

# OVERBERG

## DISTRICT MUNICIPALITY



## PERFORMANCE MANAGEMENT AND DEVELOPMENT POLICY FRAMEWORK

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## Abbreviations

<b>AGSA/AG</b>	Auditor-General of South Africa
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CCR</b>	Core Competency Requirement
<b>CFO</b>	Chief Financial Officer
<b>EE</b>	Employment Equity
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>JD</b>	Job Description
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCO</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MSA</b>	Municipal Systems Act (Act No. 32 of 2000)
<b>mSCOA</b>	Municipal Standard Chart of Accounts
<b>MTREF</b>	Medium Term Revenue Expenditure Framework
<b>NGO</b>	Non-governmental organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>ODM</b>	Overberg District Municipality
<b>PMDS</b>	Performance Management and Development System
<b>POE</b>	Portfolio of Evidence
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SCM</b>	Supply Chain Management
<b>SD</b>	System Description
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SLA</b>	Service Level Agreement
<b>SOP</b>	Standard Operating Procedure
<b>TL</b>	Top Layer
<b>WSP</b>	Workplace Skills Plan

## 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.

### "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.

### "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.

### "Employer"

Employer refers to the Overberg District Municipality.

### "Employment Contract"

A contract as contemplated in Section 57 of the Municipal Systems Act;

### "Input Indicator"

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

### "Job"

Means the basic of duties, functions, tasks, competency requirements and responsibilities according to which one or more posts of the same grade are established

### "Job evaluations"

Means the systematic process of assessing the job content and ranking jobs according to a consistent set of job characteristics to create a job width hierarchy that determines and illustrates where each job fits in the municipality relative to other jobs in the municipality

### "Integrated Development Plan"

A plan envisaged in section 25 of the Municipal Systems Act

### "KPA's"

Means key performance areas.

### "KPI's"

Means key performance indicators.

### "Local Community" or "Community"

In relation to a Municipality, means that body or persons comprising —

- the residents of the District Municipality.

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

**"Mayor"**

Means the mayor or executive mayor of a municipality as elected in terms of the Municipal Structures Act.

**"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 —

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

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, and any regulations made under that Act.

**"Municipal Structures Act"**

The Local Government: Municipal Structures Act No. 117 of 1998.

**"Municipal Systems Act"**

The Local Government: Municipal Systems Act No.32 of 2000.

**"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"**

Means a written agreement concluded annually between a municipality and a staff member that set out the agreed KPA's and KPI's within a performance cycle.

**"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 or performance by a staff member towards achievement of that staff member's KPA and KPI's.

**"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 —

- projections for each month of —
- revenue to be collected, by source; and
- operational and capital expenditure, by vote;
- service delivery targets and performance indicators for each quarter; and
- 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 or staff member"**

In relation to a Municipality, means an employee of the Municipality.

**"Supervisor"**

Means a staff member's line manager.

**"The Act"**

The Local Government: Municipal Systems Act No.32 of 2000

**"Weights"**

Every KPI must have an allocated weight. The weight correlates with the importance of the KPI.

## 1. 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 or not 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 of *inter alia*:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

Performance Management is aimed at ensuring that municipality's monitor their Integrated Development Plan's and continuously improve their operations and in terms of Section 19 of the Local Government: Municipal Structures Act (Act 117 of 1998) that they annually review their overall performance in achieving their constitutional objectives.

The Local Government: Municipal Systems Act (MSA), (Act 32 of 2000) (Section 38) requires municipalities to establish a Performance Management and Development System (PMDS). Further, the MSA and the Municipal Finance Management Act (MFMA) (Act 56 of 2003) 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). Section 38(c) of the MSA also stipulates that a municipality must administer its affairs in an economical, effective, efficient and accountable manner.

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 framework therefore describes how the municipality’s performance process, for the organisation as a whole 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
- Reflect the linkage between the IDP, Budget, SDBIP and individual and service provider performance

### 1.1 Objectives of the Performance Management and Development System

The Municipality’s Performance Management and Development System 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 PMDS 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.

The development and implementation of a PMDS should be inclusive, transparent and open. The general 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;

**c) Facilitate learning and improvement**

Facilitate learning in order 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.

**f) Facilitate 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.

## 1.2 Legislative Framework

This Performance Management and Development Policy has been developed in accordance with the prescriptions of recently promulgated local government legislation, regulations and other guidelines. Specifically, the following are relevant to the development of this Performance Management and Development Policy –

### **Legislation**

- a) Constitution of the Republic of South Africa (1996)
- b) White Paper on Local Government (1998) and Batho Pele (1998)
- c) The Local Government: Municipal Structures Act No. 117 of 1998 and its amendments
- d) The Local Government: Municipal Systems Act, No. 32 and its amendments (MSA)
- e) The Local Government: Financial Management Act, No. 56 of 2003 and its amendments (MFMA)
- f) The Local Government: Municipal Planning and Performance Regulations, 2001 (R796, Aug 2001)
- g) The Local Government: Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (R805, Aug 2006)
- h) Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014 (R21, Jan 2014)
- i) The Local Government: Municipal Staff Regulations, 2021 (R890, Sept 2021)
- j) Local Government: Guidelines for the Implementation of the Municipal Staff Regulations, 2021 (R891, Sept 2021)
- k) Local Government: Municipal Finance Management Act: Municipal Amendment Regulations on Minimum Competency Levels, 2018
- l) Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels, 2007
- m) Employment Equity Act 1998
- n) Skills Development Act, Act No. 97 of 1998
- o) Public Administration Management Act 2014 / Gazette No.38374. Government Notice No.1054

### **Circulars**

- p) MFMA Circulars: (11: Annual Report / 13: SDBIP / 32: Oversight Report)
- q) MFMA Circulars: (42: Funding budget / 63: Annual Report Update / 65 Internal Audit and Audit Committee)

### **Guidelines**

- r) National Treasury: 2007 Framework for Managing Performance Information

## 2. Performance Management and Development System (PMDS)

Each municipality must adopt a PMDS 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 framework which describes the performance management process within the municipality.

The policy framework must explain the performance management cycle as it will be implemented, including timeframes and the implementation framework. The policy framework must be adopted by Council after consultation with the relevant stakeholders. The performance cycle for the Municipality is in line with the financial year and is an integral part of the Integrated Development Plan Process.

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

### Performance Management Policy Framework

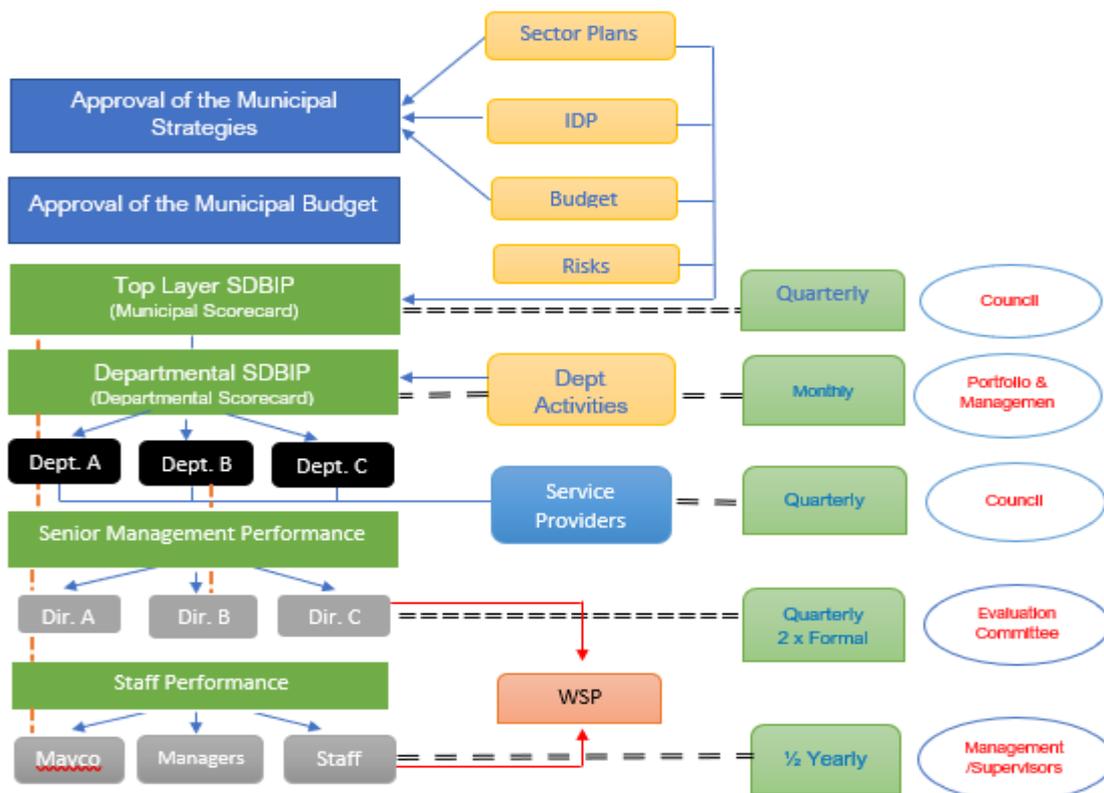


Figure 1: Performance Management and Development Framework

## 2.1 Performance Cycle

The overall planning, budgeting, performance monitoring and reporting cycle are summarised as follows: in the Framework for Managing Programme Performance Information

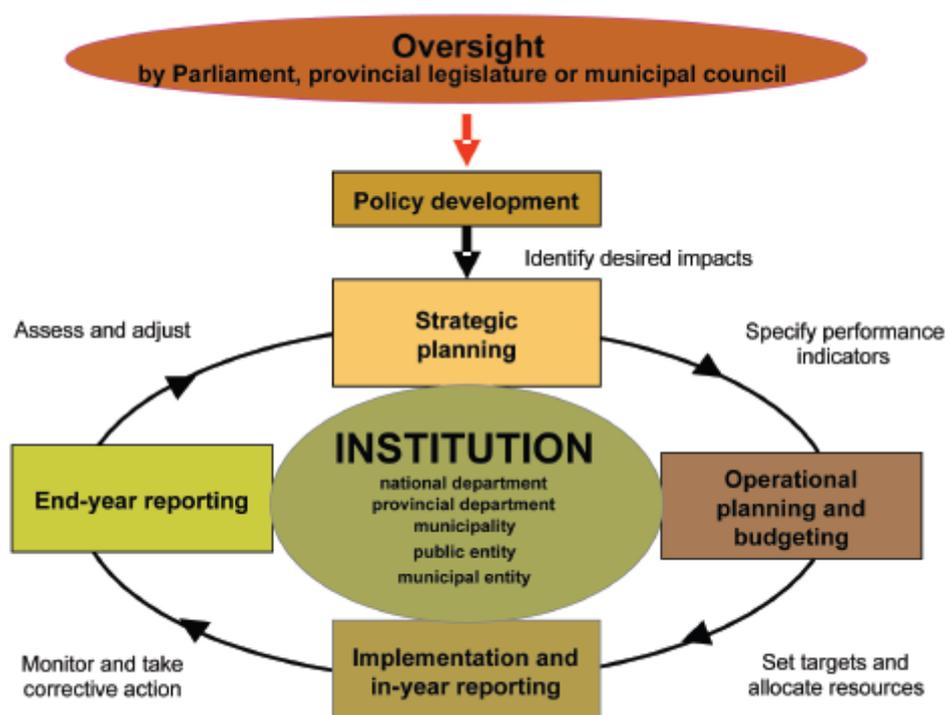


Figure 2: Planning, Budgeting and Reporting Cycle

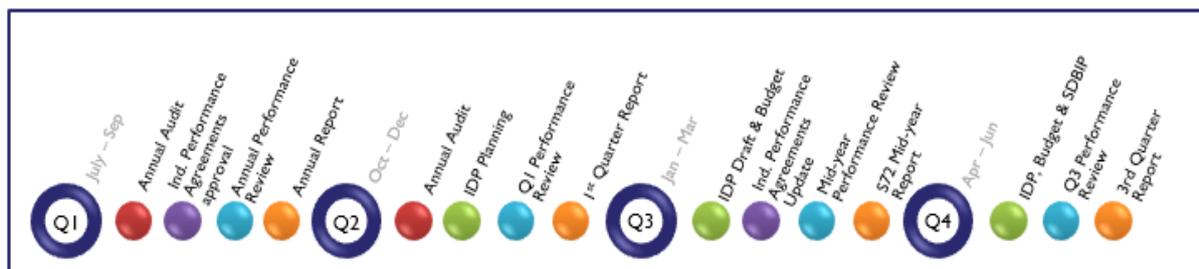


Figure 3: Quarterly performance and reporting cycles

Each of the above cycles can be explained as follows:

- Performance Planning** (March – June) 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 KPI's are designed to address the IDP objectives and targets 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 every year.

- **Performance Monitoring** (Monthly and Quarterly) 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. Directors and their managers will monthly monitor the performance of their departments. Quarterly reports on performance information must be submitted to Portfolio Committees and Council.
- **Performance Evaluation** (Quarterly / Annually) is an analysis of the status of performance, i.e. performance against targets, why there is under-performance (if applicable) 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 examined and corrective actions implemented. Evidence to support the status should also be reviewed at this stage. The objective of the review should be based on actual performance and performance evidence.
- **Performance Reporting** (Monthly / Quarterly / Mid-year / Annually) entails regular reporting to management, the Audit and Performance Audit Committee, Portfolio Committees, Council and the public in the form of quarterly, bi-annual and annual reports.
- **Performance auditing** (Quarterly / Annually) 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 of South Africa (AGSA). The Municipality has therefore established frameworks and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems. Areas of weak performance identified at year-end must be addressed during the following years planning phase.

### 3. 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 describes the municipal strategy that needs to be implemented. Performance management and development system 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 Services Delivery Budget Implementation Plan (SDBIP). The SDBIP is a plan that converts 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.

### 3.1 Integrated Development Plan (IDP)

Although the IDP process is not described in detail in this policy framework, it is important to provide some level of background as the performance cycle starts during the IDP process.

An IDP is an inclusive and strategic plan of the municipality which links, integrates and co-ordinates plans, aligns resources and forms the foundation on which annual budgets must be based on.

In terms of Section 34 of the Local Government: Municipal Systems Act, 2000, a Municipal Council must review its IDP:

- Annually in accordance with an assessment of its performance measurements;
- To the extent that changing circumstances so demand; and
- May amend its IDP in accordance with the prescribed process.

An IDP is therefore the principal strategic instrument guiding all planning, Management, investment, developmental and implementation decisions considering input from all stakeholders and reflect on:

- The profile of the municipal area including the economic and spatial data.
- The Municipal Council's vision for the long-term development of the municipality.
- An assessment of the existing level of development and performance.
- The Council's developmental priorities and strategic objectives.
- The Council's development strategies.
- A spatial development framework.
- Sectoral plans
- Disaster management plans
- The Council's operational strategies
- Prioritised action plans / projects / capital projects
- A financial plan
- The key performance indicators and performance targets (multi-year municipal scorecard)
- Monitoring and governance framework.

The actions emanating from the IDP must be planned for in a municipal scorecard that should be included in the final IDP presented to Council for approval. The scorecard (SDBIP) must include the performance indicators, annual targets for the relevant year that the indicator must be delivered as well as the budget linkages in accordance with the Municipal Standard Chart of Accounts(mSCOA) requirements.

The IDP process is summarised in the following diagram. (Please note that the graph only provides a high-level understanding of the process and that detailed actions, timeframes and responsibilities should be documented in the annual IDP process plan that must be adopted by Council.)

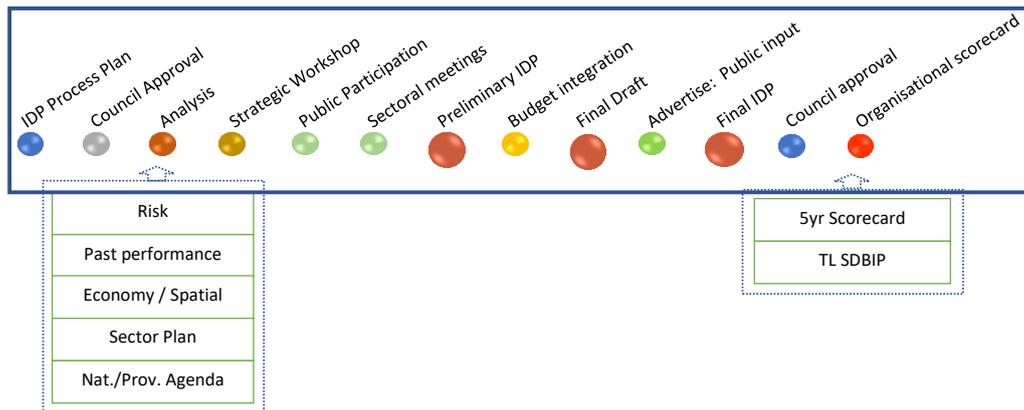


Figure 4: Quarterly performance and reporting cycles

The relationship between IDP and Performance Management is therefore legislated and regulated. The Performance Management and Development System serves to measure the performance of the Municipality on meeting its IDP.

### 3.2 The Service Delivery Budget Implementation Plan (SDBIP)

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

The SDBIP will only give effect to the 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 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 Directors, the Mayor to monitor the performance of the Municipal Manager, and the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Directors.

The SDBIP consists of two core components, the Top Layer/Level SDBIP (TL SDBIP) which focuses on the strategy and key reporting requirements and the Departmental/Organisational SDBIP that measures the departmental performance.

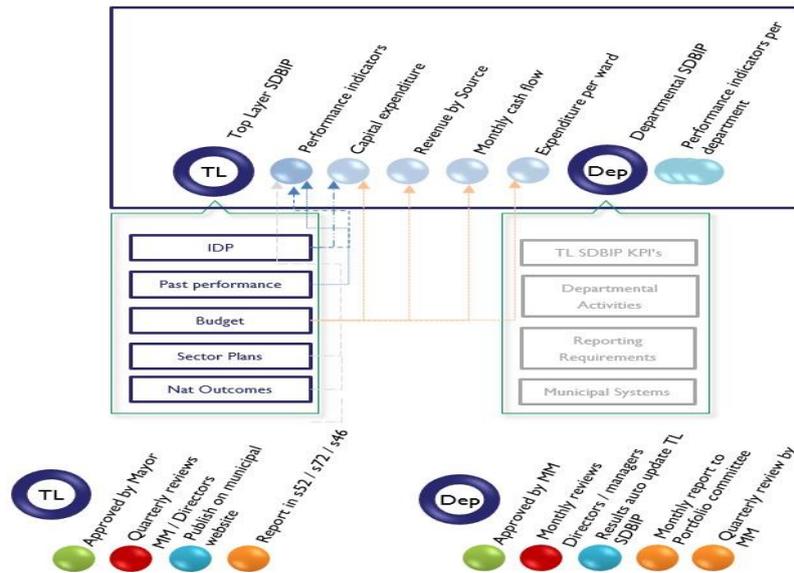


Figure 4: Components of the SDBIP

- **Top Layer:** Dealing with consolidated service delivery targets and linking such targets to top management.
- **Departmental Layer:** Directors provide more detail on each output for which they are responsible and breaks up such outputs into smaller outputs by linking these to middle-level and lower-level management.

### 3.3 Top Layer SDBIP

The Top Layer (TL) SDBIP indicates the responsibilities and outputs for each of the Director 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 Directors, including the outputs and deadlines for which they will be held responsible. The TL SDBIP is also the part of the SDBIP that's made available to the public.

The TL SDBIP must be submitted to the Executive Mayor within 14 days after the approval of the budget and must be approved by the Mayor within 28 days after the budget has been approved. The TL SDBIP is a public document and must be made public within 14 days after approval.

Any adjustments to the TL SDBIP must be with the approval of the Council, following approval of an adjustments budget (Section 54(1)(c) of MFMA).

Although the TL SDBIP is a one-year detailed plan, it should include a three-year capital plan.

The municipal scorecard (Top Layer SDBIP) must consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities/goals.

The five necessary components of the Top Layer SDBIP includes:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed (Section 71 of the MFMA format)
- Monthly projections of expenditure (operating and capital) and revenue for each vote (Section 71 of the MFMA format) (Cash flow 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
- Output NOT input / internal management objectives
- 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).

On the current system the municipality utilises, the TL SDBIP KPI's will update automatically from the performance reported on monthly in the Departmental SDBIP.

The results will be reviewed quarterly by the Municipal Manager and the Directors. The actual results and corrective actions (where required) forms a critical part of the quarterly (s52 - MFMA), the mid-year (s72 - MFMA) and the annual performance (S46 - MSA) annual (S121 - MFMA) reports.

### 3.4 Departmental SDBIP

In the Departmental SDBIP, the Directors provide more detail on each output for which they are responsible for and break up such outputs into smaller outputs and linking these to middle-level and lower-level management.

The Departmental SDBIP will be using such detail to hold middle-level and lower-level managers responsible for various components of the service delivery plan and targets of the municipality. The Departmental SDBIP is compiled by a director for his/her department and is approved by the Municipal Manager. Any changes to the Departmental SDBIP must be approved by the Municipal Manager. TL KPI's will form part of the Departmental SDBIP as it will be automatically updated through the monthly departmental updates.

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)**. Directors, middle-level and lower-level management managers can use the departmental SDBIP to manage the performance of all the sections of their departments and can monitor it monthly during the departmental management meeting.

Although departments must update the actual results on the Departmental SDBIP monthly, their performance in terms of the SDBIP are reported quarterly to their respective Portfolio Committees. 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. The approval of these changes is communicated via the performance office. Any other adjustments will be communicated from the Performance Office for consideration and implementation.

### 3.5 System Descriptions

System descriptions (SD's) must be prepared for each TL SDBIP KPI. SD's are essential to improve the understanding of the requirements of the KPI, the portfolio of evidence (POE) collection and it supports audit procedures. The SD's should address the following:

- KPI Ownership
- Definition of KPI
- Input
- Source documentation origin
- Source documentation Information
- Processing transactions
- Output (target and timeframes)
- Target calculation methodology

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

### 3.6 Update of Actual Performance

The SDBIP system that the municipality currently utilises 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. The KPI owners should report on the results of each KPI that they are responsible for by properly documenting the information in the performance response fields and either attach or refer to where the proof/POE is filed/kept or submit the POE to the Performance and Risk office. Reasons must be provided why there is over- or poor performance. In the instance of poor performance, corrective measures must be identified and documented. The POE should speak to the actual performance achieved and confirm the actual performance as updated.

The actual performance and POE should be monitored monthly in terms of the objectives, KPI's and targets set.

It is important to note that the Municipal Manager and Directors must implement the necessary systems and processes to provide the POE for reporting and auditing purposes. Each municipal department and staff member therefore needs to prove 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.

### 3.7 Adjustments to KPI's

TL SDBIP KPI's can be adjusted after the mid-year assessment (Sec 72) and with the adjustment budget process. KPI's should be adjusted in line with the adjustment estimate (incl. capital projects) and the reason for the adjustment of the indicator/target, must be specified when the adjusted TL SDBIP is submitted to Council for approval following the approval of the adjustment budget. Adjustments to departmental SDBIP KPI's can be made throughout the year but must be motivated and approved by the Municipal Manager.

### 3.8 Validation

An evaluation of the actual performance results and POE of each target should be evaluated monthly. The KPI owners must comply on the results of the KPI by documenting the following information on the SDBIP system:

- The actual result in terms of the target set;
- The calculation of the actual performance reported, where applicable;
- The reasons if the target was not achieved; and
- Corrective actions to improve the performance against the target set if the target was not achieved.

The Municipal Manager and Directors needs to implement the necessary systems and processes to provide the POE for reporting and auditing.

## 4 Individual Performance

Once the municipal objectives and targets have been set, it is prudent 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:

- Ensure alignment of individual goals and objectives with that of the organisation and to co-ordinate efforts in order to achieve those goals.
- Employees know what is expected from them. (Job descriptions and Performance agreements / plans.
- Managers know whether the employee's performance is delivering the required objective.
- Poor performance is identified and improved, and
- Good performance is recognised and rewarded.

Since the performance of every employee contributes to the overall delivery of the organisation's objectives/Strategies, it follows that the performance of every employee must be managed.

## 4.1 Municipal Manager and Directors

### 4.1.1 Performance Agreements

The MSA and Regulation 805 of August 2006, read with Regulation 21 of January 2014 (Performance of the Municipal Manager and the Managers reporting directly to the Municipal Manager) require, that a Municipal Manager and managers reporting directly to the Municipal Manager enter into annual performance agreements. The performance agreements of the Municipal Manager and Directors should be directly linked to their employment contract, where applicable.

Draft annual performance agreements must be submitted to the Mayor within 14 days of the approval of the annual budget in terms of the 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), or within 60 days after a person has been appointed as the municipal manager or as a manager directly accountable to the municipal manager. These performance agreements consist of three distinct parts:

#### a) Performance Agreement

This is an agreement between the Municipal Managers and Directors and the municipality, which regulates the performance required for a particular position, performance expectations and accountabilities. 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 (sorted per directorate) transcends into the performance plan(s) of the Municipal Manager and the respective Director according to their areas of responsibility. The Municipal Manager and Executive Mayor could, in addition to the SDBIP, identify indicators, agreed with the Municipal Manager and directors, which must 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 person 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 Directors / Municipal Manager and Executive Mayor and must be approved/signed within the first month of the financial year or within 60 days after the start of new employment.

### 4.1.2 Evaluation of Municipal Manager and Directors

The management of the performance process for the Municipal Manager and the Directors must be done in terms of R805 and Regulation 21 as explained in detail in these Regulations. Performance should be reviewed quarterly, of which the mid-year and year-end performance

must be formal evaluations. Performance evaluation panels should be constituted in terms of the agreements for the formal evaluations and the results should be reported to Council.

In terms of Regulation 805 a performance evaluation panel constituted of the following persons must be established to evaluate the annual performance of the Municipal Manager:

- Executive Mayor;
- Chairperson of the Audit and performance Audit Committee or in his/her absence thereof, his/her secunde;
- Member of the mayoral or executive committee; and
- Mayor and/or municipal manager from another municipality.

In terms of Regulation 805 a performance evaluation panel constituted of the following persons must be established to evaluate the managers directly accountable to the Municipal Manager:

- Municipal Manager;
- Chairperson of the Audit and performance Audit Committee or in his/her absence thereof, his/her secunde;
- Member of the mayoral or executive committee; and
- Municipal Manager from another municipality.
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## 4.2 Other Employees

The PMDS apply to all employees of the Overberg District Municipality 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. (Ref. Sec 4.1)

The Performance Management and Development System (PMDS) will assist in creating a performance driven organisation and ensure continuous service delivery of an exceptional standard. Therefore, it is important that all employees understand their job functions and what is expected of them. Each employee 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 employer plans to regularly monitor, measure and review performance of its employees to ensure that it delivers on the objectives, take corrective action when required and reward outstanding performance. The PMDS provides supervisors with effective tools to evaluate their employees work performance and to assist employees in improving their performance.

The PMDS of the municipality consist of the following phases relating to performance planning, coaching, review and reward as provided in the Municipal Staff Regulations guidelines:

Phase	Timeframe	Activities
<i>(a)</i> Planning	(i) Occurs annually at the start of the financial year or the starting date in a specific post	(aa) Supervisor schedules a meeting with a staff member or team to discuss and agree on the performance objectives for the year;  (bb) Supervisor and a staff member or team are required to prepare for this meeting; and  (cc) Performance agreement must be signed or processed electronically where applicable by the supervisor and a staff member or team within sixty (60) days after the commencement of the performance cycle.
<i>(b)</i> Monitoring, coaching and feedback	(i) Occurs formally; and (ii) Informally throughout the year	(aa) The supervisor will complete on-the-job monitoring of the performance of a staff member or team;  (bb) The supervisor may create formal and informal opportunities to provide feedback or coaching support to a staff member or team in relation to progress made towards agreed performance objectives and on areas requiring implementation; and  (cc) A staff member or team may request feedback and support at any time during the performance cycle.
<i>(c)</i> Review and evaluation	(i) Mid-year review must occur at the end of the second quarter. The details of the engagement must be in writing; and  (ii) Annual performance evaluation must occur at the end of the fourth quarter (after the end of performance cycle); and  (iii) Annual performance must occur within 60 days after the end of performance cycle. The details of the performance evaluation must be in writing clearly outlining the staff member's career development needs.	(aa) The supervisor must set up a formal mid-year evaluation with a staff member or team within one (1) month after the end of quarter two (2), inclusive of formal documented engagement to provide feedback on targets achieved to date of a staff member or team;  (bb) At mid-year review, interventions and corrective actions must be identified in relation to achievement /under-achievement of performance outputs/ outcomes;  (cc) During annual performance evaluation, each staff member must be afforded an opportunity to complete self-rating and provide evidence to support ratings;  (dd) The supervisor must set up the formal final performance evaluation with a staff member or team after the end of the fourth quarter;  (ee) The final performance evaluation scores must be recorded as a formal engagement between the staff member and supervisor; and  (ff) The supervisor must formally provide verbal and written performance feedback to the staff member or team.
<i>(d)</i> Reward and recognition	(i) After the formal annual performance assessment; and (ii) After moderation by the	Rewards shall be dealt with as stipulated in chapter 4 of the Regulations.

	Municipal Moderation Committee and approval by municipal manager.	
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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 plan of the head of the directorate and the employees job description.

Performance agreements/plans will be agreed to with each employee and include the following:

- The name, job title and the department of the employee
- Job Function
- The objectives or targets;
- The KPAs, their weightings and the target date for meeting the KPA.
  - The KPA's must relate to the staff member's functional areas as per their job description (JD) and consist of not less that 5 and not more than 7 KPA's. The KPA's will account for 80% of the weighting in the performance agreement/plan.
- The KPI's and the performance standard for each KPI.
  - Include the input, quality or impact of an output by which performance in respect of a KPA is measured, and
  - Must be measurable and verifiable.
- Job Specific Competencies as derived from Annexure A of the Municipal Staff Regulation R890, must include the name and definition of the specific competency, the expected level of capability, re relevant weightings, be specific and applicable to the job of the staff member. The staff member's job specific competencies should not exceed six competencies within a performance cycle. The job specific competencies will account for 20% of the weighting in the performance agreement / plan. (Included in the Job description).
- A personal development plan prepared in compliance with Section 50, Chapter 5 of the Municipal Staff regulation (R890).
- Performance agreed with individual employee unique to the employee daily tasks and aligned to the individuals job description.
- Performance indicators should be designed to ensure effective and efficient service delivery and meet the **SMART** criteria as outlined in the table below-

<b>S</b>	Specific, clear and understandable.
<b>M</b>	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.
<b>A</b>	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.
<b>R</b>	Relevant in that each task should be related directly to the functional areas or specific projects assigned to the staff member.
<b>T</b>	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.

Format of the Performance Agreement attached as **Annexure A**.

The performance agreements of serving staff members must be finalised and signed-off by the **end of July** every year and be agreed and approved by the respective employee and supervisor. For **new appointees** their performance agreements must be concluded within **60 days** of their appointment after probation as from 1 July of the new financial year.

All employees will be subjected to 2 formal performance evaluations and regular informal performance evaluations to ensure optimal performance.

#### 4.2.1 Amendments to the Performance Agreement/Plan

- 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.
- 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 KPA's and KPI's in consultation with the acting employee, and include the KPA's and KPI's in the employees amended performance agreement.

#### 4.2.2 Personal development Plan (PDP)

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

#### 4.2.3 Monitoring, coaching and feedback

Regular monitoring 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 employees performance and assist in strengthening competencies expected from employees. All coaching and monitoring sessions must be documented and signed by all parties involved. (Annexure B – Coaching and Review).

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, monitoring 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.

#### 4.2.4 Skills development plan (Personal Development Plan)

The Workplace Skills Plan should be compiled/updated with the information obtained from the performance agreements/performance development plans. The relevant Human Resources Manager together with the respective line manager is responsible to facilitate the implementation of the Skills Development Plan.

#### 4.2.5 Formal performance evaluation

The supervisor or line manager must discuss the employees' performance with them 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 supervisors/ line-managers and employees.

Assessments are done formally on a bi-annual basis and should be concluded on the automated Performance Management and Development 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

Performance and growth is the responsibility of each individual employee and employees should ensure that their performance plan is executed. Performance measures is an on-going process and should not only be addressed during the formal reviewing sessions.

##### 4.2.5.1 Process flow for performance evaluation

The **first step** in the assessment/evaluation 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 and Development System.

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 Employee/ Supervisor / Manager or Director in order to clarify gaps between the self- assessment and the rating scored.

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.

The **final step** in the assessment process is rewarding performance and dealing with substandard performance where applicable.

#### 4.2.5.2 Performance Evaluation

The performance evaluation/assessment shall involve –

- 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:
  - (i) 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;
  - (ii) an indicative rating on the prescribed five-point scale for each KPA; and
  - (iii) the rating assigned to each KPA multiplied by the weighting given to that KPA to provide a weighted score for that KPA.
- An assessment of the extent to which the employee achieved the job specific competencies outlined in the performance plan, which involves the following:
  - (i) each competency assessed to determine the extent to which the specified standards have been met;
  - (ii) an indicative rating on the prescribed five-point rating scale provided for each job specific competency;
  - (iii) 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
  - (iv) 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;
- The performance assessment must be recorded and co-signed the supervisor and employee.
- The performance review will be based on the existing performance agreement.
- 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 during the mid-year evaluation.
- 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).

- A record of the amendments must be kept for purposes of annual performance assessment.

#### 4.2.5.3 Rating scale

- The performance of individual employees will be evaluated based on two components, being the KPA and the job specific competencies. KPA's will account for 80% and the job specific competencies will account for 20% of the final score.
- 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.

The performance should be measured by applying the following 5-point 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 of 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.
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*Table 1: Performance Rating Scale*

Employer shall keep a record of assessment meetings and signed-off assessments must be submitted to the Performance and Risk Management Unit to be kept as records.

### 4.3 Proof of Evidence (POE) policy

Employees must provide proof/portfolio of evidence (POE) for the task/s completed during their performance evaluation session. Managers must ensure that proof of evidence is kept safe for audit purposes.

Supervisors must ensure that staff members who are non-system users adhere to the policy by providing the proof of evidence when their task is completed.

### 4.4 Performance Moderation

The moderation committee shall review and moderate the overall performance ratings for employees determined after the annual 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.

#### 4.4.1 Departmental performance moderation committees

At this level the moderation panel consist of:

- a)** the respective heads of the Directorate, who must act as chairperson;
- b)** all officials in a supervisory capacity that reports directly to the head of the department;
- c)** a Senior representative from Human Resource Department; and
- d)** One representative from the Performance Management Unit.

If the departmental moderation committee has reason to believe that any performance assessment by the supervisor does not conform to performance norms and standards or that there is a lack of 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 refer the assessment back to the relevant supervisor for reassessment in consultation with the affected staff member.

#### 4.4.2 Municipal Moderation Committee

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

- the Municipal Manager or their delegated authority who will act as chairperson
- all Directors or their representatives
- Manager Human Resources
- Person responsible for organisational performance
- Head of the municipal Internal audit
- A performance Specialist (External), where applicable
- Invitee: Head/Manager of department to present on the results of their respective department.
- Administrator

#### 4.4.3 Communication of final outcomes of performance assessments

The final outcome of performance assessments should be communicated downwards to each municipal employee by Directors / Department Heads 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 in order 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.

### 4.5 Performance Rewards

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

- who has served the full assessment period of 12 months on 30 June of each financial year of a municipality;
- transferred or seconded horizontally during the performance cycle within the municipality;
- who is on uninterrupted approved leave for 3 months or longer;
- who is on approved maternity leave for more than 3 months; and
- 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—

- appointed after 1 July of that performance cycle;
- who is serving probation
- whose performance period is less than 12 months;
- whose employment is for a fixed term duration of less than 12 months; or
- whose post was upgraded without a change in performance agreement.

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

## **4.6 Appeal process**

### **4.6.1 Municipal Manager and Directors**

The appeals process as prescribed in R805 of August 2006 and as agreed in the employment and performance agreements of the Municipal Manager and Directors will be applicable in instances where they are not in agreement with their final performance evaluations.

### **4.6.2 Other Employees:**

Should employees not agree with the contents of their performance agreement after the performance discussions or with the final scores that are allocated to them, they may elect to follow the municipality's normal grievance procedures. (Section 41 of R890). Grievances should be logged within 7 working days from receiving the final score. (Setting a time-frame ensure that the performance evaluation process stays within the its time-frame).

## **4.7 Managing Substandard Performance**

An employee who receives a performance rating below 3 in terms of the 5-point rating scale will be deemed as underperforming.

Poor work performance should be dealt with in terms of the procedural requirements of the Labour Relation Act, Schedule 8. Supervisors are first required to identify and work with the employee to develop a plan to address performance that is not fully effective. (Staff Regulation R890 Section 42 prescribe the Managing of Substandard performance in detail).

The supervisor can consider the following to overcome performance shortfalls:

- Personal counselling
- On-the job mentoring, training and coaching
- Restating/explaining the performance plan and employee must be aware of performance requirements standard.
- Analysis of work environment to determine constraints and needs.

If an employee does not respond to continuous and reasonable attempts to improve performance, the incapacity process should be followed.

## **5. Service Providers**

The municipality currently does not have any municipal entities or service providers who provides a basic municipal service to the local community on behalf of the municipality. The performance monitoring and reporting processes of any other services providers of the municipality are provided for in the Supply Chain Policy of the municipality.

## **6. Evaluation and Improvement of the Performance Management and Development 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 Performance Management Section will initiate an evaluation report, taking into account the input provided by directorates and departments. This report will then be discussed by the Municipal Manager and Directors 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 in particular that needs to be improved as a priority. In order 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;
- 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 in order to identify poor performance. The Municipal Manager will implement the appropriate response strategy to improve performance.

## **7. Performance Monitoring and Reporting**

An organization 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 pre-determined objectives.

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.

## 7.1 Reporting Intervals

Report	Frequency	To whom	Content	Comments
Departmental SDBIP	Quarterly	Municipal Manager, Directors and Portfolio Committees	Actual results achieved against department SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Top Layer SDBIP (Could serve as sec. 52 report as well)	Quarterly (Sec 52 within 30 days after end of quarter)	Municipal Manager, Directors 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 Audit 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)	Municipal Manager, Directors and Council (Copy to PT and NT)	Actual results achieved against Top Layer SDBIP KPI's	B: 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
Performance Report	31 August	AGSA	Organisational Performance (TL SDBIP)	Reason
Draft Annual Organisational Performance Report	31 August	Audit and Performance Audit Committee AGSA	Organisational Performance report	AGSA to report the usefulness and reliability of performance information against predetermined objectives.
SA Sec 46 report	31 August	AGSA, Council	Annual Report	Must form part of AR
Annual Report	Draft AR: 31 October to AGSA Draft AR: 31 January to Council Final AR: 31 March to Council with oversight report	AGSA, Council, Audit Committee, MPAC (Copy to PT and NT)	As per prescribed guidelines	NB: If full draft is submitted earlier to Council, remember that final must be submitted within 2 months after draft has been submitted

Table 2: Reporting Intervals

## 7.2 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 1<sup>st</sup> six months of the financial year and submit a report to the 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 taking into account the guidelines issued 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's of the performance agreements of the MSA Section 56 and 57 managers in line with the adjusted TL SDBIP.

### 7.3 Annual Performance Report

The annual performance report must be completed by 31 August and submitted with the financial statements. This report must be based on the performance reported in the TL SDBIP. Reports should be generated from the respective performance management system, reviewed and updated in the performance comments field for reporting purposes. POE should be kept in order to proof recorded actuals.

### 7.4 Annual Report

The draft annual report must be prepared and submitted to Council by 31 January and the final annual report by 31 March annually.

### 7.5 Analysis of Performance Reports and Follow-up

In summary, the quarterly (S52 MFMA), mid-year (S72 MFMA) and the annual (S46 MSA) 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 Municipal Manager and Directors.

The analysis should not only focus on POE when the performance results are audited but also on an analysis of the results. The following are important:

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 systems;
- 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.

## 8. Governance

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). These processes provide credibility to the overall performance processes.

### 8.1 Quality Control and Co-ordination

The Performance Management Section is 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/Directors/Heads/Managers/Supervisors have the responsibility to review overall performance and the quality of reported performance monthly along with the applicable POE.

### 8.2 Performance Investigations

The Executive Mayor or 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.

### 8.3 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 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.

#### 8.4 Audit and Performance Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations require that the Council establish an Audit and Performance Audit Committee consisting of a minimum of four members, who are not employees of the municipality. No councillor may be a member of an Audit and Performance Audit Committee.

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

According to the Regulations, the Audit and 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 and Performance Audit Committee be tasked with assessing the reliability of information reported. In order to fulfil their function an Audit Committee, 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.

The Audit and Performance 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.

## 8.5 Legislative Reporting Processes

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

Time frame	MSA/ MFMA Reporting on Performance	Section
Quarterly reporting	The Mayor must within 30 days after the end of each quarter submit a report to council on the implementation of the budget	MFMA S52
	The Internal Auditors must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee	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) & MSAS46
	The accounting officer of a municipality must submit the performance report to the Auditor-General (AGSA) for auditing within two months after the end of the financial year to which that report relates	MFMA S126 1(a)
	The AGSA 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)

Time frame	MSA/ MFMA Reporting on Performance	Section
Annual reporting	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 AGSA 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 AGSA, 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 AGSA	MFMA S134

Table 3: Legislative Requirements Regarding Reporting Processes

## 9. Performance Calendar

The table below indicates a high-level summary of the annual municipal performance calendar with the various monthly actions:

Action	Activity	Comment
<b>July</b>		
Service Provider Performance	4 <sup>th</sup> Quarter (previous financial) service provider report Review performance of service providers	Departments to submit reports to SCM SCM to submit combined report to Council Address poor performance if needed
Performance Reporting	4th Quarter performance Report: Top Layer SDBIP (previous financial year)	Input for Annual Performance Report and Annual Report
MM / Directors performance agreements	Prepare/ approval and sign	Prepare agreements to R805 Approval and signed before 31 July KPI's aligned with SDBIP
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Individual Performance (other than MM and Directors)	Compile and sign performance plans	Agree on KPA's, KPI's, target dates and competencies

Action	Activity	Comment
<b>August</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance
Individual Performance (other than MMand Directors)	Formal year-end review of performance	Evaluation of performance ending June Moderation, coaching and counselling Document and report
Time schedule of key deadlines	IDP review Time schedule	Time Schedule to Council for approval
Annual Performance Report	Finalise Annual Performance Report of the previous financial year	Draft report Submit to Auditor General with the financial statements Input for Annual Report
<b>September</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance
MM/Directors Performance	Year-end performance review of the previous financial year	Review against targets agreed upon in performance agreements Document and sign-off
<b>October</b>		
Service Provider Performance	1 <sup>st</sup> Quarter (current year) service provider report Review performance of service providers	SCM to submit combined report to Council Address poor performance if needed
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Performance Reporting	1 <sup>st</sup> Quarter performance Report: Top Layer SDBIP current financial year	Submit to council and other role-players as legislated
MM/Directors Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
Annual Report	Finalise draft Annual Report (previous financial year)	Draft to be ready for submission to Auditor-General
Departmental staff performance moderation	Conduct moderation of annual staff performance results in order to ensure that the norms and standards are applied in a fair, realistic and consistent manner across the department	Complete first staff moderation on directorate level and submit report to Municipal Moderation Committee
<b>November</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance

Action	Activity	Comment
<b>December</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance
Service Providers Performance	Bi-annually service provider report (Previous financial year) Review performance of service providers	SCM to submit co report to Council Address poor performance if needed
Municipal Moderation Committee	Provide oversight over the staff performance management and development system to ensure the performance management process is valid , fair and objective. Recommend	Recommend appropriate recognition for different levels of performance and recommend appropriate remedial actions for performance believed to be substandard.
<b>January</b>		
Service Provider Performance	2 <sup>nd</sup> Quarter current year service provider report Review performance of service providers	SCM to submit combined report to Council Address poor performance if needed
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Performance Reporting	Prepare and submit Mid-year performance report ito s72 of the MFMA	Submit to Mayor by 25 January Submit to next Council meeting after 25 January Submit to other role-players as legislated
Annual Report	Submit draft report to Council	Draft submitted to Council for adoption in principle and start public participation process
Staff Performance	Mid-year review of staff performance	Evaluation of performance for the past 6 months ending December Moderation, coaching and counselling Document and report
<b>February</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Individual Performance (other than MM and Directors)	Formal review of Individual Performance (other than MM and Directors)	Evaluation of performance for the past 6 months ending December Document and report
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance
MM/Directors Performance	Mid-year formal performance review	Review against targets agreed upon in performance agreements Document and sign-off
Planning	Strategic Planning	Planning sessions with Council, MM and Directors Review Mission, Vision and Values Review progress against strategic objections Review strategic direction Identify projects
Annual Report	Make public annual report	Invite public to submit representation in connection with the annual report

Action	Activity	Comment
<b>March</b>		
Oversight	Oversight Committee considers Annual Report	Compile oversight report for submission to council with final annual report
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance
IDP	Draft IDP/IDP review to Council	Include clear objectives and targets
Budget	Draft Budget to Council	Budget aligned with IDP to address IDP objectives
Top Layer SDBIP	Draft Top layer SDBIP	Submit to council for information purposes with draft budget
Annual Report	Final Annual Report submitted to Council	Public comment considered Oversight committee report submitted
Action	Activity	Comment
<b>April</b>		
Service Provider Performance	3 <sup>rd</sup> Quarter current year service provider report Review performance of service providers	SCM to submit co report to Council Address poor performance if needed
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Performance Reporting	3 <sup>rd</sup> Quarter performance Report: Top Layer SDBIP current financial year	Submit to council and other role-players as legislated
IDP & Budget	Public participation	Obtain public input on draft documents and consult key stakeholders
MM/Directors Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
<b>May</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Service Providers Performance	Review performance of service providers as per the approve policy	Report to SCM Unit Address poor performance
Service Providers Performance	Bi-annually service provider report (current financial year) Review performance of service providers	SCM to submit co report to Council Address poor performance if needed
IDP & Budget	Approval of IDP/IDP review and Budget	Submit final documents to Council
SDBIP	Departmental SDBIP development for the new financial year	Workshops with departments Address departmental responsibilities, key activities, challenges and risks; inputs and timeframes
<b>June</b>		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Top Layer SDBIP	Top Layer SDBIP approval	Top Layer 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	Submit final to the MM for approval

Table 4: Performance Calendar

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.

## 10. Roles and Responsibilities

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

ROLE PLAYER	ROLES AND RESPONSIBILITIES
Local Community	<p>The Municipal Systems Act (Sections 45 &amp; 46) and the Municipal Planning and Performance Management Regulations (No. R796 of 2001, Section 14) make explicit provision for the involvement of the local community in the performance management process. Section 42 of the MSA states that the Municipality:</p> <ul style="list-style-type: none"> <li>• "...must involve the local community in the development, implementation, and review of the Municipality's Performance Management and Development system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the Municipality";</li> <li>• The intention of the Performance Management and Development system is to ensure the practical implementation of the IDP, it is suggested that it would be appropriate that the IDP Structures / Representative Forums be utilised to facilitate the involvement of the local community in the performance planning and performance review processes; and</li> <li>• the community and stakeholders of the Municipality will be engaged in a number of ways as defined in the Municipality's Communication Policy.</li> </ul>
Municipal Council	The Municipal Council adopts and approves amongst others the following:

	<ul style="list-style-type: none"> <li>• a process to guide the planning, drafting, adoption and review of the IDP and budget;</li> <li>• the IDP including organisational indicators and targets;</li> <li>• changes to the IDP, organisational indicators and target;</li> <li>• the organisational Performance Management and Development system (PMDS);</li> <li>• performance monitoring, review and oversight mechanisms and structures;</li> <li>• adopts Performance Management and Development Policy;</li> <li>• approval of performance bonuses of section 57 Managers; and</li> <li>• Revised SDBIP</li> </ul>
Executive Mayor	<p>The functions performed by the Executive Mayor includes however not limited to the following:</p> <ul style="list-style-type: none"> <li>• identifies, reviews and evaluates the municipalities needs in order of priority;</li> <li>• recommend to the Council strategies, projects and services to address priorities through the IDP;</li> <li>• responsible for the management of the Performance Management and Development system and submits to the Municipal Council for adoption;</li> <li>• Concludes the performance agreement, including measurable key performance indicators and targets for the Municipal Manager;</li> <li>• Perform quarterly performance evaluation of the Municipal Manager</li> <li>• ensures the performance agreements of section 57 employees are made public;</li> <li>• approves the organisational SDBIP and the municipality projects as per the IDP; and</li> <li>• Presents the quarterly, mid-year and annual report to Council.</li> </ul>
Mayoral Committee	Provides strategic awareness and to manage the development of the IDP and PMDS.
Portfolio Committee	Assist with the implementation of the strategy. To review and monitor the implementation of the IDP, Budget and the PMDS.
Municipal Manager	<p>The functions performed by the Municipal Manager includes however not limited to the following:</p> <ul style="list-style-type: none"> <li>• providing strategic direction and developing strategies and policies for the organisation;</li> <li>• manage the development and implementation of the IDP;</li> <li>• development of the Performance Management and Development system;</li> <li>• Identify indicators and set targets;</li> <li>• submission of the draft SDBIP to the Executive Mayor;</li> <li>• manage the implementation of the IDP and Performance Management and Development system;</li> <li>• Conclude performance agreements, including measurable key performance indicators and targets for section 57 employees and performance development plans for lower level staff;</li> </ul>

	<ul style="list-style-type: none"> <li>• monitor the implementation of IDP and Performance Management and Development system, identifying risks early;</li> <li>• formal quarterly performance evaluation of the Section 57 Managers (Directors)</li> <li>• ensure that regular monitoring measurement, analysis performance information and ensure performance reporting is done in terms of legislation;</li> <li>• propose response strategies to the Mayor and/or the Municipal Council; and</li> <li>• co-ordinate the compilation of the Monthly, Quarterly, Mid-year and Annual Report.</li> </ul>
Section 57 Managers / Directors	<p>The responsibilities of the Directors includes amongst others the following:</p> <ul style="list-style-type: none"> <li>• Assisting in providing strategic direction and developing strategies and policies for the organisation;</li> <li>• Assist the Municipal Manager with the development and implementation of the IDP;</li> <li>• Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;</li> <li>• Ensure that performance information complies with the SMART principles and audit standards of the Auditor-General;</li> <li>• Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis;</li> <li>• Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.</li> <li>• Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates (Department Heads / Managers) and performance agreements for lower level staff;</li> <li>• Performance evaluation immediate subordinates (Department Heads / Managers) and lower level staff where applicable.</li> </ul>
Department Heads	<p>The Responsibilities of the Department Heads / Managers includes amongst others the following:</p> <ul style="list-style-type: none"> <li>• Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;</li> <li>• Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;</li> <li>• Ensure that accurate, reliable and evidence-based performance results are provided to the relevant director for performance measurement on a quarterly basis;</li> <li>• Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.</li> <li>• Draft performance agreements, including measurable key performance indicators and targets for immediate</li> </ul>

	<p>subordinates and performance development plans for lower level staff where applicable;</p> <ul style="list-style-type: none"> <li>• Bi-annual performance evaluation of all employees within the department.</li> </ul>
Performance and Risk Management Section	<p>The responsibilities of the Performance and Risk Management Section includes amongst other the following:</p> <ul style="list-style-type: none"> <li>• Co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis;</li> <li>• To ensure conformity to reporting formats and verify the reliability of reported information, where possible; (Pre-Audit of performance information) and</li> <li>• Prepare the quarterly Top Layer organisational performance reports for submission to Council and the Audit and Performance Audit committee,</li> <li>• Render municipal wide support with updating and correcting of performance information on web-based PMDS system.</li> <li>• Render municipal wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual key performance indicators and targets.</li> </ul>
Internal Audit	<p>The responsibilities of Internal Audit includes amongst others the following:</p> <ul style="list-style-type: none"> <li>• Must on a quarterly basis audit the performance measurement of the Municipality; and</li> <li>• Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee.</li> </ul>
Audit and Performance Audit Committee	<p>The Responsibilities of the Audit and Performance Audit Committee includes amongst others the following:</p> <ul style="list-style-type: none"> <li>• The Municipal Systems Act (Sections 45 &amp; 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 Audit Committee must:</li> <li>• Review the quarterly reports compiled by the internal auditor;</li> <li>• Review the PMDS of the Municipality and report to the Council in this regard; and</li> <li>• Submit an audit report to Council at least twice a year.</li> </ul>
Oversight Committee (MPAC)	<p>Considers the content of the annual report and examine the financial statements and audit report.</p>
Directorate Moderation Committee	<ul style="list-style-type: none"> <li>• Conduct moderation of annual staff performance results in order to ensure that the norms and standards of performance management and development systems are applied in a fair, realistic and consistent manner across the directorate;</li> <li>• Assess and compare the performance and contribution of each staff member with his or her peers towards the achievement of directorate goals;</li> <li>• Ensure fairness, consistency and objectivity with regard to dispersal of performance recognition and ratings achieved for a common understanding amongst supervisors of the performance standards required at each level of the performance rating scale;</li> </ul>

	<ul style="list-style-type: none"> <li>• Determine the cost implications for recognition of performance of all staff members within the directorate, if applicable.</li> <li>• Recommend the moderated performance scores for all staff members to the municipal moderating committee for approval;</li> <li>• Ensure that performance rewards are based on affordability, if applicable;</li> <li>• Recommend performance rewards as well as remedial actions for performance considered to be below effective performance; and ensure that the integrity of the performance management and development system is protected.</li> </ul>
Municipal Moderation Committee	<ul style="list-style-type: none"> <li>• Provide oversight over the staff performance management and development system to ensure the performance management process is valid, fair and objective;</li> <li>• Moderate the overall performance assessment score for staff determined after the directorate moderation processes;</li> <li>• Ensure that the final individual performance ratings are fair across each grade and department or directorate;</li> <li>• Ensure that the final individual assessment outcome corresponds with the performance of the municipality and the relevant department aligned to the staff members' job description or directorate before any recognition of performance is considered;</li> <li>• Determine the % merit bases rewards subject to affordability and the annual approved municipal budget in terms of section 16 of the MFMA, if required;</li> <li>• Recommend appropriate recognitions for different levels of performance;</li> <li>• Recommend appropriate remedial actions for performance believed to be substandard;</li> <li>• Advise the municipality on recognition of performance, including financial and non-financial rewards, where applicable;</li> <li>• Identify potential challenges in the performance management system and recommend appropriate solutions to the municipal manager;</li> <li>• Identify developmental needs for supervisors to improve the integrity of the performance management and development system; and</li> <li>• Consider any other matter that may be considered relevant.</li> </ul>

*Table 5: Roles and Responsibilities*

## 12. Conclusion

The Municipal performance is based on how well its employees perform and therefore each employee must take ownership of their performance. The continuous development of employees is imperative to ensure that there is growth and that employees are more effective and efficient and contribute towards the achievement of the municipal strategic goals, strategies and objectives. Performance management is not a process that should be done in isolation but should be the collective effort of all within the municipality.

The Performance Management and Development System Policy Framework should be read in conjunction with the Education Training Development Policy, Skills Development Policy and the Strategic Integrate Human Resources Talent Management Framework.

### **13. Preceding policies rescinded**

Please note that all previous policies in respect of this subject are rescinded and replaced with the adoption of the revised policy.

Original – Revised Framework – Approved by Council on 05 December 2017, Item A184

Review and approved by Council on 22 August 2022, Item A8

## Annexure A – Performance Agreement

Performance Agreement			
<b>Performance cycle</b>		Example: 01 July 2017 to 30 June 2018	
<b>Department:</b>		<b>[ add name of department ]:</b>	
<b>Section / Unit:</b>		<b>[ add name of section / unit ]:</b>	
<b>Staff member name and surname:</b>		<b>[ add first names and surname for staff member]</b>	
<b>Staff member designation, payroll number and level</b>	<b>Designation</b> Assistant Director	<b>Payroll number</b> 000000000000	<b>Level</b> 5
<b>Functions</b>	<b>Short description of the staff member's function.</b>		
<b>Staff member signature</b>			<b>Date:</b>
<b>Supervisor Name and Surname:</b>	<b>[ add first names and surname for supervisor]</b>		
<b>Supervisor's Signature:</b>			<b>Date:</b>

KPA /JSCs Weighting	KPIs/JSCs	Baseline (where applicable)	Targets <sup>1</sup>	Evidence
1. [Insert KPA here]				

<sup>1</sup> The targets of every KPI must be expressed as one (1) to five (5).

30%	1.1 [Insert KPI here]	[Existing or new where applicable]	1 <sup>2</sup> = [insert SMART Targets here] 2 <sup>3</sup> = 3 <sup>4</sup> = 4 <sup>5</sup> = 5 <sup>6</sup> =		
	1.2				
	1.3				
2. [Insert KPA here]					
30%	2.1				
	2.2				
	2.3				
	2.4				
3. [Insert KPA here]					
20%	3.1				
	3.2				
<b>80%</b>	<b>Total</b>				
<b>Job Specific Competencies (JSC)</b>					
1	10%	[Insert here]		1 = 2 = 3 = 4 = 5 =	Add where applicable for competencies
2	5%	[Insert here]			
3	5%	[Insert here]			
<b>20%</b>	<b>Total</b>				
<b>Supervisor Signature:</b>			<b>Staff member Signature:</b>		
<b>Date:</b>			<b>Date:</b>		

<sup>2</sup> Target 1 indicate **unacceptable performance.**

<sup>3</sup> Target 2 indicate **performance not fully effective.**

<sup>4</sup> Target 3 indicate **fully effective performance** i.e. that performance meets the standard expected in all areas of a job and that the KPI has therefore been achieved.

<sup>5</sup> Target 4 indicate **performance significantly above expectations.**

<sup>6</sup> Target 5 indicate **outstanding performance.**

## Annexure B – Coaching and Review

### ANNEXURE B

Coaching and Review									
	Staff Member / Team input on progress <sup>7</sup>		Supervisor's input on progress		Comments	Year-end Review Scores	Signatures		
	Mid-year review	Final review	Interventions	Staff Member / Team rating			Employee's Signature	Managers Signature	
KPA 1									
1.1									
1.2									
1.3									
KPA 2									
2.1									
2.2									
2.3									
2.4									
KPA 3									
3.1									
3.2									
JSC 1									
JSC 2									
JSC 3									

<sup>7</sup> Formal review must take place mid-year and year-end

<b>Staff Member / Team Supervisor Signature:</b>	<b>Date:</b>
<b>Supervisor Signature:</b>	<b>Date:</b>