



**FETAKGOMO – GREATER TUBATSE
LOCAL MUNICIPALITY**



Fetakgomo Greater Tubatse Municipality Performance Management Framework 2017/18

Table of Contents

NO	CONTENT	Page
1.1.	Part One : Background and Overview	3
1.2.	Part Two: Policy and legislative framework for performance management	6
1.3.	Part Three: Development and adoption of performance management system	10
1.4.	Part four: Principle Governing Performance Management	11
1.5.	Part Five: Performance Management Processes	13
1.6.	Part Six: Key Stakeholders and their functions	33
1.7.	Part seven: Measuring Performance of External Service Providers	47
1.8.	Part Eight: Performance Management Culture	48
1.9.	Part Nine: Intervention by Province	49
1.10.	Part Ten: Conclusion	49
	Annexure A: Performance management procedure manual	50
	Annexure B: Organizational Scorecard	56
	Annexure C: Performance Plan	57
	Annexure D: Organizational Scorecard Reporting template	58
	Annexure E: Individual Assessment Reporting Template	59

PART ONE: BACKGROUND AND OVERVIEW

1.1. Introduction

Performance management is the setting and measurement of desired outcomes and activities of an organization, the organization's individual components, and the staff who contribute to the achievement of its strategic vision. It is a multilevel process that starts with an overall strategy and cascades into individual performance management and appraisal. Performance management encompasses the monitoring, measurement and reporting of performance at a corporate level, departmental level, and as well as individual performance level.

Section 38 of the Municipal Systems Act (MSA) 32 of 2000 mandates municipalities to establish a Performance Management System which is:

- (i) commensurate with its resources;
- (ii) best suited to its circumstances ;and
- (iii) in line with priorities, objectives, indicators and targets contained in its Integrated Development Plan;

Municipal planning and performance management regulations, 2001 requires of the municipality's performance management system to entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.

1.2. STRATEGIC OBJECTIVES OF THE PERFORMANCE MANAGEMENT FRAMEWORK

The objectives of institutionalising Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfil the following functions:

1.2.1. Promotes accountability

A Performance Management System should cultivate accountability between a mandated and mandating body or the delegating and the delegated body. The key question that a performance management tool answer in terms of its accountability function is: **"Have we/they done what was supposed to be done, that we/they had committed to do and that has been budgeted for?"**

In Fetakgomo Greater Tubatse Municipality a Performance Management System is needed to ensure accountability between:

- The Administration and the Executive committee
- The Executive Committee and the Council

- Council and the citizens of Fetakgomo Greater Tubatse Municipality (in their various forms of organizations)

1.2.2. Guides decision-making and resource allocation

The Performance Management System must also ensure learning. It should help the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It should form the basis for monitoring, evaluating and improving the IDP.

1.2.3. Guides the development of municipal capacity-building programmes

Closely related to both the accounting and learning functions of the Performance Management System is that of improving the efficiency and effectiveness of decision making. This is particularly relevant in making decisions on the allocation of resources as budgetary processes are significantly enhanced by the availability of appropriate management information and evaluation capacity.

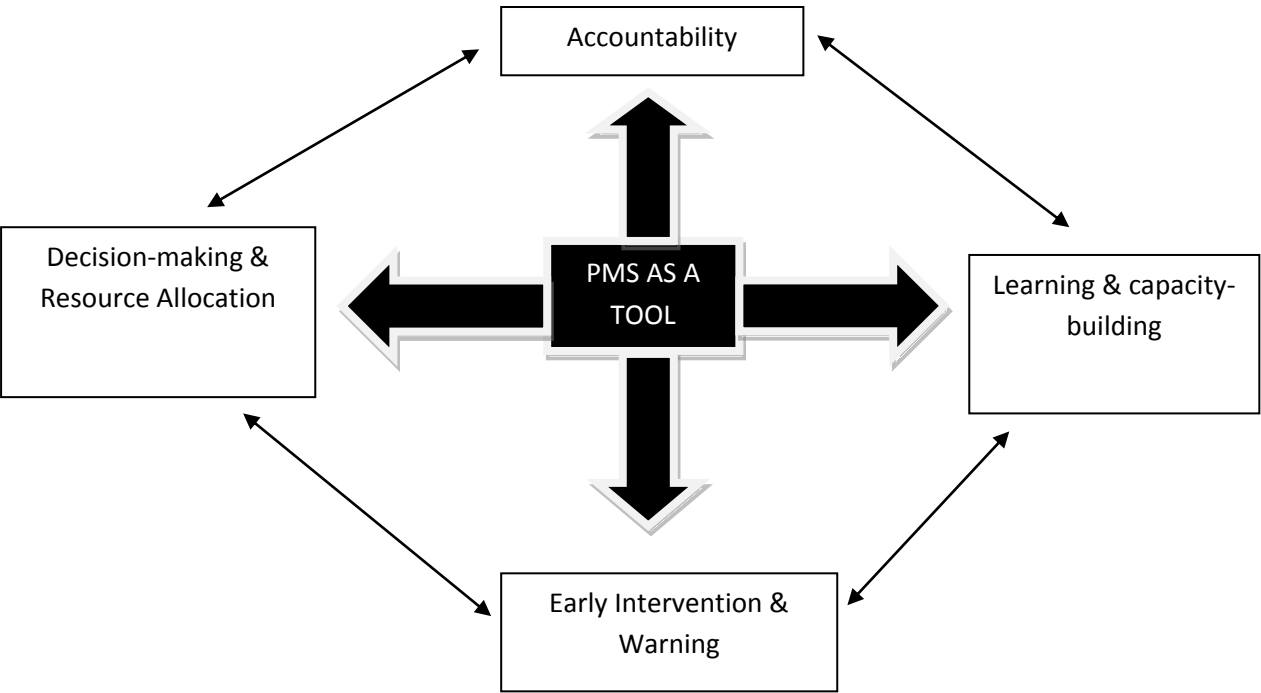
1.2.4. Create a culture for best practice, share-learning among municipalities

This is about continuously monitoring, reporting and improving underperformance of the municipality, departments and individual employees. It is about learning from the best to improve the performance of the municipality and delivering quality services on time to the community.

1.2.5. Develop meaningful intervention mechanisms and early warning system

It is also expected that the Performance Management System will provide the municipality with early warnings of failure to achieve the IDP objectives and governance commitments. Early warning should enable early intervention. It would be imperative and as required by legislation to monitor the performance of the municipality on a quarterly basis in order to pro-actively identify the so-called “hot-spots or gaps” where performance are not achieved.

Diagram1: functions of a Performance Management System



PART TWO: POLICY AND LEGISLATIVE FRAMEWORK FOR PERFORMANCE MANAGEMENT

2.1. The Constitution of the RSA, 1996

Section 152, of the Constitution of the RSA, 1996 paves the way for performance management with the requirement for an “accountable government”. The democratic values and principles in terms of section 195(1) are also linked with the concept of, inter alia, 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 cultivate a culture of public service and accountability amongst staff.

2.2. Local Government Municipal Systems Act, 2000 (Act 32 of 2000)

Chapter 6 of the Municipal Systems Act 32 of 2000 mandates municipalities to establish a Performance Management System that is commensurate with its resources; best suited to its circumstances and in line with priorities, objectives, indicators and targets contained in its Integrated Development Plan.

2.3. The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)

According to section 19(2) of the municipal structures act, act 117 of 1998, a municipal council must annually review the following:

- (a) The needs of the community;
- (b) Its priorities to meet those needs;
- (c) Its processes for involving the community;
- (d) Its organisational and delivery mechanisms for meeting the needs of the community; and
- (e) Its overall performance in achieving the objectives referred to in section 152(1) of the constitution of RSA.

Section 19 (3) mandates the municipal Council to further develop mechanisms to consult the community and community organisations in performing its functions and exercising its powers.

2.4. The Municipal Planning and Performance Management regulations (No 796, 24 August 2001)

The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal performance management systems. Each component of the proposed framework in this

document is strongly informed by the Regulations. The Regulations deal with provisions for the following aspects of the Performance Management System:

- a) The framework that describes and represents the municipality's cycle and processes for the Performance management system and other criteria and stipulations, and the adoption of the Performance Management System;
- b) The setting and review of Key Performance indicators (KPI'S);
- c) The General KPI'S and which include:
 - I. Households with access to basic services
 - II. Low income households with access to free basic services
 - III. Capital budget spent in terms of the IDP
 - IV. Job creation in terms of LED program
 - V. Employment equity plan with target groups in three highest levels of management
 - VI. Implementing of work skills plan
 - VII. The financial availability of the municipality
- d) The setting of performance targets, and the monitoring, measurement and review of performance;
- e) Internal Auditing of performance measurements;
- f) Community participation in respect of performance management.

2.5. Regulations for Municipal Managers and managers reporting directly to Municipal Mangers, 14 August 2006

The Regulations for municipal managers and managers directly reporting to municipal managers (section 54/56 employees) describes the processes of how the performance of municipal managers will be, describing the process of how the performance of municipal managers will be uniformly directed and monitored. They address the job description, employment contract, as well as the performance agreement that is to be entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers.

2.6. The Municipal Finance Management Act, No 56 of 2003

It is also important to note that the Municipal Finance Management Act (MFMA), No 56 of 2003 contains various important matters related to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with the service delivery targets and performance indicators. Whilst considering and approving the annual budget the

municipality must also set measurable targets for each revenue source and vote. In terms of a circular issued by National Treasury, provision is also made to the compilation on an annual basis of departmental SDBIP'S.

2.7. Batho Pele (1998)

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service that should be encapsulated in a municipal performance management system, namely;

- a) Consultation: citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services that are provided.
- b) Service standards: citizens should know what standard of service to expect.
- c) Access: all citizens should have equal access to the services to which they are entitled.
- d) Courtesy: citizens should be treated with courtesy and consideration.
- e) Information: citizens should be given full and accurate information about the public services they are entitled to receive.
- f) Openness and transparency: citizens should know how departments are run, how resources are spent, and who is in charge of particular services.
- g) Redress: if the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.

“Importantly, the Batho Pele white Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture”- The White Paper on Local Government (1998).

2.8. The King Report on Corporate Governance for South Africa 2002

The King Report on Corporate governance for South Africa 2002 has been developed as an initiative of the Institute of Directors in Southern Africa. It represents a revision and update to the initial King Report first published in 1994, in an attempt to keep standards of governance applicable in South Africa current with reflection of the South African business community and the public sector's desire to serve as a contribution to the country's ongoing development.

The King Report 2002 emphasise the importance of striking a balance between “performance” (e.g. decisions making and actions designed to ensure the creation and protection of value) and “conformance” (e.g. the demonstrable adherence to due process in coming to such decisions and taking such actions). The King 2002 identifies the following as seven primary characteristics of good governance:

- Discipline: - implies commitment by the organisation's senior management to widely accepted standards of correct and proper behaviour.

- Transparency: - implies the ease with which an outsider can meaningfully analyse the organisation's action and performance.
- Independence: - implies the ease extent to which an outsider can meaningfully analyse the organisation's actions and performance.
- Accountability: - implies addressing shareowners' rights to receive, and if necessary query, information relating to the stewardship of the organisation's assets and its performance.
- Responsibility: - implies acceptance of all consequences of the organisation's behaviour and actions, including a commitment to improvement where required.
- Fairness implies acknowledgement of: - respect for and the balance between the rights and the interests of the organisation's various stakeholders.
- Social responsibility: - implies the organisation's demonstrable commitment to ethical standards and its appreciation of the social environment and economic impact of its activities on the communities in which it operates.

PART THREE: DEVELOPMENT AND ADOPTION OF THE PERFORMANCE MANAGEMENT SYSTEM

3.1. The function of developing Performance Management system in the municipalities according to section 39 of the MSA is the responsibility of the Mayor or Executive committee. In situation where the council does not have a mayor or Executive committee council may appoint a group of councillors to look after the development of the performance system in the municipality to:

- (i) Manage the development of PMS
- (ii) Assign the responsibility to the Municipal manager; and
- (iii) Submit the proposed PMS to council for adoption

3.2. According to section 08 of Municipal planning and performance management regulations, 2001 :

A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

PART FOUR: PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT

The following are principles that inform the development and implementation of Performance Management System in Fetakgomo Greater Tubatse Municipality.

4.1. Political Driven

Legislation tasks the Mayor as the owner of the Performance Management System. The Mayor drives both the implementation and the improvement of the system, and may delegate responsibilities in this regard to the Municipal manager. This is an important delegation which must be recorded within the municipality's System of Delegation as confirmed with the appropriate Council resolution.

4.2. Simplicity

Performance Management System must be simple and user-friendly to enable the municipality to manage it within its existing institutional and financial resource capacity. It must also be easily understandable to all stakeholders so that everyone knows what is expected from him/her or his/her team and what to expect from others.

4.3. Participatory

For this initiative to succeed there must be buy-in and support from all stakeholders. For this to be achieved, the development and implementation must be participatory.

4.4. Transparency and Consultation

The System must be a tool for consultation and accountability between the administration, the Council, the community and other spheres of government.

4.5. Developmental

The System will be developmental in two ways. Firstly, it will serve as a tool to measure developmental local government and the impact of the municipality on delivery on its key strategic objectives, identifying areas of weak performance and develop ways to improve. Secondly, the system itself will undergo continuous incremental development and improvement based on experiences.

4.6. Fair and objective

Performance management system is based on fairness and objectivity in the recognition of poor or good performance. It will not be used to victimise or give an unfair advantage to an individual or groups of people.

PART FIVE: PERFORMANCE MANAGEMENT PROCESS

5.1. Scope of Application

The performance management framework applies to all employees of the municipality, but currently the system is at institutional and section 54/56 manager levels. The municipality is in a process of cascading system to the entire municipal employees. Below is a table depicting how the cascading is going to be implemented:

NO	Employee Level	Financial Year	Responsible Department
NO	Employee Level	Financial Year	Responsible Department
1.	Level 1	2018/19	Corporate Services
2.	Level 2 -3	2019/20	Corporate Services
3.	Level 4 – 6	2020/2021	Corporate Services
4.	Level 7 - 9	2021/2022	Corporate Services
2.	Level 10 - 12	2022/23	Corporate Services

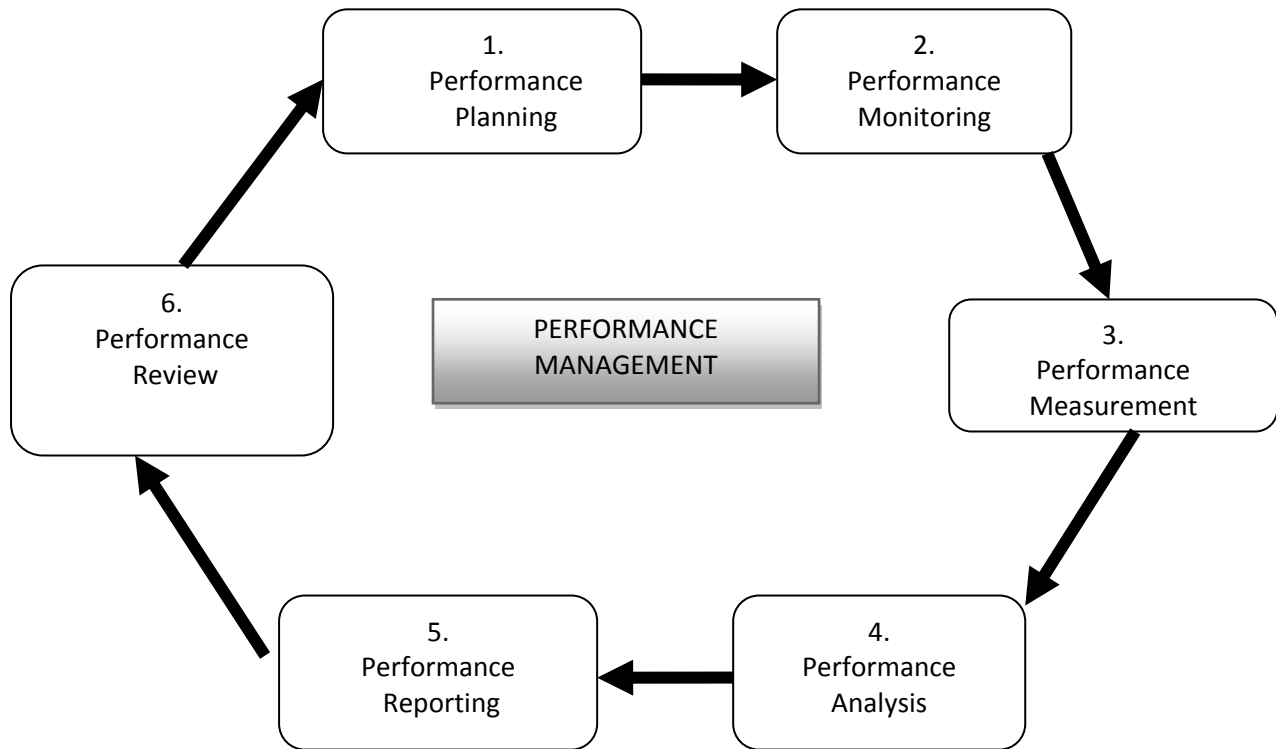
5.2. Definition of Terms

- **Input** - All resources that contribute to the production and delivery of outputs. Inputs are what we use to do the work. They include finances, personnel, equipment and buildings;
- **Activities** – The processes or actions that use a range of inputs to produce the desired output and ultimately outcome. Activities describe “what we do”
- **Output** - Final product or goods and services produced for delivery. Output is “what we have produced or delivered”
- **Outcome** - The medium – term results for specific beneficiaries that are the consequence of achieving specific outputs. It should be related to institutional strategic goals and objectives set out in its plans. Outcome is “what we want to achieve”.
- **Impact**- The results of achieving specific outcomes, such as reducing poverty and creating jobs
- **Baseline** - is the current level of performance of the programme.
- **Priority Area** - is project needs that is addressed
- **Performance Indicator** – Identified specific numerical measurements that track progress towards achieving a goal.

5.3. PERFORMANCE MANAGEMENT CYCLE

The annual process of managing performance at institutional level in the municipality involves the steps as set out in the diagram below:

Diagram 2: Performance Management Cycle



The balance of this section looks at each of the steps in more detail and how they will unfold in the process of managing performance. Although the steps and what follow relates mainly to performance management at institutional level, the principles and approaches could also be applied to performance management at operational level.

5.3.1. Performance Planning

Performance planning in the Municipality commence during the strategic phase of the IDP. It commences when municipality formulate/review its vision, mission and strategic goals. During the planning phase the municipality will cluster its development priorities in the IDP under six key Performance Areas namely:

KPA 01: Spatial Rational (SP);

Strategic Objective: ***“To promote integrated and sustainable human settlement”***

KPA 02: Institutional Transformation and Organizational Development (ITOD);

Strategic Objective: ***“To strengthen institutional efficiency and governance”***

KPA 03: Basic Service Delivery and Infrastructure Development (BSD);

Strategic Objective: ***“To facilitate for improved service delivery and infrastructure development/investment”***

KPA 04: Local Economic Development (LED);

Strategic Objective: ***“To promote Economic Development in Fetakgomo Municipal Area”***

KPA 05: Financial viability and management (FVBM); and

Strategic Objective: ***“To improve municipal finance management”***

KPA 06: Good Governance and public participation (GPP).

Strategic Objective: ***“To enhance good governance and public participation”***

It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning process on those areas in which the municipality has under – performed.

5.3.1.1. Setting Objectives

Objectives are clear statements of intent, which guide the development of the programmes and projects making up the IDP. Institutions set objectives to address the gaps identified from status qua analysis report which may hinder them from achieving their vision. Strategic objectives are set in line with Key Performance Areas (KPAs). Once the municipality has identified the KPA's it will be able to set clear objectives.

5.3.1.2. Setting Key Performance Indicators (KPI's)

- KPIs define how performance will be measured along scale or dimension.
- KPI's are utilised to determine whether the municipality is delivering on its developmental mandate.
- Before the KPI's are set, the municipality is expected to identify the KPA's that require performance measuring and improvement. Once this is done, a municipality will develop KPI's and performance targets with regard to each KPA and developmental objective.
- Whenever the municipality amends or reviews its IDP in terms of section 34 of the System Act, the municipality must, within one month of its IDP having been amended, review those KPI's that will be affected by such amendment.

5.3.1.3. Criteria for Good Indictors

- **Reliable:** the indicator should be accurate enough for its intended use and respond to changes in the level of performance;
- **Well – defined:** the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use;
- **Verifiable:** it must be possible to validate the processes and systems that produced the indicator;
- **Cost – effective:** the usefulness of an indicator must justify the cost of collecting the data;

- **Appropriate:** indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target;
- **Relevant:** Indicator must relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives.

5.3.1.4. National Key Performance Indicators (KPI's)

In terms of the Municipal Planning and Performance Management Regulations of 2001, sec 10, all municipalities must report on the following general national KPI's by the end of the financial year.

- (a) *The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;*
- (b) *Percentage of households earning less than R1100 per month with access to free basic services;*
- (c) *Top Percentage of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;*
- (d) *The number of jobs created through 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 approved employment equity plan;*
- (f) *Percentage of a municipality's budget actually spent on implementing its workplace skill plan; and*
- (g) *Financial viability as expressed by the following ratios:*

$$(i) \quad A = \frac{B - C}{D}$$

Where: –

“A” represents debts coverage

“B” represents total operating revenue received

“C” represents operating grants

“D” represents debts service payments due to within the financial year

$$(ii) \quad A = \frac{B}{C}$$

Where: -

“A” represents outstanding service debtors to revenue

“B” represents total outstanding service debtors

“C” represents annual revenue actually received for services

$$(iii) \quad A = \frac{B + C}{D}$$

Where: -

“A” represents cost coverage

“B” represents all available cash at a particular time

“C” represents investments

“D” represents monthly fixed operating expenditure

5.3.1.5. Setting Performance Targets

Performance targets must be set for each identified KPI, as part of the performance measurement process. Performance targets should be **SMART** (Specific, Measurable, Attainable and Time related) and directly relate to (support) the indicator used to measure a particular performance objective. A typical example would be where a percentage is used as an indicator (e.g. % progress made) and the target is set in a percentage (e.g. 100%). The full meaning of **SMART** is given below

Specific: the nature and the required level of performance can be clearly identified;

Measurable: the required performance can be measured;

Achievable: the target is realistic given existing capacity;

Relevant: the required performance is linked to the achievement of a goal; and

Time – bound: the time period or deadline for the delivery is specified.

5.3.1.6. Organizational Scorecard

The organizational scorecard of Fetakgomo Greater Tubatse municipality will be as illustrated below:

KPA:

Project: (Number & Name)

Performance Indicator	Baseline	Annual Target	Q1 Target	Q2	Q3Target	Q4 Target	Evidence
Budget(R)							

5.3.1.7. Service delivery and budget implementation plan (SDBIP)

The SDBIP is essentially a management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used.

The SDBIP is also a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the performance of all managers in the municipality within the financial year. This enables the mayor and municipal manager to be pro-active and take remedial steps in the event of poor performance.

5.3.1.7.1. Components of Service Delivery and Budget Implementation Plan (SDBIP)

1. Monthly projections of revenue to be collected for each source;
2. Monthly projections of expenditure (operating and capital) and revenue for each vote;
3. Quarterly projections of service delivery targets and performance indicators for each vote;
4. Ward information for expenditure and service delivery; and
5. Detailed capital works plan broken down by ward over three years

5.3.1.7.2. Approval of Service delivery and Budget Implementation plan

(a) Original Service delivery and Budget implementation plan

According to section 53 (1) of Municipal Finance management Act 56 Of 2003 the mayor of municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

(b) Revised Service Delivery and Budget Implementation plan

Section 54(1) (C) of MFMA gives the Mayor an authority to revise the SDBIP of the Municipality upon the receipt of section 71 or 72 report/statement from the accounting officer provided that such revision to the service delivery targets and performance indicators is approved by council following the approval of adjustment budget. The accounting officer shall within 30 days after council has approved adjustment budget submit a revised SDBIP to council for approval.

5.31.8. Performance Agreements

5.3.1.8.1. Purpose of performance Agreement

The following are purposes of Performance Agreement:

- (a) Comply with the provisions of section 57(1)(b),(4A),(4B) and (5) of the act as well as the employment contract entered into between the parties;
- (b) Specify objectives and targets defined and agreed with employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the IDP, SDBIP and Budget;
- (c) Specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- (d) Monitor and measure performance against set targeted outputs;
- (e) Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- (f) In the event of outstanding performance, to appropriately reward the employee; and
- (g) Give effect to the employers' commitment to a performance – oriented relationship with its employee in attaining equitable and improved service delivery

5.3.1.8.2. Signing of Performance agreements

5.3.1.8.2.1. Municipal Manager or a manager directly accountable to the municipal manager shall within 60 working days after they have been appointed as municipal manager or manager directly accountable to the municipal manager develop and sign a performance agreement as follows:

- (i) The municipal manager will sign his/her performance agreement with the Mayor; and
- (ii) The manager directly accountable to the municipal manager will sign the performance agreement with the Municipal manager.

5.3.1.8.2.2. Municipal manager and managers directly accountable to municipal manager who have been more than a year been employees of the municipality shall within 30 working days after the beginning of the financial year develop and sign performance agreement. The order shall be as indicated in (a) (i) & (ii) above.

5.3.1.8.2.3. All other municipal employees shall within 30 working days after the municipal manager has signed performance agreement with managers directly accountable to municipal manager develop and sign performance commitments with their sub-ordinates/supervisors. This will depend on level the municipality has cascaded its performance management system;

5.3.1.8.2.4. The performance agreement/commitment shall includes the following: objectives; Key performance indicators; target dates and weights of each key performance indicator as set by the employer in consultation with employee and based on the IDP;SDBIP and Budget of the municipality.

5.3.2. Benchmarking levels of service delivery

Benchmarking entails the measurement and improvement of the products, services and practices of the municipality's toughest competitors or those organisations regarded as leaders in a particular practice or business area. The goal of benchmarking is to reinvent operations to achieve significantly improved performance, and is best accomplished as part of a restructuring or re-engineering process. The municipality shall benchmark with the best performing municipalities/ institution to learn from the best.

5.3.3. Performance Monitoring

Performance monitoring is an ongoing process by which a Director accountable for a specific indicator as set out in the institutional scorecard (or a service delivery target contained in an annual SDBIP) continuously monitors 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 the formal process of performance measurement, analysis, reporting and review is due.

Performance monitoring requires that in between the relevant formal cycle of performance measurement appropriate action be taken, should it become evident 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

departments 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.

5.3.4. Performance Measurement

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 against the target set for such indicator. Given the fact that initially at least the municipality will have to rely on a manual process to manage its performance provision has been made in the institutional scorecard for the name of an official responsible for reporting on each indicator.

The said official will, when performance measurement is due, have to collect and collate the necessary performance data or information and capture the result against the target for the period concerned on the institutional scorecard and report the result to his/her manager making use of the said scorecard. It should be noted at this stage that for each of the scorecards of the municipality two formats exist namely a planning and reporting format. The planning format is used to capture performance of each indicator whilst the reporting format is used to capture actual performance against targets and to report to the Executive Committee.

This will require to put in place a proper information management system (electronically or otherwise) so that the internal audit section is able to access information regularly and to verify its correctness.

5.3.5. Performance Analysis

Performance analysis involves the process making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been achieved; not achieved or exceeded and to project whether future targets will be achieved. Performance analysis requires that the reasons for none achievement should be provided and corrective action be recommended. Where targets have been achieved or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

In practice the aforementioned entails that the Director responsible for each indicator will have to, after capturing the performance data against targets on the institutional scorecard, analyse the underlying reasons why a target has/has not been achieved and capture a summary of his/her findings on the institutional scorecard. The Director will thereafter have to compile a draft recommendation in terms of the corrective action proposed in instance where a target has not been achieved and also capture this on the institutional scorecard. Provision has been made on the reporting format of the institutional scorecard to capture both the

actual performance 'reason for the performance status' (in other words the results of the analysis undertaken) and the 'corrective action' proposed.

The institutional scorecard when 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 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 analyses undertaken and captured therein and have reached consensus on the corrective action as proposed, should the institutional scorecard be submitted to the Executive Committee for consideration and review.

5.3.6. 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. This section is further divided into different sections dealing with the requirements for quarterly versus annual reporting and reviews respectively and lastly a summary is provided of the various reporting requirements.

5.3.6.1. IN YEAR PERFORMANCE REPORTING AND REVIEW

5.3.6.1.1. Quarterly Reporting and review

On a quarterly basis Performance management unit will issue out performance reporting templates to directors to record their performance in the particular quarter. The template will provide the following space/column:

Performance Indicator	Baseline	Annual Target	Quarterly Target	Actual Performance	Challenges/ Variation	Mitigation/ Recommendation
Budget(R)						

In its communiqué performance management unit shall indicate the following:

- (a) Due date on which the updated reporting templates should be returned to Performance management unit;
- (b) Date for management review session;
- (c) Due date on which refined report should be returned to performance management unit;
- (d) Duration for audit by internal audit; and
- (e) The date for Exco – Lekgotla.

5.3.6.1.1.1. Schedule for quarterly reporting sessions

Quarter	Period covered	Possible reporting date
1st quarter	July - September	October
2nd quarter	October - December	January
3rd quarter	January - March	April
4th quarter	April – June	July

5.3.6.1.2. Mid – Year performance reporting and Review

Section 72 of the MFMA requires the accounting of the municipality to assess the performance of the municipality for the first half of the financial year by 25 January each financial year and submit such report to the following:

- (i) Mayor of the municipality;
- (ii) The National treasury; and
- (iii) The relevant provincial treasury

5.3.6.1.3. Content of the Mid – Year report

The mid – year report should take into account the following:

- (i) The monthly statements referred to in section 71 for the first half of the financial year;
- (ii) The municipality’s service delivery performance during the first half of the financial year and service delivery targets and performance indicators set in the service delivery and budget implementation plan; and
- (iii) The past year’s annual report and progress on resolving problems identified in the annual report.

5.3.6.1.4. Tabling of Mid – Year Report in council

The Mayor will table the mid – year report to council on or before 31 January each.

5.3.6.2. ANNUAL PERFORMANCE REPORTING AND REVIEW

5.3.6.1. Annual Performance Report

Section 46 of the municipal System Act, 32 of 2000 requires municipalities to prepare an Annual Performance Report each financial year reflecting the following:

- (a) The performance of the municipality and of each external service provider during that financial year;
- (b) A comparison of the performance referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- (c) Measures taken to improve performance.

The municipality will prepare its performance report in July and August so that it is submitted to Auditor General with Annual Financial statement on the 31st August each year. The Annual performance report will be audited by internal Audit and review by Audit committee before submitted to Auditor General on 31st August.

5.3.6.2. Preparation and adoption of Annual Report

Section 121 of MFMA requires municipalities to prepare an annual report each financial year and within nine months after the end of the financial year deal with the annual report of the municipality. Fetakgomo Greater Tubatse municipality will each financial year prepare an annual report as required by this act (MFMA) and the Mayor will table the report to council on or before 31 January in council. The annual report will contain the following items:

- (a) The annual financial statement (AFS) of the municipality;
- (b) The auditor – General report in terms of section 126 (3) of those financial statements;
- (c) The annual performance report of the municipality in terms of section 46 of municipal system act;'
- (d) The auditor general report in terms of section 45 (b) of the municipal system act;
- (e) An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;
- (f) An assessment by the municipal 's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Particulars of any corrective actions taken or to be taken in response to issues raised in the audit reports referred to in paragraph (b) and (d);
- (h) Any explanations that may be necessary to clarify issues in connection with the financial statement;
- (i) Any information as determined by the municipality;
- (j) Any recommendations of the municipality's audit committee; and
- (k) Any other information as may be prescribed

5.3.6.3. Tabling the Annual Report

- 5.3.6.3.1. The Mayor will on 31 January or any date before table the annual report to council;
- 5.3.6.3.2. Immediately after the annual report is tabled in council the accounting officer will in line with section 21A of municipal system act:
 - (a) Make the annual report public;
 - (b) Invite the local community to submit representations in connection with the annual report;

- (c) Submit the annual report to the auditor general ; relevant provincial treasury and provincial department responsible for local government in the province;
- (d) Subject the annual report to MPAC for review and report back to council within two months after the report is tabled to council (31 March each financial year).

5.3.6.3.3. To intensify public participation on the annual report the municipality will apply the following methodology:

- (a) Various forms of media including radio, newspapers and billboards should be used to convey the annual report;
- (b) The public should be invited to submit comments on the annual report via telephone, fax and email;
- (c) Public hearings could be held in a variety of locations to obtain input of the annual report;
- (d) Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments;
- (e) Hosting a number of public meetings and road shows at which the annual report could be discussed and input invited;
- (f) Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public invited to comment; and
- (g) Posting the annual report on the council website and inviting input.

5.3.6.3.4. The accounting officer or managers directly accountable to the accounting officer delegated by the accounting officer shall attend the council or council committee meetings where the annual report is discussed for the purpose of responding to questions concerning the annual report;

5.3.6.3.5. The accounting shall submit copies of minutes of those meetings where annual report was discussed to the Auditor – General , relevant provincial treasury and the provincial department responsible for local government in the province

5.3.6.4. Approval of the annual report

5.3.6.4.1. Council will on the 31 March or any date before convene to adopt oversight report on the annual report from MPAC;

5.3.6.4.2. MPAC report shall include statement whether council should:

- (i) Approve the annual report with or without reservations;
- (ii) Reject the annual report;
- (iii) Refer the annual report back for revision of those components that can be revised.

5.3.6.4.3. The accounting officer shall within seven days after the adoption of the oversight report make it public.

5.3.6.5. Summary of various performance reporting Requirements

The following table, derived from both the legislative framework for performance management and this PMS framework, summarises for ease of reference and understanding the various reporting deadlines as it applies to the municipality:

Report	Frequency	Submitted for consideration and/or review to	Remarks
1. Departmental SDBIP's	Monthly Quarterly	Political head of department. Management review	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor	See section 71 and 54 of the MFMA

3. Institutional Scorecard	Quarterly	Executive Committee	
4. SDBIP mid-year budget and performance assessment	Mid – year during January of each year	Mayor (in consultation with Exco)	See section 72 and 54 of the MFMA
5. Performance Report	Annually	Council	See section 46 of the Municipal System Act as amended. Said report to form part of the annual report
6. Annual Report	Annually	Council	See chapter 12, sec 121 of the MFMA and requirements stipulated by circular 11

5.3.7. Conducting Individual performance review/assessment

5.3.7.1. Performance Evaluation and appraisal

A half-yearly performance review/evaluation should be held to assess performance for the first six (6) months of the financial year and a final (year-end) review of the current financial year should be conducted after the Auditor-General has submitted his/her report to the municipality.

5.3.7.2. Who qualifies for reviews/Evaluations

5.3.7.2.1. Employees on fixed term whose employment contract terminates during performance period.

Any employee employed by the Municipality for a period that exceeds twelve months must sign Performance Agreement and be assessed.

5.3.7.2.2. Employees on prolonged leave like maternity or incapacity sick leave.

Any employee on prolonged leave qualify to be assessed when he/she worked for two full quarters of financial year (6months).

5.3.7.2.3. Newly appointed employees on probation.

Any employee on probation must sign Performance Agreement with his/her supervisor and assessed on probation but do not qualify for any performance incentives for that financial year.

5.3.7.2.4. Employees facing disciplinary actions.

Any employee who is on suspension for a period that exceed two quarters (6months) will be assessed but not qualify for any incentives.

5.3.7.2.5. Employee in acting capacity.

Any employee who acted in a post for a period that exceed three months must sign an amended performance Agreement with his/her supervisor and assessed on that post.

5.3.7.2.6. Internal appointment.

Any employee appointed internally to new post higher than the previous one must sign Performance Agreement for that post with his /her supervisor but will not qualify for performance incentives in that financial year.

5.3.7.2.7. Temporary staff.

Any employee appointed for temporary is not eligible for performance incentives.

5.3.7.2.8. Resignations

Any employee who resigned before the end of financial year is not eligible for performance incentives.

5.3.7.2.9. Interns or Learnership

They are signing Performance Agreement and not eligible for performance incentives.

5.3.7.3. Assessment panels

(a) Assessment panel for Municipal Manager

For purposes of evaluating/assessing the mid – year and annual performance of the municipal manager, an evaluation panel constituted of the following persons will be established:

- (i) Executive Mayor or Mayor(chairperson);
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee;
- (iii) Member of the Mayoral or Executive Committee
- (iv) Mayor and/or municipal manager from another municipality; and
- (v) Member of a ward committee as nominated by the Executive Mayor or Mayor.

(b) Assessment panel for managers directly accountable to the municipal manager

For purposes of evaluating the mid – year and annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established -

- (i) Municipal Manager (Chairperson);
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee;
- (iii) Member of the Mayoral or Executive Committee; and
- (iv) Municipal manager from another municipality.

The Manager responsible for performance management system of the municipality must provide secretariat services to the evaluation panels.

(c) Panel of other municipal employees

- (i) The employee's supervisor (Chairperson);
- (ii) A supervisor from another unit/department on the same level as the employee's supervisor;
- (iii) A colleague of the employee chosen by the employee who is at the same level as the employee; and
- (iv) Union representative as an observer

v HRD Official

5.3.7.4. Assessment/Evaluation procedures

- 5.3.7.4.1. In case of the accounting officer office of the Mayor will issue out invitation to the accounting officer informing him/her about the date , time and venue for his/her evaluation date;
- 5.3.7.4.2. The mayor will appoint a panel as indicated in 5.3.7.1.(a);
- 5.3.7.4.3. In case of managers directly accountable to the municipal manager, the municipal manager will issue out invitation to the managers directly accountable to him/her informing him/her of the date, time and venue for her/his performance evaluation;
- 5.3.7.4.4. The accounting officer will appoint a panel as indicated in 5.3.7.1.(b);
- 5.3.7.4.5. In case of other staff members the supervisor will agree with his/her subordinate of the date for the evaluation;
- 5.3.7.4.6. In all cases invitation shall be issued 30 working days prior the evaluation day;
- 5.3.7.4.7. Evaluation will be conducted on two components , namely: Key Performance Area (KPA) and Core Competency Requirement(CCR) on a weighted basis of 80:20 respectively;
- 5.3.7.4.8. Evaluation results must be audit to avoid biasness;

- 5.3.7.4.9. In the evaluation session candidate must bring along reporting scorecard generated from his/her performance plan indicating his/her actual performance, challenges/variatioins and mitigation/recommendations and evidence for every he/she report on;
- 5.3.7.4.10. The reporting template must also provide space for score by the candidate(own score); panel score and final score, evidence and comment;
- 5.3.7.4.11. After the evaluation th panel must sum up the score of the KPA and CCR and convert it to the scale rating scale from 1 to 5;
- 5.3.7.4.12. The final performance scoring, ratings and all comments must be agreed to and signed off by all parties involved in the review;
- 5.3.7.4.13. In the final evaluation the panel must sum the results of the first and the second evaluation and determine if the candidate qualifies for bonus and of what percentage;
- 5.3.7.4.14. For accounting officer and managers directly accountable to the municipal manager the results must be given to performance management office for storage and for other staff members to the Human resource unit for storage.

5.3.7.5. Moderating Committee

- 5.3.7.5.1. The Municipal Manager must constitute a small committee to moderate performance reports for Section 54/56 managers before they are submitted to the Corporate Services Department;
- 5.3.7.5.2. The moderated reports for employees other than Section 57 managers must be endorsed by the Head of the Department before they are submitted to the Corporate Services Department;
- 5.3.7.5.3. The Manager Human Resource must constitute a committee comprising of at least four managers to moderate reports for all employees below the managers reporting to section 57 managers downwards;
- 5.3.7.5.4. The Moderating Committees are not allowed to change the supervisors' scores instead they must advice the P MEC about the scores which are inconsistent with the targets of the Annual Performance/ Management Plans.
- 5.3.7.5.5. The Moderating Committee must ensure that the ratings are given supported by verifiable evidence and that there is a correlation between the ratings on the Mid -Year review, Annual Evaluation reports, Memorandum of Understanding and Annual Departmental Performance Plan.

5.3.7.6. Recognising and rewarding performance

- 5.3.7.6.1. Fixed-term contract employees and any other individuals shall be entitled to receive a performance bonus commensurate with the final rating and scores obtained during the final performance review at the end of the performance year;
- 5.3.7.6.2. The scale rating below must used to determine the rewards of the employees in all levels;

- 5.3.7.6.3. Permanent employees who fulfill obligations in their individual performance instruments (plans/scorecards/work plans) and comply with all the requirements of the municipality's Performance Management Policy shall be entitled to performance incentives recommended by the Remuneration Committee and the Mayoral Committee/EXCO and approved by the Municipal Council in with the scale rating indicated in 5.3.7.5.2 above;
- 5.3.7.6.4. To ensure that performance rewards are applied fairly and equitably in the municipality, all rewards have to be recommended by the Remuneration Committee, signed-off by the Mayoral Committee/EXCO and approved by the Municipal Council;
- 5.3.7.6.5. Appropriate rewards as approved by the Municipal Council would be paid to deserving employees (those with a performance outcome/score/rating of 3 and above) within 60 days after such approval and subject to affordability.

PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS

PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 5: Outstanding Performance	Performance far exceeds the standard expected for the job in all areas of the manager. The manager has achieved exceptional results against all performance criteria and indicators specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.	5	75 – 100	<p>Maximum bonus allowed in the Regulations is between 10% and 14% of person's inclusive annual remuneration package</p> <p>The % as determined per Council Resolution is as follows:</p> <p>75 – 76% =10%</p> <p>77 – 78% =11%</p> <p>79 – 80% =12%</p> <p>81 – 84% =13%</p> <p>85 – 100%= 14%</p>
Level 4: Performance significantly above expectations	Performance is significantly higher than the standard expected for the job in all areas. The manager has achieved above fully effective results against more than half of the performance criteria and indicators specified in the Performance Plan and fully achieved all others throughout the year.	4	65 – 74	<p>Maximum bonus allowed in the Regulations is between 5% and 9% of person's inclusive annual remuneration package</p> <p>The % as determined per Council Resolution is as follows:</p> <p>65 – 66%=5%</p> <p>67 – 68%=6%</p> <p>69 – 70% = 7%</p> <p>71-72% =8%</p> <p>73 – 74% =9%</p>

PERFORMANCE APPRAISAL OF KPAs AND CCRs				
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 3: Fully effective	Performance fully meets the standard expected for the job in all areas. The manager has achieved effective results against all significant performance criteria and indicators specified in the Performance Plan and may have achieved results significantly above expectations in one or two less significant areas throughout the year.	3	51 – 64	No bonus
Level 2: Performance not fully satisfactory	Performance is below the standard required for the job in key areas. The manager has achieved adequate results against many key performance criteria and indicators specified in the Performance Plan but did not fully achieved adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.	2	31 – 50	No bonus
Level 1: Unacceptable performance	Performance does not meet the standard required for the job. The manager has not met one or more fundamental requirements and/or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The manager has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement.	1	Less than 30	No bonus

5.3.7.7. Management of performance Outcome

- 5.3.7.7.1. Every employee should be informed of the results of the performance reviews in writing;
- 5.3.7.7.2. The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance;
- 5.3.7.7.3. An employee, who is not satisfied with the outcome of his /her assessment, may refuse to sign it;
- 5.3.7.7.4. The employee's supervisor must clearly indicate the appeals route for an employee who is not satisfied with the outcome of his /her assessment;
- 5.3.7.7.5. At any appeal against the outcome of his /her assessment, the employee may be assisted by a representative;
- 5.3.7.7.6. In the case of persistent unacceptable performance recorded identified during the reviews, the municipality shall:
 - (a) provide appropriate performance counseling, systematic remedial or developmental support to assist the employee to improve performance; and
 - (b) after and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the municipality would deal with poor performance within the context of principles of fairness espoused in the LRA, 1995. Schedule 8 of the Labour Relations Act (The Code of Good Practice: Dismissal) which sets out the procedure for dismissing an employee for poor work procedure.

5.3.7.8. Managing poor performance

- 5.3.7.8.1. The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance:
- 5.3.7.8.2. A scenario where employees only find out about gaps/challenges in their performance during the mid-year or final reviews should be prevented at all times;
- 5.3.7.8.3. Disciplinary processes should be adapted to accommodate measures to address poor performance; and
- 5.3.7.8.4. In the event that an employee is failing to his/her performance objectives the following guideline/steps should be followed:
 - 5.3.7.8.4.1. Ensure the employee is fully aware of their job descriptions and requirements;
 - 5.3.7.8.4.2. Agree to the performance plan based on KPA's, KPI's and CCR's;
 - 5.3.7.8.4.3. Provide adequate training, instructions and coaching; and
 - 5.3.7.8.4.4. Provide regular feedback on improvement.

5.3.7.8.5. Poor Performance Counseling

- 5.3.7.8.5.1. In instance where poor performance does not improve performance counseling should be applied;
- 5.3.7.8.5.2. Employee's direct manager is responsible for conducting any formal counseling session for poor performance;
- 5.3.7.8.5.3. Address the reasons why employee is failing to meet performance standards;
- 5.3.7.8.5.4. Agree on personal Performance Development Plan that assist employee to improve performance;
- 5.3.7.8.5.5. Inform employee of possible consequences of not complying with performance standards; and
- 5.3.7.8.5.6. Document all measures taken.

5.3.7.8.6. Corrective Action

- 5.3.7.8.6.1. Corrective action should be considered when an employee, after reasonable time of counseling still continues to perform unsatisfactory notwithstanding appropriate evaluation, instruction and guidance; and
- 5.3.7.8.6.2. Formal disciplinary steps may be implemented, including a disciplinary hearing and corrective action through a series of graduated disciplinary measures considered.

5.3.7.8.7. Dispute Resolution and Grievance Process

- 5.3.7.8.7.1. The provisions of the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 shall guide the management of any dispute arising from performance reviews for the Municipal Manager and Managers directly reporting to the Municipal Manager;
- 5.3.7.8.7.2. The municipal manager must establish dispute resolution committee to deal with any disputes arising from the performance outcomes of employees on staff levels not employed as a Municipal Manager or Managers directly reporting to the Municipal Manager; and
- 5.3.7.8.7.3. The committee shall make recommendations to the Municipal Manager for final ruling.

PART FIVE: KEY STAKEHOLDERS IN PERFORMANCE MANAGEMENT SYSTEM AND THEIR ROLES

6.1. Major Stakeholders

Major Stakeholders in the IDP/PMS review, both in the municipality and outside are important in phasing in the PMS framework, in particular the input, output and targets for the year of review.

The following stakeholders should be taken into consideration in the development and implementation of the PMS framework:

- 6.1.1. The Municipal Council;
- 6.1.2. Members of the Executive committee;
- 6.1.3. The Mayor;
- 6.1.4. The Municipal Manager;
- 6.1.5. The manager directly accountable to the municipal manager;
- 6.1.6. Internal Audit ;
- 6.1.7. Audit Committee;
- 6.1.8. Auditor General;
- 6.1.9. Members of the community;
- 6.1.10. Staff members;
- 6.1.11. Performance management system and Human Resource managers

The tables below outlined a detailed description of the roles of major stakeholders in terms of the planning, and monitoring such as review, reporting and performance assessment.

6.1.1. Municipal Council

Planning	Monitoring		
	Review	Reporting	Performance assessment
<ul style="list-style-type: none"> Adopts priorities and objectives of the Integrated Development Plan. Adopts the PMS framework. Adopts the municipal measurable objectives that are priorities and objectives of the IDP. Establish an over-sight committee for the purpose of the annual report. 	<ul style="list-style-type: none"> Approves the annual review programme of the IDP. Approves changes to the SDBIP and adjustment Budget Approves any changes to the priorities, objectives, key performance indicators and performance targets of the municipality. Consider the oversight report from the Municipal Public Account Committee (MPAC) 	<ul style="list-style-type: none"> Receives externally audited performance reports from the Mayor once a year. Reports the municipality performance to the community four times a year. Approves recommendations for the improvement of the performance management system. Annually receives the appraisal of the Municipal Manager and Strategic Managers' performance. Submits the municipal annual report to the Auditor General and the MEC 	<ul style="list-style-type: none"> Approves the municipal annual audit plan and any substantial changes to it. Approves the implementation of the recommendations of the Performance Audit Committee with regard to both improvement in the performance of the municipality or improvement of the performance management system itself. Receives performance audit report from the Auditor General and approves implementation of its recommendations.

6.1.2. Mayor

Planning	Monitoring		
	Review	Reporting	Performance assessment
<ul style="list-style-type: none"> Submits priorities and objectives of the Integrated Development Plan to Council for approval. Submits the PMS framework to council for approval. Approves the Service Delivery and Budget Implementation Plans. Enters into a performance agreement with the Municipal manager on behalf of Council. Assigns the responsibility for the management of the PMS to the Municipal Manager. Tables the budget and revised SDBIP to Council for approval. 	<ul style="list-style-type: none"> Proposes to Council, the annual review programme of the IDP, including the review of key performance indicators and performance targets. Proposes changes to the priorities, objectives, key performance indicators and performance targets of the municipality. Quarterly evaluates the performance of the municipality against adopted KPIs and targets. Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the 	<ul style="list-style-type: none"> Receives monthly budget statement. Receives performance reports quarterly from the internal auditor. Receives performance reports twice a year from the Audit Committee. Receives monthly and quarterly reports from the Municipal Manager on the performance of Strategic Managers and the rest of the staff. Report to council on the mid-term review and the annual report on the performance of the municipality. Reports to Council on the recommendations for the 	<ul style="list-style-type: none"> Submits the municipal annual audit plan and any substantial changes to council for approval. Approves the implementation of the recommendations of the internal auditor with regard to both improvement in the performance of the municipality or improvement of the performance management system itself. Receives performance audit report(s) from the Auditor General and makes recommendations to Council.

	<ul style="list-style-type: none"> municipality. Quarterly and annually evaluates the performance of the Municipal Manager. 	improvement of the performance management system.	
--	-----------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------	--

6.1.3. The Municipal Manager

Planning	Implementation	Monitoring		
		Review	Reporting	Performance assessment
<ul style="list-style-type: none"> Coordinates the process of needs identification and prioritization among all stakeholders, including community structures. Coordinates the formulation and revision of the PMS framework. Leads the process of the formulation and revision of the Service Delivery and Budget Implementation Plans. Enters into a performance 	<ul style="list-style-type: none"> Manages the overall implementation of the IDP. Ensures that all role players implement the provisions of the PMS framework. Ensures that the Departmental scorecards and departmental annual programmes serve the strategic scorecard of the municipality. Ensures that annual programmes are implemented according to the targets and timeframes agreed to. 	<ul style="list-style-type: none"> Formulation of the annual review programme of the IDP, including the review of key performance indicators and performance targets for the consideration of Council Committees and the Mayor. Formulation of the annual performance improvement measures of the municipality as part of the new municipal 	<ul style="list-style-type: none"> Receives performance reports quarterly from the internal auditor. Receives performance reports twice a year from the Performance Audit Committee. Receives monthly departmental performance reports. Reports once in three months to 	<ul style="list-style-type: none"> Formulates the municipal annual audit plan. Formulates a response to the recommendations of the internal auditor and the Audit Committee. Formulates a response to performance audit report of the Auditor General and makes recommendations to the Mayor.

agreement with Strategic Managers on behalf of Council.	<ul style="list-style-type: none"> • Implements performance improvement measures approved by the Mayor and the Council. • Ensures that performance objectives in the Strategic Managers' performance agreements are achieved. 	<p>strategic scorecard.</p> <ul style="list-style-type: none"> • Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the municipality. • Quarterly and annually evaluates the performance of Strategic Managers. 	<p>council committees and the Mayor on the performance of Departments.</p> <ul style="list-style-type: none"> • Twice a year reports on the performance of Strategic Managers to the mayor. • Submit the municipal annual report to the Mayor. • Submit mid – year report to the Mayor 	
---------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

6.1.4. Council Committees

Planning	Monitoring		
	Review	Reporting	Performance assessment
<ul style="list-style-type: none"> • Advise the Mayor on priorities and objectives of the Integrated Development Plan. 	<ul style="list-style-type: none"> • Participate in the formulation of the annual review programme of the IDP, including the review of key performance indicators and performance targets. 	<ul style="list-style-type: none"> • Reports to the Mayor on the recommendations for the improvement of the performance management system. • Council adopts the over-sight report. 	<ul style="list-style-type: none"> • Advices the Mayor on the implementation of the recommendations of the internal auditor.

--	--	--	--

6.1.5. Section 54/56 Managers and Sub-component Managers and Line Function Supervisors

Planning	Monitoring			
	Review	Reporting	Performance audit	Performance assessment
<ul style="list-style-type: none"> • Participates in the formulation of the Top level SDBIP. • Manages subordinates' performance measurement system. • Enters into a performance agreement with the Municipal Manager. 	<ul style="list-style-type: none"> • Manages the implementation of the Departmental SDBIP. • Ensures that performance objectives in the performance agreements are achieved. 	<ul style="list-style-type: none"> • Quarterly and annually reviews the performance of the department to improve the economy, efficiency and effectiveness of the departments. 	<ul style="list-style-type: none"> • Reports on the implementation of improvement measures adopted by the Mayor and Council. • Quarterly and Annually reports on the performance of the department. 	<ul style="list-style-type: none"> • Participates in the formulation of the response to the recommendations of the internal auditor, Audit Committee and the Auditor General.

6.1.6. General Municipal Staff

Planning	Monitoring		
	Review	Reporting	Performance assessment
<ul style="list-style-type: none"> Participates in the development of the Technical SDBIP. Participates in the development of their own performance measurement. 	<ul style="list-style-type: none"> Executes individual work plans. 	<ul style="list-style-type: none"> Participates in the review of departmental plans. Participates in the review of own performance. 	<ul style="list-style-type: none"> Reports to line manager.

6.1.7. Internal Audit

Planning	Monitoring	
	Review	Reporting assessment
<ul style="list-style-type: none"> Develop a risk and compliance based audit plan. 	<ul style="list-style-type: none"> Measures the performance of departments according to KPIs and performance targets set. Ensures that the system complies with the Act. Audit the performance measures in the municipal scorecard and departmental scorecards. Conduct compliance based audit. 	<ul style="list-style-type: none"> Submit quarterly reports to the Municipal Manager. Submit quarterly reports to the Performance Audit Committee.

6.1.8. The Audit Committee

Planning	Monitoring	
	Review	Reporting assessment
<ul style="list-style-type: none"> Receives and approves the annual audit plan. 	<ul style="list-style-type: none"> Review quarterly reports from the internal audit committee on quarterly bases 	<ul style="list-style-type: none"> Reports quarterly to the municipal Council.

6.1.9. Auditor General

Planning	Monitoring	
	Review	Reporting assessment
<ul style="list-style-type: none"> Receives and approves the annual audit plan. 	<ul style="list-style-type: none"> Review annual reports from the internal audit committee on quarterly bases 	<ul style="list-style-type: none"> Reports quarterly to the municipal Council.

6.1.10. The Community

Planning	Monitoring	
	Review	Reporting assessment
<ul style="list-style-type: none"> Participate in the drafting and implementation of the municipality's IDP through established forums Participates in the setting of KPIs and targets for the municipality every year 	<ul style="list-style-type: none"> Participate in the annual review of performance through their involvement in the development of the Oversight Report. 	<ul style="list-style-type: none"> Receive annual performance and budget reports from council

<ul style="list-style-type: none"> • Make representations on the draft annual budget 		<ul style="list-style-type: none"> • Participate in the development of the oversight report
-----------------------------------------------------------------------------------------------------	--	------------------------------------------------------------------------------------------------------------

6.1.11. Performance management and Human Resource managers

	PMS	Human Resources
PM System	<ul style="list-style-type: none"> • Take overall responsibility for the development, review & implementation of the performance management system. • Research, advise and provide input to individual/ employee performance towards the development & review of the Performance Management System to Council 	<ul style="list-style-type: none"> • Participate in the team developing/ reviewing the PMS – make suggestions/ comments etc.

	PMS	Human Resources
Framework for PM	<ul style="list-style-type: none"> • Take overall responsibility for the development, review and implementation of the Framework for PM. • Research, advise and provide input to individual/ employee performance towards the development of the Framework for PM. • Submit proposed framework to Council (annually) together with PMS Process Plan. 	<ul style="list-style-type: none"> • Participate in the team developing the framework for PM- make suggestions/ comments etc.

	PMS	Human Resources
Performance Planning	<ul style="list-style-type: none"> • Implement/ roll out institutional performance management in terms of the Performance Management System and the Framework for Performance Management. • Take overall responsibility for the development of an integrated (SDBIP, institutional & individual) PM planning, monitoring & reporting. • Implement/ roll out individual employee performance management system and the framework for performance management. • Research, advise & provide input a PM system. • Implement/ project manage the development & updating the individual PM system in accordance with the integrated system. • Undertake research and develop strategies to 'promote a culture of performance management 	<ul style="list-style-type: none"> • Implement/ roll out individual employee (other municipal employees) performance management system and the framework for performance management. • Research, advise & provide input a PM system. •
GTM/FTK Performance Management Framework		

	PMS	Human Resources
Performance Planning	<ul style="list-style-type: none"> • Performance indicators & Targets developed during IDP process (including 7 KPI's) • Take overall responsibility and ensure the development of the institutional scorecard • Take overall responsibility and ensure the development of individual scorecards (Sec 57 & throughout organisations). • Core of individual scorecards: Sec 54/56 programme manager developed as part of IDP process plan (SDBIP) • Review, confirm sec 54/56 and PM's scorecards are developed in accordance with the PMS & the PM framework, prior to submission to the Mayor for sign off. • Submit SDBIP & Institutional Scorecard to Mayor for sign off. • Submit scorecards to Mayor for sign off. 	<ul style="list-style-type: none"> • Organise training and development programmes to equip managers/supervisors with PMS skills • Organise training and development programmes to support individual development plans • Provide guidance and input to all departments in terms of budget available for training • Custodian of HRD strategy • Monitor achievement of EE policy and implementation • Provide guidance to career and succession planning.

	PMS	Human Resources
Performance monitoring & Evaluation (measurement)	<ul style="list-style-type: none"> Facilitate evaluation of quarterly targets achieved applying the institutional scorecard Facilitate the evaluation of quarterly targets achieved by sec 54/56 employees Facilitate evaluation process for all levels within GTM Provide HR with information on section 54/56 managers performance 	<ul style="list-style-type: none"> Facilitate dispute resolutions based on disagreements with performance appraisal evaluation outcomes Facilitate disciplinary action based poor performance Custodian of incentive and rewarding systems e.g. performance-based bonuses Facilitate and organise coaching and mentoring sessions to support performance improvement.
Performance Review	<ul style="list-style-type: none"> Ensure quarterly review of SDBIP undertaken Ensure quarterly review of institutional scorecard Facilitate the evaluation of quarterly targets achieved by sec 54/56 employees Provide HR with information on section 54/56 manager's performance. 	<ul style="list-style-type: none"> Support/ encourage the identification of measures to improve performance. Facilitate evaluation process for the operational staff.

	PMS	Human Resources
Performance Reporting	<ul style="list-style-type: none"> • Submit reports (SDBIP & Institutional Scorecard) to Council • Co-ordinate the preparation of the Performance Report for the Annual Report • Budget Officer or PMS Office to consolidate Annual Report. 	

PART SEVEN: MEASURING PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

Chapter 1 of the Systems Act 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 through external mechanism by entering into a service delivery agreement with

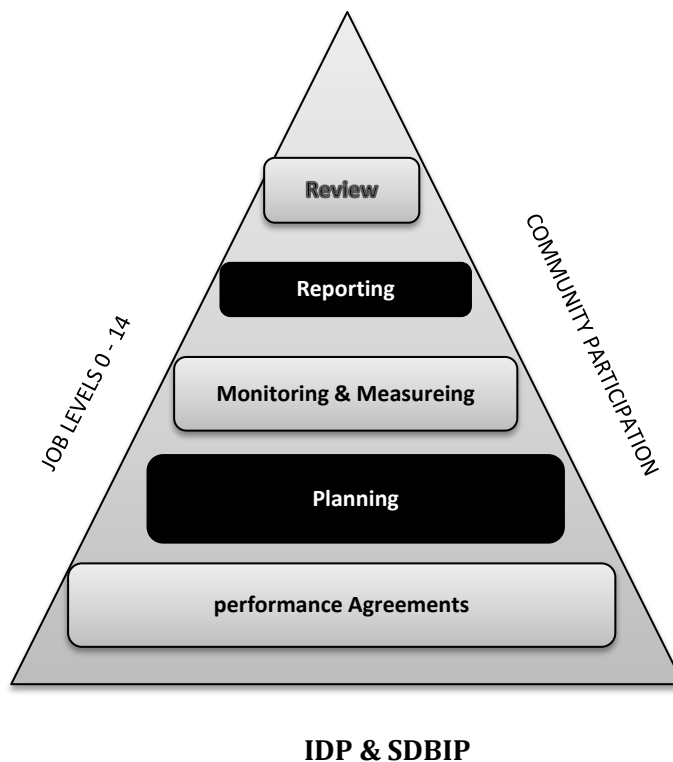
- (i) a municipal entity
- (ii) another municipality
- (iii) a organ of the state, including:
 - (aa) a water committee established in terms of the Water Services Act, 1997 (Act No, 108 of 1997):
 - (bb) a licensed service provider registered or recognized in terms of national legislation: and
 - (cc) A traditional authority;
- (iv) A community based organisation or other non-governmental organisation legally competent to operate a business activity.

The Act as described above is broad in terms of classifying external service providers and as a result it is recommended within this framework to categorise the external service providers into a cluster of only five key ones. The purpose of limiting the number of external service providers in terms of service level agreements (which include performance agreements) is to avoid having agreements with every minor entity which provides a service to the municipality. The municipality should with the five key major service providers institute a performance agreement informed by a SLA. The performance agreement with the external service providers must include the same performance management dimensions as would have been measured as by an internal mechanisms e.g. KPAs, performance objectives, key performance indicators, targets, baselines(if appropriate) and measures.

PART EIGHT: PERFORMANCE MANAGEMENT CULTURE

A culture of performance management would imply that it is standard practice within the municipality to plan annually which objectives and targets need to be achieved complemented with regular intervals of monitoring and measurement of successful achievements (and failures) and eventually, reviewing the processes followed and the levels of service delivery achieved. This cyclical performance management process is not isolated at the strategic or top management level of the municipality only, but it is to be cascaded to all levels within the institutions e.g. organisational and individual levels.

Diagram 7: Performance Management Culture



The diagram illustrates this process of performance management which should result in a performance agreement for each individual employee. A PM culture will not only in a performance agreements for each staff member, but needs to be integrated as part of the management cycle of the municipality as a whole. Some examples are provided which serves as enablers to support a culture of performance management, these are:

- Sponsorship by senior management
- Consistent communication of multi-dimensional performance to staff
- Open and honest application of measures
- No blame/ No game environment
- Integration and alignment of reward systems.

PART NINE: INTERVENTION BY PROVINCE

The Constitution allows Provinces to intervene in the affairs of municipalities in the event of non-performance. This is to ensure that citizens receive essential services. A performance management framework will ensure that such interventions are based on accurate diagnosis on an objective basis. This is important in terms of protecting local government's constitutional place as a sphere of government in its own right. Depending on the degree and nature of the lack of performance Province may:

- Suggest capacity building initiatives to alleviate the problem;
- Issue specific instructions to improve performance (e.g. budget restructuring);
- Recommend a process of competitive tendering in the case of service delivery problems;
- Appoint a person/ team to assist with specific functions for defined period of time;
- Transfer the function to another body for a specific period for a time; and
- Take over the function completely.

The information which provinces will base their actions on therefore has to be both comprehensive and accurate. Such information will flow from the annual performance reports provided by municipalities. In addition, provinces may also appoint management evaluation teams to investigate a particular issue (or function) within municipalities, if there is cause for concern.

PART TEN: CONCLUSION

In concluding it must once again be emphasised that there are no identified solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where all involved are continuously improving the way the system works to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

The framework must reviewed annually to remain relevant

ANNEXURE A: Performance management procedure manual



**FETAKGOMO – GREATER TUBATSE
LOCAL MUNICIPALITY**



Performance management Procedures manual

1. Purpose

The purpose of this procedure manual is to outline processes and procedures that are followed in identifying, collection, collating, verifying and storage of performance information in Greater Tubatse Municipality.

2. Scope

The manual is applicable to identification and collection, collating, verifying and storage of performance information in the municipality.

3. Process and procedure of Performance management

3.1. Identification of projects/key performance indicators

- 3.1.1. Project identification is done during the strategic phase of the IDP process in line with the vision, objectives and strategies of the municipality;
- 3.1.2. Key Performance Indicator (KPI) is then developed as a yardstick for measuring performance;
- 3.1.3. The identified project is then cost, target set, financial year in which the project will be implemented is indicated and responsible department;
- 3.1.4. The projects are submitted to council in draft IDP for council to adopt them before taken out for public participation;
- 3.1.5. During public participation for the IDP consultation the projects with their estimated cost, targets, time frame and responsible departments are presented to the community for inputs;
- 3.1.6. Community can either agree or reject the projects and suggest the new projects for the consideration of Council.

3.2. Cascading the projects from IDP to SDBIP

- 3.2.1. Immediately council has approved the final IDP, the municipality cascades the projects into the SDIBP;
- 3.2.2. Projects are refer into the SDBIP format which is aligned to the IDP format in the project phase;
- 3.2.3. The SDIBP must a be aligned to the IDP, i.e. the project in the SDBIP should appear as it appears in the IDP, same cost, same objectives, same target , same timeframe and same name;
- 3.2.4. The draft SDBIP is then taken to head departments to indict activities that will engaged in order to achieved the set targets;
- 3.2.5. Once the activities are populated and evidence that will provided to proof work done are populated in relevant columns and rows of the SDBIP, the SDBIP is then taken to the Municipal Manager for engagement with the Mayor.

3.3. Signing of the Final SDBIP

- 3.3.1. If the Mayor is satisfied with the content of the SDBIP that it reflects the IDP as approved by council, he/she will sign the SDBIP as service delivery and budget implementation plan of the municipality for that financial year;
- 3.3.2. The signed SDBIP is then submitted to council for noting.

3.4. Cascading SDBIP into Departmental plan and performance agreement

- 3.4.1. Once the Mayor has signed the SDBIP an performance agreement is generated between him/her and the Municipal manager;
- 3.4.2. The Municipal Manager then sign a performance agreements with all managers directly accountable to him;
- 3.4.3. Signing of performance agreements are done within a month after the Mayor has approved the SDBIP and new employees are given 60 days to sign the performance agreement.

3.5. Performance reporting

- 3.5.1. Performance management unit on quarterly base develop a reporting template from the performance agreements of directors and send them to them (directors) to populate progress made in that particular quarter;
- 3.5.2. Heads of departments consolidate reports from managers directly reporting to them;
- 3.5.3. Reports from service providers are submitted to the heads of departments by the manager the service is directly reporting to;
- 3.5.4. The head of department go through the reports and sign them off if agree to them or request more inputs or clarity is not agrees to it;
- 3.5.5. Heads of departments submit consolidated report of his/her department with the portfolio of evidence to the performance management unit;
- 3.5.6. Performance management unit then consolidate the different departmental reports into a quarterly municipal performance report.

3.6. Management review sessions

- 3.6.1. When issuing out the reporting template the performance management unit set due date for the submission of the reports and at same time arrange for management session for heads of departments to present their report;
- 3.6.2. During management review sessions management interrogate the departmental reports and make recommendations for improvement;
- 3.6.3. The reports are then referred back to departments to effect proposed recommendations and returned to the Performance management unit for review.

3.7. Performance review by Performance management unit

4.7.1. After the agreed upon date of submitting the refined report the performance management unit review the report by looking at the following:

- 4.7.1.1. Whether the report is presented on the correct reporting template;
- 4.7.1.2. Whether all columns are completed as supposed;
- 4.7.1.3. Whether reasons are provided where targets are not met;
- 4.7.1.4. Whether mitigations provided to improve performance where targets are not met;
- 4.7.1.5. Whether there are indications of measures taken to improve performance where targets were not achieved? And whether sufficient evidence are provided in the portfolio for each measure indicated in the report;
- 4.7.1.6. Whether there is enough evidence to proof that the work is done;
- 4.7.1.7. Where performance management unit feels information or evidence provide is not sufficient a request is made to the director to provide sufficient information or evidence;
- 4.7.1.8. For any shortfall that is identified in the report that need improvement the report is returned to the relevant department to correct or update and return to the Performance management unit;
- 4.7.1.9. Departments are given a day to correct and submit the correct information
- 4.7.1.10. After the review the performance management unit compile a report to internal audit about the reports submitted to it;
- 4.7.1.11. The report with the departmental reports and portfolio of evidence are the submitted to internal audit unit for audit.

4.8. Performance audit by internal audit unit

- 4.8.1. The reports are then audited by the internal audit unit;
- 4.8.2. Departments are given two days to provide outstanding information before a final report is issued;
- 4.8.3. The final report is then represented in the Exco – Lekgotla and the Performance Audit committee meetings

4.9. Exco – Lekgotla

- 4.9.1. Performance management unit arrange Exco – Lekgotla for administration to account to the politician;
- 4.9.2. Politicians that sit in the Exco – Lekgotla are executive committee, speaker, Chief whip and the Mayor;
- 4.9.3. The audited reports are then presented to the Exco – Lekgotla;
- 4.9.4. The Internal audit unit also present its audit report to the Exco – Lekgotla;
- 4.9.5. The Exco – Lekgotla make recommendations to the reports to unlock locked projects;

4.10. Performance Report at Executive committee level

4.10.1. The reports from Exco – Lekgotla is tabled by the municipal manager in Executive committee for consideration and processing to Council.

4.11. Performance report at Council

4.11.1. From Executive committee the report serve in portfolio committee and then to council;

4.11.2. Council notes the report and defer it to MPAC for public scrutiny;

4.11.3. After undergoing all MPAC process, MPAC generate an oversight report on the report and table it to council

4.12. Compilation of Annual Performance report.

4.12.1. Annual Performance Report is the combination of all quarterly performance reports;

4.12.2. At end of each financial year the Performance Management unit compile an annual performance report from the quarterly performance reports;

4.12.3. When compiling the report each information provided as achieved is verified against the evidence provided;

4.12.4. Performance that cannot be supported by evidence is considered none performance;

4.12.5. The report is then taken to internal audit for audit;

4.12.6. The report is then submitted to Performance Audit committee for further review consideration before submission to Auditor General of South Africa.

4.13. Storage of information

4.13.1. After the reports are presented the portfolio of evidence and the report are kept in the Performance management unit; but reports that served in council and Executive committee meetings are kept in the registrar section of the municipality.

Mr. Mohlala JNT

Municipal Manager

ANNEXURE B: Organizational Scorecard

KPA:

Objective:

Project: (Number & Name)

Performance Indicator	Baseline	Annual Target	Q1 Target	Q2	Q3Target	Q4 Target	Evidence
Budget(R)							

ANNEXURE C: Performance plan

KPA: Objective:										
	KPI Weighting	KPI No	KPI	2015/2016 Baseline	2016/17 Target	Q1	Q2	Q3	Q4	Portfolio of Evidence

ANNEXURE D: Organizational scorecard reporting template

KPA:

Objective:

Project: (Number & Name)

Performance Indicator	Baseline	Annual Target	Q1 Target	Actual Performance	Challenges/variation	Mitigation/Recommendations
Budget(R)						

ANNEXURE E: Individual Assessment reporting template

1. Key Performance Area (KPA)

KPA: Objective:										
	KPI Weighting	KPI No	KPI	2015/2016 Baseline	2016/17 Target	Mid - Target	Mid – Year Performance	Own score	panel score	Comments

2. CORE COMPETENCY
REQUIREMENT

Core Competency requirements(CCR) for Employees (2010/2011)						
Core Competencies	Weightings	Performance	Own score	Panel score	Final score	Comments
Strategic Capability and Leadership	20					
Programme and Project Management						
Financial Management	10					
Change Management	15					
Knowledge Management						
Service Delivery innovation						
Problem Solving and Analysis						
People Management and Empowerment	30					
Client orientation and Customer Focus	25					
Accountability and Ethical Conduct						
Section Total:	100%					
Total percentage converted to 20% of the overall percentage						
	Key Performance Areas					

Overall Performance	Core competency					
	Total					
Performance rating						
Recommended % bonus as per PMS framework						

**As published and defined within the Competency Guidelines; Government Gazette 23 March 2007*

*** Proficiency levels (1, 2 or 3) as stipulated in the Draft Competency Guidelines; Government Gazette 23 March 2007*

