

MATJHABENG LOCAL MUNICIPALITY

(FS184)



PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (PMDS) POLICY FRAMEWORK

1 July 2026 to 30 June 2027

Approved by the Municipal Council on 26 May 2026

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TOWN AREAS

*** Allanridge * Hennenman * Odendaalsrus * Ventersburg * Virginia * Welkom ***

TABLE OF CONTENTS

LIST OF ABBREVIATIONS/ ACRONYMS	5
DEFINITIONS	6
1. INTRODUCTION	9
2. PREAMBLE	11
3. LEGISLATIVE OVERVIEW	11
4. OBJECTIVES OF THE PMDS POLICY FRAMEWORK AND PMS SYSTEM	13
4.1. PMDS Policy Framework	13
4.2. Performance Management System (PMS)	13
5. PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (PMDS)	14
5.1. Performance and Development Cycle	15
5.2. Strategy Measurement	18
5.2.1. Five-Year Municipal Scorecard	18
5.2.2. Top Layer Service Delivery Budget Implementation Plan (SDBIP)	18
5.2.3. Departmental SDBIP	18
6. DISTRICT DEVELOPMENT MODEL	19
6.1. District Development Framework	20
7. ORGANISATIONAL PERFORMANCE	22
7.1. Integrated Development Plan (IDP)	22
7.2. Service Delivery and Budget Implementation Plan (SDBIP)	24
7.3. Top Layer SDBIP	27
7.3.1. Technical Indicator Descriptions	28
7.4. Departmental SDBIP	29
7.5. Update of Actual Performance	30
7.6. Adjustments to KPIs	31
7.6.1. Top Layer SDBIP Adjustments	31
7.6.2. Departmental Layer SDBIP Adjustment	31
7.7. Validation	31
8. INDIVIDUAL PERFORMANCE	32

8.1.	Municipal Manager and Directors	34
8.1.1.	Performance Agreements	34
8.1.2.	Evaluation Municipal Manager and Directors	35
8.1.3.	Municipal Manager and Directors Evaluation Source Documentation.....	37
8.2.	All other Personnel.....	37
8.2.1.	Performance Agreements/ Performance Development Plans	37
8.2.2.	Team-based performance management and development system.....	42
8.2.3.	Skills Development Plan (SDP).....	42
8.2.4.	Formal Performance Evaluations	42
8.2.5.	Portfolio of Evidence (POE).....	44
8.2.6.	Performance Moderation.....	47
8.2.7.	Circumstances Impacting on Performance Evaluations.....	48
8.2.8.	Process Flow for Performance Assessments	50
8.2.9.	Record Keeping	51
8.2.10.	Amendments to Performance Agreements and Performance Development Plans...	51
9.	REWARD AND RECOGNITION	52
9.1.	Municipal Manager and Directors	52
9.2.	Performance Rewards.....	52
9.3.	Communication of Final Outcomes of Performance Assessments	53
9.4.	Managing Poor Performance.....	53
9.4.1.	Organisational Performance – SDBIP	53
9.4.2.	Individual Performance.....	54
9.5.	Mentoring and Coaching	58
10.	APPEALS PROCESS.....	58
10.1.	Municipal Manager and Directors	58
10.2.	Other Personnel	58
10.2.1.	Assessment Appeal Panel Committee.....	59
10.3.	Communication of Final Outcomes of Performance Assessments	59
11.	SERVICE PROVIDERS.....	59
12.	EVALUATION AND IMPROVEMENT OF THE PMS	60
13.	ORGANISATIONAL PERFORMANCE MONITORING.....	61

13.1.	Reporting Intervals	61
13.2.	Mid-Year Assessment	62
13.3.	Annual Performance Report (APR)	63
13.4.	Annual Report.....	64
13.5.	Analysis of Performance Reports and Follow-up	64
14.	GOVERNANCE.....	65
14.1.	Quality Control and Co-ordination	65
14.2.	Performance Investigations	66
14.3.	Internal Audit.....	66
14.4.	Performance Audit Committee	67
14.5.	Role of the Audit Committee.....	68
14.6.	Legislative Reporting Processes.....	68
15.	SUMMARY OF MUNICIPAL PERFORMANCE CYCLE	70
15.1.	Top Layer SDBIP	70
15.2.	Departmental SDBIP	71
15.2.1.	Municipal Manager and Directors	72
15.2.2.	Other Personnel	72
15.3.	Performance Calendar	72
16.	ROLES AND RESPONSIBILITIES.....	76
17.	AUTOMATED WEB-BASED PMDS.....	81
18.	FINANCIAL RECOVERY PLAN.....	81
19.	CONCLUSION.....	85
	APPROVAL/ ADOPTION	85
	SIGNATORIES.....	85

LIST OF ABBREVIATIONS/ ACRONYMS

Abbreviation/ Acronym	Description	Abbreviation/ Acronym	Description
AGSA	Auditor-General of South Africa	NGO	Non-governmental organisation
CAPEX	Capital Expenditure	NT	National Treasury
CBP	Community Based Planning	NTFMPPI	National Treasury Framework for Managing Programme Performance Information
CCR	Core Competency Requirements	OPEX	Operating Expenditure
CFO	Chief Financial Officer	PDO	Pre-determined Objectives
DM	District Municipality	PDP	Personal Development Plan
EE	Employment Equity	PMDS	Performance Management and Development System
HR	Human Resources	PMS	Performance Management System
IA	Internal Auditor	POE	Portfolio of Evidence
IDP	Integrated Development Plan	PT	Provincial Treasury
JD	Job Description	SALGA	South African Local Government Organisation
KPA	Key Performance Area	SCM	Supply Chain Management
KPI	Key Performance Indicator	SDBIP	Service Delivery and Budget Implementation Plan
LED	Local Economic Development	SDF	Spatial Development Framework
LG	Local Government	SMT	Strategic Management Team
LM	Local Municipality	SOP	Standard Operating Procedure
MAYCO	Executive Mayoral Committee	TID	Technical Indicator Description
MFMA	Municipal Finance Management Act No. 56 of 2003	TL	Top Layer
MM	Municipal Manager		
MSM	Municipal Senior Manager		
mSCOA	Municipal Standard Chart of Accounts		

DEFINITIONS

Activities	The process or actions that use a range of inputs to produce the desired outputs and ultimately outcomes.
Baseline	The current level of performance that the institutions aim to improve.
Benchmarking	The process whereby an organisation of similar nature uses each other's performance as a collective standard against which to measure their own performance.
Employee	A person employed by the Matjhabeng LM as a Municipal Manager or as a manager directly accountable to the Municipal Manager, and all other personnel employed permanently by the municipality.
Employer	Matjhabeng LM as represented by the Executive Mayor or the Municipal Manager, as the case may be.
Employment Contract	A contract as contemplated in Section 56 of the Municipal Systems Act, as amended.
Grievance	Any dissatisfaction, perceived or otherwise on the part of a staff member arising from factors that include a staff member's job, working environment or the municipality's employment practices.
Impact	The results achieving specific outcomes, such as reducing poverty and creating jobs.
Input	All resources that contribute to the production and development of outputs.
Integrated Development Plan (IDP)	The strategic 5-year plan of a municipality as envisaged in Systems Act Section 25.
Key Initiative	<p>An activity or task that is performed with the intension of achieving a key performance indicator and target.</p> <ul style="list-style-type: none"> ▪ <i>Examples could include setting up a committee, reviewing or developing a policy or bill, etc.</i> ▪ <i>It will also include any activity that cannot be classified as a project or a programme.</i>
Key Performance Area (KPA)	The functional area that the municipality must perform to achieve its Mission and Vision.
Key Performance Indicator (KPI)	Defines how performance will be measured along a scale or dimension to achieve the strategic objectives.
Moderation	The process of aligning the staff members performance

ratings to the performance of the department during the performance cycle and where applicable, the municipality.

National Key Performance Area (NKPA)

A key area of focus determined at national level and is mandatory to all municipalities in South Africa.

National Key Performance Indicator (NKPI)

A key indicator determined at national level and is mandatory for all municipalities in South Africa to regularly report on.

National Outcomes

Refers to the 12 Outcomes determined by National Government of which Outcome 9 is focusing specifically on local government.

Objectives

Goals set for a period of 5-years or more that inform the municipality's mission and outcomes.

Outcomes

Medium-term results for specific beneficiaries that are the consequence of achieving specific outputs.

Output

Final products or goods and services produced for delivery.

Other Municipal Staff

All employees excluding senior management and section 56/57 employees.

Performance Cycle

The period commencing on 1 July annually and ending 30 June of the following year for which performance is planned, monitored and assessed.

Portfolio of Evidence (POE)

Documentary evidence on progress made by staff towards achieving of the KPAs and KPIs.

Pre-determined Objective (PDO)

Areas identified as important or crucial where a result will assist in the execution of the IDP.

Project

Capital or development project that is executed over a specific period/ time with a defined beginning and end.

- *It is normally funded by the capital or development budget with the intension of achieving a key performance indicator and target.*
- *Examples could include the construction of roads, buildings, infrastructure, etc.*

Performance Standard

Expresses the minimum acceptable level of performance, or level of performance that is generally expected.

- *These should be informed by legislative requirements departmental policies and service level agreements but can also be benchmarked against other institutions performance levels in accordance to best practice principles.*

Regulation 890

Local Government: Municipal Systems Act: Local Government: Guidelines for the implementation of the

Municipal Staff Regulations, published 20 September 2021.

Section 56 employees

An appointed Manager directly reporting to the Municipal Manager (e.g. CFO and other Directors).

- *Also referred to as a Senior Manager which means a municipal manager or acting municipal manager, appointed in terms of section 54A of the Municipal Systems Act and a manager or acting manager directly accountable to a municipal manager appointed in terms of section 56 of the Municipal Systems Act.*

Section 57 employees

A person appointed as the Municipal Manager of a municipality.

Senior Managers

An individual appointed to report directly to the Municipal Manager.

SDBIP

A detailed plan approved by the Executive Mayor of a municipality in terms of MFMA Section 53 (1)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget.

Strategic Objective

Purpose statements that help create an overall vision and set goals and measurable steps for an organisation to help achieve the desired outcome.

Strategy

A plan of action or policy designed to achieve the overall vision.

**Technical Indicator
Description (TID)**

An organized, purposeful structure that consists of interrelated and interdependent elements (*components, entities, factors, members, parts etc.*).

- *These elements continually influence one another (directly or indirectly) to maintain their activity and the existence of the system, to achieve the goal of the system.*

Weights

Every KPI must be allocated with a weight.

- *The weight value will indicate the importance of the KPI (the higher the weight the more important the indicator and the lower the weight the less important the indicator).*

1. INTRODUCTION

A Performance Management and Development System (PMDS) measure the implementation of the organisation's strategy considering the skills and the growth thereof. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

Performance management is the practice of linking the long-term strategic objectives of an organisation to its day-to-day performance by setting measurable key performance indicators (KPIs) and monitoring performance against those indicators. When implemented correctly, it is an essential tool to monitor whether a municipality is on track to meet targets or serves as an early warning system to identify areas where improvement is required to enhance service delivery and recognise excellent performance.

The municipality delivers services essential to the well-being and development of the communities they serve. To ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers to areas where corrective action is required.

Section 152 of the Constitution of South Africa (1996), dealing with the objectives of local government, paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- a) The promotion of efficient, economic and effective use of resources.
- b) Accountable public administration.
- c) To be transparent by providing information.

- d) To be responsive to the needs of the community.
- e) To facilitate a culture of public service and accountability amongst staff.

Section 38 of the Municipal Systems Act 32 of 2000 requires **municipalities to establish a Performance Management System (PMS)**. Furthermore, the Systems Act and the MFMA requires the **Integrated Development Plan (IDP) to be aligned to the municipal budget** [Systems Act, section 25(b)], and to **be monitored for the performance of the budget against the IDP via the Service Delivery and Budget Implementation Plan (SDBIP)** [MFMA section 53 (1)(c)(ii)].

Section 38(c) of the Systems Act also stipulates that a **municipality must administer its affairs in an economical, effective, efficient and accountable manner**. In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that **“A municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.”**

This **policy therefore describes how the municipality’s performance process, for the organisation will be conducted, organised and managed**. It also has the following objectives:

- a) Clarify processes of implementation.
- b) Ensure compliance with legislation.
- c) Demonstrate how the system will be managed.
- d) Define roles and responsibilities.
- e) Promote accountability and transparency.
- f) Reflect the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

2. PREAMBLE

The **White Paper on Local Government (1998)** introduced the **Performance Management Systems (PMS)** for local government as a tool to monitor the progress of service delivery at local government level. The Municipal Systems Act requires local government to develop a PMS.

Section 19 of the Municipal Structures Act (*Municipal Objectives*), Chapter 6 of the Municipal Systems Act and the MFMA Chapters 7 and 12 gives direction to performance management in municipalities. The Local Government Municipal Staff Regulations, Regulation 890 states in Chapter 4 that a municipality must adopt a performance management and development system that complies with the provisions of this Chapter in the Regulation which applies to all staff members of a municipality.

This document establishes **a platform to implement, assess, monitor, measure, review, manage and reward performance throughout the municipality and shall serve as the official Performance Management Framework** which informs the performance management processes and practices. It also forms the basis of aligning the IDP with the operational business plans, performance areas and performance indicators of the various departments of the municipality.

This policy framework document should be read together with:

- ☐ All legislation that relates to performance management.
- ☐ Other policies and procedures of the municipality that relates to performance management and human resource matters as referenced.
- ☐ The Performance Management Guidelines.

3. LEGISLATIVE OVERVIEW

This PMDS Policy Framework has been developed in accordance with promulgated local government legislation, regulations and other guidelines.

The following legislation mainly informs the PMDS of the municipality:

- a) Labour Relations Act 66 of 1995.

- b) Constitution of the Republic of South Africa Act 108 of 1996.**
- c) Basic Conditions of Employment Act 75 of 1997.
- d) Skills Development Act 97 of 1998.
- e) Promotion of Access to Information Act 2 of 2000 (PAIA).
- f) Local Government: Municipal Systems Act 32 of 2000.**
- g) Local Government: Municipal Finance Management Act 56 of 2003.**
- h) National Qualifications Framework Act 67 of 2008.
- i) White Paper on Transforming Public Service Delivery (Batho-Pele) (1997).
- j) White Paper on Local Government (1998).
- k) Municipal Planning and Performance Management Regulations (R796, August 2001).**
- l) Municipal Performance Regulation for Municipal Managers and Managers directly accountable to MM's (R805, August 2006).**
- m) Local Government: Regulations on appointment and conditions of employment of senior managers (R21, January 2014).
- n) Local Government Regulations 891 and 890 – Municipal Staff Regulation (2021).**
- o) MFMA Circular No. 13 – Service delivery budget implementation plan (2005).**
- p) MFMA Circular No. 63 – Annual Report updated (2012).**
- q) MFMA Circular No. 65 – Internal Audit and Audit Committee (2012).**
- r) MFMA Circular No. 88 – Rationalisation of Planning, Budgeting and Reporting (2017).**
- s) Framework for Managing Programme Performance Information (2007).
- t) Notice 646 – Directive: Performance Information Public Audit Act of 2004 (2007).

4. OBJECTIVES OF THE PMDS POLICY FRAMEWORK AND PMS SYSTEM

4.1. PMDS Policy Framework

The aim of the Policy Framework is to:

- a) Provide a clear overview and description of the PMDS.
- b) Clarify the role of the PMDS within the municipality.
- c) Guide the implementation and functioning of both the organisational and Individual PMDS.
- d) Assign responsibility to individuals with regards to PMDS.
- e) Give effect to the legislative obligations of the municipality in a transparent and focused manner.
- f) Incorporate the performance management processes applicable to Municipal Senior Managers (*MSM*) and how these relate to, and link with the system in a holistic, institution-wide policy.
- g) Provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement.
- h) Link the IDP, the Budget and a PMDS in a cycle of prioritised, affordable and accountable municipal planning and effective service delivery involving all staff and the local community.

4.2. Performance Management System (*PMS*)

The Matjhabeng LM's PMDS is the **primary mechanism to monitor, review and improve the implementation of its strategy and to measure the progress made in achieving its objectives** as identified in the IDP. The PMDS has the following objectives to fulfil:

- a) Facilitate strategy deployment

- ☐ *Facilitates strategy (IDP) deployment throughout the municipality and align the organisation in executing its strategic objectives.*

b) Facilitate increased accountability and transparency

- ☐ *Provide a mechanism for ensuring increased accountability between the local community, the municipal council and the municipal management team.*
- ☐ *The development and implementation of a PMDS should be inclusive, transparent and open.*
- ☐ *The general public should, through the system be made aware of how the operations of the municipality are being administered, how public resources are being spent and who is responsible for what.*

c) Facilitate learning and improvement

- ☐ *Facilitate learning to enable the municipality to improve on delivery.*

d) Provide early warning signals

- ☐ *Ensure decision-makers are timeously informed of performance related risks, so that they can facilitate intervention, if necessary.*

e) Facilitate decision-making

- ☐ *Provide appropriate and reliable management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.*

f) Facilitate objectivity

- ☐ *Developed on a sound value system where the management of the system and the information is based upon being objective and credible.*
- ☐ *The adopted performance assessments ensure objectivity and credibility in the management of performance.*

5. PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (PMDS)

Each municipality must adopt a PMDS which explains the complete performance management and development system cycle. The cycle starts with

The policy framework must explain the performance management cycle as it will be implemented, including timeframes and the implementation framework. The policy framework must be adopted by Council after consultation with the relevant stakeholders.

Individual performance

Status quo analysis
 Turnover
 Service delivery
 SW & factor plans
 Stakeholder needs
 Strategic risks
 Corporate culture
 Capacity gaps / loss

Strategy development
 Vision, objectives, outcomes, etc.

Organisational scoreboard
 KPIs

Financial
 Long term financial plans
 Procurement plan

Service delivery budget implementation plan (rolling)

Top level plans
 Strategic plan
 Short & medium term
 Goal C implementation

Departmental plans
 Strategic plan
 Short & medium term
 Goal C implementation

Senior manager performance agreements
 Div A
 Div B
 Div C
 S&M

Staff performance plans
 Managers
 All staff

Quarterly organisational performance assessments
 Quarterly reports Q1 & Q2
 Mid-year performance reports
 Annual performance reports

Quarterly performance assessments

Annual staff performance assessments (audit)

Moderation

Consequence management

Skills audit
 Job descriptions
 Key performance indicators

Skills development
 New plans skills plan

5.1. Performance and Development Cycle

Matjhabeng LM – PMDS Policy Framework (2026 to 2027)



Figure 2: Annual Performance and Development Cycle

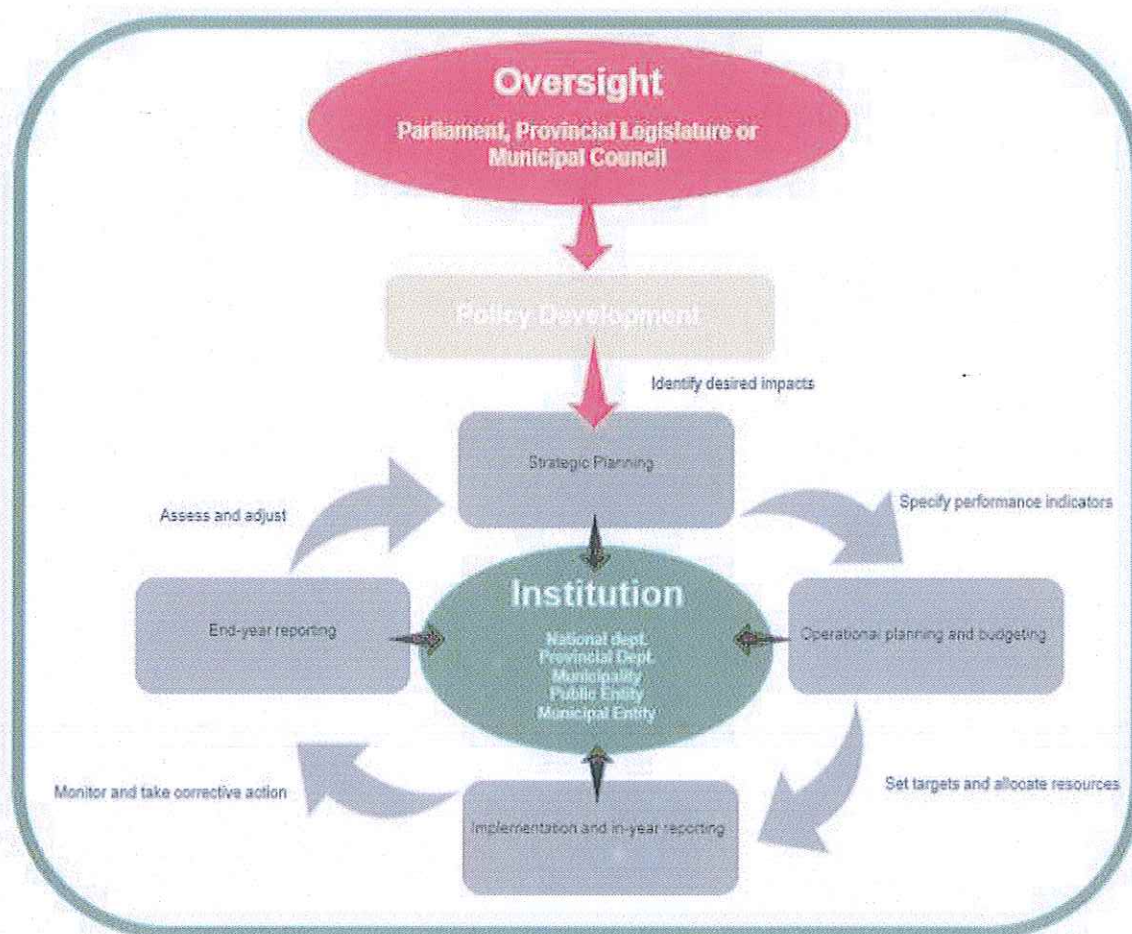


Figure 3: Planning, Budgeting and Reporting Cycle

- a) **Performance planning** ensures that the strategic direction of the municipality more explicitly informs and aligns the IDP with all planning activities and resource decisions. This is the stage where Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) are designed to address the IDP objectives and targets are set. The planning of the IDP starts with the beginning of the new

financial year and the IDP time schedule must be submitted to Council by 31 August every year.

- b) **Performance monitoring** is 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 a process. Directors and their managers will monthly monitor the performance of their departments. Quarterly reports on performance information must be submitted to Portfolio Committees and Council.
- c) **Performance evaluation** is an analysis of the status of performance, i.e. performance against targets, why there is under-performance (*if applicable*) or what the factors were, that allowed for good performance in a particular area. Where targets have not been met, the reasons for this must be examined and corrective actions implemented. Evidence to support the status should also be reviewed at this stage. The objective of the review should be based on actual performance and performance evidence.
- d) **Performance reporting** entails regular reporting to management, the Performance Audit Committee, Portfolio Committees, Council and the public in the form of quarterly, bi-annual and annual reports.
- e) **Performance auditing** 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 Systems Act, results of the performance measurement must be audited as part of the municipality's internal auditing process and annually by the Auditor General of South Africa (AGSA). The municipality have therefore established 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 years planning phase.

5.2. Strategy Measurement

The strategy of the municipality is measured in terms of the aspects listed below.

5.2.1. Five-Year Municipal Scorecard

The scorecard is included in the IDP and **includes the expected outcomes of the objectives for the five years.** The outcome indicators:

- a) Indicate what the municipality aims to achieve in terms of its objectives.
- b) Are included in the IDP with baseline data for the most recent year for which data is available.
- c) Include a medium-term target for both the end of the electoral term (*5th year*) and the outer year of the MTREF (*3rd year shifting out*).
- d) Reported on for the latest year for which data is available in the Annual Report.

5.2.2. Top Layer Service Delivery Budget Implementation Plan (SDBIP)

The Top Layer (TL) SDBIP is a **one-year plan and includes the outputs that measure the implementation of the approved budget.** The output indicators:

- a) Are the functional link between the final products, goods or services produced for delivery and provide a useful indication of progress toward the intended outcome included in the IDP.
- b) Include baseline data for the preceding financial year.
- c) Include annual targets, split into quarterly projections as appropriate.
- d) Are reported on quarterly, mid-year and annually.
- e) Included in the annual performance agreements of the municipal manager and other senior managers.

5.2.3. Departmental SDBIP

The departmental SDBIP is a one-year operational plan which measures performance at a departmental and directorate level. Indicators included in this plan includes the following:

- a) Budget performance at a departmental level.
- b) Service standards.
- c) Activities required towards achievement of the strategy.
- d) Measurement in the performance of managers at a departmental level.
- e) Monitored monthly performance reported.

6. DISTRICT DEVELOPMENT MODEL

The **District Development Model (DDM)** was adopted by Cabinet in August 2019 and as part of the cabinet adoption, it was agreed that **it will provide a district-based approach to speed up delivery** and ensuring that municipalities are properly supported and adequately resourced.

The **One Plan** is a plan for all of government that has a life span of 25 to 30 years. It includes all spheres of government and affirms the transversal alignment approach as well as the long-term planning that is highly recommended and encouraged by government.

The objectives of the DDM seek to achieve the following:

- a) Solve the silos approach at a horizontal and vertical level.
- b) Maximise impact and align plans and resources at the disposal of government through the development of “One District, One Plan and One Budget”.
- c) Narrow the distance between people and government by strengthening the coordination role and capacities at the district and city levels.
- d) Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level.
- e) Build government capacity to support municipalities.
- f) Strengthen monitoring and evaluation at district and local levels.
- g) Implement a balanced approach towards development between urban and rural areas.

- h) Ensure sustainable development whilst accelerating initiatives to promote poverty eradication, employment and equality.
- i) Exercise oversight over budgets and projects in an accountable and transparent manner.

The **DDM positions the district at the centre of intergovernmental planning, coordination and implementation.** The White Paper on Local Government (1998) indicates the role of the district municipalities to include:

- a) District wide integrated planning.
- b) Support and capacity building to local municipalities.

Furthermore, **Section 27 of the Systems Act states that a District must develop a District IDP Framework.** In this regard, legislation paves the way for the DDM and therefore places an increased need to position Matjhabeng LM as an implementation agent for regional development to enable the promotion of socio-economic development and spatial restructuring throughout its area.

6.1. District Development Framework

Section 27 of the Systems Act requires that **each district municipality, after following a consultative process with the local municipalities within its area, must adopt a framework for integrated development planning.** This framework binds both the district and local municipality as it gives the direction that the municipalities' IDPs should follow, and it drives the integrated development planning within the district area of jurisdiction.

The Framework is for a 5-year period and aligns to the IDP cycle, electoral mandate and should be reviewed on an annual basis. The development of a District Framework normally starts on 1 July and is completed by mid-August, when it is adopted by the District Municipality.

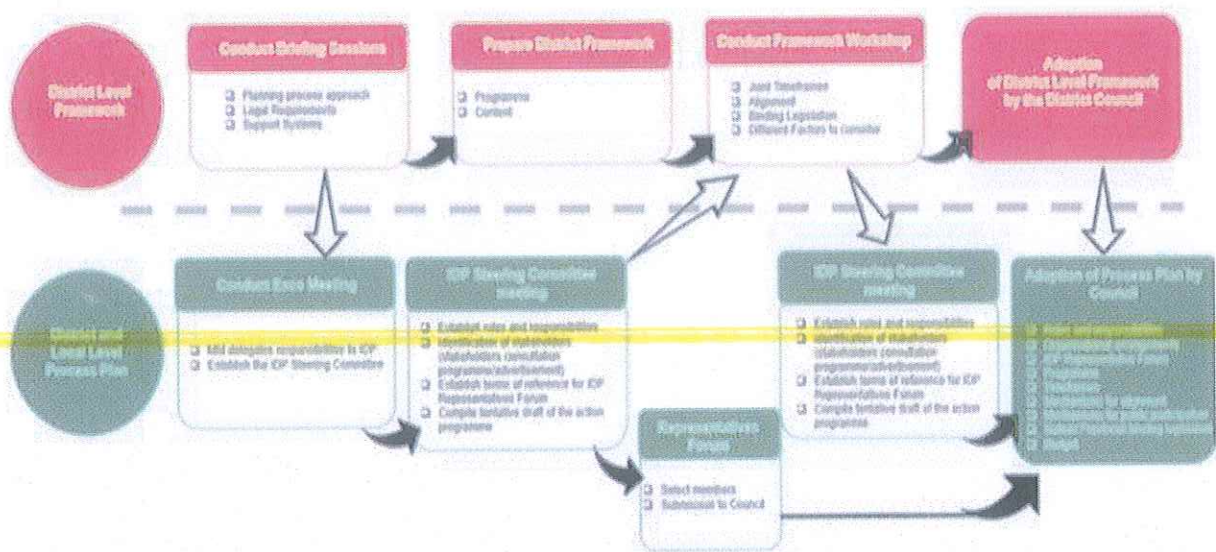


Figure 4: Proposed linkage between District Framework and Matjhabeng LM Process Plan

The key elements that must be included in the District Framework are:

- ☐ Introduction/ Background/ Legislative context.
- ☐ Framework programme with timeframes and key stakeholders.
- ☐ Issues, mechanism and procedures for alignment and consultation.
- ☐ Planning requirements and binding plans/ policies at a National and Provincial level.
- ☐ Procedures and principles for monitoring of planning procedures and amendments of the framework.

It must be stated that the District Framework is a consolidation tool that ensures the integrated development planning between:

- ☐ The Local Municipality (LM) and Category C municipalities (*District Municipalities*)– **the Framework must align priorities, programmes and projects of the LM with those of the DM.**
- ☐ It also provides for alignment of Matjhabeng LM's priorities, programmes and projects with provincial and national priorities and programmes.

7. ORGANISATIONAL PERFORMANCE

The IDP process and the performance management process must be seamlessly integrated. The IDP is a key document in the performance management cycle as it describes the municipal strategy that needs to be implemented.

The PMDS in turn, fulfils the implementation, management, monitoring and evaluation of the municipal strategy. Organisational performance is the first step to integrate the IDP, the municipal budget and performance management and it is measured through the SDBIP.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented during the next twelve months. It also allocates responsibility to Department Managers and Divisional heads to deliver the services in the IDP and budget.

7.1. Integrated Development Plan (IDP)

The IDP process is not described in detail in this policy framework, it is important to provide some level of background as the performance cycle starts during the IDP process.

- d) The Council's development priorities and strategic objectives.
- e) The Council's development strategies.
- f) A spatial development framework.

The actions emanating from the IDP must be planned for in a municipal scorecard (5-year outcomes) that should be included in the final IDP presented to Council for approval. The **scorecard must include the performance indicators, annual targets for the relevant year that the indicator must be delivered in as well as the budget linkages** in accordance with the Municipal Standard Chart of Accounts (mSCOA) requirements.

The IDP process is summarised in the following diagram (please note that the graph only provides a high-level understanding of the process and that the detailed actions, timeframes and responsibilities should be documented in the annual IDP process plan that must be adopted by Council).

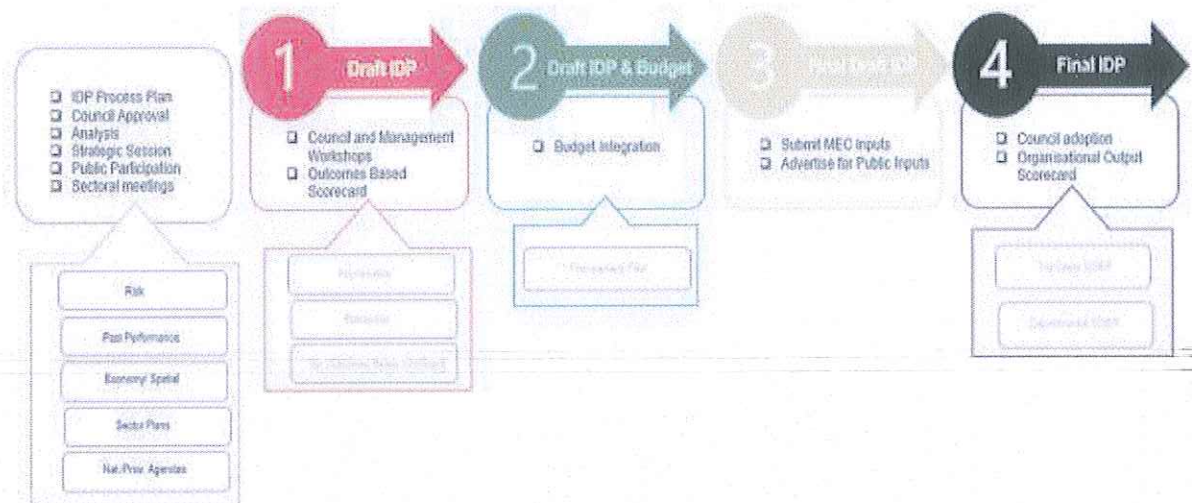


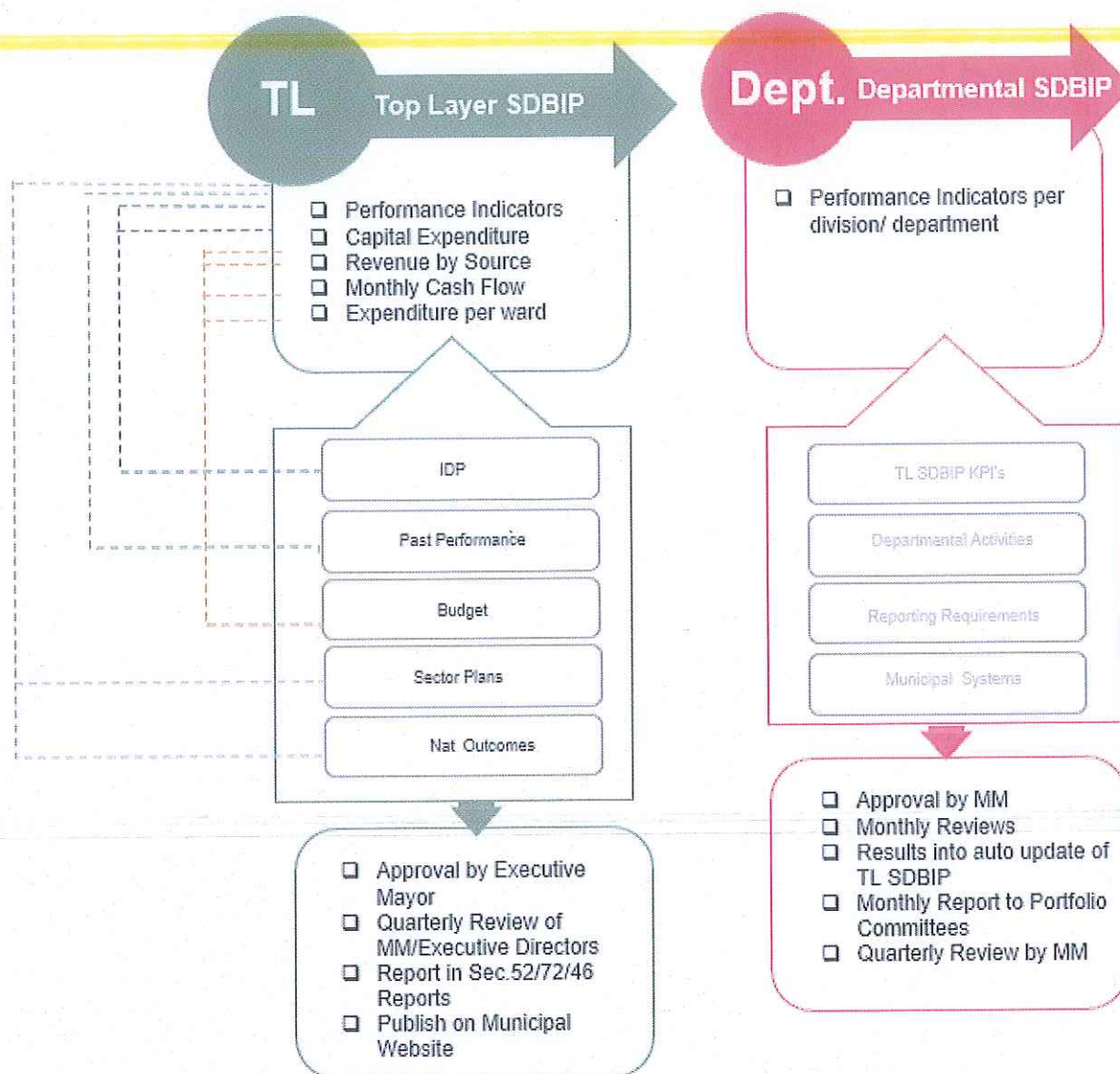
Figure 6: High Level IDP Process

7.2. Service Delivery and Budget Implementation Plan (SDBIP)

The SDBIP is a management, implementation and monitoring tool that will enable the municipality to monitor the performance of the municipality and its departments.

Top Layer/ Level: Dealing with consolidated service delivery targets and linking such targets to top management.

Departmental Layer/ Level: Directors provide more detail on each output for which they are responsible for and breaks up such outputs into smaller outputs and linking these to middle level



vel and lower-level management.

Figure 7: Components of the SDBIP

7.3. Top Layer SDBIP

The TL SDBIP indicates the responsibilities and outputs for each of the Head of Department in the top management team, the inputs to be used and the time deadlines for each output. The TL SDBIP will therefore determine the performance agreements of the Municipal Manager and Directors, including the outputs and deadlines for which they will be held responsible. The TL SDBIP is also the part of the SDBIP that's made available to the public.

The TL SDBIP must be submitted to the Executive Mayor within 14 days after the approval of the budget and must be approved by the Executive Mayor within 28 days after the budget has been approved. The TL SDBIP is a public document and must be made public within 14 days after approval.

Section 54(1)(c) of MFMA determines that any adjustments to the TL SDBIP must be with the approval of the Council, following approval of an adjustments budget. Although the TL SDBIP is a one-year detailed plan, it should include a three-year capital plan. The components of the TL SDBIP include:

- a) Monthly projections of revenue to be collected for each source.
- b) Monthly projections of expenditure (*Operating and Capital*) and revenue for each vote in terms of the MFMA section 71 aligned format (*Cash Flow Statement*).
- c) Quarterly projections of service delivery targets and performance indicators for each vote.
- d) Non-financial measurable performance objectives in the form of targets and indicators.
- e) Level and standard of service being provided to the community.
- f) Ward information for expenditure and service delivery.
- g) Baseline information indicating the status quo of the Municipality for that particular year.
- h) Detailed capital works plan broken down by ward over three years (*Capital Project Sheet*).

On the current system that the municipality utilise, the TL SDBIP KPIs will update automatically from the performance reported on monthly in the Departmental SDBIP. The results will be reviewed quarterly by the Municipal Manager and the Directors. The **actual results and corrective actions (where required) forms a critical part of the quarterly (MFMA section 52), the mid-year (MFMA section 72) and the annual performance (Systems Act section 46) and annual (MFMA section 121) reports.**

7.3.1. Technical Indicator Descriptions

Technical Indicator Descriptions (TIDs) must be prepared for each TL SDBIP KPI. The TIDs are essential as to improve the understanding of the requirements of the KPI, the portfolio of evidence (POE) collection and it supports audit procedures. The **TIDs should address the following:**

- a) Short Name (*Indicator Name*)
- b) Definition
- c) Rationale (*Desired Outcome/ Importance/ Purpose*)
- d) Unit of Measurement
- e) Indicator Origin (*Source Documentation Origin*)
- f) Alignment
- g) Results-chain Level (*Indicator Type*)
- h) Frequency of Reporting (*Reporting Cycle*)
- i) Indicator Formula (*Target Calculation Methodology*)
- j) Notes on Calculation (*Cumulative/ Non-cumulative*)
- k) Additional Notes
- l) Means of Verification (*Source Documentation Information*)
- m) Reporting Responsibility (*KPI Ownership*)

Regular updates should be done to ensure that the TIDs are accurate and relevant.

The review of the system descriptions must be done prior to an audit.

7.4. Departmental SDBIP

In the Departmental SDBIP, the **Directors provide more detail on each output for which they are responsible for and break up such outputs into smaller outputs**, as well as linking these to middle-level and lower-level management.

The Departmental SDBIP will be using such detail to hold middle-level and lower-level managers responsible for various components of the service delivery plan and targets of the municipality. The Departmental SDBIP is compiled by a Head of Department for his/ her department and is approved by the Municipal Manager. Any changes to the Departmental SDBIP must be approved by the Municipal Manager.

Each KPI should have clear monthly targets and should be assigned to the person responsible for the KPIs. **A good performance indicator (KPI) should be:**

- ☐ **Reliable:** The indicator should be accurate enough for its intended use and respond to changes in the level of performance.
- ☐ **Well defined:** The indicator needs to have a clear, unambiguous definition so that data will be collected consistently and be easy to understand and use.
- ☐ **Verifiable:** It must be possible to validate the process and system that produce the indicator.
- ☐ **Cost-effective:** the usefulness of the indicator must justify the cost of collecting the data.
- ☐ **Appropriate:** The indicator must avoid unintended consequences and encourage service delivery improvements and not give managers incentives to carry out activities simply to meet a particular target.
- ☐ **Relevant:** The indicator must relate logically and directly to an aspect of the institutions mandate and the realisation of strategic goals and objectives.

The KPI **targets should be SMART** (*specific, measurable, achievable, relevant and time bound*).

Senior Managers, middle-level and lower-level management managers can use the departmental SDBIP to manage the performance of all the sections of his/ her

department and can monitor it monthly during the departmental management meeting.

Although divisions must update the actual results on the Departmental SDBIP monthly, they will report their performance in terms of the SDBIP to their respective Portfolio Committees quarterly. Decision-makers should be warned immediately of any emerging failures to service delivery so that they can intervene, if necessary.

It is important that Departments use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. The SDBIP report submitted should be used to analyse and discuss performance. Changes in indicators and targets on the Departmental SDBIP may be proposed, but may only be approved by the Municipal Manager.

7.5. Update of Actual Performance

The SDBIP system that the municipality currently utilises allows for the TL SDBIP to be updated automatically with the actual results reported in the departmental SDBIP. The departmental SDBIP must be updated monthly.

The KPI owners should report on the results of each KPI that they are responsible for by properly documenting the information in the performance response fields and either attach or refer to where the proof/POE is filed/kept. The appropriate POE and details regarding filing of a POE is documented in a separate document/ policy. In the instance of poor performance, corrective measures must be identified and documented.

The POE should speak to the actual performance achieved and confirm the actual as was updated. The actual performance and POE should be monitored monthly in terms of the objectives, KPIs and targets set.

It is important to note that the Municipal Manager and Directors need to implement the necessary systems and processes to provide the POE for reporting and auditing purposes. Each municipal department and staff member therefore need to prove the achievement of their performance so that it can be

measured during performance monitoring and reviews. This information is also used to report performance and for internal and external audit purposes.

7.6. Adjustments to KPIs

7.6.1. Top Layer SDBIP Adjustments

TL SDBIP KPIs can only be adjusted after the mid-year assessment and with the adjustment budget process. KPIs should be adjusted in line with the adjustment estimate (*includes capital projects*) and the reason for the adjustment of the indicator/target, must be specified when the adjusted TL SDBIP is submitted to Council for approval in terms of MFMA section 54(1)(c).

7.6.2. Departmental Layer SDBIP Adjustment

The Departmental SDBIP KPIs can be adjusted after the mid-year evaluations of staff have been completed in order to ensure corrective actions/measures have been applied. These adjustments can be to the KPI, unit of measurement, targets, calculation types, POE, etc. Before adjustment can be made valid and credible reasons must be provided for the changes.

The Executive Director must recommend these changes via the Performance Management Unit and the changes to the Departmental SDBIP must be approved by the Municipal Manager.

7.7. Validation

An evaluation of the actual performance results and POE of each target should be assessed monthly. The KPI owners should report on the results of the KPI by documenting the following information on the SDBIP system:

- a) The actual result in terms of the target set.
- b) The calculation of the actual performance reported, where applicable.
- c) The reasons if the target was not achieved.

- d) Corrective actions to improve the performance against the target set, if the target was not achieved.

The Municipal Manager and Directors need to implement the necessary systems and processes to provide the POE for reporting and auditing.

8. INDIVIDUAL PERFORMANCE

Once the municipal objectives and targets have been set, it is necessary to cascade these down to management and employees. Section 9(2) of the Local Government Municipal Planning and Performance Regulation (Regulation 796) indicates **"In setting KPIs, a municipality must ensure that the KPIs inform the indicators set for all its administrative units and employees."** In this regard, the **performance of the municipality is integrally linked to that of the personnel.** It is therefore important to **link the organisational performance to individual performance** and to manage both at the same time, but separately.

Performance of the Municipal Manager and Managers reporting directly to the Municipal Manager, is regulated and evaluated in terms of Regulation 805, whilst performance of all other staff is regulated and evaluated in terms of Regulation 890 since 1 July 2022 – **of which extension was provided till 1 July 2023 by Circular 12.**

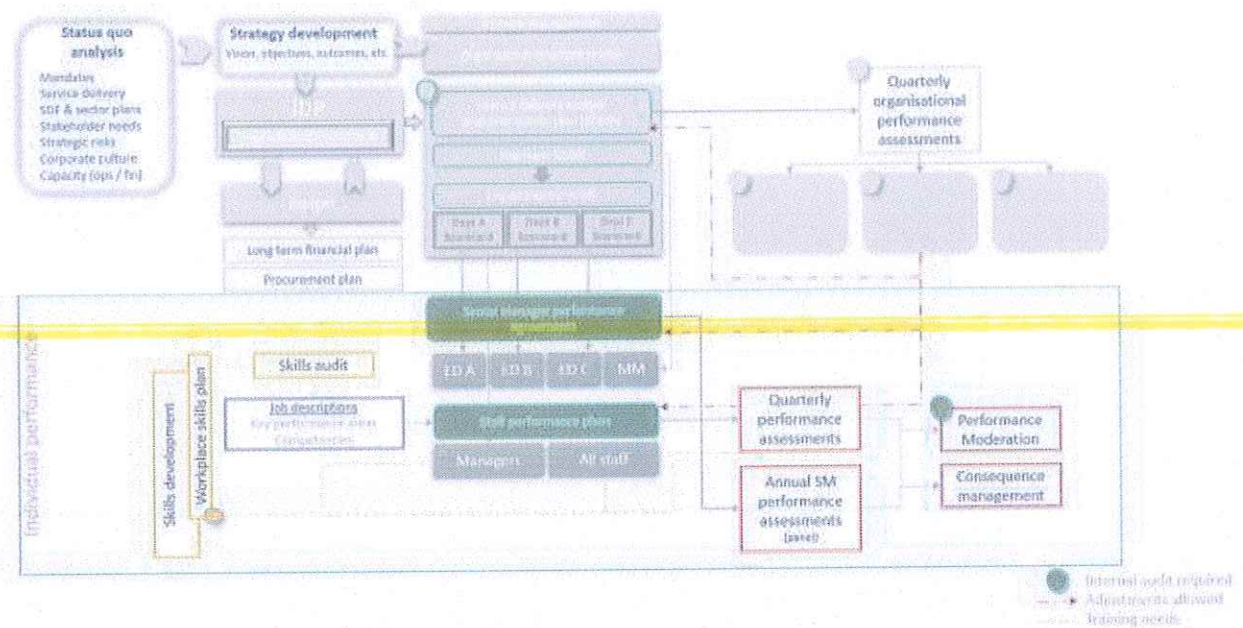


Figure 8: Individual Performance included in the PMS

Managing performance is therefore a key management tool to ensure that:

- Employees know what is expected of them.
- Managers know whether the employee's performance is delivering the required objectives.
- Poor performance is identified and improved.
- Good performance is recognised.
- Development of employees is promoted.

Since the performance of every employee contributes to the overall delivery of the organisation's objectives, it follows that **the performance of every employee should be managed.**

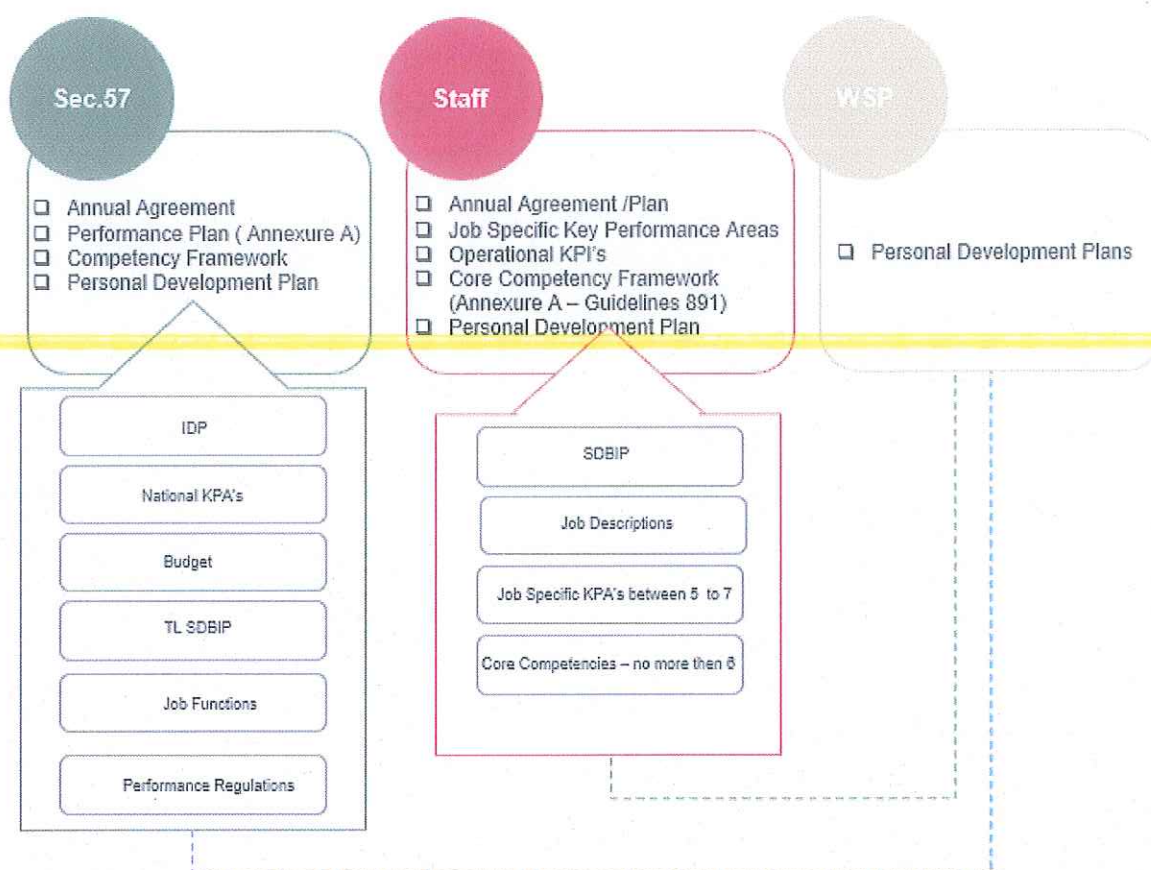


Figure 9: Individual Performance Components

8.1. Municipal Manager and Directors

8.1.1. Performance Agreements

The Systems Act and Regulation 805 of August 2006, read with Regulation 21 of January 2014 (*Performance of the Municipal Manager and the Managers reporting directly to the Municipal Manager*) require, that a **Municipal Manager and managers reporting directly to the Municipal Manager enter into annual performance agreements.** The **performance agreements of the Municipal Manager and Directors should be directly linked to their employment contract,** where applicable.

Draft annual performance agreements must be submitted to the Executive Mayor within 14 days of the approval of the annual budget in terms of the MFMA section 69(3). In terms of MFMA section 53(3), the **performance agreements must be made**

public no later than 14 days after the approval of the SDBIP. The performance agreement with the Municipal Manager is mutually agreed to by the Executive Mayor and Municipal Manager, and with the Directors it is between the Municipal Manager and the responsible Director. **The agreement must be approved/ signed within the first month of the financial year [Systems Act, section 57(2)(a)(ii)] or within two (2) months after the start of new employment [Systems Act, section 57(2)(a)(i)].**

These performance agreements consist of three distinct parts.

a) Performance Agreement (PA)

The PA is **an agreement between the municipality and municipal senior managers** (*Municipal Managers and Directors*). It regulates the performance required for a particular position and the consequences related to the performance. The agreement deals with only one aspect of the employment relationship, namely; performance and development. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.

b) Performance Plan (PP)

The PP is **an Annexure (Annexure A) to the performance agreement** and stipulates in detail the performance requirements for a single financial year. The SDBIP (*sorted per Head of Department*) cascades down into the performance plan(s) of the Municipal Manager and the respective Directors according to their areas of responsibility. The Municipal Manager and Executive Mayor may, in addition to the SDBIP, identify indicators, agreed with the Municipal Manager and Directors, which may be included in the agreement.

c) Personal Development Plan (PDP)

The PDP is **an Annexure (Annexure C) to the performance agreement** and addresses the development needs/ requirements of the person indicating actions and timeframes. Performance plans include weights per indicator based on the importance of the indicator.

8.1.2. Evaluation Municipal Manager and Directors

The management of the performance process for the Municipal Manager and the Directors must be done in terms of R805 and Regulation 21 as explained in detail in

these Regulations. **Performance should be reviewed quarterly, of which the mid-year and year-end performance must be formal evaluations.** Performance panels should be constituted in terms of the agreements for the formal evaluations, and the results should be reported to Council. In terms of Regulation 805 an evaluation panel constituted of the following persons must be established to evaluate the annual performance of the Municipal Manager:

- a) Executive Mayor.
- b) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee – **Matjhabeng LM has an Audit Committee which also constitutes as the Performance Audit Committee.**
- c) Member of the Executive Committee.
- d) Executive Mayor from another municipality.
- e) Member of a ward committee as nominated by the Executive Mayor.

The Executive Mayor may request an expert/ official tasked with Performance Management to act as advisor(s). The Executive Mayor may also request Internal Audit to audit the performance scorecard for the period under review.

In terms of Regulation 805 an evaluation panel constituted of the following persons must be established to evaluate the managers directly accountable to the Municipal Manager:

- a) Municipal Manager.
- b) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee.
- c) Member of the Executive Committee.
- d) Municipal Manager from another municipality.

Human Resources Manager must be present during both panels' evaluation proceedings to take the minutes. The Municipal Manager may request an expert/ official tasked with Performance Management to act as advisor(s). The Municipal Manager may also request Internal Audit to audit the performance scorecard for the period under review.

In terms of applicable legislation formal mid-year and final evaluations of performance must occur as follows:

- a) Quarter one (1) Performance Review (1 July – 30 September)– **Due by 30 October annually** (*informal documented discussion*).
- b) Quarter two (2) Performance Review (1 October – 31 December)– **Due by 28 February annually** (*formally with panel*).
- c) Quarter three (3) Performance Review (1 January – 31 March)– **Due by 30 April annually** (*informal documented discussion*).
- d) Quarter four (4) Performance Review (1 April – 30 June)– **Due by 30 December annually** (*formally with panel*).

☐ **Note well:** This assessment may include the Annual Performance Review.

8.1.3. Municipal Manager and Directors Evaluation Source Documentation

The onus of keeping credible and verifiable evidence is the responsibility of each manager. A **POE must be made available to panel members before the formal evaluations take place**. This is to ensure scrutiny of the documented evidence that substantiate the actual reported evidence. The Executive Mayor and/ or the Municipal Manager may request presentations by the Senior Managers for all or part of their assessments.

8.2. All other Personnel

8.2.1. Performance Agreements/ Performance Development Plans

Regulation 890, Chapter 4, Performance Management and Development System states in section 32 (1) that the performance management and development system apply to all staff members of a municipality” – excluding Senior Managers. An employee shall enter into a performance agreement with his or her direct supervisor/ line manager for each financial year (1 July – 30 June).

The agreements of a serving employee must be concluded by 30 July each year or within 30 days of the commencement of the new financial year of the municipality whilst the performance agreements of other (*appointment after probation as from 1 July of the new financial year; transfer or promotion to a new post or return from prolonged leave that is more than three months*) employees must be concluded within 60 days.

In terms of section 32 (1) the performance management and development system apply to all employees of the Matjhabeng LM except employees:

- 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 contract of employment.*
 - ii) *to retire on reaching the statutory retirement age.*
- c) Appointed on an internship programme or participating in the national programme.
- d) Public works programme or any similar scheme.
- e) Appointed in terms of sections 54A and 56 of the Act

In terms of the legislative prescripts an employee shall:

- a) Participate in setting his or her annual KPAs and KPIs.
- b) Enter into a performance agreement annually with the municipality.
- c) Remain committed to the KPAs and KPIs throughout the performance period and be accountable for his or her performance.
- d) Take responsibility for his or her personal development and learning opportunities.
- e) Where applicable, maintain a portfolio of evidence if required.
- f) Ensure that the portfolio of evidence is relevant and up to date.
- g) Actively seek out and be open to feedback.
- h) An employee shall understand what is expected of him or her.

Performance agreements and/or performance development plans will be agreed with each employee and should include the following information as stated by Guideline 891:

a) Personal information

Details relating to the employee (*name and surname*), job title and his/her designation (*department*) and supervisor.

b) Key Performance Areas

The supervisor or superior of the individual together with the staff member must ensure that the performance management is aligned to the staff member's job and

KPAs relevant to the post as depicted on the individuals Job Description, that the staff member holds. The KPAs must relate to the staff member's functional area and must consist of not less than five (5) and not more than seven (7) KPAs as per the Job Description.

c) Key Performance Indicators

The KPIs include the inputs, activities, programmes or outputs by which performance in respect of KPAs are measured. A KPI must be measurable and verifiable. Where applicable KPIs delegated to employees from the SDBIP can be included here.

New KPIs can be added to existing KPIs (*from the SDBIP*) or new KPIs can be created for employees who do not have KPIs on the SDBIP from their Job Descriptions.

Specific targets should be set as per the "SMART" principles and must be accompanied by a valid and credible POE. The performance standard for each KPI may be qualitative or quantitative.

d) Target

Once a set of suitable indicators has been defined for a specific programme or project, the level of performance the employee should strive to achieve must be set. This should be done by setting suitable performance targets relative to the current baseline. The target should be in terms of the SMART principles as stated by the Framework for Managing Performance Programme.

e) Performance Standards

Performance Standards for each KPI should be expressed to indicate the minimum acceptable level of performance. These should be informed by legislative requirements, departmental policies and service level agreements.

It can also be benchmarked against performance levels in other institutions, or according to accepted best practices. The decision to express the desired level of performance in terms of a target depends on the nature of the performance indicator.

f) Core Competencies

The job specific competencies, as derived from Annexure A of the Municipal Staff Regulations (*Gazette no. 45181*), and as listed on an individual's job description (*JD*)

must be included with the performance agreements of each staff member. The following prescribes are applicable and must be included:

- i) *The name and definition of the specific competency.*
- ii) *The expected level of capability.*
- iii) *The relevant weightings.*

Furthermore, the competencies must be specific and applicable to the job (*as per the JD*) of the employee and should not exceed six (6) competencies within a performance cycle.

g) Weights

In terms of the weights the criteria upon which a staff member is assessed consists of two components as defined above being the KPAs (80%) and the core competencies (20%). A KPA weight must be allocated and where applicable, weights must be allocated to each KPI that will relay back to the specific KPAs overall weight percentage.

Weights allocated should indicate the relative importance of a KPI. The weights and the distribution of the weights per KPI need to be determined by the Head of Department/ applicable manager/ supervisor/ staff member in the beginning of each financial year and agreed with the employee or group of employees.

Each core competency as selected from the specific competency framework the position belongs to, as per the applicable level, must be provided with a weight as well. Once the performance is assessed an overall score combined by the KPA weighting and core competencies weight will be evaluated out of a 100%.

h) Personnel Development Plan (PDP)

- i) Every employee must have a personal development plan that identifies and addresses employees' development needs that were identified during the performance review or assessment. The personal development plan should contain the actions and timeframes agreed to by the relevant supervisor and employee.
- ii) An employee may only undergo training that is –
☐ *Contained in the PDP.*

☐ *Approved by the municipal manager or his/her delegate.*

The PDP will address the identified training needs. The following should be carefully considered during the identification of training needs:

i) *Organisational needs.*

ii) *The competency requirements of individual jobs– **the relevant job requirements (job competency profile) as identified in the job description should be compared to the current competency profile to determine the individual's competency gaps.***

iii) *Specific competency gaps and training needs identified during evaluation.*

iv) *Individual training needs that are job/career related.*

v) *The training needs should be prioritised since it may not be possible to address all identified training needs in a specific financial year.*

☐ *It is however of critical importance that training needs be addressed on a phased and priority basis. This implies that all these needs should be prioritised for purposes of accommodating critical/strategic training and development needs in the HR Plan and Workplace Skills Plan (WSP).*

vi) *Consideration must then be given to the expected outcomes, so that once the intervention is completed the impact it had can be measured against relevant output indicators.*

vii) *An appropriate intervention should be identified to address training needs/skills gaps and the outcome to be achieved but with due regard to cost effectiveness.*

The performance objectives and targets reflected in the performance agreements/performance development plans are set by the employer in consultation with the employee and based on the IDP, SDBIP and budget of the municipality, job descriptions, and shall include key performance indicators; target dates and weights (where applicable).

The Directors should be part of the performance planning for lower levels when compiling performance agreements/performance development plans.

Note well: The Performance Management Section should annually after the performance agreements/performance development plans are completed, do a

sample check of performance agreements/performance development plans for quality purposes.

8.2.2. Team-based performance management and development system

The municipality may establish a team-based performance management and development system for a category of staff below the level of a supervisor that will assist the municipality in managing probation, rewards and skills development of staff members, which is consistent with the principles of the Regulation's Chapter 4.

Before implementing the team-based performance management and development system, the municipality must:

- a) Pilot the system on a team of staff members in all affected occupational streams.
- b) Consult the system with recognised trade unions within the local labour forum.

8.2.3. Skills Development Plan (SDP)

The WSP should be compiled/ updated on a yearly basis with the information obtained from the performance agreements/ performance development plans considering legislative compliance in terms of the Annexure A Core Competency Framework as stipulated by Regulation 890 and Guidelines 891. The relevant Human Resources Manager together with the respective line manager/ supervisor is responsible to facilitate the implementation of the SDP.

8.2.4. Formal Performance Evaluations

Although performance should be managed daily, the respective supervisor should do quarterly reviews of which the mid-year and final year must be formal. Constructive feedback should be provided to ensure that performance standards are being upheld. The feedback should be given verbally and recorded in writing to serve as evidence that performance discussion took place between supervisor and employees. A staff member's supervisor must keep record of all assessment meetings.

The formal mid-year and final year assessments should be concluded as follows:

- a) Quarter one (1) Performance Review (1 July – 30 September) – **Due by 30 October annually** (*informal documented discussion*).

- b) Quarter two (2) Performance Review (1 October – 31 December) – **Due by 29 January annually** (formally on the electronic web-based system).
- c) Quarter three (3) Performance Review (1 January – 31 March) – **Due by 30 April annually** (informal documented discussion).
- d) Quarter four (4) Performance Review (1 April – 30 June) – **Due by 29 August annually** (formally on the electronic web-based system).

The objective of the review should be based on actual performance and performance evidence. The supervisor and employee need to prepare for the review and discuss the performance during a focused performance meeting.

The employer (supervisor) should prepare by:

- a) Ensuring that all the information required for the evaluation is available, including obtaining information from other supervisors where required.
- b) Reviewing the previous period performance and the indicators and targets for the next period.
- c) Evaluating the level of support required and planning to address the development needs.
- d) Provide comprehensive and honest feedback.

The employee should prepare by:

- a) Ensuring that all the information required for the evaluation is available.
- b) Identifying new objectives and indicators where required.
- c) Identifying support and training needed.
- d) Conduct a self-review.
- e) Reflecting on the feedback from the employer.

The assessment of the performance of the employee will be based on the following rating scale:

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

Level	Terminology	Description
		<i>Annexure and Performance Plan and maintained this in all areas of responsibility throughout the year.</i>
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. ☐ <i>The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.</i>
3	Fully effective	Performance fully meets the standards expected in all areas of the job. ☐ <i>The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Annexure and Performance Plan.</i>
2	Not fully effective	Performance is below the standard required for the job in key areas. ☐ <i>Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half of the key performance criteria and indicators as specified in the Performance Annexure and Performance Plan.</i>
1	Unacceptable performance	Performance does not meet the standard expected for the job. ☐ <i>The review/assessment indicates that the employee has achieved below fully effective results against almost all the performance criteria and indicators as specified in the Performance Annexure and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.</i>

TABLE 2 PERFORMANCE RATING SCALE TABLE_MUNICIPAL PERFORMANCE REGULATION FOR MM & MANAGERS DIRECTLY ACCOUNTABLE TO MM

The employer shall keep a record of assessment meetings and signed-off assessments must be submitted to Records Section to be placed on the personnel file of the employee.

8.2.5. Portfolio of Evidence (POE)

A POE is any supporting motivations or a collection of various documentation that are used to show that performance requirements have been met. The performance evidence must be evaluated and documented to measure the outcomes of the KPIs.

The performance evidence collected will be used to evaluate the employee's performance against set objectives and determine whether employees have met the performance objectives/ standards. The responsibility is on the employee or team to

gather, collate and present evidence against the measurable KPIs and where applicable, job specific competencies as contained in the performance agreement for the entire performance cycle which will be used to substantiate scores related to the achievement of KPIs and job specific competencies. Failure to provide evidence related to the achievement of objectives will have a negative impact on determining the employee's performance outcomes.

In the event where it is not possible for the employee to maintain POE the Municipal Manager may exempt categories of employees from maintaining a POE in which case alternative mechanisms or designated employees will be identified to maintain the portfolio of evidence of those employees. POEs of system users will be maintained on the electronic web-based system and the POEs of non-system users will be maintained as the Municipal Managers instruction.

The following scenarios could apply:

- a) POE for operational staff should be maintained by the supervisors where operational staff are not able to provide evidence.
- b) Where POE is not available in instances of operation staff and other staff members, a proper motivation will be sufficient.

There are no correct set of documents that can be used to substantiate performance. The evidence will be determined by the nature of the work. The source document used must prove the achievement of the actual performance result reported. **When considering evidence to substantiate performance the following guidelines should be considered:**

- a) The source and the nature of the documents used for evidence must be carefully considered and must be able to proof performance and achievement of targets.
- b) Fewer documents should be used to proof performance.
- c) POE must be easily accessible and where possible reference should be made to where portfolio of evidence can be found.
- d) POE must be stored in a systematic and organized manner.

A supervisor may at the latest by the mid-year review accept other evidence that substantiates achievement of KPIs and competencies and assist the employee or team to obtain such evidence. **Evidence may inter alia, include the –**

- a) Official records (*emails, attendance registers, meeting minutes, memorandums, system reports, certificates, project plans*).
- b) Confirmation by a supervisor; Performance Management and Development System Framework.
- c) Confirmation by other stakeholders such as letters of appreciation, external statistic reports, etc.
- d) Inspection or viewing of evidence by supervisors (*reports, photographic evidence, job cards, filing systems, physical inspection or viewing of job sites*).

For the management of individual performance where required, the employee or supervisor must collect, review and submit evidence to support performance achievements. All evidence must be submitted during the self-review to ensure that the supervisor/ division manager have sufficient time during the managers review to scrutinise the evidence presented.

The evidence submitted will enable the supervisor/ division manager to determine whether the employee has demonstrated his/ her ability to perform the task and whether it was done above or below expectations. Evidence can be submitted electronically or in hardcopy depending on arrangement between the employee and supervisor/ division manager.

The following principles should be considered when compiling or/ collecting portfolio of evidence, to make sure it adequately demonstrates knowledge, skills, and behaviours.

- a) The **reliability** of the performance information used as evidence. The source and nature of the evidence and the circumstances under which it was obtained.
- b) The **relevance** of the of the KPI and performance information to the objectives of the division.
- c) **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported correctly.
- d) **Validity:** The evidence presented should be an appropriate way of demonstrating the abilities you want to show.
- e) **Authenticity:** The evidence must be the employee's own work.

To ensure the achievement of efficient and effective performance **all portfolio of evidence must be accurate, valid, reliable, properly referenced and safely stored for inspection purposes.** The moderation committee(s) will rely on the quality checks done on portfolio of evidence by the supervisor/ division manager to make informed decisions regarding employee performance during moderation sessions.

8.2.6. Performance Moderation

a) Departmental Moderation Committees

The Municipal Manager must establish a departmental moderation committee. The **performance moderation process must take place** within a reasonable timeframe after the end of the performance cycle, **but no later than six months after the end of the financial year must it be concluded.** The departmental performance moderation committee must convene annually. The departmental moderation committee is constituted as follows:

- i) The relevant heads of departments, who must act as chairpersons in the committees.*
- ii) All managers directly accountable to the heads of departments (who must recuse from the committee before their assessments are considered by the committee).*
- iii) A senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services.*

b) Municipal Moderation Committee

The Municipal Council must establish a municipal moderation committee, which will be **responsible for the final moderation outcomes** of performance for the specific financial year under review, **and must be concluded before 31 December.**

The municipal moderation committee is constituted as follows:

- i) The Municipal Manager, who must act as the Chairperson of the committee.*
- ii) All heads of departments.*
- iii) Head of municipal planning and organisational performance.*
- iv) Head of the municipal internal audit.*

- v) *A senior human resource functionary to guide, advise and provide support, including arrangements for secretariat services.*
- vi) *A performance specialist, where applicable.*

8.2.7. Circumstances Impacting on Performance Evaluations

a) Absence/ Maternity Leave during the Performance Cycle

If an employee is on any type of leave or on sick leave that has been approved for short periods of time, it should not impact on the performance of the employee. In the case of absence for long periods of time, the employee and employer should have a discussion to agree on the rating of the performance for the period not absent. The agreement and the new targets agreed should be documented and be attached to the original agreement.

The employer must carefully consider the rating and assessment of an employee who has been on prolonged leave of absence, to balance the rights of those who were absent with the contribution of those who had to do more work because of those being absent.

b) Acting in Higher Positions

When an employee is appointed to act in a higher position for shorter than twelve weeks, the performance plan should be based on the post that the employee is permanently appointed to. Depending on the employee's performance during the periods of acting, recognition for performance of duties of the higher position should be given during the performance assessment, on the performance agreement/performance plan of the permanent post.

c) Eventuality for New Employees

Employees that have started service and worked for at least 3 months and longer within a financial year will be evaluated. Alternatively, after the completion of probation (*subject to extension*).

d) Staff Movements

When employees are transferred at the same level, it is their responsibility to provide their most recent performance assessment to the new department. Where staff members change jobs within the department during the performance cycle,

performance reviews related to the employee vacating the post should be completed prior to moving to the new position. If the employee changing jobs is a supervisor or manager, performance reviews for each employee under his/ her control should be completed prior to his/her movement.

When an employee is transferred to another department, a progress review discussion will be conducted for the current performance cycle prior to the employee leaving the department. In the case of supervisors, regardless of the reason for their departure, they will be required to assess their staff prior to departure.

e) Misconduct and Suspension

Decisions pertaining to performance rating should be based on an employee's actual performance. In the event of alleged misconduct, some questions need to be posed.

- i) What was the nature of the misconduct (e.g. financial, management)?*
- ii) Was the person found guilty or not?*
- iii) If found guilty, what was the nature of the sanction (e.g. discharge, suspension)?*
- iv) Did the misconduct and/ or sanction impact on performance?*
- v) Was the employee suspended for a prolonged period?*

Each case should however be judged on its own merit. If a misconduct charge, and/or the hearing, and/or any sanctions have a serious negative impact on an employee's performance, it would be difficult to motivate for awarding a 3-rating or higher.

f) Employees on Probation

In instances where employees are on probation, the results of the performance assessment could assist in determining whether permanent appointment should be considered. The performance of the employees on probation should be evaluated on a monthly/ bi-monthly basis, and the assessment form should be submitted to the Division Human Resources.

g) Departmental Moderation Committee

Section 39(5) describes the process for performance not conforming to the norms and standards as detected by the departmental moderation committee and states "*If the departmental moderation committee has reason to believe that any performance*

assessment by the supervisor does not conform to performance norms and standards or that there is lack of evidence or information to support the performance ratings, the departmental moderation committee may not reassess, amend or adjust the performance ratings of a staff member, but may refer the assessment back to the relevant supervisor for re-assessment in consultation with the affected staff member.” Upon conclusion of the re-assessment, the departmental moderation committee may reconvene to moderate the assessment of the staff member concerned.

If the supervisor fails to re-assess the staff member within the stipulated timeframe despite the request to do so by the relevant authority or the departmental moderation committee still has reason to believe that the performance ratings are not substantiated, the moderation committee may request the higher-level supervisor to re-assess the relevant staff member. The affected staff member must be consulted and be offered an opportunity to respond.

8.2.8. Process Flow for Performance Assessments

- a) The **first (1st) step** in the assessment allows for self-evaluation by the employee. Employees that do not have access to computers at the workplace must be provided with a hardcopy of their performance development plans to facilitate the process of manual assessment. The signed self-assessment must be submitted to the respective supervisor for capturing.

Note well: When mid-year assessment is concluded time must be allowed for adjustments to be made to the performance agreements as stipulated by Section 37(4) of the Regulation and number 4.2.7 of this document.

- b) The **second (2nd) step** in the assessment is the official rating of performance by the relevant supervisor/ manager or Head of Department. The outcome of the assessment should be discussed between the supervisor/manager or Head of Department to clarify gaps between the self-assessment and the rating scored.
- c) The **third (3rd) step** in the assessment constitutes the moderation of performance outcomes by the Departmental Moderation Committee.
- d) The **fourth (4th) step** is the final moderation by the Municipal Moderation Committee and address poor performance, where applicable.

8.2.9. Record Keeping

The system users' performance agreements/ performance development plans and assessments will be signed off electronically and stored on the web-based system whilst non-system users will have to be provided with a hardcopy for sign-off and must be submit to Human Resources Division to be placed on the personnel file of the employee. It is the responsibility of HR to notify the Performance Management Section when an employee has been transferred/ left the service/ was newly appointed to update the details on the performance management system.

8.2.10. Amendments to Performance Agreements and Performance Development Plans

Performance in the municipality takes place in a dynamic environment and a **performance plan can therefore never be cast in stone**. Even though the initial agreement is signed at the start of the performance cycle, significant changes and additions could on an on-going basis be reflected in the performance agreement/ plan when taking the workplace challenges and changes beyond a staff member's/ team's control into account.

The performance plan against which an employee is assessed at the end of a cycle must accurately reflect the employee's actual activities and outputs during the entire performance cycle. Amendments made to performance agreements/ plans must be signed and dated by both the employee and the employer. Performance can only be assessed on mutually agreed indicators and targets.

In terms of the Directors performance agreements adjustments to the Annexure A performance plans can only be done once Council has approved the adjustment Top Layer SDBIP. The adjusted agreements should then be signed-off by the applicable parties and subsequently made public within the legislative timeframe on the municipality's website.

In terms of other personnel amendments/ adjustments can only be made after the midyear evaluation has been completed by mutual agreement of both the employee and the supervisor. The performance agreement/ plan must be signed-off and dated by both parties to take effect.

9. REWARD AND RECOGNITION

The **evaluation** of the employee's performance **will form the basis for acknowledging outstanding performance or correcting unacceptable performance.**

9.1. Municipal Manager and Directors

Performance financial rewards will only be applicable with regard to the Municipal Manager and Directors **if such a clause is included in the appointment contract when the person is appointed** and as stipulated by Regulation 805.

9.2. Performance Rewards

Performance related rewards are at the discretion of the municipality and may be awarded to an employee—

- a) Who served the full assessment period of twelve (12) months on 30 June of each financial year of a municipality.
- b) Who was transferred or seconded horizontally during the performance cycle within the municipality.
- c) Who was on uninterrupted approved leave for three (3) months or longer.
- d) Who was on approved maternity leave for more than three (3) months.
- e) Who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results.

Performance related rewards may not be awarded to an employee –

- a) Who was appointed after 1 July of that performance cycle.
- b) Who is serving probation as stipulated in Regulation 23.
- c) Whose performance period is less than twelve (12) months.

d) Whose employment is for a fixed term duration of less than twelve (12) months.

e) Whose post was upgraded without a change in performance agreement.

Performance will be rewarded in accordance with an approved Reward and Recognition Policy.

9.3. Communication of Final Outcomes of Performance Assessments

The outcome of performance assessments should be communicated downwards to each municipal employee by the Director/ Division Managers and Supervisors by 31 January each year. This feedback is important to gain employee confidence and to ensure transparency. It will also give employees an opportunity to lodge an appeal dispute in order to request a review of his/her performance assessment.

The performance management unit will only be responsible to officially communicate the performance assessment outcomes to those employees who are eligible to receive a performance reward in terms of the reward and recognition policy.

9.4. Managing Poor Performance

9.4.1. Organisational Performance – SDBIP

In a case where the SDBIP targets are not met by the department:

- a) The SDBIP provides for corrective measures where targets are not met.
- b) The quarterly report is sent to council.
- c) The Divisional Manager needs to ensure that corrective actions are implemented and that adequate resources are provided for until the target is met.

9.4.2. Individual Performance

An employee's performance may either exceed expectations or fall below expected performance standards or planned targets. In the case of unacceptable individual performance –

- a) A staff member who receives a performance rating below three (3) in terms of the Five (5) Point Rating table in regulation 38(2) must –
 - i) *be assisted in developing his or her competencies through training, and supervision.*
 - ii) *Develop a revised personal development plan with his or her supervisor.*

The management of poor performance is a line management responsibility, however either the employee or line manager may at any time during the process approach Human Resource Department for advice. The employer will evaluate both new and existing employees' performance by considering –

- a) The extent to which the substandard performance impacts on the work of the employer and the achievement of its goals.
- b) The extent to which an employee fails to meet the required performance standards set by the employer.
- c) The extent to which an employee lacks the necessary skills, competencies and expertise to meet the performance objectives, standards and targets for his /her post as contained in the performance agreement.
- d) The nature of the employee's work and responsibilities.

If there is reason to believe that an employee is not performing in accordance with the minimum performance standards of his/her post, the supervisor must take the following steps –

- a) Document the performance problems observed and investigate employees past performance to determine if the problem is new or recurring.
- b) Convene a meeting to discuss and give feedback also in writing to the employee on his/her performance, indicating where the standard was not reached and what is required.

- c) Furnish the employee with written reasons why it is necessary to initiate this procedure.
- d) During the meeting the supervisor or line manager must –
 - i) *explain the requirements, level, skills and nature of the post.*
 - ii) *evaluate the employee's performance in relation to the performance agreement and set standards.*
 - iii) *explain the reasons why the performance is considered substandard.*
 - iv) *afford the employee or his /her representative an opportunity to respond to the performance outcomes referred to in paragraph (c).*
 - v) *Set clear expectations with a detailed improvement plan and review reasonable dates as well as consequences should the employee fail to improve performance and reach the required standard.*

An employee who receives a performance rating below three (3) in terms of the Five (5) Point Rating will be deemed as underperforming and will be assisted in developing his/her competencies through training, coaching, mentoring and supervision where applicable and not required as part of formal qualification required for position; and develop a revised personal development plan with his/her supervisor to deal with their shortcomings as identified.

The personal development plan must contain at least –

- a) A description of the behaviour and skills that require improvement.
- b) A description of the actions that will be undertaken to improve the identified behaviour and skills that require improvement.
- c) The deadlines for improvement.
- d) A schedule of meeting to assess improvements and provide feedback.
- e) Details of the potential consequences if there is no improvement in performance.

The meetings to assess improvements and to provide feedback must be recorded in writing. The agreed initiatives are to be monitored regularly and informal feedback discussions to be held once a month with the employee regarding the progress or lack thereof and confirmed in writing, copy also furnished to the employee.

After considering the employee's reasons, the supervisor may, if necessary –

- a) Initiate a formal programme of counselling and training to enable the employee to meet the required standard of performance, which must include an assessment of the time that it will take for the employee to deal with substandard performance; and the timeframes within which employee is expected to meet the required performance standards.
- b) Identify and provide appropriate training for the employee to reach the required standard of performance.
- c) Establish ways to address any factors that may affect the employee's performance that lie beyond the employee's control.
- d) Development needs of employees identified during performance monitoring and coaching processes must be evaluated and addressed to encourage good performance, improve job-related skills and competencies that support employees to keep up with changes in the workplace.

If the employee fails to meet the required performance standard for the post after being subjected to a formal programme of counselling and training, the supervisor, may regularly evaluate the employee's performance and provide further remedial or development support to assist the employee to eliminate substandard performance.

If the employee's performance does not improve after he/she received appropriate performance counselling, training, assistance and the necessary support and reasonable time to improve his/her performance or he/she refuses to follow a formal programme of counselling and training contemplated therein –

- a) The Line Manager must advise the employee on aspects in which he/she does not meet the required performance standards of the post and provide written reasons why performance is unsatisfactory also indicating what is expected standard.
- b) The Line Manager and director must bring the allegations of substandard performance to the attention of the Human Resource Division who will provide guidance/ advice to the relevant line manager or director.
- c) After consultation with the Human Resource Department the Director or his delegated authority must bring the allegations to the attention of the Municipal Manager in the form of a report.

- d) The Line Manager/ Director must table the report contemplated in the sub-paragraph above (after consultation with HR department) before the Municipal Manager.

If the Municipal Manager is satisfied that sufficient evidence exists to institute incapacity proceedings against the employee on the basis of the alleged substandard performance, the Municipal Manager (*or his/her delegated official*), must furnish the employee with a Notice indicating the time, and venue of the Incapacity hearing as well as clearly indicate employees' rights, who may act as representative and the possibility of termination as an outcome.

Alternatives to be considered in respect of an employee whose performance have not improved to at least a standard that is fully effective:

- a) Continuation of the actions referred to in the personal development plan (*not more than 3 months*).
- b) Alternative actions to improve performance.
- c) Offering the employee an alternative job within the municipality that is better suited to the employee's personality and skills.
- d) Termination due to incapacity in terms of the provisions of the Labour Relations Act. Poor work performance must be dealt with in accordance with Item 9 of Schedule 8 to the Labour Relations Act.

Upon successful completion of formal programme of counselling and training the employee will receive written confirmation from the Human Resource Department which will state that –

- a) The employee's performance during the formal programme of counselling or training was satisfactory.
- b) The employee is deemed competent, and no further counselling or training will be required.

The letter of confirmation together with the personal development plan and other relevant performance monitoring documents will be stored in the employee's personnel file(s).

9.5. Mentoring and Coaching

Regular mentoring and coaching sessions must take place between supervisors and employees. These sessions can be used to change an employee's behaviour to ensure that targets are met or exceeded in instances where underperformance was identified.

These coaching and mentoring sessions are important to track employee performance and assists in strengthening competencies expected from employees. All coaching and mentoring sessions must be documented and signed by all parties involved.

Employees may also be required to undergo training to improve their performance. These training needs should be in line with the training needs in their Personal Development Plans.

Coaching, mentoring and training are not only for employees who are underperforming and must also be provided to those employees who are performing well to ensure that employees are improving on their skills and knowledge to enable them to meet the evolving organisational needs.

10. APPEALS PROCESS

10.1. Municipal Manager and Directors

The appeals process as prescribed in R805 of August 2006 and as agreed in the employment and performance agreements of the Municipal Manager and Directors will be applicable in instances where they are not in agreement with their final performance evaluations.

10.2. Other Personnel

Should employees not agree with the contents or adjustments of their performance agreement after the performance discussions a complaint must be lodged within writing to the Human Resources Department within five (5) working days of the assessment outcome.

10.2.1. Assessment Appeal Panel Committee

The municipality has developed an Assessment Appeal Panel, which will convene in an event where an employee disagrees with the final performance rating received. **The Assessment Appeal Panel will consist of:**

- a) Relevant Director.
- b) Manager of Department as expert of the function.
- c) Performance Management and Development System specialist.
- d) Senior Manager Human Resources Management or his/her delegated representative.

After the Assessment Appeals Panel provide their rating assessment, if the employee still disagrees with the rating outcomes, a grievance must be logged within thirty (30) working days with the final scores that are allocated to them, they may elect to follow the municipality's normal grievance procedures. **Grievances should be logged within 30 days from receiving the final score** (*Reg 890 Section 41*).

10.3. Communication of Final Outcomes of Performance Assessments

The final outcome of performance assessments should be communicated downwards to each municipal employee by Directors/Division Managers and Supervisors by 31 January each year. This feedback is important to gain employee confidence and to ensure transparency. It will also give employees an opportunity to lodge a dispute in order to request a review of his/her performance assessment.

The performance management unit will only be responsible to officially communicate the performance assessment outcomes to those employees who are eligible to receive a performance reward in terms of the reward and recognition policy.

11. SERVICE PROVIDERS

The performance monitoring and reporting processes of services providers of the municipality are appointed in terms of the Supply Chain Policy of the municipality.

12. EVALUATION AND IMPROVEMENT OF THE PMS

The Systems Act requires **the municipality to annually evaluate its performance management system**. It is proposed that after the full cycle of the annual review is completed; the Performance Management Division will initiate an evaluation report, considering the input provided by Directors and divisions.

This report will then be discussed by the Municipal Manager and Directors and finally submitted to the Council for discussion and approval. **The evaluation should assess:**

- a) The adherence of the performance management system to the Systems Act.
- b) The fulfilment of the objectives for a performance management system.
- c) The adherence of the performance management system to the objectives and principles.
- d) Opportunities for improvement and a proposed action plan.

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve their quality of life, it is poor performance that needs to be improved as a priority. In order to do this, it is important that the causal and contributing reasons for poor performance are analysed. **Poor performance may arise out of one or more of the following:**

- a) Poor systems and processes.
- b) Inappropriate structures.
- c) Lack of skills and capacity.
- d) Inappropriate organisational culture.
- e) Absence of appropriate strategy.

To improve performance, the appropriate response strategy should be chosen:

- a) Restructuring is a possible solution for an inappropriate structure.
- b) Process and system improvement will remedy poor systems and processes.

- c) Training and sourcing additional capacity can be useful where skills and capacity are lacking.
- d) Change management and education programmes can address organisational culture issues.
- e) The revision of strategy by key decision-makers can address shortcomings in this regard.
- f) Consideration of alternative service delivery strategies should be explored.

Performance analysis is a requirement to identify poor performance. The Municipal Manager must implement the appropriate response strategy to improve performance.

13. ORGANISATIONAL PERFORMANCE MONITORING

An organisation that is performing well is one that is successfully achieving its goals and is effectively executing suitable strategies. **Monitoring is the regular collection and analysis of information to track the implementation and measure the performance of the municipality against its pre-determined objectives.**

The IDP represents a set of strategic objectives and/ or goals about what is aimed to be achieved within the given timeframe. Monitoring provides crucial information about how the municipality is performing and this in turn helps decision makers and other stakeholders to ensure whether the organisation is on track in meeting its objectives.

13.1. Reporting Intervals

Report	Frequency	To whom	Content	Comments
Departmental SDBIP	Quarterly	☐ Municipal Manager ☐ Directors ☐ Portfolio committees	Actual results achieved against department SDBIP KPIs	NB: Reasons for non-compliance and corrective measures
Top Layer SDBIP (could also serve as s52 report)	Quarterly (s52 within 30 days after end of quarter)	☐ Municipal Manager ☐ Directors ☐ Council	Actual results achieved against Top Layer SDBIP KPIs	NB: Reasons for non-performance and corrective measure

Report	Frequency	To whom	Content	Comments
Internal Audit on performance results	Quarterly	☐ Council ☐ Performance Audit Committee	Audit outcomes from auditing actual results captured/indicated/reported on	Outcomes to be used to rectify KPIs and actuals
MFMA s52 report	Quarterly (within 30 days after end of quarter)	☐ Municipal Manager ☐ Directors ☐ Council ☐ Copy to PT and NT	Actual results achieved against Top Layer SDBIP KPIs	NB: Reasons for non-performance and corrective measure
MFMA s72 report	25 January	☐ Executive Mayor ☐ Submit to next Council meeting after 25 January ☐ Copy to PT and NT	Consists of 2 parts ☐ PM: Actual results achieved against Top Layer SDBIP ☐ KPI Finance: As prescribed by NT	Use results/outcome to motivate adjustments budget
Systems Acts46 report(Annual Performance Report)	31 August	☐ AGSA ☐ Council	Consist of chapters 3 & 4 of the AR	Must form part of AR
MFMA s127 report (Annual Report)	Draft Annual Report: 31 October to AGSA Draft Annual Report: 31 January to Council Final Annual Report: 31 March to Council with oversight report	☐ AGSA ☐ Council ☐ Audit Committee ☐ Oversight Committee ☐ Copy to PT and NT	As prescribed	Note Well: If full draft is submitted earlier to Council, remember that final must be submitted within 2 months after draft has been submitted
MFMA s129 report (Oversight on Annual Report)	Final Annual Report: 31 March to Council with Oversight Report	☐ AGSA ☐ Council ☐ Copy PT, NT, CoGTA & Legislature	As prescribed	

Table 4: Reporting Intervals

13.2. Mid-Year Assessment

The performance of the municipality for the 1st six (6) months of the financial year should be assessed and reported on in terms of section 72 of the MFMA. The accounting officer of a municipality must in terms of section 72 of the MFMA assess the performance of the municipality for the 1st six (6) months of the financial year and submit a report to the Executive Mayor by 25 January.

The municipality must during the assessment consider the appropriateness of the targets in terms of the first six months' performance and the adjustment estimate. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of KPIs, if necessary

According to Section 33 of the Municipal Budget and Reporting Regulations the mid-year budget and performance assessment referred to in Section 72 must be in the format specified in Schedule C of the Regulation and include all the required tables, graphs and explanatory information considering the guidelines issued by the National Minister.

Although the report is mainly a financial report, one of the Annexures in terms of Section 7(b) of Schedule C requires a performance assessment in relation to the quarterly performance targets for the delivery of basic services in terms of the TL SDBIP.

In summary, the Municipal Manager should:

- a) Analyse the performance in terms of the targets set in the TL SDBIP.
- b) Preparation of the adjusted TL SDBIP for submission to Council for approval with the Adjustments Budget by the end of February as required by Section 54(1)(c) of the MFMA and sections 24 to 26 of the Municipal Budget and Reporting Regulations.
- c) Effecting the approved adjustments on the SDBIP system.
- d) Adjusting the Annexure As of the performance agreements of the Systems Act Section 56 and 57 managers in line with the adjusted TL SDBIP.
- e) And adjusting the performance plans of other personnel directly associated with the Departmental SDBIP to ensure alignment.

13.3. Annual Performance Report (APR)

The annual performance report **must be completed by 31 August and submitted with the financial statements to AGSA.** This report **must be based**

on the performance reported in the TL SDBIP. Reports should be generated from the respective performance management system, reviewed and updated in the performance comments field for reporting purposes. POE should be kept in order to proof recorded actuals.

13.4. Annual Report

The draft annual report must be prepared and submitted to Council by 31 January and the final annual report (with oversight report) by 31 March annually to Council for adoption.

13.5. Analysis of Performance Reports and Follow-up

In summary, **the quarterly (MFMA s52), mid-year (MFMA s72), and the annual (Systems Act s46) reports should be analysed and reviewed as soon as the reports are available.** It will add credibility to the reports when it is published and to the individual performance assessments of the Municipal Manager and Directors.

The analysis should not only focus on POE when the performance results are audited but also on an analysis of the results. **The following is important:**

- a) Performance reported should indicate continuous improvement over time and should not only be to the benefit of communities and should focus on outcomes and not only on processes.
- b) The performance results reported should be a true reflection of the results reported in the performance management system.
- c) The results should be effectively communicated so that it is of value to the intended users.
- d) The quality of performing the function should be balanced with the cost of the performance, also to the consumer and not just to municipality.
- e) Promotion of equalities and sustainable growth and development should also be reported on.

Actions should be identified to address the performance shortcomings highlighted during the audit. These actions must be recorded and regularly followed up to ensure performance improvement.

14. GOVERNANCE

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

14.1. Quality Control and Co-ordination

The Performance Management Division/ Section is required to co-ordinate and ensure good quality of performance reporting and 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/Directors/Heads/Managers/Supervisors/ staff member have the responsibility to ensure credible POEs are kept substantiating performance and the actual results.

The Municipal Manager/Directors/Heads/Managers/Supervisors subsequently have the added responsibility to review overall performance and the quality of reported performance monthly along with the applicable POE.

As mentioned, the POE documentation, process and all related organisational arrangements regarding POEs is documented in a separate document/ policy as in terms of Regulation 890/891. The Municipal Manager may exempt categories of staff from maintaining a portfolio of evidence in which case the municipality must determine alternative mechanisms or designate a staff member who will maintain the POE of those staff members.

14.2. Performance Investigations

The Executive Mayor and Municipal Manager may commission in-depth performance investigations 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 reasons for performance gaps; and
- d) Corrective action and improvement strategies

While the internal audit function may be used to conduct these 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 Executive Mayor for such investigation.

14.3. Internal Audit

Section 165 of the MFMA requires that each municipality must have an Internal Audit Unit. However, such function may be outsourced.

Internal audit can determine the reliability, accuracy, and integrity of financial and operational information. The Systems Act, Section 45 stipulates that the results of performance measurements must be audited as part of the municipality's internal auditing processes. The municipality's Internal Audit Unit should continuously assess the performance reports based on the organisational and departmental scorecards and submit a quarterly internal audit report to the Municipal Manager and Audit Committee.

The audit should include an assessment of:

- a) The usefulness of performance indicators.
- b) The functionality of the municipality's performance management system.
- c) Whether the municipality's PMDS complies with the Systems Act.

- d) The extent to which the municipality's performance measurements are reliable in measuring the performance of the municipality by making use of indicators.

Auditing of performance reports must be conducted by the internal Audit Unit prior to submission to the municipality's Audit Committee and the AG.

14.4. Performance Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations require that the Council establish an Audit Committee consisting of a minimum of three members, where the majority of 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.

The Regulations give municipalities the option to establish a separate Performance Audit Committee whereas the MFMA provides only for a single Audit Committee. The Audit Committee of Matjhabeng LM also fulfils the duties of the Performance Audit Committee. The operation of this Performance Audit Committee is governed by Section 14(2-3) 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 performance management system 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.

It is further proposed that the Performance Audit Committee be tasked with assessing the reliability of information reported. **In order to fulfil their function an Audit Committee** may, according to the MFMA and the regulations, **must:**

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

14.5. Role of the Audit Committee

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

- a) The reliability of reported information;
- b) The extent of performance gaps from targets;
- c) The reasons for performance gaps; and
- d) Corrective action and improvement strategies

14.6. Legislative Reporting Processes

The legislative requirements regarding reporting processes are summarised in the following table:

Time Frames	Systems Act/ MFMA Reporting on Performance	Section
Quarterly Reporting	☐ The Executive Mayor must within 30 days after the end of each quarter submit a report to council on the implementation of the budget.	MFMA S52
	☐ The Internal Auditors must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee.	Systems Act Regulation 14(1)(c)
Mid-year Reporting	☐ The Performance Audit Committee must review the PMDS and make recommendations to council.	Systems Act Regulation 14(4)(a)

Time Frames	Systems Act/ MFMA Reporting on Performance	Section
	☐ The Performance Audit Committee must submit a report <i>(at least twice during the year)</i> to Council.	Systems Act Regulation 14(4)(a)
	☐ The municipality must report to Council at least twice a year.	Systems Act Regulation 13(2)(a)
	☐ The Accounting officer must by 25 January of each year assess the performance of the municipality and submit a report to the Executive Mayor, National Treasury and the relevant Provincial Treasury.	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.	MFMA S121 (3)(c)(j) and Systems Act S46
	☐ The accounting officer of a municipality must submit the performance report to the Auditor-General (AGSA) for auditing within two months after the end of the financial year to which that report relates.	MFMA S126 1(a)
	☐ The AGSA must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report	MFMA S126 (3)(a)(b)
	☐ The Executive Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality.	MFMA S127(2)
	☐ The AGSA 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.	MFMA S127 (4)(a)
	☐ Immediately after an annual report is tabled in the council, the accounting officer of the municipality must submit the annual report to the AGSA, the relevant provincial treasury and the provincial department responsible for local government in the province.	MFMA S127 (5)(b)
	☐ 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	MFMA S129 (1)
	☐ 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	MFMA S130 (1)
	☐ The Cabinet member responsible for local government must annually report to Parliament on actions taken by the MECs for local government to address issues raised by the AGSA.	MFMA S134

Table 5: MFMA Reporting on Performance

15. SUMMARY OF MUNICIPAL PERFORMANCE CYCLE

The following high level process maps summarise the key organisational and individual performance processes. These process maps should be read with the sections dealing with the performance processes listed below.

15.1. Top Layer SDBIP



Figure 10: TL SDBIP Process Plan

15.2. Departmental SDBIP

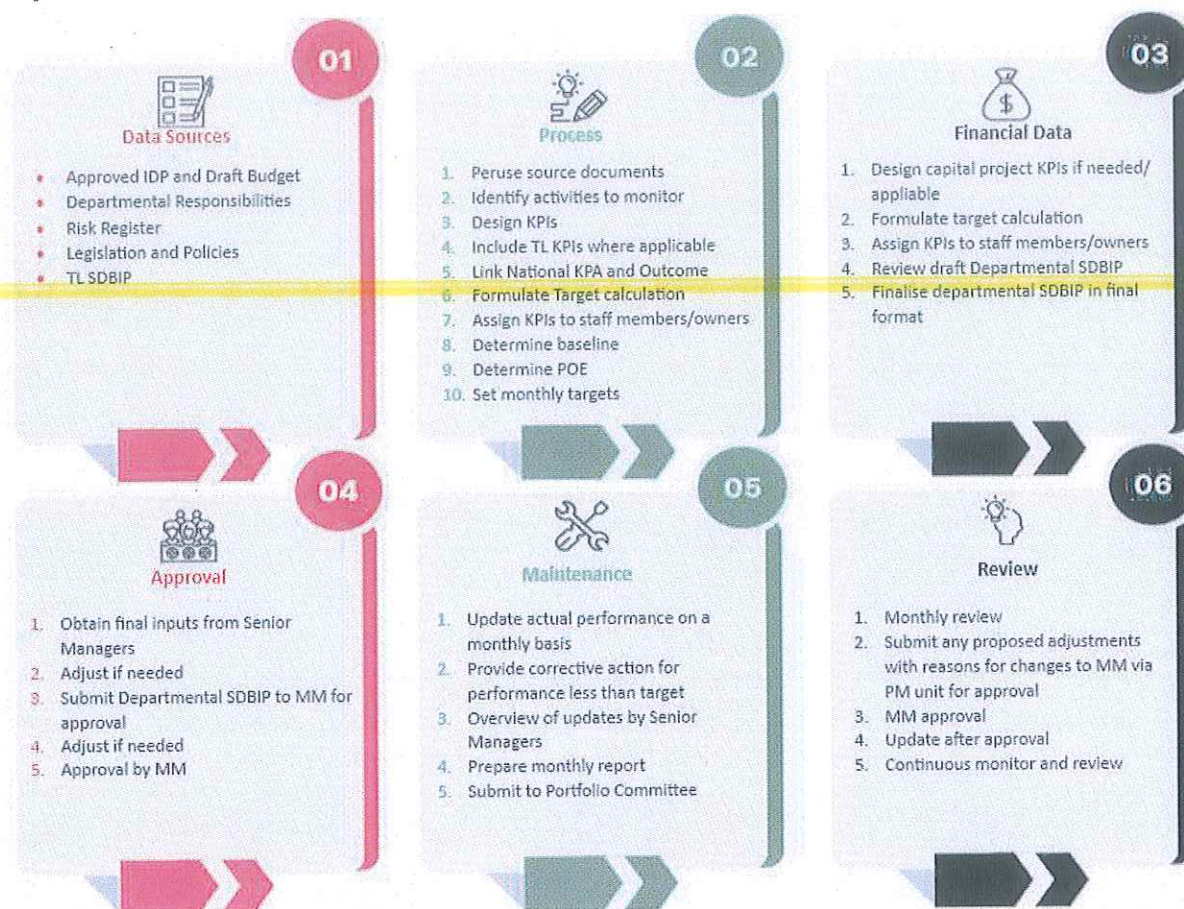


Figure 11: Departmental SDBIP Process Plan

15.2.1. Municipal Manager and Directors

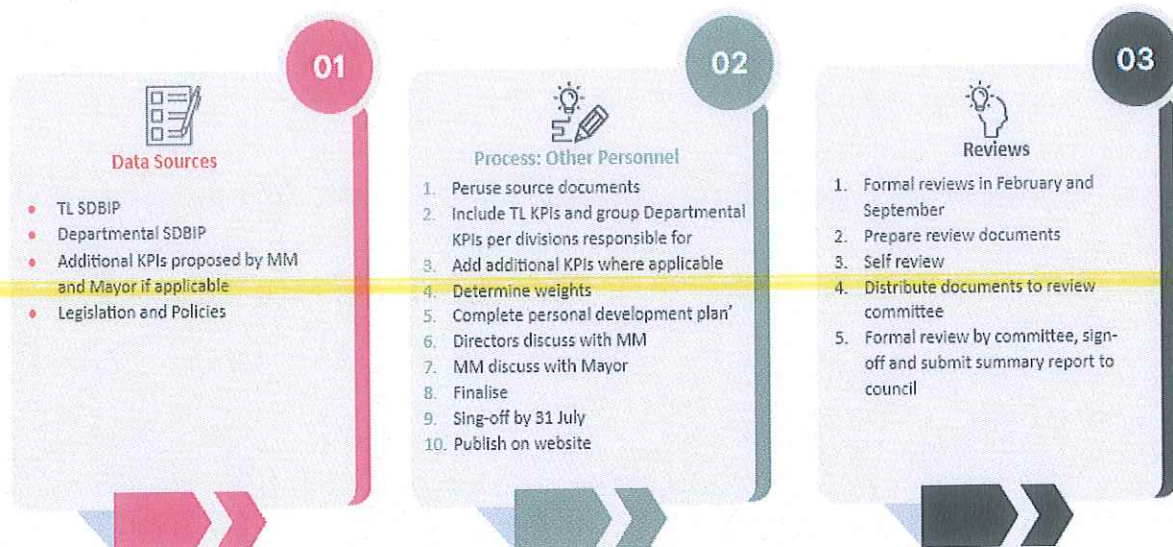


Figure 12: Individual Performance MM and Directors Process Map

15.2.2. Other Personnel

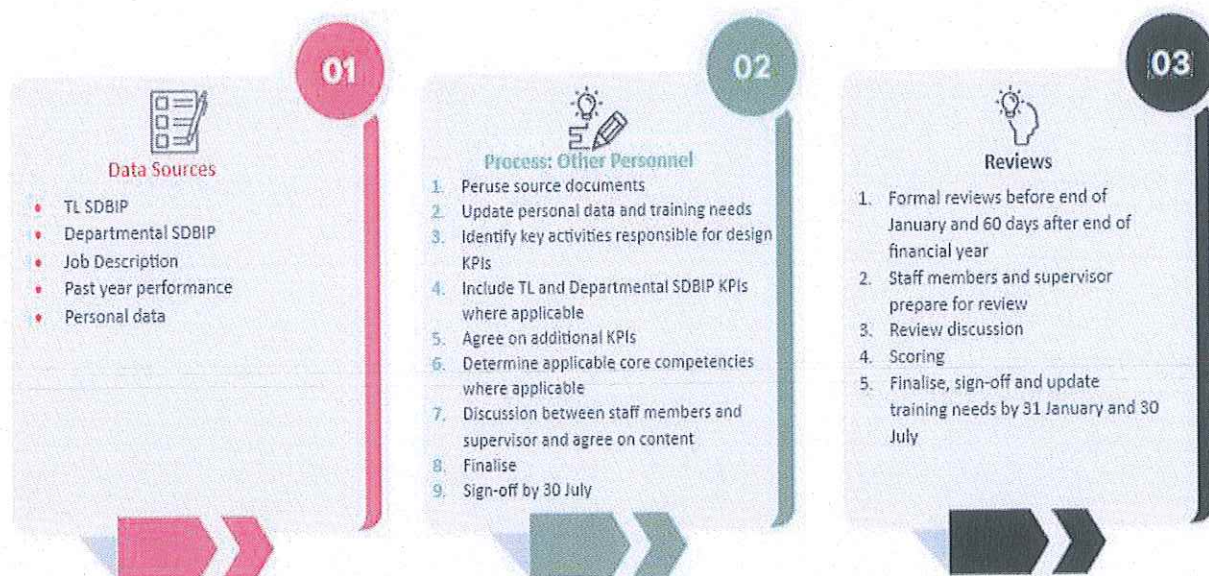


Figure 13: Individual Performance Other Personnel Process Map

15.3. Performance Calendar

The table below indicates a high-level summary of the annual municipal performance calendar with the various monthly actions.

Action	Activity	Comment
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Action	Activity	Comment
July		
Service Provider Performance	4 th Quarter (<i>previous financial year</i>) service provider report Review performance of service providers.	☐ Departments to submit reports to SCM. ☐ SCM to submit combined report to Council. ☐ Address poor performance if needed.
Performance Reporting	4 th Quarter performance Report: Top Layer SDBIP (<i>previous financial year</i>).	☐ Input for Annual Performance Report and Annual Report.
MM/Directors' performance agreements	Prepare/ approval and sign.	☐ Prepare agreements i.t.o. R805. ☐ Approval and signed before 31 July. ☐ KPIs aligned with SDBIP.
Other Staff	Prepare/ approval and sign.	☐ Prepare agreements i.t.o. R890/ 891. ☐ Approval and signed before 30 July. ☐ KPIs aligned with JDs Core Competencies aligned to JD's and Annexure A of the staff regulations.
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
August		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
Individual Performance (<i>other than MM and Directors</i>)	Formal year-end review of performance evaluation of performance.	☐ Evaluation of performance for the past 6 months ending June Document and report.
IDP	IDP/IDP review Process Plan.	☐ Draft process plan to ensure proper planning and involvement of all stakeholders to identify clear objectives and key performance areas Submission to Executive Mayor and Council Approval of plan.
Individual Performance (<i>other staff</i>)	Self-review and manager review to be completed as well as identifying the personal growth and development needs.	☐ In terms of Reg 890/ 891.
Annual Performance Report	Finalise Annual Performance Report of the previous financial year.	☐ Draft report submitted to Auditor General with the financial statements Input for Annual Report.
September		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
MM/Directors Performance	Final year-end performance review of the previous financial year.	☐ Review against targets agreed upon in performance agreements document and sign-off.
Individual Performance (<i>other staff</i>)	Previous financial year's Departmental Moderation.	☐ Departmental Moderation Committees moderate the actual results from the performance assessments conducted the previous year.

Action	Activity	Comment
October		
Service Provider Performance	1 st Quarter current year service provider report – review performance of service providers.	☐ SCM to submit combined report to Council – address poor performance if needed.
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
Performance Reporting	1 st Quarter performance Report– Top Layer SDBIP current financial year.	☐ Submit to council and other role players as legislature.
MM/Directors Performance	Informal performance discussion.	☐ How are we doing, progress and address possible shortcomings?
IDP and Budget	Public Participation.	☐ Consult key stakeholders/ role-players Identify potential projects/ needs.
Annual Report	Finalise draft Annual Report (<i>previous financial year</i>).	☐ Draft to be ready for submission to Auditor-General.
November		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
Planning	Strategic Planning.	☐ Planning sessions with Council, MM and Directors. ☐ Review Mission, Vision and Values. ☐ Review progress against strategic objections. ☐ Review strategic direction Identify projects.
December		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
Individual Performance (<i>other staff</i>)	Previous financial year's Municipal Moderation.	☐ Municipal Moderation Committees moderate the actual results from the performance assessments conducted the previous year.
January		
Service Provider Performance	2 nd Quarter current year service provider report – review performance of service providers	☐ SCM to submit combined report to Council Address poor performance if needed.
SDBIP system reporting	Update actual results on SDBIP system	☐ Actions to address GAPS.
Performance Reporting	Prepare and submit Mid-year performance report i.t.o. s72 of the MFMA.	☐ Submit to Executive Mayor by 25 January. ☐ Submit to next Council meeting after 25 January. ☐ Submit to other role-players as legislated.
Individual Performance (<i>other staff</i>)	Discussion and Manager Review to be completed as well as identifying the personal growth and development needs.	☐ In terms of Reg 890/891, decide on actions to address and amendments/ changes to agreements.
Annual Report	Submit draft report to Council.	☐ Draft submitted to Council for adoption in principle and start public

Action	Activity	Comment
		participation process.
March		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
IDP	Draft IDP/IDP review to Council.	☐ Include clear objectives and targets.
Budget	Draft Budget to Council.	☐ Budget aligned with IDP to address IDP objective.
Top Layer SDBIP	Draft Top layer SDBIP.	☐ Submit to council for information purposes with draft budget.
Annual Report	Final Annual Report submitted to council.	☐ Public comment considered Oversight Committee report submitted.
April		
Service Provider Performance	3 rd Quarter current year service provider report – review performance of service providers.	☐ SCM to submit combined report to Council Address poor performance if needed.
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
Performance Reporting	3 rd Quarter performance Report: Top Layer SDBIP current financial year.	☐ Submit to council and other role-players as legislated.
IDP and Budget	Public participation.	☐ Obtain public input on draft documents and consult key stakeholders.
MM/Directors Performance	Informal performance discussion.	☐ How are we doing, progress and address possible shortcomings.
May		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS
IDP & Budget	Approval of IDP/IDP review and Budget.	☐ Submit final documents to Council.
SDBIP	Departmental SDBIP development for the new financial year.	☐ Workshops with departments ☐ Address departmental responsibilities, key activities, challenges and risks; inputs and timeframes.
Individual Performance	Update the Workplace Skills Plan (WSP).	☐ Align needs with the skills as per mid-year performance reports
June		
SDBIP system reporting	Update actual results on SDBIP system.	☐ Actions to address GAPS.
Top Layer SDBIP	Top Layer SDBIP approval.	☐ Top Layer SDBIP to be submitted to Executive Mayor within 14 days after budget approval. ☐ Approval by Executive Mayor within 28 days after budget approval.
SDBIP	Approval of departmental SDBIP.	☐ Submit final to the MM for approval.

Table 6: Performance Calendar

16. ROLES AND RESPONSIBILITIES

The following table indicates the roles and responsibilities of the stakeholders in performance planning, measurement and analysis and performance reporting and reviews.

Role Player	Roles and Responsibilities
Municipal Council	Municipal Council adopts and approves amongst others the following: <ul style="list-style-type: none"> ☐ A process plan to guide the planning, drafting, adoption and review of the IDP. ☐ The IDP including organisational indicators and targets. ☐ Changes to the IDP, organisational indicators and targets; The Performance Management Policy Framework. ☐ Oversight mechanisms and structures. ☐ Establishment of the Municipal Moderation Committee.
Executive Mayor	Responsibilities of the Executive Mayor includes amongst others the following: <ul style="list-style-type: none"> ☐ Identifies, reviews and evaluates the municipality's needs in order of priority. ☐ Recommend strategies, projects and services to the Council in order to address priorities. ☐ Concludes the performance agreement, including measurable key performance indicators (KPIs) and targets for the Municipal Manager. ☐ Performance evaluations of the Municipal Manager. ☐ Ensures the performance agreements of Section 57 employees are made public. ☐ Approves the Top Layer SDBIP and municipal projects as per the IDP. ☐ Presents the mid-year and annual report to Council.
Executive Committee	Responsibilities of the Executive Committee includes amongst others the following: <ul style="list-style-type: none"> ☐ Provide strategic awareness and manage the development of the IDP and PMDS. ☐ Monitor progress via portfolio Committee meetings and advise the Executive Mayor accordingly.
Portfolio Committees	Responsibilities of the Portfolio Committees includes amongst others the following: <ul style="list-style-type: none"> ☐ Monitor and make recommendations on the implementation of the municipal strategy. ☐ Monitor and make recommendations on the implementation of the IDP. ☐ Monitor and make recommendations on the implementation of the SDBIP.
Municipal Manager (MM)	Responsibilities of the Municipal Manager includes amongst others the following: <ul style="list-style-type: none"> ☐ Provide strategic direction and develop strategies and policies for the organisation. ☐ Manage the development and implementation of the IDP. ☐ Development of the PMDS. ☐ Identify indicators and set targets. ☐ Ensure that KPIs are useful and relevant.

Role Player	Roles and Responsibilities
	<ul style="list-style-type: none"> ☐ Submission of the draft Top Layer SDBIP to the Executive Mayor. ☐ Manage the implementation of the PMDS. ☐ Conclude performance agreements, including measurable KPIs and targets for Municipal Manager and Directors. ☐ Monitor the implementation of the IDP and the PMDS, identifying risks early. ☐ Performance evaluations of the Municipal Manager and Directors. ☐ Ensure that regular monitoring, measurement and analysis of performance information takes place and ensure performance reporting is done in terms of legislation. ☐ Propose response strategies to the Executive Mayor and Council. ☐ Co-ordinate the compilation of the Mid-year and Annual report. ☐ Determine the process for keeping of POEs.
Directors	<p>Responsibilities of the Directors includes amongst others the following:</p> <ul style="list-style-type: none"> ☐ Assist in providing strategic direction and developing strategies and policies for the organisation. ☐ Assist the Municipal Manager with the development and implementation of the IDP. ☐ Ensure that their performance agreements are inclusive and that mandatory KPIs are included as per legislative requirements. ☐ Ensure that performance information complies with the SMART (<i>specific, measurable, achievable, relevant and time-bound</i>) principles and audit standards of the AGSA. ☐ Ensure that accurate, reliable and evidenced performance results are provided for performance monitoring on a monthly and quarterly basis. ☐ Ensure that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes. ☐ Conclude performance agreements, including measurable key performance indicators and targets for immediate subordinates (<i>Division Heads/ Managers</i>) and performance development plans for lower-level staff where applicable. ☐ Performance evaluation of immediate subordinates (<i>Division Heads/ Managers</i>) and lower-level staff where applicable.
Division Managers	<p>Responsibilities of the Division Heads include amongst others the following:</p> <ul style="list-style-type: none"> ☐ Ensure that their performance agreements are inclusive and that mandatory KPIs are included as per legislative requirements. ☐ Ensure that performance information complies with the SMART (<i>specific, measurable, achievable, relevant and time-bound</i>) principles and audit standards of the AGSA. ☐ Ensure that accurate, reliable and evidenced performance results are provided for performance monitoring on a monthly and quarterly basis. ☐ Ensure that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes. ☐ Draft performance agreements, including measurable KPIs and targets for subordinates and performance development plans for lower-level staff where applicable. ☐ Performance evaluation of all employees within the division. ☐ Mentoring and coaching is being conducted to promote skills development.

Role Player	Roles and Responsibilities
Supervisors	<p>Responsibilities of the Supervisors include amongst others the following:</p> <ul style="list-style-type: none"> ☐ Ensure that performance information complies with the SMART principles and audit standards of the AGSA. ☐ Ensure that accurate, reliable and evidenced performance results are provided for performance monitoring on a monthly and quarterly basis. ☐ Ensure that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes. ☐ Draft performance agreements, including measurable KPIs and targets for subordinates and performance development plans for lower-level staff where applicable. ☐ Performance evaluation of all employees reporting to immediate supervisors. ☐ Mentoring and coaching is being conducted to promote skills development.
Other Staff	<p>Responsibilities of the other staff members include amongst others the following:</p> <ul style="list-style-type: none"> ☐ Assist with the draft performance agreements, including measurable KPIs and targets are agreed upon and signed-off. ☐ Ensure that accurate, reliable and evidenced performance results are provided for performance monitoring on a monthly and quarterly basis. ☐ Ensure that evidence to support the performance achievements is collected and stored for submission to the supervisor for performance assessments. ☐ Ensure that skills acquired are submitted to the responsible supervisor or HR for updating the PDP.
Performance Management Section	<p>Responsibilities of the Performance Management Division/ Section includes amongst others the following:</p> <ul style="list-style-type: none"> ☐ The implementation of the Performance Management and Development System Policy Framework. ☐ Co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis. ☐ Ensure conformity to reporting formats and verify the reliability of reported information, where possible. ☐ Prepare the quarterly Top Layer SDBIP performance reports for submission to Council. ☐ Render municipal wide support with updating of actual performance and correcting of performance information. ☐ Render municipal wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual KPIs and targets. ☐ Conducting workshops to facilitate understanding of the system and its application in defining and measuring organisational goals and accomplishment. ☐ Ensure skills gaps are addressed through the focused training of employees.
Human Resources Division	<p>Responsibilities of the Human Resources Section under direct supervision of the Director Corporate Services includes amongst others the following:</p> <ul style="list-style-type: none"> ☐ The implementation of Individual Performance throughout the

Role Player	Roles and Responsibilities
	<p>organisation.</p> <ul style="list-style-type: none"> ☐ Ensuring that individual performance is conducted within the prescribed timeframes. ☐ Ensure record keeping of performance management results ☐ Ensuring that JDs are maintained and aligned with the Performance Agreements. ☐ Updating of the Workplace Skills Plan (WSP) in line with skills development needs as determined by the PDPs. ☐ Ensure that the performance management and development system is collaborative, transparent and fair. ☐ Establish a consistent system in collaboration with the MM record keeping related to the performance of all staff throughout the organisation. ☐ Ensure moderation committees are established for departmental moderation municipal moderation. ☐ Establish processes to manage substandard performance. ☐ Provide secretariat services to the Senior Managers Evaluation Committees. ☐ Provide secretariat services to the Municipal Moderation Committee. ☐ Attend all Municipal Moderation Committees. ☐ Report on the actual performance on moderating (<i>mid-year report on performance results to the EXCO</i>). ☐ Oversee the effective implementation of mentoring coaching.
Internal Audit	<p>Responsibilities of Internal Audit includes amongst others the following:</p> <ul style="list-style-type: none"> ☐ Quarterly audit the performance measurement of the municipality. ☐ Submit quarterly reports on their audits to the Municipal Manager and the Audit Committee. ☐ Provide input to management in terms of the quality of the performance indicators.
Performance Management Steering Committee	<p>Responsibilities of the Steering Committee includes amongst others the following:</p> <ul style="list-style-type: none"> ☐ Oversee or directly responsible for the compilation of all inter-municipality documentation regarding the PMDS, including explanatory briefs and performance monitoring and evaluation forms for the staff appraisals. ☐ Review this policy from time to time and make recommendations to council to ensure the development of mechanisms, systems and processes for performance monitoring, measurement and review to champion the development of the system down to other staff levels. ☐ Make recommendations and oversee synergizing of the IDP, Budget and PMDS processes. ☐ Link all PMDS actions to specific timeframes. ☐ Policy reflects the PMDS as it unfolds.
Performance Management Audit Committee	<p>Responsibilities of the Audit Committee includes amongst others the following:</p> <ul style="list-style-type: none"> ☐ Review the quarterly reports submitted by Internal Audit. ☐ Review the PMDS of the municipality and report to the Council in this regard. ☐ Submit an audit report to Council at least twice a year. ☐ The full Audit Committee has been appointed as the Performance Audit Committee by Council resolution.

Role Player	Roles and Responsibilities
	☐ May request any municipal documentation to investigate if it deems necessary. ☐ May conduct any special meetings called by its members if required. ☐ Consults directly with the Municipal Manager. ☐ Must determine its own procedures in consultation with the Executive Mayor. ☐ May officially request any person to attend the meeting.
Municipal Public Accounts Committee	<p>Responsibilities of the Audit Committee includes amongst others the following:</p> ☐ In terms of Section 129, within two months from the date of tabling of the annual report, must adopt an oversight report containing the council's comments, which must include a statement whether the council: <ul style="list-style-type: none"> ▪ has approved the annual report with or without reservations; ▪ has rejected the annual report; or ▪ has referred the annual report back for revision of those components that can be revised. ☐ In terms of Section 132, the following documents must be submitted by the accounting officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report: <ul style="list-style-type: none"> ▪ The annual report (or any components thereof) of each municipality and each municipal entity in the province. ▪ All oversight reports adopted on those annual reports– it's important to note that the oversight committee working with these reports should be chaired by the MPAC.
Departmental Moderation Committees	<p>Responsibilities of the Municipal Moderation Committee include amongst others the following:</p> ☐ Conduct moderation of annual staff performance results in order to ensure that the norms and standards for performance management and development systems are applied in a fair, realistic and consistent manner across the department. ☐ Assess and compare the performance and contribution of each staff member with his or her peers towards the achievement of departmental goals. ☐ Ensure fairness, consistency and objectivity with regard to dispersal of performance recognition and ratings achieved for a common understanding amongst supervisors of the performance standards required at each level of the performance rating scale. ☐ Determine the cost implications for recognition of performance of all staff members within the department. ☐ Recommend the moderated performance scores for all staff members to the municipal moderating committee for approval. ☐ Ensure that performance rewards are based on affordability. ☐ Consider the impact of the performance assessments on financial rewards and options for various forms of recognition. ☐ Recommend performance rewards as well as remedial actions for performance considered to be below effective performance. ☐ Ensure that the integrity of the performance management and development system is protected.
Municipal Moderation Committee	<p>The responsibilities of the Municipal Moderation Committee include amongst others the following:</p> ☐ Provide oversight over all staff performance management and

Role Player	Roles and Responsibilities
	<p>development system to ensure the performance management process is valid, fair and objective.</p> <ul style="list-style-type: none"> ☐ Moderate the overall performance assessment score for staff determined after the departmental moderation process. ☐ Ensure that the final individual performance ratings are fair across each grade and department or Head of Department. ☐ Ensure that the final individual assessment outcome corresponds with the performance of the municipality and the relevant department aligned to the staff members job description or Head of Department before any recognition of performance is considered. ☐ Determine the percentages for the merit-based rewards subject to affordability and the annual approved municipal budget in terms of section 16 of the Municipal Finance Management Act. ☐ Recommend appropriate recognitions for different levels of performance. ☐ Recommend appropriate remedial actions for performance believed to be substandard. ☐ Advise the municipality on recognition of performance, including financial and nonfinancial rewards, where applicable. ☐ Identify potential challenges in the performance management system and recommend appropriate solutions to the Municipal Manager. ☐ Identify development needs for supervisors to improve the integrity of the performance management and development system. ☐ Consider any other matter that may be considered relevant.
Community	<p>Responsibilities of the Community include amongst others the following:</p> <ul style="list-style-type: none"> ☐ Provides inputs during the analysis phase to the IDP in order to inform the priority targets. ☐ Monitor the Top Layer SDBIP and performance during the year on a quarterly basis. ☐ Review the Annual Report. ☐ Keep Council accountable for performance on an annual basis.

Table 7: Roles and Responsibilities

17. AUTOMATED WEB-BASED PMDS

The applicable legislation requires the municipality to develop and implement a PMDS suitable for its circumstances. **Matjhabeng LM is in a process of implementing the automated web-based PMDS model for 2027/ 2028.**

The Director Corporate Services will oversee the utilisation of this system for Individual Performance Management, and the Municipal Manager oversees the Organisational Performance Management. Both are responsible to liaise with the service provider on technical and administrative matters related to the functioning or improvement of the system, on both modules.

18. FINANCIAL RECOVERY PLAN

- A Financial Recovery Plan (FRP) under Section 139(5) (a) and (c) of the Constitution was invoked at Matjhabeng Local municipality (MLM), located in the Lejweleputswa District of the Free State Province. The core to the municipality's financial health is its dependency on its economic base, and Matjhabeng exemplifies this, where the erosion of its economic core has led to cascading failures in its financial, institutional, and service delivery systems.
- The Free State High Court ordered Matjhabeng Local Municipality (MLM) to prepare a Financial Recovery Plan (FRP). This includes fulfilling its obligations to submit requests to the Municipal Financial Recovery Services (MFRS) of National Treasury and consulting with the mayor, in line with section 139 of Local Government: Municipal Finance Management Act (MFMA) act 56 of 2003.
- On 31 October 2024, the Free State PEC resolved to intervene in terms of Sections 139(5)(a) and (c) of the Constitution by imposing a Mandatory FRP. The FRP must be prepared in terms of Chapter 13 of the MFMA and must bind the municipality in the exercise of its legislative and executive authority to the extent necessary to solve the financial crisis.
- The FRP was noted by council on the **27 August 2025**, and the implementation start date was the **01 November 2025**.

The FRP will be undertaken and implemented in phases, namely:

Phase 1: Rescue phase (6 – 12 months) – This phase focuses on the most critical aspects of rescuing the municipality from its immediate and most pressing challenges. (01 November 2025 – 31 October 2026)

Phase 2: Stabilisation phase (13 – 24 months) – This phase focuses on areas that are depleting the municipality's financial resources while taking a deeper focus on governance, service delivery and institutional pillars. (01 November 2026 – 31 October 2027)

Phase 3: Sustainability phase (25 months and onwards) – This phase focuses on building on institutionalising the efforts of previous phases in order to prevent a regression in performance and ensure that the municipality is able to continue as a going concern in a viable and sustainable manner. The

aim in this phase is to improve the long-term financing strategy, implement revenue enhancement and maximisation strategies and improve efficiencies in service delivery through innovative and technological solutions. In summary, this phase has, as an outcome, the functioning of the Municipality as intended in the Constitution and other legislation. (01 November 2027 – 31 October 2028)

The implementation responsibility should also be operationalised and institutionalised, whereby the key focus areas and activities outlined in the Plan should be cascaded to all relevant municipal officials and included in their respective performance agreements, as mentioned earlier. It is also important that a “portfolio of evidence” is retained throughout the implementation of the FRP to enable assessment of the results and to ensure accountability and ownership of the process. In respect of financial resources required to support the implementation of the FRP, the key will be the restructuring of the budget, implementing the revenue enhancement initiatives and commitment to stringent expenditure controls, particularly on non-essentials and non-revenue generating activities, including addressing the current governance challenges highlighted and prevalent at the municipality.

This FRP encourages a strong political and organisational will to implement the following:

- (a) The adoption and implementation of a comprehensive change management programme, consisting of the presence of uncontaminated and strong change agents to address the following focus areas:
 - i. Consequence management: The lack of consequence management and accountability arrangements are systemic and symptomatic of a municipality where oversight is lacking, and political interference is prevalent.
 - ii. Capacity development: An extensive mentorship, coaching, training, and change management effort is required. A skills audit, new staff structure, well trained and equipped elected officials and adherence to codes of conduct,

consequence management and accountability would be a minimum first step moving forward.

(b) Intervention team to assist with the implementation of the FRP has been appointed. The team led by the Provincial EXCO Representative and will be at Matjhabeng until May 2028.

Key Issues Established

Key issues were highlighted during Status Quo Assessment and were presented under the four municipal pillars of sustainability stated below:

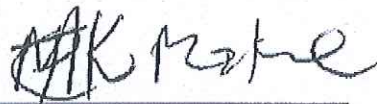
1. Financial health.
2. Service Delivery.
3. Governance.
4. Institutional stability and capability

Approval of the FRP

This FRP is submitted by the NT MFRS in terms of section 141(4)(c) of the MFMA.

I, Moses Ketso Makume, MEC for Finance, in the Free State Province, approve this Financial Recovery Plan for Matjhabeng Local Municipality in terms of section 143(2) of the Municipal Finance Management Act, No. 56 of 2003 ("the MFMA"), as a binding Financial Recovery Plan for the mandatory intervention approved by the Provincial EXCO on 30 October 2024 in terms of section 139 of the MFMA and section 139(5) of the Constitution of the Republic of South Africa, 1996. I further confirm that I have verified that the processes set out in section 141 of the MFMA has been followed and that the criteria contained in section 142 of the MFMA were met in the preparation of this financial recovery plan.

Signed on this 22 day of OCTOBER in 2025.



Moses Ketso Makume
MEC for Finance

19. CONCLUSION

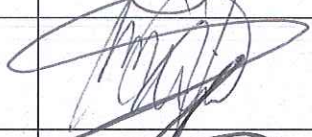
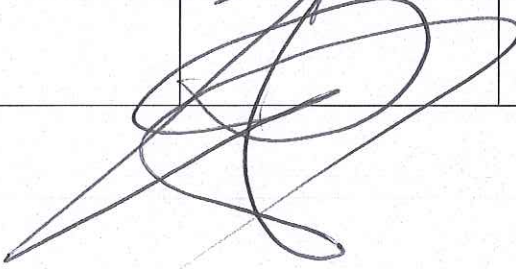
The municipal performance is based on how well its employees perform and therefore each employee needs to take ownership of their performance. The continuously developed development of employees is imperative to ensure that there is growth and that employees are more effective and efficient and contribute towards the achievement of the municipal strategic goals and objectives. Performance management is not a process that should be done in isolation but should be the collective effort of all within the municipality.

APPROVAL/ ADOPTION

The Matjhabeng Local Municipality's 2026/2027 Revised Policy Framework for implementing the Performance Management and Development System is **approved/ adopted by the Municipal Council on Tuesday, 26 May 2026.**

SIGNATORIES

Signed on behalf of the Matjhabeng Local Municipality by:

NAME AND POSITION	SIGNATURE	DATE
Ms Bulelwa Mpaka PERFORMANCE MANAGEMENT SYSTEMS: MANAGER		26 May 2026
Mr Tumelo Makofane EXECUTIVE DIRECTOR: SSS		26 May 2026
Dr Vuyo Adonis ACTING MUNICIPAL MANAGER		26 May 2026