails. The same profile, with no explanatory narrative, is evident in the annual reports of the preceding and successive financial years (F2021/2022 and F2023/2024]. This compromises transparency and accountability for decisions made about where and how to deploy public resources in the process of delivering services. A similar concern is noted in the performance reporting section for the Water and Sanitation Services department, which reflected total operational expenditure of R13bn, of which R12bn was classified as 'Other". Of the R13bn operational expenses for the department,

	R528m related to employees whilst R341m related to repairs and maintenance. Both expense items (employee remuneration and repairs & maintenane0 were consistent with both the original and adjusted budget. The R12bn actually spent on 'other' operational expenditure was 42% over the original budget and 96% ahead of the actual expenditure for the prior year, with no explanation provided for these variances (ref page 91 of 953). - **Relevance on Capital budget and expenditure:** Department's analysis on the Capex budget provides detail on projects but there is no clarity provided on the reasons for and impact of variances between original budget, adjusted budget and actual expenditure. - At a glance, the pace of actual capex spend as compared to budget belies the lamentation on the operational limitations occasioned by a lack of skills and fiscal constraints. Notably, on grant-funded projects, 97.23% of the total adjusted budget was spent in F2022/23, and over 90% in F2023/24, whilst the commentary on the departmental performance repeats the prevailing vacancies as an impediment to performance. - The annual report includes an SDBIP Annexure, as the APR, which details performance against target for each of the year's quarters. For Roads and Stormwater department, the target on % of unsurfaced roads graded was met, including backlog from prior year; the % roads resurfaced & resealed target was not met due to 'delays in the appointment of contractors'; the target on % reported potholes resolved within standard municipal response time not met (due to technical challenges, load shedding, insufficient resources), which was resolved in the subsequent year (F2023/2024), attributed to the reported fact that "the city received additional funding to fast track the tar patching programme". There is an apparent contradiction between the commentary on page 78 on the reasons for the decline in resident's satisfaction. In substance,

	there is inadequate alignment between what are set as priorities following the public participation process and what is prioritised at the operational level. The information does not assist in arriving at valuable and relevant conclusions about the performance of the institution. This compromises transparency and accountability as the user of the report remains unclear on the actual link between service delivery priorities and performance of the metro and the identified needs as communicated by residents in the citizen or public participation process. **Information on the authorising environment** The Annual report contains a Governance section (Chapter 2, page28) that sets out the roles and interactions between the political leadership (and its committees) and the management team, under the leadership of the CM as the head of administration. It also includes detail on how Intergovernmental relations are designed, managed and adapted in pursuit enhanced cooperative governance that builds 'a coherent State that can enable inclusive economic growth, spatial transformation, strategic infrastructure investment, and reliable service delivery for all " (page 40). One of the inter-governmental platforms mentioned the by the CM is Metro's Intergovernmental Forum (MIGF), which advances the objectives of the Gauteng City Region, The report sets out the design and dynamics of the authorising environment. **Information on the operational capacity** The annual report also sets out details of the internal operational environment, focusing on how it is structured, how the divisional heads interact with cluster and committees of the council, and the platforms that they use to interact and cooperate with each other. There is also a section

	that deals with the internal audit function (page 39), which “provides reasonable assurance on the state of the control environment , to Council and to management in general”
Accessibility	**Access on website:** The annual report and quarterly reports are easily accessible on the official website **Length of report**: The annual report has 953 pages, including the annexures. The volume of the report may compromise the accessibility of the report for laypersons. In respect of the, the technical jargon and lengthy nature of the annual financial statements is mitigated by the Submission to Council, dated March 2024, which summarises the financial performance and financial position. However, there is no such summary on the performance information. Furthermore, whilst the summary to council refers to the audit outcomes, it does not capture the key insight from the auditor-general’s report regarding the non-achievement of key service delivery targets as reflected in the audit report **Qualitative and quantitative information:** The annual report has many financial tables with quantitative data, which may make it less accessible for people that are not financial experts. However, there are several sections that provide detailed qualitative information. **Understandable** Despite the significant volume in the Quarterly reports and annual report, the information is understandable for a ‘committed expert”. A combination of the volume and contradictory performance information provided, makes the performance reports difficult to understand.

Reliability	**The auditor general's audit report (Annexure C to the annual report):** the auditor general reported that after evaluating the reported performance information for the selected strategic objective stated as "to deliver reliable, affordable and sustainable services and ensure improved infrastructure maintenance", she was "did not identify any material findings on the reported performance information for the selected strategic objective. The auditor general did, however, flag areas of non-performance even though 99% of the relevant budget had been spent. The areas of under-achievement include those related to roads maintenance and responsiveness to residents; complaints regarding potholes, sewer connections, as well as water and sanitation services. This insight assists the reader by highlighting areas where delivery has fallen short of what was planned. However, this is limited to the areas that were audited. The auditor-general, as external auditor, did not specifically audit all of the performance areas of the metro. For example, performance on the roll-out of infrastructure projects was not part of the audit and consequently, there is no assurance or confirmation of the accuracy of the information provided in the performance report. **Reliability:** It is worth noting that the F2023/2024 Annual Report reflects the same narrative in the performance reporting section for the Roads and Stormwater department. The narrative is a 'cut and paste' of the F2022/203 report. The only change is the inclusion of the numerical figures for F2023/2024. This may be the result of leadership instability following the expiry of the employment contract of the Department's Divisional head.

	It does, however, raise some question on the scrutiny applied by the assurance providers, starting with the collective of the senior management team, the city manager and the internal auditors and audit committee. The audit committee recommendations from the different meetings held during the year (Appendix G of the Annual report, from page 767-775) sets out several recommendations, but none of them deal with performance information. The audit committee focuses on financial management, financial reporting, compliance matters in the city and its entity. The audit committee is sometimes referred to as the Performance Audit Committee (ref page 405)
Timeliness	The APR and quarterly reports are completed and published on a timely basis, in that they substantially meet the legislated timeframes

CoCT

Determinant	**Discussion**
Stakeholder participation	**Engagement with residents and business:** The five-year IDP and annual SDBIP processes consider the view of citizens. The Infrastructure Reports give residents a sense of the key infrastructure delivery needs and priorities for the city. The Infrastructure Reports are well-positioned to give business a sense of the key infrastructure delivery opportunities for the city, over a 10-year horizon.

	The CM highlights that the Infrastructure report is addressed to citizens, private sector (who are potential investors, participants in realising service delivery and economic growth), province and national government and state-owned entities (SOEs) (for clarity on funding needs and opportunities for support and investment) as well as highlighting impact of weak collaboration by the social partners. The CM further highlights that "neither the Urban Mobility nor the Human Settlements directorates have adequate plans to match the scale of the current need (over the next five years), nor are there sufficient projects in the five-to-10 year horizon to meet future demand", mainly due to grant-dependent funding approaches (pg 12). ***The report demonstrates the City's effort to engage its stakeholders and invite their participation in public value creation.*** **Engagement with staff:** The performance agreements of the CM and section 56 managers (senior managers) were completed and published, in accordance with the prescripts. This implies that the senior managers were indeed engaged on the performance priorities in their areas of responsibility. **Alignment between IDP/SDIP and Performance priorities:** <u>IDP</u>: There is effort to show the alignment of the IDP the Sustainable Development Goals ("SDG's"), the South African National Development Plan ("NDP") and the City's Integrated Urban Development Framework (IUDF), as well as the Western Cape Province's Strategic Plan (2019-2042)

	The Implementation plan in the IDP July 2022 – June 2027 sets out key activities per objective, which are linked to the main service delivery priorities set out in the IDP, namely: economic growth, basic services, safety, housing, transport & public space, environment & amenities Under the Transport Priority, 2 key objectives (12 & 13), with Objective 13 being "Safe and quality roads for pedestrians, cyclists and vehicles"; 13.1 being "Road safety & maintenance programme. The objective Includes a key program for "Targeted road capacity enhancement project" and" Transport infrastructure maintenance", which are allocated to the Urban Mobility Directorate. Objective 12 includes 12.1.B: Public transport interchange improvement initiative, including:" This *initiative will include the upgrade of public transport interchanges along the new BRT corridor linking Khayelitsha and Mitchells Plain with Claremont & Wynberg*" (page 91 of 144). Also includes a "*commitment to expand the Bus Rapid transit services to the South-East of the city"*, essentially covering Khayelitsha and Mitchells Plain (pg 93 of 144). The IDP is meant to be connected to organisational performance planning through the five-year corporate scorecard (2022/23 to 2026/27). However, the five-year IDP Corporate Scorecard 2022 – 2027 does not include specific Key Performance Indicators for the Khayelitsha/Wynberg commitments per objectives 12 or 13 above (Ref page 11 of 52). The Five-year IDP 2022-June 2027 was subsequently amended to take account of changes up to planning for F2024/25, with the amended report titled Five-year IDP 2022-June 2027 (as amended for 2024/25). A review of this amended document revealed that the annual updates to the IDP reflect the same commitments, but these are still not included in the relevant scorecards.

	The 2022 Infrastructure report highlighted weaknesses in the sector plans and specified recommendations for improvement, such as the prioritisation framework and completeness of plans. This prioritisation framework was implemented in the 2023 year and reflected in the Infrastructure Report for 2023. <u>SDBIP</u> The high-level SDBIP is the City's Corporate Scorecard (top-level SDBIP) and is described by the CM thus: "The SDBIP forms an integral part of the City's strategic planning, implementation, measuring, monitoring, performance reporting and evaluation process". It is targeted at "stakeholders and the public", as a "comprehensive overview of the City's performance" The researcher's review of the documentation led to an observation that the scorecard includes quarterly performance information (Q1, Q2 target and actual) per Key Performance indicator, with 'reason for variance' and 'remedial action' However, under priority: Transport, there no is reference to specific delivery areas, with somewhat generic targets. There is little insight on the projects that are delayed. ***Essentially, the need for this expansion of this Corridor was identified and included as a priority in the IDP 2022-2027, but not included in the performance plans for the first two years of the IDP implementation, as other projects were prioritised ahead of them***. ***This indicates that there is a misalignment between what is identified and proclaimed as priority, as key aspects did not make it into the organizational performance plans. Based on the insight later provided in the Infrastructure Report, one of the limitations on this regard was funding, these projects were not prioritized. Whilst the level of transparency improved over time, the impact of the***

	earlier weaknesses may compromise the trust and confidence that the intended beneficiaries of the projects have in the city. Notably, the confidence rating of residents declined from F2022/2023 to F2023/24. **Alignment between organisational performance and individual performance**: The performance agreements of the CM and section 56 managers (senior managers) were completed and published, in accordance with the prescripts. **Role of councillors and ward committees** The annual report details the number of meetings held by the different ward committees. It also highlights the assurance role played by the Audit and Performance Committee (APAC), which engages with the council's MPAC. The oversight role played by the MPAC is evident through the meeting pack and minutes of their meetings. The following insights were gleaned from MPAC's Report to Council dated 27 March 2024, Item C38/03/24" 1. MPAC recommended that Council adopts the oversight report and approves the annual report without reservation; 2. MPAC reports that they were briefed by AGSA on 2 February 2024, that they submitted questions to CM, Exec Directors and CEO of Cape Town Stadium, that they met with relevant senior officials (EDs, CEOs and CFOs) to consider the responses given; 3. MPAC indicates that they attended to reports from the Audit and Performance Audit Committee (APAC) and that the IARs were made public and questions and comments from residents were to be submitted via the Organisational Performance Management (OPM) department of the City

Completeness and Relevance	**Information on the public value proposition** The tone of the Mayor and CM, in their foreword and summary to the annual report, the IDP and the Infrastructure reports, is consistently one of seeking to create value for the residents of the city, working with all players in society. They have consistent emphasis on the role that business does and can play in capital investments and local economic development. The City reports on its Human development Index (HDI) score, which is at 0.72, higher than national average of 0.64 Each year the city conducts a residents satisfaction survey, and develops remedial action plans where these are relevant The city also measures aspects relating to the ease of doing business in the City. **Information on the authorising environment** The report provides insight on how council interfaces with the executive Mayor and Mayco and with senior management under the leadership of the CM as Accounting officer. The details on the role, membership and meetings of the oversight committees of the council are provided, **Information on the operational capacity** The report sets out information on how the internal operations are structured, how the CM and senior managers organise themselves in providing leadership to the institution. There is also reference to the human resource management processes. Notably, vacancy rates and staff turnover levels are better than the targets for the year. CM describes the Infrastructure report as “the culmination of years of work that I have personally overseen and driven across the administration” , which highlights the benefit of stability and incremental

	approaches to performance measurement and reporting, as advocated by Christensen and Yoshimi (Christensen & Yoshimi, 2001)
Accessibility	**Access on website:** All the reports are easily accessible on the website, including reports from the governance strictures such as the Audit and Performance Committee. **Length of report**: At, approximately 239 pages, including annexures, it is not intimidating. **Qualitative and quantitative information:** The report was an easy read, especially for a knowledgeable expert. **Understandable** 1. **Annual Report** Relatively easy to read, with a clear narrative. However, the schedules on performance information are difficult to follow, as there is an Annual Performance Report and an additional report on the Circular 88 indicators, which the City is still transitioning towards. The compilers of the report (internal management) have been in place for a number of years and have had the opportunity to develop additional reports as products that enhance transparency and stakeholder engagement, such as the Infrastructure report, done in 2022 and improved in 2023. 2. **Infrastructure report** The CoCT published an Infrastructure report (in both F2021/22 and F2022/23), which the Mayor describes as setting out “an honest and transparent summary of progress to date on [the city’s] ten-year capital portfolio” that provides an “opportunity to rectify gaps”. The City Manager describes the Infrastructure Report as a “transparent evaluation of the City of Cape Town’s Infrastructure

	plans", covering each of the 5 key directorates. It provides an analysis that helps to identify gaps, backlogs, changing circumstances, new demands and risk exposures, identify opportunities for greater efficiencies and collaborations at the implementation level" The CM expresses his hopes that 'local and international stakeholders who read the report will see many opportunities to partner [us] in achieving our vision of City of Hope for all".
Reliability	**Report of the APAC (Audit and performance audit committee)** **The auditor general's audit report:** Clean audit outcome. The audit report indicates that the audit of performance information covered performance objectives across three development priorities, namely basic services, housing and transport, including Objective 13). There were no audit findings on the usefulness and reliability of the information reported. The auditor raised some concern on the non-achievement of some targets (ref page 66), and refers to the remedial plans that management is planning to implementing to improve performance, however this is limited to 'Basic services' and 'Housing", and excluded Transport/Urban Mobility. C88 indicators included, in response to prior year audit findings from the AGSA. The City indicates that the AGSA audits the report on C88 indicators, when this is not reflected in the audit report of the AGSA ***There is an opportunity for the AGSA to provide clarity on the extent of the assurance provided throughout the external audit process.***
Timeliness	Quarterly performance reports were tabled in council.

	The CM, as Accounting Officer submitted the Mid-year budget and performance assessment report to the Executive mayor and Mayoral Committee (“Mayco”) by the 25th of January 2023 in accordance with the requirements S72 of the MFMA. The mid-year performance report assesses municipal performance for first half of the year (to 31 Dec 2022) and reflects adjustments made to budgets and targets for the forthcoming quarters, arrived at considering the performance in the first half of the year. The report is targeted at Mayor, National Treasury and the provincial treasury.