

# NAMA KHOI MUNICIPALITY



## PERFORMANCE MANAGEMENT

## POLICY FRAMEWORK 2017/2018

## TABLE OF CONTENTS

	<b>PAGE</b>
Preamble	1
Definitions	1-3
<b><u>Section A</u></b>	
1. Introduction	
2. Legislative Framework	4-5
3. Purpose and Objectives	5
4. Principles	5-6
5. Application	6 7
<b><u>Section B</u></b>	
6. ROLES AND RESPONSIBILITIES	
6.1 Council	7
6.2 Mayor	7
6.3 Municipal Manager	7
6.4 Performance Management Steering Committee (PMSC)	8
6.5 Performance Management Services (PMS)	8
6.6 S56 Managers/Directors	8
6.7 Departmental/Functional Managers	9
6.8 Performance Audit Committee (PAC)	9
6.9 Internal Audit/Audit Committee (IA/AC)	9
6.10 Human Resources	9
6.11 Employees	10
6.12 Community	10
<b><u>Section C</u></b>	
7. IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM	10
7.1 Elements of the PMS	10
7.2 PMS Cycle	11
7.3 Phases/Cycle of organisational and Individual PM	12
7.4 Performance Planning	12
7.5 SDBIP	12-13
7.6 Key Performance Indicators (KPI'S)	13-14
7.7 Monitoring, Measurement and Reviewing Performance	14
7.8 Key Performance Area (KPA'S)	15
7.9 Core Competency Requirements	16-17
7.10 Overall Ratings	18-19
7.11 Reporting	
<b><u>Section D</u></b>	
8. AUDITING, QUALITY CONTROL AND MODERATION	20
8.1 Internal Audit	20
8.2 Performance Audit Committee	20
8.3 Office of the Auditor General	21
8.4 Evaluation of PMS	

8.5 Performance Investigations	21
<b><u>Section E</u></b>	
9. GENERAL ISSUES RELATING TO PERFORMANCE MANAGEMENT	22
9.1 Training and Development	22
9.2 Managing Poor Performance	22
9.3 Early Warning Mechanisms	22
9.4 Addressing Poor Performance	23
9.5 Amendments/Changes/Deviations	24-25
9.6 Disputes	
9.7 Reward/recognition/performance bonus	

## **PREAMBLE**

The White Paper on Local Government (1998) proposed the introduction of Performance Management Systems (PMS) for local government as a tool to monitor the progress of service delivery at local government level. The Municipal Systems Act of 2000, requires local governments to develop a Performance Management System. The Municipal Structures Act, 1998 Section 19 and the MFMA Act 56 of 2003 are the legislation that gives direction to Performance Management in Municipalities.

This document offers Nama Khoi Municipality a platform to implement, assess, monitor, measure, review, manage and reward performance throughout the Municipality and shall serve as the official Performance Management Policy 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 document should be read with:***

- All legislation that relates to performance management ;
- Other policies and procedures of the municipality that relates to performance management;
- The Performance Management Framework/guideline;

## **DEFINITIONS**

**“benchmarking”** refers to a process whereby an organisation of a similar nature uses each other’s performance as a collective standard against which to measure their own performance.

**“input indicator”** means an indicator that measures the results of the activities, processes and strategies of a programme of the municipality.

**“Integrated development plan” (IDP)** to clearly define a 5-year Strategic Plan of a Municipality. IDP should be reviewed annually or as required.

**“key performance area”** is used to define key areas of responsibility

**“key performance indicators”(KPI’S)** measure (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives the desired results or products/services.

**“objective”** is a statement about what outcomes do we want to achieve.

**“outcome indicator”** means an indicator that measures the quality and/or impact of an output on achieving a particular objective.

**“output indicators”** means an indicator that measures whether a set of activities yields.

**“performance indicators”** are measures that reflect whether progress is being made in the achievement of goals. They describe the performance dimension that is considered key in measuring performance.

**“performance management”** is an strategic approach to management which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact.

**“performance measurement”** involves determining the extent to which objectives are being achieved through developing indicators and linking them to targets and related standards. Review of performance is undertaken on a regular basis. Performance measurement is usually, but not exclusively, quantitative in nature.

**“performance target”** is the planned level of performance or the milestones and organisation sets for itself for each indicator identified.

“*service delivery budget implementation plan*” (SDBIP) is required by the Municipal Finance Management Act (MFMA) and is a management and implementation tool that sets in-year information, such as quarterly service delivery and monthly budget targets and link to the budget of the municipality.

# SECTION A

## 1. INTRODUCTION

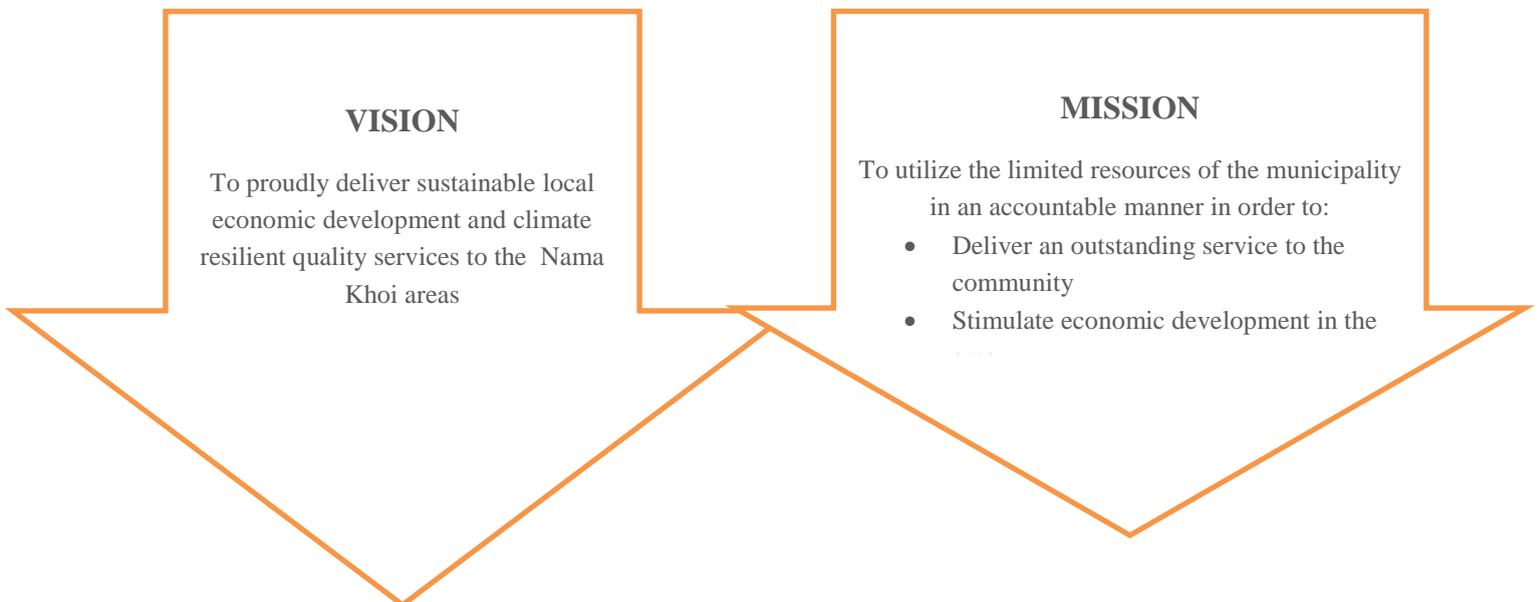
Performance Management can be described as a tool by which an organization plans, budgets for, measures, implements and reports on its activities. It is a key tool of the governance model, for how councils set priorities, conducts their business and relate to the communities they serve.

Performance refers to the effort a team member makes to deliver outputs in the form of a product or service

Section 152 (1) of the Constitution of South Africa Act 108 of 1996, refers to the objectives of Local government which are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The vision and mission of Nama Khoi Municipality is formulated as follows:



In order for Nama Khoi 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 Nama Khoi 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.

Section 38 of the Municipal System Act, indicates that a municipality must adopt a performance system that :

- commensurate with its resources;
- is best suited to its circumstances;
- is in line with the priorities, objectives, indicators and targets contained in its integrated development plan;
- promote a culture of performance management among its political structures, political office bearers, councillors and in its administration; and
- administers its affairs in an economical, effective, efficient and accountable manner.

For Nama Khoi municipality to ensure that it meets its organisational performance indicators and standards, it is appropriate to introduce a Performance Management System for the individual employees within the municipality. Thus each individual is given performance objectives, targets and standards that are linked to the objectives of his/her team, his/her department and ultimately the Municipality.

## **2. LEGISLATIVE 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 Structures Act (117/1998)
- The Municipal Planning and Performance Management Regulations (2001)
- The Municipal Finance Management Act (56/2003)
- The Municipal Performance Regulation for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006)
- MFMA Circulars
- Framework for Managing Programme Performance Information

## **3. PURPOSE & OBJECTIVES**

- To give effect to the legislative obligations in an open, transparent and focused manner;
- To provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement;
- To link and lock the IDP, the Budget and a PMS in a cycle of prioritised, affordable and accountable municipal planning and effective service delivery involving all staff and the local community;
- To assist employees to improve their current performance and productivity
- To assess the training and development needs of employees and use these to inform the workplace skills plan;

- To ensure job performance is linked to overall objectives of the Municipality as per the IDP;
- To identify the potential and abilities of employees and provide focused organisational support;
- To encourage good relations between employees and managers;
- To identify poor performance and address it in a constructive manner;
- To assist with decisions related to the placement, transfer and promotion of employees and rewarding of outstanding performance.

#### 4. PRINCIPLES

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

<b>SIMPLICITY</b>	The system must be a simple, user-friendly system that is easy to operate within existing resource capacity.
<b>POLITICALLY DRIVEN</b>	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.
<b>TRANSPARENCY AND ACCOUNTABILITY</b>	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.
<b>INTEGRATION</b>	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 process, human resource process as well as communication.
<b>OBJECTIVITY</b>	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.

## 5. APPLICATION

- To all managers as defined in section 57(2) (a) of the Municipal Systems Act, NO 32 of 2000.
- To all employees of the Nama Khoi Municipality who are in full time employment.
- To all fixed term contract employees of the Nama Khoi Municipality.

## SECTION B

## 6. ROLE –PLAYERS AND RESPONSIBILITIES

The role-players who will be involved in rolling out the PMS and their responsibilities are as set out below. The council recognises that these structures and responsibilities are not cast in concrete, but will develop further and become streamlined as the implementation process unfolds.

### 6.1 Council

As the political executive structure of the Municipality, the council;

- must adopt the Performance Management System;
- must ensure that legislation pertaining to performance management is implemented as prescribed by all relevant legislation;
- formally assigned the responsibility for the development and implementation of the PMS to the Municipal manager;
- must annually approved the Municipal/Institutional scorecard encompassing of the IDP based KPI's and targets of the Municipal Manager, Directors, Departmental/Functional Managers and rest of the staff;
- must evaluate performance based on reports received form the Performance Audit Committee (PAC) and the Municipal Manager;
- must adopt the final consolidated annual report, ensure availability of the report to the media and the public.
- must report to the Provincial Member of the Executive Council(MEC) as provided for in the MSA

### 6.2 Mayor

- responsible for the development and management of the Performance Management System;
- delegates the responsibility for the development and management of the Performance Management System to the Municipal Manager.

### 6.3 Municipal Manager

- must ensure the implementation of the Performance Management Services, including the measuring and evaluation of staff performance at regular intervals;
- must ensure the establishment of performance standard, measuring performance against these standards, taking corrective steps where substandard performance is identified and rewarding exceptional performance in as far as council policies allow;
- must keep the Municipality informed about the transformation, development, implementation and review of the Performance Management System;
- will appoint a Performance Management Steering Committee (PMSC), including the key personnel driving the IDP to assist with the fulfilment of his mandate;
- will enter into performance agreements with departmental/functional managers;
- must reviewed and renewed these performance agreements on an annual basis;
- responsible for the performance appraisals of the departmental/functional managers as stipulated in their performance agreements;

#### **6.4 Performance Management Steering Committee (PMSC)**

The PMSC with the Municipal Manager acting as the chair person, must champion the functional implementation of the PMS. The PMSC must inter alia:

- in co-operation with Performance Management Services, oversee or directly responsible for the compilation of all inter-municipality documentation regarding the PMS, including explanatory briefs and performance monitoring and evaluation forms for the staff appraisals;
- review this policy from time to time and make recommendations to council to ensure the policy reflects the PMS as it unfolds;
- develop mechanisms, systems and processes for performance monitoring, measurement and review to champion to development of the system down to other staff levels;
- make recommendations and oversee synergising of the IDP, Budget and PMS processes;
- link all PMS actions to specific timeframes;

#### **6.5 Performance Management Services (PMS)**

- Provide a professional consulting/advisory service with respect to the implementation of a Performance Management System at the Municipality;
- Act in close co-operation with the PMSC to prepare and submit written documentation and assist to review this policy on a continuous basis in accordance with legislative requirements;  
Interact with functional managers and making available information on the system and/or explanations on application;
- Ensure adequate support is made available to enable implementation and improve the effectiveness of the Performance Management System;
- Assist individual directorates, managers and appraisers to fulfil their obligations in terms of this policy;
- Assist to establishing and maintaining a culture and work situation conducive to performance appraisal, the formulation of work methods and how to obtain the necessary data relevant to the performance appraisal, the provision of standardised rating sheets for personnel, procedures for formal and informal appraisal interviews and evaluation reviews pertaining to middle and senior managerial employees and guidance on feedback processes;
- Provide guidelines and information on the PMS internally/externally;
- Co-ordinates specific procedures associated with the implementation and execution of Performance Management (Monitoring, Reporting , Recordkeeping)
- Presenting information on the PMS capabilities, measures and outcomes;
- Conducting workshops to facilitate understanding of the system and its application in defining and measuring organisational goals and accomplishment;
- Ensure skills gaps are addressed through the focussed training of employees
- Ensure that all information, relevant to a dispute, is properly lodged and documented.

#### **6.6 S56 Managers/Directors**

- Identify and document KPI's and Targets applicable to themselves and their directorates as derived from the annually reviewed IDP and SDBIP.
- Must ensure that these KPI's and Targets are further broken down for each department and functional unit within a directorate and, as applicable, included in the performance agreements/Plans of the departmental/ functional managers and other staff.
- Must ensure that formal and informal performance appraisal/interviews/meetings are done by the appraisers within their respective directors.
- Co-ordinate the results thereof and through their own quarterly reports, report on the progress with implementation problems experienced.
- Must ensure that job analyses on which performance appraisals are based are completed, regularly updated and in line with the requirements of each position and the overall objectives of the council based on its IDP and the institutional/municipal scorecard.
- Must, based on the results of the performance interviews of the staff, identify the training needs of individuals/or the directorate as a whole and submit written proposals to the Performance Management Services/unit.

- Must submit quarterly performance progress reports to the Municipal Manager.

#### **6.7 Departmental/Functional Managers**

- Identify and document the KPI's and Targets applicable to their respective departments/sections, as derived from the KPI's and Targets of the Directors and the municipal scorecard.
- Must ensure that their KPI's and Targets are further broken down for each employee within their departments/sections.

#### **6.8 Performance Audit Committee (PAC)**

- Must meet at least twice during a financial year.
- May hold special meetings if called for by any of its members.
- Must determine its own procedures in consultation with the Mayor.
- Communicates directly with the Municipal Manager.
- May access any relevant municipal records.
- May request attendance of its meetings of any relevant person.
- May investigate any matter it deems necessary.
- The full Audit Committee has been appointed as the Performance Audit Committee by Council resolution.

#### **6.9 Internal Audit/Audit Committee (IA/AC)**

- On a continuous basis audit the performance of the municipality;
- Submit quarterly reports on their audit to the municipal manager and Performance Audit Committee.

#### **6.10 Human Resources**

- Provide advice and act where needed as an interface and between personal development planning and career /succession planning;
- Provide assistance with regards to linking details recorded on personal development plans and the workplace skills plan/group training activities;
- 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.
- Deal with inaccuracies between an employee's performance plan and the applicable job description;
- Guide managers dealing with incidences of poor performance and lead the formal process in this regard in accordance with the disciplinary process.

#### **6.11 Employees ( Appraisers & Appraisees )**

- Required to participate in the Performance Management System of the Nama Khoi Municipality and by implication performance appraisals and that since performance will not be given unless performance is measured.
- May suggest challenging, but realistic indicators that supports the goals of the municipality.
- Take responsibility for the standard of performance by trying to improve.

- Develop and implement action plans in order to achieve objectives.
- May ask manager for information, help or advice to assist in meeting objectives.
- May ask for feedback from others, including the manager for self- performance monitoring.
- Can make suggestions on how performance can be improved.
- Must keep the manager informed about progress in relation to original objectives.

## 6.12 The Community

- 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 targets;
- to review the Annual Report and monitor organisational performance during the year.

## SECTION C

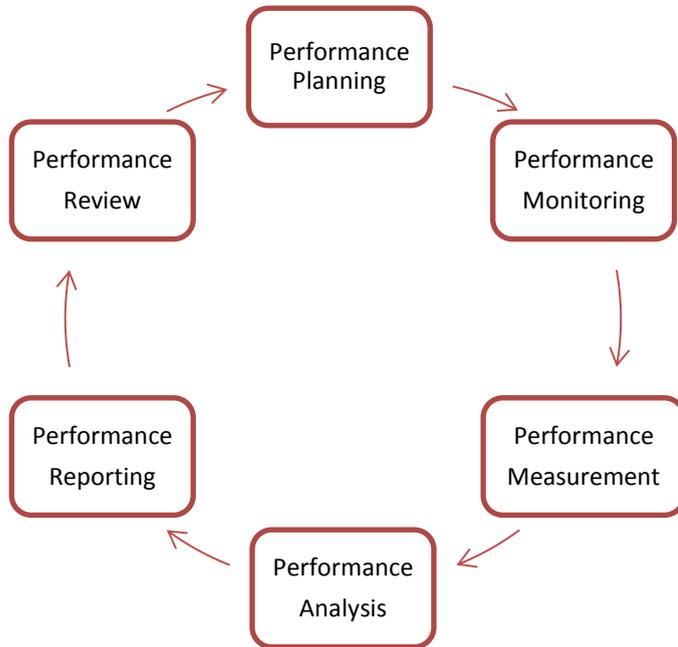
### 7. IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

#### 7.1 Element of Performance Management

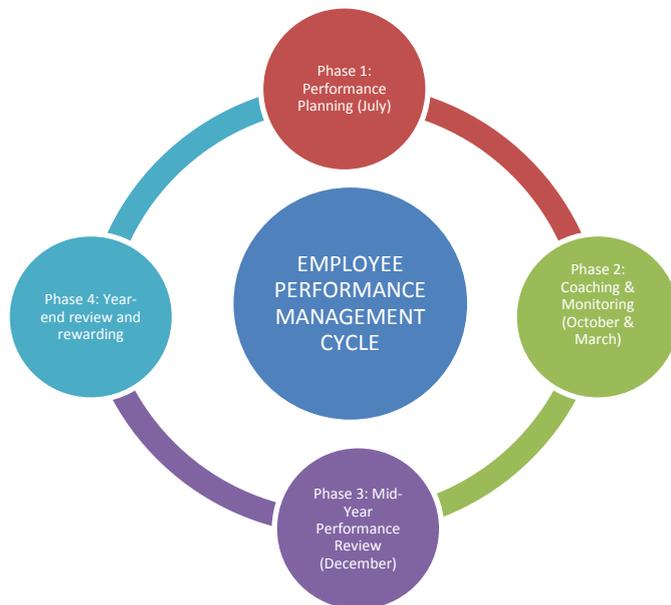
ELEMENT	PERFORMANCE EVALUATION	PERFORMANCE MANAGEMENT
Purpose	Reward allocation, personal development, HR Planning	Balancing individual, team and organizational purposes
Performer	Individual employee	Individual employee, team/unit/system/process
Focus	Review of past performance	Focus on entire performance management process: defining, developing, reviewing
Outcomes	Individual effectiveness	Agreement on performance level. Individual growth, organizational effectiveness and change.

## 7.2 Performance Management Cycle

### ORGANISATIONAL PERFORMANCE MANAGEMENT CYCLE



### Individual Performance Management Cycle



## 7.3 Phases/Cycle of Organisational and Individual Performance Management

PHASES	ORGANISATIONAL PERFORMANCE	INDIVIDUAL PERFORMANCE
Phase 1	Performance Planning (October – March)	Performance Planning (July)
Phase 2	Quarterly Performance, Monitoring and Reporting (End of June, September; December & March)	Coaching (October & March)
Phase 3	Full year Performance Review March – mid ; April	Mid-year Performance Review (December)
Phase 4	Performance Auditing (October; January; April; June)	Year -end review and Rewarding (June)

#### 7.4 Performance Planning

- Planning begins with the IDP process and is seen as the business plan for the municipality.
- Community comments are collected through a public participation process.
- 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.
- Performance Management fulfils the implementation management, monitoring and evaluation of the IDP process.
- All components of the IDP needs to be translated into a set of clear and tangible objectives.
- The municipality should have clear objectives for its IDP and identify appropriate indicators.
- The planning process must entails the identification of KPA's and KPI's, the establishment of year-end targets into quarterly targets.
- The Mayor will agree on the details of the performance plan for the Municipal Manager.

#### 7.5. The Service Delivery and Budget Implementation (SDBIP)

- 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 continual monitoring of performance.
- Assigns an accountable department to each indicator.
- The SDBIP will form the basis from which the performance plans for employees are drawn.
- The SDBIP must be approved by the Mayor 28 days after the budget has been formally approved at a council meeting.

#### 7.6 Key Performance Indicators ( KPI'S)

- Translate complex concepts into simple operational measurements and reporting.
- Enable the review of strategies and objectives.
- Assist in policy review processes.
- Serve as a communication tool between employees, managers and Council.
- Indicators and targets must be SMART

<b>Specific</b>	Each indicator and target must be clear and concise
<b>Measurable</b>	An indicator and target should specify the measurement required
<b>Achievable</b>	Can the target be reached?
<b>Realistic</b>	Even if the target can be reached – is it possible given the resources?
<b>Time bound</b>	What is the time limit placed on the indicator and target?

<b>TYPES OF INDICATORS</b>		
<b>Baseline Indicators</b>	Measure conditions or status before a project/programme is implemented or at the start period.	e.g. Number of tanks in use
<b>Input Indicators</b>	Measure what it costs the municipality to produce the outputs. May be the amount of time, money or number of people.	e.g. Cost per water tank/development of a rainwater harvesting strategy.
<b>Output Indicators</b>	Measure the results, activities or processes. Are expressed in quantitative terms. (number/%)	e.g. Number of water tanks erected/number of awareness campaigns on rainwater harvesting.
<b>Outcome Indicators</b>	Measure the quality and impact of the project. The impact may or may not directly related to the project itself.	e.g. reduction on use of conventional water supply.

### 7.7 Monitoring, Measurement and Reviewing of Performance.

- Continual monitoring must take place.
- Internal Audit must do auditing on a continuous basis which will result in quarterly reports being submitted to the Municipal Manager and the PAC.
- The PAC must at least submit two audit reports to the Council in one financial year.
- The Council measures performance based on the quarterly, bi-annual and annual audit reports and the Auditor General's assessment of the latter.
- The council must oversee and monitor the design, implementation and evaluation of the performance appraisal system for staff and ensure the set objectives are in line with the national, provincial and local developmental obligations of the Council.
- The Municipal Manager must evaluate the quarterly performance reports from directors/managers to inform the steps to be taken to improve performance to meet annual targets and to intervene in the case of red flag situations.
- Directors/Managers must evaluate the quarterly performance reports from the departmental/functional managers and use these to inform their own quarterly reports to the Municipal Manager.
- Directors/departmental/functional managers must ensure that formal and informal performance

interviews/meetings/appraisal are done by appraisers within their respective directorates and through their own quarterly reports, report on progress with implementation of the system, successes and failures thereof and problems experienced.

- Departmental/functional managers will be responsible for the performance interviews/meetings with their respective middle management employees.
- The appraisals of lower level employees must be carried out by their immediate supervisor or line manager who has the best knowledge of the content of the job concerned and in a position to observe the employee's performance on a daily basis.
- If no suitable supervisor is available to do the performance appraisal, the manager of the department/unit must take responsibility for the performance appraisal.
- The time and place of annual interviews must be mutually agreed between the appraiser and appraisee.
- Written feedback on the annual/quarterly performance must be given to an employee within a reasonable period, not exceeding four weeks.
- Manager to set up formal mid-year review in December to assess the relevance of the objectives and the Employee's performance against the objectives.
- Manager to set up a formal final review in June.
- Employee to submit all required "evidence" to the Manager.
- Manager to prepare scores of Employee's performance against agreed objectives as a result of the evidence.
- Manager to ask Employee to prepare for formal review by scoring him/herself against the agreed objectives.
- Manager and Employee to meet to conduct formal performance review and agree final scores.
- It may be necessary to have two meetings i.e. give employee scores and allow him/her time to consider them before final agreement.
- 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 after the review discussions, they may follow the dispute procedure as outlined in the regulations for section 57 employees and other employees to follow Nama Khoi Municipality's dispute resolution mechanism.

Review Dates as set out in the Local Government: Municipal Performance Regulations for Municipal Managers directly accountable to Municipal Managers, 2006.

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
July-September	October-December	January-March	April-June

### 7.8 Key Performance Areas (KPA'S)

The employees assessment will be based on his/her performance in terms of outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 80% of the overall assessment result as per the weightings agreed between the employer and employee.

Key Performance (KPA's for Municipal Managers)	Weight
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	

<b>TOTAL</b>	<b>100%</b>
--------------	-------------

- ❖ For managers directly accountable to the municipal manager, KPA's related to the functional area of the relevant manager must be subjected negotiation between the municipal manager and the relevant manager.
- ❖ KPA's and KPI's for all other staff is as set out in the E-perform system.

### 7.9 Core Competency Requirements (CCR'S)

The CCR's will make up 20% of the employee's assessment score. CCR's deemed to be most critical for the employee's specific job should be selected from the list below as agreed between the employer and employee and must be considered with regard to the proficiency level agreed to.

<b>CORE COMPETENCE REQUIREMENTS FOR EMPLOYEES (CCR)</b>		
<b>CORE MANAGERIAL AND OCCUPATIONAL COMPETENCIES</b>	<b>INDICATE</b>	<b>WEIGHT</b>
<b>Core Managerial Competencies:</b>		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	Compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	Compulsory	
Client Orientation and Customer Focus	Compulsory	
Communication		
Honesty and Integrity		
<b>Core Occupational Competencies:</b>		
Competence in self- management		
Interpretation of and implementation within the legislative and national policy frameworks		
Knowledge of development local government		
Knowledge of Performance Management and Reporting		
Knowledge of global and South African specific political social and economic contexts		

Competence in policy conceptualisation, analysis and implementation		
Knowledge of more than one functional municipal field/discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
<b>TOTAL PERCENTAGE</b>	<b>-</b>	<b>100%</b>

- Each CCR should be assessed according to the extent to which the specified standards have been met.
- An indicative rating on the five-point scale should be provided for each CCR.
- This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.
- The applicable assessment-rating calculator must then be used to add the scores and calculate a final CCR score.

#### 7.10 Overall Rating

An overall rating is calculating by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCR's:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	<b>Outstanding Performance</b>	<b>Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and performance plan and maintained this in all areas of responsibilities.</b>					
4	<b>Performance Significantly above expectations</b>	<b>Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.</b>					
3	<b>Fully effective</b>	<b>Performance fully meets the standard expected in all areas of the job. The appraisal indicates</b>					

		that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in die PA and 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 PA and 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 PA and performance plan. The employee has failed to demonstrate commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	

## 7.11 REPORTING

The following table derived from the legislative framework for performance management and summarises for ease of reference and understanding the various performance reporting as it applies to the Municipality:

Report Type	Description
<b>Quarterly IDP and SDBIP reporting</b>	<p>The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through Section 71 monthly reports, and evaluated through the annual report process.</p> <p>The SDBIP information on revenue will be monitored and reported monthly by the municipal manager in terms of Section 71(1)(a) and (e). <i>For example, if there is lower than anticipated revenue and an overall cash shortage in a particular month the municipality may have to revise its spending downwards to ensure that it does not borrow more than anticipated.</i> More importantly, such information requires the municipality to take urgent remedial steps to ensure it improves on its revenue collection capacity if the municipality wants to maintain its levels of service delivery and expenditure.</p> <p>Section 1 of the MFMA, Act 56 of 2003 states that the SDBIP as a detailed plan approved by the mayor of a municipality in terms of service delivery should make projections for</p>
<b>Mid-year budget and National and Provincial report</b>	<p>Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary</p>
<b>Performance report</b>	<p>Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:</p> <ul style="list-style-type: none"> <li>• The performance of the municipality and of each external service provided during that financial year;</li> <li>• A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and</li> <li>• Measures to be taken to improve on the performance</li> </ul> <p>The performance report must be submitted at the end of the financial year and will be made public as part of the annual report in terms of chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.</p>

<p><b>Annual report</b></p>	<p>Every municipality are required by Section 121 to prepare an annual report for each financial year, which must include:</p> <ul style="list-style-type: none"> <li>• the annual financial statements of the municipality or municipal entity as submitted to the Auditor-General for audit (and, if applicable, consolidated annual financial statements);</li> <li>• the Auditor-General’s audit report on the financial statements;</li> <li>• an assessment by the accounting officer of any arrears on municipal taxes and service charges;</li> <li>• particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;</li> <li>• any explanations that may be necessary to clarify issues in connection with the financial statements;</li> <li>• any information as determined by the municipality,</li> <li>• any recommendations of the municipality’s performance audit committee,</li> <li>• an assessment by the accounting officer of the municipality’s performance against the measurable performance objectives for revenue collection and for each vote in the municipality’s approved budget for the relevant financial year;</li> <li>• the annual performance report prepared by a municipality; and</li> <li>• any other information as may be prescribed.</li> <li>• Timelines for submission must be strictly in line with subscriptions of the MFMA Circular 63</li> </ul>
<p><b>Oversight report</b></p>	<p>The council of a municipality must consider the municipality’s annual report (and that of any municipal entity under the municipality’s control), and in terms of Section 129, within two months from the date of tabling of the annual report, must adopt an oversight report containing the council’s comments, which must include a statement whether the council:</p> <ul style="list-style-type: none"> <li>• has approved the annual report with or without reservations;</li> <li>• has rejected the annual report; or</li> <li>• has referred the annual report back for revision of those components that can be revised</li> </ul> <p>In terms of Section 132, the following documents must be submitted by the accounting officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report:</p> <ul style="list-style-type: none"> <li>• the annual report (or any components thereof) of each municipality and each municipal entity in the province; and</li> <li>• all oversight reports adopted on those annual reports. It is important to note that the oversight committee working with these reports should be chaired by the MPAC.</li> </ul>

## SECTION D

### 8. AUDITING, QUALITY CONTROL AND MODERATION

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

#### 8.1 Internal Audit

*The municipality's internal audit function must audit the performance system to ensure:*

- compliance and correct application;
- whether the contents of this policy are implemented , included a test for fairness, objectivity and uniformity;
- whether the PMS of the Municipality is functioning as developed and described.

*The internal Audit team are able:*

- to access information regularly and to verify its correctness
- to review a random sample of reviews and associated “proof/means of verification”

*The internal Audit team must:*

- submit quarterly reports on the audits undertaken to the Municipal Manager and the Performance Audit Committee

#### 8.2 Performance Audit Committee

*The MFMA and the Municipal Planning and Performance Regulations require that the Audit Committee:*

- must review the quarterly reports submitted to it by the internal unit;
- must review the municipality's PMS and make recommendations in this regard to the Council of the Municipality;
- must at least twice during a financial year submit an audit report to the Municipal Council;
- may communicate directly with the council, municipal manager or the internal; and external auditors of the Municipality.

#### 8.3 Office of the Auditor General

*The office of the Auditor General is:*

- required to annually test compliance with both legislation and internal policy;
- will check the documentation the Internal Auditors have collected;  
its permitted to view any documentation pertain the performance management to be able to assess compliance and provide a reliable report.

## 8.4 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 Nama Khoi Municipality;
- Constantly change and adapt to the environment in which it operates;
- Constantly evaluate the PMS and ensure it remains as effective and valuable as it should be.
- Provide continuous training to ensure a consistent approach across the organisation.

## 8.5 Performance Investigations

The council or Performance 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

# SECTION E

## 9. GENERAL ISSUES RELATING TO PERFORMANCE MANAGEMENT

The following are some general issues related to performance management that need to be taken into consideration in implementing the PMS of the Municipality:

### 9.1 Training and Development

- Every employee is required to have access to a Personal Development Plan (PDP) which is used throughout the year.
- These plans will form a key part of the skills development planning process.

### 9.2 Managing poor performance

- Should an employee not be achieving the objectives in his/her performance, the manager must monitor the employee more closely and frequently.
- More frequent action steps/monitoring should be put in place to attempt to curb the low level of performance.
- Employees must be coached and given feedback throughout the year.
- Should performance not approved, then the disciplinary procedure must be followed.
- 

### 9.3 Early Warning Mechanisms

- The municipality's 1st quarter performance report should be used as early warning mechanisms to assess performance of a department or even the entire municipality, to determine whether the annual performance targets are not likely to be achieved.
- The departments should review mechanisms to improve its performance and indicate to the internal audit and performance audit committee how they intend to achieve better.

### 9.4 Addressing Poor Performance

- The management of poor performance should be seen as a corrective process,



will be given, followed by written warning and subsequent dismissal.

## **9.7 Reward/ recognition/performance bonuses**

### **9.7.1 Performance bonuses**

In order to encourage high standards of performance, it is recognised that outstanding performance should be rewarded. Employees who have signed fixed term contracts and performance agreements and who obtain high scores on their performance agreements are eligible to receive some form of financial reward as outlined in the Municipal Performance Management Regulations for Section 56 managers or as outlined in the Performance Reward Scheme of the Municipality.

### **9.7.2 Non-financial**

Non-financial reward is based on recognising high performance in ways other than financial recognition.

There are three types of non-cash rewards within the performance management system:

- a) Informal: Very low cost and linked to motivational team building,
- b) Achievement rewards: Measure the achievement of an individual or department against other individuals or departments.
- c) Formal rewards: The municipality has formal recognition programmes used to formally acknowledge significant contributions by individuals and teams.

In the case of unacceptable performance, the employer shall: -

- a) provide systemic remedial or development support to assist the employee to improve his/her performance;  
and
- b) after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his/her duties.