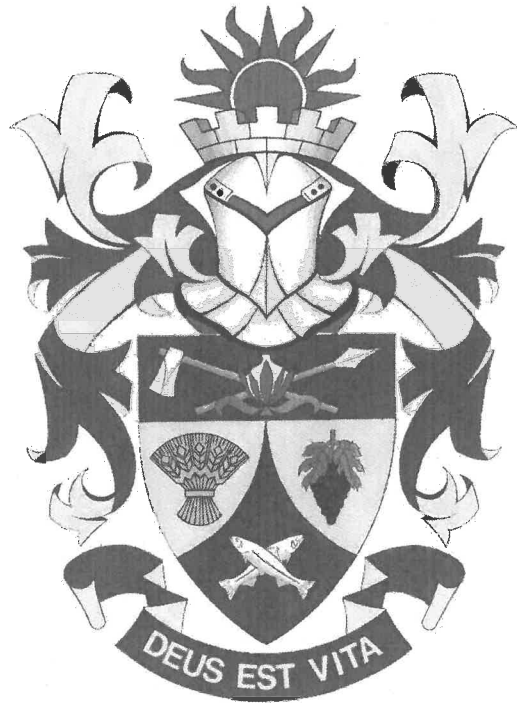
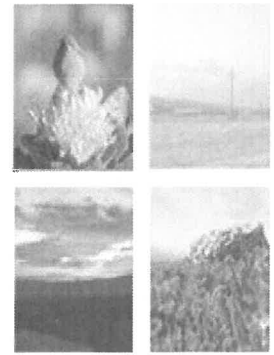
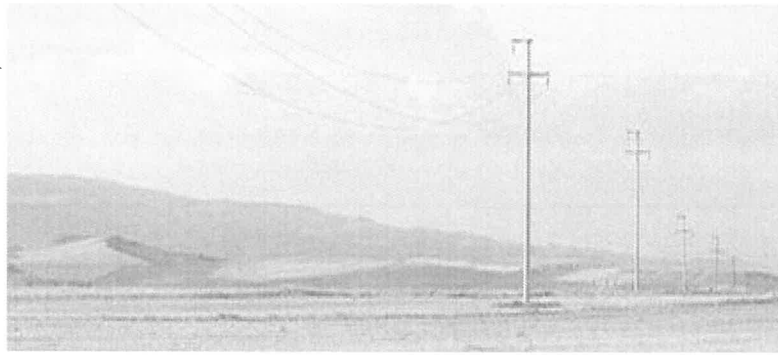


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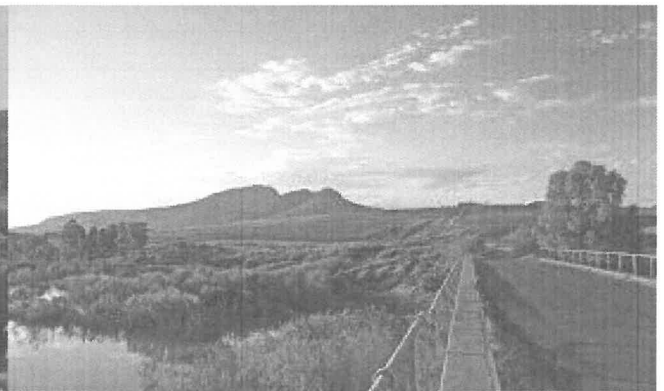
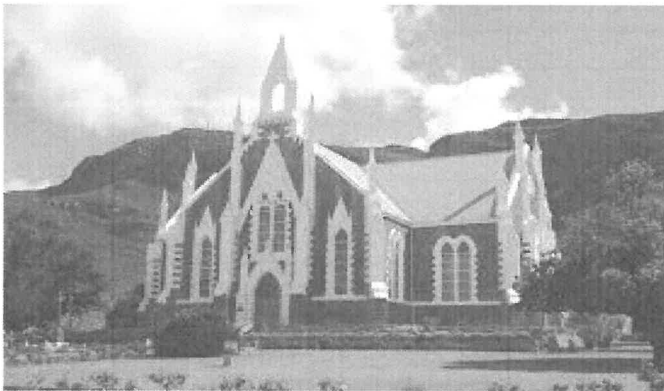


PERFORMANCE MANAGEMENT POLICY

DATE APPROVED	:	RB 914 – 08/02/2011
COMMITTEE	:	COUNCIL
AMENDED	:	RVN016/10/2017 31/10/17 RVN028/10/2023 31/10/23
DIRECTORATE	:	OFFICE OF THE MUNICIPAL MANAGER



AMENDMENTS TO PERFORMANCE MANAGEMENT POLICY AUGUST 2023



***ONS DIEN MET TROTS
WE SERVE WITH PRIDE
SISEBENZA NGOKUZINGCA***

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1. Definitions

"Accounting Officer": (a) in relation to a municipality, means the municipal official referred to in section 60 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

"Baseline": The accurate and quantitative data at a stated point in time that marks the beginning of a trend.

"Competency": Skills, knowledge, experience and qualifications that are required to perform a job effectively.

"Councillor": A member of a municipal Council as defined in the Municipal Systems Act, . 2000 (Act 32 of 2000).

"Section 57 Employee": A person employed by a Municipality as a Municipal Manager or as a manager directly accountable to a Municipal Manager.

"Employee": A permanent employee of the municipality or an employee appointed on a fixed-term contract for longer than 12 months, excluding senior managers.

"Employer": The Municipality employing a person as a Municipal Manager or a manager directly accountable to a Municipal Manager and as represented by the mayor/Executive Mayor or Municipal Manager as the case may be.

"Employment Contract": A contract as contemplated in Section 54A and Section 57 of the Municipal Systems Act, 2000 (Act 32 of 2000).

"Input Indicator": An indicator that measures the costs, resources and time used to produce an output.

"Integrated Development Plan": A plan envisaged in Section 25 of the Municipal Systems Act, 2000 (Act 32 of 2000).

"Local Community" or "Community": In relation to a Municipality, means that body or persons comprising —

(a) the residents of the Municipality

(b) the ratepayers of the Municipality

(c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality.

"Mayor": In relation to —

(a) a Municipality with an Executive Mayor, means the councillor elected as the Executive Mayor of the Municipality in terms of Section 55 of the Municipal Structures Act, 1998 (Act 117 of 1998).

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"Moderation": The process of aligning the staff member performance ratings to the performance of the department during the performance cycle and, where applicable, the municipality.

"Municipality": When referred to as —

(a) an entity, means a Municipality as described in section 2; and

(b) a geographical area means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998).

"Municipal Council" or "Council": A Municipal Council referred to in Section 157(1) of the Constitution.

"Municipal Finance Management Act": The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and any regulations made under that Act.

"Municipal Service": Has the meaning assigned to it in Section 1 of the Municipal Systems Act.

"Municipal Structures Act": The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) as amended.

"Municipal Systems Act": The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended.

"Outcome Indicator": An indicator that measures the quality and/or impact of an output on achieving a particular objective.

"Output Indicator": An indicator that measures the results of activities, processes and strategies of a program of a Municipality.

"Performance Agreement": An agreement as contemplated in Section 57 of the Municipal Systems Act.

"Performance cycle": The period commencing 1 July annually and ending 30 June the following year for which performance is planned, managed and assessed.

"Performance Plan": A part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met.

"Portfolio of evidence": The documentary evidence on progress made by a staff member towards achievement of that staff members' KPA.

"Service Delivery and Budget Implementation Plan": Means a detailed plan approved by the Mayor of a Municipality in terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate:

(a) projections for each month of —

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter; and

(c) any other matters that may be prescribed and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.

"Senior Manager": Means a municipal manager or acting municipal manager, appointed in terms of Section 54A of the Municipal Systems Act and a manager or acting manager directly accountable to a municipal manager appointed in terms of Section 56 of the Municipal Systems Act.

"Staff": In relation to a Municipality, means the employees of the Municipality, including the Municipal Manager.

"The Act": The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

"Ward committee": Means a ward committee established in terms of Section 73 of The Local Government: Municipal Structures Act.

2. Introduction

Performance Management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

Performance Management is the practice of linking the long-term strategic objectives of an organisation to its day-to-day performance by setting measurable key performance indicators (KPI's) and monitoring performance against those indicators. When implemented correctly, it is an essential tool to monitor whether a municipality is on track to meet targets or serves as an early warning system to identify areas where improvement is required to enhance service delivery and recognise excellent performance.

The municipality deliver services essential to the well-being and development of the communities they serve. To ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers to areas where corrective action is required.

The Constitution of South Africa (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles:

(1) Public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

(a) A high standard of professional ethics must be promoted and maintained.

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- (b) Efficient, economic and effective use of resources must be promoted.*
- (c) Public administration must be development oriented.*
- (d) Services must be provided impartially, fairly, equitably and without bias.*
- (e) People's needs must be responded to, and the public must be encouraged to participate in policymaking.*
- (f) Public administration must be accountable.*
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information.*
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.*
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.*

The Municipal Systems Act, 2000 (Act 32 of 2000) (MSA) requires municipalities to establish a Performance Management System (PMS). Further, the MSA and the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

This policy therefore describes how the municipality's performance process, for the organisation will be conducted, organised and managed. It also has the following objectives:

- Clarify processes of implementation;
- Ensure compliance with legislation;
- Demonstrate how the system will be managed;
- Define roles and responsibilities;
- Promote accountability and transparency; and
- Reflect the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

2.1 Objectives of a Performance Management System (PMS)

The Municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its strategy and to measure the progress made in achieving its objectives as identified in the IDP. The PMS process plan includes the following objectives that the system should in addition fulfil:

a. *Facilitate strategy deployment*

Facilitates strategy (IDP) deployment throughout the municipality and align the organization in executing its strategic objectives.

b. *Facilitate increased accountability*

Provide a mechanism for ensuring increased accountability between the local community, the municipal council and the municipal management team.

c. *Facilitate learning and improvement*

Facilitate learning to enable the municipality to improve delivery.

d. *Provide early warning signals*

Ensure decision-makers are timeously informed of performance related risks, so that they can facilitate intervention, if necessary.

e. *Facilitate decision-making*

Provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

2.2 Principles Governing Performance Management System

The following principles informs the Municipality's PMS:

f. *Simplicity*

The system is developed to operate accurately and effectively, but also in a simple and user-friendly manner which will enable the municipality to develop, implement, manage and review the system without placing an unnecessary great burden on the existing capacity of the Municipality.

g. *Implementability*

Considering the resource framework of the Municipality, the PMS should be implementable with the resources of the Municipality, which will include time, institutional, financial, and technical resources.

h. *Transparency and accountability*

The development and implementation of a PMS should be inclusive, transparent and open. The public should, through the system be made aware of how the operations of the Municipality are being administered, how public resources are being spent and who is responsible for what. The implementation framework, captured as part of this policy, will outline the implementation of this principle.

i. *Efficiency and sustainability*

Like other services within the Municipality, be cost effective and should be professionally developed, managed and operated in a sustainable manner.

j. *Public participation*

The constituency of the Municipality should be granted their legal rights, in terms of the Constitution and the MSA, through encouragement of public participation by the Municipality during the development and implementation of a PMS. The implementation framework indicates the time, kind of involvement and responsibilities in terms of public participation.

k. *Integration*

Developed and implemented in such a manner that it will be integrated within the integrated development process of the Municipality and its individual performance management.

l. *Objectivity*

Developed on a sound value system where the management of the system and the information is based upon being objective and credible. The adopted performance assessments ensure objectivity and credibility in the management of performance.

m. *Reliability*

Provide reliable information on the progress made by the Municipality in achieving the objectives as set out in its IDP. The system provides for the use of source documents to verify the information entered into the system.

2.3 Roles and Responsibilities

The following table sets the roles and responsibilities of stakeholders in performance planning, measurements and analysis and performance reporting and reviews:

ROLE PLAYER	ROLES AND RESPONSIBILITIES
Municipal Council	<p>The municipal council adopts and approves the following:</p> <ul style="list-style-type: none"> • A process to guide the planning, drafting, adoption and review of the IDP; • The IDP including organisational indicators and targets; • Changes to the IDP, organisational indicators and targets; • The organisational PMS; • Performance monitoring, review and oversight mechanisms and structures; • Adopts performance management policy and system; and • Approval of performance bonuses of the Section 57 Managers.
Executive Mayor	<p>The functions performed by the Executive Mayor includes and are not limited to the following:</p> <ul style="list-style-type: none"> • Identifies, reviews and evaluates the Municipality's needs in order of priority; • Recommend strategies, projects and services to the Council to address priorities; • Responsible for the management of the PMS and submits to Council for adoption;

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ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<ul style="list-style-type: none"> • Draft performance agreement, including measurable key performance indicators (KPI's) and targets for the Municipal Manager; • Bi-annual formal performance evaluation of the Municipal Manager; • Ensures the performance agreements of Section 57 employees are made public; • Approves the TL SDBIP and municipal projects as per the IDP; and • Presents the mid-year and annual report to Council.
Mayoral Committee	Provide strategic awareness and manage the development of the IDP and PMS. Monitor progress via portfolio Committee Meetings and advise the Executive Mayor accordingly.
Portfolio Committee	<ul style="list-style-type: none"> • Manage the implementation of the strategy; and • Review and monitor the implementation of the IDP and the PMS.
Municipal Manager (MM)	<p>The functions performed by the Municipal Manager includes and are not limited to the following:</p> <ul style="list-style-type: none"> • Provide strategic direction and develop strategies and policies for the organisation; • Manage the development and implementation of the IDP; • Development of the PMS; • Identify indicators and set targets; • Submission of the draft TL SDBIP to the Executive Mayor; • Manage the implementation of the IDP and PMS; • Draft and approve performance agreements, including measurable KPI's and targets for Section 57 employees and performance development plans for lower-level staff; • Monitor the implementation of the IDP and the PMS, identifying risks early; • Formal bi-annual performance evaluation of the Section 54a and 57 Managers (Municipal Managers and Directors) • Ensure that regular monitoring, measurement and analysis of performance information takes place and ensure performance reporting is done in terms of legislation; • Propose response strategies to the Executive Mayor and/or Council; and • Co-ordinate the compilation of the Annual Report.
Section 57 Managers / Directors	<ul style="list-style-type: none"> • Assist in providing strategic direction and developing strategies and policies for the organisation; • Assist the Municipal Manager with the development and implementation of the IDP; • Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements; • Ensure that performance information complies with the SMART principles and audit standards of the Auditor-General (AG); • Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis; • Ensure that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes. • Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates (Department Heads / Managers) and performance development plans for lower-level staff where applicable; and • Formal bi-annual performance evaluation of immediate subordinates (Department Heads / Managers) lower-level staff where applicable.
Department Heads / Managers / Sub Directorate Heads	<ul style="list-style-type: none"> • Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements; • Ensure that performance information complies with the SMART principles and audit

Performance Management Policy

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<p>standards of the AG;</p> <ul style="list-style-type: none"> • Ensure that accurate, reliable and evidence-based performance results are provided to the relevant director for performance measurement on a quarterly basis; • Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes; • Draft performance agreements, including measurable KPI's and targets for immediate subordinates and performance development plans for lower-level staff where applicable; and • Formal bi-annual performance evaluation of all employees within the department.
Performance Management Unit / Performance Management Office	<ul style="list-style-type: none"> • The delegated PMS Officer/Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis; • It is this Manager/Officer's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible (pre-audit of performance information); • The Municipal Manager must review overall performance quarterly while the PMS Manager/Officer should support him/her in verifying the performance data and prepare the quarterly organisational performance reports for submission to the Performance Audit Committee; • Render municipal wide support with updating and correcting of performance information on the web-based PMS; and • Render municipal wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual KPI's and targets.
Internal Audit	<ul style="list-style-type: none"> • Must on a quarterly basis audit the performance measurement of the Municipality; and • Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee; and • Provide input to management in terms of the quality of the performance indicators.
Audit, Performance and Risk Committee	<p>The MSA (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) provide clear guidelines on the formal monitoring, audit and reporting of performance of the Municipality. In terms of Regulation 14 (4) (a) the Performance Audit Committee must:</p> <ul style="list-style-type: none"> • Verify the relevance of the PMS and the performance information; • Review the quarterly reports compiled by the internal auditor; • Review the PMS of the Municipality and report to the Council in this regard; and • Submit an audit report to Council at least twice a year.

3. Legislative Overview

This Performance Management Policy has been developed in accordance with promulgated local government legislation, regulations and other guidelines.

Below is a summary of the legislation which inform the PMS of the Municipality:

- The Constitution of the Republic of South Africa, 1996;
- The White Paper on Transforming Public Service Delivery (Batho-Pele) (1997);
- The Municipal Structures Act, 1998 (Act 117 of 1998) as amended;
- The Municipal Systems Act (MSA), 2000 (Act 32 of 2000);
- Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) as amended;
- MFMA Circular No. 13 – Service delivery budget implementation plan;

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- Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Managers (R805, Aug 2006);
- Municipal Planning and Performance Management Regulations (R796, Aug 2001);
- Local Government: Regulations on appointment and conditions of employment of senior managers (R21, Jan 2014); and
- Framework for Managing Programme Performance Information (2007);
- Gazette 29967, June 2007, MFMA Regulation for Minimum Competency;
- Gazette 41996, October 2018, Amendment to Regulation for Minimum Competency;
- Employment Equity Act, 1998;
- Gazette 45181, September 2021, Local Government Municipal Staff Regulations.

4. Performance Management System (PMS)

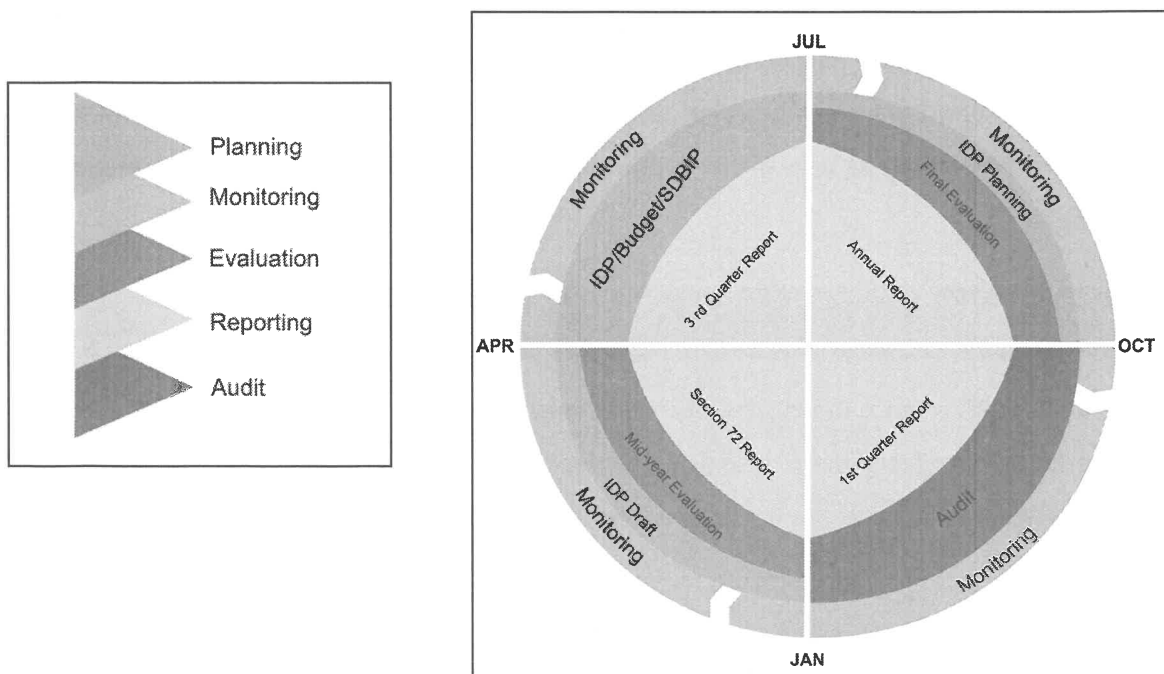
Each municipality must adopt a PMS which explains the complete performance management cycle. The cycle starts with the establishment of an oversight body (Council) who is responsible for the approval of a policy which describes the performance management process within the municipality.

The policy must explain the performance management cycle as it will be implemented, including timeframes and the implementation framework. The policy must be adopted by Council after consultation with the relevant stakeholders. An overview of the performance policy must be included in the IDP chapter dealing with performance.

Performance management is aimed at ensuring that municipalities monitor their IDP's and continuously improve their operations. In terms of Section 19 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) the Municipality must annually review their overall performance in achieving their constitutional objectives and deliver services in an effective and efficient manner.

4.1 Performance Cycle

The overall planning, budgeting, performance monitoring and reporting cycle can be summarised as follows:



Each of the above cycles can be explained as follows:

- **Performance Planning** ensures that the strategic direction of the Municipality more explicitly informs and aligns the IDP with all planning activities and resource decisions. This is the stage where Key Performance Areas (KPA's) and Key Performance Indicators (KPI's) are designed to address the IDP objectives and targets that are set. The planning of the IDP starts with the beginning of the new financial year and the **IDP process plan must be submitted to Council by 31 August** annually.
- **Performance Monitoring** is an ongoing process to determine whether performance targets have been met, exceeded or not met. Projections can also be made during the year as to whether the final target and future targets will be met. It occurs during key points in a process. Managers will monthly monitor the performance of their departments. Monthly reports on performance information must be submitted to the Portfolio Committees.
- **Performance Evaluation** is an analysis of the status of performance, i.e., performance against targets, why there is under-performance (if any) or what the factors were, that allowed for good performance in a particular area. Where targets have not been met, the reasons for this must be provided, examined and corrective action recommended. Evidence to support the status is also reviewed at this stage. The objective of the review should be based on actual performance and performance evidence. The supervisor and employee need to prepare for the review and discuss the performance during a focussed performance meeting. The respective supervisor must do a formal performance review **twice per annum**, mid-year review (Jul- Dec) and year-end review (Jul-Jun). An additional component is the review of the indicators to determine if they are feasible and are measuring the key performance areas appropriately.
- **Performance Reporting** entails regular reporting to management, the performance audit committee, Council and the public. This includes the quarterly, bi-annual and annual reports.
- **Performance Auditing** is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to Section 45 of the MSA, results of the performance measurement must be audited as part of the Municipality's internal auditing process and annually by the Auditor General.

5. Organisational Performance

The IDP process and the performance management process must be seamlessly integrated. The IDP is a key document in the performance management cycle as it described the municipal strategy and KPA's that needs to be implemented. PMS in turn, fulfils the implementation, management, monitoring and evaluation of the municipal strategy.

Organisational performance is the first step to seamlessly integrate the IDP, the municipal budget and performance management and it is measured through the SDBIP. The SDBIP is a plan that convert the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the Municipality will be implemented during the next twelve months. It also allocates responsibility to directorates and sub-directorates to deliver the services in the IDP and budget.

5.1 The Service Delivery Budget Implementation Plan (SDBIP)

The SDBIP is a management, implementation and monitoring tool that will enable the Municipal Manager to monitor the performance of the Municipality and its departments.

The SDBIP will only give effect to the Integrated Development Plan (IDP) and budget if the IDP and budget are fully aligned with each other. The SDBIP therefore serves as a contract between the administration, the Council and the community, expressing the objectives set by the Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. The SDBIP facilitates the process of holding management accountable for their performance. It provides the basis for measuring performance in the delivery of services.

The SDBIP enables the Municipal Manager to monitor the performance of senior managers, the Executive Mayor to monitor the performance of the Municipal Manager, and the community to monitor the performance of the municipality and senior managers to measure the performance of their Directorates. The SDBIP should therefore determine (and be consistent with) the performance agreements between the Executive Mayor and the Municipal Manager and the Municipal Manager and senior managers.

The SDBIP consists of two core components, the Top Layer SDBIP (TL SDBIP) which focuses on the strategy and key reporting requirements and the Departmental SDBIP that is the implementation of the TL SDBIP and measuring the departmental performance.

- **Top Layer:** Dealing with consolidated service delivery targets and linking such targets to top management.
- **Departmental Layer:** Top Management provides more detail on each output for which they are responsible and breaks up such outputs into smaller outputs and linking these to middle-level and junior management and from July 2022 to all levels of staff.

5.2 Top Layer SDBIP

The TL SDBIP indicates the responsibilities and outputs for each of the senior managers in the top management team, the inputs to be used, and the time deadlines for each output. The TL SDBIP will therefore determine the performance agreements of the Municipal Manager and senior managers, including the outputs and deadlines for which they will be held responsible. The TL SDBIP is also the part of the SDBIP that's tabled to Council and made available to the public.

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The TL SDBIP must be **submitted to the Executive Mayor within 14 after the approval of the budget** together with the draft performance agreements for the Municipal Manager and other senior managers and must be **approved by the Executive Mayor within 28 days after the budget has been approved**. The TL SDBIP report is a public document and must be **made public within 14 days after approval**.

The TL SDBIP and its targets cannot be revised without notifying the Council and if there are changes in service delivery targets and performance indicators, it must be with the approval of the Council, following approval of an adjustments budget (Section 54(1)(c) of the MFMA).

The TL SDBIP is a **one-year** detailed plan but should include a **three-year capital plan**.

The components of the TL SDBIP include:

- Monthly projections of revenue to be collected for each source (expected revenue to be collected NOT billed) (Revenue by source);
- Monthly projections of expenditure (operating and capital) and revenue for each vote (Section 71 format) (Cashflow statement);
- Quarterly projections of service delivery targets and performance indicators for each vote
 - Non-financial measurable performance objectives in the form of targets and indicators
 - Level and standard of service being provided to the community;
- Ward information for expenditure and service delivery; and
- Detailed capital works plan broken down by ward over three years (Capital project sheet).

The TL SDBIP forms a critical part of the quarterly (S52), the mid-year (S72) and the annual performance reports (S121 / S46).

5.3 Departmental SDBIP

In the departmental SDBIP, the top management provides more detail on each output for which they are responsible for and break down such outputs into smaller outputs and linking these to middle-level and junior management.

The departmental SDBIP will be using such detail to hold middle-level and junior-level managers responsible for various components of the service delivery plan and targets of the Municipality. The departmental SDBIP is compiled by senior managers for his/her department and is linked to the TL SDBIP and approved by the Municipal Manager. Any changes to the KPI's must be approved by the Municipal Manager.

Each KPI should have clear monthly targets and should be assigned to the person responsible for the KPI's. KPI targets should be **SMART** (specific, measurable, achievable, relevant and time-bound). Managers can use the Departmental SDBIP to manage the performance of all the sections of his/her department and can monitor it monthly during the departmental management meeting.

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Although departments must update the actual results on the Departmental SDBIP monthly, they will report their performance in terms of the SDBIP to their respective Portfolio Committees quarterly. Decision-makers should be warned immediately of any emerging failures to service delivery so that they can intervene if necessary. It is important that Departments use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. The SDBIP report submitted should be used to analyse and discuss performance. Changes in indicators and targets on the Departmental SDBIP may be proposed but can only be approved by the Municipal Manager.

5.4 System Descriptions

System descriptions must be prepared for each TL SDBIP KPI. System descriptions is essential as to improve the understanding of the requirements of the KPI, the proof/portfolio of evidence (POE) collection and it supports audit procedures. The system descriptions should address the following:

- KPI Ownership
- Definition of KPI
- Input
- Source documentation origin
- Source documentation Information
- Processing transactions
- Output
- Target calculation methodology
- Controls

Regular updates should be done to ensure that the system description is accurate and relevant. The review of the system descriptions must be done prior to the audit.

5.5 Update Actual Performance

The system allows for the TL SDBIP to be updated automatically with the actual results reported in the departmental SDBIP. The departmental SDBIP must be updated monthly and/or when targets are set. The KPI owners should report on the results of the KPI by properly documenting the information in the performance response fields and either attach or refer to where the POE is filed. In the instance of poor performance, corrective measures must be identified and documented. The POE should speak to the actual achieved and confirm the actual as updated.

The actual performance should be monitored quarterly in terms of the objectives, KPI's and targets set. To measure the outcomes of the KPI's, the outputs and POE's should be evaluated and documented.

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It is important to note that the Municipal Manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes. Each municipal department and staff member therefore need to proof the achievement of their performance so that it can be measured during performance monitoring and reviews. This information is also used to report performance and for internal and external audit purposes.

5.6 Adjustments to KPI's

TL KPI's can be adjusted after the mid-year assessment and/or after the adjustment budget has been approved. KPI's should be adjusted in line with the adjustment estimate (incl. capital projects) and the reason, for the adjustment of the indicator/target, should be submitted to Council. The KPI's can only be changed on the system after Council approval has been obtained. Adjustments to departmental KPI's can be made throughout the year but must be motivated and approved by the Municipal Manager.

5.7 Validation

An evaluation of the validity and sustainability of the KPI's should be done and the actual performance results and POE of each target should be updated and evaluated monthly. To measure the input/output of the KPI's, the performance results and POE's should be evaluated and documented. The KPI owners should report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set;
- The output/outcome of achieving the KPI;
- The calculation of the actual performance reported;
- The reasons if the target was not achieved; and
- Actions to improve the performance against the target set if the target was not achieved.

The Municipal Manager and his/her senior management team needs to implement the necessary systems and processes to provide the POE's for reporting and auditing.

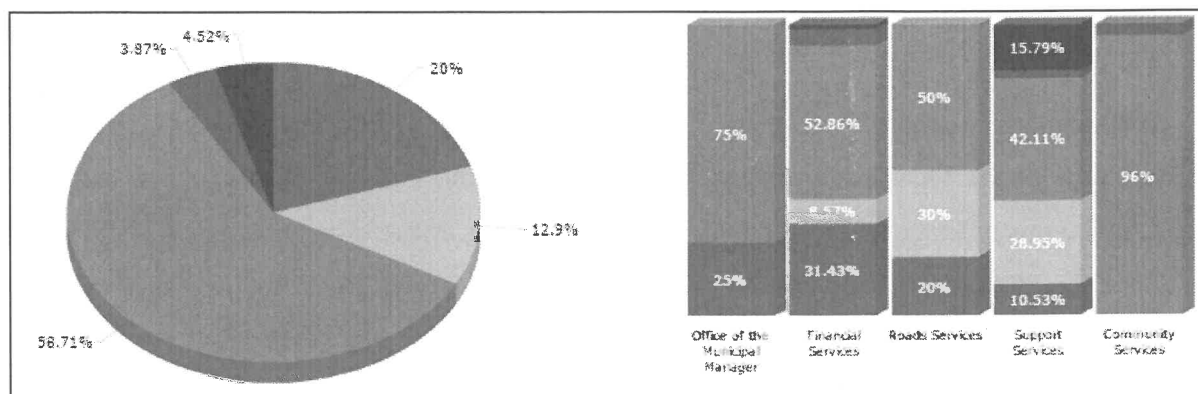
6. Performance Monitoring and Reporting

6.1 Introduction

An organisation that is performing well is one that is successfully achieving its goals and is effectively executing suitable strategies. Monitoring is the regular collection and analysis of information to track the implementation and measure the performance of the Municipality against its expected results.

Performance Management Policy

The IDP represents a set of strategic objectives and/or goals about what is aimed to be achieved within the given timeframe. Monitoring provides crucial information about how the Municipality is performing and this in turn helps decision makers and other stakeholders to measure whether the organisation is on track in meeting its objectives. Below is an example of a graph generated from the electronic system utilised by the Municipality.



Category	Colour	Explanation
KPI Not Met	Red	0% > = Actual/Target < 75%
KPI Almost Met	Yellow	75% > = Actual/Target < 100%
KPI Met	Green	Actual/Target = 100%
KPI Well Met	Dark Green	100% > Actual/Target < 150%
KPI Extremely Well Met	Blue	Actual/Target > = 150%

6.2 Reporting Intervals

REPORT	FREQUENCY	TO WHOM	CONTENT	COMMENTS
Departmental SDBIP	Monthly	Management and Portfolio Committees	Actual results achieved against department SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Top Layer SDBIP	Quarterly (Sec 52 within 30 days after end of quarter)	Management and Council	Actual results achieved against Top Layer SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Internal Audit reports on performance results	Quarterly	Council and Performance Audit Committee	Audit outcomes from auditing actual results captured/ indicated/ reported on	Outcomes to be used to rectify KPI's and actuals
MFMA Sec 52 report	Quarterly (within 30 days after end of quarter)	Management & Council (Copy to PT & NT)	Actual results achieved against Top Layer SDBIP KPI's	NB: Reasons for non-performance and corrective measures
MFMA Sec 72 report	25 January	Executive Mayor (Submit to next Council meeting after 25 January and copy to PT and NT)	Consists of 2 parts PM: Actual results achieved against Top Layer SDBIP KPI' Finance: As prescribed by NT	Use results/outcome to motivate adjustments budget
MSA Sec 46 report	31 August	AG, Council	As prescribed by NT Circular 63	Must form part of AR, – Circular 63

Performance Management Policy

REPORT	FREQUENCY	TO WHOM	CONTENT	COMMENTS
Annual report	Draft: 31 August to AG Draft: 31 January to Council Final: 31 March to Council with oversight report	AG, Council, Performance Audit Committee, MPAC (Copy to PT and NT)	As prescribed by NT Circular 63	NB: If full draft is submitted earlier to Council, remember that final must be submitted within 2 months after draft has been submitted

6.3 Mid-Year Assessment

The performance of the Municipality for the first 6 months of the financial year should be assessed and reported on in terms of Section 72 of the MFMA. The accounting officer of a municipality must in terms of Section 72 of the MFMA assess the performance of the municipality for the 1st six months of the financial year and submit a report to the Executive Mayor by 25 January. The Municipality must during the assessment consider the appropriateness of the targets in terms of the first six months' performance and the adjustment estimate. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of KPI's, if necessary.

According to Section 33 of the Municipal Budget and Reporting Regulations, the mid-year budget and performance assessment referred to in Section 72 must be in the format specified in Schedule C of the Regulation and include all the required tables, graphs and explanatory information considering the guidelines issues by the National Minister.

Although the report is mainly a financial report, one of the Annexures in terms of Section 7(b) of Schedule C requires a performance assessment in relation to the quarterly performance targets for the delivery of basic services in terms of the TL SDBIP.

In summary, the Municipal Manager should:

- Analyse the performance in terms of the targets set in the TL SDBIP;
- Preparation of the adjusted TL SDBIP for submission to Council for approval with the Adjustments Budget by the end of February as required by Section 54(1)(c) of the MFMA and Sections 24 to 26 of the Municipal Budget and Reporting Regulations;
- Effecting the approved adjustments on the SDBIP system; and
- Adjusting the Annexure A of the performance agreements of the MSA Section 56 and 57 managers in line with the adjusted TL SDBIP.

6.4 Annual Performance Report

The annual performance report must be completed by the end of August and submitted with the financial statements. This report must be based on the performance reported in the SDBIP. Reports should be generated from the respective performance management system, reviewed and updated in the performance

comments field for reporting purposes. A portfolio of evidence (POE) should be kept proofing recorded actuals.

6.5 Annual Report

The Draft Annual Report should be prepared and submitted to Council by 31 January every year.

6.6 Analysis of Performance Reports and Follow-up

In summary, the quarterly (S52-reports), mid-year (S72-report) and the annual (S46 reports) should be analysed and reviewed as soon as the reports are available. It will add credibility to the reports when it is published and to the individual performance assessments of the senior management.

The analysis should not only focus on POE's when the performance results are audited, but should also include an analysis of the results:

- Performance reported should indicate continuous improvement over time and should not only be to the benefit of communities and should focus on outcomes and not only on processes;
- The performance results reported should be a true reflection of the results reported in the performance management system;
- The results should be effectively communicated so that it is of value to the intended users;
- The quality of performing the function should be balanced with the cost of the performance, also to the consumer and not just to municipality; and
- Promotion of equalities and sustainable growth and development should also be reported on.

Actions should be identified to address the performance shortcomings highlighted during the audit. These actions must be recorded and regularly followed-up to ensure performance improvement.

7. Governance

The governance structure was established to offer credibility to the overall performance processes. The audit of performance information and system should comply with Section 166 of the MFMA and Regulation 14 of the Municipal Planning and Performance Management Regulations (2001).

7.1 Quality Control and Co-ordination

The Municipal Manager and PMS Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis. It is their role to ensure conformity to reporting formats and verify the reliability of reported information, where possible.

The Municipal Manager must review overall performance monthly while the PMS Manager should support him/her in verifying the performance data and prepare the performance reports.

7.2 Performance Investigations

The Executive Mayor or Performance Audit Committee should be able to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. Performance investigations should assess

- The reliability of reported information;
- The extent of performance gaps from targets;
- The reasons for performance gaps; and
- Corrective action and improvement strategies.

While the internal audit function may be used to conduct these investigations, it is preferable that external service providers, who are experts in the area to be audited, should be used. Clear terms of reference will need to be adopted by the Executive Mayor for such investigation.

7.3 Internal Audit

Section 165 of the MFMA requires that each municipality must have an Internal Audit Unit. However, such function may be outsourced. Internal audit can determine the reliability, accuracy, and integrity of financial and operational information. The MSA, Section 45 stipulates that the results of performance measurements must be audited as part of the Municipality's internal auditing processes.

The Municipality's Internal Audit Unit should continuously assess the performance reports based on the organisational and departmental scorecards and submit a quarterly internal audit report to the Municipal Manager and Performance Audit Committee.

The audit should include an assessment of:

- The usefulness of performance indicators;
- The functionality of the Municipality's performance management system;
- Whether the Municipality's PMS complies with the MSA; and
- The extent to which the Municipality's performance measurements are reliable in measuring the performance of the Municipality's by making use of indicators.

Auditing of performance reports must be conducted by the internal Audit Unit prior to submission to the Municipality's Audit Committee and the AG.

7.4 Performance and Risk Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations require that the Council establish an Audit Committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No councillor may be a member of an Audit Committee. Council shall also appoint a chairperson who is not an employee.

Performance Management Policy

The Regulations give municipalities the option to establish a separate Performance Audit Committee whereas the MFMA provides only for a single Audit Committee. The operation of this Audit Committee is governed by Section 14 (2-3) of the regulations.

According to the Regulations, the Performance Audit Committee must:

- Review the quarterly reports submitted to it by the internal audit unit;
- Review the municipality's performance management system and make recommendations in this regard to the council of that municipality;
- Assess whether the performance indicators are sufficient; and
- At least twice during a financial year submit an audit report to the municipal council.

It is further proposed that the Audit Committee be tasked with assessing the reliability of information reported.

To fulfil their function a performance audit committee may, according to the MFMA and the regulations, must:

- Communicate directly with the Council, Municipal Manager or the internal and external auditors of the municipality concerned;
- Access any municipal records containing information that is needed to perform its duties or exercise its powers;
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

7.4.1 Role of the Audit Performance and Risk Committee

The Audit Committee should also be able to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. The performance investigations should assess:

- The reliability of reported information;
- The extent of performance gaps from targets;
- The reasons for performance gaps; and
- Corrective action and improvement strategies.

7.5 Governance

The legislative requirements regarding reporting processes are summarised in the following table:

Performance Management Policy

TIME FRAME	MSA/ MFMA REPORTING ON PMS	SECTION
Quarterly reporting	The Municipal Manager collates the information and draft the organisational performance report, which is submitted to Internal Audit.	MSA Regulation 14(1)(c)
	The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee	MSA Regulation 14(1)(c)
	The Municipal Manager submits the reports to the Council.	MSA Regulation 14(1)(c)
Mid-year reporting	The Performance Audit Committee must review the PMS and make recommendations to council	MSA Regulation 14(4)(a)
	The Performance Audit Committee must submit a report at least twice during the year a report to Council	MSA Regulation 14(4)(a)
	The Municipality must report to Council at least twice a year	MSA Regulation 13(2)(a)
	The Accounting officer must by 25 January of each year assess the performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury.	MFMA S72
Annual reporting	The annual report of a municipality must include the annual performance report and any recommendations of the municipality's audit committee	MFMA S121 (3)(c)(j) & MSA S46
	The accounting officer of a municipality must submit the performance report to the Auditor-General for auditing within two months after the end of the financial year to which that report relates	MFMA S126 1(a)
	The Auditor-General must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report	MFMA S126 (3)(a)(b)
	The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality	MFMA S127(2)
	The Auditor-General may submit the performance report and audit report of a municipality directly to the municipal council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of the state	MFMA S127 (4)(a)
	Immediately after an annual report is tabled in the council, the accounting officer of the municipality must submit the annual report to the Auditor- General, the relevant provincial treasury and the provincial department responsible for local government in the province.	MFMA S127 (5)(b)
	The council of the municipality must consider the annual report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing council's comments on the annual report	MFMA S129 (1)
	The meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organ of the state	MFMA S130 (1)
	The Cabinet member responsible for local government must annually report to Parliament on actions taken by the MECs for local government to address issues raised by the Auditor-General	MFMA S134

8. Individual Performance

8.1 Introduction

Once the municipal objectives and targets have been set, it is possible to cascade these down to management and employees. The Local Government Municipal Planning and Performance Regulation Section 9(2) Indicates "In setting key performance indicators, a municipality must ensure that the key performance indicators inform the indicators set for all its administrative units and employees." Therefore, the performance of the Municipality is integrally linked to that of the personnel. It is therefore important to link the organisational performance to individual performance and to manage both at the same time, but separately.

Managing performance is therefore a key management tool to ensure that:

- Employees know what is expected of them;
- Managers know whether the employee's performance is delivering the required objectives;
- Poor performance is identified and improved; and
- Good performance is recognised and rewarded.

The performance of a Municipality is integrally linked to that of its staff. It is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately. Legislation requires that the Municipal Manager and Managers directly accountable to the Municipal Manager sign formal performance contracts. It is also a requirement that all employees have performance plans. Since the performance of every employee contributes to the overall delivery of the organisation's objectives, it follows that the performance of every employee should be managed.

Employees are the most valuable resource in providing efficient and effective services to the public. Therefore, it is important that all employees understand their job functions and what is expected of them. Each staff member will be given an opportunity to discuss and review their performance together with their relevant supervisor/ line-manager to address any developmental needs that might be identified during the performance cycle.

The performance management and development system apply to all employees except employees:

- a. appointed on a fixed term contract with a duration of less than 12 months;
- b. serving notice:
 - i. of termination of his or her contract of employment; or
 - ii. to retire on reaching the statutory retirement age;
- c. appointed on an internship programme or participating in the national public works programme or any similar scheme; and

- d. appointed in terms of sections 54A and 56 of the Act.

To ensure that performance is measured correctly for all employees the supervisor/line-manager must ensure that the performance agreements/ plans are aligned with the individual performance plans of all their staff and the employees' job description. All employees will be subjected to 2 formal performance evaluations and regular informal performance evaluations to ensure optimal performance.

8.2 Municipal Manager and Senior Managers

8.2.1 Introduction

The MSA and Regulation 805, read with Regulation 21 of January 2014 (Performance of the Municipal Manager and the Managers reporting directly to the Municipal Manager) require, that the Municipal Manager and managers reporting directly to the Municipal Manager enter into annual performance agreements. The performance agreements of the Municipal Manager and other senior managers should be directly linked to their employment contract.

Draft annual performance agreements must be submitted to the Executive Mayor within 14 days of the approval of the annual budget in terms of MFMA, Section 69(3). In terms of Section 53(3) of the MFMA the performance agreements must be made public no later than 14 days after the approval of the SDBIP. The agreements must be concluded within one month after the beginning of each financial year – MSA, Section 57(2). These performance agreements consist of three distinct parts:

- a. **Performance Agreement**

This is an agreement between the senior managers and the Municipality, which regulates the performance required for a particular position and the consequences of the performance. The agreement deals with only one aspect of the employment relationship, namely performance and development. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.

- b. **Performance Plan**

The performance plan is an annexure to the performance agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP (filtered per directorate) transcends into the performance plan(s) of the respective senior managers according to their areas of responsibility. The Municipal Manager will, in addition to the SDBIP, identify indicators, agreed with the directors, which should be included in the agreement.

- c. **Personal Development Plan**

The development plan is an annexure to the performance agreement and addresses the developmental needs/requirements of the manager indicating actions and timeframes. Performance plans included weights per indicator based on the importance of the indicator. Performance agreements are mutually agreed to by the Municipal Manager and senior managers/Municipal Manager and Executive Mayor and

must be approved/signed within the first month of the financial year or within 3 months after the start of new employment.

8.2.2 Evaluation of Section 54A Senior Managers

The management of the performance process for the Municipal Manager and other senior managers must be done in terms of Regulation 805 and Regulation 21 as explained in detail in these Regulations. **Performance must be reviewed quarterly, of which the mid-year and year-end performance will be formal evaluations.** Performance panels should be constituted in terms of the agreements for the formal evaluations and the results should be reported to Council.

8.3 Other Personnel: (Excluding the Municipal Manager and Section 56/57 Managers)

8.3.1 Performance Agreement/Plan

An employee shall enter into a performance agreement with his or her direct supervisor/line manager for each financial year (1 July -30 June).

The agreements of a serving employee must be concluded by 30 July each year within 30 days of the commencement of the new financial year of the municipality.

The performance agreements of other employees must be concluded within 60 days of:

- i his or her appointment as from 1 July of the new financial year;
- ii his or her transfer or promotion to a new post; or
- iii his or her return from prolonged leave that is more than three months.

The performance agreement shall be agreed for all employees in this category based on the job functions and include the following –

- i. the name, job title and the department of the employee;
- ii. The objectives or targets;
- iii. the KPAs, their weightings and the target date for meeting the KPA;
- iv. the KPI's and the performance standard for each KPI;
- v. the name and definition of the job specific competencies, their weightings and the expected level of capability for each competency;
- vi. a personal development plan prepared in compliance with regulation Section 50, Chapter 5 of the Municipal Staff Regulations (Gazette no. 45181); and
- vii. the process of monitoring and assessing performance, including the planned dates of assessment.

Performance Management Policy

8.3.2 Components of a performance agreement/plan:

The criteria upon which the performance of all employees must be assessed consist of two components: KPA's and job specific competencies. Employees performance must be assessed against both components. KPA's covering the main areas of the work will account for 80 % of the weight while the job specific competencies will constitute 20 % of the overall assessment result as per the weightings agreed in terms of the performance agreement.

Key Performance Area (KPA)

- i. The KPAs relates to the employee's functional area and must consist of not less than 5 and not more than 7 KPAs.
- ii. The supervisor and employee must ensure that performance management is aligned to the employees' job and KPA's relevant to the post that the employee holds.
- iii. The KPA weighting demonstrates the relative weight of each KPA:
 - a) The weightings need to be determined by the relevant supervisor/manager and agreed with the employee(s)/ team.
 - b) The KPA weightings show the relative importance of the KPAs.
- iv. The KPIs and the performance standard for each KPI. The KPI's—
 - a) include the input, quality or impact of an output by which performance in respect of a KPA is measured; and
 - b) must be measurable and verifiable.
- v. The performance standard for each KPI may be qualitative or quantitative.
- vi. The planned KPAs, KPIs and targets as contained in the performance agreement must meet the SMART criteria as outlined in the table below:

S	Specific, clear and understandable.
M	Measurable in terms of quantity, and, if possible, quality, money, and time. It must be possible to determine whether the activity took place and to decide how well it was done.
A	Attainable in that the activities to be performed have been agreed upon and must be within the capabilities and under control of the staff member.
R	Relevant in that each task should be related directly to the functional areas or specific projects assigned to the staff member.
T	Time-based in that the supervisor and staff member should be able to track progress against specified target dates and timeframes and assessment can take place within the annual reporting cycle of the performance agreement.

8.3.3 Competencies

- a) The job specific competencies, as derived from Annexure A of the Municipal Staff Regulations (Gazette no. 45181), must include:
 - i. the name and definition of the specific competency;
 - ii. the expected level of capability; and
 - iii. the relevant weightings.
- b) The competencies must be specific and applicable to the job of the employee and should not exceed six (6) competencies within a performance cycle.

8.3.4 Circumstances that impact on Performance Evaluations

a. Absence / Maternity leave during the performance cycle

If an employee is on leave or on sick leave for short periods of time, it should not impact on the performance of the employee. In the case of absence for long periods of time, the employee and employer should have a discussion to agree on the rating of the performance for the period not absent. The agreement and the new targets agreed should be documented and be attached to the original agreement.

The employer must carefully consider the rating and assessment of an employee who has been on prolonged leave of absence, to balance the rights of those who were absent with the contribution of those who had to do more work because others being absent.

b. Acting in higher positions

When an employee is requested to act in a higher position for shorter than eight weeks, the performance plan should be based on the post that the employee is permanently appointed to. Depending on the employee's performance during the periods of acting, recognition for performance of duties of the higher position should be given during the performance assessment, on the performance plan of the permanent post.

When acting in a higher position for longer than 3 months, where an acting allowance is being paid, a performance plan must be compiled for the higher position that the employee would be expected to perform against. The performance of the employee, acting in the higher position, will be assessed in terms of the amended performance plan, against the standards applicable to the level of the employee's permanent position. Performance incentives must be calculated at the salary level of the post to which the employee is permanently appointed, based on the employee's salary notch on 30 June of the cycle.

c. Eventuality for new employees

Employees that have started service during the financial year will be evaluated. Where applicable only employees that have been in service for six months and longer within a financial year.

d. Staff Movements

When employees are transferred at the same level, it is their responsibility to provide their most recent performance assessment to the new department. Where staff members change jobs within the department during the performance cycle, performance reviews related to the employee vacating the post should be completed prior to moving to the new position. If the employee changing jobs is a supervisor or manager, performance reviews for each employee under his/her control should be completed prior to his/her movement. When an employee is transferred to another department, a progress review discussion will be conducted for the current performance cycle prior to the employee leaving the department. In the case of supervisors, regardless of the reason for their departure, they will be required to assess their staff prior to departure.

e. Misconduct and suspension

Decisions pertaining to performance rating should be based on an employee's actual performance. In the event of alleged misconduct, some questions need to be posed:

- What was the nature of the misconduct (e.g., financial, management)?
- Was the person found guilty or not?
- If found guilty, what was the nature of the sanction (e.g., discharge, suspension)?
- Did the misconduct and/or sanction impact on performance?
- Was the employee suspended for a prolonged period?

Each case should however be judged on its own merit. If a misconduct charge, and/or the hearing, and/or any sanctions have a serious negative impact on an employee's performance, it would be difficult to motivate for awarding a 3-rating or higher and therefore the granting of a performance bonus.

f. Employees on probation

In instances where employees are on probation, the results of the performance assessment will assist in determining whether permanent appointment should be considered. The performance of the employees on probation should be evaluated quarterly and the assessment form should be submitted to HR.

8.3.5 Amendments to the Performance Agreement/Plan

- a) If at any time during the performance cycle the responsibilities of the employee changes to the extent that the performance plan in the performance agreement is no longer appropriate, the parties shall revise the performance agreement. Amendments made to performance agreements/plans must be signed and dated by both the employee and the employer. Performance can only be assessed on mutually agreed indicators and targets.
- b) If an employee is required to act in a post for a period that exceeds three months, the supervisor to whom the acting employee is reporting, must review the KPAs and KPIs in consultation with the

acting employee, and include the KPAs and KPIs in the employees amended performance agreement.

8.3.6 Personal Development Plan

- a) Every employee must have a personal development plan that identifies and addresses employees' developmental needs that were identified during the performance review or assessment.
- b) The personal development plan should contain the actions and timeframes agreed to by the relevant supervisor and employee.
- c) An employee may only undergo training that is:
 - i. contained in personal development plan or
 - ii. approved by the municipal manager or his/her delegate.

8.3.7 Team-Based Performance

- i. The employer shall establish a system for performance management and development for teams or an occupational stream below the level of a supervisor that will assist in deciding on rewards and skills development of an employee, which is consistent with the principles under clause.
- ii. Before implementing the team-based performance management and development system the employer will:
 - a. pilot the system on a team of employees in all affected occupational streams; and
 - b. consult the system with recognised trade unions within the Local Labour Forum.

8.3.8 Coaching, Mentoring and Training

Regular mentoring and coaching sessions must take place between supervisors and employees. These sessions can be used to change an employee's behaviour to ensure that targets are met or exceeded in instances where underperformance was identified.

These coaching and mentoring sessions are important to track employee performance and assists in strengthening competencies expected from employees. All coaching and mentoring sessions must be documented and signed by all parties involved.

Employees may also be required to undergo training to improve their performance. These training needs should be in line with the training needs in their Personal Development Plans.

Coaching, mentoring and training are not only for employees who are underperforming and must also be provided to those employees who are performing well to ensure that employees are improving on their skills and knowledge to enable them to meet the evolving organisational needs.

8.3.9 Performance Assessment

The supervisor or line manager must discuss the employees' performance with him/her on a regular basis and should give constructive feedback to ensure that performance standards are being upheld. The feedback should be given verbally and recorded in writing to serve as evidence that performance discussion took place between supervisor/line-manager and employees.

8.3.9.1 Frequency of Assessments

Assessments are done formally on a bi-annual basis and should be concluded on the automated performance management system as follows:

- Mid- year Performance Evaluation (1 July- 31 December) : Due 31 January annually
- Annual Performance Evaluation (1 July – 30 June): Due 29 August annually

8.3.9.2 Process flow for performance assessments

- i. The first step in the assessment allows for self-evaluation by the employee. Employees that do not have access to computers at the workplace must be provided with a hardcopy of their performance development plans to facilitate the process of manual assessment. The signed self-assessment must be submitted to the respective supervisor for capturing on the automated performance management system.
- ii. The second step in the assessment is the official rating of performance by the relevant Supervisor/Manager or Director. The outcome of the assessment should be discussed between the Supervisor/Manager or Director to clarify gaps between the self- assessment and the rating scored.
- iii. The third step in the assessment constitutes the moderation of performance outcomes to ensure objectivity and fairness in the application of scores throughout the organisation.
- iv. The final step in the assessment process is rewarding performance and dealing with substandard performance where applicable.

8.3.9.3 Mid-year Performance Evaluation

The mid-year performance appraisal shall involve:

- i. An assessment of the extent to which the employee achieved the performance objectives and targets as outlined in the performance plan, which involves the following:
 - a. each KPA assessed to determine the extent to which the specified standards or KPI have been met, with due regard to ad hoc tasks that had to be performed under that KPA;
 - b. an indicative rating on the prescribed five-point scale for each KPA; and

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- c. the rating assigned to each KPA multiplied by the weighting given to that KPA to provide a weighted score for that KPA.
- ii. An assessment of the extent to which the employee achieved the job specific competencies outlined in the performance plan, which involves the following:
 - a. each competency assessed to determine the extent to which the specified standards have been met;
 - b. an indicative rating on the prescribed five-point scale provided for each job specific competency;
 - c. the rating assigned to each job specific competency is multiplied by the weighting given to that competency to provide a score for that competency; and;
 - d. The assessment rating calculator is used to add the scores and calculate a final competency score, based upon the weightings allocated to the job specific competencies.
- iii. The mid-year performance assessment must be recorded and co-signed by the supervisor and employee.
- iv. The mid-year performance evaluations must occur within 30 days after the end of the mid-year performance cycle.
- v. The mid-year performance review will be based on the existing performance agreement.
- vi. Interventions and corrective actions must be identified in relation to under achievement of performance outputs or outcomes and clearly outlined in writing and co-signed by the relevant parties for inclusion in the personal development plan.
- vii. The amended performance agreement or addendum must be co-signed by the supervisor and employee; and
- viii. Personal growth and career development needs identified during the performance assessment and all actions and timeframes agreed to must be recorded in the employee's personal development plan in compliance with Section 50, Chapter 5 of the Municipal Staff Regulations (Gazette no. 45181).
- ix. A record of the amendments must be kept for purposes of annual performance assessment.

8.3.9.4 Annual Performance Evaluation

The annual performance appraisal shall involve:

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- i. an assessment of the extent to which the employee achieved the performance objectives and targets as outlined in the performance plan, which involves the following:
 - a. each KPA assessed to determine the extent to which the specified standards or KPI have been met, with due regard to ad hoc tasks that had to be performed under that KPA;
 - b. an indicative rating on the prescribed five-point scale for each KPA; and
 - c. the rating assigned to each KPA multiplied by the weighting given to that KPA to provide a weighted score for that KPA.
- ii. an assessment of the extent to which the employee achieved the job specific competencies outlined in the performance plan, which involves the following:
 - a. each competency assessed to determine the extent to which the specified standards have been met;
 - b. an indicative rating on the prescribed five-point scale provided for each job specific competency;
 - c. the rating assigned to each job specific competency is multiplied by the weighting given to that competency to provide a score for that competency; and
 - d. the assessment rating calculator is used to add the scores and calculate a final competency score, based upon the weightings allocated to the job specific competencies.
- iii. The annual performance assessment must be recorded and co-signed by the supervisor and employee.
- iv. The annual performance evaluations must occur within 60 days after the end of performance cycle.
- v. The details of the performance evaluation must be in writing clearly outlining the employee career development needs.
- vi. Personal growth and career development needs identified during the performance assessment and all actions and timeframes agreed to must be recorded in the employee's personal development plan in compliance with Section 50, Chapter 5 of the Municipal Staff Regulations (Gazette no. 45181).

8.3.9.5 Assessment of Performance

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- i. The performance of individual employees will be evaluated based on two components, being the KPA and the job specific competencies. KPA will account for 80 % and the job specific competencies will account for 20 % of the final score.
- ii. An overall rating in accordance with the prescribed assessment rating calculator is calculated as a summary of the outcome of the performance appraisal by using the weighting ratio of 80:20.
- iii. The performance should be measured by applying the following rating scale:

LEVEL	TERMINOLOGY	DESCRIPTION
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Not Fully Effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

8.3.9.6 Performance Moderation

The moderation committee shall review and moderate the overall performance ratings for employees determined after the performance evaluation process. The moderation process will be conducted in 3 levels within a reasonable timeframe after the end of the financial year, but no later than six months after the financial year to ensure that the final individual performance ratings are fair across the employees and aligned to the Municipality as a whole.

i. Moderation at Sub-Directorate Divisional Level

At this level the moderation panel consist of:

- a) the respective Sub Directorate Head/Manager, who must act as chairperson;

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- b) all officials in a supervisory capacity that reports directly to the Head/Manager;
- c) a Senior representative from Human Resource Department; and
- d) One representative from the Performance Management Unit

Moderation of performance results at this level presents an opportunity to the Supervisors to clarify and substantiate the performance rating scored to subordinates in instances where parties disagree. This process will also capacitate supervisors and broaden their knowledge and understanding with regards to performance evaluation process. It will also be expected from supervisors to engage with subordinates in instances where the committee suggest changes in performance ratings due to the performance assessment by the employee and the supervisor not conforming to performance norms and standards or where there is a lack of evidence to support the performance rating. The performance rating will be reassessed by the relevant supervisor in consultation with the affected staff member. This process should be finalised by the 30 October each year. On completion of the moderation at this level, the performance assessment outcome of the relevant Division will be endorsed by the relevant Manager for submission to the Departmental Moderation Committee for further moderation.

II. Departmental (Directorate) Moderation Committee

The departmental performance moderation committees are established by the municipal manager and convenes annually. At this level the moderation panel consist of:

- a. the relevant Manager/ Director/ Municipal Manager, who must act as chairpersons in the committees;
- b. All managers directly accountable to the Director/Municipal Manager, who must be recused from the committee before their assessments are considered by the committee;
- c. Senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services;
- d. A representative from the Performance Management Unit.

Moderation of performance results at this level presents an opportunity to the Head to clarify and substantiate the performance rating scored to subordinates. If the departmental moderation committee has reason to believe that any performance assessment by the supervisor does not conform to performance norms and standards

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or that there is lack evidence or information to support the performance ratings, the departmental moderation committee may not reassess, amend or adjust the performance ratings of a staff member, but may refer the assessment back to the relevant supervisor for reassessment in consultation with the affected staff member. This process should be finalised by 30 November each year. On completion of the moderation at this level, the performance assessment outcome of the relevant directorate will be endorsed by the relevant director for submission to the Municipal Moderation Committee for final moderation.

iii. Moderation at Municipal Manager Level Municipal Moderation Committee

This committee must be duly constituted by the municipal council and will consist of:

- a) the Municipal Manager or his/her delegated authority who will act as chairperson;
- b) all Directors or their representatives;
- c) The Manager Human Resources;
- d) One representative from the Performance Management Unit, where applicable;
- e) Risk Officer; and
- f) Administrator (Internal Audit).

Moderation of performance results at this level presents an opportunity to Directors to clarify and substantiate the performance rating scored to subordinates. The Municipal Manager will review the individual performance outcomes of all municipal employees in conjunction with Directors and the rest of the committee and may effect changes to individual performance outcomes. This process should be finalised by 31 December each year. At this level the Municipal Moderation Committee must determine the percentages for the merit-based rewards (if applicable) subject to affordability and the annual approved municipal budget in terms of Section 16 of the Municipal Finance Management Act.

On completion of the moderation at this level, the performance assessment outcome of the entire workforce will be endorsed by the Municipal Moderation Committee. Changes to individual performance assessment outcomes proposed at this level will be regarded as final and will be effected on the automated performance management system.

iv. Assessment Appeal Panel Committee

The Assessment Appeal Panel will convene in an event where an employee disagrees over performance ratings. The Assessment Appeal Panel will consist of: Relevant

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Manager in Directorate, Head of Division as expertise of the line function, Performance Management specialist, Human Resources Manager or his representative.

The Panel will consider written representations of an employee. The scores of employees who qualifies for performance rewards after the Assessment Appeals Panel Committee will be referred to the Municipal Moderation Committee for consideration in terms of the approved Reward and Recognition Policy (if applicable). In the event of any remaining disagreement over the performance assessment of an employee, the employee may follow the formal grievance rules.

8.3.9.7 Communication of final outcomes of performance assessments

The outcome of performance assessments should be communicated downwards to each municipal employee by Directors/Managers and Supervisors by 31 January each year. This feedback is important to gain employee confidence and to ensure transparency. It will also give employees an opportunity to lodge a dispute to request a review of his/her performance assessment.

The performance management unit will only be responsible to officially communicate the performance assessment outcomes to those employees who are eligible to receive a performance reward in terms of the reward and recognition policy (if applicable).

8.3.10 Performance Rewards (If applicable)

Performance related rewards are at the discretion of the Municipality and may be awarded to an employee-

- a. who has served the full assessment period of 12 months on 30 June of each financial year of a municipality;
- b. transferred or seconded horizontally during the performance cycle within the municipality;
- c. who is on uninterrupted approved leave for 3 months or longer;
- d. who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results.

Performance related rewards may not be awarded to an employee:

- a. appointed after 1 July of that performance cycle;
- b. who is serving probation as stipulated in regulation 23;
- c. whose performance period is less than 12 months;
- d. whose employment is for a fixed term duration of less than 12 months; or

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- e. whose post was upgraded without a change in performance agreement.

Performance will be rewarded in accordance with the approved Reward and Recognition Policy.

8.3.11 Substandard Performance

i. Purpose

These procedures are intended to:

- a. create an enabling environment to facilitate effective performance by the employee;
- b. provide the employee with access to skills development and capacity building opportunities to promote efficient and effective performance;
- c. provide remedial and developmental support to assist the employee to deal with substandard performance; and
- d. ensure that the employer and its employees work collaboratively to generate solutions to problems and improve everyone's performance.

- ii. The management of poor performance is a line management responsibility, however either the employee or line manager may at any time during the process approach Human Resource Department for advice.

iii. Evaluation of employee performance

The employer will evaluate both new and existing employee's performance by considering:

- a. the extent to which the substandard performance impacts on the work of the employer and the achievement of its goals;
- b. the extent to which an employee fails to meet the required performance standards set by the employer;
- c. the extent to which an employee lacks the necessary skills, competencies and expertise to meet the performance objectives, standards and targets for his/her post as contained in the performance agreement; and
- d. the nature of the employees works and responsibilities.

If there is reason to believe that an employee is not performing in accordance with the minimum performance standards of his/her post, the supervisor must take the following step:

1. Document the performance problems observed and investigate employees past performance to determine if the problem is new or recurring.

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2. Convene a meeting to discuss and give feedback also in writing to the employee on his /her performance, indicating where standard is not reached and what is required;
 3. Furnish the employee with written reasons why it is necessary to initiate this procedure.
 4. During the meeting the supervisor or line manager must—
 - a. explain the requirements, level, skills and nature of the post;
 - b. evaluate the employee's performance in relation to the performance agreement and set standards;
 - c. explain the reasons why the performance is considered substandard;
 - d. afford the employee or his/her representative an opportunity to respond to the performance outcomes referred to in paragraph (c); and
 - e. Set clear expectations with a detailed improvement plan and review reasonable dates as well as consequences should the employee fail to improve performance and reach the required standard.
- iv. Dealing with substandard performance
- 1) An employee who receives a performance rating below 3 (three) in terms of the Five-Point Rating will be deemed as underperforming and will
 - a. be assisted in developing his/her competencies through training, coaching, mentoring and supervision where applicable and not required as part of formal qualification required for position; and
 - b. develop a revised personal development plan with his/her supervisor to deal with their shortcomings as identified.
 - 2) The personal development plan must contain at least:
 - a. a description of the behaviour and skills that require improvement;
 - b. a description of the actions that will be undertaken to improve the identified behaviour and skills that require improvement;
 - c. the deadlines for improvement;
 - d. a schedule of meeting to assess improvements and provide feedback; and
 - e. details of the potential consequences if there is no improvement in performance.
 - 3) The meetings to assess improvements and to provide feedback must be recorded in writing;

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- 4) The agreed initiatives are to be monitored regularly and informal feedback discussions to be held once a month with employee regarding the progress or lack thereof and confirmed in writing, copy also furnished to employee.

v. Corrective action

After considering the employees reasons, the supervisor may, if necessary:

- a. Initiate a formal programme of counselling and training to enable the employee to meet the required standard of performance, which must include:
 - i. an assessment of the time that it will take for the employee to deal with substandard performance;
 - ii. the timeframes within which employee is expected to meet the required performance standards;
- b. identify and provide appropriate training for the employee to reach the required standard of performance;
- c. establish ways to address any factors that may affect the employees; and
- d. Development needs of employees identified during performance monitoring and coaching processes must be evaluated and addressed to encourage good performance, improves job-related skills and competencies that support employees to keep up with changes in the workplace.

vi. Failure to meet required performance

If the employee fails to meet the required performance standards for the post after being subjected to a formal programme of counselling and training, the supervisor may:

- a. Regularly evaluate the employee's performance;
- b. provide further remedial or developmental support to assist the employee to eliminate substandard performance

If the employee's performance does not improve after he/she received appropriate performance counselling, training, assistance and the necessary support and reasonable time to improve his/her performance or he/she refuses to follow a formal programme of counselling and training contemplated therein:

- a. The Manager must advise the employee on aspects in which he/she does not meet the required performance standards of the post and provide written reasons why performance is unsatisfactory also indicating what is expected standard;

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- b. The Manager and director must bring the allegations of substandard performance to the attention of the Human Resource Division who will provide guidance/advice to the relevant manager or director;
- c. After consultation with the Human Resource Department the director or his delegated authority must bring the allegations to the attention of the Municipal Manager in the form of a report; and
- d. The Manager/Director must table the report contemplated in subparagraph (c) before the Municipal Manager.

If the Municipal Manager is satisfied that sufficient evidence exists to institute Incapacity proceedings against the employee based on the alleged substandard performance the Municipal Manager (or his/her delegated official), must furnish the employee with a Notice indicating the time, and venue of the Incapacity hearing as well as clearly indicate employees' rights, who may act as representative and the possibility of termination as an outcome.

Alternatives to considered in respect of an employee whose performance has not improved to at least a standard that is fully effective:

- a. Continuation of the actions referred to in the personal development plan (not more than 3 months);
- b. alternative actions to improve performance;
- c. offering the employee an alternative job within the municipality that is better suited to the employee's personality and skills; or
- d. termination due to incapacity in terms of the provisions of the Labour Relations Act.

Poor work performance will be dealt with in accordance with guidelines in Items 8 and 9 of Schedule 8 to the Labour Relations Act.

vii. Performance improvement

Upon successful completion of formal programme of counselling and training, the employee will receive written confirmation from the Human Resource Department which will state that:

- i. The employee's performance during the formal programme of counselling or training was satisfactory; and
- ii. The employee is deemed competent, and no further counselling or training will be required.

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The letter of confirmation together with the personal development plan and other relevant performance monitoring documents will be stored in the employee's personnel file.

8.3.12 Disputes: Performance Agreements and Ratings

8.3.12.1 Section 56/57 Employees

The Appeals process as prescribed in R805 of August 2006 and as agreed in the employment and performance contracts of the Section 56/57 Senior Managers will be applicable in instances where they are not in agreement with their final performance evaluations.

8.3.12.2 Other Employees (Excluding Section 56/57 employees)

- i. Any dispute about performance objectives or targets must be mediated by the relevant head of department or directorate of the employee to whom this function is delegated. If the dispute is not resolved to the employee's satisfaction, the employee may lodge a grievance in terms of the applicable procedures.
- ii. Any dispute relating to the conclusion of the performance agreement or an amendment to the performance agreement, must be referred to the head of the relevant department or directorate not later than five days of lodging the grievance in terms of the applicable procedures.
- iii. A dispute contemplated in sub-regulation (2) must be resolved within one month of receipt of the dispute by the head of the department, after:
 - Considering the representation from the employee concerned and his/her supervisor; and
 - Consultation with the Manager: Human Resources.
- iv. An employee who is not satisfied with the outcome of the procedure, may lodge a dispute in terms of the dispute resolution mechanisms of the bargaining council.

8.4 Portfolio of Evidence

A portfolio of evidence (POE) is any supporting motivations or a collection of various documentation that are used to show that performance requirements have been met. The performance evidence must be evaluated and documented to measure the outcomes of the KPIs.

The performance evidence collected will be used to:

- Evaluate the employee's performance against set objectives; and
 - Determined whether employees have met the performance objectives/ standards.
- i. Gathering and collating of evidence

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The responsibility is on the employee or team to gather, collate and present evidence against the measurable KPIs and where applicable, job specific competencies as contained in the performance agreement for the entire performance cycle which will be used to substantiate scores related to the achievement of KPIs and job specific competencies. Failure to provide evidence related to the achievement of objectives will have a negative impact on determining the employee's performance outcomes.

In the event where it is not possible for the employee to maintain portfolio of evidence the Municipal Manager may exempt categories of employees from maintaining a portfolio of evidence in which case alternative mechanisms or designated employees will be identified to maintain the portfolio of evidence of those employees. The following scenarios could apply:

- portfolio of evidence for operational staff should be maintained by the supervisors where operational staff are not able to provide evidence or;
- where POE is not available in instances of operation staff and other staff members, a proper motivation will be sufficient.

ii. Determining the source evidence

There are no correct set of documents that can be used to substantiate performance. The evidence will be determined by the nature of the work. The source document used must proof the achievement of the actual performance result reported. When considering evidence to substantiate performance the following guidelines should be considered:

- a. The source and the nature of the documents used for evidence must be carefully considered and must be able to proof performance and achievement of targets;
- b. Fewer documents should be used to proof performance;
- c. Portfolio of evidence must be easily accessible and where possible reference should be made to where portfolio of evidence can be found; and
- d. Portfolio of evidence must be stored in a systematic and organized manner.

iii. Nature of Evidence

A supervisor may at the latest by the mid-year review:

- a) accept other evidence that substantiates achievement of KPIs and competencies and
- b) assist the employee or team to obtain such evidence.

Evidence may inter alia, include:

- Official records (emails, attendance registers, meeting minutes, memorandums, system reports, certificates, project plans);

- Confirmation by a supervisor;
- Confirmation by other stakeholders such as letters of appreciation, external statistic reports etc.;
- Inspection or viewing of evidence by supervisors (reports, photographic evidence, job cards, filing systems, physical inspection or viewing of job sites).

The evidence should be:

- simple, accessible, and easy to understand;
- collected as part of daily activities;
- authentic - don't make copies of copies;
- compiled long in advance; and
- not be falsified.

iv. Quality Assurance of evidence

For the management of individual performance where required, the employee or supervisor must collect, review and submit evidence to support performance achievements. All evidence must be submitted during the self-review to ensure that the supervisor/manager have sufficient time during the manager's review to scrutinise the evidence presented. The evidence submitted will enable the supervisor/manager to determine whether the employee has demonstrated his/her ability to perform the task and whether it was done above or below expectations. Evidence can be submitted electronically or in hardcopy depending on arrangement between the employee and supervisor/ manager.

The following principles should be considered when compiling or collecting portfolio of evidence, to make sure it adequately demonstrates knowledge, skills, and behaviours:

- The reliability of the performance information used as evidence. The source and nature of the evidence and the circumstances under which it was obtained;
- The relevance of the KPI and performance information to the objectives of the division;
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported correctly;
- Validity: The evidence presented should be an appropriate way of demonstrating the abilities you want to show; and
- Authenticity: The evidence must be the employee's own work.

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To ensure the achievement of efficient and effective performance all portfolio of evidence must be accurate, valid, reliable, properly referenced and safely stored for inspection purposes. The moderation committee(s) will rely on the quality checks done on portfolio of evidence by the supervisor/manager to make informed decisions regarding employee performance during moderation sessions.

9. Service Providers

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to AG's office:

- Service provider means a person or institution or any combination of persons and institutions which provide a municipal service;
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality; and
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

The municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality.

All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with. Each department is responsible for the monitoring and reporting on the performance of service providers in terms of Chapter 8 of the MSA and Section 116 of the MFMA.

9.1 Notification of Service Providers

All service providers or prospective service providers must be informed of the adopted system of:

- An assessment and reporting of the service provider's performance;
- Setting of performance criteria in terms of the tender, the required deliverables and service level agreement;
- The use of the service provider performance reports when evaluating service providers for registration, pre-qualification, selective tender list, expressions of interest or awarding of a contract; and
- The exchange of information on service provider performance reports between government units/ departments.

9.2 Evaluating the Performance of Service Providers

Council must approve the thresholds (size and types of service provider contracts) that need to comply with the requirements of this Policy. The thresholds that need to be reviewed annually include:

- Contracts larger than R200 000; and
- Contracts where the service providers are required to deliver a service (not goods and products).

The service provider must sign a service level agreement indicating the services to be delivered, the timeframes and the evaluation methodology. The service provider's performance must be assessed in the context of the project. The respective roles and obligations of the Municipality and service provider must be considered.

Persons preparing or reviewing the performance of a service provider must consider whether satisfactory progress or completion of a project has been affected by any matters which are:

- Outside the service provider's control; or
- The result of some action by the Municipality.

The service provider's performance must therefore be evaluated against set performance criteria, after taking into account matters beyond the service provider's control.

9.2.1 Prescribed procedures to evaluate service providers

The following procedures need to be followed:

- The requirements of this Policy must be included in the contract of the service provider;
- The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer;
- The assessment form must be filed in the contract file or captured onto the database when a database is available;
- The Reporting Officer must complete the assessment form at the end of each quarter and on completion or termination of the contract;
- The quarterly assessment must be completed within 15 working days after the end of each quarter;
- The Reporting Officer must provide a copy of the assessment to the service provider at the end of each quarterly assessment period and on completion or termination of the contract;
- The Supply Chain Management Unit will review the quarterly service provider assessments within 20 days after the end of each quarter and submit a summary report to Council;
- The Accounting Officer need to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular

basis; and

- In the instance of under-performance:
 - The Municipality will facilitate support interventions to service providers in the identified areas of under-performance;
 - Service providers who have been identified as under-performing in identified areas must be informed of these support interventions;
 - The impact of support interventions must be monitored by the Reporting Officer; and
 - The records of support interventions must be documented, signed by both parties and appropriately filed.

10. Evaluation and Improvement of the Performance Management System

The MSA requires the municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete; the Municipal Manager will initiate an evaluation report annually, considering the input provided by directorates and departments. This report will then be discussed by the Management Team and finally submitted to the Council for discussion and approval. The evaluation should assess:

- The adherence of the performance management system to the MSA;
- The fulfilment of the objectives for a performance management system;
- The adherence of the performance management system to the objectives and principles; and
- Opportunities for improvement and a proposed action plan.

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve their quality of life, it is poor performance that needs to be improved as a priority. To do this, it is important that the causal and contributing reasons for poor performance are analysed. Poor performance may arise out of one or more of the following:

- Poor systems and processes;
- Inappropriate structures;
- Lack of skills and capacity;
- Inappropriate organisational culture; and
- Absence of appropriate strategy.

To improve performance, the appropriate response strategy should be chosen:

- Restructuring is a possible solution for an inappropriate structure;

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- Process and system improvement will remedy poor systems and processes;
- Training and sourcing additional capacity can be useful where skills and capacity are lacking;
- Change management and education programmes can address organisational culture issues;
- The revision of strategy by key decision-makers can address shortcomings in this regard; and
- Consideration of alternative service delivery strategies should be explored.

Performance analysis is a requirement to identify poor performance. The Municipal Manager will implement the appropriate response strategy to improve performance.

11. Summary of Municipal Performance Cycle

PERFORMANCE MANAGEMENT CALENDAR		
ACTION	ACTIVITY	COMMENT
July		
Service Provider Performance	4 th Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
Performance Reporting	4th Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report Input for Annual Report for AG
MM/Senior Managers performance agreements	Prepare and approval	Prepare agreements in terms of R805 Approval and signed before 31 Jul KPI's aligned with SDBIP Include CCR's evaluation committee; evaluation periods; bonus (where applicable)
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP	IDP Framework and Process Plan	Process plan to ensure proper planning and involvement of all stakeholders to identify clear objectives and key performance areas
August		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Staff Performance	Formal review of staff performance	Evaluation of performance for the past 6 months ending June Moderation; coaching and counselling Document and report
Staff Performance	Finalise performance plans	Determine KPI's -Key outputs/ outcomes; career goals; job requirements; measurement criteria; skills required and development needs / plan

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PERFORMANCE MANAGEMENT CALENDAR		
ACTION	ACTIVITY	COMMENT
IDP	IDP Process Plan	Submission to Executive Mayor Approval of plan
September		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Annual Performance Report	Finalise and submit performance report to AG	Performance report on financial and operation performance for audit purposes
MM/Senior Managers Performance	Annual performance review	Review against targets Review CCR's - obtain 360-degree input Determine development needs Calculate rewards in terms of agreements Document and sign-off
October		
Service Provider Performance	1 st Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Performance Reporting	1 st Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report
MM/Senior Managers Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
IDP & Budget	Public participation	Consult key stakeholders / role-players Identify potential projects / needs
November		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Planning	Strategic Planning	Planning sessions with Council and Management Mission, Vision and Values Review progress against strategic objections Review strategic direction and progress Alignment with national strategies Budget guidelines / draft projects
Staff Training	PMS Training updates	Identify any performance management training

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PERFORMANCE MANAGEMENT CALENDAR		
ACTION	ACTIVITY	COMMENT
		needs and address with update training sessions
December		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Annual Report	Draft Annual Report	Final draft to be ready for submission to Council
January		
Service Provider Performance	2 nd Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Performance Reporting	Prepare and submit Mid-year performance report in terms of Section 72 of the MFMA	Each department to finalise SDBIP quarterly report
Staff Performance	Formal review of staff performance	Evaluation of performance for the past 6 months ending December Moderation; coaching and counselling Document and report
Annual Report	Submit draft report to Council	Final draft submitted to Council for adoption in principle and public participation
February		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
MM/Senior Managers Performance	Mid-year formal performance review	Review against targets Review CCR's - obtain 360-degree input Determine development needs Calculate rewards in terms of agreements Document and sign-off
Annual Report	Advertise draft Annual Report for public participation	Advertise draft Annual Report for public comment in terms of service delivery
Oversight	Oversight Committee considers Annual Report	Review Actions to address shortcomings Performance Risk Assessment Report to Council
March		

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PERFORMANCE MANAGEMENT CALENDAR		
ACTION	ACTIVITY	COMMENT
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP	Draft IDP to Council	IDP aligned with national strategy I Include clear objectives and municipal KPA's Needs that cannot be accommodated should be included in priority listings Should include all required sectoral plans that are aligned
Budget	Draft Budget to Council	Budget aligned with IDP and address IDP objectives
SDBIP	Draft top level SDBIP and submit with draft budget	Top Level SDBIP should be aligned with IDP and budget; strategic objectives; municipal KPA's; assigned to senior managers and include outer year performance
Annual Report	Approval of Annual Report	Public comment considered Final Annual Report submitted Oversight committee report submitted Proposed actions approved
April		
Service Provider Performance	3 rd Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Performance Reporting	3 rd Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report
IDP & Budget	Public participation	Obtain public input in draft documents and consult key stakeholders
MM/Senior Managers Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
May		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP & Budget	Approval of IDP and Budget	Approval by Council
SDBIP	Departmental SDBIP development	Workshop with departments
June		

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PERFORMANCE MANAGEMENT CALENDAR		
ACTION	ACTIVITY	COMMENT
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
SDBIP	Top Level SDBIP approval	SDBIP to be submitted to Mayor within 14 days after budget approval Approval by Mayor within 28 days after budget approval
SDBIP	Approval of departmental SDBIP	SDBIP to be address all Top Level KPI's Address departmental responsibilities Key activities, challenges and risks; performance plans (project lifecycle); resource allocation; inputs and timeframes
Workplace Skills Plan	Update and submit WPSP	Alignment with needs as per mid-year performance reviews

The proposed performance management framework is aimed at guiding the municipality in the development of a performance management system which will contribute to improving the municipal performance and enhance service delivery. The framework is developed to provide details which describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.

The process of implementing PMS must be seen as a learning process, where we are continuously improving the way, the system works to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

12. Abbreviations

ABBREVIATIONS	
AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
EE	Employment Equity
HR	Human Resources
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

