

# **RUSTENBURG LOCAL MUNICIPALITY**



## **PERFORMANCE MANAGEMENT SYSTEM (PMS) POLICY FRAMEWORK 2019/2020**

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## DEFINITIONS

|                       |  |
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| Competencies          | The visible application of knowledge and skills within a specific environment. The evaluation of competency not only addresses the knowledge of a person, but also the manner in which this knowledge is applied in the work environment.  |
| Municipality          | refers to Rustenburg Local Municipality  |
| Evidence              | The proof that must be submitted to substantiate the level of achievement i.e. rating against the KPI. Evidence must be independent, clearly reflect achievement, and signed off where possible.   |
| Goals                 | Are general statements that describe the desired outcome or purpose of any activity? This means the positive <b>impact</b> that the directorate wishes to have on Community at large.  |
| Impact                | Refers to the changes and consequences that result from specific activities or achievement. These may both be intended or unintended. Impact is generally assessed in terms of the contribution made to the achievement of <b>a goal</b> .   |
| Indicators            | Are agreed signs/ <b>measures</b> of effective performance that clarify intentions and help in assessment of achievement? Deliverables, standards, or measures used to indicate whether or not an objective has been met. The results must be within the control of the employee, objective and observable, and capable of being measured.   |
| Input                 | Inputs are concerned with how the organisation achieves the outputs. They are focused on the approaches and resources used and the extent to which these approaches and resources are implemented or deployed.   |
| Job analysis          | is the process of identifying the purpose of a job in relation to: <ul style="list-style-type: none"> <li>▪ Organizational goals.</li> <li>▪ Key performance areas or results that need to be achieved.</li> <li>▪ How they would be achieved.</li> <li>▪ What will be required to achieve them?</li> </ul>  |
| Key Performance Areas | (KPA's) are those areas of a job that are critical in terms of making an effective contribution to achievement of organizational goals.  |
| Objectives            | Are statements that concretely and specifically describe a result to be achieved? They serve as a basis for: <ul style="list-style-type: none"> <li>▪ Clarifying intentions</li> <li>▪ Planning</li> <li>▪ Guiding activity towards a desired result</li> <li>▪ Assessing achievement.</li> </ul> <p>Objectives are directly linked to the IDP of the Municipality and scorecards.</p> |
| Outcome               | Is the consequence of achieving specific objectives. It is assessed in terms of goals and impact on the achievement of goals. It describes what changed as a result of the effort.   |
| Output (Result)       | Is a concrete achievement that contributes to the achievement of a longer-term outcome or goal.<br>They may be:<br>Specific outputs such as houses built, roads constructed, performance agreements developed and signed.  |
| Performance agreement | is the outcome of a process that links individual performance plans to organizational goals and defines what is required to achieve effective  |

|  |  |
|--|--|
|  | <p>performance.</p> <p>It involves supervisors and employees agreeing on objectives and standards of performance to guide performance and performance assessment.</p>  |
| Performance appraisal                  | <p>Is the process of assessing performance.</p> <p>It is part of a larger process of linking individual performance management and development to organizational goals. It is also only one aspect of managing and developing the performance of individuals.</p> <p>It is a cyclical and iterative process aimed primarily at performance improvement through ongoing learning and development.</p>   |
| Performance management and development | <p>Are all those processes and systems designed to actively manage and develop performance at the level of individuals, teams. Directorates and the entire organisation; to ensure that the strategy and vision of the organisation Are achieved. Performance management therefore entails:</p> <ul style="list-style-type: none"> <li>• The definition of the performance that is being managed (design);</li> <li>• The process of performance management (implementation); and</li> <li>• The management of the consequences of the performance (integration).</li> </ul> |
| Performance Management Specialist      | <p>This is the person within the Municipality that is appointed to develop and maintain the system and support all <b>performance Managers</b> with logistical and technical arrangements related to the implementation of the performance management systems.</p>   |
| Performance Manager                    | <p>This is the person that has staff members that report to him or her and is therefore required to conduct the performance appraisal and management processes with these staff members.</p>   |
| Performance review                     | <p>Is the formal process of assessing performance? During the review:</p> <ul style="list-style-type: none"> <li>▪ Achievement is assessed</li> <li>▪ Problems are identified</li> <li>▪ Remedial measures are agreed upon</li> </ul>  |
| Performance standards                  | <p>are mutually agreed criteria to describe how well work must be done. They may be used to clarify the key performance areas of a job by describing what minimum performance levels are required to meet the requirements of the job as well as what “doing well” means or would look like to an observer.</p>  |
| Personal Development Plan              | <p>is a general but realistic development plan based on an employee's aspirations and the longer-term needs of the municipality. It generally reflects specific actions to be taken by the employee and the municipality to help the employee develop his/her potential and capacity.</p>  |
| Qualitative measures                   | <p>tell you “how well”.</p>  |
| Quantitative measures                  | <p>tell you “how many” or “how much”.</p>  |

|                     |  |   |
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| Target Rating scale | is a standard scale for rating an employee's performance in relation to specific categories of performance. These are often used to introduce a degree of comparability into systems for performance assessment. A rating scale of 1 – 5 is used to determine the extent to which a target has been achieved. The details of the rating scale are as follows:      |   |
|                     | 5  | Outstanding performance: Performance far exceeds the standard expected of an employee at this level.  |
|                     | 4  | Performance significantly above expectations: Performance is significantly higher than the standard expected in the job.  |
|                     | 3  | Fully effective: Performance fully meets the standards expected in all areas of the job.  |
|                     | 2  | Performance 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.   |
|                     | 1  | Unacceptable performance: Performance does not meet the standard expected for the job. 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. |
| Targets             | Are agreed quantitative or qualitative standards to aim for. This refers to the output level the person must achieve in order to be given a particular performance score. Targets must consider realistic timeframes and it must be possible to implement them within a 12-month period. Inclusion of these targets eliminates subjectivity in the review process. |   |
| Weighting           | Relative importance of one key performance area to another. Each SPO or KPA must be assigned a weighting out of 100%. The sum of all the weightings for SPOs must equal 100% and the sum of all weightings for all KPAs must equal 100%.   |   |

## 2. INTRODUCTION

### 2.1 LEGISLATIVE FRAMEWORK

The broad framework for the establishment of a PMS is described in Chapter **6 section 38(a)** of the Local Government: Municipal Systems Act, 32 of 2000 (MSA) which inter alia, requires municipalities to:

- With the involvement of the community, establish a PMS that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its IDP;
- Promote a culture of performance management among its political structures, political office bearers and councillors and in its administration;
- Administer its affairs in an economical and accountable manner;
- Set appropriate key performance indicators (KPIs) and measurable performance targets with regard to the municipality's development priorities and objectives set out in the IDP in consultation with the community;
- Establish mechanisms to, at least once per year, monitor, measure and review performance in consultation with the community;
- Set up appropriate mechanisms to timeously detect under-performance;
- Conduct an internal audit on performance;
- Submit results of performance measurement for audit by the Auditor-General (AG) annually;
- Include a report on performance as well as the audit report on performance by the AG, in the municipality's annual report required in terms of Section 121 of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA); and
- Publish the annual report for the information of councillors, staff, public and other spheres of government.

The vision of the Rustenburg Local Municipality is : -

“A world-class municipality where all communities enjoy a high quality of life and diversity”

In order for Rustenburg Local Municipality to effectively achieve this mission and, therefore, live its vision, it must ensure that a well planned strategy is implemented. This strategy is called the Integrated Development Plan (IDP). Implementation of the IDP must be monitored regularly to ensure that the Municipality delivers on what it has planned. This is done through the Performance Management System (PMS). Rustenburg Local Municipality depends on the performance of each and every employee

## 2.2 PURPOSE

The purpose of this policy is to provide a link between the legislative framework and the operational institutionalization thereof in the Municipality. It provides a governance tool for the Council which, with the support of all role-players, will be the legitimate driving force for the implementation of performance management in an organization-specific manner and the devolvement of the system to include all levels of staff and all employees while ensuring that the Municipality remains accountable to its community.

2.3 The purpose of the policy as emphasised by the Municipal Planning and Performance Management Regulations, 2001 is to provide all stakeholders within the Rustenburg Local Municipality with a clear description of the performance management procedure that will be applied to all individuals. Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting.

2.3.1 It defines the overview of the performance management environment and then outlines the key procedures that are linked to performance management.

2.3.2 It also presents the Municipality's approach to performance management and a detailed description of the individual performance appraisal implementation process. Determine the frequency of reporting and the lines of accountability for performance.

2.3.3 Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system.

## 3. SCOPE

3.1. The policy is intended to ensure the consistent implementation of the performance management System within the municipality. Accordingly, this policy applies to:

3.1.1 The Municipal Manager in terms of section 54A;

3.1.2 Directors employed in terms of sections 56;

3.1.3 All permanent employees

## 4. OBJECTIVES

4.1. The integrated development plan of the Municipality amongst other objectives advocates for: "Drive good governance and legislative compliance in all municipal processes"

4.2. **The Objectives of the Municipal Wide Performance Management System aims to:**

- The most important objective of the performance management system is to ensure that *the* entire Municipality in synchrony with a common vision and mission and that all the objectives and strategies of the Municipality as contained in the IDP are achieved.
- The establishment of a framework for effective and regular performance feedback and reporting
- To create management information that enables the municipality to take decisions with

reference to other Human Resource processes, such as remuneration and training, for example.

- Ensure that the top Layer SDBIP is aligned to the IDP, and therefore, to political priorities;
- Develop an Implementation Plan that reflects tangible programmes, activities and targets to achieve the priorities;
- Ensure effective linkage between planning and budgeting through SDBIP.
- Ensure that SDBIP forms the basis of an effective organisational and employee performance management system;
- Develop a monitoring and evaluation system that guarantees performance management and reporting against performance;
- Instil a performance-oriented culture across the Municipality.

#### **4.2.1 The Organisational Performance Management Systems Aims to:**

- Improve Municipal Wide performance by enhancing performance at a directorate and municipal entity level;
- Ensure alignment between the Municipal performance management system – and the Municipal Manager’s scorecard – and the activities and targets for which the Directorates and municipal entities are held accountable;
- Ensure constant monitoring and evaluation at this level through quarterly reviews;
- Enable the Municipality to assess the extent of delivery at strategic points, and to plan for interventions where necessary; and
- Instil a performance-oriented culture within each Directorate.

#### **4.2.2 The Employee Performance Management System Aims to:**

- To accelerate work performance of individuals to a higher level and to develop the capacity and ability of the Municipality to sustain performance by encouraging Individual accountability and responsibility for individual performance, as well as development.
- Improve the organisational performance by enhancing and acknowledging individual exceptional performance;
- Communicates the standards and performance expectation to each employee
- Serves as a vehicle for implementing the Municipality’s objectives
- Clarify expectations of what individuals are required to achieve;
- Develop the skills and competencies of individuals within the organisation;
- Foster a sound working relationship between Managers and employees through counselling and coaching; the provision of feedback,
- Provide a tool for Managers to manage the performance of their staff;
- Allow employees to become more actively involved in managing their own performance;
- To identify underperformance and to implement and justify the resultant corrective follow-up actions.
- Reward employees whose performance exceeds the output criteria;
- Instil a performance-oriented culture throughout the organisation, at the level of employees.
- Focus on the development of staff members.
- Offer improved token of appreciation as part of motivation to reward excellent performance by individuals.
- Strengthening the accountability of individuals and their ownership of their own development
- Improved communication within the work environment.

## 5. PRINCIPLES

The performance management system of the Rustenburg local Municipality and the way it is to be implemented is underpinned by a set of key performance management principles. These principles drive the design and implementation of the performance management system itself.

### Principles of Performance Management

- 5.1 The framework shall be directly linked to the municipality's IDP to enable the translation of the strategic plan into focus areas.
- 5.2 This framework allows for organisational objectives to be cascaded and aligned throughout the organisation.
- 5.3 The management of performance shall be the responsibility of every Manager, and shall be done in a consultative, supportive and non-discriminatory manner.
- 5.4 Personal development is an enabler and integral part of the Performance Management process.
- 5.5 Performance appraisals should be objective and consistent.
- 5.6 Every employee shall be responsible for his own performance.
- 5.7 Performance management shall not be used as a tool to unfairly favour or prejudice any employee.
- 5.8 Performance management shall be development orientated and aimed at cultivating good human resource management and career development practices.
- 5.9 Each Manager shall strive to promote productivity.
- 5.10 Ensure all employees are responsible for achieving service delivery excellence through constantly improving on areas of individual performance and collective effort.
- 5.11 Performance management is about actively communicating expectations, motivating success through constructive feedback, focusing on coaching and development, and ensuring service delivery. The performance management system is not only a scoring mechanism!
- 5.12 Over and above performance will be fairly recognized and rewarded.
- 5.13 Managing both poor and good performance within the Municipality

## 6. PERFORMANCE MANAGEMENT AND TRAINING & DEVELOPMENT

Every employee is required to have an individual learning plan (ILP) that is prepared at the end of the third quarter before to inform the Workplace skills plans for the next financial year. These plans form a key part of the skills development planning process. Individual learning plans provide the opportunity for Managers/supervisors and employees to jointly identify training and development needs in order to improve job performance and to support individual development.

The individual learning plan, which must be completed annually, records the (interventions) actions agreed to improve performance and to develop skills and competencies. It must be developed to improve the ability of the employee in their current job but also to enable employees to take on wider responsibilities and extend their capacity to undertake a broader role where appropriate.

Where applicable it should also contribute to enhancing the potential of individuals to carry out

higher-level jobs. This plan therefore contributes to the achievement of continuous development of employees within the Municipality. This individual learning plan must be used by the Directorate Corporate Support service to develop a comprehensive workplace skills plan.

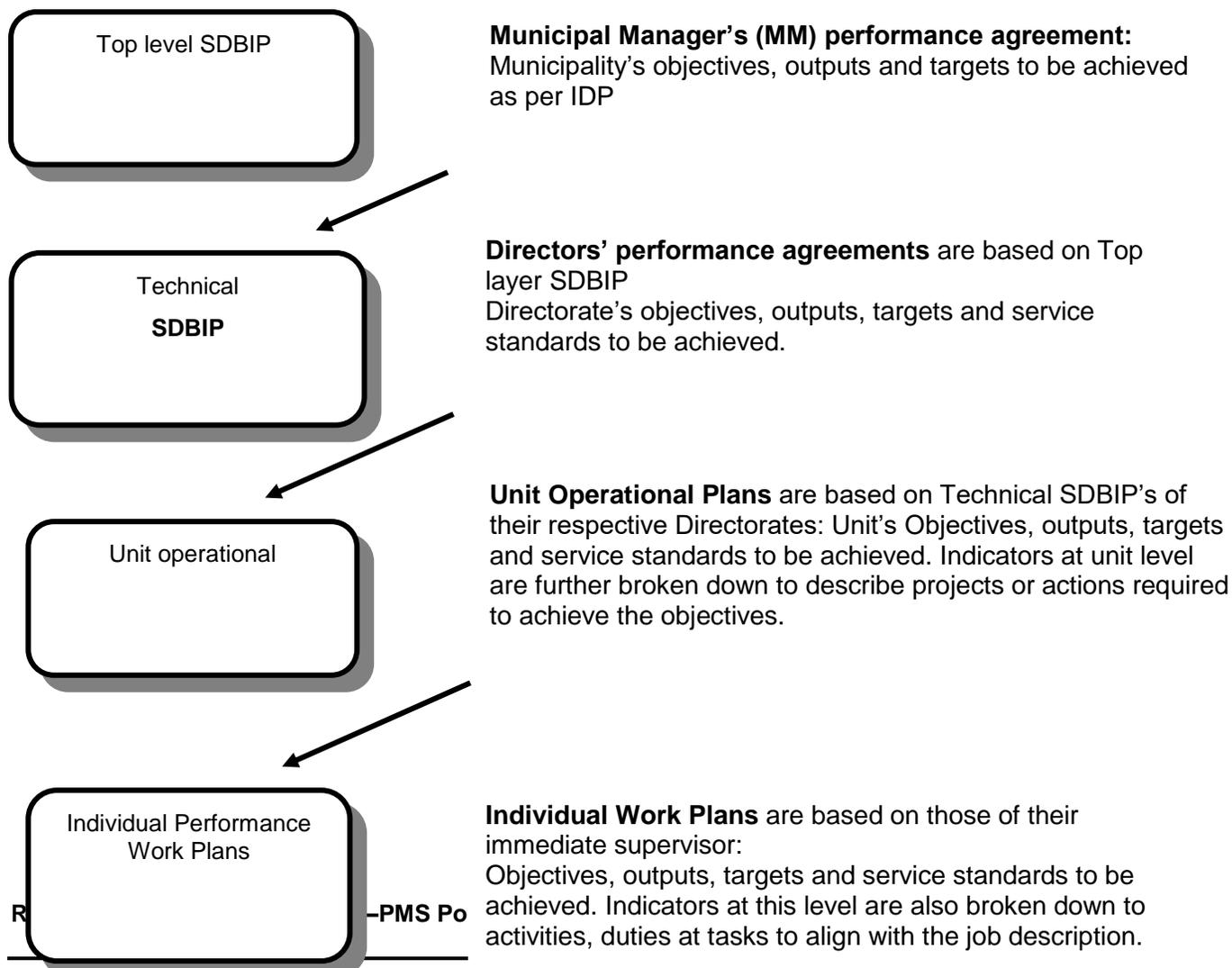
In cases where certain competencies are prescribed by any regulation, such must be prioritised when developing ILP's

## 7. CASCADING OF THE STRATEGIC FOCUS LINKAGES

Performance management in the Municipality is a multilevel process that starts with an overall strategy and cascades to organisational, directorate and employee performance management planning, monitoring and review.

The vertical cascade linkage is a downward cascading which links various Municipal process outputs with those of individuals in planning, monitoring progress and evaluation.

The diagram below helps to clarify the cascading linkages. According to the strategic and operational levels, the initial parts of the strategic component refer more to the organisation while the lower parts of the operational levels are largely for the individuals



## 8. MANAGEMENT AND OPERATION OF THE SYSTEM

The Executive Mayor manages the development of the performance management system. The system is submitted to the municipal council for adoption and the Executive Mayor assigns the management responsibility for the system to the Municipal Manager in terms of section 39 of the Municipal Systems Act, 2000.

### 8.1. Community Participation

The municipality must involve the community in the development of the performance management system and setting of KPIs and performance targets in accordance with sections 42 and 44 of the Municipal Structures act and clause 9 and 15 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The community will participate through the Representative Forum meeting. All Representative Forum meetings will be arranged at a central venue which will be in Rustenburg.

All stakeholders represented on the representative forum will be allowed a period of 2 weeks to report back to constituents or to forward feedback from their constituents.

Roles and responsibilities of all key stakeholders are depicted from page 27 of this framework documents.

### 8.2. Operation

The Operation of the system occurs during the drafting of the Service Delivery and Budget Implementation Plan, when programmes are implemented, and budgets expended. Performance must be measured against key performance indicators and performance targets set for Directorates and individuals in the SDBIP and as shall be translated into performances plans and progressively contribute to the achievement of top layer SDBIP targets of the municipality. Achievement of targeted milestones shall where practical be linked to the cash flow projections to ensure that the reported milestones match the expenditure levels.

### 8.3 Performance Management Process

**The performance management process within the Rustenburg Local Municipality involves four key phases as follows:**

**Planning:** This is about jointly identifying, agreeing on individual performance expectations and gaining the employee's commitment to achieving these expectations.

**Coaching:** This is a crucial phase of continuously tracking and improving performance, through feedback and reinforcement of key results and competencies.

**Reviewing:** This phase involves jointly assessing actual performance against expectations at the end of the performance cycle to review and document planned vs. actual performance. (reporting)

**Rewarding:** This phase establishes the link between performance and reward. It aims to direct and reinforce effective work behaviours by determining and allocating equitable and appropriate rewards to employees.

The following table details the timing and activities required for each of the four key phases in the performance management cycle:

| PHASE           | TIMING   | ACTIVITIES   | Jul     | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|-----------------|--|--|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>PLANNING</b> | <b>This should occur two months before the beginning of the new financial year and finalised in July each year i.e. beginning of the financial year.</b> | <p>Manager to schedule meeting with Employee to agree on Key performance Indicators and targets for the year.</p> <p>Both the Manager and the Employee are required to prepare for this meeting. Manager and Employee to finalise and sign the employee's performance agreement. Utilization of the Technical SDBIP is of highly significant during this process to ensure accurate alignment.</p>   |         |     |     |     |     |     |     |     |     |     | ✓   |     |
| <b>COACHING</b> | <b>Ongoing throughout the year</b>   | <p>Manager to create both formal and informal opportunities to provide feedback to the Employee on his/her performance against the agreed objectives.</p> <p>Where baselines and targets have not been finalised by the start of the new performance cycle, these should be finalised and signed off within the first three months of the financial year.</p> <p>Formal coaching sessions take place once a quarter where discussions, progress and agreed solutions are documented and signed off.</p> <p>The quarterly review in December is regarded as the formal mid year review (see below)</p> <p>Employees are entitled to</p> | Ongoing |     |     |     |     |     |     |     |     |     |     |     |

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|                  |  | feedback and to require assistance at any given time.   |   |  |  |  |  |  |   |  |  |  |  |  |
| <b>REVIEWING</b> | <p><b>January of each year – mid year review</b></p> <p><b>July of each year - final review.</b></p> <p><b>All performance reviews must be done before the new scorecard is signed off at the end of July.</b></p> | <p>Manager to set up formal mid-year review in February to assess the relevance of the objectives, evidence may need to be presented at this stage and the Employee's performance against the objectives. No formal scoring is done at this stage as it is unlikely that KPIs and targets will already have been met. Manager to set up a formal final review in July.</p> <p><b>The process for reviewing performance is as follows:</b></p> <p>Manager to set up formal mid-year and annual reviews.</p> <p>Employee to compile required evidence throughout the year assessments and submit the evidence to the Manager at least 7 days before the formal review.</p> <p>Manager to prepare rough scores/ratings of Employee's performance against the agreed objectives as a result of the evidence.</p> <p>Manager to ask Employee to prepare for formal review by rough scoring him/herself</p> | ✓ |  |  |  |  |  | ✓ |  |  |  |  |  |

|                  |  |  |  |  |  |  |  |  |   |  |  |  |  |
|------------------|--|--|--|--|--|--|--|--|---|--|--|--|--|
|                  |  | <p>against the agreed objectives.</p> <p>Manager and Employee to meet to conduct formal performance review and agree final scores. It may be necessary to have two meetings i.e. give Employee rough scores and allow him/her time to consider them before final agreement. A moderation process is conducted to ensure parity and quality of the review process across.</p> <p>Manager and Employee to prepare and agree on individual learning plan – this only needs to be done at the final review in June and not at the mid-year review.</p> |  |  |  |  |  |  |   |  |  |  |  |
| <b>REWARDING</b> | <p><b>Section 56 employee's Financial reward in February of next financial year -after the financial audit and the annual report have been tabled and after Council approves the results.</b></p> <p><b>All Non-Section 56</b></p> | <p>Directorate Corporate support to execute payment of performance bonuses for all qualifying and legible employees.</p>   |  |  |  |  |  |  | ✓ |  |  |  |  |

|  |  |  |  |  |  |  |  |   |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|---|--|--|--|--|--|--|
|  | <b>Managers on fixed term contracts – same as Section 56 employees.</b>                |  |  |  |  |  |  |   |  |  |  |  |  |  |
|  | <b>Permanent employees: Financial and Non-financial rewards in November / December</b> |  |  |  |  |  |  | ✓ |  |  |  |  |  |  |

#### 8.4. Section 56 employees & Managers on fixed term contracts

Every Section 56 employee, i.e. Directors and employees on fixed term contracts are required to have a performance scorecard which should be finalised and signed in terms of the regulations below:

The Local Government Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (August 2006) requires that the “parties must review the provisions of this agreement during June each year and must conclude a new performance agreement that replaces the previous agreement at least once a year **within one month after the commencement of the new financial year.**”

**An example of the scorecard**

| KPI No.                      | Key Performance Indicator (KPI) as per the Performance Agreement (PA) | Weighting | Portfolio of Evidence (POE) Required | Original Annual target as per the Performance Agreement | 1 <sup>st</sup> Quarter Target | 2 <sup>nd</sup> Quarter Target | 3 <sup>rd</sup> Quarter Target | 4 <sup>th</sup> Quarter Target |
|------------------------------|---|-----------|--------------------------------------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>STRATEGIC PRIORITY 5:</b> |   |           |                                      |   |                                |                                |                                |                                |
| <b>OBJECTIVE 5.2:</b>        |   |           |                                      |   |                                |                                |                                |                                |
|                              |   |           |                                      |   |                                |                                |                                |                                |
|                              |   |           |                                      |   |                                |                                |                                |                                |
| Total                        |   |           |                                      |   |                                |                                |                                |                                |

## 8.5 Standard Operating Procedures

The following will take place during the 1<sup>st</sup> month in the beginning of a new quarter reporting for the previous quarter:

| NO. | ACTIVITY  | RESPONSIBILITY    | PERIOD   | NUMBER OF DAYS |
|-----|---|-------------------|--|----------------|
| 1   | Submission of Portfolio of Evidence and Performance Reports | Directorates      | 7 <sup>th</sup> of the Month                     | 7              |
| 2   | Analysis of Performance Reports and Portfolio of Evidence   | PMS Unit          | 8 <sup>th</sup> – 10 <sup>th</sup> of the Month  | 3              |
| 3   | Audit of submitted Reports and Evidence                     | Internal Audit    | 11 <sup>th</sup> – 15 <sup>th</sup> of the month | 5              |
| 4   | One-on-One sessions to address internal audit queries       | Directors         | 16 <sup>th</sup> – 19 <sup>th</sup> of the month | 4              |
| 5   | Issuing of Internal Final Reports                           | Internal Audit    | 20 <sup>th</sup> of the month                    | 1              |
| 6   | Directorates' Performance Assessments                       | Municipal Manager | 23 – 24 <sup>th</sup> of the month               | 2              |
| 7   | Municipal Manager's Assessment                              | Executive Mayor   | 29 <sup>th</sup> of the Month                    | 1              |

### 8.6. The top layer SDBIP's scorecard

While it is important to have an overarching Municipal Scorecard contained in the top layer SDBIP against which the Municipality can be measured, the Municipal Manager's personal scorecard does not include all KPIs—:

The majority of the KPI may include some of the strategic measures against which the Municipality must deliver (as defined in the IDP); and other will find expression in the Directorates' Technical Scorecards collectively aiming at achieving overall targets contained in the SDBIP.

Two or three additional KPI's, determined in discussion between the Executive Mayor and the Municipal Manager may be included in the scorecard (performance plan). They must reflect those critical leadership, management and the administrative roles against which the Accounting officer must perform in his/her strategic leadership role. They must be directly linked to the performance of the Municipal Manager.

Rustenburg Local Municipality shall when developing indicators respond to the 7 **National General Key Performance Indicators** as prescribed by the Local Government: Municipal Planning and Performance Management Regulations, 2001 by integrating them into the Service Delivery and Budget Implementation Plans.

Operational Scorecards, which shall be referred to as Personal Performance Plans prepared in accordance with the Job Description of an employee and linked to the functions of the Directorates' shall be agreed on by both the Director and Employee, i.e. Unit Heads, Section Managers and Supervisors.

### 8.7. Scorecard integration

It is important that integration occurs between the top Layer SDBIP and individual performance. All key performance indicators and targets captured in top Layer SDBIP including indicators for special programmes must be included in the respective Senior management individual Scorecards. In order to address this issue of integration, the following is required:

All relevant KPIs and targets from the top Layer SDBIP are taken into consideration in the drafting of the individual performance plans.

Owners include comments in (brackets) next to each KPI – “**input required for delivery – and source of input**”. For example, for the Directorate Human settlement: Housing, this may include an input factor that states “road infrastructure to be developed by Directorate Technical and Infrastructure Services for housing project in ‘area x’ ”. This will serve to assist in integration of deliverables, so that the Municipality performs in an integrated manner.

The Municipal Manager then convenes a joint session with the Directors and Managers at levels 2 and 3. The purpose of this session is:

To ensure that all KPIs and targets from the top Layer SDBIP have been included in individual scorecard; and

To ensure any inter dependency features and standards thereof are set and Directors and Managers have common understanding and that they have been included in individual scorecards where necessary.

The various scorecards are then amended and integrated.

## 8.8 Planning: Scorecard Development

The scorecards include the measurement of both inputs (knowledge, skills and behaviour) and outputs:

**OUTPUTS:** these describe exactly what the employee is expected to achieve during the year. Performance indicators for each objective must be provided detailing the evidence that will be used to assess whether or not an employee has achieved the objective. Objectives identify WHAT needs to be done.

**INPUTS:** these describe the skills, knowledge and behaviours the employee is required to demonstrate in order to achieve the objectives. Inputs, particularly the behaviours, identify HOW the work needs to be done. The scoring of outputs is 80% and 20% for inputs. This is to ensure that the emphasis is on the delivery of results.

The number of KPIs in each scorecard should be limited to develop appropriate focus. Scorecards should include KPAs and KPIs for which the scorecard owner has control over the implementation of the KPA and associated KPIs included in his/her scorecard.

All KPIs should adhere to the SMART principle (within the span of control of the individual, measurable, achievable, realistic, and time-bound).

The question of whether the KPIs indicated appropriately line up with the KPA should be asked – to ensure that appropriate indicators of success have been identified in respect of each performance area.

### 8.8.1. Assigning Weightings and rating based target

Scoring of performance takes place at the level of KPIs.

The allocation of performance ratings shall be made according to the following rating scale:

| Level | Terminology   | Description   |
|-------|---|---|
| 5     | <b>Outstanding performance</b>                      | 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     | <b>Performance significantly above expectations</b> | 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     | <b>Fully effective</b>                              | 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     | <b>Not fully effective</b>                          | Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.   |
| 1     | <b>Unacceptable performance</b>                     | Performance does not meet the standard 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. |

### 8.8.2. Targets and Baselines

Where baselines have not been finalised by the start of the new performance cycle, these should be finalised at the first quarter review.

Sound records of all confirmed targets and baselines are to be signed and maintained. Both the Manager and the employee should keep a record of the updated signed scorecard.

Once targets are identified, the question should be asked as to whether these are too easy. The balance between stretch and easily achievable must be emphasised. Stretch targets are encouraged.

### 8.8.3 Two basic criteria against which Employees shall be measured:

**KPAs:** these describe exactly what the Employee is expected to achieve during the year. Performance indicators for each KPA must be provided detailing the evidence that will be used to assess whether or not an Employee has achieved the objective. KPAs identify what needs to be done.

**Core Competency Requirements:** these describe the skills, knowledge and behaviours the Employee is required to demonstrate in order to achieve the objectives. Core competencies, particularly the behaviours, identify how the work needs to be done.

Below is a list of potential requirements for CCRs: that can be used for all employees including Section 56 Employees broken down into Managerial and occupational competencies.

| No   | Core Competency Requirements (Inputs)   | Weighting |
|--|---|-----------|
| <b>Core Managerial Competencies (CMCs)</b>   |   |           |
| 1.   | Strategic Capability and Leadership   |           |
| 2.   | Programme and Project Management  |           |
| 3.   | Financial Management  |           |
| 4.   | Change Management   |           |
| 5.   | Knowledge Management  |           |
| 6  | Service Delivery Innovation   |           |
| 7  | Problem Solving and Analysis  |           |
| 8  | People Management and Empowerment   |           |
| 9  | Client Orientation and Customer Focus   |           |
| 10   | Communication   |           |
| 11   | Honesty and Integrity   |           |
| <b>Core Occupational Competencies (COCs)</b> |   |           |
| 1.   | Competence in Self Management   |           |
| 2  | Interpretation of and implementation within the legislative an national policy frameworks |           |
| 3.   | Knowledge of Performance Management and Reporting   |           |
| 4.   | Competence in policy conceptualisation, analysis and implementation                       |           |
| 5  | Knowledge of more than one functional municipal field / discipline                        |           |
| 6.   | Skills in Mediation   |           |
| 7  | Skills in Governance  |           |
| 8.   | Competence as required by other national line sector directorates                         |           |
| 9.   | Exceptional and dynamic creativity to improve the functioning of the municipality         |           |
| 10.  | Time Management (delivers services on time)   |           |
| 11.  | Creative thinking (uses innovation when delivering a service)                             |           |
| 12.  | Communication (effectively utilises new knowledge)  |           |
| 13   | Application of knowledge (effectively communicates)                                       |           |
| 14.  | Dissemination of knowledge (shares expertise)   |           |
| 15.  | Relationship with colleagues (work closely and in harmony with colleagues)                |           |

### 8.9. Evidence / Means of Verification

The owner of the scorecard takes responsibility for ensuring that the form of evidence identified within his/ her scorecard will be carried out / provided (e.g. ensuring that the relevant survey is undertaken – even if it is just about following up with the driver of such a survey).

The form of evidence or measure identified in the scorecard must be realistic, relevant, independent and manageable. In terms of evidence being manageable, extensive checks of evidence such as fines submitted may best be carried out through application of electronic systems where feasible, or through a report being provided by internal audit following their review of data.

Evidence to an effect that a certain event or occurrence (deviation) disturbed achievement of the target does not justify full score.

## **9. MONITORING AND REPORTING OF PROGRESS**

Individual performance is monitored on a quarterly basis. Section 56 employees are required to complete a quarterly report and making use of the appropriate monitoring mechanisms. These feed into the Municipality's Quarterly, Mid-Year and Annual Reports which are submitted to National and Provincial Treasuries and the Provincial and National Department responsible for Local Government. At the discretion of a Minister responsible local government or the chairperson of the select committee responsible for local government the Accounting Officer and / or the Executive Mayor may be summoned to present Performance Report. Thus reporting must be on time.

It is therefore compulsory for all Directors and Managers directly accountable to the Municipal Manager to:

- submit all required performance reports within the prescribed timeframes,
- accurately within the required format as may be determined from time to time by the accounting officer and to
- Be available for all performance review meetings as would have been scheduled by the Accounting officer.
- Conduct quarterly performance review meetings with direct reportees

### **9.1 *Reviewing Performance - An Overview of the Review Process***

- (a) Performance reviews are compulsory discussions between Managers and employees aimed at reviewing and rating an employee's performance;
- (b) Employees performance is reviewed against both the KPIs and related pre-determined targets;
- (c) The mid-year review takes place in the middle of the performance year (i.e. December of each year or early January).
- (d) The formal review takes place during the mid-year and at the end of the performance year (i.e. January and July of each year).

## **10. REPORTING LINES AND FREQUENCY OF REPORTING**

### **10.1. Municipal Directorates and Municipal entities**

- a) Whilst the Chief Executive Officer of the Municipal entities must report to the Board, the Directors on a quarterly basis reports to the Municipal Manager in writing not later than 30 days after the end of each quarter. The quarterly reports must reflect whether SDBIP targets are met or not. The report must reflect milestones as well as linked financial performance when applicable, variance on spending and milestones and any remedial measures if required.
- b) The reasons for under performance must be clearly spelt out, as well as measures to address under performance.
- c) The reports are made available to the Internal Audit Unit, which make comments and report to the Municipal Manager.
- d) The Municipal Manager submits monthly budget statements to the Mayor and the relevant provincial treasury.
- e) Council receives performance reports from the Executive Mayor at least twice a year. (Local Government: Municipal Planning and Performance Management Regulations, 2001. clause 13(2) (a).) The reports should be accompanied by the report of the Audit Committee.
- f) Council reports twice (2) per annum to the community through mechanisms determined by it through its community participation and communication policy.
- g) Council also reports annually to the Office of the Auditor General and the MEC responsible for local government in the province. The MEC consolidates all municipal annual reports in the province and reports to the Minister responsible for Provincial and Local Government who in turn will present a report on the state of local government to the national assembly.
- h) A key feature of the minister's report is the performance of the municipalities on the objectives prescribed by the General Key Performance Indicators in the Planning and Performance Management Regulations, 2001.

### **10.2. Who rates who**

- a) The Evaluation Panel established as per the provisions of the regulations for Municipal Managers and managers directly accountable to Municipal Manager, only conducts the Mid-Year and Annual Performance evaluations of Section 56 employees. In the process outlined below the Panel is supported by the Manager to perform the function of the "Manager" with administrative support provided by the Strategy Unit in the office of the Municipal Manager;
- b) For all other levels of employees, the immediate Manager supported by Section Manager IPMS is responsible for reviewing and rating performance and for submitting review results for moderation.
- c) The supervisor shall report on performance of a team and make presentation to the immediate Manager.
- d) The presence of a PMS specialist is pre-requisite in all performance reviews, with PMS specialist role being limited to assisting in the execution of the process.

### **10.3. Amending the Individual Performance Scorecard at the Mid-Year Review**

- a) At the mid-year review, amendments may be made to the employee's performance scorecard. These amendments may be effected if:
  - I. The achievement or non-achievement of the particular KPI will be out of the employee's/team's span of control (e.g. the budget has been pulled from the project);
  - II. The Municipality has amended its SDBIP and the achievement of the KPI is no longer strategically important.
  - III. Since our performance is done on a dynamic environment, should any disparities be realized, then the contents of the agreement shall immediately be revised.
- b) Any amendments must be reflected on a new performance scorecard, developed in accordance with the procedure in the performance agreement. The employee will be reviewed and rated on the amended scorecard. The employee and Manager must sign the amended scorecard and a copy must be kept by both the Manager and the employee.

### **10.4. Formal Performance Reviews**

The formal reviews will take place during December/January and July/August of each year;

- a) A month before the formal review, the employee must be informed that the review will take place. The Municipal Manager will issue a schedule of performance review meetings which shall be agreed upon;
- b) The employee and the Manager should prepare for the final review discussions by reviewing the scorecard and collecting evidence on progress to date against each KPI;
- c) The employee and the Manager must decide independently whether the Key Performance Indicators have been met or are on track to be achieved;
- d) The Manager and the employee therefore review any evidence that substantiates the achievement of a Key Performance Indicator; and
- e) Using the 5-point rating scale, the Manager and the employee assign preliminary ratings to each Key Performance Indicator, i.e. a "rough score" is assigned to each Key Performance Indicator before the actual review meeting.
- f) In case of Section 56 Managers, The portfolio of evidence and the report shall be submitted to the Municipal Manager, 7 working days before the review meeting.

### **10.5 Performance Assessment Panel for the Municipal Manager; Section 56 Managers and Managers on Fixed-Term Contracts**

10.5.1 For purpose of annual performance review of the Municipal Manager, an evaluation panel constituted of the following persons will be established:

- a) Executive Mayor or Mayor
- b) Chairperson of the Performance Audit Committee (PAC).
- c) Member of the Mayoral Committee.
- d) Mayor/ Municipal Manager from another municipality; and
- e) Member of a Ward Committee as nominated by the Executive Mayor

- f) The Manager responsible for Performance Management of the municipality must provide Secretariat services to the evaluation panels.

10.5.2 For purpose of the annual performance review of Directors and Managers on fixed-term contracts, an evaluation panel constituted of the following persons will be established:

- a) Municipal Manager
- b) Chairperson of the Performance Audit Committee (PAC).
- c) Member of the Mayoral Committee (MMC for the Directorate under review
- d) Municipal Manager from another municipality
- e) The Manager responsible for Organisational Performance Management System of the municipality must provide Secretariat services to the evaluation panels.

## **10.6 Performance Assessment Panel for Permanent Employees**

10.6.1 For purpose of evaluating the performance of permanent employees for the quarterly reviews, an evaluation panel constituted of the following persons will be established:

- a) Director
- b) Unit Manager (where Section Manager is being assessed)
- c) The Manager responsible for Individual Performance Management of the municipality must provide Secretariat services to the evaluation panels.

## **10.7 Deviations**

Any deviation that occurs when an employee is unable to achieve a particular Key Performance Indicator and the reason for non-achievement is outside of the employee's span of control. The employee submits a written deviation within the comment column of the report to his/her Manager to explain the reasons for non-achievement, and if the Manager agrees with the deviation, the KPI is not rated.

A deviation must:

- Be submitted along with evidence;
- Indicate clearly the KPI not achieved and the reasons for non-achievement;
- Both Managers and employees should clearly commit themselves on how non-achievements will be addressed
- Indicate clearly the action plans implemented by the employee over the performance year attempting to achieve the KPI.

A deviation will not be granted if there is no clear evidence of the employee attempting to achieve the KPI.

## 10.8 Conducting the Performance Review

- At every review, the Manager and employee should discuss each Key Performance Indicator and each preliminary rating;
- The formal review is a consultative process – therefore, the rating of an employee should be explained fully throughout the review and the employee should be provided with an opportunity to discuss the rating in order to either influence or understand the rating;
- As part of these discussions, the Manager and the employee should review any evidence used in the determination of a “rough score” to decide upon a final rating;
- The outcome of the review process will be based on a jointly agreed rating and individual performance improvement measures;

## 11. SCORING PERFORMANCE

### 11.1. CALCULATING AND CHECKING SCORES

- The rating for each KPI will be calculated as follows: ***Final Rating x Weighting = KPI Score***
- The weighting for the ***leadership dimension*** must always add up to 100.
- The weighting for the ***functional dimension*** must always add up to 100.
- All KPI scores for the ***leadership dimension*** are then added together to obtain a final score out of 300 for the full performance period. The spreadsheet calculates this automatically.
- The score for the ***leadership dimension*** is then multiplied by the leadership dimension weighting to obtain a weighted score for the dimension. The spreadsheet calculates this automatically.
- All KPI scores for the ***functional dimension*** are then added together to obtain a final score out of 300 for the full performance period. The spreadsheet calculates this automatically.

**The score for the *functional dimension* is then multiplied by the functional dimension weighting to obtain a weighted score for the dimension. The spreadsheet calculates this automatically and formulas used to calculate can be tested and audited for accuracy.**

**The following table illustrates how a final weighted score is obtained for all KPI**

| Rating  | Actual Performance Rating<br>(Rating scale from 1-5) | Relative Weight out of<br>100% |
|---|--|--------------------------------|
|   | 1  | 33                             |
|   | 2  | 67                             |
|   | <b>3</b>   | <b>100</b>                     |
|   | 4  | 133                            |
|   | 5  | 167                            |
| <b>Total weighted score for all KPI (sum of weighted scores):</b> |  |                                |

## **12. THE MODERATION PROCESS**

- 12.1 The moderation process ensures that there is consistency in the management and measurement of individual performance across the Municipality. This process also serves to entrench the link between the measurement of individual performance and organisational performance e.g. does it make sense for senior employees within the Planning and Human Settlement Directorate to score well on their individual scorecards if the housing targets in the Municipality's Top Layer scorecard have not been achieved?
- 12.2 The moderation process differs according to levels of employees within the RLM. It takes place after the formal performance reviews but before final reward decisions where applicable have been made.

### **12.3 Moderation Committee**

#### **12.3.1 Composition of the Moderation Committee**

The Moderation Committee shall comprise of the following :

- a. Employees from Unit Manager level upwards
- b. An adhoc moderation committee consisting of employees from the Department of Local Government and Monitoring and Evaluation from Cooperative Governance and Traditional Affairs, to moderate performance of directors and municipal manager.

#### **12.3.2 Roles and Responsibilities of the Moderation Committee**

- a. Validate the performance agreement/workplan against the annual performance review results.
- b. Ensure consistency between the ratings of the KPA's and competencies.
- c. Recommend remedial action in respect of under performers.
- d. Conduct assessment moderating meetings to review and/or ratify assessment outcomes.
- e. Ensure that there is an objective assessment of all employees' performance.
- f. Shall not change and individual employee's assessment score, but can refer the assessment to the supervisor who made the initial assessment for reconsideration or further motivation.
- g. Maintain confidentiality on outcome of assessment results and deliberations.
- h. Keep minutes all the entire moderation process.
- i. Employee advisory committee representatives have observatory rights in committee proceedings.
- j. Provide feedback to the supervisor on the outcome of the employee after their deliberations.

#### **12.3.3 Outcome and Communication**

- a. The employee's supervisor shall inform the employee in writing of the outcome of the assessment and if the employee's performance is unsatisfactory, of the reasons for that assessment.
- b. An employee, who is not satisfied with the outcome of his/her assessment, may refuse to sign it.

- c. The employee's supervisor must clearly identify the appeals route for an employee who is not satisfied with the outcome of his/her assessment.
- d. At any appeal against the outcome of his/her assessment, the employee may be assisted by a fellow employee or representative of his/her trade union.
- e. An executing authority shall not communicate the outcome of an employee's performance assessment to a person not employed in his/her department unless if the employee has consented thereto in writing.

## 12.4 Dispute Resolution

- a) The employee may follow either the normal grievance procedure and/or the dispute resolution process, depending on the nature or circumstances of the grievance/dispute; and
- b) The employer commits to speedy resolution of these matters, within 30 days of finalisation of the performance review. Should employees not agree with the final scores allocated to them by the panel and/or their Manager after the review discussions, they are required to follow the Municipality's grievance procedure as outlined in the appropriate policies.

## 13. REWARDING PERFORMANCE

### 13.1. Section 56 Employees

- a) A score of 130 - 149% is awarded a bonus from 5% - 9% and a score of 150% and above is awarded a bonus from 10% - 14%; as illustrated in the table below:

| No | Final Score     | Per cent Performance Bonus |
|----|-----------------|----------------------------|
| 1  | 130.0%          | 5.0%                       |
| 2  | 131.0% -135.0%  | 6.0%                       |
| 3  | 136.0% -140.0%  | 7.0%                       |
| 4  | 141.0% - 145,0% | 8.0%                       |
| 5  | 146.0% - 149.0% | 9.0%                       |
| 6  | 150.0% -154.0%  | 10.0%                      |
| 7  | 155.0% - 159.0% | 11.0%                      |
| 8  | 160.0% - 164.0% | 12.0%                      |
| 9  | 165.0% - 169.0% | 13.0%                      |
| 10 | 170.0% - 175.0% | 14.0%                      |

- b) The payment of a performance bonus will be subject to the decision of Council after the tabling of the final Annual Report for the previous financial year and the Final Consolidated Performance Assessment Report of the Panel.

### 13.2. Permanent Employees

Employees on permanent contracts of employment are eligible to receive non-financial rewards.

| <b>Performance Levels</b>                   | <b>Examples of Non-Financial Rewards</b>   |
|---|--|
| <b>Outstanding/above performance levels</b> | A. Employee is granted “free” leave days.<br>B. Merit Awards<br>C. Mayoral Service Excellence Awards<br>D. Promotion |
| <b>Average performance</b>                  | No specific reward   |
| <b>Below average performance</b>            | Compulsory performance counselling and monthly coaching sessions by Manager/supervisor.                              |

The employer reserves the right to apply the non-cash rewards for its employees.

### 13.3 Annual increases

Permanent employees receive annual increases as determined by the SA Local Government Bargaining Council.

- Annual increase for permanent employees are not linked to performance
- Guaranteed annual salary increases are paid annually, these are determined by the collective bargaining.
- Annual increases are paid at the end of the financial year in July.

**Section 56 Managers increases are determined by the upper limits of total remuneration packages payable to municipal managers and managers directly accountable to municipal managers.**

### 13.4 Bonuses

- Performance bonuses for permanent employees are not entitlements but are linked to performance.
- Bonuses are paid annually in terms of 13<sup>th</sup> cheque.
- All bonuses are paid at different months linking to the full service cycle of each employee.

## 14. MANAGING POOR PERFORMANCE

The primary aim of the performance management is to ensure that the municipality executes its service delivery mandate in an efficient and excellent manner in all its levels of administration.

It is the Director's and Managers' responsibility to follow up on the performance review of an employee who was ranked as a poor performer. It is important to note that an employee may not be dismissed due to his/her poor performance unless he/she has received appropriate evaluation, instruction, training, guidance or counselling, yet the performance remained unchanged and/or worsen.

The management of poor performance should occur throughout the performance period so that the employee does not hear that his/her performance is not satisfactory for the first time in an annual performance appraisal meeting.

Directors and Managers must be aware that an employee may have work habits that differ from the appraiser's habits. If these work habits do not impede the employee from meeting the Municipality's performance standards, they are not considered performance *deficiencies*. Managers must also realise that personal problems may interfere with an employee's ability to satisfactorily perform his or her job.

The Code of Good Practice in the Labour Relations Act requires an employer to:

- Investigate to establish the reasons for the employee's unsatisfactory performance;
- Give the employee appropriate evaluation, instruction, training, guidance or counselling;
- Allow the employee a reasonable time to improve; and
- Consider alternative sanctions short of dismissal.

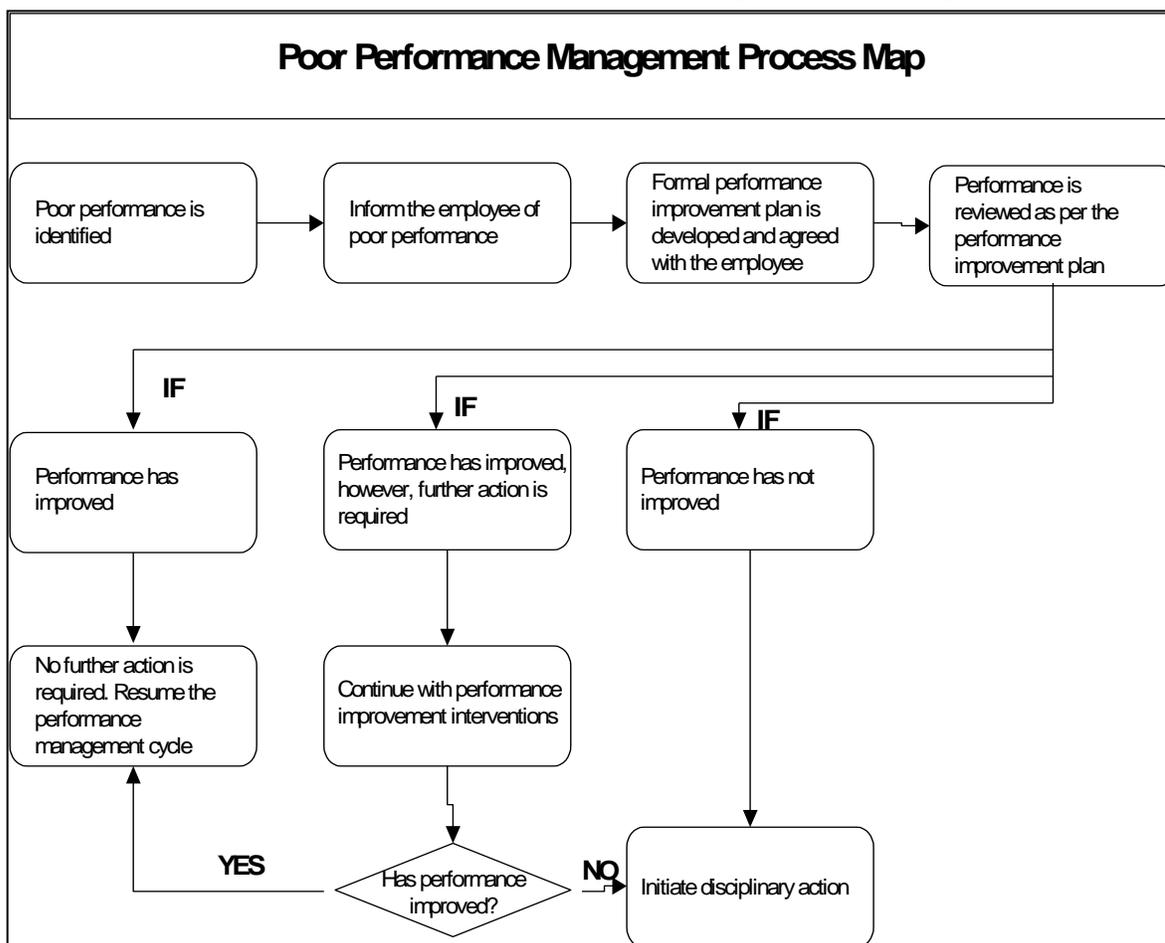
The Directors and Manager must assess the employee's review and identify a course of action that will address the shortcomings. Whilst the primary aim is to assist the employee to achieve satisfactory work performance, there is the possibility that it may also ultimately lead to dismissal.

The process map hereunder describes the different steps and outcomes that result from an intervention to address poor performance.

There are three broad phases for dealing with poor performance; namely:

- Establishing poor performance;

- Affording the employee an opportunity to improve performance; and
- Outcome of actions initiated to deliver sustained performance improvements.



### Phase 1: Establishing poor performance

Firstly, the Manager must identify whether the poor performance is due to incapacity or ill health, in which case the Manager must contact the directorate Corporate Support services for assistance on how to deal with the situation. If poor performance is not related to ill health or incapacity, then the Manager must establish the following:

- **Existence of performance standard.** The requirement to establish the existence of a performance standard should be easily satisfied as the employee has participated in the performance management process that has resulted in a performance scorecard, to which he or she has consented. Sources of performance standards can be varied, including letters of appointment, direct instruction, custom, and practice in the Municipality.
- **Proof of poor performance.** This is a question of fact to be determined on a balance of probabilities, and not beyond a reasonable doubt. The outcomes of the performance management review process in the form of the scorecard, evaluation of evidence, and rating should corroborate the lack of performance.
- **Awareness of the performance standard.** The Manager must establish that the employee was aware of the performance standard, before he/she can be held accountable for poor performance.

## ***Phase 2: Affording the employee the opportunity to improve performance***

The Manager should meet with the employee to discuss their performance and to establish why it is falling short of the required standard and to agree on how performance can be improved. This process will incorporate the following:

- The Manager should review and assemble any relevant information and documentation prior to the meeting.
- It should be made clear that the purpose of the meeting is to establish the fact of the existence and causes of the employee's poor performance and to agree on next steps.
- Care must be taken to establish whether or not there are contributory problems or circumstances in the workplace for which the employee is not responsible.
- The discussion should include clear examples of the ways in which the employee has failed to reach the required standards.
- The discussion should include ways in which the necessary improvements can be made. Actions should be agreed, together with regular monitoring and feedback arrangements.
- The Manager should identify - in consultation with the individual - whether any training, support and/ or other assistance could help the employee to improve sufficiently.
- Meetings should be conducted in a confidential setting, using an informal, counselling style. The Manager should ask relevant open questions relating to work performance, but intrusive or personal matters relating to the employee's medical or domestic circumstances should not be raised unless introduced by the employee.

At the conclusion of the meeting, there should be a clear and common understanding of the following points:

- The shortfalls in performance, the underlying reasons for these, and the timescales agreed for the necessary improvements.
- Acknowledgement by the employee that the reasons for the problems have been fully discussed.
- The standards and expectations of acceptable performance in the role.
- The establishment and agreement to a clear work programme, with proper supervision and adequate guidance and monitoring.
- The support to be provided by the line Manager, for example on-job training.
- The consequences of failing to achieve and sustain the required standards. These could include redeployment, demotion, or dismissal.

Subsequent to the meeting and in the months ahead, the following actions will need to take place:

- Notes covering the above points and any others that the employee wishes to raise should be sent to HR for filing.
- The employee will also receive a copy.
- The employee must undergo 'compulsory counselling' in terms of the performance management system.
- The action plan must include a timetable of regular review meetings at which the Manager must give clear, detailed and supportive feedback on the employee's performance. The feedback given to the employee by the Manager at each review meeting should state whether or not the targets have been achieved at each stage and should provide the information on which agreed revisions of the action plan may be made. All review meetings must be carefully documented, in the interests of fairness and accountability. Copies of the action plans and the record of the meetings should be given to the employee concerned, and placed in his file.

- Having agreed and documented the targets and measures for improvement, it is essential that these be followed through, that regular monitoring and feedback takes place throughout the review period. In addition, the Manager must ensure delivery of any measures promised by way of documentation, guidance or training to assist the employee.
- The employee must be given a reasonable period of time for improvement, taking into account the natural length of the work cycle as well as any time required for guidance
- The Municipality must continually monitor and evaluate the employee's performance, recording improvements and highlighting areas of concern.

***Phase 3: Outcome of actions initiated to deliver sustained performance improvements***

At the end of the review period, the Manager must again assess the employee's performance and should convene a final meeting with the employee, at which he/she will be informed of the outcome, orally and in writing. The possible outcomes will be as follows:

- If there has been a measurable and sustained improvement in performance, this should be recognised and the individual should be informed that no further action is necessary. In addition, the performance counselling process will not count against him or her in any subsequent application for promotion or benefits.
- If the employee has shown some improvement it may be considered appropriate to offer some extension to the review period.
- If there has been insufficient improvement, or improvement is not sustained thereafter, there may be no alternative but to have recourse to a formal performance hearing, the outcomes of which may range from a decision to redeploy to an alternative post (either at the same or a lower grade), or to dismiss.

## **15. COUNSELLING**

The first step in addressing performance deficiencies is to discuss them with the employee. Depending on the severity of the deficiencies, this step may be verbal counselling, followed by a written report to the employee's file.

### **15.1. The purpose of this counselling session is to:**

- (a) conduct a formal discussion with the employee in an effort to address performance deficiencies;
- (b) review areas where current performance levels are below the goals and expectations of the position;
- (c) discuss possible causes and reasons for the substandard performance;
- (d) review training or retraining needs to assist in remedying the performance deficiencies;
- (e) determine what action steps are required to correct the performance problem;
- (f) determine how progress will be measured; and
- (g) Establish follow-up procedures to ensure that progress is measured and feedback is provided to the employee.

## 15.2. The counselling session should provide insight as to the causes of the performance deficiencies. Elements may include:

- (a) a review of the performance expectations;
- (b) an explanation that the current performance level is a concern and requires immediate improvement. The time frame for improvement should be established as well as dates for follow-up;
- (c) additional training;
- (d) if additional counselling sessions are required, these sessions should be documented in writing to the employee.

Where it is established that the employee *is unable to meet job requirements* as a result of physical or mental limitations the case should be referred to HR who will ensure that appropriate steps are taken to sympathetically address the issue.

## 16. APPOINTMENTS DURING THE YEAR

A newly appointed employee and his/her Manager must agree a performance scorecard for the balance of the year. However, the employee becomes eligible for participation in the performance management system. Any incentive bonus for performance achievement will be pro-rated for the length of time employed in the year.

### 16.1. New appointment during the financial year

The employee becomes eligible for performance **rewards** after **three (3) months** of employment. Subject to:

- Has a **signed performance agreement and scorecard**
- Met all requirements of the performance agreement and scorecards
- **Performance bonus** being **pro-rated** for the length of time employed within the financial year.

### 16.2. Internal directorate transfers and appointments

If an employee is transferred or appointed to a different directorate during the year, the following conditions apply:

- The departing employee must have a performance review with the Manager and agree on the level of performance reached to date in the year; the Manager must provide an assessment (review) report based on the actual performance at the time of departure.
- The assessment (review) report must be forwarded to the new Manager.
- The new Manager and the employee must then agree on a performance scorecard for the balance of the year.
- At the end of the financial year the review report (from the old directorate) is then reconciled with the final assessment/reviews (in the new directorate)
- It is important in both directorates that the employees must have signed the performance agreement and scorecard.

### **16.3 Conversions from permanent employment to fixed term contract**

Employees, who convert during the financial year to fixed term contract, are regarded as new appointments and the same provisions outlined above will be applicable.

## **17. AUDITING**

The Municipal Planning and Performance Management Regulations, 2001, requires municipalities to develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its auditing processes. This is meant to ensure that performance information collected by the municipality is verifiable, reliable and correct.

The Regulations and the MFMA provides for the establishment of an internal audit function. Internal auditing must include assessment of the following:

- 17.1 The functionality of the municipality's performance management system.
- 17.2 Whether the performance management system complies with the relevant provisions of the Municipal Systems Act, 2000.
- 17.3 The extent to which the municipality's performance measurements are reliable in measuring performance.
- 17.4 On a quarterly basis, audit the performance measurements of the municipality and the results of the performance assessments for Section 56 Managers.
- 17.5 Submit quarterly reports on their audits to the municipal Manager and the Audit Committee.

Additional functions of the Internal Audit relating to other systems of the municipality are outlined in the Municipal Finance Management Act.

## **18. PERFORMANCE AUDIT COMMITTEE**

The municipality will use the Audit Committee established in terms of the MFMA to perform the function of performance audit. The functions of the Audit Committee must take into account the stipulations of the Planning and Performance Management Regulations and the Municipal Financial Management Act.

## **19. COMMUNICATING THE SYSTEM**

To address the issue of the extent to which employees understand the performance management system and target achievement, regular engagement processes with employees shall be structured and include:

- Quarterly meetings that involve discussion of the SDBIP formulation and progress, to which employees are invited, and through which all can develop a greater sense of the end target of their own responsibilities.
- Responsibility for communication of these issues rests with the office of the Municipal Manager.
- Communication of an accountability framework and process map of performance management to all parties, to ensure an understanding of how the Municipality's SDBIP is devised and rolled down.

**20. ROLES AND RESPONSIBILITIES OF STAKEHOLDERS IN THE OPERATION AND MANAGEMENT OF THE PERFORMANCE MANAGEMENT SYSTEM**

**20.1. Municipal Council’s political oversight roles and responsibilities.**

| Planning   | Monitoring   |  |  |
|--|--|--|--|
|  | Review   | Reporting  | Performance Audit  |
| <ol style="list-style-type: none"> <li>1. Adopts priorities and objectives of the Integrated Development Plan.</li> <li>2. Adopts the PMS framework.</li> <li>3. Adopts the municipality’s corporate strategy that includes key performance indicators and performance targets.</li> <li>4. Assigns the responsibility for the management of the PMS to the Mayor.</li> <li>5. Adopts SDBIPS.</li> </ol> | <ol style="list-style-type: none"> <li>1. Approves the annual review programme of the IDP, including the review of key performance indicators and performance targets.</li> <li>2. Approves the annual improvement measures of the municipality as part of the new municipal strategic scorecard.</li> <li>3. Approves any changes to the priorities, objectives, key performance indicators and performance targets of the municipality.</li> </ol> | <ol style="list-style-type: none"> <li>1. Receives externally audited performance reports from the mayor every quarter.</li> <li>2. Reports the municipality performance to the community twice a year.</li> <li>3. Approves recommendations for the improvement of the performance management system.</li> <li>4. Annually approves performance appraisal of the municipal Manager and other Section 56 employees.</li> <li>5. Submits the municipal annual report to the Auditor General and the MEC.</li> </ol> | <ol style="list-style-type: none"> <li>1. Notes the municipal annual audit plan and any substantial changes to it.</li> <li>2. Can receive reports directly from the Audit Committee.</li> <li>3. Approves the implementation of the recommendations of the Audit Committee with regard to both improvement in the performance of the municipality or improvement of the performance management system itself.</li> <li>4. Receives performance audit report from the Auditor General and approves implementation of its recommendations.</li> </ol> |

## 20.2. Roles and responsibilities of the Management Committee (MANCO)

| Planning  | Monitoring   |   |  |
|---|--|---|--|
|   | Review   | Reporting   | Performance Audit  |
| <ol style="list-style-type: none"> <li>1. Submits priorities and objectives of the Integrated Development Plan to Council for approval.</li> <li>2. Submits the PMS framework for approval.</li> <li>3. Submits the municipality's corporate strategy that includes key performance indicators and performance targets for approval.</li> <li>4. Approves the Service Delivery and Budget Implementation Plan.</li> <li>5. Mandate the mayor to enter into a performance agreement with the Municipal Manager on behalf of Council.</li> <li>6. Assigns the responsibility for the management of the PMS to the Municipal Manager.</li> </ol> | <ol style="list-style-type: none"> <li>1. Proposes to Council, the annual review programme of the IDP, including the review of key performance indicators and performance targets.</li> <li>2. Proposes the annual performance improvement measures of the municipality.</li> <li>3. Proposes changes to the priorities, objectives, key performance indicators and performance targets of the municipality.</li> <li>4. Quarterly evaluates the performance of the municipality against adopted KPIs and targets.</li> <li>5. Quarterly reviews the performance of directorates to improve the economy, efficiency and effectiveness of the municipality.</li> <li>6. Quarterly and annually evaluates the performance of the Municipal Manager.</li> </ol> | <ol style="list-style-type: none"> <li>1. Receives performance reports quarterly from the Municipal Manager</li> <li>2. Receives performance reports twice a year from the Audit Committee.</li> <li>3. Receives Monthly financial indicators and quarterly performance reports from the Municipal Manager on the performance of Section 56 employees.</li> <li>4. Reports to Council on the performance of the municipality once every quarter.</li> <li>5. Reports to Council on the recommendations for the improvement of the performance management system.</li> <li>6. Annually reports to Council on the performance of the Municipal Manager and other Section 56 employees.</li> </ol> | <ol style="list-style-type: none"> <li>1. Submits the municipal annual audit plan and any substantial changes to it to Council for approval.</li> <li>2. Approves the implementation of the recommendations of the internal auditor with regard to both improvement in the performance of the municipality or improvement of the performance management system itself.</li> <li>3. Receives performance audit report from the Auditor General and makes recommendations to Council.</li> </ol> |

**20.3. Roles and responsibilities of the Municipal Manager.**

| Planning  | Implementation   | Monitoring  |  |   |
|---|--|---|--|---|
|   |  | Review  | Reporting  | Performance Audit   |
| <ol style="list-style-type: none"> <li>1. Coordinates the process of IDP needs identification and prioritization among all stakeholders, including community structures.</li> <li>2. Coordinates the formulation and revision of the PMS framework.</li> <li>3. Coordinates the formulation and revision of the municipality's corporate strategy that includes key performance indicators and performance targets.</li> <li>4. Leads the process of the formulation and revision of the Service Delivery and Budget Implementation Plans.</li> <li>5. Enters into a performance agreement with other Section 56 employees on behalf of Council.</li> </ol> | <ol style="list-style-type: none"> <li>1. Manages the overall implementation of the IDP.</li> <li>2. Ensures that all role players implement the provisions of the PMS framework.</li> <li>3. Ensures that the Service Delivery and Budget Implementation Plan serve the achievement of corporate performance targets.</li> <li>4. Ensures that the SDBIP is implemented according to the approved targets and timeframes.</li> <li>5. Implements performance improvement measures approved by the Mayor and the Council.</li> <li>6. Ensures that performance objectives in the Section 56 employees' performance agreements are achieved.</li> </ol> | <ol style="list-style-type: none"> <li>1. Formulates the annual review programme of the IDP, including the review of key performance indicators and performance targets for the consideration of Council Committees and the Mayor.</li> <li>2. Formulates the annual performance improvement measures of the municipality as part of the new corporate strategy and SDBIP.</li> <li>3. Quarterly reviews the performance of directorates to improve the economy, efficiency and effectiveness of the municipality.</li> <li>4. Quarterly and annually evaluates the performance of Section 56 employees.</li> </ol> | <ol style="list-style-type: none"> <li>1. Receives performance reports quarterly from the internal auditor.</li> <li>2. Receives performance reports twice a year from the Performance Audit Committee.</li> <li>3. Receives monthly directorate performance reports from HoDs.</li> <li>4. Reports once quarterly to council committees and the Mayor on the performance of Directorates.</li> <li>5. Reports on the implementation of improvement measures adopted by Mayor and Council.</li> <li>6. Annually reports on the performance of Section 56 employees.</li> <li>7. Submit the municipal annual report to the Mayor</li> </ol> | <ol style="list-style-type: none"> <li>1. Formulates the municipal annual audit plan.</li> <li>2. Formulates a response to the recommendations of the internal auditor and the Audit Committee.</li> <li>3. Formulates a response to performance audit report of the Auditor General and makes recommendations to the Mayor.</li> </ol> |

## 20.4. Roles and responsibilities of Council Committees

| Planning  | Monitoring  |  |  |
|---|---|--|--|
|   | Review  | Reporting  | Performance Audit  |
| <ol style="list-style-type: none"> <li>1. Advise the mayor on priorities and objectives of the Integrated Development Plan.</li> <li>2. Deliberates and advice on the corporate strategy and SDBIP that includes key performance indicators and performance targets.</li> <li>3. Ensures that concerns of community structures are taken into account in discharging their responsibilities.</li> </ol> | <ol style="list-style-type: none"> <li>1. Participate in the formulation of the annual review programme of the IDP.</li> <li>2. Participate in the formulation of proposals for the annual performance improvement measures of the municipality as part of the corporate strategy.</li> <li>3. Quarterly evaluates the performance of their portfolios against adopted KPIs and targets.</li> <li>4. Quarterly reviews the performance of their portfolios to improve the economy, efficiency and effectiveness of the municipality.</li> </ol> | <ol style="list-style-type: none"> <li>1. Receives quarterly reports from the Directors responsible for their portfolios before they are tabled at the mayor and Council.</li> <li>2. Reports to the mayor on the recommendations for the improvement of the performance management system.</li> </ol> | <ol style="list-style-type: none"> <li>1. Participate in the formulation of the annual audit plan.</li> <li>2. Advises e mayor on the implementation of the recommendations of the internal auditor with regard to both the improvement in the performance of the municipality and improvement of the performance management system itself.</li> </ol> |

## 20.5. Roles and responsibilities of Directors

| Planning   | Implementation   | Monitoring  |  |   |
|--|--|---|--|---|
|  |  | Review  | Reporting  | Performance Audit   |
| <ol style="list-style-type: none"> <li>1. Participates in the IDP process</li> </ol> | <ol style="list-style-type: none"> <li>1. Manages the implementation of the</li> </ol> | <ol style="list-style-type: none"> <li>1. Participates in the formulation of the</li> </ol> | <ol style="list-style-type: none"> <li>1. Submit monthly section 71</li> </ol> | <ol style="list-style-type: none"> <li>1. Participates in the formulation of the</li> </ol> |

|   |   |   |  |  |
|---|---|---|--|--|
| <ol style="list-style-type: none"> <li>2. Participates in the formulation and revision of the municipality's corporate strategy that includes key performance indicators and performance targets.</li> <li>3. Develop Technical SDBIP</li> <li>4. Enters into a performance agreement with the Municipal Manager.</li> <li>5. Manages the development of subordinates' performance measurement system.</li> </ol> | <p>SDBIP.</p> <ol style="list-style-type: none"> <li>2. Ensures that the SDBIP is implemented according to the approved targets and timeframes.</li> <li>3. Implements performance improvement measures approved by the mayor and the Council.</li> <li>4. Manages the implementation of subordinates' performance measurement system.</li> <li>5. Ensures that performance objectives in the performance agreements are achieved.</li> </ol> | <p>annual review programme of the IDP, including the review of key performance indicators and performance targets for the consideration of Council Committees and the mayor.</p> <ol style="list-style-type: none"> <li>2. Annually reviews the performance of the Municipality</li> <li>3. Quarterly and annually evaluates the performance of the directorate.</li> </ol> | <ol style="list-style-type: none"> <li>2. Comment on section 71 reports on material variances</li> <li>3. Reports on the implementation of improvement measures adopted by the mayor and Council.</li> <li>4. Quarterly and annually reports on the performance of the directorate.</li> </ol> | <p>response to the recommendations of the internal auditor and the Performance Audit Committee.</p> <ol style="list-style-type: none"> <li>2. Participates in the formulation of the response to performance audit report of the Auditor General and makes recommendations to the Municipal Manager</li> </ol> |
|---|---|---|--|--|

## 20.6 Roles and responsibilities of staff

| Planning  | Implementation   | Review  | Reporting   |
|---|--|---|---|
| <ol style="list-style-type: none"> <li>1. Participates in the development of the SDBIP</li> <li>2. Participates in the development of their own performance measurement.</li> </ol> | <ol style="list-style-type: none"> <li>1. Executes individual work plans.</li> </ol> | <ol style="list-style-type: none"> <li>1. Participates in the review of unit plans.</li> <li>2. Participates in the review of own performance.</li> </ol> | <ol style="list-style-type: none"> <li>1. Reports to line Manager on the implementation of their work plans.</li> </ol> |

## 20.7 Roles and responsibilities of the internal Audit

| Planning  | Monitoring  |  |
|---|---|--|
|   | Review  | Reporting  |
| <ol style="list-style-type: none"> <li>1. Participates in the formulation of the Internal Audit Charter.</li> <li>2. Ensure the formulation of the annual risk-based audit plan.</li> </ol> | <ol style="list-style-type: none"> <li>1. Verify the performance of directorates according to KPIs and performance targets set in the corporate strategy and SDBIP.</li> <li>2. Assess the functionality of the PMS.</li> <li>3. Ensures that the system complies with the Act.</li> <li>4. Audit the performance measures in the corporate strategy and SDBIP.</li> <li>5. Audit Performance of the Municipal entity.</li> </ol> | <ol style="list-style-type: none"> <li>1. Submit quarterly reports to the Municipal Manager.</li> <li>2. Submit quarterly reports to the Audit Committee.</li> </ol> |

## 20.8 Roles and Responsibilities of the Performance Audit Committee

| Planning   | Monitoring  |  |
|--|---|--|
|  | Review  | Reporting  |
| <ol style="list-style-type: none"> <li>1. Participates in the formulation of the Audit Committee Charter.</li> <li>2. Participates in the formulation of the annual audit plan.</li> </ol> | <ol style="list-style-type: none"> <li>1. Review quarterly reports from Directorates and the internal audit committee.</li> </ol> | <ol style="list-style-type: none"> <li>2. Reports quarterly to the Municipal Council.</li> </ol> |

## 20.9 Roles and Responsibilities of the Community and /or Community Development Workers

| Planning  | Monitoring   |  |
|---|--|--|
|   | Review   | Reporting  |
| <ol style="list-style-type: none"> <li>1. Participate in the drafting and implementation of the municipality's IDP through established forums</li> <li>2. Participates in the development of the PMS, to Comment on KPIs and targets set for the municipality every year</li> <li>3. Make representations on the draft annual budget</li> </ol> | <ol style="list-style-type: none"> <li>1. Participate in the annual review of performance through their involvement in the development of the Oversight Report.</li> </ol> | <ol style="list-style-type: none"> <li>1. Receive annual performance and budget reports from council</li> <li>2. Participate in the development of the Oversight report</li> </ol> |

## 21. GUIDELINES AND PROCEDURE MANUAL

### 21.1 GUIDELINE TO SETTING MEASURES WITHIN THE MANAGEMENT FRAMEWORK

#### 21.1.1 What are measures

Measures are a collective term for key performance areas (KPAs), development objectives, key performance indicators (KPIs), performance targets, action steps required to achieve performance targets and target dates. By setting and executing such measures in a logical sequence the municipality will move towards the realisation of its vision and strategic goals.

During the IDP process a corporate vision and mission would have been formulated for the municipality together with high-level strategic goals or outcomes. Furthermore, as part of the IDP process, key performance areas (KPAs), development objectives and key performance indicators (KPIs) which feed into the vision, mission and strategic goals would also have been identified. For further information on any of these concepts readers should refer to the IDP guidelines. It is now necessary to take this process further into the performance management system.

Further information and guidance in compiling a comprehensive and realistic set of measures is provided below together with examples.

#### ***Step 1: Selecting appropriate Key Performance Areas (KPAs)***

Setting KPAs is the first step in the performance management process. Section 26 (c) of the Municipal Systems Act requires that the development priorities of a municipality be clustered around the following KPAs which were determined at national level and which can be regarded as national developmental priorities:

- Infrastructure and services;
- Social and economic development;
- Institutional transformation;
- Democracy and governance; and
- Financial management.

Although a municipality has got the authority to identify additional KPAs, it is generally found that in practice all the municipality's developmental needs can slot in under one of the above KPAs which have been determined nationally.

For illustration purposes, let us select as a **KPA**, *Infrastructure and Services* and then follow the steps set out in the above flow diagram in determining an appropriate set of measures for this KPA.

## **Step 2: Formulating appropriate development objectives**

As a second step one needs to design, say five (5) high level objectives per KPA. There is no hard-and-fast rule about how many objectives to set, but it is important to make it manageable and realistic and it is therefore advisable to limit the number. In setting your objectives it is important to always ensure that the emphasis is on development. The fact that KPAs have been set on national level will result in municipalities having similar or identical KPAs. The KPAs are, however, very broad and when it comes to determining objectives per KPA, municipalities will have the opportunity to address their unique developmental priorities that are peculiar to their particular areas of jurisdiction. This is their opportunity of identifying the burning issues in their areas.

Example of a **developmental objective** that is aligned with the KPA; *Infrastructure and Services* – note that an objective always starts with the word “To”:

***To ensure provision of quality basic services and investment of funds into infrastructure projects to benefit the community***

## **Step 3: Developing suitable Key Performance Indicators (KPIs)**

As a third step it is necessary to determine KPIs, which define what needs to be measured in order to gauge progress towards achieving the development objectives discussed in the previous step. KPIs must be measurable, relevant, simple and precise.

KPIs simply define how performance will be measured along a scale or dimension (e.g. number of houses to be built). The White Paper on Local Government stresses the need for involving communities, officials and organised labour in the development of KPIs.

KPIs can also be used to:

(a) Communicate the achievements and results of the municipality.

Determine whether a municipality is delivering on its developmental mandate.

- Indicate whether the organisational structure of a municipality is aligned to deliver on its development objectives.
- Promote accountability by the council to its electorate.

## **22. GUIDE TO REPORTING**

In terms of the Municipal Planning and Performance Management Regulations, 2001, Section 10, all municipalities must report on general national KPIs by the end of the financial year. The reasons why it is important to incorporate the national KPIs into the municipality's set of measures is to:

- Ensure accountability.
- Direct municipalities to focus on national goals and priorities.
- Measure the impact of municipalities on national transformation, development and service delivery programmes.
- Enable benchmarking and create the basis for performance comparison across municipalities.
- Bring some uniformity in the system by ensuring that there is commonality of measures in performance evaluation across municipalities.

A performance report depending on the levels, routine or non routine nature of the works must include the following basic information.

Example

| KPI No.                      | Key Performance Indicator (KPI) as per the Performance Agreement (PA) | Revised KPI during 2017/18 Mid-Year | Ref. | Portfolio of Evidence (POE) Required | Original Annual target as per the Performance Agreement | Revised Target (Where applicable) | 3 <sup>rd</sup> Quarter Target | 4 <sup>th</sup> Quarter Target |
|------------------------------|---|-------------------------------------|------|--------------------------------------|---|-----------------------------------|--------------------------------|--------------------------------|
| <b>STRATEGIC PRIORITY 5:</b> |   |                                     |      |                                      |   |                                   |                                |                                |
| <b>OBJECTIVE 5.2:</b>        |   |                                     |      |                                      |   |                                   |                                |                                |
|                              |   |                                     |      |                                      |   |                                   |                                |                                |
| <b>Total</b>                 |   |                                     |      |                                      |   |                                   |                                |                                |

## 23. GUIDELINE TO PREPARING EVIDENCE

In the first stage of the review, employees must collate and present evidence against the KPAs and KPIs contained in their scorecards.

The planning stage of the performance management cycle is the most critical, as this is the point at which the scorecard is discussed, agreed and signed off. The scorecard makes provision for a clear definition of what expected outcomes would be at a level 1, 2, 3, 4 or 5. By defining this at the planning stage, there should be agreement on the level of performance attained when a review is underway. In addition, by defining the exact nature of evidence required, the employee is able to gather and collate it in preparation for the review.

It is particularly important to ensure that evidence is gathered during the course of the year in preparation for the review process, as it will be used to substantiate

scores related to achievement of KPAs and KPIs. The ultimate accountability for the submission of evidence file(s) rests with the individual being reviewed and the failure to provide evidence related to the achievement of objectives will have a negative impact on the employee's reward.

## **24. GUIDELINES FOR THE COLLATION AND PRESENTATION OF EVIDENCE:**

- Evidence is best **presented in a file or set of files**;
- Files should be **correctly labelled** with the **employee's name** and date;
- Each file should be prefaced by an index, noting the KPA/KPI corresponding file divider;
- A data definition sheet for each key performance indicator.
- A copy of the **performance scorecard should** be contained at the front of the first file;
- Numbered file dividers should separate documents relating to different KPAs and
- Evidence should be provided to substantiate the achievement of each KPI;
- In terms of the 5 point rating scale **all evidence that substantiate the achievement** of the target at a particular rating should be included e.g. achievement at a 3, 4 and 5.
- Files should contain a complete set of documents
- **Evidence or means of verification** should accompany the evidence presented, as per the scorecard specification e.g. for a KPI requiring the development of a policy, the actual policy document must be available as evidence and Mayoral Committee or Council minutes as means of verification of the approved policy;
- Explanatory notes in respect of deviations, omissions or particular pieces of evidence should be provided as necessary; and
- Should be noted that evidence may be audited by internal audit and / or any audit firm commissioned by the Municipal Manager.
- Evidence provided must be accurate and up-to-date.
  - Evidence files should **not** include:
    - Incomplete evidence – i.e. not containing all evidence required;
    - Conflicting pieces of evidence;
    - Presentations (unless used to support evidence); and
    - Vast volumes of paper or print outs.

## **25. GUIDELINE ON HOW TO PREPARE FOR AND CONDUCT THE REVIEW**

The review and reward aspects of the performance management cycle cover a number of different steps. Managers and employees prepare for the review, collecting evidence of achievement against performance objectives. The review process not only limited to employee performance but to directorate and unit.

### **25.1. Municipal Performance**

- (i) Directorates review the overall achievement of the strategic objectives as set by the Municipality:
- (ii) How did the non-achievement of some of these objectives impact on the directorate's strategic focus?
- (iii) If necessary, how can the directorate adjust its strategic focus?
- (iv) Directorates focus on interdependency between themselves: and
  - List input from other directorates that influence their output and turn around time to complete certain activities.
  - The extent to which they have been effective in working together.
  - What mechanisms were put in place to proactively address potential obstacles?

### **25.2. Directorate Performance**

- (i) Each directorate in the Municipality must conduct a performance review exercise by assessing whether set strategic objectives on their scorecards have been met or not:
- (ii) Which of the objectives have been met and how?
- (iii) Has the Directorate under-performed and how did this performance affect that of others?
- (iv) What mechanisms could be put in place to correct and improve performance?
- (v) Directorates should focus on interdependency between units and sections within themselves, and the extent to which they have been effective in working together.

### **25.3. Service Providers Performance**

For every project undertaken by the Municipality where the service or the external service provider will be procured a project steering committee shall be established to ensure the following:

- (i) Overall project direction and provide support to project team.
- (ii) Champion and communicate progress to stakeholders and to submit report to the Monitoring unit.

- (iii) Demonstrate commitment to the project by participating in review sessions and 4
- (iv) Provide direction to the team to ensure that goals and objectives of the projects are met.
- (v) Review and authorize acceptance of milestone deliverables.
- (vi) Resolve conflicts pertaining to scope.

Heads of Directorates must ensure that each service provider reports to the Municipality in accordance with lines of accountability and the intervals for reporting as required in the service level agreement / project charter.

Heads of directorates shall take reasonable steps to ensure that steering committee meeting takes places and progress and milestones are reported to the steering committee. The schedule of steering committee meeting shall be submitted to the Monitoring unit per project, copies of attendance registers and milestones report shall also be forwarded to the Monitoring unit. The reasons for under performance and delay in scheduled activities must be clearly spelt out, as well as measures to address under performance.

## **25.4 Performance of Committees**

Each committee established (or to be established) by the Management Committee / Municipal Manager shall draw term of reference outlining the following:

- (i) Objectives
- (ii) Lifespan of the committee
- (iii) Regularity of the meeting
- (iv) Key outputs

Chairpersons of the Committees shall take reasonable steps to ensure committee meeting takes places and progress and milestones are reported to the EXCO / Municipal Manager. The reasons for under performance of the committee and failure to deliver on their deliverables must be clearly spelt out, as well as measures to address under performance

## **26. INDIVIDUAL PERFORMANCE APPRAISAL**

### **BEFORE THE MEETING**

#### **26.1 THE EMPLOYEE**

##### **26.1.1 Prepare**

- (a) Review your own performance against the objectives you agreed to in your performance agreement at the beginning of the performance period under review;
- (b) Prepare materials and notes to support and inform your discussion with your Manager;

- (c) Reflect on your performance and identify areas for improvement which require further development and/or training;
- (d) Consider the options available to develop the additional skills required as not all skills are acquired through training sessions. Consider on-the-job rotation, shadowing a colleague, coaching from more advanced colleagues or your Manager, formal educational qualifications and training courses i.e. all options relevant to your current position; and
- (e) Prepare feedback which you would like to provide your Manager – the performance appraisal discussion is a two-way discussion.

## **26.2. THE MANAGER**

### **26.2.1 Prepare**

- (a) Understand the areas in which an employee is expected to perform;
- (b) Evaluate performance in terms of job expectations as outlined in the employee's job profile, performance agreement and relevant standards of performance;
- (c) Prepare all materials, notes, agreed tasks and records of performance and achievements;
- (d) Include the previous performance appraisal documents and a current job description; and
- (e) Organise your paperwork to reflect the order of the appraisal and write down the sequence of items to be covered.

### **26.2.2 Inform**

- (a) Ensure the employee is informed of a suitable time and place and clarify purpose and type of appraisal; and
- (b) Give the employee the chance to assemble data and relevant performance and achievement records.

### **26.2.3 Venue**

- (a) Ensure a suitable venue is planned and available. The venue should be neutral, private and free from interruptions.

### **26.2.4 Layout**

- (a) Create an atmosphere and mood which is relaxed and informal.
- (b) Remove barriers – don't sit behind a desk. Sit at a 90-degree angle from each other.

## **26.3 DURING THE MEETING**

### **26.3.1 Introduction**

- (a) Open with a positive statement. It is your responsibility to create a calm and non-threatening atmosphere;
- (b) Set the scene by explaining what will happen and encourage a discussion and as much input as possible from the employee - tell them it's **their** meeting not yours;
- (c) Confirm the time available for the discussion stating a finishing time;

- (d) If helpful and appropriate begin with some general discussion about how things have been going, but avoid getting into specifics, which are covered next (and you can also say so); and
- (e) Ask if there are any additional points to cover and note them down so as to include them when appropriate.

### **26.3.2 Review and measure**

- (a) Review the activities, tasks, objectives and achievements one by one, keeping to distinct separate items one by one - avoid going off on tangents or vague unspecific views. If you've done your preparation correctly you will have an order to follow. If something off-subject comes up then note it down and say you'll return to it later (and ensure you do).
- (b) Concentrate on hard facts and figures, solid evidence - avoid conjecture, anecdotal or non-specific opinions, especially about the employee. Being objective is one of the greatest challenges for the appraiser - as with interviewing, resist judging the employee in your own image, according to your own style and approach - facts and figures are the acid test and provide a good neutral basis for the discussion, free of bias and personal views.
- (c) For each item agree a measure of competence or achievement as relevant. Reliable review and measurement requires reliable data - if you don't have the reliable data you can't review and you might as well re-arrange the appraisal meeting. If a point of dispute arises, you must get the facts straightened out before making an important decision or judgement, and if necessary defer to a later date.

### **26.3.3 Agree an action plan**

- (a) An overall plan should be agreed with the employee, which should take account of the job responsibilities, the employee's career aspirations, the directorate and whole organisation's priorities, and the reviewed strengths and developmental areas.
- (b) The plan may be phased if necessary with short, medium and long term aspects, but importantly it must be agreed and realistic.

### **26.3.4 Agree specific objectives**

- (a) These are the specific actions and targets that together form the action plan.
- (b) As with any delegated task or agreed objective these must adhere to the SMARTER rules - specific, measurable, agreed, realistic, time-bound, enjoyable, recorded.

### **26.3.5 Agree necessary support**

- (a) This is the support required for the employee to achieve the objectives, and can include training of various sorts (external courses and seminars, internal courses, coaching, mentoring, secondment, shadowing, distance-learning, reading, watching videos, attending meetings and workshops, workbooks, manuals and guides; anything relevant and helpful that will help the person develop towards the standard and agreed task).
- (b) Be careful to avoid committing to training expenditure before suitable approval, permission or availability has been confirmed - if necessary discuss likely training requirements with the relevant party before the appraisal. Raising false hopes is not helpful to the process.

### **26.3.6 Invite any other points or questions**

- (a) Make sure you capture any other concerns.

### **26.3.7 Close positively**

- (a) Thank the employee for their contribution to the meeting and their effort through the year, and commit to helping in any reasonable way you can.

## **26.4. AFTER THE MEETING**

### **26.4.1 Record main points, agreed actions and follow-up**

- (a) Swiftly follow-up the meeting with all necessary copies and confirmations and ensure documents are filed and copied to the HR directorate.
- (b) Follow-up poor performance without delay by following the disciplinary procedure of the Municipality.
- (c) Seek assistance from HR in managing poor performance.

### **26.4.1 Observation as a basis for feedback**

Observing and providing feedback on work performance should be a routine part of the performance management process. Feedback should also be based on observed and/or verifiable work-related behaviours, actions, statements and results. This type of feedback is called behavioural feedback. Effective feedback helps the employee sustain good performance, develop new skills and improve performance when necessary.

Feedback is most effective in reinforcing or improving work performance when the employee has confidence in the basis of that feedback. The performance Manager, will be more confident when giving feedback based on information that you can support. From the standpoint of performance management, observation involves noticing specific facts, events or behaviours related to work performance and the results of work performance. Observations may be the raw data upon which effective performance feedback is based.

## **27. CONCLUSION OF FINAL APPRAISAL**

On conclusion of the final performance appraisal of an employee, the Manager of such employee shall submit the relevant employee's completed, rated, signed and dated evaluation questionnaire to the PMS specialist.

## **28. COMMUNICATION OF APPRAISAL RESULTS**

The PMS specialist, on receipt of the final performance ratings approved by the Moderating Committee, shall confirm the overall appraisal results in writing to MM and each employee, once these have been captured.

No unauthorised parties may have access to the appraisal results of an employee without the written permission of the employee concerned.

All appraisal results shall be captured by the HR directorate on an annual basis and filed in the personnel files.

## **29. GUIDELINE TO PERFORMANCE MODERATING**

### **29.1 The purpose of the moderation process is to:**

- a. Ensure that the final scores and evaluations of employees reflect their actual work performance
- b. Identify those employees who have performed well and whose contributions should be recognised and rewarded;
- c. Ensure that developmental requirements of employees, including employees with special developmental needs, are identified and forwarded to the HR directorate;
- d. Calculate the total cost for the recommended awards (final authorisation of expenditure lies with the Municipal Manager)
- e. Ensure equitable distribution of performance ratings and awards on all levels; and
- f. Attempt to resolve disputes.

### **29.2 What moderating committee members need to know?**

- (a) How to apply the rating scale so that scoring reflects on the job performance;
- (b) How to use the KPA's as a tool to review performance; and
- (c) How to apply the recommendation categories for the various awards.

### **29.3 What is available to assist moderating committee members?**

- (a) The guidelines on how to review and evaluate performance and motivate recommendations for awards; and
- (b) HR personnel are available to assist you throughout this process.

#### **29.4 What approach should the moderating committee follow to achieve the above?**

- (a) Focus on outcomes/outputs rather than on inputs. These should be in accordance with the goals of the Municipality. Outputs are the products of processes while outcomes are the effects/results of those products and services on customers;
- (b) Establish a benchmark to be able to make comparisons and to use as a reference point in determining and distinguishing work performance;
- (c) Use feedback from customers to assist in supporting evaluation of actual performance; and
- (d) Avoid influencing the process by bringing into it personal feelings, dislikes, opinions of employees, etc; focus on reviewing the work performance itself!

### **30. THE MODERATION PROCESS**

#### **30.1 Section 56 Employees (level 1 & 2)**

The evaluation panel determine final scores for Section 56 employees.

#### **30.2 Fixed Term Contract Employees on level 2 and 3**

##### **Step 1: Determine work expectations in relation to KPA's**

Identify the job requirements/expectations for a comparable group of employees (e.g. employees from a similar occupational group on the same level). Identify the job requirements/expectations in relation to the existing KPA's.

##### **Step 2: Moderate the scores**

Moderate the scores and ratings of individuals so that the scores reflect ***the actual on the job performance*** for the period under review. This may be done as follows:

- (a) Establish whether the motivation for a score of four or Five reflects performance that exceeds job expectations;
- (b) Establish whether performance that exceeds expectations is adequately motivated. A score of 5 should reflect performance that is consistently above what is required but there is still some room left for improvement to meet the job expectations of the next level. A score of 3 should reflect exceptional performance in that the employee is already meeting the job expectations of the next level;
- (c) Establish whether the motivation for a score of 1 reflects performance that fell short of job expectations;
- (d) Establish whether work performance that fell short of expectations, consistently did not meet job requirements or whether job requirements were sometimes met (distinguishing between a score of 0 and 1). In the case of a person who is newly appointed into the job, the specific developmental needs must be recorded. Differentiate between poor performance that can be developed by further training and poor performance where an individual may need counselling due to motivational reasons; and

- (e) Determine the reasons for significant discrepancies in the scoring between employees and Managers. If necessary call in both parties to obtain clarification.

**Step 3: Do an overall review of the scores, by**

- (a) Comparing trends in the scoring and evaluation of performance from different divisions;
- (b) Comparing the scoring and evaluation of performance of employees on the same level across the divisions; and
- (c) Taking into consideration previous trends in the scoring and evaluation of performance. (For example, employees tend to rate the element with the highest weighting higher than other elements).

**Step 4: Rank ratings**

- (a) Following the moderation of the scores, the moderating committee will rank the employees under review according to the final moderated scores.

**Step 5: Review recommended awards**

- (a) Determine any differentials in averages, maximum and minimum ratings for each unit by level within and across the division if necessary;
- (b) Compare these percentages with ratings for previous review processes;
- (c) Take into account the Municipality's criteria for the granting of the different types of awards (for example no bonus is granted to employees who do not meet the expected requirements of the job). (Refer to the RLM Remuneration Policy); and
- (d) Decide on percentages that will function as benchmarks for the granting of the different types of awards. (Refer to the RLM Remuneration Policy)

**Step 6: Final check**

- (a) Having followed the above procedure, the moderating committee will amend proposed recommendations for equity where necessary, by further taking into account:
  - Availability of funds for award; and
  - Fairness in the distribution of awards on all levels across divisions.
- (b) The expenditure in respect of the recommendations for awards must be calculated and prepared for the Management Committee.

**30.3 Moderating committees should ensure that the following outcomes are achieved:**

- (a) Equity in respect of evaluations and awards recommended across the divisions; and
- (b) Recording of any special development needs and training requirements.

## **30.4. Disputes**

***To resolve disputes, moderating committee members will:***

- (a) Afford both parties in the dispute the opportunity to motivate and substantiate through examples the reasons for the dispute;
- (b) Discuss and review motivations and decide on a score;
- (c) Discuss the outcomes of the decision with both the parties and attempt to get both parties to reach consensus on the moderated scores; and
- (d) Record the dispute proceedings and the outcome in an accurate and detailed manner.

## **31.GENERAL POLICY PROVISIONS**

### **31.1 Employees on Probation**

All newly appointed employees will enter into probation for a period of six (6) months or more as may be determined by Council. All employees on the probationary period must first undergo and complete a probationary review process.

- (a) The Performance Management System process will commence following successful completion of a probationary period.
- (b) Each Director on probation shall be required to sign scorecard with the Municipal Manager, to be assessed on monthly basis.
- (c) At the end of the probation period, a report prepared in accordance with the framework attached herewith as Annexure "A".

### **31.2 Employees on acting positions**

Employees on acting positions are only entitled to benefit from the Bonus Incentive Scheme if they had concluded and signed a performance agreement and performance instrument and have completed more than 2/3 of the performance year (12 months) and have been subjected to the performance assessment processes during the year.

### **31.3 Employees on Fixed-Term Contracts whose contracts terminates during a performance period**

An employee whose employment contract terminates during or after the end of a performance year under review should be entitled to a final performance review if they had:

- Completed the performance cycle (12 months); or
- Completed 2/3 of the performance cycle under review.

Should they meet the requirements of the performance assessment, such employees would be entitled to a performance bonus proportionate to the period completed.

**31.4 Employees facing disciplinary action during the final review process and payment of bonuses**

An employee who is facing disciplinary action at the time of final reviews would not be entitled to receive a performance bonus pending the results of their case.

**31.5 Employees on Maternity Leave**

Employees who were on maternity leave during a specific financial year are only entitled to benefit from the Bonus Incentive Scheme if they had completed at least 9 months of the PM cycle.

**32. Review of the policy on performance management**

The Performance Management System shall be reviewed at least once a year or as and when required.