



PERFORMANCE MANAGEMET POLICY/Framework
ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE

2020 - 2022

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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.

The Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a Performance Management System (PMS). 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).

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

This policy therefore describes how the municipality’s performance process, for the organisation 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

1.1.1 Objectives of a Performance Management System

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

a) Facilitate strategy deployment

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

b) Facilitate increased accountability

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

c) Facilitate learning and improvement

Facilitate learning 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.

1.2 Principles Governing Performance Management System

The following principles informs the Municipality's PMS:

f) Simplicity

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

g) Implementable

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

h) Transparency and accountability

The development and implementation of a PMS should be inclusive, transparent and open. The 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. The implementation framework, captured as part of this policy, will outline the implementation of this principle.

i) Efficient and sustainable

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

j) Public participation

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

k) Integration

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

l) Objectivity

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

m) Reliability

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

1.3 Roles and Responsibilities

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

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

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<p>Council for adoption;</p> <ul style="list-style-type: none"> • Draft performance agreement, including measurable key performance indicators (KPI's) and targets for the Municipal Manager; • Bi-annual formal performance evaluation of the Municipal Manager; • Ensures the performance agreements of Section 57 employees are made public; • Approves the organisational SDBIP and municipal projects as per the IDP; and • Presents the mid-year and annual report to Council.
Mayoral Committee	<p>Provide strategic awareness and manage the development of the IDP and PMS. Monitor progress via portfolio Committee Meetings and advise the Mayor accordingly.</p>
Portfolio Committee	<ul style="list-style-type: none"> • Manage the implementation of the strategy; and • Review and monitor the implementation of the IDP and the PMS.
Municipal Manager (MM)	<ul style="list-style-type: none"> • The functions performed by the Municipal Manager includes and are however not limited to the following: • Provide strategic direction and develop strategies and policies for the organisation; • Manage the development and implementation of the IDP; • Development of the PMS; • Identify indicators and set targets; • Submission of the draft SDBIP to the Executive Mayor; • Manage the implementation of the IDP and PMS; • Draft and approve performance agreements, including measurable KPI's and targets for Section 57 employees and performance development plans for lower level staff; • Monitor the implementation of the IDP and the PMS, identifying risks early; • Formal bi-annual performance evaluation of the Section 57 Managers (Executive managers)

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<ul style="list-style-type: none"> • Ensure that regular monitoring, measurement and analysis of performance information takes place and ensure performance reporting is done in terms of legislation; • Propose response strategies to the Mayor and/or Council; and • Co-ordinate the compilation of the Annual Report.
<p>Section 56 Managers / Executive managers</p>	<ul style="list-style-type: none"> • Assist in providing strategic direction and developing strategies and policies for the organisation; • Assist the Municipal Manager with the development and implementation of the IDP; • Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements; • Ensure that performance information complies with the SMART principles and audit standards of the Auditor-General (AG); • Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis; • Ensure that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes. • Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates (Department Heads / Managers) and performance development plans for lower level staff where applicable; and • Formal bi-annual performance evaluation of immediate subordinates (Department Heads / Managers) lower level staff where applicable.
<p>Department Heads / Managers / Sub Directorate Heads</p>	<ul style="list-style-type: none"> • Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements; • Ensure that performance information complies with the SMART principles and audit standards of the AG; • Ensure that accurate, reliable and evidence-based performance results are provided to the relevant director for

ROLE PLAYER	ROLES AND RESPONSIBILITIES
	<p>performance measurement on a quarterly basis;</p> <ul style="list-style-type: none"> • Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes; • Draft performance agreements, including measurable KPI's and targets for immediate subordinates and performance development plans for lower level staff where applicable; and • Formal bi-annual performance evaluation of all employees within the department.
<p>Performance Management Unit / Performance Management Office</p>	<ul style="list-style-type: none"> • The delegated PMS Officer/Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis; • It is this Manager/Officer's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible (pre-audit of performance information); • The Municipal Manager must review overall performance quarterly while the PMS Manager/Officer should support him/her in verifying the performance data and prepare the quarterly organisational performance reports for submission to the Performance Audit Committee; • Render municipal wide support with updating and correcting of performance information on the web-based PMS; and • Render municipal wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual KPI's and targets.
<p>Internal audit</p>	<ul style="list-style-type: none"> • Must on a quarterly basis audit the performance measurement of the Municipality; and • Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee; and • Provide input to management in terms of the quality of the performance indicators.

ROLE PLAYER	ROLES AND RESPONSIBILITIES
Performance Audit Committee	<p>The MSA (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) provide clear guidelines on the formal monitoring, audit and reporting of performance of the Municipality. In terms of Regulation 14 (4) (a) the Performance Audit Committee must:</p> <ul style="list-style-type: none"> • Verify the relevance of the PMS and the performance information; • Review the quarterly reports compiled by the internal auditor; • Review the PMS of the Municipality and report to the Council in this regard; and • Submit an audit report to Council at least twice a year.

2. Legislative Overview

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

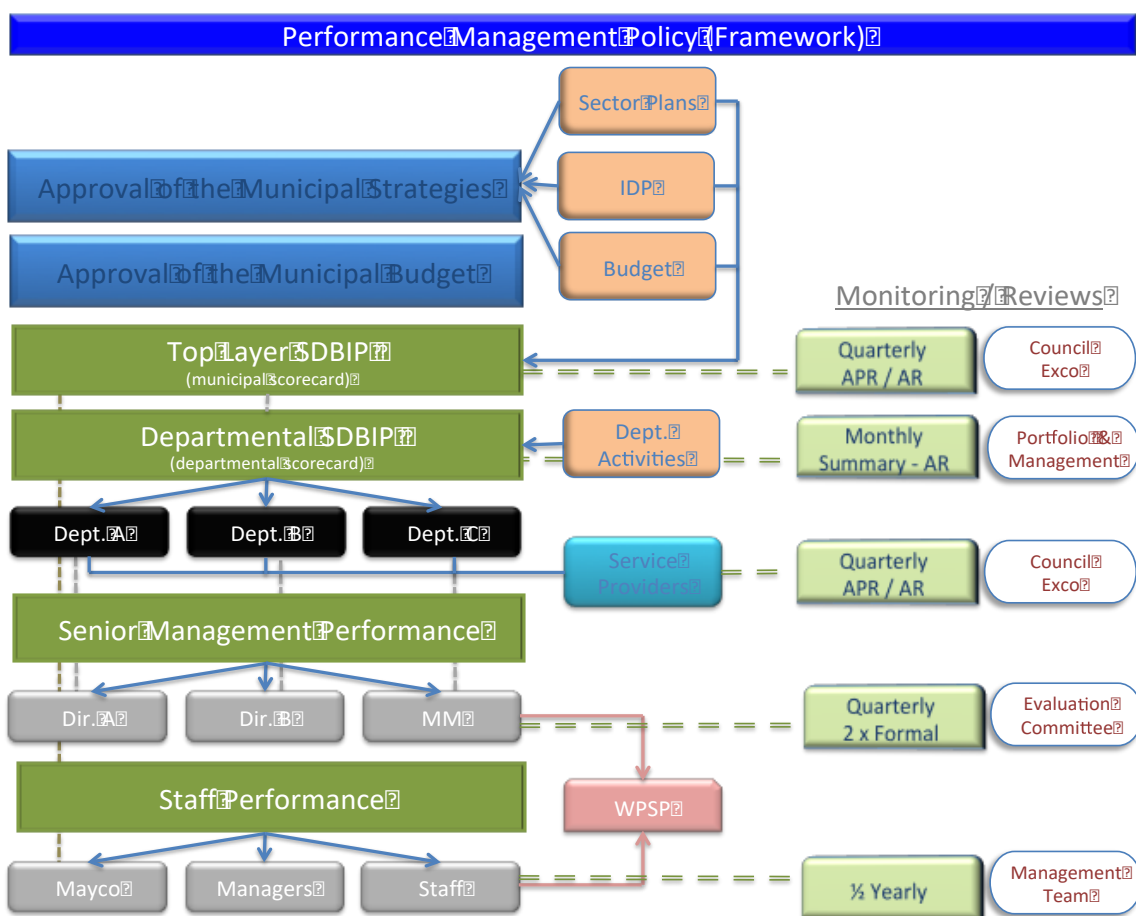
Below is a summary of the legislation which informs PMS of the Municipality. To view the promulgated local government legislation, regulations and other guidelines in more detail refer to the manual on performance management.

- The Constitution of the Republic of South Africa, 1996
- The White Paper on Transforming Public Service Delivery (Batho-Pele) (1997)
- The Municipal Systems Act, 2000 (Act 32 of 2000)
- Municipal Finance Management Act, 2003 (Act 56 of 2003)
- MFMA Circular No. 13 – Service delivery budget implementation plan.
- Municipal Performance Regulation for Municipal Managers and Managers directly accountable to MM's (R805, Aug 2006)
- Municipal Planning and Performance Management Regulations (R796, Aug 2001)
- Local Government: Regulations on appointment and conditions of employment of senior managers (R21, Jan 2014)
- Framework for Managing Programme Performance Information (2007)

3. Performance Management System (PMS)

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

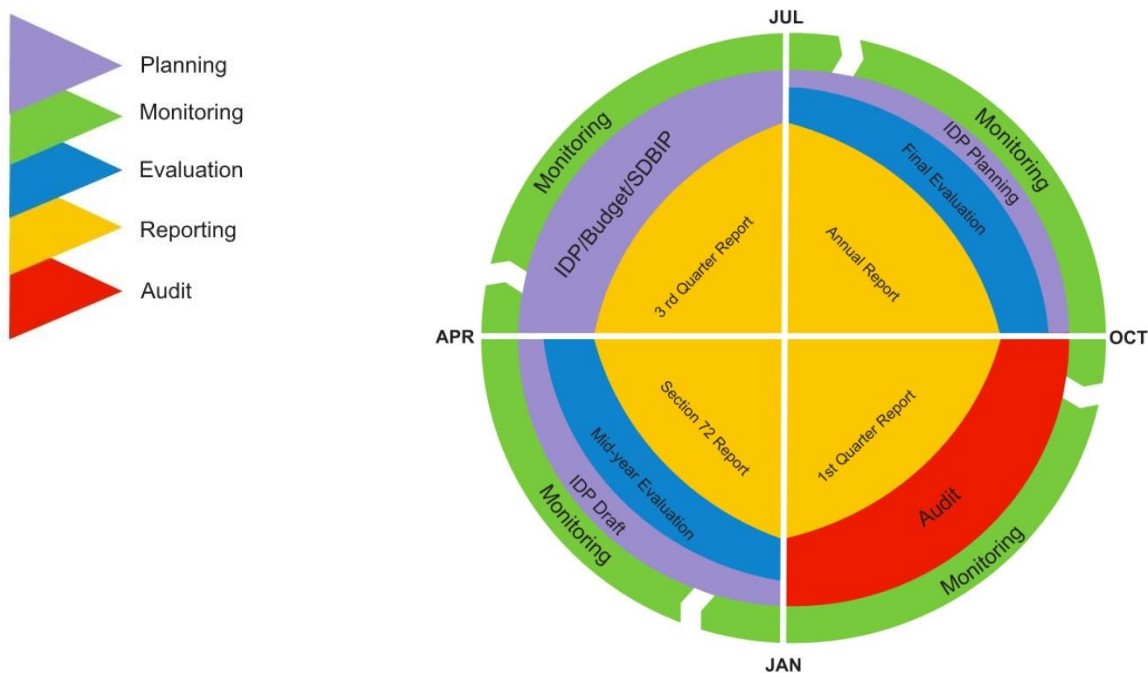
The policy must explain the performance management cycle as it will be implemented, including timeframes and the implementation framework. The policy must be adopted by Council after consultation with the relevant stakeholders and reviewed annually during the IDP cycle. An overview of the performance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



Performance management is aimed at ensuring that municipalities monitor their IDP's and continuously improve their operations and in terms of Section 19 of the Local Government: Municipal Structures 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.

3.1 Performance Cycle

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



Each of the above cycles can be explained as follows:

- **Performance Planning** ensures that the strategic direction of the Municipality more explicitly informs and aligns the IDP with all planning activities and resource decisions. This is the stage where Key Performance Areas (KPA's) and 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** is an ongoing process to determine whether performance targets have been met, exceeded or not met. Projections can also be made during the year as to whether the final target and future targets will be met. It occurs during key points in a process. Managers will monthly monitor the performance of their departments. Quarterly reports on performance information must be submitted to Council.

Performance Evaluation 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 action recommended. Evidence to support the status is also reviewed

at this stage. The objective of the review should be based on actual performance and performance evidence. The supervisor and employee need to prepare for the review and discuss the performance during a focussed performance meeting. **The respective supervisor must do a formal performance review twice per annum, mid-year review (Jul- Dec) and year-end review (Jan-Jun).** An additional component is the review of the indicators to determine if they are feasible and are measuring the key performance areas appropriately.

- **Performance Reporting** entails regular reporting to management, the performance audit committee, Council and the public. This includes the quarterly, bi-annual and annual reports.
- **Performance auditing** is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to Section 45 of the MSA, results of the performance measurement must be audited as part of the Municipality's internal auditing process and annually by the AG. The Municipality have 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.

4. Organisational Performance

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

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

4.1 The Service Delivery Budget Implementation Plan (SDBIP)

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

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

An SDBIP enables the Municipal Manager to monitor the performance of senior managers, 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 senior Managers.

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

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

4.2 **Top Layer SDBIP**

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

The TL SDBIP must be **submitted to the Executive Mayor within 14 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 report is a public document and must be **made public within 14 days after approval**.

The TL SDBIP and its targets cannot be revised without notifying the Council and if there are changes in service delivery targets and performance indicators, it must be with the

approval of the Council, following approval of an adjustments budget (section 54(1)(c) of MFMA).

The TL SDBIP is a **One-year** detailed plan, but should include a **three-year capital plan**

The Components of the TL SDBIP includes:

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

The TL SDBIP forms a critical part of the quarterly (s52), the mid-year (s72) and the annual performance reports (s121 / s46).

4.3 Departmental SDBIP

In the Departmental SDBIP, the top management provides 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 junior management.

The Departmental SDBIP will be using such detail to hold middle-level and junior-level managers responsible for various components of the service delivery plan and targets of the Municipality. The Departmental SDBIP is compiled by senior managers for his/her department and is linked to the TL SDBIP and approved by the Municipal Manager. Any changes to the KPI's must be approved by the Municipal Manager. **In order to address transparency and accountability, only a maximum of two adjustments to the Departmental SDBIP will be allowed per Department for the period of a full financial year. These adjustments will only be approved by the Municipal Manager after an impact analysis has been done by the performance unit. The procedure for the approval of these adjustments is communicated via the performance office. Any other adjustments will be communicated from the Performance Office for consideration and implementation.**

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

4.4 **System Descriptions**

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

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

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

4.5 **Update Actual Performance**

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

The actual performance should be monitored quarterly in terms of the objectives, KPI's and targets set. In order to measure the outcomes of the KPI's, the outputs and performance evidence (POE's) should be evaluated and documented.

It is important to note that the Municipal Manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes. Each

municipal department and staff member therefore need to proof the achievement of their performance so that it can be measured during performance monitoring and reviews. This information is also used to report performance and for internal and external audit purposes.

4.6 Adjustments to KPI's

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

4.7 Validation

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

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

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

Guidance on the procedure for compilation and submission will be communicated to departments on a quarterly basis

5. Individual Performance

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

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

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

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

5.1 Municipal Manager and Senior Managers

5.1.1 Introduction

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 the Municipal Manager and managers reporting directly to the Municipal Manager enter into annual performance agreements. The performance agreements of the Municipal Manager and other senior managers should be directly linked to their employment contract.

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

n) Performance Agreement

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

o) 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 respective senior managers according to their areas of responsibility. The Municipal Manager will, in addition to the SDBIP, identify indicators, agreed with the executive managers, which should be included in the agreement.

p) Personal Development Plan

The development plan is an Annexure to the performance agreement and addresses the developmental needs/ requirements of the manager indicating actions and timeframes. Performance plans included weights per indicator based on the importance of the indicator. Performance agreements are mutually agreed to by the Municipal Manager and Executive managers / Municipal Manager and Executive Mayor and must be approved/signed within the first month of the financial year or within 3 months after the start of new employment.

5.1.2 Evaluation of Section 56

The management of the performance process for the Municipal Manager and the senior managers must be done in terms of R805 and Regulation 21 as explained in detail in these Regulations. Performance must be reviewed quarterly, of which the mid-year and year-end performance will be formal evaluations. Performance panels should be constituted in terms of the agreements for the formal evaluations and the results should be reported to Council.

5.2 Other Personnel

The PMS is applicable to all municipal staff. It will assist in creating a performance driven organization and ensure continuous service delivery of exceptional standard. The following processes will be applicable to all employees, other than the Municipal Manager and senior managers.

Performance Plans are agreed with each employee as per the level of reporting as part of his / her career development plan and should include the following:

q) *Personal information*

Details relating to the employee and his/her position, supervisor, formal and informal training and experience.

r) *Job definition*

High level overview of work performance required and key focus areas

s) *Career goals*

Long term and intermediate career goals. These goals are initially set at the beginning of the year to capture goals that will help an employee gain the skills and opportunities to progress. Please note that by documenting and agreeing on career goals does not constitute any commitment from the employer of being automatically promoted to the next levels.

t) *Key performance indicators*

Where applicable and KPI's delegated to employees on the SDBIP are included here. New KPI's can be added to existing KPI's (from the SDBIP) or new KPI's can be created for employees who do not have KPI's on the SDBIP.

u) *Managerial KPI's*

Only employees with managerial responsibilities such as managers reporting to a senior manager, will have managerial KPI's. The list of core competencies is included in the PMS. It is the prerogative of the Municipal Manager/senior manager to evoke the competencies for specified personnel.

v) *Weights*

Show the relative importance of input or output against another input or output. Every input or output in the performance agreement must be assigned a weighting. The weights / ratings and the distribution of the ratings per level need to be determined by the management team in the beginning of each financial year and agreed with the employer or group of employers. (employee or group of employees)

w) *Learning activities*

Will address the identified training needs. The following should be carefully be considered during the identification of training needs:

- Organisational needs;
- The competency requirements of individual jobs. The relevant job requirements

(job competency profile) as identified in the job description should be compared to the current competency profile to determine the individual's competency gaps;

- Specific competency gaps and training needs identified during evaluation;
- Individual training needs that are job/career related;
- The training needs should be prioritised since it may not be possible to address all identified training needs in a specific financial year. It is however of critical importance that training needs be addressed on a phased and priority basis. This implies that all these needs should be prioritised for purposes of accommodating critical/strategic training and development needs in the HR Plan and Workplace Skills Plan;
- Consideration must then be given to the expected outcomes, so that once the intervention is completed the impact it had can be measured against relevant output indicators; and
- An appropriate intervention should be identified to address training needs/skills gaps and the outcome to be achieved but with due regard to cost effectiveness.

The performance objectives and targets reflected in the performance agreement are set by the employer in consultation with the employee and based on the **IDP, SDBIP and Budget of the Municipality, Job descriptions**, and shall include key objectives; key performance indicators; target dates and weights. The agreements must be finalised by 31 August each year and captured on the automated performance management system.

x) Further cascading of individual performance

Individual performance will be implemented as follows:

- **2020/2021 – First three lines of reporting (not including the Executive Manager), after Agreement of Executive Manager has been completed**
- **2020/2021 – To be implemented Departmentally**
- **2020/2021 – Following lines of reporting, Departmentally**

y) Performance Champions

The function of Performance Champions has been established by the Municipal Manager in order to assist in the roll out of Individual Performance throughout the organisation using the following methods of approach;

- Performance Champions must be trained in performance management
- The Champions will be utilised in a step by step approach to assist their respective departments with proper implementation of an IPMS
- A skill and knowledge transfer must be implemented from the Performance Office

5.2.1 Skills Development Plan

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

5.2.2 Formal Performance Reviews

Although performance should be managed daily, the respective supervisor must do a formal performance review twice per annum.

The objective of the review should be based on actual performance and performance evidence. The supervisor and employee need to prepare for the review and discuss the performance during a focussed performance meeting.

The employer (supervisor) should prepare by:

- Ensuring that all the information required for the evaluation is available, including obtaining information from other supervisors where required;
- Reviewing the previous period performance and the indicators and targets for the next period;
- Evaluating the level of support required and planning to address the development needs; and
- Provide comprehensive and honest feedback.

The employee should prepare by:

- Ensuring that all the information required for the evaluation is available;
- Identifying new objectives and indicators where required;
- Identifying support and training needed;
- Conduct a self-review; and
- Reflecting on the feedback from the employer.

Performance Assessment

Individual performance assessments will be done bi-annually and should be concluded on the automated performance management system as follows:

Period 1 (1 July – 31 December): Due - 28 February annually

Period 2 (1 January – 30 June): Due - 31 August annually

- The employer shall keep a record of the mid-year review and annual assessment meetings;
- The mid-year review's main focus will be on development while the main focus of the year-end review will be on recognition and reward;
- Performance feedback shall be based on the employer's assessment of the employee's performance. For purposes of evaluating the performance of the employee, an evaluation panel can be established; and
- The evaluation panel and the employee shall prepare for the formal evaluation sessions and the SDBIP can be used as one of documents to prepare for such a session.

The assessment of the performance of the employee will be based on the following rating scale:

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the

Level	Terminology	Description
		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 standard expected for the job. The review/assessment indicates that they employee has achieved below fully effective results against almost all the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Performance Rating

5.2.3 Circumstances That Impact on Performance Evaluations

z) Absence / Maternity leave during the performance cycle

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

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

aa) Acting in higher positions

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

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

bb) *Eventuality for new employees*

Employees that have started service during the financial year will be evaluated, however only employees that have been in service for six months and longer within a financial year (**Employees appointed after 1 July and before 1 January annually**) will qualify for a performance reward pro rata for six months during their first year of employment. In such a situation only the performance evaluation outcome for the second evaluation period (1 Jan – 30 June) will be taken into consideration for performance rewards.

cc) *Staff Movements*

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

dd) *Misconduct and suspension*

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

- What was the nature of the misconduct (e.g. financial, management)?
- Was the person found guilty or not?

- If found guilty, what was the nature of the sanction (e.g. discharge, suspension)?
- Did the misconduct and/or sanction impact on performance?
- Was the employee suspended for a prolonged period?

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

ee) Employees on probation

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

5.2.4 Process Flow for Performance Assessments

- The first step in the assessment allows for self-evaluation by the employee. Employees that do not have access to computers at the workplace must be provided with a hardcopy of their performance development plans to facilitate the process of manual assessment. The signed self-assessment must be submitted to the respective supervisor for capturing on the automated performance management system.
- The second step in the assessment is the official rating of performance by the relevant supervisor/manager or director. The outcome of the assessment should be discussed between the supervisor/manager or director 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.
- Poor performance should address in the personal development plans.

5.2.5 Amendments to the Performance Agreement

Performance in the municipality takes place in a dynamic environment and a performance plan can therefore never be cast in stone. Even though the initial agreement is signed at the start of the performance cycle, significant changes and additions could on an on-going basis be reflected in the performance plan.

The performance plan against which an employee is assessed at the end of the cycle must accurately reflect the employee's actual activities and outputs during the entire

performance cycle. Amendments must be made to the performance plans must be signed and dated by both the employee and the employer. Performance can only be assessed on mutually agreed indicators and targets.

5.3 **Managing Poor Performance**

Line managers are first required to identify and work with the employee to develop a plan to address performance that is not fully effective. Line managers can consider the following to overcome performance shortfalls:

- Personal counselling;
- On-the-job mentoring and coaching;
- Restating a work plan for performance requirements; and
- Analysis of work environment to determine constraints and needs.

In the event that a training need has been identified as an intervention to address unacceptable performance, such interventions should be prioritised for implementation in the forthcoming Workplace Skills Plan. Unacceptable performance should be dealt with in terms of the procedural requirements of the Labour Relations Act.

If an employee does not respond to continuous and reasonable attempts to improve performance, the incapacity processes should be followed. Human Resources must follow up on actions in terms of poor performance

5.4 **Moderation**

5.4.1 **Moderation at Sub-Directorate Level**

At this level, the moderation committee consist of:

- The respective sub-directorate head/manager;
- All officials in a supervisory capacity that reports directly to the Sub Directorate Head;
- One representative from the Human Resource Department; and
- One representative from the Performance Management Unit.

Moderation of performance results at this level presents an opportunity to the sub-directorate head to clarify and substantiate the performance rating scored to subordinates in instances where parties disagree. This process will also capacitate supervisors and broaden their knowledge and understanding with regards to performance evaluation process. It will also be expected from supervisors to inform subordinates in instances where changes were effected as a result of the moderation. This process should be finalised by the 30 September each year. On completion of the moderation at this level, the performance assessment outcome of the relevant sub

directorate will be endorsed by the relevant sub-directorate head for submission to the relevant director for further moderation. Changes to individual performance assessment outcomes proposed at this level will not be affected on the automated performance management system.

5.4.2 Moderation at Directorate Level

At this level, the moderation committee consist of:

- The respective director;
- Sub-directorate heads/managers reporting directly to the director;
- One representative from the Human Resource Department; and
- One representative from the Performance Management Unit.

Moderation of performance results at this level presents an opportunity to the sub-directorate head to clarify and substantiate the performance rating scored to subordinates. The relevant director will review the performance outcomes of the entire directorate and may effect changes to individual performance outcomes. It will also be expected from sub-directorate heads/managers to inform subordinates in instances where changes were effected as a result of the moderation. This process should be finalised by 31 October each year. On completion of the moderation at this level, the performance assessment outcome of the relevant directorate will be endorsed by the relevant director for submission to the Municipal Manager for final moderation. Changes to individual performance assessment outcomes proposed at this level will not be effected on the automated performance management system.

5.4.3 Moderation at Municipal Manager Level

At this level, the moderation committee consist of;

- The Municipal Manager;
- All Executive Managers;
- The Manager: Human Resources; and
- The Manager: Performance Management/representative from the Performance Unit

Moderation of performance results at this level presents an opportunity to executive managers to clarify and substantiate the performance rating scored to subordinates. The Municipal Manager will review the individual performance outcomes of all municipal staff in conjunction with executive managers and may affect changes to individual performance outcomes. This process should be finalised by 30 November each year. On completion of the moderation at this level, the performance assessment outcome of the

entire workforce will be endorsed by the Municipal Manager. Changes to individual performance assessment outcomes proposed at this level will be regarded as final and will be effected on the automated performance management system.

5.4.4 Role of the Moderation Committee

The role of the moderating committee is to ensure that the assessments were done in a realistic, consistent and fair manner. This will be done as follows:

- The performance ratings for the employees evaluated are compared to validate the ratings;
- The performance ratings are printed on the normal distribution of the employee performance graph (Bell-curve on performance) and deviations should be considered;
- Analyse the overall performance review process and provide input on changes of individual performance evaluations and/or the performance processes; and
- Any changes in scores should be discussed and agreed with the respective employee.

The senior management team and HR should then consider the overall scores of all the departments before final approval of the performance evaluation for the period.

5.4.5 Communication of Final Outcomes

The performance management unit will provide executive managers with a final report on the outcome of performance assessments immediately after the moderation process has been concluded. The final outcome of performance assessments should be communicated downwards to each municipal employee by executive managers / sub-directorate heads and supervisors by 30 December each year. This feedback is important to gain employee confidence and to ensure transparency. It will also give employees an opportunity to lodge an appeal 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.

5.5 Record Keeping

Municipal Manager/Executive Manager/Heads/Managers/Supervisors

The Municipal Manager/executive managers/ heads/ managers/ supervisors have the responsibility to keep record of signed Performance development plans and performance agreements. The Municipal Manager/executive managers/ heads/

managers/ supervisors also have the duty to keep record of signed Individual evaluations of their directorates/sub- directorates at a central location for their POE purposes.

Head/Manager/Supervisors

The responsibility of the head/ manager/ supervisor of a sub-directorate is to maintain a list of performance agreements and performance development plans and to notify the Performance Management Unit that an employee has been transferred or when the need arises to review KPI's.

Head/Manager

It is also the responsibility of the sub-directorate head to inform the Performance Management Unit when a new staff member joins the sub-directorate and when new KPI's needs to be developed.

6. Reward and Recognition

The evaluation of the employee's performance will form the basis for acknowledging outstanding performance or correcting unacceptable performance.

6.1 Performance Rewards

The following performance rewards is applicable based on the performance evaluations within a given financial year (1 July to 30 June).

The Categories below is an indication of a possible structure for Individual Performance Management. A reward and recognition policy must be researched and communicated amongst all applicable stakeholders.

A reward and recognition survey will be implemented in order to do a general analysis amongst employees

6.1.1 Category 1: Outstanding Performance

Employees achieving 90% / 4.5 or more on overall performance shall receive;

(a) To be discussed, determined and approved

6.1.2 Category 2: Performance Significantly Above Expectation

Employees achieving 80%-89% / 4 – 4.5 or more on overall performance shall receive;

(a) To be discussed, determined and approved

7. Appeals Process

7.1 Section 56/57-Employees

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

7.2 Other Personnel:

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. **Grievances should be logged within 30 days from receiving the final score.**

8. Service Providers

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

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

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

the municipality are making use of service providers in terms of Section 76(b) of the MSA)

All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

This section sets out the framework on monitoring and reporting on the performance of service providers in terms of Chapter 8 of the MSA and Section 116 of the MFMA.

(Finalized process of the municipality to be discussed)

8.1 Notification of Service Providers

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

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

8.2 Evaluating the Performance of Service Providers

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

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

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

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

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

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

8.2.1 Prescribed procedures to evaluate service providers

The following procedures need to be followed:

- The requirements of this Policy must be included in the contract of the service provider;
- The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer;
- The assessment form must be filed in the contract file or captured onto the database when a database is available;
- The Reporting Officer must complete the assessment form at the end of each quarter and on completion or termination of the contract;
- The quarterly assessment must be completed within 15 working days after the end of each quarter;

- The Reporting Officer must provide a copy of the assessment to the service provider at the end of each quarterly assessment period and on completion or termination of the contract;
- The Supply Chain Management Unit will review the quarterly service provider assessments within 20 days after the end of each quarter and submit a summary report to Council;
- The Accounting Officer need to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular basis; and
- In the instance of under-performance:
 - The Municipality will facilitate support interventions to service providers in the identified areas of underperformance;
 - Service providers who have been identified as under-performing in identified areas must be informed of these support interventions;
 - The impact of support interventions must be monitored by the Reporting Officer; and
 - The records of support interventions must be documented, signed by both parties and appropriately filed.

9. Evaluation and Improvement of the Performance Management System

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

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

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve their quality of life, it is poor performance 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:

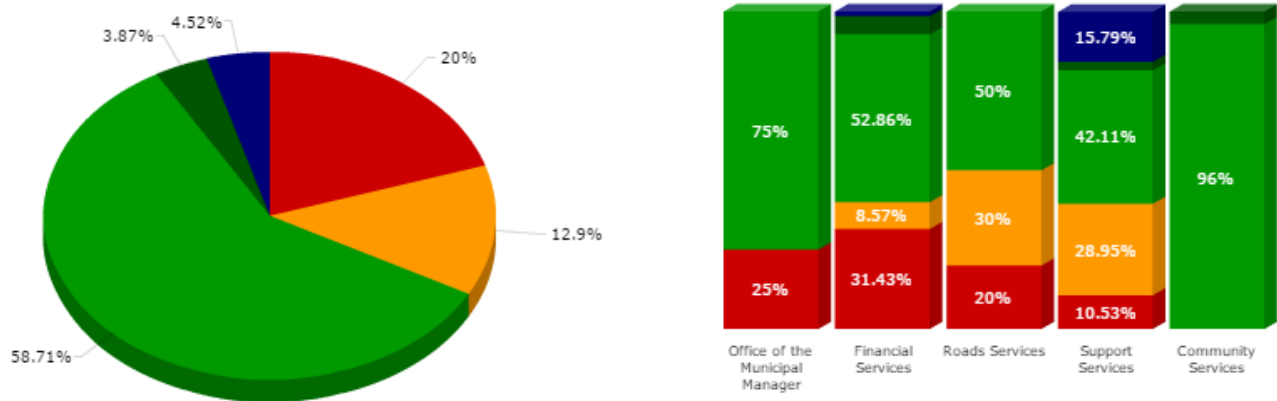
- Restructuring is a possible solution for an inappropriate structure;
- Process and system improvement will remedy poor systems and processes;
- Training and sourcing additional capacity can be useful where skills and capacity are lacking;
- Change management and education programmes can address organisational 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.

10. 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 expected results.

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



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

10.1 Reporting Intervals

Report	Frequency	To whom	Content	Comments
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Report	Frequency	To whom	Content	Comments
Departmental SDBIP	Monthly	Management and Portfolio Committees	Actual results achieved against department SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Top Layer SDBIP (Could serve as sec 52 report as well)	Quarterly (Sec 52 within 30 days after end of quarter)	Management and Council	Actual results achieved against Top Layer SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Internal Audit reports on performance results	Quarterly	Council and Performance Audit Committee	Audit outcomes from auditing actual results captured/ indicated/ reported on	Outcomes to be used to rectify KPI's and actuals
MFMA Sec 52 report	Quarterly (within 30 days after end of quarter)	Management and Council (Copy to PT and NT)	Actual results achieved against Top Layer SDBIP KPI's	NB: Reasons for non-performance and corrective measures
MFMA Sec 72 report	25 January	Executive Mayor (Submit to next Council meeting after 25 January and copy to PT and NT)	Consists of 2 parts PM: Actual results achieved against Top Layer SDBIP KPI' Finance: As prescribed by NT	Use results/outcome to motivate adjustments budget

Report	Frequency	To whom	Content	Comments
MSA Sec 46 report	31 August	AG, Council	As prescribed by NT Circular 63	Must form part of AR, – Circular 63
Annual report	Draft: 31 October to AG Draft: 31 January to Council Final: 31 March to Council with oversight report	AG, Council, Performance Audit Committee, Oversight Committee (Copy to PT and NT)	As prescribed by NT Circular 63	NB: If full draft is submitted earlier to Council, remember that final must be submitted within 2 months after draft has been submitted

10.2 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 1st 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 issues by the National Minister. Although the report is mainly a financial report, one of the Annexures in terms of Section 7(b) of Schedule C requires a performance assessment in relation to the quarterly performance targets for the delivery of basic services in terms of the TL SDBIP.

In summary, the Municipal Manager should:

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

10.3 **Annual Performance Report**

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

10.4 **Annual Report**

The annual report should be prepared and submitted to Council by 31 January every year.

10.5 **Analysis of Performance Reports and Follow-up**

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

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

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

reported on.

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

11. Governance

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

11.1 Quality Control and Co-ordination

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

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

11.2 Performance Investigations

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

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

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

11.3 Internal Audit

Section 165 of the MFMA requires that each municipality must have an Internal Audit Unit however such function may be outsourced.

Internal audit can determine the reliability, accuracy, and integrity of financial and operational information. The MSA, Section 45 stipulates that the results of performance measurements must be audited as part of the Municipality's internal auditing processes.

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

The audit should include an assessment of:

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

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

11.4 **Performance Audit Committee**

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

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

According to the Regulations, the Performance Audit Committee must:

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

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

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

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

11.4.1 Role of the Audit Performance Committee

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

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

11.5 Governance

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

Time frame	MSA/ MFMA Reporting on PMS	Section
Quarterly reporting	The Municipal Manager collates the information and draft the organisational performance report, which is submitted to Internal Audit.	MSA Regulation 14(1)(c)
	The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee	MSA Regulation 14(1)(c)
	The Municipal Manager submits the reports to the Council.	MSA Regulation 14(1)(c)
Mid-year reporting	The Performance Audit Committee must review the PMS and make recommendations to council	MSA Regulation 14(4)(a)
	The Performance Audit Committee must submit a report at least twice during the year a report to Council	MSA Regulation 14(4)(a)

Time frame	MSA/ MFMA Reporting on PMS	Section
	The Municipality must report to Council at least twice a year	MSA Regulation 13(2)(a)
	The Accounting officer must by 25 January of each year assess the performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury.	MFMA S72
Annual reporting	The annual report of a municipality must include the annual performance report and any recommendations of the municipality's audit committee	MFMA S121 (3)(c)(j) & MSA S46
	The accounting officer of a municipality must submit the performance report to the Auditor-General for auditing within two months after the end of the financial year to which that report relates	MFMA S126 1(a)
	The Auditor-General must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report	MFMA S126 (3)(a)(b)
	The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality	MFMA S127(2)
	The Auditor-General may submit the performance report and audit report of a municipality directly to the municipal council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of the state	MFMA S127 (4)(a)
	Immediately after an annual report is tabled in the council, the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local	MFMA S127 (5)(b)

Time frame	MSA/ MFMA Reporting on PMS	Section
	government in the province.	
	The council of the municipality must consider the annual report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing council's comments on the annual report	MFMA S129 (1)
	The meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organ of the state	MFMA S130 (1)
	The Cabinet member responsible for local government must annually report to Parliament on actions taken by the MECs for local government to address issues raised by the Auditor-General	MFMA S134

12. Summary of Municipal Performance Cycle

Performance Management Calendar

Action	Activity	Comment
July		
Service Provider Performance	4 th Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
Performance Reporting	4 th Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report Input for Annual Report for AG
MM / Senior Managers performance agreements	Prepare and approval	Prepare agreements ito R805 Approval and signed before 31 Jul KPI's aligned with SDBIP Include CCR's evaluation committee; evaluation periods; bonus

Performance Management Calendar		
Action	Activity	Comment
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP	IDP Framework and Process Plan	Process plan to ensure proper planning and involvement of all stakeholders to identify clear objectives and key performance areas
August		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Staff Performance	Formal review of staff performance	Evaluation of performance for the past 6 months ending June Moderation; coaching and counselling Document and report
Staff Performance	Finalise performance plans	Determine KPI's -Key outputs/ outcomes; career goals; job requirements; measurement criteria; skills required and development needs / plan
IDP	IDP Process Plan	Submission to Executive Mayor Approval of plan
September		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor

Performance Management Calendar		
Action	Activity	Comment
		Actions to address GAPS
Annual Performance Report	Finalise and submit performance report to AG	Performance report on financial and operation performance for audit purposes
MM/Senior Managers Performance	Annual performance review	Review against targets Review CCR's - obtain 360 degree input Determine development needs Calculate rewards into agreements Document and sign-off
October		
Service Provider Performance	1 st Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Performance Reporting	1 st Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report
MM/Senior Managers Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
IDP & Budget	Public participation	Consult key stakeholders / role-players Identify potential projects / needs
November		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor

Performance Management Calendar		
Action	Activity	Comment
		Actions to address GAPS
Planning	Strategic Planning	Planning sessions with Council and Management Mission, Vision and Values Review progress against strategic objections Review strategic direction and progress Alignment with national strategies Budget guidelines / draft projects
Staff Training	PMS Training updates	Identify any performance management training needs and address with update training sessions
December		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Annual Report	Draft Annual Report	Final draft to be ready for submission to Council
January		
Service Provider Performance	2 nd Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
Performance	Prepare and submit Mid-year	Each department to finalise SDBIP

Performance Management Calendar		
Action	Activity	Comment
Reporting	performance report ito s72 of MSA	quarterly report
Staff Performance	Formal review of staff performance	Evaluation of performance for the past 6 months ending December Moderation; coaching and counselling Document and report
Annual Report	Submit draft report to Council	Final draft submitted to Council for adoption in principle and public participation
February		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
MM/Senior Managers Performance	Mid-year formal performance review	Review against targets Review CCR's - obtain 360 degree input Determine development needs Calculate rewards ito agreements Document and sign-off
Annual Report	Advertise draft Annual Report for public participation	Advertise draft Annual Report for public comment in terms of service delivery
Oversight	Oversight Committee considers Annual Report	Review Actions to address shortcomings Performance Risk Assessment Report to Council
March		
Service Provider	Review performance of service providers as per the	Submit reports to SCM Unit Address poor performance

Performance Management Calendar		
Action	Activity	Comment
Performance	approved policy	
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP	Draft IDP to Council	IDP aligned with national strategy I Include clear objectives and municipal KPA's Needs that cannot be accommodated should be included in priority listings Should include all required sectoral plans that are aligned
Budget	Draft Budget to Council	Budget aligned with IDP and address IDP objectives
SDBIP	Draft top level SDBIP and submit with draft budget	Top Level SDBIP should be aligned with IDP and budget; strategic objectives; municipal KPA's; assigned to senior managers and include outer year performance
Annual Report	Approval of Annual Report	Public comment considered Final Annual Report submitted Oversight committee report submitted Proposed actions approved
April		
Service Provider Performance	3 rd Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS

Performance Management Calendar		
Action	Activity	Comment
Performance Reporting	3 rd Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report
IDP & Budget	Public participation	Obtain public input in draft documents and consult key stakeholders
MM/Senior Managers Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
May		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP & Budget	Approval of IDP and Budget	Approval by Council
SDBIP	Departmental SDBIP development	Workshop with departments
June		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
SDBIP	Top Level SDBIP approval	SDBIP to be submitted to Mayor within 14 days after budget approval Approval by Mayor within 28 days after budget approval
SDBIP	Approval of departmental SDBIP	SDBIP to be address all Top Level KPI's Address departmental responsibilities Key activities, challenges and risks; performance plans (project lifecycle);

Performance Management Calendar		
Action	Activity	Comment
		resource allocation; inputs and timeframes
Work Place Skills Plan	Update and submit WPSP	Alignment with needs as per mid-year performance reviews

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

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

13. Abbreviations

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