



FRAMEWORK FOR PERFORMANCE MANAGEMENT

2010

DRAFT V1

TABLE OF CONTENTS

1	PART 1: INTRODUCTION AND PURPOSE	1
1.1	LEGISLATIVE AND REGULATORY FRAMEWORK	2
1.2	OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM	2
1.2.1	<i>Principles Governing the Performance Management System</i>	3
1.2.2	<i>Accountability for the Performance Management System</i>	3
1.2.3	<i>The Role of Human Resources in Performance Management</i>	4
1.2.4	<i>The Role of the Manager/Supervisor in Performance Management</i>	4
1.2.5	<i>The Role of the Employee in Performance Management</i>	5
1.2.6	<i>The Role of Organised Labour</i>	5
1.2.7	<i>The Role of the Community (Local Municipalities)</i>	5
2	PART 2: IMPLEMENTATION OF THE PMS	6
2.1	THE PERFORMANCE MANAGEMENT CYCLE AND PLANS	6
2.1.1	<i>Performance Planning</i>	7
2.1.2	<i>The Service Delivery and Budget Implementation Plan (SDBIP)</i>	8
2.1.3	<i>Employee Performance Plans and how they are created</i>	8
2.2	KEY PERFORMANCE INDICATORS (KPI'S)	9
2.2.1	<i>General Indicators</i>	10
2.2.2	<i>Targets</i>	10
2.3	CORE COMPETENCY REQUIREMENTS	10
2.4	MEANS OF VERIFICATION / PROOF	11
2.5	WEIGHTING OF KPI'S AND CCR'S	12
2.6	TRAINING AND DEVELOPMENT	12
2.7	MONITORING, REVIEWING AND REPORTING ON PERFORMANCE	13
2.7.1	<i>In-Year Performance Reporting and Review</i>	13
2.8	REPORTING	14
2.9	REVIEWS	14
2.10	REASONS FOR UNDER PERFORMANCE	15
2.10.1	<i>Amending Performance Plans</i>	16
2.11	END OF YEAR PERFORMANCE REPORTING AND REVIEW	17
2.11.1	<i>Panel Review for the Municipal Manager and Section 57 Employees</i>	17
2.11.2	<i>Assigning a Rating to Performance</i>	18



2.11.3 Rewarding Over-Performance.....	19
2.11.4 Performance Investigations.....	20
2.11.5 The Appeals Procedure	20
2.12 MANAGING POOR PERFORMANCE	21
2.13 EMPLOYEES WHO LEAVE OR JOIN DURING THE FINANCIAL YEAR.....	23
2.14 EMPLOYEES APPOINTED IN 'ACTING' POSITIONS	23
2.15 MONITORING SERVICE PROVIDERS.....	23
3 PART 3: AUDITING, QUALITY CONTROL AND MODERATION.....	25
3.1 Internal Audit	25
3.2 The Office of the Auditor General	25
3.3 Audit Committee.....	25
3.4 Evaluation and improvement of the PMS.....	26
4 ANNEXURES	27
REVIEW NOTES FOR PEOPLE MANAGERS.....	28

1 PART 1: INTRODUCTION AND PURPOSE

The Vision of the SIYANDA DISTRICT MUNICIPALITY is formulated as follows:

To be a model, economically developed district with a high quality of life for all inhabitants

The Mission of the SIYANDA DISTRICT MUNICIPALITY is the following:

To promote economic development to the advantage of the community within the boundaries of the SIYANDA DISTRICT MUNICIPALITY. This will be done by the establishment and maintenance of an effective administration and a safe environment in order to attract tourists and investors to the region.

With the vision and mission as guideline, the following **general development goals** have been identified for the region:

- SIYANDA DISTRICT MUNICIPALITY must deliver a positive contribution to the sustainable growth and development within its boundaries and the rest of the Northern Cape.
- The creation of a healthy and environmentally friendly environment within and outside of the Councils' district boundaries, must be attempted
- The promotion of a safe and tourism friendly environment should be furthered in order to promote tourism and investor interest in the region.
- The promotion of human resources within and outside the organization through training and the implementation of new technological aids.

In order SIYANDA DISTRICT MUNICIPALITY to effectively 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). For SIYANDA DISTRICT MUNICIPALITY to succeed in its objectives, it depends on the performance of each and every employee. Therefore the management of performance involves the entire Administration. The PMS can only succeed through effective two-way communication

between managers and employees. Further, the PMS will, in itself, ensure that communication is happening.

This document guides the implementation of the PMS for the Municipality and shall serve as the official performance management framework which informs the performance management process and practices. It also forms the basis of aligning the IDP with the operational business plans, performance areas and performance indicators of the various departments of the Municipality.

This Policy Framework document should be read in conjunction with other policies and procedures of the municipality that relates to performance management, i.e.:

- Human Resource Policy
- Training and Skills Development Policy
- Disciplinary and Grievance Procedure

1.1 LEGISLATIVE AND REGULATORY FRAMEWORK

In addition to the Constitution of the Republic of South Africa, which specifies the need for accountability, the function of performance management and its use by officials is regulated by the following legislation: -

- The White Paper on Local Government (1998)
- The Municipal Systems Act (32/2000)
- The Municipal Planning and Performance Management Regulations (2001)
- The Municipal Finance Management Act (56/2003)
- The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006)

1.2 OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

Beyond the fulfilling of legislative requirements, the following objectives provide benefits for all stakeholders to the process: -

- Increased certainty of job roles, accountability and transparency of both officials and the institution
- Increased communication across the institution
- Provision of a platform for learning and development linked to job roles or career planning
- Facilitation of decision making through the clarification of goals and priorities
- Provision of early warning signals highlighting under-performance so that timely interventions can steer performance back on track

- Continual assessment of the performance of the municipality so as to highlight areas requiring improvement
- Investigation and assessment of outcome indicators to guide strategic direction
- Creation of a culture of performance of the municipality amongst all officials including recognising excellent performance and curtailing and correcting poor performance

1.2.1 Principles Governing the Performance Management System

To ensure a fair PMS is implemented that could be relied and trusted upon, the following principles must be maintained at all times: -

Simplicity	The system must be a simple, user-friendly system that is easy to operate within existing resource capacity.
Politically driven	Legislation tasks Council as the owner of the performance management system. As the IDP is a political document, so must the PMS be politically driven from a high level. The Council should drive both the maintenance and improvement of the system, and may delegate responsibilities in this regard.
Transparency and accountability	The process must remain open and transparent. Externally, all information on the performance of the municipality should be available for the public and interest groups, as well as employees. Internally, the system should be applied uniformly and fairly.
Integration	The system is intertwined with all areas of the institution and must therefore be integrated into other processes in the municipality, such that it becomes a comprehensive tool for more efficient and effective management. Most notable integrations include IDP formulation and implementation, budgeting processes, human resource processes as well as communication.
Objectivity	Performance management must be founded on objectivity and credibility. Both the system itself and the manner in which it is applied by employees must be open and uniform, only then can it be considered credible. The system must be seen as a non-punitive guiding tool to assist the institution as a whole and as such, findings must be welcomed as positive means of correction and improvement.

1.2.2 Accountability for the Performance Management System

The Municipal Systems Act (2000) places the responsibility on the **Council** to adopt the Performance Management System, while holding the **Mayor** responsible for the development and management of the system. The Mayor delegates the responsibility for the development and management of the Performance Management System to the **Municipal Manager**. The senior management of the Municipality are then in turn responsible for executing the Performance Management System in their respective teams according to this Policy.

The Municipal Manager must keep the Municipality informed about the transformation, development, implementation and review of the Performance Management System. Public participation must remain encouraged through the communication of performance information

and the process of developing the system must be transparent, simple and realistic, fair and objective and developmental. The Director Municipal Support assists the Municipal Manager with the PMS and is specifically responsible for the following: -

- Ensuring the implementation and compliance of all legal aspects in respect of the PMS.
- Facilitating further development and refinement of the Performance Management System as the need arises.
- Continuously supporting the Municipality with implementation, assessment, review, monitoring and reporting of the Institution, its Section 57 employees, as well as other employees.
- Provision of assistance to both people managers and employees alike with regards to the interpretation of this policy, the tools used within the system and the application of performance management in general.
- Monitoring of implementation of the PMS to ensure fairness and correct application.
- Research as to the strategic progress of the municipality and reporting on achievement or otherwise of objectives and strategies.

1.2.3 The Role of Human Resources in Performance Management

The role of the Human Resources Section is:

- To provide advice and act where needed as an interface and between personal development planning and career / succession planning.
- To provide assistance with regards to linking details recorded on personal development plans and the workplace skills plan / group training initiatives.
- To guide standardisation with respect to ensuring the performance plan accurately reflects an employee's level and role in accordance with the position they are employed to do.
- To deal with inaccuracies between an employee's performance plan and the applicable job description.
- To guide managers dealing with incidences of poor performance and lead the formal process in this regard in accordance with the disciplinary process.

1.2.4 The Role of the Manager/Supervisor in Performance Management

The role of the Manager/Supervisor in Performance Management is:

- To use the performance management process to coach and lead employees. This involves giving ongoing feedback to employees and assessing their performance.
- To set objectives with employees in such a way that continuous improvement/specialisation is encouraged.
- To monitor employees' performance against these objectives.
- To use recognition to re-enforce good performance.
- To manage poor performance appropriately.

- To discuss and advise on future performance goals and reflecting on previous goals.

1.2.5 The Role of the Employee in Performance Management

The role of the Employee is:

- To suggest challenging but realistic indicators that supports the goals of the municipality.
- To take responsibility for the standard of performance by trying to improve and develop.
- To develop and implement action plans in order to achieve objectives.
- To ask the manager for information, help or advice to assist in meeting objectives.
- To ask for feedback from others, including the manager for self performance monitoring.
- To make suggestions on how performance can be improved.
- To keep the manager informed about progress in relation to original objectives.

1.2.6 The Role of Organised Labour

The role of organised labour is:

- To contribute to the development and implementation of an IDP.
- To provide the labour viewpoint to analysis and proposals on how to improve the Performance Management System.
- To represent members' interests, specifically in relation to access to the process and the fairness of the system.
- To participate in the public review of municipal performance (through the labour forum).

1.2.7 The Role of the Community (Local Municipalities)

The role of the Community is:

- To assist in the planning for the PMS and creation of indicators through the input into the Analysis phase of the IDP and also in the discussions regarding priority of targets.
- To review the Annual Report and monitor organisational performance during the year



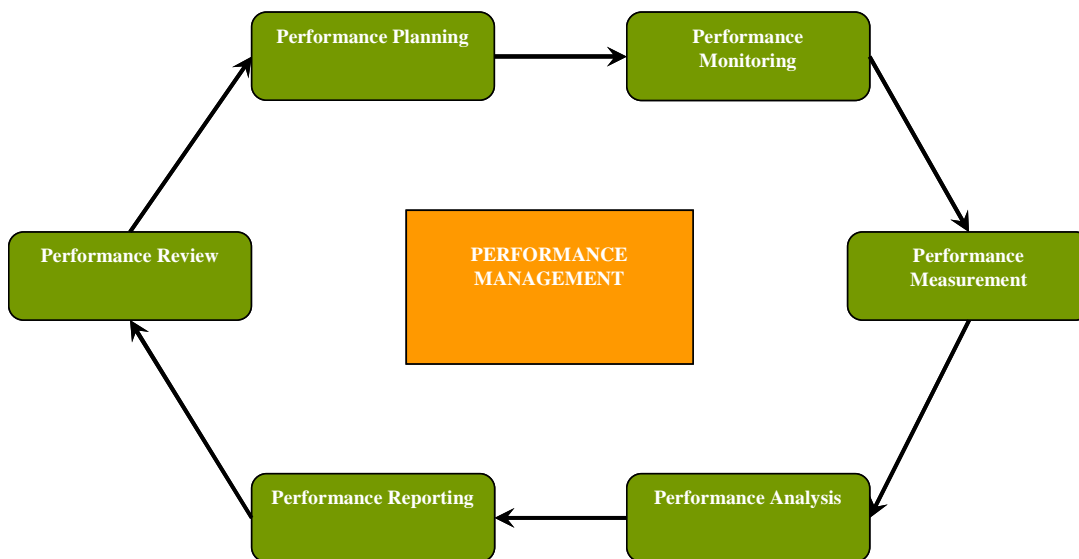
2 PART 2: IMPLEMENTATION OF THE PMS

Performance management at the municipality refers to the monitoring of three different levels of performance plans; each level is approached in a slightly different way to the next. The levels are as follows: -

Organisational	<p>The performance management of the organisation as a whole and measurement of the realisation of strategies and objectives as defined in the IDP.</p> <p>Managed By: The Municipal Council and ultimately the community.</p>
Section 57	<p>The Municipal Manager and Directors are appointed in terms of Section 57 of the Municipal Systems Act. The Act states that such employees must annually sign a performance agreement containing a performance plan. The legislation also states that such employees must be appointed on a fixed term contract of a maximum of 5 years and are to be rewarded financially for over performance.</p> <p>Managed by: Directors are managed by the Municipal Manager who is in turn managed by the Mayor.</p>
Non-section Employee's (Section employees)	<p>57 66</p> <p>Employee performance management seeks to align itself with the Section 57 method of monitoring with three exceptions; firstly, employees do not have to be appointed on contractual terms; secondly, general employees are not required to sign a performance agreement but simply a performance plan; finally, rewards are treated differently following review periods (as indicated further in the policy) and there is no nationally regulated mechanism for rewards.</p> <p>Managed by: Their assigned manager in accordance with the current organogram.</p>

2.1 THE PERFORMANCE MANAGEMENT CYCLE AND PLANS

There are various key phases in the performance management cycle as shown below:

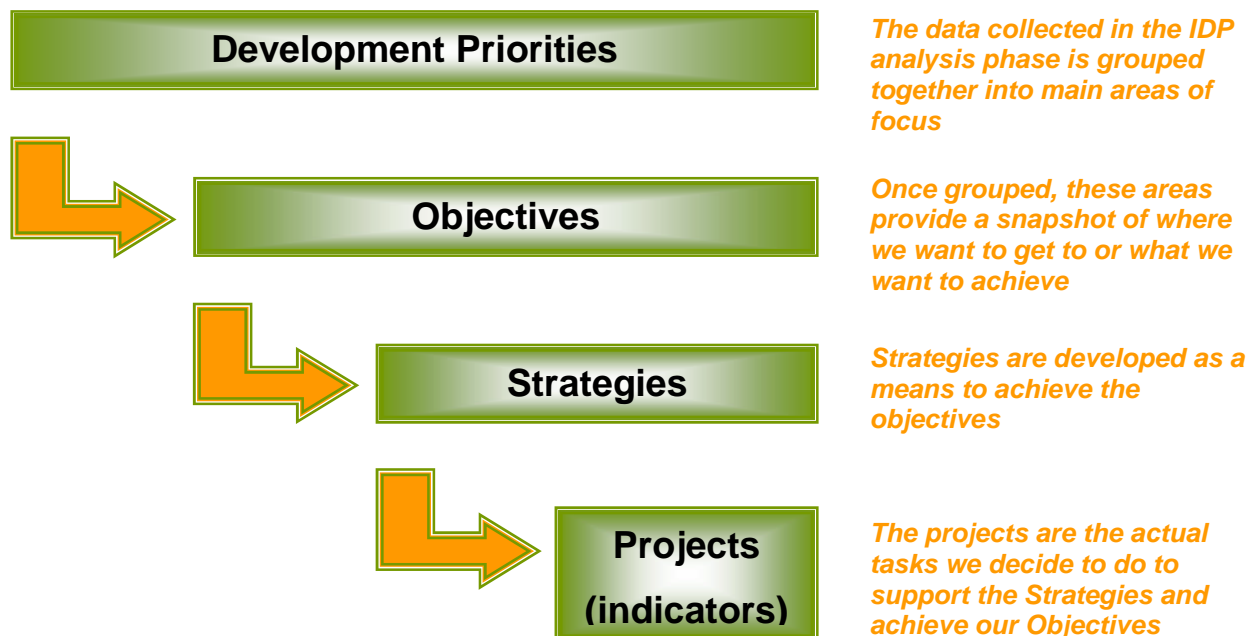


2.1.1 Performance Planning

Planning essentially begins with the IDP process. Every 5 years a new IDP is developed. Each year in between the 5 years, the IDP is reviewed or updated so that it concentrates on the activities of the following year in greater detail. The IDP can essentially be seen as the business plan for the municipality. Many sources of information regarding the area and its developmental needs are collated, but most importantly, the community is consulted so that the municipality can effectively develop the area in accordance with community needs. Community comments are collected through a public participation process. Once all comments are collated, the officials use the information together with other sources of information such as local and national research and apply their technical knowledge to propose a way forward to Council. The IDP sets out exactly what projects will be undertaken in the next financial year (1 July – 30 June). Once finally agreed, these projects are monitored as indicators in the PMS.

Each and every employee in the institution is employed to support the objectives in the IDP. Whether it be planning, infrastructure development or recording the high level decisions taken at Council meetings, **each job exists because the municipality has a service to deliver to its Community**. Therefore each employee must be involved in the planning process and use a performance plan to set out how they will contribute to the process during the year.

The process from consultation to Indicator



During the discussions regarding what projects will be chosen for the coming financial year, various factors are considered, ranging from need to availability of resources; from national

priorities to how many people the project will benefit locally. The available budget is also a very important factor. Not all projects will require funding. We make sure that adequate budget is provided for all projects requiring finances through the SDBIP formulation.

2.1.2 The Service Delivery and Budget Implementation Plan (SDBIP)

Legislation states that indicators and targets must be formulated and delegated to all employees within the municipality. Once approved, the IDP is married with the budget in a document called the Service Delivery and Budget Implementation Plan (SDBIP), which provides a workable management tool from which to operate under and monitor progress of the institution. The SDBIP does the following: -

- Presents projects as 'indicators' aligned to the accompanying strategies, objectives, and developmental priorities
- Attaches an annual target to each indicator
- Ensures that each indicator that requires funding has been allocated an account number in the budget with a corresponding amount
- Ensures that the spending of each account in the budget can be monitored through the PMS
- Breaks down each indicator into quarterly manageable targets to allow for continual monitoring of performance (certain indicators are specified as only being able to be monitored half yearly or annually)
- Assigns an accountable department to each indicator

The SDBIP is approved by the Mayor 28 days after the budget has been formally approved at a Council meeting. At the same time, the Mayor agrees on the details of the performance plan for the Municipal Manager and gives consent to the plans for all the Section 57 employees (top management).

2.1.3 Employee Performance Plans and how they are created

The SDBIP is the basis from which the performance plans for employees are drawn. As every activity is attached to an official who is responsible for it, one can see that institutional performance is inseparable from individual performance. For the municipality to succeed in its objectives, it depends on the **performance of each and every employee**.

The process of performance planning moves in the same way as verbal instructions are communicated, i.e. from one level to the next. A decision may be taken by the Municipal Manager, he then requests help from one of the Directors. In turn the Director asks for

assistance from one or many people who bring technical, administrative and related skills to be able to address the original instruction. In the creation of performance plans, these verbal instructions are put on paper and agreed by all parties. As every manager is responsible for his / her team, so too are they responsible for the creation of the teams performance plans. The following sections explain the components of a performance plan.

2.2 KEY PERFORMANCE INDICATORS (KPI'S)

Indicators *indicate* how progress can and should be achieved. They:

Provide a common framework for gathering data for measurements and reporting.

- Translate complex concepts into simple operational measurable variables.
- Enable the review of strategies and objectives.
- Assist in policy review processes.
- Serve as a communication tool between employees, managers, and Council.

TYPES OF INDICATORS		
Baseline Indicators	These are indicators that measure conditions or status before a project or programme is implemented or at the start of the period.	e.g. Nr of water tanks in use
Input Indicators	These are indicators that measure what it costs the municipality to produce the outputs. The indicators may be the amount of time, money or number of people taken.	e.g. Cost per water tank e.g development of a rainwater harvesting Strategy
Output Indicators	These are the indicators that measure the results activities or processes. They are usually expressed in quantitative terms (number or %).	e.g. Nr of Water tanks erected e.g. Nr of awareness campaigns on rainwater harvesting
Outcome Indicators	These are the indicators that measure the quality and impact of the project. The impact may or may not be directly related to the project itself	e.g. % reduction on use of conventional water supply

It is important that indicators and targets are *SMART*: -

- Specific** : Each indicator and target must be clear and concise
- Measurable** : An indicator and target should specify the measurement required
- Achievable** : Can the target be reached?
- Realistic** : Even if the target can be reached – is it possible given the resources?
- Timebound** : What is the time limit placed on the indicator and target?

If in doubt, try the following...

If 2 people read the same KPI do they come to the same conclusion as to a) what is required, b) by when and, c) how it is proven to be achieved?

2.2.1 General Indicators

The Minister specifies a set of indicators that must be measured by every District and Local Municipality. The indicators are focused upon ensuring that essential matters are provided for and are contained in the Municipal Planning and Performance Management Regulations. Such indicators are added to the performance plan of the Municipal Manager as the head of the organisation. The Municipal Manager then chooses which of his Directors will assist in the achievement of the indicators and delegates accordingly.

2.2.2 Targets

Annual and quarterly targets must be set for each account number in the budget. In keeping with this, annual and quarterly targets are set for all indicators in the various plans across the municipality. Performance targets are the planned level of performance or milestones that are set for each indicator identified. It is important to be SMART when assigning targets.

The public will assist in the identification of targets through the IDP Process. Politicians will also be expected to give clear direction as to the importance of indicators and associated targets and how it will address the public need. Officials will need to apply technical knowledge in agreeing upon what is a realistic and achievable target, given the available resources and capacity. Such decisions will need to take into account factors such as seasonal changes, annual processes, and other externalities.

Once municipal objectives and targets have been set, it is possible to cascade these down to the relevant departments and individuals. In turn, the individuals and departments, by achieving their objectives and targets, contribute towards the municipality achieving the objectives and targets in its Service Delivery and Budget Implementation Plan and the Integrated Development Plan. So as to appropriately provide support to managers, each employee's indicators and targets must support the achievement of the indicators and targets in the level above.

2.3 CORE COMPETENCY REQUIREMENTS

In addition to the projects listed either in the IDP or in support of the IDP, performance management also seeks to develop and monitor the key attributes that help us do our jobs. This is done through the planning and measurement of Core Competency Requirements (CCR's). CCR's are the personal traits we bring to our roles, they are also the transferable skills we can take with us from one job to the next. Sometimes these skills come naturally, at other times the skills have to be learned through practice. Additionally, different roles may require strengths in some CCR's rather than others. There are many CCR's, the following are some examples.

Financial Management	Honesty and Integrity
Problem Solving and Innovation	Time Management
People Management and Empowerment	Communication
Client Orientation and Customer Focus	Multitasking

CCR's can further be split into both Core Managerial Competencies (CMC's) which are transferable skills that are beneficial in many roles and Core Occupational Competencies (COC's) which are more suited to specific occupations. The Municipal Manager and Directors must ensure that both feature in their performance plans.

2.4 MEANS OF VERIFICATION / PROOF

The only means of effectively proving that a target has been met is through documentary proof. Using documentary proof also ensures that the review is fairly conducted and can be cross checked by another individual if need be. It is important to give thought to the type of proof that will be used to show achievement of a target. For example if a document has to be approved by Council, the appropriate proof would be the minutes showing approval (rather than the document itself). In some cases a method of inspection will need to be used to ascertain proof. For example to establish correct filing / archiving, a random check would be preferred. Either way it is advisable to maintain an Evidence File throughout the year so that the gathering of proof is not a rushed task before the final review. It should be noted that a manager will not be permitted to award a rating if no proof is provided and the indicator will be treated as not met.



It should be noted that the documentary proof must be kept for at least 2 years following the review for the purposes of auditing and any necessary verification (see part 3).

PERFORMANCE PLAN TEMPLATES	
SDBIP	The SDBIP includes all indicators in accordance with the full IDP project list, as well as operational indicators relating to functional activities
Municipal Manager	<p>The development priorities are not repeated again in the Individual performance plans. In accordance with regulation, the Municipal Manager must arrange his/her plan in accordance with 5 specified Key Performance Areas (KPA's) as follows: -</p> <ul style="list-style-type: none"> • Municipal Institutional Transformation and Development • Basic Service Delivery • Local Economic Development • Municipal Financial Viability and Management • Good Governance and Public Participation <p>By doing this, the municipal manager ensures that all aspects that a municipality concerns itself with are addressed.</p>

Section 57	At this level, a Director will only focus direction on the aspect of the municipality that he/she is responsible for. Therefore the performance plan of a Director will only contain those KPA's that are relevant to the position. However the Director will still specify the objectives and strategies that indicators belong to as shown in the IDP.
Non Section 57 employees	Past senior management level, jobs become more specific in nature and Objectives do not in all instances remain relevant. Therefore these plans can state tasks / competencies relevant to the post. A more complex plan could also be used that specifies measurable targets and the most appropriate content should be decided by the Municipality as a whole or alternatively by each manager concerned.

2.5 WEIGHTING OF KPI'S AND CCR'S

(used for MM and Section 57s performance plans only)

In practice, certain aspects of a job are either a) more important, or b) take more time. This is taken in to account within each performance plan by allocating weightings. Weightings can be assigned to any aspect of a performance plan (CCR / Indicator / Strategy / Objective / Key performance Area).

The weighting is a number that is applied to, for instance, each strategy. When the weightings of all strategies are added together they must add up to 100. So, if a particular strategy carries more weight because it is more important or takes more time, it has a higher weighting. Both the KPI section and the CCR section are weighted out of 100. When it comes to reviewing performance plans, the indicators count for 80% of the total score and the CCR's count for 20% of the total score. A rating will count for more points of the final score if it is weighted higher. By doing this, the system ensures that we both focus on the job we were employed to do and are recognized for our effort, but it also ensures that we are recognized for our personal ability and the improvement of that ability.

2.6 TRAINING AND DEVELOPMENT

Every employee is required to have access to a Personal Development Plan (PDP) which is used throughout the year. These plans form a key part of the skills development planning process. PDP's provide an opportunity for managers and employees to jointly identify training and development needs in order to improve job performance and to support individual development and succession planning. PDP's are not only used to increase the ability for a person to perform their current job but also to prepare a person for the next position they do.

It can be seen later how the review process is an ideal time to specify items for the PDP, however use of the PDP is not restricted to these times; the PDP should be used as a tool whenever it may be necessary. Essentially, if a skill is identified as needing to be learned or improved, it is recorded on the PDP with instructions how it is to be approached, who is able to

provide support (such as a mentor), and when it is to be practised. It should also be noted that the PDP does not just concern itself with formal training; other methods such as those shown below can also be improved to build on existing skills.

On-the-job training

Job rotation

Mentoring

Involvement in a specific project or task

Study or reading

Continual improvement benefits both the individual and the municipality as the more capable a person is, the more they are able to contribute to the performance of the municipality as a whole. During the review process it is important to be honest and open about how well things are progressing, only when issues are identified can they be addressed.

2.7 MONITORING, REVIEWING AND REPORTING ON PERFORMANCE

In order to check achievement of original objectives as set out in the IDP, continual monitoring must take place. Likewise, in order to ensure that the continual provision of support is being provided to be able to meet goals, each and every staff member's performance must also be monitored to ensure that it remains in accordance with what was planned. For an organisation to ensure optimum performance, each role-player (the employees) needs to contribute and work as a team. Due to the fact that all employees have an important role to play, if underperformance is encountered by a few individuals then it would have an impact on the performance of the organisation as a whole. A task of a manager is to ensure that his/her team is able to continually work toward the end goal. However, it must be remembered that Performance Management empowers the individual employee to also be able to take charge of their own performance. The monitoring process does not just look at whether a municipality is performing adequately – it also analyses why there is under-performance and over-performance or what the factors were that allowed good or exceptional performance in a particular area. This is to determine if the over-achievement of performance objectives would eventually lead to a positive consequence.

2.7.1 In-Year Performance Reporting and Review

In-year performance reviewing ensures that we remain on target in terms of what was planned at the beginning of the year. At the head of the organization, the Municipal Manager is reviewed between two – four times each year by the Mayor. Similarly, at an organizational level the SDBIP is also reviewed by the Council through a quarterly report. In all cases, the in-year review fulfils the requirement of the need to have an early warning indicator of under performance. If under-performance is identified during the year as opposed to at the end of the year, it enables counter-measures to be put in place before it is too late.

2.8 REPORTING

At a senior level, a Quarterly Report must be completed whereby the employee records progress to date. Such reports for employees are used as progress reports. The second quarter SDBIP report must be sent to National and Provincial Treasury as a mid-year report by the 25th January each year.

At the level of the SDBIP, the Quarterly Report is the method of reporting back to the Council and the Community of the progress made to date. Comments made by Officials regarding indicators included in the SDBIP are used directly on the formal report. At Council meetings, the SDBIP report is the basis for discussion regarding progress made toward achievement of the IDP. When reporting back on performance it is important to detail exactly what has been achieved or specify the standard that has been achieved. If a target has not been met, it is important to specify why the target has not been met and state what measures that are to be put in place to ensure that the target is met in the future. If applicable, it is also important to state whether the annual target will be affected by any non-achievement of the in-year target.

2.9 REVIEWS

Reviews are conducted in a one-on-one setting between the employee and the manager within 1 month following the end of the period. At the review, each indicator and CCR is discussed as to the progress. This is the formal mechanism provided where either an employee or manager can highlight possible problems or issues and discuss future plans. It is important to fully participate and use the opportunity to discuss the work in detail. It is also an opportunity to assess whether the indicators are correctly worded or applicable. The review also provides an opportunity for the employee and manager to record additional aspects of the period in question, such as work the employee was involved in outside of what was originally planned and also the extent of the workload on the employee i.e. how busy or under pressure he / she was during the period.

Reviews are vital meetings and can make the difference between an indicator being met or not, and between an employee and manager's motivation or demotivation. A review shows each party how much they value the work or input being provided by the other. As such, **agreed review appointments should be honoured** and not postponed apart from in exceptional circumstances. Managers of other managers should also honour prior review appointments by not requesting that these times be moved, again except in exceptional circumstances.

2.10 REASONS FOR UNDER PERFORMANCE

When completing the review or at any time during the year, it may become apparent that an employee is not meeting targets,. It is important to analyse the reasons for this so that the problem can be addressed. Reasons may be:

- **Inadequate planning at the beginning of the year resulting in unachievable or unrealistic targets.**

In this case, although the targets were agreed at the commencement of the year it will become apparent during the year that the target was unrealistic. When completing performance planning, the job holder must adequately acquaint him/herself with the ability to plan correctly. By operating under a performance management system, employees will become more able to adequately plan workload which will prove beneficial throughout the person's career.

- **Lack of sufficient technical knowledge or experience by the job-holder**

In this case, it may become apparent (whether known prior to the creation of the plan or otherwise) that the employee does not have the ability to achieve the required target. Through following the in-year review process the problem will be picked up, discussed between job-holder and manager and the personal development plan (PDP) should be used to plan how this can be addressed. The manager or employee would also find it beneficial to use more frequent monitoring such as, for example monthly actions / targets, to ensure that new skills are developed correctly through practice, mentoring or monitoring.

- **Lack of resources available to the job-holder.**

In this case, required resources which were expected to be available at the commencement of the year are no longer available or have not become available. A decision would need to be made whether the indicator is still achievable through changing direction or whether the target would need to be adjusted (see changing of performance plans hereunder).

- **Lack of will to perform the required duties (poor performance)**

In this case, the job-holder has both the experience and the resources to complete the indicators but chooses not to. In such situations the manager must monitor the employee more closely and frequently. In cases of poor performance the manager should not wait for the end of each period to review performance again. More frequent action steps / monitoring should be put in place to attempt to curb the low level of performance. The manager is accountable to decide whether to increase the monitoring of an employee or not, however, it is compulsory to increase monitoring to at least weekly intervals if fewer than 75% of

indicators are not on track. It is also necessary to counsel the employee in order to establish the reason for the lack of motivation or inability to perform. It is the manager's responsibility to know whether there is a specific reason for lack of motivation or inability and take steps to escalate the problem. Should performance not improve then the disciplinary procedure must be followed.

2.10.1 Amending Performance Plans

The aim of performance management is to ensure that what was originally planned is actually achieved. This means that indicators or targets should not be adjusted during the year. However, good project management also enables controlled changes to be made should circumstances change. It is important that there is sufficient motivation for the changes. It is not permitted to simply adjust targets that have not been met or are not expected to be met due to under-achievement or poor planning. The following process is to be followed for any changes: -

- **Changes to budgeted indicators that are included in the SDBIP / IDP**

In this case any changes would incur a high impact, as they may affect what was originally planned and publicly agreed in the IDP process. As the IDP and Budget was originally approved by Council, such indicators are only permitted to be changed upon approval by Council. Additional indicators and / or targets are permitted with simply the managers approval (or in the Municipal Managers case, the Mayor's approval). As the IDP is affected with changes to the SDBIP, so will the SDBIP and applicable performance plans be affected with any changes to the IDP document during the course of the year. Such changes must be made unilaterally.

- **Changes to indicators that are not included in the SDBIP**

These indicators, although not included in the IDP, are vitally important as they *support* the indicators in the IDP. However it is at the discretion of the manager as to whether changes can be made. Any changes must be recorded and authorized by the relevant senior official whether they are deletions, amendments or additions. The manager and employee must together decide how great the impact any change to an indicator is and whether replacement resources would need to be put in place (for example if the required change was due to an employee being on a long-term absence from work).

2.11 END OF YEAR PERFORMANCE REPORTING AND REVIEW

The end of year or fourth quarter report indicates the final status at the closure of the financial year. The timing of the final report depends on the type of the plan that is being reported against.

	REPORTING	REVIEWING
Non section 57 employees	Not applicable	Reviews must be conducted within 1 month following the end of June
Municipal Manager & Section 57 employees	For these employees, the financial information must be concluded prior to the final report. The deadline for financial information to be concluded is the 31 August therefore reports for these employees are only required to be complete by the end of August.	Reviews for this category must be completed by the end of August annually (or as soon as possible following submission of the financial statements to the AG). The final report from the Auditor General is received in December and any findings must correspond to ratings awarded for all indicators dependent on the audit.
SDBIP	The information as reported by officials is used to finalise the SDBIP. This report is submitted to Council as a draft in lieu of the formal Annual Report tabled at Council in January before final approval in March, in which performance is reported per GFS	The annual report fulfils a legal requirement to report on the financial, and performance status of the municipality. This formal report effectively allows the Council and the Community to review the Municipality.

2.11.1 Panel Review for the Municipal Manager and Section 57 Employees


For the Municipal Manager and Section 57 employees the review is conducted by the Mayor or Municipal Manager (respectively) with the employee. The ratings are then evaluated by a panel consisting of the persons listed in the table below. The panel jointly sits to evaluate the Municipal Manager and Directors following the initial 'one-on-one' review and is provided with all the 'means of verification' or 'Proof' for these employees with sufficient time to read through all documentation. The panel uses the documentation and the interaction with the Municipal Manager or the Mayor at the evaluation to ratify final ratings.

Panel Member	Municipal Manager	Section 57 Employee
Mayor	X	
Municipal Manager		X
Chairperson / performance management expert of the Audit Committee	X	X
Member of Council	X	X
Mayor and or Municipal Manager from another Municipality	X	
Municipal Manager from another Municipality		X
Member of a Ward Committee as nominated by the Mayor	X	

2.11.2 Assigning a Rating to Performance

Each year, performance must be reported and reviewed and each employee must be awarded a rating. The scoring criteria specified in the Performance Management Regulations for Municipal Managers and Managers Reporting Directly to Municipal Managers is utilised for the senior level and a similar adapted approach is used for all other employees. For all employees, it is vital that a rating is only awarded for an indicator or CCR if proof of achievement of the target can be clearly demonstrated. At a senior level an evidence file is used. Section 57 employees and the Municipal manager can only be rated by a panel of external individuals if reference can be made to objective documented information. The final report is printed and signed by both employee and manager before being recorded centrally and stored in the employees personnel file. The following table is used for assigning ratings to senior management. A consistent rating of 3 (fully effective) would give a score of 100%.

Rating		Terminology	Description
Section 57	Non section 57		
5	Not Applicable	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in the performance plan and maintained this in all areas of responsibility throughout the year.
4	😊	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	😐	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the performance plan.

Rating		Terminology	Description
Section 57	Non section 57		
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. 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 performance plan.
1	Not Applicable	Unacceptable performance	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 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.

2.11.3 Rewarding Over-Performance

Legislation recognises the need to reward employees for going over and above what was originally required. This enables recognition over and above the verbal recognition that a manager may provide and the self recognition that an employee will feel for a 'job well done'. The method of reward is governed by legislation which distinguishes between Section 57 and non-Section 57 employees.

Section 57 Employees

In accordance with legislation a financial bonus is awarded for over performance as per the following scale.

- A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
- A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

This can be translated as follows: -

SCORE	BONUS %
130 - 133	5
134 - 137	6
138 - 141	7
142 - 145	8
146 - 149	9

150 - 153	10
154 - 157	11
158 - 161	12
162 - 165	13
166 - 167	14

The performance bonus is calculated based upon the individuals total remuneration package, and is paid only after the following: -

- The annual report for the financial year under review has been tabled and adopted by the municipal council,
- An evaluation of performance has taken place, and
- An approval of such evaluation has been given by the municipal council.

Non-Section 57 Employees

Conditions of employment have been decided upon at a National level, at the present time the trend is to offer non-financial rewards for outstanding performance and all permanent employees continue to receive a 13th cheque automatically regardless of performance until legislation dictates otherwise.

2.11.4 Performance Investigations

The Council or Audit Committee may at any point in time commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or for any other reason. Performance investigations should assess:

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

2.11.5 The Appeals Procedure

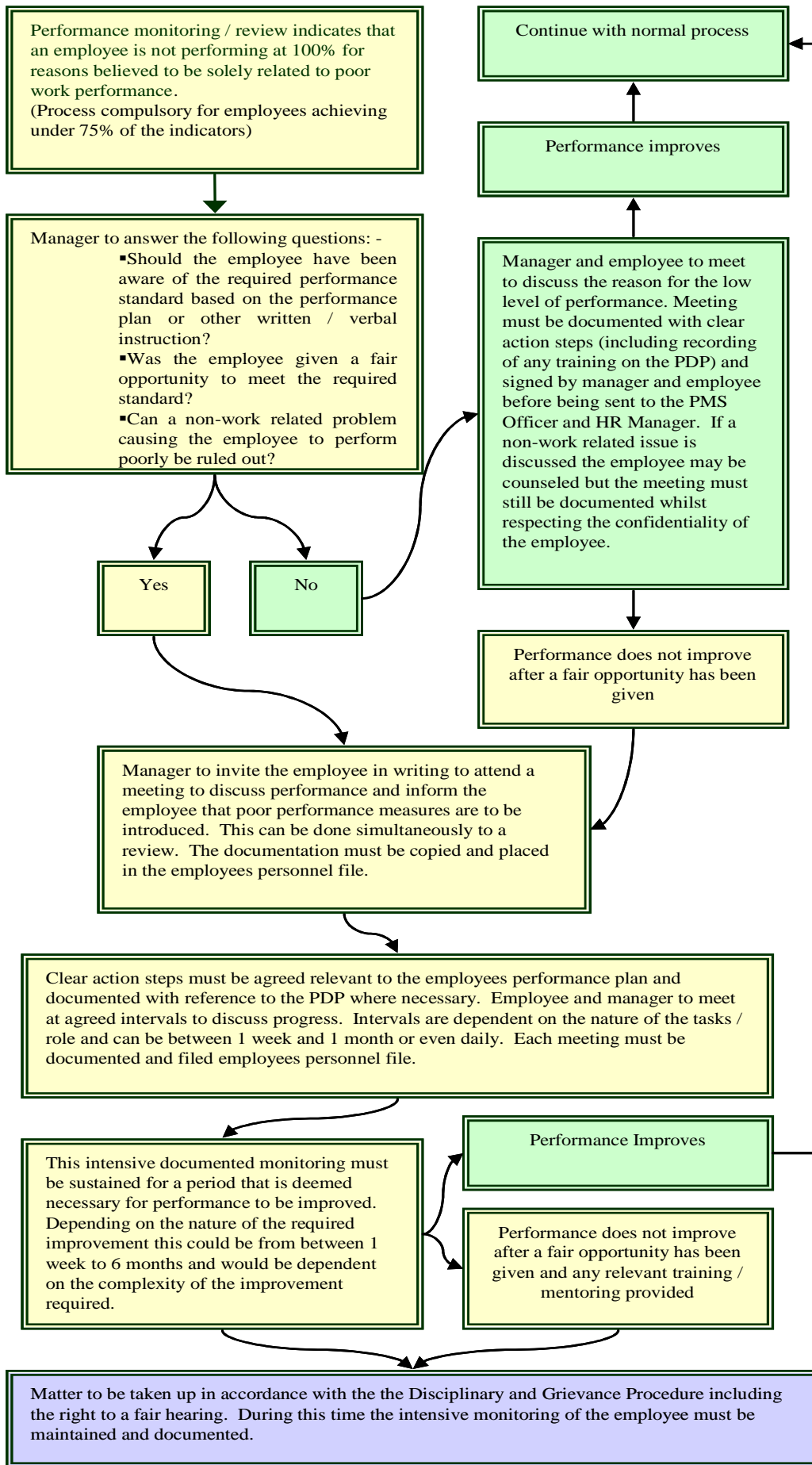
Should employees not agree with the contents of their performance agreement after the planning discussion, or with the final rating that is allocated to them by their Manager/Supervisor after the review discussions, they may lodge an appeal in writing to the Municipal Manager. The appeal will then involve an investigation surrounding the nature of the concern and may involve consultation with other parties such as the HR Manager or the employees manager as well as the employee themselves. The results of the investigation will be communicated back to the employee. The nature of the appeal will determine who is consulted with and how.



Should an employee not agree with an appeal finding or wish to follow an alternative route, the employee is within their rights to follow the grievance route as outlined in the Bargaining Council agreed Disciplinary and Grievance Procedure.

2.12 MANAGING POOR PERFORMANCE

Prior to any action that may be taken regarding under performance, it must be established WHY there is under performance in the first place. Under performance is addressed in the following way.



Should an employee not be achieving the objectives in his/her performance agreement, it is the manager's job to assist the employee by managing his/her performance more closely. It is not appropriate that the first time an employee hears about his/her non-performance is at the final end of year performance review. Employees must be coached and given feedback throughout the year both during reviews and whilst at work. This is not only fair to the employees but also to the managers themselves and the organisation as a whole which will benefit from employees who are performing well. The ideal situation is to ensure that the incidence of non-performance is addressed and rectified before disciplinary action is considered which must be treated as a last resort.

2.13 EMPLOYEES WHO LEAVE OR JOIN DURING THE FINANCIAL YEAR

Upon the commencement of a new employees service with the Municipality, a performance plan should be used to discuss the employees new role. The performance plan will run only until the commencement of the new financial year, at which point a new plan can be created along with all other employees.

Upon leaving the service of the Municipality (during anytime of the year) a final in-year review must be conducted to establish the final status of indicators applicable to the post. The information is also used to design the performance plan of any new employee who may take over in the position.

2.14 EMPLOYEES APPOINTED IN 'ACTING' POSITIONS

Any employee appointed to 'act' in a position other to their own for longer than 15 consecutive days must at the same time be advised of the tasks or indicators they will be requested to support and or achieve. During the time of the 'Acting' appointment, the employee will be expected to treat these inherited indicators as his / her own and will be asked to report formally on the progress at a review to be held at the end of the term (in addition to the normal quarterly review if the period covers such a time). It must be noted that the employee must not neglect their existing performance plan and any indicators delegated to other officials during a period of 'Acting' must be closely monitored as the employee will remain accountable for these and be reviewed on their original plan at the end of the year.

2.15 MONITORING SERVICE PROVIDERS

Service providers are appointed to conduct work on behalf of the municipality. As such the work to be conducted is for the benefit of the community and must be monitored to ensure that payment for services is warranted and well spent. Service providers employed to complete projects specified in the IDP are by implication monitored through the SDBIP and PMS, due to



the fact that a budgeted amount is agreed for the work. Likewise, for outsourced functions, the accountable official identified for the function remains at all times responsible for the performance of the function though his/her own performance plan.

As a guide, all officials engaging the services of an outside body MUST ensure that clear terms of reference are used for all appointments, and that clear indicators specifying agreed timeframes and deliverables are agreed and included in the appointment letter. The appointment letter must also indicate the recourse for non-delivery of agreed deliverables of the required standard.

3 PART 3: AUDITING, QUALITY CONTROL AND MODERATION

The Performance Management System is a legislated requirement and is therefore formally audited annually for compliance.

3.1 Internal Audit

The municipality's internal audit function must audit the performance management system to ensure both compliance and correct application. The team will also look to test whether the contents of this policy are implemented including a test for fairness, objectivity, and uniformity. The Internal Audit team are able to look at any documentation they require in order to conduct their testing.

The Internal Audit team will also be responsible, as part of their testing to review a random sample of reviews and associated 'proof' / 'means of verification'. If it is found through this process that an incorrect allocation of ratings has been assigned, all employees reporting to the respective manager must be reviewed to test for correct application.

3.2 The Office of the Auditor General

The Office of the Auditor General is also required to annually test compliance with both legislation and internal policy. The Auditor General has a set of pre-defined criteria which each municipality must meet through providing proof. They will also check the documentation the Internal Auditors have collected. The results of the audit are printed in the Municipalities annual report for viewing and scrutiny by the Council and Community as well as nationally within Government. Again, the staff of the Auditor General is permitted to view any documentation pertaining to performance management to be able to assess compliance and provide a reliable report.

3.3 Audit Committee

In accordance with the regulations, a separate independent body must also be appointed to continually monitor and audit the municipality and looks, amongst other matters, at compliance with performance management requirements. The municipality can use either the existing Audit Committee or appoint a committee specifically dedicated to performance. The Committee meets at least twice a year to review both the performance of the municipality and its employees and also to objectively comment on the way in which the PMS is being used at the Municipality. Twice a year it also reports on performance, one of these reports is contained in the annual report of the municipality.

3.4 Evaluation and improvement of the PMS

In order for performance management to remain effective, it must at all times compliment the way of working and aligning systems within SIYANDA DISTRICT MUNICIPALITY. As with many organisations, SIYANDA DISTRICT MUNICIPALITY must constantly change and adapt to the environment in which it operates. So too must each employee adapt to new tools and processes that are brought onboard. In keeping with this, it is necessary to constantly evaluate the PMS and ensure it remains as effective and valuable as it should be. The applicability of the system must be tested by management, including the use of indicators and the uniformity of the implementation across the organization. Results of audit investigations must also be used in this process. It may at times be necessary that customisations be made to existing processes or templates, or that training be provided to ensure a consistent approach across the organisation including the manner in which ratings are awarded. Any proposed changes will be submitted to Council for formal approval or for information depending on the nature of the suggested change and this Policy amended. In accordance with the Systems Act this must formally happen annually.



4 ANNEXURES

REVIEW NOTES FOR PEOPLE MANAGERS

Managers must take an interest in how their staff are performing, giving them positive feedback when work is going well and making it clear when things are not going so well. It is about providing the appropriate, timely, consistent and equitable support to help everyone do their job to the best of their ability and reach their full potential. This will require managers speaking regularly with their team and observing how they perform their tasks as well as looking at the outcomes. Feedback on performance should be given when it is observed. However this is not always practical, therefore there should be regular formal meetings where the manager and employee can discuss progress.

You in conjunction with the employee need to ensure that their job description, performance plan and personal development plan are up to date and relevant. These are important documents for establishing clarity in the role and assessing achievement. Below are some general guidelines for review meetings.

Before the meeting

- Arrange a suitable time with the job holder (2 weeks in advance is ideal)
- Remind the job holder of the need to prepare for the meeting and remind them of the importance
- Review and reflect on performance – highlight successes and shortfalls against targets
- Review the details recorded on the personal development plan
- Honour the scheduled time
- If appropriate seek feedback from internal clients

During the meeting

- Review each indicator and CCR against relevant targets whilst cross checking the evidence file
- Ensure there is a two-way process of communication in which the employee shares perceptions of performance strengths and weaknesses
- Create an environment that allows an open and honest dialogue
- Ensure a dialogue takes place where agreement is reached on whether the employee has achieved a level of performance that is above, in line with or below expectations
- Clarify that targets are still relevant
- Complete and sign documentation and send it to the PMS Officer

After the meeting



Ensure records are kept as evidence of how you have managed the performance of your team – they may be required for monitoring, validation or in an appeals process. It is good practice and a legal requirement that the process and findings can be demonstrated as fair and objective.