1.1. 9

2026/2027

PERFORMANCE MANAGEMENT FRAMEWORK

Office of the Municipal Manager

Fetakgomo Tubatse Local Municipality

2026/2027

Contents

Acronyms

COGTA	Cooperative Governance and Traditional Affairs (National Department)
CoGHSTA	Cooperative Governance Human Settlements and Traditional Affairs Department (Limpopo Provincial Department)
EXCO	Executive Committee
FTLM	Fetakgomo Tubatse Local Municipality
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
DSDBIP	Departmental SDBIP
M&E	Monitoring and Evaluation
MEC	Member of Executive Committee (Provincial)
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MSCOA	Municipal Standard Charter of Accounts
PMF	Performance Management Framework
PMP	Performance Management Policy
PMS	Performance Management System
PPF	Public Participation Framework
PPPM	Public Participation Procedural Manual
SDBIP	Service Delivery and Budget Implementation Plan
TL	Top Layer (SDBIP)

Definitions

"**Accounting officer**" Means the municipal official referred to in Section 60 of the Municipal Systems Act (Act 32 of 2000).

"**Annual report**" refers to an annual report completed in line with Section 46 of the Municipal Systems Act (Act 30 of 2000) and Section 121 of the Municipal Finance Management Act (Act 56 of 2003).

"Auditor General" means a person appointed as Auditor-General in terms of Section 193 of the Constitution of the Republic of South Africa.

"**Basic service**" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment.

"**Baseline**" refers to the clearly defined starting point (point of departure) from where implementation begins, improvement is judged, or comparison is made.

"**Competency**" refers to the skills, knowledge, experience, and qualifications required to perform a job effectively.

"**Councillor**" means a member of the municipal Council.

"Employment Contract" means a contract as contemplated in Section 57 of the Municipal Systems Act (Act 32 of 2000).

"Financial year" means the financial year of a municipality which starts on 1 July and ends on 30 June of the following calendar year, annually.

"**Grievance**" means any dissatisfaction perceived or otherwise on the part of a staff member arising from factors that includes a staff members job, working environment or the municipality's employment practices.

"Integrated Development Plan" refers to a plan drafted and approved by Council in accordance with Section 25 of the Municipal Systems Act (Act 32 of 2000).

"**Job**" means the basic duties, functions, tasks competency requirements and responsibilities according to which one or more posts of the same grade are established.

"Mayor" refers to the Councillor elected as the mayor of the municipality in terms of Section 48 of the Municipal Structures Act (Act 117 of 1998).

"**Moderation**" meaning the process of aligning staff member's performance rating to the performance of the Department during the performance cycle and, where applicable, the Municipality.

"Municipal Manager" refers to an employee appointed in terms of Section 82 of the Municipal Structures Act (Act 117 of 1998) and Section 54 of the Municipal Systems Amendment Act (Act 7 of 2011).

"Municipal Entity" means a company, co-operative, trust fund of any other corporate entity established in terms of any relevant national or provincial legislation, which operates under the ownership control of the municipality.

"**Performance Agreement**" means a written agreement concluded annually between a municipality and a staff member that sets out the agreed KPAs and KPIs within a performance cycle.

"**Performance Manager**" will be utilised to refer to the role of managing the performance management system in the organisation and does not refer to a title.

"**Portfolio of Evidence**" means the documentary evidence on progress made by a staff member towards achieving that staff member's KPAs.

"**Reporting Officer**" Employee responsible for reporting on the performance of a municipal service provider.

"**Section 56 employee**" a Manager reporting directly to the Municipal Manager as appointed in accordance with Section 56 of the Municipal systems Amendment Act (Act 7 of 2011).

"**Director**" will refer to any person appointed in line with Section 56 of the Municipal systems Amendment Act (Act 7 of 2011).

"Service Provider" means an external organisation utilised to provide a service to, or on behalf of, the organisation as referred to in Section 76 (b) of the Municipal Systems Act (Act 32 of 2000).

1. Introduction

1.1 Background

Performance Management is a process which monitors the implementation of the organisation's strategy to ensure that targets set for the organisation and employees are met. It is therefore a management tool to *plan*, *monitor*, *measure* and *review* performance to improve the efficiency, effectiveness of service delivery by the municipality. At local government level, performance management is institutionalised through various sets of legislative requirements as well as specific guidelines from various government department. All of which will form the basis of this framework.

It is essential to note that the Municipal Systems Act (MSA), Act 32 of 2000 requires municipalities to establish a performance management system that is commensurate with its resources (Republic of South Africa, 2000). Since Fetakgomo Tubatse Municipality (FTLM) is viewed as a rural municipality and has limited financial resources, the Performance Management process proposed in the framework is therefore based on the available financial and human resources at FTLM. The basic requirements for a Performance Management Framework (PMF) is however clearly set out in Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 stating that *"A Municipality's Performance Management System entails a framework that describes and represents how the municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players"* (Republic of South Africa, 2001).

This framework therefore describes how the municipality's performance process, for the organisation as a whole and employees individually, will be conducted, organised and managed by clarifying the following:

a) Legislative prescripts;
b) Processes of implementation;
c) Processes to roll-out the system;
d) Roles and responsibilities of various stakeholders;

e) Promoting accountability and transparency;
f) The linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and individual performance management; and
g) Monitoring service provider performance.

1.2 Objective of the framework

This framework serves to customise the performance management process to the Fetakgomo Tubatse Local Municipal environment and ensure that all employees understand and support the process. The objective of the framework is therefore to create an efficient and effective PMS for the FTLM in order to:

a) Ensure compliance to legislative prescripts;
b) Translate the municipality's vision, mission and objectives / outcomes from the IDP into clear, measurable outcomes, indicators and performance levels that define success and that are shared throughout the municipality and with the municipality's customers and stakeholders;
c) Ensure the implementation of the plans and programmes;
d) Provide a tool for assessing, managing and improving the overall performance of business processes and systems;
e) Measure programme outcomes;
f) Ensure efficient utilisation of resources;
g) Create a culture of best practice;
h) Promote accountability;
i) Include measures of quality, cost, customer service and employee alignment, motivation and skills to provide an in-depth and predictive PMS; and
j) Assess performance of the municipality and its employees.

1.3 Governing Principles of Performance Management at FTLM

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

a) *Politically Driven*: Although the Performance Management function should be delegated by the Executive Committee to the Municipal Manager, the Mayor is assigned direct responsibilities ito the MFMA (Act 56 of 2003). This is an important delegation which must be recorded within the municipality's system of delegation and confirmed through a Council resolution.

b) *Simplicity*: The 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.

c) *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.

d) *Transparency and Consultation*: The PMS must be a tool for consultation and accountability between Administration, the Council, the community and other spheres of government.

e) *Developmental:* The PMS 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 past experience.

f) *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.

1.4 Scope of application

The performance management framework applies to all employees of the FTLM, excluding a staff member:

a) Appointed on a fixed term contract with a duration of less than 12 months;
b) Serving notice;
    i. Of termination of his or her contact of employment; or
    ii. To retire on reaching the statutory retirement age; and
c) Appointed on an internship programme or participating in the national public works programme or any similar scheme.

2. Legislative Prescripts and Guidelines

The legal framework, which forms the background for the performance management framework will now be presented in brief, focusing on the key aspects only.

2.1 Constitution of South Africa (Act 108 of 1996)

Section 152, of the Constitution of the RSA, paved 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 Municipal Structures Act (Act 117 of 1998)

The Municipal Structures Act specifically places the responsibility for monitoring the performance of the municipality in the hands of the Executive Committee (EXCO). This specifically relates to Section 44 (3) which requires EXCO to:

a) Identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and services can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;
b) Evaluate progress against the key performance indicators and;
c) Review the performance of the municipality in order to improve the economy, efficiency and effectiveness of the municipality.

2.3 Municipal Systems Act (Act 32 of 2000)

Chapter 6 of the MSA provide specific requirements in terms of the establishment, development, monitoring and core components of a Performance Management System (PMS) for a municipality. The key elements are as follows:

a) That a municipality must establish a performance management system that is commensurate with its resources, best suited to its circumstances; and in line with the priorities, objectives / outcomes, indicators and targets contained in its IDP);

b) Promote a culture of performance management among its political structures, political office bearers and Councillors and in its administration;
c) Administer its affairs in an economical, effective, efficient and accountable manner;
d) The EXCO must manage the performance management system by assigning responsibilities in this regard to the municipal manager, and submitting the proposed system to the municipal Council for adoption;
e) Mechanisms must be established to monitor and review its PMS;
f) Appropriate KPIs must be developed as a yardstick for measuring performance with regard to outcomes and impact;
g) Performance must be monitored and reviewed at least once per year and steps must be taken to improve performance where performance targets are not met;
h) A process of regular reporting must be established;
i) The system must be designed in such a way that it may serve as an early warning indicator of under-performance;
j) The local community must be involved in the development, implementation and review of the municipality's PMS, especially the setting of Key Performance Indicators; and
k) The results of performance measurements must be audited as part of the municipality's internal auditing process.

In terms of the MSA, the Minister may prescribe specific regulations and KPIs, this was done with the Municipal Planning and Performance Management Regulations (Reg. 796 of 2001), reflected on below.

2.4 Municipal Planning and Performance Management Regulations (Reg. 796 of 2001)

The Municipal Planning and Performance Management Regulations contain detailed requirements in terms of the following:

a) The nature of the performance management system;
b) Requirements in terms of the adoption of the PMS;
c) Setting of KPIs;
d) Prescribed general KPIs;
e) Review of KPIs;

f) Setting of performance targets;
g) Monitoring, measurement and review of performance;
h) Internal Auditing of performance measures; and
i) Public participation in the PMS.

It should be noted that the Addendum updated MFMA Circular 88 (published in December 2020) indicated that it is the intention of the Circular to provide the grounds for the replacement these regulations by November 2022. However, since these regulations have not yet been amended or revoked, they must still be adhered to.

2.5 Municipal Finance Management Act (Act 56 of 2003)

Although the MFMA is mainly concerned with the financial management of a municipality it does contain specific requirements in terms of performance monitoring and reporting. These are as follows:

a) Deadlines for the approval of the SDBIP;
b) Deadline for the conclusion of Performance Agreements for the Municipal Manager and Directors;
c) Deadlines for the submission of the SDBIP and Performance Agreements to other government entities;
d) Compliance with MFMA circulars issued by National Treasury are essential and therefore these should be considered throughout the Performance Management Process. These include, but are not limited to:
   i. *Circular 11 of 2005* dealing with the requirements for the Annual Report;
   ii. *Circular 13 of 2005* dealing with the requirements for the SDBIP;
   iii. *Circular 63 of 2012* additional requirements for the Annual Report; and
   iv. *Circular 88 of 2017 & 2020* (and subsequent updates) rationalisation of planning a reporting requirement

2.6 Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (Reg. 805 of 2006)

Regulation 805, as it is commonly been referred to, (and subsequent reviews) is specifically addressing the matter of employee performance management and specifically in relation to the Municipal Manager and Managers accountable to the Municipal Manager (or Directors). These regulations set out how the performance of the Municipal Manager will be directed, monitored and improved. The regulations address both the Employment Contract of a Municipal Manager and managers directly accountable to the Municipal Manager, as well as the Performance Agreement (PA) that is entered into between Council, the Municipal Manager and managers directly accountable to the Municipal Manager. The regulations further prescribed the requirements for performance assessment processes, the scoring system and reward calculations. Any amendment to this regulation should also be adhered to e.g., Government Gazette no's 34213 of 2011 and 37245 of 2014.

2.7 Rationalisation of Planning, Budgeting and Reporting requirements for the 21/22 MTREF (Circular 88 – Addendum 2)

National Treasury published Circular 88 in 2017 requiring a phased in process of reporting on a common set of KPIS for all municipalities. The follow-up circular published in December of 2020 indicates that the planning and budgeting reforms will continue being incrementally implemented in the 2022/23 - 2025-26 MTREF, and applied on a differentiated basis per municipal category. The circular's guidelines include (phased in):

a) Planning and budgeting reforms;
b) Common set of KPIs for municipalities (per category);
c) Limiting KPIs in the IDP to outcome KPIs (starting with the Metro's) with 5-year targets;
d) SDBIPs to include output indicators (starting with the Metro's) – with annual targets;
e) Reporting on compliance indicators, which require no targets to be set.

It is envisioned that MFMA Circular 88 will lead the way for the MSA Municipal Planning and Performance Management Regulations (Reg. 796 of 2001) to be revised and the compliance KPIs to be replaced (National Treasury, 2020). Until this is done FTLM has to adhere to both sets of regulations.

2.8 Municipal Staff Regulations (Reg. 890 of 2021)

The Municipal Staff Regulations (MSR) were promulgated in 2021 along with Regulation 891 which contains guidelines for implementation (Republic of South Africa, 2021). These regulations require the cascading of performance management to all municipal employees. The key determinations are wrt:

a) Establishment of a Performance Management and Development system;
b) Determines the phases of system development and implementation;
c) Requirements for signing of performance agreements;
d) Allows for performance monitoring and review;
e) Requirements for performance evaluations;
f) Requirements for performance moderation;
g) Specifies the competency requirements;
h) Allows for team-based performance management;
i) Disputes about performance management;
j) Managing substandard performance; and
k) Performance management of staff who are acting in positions.

2.9 Sectoral guidelines

This section presents sectoral guidelines as developed by the Department of Cooperative Governance as well as National Treasury to streamline the roll-out of performance management in Local Government.

2.9.1 Treasury Framework for Managing Programme Performance Information (FMPPI)

This framework clarifies definitions and standards for performance information in support of regular audits of such information where appropriate. It also provides guidelines for developing integrated structures, systems and processes required to manage performance information. The framework defines roles and responsibilities for managing performance information in order to promote accountability and transparency by providing Parliament, provincial legislatures, municipal Councils and the public with timely, accessible and accurate performance information (Republic of South Africa, 2007).

2.9.2 Performance Management Guide for Municipalities (2001) DPLG

The guide states that performance management is a new requirement for local government and that it is a specialised field wherein concepts are interpreted and implemented differently. These guidelines assist municipalities with the establishment of a PMS in line with the legislative prescripts but also to ensure some level of consistency in terms of the application of concepts (Department of Provincial and Local Government, 2001). According to the guide, it is advisable for municipalities to utilise the same structures for public participation into the PMS as are used for the IDP process e.g., IDP Steering Committee and Representative Forum.

2.9.3 Policy Framework for the Government-wide Monitoring and Evaluation System, 2007

The Policy Framework for the Government wide M&E system provides an integrated, encompassing framework of M&E principles, practices and standards to be used throughout Government (The Presidency: Department of Planning, Monitoring and Evaluation, 2007). The framework states that emphasis will firstly be on monitoring, and once capacity has been built in this regard, the emphasis will move towards evaluation. The policy framework clearly outlines that although the optimal organisational structure for M&E will differ, this unit must have sufficient visibility and authority within the organisation.

To ensure that M&E findings inform policy and programme decision making and resource allocation the framework states that "effective M&E systems are built on good planning and budgeting systems and provide feedback to those systems". It is also emphasised that the informal organisational culture is critical to the success of M&E, as the tone set by political heads and senior officials, with respect to engaging problems openly (through constructive introspection), will determine its effectiveness in improving performance.

3. Definitions of Key Principles

The section below provides definitions for the key concepts, often referred to, during the Performance Management process.

I. Performance Planning:

Performance planning refers to determining the strategic direction of the municipality; more explicitly it informs and aligns all planning activities and resource decisions (budget and human resources) with the IDP. This is the stage where Key Performance Areas (KPAs) are determined, KPIs are designed and targets are set to reach the IDP objectives/outcomes and national policy prescripts. For individual performance management planning occurs annually at the start of the financial year or the starting date in a specific post.

II. Performance Monitoring

Performance monitoring refers to an ongoing process to determine whether performance targets have been met, exceeded or not met. Projections can also be made during the year as to whether the final target and future targets will be met. It occurs during key points in the process, for example, on a monthly and quarterly basis.

III. Performance Coaching

Performance coaching is an ongoing process that use various techniques to continuously stimulate employees to improve their skills, gain new skills, and reach their full potential. It also helps build and maintain effective employee and supervisory relationships. Employee performance coaching is a form of on-the-job learning. It’s a collaborative process that takes place through everyday interactions between a manager and an employee, but also between employees.

IV. Performance Evaluation

A performance evaluation analyses the efficiency and effectiveness of the implementation of planned initiatives considering why there is under-performance or what the factors were, that allowed good performance in a particular area. Where targets have not been met, the reasons for this must be examined and corrective action recommended. Evidence to support the status is also reviewed at this stage. An additional component is the review of the KPIs to determine if they are feasible and are measuring the KPA’s appropriately.

V. Performance Reporting

Performance reporting refers to the consolidation of performance results for a specific period and an analysis thereof in order to inform decision making. It entails regular reporting to management, the (performance) audit committee, Council and the public. This must be done in a formal written report and in line with the legislative requirements. Performance reports must contain as a minimum the performance of the organisation against the targets set for the period under review. Performance reports must also contain recommendations to improve performance.

VI. Performance Assessment

Performance assessments are conducted periodically to determine the level of performance of an individual, for a specific period. This is done by comparing the progress for the period with the targets set for the relevant period. The assessment process culminates with a performance score reflecting the overall achievement of the individual. This, to encourage them to improve their performance and for the organisation to intervene in instances of under-performance.

VII. Performance reviews

Performance review is a process where the organisation, after measuring its own performance, assesses whether it is doing the right thing, doing it right and better, or not. This can be done by either comparing results with that of the previous financial year, comparing the results with other similar municipalities and conducting a customer satisfaction survey.

VIII. Performance Auditing

Auditing of performance information is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to Section 45, of the MSA, results of performance measurement must be audited as part of the municipality’s internal auditing process and annually by the Auditor-General. The municipality therefore has to establish frameworks and structures to evaluate the effectiveness of the municipality’s internal performance measurement control systems. Areas of weak performance identified at year-end must be addressed during the following year's planning phase.

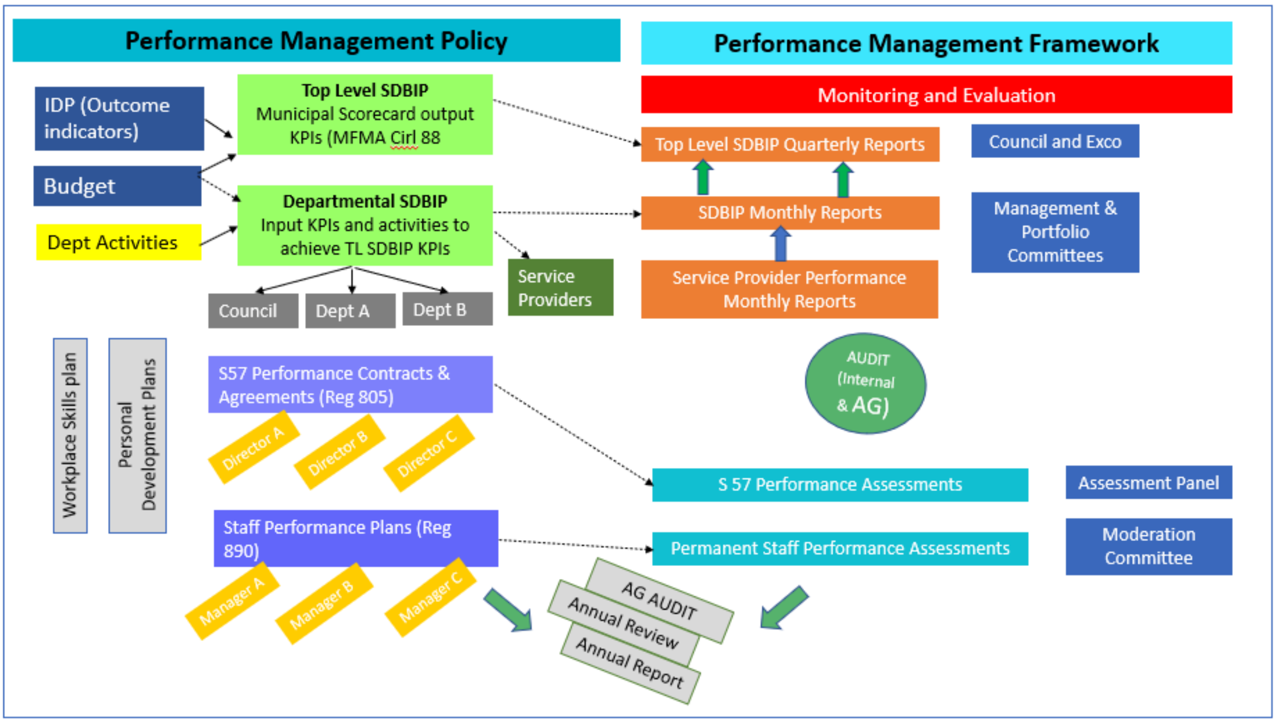
IX. Performance Moderation

The process of aligning the performance score achieved by an individual during a formal assessment process to the average score of the Department or the organisation. Performance moderation is done through a committee whose responsibility it is to ensure that the performance management system is uniformly applied in a transparent and impartial manner.

4. Performance Management Model

The following section will explain the methodology of the adopted performance management model to manage organisational performance, as depicted in the diagram below:

Figure 1: Performance management model



4.1 Determining organisational objectives/ outcomes.

Although the Integrated Development Planning process is not described in detail in this framework, it is essential to refer to the IDP processes as the roots of the PMS lies in the IDP. The IDP is an inclusive and strategic plan for the development of the municipality which links, integrates and co-ordinates plans, aligns resources and forms the framework on which annual budgets must be based on. During this strategic planning process, the KPAs or focus/priority areas of the organisation must be determined. For each of the KPAs, organisational objectives/outcomes must be set. These objectives/outcomes describe how the organisation intends to address the KPAs in order to achieve the vision of the municipality.

4.2 Determining organisational KPIs

KPIs reflect what the municipality is going to measure in order to determine if progress is being made towards reaching a specific objective/outcome. KPIs are therefore also determined during the IDP process. During the process of designing indicators and targets, it is important to understand the various concepts involved. The main concepts involved are presented in **Table 1** below.

Table 1: KPI CONCEPTS	
CONCEPT	**DEFINITION**
Key Performance Area (KPA)	Key areas of responsibility and developed to achieve the objectives/outcomes set. Local Government has 6 KPAs, which the municipality may choose to adopt.
Outcome	Outcomes are the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Objective	Statement about what outcomes we want to achieve. All components of the IDP need to be translated into a set of clear and tangible objectives. The statement of objectives requires a tangible, measurable and unambiguous commitment. In setting objectives, the municipality will need to: • Carefully consider the results desired. • Review the precise wording and intention of the objective. • Avoid overly broad results statements. • Be clear about the scope and nature of change desired.
Core Competencies	Every employee, no matter at what level or within what function, is required to demonstrate a number of behaviours and skills that are considered core to achieve the objectives/outcomes of the municipality.
Priorities	Priorities refers to those activities which are considered essential for the municipality to sustain/ improve the delivery services to the community, and in doing so, achieving the overall vision of Council.
Key Performance Indicators (KPI)	Measures (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives/outcomes. These indicators must have the following characteristics: • Based on municipal operational functions. • Based as far as possible, on existing measurements. • Based on measurable functions. • Compiled for monthly measurements (for organisational performance). • Target driven, which requires baseline information for the measurement of performance (performance is measured against targets, not demographics).

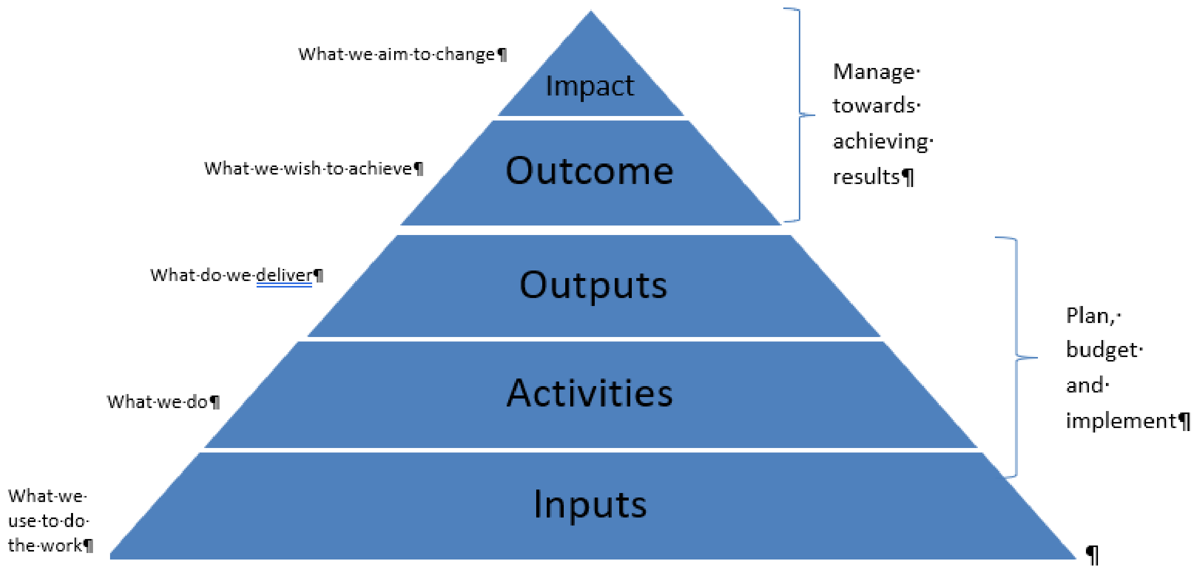
Table 1: KPI CONCEPTS	
CONCEPT	**DEFINITION**
	• The indicators are split into input, output, outcome, process, legal requirements and national compliance indicators as far as possible. • All the indicators should be reliable, well-defined, verifiable, cost effective, appropriate and relevant.
Input Indicators	Input indicators indicate what we need to do the work and may be the amount of time, money or number of people it takes the municipality to deliver a service.
Output Indicators	These are the indicators that measure whether a set of activities or processes yield the desired products. They are usually expressed in quantitative terms and respond to what we have produced. These indicators relate to programme activities or processes.
Outcome Indicators	These are the indicators that measure the quality as well as the impact of the products/programs in terms of the achievement of the overall objectives/outcomes. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. In terms of impact, they measure the net effect of the products or services on the overall objective. Outcome indicators relate to programme objectives and responds to what we wish to achieve.
Activity Indicators	The process or activities that use a range of inputs to produce the desired outputs and ultimately outcomes. It therefore responds to the question "what we do".
Impact Indicators	The results of achieving specific outcomes through the implementation of a programme or projects. Determining what change came about in the condition of the community/area, through the implementation.
Direct Indicators	Data collected mainly by management information systems which includes: Quantity, Quality, Cost/Price, Timelines, Start and end times, Distribution, Adequacy and Accessibility.
Opinion-based Indicators	KPIs for which the data is collected through surveys. May be used to determine and/or support the root cause of organisational challenges.
Relationship Indicators (index)	Calculated by combining several other KPIs into one measurement.
Proxy indicators	Substitute indicators that are viewed as the best alternative, in the absence of a direct measurement.
Compliance Indicator	Indicators that convey important information about the municipality's legislative and administrative compliance,

Table 1: KPI CONCEPTS	
CONCEPT	**DEFINITION**
	capacity and staffing, and/or context. They are indicators made up of a single data element for reporting and exist only for monitoring purposes. Compliance indicators do not have performance targets.
Target	Express a specific level of performance that the institution, programme or individual is aiming to achieve within a given time period. All targets must adhere to the SMART principle (see below).
Baseline	The value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. If the baseline did not exist, then "new" data will be used.
Measurement Source and Frequency	Should indicate where the data emanates from, how frequently it can be measured and reported. This information will assist the auditing process.
SMART targets	KPI targets must comply with the following **SMART** criteria: **S** – specific (the nature and the required level of performance can be clearly identified) **M** – measurable (the required performance can be measured to conform if it was done ito quantity and or quality) **A** – achievable (the target is realistic given existing capacity) **R** – Relevant (each task should be related directly to the functional areas or specific projects) **T** – time based (the time period or deadline for delivery is specified)
Benchmarking	Refers to a process whereby organisations of a similar nature use each other's performance as a collective standard against which they can measure their own performance.
General Reporting Indicators	The following general key performance indicators are prescribed in terms of Section 43 of the Municipal Systems Act: These indicators must appear on the Organisational Scorecard in addition to all the KPI's which have been set by the municipality.

Suitable KPIs need to be specified to measure performance in relation to the outcomes as determined in the IDP. The municipality should include performance indicators related to the provision of goods and services. Where possible, indicators that directly measure inputs, activities and outputs, towards reaching each outcome, should be sought for inclusion in the SDBIP. The municipality must also include in the IDP all KPIs as stipulated by relevant legislation. Therefore, as a minimum the following should be adhered to when selecting KPIs:

a) KPIs contained in legislation MUST be included in the IDP;
b) The output/outcome of activities by each business unit must be covered by a KPI;
c) KPIs must include *outcome* and *output* indicators to measure the efficiency and effectiveness of municipal programmes; and
d) Ideally the entire hierarchy of indicators, reflected in the **Figure 2** below, should be covered in IDP and the SDBIP. The IDP should ideally cover the Impact and Outcome indicators and the SDBIP the Output, Input and Activities.

Figure 2: Hierarchy of Key Performance Indicators



4.3 Developing the Service Delivery and Budget Implementation Plan

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the key service delivery initiatives and normal business processes of the municipality will be implemented. It also allocates direct responsibility to directorates in terms of delivering on the planned objectives/outcomes in the IDP and Budget. The SDBIP must therefore:

a) Be aligned with the IDP and Budget;
b) Contain quarterly milestones for each KPI and project, which must be determined in consultation with the relevant departments;

c) The targets must comply with the SMART principles as outlined in **Table 2** above; and

d) Include a reference to the documentation that will be made available to verify the achievement of the set targets;

e) The SDBIP must comply with the MFMA and any Circular in this respect and therefore:

   i. A draft SDBIP must be submitted to the Mayor within 14 days after the budget has been approved;

   ii. The Mayor needs to approve the final SDBIP within 28 days after the budget has been approved;

   iii. The approved SDBIP must be submitted to National Treasury, Provincial Treasury and CoGHSTA Limpopo;

   iv. The approved SDBIP must be placed on the website;

   v. SDBIP must be made known to the public within 14 days of approval;

   vi. The SDBIP may only be adjusted following the approval of an adjustment budget by Council; and

   vii. Any revisions to the SDBIP must be made public promptly.

4.4 Components of the Top Layer SDBIP

The municipal scorecard (Top Layer SDBIP) must consolidate service delivery targets, set by Council/senior management through the IDP process, and provide an overall picture of performance on strategic priorities for the municipality as a whole. The 5 components of the top-layer SDBIP include:

a) Monthly projections of revenue to be collected for each source;

   i. Expected revenue to be collected, NOT billed.

b) Monthly projections of revenue and expenditure (operating and capital) for each vote;

   i. Section 71 format (Monthly budget statements).

c) Quarterly projections of service delivery targets and performance indicators for each vote;

   i. Non - financial measurable performance objectives/outcomes in the form of KPI targets and/or project milestones,

   ii. Focus on outputs, NOT input/internal management objectives/outcomes,

iii. Level and standard of service being provided to the community;

iv. Documentary evidence to be made available, as proof of delivery of each of these.

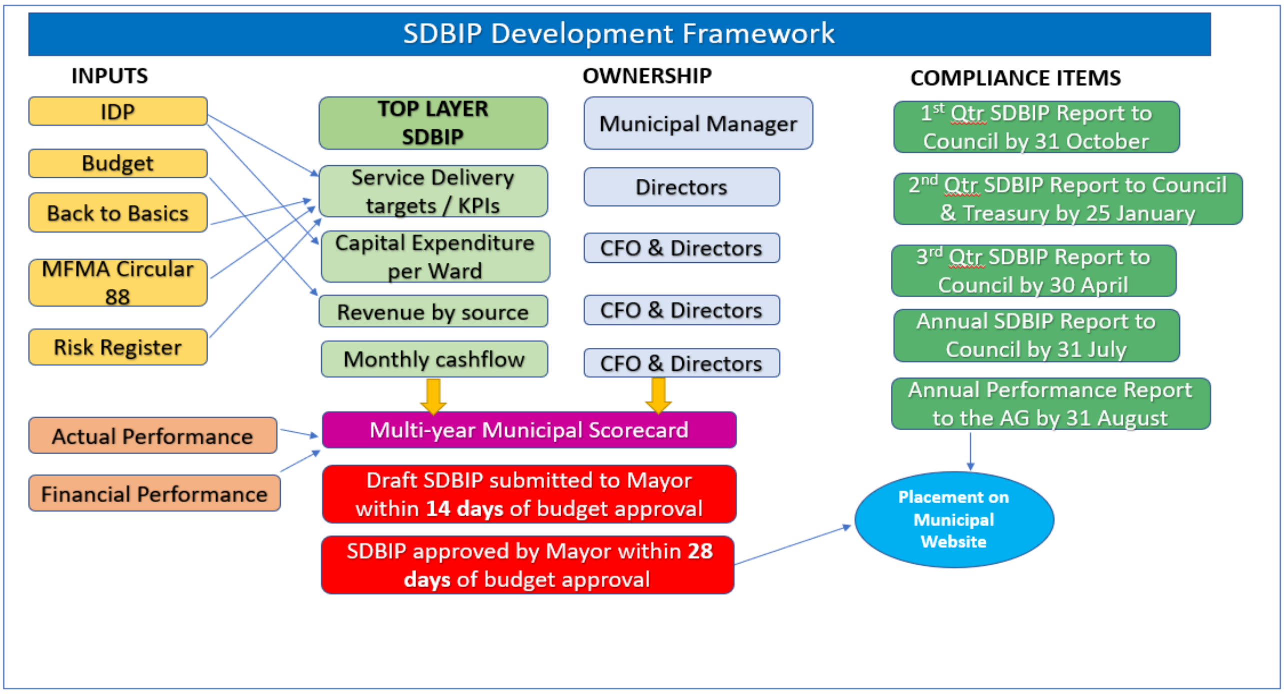
d) Ward information for expenditure and service delivery; and

i. Capital Project monthly expenditure table reflecting the relevant ward/s

e) Detailed capital project plan broken down by ward over three years;

i. Should include a project number (linked to the IDP) and a short description of the expected project outputs.

Figure 3: SDBIP Development Framework



4.5 Preparing and reporting on the Top Layer SDBIP

This section details the aspects that needs to be considered when preparing the top layer SDBIP, monitoring and reporting performance, as illustrated in the SDBIP Framework presented above:

a) *Firstly*, the financial sheets contained in the SDBIP must be in alignment with the approved budget and must be compiled as prescribed by MFMA Circular 13 of 31 January 2005. It is however important that the cash flow projections calculated are based on the planned spending /revenue collection for each month.

b) *Secondly*, the capital projects sheet should be completed with the planned start and end dates as the performance will be measured in terms of these dates. These projects should also be assigned to wards. The cash flow per capital project should also be aligned with the planned monthly spending targets.

c) *Thirdly*, KPIs contained in the Top Layer SDBIP must comply with the following:

i. KPI's should be developed for the programs/activities identified to address the strategic objectives/outcomes, as documented in the IDP and must be aligned with the national and municipal KPA's;

ii. The risk register should be reviewed annually to identify the risks that need to be addressed by strategic KPI's. These KPI's should be developed and be aligned with the Strategic Objectives/Outcomes, and the national and municipal KPA's;

iii. Ideally, the SDBIP should contain a key performance indicator for each distinct administrative unit;

iv. Clear quarterly targets should be set and in instances where a target will not be fully achieved during the current financial year, the target should be included in the outer years;

v. Each KPI must be assigned to the Municipal Manager or a Director;

vi. The targets should be set after available resources and past year performance has been considered; and

vii. KPI's must be analysed during the review process, to ensure that the objectives/outcomes set in the IDP will be achieved by delivering on the KPI's.

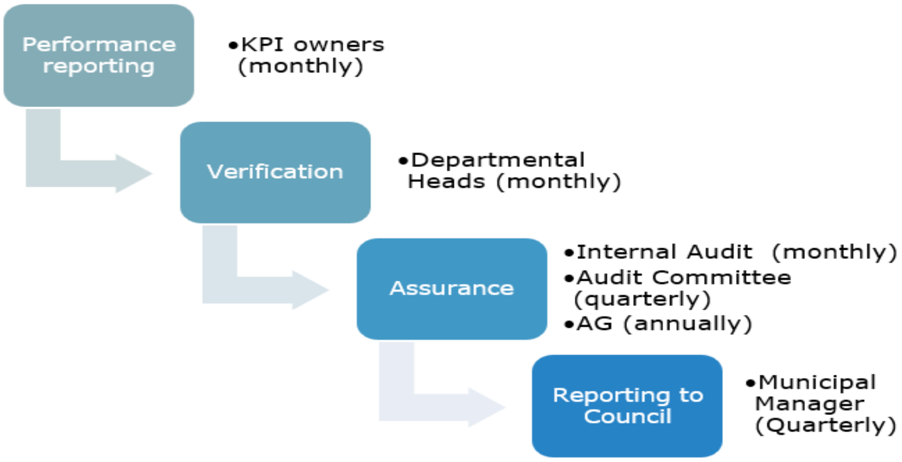
4.5.1 Reporting actual performance

The Municipal Manager must ensure that a system is in place to allow for the monitoring (monthly) and reporting (quarterly) of performance to Council, against the targets set in the SDBIP. A system must also be in place to ensure that KPI owners submit a portfolio of evidence for auditing purposes (for Internal Audit and the Auditor-General). In accordance with this, the actual performance, on the SDBIP targets set, must be reported within 10 working days of the close of each month. The KPI owners must report on the results of the KPI by properly documenting the information in the performance response fields, ensuring that the following information is provided:

a) Actual performance for the period must be specific and accurate;
b) If the target set for the period was not achieved or significantly over achieved, a reason for the variation must be provided;
c) If the targets were not met, the KPI owner must indicate what efforts were put in place to improve performance;
d) Documentation must be available to substantiate the reported performance as well as the reasons for variation and efforts taken to improve performance; and
e) Documentary evidence must be made available to the Internal Audit Division and the Auditor-General as follows:
   i. Uploaded onto the electronic reporting system (if in place);
   ii. Hard copy files must be made available (if no electronic system in place); or
   iii. Reference should be provided to where the auditors can obtain evidence of the claimed performance.

The departmental heads (MM and Directors) must review the results reported by KPI owners, update the results that require a manual update and document the final performance comments, prior to the closing of the reporting period (see **Figure 4**). Internal Audit should thereafter audit the performance information prior to a report being submitted to the Performance Audit Committee and subsequently to Council.

Figure 4: SDBIP information flow



4.5.2 Quarterly reviews

On a quarterly basis, the Mayor should conduct an intensive review of municipal performance against both the strategic scorecard (higher level SDBIP) and the departmental scorecard (lower level SDBIP), as reported by the Municipal Manager. These reviews will take place as follows:

a) October (*for the period July to end of September – 1st Quarter*);
b) January (*for the period October to the end of December – 2nd Quarter*);
c) April (*for the period January to the end of March – 3rd Quarter*); and
d) July *(for the period April to the end of June – 4th Quarter*).

The review in January will coincide with the mid-year performance assessment as per Section 72 of the Municipal Finance Management Act (MFMA). Section 72 determines that annually, by 25 January, the accounting officer must assess the performance of the municipality and report to the Mayor, National and Provincial Treasury. The mid-year report must include:

i. Service delivery performance during the first half of the financial year in terms of the targets and performance indicators set in the SDBIP;
ii. A review of the financial performance during the period;
iii. A review of the performance of service providers appointed to provide goods or services to the municipality during the period;
iv. Progress made in implementing the recommendations made to resolve the challenges identified in the previous year annual performance report;
v. An analysis to determine whether the Municipality is performing adequately or under-performing, identifying the areas that needs intervention, to ensure that targets are met by year-end;
vi. An evaluation of the annual and 5-year targets to determine whether the targets are overstated or understated. Proposed changes to the KPI targets need to be considered during the adjustment budget process; and
vii. Proposing changes to KPI's and 5-year targets, which must be submitted to Council for approval during a formal adjustment for the budget and the IDP review.

It is important that the review also pay attention to good performance. It is expected that the Mayor will acknowledge good performance, where directorates or departments have successfully met targets in their directorate/departmental scorecards.

4.5.3 Council Reviews

At least once annually, the Mayor must report to the full Council on the overall municipal performance. It is proposed that this reporting take place using the municipal scorecard in an annual performance report format, as per the MSA. This Annual Performance Report (APR) will form part of the municipality's Annual Report as per Section 121 of the MFMA and must contain the following:

a) Performance achieved for each KPI per KPA as contained in the approved/ revised SDBIP and IDP;
b) The annual performance result for each KPI as reflected at year-end, compared with the annual target as approved;
c) Reflect the baseline – status of the KPI at year-end of the previous financial year and as presented in the previous year Annual Performance Report;
d) For each KPI a reason for variation must be provided where a target was not met or deviated from in any major way;
e) For each KPI that deviated reflect an effort taken to improve performance;
f) Evaluation of performance on Conditional Grants;
g) Evaluation of performance on capital projects, reflecting expenditure vs the planned budget;
h) Evaluation of service provider performance;
i) Progress made with the implementation of recommendations made in the previous Annual Performance Report;
j) Evaluation of overall performance reflecting the root causes to under achievement and excellent performance; and
k) Recommendations to improve future performance.

The Performance Management Office must evaluate the overall performance of the organisation and may source additional information from any department to establish the contributing factors to issues that affect the ability of the organisation to reach the targets as set out in the SDBIP.

4.5.4 *Public Reviews*

The MSA and the MFMA require the public to be given an opportunity to review municipal performance. Section 127 of the MFMA requires that the accounting officer (Municipal Manager), immediately after the Annual Report is submitted to Council, shall make the Annual Report public, and invite the local community to submit representations with regards to the Annual Report (Republic of South Africa, 2003). The Annual Report should comply with Section 121 of the MFMA and therefore contain the following:

a) The annual financial statement (AFS) of the municipality;
b) The Auditor General report in terms of section 126 (3) of MFMA;
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 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;
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.

In addition to the Annual Report mentioned above, and subject to the availability of funding, a user-friendly citizens' report should be produced for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the Annual Report and municipal scorecard for public consumption. The involvement of the public in performance reviews must further be facilitated through the following:

i. Presenting the quarterly organisational performance reports to the IDP Representative Forum for discussion and inputs;
ii. Utilising various forms of media including radio, newspapers and billboards to convey the citizens' report;
iii. The public should be invited to submit comments via telephone, e-mail, letters and at public hearings, to be held in a variety of locations;
iv. The public reviews should be concluded by a formal review of the Annual Report by a session called by the Municipal Public Accounts Committee (MPAC) and a sitting of the IDP Representative Forum; and
v. In the instance where service level agreements (SLA's) have been established, the public should review the SLA outcomes/outputs on an annual basis.

4.5.5 Adjustment to KPI's

Adjustments may be made to the Top Layer SDBIP KPIs and/or the targets set for the financial year, if the following conditions met:

a) Projects and KPIs can only be adjusted following the mid-year assessment and then only after a formal approval of the adjusted Budget by Council;
b) The reason for the proposed adjustments to a project, indicator and/or target should be submitted in a report to Council; and
c) KPI targets should ideally not be adjusted downwards, unless it is warranted by a reduction in the budget through the process of reallocation of resources.

4.5.6 Roles and Responsibilities

The roles and responsibilities for the Top Layer SDBIP processes have been summarised in **Table 2** below:

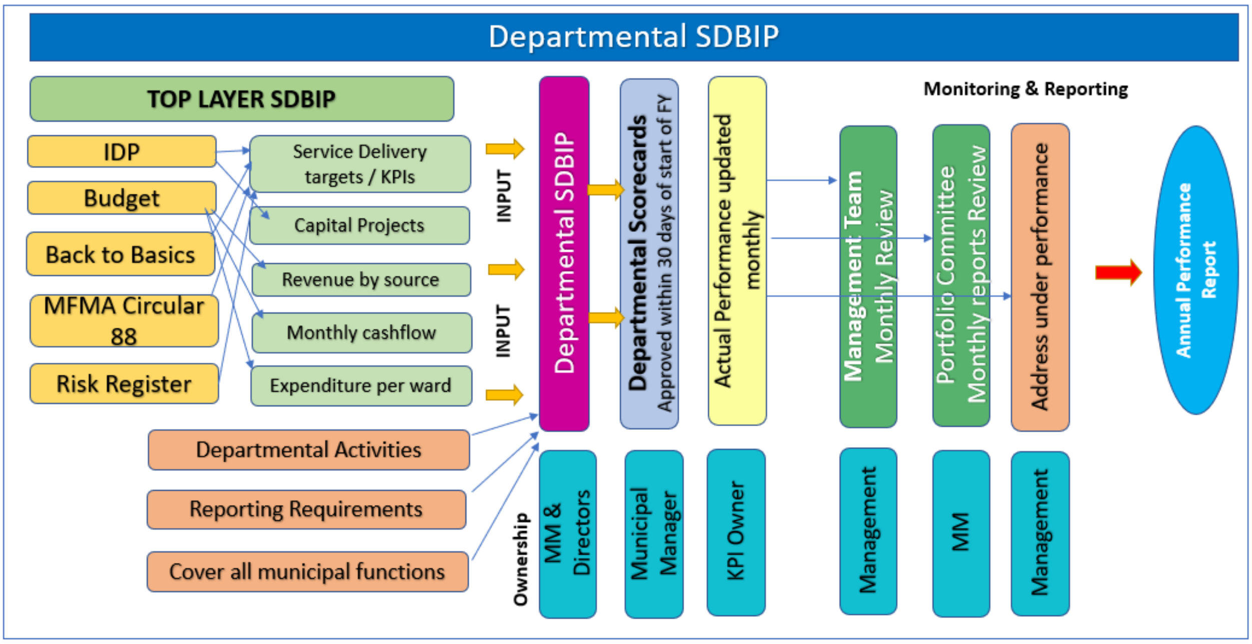
Table 2: Top Layer SDBIP Roles and Responsibilities		
Role Player	**Timeframe**	**Roles & Responsibilities**
Mayor	• 14 days after budget approval • 28 days after budget approval • Quarterly	• Consider the draft TL SDBIP. • Approves the TL SDBIP.

Table 2: Top Layer SDBIP Roles and Responsibilities		
Role Player	**Timeframe**	**Roles & Responsibilities**
	• Mid-year & Annual	• Reviews performance and monitors implementation of corrective action. • Reporting performance to Council.
Executive Committee	• Ongoing • May/June • Ongoing	• Supports the Mayor. • Manages the development of the TL SDBIP. • Provides strategic awareness.
Portfolio Councillor	• Quarterly	• Monitors the implementation of the SDBIP. • Reviews and monitors the implementation of the TL SDBIP at Portfolio Committee level.
Council	• Quarterly	• Oversight role to ensure that performance management processes are monitored.
Municipal Manager	• May/June • Monthly • Monthly • Quarterly • Quarterly	• Drafting of the TL SDBIP. • Ensures the implementation of the TL SDBIP. • Monitors the TL SDBIP and ensures that POE's to prove performance exists. • Takes corrective action where required. • Communicates with the Mayor and Executive Committee.
Senior Management Team	• Monthly • Oct – March • Monthly	• Manages and reports on departmental performance on the TL SDBIP. • Plans Performance. • Ensures accurate reporting and provides evidence of performance to auditors (Internal & External).
Line Managers	• Monthly • Monthly	• Establish and monitor performance information systems within their sections. • Uses performance information to make decisions.
Internal Audit	• Quarterly	• Internal audit should quarterly audit the results reported, on a sample basis and issue a report to the municipal manager/performance audit committee.
Auditor-General	• Annually by 30 Nov	• Auditing of legal compliance and outcomes.
Performance Audit Committee	• Quarterly	• Independent oversight on municipal performance and legal compliance.

4.6 Departmental Scorecards (Departmental SDBIP)

The Departmental SDBIP (DSDBIP) will capture the performance of each defined directorate or department. Unlike the municipal scorecard, which reflects on the strategic priorities of the municipality, the DSDBIP will provide details of each objective/outcome for which top management are responsible, providing a comprehensive picture of the performance of that directorate/sub-directorate. The DSDBIP will be compiled by the MM and the Directors for their directorates and will consist of objectives/outcomes, indicators and targets derived from the municipality's annual Top Layer SDBIP. These must also include any annual business or services plan compiled for each directorate or department, covering all the service areas relevant to the department. The following diagram (see **Figure 5**) illustrates the establishment, components and review of the departmental SDBIP.

Figure 5: Departmental SDBIP process



4.6.1 Preparing the Departmental SDBIP

KPI's should be developed for Council, the Office of the Municipal Manager and for each Directorate, covering all major functions of the municipality. The KPI's should:

a) Consider National and Provincial strategic objectives/outcomes and service targets;

b) Support the strategic scorecard (Top Layer SDBIP) KPI's by means of KPI's for the relevant section responsible for the KPI;
c) Include measures to monitor progress with the implementation of capital and operational projects;
d) Include targets that, as far as possible, are aligned with the cashflow budget and project plans;
e) Monitor the output and outcomes of all organisational units covering all programmes;
f) Have clear monthly targets;
g) Should be assigned to the person responsible for the KPI;
h) Comply with the **SMART** criteria (refer to **Table 2**); and
i) Not be limited to monitoring the input into and output of the various programmes but should also include measures to monitor the efficiency and effectiveness thereof; and
j) Reflect the documentation required as a portfolio of evidence for each milestone.

4.6.2 Approval of Departmental SDBIP

The SDBIP of each directorate must be submitted, on the template as prescribed by the performance management office, to the Municipal Manager for consideration within 28 days after the budget has been approved. The departmental SDBIP must be approved by the MM by no later than 15 July annually.

4.6.3 Update actual performance

The update on actual performance should happen in the same manner as that of the Top Layer SDBIP. The KPI owners should therefore, report on the results of the KPI, within 10 working days of month end, by documenting the following information:

a) The actual result in terms of the target set for the reporting period;
b) Reasons for variation if the targets were not met or significantly over achieved;
c) Actions taken to improve performance, if the target was not achieved; and
d) Documentary evidence to support the reported progress or any deviation thereof.

The information reported by the various sections must be verified by the Director within 17 working days of month-end. An evaluation of the validity and sustainability of the KPI's should be done on an annual basis to ensure that DSDBIP KPIs are contributing towards achieving the overall organisational strategy.

4.6.4 Monthly reviews

The directorates will review their performance at least monthly and report their performance in terms of the DSDBIP to the Performance Management Office in the Office of the Municipal Manager and the respective Portfolio Councillor. Decision-makers should be warned immediately of any emerging challenges to service delivery. This to ensure that they can intervene if necessary. It is important that directorates use these performance reviews as an opportunity for reflection on their goals and programs and whether these are being achieved. The Executive Committee should have a standing agenda item for the SDBIP to discuss progress at their monthly meeting. The Portfolio Councillor's and the senior management team should provide an overview of performance at the Portfolio Committees.

4.6.5 Adjustments to Departmental SDBIP KPI's

KPI's in the Departmental SDBIP may be adjusted as follows:

a) Requests for adjustment must be contained in a quarterly departmental assessment report, submitted to the MM for consideration;
b) KPI's should be adjusted to be aligned with the adjustment budget estimate;
c) The reason for the change in KPI's should be documented in the report to the Municipal Manager;
d) Additional KPI's can be added to the Departmental SDBIP, during the year, with the approval of the Municipal Manager;
e) Departmental KPIs and the targets set may not be adjusted to a standard lower than that required by the Higher level SDBIP (and therefore in the IDP), and
f) The approval documents should be safeguarded for audit purposes.

4.6.6 Roles and Responsibilities

The roles and responsibilities during the Departmental SDBIP process can be summarised as follows:

Table 3: Departmental SDBIP Roles and Responsibilities

Role Player	Timeframe	Roles and Responsibilities
Mayor	Monthly	• Monitor the progress with implementing the Departmental SDBIP through reports submitted. • Ensure that interventions are put in place where performance is not as expected.
Executive Committee	Monthly	• Review the feedback received from Portfolio Councillors/respective Directors and monitor overall performance.
Portfolio Councillors	Monthly	• Review and monitor progress at portfolio level. • Assist senior management to take corrective action to improve performance.
Municipal Manager	• 15 July • Monthly • Monthly • June/July • June/July • Monthly • Monthly • Quarterly • Monthly	• Approval of the Departmental SDBIP. • Monitor SDBIP and ensure that POE's exist. • Review and monitor the implementation of the SDBIP. • Ensure that KPI's address the municipal strategy and service delivery requirements. • Ensure alignment with the IDP objectives/outcome, programmes and budgets. • Take corrective actions where required. • Communicate with the senior management team on performance progress and reporting. • Ensure quarterly internal audit of portfolio of evidence. • Communicate results to the Portfolio Committee and Executive Committee.
All Directors	• May/ June • Monthly • Monthly • Monthly	• Design KPI's and set targets to address the TL SDBIP, operational needs, service delivery improvement and other key departmental activities. • Assign KPI's to KPI owners. • Monitor performance and document POE's. • Take corrective action where required. • Communicate performance results to the Municipal Manager and Portfolio Committee.
Line Managers	• Ongoing • Monthly • Monthly	• Establish and monitor performance information systems in their sections. • Report performance to the Director. • Uses performance information to make decisions and take action to improve progress.

Table 3: Departmental SDBIP Roles and Responsibilities		
Role Player	**Timeframe**	**Roles and Responsibilities**
Internal Audit	• Quarterly	• Internal audit should audit the results reported monthly, on a sample basis, and issue a quarterly report to the municipal manager/performance audit committee.
Auditor-General	• Annual	Auditing of legal compliance and outcomes.
Performance Audit Committee	• Quarterly	Independent oversight on municipal performance and legal compliance.

4.7 Managing performance information

Effective management of performance information requires a clear understanding of different responsibilities, and the structures and systems involved in managing performance.

4.7.1 Responsibilities relating to performance information

The Municipal Manager is accountable for establishing and maintaining the systems to manage performance information. The Municipal Manager should therefore ensure that there is appropriate capacity within the institution to maintain performance information as required by the reporting processes.

4.7.2 Integrated structures and Systems

Performance information systems should be integrated within existing management processes and systems. The Municipal Manager is responsible for ensuring that the institution has:

a) Documentation outlining the following:
   i. Integration of performance information structures and systems within existing management processes and systems;
   ii. Definitions and technical standards of all the information collected by the institution;
   iii. Processes for identifying, collecting, collating, verifying and storing information;
   iv. Use of information in managing for results; and
   v. Publication of performance information.

b) Appropriate capacity to manage performance information;

c) Appropriate systems to collect, collate, verify and store the information; and

d) Consultation processes that ensure the information needs of different users are taken into consideration when specifying the range of information to be collected.

4.7.3 Management capacity

The Municipal Manager must ensure that there is adequate capacity to integrate and manage performance information with existing management systems. This must cover the following:

a) The appropriate positioning of the responsibility to manage performance information for the organisation;
b) Overall design and management of indicators, data collection, collation and verification processes within the institution; and
c) Where such systems are lacking, it is necessary to support the relevant line manager to put them in place.

It must be emphasised that line managers remain responsible for establishing and running performance information systems within their sections, and for using performance information to make decisions.

5. Individual Employee Performance Management

The performance management of individual employees at the municipality is governed by two different sets of regulation derived from the MSA (At 32 0f 2000). *Firstly*, Regulation 805, focusing on contract positions, that of the Municipal Manager and Directors. *Secondly*, Regulation 890 of 2021, focussing on permanent employees of Council. This section provides a framework to ensure adherence to both these regulations.

5.1 Municipal Manager and Directors (Section 56 & 57 Employees on contract)

5.1.1 Performance Agreements for the Municipal Manager & Directors

The Performance Agreement for employees on contract must comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Municipal Systems Act as well as the employment contract entered into between the parties. The performance agreements shall contain the following:

a) *Performance Agreement which:*
   i. Specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
   ii. Specify the duration of the agreement;
   iii. Specify the Core Competencies to be evaluated;
   iv. Specify the Ratings scales and timeframes for assessments;
   v. Include consequences for substandard performance; and
   vi. Determine steps towards dispute resolution.

b) *Performance Plan which:*
   i. Clearly specifies the objectives and quarterly targets to be attained by the individual employee relating to programmes and projects, constituting 80% of the total score; and
   ii. Core Competency Requirements as a set of core managerial and occupational competencies (as contained in Gazette 37245 on January 2014 and any amendment thereof) required for the employee to perform optimally, constituting 20% of the total score.

c) *Personal Development Plan which:*
   i. Identifies the specific training or skills needed for effective project implementation;

ii. Reflects the skills gaps and competencies identified during the previous assessment; and
iii. Will be formulated and finalised with the guidance and assistance of the Manager Human Resources, to ensure that all training and development activities are aligned to the Workplace Skills Plan.

d) *Financial Disclosure Form Requiring an employee to disclose interest in the following*:
   i. Shares and other financial interest;
   ii. Directorships and Partnerships;
   iii. Remunerated work outside of the Municipality;
   iv. Consultancies and retainerships;
   v. Sponsorships;
   vi. Gifts and hospitality from a source other than a family member; and
   vii. Land and property.

5.1.2 Performance review / assessment process

Individual performance will be reviewed quarterly with verbal (informal) reviews for the 1st and 3rd Quarter (if performance is at a satisfactory level) and formal reviews (by a panel as prescribed) for the 2nd and 4th Quarter. The formal performance assessment will be a structured discussion that shall:

a) Consider the performance reported by the employee, only if accompanied by a portfolio of evidence that was signed off by an auditor;
b) The panel may decide on suitable disciplinary measures should performance reporting for the period be incomplete and/or not verifiable;
c) The panel will be provided with a self-assessment score given by the employee to him/herself, however only the scores of the panel members will be utilized to calculate an average score per KPI;
d) Allow scoring to take place confidentially by each individual panel member; based on the scale as contained below;
e) Discuss corrective action required to achieve targets, where major deviations are found;
f) All sessions must be attended by a representative from the Performance Management Unit and or Human Resources Section as the secretariat; and
g) Sessions shall not continue if the chairperson as indicated in **Section 5.13** (or a Council appointed delegate) is not present.

5.1.3 Performance Assessment panels

All formal assessments will be conducted utilising a panel, consisting of not less than 3 of the following members:

a) For the Municipal Manager:

i. The Mayor (Chairperson);

ii. Chairperson of the Audit Committee (or a delegate);

iii. A member of the Executive Committee;

iv. A Mayor or Municipal Manager from another Municipality; and

v. A member of a Ward Committee, as nominated by the Mayor.

b) For Directors:

i. Municipal Manager (Chairperson);

ii. Chairperson of the Audit Committee (or a delegate);

iii. A member of the Executive Committee; and

iv. A Municipal Manager from another municipality.

5.1.4 Scoring system and incentive scale

The prescribed scoring system as contained in the regulations must be utilized and is reflected below in **Table 4**.

Table 4: Performance Assessment Rating scale

Rating	**Terminology**	**Description**	**% Score**
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the staff member has achieved above fully effective results against *all performance criteria and indicators* as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	**167**
4	Performance significantly above expectations	Performance is significantly higher than the standard expected. The appraisal indicates that the staff member has achieved above fully effective results against *more than half* of the performance criteria and indicators and *fully achieved all others throughout the year*.	**133 - 166**
3	Fully effective	Performance fully meets the standards expected. The appraisal indicates that the staff member has *fully achieved effective results against all significant performance criteria* and indicators as specified in the Performance Agreement and Performance Plan.	**100 - 132**

Table 4: Performance Assessment Rating scale			
Rating	**Terminology**	**Description**	**% Score**
2	Performance not fully effective	Performance is below the standard required. Performance meets some of the standards expected for the job. The review/assessment indicates that the staff member has achieved *below fully effective results against more than half the key performance criteria* and indicators as specified in the Performance Agreement and Performance Plan.	**67 - 99**
1	Unacceptable performance	Performance does not meet the standard expected. The review/ assessment indicates that the staff member has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected despite management efforts to encourage improvement.	**0 – 66**

The results of the formal performance assessments will be submitted to Council, in a formal report, recommending performance interventions, within the parameters as set out below:

a) No incentive will be awarded if the AG audit outcome, for the financial year, is not at least Unqualified;

b) No incentive will be awarded if the Portfolio of Evidence, audited by Internal audit, was found to be grossly inaccurate or insufficient;

c) No incentive will be awarded to an employee that signed a performance agreement after six (6) months of the relevant financial year already passed;

d) If an employee exits the employ of the municipality, before the end of a financial year, the performance bonus due will be paid out proportional to the number of months worked in that specific financial year;

e) The performance bonus for the Municipal Manager as well as Directors will be calculated on a sliding scale (as contained in Regulation 805 of 2006), according to the overall score achieved by the employee and as indicated in the table below; and

f) Rounding-off of the final score will be limited to two decimals.

Table 5: Performance Bonus as per percentage final score	
% Score	**% Bonus**
130 - 133.89	5%
133.9 – 137.69	6%
137.7 – 141.49	7%
141.5 - 145.29	8%
145.3 – 149.99	9%
150 – 153.49	10%
153.5 – 156.89	11%
156.9 – 160.29	12%
160.2 – 163.69	13%
163.7 – 167	14%

5.2 Permanent Employees of Council

The Performance Management System relevant to all permanent employees of Council must be in accordance with Regulation 890 of 2021. The PMS must therefore consist of different phases relating to performance planning, coaching, review and reward as provided in these guidelines. In order for the implementation of the PMDS to be successful all staff members, including management, must be capacitated through training on the following:

a) What the process entails;
b) Why the municipality uses the PMDS process;
c) How the PMDS works, including the phases, purpose of linkage with the competency framework and how performance of competencies is measured;
d) The expectation from a staff member in a specific role;
e) When performance will be evaluated and reviewed; and
f) Relevant coaching skills needed for ongoing implementation of the PMDS.

5.2.1 Performance Plans for Permanent Employees

The planning phase occurs annually at the start of the financial year or the starting date in a specific post. During this planning phase the following must take place:

a) Supervisor schedules a meeting with a staff member or team to discuss and agree on the performance objectives for the year;

b) Supervisor and a staff member or team are required to prepare for this meeting;
c) The supervisor must explain to the staff member how the performance agreement and PMDS operates;
d) The supervisor and staff member must jointly identify organisational, departmental as well as the performance expectations of a staff member or team and secure the staff member or team's commitment to achieve the performance expectations as contained in the following:
    i. The staff member's job description;
    ii. The IDP and departmental SDBIP;
    iii. The supervisor's performance agreement, where applicable;
    iv. The staff member's previous year performance assessment, where applicable; and
    v. Any other document considered relevant to the process;
e) Planned KPAs, KPIs and targets as contained in the performance agreement must meet the SMART criteria as outlined in **Table 2**;
f) KPAs must relate to the staff member's functional area and must consist of no less than 5 and not more than 7 KPAs;
g) The KPIs:
    i. Include input, quality or impact of an output by which performance in respect of a KPA is measured; and
    ii. Must be measurable and verifiable;
    iii. Performance standards may be qualitative or quantitative;
h) The job specific competencies should not exceed six competencies within a performance cycle;
i) The performance agreement/ plan must be signed or processed electronically where applicable by the supervisor and a serving staff member or team within thirty (30) days of the commencement of a new financial year; or
j) Within sixty (60) days after their appointment, after probation;
k) This performance plan must be in the format as prescribed by the Performance Management Office and contain, as a minimum:
    i. The name, job title and department of the employee;
    ii. Performance Objectives and Targets;
    iii. KPIs and the performance standard or delivery date of each;

iv. The name and definition of the job specific competencies, their weighting and the required level of capability for each competency;
v. A personal development plan;
vi. The process of monitoring and assessing performance, including the planned dates of the assessments.

l) A plan may be adjusted if:
   i. The responsibilities of the staff member change to such an extent that the existing performance plan is no longer appropriate; and
   ii. Both parties agreed to the amended performance plan; and

m) If a staff member that is required to act in a post for a period that exceeds three (3) months, the supervisor to whom the acting staff member is reporting, must review the KPAs and KPIs in consultation with the acting staff member and include the KPAs and KPIs in the staff members performance agreement.

5.2.2 Performance Monitoring and Coaching

Effective performance monitoring, coaching and feedback must be monitored continuously throughout the performance cycle. Performance monitoring, coaching and feedback involve ongoing collaborative engagements between the supervisor and staff member or team aimed at improving a staff member's skills and competencies to meet or exceed the set standards of performance. This is done through observation, motivating and encouraging the staff member and frequent and infrequent exchanges of feedback about the staff member's performance throughout the year as follows:

a) The supervisor will complete on- the-job monitoring of the performance of a staff member or team;
b) The supervisor may create formal and informal opportunities to provide feedback or coaching support to a staff member or team in relation to progress made towards agreed performance objectives and on areas requiring implementation;
c) A staff member or team may request feedback and support at any time during the performance cycle;
d) Regular evaluation of whether the staff member performs according to the set objectives as outlined in the performance agreement;
e) Formal coaching and informal performance evaluation sessions;

f) Reinforcing the discussions that took place during the planning phase culminating in the performance agreement;
g) Affording the supervisor, the opportunity to encourage the development of the staff member or team;
h) Proactive identification of challenges and solutions to enable achievement;
i) Identification of accomplishments or challenges by the staff member or team that have been resolved, which otherwise may not have come to the supervisor's attention;
j) Coaching that reinforces effective performance or brings the performance of the staff member closer to the expected standards;
k) A staff member or team who participated in several coaching sessions being aware of what is required of him or her to meet performance outcomes;
l) A municipality must ensure that every supervisor has received adequate training in performance coaching processes and is capable of effectively assessing progress and evaluating the performance of staff or team; and
m) Development needs of staff identified during performance monitoring and coaching processes must be evaluated and addressed to encourage good performance, improves job-related skills and competencies that support staff to keep up with changes in the workplace.

5.2.3 Performance review /assessment process

The performance review / assessment process will entail a formal mid-year and annual review and must unfold as prescribed below. It should be noted that: -

a) The mid-year performance review is a formal bi-annual performance appraisal where a staff member or a team is given feedback on his or her performance. This review must adhere to the following:
   i. Will be based on the existing performance agreement;
   ii. Must be recorded.
   iii. The mid – year performance review must be preceded by the staff member's self-rating against predetermined objectives, and where necessary supported by portfolio of evidence.
   iv. Supervisor to monitor, coach and provide feedback to ensure effective performance.
   v. Offer Supervisor an opportunity to assess the staff member or team's performance against set performance objectives.

vi. No rounding of calculations is allowed and 2 decimal points must be used;
vii. Supervisor to monitor, coach and provide feedback to ensure effective performance.
viii. The Supervisor and staff member to jointly identify performance challenges and agree on solutions to overcome identified challenges.
ix. Agree on developmental needs of the staff member and address such needs;
x. Review the performance targets resulting from workplace changes beyond the staff member or team's control;
xi. To reinforce good performance; and
xii. May result in an adjustment of the performance agreement / plan to accommodate changes in working conditions or budget adjustments.

b) *The Annual performance evaluation* should take place in the form of a formal discussion of the performance outcome achieved by the staff member against the agreed performance indicators and targets based on the work performed during performance cycle of 12 months. The annual evaluations must be in line with the following:

i. Every staff member or team must be subjected to annual performance assessment at the end of the performance cycle of a municipality;
ii. The annual performance evaluation must be preceded by the staff member's self-rating against predetermined objectives, and where necessary supported by portfolio of evidence;
iii. The supervisor and staff member must formally and objectively confirm the staff member's performance outcomes against agreed KPAs, KPIs and job specific competencies;
iv. Evaluating the staff member or team's performance against performance standards in a staff member's performance plan and assigning a numeric rating for each KPI;
v. Rate the performance of each staff member or team against each measurable KPI and job specific competencies using the 5-point rating scale (refer to **Table 4**);

vi. No rounding of calculations is allowed and 2 decimal points must be used;

vii. Recognise positive achievements and provide feedback on unsatisfactory performance;

viii. Identify areas of improvement and develop action plans to be included in personal development plans to address identified areas for improvement;

ix. The supervisor and staff member must sign the final annual performance assessment.

x. At the end of the performance cycle a rating scale is used which has a bearing on rewarding and recognising performance above fully effective;

xi. The supervisor must submit the final annual performance assessment, performance scores and any related evidence supporting performance to Human Resources; and

xii. The moderating committee must review the annual performance results prior to submitting a report to Council or making any recommendations regarding incentives or interventions.

5.3 Team Based Performance

Regulation 890 makes provision for the performance management on a team-based level to accommodate employees that work as part of a team daily. Herin:

a) Supervisor (5.2.3.(iv)) working in collaboration with individual team members must rate the performance of a staff member working within a team-based performance arrangement.
b) Identify challenges relating to individual staff member(s) working within a team; and
c) Identify appropriate interventions aimed at improving the staff member's performance.
d) The performance incentive policy of the municipality must make provision for rewards and recognition of excellent performance on a team level.

5.4 Portfolio of Evidence

The submission of evidence for a formal performance review is subject to the following:

a) During the planning phase, agreement must be reached on what evidence is to be used with the aim of minimising time and effort.
b) Evidence must be gathered during the performance cycle as this will inform and substantiate the scores according to the rating scale.
c) The staff member or team must gather, collate and present evidence; against the measurable KPIs and, where applicable, job specific competencies as contained in the performance agreement.
d) The evidence presented must be used to substantiate scores related to the achievement of KPIs and job specific competencies.
e) The ultimate accountability for the submission of the portfolio of evidence rests with the staff member or team being evaluated.
f) The nature of work must determine the type of evidence that should be provided. This may, inter alia, include:
    i. Official records;
    ii. Confirmation by a supervisor;
    iii. Confirmation by other stakeholders such as letter from a government department; and
    iv. Inspection or viewing of evidence by supervisor such as filing system, memorandums, reports, etc.
g) A supervisor may, at the latest by mid-year review, accept other evidence that substantiate achievement of KPIs or competencies; and assist the staff member or team to obtain such evidence.

5.5 Performance Moderation Committee

The main objectives of the committee are to ensure the fair and consistent application of the PMS by ensuring that the integrity of the PMD is protected, performance is evaluated consistently, individual ratings reflect the overall performance of the department, advise on financial affordability for the municipality, and recommend performance rewards to the municipal manager for approval.

a) The committee must be appointed by Council and, to the extent possible, be constituted as follows:
    i. Municipal manager or his or her delegate who will act as the chairperson;
    ii. All heads of departments of a municipality;

iii. Manager responsible for PMS;
iv. Manager responsible for organisational development;
v. Manager responsible for organisational performance;
vi. A representative from finance, where applicable;
vii. A representative from governance, where applicable; and
viii. Representative from audit, where applicable.

b) The committee must collectively possess the following expertise and demonstrate knowledge and competency in:

i. Local government.
ii. Municipal human resource environment.
iii. Corporate governance practices.
iv. Corporate strategy.
v. Performance management and development system.
vi. Human capital management.
vii. Organisational development.
viii. Financial management.
ix. Business management.
x. Operations management; and
xi. Leadership.

c) Departmental representatives will be invited to attend the performance moderation committee to present the results of their respective departments and must:

i. Be on senior management level; and
ii. May request a specialist on the departmental performance management to provide technical advice where needed.

d) The committee may further:

i. Develop and approve the terms of reference.
ii. Review the performance management and development system across the municipality and make recommendations regarding implementation; monitor the performance evaluation process by obtaining an overall sense of whether norms and standards are being applied realistically and consistently both horizontally and vertically across the municipality.
iii. Determine the overall performance of departments and align that with summary results based on individual performance.

iv. Moderate scores of a department(s) or a unit.
v. Recommend reward levels for performance.
vi. Make recommendations regarding actions to be considered where supervisors do not implement the system properly.
vii. Provide oversight in terms of the application of the PMS.
viii. Prepare a comprehensive report, based on its observations, reflecting performance of staff members or teams and the applicable reward levels; and
ix. Ensure that the minutes and supporting information on matters dealt with by the panel, shall be available for examination upon authorisation by the Municipal Manager.

5.6 Managing Substandard Performance

This section must be read in conjunction with the Regulation 890 of the MSA and the Code of Good Practice provided for in Schedule 8 of the Labour Relations Act, 1995. These procedures are intended to create an enabling environment to facilitate effective performance by the staff members, provide the staff members with access to skills development and capacity building opportunities to promote efficient and effective performance. Also, to provide remedial and developmental support to assist the staff members to deal with substandard performance; and to ensure that the municipal council and staff members work collaboratively to generate solutions to problems and improve the performance of staff members. Therefore, if the municipality has reason to believe that a staff member is not performing in accordance with the minimum performance standards of his or her post, the supervisor must:

a) Convene a meeting to give feedback to the staff member on his or her performance.
b) Furnish the staff member with reasons why it is necessary to initiate this procedure,
c) During the meeting contemplated in paragraph (a), the supervisor must:
   i. Explain the requirements, level, skills and nature of the post.
d) Evaluate the staff member’s performance in relation to the performance agreement.
e) Explain the reasons why the performance is considered substandard.

f) Afford the staff member or his or her representative an opportunity to respond to the performance outcomes referred to in paragraph (c); and
g) After considering the staff member's reasons, the supervisor may, if necessary:
h) Initiate a formal programme of counselling and training to enable the staff member to meet the required standard of performance, which must include:
    i. Assessing the time that it will take for the staff member to deal with substandard performance.
    ii. Establishing realistic timeframes within which the staff member is expected to meet the required performance standards.
    iii. Identifying and providing appropriate training for the staff member to reach the required standard of performance; and
    iv. The personal development plan must cover a maximum of six (6) months at the end of which a formal evaluation of performance must take place.
i) Establish ways to address any factors that may affect the staff member's performance that lie beyond the staff member's control.
j) If the staff member fails to meet the required performance standard for the post after being subjected to a formal programme of counselling and training as contemplated in paragraph (3), the supervisor, may:
    i. Regularly evaluate the staff member's performance; or
    ii. Provide further remedial or developmental support to assist the staff member to eliminate substandard performance.
k) The meetings to assess performance improvements and to provide feedback must be recorded in writing.
l) If the staff member's performance does not improve after he or she received appropriate performance counselling and the necessary support and reasonable time to improve his or her performance as contemplated in paragraph (4), or he or she refuses to follow a formal programme of counselling and training contemplated therein:
    i. The supervisor must bring the allegations of substandard performance against the staff member to the attention of the municipal manager in the form of a report.
    ii. The supervisor must table the report contemplated in subparagraph (i) before the Municipal Manager.

m) The following alternatives must be considered where the performance of a staff member has not improved to at least a performance that is fully effective:
   i. Continuation of the actions referred to in the personal development plan.
   ii. Alternative actions to improve performance.
   iii. Offering the staff member an alternative job within the municipality that is better suited to the staff member's behaviour and skills; or
   iv. Dismissal owing o incapacity in terms of the provision of the Labour Relations Act; or
n) If the Municipal Manager is satisfied that sufficient evidence exists to institute disciplinary proceedings against the staff member based on the alleged substandard performance the Municipal Manager, must furnish the staff member with written reasons why it is necessary to initiate this procedure in accordance with applicable procedures.

5.7 Performance Rewards

A performance related reward is at the discretion of the municipality and should ideally be contained in a Performance Incentive policy, which must be approved by Council. The individual performance rewards:

a) May be awarded if a staff member:
   i. Served a full assessment period of 12 months on 30 June of each financial year of the municipality.
   ii. Was transferred or seconded horizontally during the performance cycle within the municipality.
   iii. Is on uninterrupted approved leave for 3 months or longer.
   iv. Is on approved maternity leave for more than 3 months; and
   v. Who received a performance rating of performance significantly above expectation or outstanding performance during a performance cycle after moderation of the performance results.
b) May not be awarded if:
   i. The employee was appointed after 1 July of that performance cycle.
   ii. Who is serving probation.
   iii. Whose performance period is less than 12 months.

iv. Whose employment contract is a fixed term contract with a duration of less than 12 months.
v. Whose post was upgraded without a change in the performance agreement.

c) May not exceed 1.5% of the municipal annual salary and wage bill.

5.8 Dispute resolution

5.8.1 MM and Directors

Any form of a dispute arising from any element of the Performance Management System must be remedied strictly in terms of Section 33 of Regulation 805 of 2006 (or any amendment thereof). Therefore, any dispute about the outcome of the employee's performance evaluation must be mediated by:

a) *In the case of the Municipal Manager*, the MEC for Local Government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC;
b) *In the case of managers directly accountable to the Municipal Manager*, a member of the municipal council, they provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; and
c) whose decision shall be final and binding on both parties.

5.8.2 Permanent Employees

If an employee is dissatisfied with any decision or action of the Director / Manager / Supervisor within the department relating to the contents of a performance plan or the outcome of an assessment the following process must be followed:

a) Any dispute about performance objectives or targets must be mediated by the relevant head of the department or directorate, of the staff members to whom this function is delegated.
b) If the dispute is not resolved to the staff member's satisfaction, the staff member may lodge a grievance in terms of the applicable procedures.
c) Any dispute relating to the conclusion of a performance agreement or an amendment to the performance agreement must be referred to the head of

the relevant department not later than five (5) working days of lodging the grievance in terms of the applicable procedures.

d) A dispute must be resolved within one month of receipt of the dispute by the head of the department, after:
    a. Considering the representation of the staff member concerned and his or her supervisor; and
    b. Consultation with the head of human resources.

e) A staff member who is not satisfied with the outcome of the procedure may lodge a dispute in terms of the dispute resolution mechanisms of the bargaining council.

6. *Managing performance of service providers*

A municipal service can be provided by the municipality by entering into a Service Delivery Agreement in terms of Section 76(b) of the MSA (Act 32 of 2000) with an external service provider. The municipality is responsible for monitoring and assessing the implementation of the agreement, including the performance of the service provider, in accordance with Section 41 of the MSA.

This section sets out the framework on monitoring and reporting on the performance of service providers in terms of Chapter 8 of the MSA and Section 116 of the MFMA.

6.1 Notification of Service Providers

All service providers or prospective service providers must be informed of the adopted performance monitoring system, including:

a) An assessment and reporting of the service provider's performance.
b) Setting of performance criteria in terms of the tender, the required deliverables and service level agreement.
c) The use of the service provider performance reports when evaluating service providers for registration, pre-qualification, selective tender list, expressions of interest or awarding of a contract; and
d) The exchange of information on service provider performance reports between government units/departments.

6.2 Evaluating the Performance of Service Providers

The Council must approve the thresholds (size and types of service provider contracts) that need to comply with the requirements of this policy. Contracts to be evaluated monthly include:

a) Contracts larger than R200 000; and
b) Contracts where the service providers are required to deliver a service (not goods and products).
c) The service provider must sign a service level agreement indicating the services to be delivered, the timeframes and the evaluation methodology.
d) The service provider's performance must be assessed in the context of the project.

e) The respective roles and obligations of the municipality and service provider under the contract must be considered; and
f) Persons preparing or reviewing the performance of a service provider must consider whether satisfactory progress or completion of a project has been affected by any matters which are:
   i. Outside the service provider's control, or
   ii. The result of some action by the municipality.

The service provider's performance must therefore be evaluated against set performance criteria, after considering matters beyond the service provider's control.

6.3 Prescribed procedures to evaluate service providers

The following procedures need to be followed:

a) The requirements of this policy must be included in the contract of the service provider.
b) The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer.
c) The assessment must be filed in the contract file or captured onto the database if or when a database is available.
d) The Reporting Officer must complete the Service Provider Assessment Form at the end of each quarter and on completion or termination of the contract;
e) The Supply Chain Management Unit will review the quarterly Service Provider assessments within 20 days after the end of each quarter and submit a summary report to Council.
f) The Accounting Officer needs to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular basis; and
g) In the instance of under-performance, the following shall take place:
   i. The municipality will facilitate support interventions to service providers in the identified areas of underperformance.
   ii. Service providers who have been identified as under-performing in identified areas must be informed of these support interventions.
   iii. The impact of support interventions must be monitored by the Reporting Officer; and

iv. The records of the support interventions must be documented, signed by both parties and appropriately filed.

6.4 Evaluation criteria and scoring

The key performance deliverables contained in the service level agreement of a service provider will serve as the criteria to be used to evaluate the performance of a service provider. The scores provided for the performance level achieved must be in line with the scales as provided in the table below:

Table 6: Scales for evaluating service provider performance

Scale	Rating	Achievement level	Score (%)
1	Unacceptable performance	Performance does not meet the standard expected. The service provider has failed to demonstrate the commitment or ability to deliver the goods and or services required.	0 – 66
2	Performance not fully effective	Performance is below the standard required. Project targets are not all on the required level.	67 - 99
3	Fully effective	Performance fully meets the standards expected. All targets set have been achieved in full.	100 - 132
4	Performance significantly above expectations	Performance is significantly higher than the standard expected. All targets have been met, with some exceeding expectation.	133 - 166
5	Outstanding performance	Performance far exceeds the standard expected of the service provider with most targets exceeded beyond expectation.	167

7. Governance

The governance structure was established to offer credibility to the overall performance processes. The audit of performance information and system should comply with Section 166 of the MFMA and Regulation 14 of the Municipal Planning and Performance Management Regulations (2001).

7.1 Continuous quality control and co-ordination

The Municipal Manager with the support of the Manager of Organisational Performance is required to co-ordinate and ensure good quality of performance reporting and conduct reviews on an ongoing basis. It is their role to ensure conformity to reporting formats and verify the reliability of reported information, where possible.

The Municipal Manager must review overall performance monthly while the PMS Manager should support him/her in verifying the performance data and prepare the performance reports. Herein, the PMS Manager must ensure that the following is put in place to ensure a functional performance management system:

a) Reporting templates for monthly, quarterly and annual reporting to ensure standardisation and quality control.
b) Standard Operating Procedures for the development and review of the SDBIP.
c) Standard Operating Procedures for the electronic reporting system to ensure data quality and security.
d) Performance Management Procedures Manual outlining the detailed procedures for each step in the performance management process.
e) KPI Manual (or Technical Indicator Descriptions) that describes the purpose of each KPI, the definition/formula and the data source.
f) PMS Policy governing individual performance management for all employees; and
g) Performance Incentive Policy, which is commensurate with the resources of the municipality.

7.2 Performance investigations

The Mayor or Performance Audit Committee should be able to commission in-depth performance investigations. This must be done where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. Performance investigations should assess:

a) The reliability of reported information.
b) The extent of performance gaps from targets.
c) The root causes to performance gaps; and
d) Corrective action and improvement strategies.

While the risk management function may be used to conduct such investigations, it is preferable that external service providers, who are experts in the area to be audited, should be used. Clear terms of reference will need to be adopted by the mayor for such an investigation.

7.3 Audit of Performance Information by Internal Audit

The Office of the Municipal Manager, through the Internal Audit unit, will conduct quality assurance on the processes and outputs of the performance management system. This will include:

a) Establishing the functionality and compliance of the PMS to all legislative requirements.
b) Giving assurance on quarterly performance information and portfolio of evidence submitted .
c) Auditing of portfolios of evidence submitted by the Municipal Manager, Section 56 managers for the mid-year and annual formal assessments, prior to the assessments taking place.
d) Auditing of the performance results prior to submission to Council.
e) Ensuring that the Audit Committee participates in the assessment of the Municipal Manager and Directors; and
f) Consider the quarterly performance reports prior to submission to Council.

7.4 Performance Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations (Reg. 796 of 2001) require that the municipal Council establish an audit committee consisting of a minimum of three members, where most members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee of the municipality.

The Regulation 796 of 2001 also gives municipalities the option to establish a separate performance audit committee whereas the MFMA provides only for a single audit committee. The operation of this audit committee is governed by section 14(2) and (3) of the regulations. According to the regulations the performance audit committee must:

a) Review the quarterly reports submitted to it by the internal audit unit.
b) Review the municipality's PMS and make recommendations in this regard to the Council of that municipality.
c) Assess whether the performance indicators are sufficient.
d) At least twice during a financial year submit an audit report to the municipal Council.
e) Assess the reliability of information reported; and
f) To fulfil their function a performance audit committee may:
    i. Communicate directly with the Council, Municipal Manager or the internal and external auditors of the municipality concerned.
    ii. Access any municipal records containing information that is needed to perform its duties or exercise its powers.
    iii. Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
    iv. Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

8. Performance reporting

Performance must be reported in terms of the MSA, MFMA and the circulars and regulations issued in terms of the legislation. The requirements for each of these reports are outlined below.

8.1 Monthly Reports

Monthly reports on the performance of the directorates/departments should be generated from the PMS and submitted to the senior management team and portfolio committees. Additional reporting requirements for specific functions may require departments to extend their reports beyond the information available on the electronic PMS. Monthly reports must, as a minimum cover the following:

a) The progress made with implementing the projects for the Department as contained in the approved SDBIP.
b) The actual performance in terms of KPIs per programme.
c) The budget and year-to date expenditure incurred on services provided by a service provider.
d) The budget and year-to date expenditure incurred in terms of major operational projects and/or programmes; and
e) Challenges experienced in the department, which affect the ability of the department to reach its targets.

8.2 Quarterly Reports

Quarterly reports, to report on the performance in terms of the SDBIP, should be compiled and submitted to Council. These reports should also be published on the municipal website. The quarterly performance reports must contain the following:

a) *Evaluation of Financial Performance*: This evaluation should consider the cashflow of the municipality as well as the performance in terms of the planned revenue and expenditure patterns (capital and operational). Factors impacting on the ability of Council to reach the set targets must be highlighted.
b) *Evaluation of performance on targets set for KPIs*: The report must reflect the annual and quarterly target set for every KPI, with an indication as to what extent these targets were met (performance rating), the reasons for

deviation as well as an indication of what was done to improve performance. The source documentation, supporting the claimed performance, must also be reflected.

c) *Evaluation of performance on targets set for project implementation*: The report must reflect the annual and quarterly milestones set for project implementation. It must be indicated to what extent these milestones were met (performance rating), the reasons for deviation as well as an indication of what was done to improve performance. The source documentation, supporting the claimed performance, must also be reflected.
d) *Evaluation of performance of service providers*: The performance of all service providers qualifying to be monitored in terms of this framework (see **Section 6**) must be evaluated, reflecting the expected service, the progress made, challenges experienced, a rating of the performance as well as recommendations on future utilisation of the service provider.
e) *Progress made with the implementation of recommendations made in the previous year Annual Performance Report*: The evaluation should indicate the progress made towards implementing these recommendations, but further reflect any challenges experienced and interventions required to facilitate implementation.
f) *Identification of areas that are underperforming*: The report must provide an evaluation of the key strategic areas that require intervention to improve the overall performance of the organisation to ensure that targets are met by year-end. Herein, the report should attempt to identify the root cause of the challenges experienced.
g) *Recommendations to improve performance*: The recommendations provided in the report should be aimed at addressing the root cause of underperformance.

8.3 Mid-year assessment

The performance of the first six (6) months of the financial year should be assessed and reported on in terms of Section 72 of the MFMA. The format of the report must comply with the Section 72 requirements. This report must be submitted to the Mayor, National and Provincial treasury by 25 January of each year. The report must also be published on the municipal website. The mid-year assessment report must contain the same information as the quarterly reports, as reflected in **Section 8.2** above, but must cover six (6) months and should also contain:

a) An evaluation of financial and non-financial indicators for six (6) months (June to December);
b) Recommendations for the adjustments of KPI's, if necessary; and
c) Aspects to be considered during the adjustment of the budget.

8.4 Annual Performance Report

The Annual Performance Report must be completed by the end of August and submitted, to the Auditor-General and other relevant departments, with the financial statements. This report must be based on the performance reported in the SDBIP reports and must contain the following:

a) Performance achieved for each KPI per KPA as contained in the approved/ revised SDBIP and IDP.
b) The annual performance result for each KPI as reflected at year-end compared with the annual target as approved.
c) Reflect the baseline – status of the KPI at year-end of the previous financial year and as presented in the previous year Annual Performance Report.
d) For each KPI a reason for deviation must be provided where a target was not met or deviated from in any major way.
e) For each KPI that deviated reflect an effort taken to improve performance.
f) Evaluation of performance on Conditional Grants.
g) Evaluation of Performance on capital projects, reflecting expenditure vs the planned budget.
h) Evaluation of service provider performance.
i) Progress made with the implementation of recommendations made in the previous Annual Performance Report.
j) Evaluation of overall performance reflecting the root causes to under achievement and excellent performance; and
k) Recommendations to improve future performance.

The Performance Management Office must evaluate the overall performance of the organisation and may source additional information from any department to establish the contributing factors to issues that affect the ability of the organisation to reach the targets as set out in the SDBIP.

8.5 Annual Report

The Annual Report should be prepared and submitted as per MFMA Circular 11 (National Treasury, 2005). The report must contain the following:

a) Service Delivery Backlogs.
b) The annual financial statements, in addition, where a municipality has sole or effective control of a municipal entity, the consolidated annual financial statements.
c) The Auditor-General's report on the financial statements (or consolidated financial statements).
d) An assessment by the accounting officer on any arrears on municipal taxes and service charges.
e) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.
f) Any recommendations of the Audit Committee.
g) The Auditor-General's audit report on the municipality's performance report.
h) An assessment by the municipality's accounting officer on the municipality's performance against measurable performance objectives for revenue collection.
i) All relevant information on municipal entities.
j) The use of conditional grants, per grant and the extent to which a municipality met the conditions of such grants.
k) The use of any donor funding support.
l) Agreements, contracts and projects under Private-Public-Partnerships.
m) Service delivery performance on key services provided.
n) Information on long-term contracts.
o) Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.
p) Three-year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework.
q) The annual performance report of the municipality prepared in terms of Section 46 of the MSA as amended by Act 44 of 2003.

r) List all municipal entities, their purpose and disclose any financial contributions to and from the municipality.
s) Performance of municipal entities and municipal service providers; and
t) The functionality of the ward committees and the challenges experienced in this respect.

8.6 Legislated Reporting Requirements

The legislated requirements regarding reporting processes are summarised in **Table 6** below:

Table 6: Legislated Reporting Requirements

Time Frame	MSA/MFMA Reporting on PMS	Selection
Monthly reporting	• The performance of any contractor under a contract or agreement with the municipality must be reported monthly. • Report any material variances from the SDBIP.	MFMA 71 (g) (ii) MFMA 116 (2) (b)
Quarterly Reporting	• The Municipal Manager must within 30 days of the close of each quarter submit a report to Council on the implementation of the budget and the financial state of affairs. • Quarterly organisational performance reports must be published on the municipal website.	MSA Regulation 14(1)(c) MFMA 52 (d) MFMA 75 (1) (k)
Bi-annual Reporting *	• The Performance Audit Committee must review the PMS and make recommendations to Council. • The Performance Audit Committee must submit a report at least twice during the year a report to Council. • The municipality must report to Council at least twice a year. • The Accounting Officer must by 25 January of each year assess the performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury.	MSA Regulation 14(4)(a) MSA Regulation 13(2)(a) MFMA S72
Annual Reporting	• The Annual Report of a municipality must include the Annual Performance Report and any recommendations of the municipality's audit committee. • The accounting officer of a municipality must submit the Annual Performance Report to the Auditor-General for auditing within two months after the end of the financial year to which that report relates.	MFMA S121 (3)(c)(i) & MSA S46 MSA S45 MFMA S127(2) MFMA S127(4)(a)

Table 6: Legislated Reporting Requirements		
Time Frame	**MSA/MFMA Reporting on PMS**	**Selection**
	• The Auditor-General must audit the Performance Report and submit the report to the accounting officer within three months of receipt of the Performance Report. • Any municipal entity must submit to the municipality its Annual Report within six months of the end of the financial year. • The Mayor of the municipality must, within seven months after the end of a financial year, table in the municipal Council the Annual Report of the municipality. • The Auditor-General may submit the Performance Report and Audit Report of a municipality directly to the municipal Council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of the state. • Immediately after an Annual Report is tabled in the Council, the accounting officer of the municipality must submit the Annual Report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province. • The Council of the municipality must consider the Annual Report by no later than two months from the date on which the Annual Report was tabled, adopt an oversight report containing Council's comments on the Annual Report. • The meetings of a municipal Council at which an Annual Report is to be discussed or at which decisions concerning an Annual Report are to be taken, must be open to the public and any organ of the state. • The Annual Report and the Oversight Report, on the Annual Report, must be submitted to the provincial legislature within 7 days of Council approval.	MFMA S127(5)(b) MFMA S129(1) MFMA S130(1) MFMA S132 (a) & (b)

9. Public Participation

The process of planning for, monitoring, evaluating and reporting on municipal performance should allow sufficient opportunity for the community to participate in these processes, as stipulated by Section 42 of the MSA. For public participation in the monitoring and evaluation process to become meaningful various processes and structures must be put in place.

9.1 Service standards

The PMS should also encapsulate the Batho Pele principles as contained in The White Paper on Transforming the Public Service Delivery (Batho Pele) of 1998 (Republic of South Africa, 1998). These principles are:

a) *Consultation:* The community should be consulted about the level and quality of the services they receive e.g., given an opportunity to input on the KPIs and targets;
b) *Service Standards:* The community must be made aware of the service standards they can expect from Council e.g., communication with the community through the IDP representative forum on service standards;
c) *Access:* The whole community should have equal access to the services to which they are entitled, e.g., access to planning documents and performance reports;
d) *Courtesy:* Citizens should be treated with courtesy and consideration;
e) *Information:* The community should receive full and accurate information;
f) *Openness and transparency:* The community must be informed about how the municipality functions, the budget and who is the management;
g) *Redress:* If the promised level of service is not delivered the community should be offered an apology, an explanation and the situation must be remedied; and
h) *Value for money:* Service should be provided economically and efficiently to ensure that citizens get value for money.

The following structures must be put in place and utilised to facilitate community participation in the process of planning for, monitoring, evaluating and reporting on performance:

i. Council

ii. Portfolio Committees
iii. Ward Committees
iv. IDP Representative Forum
v. IDP Representative Forum Sub-committees
vi. Public hearings

The participation of the community in these forums above must move beyond informing representatives of plans already agreed to, towards active participation. Herein, community representatives should be given sufficient time to input into the process, after consulting the constituents they represent. Public participation in the planning and performance monitoring processes should take place considering the following:

a) Participation forums should be structured in a manner that encourages community participation to a level beyond mere consultation (see **Figure 6**); and
b) The IDP Representative forum should be utilised for IDP, Budget and Performance Management consultations to ensure integration and alignment.

Figure 4: Levels of public participation

9.2 Processes for Public Participation in M&E

The process of public participation in the IDP, Budget and Performance Management of Council activities should be well structured and communicated to all stakeholders. Herein, the following must be established to facilitate the active participation in these processes:

9.2.1 Public Participation Framework (PPF)

A policy framework must be developed to provide the overall structure for the process of public participation. This framework must be developed in consultation with the community. This, to ensure that Council identify the ideal circumstances, times and venues to consult various types of stakeholders, to ensure maximum participation. The PPF should outline the following:

a) Legislative prescripts for a municipality on public participation.
b) The types of public participation the municipality will embark on.
c) The methods of public participation to be utilised.
d) The contribution expected from the public participation process; and
e) Identification of the key stakeholders and allocate responsibilities.

The PPF should be revised on an annual basis to ensure that it remains relevant to the local environment.

9.2.2 Public Participation Procedural Manual

The PPF should be the backbone of the public participation process, however, the detailed procedures guiding the actual implementation thereof should be contained in a Public Participation Procedural Manual (PPPM). This manual will serve a dual purpose in *firstly,* outlining the steps to follow in implementing the processes required by the PPF, *secondly*, as a way of documenting business processes, to ensure continuity and measurability. The PPPM must further contain an implementation plan, which must be revised on an annual basis along with the IDP and be approved by Council as part of the IDP. The implementation programme must be specific in determining which activities will take place when, who the stakeholders will be, and the method of public participation envisaged.

9.2.3 Roles and Responsibilities in Public Participation

Although the participation of the public in the IDP, Budget and PMS process is closely linked to the Public Participation Unit of Council, various other role players must be involved to ensure a high level of public ownership in Council programmes.

Table 7: Roles and Responsibilities in Public Participation		
Role Player	**Regularity**	**Roles and Responsibilities**
Public Participation Office	Monthly	• Facilitate the establishment of ward committees. • To provide secretarial services at public participation gatherings. • Submit to management the key issues and recommended actions raised by the ward committee on a monthly basis. • Develop a PPPM. • Develop an annual public participation implementation plan.
Communications Office	Monthly	• Ensure that communication with the public takes place in line with the Communication Policy and Framework. • Establish a Batho-Pele Committee and facilitate monthly meetings.
IDP Office		• Facilitate the establishment of the IDP Representative Forum. • Establish IDP Representative Forum Sub committees. • Arrange IDP Representative forum meetings for all phases of the IDP.
PMS Office	Quarterly	• Advise the IDP office on taking public inputs into consideration when developing the KPIs and setting targets. • Prepare quarterly performance presentations for IDP Rep forum meetings. • Facilitate the development of departmental service standards in support of the Batho Pele committee.
Office of the Mayor	Quarterly	• Arrange Mayoral imbizos in each cluster to monitor community satisfaction.
Office of the Speaker		• Monitor the implementation of the Public Participation Implementation Plan.

10. Mitigation measures

The implementation of the integrated performance management framework in general and individual performance management specifically, may have unintended consequences. These may come about due to any of the following factors:

i. Not defining the objectives/outcomes of the organisation clearly;
ii. Employees did not undergo a change management process and misunderstand the intention of the system, viewing it as a bonus generating mechanism only;
iii. Incentives for good performance are too high;
iv. There are no consequences for poor performance; and
v. The consequences of poor performance are too harsh.

There are mechanisms for means of addressing unintended consequences, these are presented in **Table 8** below.

Table 8: Mitigating measures for possible unintended consequences	
Possible unintended consequences	**Mitigating measure**
Increasing the expenditure on performance auditing.	Build Internal Audit capacity and utilise an electronic system for performance reporting and submission of evidence.
Being "performance ranked" according to performance based on inaccurate information.	Internal Audit to have sufficient capacity to audit portfolio of evidence on a quarterly basis.
Collective blindness: wherein the KPIs do not represent the overall picture of performance.	Input, output and outcome KPIs must be identified to cover all administrative units & all service delivery programmes.
Target chasing: where the effects of performance measurement are too high (high performance bonuses) employees focus only on KPIs and not on professional responsibilities.	Incentive policy must be developed that balance cash with non-cash rewards to all employees, in a fair and affordable manner.
Selective targeting: only including KPIs which are easy to achieve.	The strategic planning process should determine the strategic KPIs and long-term targets in line with the current status and organisational capacity.
Discourages innovation: new initiatives are not measured and therefore assessments discourage	Individual assessment process should contain a measure for reporting and

Table 8: Mitigating measures for possible unintended consequences	
Possible unintended consequences	**Mitigating measure**
innovation and implementation of initiatives that require a long-term commitment.	assessing the value of innovative initiatives.
Degradation of services and creation of more bureaucracy, especially where costs are also tracked**.**	All programmes to undergo an efficiency evaluation periodically.
Encourages gaming: reporting creatively by deliberate manipulation or outright fabrication of information to avoid the reflection of poor performance.	Internal audit and Performance Management Office to verify reported performance.
Ritualisation: upholding the paper reality of the managerial world to ensure a peaceful coexistence with a network of external stakeholders growing around the system.	5 Year IDP strategic planning to be informed by analysis of impact made during previous 5 years. Performance measures must be developed based on programme evaluation findings.

11. Summarised PMF annual programme

The following calendar summarises the key deadlines in terms of performance monitoring and evaluation:

Table 9: Annual Performance management Calendar

Requirement	Activity	Stakeholders
	July	
Service provider performance	4th Qtr. evaluation of service provider performance recommending actions to address poor performance.	Supply Chain Management Unit
Performance Reporting	4th Quarter organisational performance report: Top Level SDBIP on departmental level as input to Annual Performance Report.	All Departments
MM & Directors Performance Agreements	Preparation and approval of Performance Agreements and Plans by 31 July. KPIs to be aligned with the SDBIP.	MM & Directors
SDBIP Reporting	Departmental SDBIP reporting (Lower Level SDBIP) Departmental reports submitted to Municipal Manager.	MM & Directors
	August	
Service provider performance	Compile monthly report on service provider performance and recommend actions to address under performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Performance Audit	Draft Annual Performance Report compiled and submitted to the AG.	MM
Individual Performance Evaluations (Lower-level employees)	Formally review the performance of staff during the previous financial year and submit a report to Council.	MM & Directors
Employee Performance Plans	Finalise performance plans for permanent staff in line with expected outputs and outcomes in line with job requirements and development needs.	MM & Directors
Planning Schedule	Council to approve the IDP, Budget and PMS Process Plan for current year.	IDP, Budget and PMS offices
Public Participation in PMS	Present the 4th Quarter SDBIP progress report at a session of the Representative forum.	MM
	September	

Table 9: Annual Performance management Calendar		
Requirement	**Activity**	**Stakeholders**
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Individual Performance Evaluations (MM & Directors)	Formally review the performance of Directors during the previous financial year and submit a report to Council.	EXCO MM & Directors
	October	
Service provider performance	Compile 1st Quarter report on service provider performance and recommend actions to address performance to the Municipal Manager.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Performance Reporting	1st Quarter organisational performance report: Top Level SDBIP on departmental level with recommendations to improve performance submitted to Council by 31 Oct.	All Departments
Individual Performance Evaluations (All staff)	Informally review the performance of all staff during the 1st Quarter, perform coaching and address shortcomings.	MM & Directors, HR
IDP Public participation	Public consultations to secure community priorities for the next financial year.	IDP & Public Participation units
Public Participation in PMS	Present the 1st Quarter SDBIP progress report at a session of the Representative forum.	MM
	November	
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Planning	IDP strategic Planning to determine Vision, Mission, Strategic	All Directors & Exco

Table 9: Annual Performance management Calendar		
Requirement	**Activity**	**Stakeholders**
	Objectives/Outcomes, strategies, KPIs, 5-year targets and projects.	
December		
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Annual Report	Draft Annual Report available for review by Management & Audit Committee.	All Directors
January		
Service provider performance	Compile 2nd Quarter report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Performance Reporting	2nd Quarter organisational performance report: Top Level SDBIP on departmental level with recommendations to improve performance submitted to CoGHSTA and Treasury by 25 Jan and Council by 31 Jan.	All Departments
Individual Performance Evaluations (Lower-level staff))	Formally review the performance of all staff during the 2nd Quarter, perform coaching and address shortcomings. Submit report to Council.	Directors & HR
Annual Report	Draft Annual Report submitted to Council for adoption in principle by 31 Jan.	MM
Planning	Finalise IDP project planning, budget availability determined.	All Directors & Exco
February		
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors

Table 9: Annual Performance management Calendar		
Requirement	**Activity**	**Stakeholders**
SDBIP Adjustment	Affect adjustments to the SDBIP for approval by Council along with the adjustment budget.	MM
Individual Performance Evaluations (MM & Directors)	Formally review the performance of Directors during the first 6 months and submit a report to Council.	EXCO MM & Directors
Annual Report	Advertise Draft Annual Report for public comments and review by the Oversight Committee.	All Directors
Planning	Finalise IDP Integration Phase.	All Directors & Exco
Public Participation in PMS	Present the 2nd Quarter SDBIP progress report at a session of the Representative forum.	MM
	March	
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps	All Directors
Annual Report	Approval of Final Annual Report by Council.	Council & MPAC
Planning	Approval of Draft IDP & Budget by Council.	All Directors & Exco
	April	
Service provider performance	Compile 3rd Qtr. report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
Performance Reporting	3rd Quarter organisational performance report: Top Level SDBIP on departmental level with recommendations to improve performance submitted to Council by 30 April.	All Departments
Individual Performance Evaluations (All staff)	Informally review the performance of all staff during the 3rd Quarter, perform coaching and address shortcomings.	MM & Directors

Table 9: Annual Performance management Calendar		
Requirement	**Activity**	**Stakeholders**
Planning	Conduct public participation to secure inputs on the Draft IDP & Budget.	All Directors & Exco
May		
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
SDBIP Development	Draft SDBIP submitted to Mayor for consideration	All Directors
Planning	Final IDP and Budget approved by Council.	Council
Public Participation in PMS	Present the 3rd Quarter SDBIP progress report at a session of the Representative forum.	MM
June		
Service provider performance	Compile monthly report on service provider performance and recommend actions to address performance.	Supply Chain Management Unit
SDBIP Reporting	Update monthly Departmental SDBIP progress indicating actions to address gaps.	All Directors
SDBIP Development	SDBIP approved by Mayor.	All Directors
Performance Agreements	Draft Performance Agreements for MM & Directors submitted to the Mayor along with the SDBIP.	MM & Directors

12. Institutional Capacity

The Integrated Performance Monitoring and Evaluation Framework provides for an extensive system to monitor, evaluate and report on performance which will require specialist human resource capacity and overall capacity building on a managerial level. **Table 10** provides an overview of the organisational arrangements required to implement the framework.

Table 10: Institutional Arrangements		
Department	**Function**	**Capacity requirement**
Municipal Manager - Performance Management Unit	• Performance Management Policy Development. • Develop the Annual Plan to monitor the implementation of the Budget and IDP (SDBIP). • Monitor organisational performance, evaluate organisational and programme performance and report to Council. • Advise Council on interventions required to improve performance. • Ensure that "early warning system" is functional. • Facilitate the signing of performance agreements by the MM and other Directors/Directors. • Facilitate individual performance management. • Develop a system to monitor and assess individual performance. • Assess and report to Council on individual Performance for all employees	1 x Performance Management Officer (Reporting to the Municipal Manager) 1 x Performance Management Officer 1 x Admin Clerk
Corporate Services - Individual Performance Management Unit	• Develop Job Descriptions for all employees • Develop Personal Development Plans (PDPs) for all employees • Develop the Workplace Skills plan to support the PDPs	1 x Skills Development Officer
Municipal Manager –	• Audit PM system. • Perform internal audit on reported performance on Predetermined	1 x Auditor (Performance Auditing)

Table 10: Institutional Arrangements		
Department	**Function**	**Capacity requirement**
Internal Audit Unit	Objectives in terms of SMART principles, accuracy, validity and reliability.	Electronic POE audit system

The organisation must capacitate management and staff, up to supervisor level, on performance management, as an ongoing process.

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