



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

14 June 2022

PERFORMANCE
MANAGEMENT AND
DEVELOPMENT
POLICY. (R133/2022)

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DRAFT PERFORMANCE MANAGEMENT AND DEVELOPMENT POLICY*

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ACRONYMS AND ABBREVIATIONS

AG	: Auditor General
CCR	: Core Competency Requirement
IDP	: Integrated Development Plan
KPA	: Key Performance Areas
KPI	: Key Performance Indicators
LED	: Local Economic Development
MEC	: Member of the Executive Council
MFMA	: Municipal Financial Management Act
MSA	: Municipal Systems Act
MTEF	: Medium Term Economic Framework
PDP	: Personal Development Plan
PMDS	: Performance Management and Development system
POE	: Portfolio of Evidence
SALGA	: South African Local Government Association
SDBIP	: Service Delivery and Budget Implementation Plan
SFA	: Strategic Focus Area
SMART	: Specific, Measurable, Achievable, Realistic, Time-frame
TL SDBIP	: Top Layer Service Delivery Budget Implementation Plan
WSP	: Workplace Skills Plan

1 DEFINITIONS

"Accounting Officer"

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.

"Employee"

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

"Employer"

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

"Employment Contract"

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

"Input Indicator"

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

"Integrated Development Plan"

A plan envisaged in section 25 of the Municipal Systems Act

"Local Community" or "Community"

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

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

"Mayor"

In relation to a Municipality with an Executive Mayor, means the councillor elected as the Executive Mayor of the Municipality in terms of section 55 of the Municipal Structures Act; or a Municipality with an executive committee, means the councillor elected as the mayor of the Municipality in terms of section 48 of that 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 Service"

Has the meaning assigned to it in section 1 of the Municipal Systems Act

"Municipal Staff Regulations"

The Local Government Municipal Staff Regulations published under Government Notice 890 on 21 September 2021.

"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"

An agreement as contemplated in Section 57 of the Municipal Systems Act

"Performance cycle"

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

"Performance Plan"

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

"Portfolio of evidence"

The documentary evidence on progress made or performance above standard by a staff member towards achievement of that staff members KPA

"Service Delivery and Budget Implementation Plan (SDBIP)

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 —

- a) revenue to be collected, by source; and
 - i. operational and capital expenditure, by vote;
 - ii. service delivery targets and performance indicators for each quarter; and
- b) 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

"Section 57 Employee"

A person employed by a Municipality as a Municipal Manager or as a manager directly accountable to a Municipal Manager.

"Senior Manager"

Means a municipal manager or acting municipal manager, appointed in terms of section 54A of the Municipal Systems Act and a manager or acting manager directly accountable to a municipal manager appointed in terms of section 56 of the Municipal Systems Act.

"Staff"

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

"The Act"

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

"Ward committee"

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

2 INTRODUCTION

Performance Management is a process which measures the implementation of the organisation's strategic vision and goals. In local government the strategic vision and goals of a municipality are defined in its Integrated Development Plan (IDP). Performance Management is the process of setting and measuring the desired outcomes and activities of the organisation, its individual components and the staff who contribute to the achievement of its strategic vision and goals. It is a multi-level process that starts with an overall strategy which cascades into individual performance management and appraisal. Performance Management is a management tool that enables a municipality to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

Section 152 of The Constitution sets out the objectives of local government and paves the way for performance management through the objective of providing "democratic and accountable government for local communities" Section 195 (1) sets out the democratic values and principles which also link to the concept of performance, specifically:

- 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.

Section 38 of the Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a Performance Management System. Furthermore, the MSA and the Municipal Finance Management Act (MFMA) (Act 56 of 2003) requires the Integrated Development Plan (IDP) of the municipality to be aligned to the municipal budget (Section 25(b) of the MSA) and to be monitored in terms of the performance of the budget against the IDP via the Service Delivery and Budget Implementation Plan (SDBIP). Section 38 (c) (MSA) 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.*"

Most recently the Local Government Municipal Staff Regulations were published under Government Notice 890 on 20 September 2021. These new regulations take effect from 1 July 2022 and apply to all staff except senior managers. (Municipal Managers and Directors)

Chapter 4 of these regulations deals with Performance Management and Development and requires all Municipalities to implement a compliant Performance Management and Development System which must integrate with the Municipal IDP and SDBIP, as well as the senior managers performance plans and all human resource policies. Annual performance agreements must be concluded with all staff within 30 days of commencement of each new financial year.

This Performance Management and Development Policy describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting and improvement will be conducted, organised and managed.

3 PURPOSE OF THE PERFORMANCE MANAGEMENT AND DEVELOPMENT POLICY

The purpose of the Performance Management and Development Policy (PMDS) is:

- a) to provide a clear overview and description of the Performance Management and Development system (PMDS).
- b) to clarify the role of the PMDS within the Municipality.
- c) to guide the implementation and functioning of both the organisational and individual performance management and development components of the system.
- d) to define the roles, duties and responsibilities all role players in the PDMS.
- e) to give effect to the legislative obligations of the Municipality insofar it relates to performance management.
- f) to incorporate the performance management processes applicable to Section 56/57 employees and indicate how these relate to and link with the system in a holistic manner.
- g) to link the IDP, the Budget and PDMS in a cycle of prioritised, affordable and accountable municipal planning and effective service delivery involving all staff and the community.

4 OBJECTIVES OF THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

The Performance Management and Development System is the primary mechanism that will be used to plan, monitor, review and improve the implementation strategic vision and measure the progress made in achieving its objectives as identified in the IDP. The Performance Management System will:

- a) translate the IDP vision, mission and strategic objectives into clearly measurable outcomes, indicators and performance levels that define success, and that are shared throughout the municipality and with its customers and stakeholders.
- b) provide a tool for assessing, managing, and improving the overall efficacy and effectiveness of business processes and systems.
- c) continue to shift from prescriptive and simply audited oversight to proactive, responsive and compliance-based strategic partnerships involving communities.
- d) promote accountability.
- e) include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, Performance Management and Development system.
- f) facilitate provision of services in an efficient, effective, and economic manner.
- g) facilitate learning in order to enable the municipality to improve delivery.
- h) define the roles, duties and responsibilities all role players in the system.
- i) provide early warning systems
- j) provide adequate provision for community consultation.

5 LEGISLATIVE FRAMEWORK

This Performance Management and Development Policy has been developed in accordance with the prescriptions of applicable legislation, regulations, frameworks, circulars and guidelines,

- a) The Constitution (1996)
- b) The White Paper on Local Government (1998)
- c) The White Paper on Transforming Public Service Delivery (Batho-Pele) (1997)
- d) The Local Government: Municipal Structures Act No. 117 of 1998 as amended
- e) The Local Government: Municipal Systems Act, No. 32 of 2000 as amended (MSA)
- f) The Local Government: Financial Management Act, No. 56 of 2003 as amended (MFMA)
- g) The Local Government: Municipal Planning and Performance Regulations, R796 of 2001
- h) The Local Government: Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Managers, R805 of 2006
- i) Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, R21 2014
- j) National Treasury: 2007 Framework for managing performance information
- k) Gazette 29967, June 2007, MFMA Regulation for Minimum Competency
- l) Gazette 41996, October 2018, Amendment to Regulation for Minimum Competency
- m) Employment Equity Act 1998
- n) Gazette 45181, September 2021, Local Government Municipal Staff Regulations and Guidelines, R890 and 891
- o) MFMA Circulars:
 - i. MFMA Circular No. 11 and 63: Annual Report and Annual Report Update
 - ii. MFMA Circular No. 13 Service delivery budget implementation plan
 - iii. MFMA Circular No. 32 Oversight Report
 - iv. MFMA Circular No. 65 – Internal Audit and Audit Committee

6 THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

The 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 explains the performance management cycle as it will be implemented, including timeframes and the implementation framework.

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 Structures Act 117 of 1998, and that they annually review their overall performance in achieving their constitutional objectives and to deliver services in an effective and efficient manner.

6.1 THE PERFORMANCE CYCLE

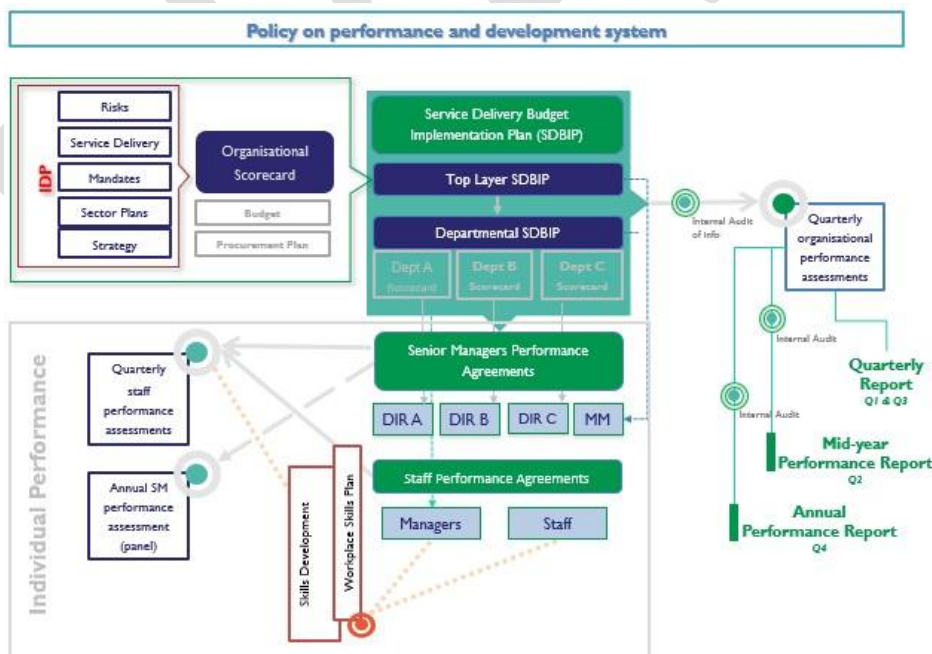
The overarching planning, budgeting, performance monitoring and reporting framework are summarised as follows in the Framework for Managing Programme Performance Information

Figure 1 Overarching Performance framework



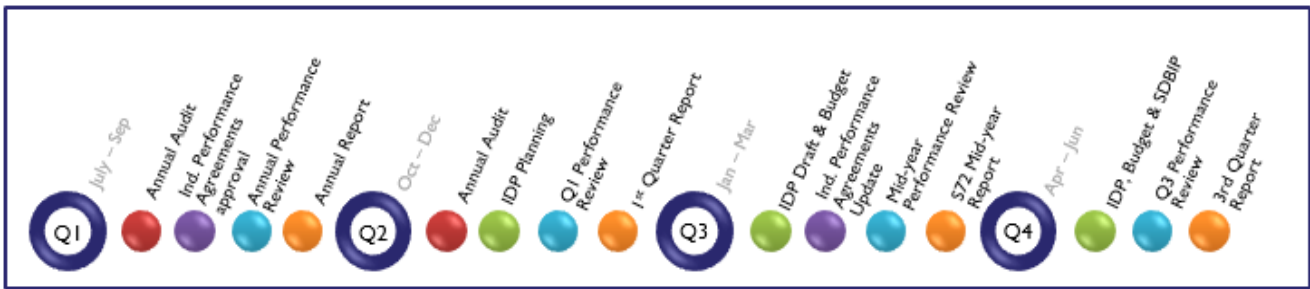
The planning, budgeting, performance monitoring and reporting framework within the Municipality is summarised as follows:

Figure 2 Municipal Planning, Budgeting and Reporting Framework



The performance cycle for the Municipality runs from 1 July to 30 June in line with the financial year and is an integral part of the Integrated Development Plan (IDP) process. The quarterly performance cycle is summarised as follows:

Figure 3 Quarterly performance and reporting cycles



The performance cycle can be further explained as follows:

a) Performance Planning

Performance planning ensures that the strategic direction of the municipality 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 a new IDP starts following the election of a new Council with the submission of a Process Plan, which remains relatively static throughout the term. Coupled to this is a Time Schedule of Key Deadlines which must be submitted to the Council by 31 August every year which must set out the schedule for reviewing or amending the IDP, the budget preparation process as well as the integration of the performance management process.

b) Performance Monitoring

Performance monitoring is an ongoing process to determine whether performance targets have been met, almost 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 monitor the performance of their departments monthly. Quarterly reports on performance information must be submitted to Portfolio Committees and Council.

c) Performance Evaluation

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 actions implemented. Evidence to support the status should also reviewed at this stage. The objective of the review should be based on actual performance and performance evidence.

d) Performance Reporting

Performance reporting entails regular reporting to management, the Performance Audit Committee, Portfolio Committees, Council and the public in the form of quarterly, bi-annual and annual reports.

e) Performance auditing

Performance auditing is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to Section 45 of the MSA, results

of the performance measurement must be audited as part of the municipality's internal auditing process and annually by the Auditor General of South Africa (AGSA). 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.

7 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. The PMS in turn, fulfils the implementation, management, monitoring, and evaluation of the municipal strategy. Organisational performance is the first step to integrate the IDP, the municipal budget and performance management

7.1 THE INTEGRATED DEVELOPMENT PLAN (IDP)

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

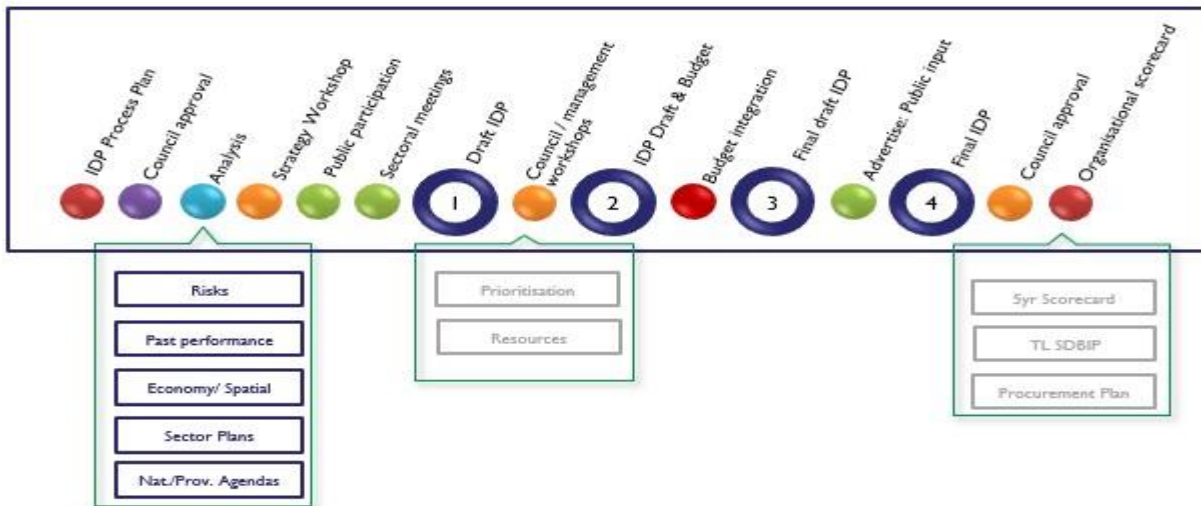
An IDP is an inclusive and strategic plan of the municipality which links, integrates and co-ordinates plans, aligns resources and forms the foundation on which annual budgets must be based on. It is the principal strategic planning instrument guiding all planning, management, investment, developmental and implementation decisions of the municipal council. The actions emanating from

The IDP must reflect on the municipal scorecard. The municipal scorecard must include the performance indicators and targets and be incorporated in the IDP.

In terms of Section 34 of the Municipal Systems Act, 2000, a Municipal Council must review its IDP annually in accordance with an assessment of its performance measurements.

The high level IDP process is summarised in the following diagram. Detail actions, timeframes and responsibilities are contained in the IDP Process Plan and Time Schedule of Key Deadlines.

Figure 3 High level IDP Process



7.2 THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The performance management process must be seamlessly integrated with the IDP. The IDP fulfils the planning stage of performance management, whereas performance management enables the implementation management, monitoring and evaluation of the IDP.

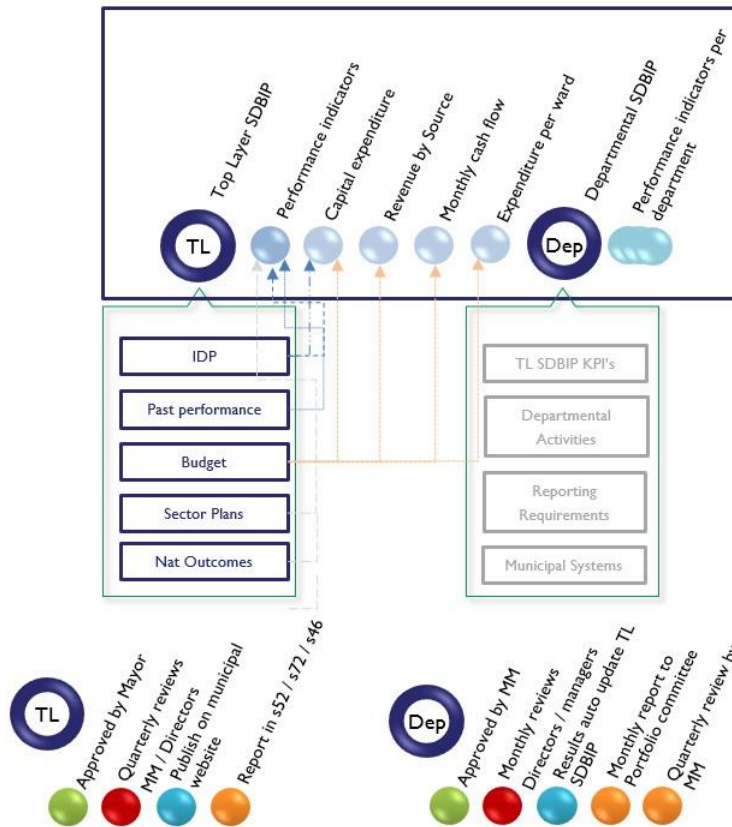
Organisational performance is measured through the SDBIP. The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

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.

- 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 for and breaks up such outputs into smaller outputs and linking these to middle-level and lower-level management.

The following diagram illustrates the two components

Figure 4 Components of the SDBIP



7.2.1 MUNICIPAL SCORECARD / TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) must consolidate service delivery targets set by Council in the IDP. The Top Layer SDBIP can therefore only give effect to the IDP and budget if the IDP and budget are fully aligned with each other. The SDBIP 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 Top Layer SDBIP must inform the performance agreements of the Municipal Manager and Directors, including the outputs and deadlines for which they will be held responsible. The Top Layer SDBIP enables the Municipal Manager to monitor the performance of Directors and the Mayor to monitor the performance of the Municipal Manager.

The Top Layer SDBIP is a public document and must be submitted to the Executive Mayor within 14 days after the budget has been approved. The Executive Mayor needs to approve the SDBIP within 28 days after the budget has been approved. Any adjustments to the Top Layer SDBIP must be with the approval of the Council, following approval of an adjustments budget (Section 54(1)(c) of MFMA).

The Top Layer SDBIP indicates the responsibilities and outputs for the Municipal Manager and each of the Directors, the inputs to be used and the time deadlines for each output.

The Top Layer SDBIP must contain the following:

- a) One-year detailed capital plan
- b) Monthly projections of revenue to be collected for each source
- c) Monthly projections of expenditure (operating and capital) and revenue for each vote (Section 71 format) (Cash flow statement);
- d) Quarterly projections of service delivery targets and performance indicators for each vote;
 - o Non-financial measurable performance objectives in the form of targets and indicators
 - o Output NOT input / internal management objectives
 - o Level and standard of service being provided to the community;
- e) Ward information for expenditure and service delivery; and
- f) Detailed capital works plan broken down by ward over three years (Capital project sheet). as well as a three-year capital plan (even though SDBIP is only a one-year plan)

On the Performance Management and Development system that the municipality utilises, the Top Layer SDBIP KPI's will update automatically from the performance reported on monthly on the Departmental SDBIP.

The results will be reviewed quarterly by the Municipal Manager and the Directors. The actual results and corrective actions (where required) form a critical part of the quarterly (S52 - MFMA), the mid-year (s72 - MFMA) and the annual performance (S46 - MSA) annual (S121 - MFMA) reports.

7.2.2 DEPARTMENTAL SDBIP LINKED TO MUNICIPAL SCORECARD / TOP LAYER SDBIP

On the Departmental SDBIP that is linked to the Top Layer 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 division head and manager level.

This Departmental SDBIP can also be used to hold division heads and managers responsible for various components of the Top Layer SDBIP.

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). The Municipal Manager and Directors can use the departmental SDBIP to manage the performance of all the sections of his/her department and should monitor it monthly.

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

7.3 SYSTEM DESCRIPTIONS

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

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

Regular updates should be done to ensure that the System Descriptions are accurate and relevant. The review of the system descriptions must be done prior to an audit.

7.4 UPDATE OF ACTUAL PERFORMANCE

The SDBIP system that the municipality currently utilises allows for the Top Layer 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. 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 as was updated. The actual performance and POE should be monitored monthly in terms of the objectives, KPI's and targets set.

The Municipal Manager and Directors need to implement the necessary systems and processes to provide the POE for reporting and auditing purposes. Each municipal department and staff member therefore needs to provide proof of 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.

7.5 ADJUSTMENTS TO KPI'S

Top Layer SDBIP KPI's can be adjusted after the mid-year assessment (Section 72 Report) and with the adjustment budget process. KPI's should be adjusted in line with the adjustment estimate and the reason for the adjustment of the indicator/target, must be specified when the adjusted Top Layer SDBIP is submitted to Council for approval.

7.6 VALIDATION

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

- a) The actual result in terms of the target set;
- b) The calculation of the actual performance reported, where applicable.
- c) The reasons if the target was not achieved; and
- d) Corrective actions to improve the performance against the target set if the target was not achieved.
- e) The Municipal Manager and Directors **should** implement the necessary systems and

processes to provide the POE for reporting and auditing.

7.7 MONITORING AND MEASUREMENT OF ORGANISATIONAL PERFORMANCE

7.7.1 QUARTERLY PERFORMANCE REPORTING AND PERFORMANCE REVIEWS

- a) The Division Head Strategic Services collates the information and drafts the organisational performance report, which is submitted to the Municipal Manager who in turn submits it to Internal Audit.
- b) The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager.
- c) The Municipal Manager tables the quarterly performance report to the Performance Audit Committee for perusal and comment.
- d) The Municipal Manager submits the report to the Municipal Council.

On a quarterly basis, the Executive Mayor and Council **should** engage in an intensive review of municipal performance in terms of the Directorate's Scorecards and the Municipal Scorecard, as reported by the Municipal Manager.

These reviews will take place as follows:

- a) October (for the period July to end of September)
- b) January (for the period October to the end of December)
- c) April (for the period January to the end of March)
- d) July (for the period April to the end of June).

7.7.2 BI-ANNUAL PERFORMANCE REPORTING AND PERFORMANCE REVIEWS

Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the Municipality during the first half of the financial year. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.

- The Accounting officer must by 25 January of each year assess the performance of the Municipality and submit a report to the Executive Mayor, National Treasury and the relevant Provincial Treasury.
- The Performance Audit Committee must review the PMDS and make recommendations to the Municipal Council.
- The Performance Audit Committee must submit a report at least twice during the year a report to the Municipal Council on the PMDS.
- The Executive Mayor **should** ensure that targets committed to in the municipal scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the poor performance.

The review should also focus on reviewing the systematic compliance to the Performance Management and Development system, by Directorates, Departments and the Municipal Manager.

The review will also include:

- An evaluation of the validity and suitability of the Key Performance Indicators and

recommending any changes.

- An evaluation of the annual and 5-year targets to determine whether the targets are overstated or understated. These changes need to be considered.
- Changes to KPI's and 5-year targets for submission to Council for approval. (The reason for this is that the original KPI's and 5-year targets would have been published with the IDP, which would have been approved and adopted by Council at the beginning of the financial year.)
- An analysis to determine whether the Municipality is performing adequately or under-performing.

7.7.3 ANNUAL PERFORMANCE REPORTING AND PERFORMANCE REVIEWS

Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:

- The performance of the Municipality and of each external service provided during that financial year;
- A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and
- Measures to be taken to improve on the performance

At least annually, the Executive Mayor will be required to report to the full council on the overall Municipal Performance. This reporting should use the municipal scorecard in an annual performance report format as per the Municipal Systems Act. The said annual performance report will form part of the Municipality's Annual Report as per section 121 of the Municipal Finance Management Act.

Table 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	Reasons for non-performance and corrective measures
Top Layer SDBIP / Section 52 Report	Quarterly (Within 30 days after end of quarter)	Municipal Manager, Directors and Council Provincial Treasury	Actual results achieved against Top Layer SDBIP KPI's Performance and financial assessment	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	Reasons for non-performance and corrective measures. Outcomes to be used to rectify KPI's and actuals
MFMA Sec 72 report	25 January	Executive Mayor Council Provincial Treasury	Actual results achieved against Top Layer SDBIP KPI's Performance and financial assessment	Use results/outcome to motivate adjustments budget

MSA Sec 46 report	31 August	AGSA, Council	Consist of chapters 3 & 4 of the AR	Must form part of AR
Annual report	Draft: 31 January to Council Final: 31 March to Council with oversight report	AGSA, Council, Audit Committee, MPAC National Treasury Provincial Treasury	As prescribed	If full draft is submitted earlier to Council, the final and Oversight Report must be submitted within 2 months after draft has been submitted

7.7.4 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 they are 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 is important:

- Performance reported should indicate continuous improvement over time and should not only be to the benefit of communities but should also focus on outcomes as opposed to processes;
- The performance results reported should be a true reflection of the results reported in the Performance Management and Development 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.

8 INDIVIDUAL PERFORMANCE MANAGEMENT

Once the municipal objectives and targets have been set, they **must** be cascaded down to management and employees. The performance of a Municipality is integrally linked to that of staff it is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately. 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.*

Employees are the most valuable resource in providing efficient and effective services to the public. Therefore, it is important that all employees understand their job functions and what is expected of them. Each employee must 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.

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.

The performance management and development system of the municipality consists of the following phases namely planning, coaching, review and reward as provided in the Municipal Staff Regulations Guidelines:

Table 2 Performance management phases¹

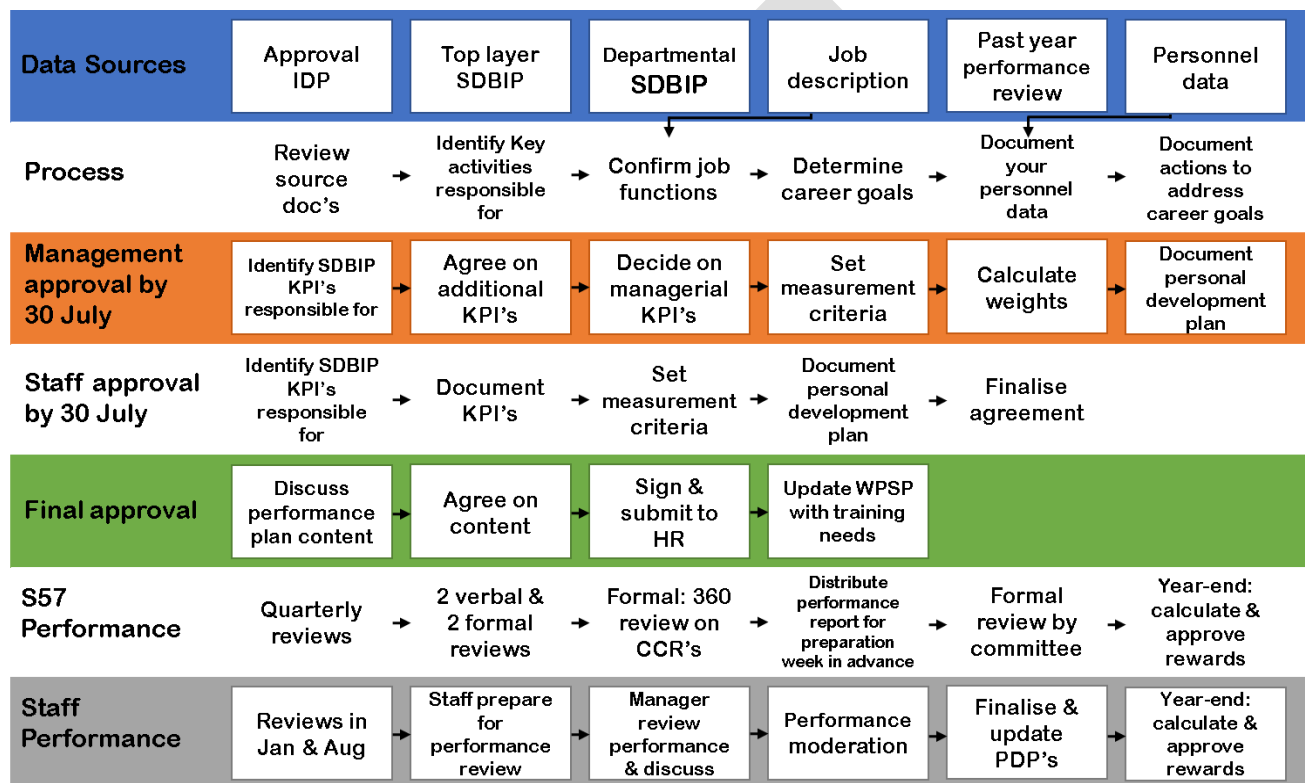
Phase	Timeframe	Activities
(a) Planning	<i>(i) Occurs annually at the start of the financial year or the starting date in a specific post</i>	<i>(aa) Supervisor schedules a meeting with a staff member or team to discuss and agree on the performance objectives for the year; (bb) Supervisor and a staff 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) Monitoring, coaching and feedback	<i>Occurs formally; and Informally throughout the year</i>	<i>(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) Review and evaluation	<i>(i) Mid-year review must occur at the end of the second quarter. The details of the engagement must be in writing; and Annual performance evaluation must occur at the end of the fourth quarter (after the end of performance cycle); that is to say 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.</i>	<i>(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) Reward and recognition	<i>After the formal annual performance assessment; and After moderation by the</i>	<i>Rewards shall be dealt with as stipulated in chapter 4 of the Regulations, read together with the Cape Agulhas Rewards and Recognition Policy</i>

¹ MSR Guideline 3A(1)

Phase	Timeframe	Activities
	Municipal Moderation Committee and approval by municipal manager.	

The employer must regularly monitor, measure and review performance of its employees to ensure that it delivers on its objectives, take corrective action when required and reward outstanding performance. All employees will be subjected to two formal performance evaluations and regular informal performance evaluations to ensure optimal performance. The following process map summarises the key individual processes

Figure 5 Individual Performance Process Map



8.1 PERFORMANCE MANAGEMENT PRINCIPLES

- a) The performance management of employees shall be collaborative, transparent and fair.
- b) The Performance Management and Development system shall, where reasonably practicable link to–
 - i. the Municipality's strategic objectives and Integrated Development Plan, the SDBIP of the relevant Municipal department and the senior manager's performance plan; and
 - ii. the senior manager's performance agreement and the performance agreements of the staff members falling under that senior manager's department
- c) The Performance Management and Development system shall be developmental, while allowing for–
 - i. an effective response to substandard performance; and

- ii. recognition of outstanding performance.
- d) The Performance Management and Development system shall be integrated with other human resource policies and practices of the Municipality.
- e) The Performance Management and Development system shall promote productivity and optimise skills development targets.
- f) The Performance Management and Development system shall ensure that realistic and achievable outputs are set for employees.

8.2 THE OBJECTIVES OF THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM IN TERMS OF INDIVIDUAL PERFORMANCE MANAGEMENT

The objectives of the performance management development system is to-

- a) *promote the objectives and developmental duties of local government, as set out in sections 152 and 153 of the Constitution;*
- b) *promote a culture of service to the public, accountability, mutual co-operation and assistance amongst employees;*
- c) *institutionalise performance planning, monitoring and evaluation in the municipality;*
- d) *maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents by aligning municipal-wide, departmental and individual performance;*
- e) *build a common understanding among employees of the municipality's objectives as contained in its integrated development plan and annual performance plan;*
- f) *set clear performance indicators and performance targets by communicating to employees how their roles contribute to the success of the municipality;*
- g) *build individual capability, skills and competencies that are key to the municipality achieving its mandate and objectives and encourage commitment among employees;*
- h) *create an enabling environment to plan, monitor and measure performance against set targets or outputs;*
- i) *encourage desired behaviours as articulated in the Code of Conduct for Municipal Staff Members, as contained in Schedule 2 of the Act;*
- j) *identify and improve substandard performance of employees; and*
- k) *recognise performance of employees that have achieved a rating of performance significantly above expectations and outstanding performance.²*

8.3 SECTION 56/57 EMPLOYEES (MUNICIPAL MANAGERS AND DIRECTORS)

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.

8.3.1 PERFORMANCE AGREEMENTS

Performance 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:

² MSR 33

- 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 and the consequences of the performance. The agreement deals with only one aspect of the employment relationship, namely performance and development. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.
- b) **Performance Plan:** The performance plan is an Annexure to the performance agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP (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 could 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 3 months after the start of new employment.

8.3.2 EVALUATION 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 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 an evaluation panel constituted of the following persons must be established to evaluate the annual performance of the Municipal Manager

- Executive Mayor;
- Chairperson of the Performance Audit Committee / Audit Committee
- Member of the mayoral committee (Portfolio Chair)
- Municipal manager from another municipality; and
- Member of a ward committee as nominated by the Executive Mayor.

In terms of Regulation 805 an 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 Performance Audit Committee / Audit Committee
- Member of the mayoral committee (Portfolio Chair)
- Municipal Manager from another municipality.

8.4 OTHER EMPLOYEES (EXCLUDING THE MUNICIPAL MANAGER AND SECTION 56/57 MANAGERS)

- 1) *The performance management and development system applies to all staff members of a municipality excluding a staff member—*
 - 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*
- 2) *The performance management and development system must be collaborative, transparent and fair.*
- 3) *A municipality shall apply the performance management and development system in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency, effectiveness and accountability.*
- 4) *The performance management and development system must be underpinned by an open, constructive and on-going communication between the supervisor and the staff member.*
- 5) *The performance management and development system must, where reasonably practicable, link to—*
 - a) *the municipality's strategic objectives, integrated development plan and the SDBIP of the relevant municipal department; and*
 - b) *the senior manager's performance plan and the performance plans of the staff members within that senior manager's department.*
- 6) *The performance management and development system must be developmental, while allowing for—*
 - a) *an effective response and relevant measures to manage substandard performance; and*
 - b) *recognition and reinforcement of fully effective performance, performance significantly above expectations and outstanding performance.*
- 7) *The performance management and development system must be integrated with other human resource policies and practices contemplated in section 67 of the Act as well as any other organisational development initiatives of the municipality³*

8.4.1 PERFORMANCE AGREEMENTS

- 1) *A supervisor and staff member must enter into a performance agreement for each performance cycle of the municipality.*
- 2) *The performance agreement of a—*
 - a) *-serving staff member must be concluded within 30 days of the commencement of the new financial year of the municipality; and*
 - b) *staff member must be concluded within 60 days of—*
 - i. *his or her appointment after probation as from 1 July of the new financial year;*
 - ii. *his or her transfer or promotion to a new post; or*
 - iii. *his or her return from prolonged leave that is more than three months.*
- 3) *If at any time during the performance cycle, the responsibilities of the staff member change to the extent that the performance plan in the performance agreement is no longer appropriate, the parties must revise the performance agreement.*
- 4) *The performance agreement may not diminish the obligations and duties of a staff member in*

³ MSR 32

terms of the staff member's employment contract, or any applicable regulations or municipal policy.

- 5) The performance agreement must include a performance plan that contains—
 - a) the name, job title and the department of the staff member;
 - b) the objectives or targets;
 - c) KPAs, their weightings and the target date for meeting the KPA;
 - d) the KPIs and the performance standard for each KPI;
 - e) the name and definition of the job specific competencies, their weightings and the expected level of capability for each competency;
 - f) a personal development plan prepared in compliance with regulation 51; and
 - g) the process of monitoring and assessing performance, including the planned dates of assessment⁴

8.4.2 THE COMPONENTS OF A PERFORMANCE AGREEMENT

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

8.4.2.1 Key Performance Area (KPA)

- a) The KPAs relates to the employee's functional area and must consist of not less than 5 and not more than 7 KPAs.
- b) The supervisor and employee must ensure that performance management is aligned to the employees' job and KPA's relevant to the post that the employee holds.
- c) The KPA weighting demonstrates the relative weight of each KPA.
- d) The weightings need to be determined by the relevant supervisor/ manager and agreed with the employee(s)/ team
- e) The KPA weightings show the relative importance of the KPAs
- f) The KPIs and the performance standard for each KPI;
- g) The KPIs—
- h) include the input, quality or impact of an output by which performance in respect of a KPA is measured; and
- i) must be measurable and verifiable.
- j) The performance standard for each KPI may be qualitative or quantitative.

The planned KPAs, KPIs and targets as contained in the performance agreement must meet the SMART criteria as outlined in the table below;

Table 3 SMART Criteria

	DESCRIPTION

⁴ MSR35

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

8.4.2.2 Competencies

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

8.4.2.3 Personal Development Plan (PDP)

- 1) *“Every staff member must have a personal development plan that sets out the strategies to—*
 - a. *address the staff member's development needs and specific skills to be developed for their current roles arising from the skills audit, as well as the learning interventions required to build these skills; and*
 - b. *develop new skills and provide exposure to new areas of work, which are aligned to the municipality's strategic objectives.*
- 2) *The personal development plan must take into account the skills audit and the requirements of the performance management system.*
- 3) *A staff member may only undergo training that is —*
 - a. *contained in personal development plan or*
 - b. *approved by the municipal manager or his or her delegate⁵*

8.4.3 AMENDMENTS TO THE PERFORMANCE AGREEMENT

- a) If at any time during the performance cycle the responsibilities of the employee changes to the extent that the performance plan in the performance agreement is no longer appropriate, the parties shall revise the performance agreement. Amendments made to performance agreements/ plans must be signed and dated by both the employee and the employer.

⁵ MSR 51

Performance can only be assessed on mutually agreed indicators and targets.

- b) If an employee is required to act in a post for a period that exceeds three months, the supervisor to whom the acting employee is reporting, must review the KPAs and KPIs in consultation with the acting employee, and include the KPAs and KPIs in the employees amended performance agreement.

8.4.4 TEAM-BASED PERFORMANCE

- a) *The employer may establish a system for performance management and development for teams or an occupational stream below the level of a supervisor that will assist in deciding on rewards and skills development of an employee, which is consistent with the principles under clause*
- b) *Before implementing the team-based performance management and development system the employer will –*
 - i. *pilot the system on a team of employees in all affected occupational streams;*
and
 - ii. *consult the system with recognised trade unions within the Local Labour Forum⁶*

8.4.5 PERFORMANCE ASSESSMENTS

- a) The supervisor or line manager must discuss the employees' performance with him/ her on a regular basis and should give constructive feedback to ensure that performance standards are being upheld. The feedback should be given verbally and recorded in writing to serve as evidence that performance discussion took place between supervisor/ line-manager and employees.
- b) Assessments are done formally on a bi-annual basis and should be concluded on the automated Performance Management and Development system as follows.
 - i. Mid- year Performance Evaluation (1 July- 31 December) : Due 31 January annually
 - ii. Annual Performance Evaluation (1 July – 30 June) : Due 29 August annually

8.4.5.1 Performance components

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

8.4.5.2 Process flow for performance assessments

- a) 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

⁶ MSR 36

automated Performance Management and Development system.

- b) 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.
- c) 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.
- d) The final step in the assessment process is rewarding performance and dealing with substandard performance where applicable.

8.4.5.3 Mid-year Performance Evaluation

- a) The mid-year performance appraisal should involve –
 - i. An assessment of the extent to which the employee achieved the performance objectives and targets as outlined in the performance plan, which involves the following:
 - 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;
 - an indicative rating on the prescribed five-point scale for each KPA; and
 - the rating assigned to each KPA multiplied by the weighting given to that KPA to provide a weighted score for that KPA.
 - b) An assessment of the extent to which the employee achieved the job specific competencies outlined in the performance plan, which involves the following:
 - each competency assessed to determine the extent to which the specified standards have been met;
 - an indicative rating on the prescribed five-point scale provided for each job specific competency;
 - 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
 - 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;
- c) The mid-year performance assessment must be recorded and co-signed the supervisor and employee.
- d) The mid-year performance evaluations must occur within one month after the end of the mid-year performance cycle.
- e) The mid-year performance review will be based on the existing performance agreement.
- f) 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.
- g) The amended performance agreement or addendum must be co-signed by the supervisor and employee; and
- h) 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).

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

8.4.5.4 Annual Performance Evaluation

- 1) The annual performance evaluation must involve—
 - a) an assessment of the extent to which the staff member achieved the performance objectives and targets as outlined in the performance plan, which comprises —
 - i. each KPA assessed to determine the extent to which the specified standards or KPIs have been met, with due regard to ad hoc tasks that had to be performed under that KPA;
 - ii. an indicative rating on the five-point scale set out in the table below provided for each KPA; and
 - iii. the rating assigned to each KPA multiplied by the weight given to that KPA to provide a weighted score for that KPA.
 - iv. an assessment of the extent to which the staff member achieved the job specific competencies as outlined in the performance plan, which comprises—
 - v. each competency assessed to determine the extent to which the specified standards or KPIs have been met;
 - vi. an indicative rating on the five-point scale set out in the table below provided for each job specific competency;
 - vii. the rating assigned to each job specific competency multiplied by the weight given to that competency to provide a score for that competency.
- 2) The five point rating scale as set out in the table below shall for purposes of implementation of this chapter, apply to all staff members.

Table 4 Performance 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.

Level	Terminology	Description
1	<i>Unacceptable performance</i>	<i>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.</i>

- 3) An overall rating is calculated by using the assessment rating calculator as provided in Annexure D. Such overall rating represents the outcome of the performance appraisal.
- 4) *The annual performance evaluation must determine a performance rating for the performance cycle.*
- 5) *The staff member assessed or the person designated in terms of sub-regulation (7) must provide the supervisor with a portfolio of evidence relating to his or her KPAs for the entire performance cycle.*
- 6) *The maintenance and provision of the portfolio of evidence to support the decision on the final score to each KPA and competency, is the responsibility of the staff member.*
- 7) *Despite sub-regulation (6), the municipal manager may exempt categories of staff from maintaining a portfolio of evidence in which case the municipality must determine alternative mechanisms, or designate a staff member who will maintain the portfolio of evidence of those staff members.*
- 8) *The evaluation of the performance of the staff member must be conducted by that member's supervisor or his or her delegate.*
- 9) *The staff member's supervisor must keep a record of all assessment meetings.*
- 10) *Personal growth and career development needs identified during any performance review or assessment, together with the actions and timeframes agreed to, must be recorded in the staff member's personal development plan.*
- 11) *Once the annual performance evaluation has been concluded, the performance assessment reports and outcomes must be subjected to departmental moderation processes contemplated in regulation 39.⁷*

8.4.6 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 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.

The following Committees shall be established.

8.4.6.1 Departmental performance moderation committees

Composition

- a) The Municipal Manager shall establish Departmental Performance moderation committees,

⁷ MSR 38

which must be convened annually.

- b) The departmental performance moderation committees shall be constituted as follows:
 - i. The relevant heads of departments, who must act as chairpersons in the committees;
 - ii. all managers directly accountable to the heads of departments, who must be recused from the committee before their assessments are considered by the committee; and
 - iii. a senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services.

Purpose

The purpose of the departmental performance moderation committee is to—

- a) *conduct moderation of annual staff performance results in order to ensure that the norms and standards for performance management and development systems are applied in a fair, realistic and consistent manner across the department;*
- b) *assess and compare the performance and contribution of each staff member with his or her peers towards the achievement of departmental goals;*
- c) *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;*
- d) *determine the cost implications for recognition of performance of all staff members within the department;*
- e) *recommend the moderated performance scores for all staff members to the municipal moderating committee for approval;*
- f) *ensure that performance rewards are based on affordability;*
- g) *consider the impact of the performance assessments on financial rewards and options for various forms of recognition;*
- h) *recommend performance rewards as well as remedial actions for performance considered to be below effective performance; and*
- i) *ensure that the integrity of the performance management and development system is protected⁸*

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 lack evidence or information to support the performance ratings, the departmental moderation committee may not reassess, amend or adjust the performance ratings of a staff member, but may refer the assessment back to the relevant supervisor for reassessment in consultation with the affected staff member.

8.4.6.2 Municipal moderation committee

Composition

- a) The municipal council shall establish a municipal moderation committee, which must be convened annually.
- b) The municipal moderation committee shall be constituted as follows:
 - i. The municipal manager, who must act as the chairperson of the committee;
 - ii. all heads of departments;
 - iii. head of municipal planning and organisational performance;
 - iv. head of the municipal internal audit;
 - v. a senior human resource functionary to guide, advise and provide support, including

⁸ MSR 39(4)

- arrangements for secretariat services; and
- vi. a performance specialist, where applicable.

Purpose

The purpose of the municipal moderation committee is to—

- a) provide oversight over the staff performance management and development system to ensure the performance management process is valid, fair and objective;*
- b) moderate the overall performance assessment score for staff determined after the departmental moderation processes;*
- c) ensure that the final individual performance ratings are fair across each grade and department or directorate;*
- d) ensure that the final individual assessment outcome corresponds with the performance of the municipality and the relevant department aligned to the staff member's job description or directorate before any recognition of performance is considered;*
- e) determine the percentages for the merit based rewards subject to affordability and the annual approved municipal budget in terms of section 16 of the Municipal Finance Management Act;*
- f) recommend appropriate recognitions for different levels of performance;*
- g) recommend appropriate remedial actions for performance believed to be substandard;*
- h) advise the municipality on recognition of performance, including financial and non-financial rewards, where applicable;*
- i) identify potential challenges in the performance management system and recommend appropriate solutions to the municipal manager;*
- j) identify developmental needs for supervisors to improve the integrity of the performance management and development system; and*
- k) consider any other matter that may be considered relevant⁹.*

8.4.7 COMMUNICATION OF FINAL OUTCOMES OF PERFORMANCE ASSESSMENTS

- a) The performance management unit will provide Directors with a final report on outcome of the performance assessments immediately after the moderation process has been concluded.
- b) The final outcome of performance assessments should be communicated downwards to each municipal employee by Directors, Managers by 30 December (Annual) and 31 January (mid-year) 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 a dispute in order to request a review of his/her performance assessment.
- c) The Human Resource 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.

8.4.8 PERFORMANCE MANAGEMENT OF STAFF IN ACTING POSTS

If a staff member is required to act in a post for a period that exceeds three months, the supervisor to whom the acting staff member is reporting, must review the KPAs and KPIs in consultation with the acting staff member, and include the KPAs and KPIs in the staff member's amended

⁹ MSR 39(8)

performance agreement.¹⁰

8.4.9 SUBSTANDARD PERFORMANCE PROCEDURE

8.4.9.1 Purpose

These procedures are intended to;

- a) *create an enabling environment to facilitate effective performance by the staff members*
- b) *provide the staff members with access to skills development and capacity building opportunities in order to promote efficient and effective performance*
- c) *provide remedial and developmental support to assist the staff members to deal with substandard performance; and*
- d) *ensure that the municipal council and staff members work collaboratively to generate solutions to problems and improve the performance of staff members¹¹.*

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

8.4.9.2 Policy and principles

The municipality must evaluate the staff member's performance by considering

- a) *the extent to which the substandard performance impacts on the work of the municipality and the achievement of municipal goals*
- b) *the extent to which the staff member fails to meet the required performance standards set by the municipality;*
- c) *the extent to which the staff member lacks the necessary skills, competencies and expertise to meet the performance objectives and targets for his or her post as contained in the performance agreement; and*
- d) *the nature of the staff member's work and responsibilities.*

8.4.9.3 Substandard performance

- 1) *A staff member who receives a performance rating below 3 in terms of the Five- Point Rating table in regulation 38(2) must—*
 - a) *be assisted in developing his or her competencies through training, and supervision; and*
 - b) *develop a revised personal development plan with his or her supervisor.*
- 2) *The personal development plan must contain at least—*
 - a) *a description of the behaviour and skills that require improvement;*
 - b) *a description of the actions that will be undertaken to improve the identified behaviour and skills that require improvement;*
 - c) *the deadlines for improvement;*
 - d) *a schedule of meeting to assess improvements and provide feedback; and*
 - e) *details of the potential consequences in the event that there is no improvement in*

¹⁰ MSR 43

¹¹ MSR Guideline 3(E)1

performance.

- 3) *The meetings to assess improvements and to provide a feedback must be recorded in writing.*
- 4) *The personal development plan to manage performance improvement must cover a maximum period of six months, at the end of which, a formal evaluation of performance must take place.*
- 5) *The following alternatives must be considered in respect of a staff member whose performance has not improved to at least a performance that is fully effective:*
 - a) *Continuation of the actions referred to in the personal development plan;*
 - b) *alternative actions to improve performance;*
 - c) *offering the staff member an alternative job within the municipality that is better suited to the staff member's behaviour and skills; or*
 - d) *dismissal owing to incapacity in terms of the provisions of the Labour Relations Act.*
- 6) *Poor work performance must be dealt with in accordance with item 9 of Schedule 8 to the Labour Relations Act.¹²*

8.4.9.4 Procedure for dealing with Substandard performance

- 1) *If the municipality has reason to believe that a staff member is not performing in accordance with the minimum performance standards of his or her post, the supervisor must*
 - a) *convene a meeting to give feedback to the staff member on his or her performance*
 - b) *furnish the staff member with reasons why it is necessary to initiate this procedure*
- 2) *During the meeting contemplated in paragraph (a), the supervisor must*
 - a) *explain the requirements, level, skills and nature of the post*
 - b) *evaluate the staff member's performance in relation to the performance agreement*
 - c) *explain the reasons why the performance is considered substandard; and*
 - d) *afford the staff member or his or her representative an opportunity to respond to the performance outcomes referred to in paragraph (c); and*
- 3) *After considering the staff member's reasons, the supervisor may, if necessary*
 - a) *initiate a formal programme of counselling and training to enable the staff member to meet the required standard of performance, which must include*
 - i. *assessing the time that it will take for the staff member to deal with substandard performance*
 - ii. *establishing realistic timeframes within which the staff member is expected to meet the required performance standards; and*
 - iii. *identifying and providing appropriate training for the staff member to reach the required standard of performance.*
 - b) *establish ways to address any factors that may affect the staff member's performance that lie beyond the staff member's control*
- 4) *If the staff member fails to meet the required performance standard for the post after being subjected to a formal programme of counselling and training as contemplated in paragraph (3), the supervisor, may—*
 - a) *regularly evaluate the staff member's performance; or*
 - b) *provide further remedial or developmental support to assist the staff member to eliminate substandard performance.*
- 5) *If the staff member's performance does not improve after he or she received appropriate*

¹² MSR 42

performance counselling and the necessary support and reasonable time to improve his or her performance as contemplated in paragraph (4), or he or she refuses to follow a formal programme of counselling and training contemplated therein—

- a) the supervisor, must bring the allegations of substandard performance against the staff member to the attention of the municipal manager in the form of a report.*
 - b) the supervisor, must table the report contemplated in subparagraph (a) before the municipal manager.*
- 6) If the municipal manager is satisfied that sufficient evidence exist to institute disciplinary proceedings against the staff member on the basis of the alleged substandard performance the municipal manager, must furnish the staff member with written reasons why it is necessary to initiate this procedure in accordance with applicable procedures¹³.*

8.4.9.5 Coaching, Mentoring and Training

- a) Regular mentoring and coaching sessions must take place between supervisors and employees. These sessions can be used to change an employee's behaviour to ensure that targets are met or exceeded in instances where underperformance was identified.*
- b) These coaching and mentoring sessions are important to track employee performance and assists in strengthening competencies expected from employees. All coaching and mentoring sessions must be documented and signed by all parties involved.*
- c) 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.*
- d) Coaching, mentoring and training are not only for employees who are underperforming and must also be provided to those employees who are performing well to ensure that employees are improving on their skills and knowledge to enable them to meet the evolving organisational needs.*

8.4.10 DISPUTES ABOUT PERFORMANCE AGREEMENTS AND RATINGS

8.4.10.1 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.

8.4.10.2 Other Employees (Excluding Section 56/57 employees)

- 1) Any dispute about performance objectives or targets must be mediated by the relevant head of department or directorate of the staff member to whom this function is delegated. If the dispute is not resolved to the staff member's satisfaction, the staff member may lodge a grievance in terms of the applicable procedures.*
- 2) Any dispute relating to the conclusion of the performance agreement or an amendment to the performance agreement, must be referred to the head of the relevant department or directorate not later than five days of lodging the grievance in terms of the applicable procedures.*

¹³ MSR Guideline 3(E) 3

- 3) *A dispute contemplated in sub-regulation (2) must be resolved within one month of receipt of the dispute by the head of the department, after—*
 - a) *considering the representation from the staff member concerned and his or her supervisor; and*
 - b) *consultation with the head of human resources.*
- 4) *A staff member who is not satisfied with the outcome of the procedure in sub- regulation (3), may lodge a dispute in terms of the dispute resolution mechanisms of the bargaining council.¹⁴*

8.4.11 PERFORMANCE REWARDS

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

- 1) *A performance related reward—*
 - a) *is at the discretion of the municipality; and*
 - b) *may be awarded to a staff member—*
 - i. *who has served the full assessment period of 12 months on 30 June of each financial year of a municipality;*
 - ii. *transferred or seconded horizontally during the performance cycle within the municipality;*
 - iii. *who is on uninterrupted approved leave for 3 months or longer;*
 - iv. *who is on approved maternity leave for more than 3 months; and*
 - v. *who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results.*
 - c) *may not be awarded to a staff member—*
 - i. *appointed after 1 July of that performance cycle;*
 - ii. *who is serving probation as stipulated in regulation 23;*
 - iii. *whose performance period is less than 12 months;*
 - iv. *whose employment is for a fixed term duration of less than 12 months; or*
 - v. *whose post was upgraded without a change in performance agreement.*
- 2) *A municipality may not spend more than 1.5% of its annual salary and wage bill for staff performance rewards¹⁵.*
 - a) Performance will be rewarded in accordance with the approved Cape Agulhas Reward and Recognition Policy.

9 AUTOMATED WEB-BASED PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

The Municipal System Act requires the Municipality to develop and implement a Performance Management and Development system suitable for their own circumstances. Cape Agulhas Municipality have implemented the IGNITE model to automate the performance management process. The Division Head Strategic Planning and Administration oversees the utilisation of this

¹⁴ MSR 41

¹⁵ MSR 40

system and is primarily responsible to liaise with the relevant service provider on technical and administrative matters related to the functioning or improvement of the system.

10.5.4 UPDATING THE PERFORMANCE SYSTEM

The ignite system that the municipality currently utilises requires that 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. 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 as was updated. The actual performance and POE should be monitored monthly in terms of the objectives, KPI's and targets set.

All staff who have access to computers shall update their performance directly.

The Municipal Manager and Directors need to implement the necessary systems and processes to provide the POE for reporting and auditing purposes. Each municipal department and staff member therefore needs to provide proof of 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.

10 PORTFOLIO OF EVIDENCE (POE)

- a) A portfolio of evidence (POE) is any supporting motivations or a collection of various documentation that are used to show that performance requirements have been met. The performance evidence must be evaluated and documented to measure the outcomes of the KPIs.
- b) The performance evidence collected will be used to-
 - i. Evaluate the employee's performance against set objectives
 - ii. Determined whether employees have met the performance objectives/ standards

10.1 GATHERING AND COLLATING OF EVIDENCE

- a) The responsibility is on the employee or team to gather, collate and present evidence against the measurable KPIs and where applicable, job specific competencies as contained in the performance agreement for the entire performance cycle which will be used to substantiate scores related to the achievement of KPIs and job specific competencies. Failure to provide evidence related to the achievement of objectives will have a negative impact on determining the employee's performance outcomes.
- b) In the event where it is not possible for the employee to maintain portfolio of evidence the Municipal Manager may exempt categories of employees from maintaining a portfolio of evidence in which case alternative mechanisms or designated employees will be identified to maintain the portfolio of evidence of those employees. The following scenarios could apply:
- c) portfolio of evidence for operational staff should be maintained by the supervisors where operational staff are not able to provide evidence or
- d) where POE is not available in instances of operational staff and other staff members, a proper

motivation will be sufficient.

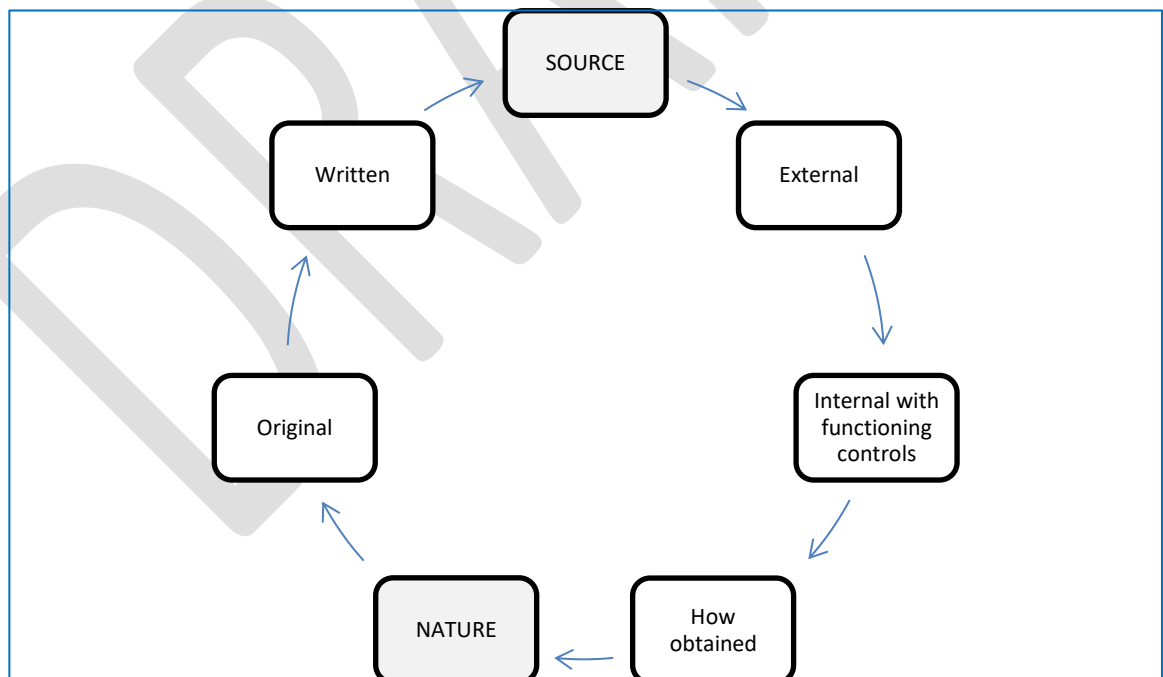
10.2 DETERMINING THE SOURCE EVIDENCE

- a) There are no correct set of documents that can be used to substantiate performance. The evidence will be determined by the nature of the work. The source document used must prove the achievement of the actual performance result reported.
- b) When considering evidence to substantiate performance the following guidelines should be considered:
 - i. The source and the nature of the documents used for evidence must be carefully considered and must be able to prove performance and achievement of targets.
 - ii. Fewer documents should be used to prove performance.
 - iii. Portfolio of evidence must be easily accessible and where possible reference should be made to where portfolio of evidence can be found.
 - iv. Portfolio of evidence must be stored in a systematic and organized manner.

10.3 NATURE OF EVIDENCE

- a) The diagram below illustrates the value placed on the evidence, based on its source and nature.

Figure 6 Value based on source and nature



- a) A supervisor may at the latest by the mid-year review-
 - i. Accept other evidence that substantiates achievement of KPIs and competencies and
 - ii. Assist the employee or team to obtain such evidence

- b) Evidence may inter alia, include-
 - i. Official records (emails, attendance registers, meeting minutes, memorandums, system reports, certificates, project plans)
 - ii. Confirmation by a supervisor
 - iii. Confirmation by other stakeholders such as letters of appreciation, external statistic reports etc.
 - iv. Inspection or viewing of evidence by supervisors (reports, photographic evidence, job cards, filing systems, physical inspection or viewing of job sites)

- c) The evidence should be:
 - i. simple, accessible, and easy to understand
 - ii. collected as part of daily activities
 - iii. authentic – do not make copies of copies
 - iv. compiled long in advance
 - v. original and not falsified

10.4 QUALITY ASSURANCE OF EVIDENCE

- a) For the management of individual performance where required, the employee or supervisor must collect, review and submit evidence to support performance achievements. All evidence must be submitted during the self-review to ensure that the supervisor/ division manager have sufficient time during the managers review to scrutinise the evidence presented. The evidence submitted will enable the supervisor/ division manager to determine whether the employee has demonstrated his/ her ability to perform the task and whether it was done above or below expectations. Evidence can be submitted electronically or in hardcopy depending on arrangement between the employee and supervisor/ division manager.
- b) The following principles should be considered when compiling or collecting portfolio of evidence, to make sure it adequately demonstrates knowledge, skills, and behaviours.
 - i. The reliability of the performance information used as evidence. The source and nature of the evidence and the circumstances under which it was obtained.
 - ii. The relevance of the of the KPI and performance information to the objectives of the division.
 - iii. The accuracy of the evidence such as the amounts, numbers and other data relating to reported actual performance must be recorded and reported correctly.
 - iv. The validity of the evidence. E.g. Evidence presented should be an appropriate way of demonstrating the abilities you want to show.
 - v. The authenticity of the evidence. E.g. The evidence must be the employee's own work.
- c) To ensure the achievement of efficient and effective performance all portfolio of evidence must be accurate, valid, reliable, properly referenced and safely stored for inspection purposes. The moderation committee(s) will rely on the quality checks done on portfolio of evidence by the supervisor/ division manager to make informed decisions regarding employee performance during moderation sessions.

11 ROLES AND RESPONSIBILITIES IN RELATION TO THE PERFORMANCE MANAGEMENT SYSTEM

The following role-players have defined responsibilities and areas of accountability in terms of the Municipality's Performance Management System.

11.1 LOCAL COMMUNITY

Municipal Systems Act (Sections 45 & 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:

"...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";

The Ward Committees and IDP Representative Forum (KAMAF) will be utilised to facilitate the involvement of the local community in the performance planning and performance review processes; and the broader community will be engaged through the Municipality's communication platforms. The Community's involvement is vested in the Municipal Scorecard

11.2 MUNICIPAL COUNCIL

The Municipal Council adopts and approves the following:

- a) a process to guide the planning, drafting, adoption and review of the IDP;
- b) the IDP including organisational indicators and targets;
- c) changes to the IDP, organisational indicators and targets;
- d) the organisational Performance Management and Development system (PMDS);
- e) performance monitoring, review and oversight mechanisms and structures;
- f) The Performance Management and Development Policy and system;
- g) The payment of performance bonuses of section 57 Managers;

11.3 THE EMPLOYEE

The employee shall

- a) participate in setting **their** annual KPAs and KPIs
- b) enter into a performance agreement annually with the Municipality
- c) remain committed to the KPAs and KPIs throughout the performance period and be accountable for his or her performance
- d) take responsibility for **their** personal development and learning opportunities
- e) where applicable, maintain a portfolio of evidence if required
- f) Ensure that the portfolio of evidence is relevant and up to date
- g) actively seek out and be open to feedback; and
- h) understand what is expected of him or her.

11.4 THE EMPLOYER

The Employer shall –

- a) create an enabling environment to facilitate effective performance by employees
- b) within the available resources, provide access to skills development and capacity building opportunities
- c) work with employees to solve problems and generate solutions to common problems that may impact on the performance of the employee
- d) on the request of the employee delegate such powers reasonably required by the employee to enable him or her to meet the performance objectives and targets established in terms of the performance agreement; and
- e) within the available resources of the employer, make available to the employee such resources as that employee may reasonably require from time to time to assist the employee to meet the performance objectives and targets established in terms of the performance agreement; and
- f) consult the employee timeously where the exercising of the powers will have, amongst others—
- g) a direct effect on the performance of any of the employee's functions
- h) commit the employee to implement or to give effect to a decision made by the employer; and
- i) a substantial financial effect on the Municipality.

11.5 MUNICIPAL MANAGER (MM)

The functions performed by the Municipal Manager include but are not limited to the following:

- a) providing strategic direction and developing strategies and policies for the organisation;
- b) manage the development and implementation of the IDP;
- c) development of the Performance Management and Development system; Identify indicators and set targets;
- d) submission of the draft SDBIP to the Executive Mayor;
- e) manage the implementation of the IDP and Performance Management and Development system;
- f) draft performance agreements, including measurable key performance indicators and targets for Section 57 employees and performance development plans for lower level staff;
- g) monitor the implementation of IDP and Performance Management and Development system, identifying risks early;
- h) formal quarterly performance evaluation of the Section 57 Managers (Directors)
- i) ensure that regular monitoring measurement, analysis performance information and ensure performance reporting is done in terms of legislation;
- j) propose response strategies to the Mayor and/or the Municipal Council; and
- k) co-ordinate the compilation of the Annual Report.

11.6 SECTION 57 MANAGERS / DIRECTORS

The functions performed by the Section 57 Managers / Directors include but are not limited to the following:

- a) Assisting in providing strategic direction and developing strategies and policies for the organisation;
- b) Assist the Municipal Manager with the development and implementation of the IDP;
- c) Ensure that performance agreements are inclusive and that mandatory KPI's are included as

- per legislative requirements;
- d) Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
 - e) Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis;
 - f) Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
 - g) Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates (Division Heads / Departmental Managers) and performance development plans for lower level staff where applicable;
 - h) Formal bi-annual performance evaluation of immediate subordinates (Division Heads / Departmental Managers) lower level staff where applicable;

11.7 DIVISION HEADS / DEPARTMENTAL MANAGERS

The functions performed by the Division Heads / Departmental Managers include but are not limited to the following:

- a) Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;
- b) Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
- c) Ensure that accurate, reliable and evidence-based performance results are provided to the relevant director for performance measurement on a quarterly basis;
- d) Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
- e) Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates and performance development plans for lower level staff where applicable;
- f) Formal bi-annual performance evaluation of all employees within the department.

11.8 PERFORMANCE MANAGEMENT OFFICE

- a) The delegated Performance Management Office is required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis;
- b) It is this office's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible; (Pre-Audit of performance information) and
- c) The Municipal Manager must review overall performance quarterly while the Performance Management Office should support him/her in verifying the performance data and prepare the quarterly organisational performance reports for submission to the performance audit committee,
- d) Render municipal wide support with updating and correcting of performance information on web- based PMDS system.
- e) 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.

11.9 THE SUPERVISOR

The supervisor shall ensure that;

- a) the annual performance plans key performance indicators with regard to the Municipality's development priorities and objectives are –
- b) linked to each department's objectives; and
- c) the KPAs in the performance agreements of the employee
- d) the KPAs of employees in a department serve to achieve all the departments objectives
- e) performance standards are specific, measurable, attainable, relevant, linked to specific time periods and in line with the ability of the employee
- f) an employee signs a performance agreement as prescribed or as determined in accordance with the grievance procedure
- g) he or she monitors progress and measure performance of employees
- h) he/she performs quality assurance on the performance relate evidence
- i) he or she provides regular constructive feedback to the employee; and
- j) he or she is available to support the employee through the performance period.

11.10 THE MANAGER HUMAN RESOURCE AND ORGANISATIONAL DEVELOPMENT

The manager responsible for human resources and organisational development or the employee (s) to whom this responsibility is delegated shall –

- a) provide support to the annual performance management process
- b) provide guidelines on how to set KPAs and KPIs and their related targets
- c) communicate to all employees the performance calendar for the forthcoming financial year
- d) facilitate training on performance management for new and existing employees
- e) provide guidance on setting development plans
- f) consolidate the results of the performance management process and ensure that the identified development needs are incorporated into the annual training and development plan
- g) prepare reports on performance ratings and expenditure for consideration by the Municipal Council or a duly appointed Committee of the Council; and
- h) communicate the performance assessment outcomes

12 GOVERNANCE

The audit of the 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.

12.1 QUALITY CONTROL AND CO-ORDINATION

The Performance Management Office 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/Division Heads / Managers /Supervisors have the responsibility to review overall performance and the quality of reported performance against the applicable POE on a monthly basis.

12.2 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

12.3 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 and Development system
- Whether the municipality's PMDS 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 Performance Audit Committee and the Auditor General.

12.5 AUDIT / PERFORMANCE AUDIT COMMITTEE

The Municipal Systems Act (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

The MFMA requires 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. Cape Agulhas Municipality has separate Audit and Performance Audit Committees, although membership is identical.

The operation of the Performance Audit Committee is governed by Section 14 (2-3) of the regulations. According to the Regulations, Audit Committee must:

- Review the quarterly reports submitted to it by the internal audit unit;
- Review the municipality's Performance Management and Development 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 Performance Audit Committee be tasked with assessing the reliability of information reported.

12.6 LEGISLATIVE REPORTING PROCESS

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

Table 5 Legislative Requirements Regarding Reporting Processes

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 PMDS and make recommendations to council	MSA Regulation 14(4)(a)
	The Performance Audit Committee must submit a report at least twice during the year a report to Council	MSA Regulation 14(4)(a)
	The municipality must report to Council at least twice a year	MSA Regulation 13(2)(a)
	The Accounting officer must by 25 January of each year assess the performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury.	MFMA S72
Annual reporting	The annual report of a municipality must include the annual performance report and any recommendations of the municipality's audit committee	MFMA S121 (3)(c)(j) & MSA S46
	The accounting officer of a municipality must submit the performance report to the Auditor-General (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)
	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	MFMA S127 (5)(b)

	responsible for local 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 AGSA	MFMA S134

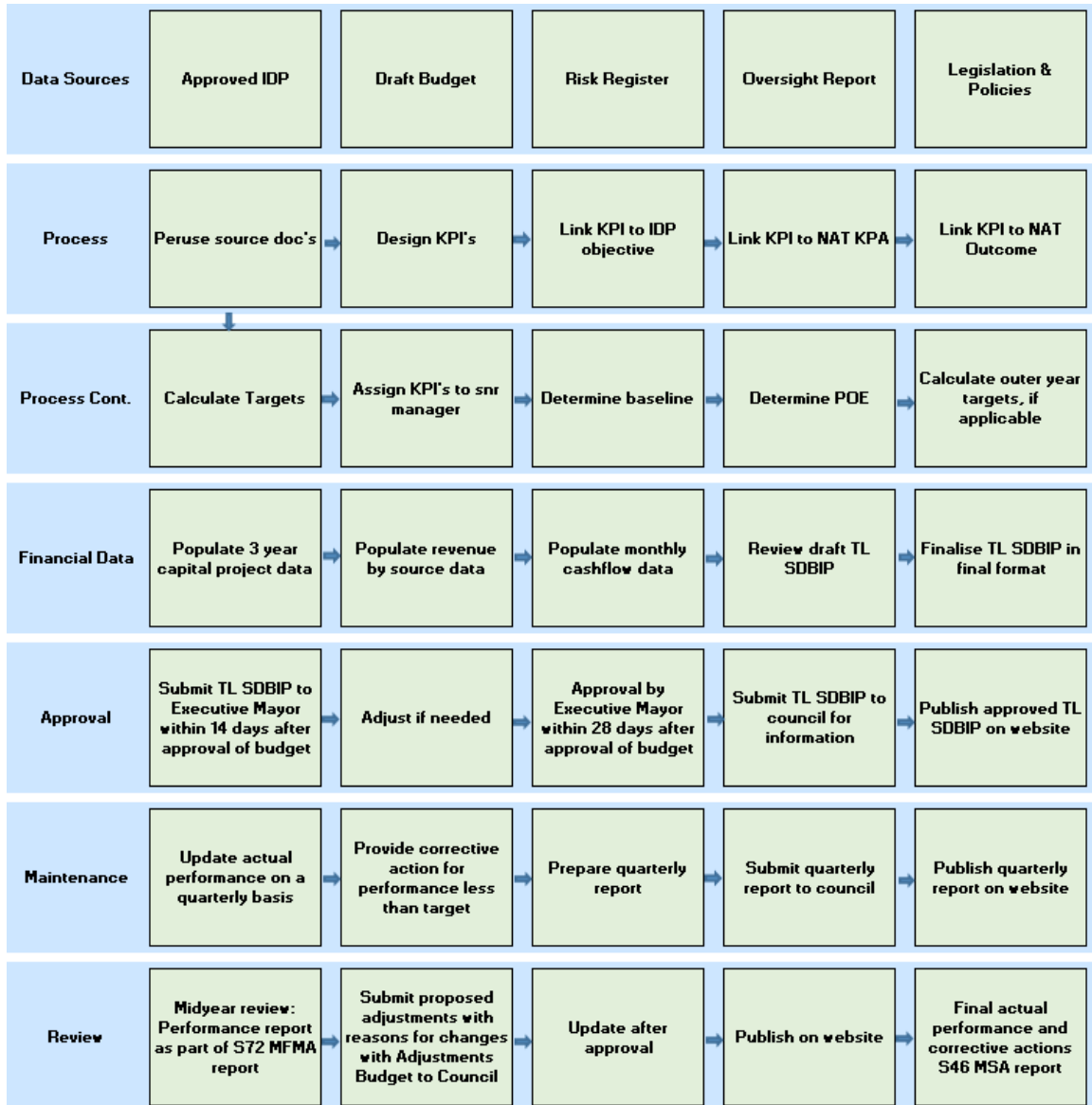
12.7 SUMMARY OF MUNICIPAL PERFORMANCE CYCLE

The following high-level process maps summarise the key organisational and individual performance processes. These process maps should be read with the sections dealing with these performance processes:

a) Top Layer SDBIP

Figure 7 Top Layer Process Map

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b) Departmental SDBIP

Figure 8 Departmental SDBIP Process Map

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13 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 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 Policy should be read in conjunction with the following policies:

- i. Education, Training and Development Policy
- ii. Reward and Recognition Policy.

The Performance Management and Development Policy should be reviewed on an annual basis.

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APPENDICES

APPENDIX 1: PERFORMANCE MANAGEMENT CALENDAR

Action	Activity	Comment
July		
Service Provider Performance	4th Quarter service provider report Review performance of service providers as per the approved policy	SCM to submit report to Council Submit reports to SCM Unit Address poor performance
Performance Reporting	4th Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report Input for Annual Report for AG
MM / s57 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
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
Staff Performance	Finalise performance plans	Agree on targets, objectives, weights, KPAs, KPIs, target dates and competencies
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 Year-end review of staff performance	Evaluation of performance ending June Moderation; coaching and counselling Document and report
IDP	IDP Process Plan	Submission to Executive Mayor Approval of plan
September		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS

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Action	Activity	Comment
Moderation	Moderation of performance results of employees (Excluding the Municipal Manager and Section 56/57 Managers) at Divisional level	Moderation of Staff performance by moderation committee
Annual Performance Report	Finalise and submit performance report to AG	Performance report on financial and operation performance for audit purposes
MM/s57 Performance	Annual performance review	Review against targets Review CCR's - obtain 360 degree input Determine development needs Calculate rewards ito agreements Document and sign-off
October		
Service Provider Performance	1st 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	1st Quarter performance Report: Top Level SDBIP	Each department to finalise SDBIP quarterly report
MM/s57 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
Moderation	Moderation of performance results of employees (Excluding the Municipal Manager and Section 56/57 Managers) at Divisional level	Moderation of Staff performance by moderation committee
November		
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
November		
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
Moderation	Moderation of performance results of employees (Excluding the Municipal Manager and Section 56/57 Managers) by the	Moderation of Staff performance by moderation committee

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Action	Activity	Comment
	<i>Departmental Moderation Committee</i>	
December		
<i>Service Provider Performance</i>	<i>Review performance of service providers as per the approved policy</i>	<i>Submit reports to SCM Unit Address poor performance</i>
<i>SDBIP Reporting</i>	<i>Update departmental SDBIP</i>	<i>Monthly progress reports to Executive</i>
<i>Moderation</i>	<i>Moderation of performance results of employees (Excluding the Municipal Manager and Section 56/57 Managers) by the Municipal Moderation Committee</i>	<i>Moderation of Staff performance by moderation committee Management and Portfolio Councillor Actions to address GAPS</i>
<i>Annual Report</i>	<i>Draft Annual Report</i>	<i>Final draft to be ready for submission to Council</i>
January		
<i>Service Provider Performance</i>	<i>2nd Quarter service provider report Review performance of service providers as per the approved policy</i>	<i>SCM to submit report to Council Submit reports to SCM Unit Address poor performance</i>
<i>SDBIP Reporting</i>	<i>Update departmental SDBIP</i>	<i>Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS</i>
<i>Performance Reporting</i>	<i>Prepare and submit Mid-year performance report ito s72 of MSA</i>	<i>Each department to finalise SDBIP quarterly report</i>
<i>Staff Performance</i>	<i>Formal Mid-year review of staff performance</i>	<i>Evaluation of performance for the past 6 months ending December Moderation; coaching and counselling Document and report</i>
<i>Annual Report</i>	<i>Submit draft report to Council</i>	<i>Final draft submitted to Council for adoption in principle and public participation</i>
February		
<i>Service Provider Performance</i>	<i>Review performance of service providers as per the approved policy</i>	<i>Submit reports to SCM Unit Address poor performance</i>
<i>SDBIP Reporting</i>	<i>Update departmental SDBIP</i>	<i>Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS</i>
<i>MM/s57 Performance</i>	<i>Mid-year formal performance review</i>	<i>Review against targets Review CCR's - obtain 360 degree input Determine development needs Calculate rewards ito agreements Document and sign-off</i>
<i>Annual Report</i>	<i>Advertise draft Annual Report for public participation</i>	<i>Advertise draft Annual Report for public comment in terms of service delivery</i>
<i>Oversight</i>	<i>Oversight Committee considers Annual Report</i>	<i>Review Actions to address shortcomings Performance Risk Assessment Report to Council</i>
March		

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Action	Activity	Comment
Service Provider Performance	Review performance of service providers as per the approved policy	Submit reports to SCM Unit Address poor performance
SDBIP Reporting	Update departmental SDBIP	Monthly progress reports to Executive Management and Portfolio Councillor Actions to address GAPS
IDP	Draft IDP to Council	IDP aligned with national strategy I
		Include clear objectives and municipal KPA's Needs that cannot be accommodated should be included in priority listings Should include all required sectoral plans that are aligned
Budget	Draft Budget to Council	Budget aligned with IDP and address IDP objectives
SDBIP	Draft top level SDBIP and submit with draft budget	Top Level SDBIP should be aligned with IDP and budget; strategic objectives; municipal KPA's; assigned to senior managers and include outer year performance
Annual Report	Approval of Annual Report	Public comment considered Final Annual Report submitted Oversight committee report submitted Proposed actions approved
April		
Service Provider Performance	3rd 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	3rd 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/s57 Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
Work Place Skills Plan	Update and submit WPSP	Alignment with needs as per mid-year performance reviews
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

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Action	Activity	Comment
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 14days after budget approval Approval by Mayor within 28 days after budget approval
SDBIP	Approval of departmental SDBIP	SDBIP to be address all Top Level KPI's Address departmental responsibilities Key activities, challenges and risks; performance plans (project lifecycle); resource allocation; inputs and timeframes

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