



**MAKANA MUNICIPALITY
PERFORMANCE MANAGEMENT POLICY**

PERFORMANCE MANAGEMENT POLICY	
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DEFINITIONS

TERM	DEFINITION
Assessment Cycle	1 July – 30 June, being the time period that is planned, monitored, reported on and assessed.
Core management competencies	Framework in the sense of a set of generic management competencies applicable to all staff in the SMS.
Performance Agreement	Links an individual's performance plan to organizational goals, and includes an explanation of the expected outcomes required to achieve effective performance.
Performance Review	A progress review is a structured and formal process in which the staff member receives feedback on his/her performance. This provides an opportunity for improvement before the annual review takes place.
Performance Plans	The signed agreement between manager and employee of the standard of work to be completed during the assessment cycle.
Personal Development Plan	A personal development plan outlines the areas in which improved levels of competence are required and processes for ensuring improvement.
Performance Management Cycle	The performance management or assessment cycle describes the three phases through which PM moves: planning, monitoring, review and annual assessment. It must correspond with the financial year – 1 July to 30 June.
Performance Management	The Performance Management framework describes the various components of the system and includes mechanisms for linking

Framework	departmental plans to provincial strategic goals, and individual performance plans to departmental plans.
Rating Scale	The rating scale is a standard scale for rating employees' performance in relation to specific categories of performance. Rating scales are often used to introduce a degree of comparability into systems for performance assessment.
Strategic Objectives	Strategic objectives are concrete statements that describe specific results to be achieved. They serve as a basis for clarifying intentions, planning, guiding activities, and for assessing achievement.
Targets	Targets are agreed upon quantitative or qualitative deliverables within a specific timeframe. They support performance indicators by describing the optimal level of performance required.
Vision	Vision refers to the long term impact desired by an organization.
Points Scale	The point's sale is a tool to be used when rating performance during the evaluation process.
Progress review	A progress review is a structured and formal process in which the staff member receives feedback on his/her performance, thereby providing an opportunity for improvement before the annual review takes place.
Quantitative and qualitative measures	Quantitative measures tell you "how much" or "how many" you have done while qualitative measures tell you "how well" you have done it.
Actions	Actions are the activities or steps undertaken towards achieving the products or services that need to be delivered. They are the building blocks of the key performance areas.

Indicators	Indicators describe what is expected in terms of satisfactory performance. They set the required level of performance.
Performance management and development	Performance management and development are all those processes and systems designed to manage and develop performance at the level of the public service, specific organizations components, teams and individuals.

ESTABLISHMENT OF PERFORMANCE MANAGEMENT FRAMEWORK

1.1 INTRODUCTION

This document constitutes a framework for the Makana Performance Management System (PMS).

The PMS framework is a municipal policy document that defines and describes the municipal performance management system. The framework seeks to implement the current legislation (as summarised in Section 2 of Chapter 1 of this document) including the Municipal Planning and Performance Management Regulations (2001) which stipulates that:

‘ a municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.’

The framework constitutes council policy with regard to:

- The requirements that a PMS for Makana Municipality will need to fulfill,
- The principles that will inform its development and application,
- A model that defines the scope of performance management in the Makana Municipality,
- The processes that will be followed in managing performance,
- The necessary institutional arrangements,
- Roles and responsibilities,
- PMS links to other factions of the Municipality.

1.2 DEFINITION OF PERFORMANCE MANAGEMENT

The department of Provincial and Local Government (DPLG) defines Performance Management as 'a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of organization in terms of indicators and targets for efficiency, effectiveness and impact'.

This system therefore ensures that all leaders, managers and individuals in a municipality are held accountable for their actions. Such actions must aim to bring about improved service delivery and value for money.

For a PMS to be successful it is important that:

- Top management and council drive the system,;
- There is a clear understanding and appreciation of its value by all stakeholders,
- Line managers are trained and take responsibility for performance management,

Performance management in a municipality is a two way communication process between the municipality and its community. The performance of the municipality is then measured against specific standards and priorities which have been mutually developed and agreed upon during the Integrated Development Plan (IDP) process.

1.3 LEGISLATIVE AND REGULATORY FRAMEWORK FOR PERFORMANCE MANAGEMENT

The most important legislative and regulatory prerogatives that set the basis for the role of local government and the management of its performance in respect of that role are:

- The Constitution of the Republic of South Africa (Act 108 of 1996)
- The White Paper on Local Government (1998)
- Batho Pele (1998)

- Municipal Systems Act, 32 of 2000
- Municipal Planning and Performance Management Regulations (2001)
- Municipal Finance Management Act (2003)
- *Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (Government Gazette No:29089 1 August 2006)*

1.3.1 National Constitution

The constitution (1996), Section 152, deals with the objectives of local government and paves the way for performance management with the requirements for an “accountable government “. The democratic values and principles in terms of Section 195(1) are also linked with the concept of performance management, with reference to the principles *inter alia* of, the promotion of efficient, economic and effective use of resources, accountable public administration, to be transparent by providing information, to be responsive to the needs of the community, and to facilitate a culture of public service and accountability amongst staff.

1.3.2 White Paper on Local Government (1998)

The White Paper on Local Government (1998) states, that local government should introduce the idea of a performance management system. The White Paper acknowledges that, involving community in developing some municipal key performance indicators increases the accountability on Municipality.

‘Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced ‘ (The White Paper on Local Government , (1998)

1.3.3 Batho Pele (1998)

The White Paper on Transformation and Public Service Delivery (Batho Pele) puts forward eight principles for good public service. Our municipality is duty bound to uphold these principles:

- *Consultation:*
Communities should be consulted about the level and quality of public services they receive, where possible, should be given a choice about the services which are provided.
- *Service standard:*
Communities should know what standard of services to expect
- *Access:*
All communities should have equal access the services to which they are entitled.
- *Courtesy:*
Communities should be treated with courtesy and consideration
- *Information:*
Communities should be given full and accurate information about the public services they are entitled to receive.
- *Openness and transparency:*
Communities should know how departments are run , how resources are spent , and who is in charge of particular services.
- *Redress:*
If the promised standard of service is not delivered, communities should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made communities should receive a sympathetic, positive response.
- *Value-for-money*

Public service should be provided economically and efficiently in order to give communities the best possible value-for-money.

1.3.4 *Municipal System Act , 32 of 2000*

The Municipal Systems Act stipulates that a municipality must:

- *Develop a Performance Management System,*
- *Set targets, monitor and review performance based on indicators linked to their Integrated Development Plan (IDP),*
- *Publish an Annual Report on performance,*
- *Conduct an internal audit of performance before tabling report,*
- *Have their annual performance report audited by the Auditor General,*
- *Involve the community in setting indicators and targets and reviewing municipal performance.*

1.3.5 *Municipal Planning and Performance Management Regulations (2001)*

These Regulations require that the Municipality, in developing its Performance Management System, must ensure that the system:

- *Complies with all the requirements set out in the Municipal System Act,*
- *Demonstrates how it is to operate and be managed from the planning stage up to the stage of performance review and reporting,*
- *Clarifies the roles and responsibilities of each role player, including the community, in the functioning of the system,*
- *Clarifies the processes of implementing the system within the framework of the Integrated Development Planning process,*
- *Determines the frequency of reporting and the lines of accountability for performance,*
- *Relates to the Municipality's employee Performance Management processes.*

Furthermore, Section 43 of the regulations prescribes the following seven general key performance indicators:

- a) The percentage of household with access to basic level of water, sanitation, electricity and solid waste removal,
- b) The percentage of households earning less than R1100-00 per month with access to free basic services,
- c) The percentage of the Municipality's capital budget actually spent on capital projects in terms of the IDP,
- d) The number of local jobs created through the Municipality's local, economic development initiatives, including capital projects,
- e) The number of people from employment equity target groups employed in the three highest levels of management in compliance with a Municipality's employment equity plan.
- f) The percentage of a Municipality's budget actually spent on implementing its workplace skills plan.
- g) Financial viability with respect to debt coverage, outstanding debtors in relation to revenue and cost coverage.

1.3.6 *Municipal Finance Management Act (2003)*

The Municipal Finance Management Act Chapter 12 section 121(c) states requirements that a municipality must include in its annual municipal performance report as contained in the annual report. This report must be dealt with by the municipal council within 9 months of the end of municipal financial year.

1.3.7 *Municipal Finance Management Act (circular 13)SDBIP*

It is also important to note that the Municipal Finance Management Act No 56 of 2003 contains various important provisions related to municipal performance management.

It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with services delivery targets and performance indicators. Whilst considering and approving the annual budget, the Municipality must also set measurable performance targets for each revenue source and vote. In terms of a circular issued by National Treasury provision is also made for the compilation on an annual basis of departmental SDBIP's.

1.3.8 *Municipal Performance Regulations For Municipal Managers and Managers Directly Accountable to Municipal Managers (Government Gazette (No:29089 1 August 2006)*

The Local Government Municipal Performance regulations for municipal managers and managers directly accountable to municipal managers sets out how the performance of Section 57 staff will be uniformly directed, monitored and improved. The regulations address Job description, the employment contract and performance agreement of municipal managers and managers directly accountable to municipal managers.

It further provides a methodology for the performance management system as well the criteria for performance bonus payments. The regulation also provides an approach for addressing under-performance, should this occur.

The regulations also provide five key performance areas (KPA's) upon which the Municipality will be assessed and which also form part of Performance Agreement of Section 57 Managers. KPA's and KPI's which were gazetted in August 2006

- Institutional development and Transformation
- Service Delivery
- Local Economic development
- Financial Management
- Good Governance

2.1 STRATEGIC OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

Beyond fulfilling legislative requirements, the Makana Municipality performance management system is the primary mechanism for planning, monitoring, reviewing and improving the implementation of the municipality's IDP. This will have to be fulfilled by ensuring that the PMS achieves the following objectives:

- To facilitate increased accountability

- To facilitate learning and development
- To provide early warning signals of under performance
- To facilitate decision making
- Increased certainty of job roles, accountability and transparency of both officials and the institution
- Increased communication across the institution
- 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

2.2 PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT

The following principles inform and guide the development and implementation of the Makana Municipality's performance management system.

2.2.1 Simplicity:

The system must be a simple user-friendly system that enables the municipality to operate it within the existing capacity of its financial, human resources and information management system.

2.2.2 Politically driven

Legislation clearly tasks the municipal council led by the Mayor, as the owner of the management system. The Executive Mayor **MUST** drive both the implementation and improvement of the system. Legislation allows for the delegation of all or part of this responsibility to the municipal manager or other appropriate structures as Executive Mayor may deem fit.

2.2.3 Transparency and accountability

Members of the organization whose performance will be monitored and measured must ensure that the process of managing performance is inclusive, open and transparent. This can only be achieved by taking effective participation in the design and implementation of the system within the municipality annually.

Furthermore, the process must involve and empower stakeholders so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information regarding the performance of departments should be available for view for other managers, employees, the public and specific interest groups,

2.2.4 Integration

The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. Most notable integrations include IDP formulation and implementation, budgeting processes, human resource processes as well as communication.

It should be seen as a central tool to the ongoing management functions.

2.2.5 Objectivity

Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies, need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decision making. 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.

3.1 ESTABLISHMENT OF THE PMS AND DELEGATION OF RESPONSIBILITIES

The Systems Act of 2000, section 39 dictates how a municipality must develop and manage the PMS .

The Act also identifies the role players that are mainly responsible for managing the system.

“The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or an executive mayor, a committee of councilors appointed by municipal council must:

- manage the development of a performance management system;
- assign responsibilities in this regard to the municipal manager, and
- submit the proposed system to the municipal council for adoption”

The Executive Mayor as supported by principle section 3, 3.2.2 (politically driven) this document, is responsible for overseeing the implementation of the PMS of the municipality. The Executive Mayor of Makana Municipality therefore must officially delegate the relevant responsibilities to the Municipal Manager. This delegation must be recorded in the Municipality’s System of Delegation and as adopted by Council.

4.1 THE RELATIONSHIP BETWEEN IDP, PMS, SDBIP AND THE BUDGET

The IDP is a plan that defines municipal priority areas, objectives and projects. Priority areas and objectives are the basis for Key Performance Indicators (KPIs) in the PMS. KPIs measure progress on IDP objectives. The Municipality uses KPIs to set performance targets that are necessary to reach realistic goals. Targets inform budget commitments that must be made to meet objectives. IDP objectives and their related PMS targets inform the structure and scope of the budget. The budget, in turn, speaks back to IDP and PMS. The budget sets limits on what is achievable.

CHAPTER: TWO

ESTABLISHMENT OF THE PERFORMANCE MANAGEMENT SYSTEM

1.1 *What do we Monitor and Review*

International experience in both the private and public sectors has shown that traditional approaches to measuring performance, which have been heavily reliant on financial measures, are severely lacking. It has become well accepted that in order to assess an organisation's performance, a balanced view is required, incorporating a multi-perspective assessment of how the organization is performing as seen by differing categories of stakeholders. To ensure this balanced multi-perspective examination of Makana Municipality performance, a municipal scorecard is used to guide performance management in the entire municipal organization.

The Municipal scorecard is based on two levels of scorecards in the context of a Local government Municipality and embodies five Key Performance Areas. The two scorecard levels are: strategic municipal scorecard level /institutional performance, and SDBIP & performance plan/ operational & individual performance.

1.2 The basis of the municipal scorecard

- Tightly aligned to the strategic planning and IDP processes of the municipality
- Directly relevant to the notion of developmental local government
- A balanced view of performance based on municipal inputs, outputs, outcomes and processes
- A simple portrayal of municipal performance, where inter-relationships can be identified (municipal-wide, sectoral/departmental and unit/programme levels)
- Compliant with the requirements of the Municipal Systems Act (2002) and its subsequent Regulations (2001 and 2006)
- Based on the 5 Key Performance Areas for Local Government as determined in the Five Year Local Government Strategic Agenda and used in the Regulations and Vuna Awards for Performance Excellence.

The 5 Key Performance Areas for Local Government are:

1. Municipal Transformation & Organisational Development
2. Infrastructure Development and Service Delivery
3. Local Economic Development
4. Municipal Finance Viability & Management
5. Good Governance & Public Participation

2.1 INSTITUTIONAL LEVEL AND THE IDP

It is important at the Municipality, that the Council and management should have access to the appropriate information for considering and making timeous interventions to uphold or improve the capacity of its delivery systems. The performance of any municipality as a service delivery mechanism, is fundamentally determined by factors enabling it to perform its Constitutional and statutory mandates.

It is important that these causal and contributory factors for performance excellence at the municipality be measured, in order to timeously determine performance gaps with the objective of responding with appropriate remedial interventions.

The municipal scorecard enables high level monitoring of the objectives and strategies of the organisation as a whole. It concerns itself with such variables that cannot be attached to one person or in some cases one organisation in isolation. The scorecard will measure the impact of the IDP over the 5 year term of its existence (rather than be limited to a single financial year) and will provide information as to the future direction of the municipality for future IDP terms.

The primary question the scorecard will be responding to will be; 'when assessed on the basis of the five perspectives measured, to what extent is the municipality making the contribution it is expected to make?'

In general, the orientation of this strategic scorecard's indicators will be output focused. For example, an indicator may be to measure the percentage of poor households receiving free basic water. The findings are reported annually in the annual report.

The Municipal Manager as the accounting officer is primarily responsible for performance of the municipal scorecard.

2.2 OPERATIONAL LEVEL AND THE SDBIP (STRATEGY IMPLEMENTATION)

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 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 template for the SDBIP is contained in the Annexures. A close look will show how the information from the IDP is placed in a simple to read tabular form. The SDBIP is approved by the Executive 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 Directors (Section 57 employees).

Departmental and Individual level

The SDBIP Scorecards will capture the performance of each municipal department. Unlike the STRATEGIC Scorecard, which reflects on the strategic priorities of the municipality, a service delivery and budget Implementation Scorecard will provide a comprehensive picture of the performance of each and every Directorate. It consists of objectives, indicators and targets derived from the IDP process in the main Makana SDBIP. It is crucial to ensure that the departmental SDBIP Scorecards do not duplicate current reporting, but rather be integrated as core components of the municipality's vertical reporting system.

The SDBIP Scorecard is then cascaded down through the departments where it will be monitored. This is done through ensuring that each employee has a performance plan for his/her role within the Municipality.

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 Makana 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, ie from one level to the next. A decision may be taken by the municipal manager, the Municipal Manager 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. It is imperative that each persons performance plan supports the performance plan of their manager. Such upward reporting must feed into the SDBIP Scorecard report. Therefore each section must have its own Performance plan that contributes to the overall implementation of the SDBIP Scorecard.

The following sections explain the sections of each performance plan.

2.3 Key Performance Indicators (KPIs)

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 water awareness campaigns on rainwater harvesting
Outcome Indicators	These are the indicators that measure the quality as well as the impact of the project. The impact of a project may or may not be directly related to the project itself	e.g. % reduction on use of conventional water supply

2.4 Targets

Annual and quarterly targets must be set for each account number in the budget (in accordance with the MFMA). 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.

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.

2.5 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 (CCRs). CCRs 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 CCRs rather than others. There are many CCRs, the following are some examples.

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

CCRs can further be split into both Core Managerial Competencies (CMCs) which are transferable skills that are beneficial in many roles and Core Occupational Competencies

(COCs) which are more suited to specific occupations. The Municipal Manager and Directors must ensure that both feature in their performance plans.

2.6 Portfolio of Evidence

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

CHAPTER: THREE

PERFORMANCE MANAGEMENT SYSTEM PROCESSES

3.1 PERFORMANCE PLANNING AND COMMUNITY INVOLVEMENT

The Systems Act stresses that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. The Act places special emphasis, *inter alia*, on participation in the IDP process and the evaluation of performance through performance management.

Section 42 of the Municipal Systems Act determines as follows:

“A municipality, through appropriate mechanisms, processes and procedures established in terms of Chapter 4, must involve the local community in the development, implementation and review of the municipality’s performance management system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.”

The IDP, budget and SDBIP constitutes the planning components of municipal performance management. Through the annual IDP review processes, the community is invited through a series of imbizos to submit comments and opinion with regards to proposed direction of the municipality. This process and the activities in the wider IDP and budget process plan constitute the community involvement in the annual review of current performance and the setting of future KPIs and targets.

Once collated, all comments received are clustered and discussed within the Municipality at which point officials apply technical knowledge, and Council check for political direction. These organized and informed comments are then presented as a series of projects or indicators and fed back to the community in the draft Integrated Development Plan (IDP) so that the community can check for correct interpretation and if necessary provide further comment.

The final approved IDP is therefore the basis of performance planning in that it holds the municipal indicators which will feed into the entire PMS.

3.2 ROLES AND RESPONSIBILITIES

Stake holder	Responsibility
The Community	<ul style="list-style-type: none"> 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

	<p>targets</p> <ul style="list-style-type: none"> • To review the Annual Report and monitor organizational performance during the year
Council	<ul style="list-style-type: none"> • Facilitate the development of a long term vision • Develop strategies to achieve vision • Consider and Adopt the PMS Policy Framework • Adopt indicators and set targets • Review municipal performance bi-annually • Feedback ongoing performance issues to the community
Mayoral Committee	<ul style="list-style-type: none"> • Play the leading role in the Management and development of the PMS • Assessment and review of municipal performance through the SDBIP quarterly report • Determination of reasons for under performance and adoption of response strategies and recommendations to council.
Portfolio committee	<ul style="list-style-type: none"> • Receive reports from service manager monthly • Assessment and review of SDBIP quarterly report in relation to the portfolio • Determination of causal reasons

	<p>for under performance, adopt response strategies and make recommendations to the mayoral committee</p>
<p>Executive Mayor</p>	<ul style="list-style-type: none"> • Holds the ultimate responsibility for the drafting and review of the PMS • Delegate clear responsibility for the development of a PMS that meets the legislative and regulatory requirements • Delegate PMS responsibilities to the Municipal Manager
<p>Municipal Manager</p>	<ul style="list-style-type: none"> • Ensure alignment of other key municipal systems to support the PMS strategic management of development and performance • Monitor progress and report to the Executive Mayor • Conduct quarter reviews of Directors and report to Executive Mayor • Inform the local community, MEC and Auditor General through the media about annual reporting at Council
<p>Directors</p>	<ul style="list-style-type: none"> • Ensure that performance plans for their directorate are developed and integrate with the Makana SDBIP scorecard. • Measure performance according to

	<p>agreed indicators, analyse and report regularly</p> <ul style="list-style-type: none"> • Manage implementation and intervene where necessary • Inform decision makers of risks to service delivery timeously • Conduct reviews of performance against plans quarterly. • 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 is encouraged. • To manage poor performance appropriately.
<p>Performance Management Manager</p>	<ul style="list-style-type: none"> • Take overall responsibility (under the Municipal Manager) for the development , review and implementation of the Performance Management System Policy framework • Research, advise and provide inputs towards the development and review of PMS Policy framework • Ensuring the implementation and compliance of all legal aspects in respect of the PMS

	<ul style="list-style-type: none"> • Submit proposed PMS Policy Framework /review to Council where necessary • Implement / roll out Institutional performance management i • Take overall responsibility for the coordination and provide advice where necessary regarding the development and population of performance pans at all levels.
<p>The Employee</p>	<ul style="list-style-type: none"> • To suggest challenging but realistic indicators that support the goals of the municipality. • To take responsibility for the standard of performance by trying to improve and develop. • 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.

3.3 WEIGHTING OF KEY PERFORMANCE INDICATORS AND CORE COMPETENCY REQUIREMENTS

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**. 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 CCRs 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.

3.4 THE LINK TO JOB DESCRIPTIONS

Indicators ideally need to mirror the duties / tasks listed in a persons job description. Both documents should reflect the focus of each employee. In addition, one should be able to determine what a person does by reading either document. Indicators should, in some form or another, measure the way a person performs in accordance with their job description. Therefore, both the SDBIP and job descriptions will provide the basis for determining indicators.

3.5 TRAINING AND DEVELOPMENT

Every employee is required to have a **Personal Development Plan (PDP)** that is used throughout the year. These plans form a key part of the skills development planning process. PDPs 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. **PDPs 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, rather the PDP should be used as a tool to be used whenever it may be necessary. Essentially, if a skill is identified as needing to

be learned or improved, it is recorded on the PDP together with how it is to be approached, who is able to provide support (such as a mentor), and when it is to be practiced. It should also be noticed 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
- Mentoring
- Study or reading
- Job rotation
- Involvement in a specific project or task

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. The template for a PDP is shown in the Annexures.

4.1 PERFORMANCE MONITORING

Performance monitoring is an ongoing process by which each person accountable for a specific indicator continuously monitors his/her current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due. 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.

In the instance of Makana Municipality it is recommended that the institutional scorecard of the Municipality be reported on a quarterly basis to the Mayoral Committee. Performance monitoring requires that in between the relevant formal cycle of performance measurement appropriate action be taken, should it become evident that a specific performance target is not going to be met.

It is therefore proposed that at least on a weekly basis Directors track performance trends against targets for those indicators that lie within the area of accountability of their respective

Directorate as a means to early identify performance related problems and take appropriate remedial action.

It is further recommended that each Director delegate to the direct line manager the responsibility to monitor the performance for his/her sector.

Such line managers are after all, best placed given their understanding of their sector to monitor on a regular basis whether targets are being met currently or will be met in future, what the contributing factors are to the level of performance and what interim remedial action needs to be undertaken.

Directors are also required to report on SDBIP's progress on monthly basis to their respective portfolio Committee and also quarterly to Municipal Manager through office of IDP Manager so that he/she can prepare a consolidated performance report to full Council.

4.2 PERFORMANCE MEASUREMENT AND EVALUATION:

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and its associated target.

Each accountable official is responsible, when performance measurement is due, for the collection and collation of the necessary performance data or information and the capturing of results against targets for the period concerned on the institutional scorecard. In turn they are responsible for reporting the results to his/her Manager through the said scorecard. The report will be submitted to PMS Unit for evaluation to ensure completeness of information reported and compilation of POE file. The PMS unit will then submit report and POE files to internal audit unit to ensure accuracy, validity and to verify reliability of information.

4.3 PERFORMANCE ANALYSIS:

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine

whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

Each scorecard holder conducts his/her own performance analysis and the Performance management officer is responsible for analyzing all the results and reporting strategically in the municipal scorecard with regards to the impact the officials are having on the goals of the municipality as a whole. It is therefore important that each scorecard holder is fully explanatory when reporting, this will be discussed further in the reporting section.

The institutional scorecard as completed must then be submitted to a formal meeting of the senior management team for further analysis and consideration of the draft recommendations as captured by the relevant Directors. This level of analysis should examine performance across the organisation in terms of all its priorities with the aim to reveal and capture whether any broader organisational factors are limiting the ability to meet any performance targets in addition to those aspects already captured by the relevant Director.

The analysis of the institutional scorecard by senior management should also ensure that quality performance reports are submitted to the Executive Mayoral Committee and that adequate response strategies are proposed in cases of poor performance.

Only once senior management has considered the institutional scorecard, agreed to the analysis undertaken and captured therein and have reached consensus on the corrective action as proposed, should the institutional scorecard be submitted to the Executive Mayoral Committee for consideration and review.

PERFORMANCE REPORTING AND REVIEW:

The next two steps in the process of performance management namely that of performance reporting and performance review will be dealt with at the same time.

5.1 In-year performance reporting and review:

Within 2 weeks (10 working days) of the end of the quarter, a Quarter Report must be completed whereby the employee records progress to date. Such reports for employees are used as progress reports. Each individual employee is responsible for reporting back on their own performance in the performance report. The report serves as a document from employee to manager regarding their activities during the quarter.

At the level of the SDBIP, the quarter 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 Mayoral Committee and 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. If employees have not reported comprehensively enough the SDBIP report may be lacking is concise feedback to Council in order for them to use the performance report as a tool to review the Municipality's performance and to make important political and management decisions on how to improve.

The reporting to Council will therefore take place in the council meeting following the end of each reporting period

The review in January will coincide with the mid-year performance assessment as per section 72 of the MFMA. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and report to the Council on inter alia its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

Performance review is the process where the leadership of an organisation, after the performance of the organisation have been measured and reported to it, reviews the results and decided on appropriate action. The Executive Mayoral Committee in reviewing the SDBIP scorecard submitted to it on a quarterly basis will have to ensure that targets

committed to in the scorecard have been met. Where they have not, the Committee must ensure that satisfactory and sufficient reasons have been provided by senior management and that the corrective action being proposed is sufficient to address the reasons for poor performance.

In support of all of the above and to fully entrench the culture of performance management, SDBIPs and performance plans should be used as the basis for discussion in meetings. This is to be the case in discussion at all levels. Although the SDBIP and performance plans are reported upon quarterly, progress should be tracked at least monthly using the same reporting templates. This further supports the early warning system indicator aspect of the system and enhances and enriches communication between levels of the hierarchy as it structures discussion.

Decision makers should be immediately warned of any emerging failures to service delivery, such that they can intervene if necessary. It is important that departments use these reviews / meetings as an opportunity for reflection on their goals and programmes and whether these are being achieved. Minutes of these interactions should be forwarded to the performance management office so that consideration can be made of how progress affects on municipal plans. Changes in indicators and targets may be proposed at this meeting but can only be approved by the relevant structures, in consultation with the IDP/Performance Management Office. Changes to the SDBIP can only be made through Council resolution.

Annually Municipality must develop Annual Performance Report with 30 day after the end of financial year, in the report must include a comparison of the performance with set targets, comparison with prior year & measures taken to improve performance

5.2 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 state reason for none performance in the report and analyse the reasons for this so that the problem can be addressed.

- **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 weekly or 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 the following quarter to review performance again. At least monthly if not weekly action steps / targets 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 monthly 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 managers 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.

SURROUNDING ADMINISTRATION AND GUIDELINES

6.1 Changing of 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: -

6.2 Changes to budgeted indicators that are included in the SDBIP

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. Additions are permitted with only the managers approval (or in the Municipal Managers case, the Executive 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.

6.3 Changes to indicators that are not included in the SDBIP

These indicators, although not included in the SDBIP, are vitally important as they *support* the indicators that are. 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 departmental head whether they be 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).

ANNUAL 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.

7.1 SUMMARY OF DEADLINES

	REPORTING	REVIEWING
Employees who do not need to manage their own budgets	All these plans must be reported upon within 10 days after the end of the year - by mid-July.	Reviews must be conducted prior to the end of July annually.
Employees who manage their own budget	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 ¹ ,	Reviews for this category must be completed by the end of August annually.
Municipal		The final report from the Auditor General

<p>Manager & Section 57 employees</p>	<p>therefore reports for these employees are only required to be complete by the end of August.</p>	<p>is received in December and is taken into account at the review. Therefore these reviews are conducted before the end of January of the following year.</p>
<p>SDBIP (Mid year- Sections 54, 71, 72: MFMA; Annually - Section 46 of the Municipal Systems Act)</p>	<p>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 GFS².</p>	<p>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.</p>
<p>Municipal Scorecard</p>	<p>The municipal scorecard final review is the end of the IDP term. The scorecard is however reported upon annually in line with IDP review process in October of each year.</p>	<p>The reviewing of the municipal scorecard is conducted again through the IDP process. It is used by the Community as well as the Council and administration to review the progress of the Municipality for the purposes of informing revised IDP objectives.</p>

7.2 Panel Review for the Municipal Manager and Section 57 Employees

For the Municipal Manager and Section 57 employees the review is conducted by the Executive 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 ‘portfolios of evidence’ 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 Executive Mayor at the evaluation to ratify final ratings. The PMS Office arranges the dates for the reviews and evaluation.

Panel Member	Municipal Manager	Section 57 Employee
Executive Mayor	X	
Municipal Manager		X
Chairperson / performance management expert of the Audit Committee	X	X
Member of the Mayoral Committee	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 Executive Mayor	X	
C Chairperson of the relevant Portfolio Committee		X

7.3 Assigning Scores to Performance

Each year, performance must be reported and reviewed and each employee must be awarded a score. The scoring criteria specified in the Performance Management Regulations for Municipal Managers and Managers Reporting Directly to Municipal Managers is utilised for all employees regardless of grade or job title. For all employees, a score is only permitted for an indicator or CCR if proof of achievement of the target is submitted. Therefore the review must (as with in-year reviews) be conducted using an Evidence File. The final report is printed and signed by both employee and manager before being recorded by the Performance Management Officer and finally stored in the employees personnel file. The following table is used for assigning ratings. A consistent rating of 3 (fully effective) would give a score of 100%.

Rating	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in the 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.

Rating	Terminology	Description
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.
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	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.

7.4 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 in part governed by legislation which distinguishes between Section 57 and non-Section 57 employees. The types of reward are shown below.

7.5 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%.

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.

7.6 Non-Section 57 Employees

Conditions of employment have been decided upon at a national level, at the present moment the legislation does not allow financial reward for outstanding performance. As an employee under the Bargaining Council, non section 57 employees automatically receive a 13th cheque regardless of their level of performance. The human resources shall development performance reward policy that recognize the rewards of outstanding performance that is non-financial or review remuneration policy to recognize outstanding performance.

7.7 THE ANNUAL REPORT

On an annual basis a comprehensive report on the performance of the Municipality needs to be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA (sec 121). In summary it requires that:

- All municipalities for each financial year compile an annual report.
- The annual report must, immediately after it has been tabled, be made public and that the local community be invited to submit representations thereon.
- The municipal Council must consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the council's comments on the annual report.
- The oversight report as adopted is to be made public.
- The annual report as tabled and the Council's oversight report must be forwarded to the Auditor-General, the Provincial Treasury and the department responsible for local government in the Province.
- The annual report as tabled and the Council's oversight report must be submitted to the Provincial legislature.

The oversight report as adopted provides the opportunity for full Council to review the performance of the Municipality. The requirement that the annual report and oversight report be made public similarly provides the mechanism for the general public to review the performance of the Municipality.

7.8 The Municipal Scorecard

The municipal scorecard is maintained and data is collected centrally by the PMS Office over the duration of the plan. The results of the measurements can be coupled with new analysis of the status quo to guide the direction of the municipality. Accountability of the plan does not rest with an individual as do the other plans and certain outcome indicators may be *influenced* by the Municipality but not wholly affected by the Municipality alone. An example of this is the amount of tourists visiting the area. The Municipality can put measures in place to market the area or provide incentives to business owners to commence with tourism related businesses or even to design transportation infrastructure that is appealing and convenient for the tourist. However achievement of the indicator would still be dependent on other factors that are outside the control of the Municipality. The input from Makana regarding items on the Municipal scorecard will enable Makana to identify the influence it has on the goals of the Municipal area.

DEALING WITH INVESTIGATIONS OF RESULTS AND EMPLOYEE INFORMATION

8.1 Performance Investigations

The Mayoral Committee 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

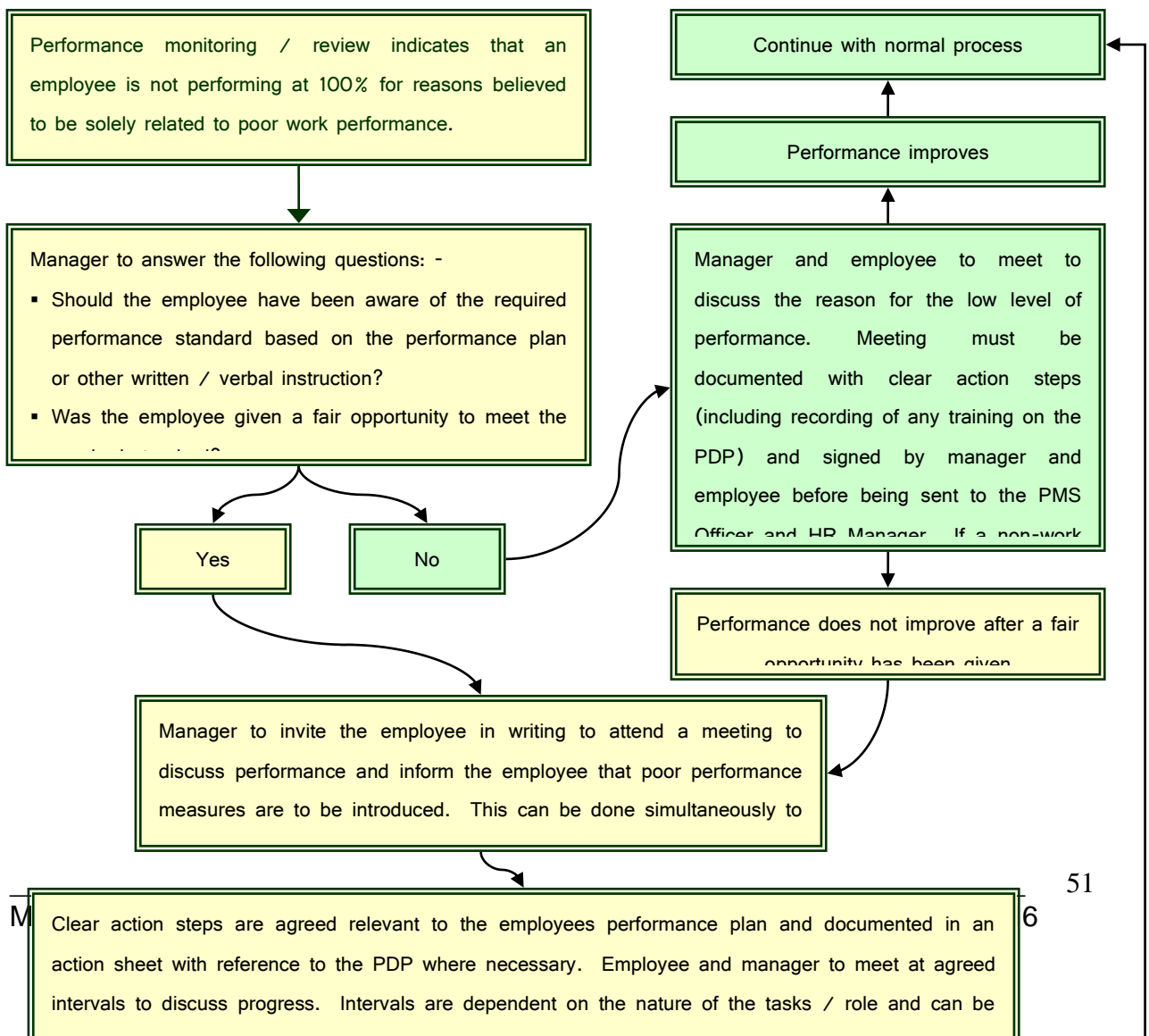
8.2 THE APPEALS PROCEDURE

Should employees not agree with the contents of their performance agreement after the planning discussion, or with the final scores that are allocated to them by their

Manager/Supervisor after the review discussions, they may lodge an appeal in writing to the Senior Performance Management Officer. The appeal will involve a desktop investigation surrounding the nature of the concern and may involve consultation with other parties such as the HR Manager, the HOD, or the Municipal Manager as is deemed appropriate. 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 Disciplinary and Grievance Procedure.

8.3 MANAGING POOR PERFORMANCE

Prior to any action taken regarding under performance, it must be established WHY there is under performance in the first place. If the reason is believed to be poor work performance, then it must be addressed as per the flow chart on the following page.



Should an employee not be achieving the objectives in his/her performance agreement, it is the managers 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.

8.4 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.

8.5 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 key performance 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.

Involving the community in the process of Monitoring, Review and Evaluating Municipal Performance

Citizens and communities should be afforded the opportunity to review the performance of the municipality and their public representatives in the period between elections. It is required legislatively that the public be involved in reviewing municipal performance at least annually and this is done through the IDP public participation process.

The SDBIP reports are however public documents and can be taken by Councillors to Ward Committee meetings as well as available for use by Officials in liaison with the community.

MEASURING EXTERNAL SERVICE PROVIDERS

Chapter 1 of the Systems Act of 2000 defines a "service delivery agreement" as an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality. "service provider " means a person or institution or any combination of persons and institutions which provide a municipal service. Sec 76(b) stipulates that a municipality may provide a municipal service in its area or part of its area through an external mechanism by entering into a service delivery agreement with:

1. a municipal entity
2. another municipality
3. an organ of the state

4. a community based organization or other non-governmental organization legally competent to enter into such an agreement: or
5. any other institution, entity or person legally competent to operate a business activity.

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 through 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.

CHAPTER THREE:

AUDITING, QUALITY CONTROL AND MODERATION

The MFMA requires that the Municipality must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 45 of the Municipal System Act stipulates that the results of the Municipality's performance measures must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor General.

4.1 Internal audit

The Municipal Manager/ PMS Office will be continuously involved in auditing the performance reports at all levels. As required by the regulations, it will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and Audit Committee.

Auditing is necessary to prevent:

- Inconsistencies in performance management definition or methodology of data collection;
- Incorrect processing and poor documentation of performance management;
- Biased information collection and reporting by those whose image is at stake in the performance management process.

The Regulations specify that any auditing must include assessment of:

- The functionality of the municipality's performance management system;
- The compliance of the system with legislation; and
- The extent to which performance measurements are reliable in measuring performance of the municipality;

4.2 Audit committee

The Municipal Council will ensure that mandate of the audit committee includes performance auditing.

The Audit Committee will:

- Review the quarterly reports submitted to it by the Municipal Managers Office
- Review the municipality's PMS and make recommendations in this regard to the Council
- At least twice during a financial year must submit a report to council

The Audit Committee is empowered to:

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

4.3 Evaluation and improve of performance management system

In order for performance management system to remain effective, it must, at all times, compliment the manner of work and the alignment of system within the Municipality. As with many institutions, 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 that it remains as effective and valuable at it should be. Each year, PMS will be tested for applicability of the system using assessment tool provided by SALGA and uniformity of the implementation across the Municipality through a sampling method. Any proposed changes will be submitted to the Mayoral Committee through the Executive Mayor for approval or for information depending on the suggested change.

4.4 PMS MODERATE GOVERNING STRUCTURE

4.4.1 PMS steering committee

ROLE PLAYERS	RESPONSIBILITIES
<ul style="list-style-type: none"> • Executive Mayor • Municipal Manager • Director Corporate Services 	<ul style="list-style-type: none"> • Overseeing the compliance of PMS with Municipal System Act and PMS Regulations

<ul style="list-style-type: none"> • Director Financial Services • IDP/PMS Manager • HR Manager • Union representative 	<ul style="list-style-type: none"> • Overseeing the rollout of Institutional and Strategic implementation of PMS • Overseeing implementation of Individual performance management • Overseeing the PMS Implementation progresses
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4.4.2 Institutional moderate committee

ROLE PLAYER	RESPONSIBILITY
<ul style="list-style-type: none"> • Executive mayor • External member of Audit Committee • Member of Executive Mayoral Committee • Mayor or Municipal Manager from another Municipality • Member of ward committee as nominated by the Executive Mayor • PMS Manager for facilitation secretariat services 	<ul style="list-style-type: none"> • Evaluate institutional performance against IDP using the institutional scorecard and recommend to the council

4.4.3 SDBIP moderate committee

ROLE PLAYER	RESPONSIBILITY

<ul style="list-style-type: none">• Municipal Manager• External member of Audit Committee• Member of Executive Mayoral Committee• Municipal Manager from another Municipality• PMS Manager for facilitation secretariat services	<ul style="list-style-type: none">• Evaluate SDBIP performance against IDP using the SDBIP scorecard and recommend to the Mayoral committee
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