



PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (PMDS) POLICY AND FRAMEWORK

2026/2027



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ACRONYMS

AGSA	Auditor General of South Africa
COGTA	Cooperative Governance and Traditional Affairs
CR	Competency Requirements
ePMS	Electronic Performance Management System
GDS	Growth and Development Strategy
HRD	Human Resources Department
IDP	Integrated Development Planning
JD	Job Description
KPA	Key Performance Area
KPI	Key Performance Indicator
MFMA	Municipal Finance Management Act, 56 of 2003
MLM	Metsimaholo Local Municipality
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act, 32 of 2000 as amended
MSR	Municipal Staff Regulations, 2021
PA	Performance Agreement
PDP	Personal Development Plan
PM	Performance Management
PMC	Performance Moderation Committee
PMDS	Performance Management and Development System
PP	Performance Plan
SALGA	South African Local Government Agency
SALGBC	South African Local Government Bargaining Council
SDBIP	Service Delivery and Budget Implementation Plan
WSP	Workplace Skills Plan

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DEFINITIONS

The following are the key terminology used in the Metsimaholo Local Municipality's performance management policy.

Employee	Shall mean any person under the employ of the municipality employees of the municipality and who receives, or is entitled to receive, any remuneration, i.e. Employees who are permanent employees of the Municipality and Employees who are on a fixed term contract basis (for the duration which is over 12 months) but shall exclude • EPWP and CWP employees, • Internship employees, and • independent contractor.
Section 56 Employees	An Employee in terms of Sect. 56 of the Municipal Systems Act 32 of 2000 and with whom the Municipal Manager concluded a fixed term contract. It includes Directors/managers directly accountable to the Municipal Manager.
Final assessment	Is the final review of objectives, indicators, standards and targets, to determine a performance reward.
Grievance	Refers to a complaint or concern resulting either from an performance targets, evaluation outcome or the evaluation process.
IDP	The Integrated Development Plan- referring to the 5 year strategic development plan of the municipality which is reviewed annually to deliver community priorities
Personal Development Plan (PDP)	Is a plan that is developed after the formal assessment in July and shows what training and development activities will be planned for the year to assist the employee to be more efficient in his/her current position.
Inputs	These are resources, competencies, knowledge, skills and behavior the Employee needs to have, in order to perform a particular job effectively.
Manager	A member of staff with staff members within his/her span of control, for whom s/he is directly responsible and to whom such staff member (s) are directly accountable.
Municipality	The Metsimaholo Local Municipality (MLM)

MMC	Member of the Mayoral Committee
Objectives	The objectives refer to the main activities or key focus area, which make up a persona' job and performance agreement and describe what must be achieved.
Outputs	The outputs describe what needs to be delivered in order to be successful in the job as per the Performance Agreement and Plan.
Ongoing performance feedback	Refers to the frequency and quality of performance discussions between the Manager/Supervisor and Employee (over and above the quarterly reviews)
Performance Agreement (PA)	Refers to the signed documents by both parties (Manager/Supervisor and Employee) that states objective, performance indicators, standard and target for the Employee with the aim to monitor and measure performance for a particular financial year.
Performance Indicators (PI)	Refers to different types of measures which could include: time, performance against set time frames, response time, quantity, quality, cost or money, maximizing income, reducing costs and improvement. It defines how performance and what standards will be measured.
Performance target	A performance target is set for each Key Performance Indicator to measure by when and how that specific target should be achieved and it should be SMART (specific, measurable, attainable, realistic, and time related).
Performance Management and Development System	A policy framework and procedures document, that guides how the Municipality's performance planning, monitoring, measurement, review, reporting and improvement will be managed including defining the role of different role players.
Performance management review	Refers to the quarterly reviews conducted in the four quarters (made up of a three-month period) of the financial year.
Performance management report	A report to Council by the Performance Management and Development Division to report on the progress made in attaining the objectives and targets during the review cycle and to update the Council on the reward process.
Performance management review cycle	Refer to Metsimaholo Local Municipality's financial year (1 July to 30 June).
Performance rating	The allocation of a score to individual KPAs in accordance with the prescribed rating scale

Performance reward	A reward allocated to Employees who achieved a certain level of performance and is inclusive of a performance bonus.
SDBIP	Service Delivery and Budget Implementation plan - referring to the annual plan which gives effect to the IDP priorities and the Budget
Supervisor	A member of staff with staff members within his/her span of control, for whom s/he is directly responsible and to whom such staff member (s) are directly accountable.
WSP (work skills plan)	The approved plan of the Municipality that shows the planned training and education interventions for the organization for the particular financial year.
On-going performance feedback	On-going Performance feedback refers to the frequency and quality of performance discussions between the Manager and Employee (over and above the formal reviews)

1. INTRODUCTION

Performance Management is a strategic approach to management. It is a process which measures the implementation of the organization's development and growth strategy. It equips leaders, managers, workers, and stakeholders at different levels with a set of tools and techniques for regularly planning, continuously monitoring, and periodically measuring and reviewing the performance of the municipality in terms of indicators and targets for efficiency, effectiveness and economy. Performance management is aimed at ensuring that municipalities monitor their Integrated Development Plan's and continuously improve their operations and in terms of the Local Government: Municipal Systems Act No. 32 of 2000, as amended, that they annually review their overall performance in achieving their constitutional objectives. It also forms the basis for aligning the Integrated Development Plan (IDP) with the operational business plans (SDBIP), performance areas and performance indicators of the various departments of the Metsimaholo Local Municipality. Performance Management provides the vital link to determine whether the municipality is delivering on its objective and to alert management on areas where corrective action is required. The Performance Management and Development Policy describes and projects how the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting and improvement will be conducted, organized and managed.

2. PURPOSE

The overall purpose of developing a Performance Management and Development System Policy for Metsimaholo Local Municipality is to provide tools for measuring the extent of the implementation of the municipality's Integrated Development Plan, through the development and implementation of Service Delivery and Budget Implementation Plans (SDBIPs). This policy essentially provides procedures on how organisational plans are translated into individuals plans or scorecard and it also provides procedures for managing, monitoring and evaluating performance in the municipality at organisational and individual level.

3. LEGISLATIVE REQUIREMENTS

Primarily Chapter 6 of the Municipal Systems Act, 32 of 2000 (MSA) makes the following provisions on the establishment and development of municipal performance management system:

Section 38 of the MSA prescribes that each municipality must:

- (a) Establish a performance management system that is-
 - (i) commensurate with its resources
 - (ii) Best suited to its circumstances; and

- It ensures that employees are provided with opportunities for learning and development to enable them to competently attain their performance targets.
- It rewards outstanding performance and thereby provides motivation for improved performance and excellence.

6. SCOPE

The performance management and development system policy framework shall apply to all employees, contracted/employed by Metsimaholo Local Municipality, with an exception to employees contracted under the EPWP, CWP programmes, any or/and all internship programmes, and employees with under and less than($\geq$)3 months temporary contract .

Municipal employees to which this policy is applicable are employees employed/contracted on a:

- Permanent basis;
- Fixed term contract basis (for the duration which is over 12 months).

The two categories of Employees include the following:

- a) **Employees under Section 57 of the Local Government MSA Employees, defined as:**
 - Municipal Manager and Directors (managers directly accountable to the municipal manager).
- b) **Employees other than Section 57 Employees (Governed by SALGBC).**
 - All other employees such as managers; assistant managers; supervisors etc, which are defined under the "Van der Merwe System" levels 1-16.

All categories shall enter into a performance agreement with the MLM on an annual basis, within 60 days for newly appointed employees and 30 days of the commencement of the financial year for employees whom are already contracted with the municipal.

In this respect the following in principle shall apply:

- The Municipal Manager shall enter into a performance agreement with the Executive Mayor;
- The Directors (Heads of Departments) shall enter into a performance agreement with the Municipal Manager;
- The Managers/Assistant Managers shall enter into a performance agreement with their respective Director
- Specialists/Supervisors shall enter into a performance agreement with their respective Manager
- Specialists/Supervisors shall conclude the performance agreements of all staff under their direct management (The latter shall prevail in all levels up to a general worker level, wherein a performance agreement will be concluded between an employee and their supervisor)

7. AUTOMATION OF THE PMDS

Performance management and development processes shall in the outer years of the 2024/25-2026/27 MTREF period be automated not only to reduce burdens of the manual processes but also improve reporting measures and efficiencies. This shall be achieved through the implementation on an electronic performance management system. The system shall automate all the phases/stages of performance management at both individual and organizational levels.

Furthermore, the system ensures the following:

- Performance information is reliable and free from manipulation
- Allow for easy access to historical performance information
- Provide access to monthly, quarterly, and annual information/reporting
- Provide for a central repository for performance planning, evaluation, and reporting
- Easier management of individual performance through analytical reporting.
- Potential to link the strategic objective and departmental KPI's to Individual performance.

The electronic performance management system shall be reviewed from time to time to effect new requirements. This shall be coordinated by the PMS Manager in consultation with the Municipal Manager. Furthermore, the system shall be upgraded on an annual basis where necessary to ensure that it is in par with the latest technologies. Users of the system shall undergo training to ensure efficient usage of the system.

8. ROLES AND RESPONSIBILITIES IN THE PERFORMANCE MANAGEMENT PROCESS

There are different role players with different responsibilities in the performance management and development process and these are outlined in detailed on the table below:

Table 1: Role players and their responsibilities in PMDS Process

Role Player	Roles and Responsibilities
Executive Mayor	▪ Assigns the responsibility for the management of the PMDS to the Municipal Manager ▪ Recommend the proposed PMDS to Council for oversight ▪ Approves the Service Delivery and Budget Implementation Plans (SDBIP) ▪ Enforce a performance agreement is entered into with the Municipal Manager and the Municipal Council ▪ Report periodically to Council on the performance of the municipality i.e. implementation of the adopted budget, as per the SDBIP approved
Council	▪ Ensure effective oversight on the Policy development and implementation of the system and all performance reports including annual reporting presented by the Mayor ▪ Reports progress made on municipal performance to the community

Role Player	Roles and Responsibilities
Municipal Manager	- Manages the overall development and implementation of the Performance Management and Development System (PMDS) as delegated by the Executive Mayor - Leads the process of the formulation and revision of the Service Delivery and Budget Implementation Plans - Enters into performance agreements with Directors/Managers directly accountable to the Municipal Manager on behalf of Council - Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the municipality Monthly, quarterly and annually reports to the Executive Mayor on the performance of Directors/Section 57 Managers and departments - Periodically manage and evaluates the performance of Section 57 Managers
Heads of Departments (Directors)	- Participate in the formulation of the SDBIP and the municipal strategic or organizational scorecard - Manage departmental performance - Implement Departmental SDBIPs/scorecards and ensure the performance objectives in the performance agreements are achieved - Quarterly, Mid-yearly and Annually report to the Municipal Manager on the performance of their departments - Identify improvement mechanisms for poor performance and report progress on implementation of improvement measures (Action Plan) adopted by Council
All Managers/Supervisors	- Implement MLM's overall and department goals to employees; - Assist in linkage of the department's operational plans/job descriptions and ultimately the municipality's IDP, SDBIP and other related strategies; - Ensure timely completion and submission of employee's performance agreements, plans and reviews. - Ensure timely completion and submission of directorates monthly, quarterly and annual reports to the Heads of Departments (Directors) - Provide regular coaching and ongoing feedback to Employees and assess performance on a continuous basis; - Identify Employee development needs and work with Human Resources Division to implement specific development plans to address such needs;
Employees (Staff Members)	- To support the MLM's strategic objectives, departmental as well as own individual performance objectives - To take ownership of the performance management and development system - To request for feedback from Manager/Supervisor to monitor own performance - To give feedback to the Manager/Supervisor on progress with regard to their performance on a regular basis - To review own progress according to the performance agreement - Keep Manager/Supervisor informed of any problems or potential problems that may affect their ability to achieve some or all their performance objectives - To continuously improve their performance

Role Player	Roles and Responsibilities
	▪ To bring to Manager/Supervisor's attention, significant other outcomes that were delivered during this period and which may not be contained in the performance agreement, where applicable ▪ To give input on appropriate action to be taken on areas of performance, which the supervisor has identified as not being satisfactory ▪ To make contributions for the improvement of the performance management system; and ▪ To collect documented evidence of outcomes achieved.
Human Resources Department	▪ Assist the Heads of Departments with the development of performance agreements and its annexures for employees below Section 56/57 Managers ▪ The HR Manager will provide secretariat service to the formal performance assessments of senior managers ▪ Make use of the training needs identified in the employee's personal development plan to compile the municipality's workplace skills plan ▪ Ensure that the skills development is budgeted for within the municipality to capacitate employees ▪ Ensure training of employees on the performance management and development system. ▪ Ensure record keeping of employee performance management records
Municipal Performance Management Systems Division	▪ Champion the development the Performance Management and Development System and ensure is in line with the Local Government Prescripts. ▪ Administer and implement the performance management and development policy ▪ Ensure that the performance management and development system assists the institution achieve its developmental objectives contained in the IDP ▪ Development of the SDBIP which is aligned to the IDP and the Budget ▪ Champion the endorsement process on performance agreements and its annexures for the Council(Mayor),Municipal Manager and Managers directly accountable to the Municipal Manager(s56/57) ▪ Advice Head of Departments in the development of performance agreements of staff members ▪ Periodically Consolidate, reports on institutional and departmental performance reports ▪ Annually review the performance management and development system
Internal Audit	▪ On a continuous basis (quarterly and annually) audit the performance measurements of the municipality as part of quality assurance on the reported targets by directorates. ▪ Periodically reports on the performance outcome on institutional Performance to the Municipal Manager and the Performance Audit Committee. ▪ Assess the effective functioning of the municipality's PMS to ensure it complies with the Act ▪ Recommend to the Management relevant improvement measures to curb future audit findings

Role Player	Roles and Responsibilities
Performance Audit Committee	▪ Approves the annual audit plan of the Internal Audit ▪ Review quarterly reports from the internal audit office on quarterly basis ▪ Review annual performance report and the annual financial statements before submission to the Auditor General for audit purpose ▪ Submit reports with recommendations for improvement performance to the Municipal Council
Departmental Performance Moderation Committee	▪ Conduct moderation of annual staff members performance results, to ensure that the norms and standards for performance management are applied in a fair, realistic and consistent manner across departments ▪ Determine the cost implications for recognition of performance of staff members within the department ▪ Recommend the moderated scores for all staff members to the municipal moderation committee for approval ▪ Recommend performance rewards as well as remedial actions for performance considered to be below effective performance
Municipal Performance Moderation Committee	▪ Provide oversight over the staff performance management and development system to ensure performance process is valid, fair and objective ▪ Moderate the overall performance assessment score for staff determined after departmental moderation process ▪ Determine the percentages for merit-based rewards subject to affordability ▪ Recommend appropriate remedial actions for performance believed to be substandard
Trade unions	• Observe and monitor the application of the performance management and development system; • Encourage their members to support the system; • Represent their employees in the event of grievances arising from the implementation of the performance management and development system
Community	▪ Participate in the drafting of the municipality's IDP through established public participation platforms by identifying priority needs ▪ Participate in the setting of KPIs and targets for the municipality annually during the IDP and Budget Public Participation Processes ▪ Participate in the review of municipality's overall performance annually, in the form of the annual report, wherein they provide comments on the Draft Annual Reports tabled in Council.

9. PERFORMANCE MANAGEMENT CYCLE

The performance management process within the Metsimaholo Local Municipality shall involve four key phases. These key phases in the performance management cycle are designed to ensure that each phase is taken into consideration when managing the performance of an employee, and they are as follows:

- **Planning:** This phase involves jointly identifying individual performance expectations and gaining the employee's commitment to achieving these expectations.

- **Coaching:** This is a crucial phase of continuously tracking and improving performance, through feedback and reinforcement of key results and competencies.
- **Reviewing:** This phase involves jointly assessing actual performance against expectations at the end of the performance cycle to review and document planned vs. actual performance.
- **Rewarding:** This phase establishes the link between performance and reward. It aims to direct and reinforce effective work behaviours by determining and allocating equitable and appropriate rewards to employees.

The diagram below depicts the performance management cycle:

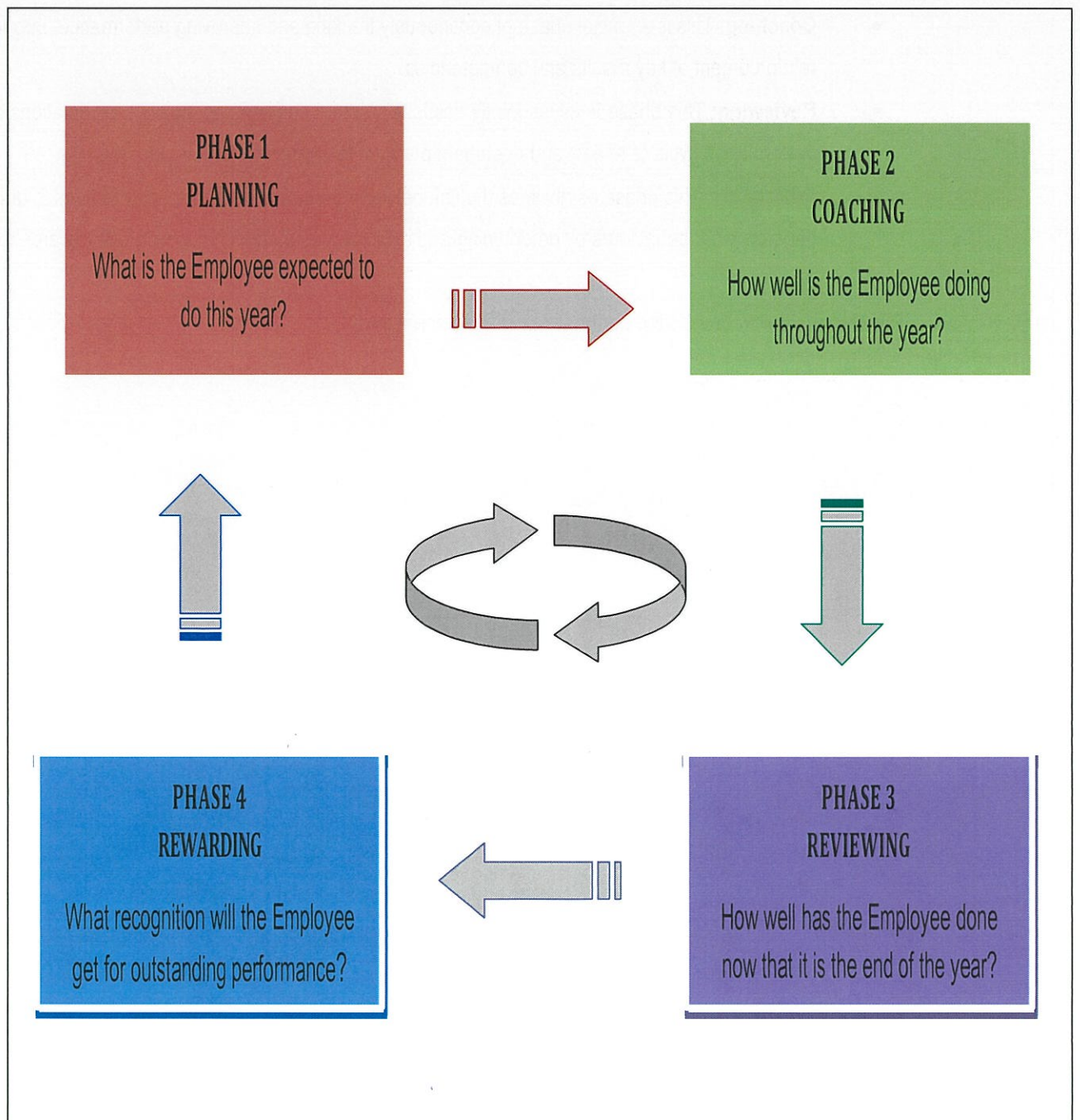


Figure 1: The Four Phases of the Performance Management Cycle

10. POLICY FRAMEWORK PROVISIONS

10.1. General

- a. All employees are required to sign an PMDS Scorecard (Performance Agreement) within thirty (30) days of the start of the performance cycle and new employees or employees in new positions within sixty (60) days.
- b. Employees must work in a specific post for a complete One (01) year cycle (period 01 July – 30 June) to formally participate in this PMDS process, but performance will however be measured for the part of the cycle of employment.
- c. All employees are required to have a performance scorecard (Performance Plan) which should be finalised and signed within thirty (30) days.
- d. Where the finalisation of specific Key Performance Indicators (KPIs) influences the sign-off of scorecards, draft scorecards must be signed by both employee and line management and used for purpose of coaching and all PM processes.
- e. Where draft scorecards have been signed, such scorecards must be finalised and signed-off by mid-January or no later than 15 January of each year at the time of the mid-year review.
- f. In cases where there are amendments / budget adjustments or deviations, employees are requested to sign an addendum to the existing performance scorecard during mid-year and submit no later than 30 January after the finalisation of the Mid-year assessment processes.
- g. The performance review of an employee vacating a position must be completed prior to moving to a new position.
- h. In cases where a position is upgraded and there is no change in the performance agreement of the respective employee, a performance reward may not be awarded to such employee.

1.11. Principles

The implementation of the PMDS Policy Framework is underpinned by a set of key principles, which drives the design and implementation of PM. These principles are as follows:

- a. **Simplicity:** The system shall be simple and user friendly to enable the municipality to operate within its existing financial, human capital and information management systems.
- b. **Transparency:** The system shall be transparent and open so that employees whose performance will be monitored and measured have the opportunity to scrutinise the basis upon which decisions are made.
- c. **Accountability:** Line managers and employees are responsible and accountable for the implementation of the PMDS process on their own, without overreliance on the PMDS coordinator or unit.

- d. Integration: The PMDS shall facilitate coordination and integration within the municipality, specifically regarding the linkage between individual performance, organisational performance, and other developmental human resources processes.
- e. Non-duplicity of targets: No two levels of employees should be assigned the same work targets, for example, a supervisor cannot have 10 units produced and the subordinate also has the same 10 units produced as targets. It would mean that one of the two is not doing any work.
- f. Objectivity: Both the processes of managing PMDS and the information on which it relies should be objective and credible. Sources of data for measuring indicators should be scrutinised to enhance the credibility of information and therefore objective decision making. In addition, and to enhance objectivity, all targets must be calibrated up-front against the well-known scale of 1 – 5 (0% - 167%),
- g. Procedural fairness: The procedures incorporated in PMDS shall be operated fairly to limit the adverse effect on individuals. These procedures will always position the employee first and all performance decisions must, as far as possible, be based on employee – employer discussions and final agreements that are sign-off.
- h. Dynamic: The PMDS must suitably respond to contextual changes.
- i. Political leadership support: Political leadership and guidance are essential to the successful application and implementation of the PMDS.
- j. Mutual respect: All parties involved in the PMDS process must respect each other.
- k. Confidentiality: Performance results of employees are confidential, except for section 57 managers, where such results are required to be publicized against departmental performance reports.
- l. Good practice: The system must align to best practices.

1.12. New Appointments

All newly appointed employees' performance will be managed as follows:

- a. Performance processes must kick-in in accordance with the PMDS from the date of employment.
- b. Employment contracts must be finalised, and performance scorecards developed, agreed to, and signed off within sixty (60) days of the date of appointment. Regardless of probational status, ideally, all appointments that are in place by the 1st of May, must have their agreements signed-up to the 30th June of the current cycle/financial year and subsequently new performance scorecards/agreements on the 1st of the new cycle together with the relevant annexures.
- c. The performance scorecard shall be in line with the performance planning provisions as contained in the PMDS. This means that, these must be taken from the applicable departmental SDBIP read in conjunction with the individual's job description.

- d. A performance related reward shall be awarded to an employee who has served the full assessment cycle of 12 months i.e. where appointment dates coincide with the start of the performance cycle i.e. 1 July of each year.

1.1 Internal Appointment

- a. All employees who are appointed to a new position within the municipality shall be required to agree on and sign a new performance scorecard.
- b. Employment contracts relating to internal appointed employees must be finalised and performance scorecards developed, agreed to and signed-off within thirty (30) days of commencement of the new duties.
- c. The performance scorecard shall be in line with the performance planning provisions as contained in the PMDS.
- d. The performance review of the employee vacating the post must be completed prior to moving to the new position in order to allow for a clean hand-over and take-over by new incumbents.
- e. Accordingly, the performance outcomes shall be determined on the basis of a consolidated performance rating based on performance against all the scorecards entered into to date.

1.2 Acting appointment

Employees in acting positions for more than three (3) months:

- a. An amended performance agreement / plan or addendum to the existing scorecard must be signed within thirty (30) days.
- b. All performance reviews must take place accordingly, that means, factoring the amended acting period signed performance agreements.
- c. Performance incentives shall be awarded in terms of the conditions of the employee's substantive position.

1.3 Transfers and Secondments

- a. All employees who are transferred or seconded to a new position shall be required to agree on and sign a performance scorecard applicable to the seconded / transfer position.
- b. Employees transferred and seconded must finalise their performance scorecards within thirty (30) days of the date of commencement of duty.
- c. The performance scorecard shall be in line with the performance planning provisions as contained in the PMDS.

1.4 Prolonged leave

Prolonged leave refers to the following:

- a. Sick leave.
- b. Maternity leave.
- c. Incapacity leave.

- d. Sabbatical leave (provided for in the Conditions of Service for 12 months).
- e. Other unpaid leave.

For employees who go on uninterrupted approved prolonged leave for three (3) months or longer, the following will be applicable:

- a. An amended performance scorecard / addendum to the scorecard must be signed within thirty (30) days unless the prolonged absence was catered for during the initial performance planning phase.
- b. Performance rewards will be calculated pro-rata (excluding the period of absence).
- c. All performance reviews should take place according to this signed-off adjusted performance agreement.

1.5 Probation

Probation period and extension of probation is determined as per the stipulations in chapter 4, regulation 23 of the 2021 MSR. To support employees during their probationary period, line management shall, in collaboration with the employee, develop a plan that outlines the level and type of performance support needed during the probationary period.

The line manager must ensure that the employee is given a progress report during the probationary period (satisfactory or non-satisfactory) against this performance support plan.

1.6 Departures

An employee exiting the municipality due to resignation, termination of contract or any other related reasons during or before the end of the performance cycle i.e. before 30 June, will not qualify for performance rewards direct (financial) or indirect (non-financial).

1.7 Team Performance

Teams constitute several employees (below supervisor level) that perform the same function but not necessarily the same tasks and the group is responsible for the same output in the same geographical area e.g. call centre agents.

Where employees function within a specific team a generic scorecard may be developed but each team member will sign the scorecard individually and will be appraised individually, based on what they individually contribute to creating the team co-production e.g. number of successful calls made by the call centre team member etc.

- a. Teams must be registered with the PM unit.
 - i. A team must be registered with the PM unit or electronically where applicable within sixty (60) days of the new performance cycle.

- ii. A team must have a generic performance agreement with KPAs and CCRs and this generic scorecard must be submitted to the PM unit within sixty (60) days of the new performance cycle. Over and above this, all individuals in a team must sign an individual scorecard with the line manager.
 - iii. Formal reviews in terms of the provision of the PMDS must take place for a team collectively and for each employee of the team focusing on achievement of the team targets on the one hand and the various individual team member contributions. A good example can be borrowed from sporting teams where coaches / systems reward the whole team together at one level, while still being able to drill down and give the golden boot or man of the match award.
 - iv. As per iii above, each employee of the team must be rewarded two-fold, (a) 65% weighting as per the generic rating of the whole team (b) 35% for individual team member contribution rating.
- b. The following need to unfold for team members to be assessed as a Team:
- i. All team members will have to sign a team scorecard together with their line manager (team leader).
 - ii. Team deliverables must be aligned to the SDBIP of the Departmental level, but also individual team member activities / output must be indicated and be measured even if they are the same for each member.
- c. The following will be the criteria for productivity and performance:
- i. Quality of work performed by the team = 65% + Quality of work contributed by the individual = 35%.
 - ii. Value for money indicators for entire team.
 - iii. Speed and accuracy of work performed by team and individual team members at the same ratio as above (65% : 35%).
 - iv. Client satisfaction survey / and complaints handled by the team and individual member (65% : 35%).
 - v. Service delivery charter especially with regards to turn-around times and resolving of queries.
- d. The following yard sticks are used to measure individual competency in teams:

No.	Competency	Description
1.	Attendance	Is an employee available and present at work when needed?
2.	Helpfulness	Is the employee helpful, do they offer assistance when needed?
3.	Efficiency	Does an employee complete tasks on time or do they wait to be reminded to complete tasks?
4.	Initiative	Does an employee initiate activity in line with the set objectives or do they wait to be told what next to be done?
5.	Quality	Does an employee produce good quality work to the team?

The cycle of the Individual Performance Management and Development in a financial year is illustrated by the table below:

Table 2: Performance Management and Development Cycle

Performance Management and Development Cycle													
Performance Management Process		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
1	Approval of IDP, budget & SDBIP											✓	✓
2	Finalise Performance Agreements on basis of SDBIP	✓											✓
3	Monitor Performance Agreements	✓			✓			✓			✓		
4	Quarterly review performance	✓			✓			✓			✓		
5	Recognise and / or reward performance			✓				✓					
6	Formal feedback to Council							✓					

9.1 PLANNING PHASE (MAY TO JULY)

At the beginning of the performance management cycle (last quarter of each year or within 60 days of appointment) is performance planning phase / stage. This stage involves the following key tasks:

- i. The Senior Management translate objectives is contained in the approved IDP into the annual (SDBIP), showing the annual targets, key indicators, and baselines. Such SDBIP shall be submitted to the Executive Mayor Council (within 28 days after the approval of the IDP and Budget) for approval.
- ii. The Director and his / her team translate deliverables as contained in the SDBIP into the Departmental SDBIPs, showing quarterly targets. Such SDBIPs shall be translated into the performance plans of the staff members within the department by the incumbent staff member, fully considering what their individual contribution to achieving the SDBIP targets are;
- iii. The Line Manager/Supervisor shall schedule meetings with each Employee to agree on individual performance objectives, indicators, performance targets guided by the SDBIP in terms of the IDP;
- iv. The Line Manager and Employee shall conclude a performance agreement including but not limited to a performance plan for the financial year based on the indicators set out in the department's SDBIP. Both parties shall sign the performance agreement.
- v. The Performance Management Manager/Practitioner shall provide technical support to the HODs in ensuring the performance agreements are aligned to the SDBIP and that they comply with the regulations.
- vi. The Human Resources Manager/Practitioner shall provide support to individual employees in ensuring that the performance agreements templates are circulated to employees and are aligned to the job descriptions of the employees.
- vii. The Human Resources Manager/Practitioner shall ensure adequate record keeping of the signed performance agreements for all employees annually.

9.1.1 Performance Agreements

Performance agreements, including annexures thereto (individual performance plans / scorecards, personal development plan – which must be treated as measurable performance in their own right, not just annual wish lists, financial disclosure forms and signed code of conduct) shall be:

- Developed for each Employee on an annual basis;
- Developed by the immediate Manager/Supervisor of the Employee, with the assistance from the responsible HR (Performance Management) Section and in consultation with such Employee for input and approval by a Director;
- Agreed upon between the relevant Manager/Supervisor and Employee; and

- Signed and dated by the relevant Manager/Supervisor and Employee, once agreement has been reached.

Newly appointed employees shall conclude and sign performance agreements within 60 days of their appointment and employees already in the employment of the municipality shall conclude and sign performance agreements within 30 days of the commencement of the new financial year.

Signing a performance agreement means that the Employee agrees to the following:

- Fully committing to the successful delivery of all outputs and outcomes in the performance agreement and performance plan;
- Attending all training and development interventions and procedures as required in terms of the personal development plan, which agreement shall be measured and contribute to the annual overall performance rating of the individual (thus killing the culture where employees just list desired interventions, do nothing about it and no consequences follow); and
- Keeping and maintaining records / portfolio of evidence of all outcomes / outputs achieved in order to justify and align the levels of target achievement to the calibrated ratings.

In signing the performance agreement, the Manager / Supervisor (Employer) commits to the following:

- Managing the Employee's performance in full compliance with all directives governing performance management;
- Providing a conducive work environment in order for employees under their supervision to carry out their tasks, in particular, ensuring that there are always enough financial, time, physical and human resources for each target to be achieved at the end of the performance cycle;
- Agreeing that all targets that are diligently proven not to have sufficient resources, are mutually adjusted and such adjustments signed-off between the employee and employer at the earliest review period; and
- Providing regular feedback and / or encouragement by means of both formal and informal communication.

Employees and Managers / Supervisors shall conclude and sign a performance agreement including annexures thereto annually; Performance Agreement, Performance Plan, Personal Development Plan, Financial disclosure forms; and Code of conduct.

The performance agreement must include a performance plan that contains:

- The name, job title and the department of the staff member;
- The applicable KPAs for the employee's level, their weightings and the target date for meeting the full KPA's listed and agreed objectives and targets
- The KPIs and the performance standard (calibrated targets) for each KPI
- The name and definition of the job specific competencies, their weightings and the measurable expected level of capability for each listed / agreed competency
- A performance measurable personal development plan
- The process of monitoring and assessing performance, including the planned dates of assessment, the rating scales to be used, and;
- The agreed outcomes of the final end of year performance evaluation, in particular;
 - i. whether the employees will receive any cash or non-cash rewards that year,
 - ii. the accepted performance rated ranges that may attract what level of rewards for that year, namely;
 1. Rating of 3 (Satisfactory) – 0% to 4.9% of annual salary
 2. Rating of 4 (Very Good) – 5.0% - 9.9% of annual salary
 3. Rating of 5 (Excellent) = 10% - 14% of annual salary.
 4. No employee may be paid a cash bonus in excess of the maximum 14%. However, depending on the availability or non-availability of the overall bonus budget as described below, the municipality may indicate upfront if it will be able to pay these % of cash bonuses or not.
 5. The total annual budget to cover any cash bonuses must be between 0% - 1,5% of the organisation's salary budget.

9.2 AMENDMENTS TO THE PERFORMANCE AGREEMENTS

Amendments to the performance agreements may become necessary due to a variety of the reasons already mentioned in section 1 above as well as the summary listed below. All amendments to the performance agreements shall be dealt with in line with the Municipal Staff Regulations, 2021 (MSR) as outlined below.

A new or amended performance agreement / performance plan shall be signed under the following circumstances:

- If the role of the employee changes during the performance cycle
- If the employee has been acting in a higher position for a period of more than three months, wherein the supervisor shall review the KPAs and KPIs in consultation with the acting staff member to include KPAs and KPIs in the staff member's amended performance agreement.

- If the work environment of the Municipality alters (whether as a result of Government or Management decisions or otherwise e.g. restructuring, devolution of functions), to the extent that the contents of the agreement are no longer appropriate;
- If the employee has not been in the role for three months or more for any reason, as for example, maternity, ill health, study, secondment, or travel; unless this absence was built into the original agreement; and
- If this is a recommended plan of action to manage unsatisfactory performance.

All amendments to a signed performance agreement / performance plan should be supported by a written motivation, which must be signed and dated by the relevant employee and his/ her supervisor.

9.1.2 Measuring

There are two basic criteria against which Employees shall be measured:

KPAs: these are broad Key Performance Areas within each of which are agreed / selected Strategic Objectives and their agreed SDBOP indicators, individual roles played in contributing to the specified SDBIP target, then the individual target. An individual's performance indicators for each KPA must be provided together with clear and detailed performance evidence that will be used to assess whether or not an employee has achieved the said objective / calibrated target accordingly. KPAs identify what needs to be done at a broad level. Municipal KPAs are already given, they are not a creation of the employee or their supervisor. They are (1) Basic Services and Infrastructure Development (2) LED (3) Financial Viability and Management (4) Institutional Transformation and Municipal Development (5) Good Governance and Public Participation (6) Spatial Rationale and Environmental Management.

Competency Requirements: these describe the skills, knowledge and behaviours the Employee is required to demonstrate in order to achieve the planned and agreed SDBOP objectives. Core competencies, particularly the behaviours, identify how employees need to behave in order to efficiently and effectively do the work that needs to be done. A detailed list of CRs for each employee shall be documented in a performance agreement of an employee as per the annexures in both the Regulations on Appointment and Conditions of employment of Senior Managers, 2014 and the Municipal Staff Regulations, 2021.

9.1.3 Weighting

The total of weightings on the performance agreement shall weight up to 100 points. The purpose of the weighting is to indicate key focus areas to Employees. Some objectives may have higher weighting than others as a result of their impact for instance to service delivery.

The criterion upon which the performance shall be reviewed consists of the following two components as contained in the performance agreement.

- Key Performance Areas (KPAs) i.e. key objectives or outputs; and
- Competency Requirements (CRs) i.e. knowledge, skills and behaviours or inputs.

Key performance areas and competency requirements will be scored separately to make up 100 points and then weighted to calculate the final score.

Weighting allocation for employees weighting shall apply as follows:

- KPA or outputs covering the main areas of work account for 80%; and
- CRs (including the Individual Development Plans) will account for 20% of the final assessment.

9.2 MONITORING PHASE (MONTHLY, STARTING IN JULY)

Individual level: Monitoring refers to ongoing performance feedback throughout the financial year. A Manager/Supervisor shall hold informal ad hoc "one-on-one" (performance appraisals) meetings with an Employee to:

- Provide strategic guidance for alignment of work to department's SDBIP and municipality's IDP;
- Provide feedback to Employee to motivate and encourage good performance;
- Sustain or improve performance;
- Manager / Supervisor identify and support Employees whose performance indicates gaps /substandard performance and consult HRD in this regard;
- Ensure good understanding between the Manager/Supervisor and Employee of work completed, in progress and not started. This eliminates the element of "surprise" during formal reviews; and
- Provide Employee with an opportunity to request assistance where necessary.

Employees and supervisors shall keep records (minutes) of all informal progress meetings for the employee's own developmental use and for use as references in the later formal appraisals.

Organisational level: The Municipal Manager shall have performance assessments with the Directors quarterly, wherein the Directors shall compile quarterly performance reports with portfolios of evidence (POEs) in terms of the achieved targets (as agreed at the time of initial contracting at the start of the year), to provide progress made regarding the

implementation of the planned targets depicted in their departmental SDBIP and their own contributions thereto as well as the CR achievements.

9.3 REVIEWING/ EVALUATION PHASES (OCTOBER, JANUARY, APRIL AND JULY)

Individual level: Performance reviews provide an opportunity to review performance against all set objectives and their targets to date prior to year – end review, thus minimising surprises during final assessment / evaluation and enabling corrective action to be taken during the year. They also assist to recognise strength and determine how to improve weaknesses.

There shall be four formal performance reviews / assessments / formative evaluations for the financial year. These shall be formally recorded in the individual performance agreements as per municipal wide agreed templates.

The performance reviewing process shall involve the following key tasks:

- Manager / Supervisor request Employee to prepare for formal assessment / appraisal by scoring him / herself against the agreed targets of each objective and sum up the scores for that objective. Each target achievement score must be accompanied by a Portfolio of Evidence (POE) prepared and submitted by the incumbent / employee.
- The Manager / Supervisor, sitting alone, scores the employee (this step is crucial to eliminate the often-observed lazy acceptance or rejection of an employee self-score by some managers without having applied their minds to the target under consideration).
- Manager / Supervisor and Employee meet to conduct formal performance appraisal (largely, firstly sharing what each has scored separately) and subsequent to discussion, then agree on the final scores. The scoring only gets confirmed on the simultaneous submission of the pre-agreed documented evidence of each target result achieved; During the same final individual performance evaluation / appraisal, the , Manager / Supervisor and Employee also score the Employee's personal development plan which was initially agreed as part of the Performance Agreement;
- Both parties sign the entire performance agreement assessment / appraisal report and submit to HR section for record keeping.
- No unauthorised parties may have access to the evaluation results of an employee, without the written permission of the official concerned.

Organizational level: The following performance reports need to be prepared:

Directors receives sectional performance reports from the managers to compile a department's quarterly performance report per department with all relevant evidence and submit to the Office of the Municipal Manager (PMS Unit).

The PMS Unit shall consolidate all the departmental reports received from the Directors and compile municipal (organisational) performance reports which shall be subjected to audit process, tabled before Council and made public.

The afore-mentioned performance reports are as follows:

- Quarterly municipal performance report
- Half-yearly (Mid-year) performance report
- Annual Report

Performance evaluations shall be conducted annually at the end of the financial year, wherein for staff members other than section 57/56 managers, each supervisor shall conduct annual performance evaluations to evaluate performance of their staff members against the planned targets. For section 57/56 managers, annual performance evaluations shall be conducted formally by the panel as follows:

For purpose of evaluating the annual performance of the Municipal Manager, an evaluation panel constituted of the following persons must be established -

- Executive Mayor;
- Chairperson of the performance audit committee;
- Member of the mayoral committee;
- Mayor and/or Municipal Manager from another municipality;
- Member of a ward committee as nominated by the Executive Mayor

For the purpose of evaluating the annual performance of managers directly accountable to the municipal manager, an evaluation panel constituted of the following persons must be established-

- Municipal Manager
- Chairperson of the performance audit committee;
- Member of the Mayoral Committee
- Municipal Manager from another municipality;

The annual performance evaluation shall involve:-

- An assessment of the extent to which the staff members achieved the performance objectives and targets outlined in the performance plan, which comprises:-
 - Each KPA assessed to determine the extent to which the specified standards or KPIs have been met, with due regards to ad hoc tasks that had to be performed under that KPA;
 - An indicative rating on the five-point scale set out in the table below provided for each KPA; and
 - The rating assigned to each KPA multiplied by the weight given to that KPA to provide a weighted score for that KPA.

- An assessment of the extent to which the staff members achieved the job specific competencies outlined in the performance plan, which comprises:-
 - Each competency assessed to determine the extent to which the specified standards of KPIs / Competencies have been met.
 - An indicative rating on the five –point scale set out in the table below provided for each job competency;
 - The rating assigned to each job specific competency multiplied by the weight given to that competency to provide a score for that competency.

The five-point rating scale as set out in the table below shall for purposes of implementation of performance management, apply to all staff members.

Table 3: Five-point scale rating scale

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

9.4 REWARDING/CORRECTIVE ACTION PHASE (JULY-DECEMBER)

The reward stage of performance management determines what reward, and recognition should be given to an individual Employee for outstanding work performed during the financial year. It also determines what corrective actions should be taken in cases of non-performance. Outstanding performance shall be encouraged in the municipality and shall also be rewarded.

A performance related reward shall be awarded to a staff member: -

- Who has served the full assessment period of 12 months (1 July to 30 June of each financial year)
- Transferred or seconded horizontally during the performance cycle within the municipality.
- Who is on uninterrupted approved leave for 3 months or longer
- Who is on approved maternity leave for more than 3 months; and
- Who received a performance rating significantly above expectation or outstanding during a performance cycle after moderation of performance results.

A performance related reward shall not be awarded to a staff member:

- Appointed after July of performance cycle
- Who is serving probation (newly appointed)
- Whose performance period is less than 12 months
- Whose employment is for a fixed term duration of less than 12 months
- Whose post was upgraded without a change in performance agreement.

The municipality shall not spend more than 1.5% of its annual salary and wage bill for staff performance rewards.

Based on financial viability (affordability) and approval by Council, the municipality shall reward and recognise outstanding performance through financial and non-financial rewards as outlined below:

9.4.1 Financial rewards

Performance bonuses shall be paid to employees who meet the requirements, performed significantly above expectation or outstandingly and obtained rating scales of 4 or 5 during the annual performance evaluations. A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package shall depending on affordability, be paid to an employee in recognition of outstanding performance. In determining the performance bonus, the relevant percentage shall be based on the overall rating, calculated by using the applicable assessment-rating calculator; whereby –

- a score of 130 % to 149 % is awarded a performance bonus ranging from 5 % to 9%; and
- a score of 150 % and above is awarded a performance bonus ranging from 10 % to 14%.

The table below outlines the threshold upon which a performance bonus shall be payable.

Table 4: Performance bonuses threshold

Level/ Scale	Performance category	Total Score	Performance Bonus
1	Unacceptable performance	69% and lower	None
2	Performance not fully effective	70%-99%	None
3	Performance fully effective	100%-129%	None (0% - 4.9% optional of funds and strategically justified) – otherwise drop any bonuses for this rating.
4	Performance significantly above expectations	130%-149%	5%-9% (maximum but may be reduced if such awards push bonus budgets above the 1.5% NT guideline ceiling)
5	Outstanding Performance	150% and above	10%-14% (maximum which may be reduced, if such awards push the overall budget to be above the NT guideline ceilings of 1,5%)

9.4.2 Non-financial rewards

In the case of the municipality being unable to pay performance bonuses due to affordability, employees' outstanding performance shall be recognised and rewarded by issuing out certificates of appreciation and/or leave days as follows:

- Certificates of merit;
- Displaying the names of employees in notice boards.
- Leave days (paid leave)

10. MANAGING SUBSTANDARD PERFORMANCE

A staff member who receives a performance rating below 3 (Performance not fully effective) in terms of the five-point rating table must be assisted as follows:

- The supervisor shall assist an employee with developing his/her competencies through training and close supervision
- Develop a revised personal development plan outlining the behaviour and skills that require improvement; and a description of the actions that will be undertaken to improve the identified behaviour and skills that require improvement.
- A revised personal development plan shall include the deadline for improvement and a schedule of meetings to assess improvements and provide feedback. Meetings shall be recorded in writing and filed in the employee's file.
- A personal development plan to manage performance improvement shall cover a maximum period of six months at the end of which, a formal performance evaluation must take place.

The following alternatives must and shall apply in respect of a staff member whose performance has not improved to at least a performance that is fully effective:

- Continuation of the actions in the personal development plan
- Other measures as recommended by the performance moderation committee to improve performance
- Offering a staff member alternative job within the municipality which is equivalent to his/her behaviour and skills
- Dismissal owing to incapacity in terms of the provisions of the Labour Relations Act

Poor work performance must and shall be dealt with in accordance with item 9 of schedule 8 to the Labour Relations Act.

11. PERFORMANCE MANAGEMENT OF STAFF MEMBERS ACTING IN POSTS

This has been discussed and laid out in Section 1 above. No further elaboration is needed.

12. TEAM-BASED PERFORMANCE MANAGEMENT SYSTEM

A municipality may establish a team-based performance management and development system for a category of staff members below the level of a supervisor that will assist the municipality in managing probations, rewards and skills development of staff which is consistent with the principles set out in the MSR, 2021.

This has been discussed and laid out in Section 1 above. No further elaboration is needed. All these aspects must be dealt with consistent to the principles set out in MSR 2021, .

13. DISPUTES ABOUT PERFORMANCE AGREEMENTS AND ASSESSMENTS

Individual level:

- Any disputes about the performance objectives, targets and assessments thereto must be mediated by the relevant head of department (Director) of the staff member to whom this function is delegated.
- If the dispute is not resolved to the staff member's satisfaction, the staff member may lodge a grievance in terms of the applicable procedures within the HR section.
- Any dispute relating to the conclusion of performance agreement or an amendment to the performance agreement must be referred to the relevant head of department not later than five days of lodging the grievance in terms of the applicable procedures.
- The head of department must ensure that he/she resolves the dispute received in relation to the conclusion of performance agreement or amendment thereof within one month of receipt of such a dispute having considered both representations from the staff member and his/her supervisor and consultation with the head of HR.
- A staff member who is not satisfied with the outcome resulted from the head of department's intervention, may lodge a dispute in terms of dispute resolution mechanisms of the bargaining council.

Organisational level:

Any disputes about the nature of the employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by –

- The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee; or
 - Any other person appointed by the MEC.
- A member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee whose decision shall be final and binding on both parties.

14. PERFORMANCE MODERATION COMMITTEES

There shall be two moderation committees established to ensure that performance rewards process is dealt with in a fair, realistic and consistent manner within the municipality. These are a departmental moderation committee established by

the Municipal Manager and the municipal moderation committee established by the Council both of which shall be convened annually. The moderation processes shall take place annually within six months after the end of the financial year.

14.1 DEPARTMENTAL PERFORMANCE MODERATION COMMITTEE

The Municipal Manager must establish a departmental moderation committee comprising of the following:

- The relevant heads of departments, who must act as chairpersons in the committees.
- All managers directly accountable to the heads of departments, who must be recused from the committee before their assessments are considered by the committee; and
- Senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services.

The purpose of the departmental performance moderation committee is to:-

- Conduct moderation of annual staff performance results to ensure that 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 contribution of each staff member with his or her peers towards the achievement of departmental goals.
- Ensure fairness, consistency, and objectivity with regards 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 bonus attracting performance of all staff members within the department (not to exceed 1.5% of total departmental staff salaries).
- Recommend the moderated performance scores for all staff members to the municipal moderating committee for approval.
- Ensure that performance rewards are based on affordability. Keep clearly explained that getting a performance bonus, always has cash implications, as such a municipality has every right, depending on its affordable revenue base for the year, to upfront indicate whether all employees will receive full, partial or no cash bonuses in that year. Such determination should never be taken lightly as it can kill staff morale and municipal productivity,
- Consider at the beginning of the financial year but ideally never retrospectively, the impact of the performance assessments on financial rewards and options for various forms of recognition. (Keep it within 1,5%)

- Recommend performance rewards as well as remedial actions for performance considered to be below effective performance; and
- Ensure that the integrity of the performance management and development system is protected.

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 evidence or information to support the performance ratings, the departmental moderation committee must never reassess, amend or adjust the performance ratings of a staff member, but must refer the assessment back to the relevant supervisor for reassessment in consultation with the affected staff member, if need be, with support from an HR / PMS manager or coordinator or consultant. Upon conclusion of the reassessment, the departmental moderation committee may reconvene to moderate the assessment of the staff member concerned.

If the supervisor fails to reassess the staff member within the stipulated timeframe, despite the request 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 reassess the relevant staff member.

The affected staff member must be consulted and be offered an opportunity to respond.

14.2 MUNICIPAL PERFORMANCE MODERATION COMMITTEE

The Council must establish a municipal moderation committee comprising of the following:

- The Municipal Manager, who must act as chairperson in the committees.
- All heads of departments
- Head of municipal planning and organisational performance
- Head of the municipal internal audit
- Senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services and
- A performance specialist where applicable

The purpose of the municipal performance moderation committee is to:-

- Provide oversight over the staff performance management and development system to ensure the performance management is valid, fair, and objective.
- Moderate the overall performance assessment score for staff determined after the departmental moderation processes.
- Ensure that final individuals performance ratings are fair across each grade and department.

- Ensure that each individual assessment outcome corresponds with the performance of the municipality (especially for director's performance) and the relevant department aligned to the staff member's job description or directorate before any recognition of performance is considered.
- Determine the percentages for the merit-based rewards subject to affordability and approved annual budget.
- 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 non-financial rewards, where applicable
- Identify potential challenges in the performance management system and recommend appropriate solutions to the Municipal Manager
- Identify developmental needs for supervisors to improve the integrity of performance management and development system; and
- Consider any other matter that may be considered relevant

15. PERFORMANCE AUDITING PROCESS

For the performance management and development system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports shall be audited to ascertain that reported performance information is accurate, valid, and reliable and to assess the effectiveness of the PMDS. The audit process shall take place on a quarterly basis through internal audit process and annually through external audit process.

15.1 IMPORTANT PERFORMANCE MANAGEMENT INTERNAL CONTROLS

15.1.1 Precedent Arrangements

Prior to any internal audit processes kicking in, the Performance Management Unit of HR, working in conjunction with the Internal Audit function, will have ensured that, MLM has created sufficient performance information management institutional arrangements that ensure the municipality complies with National Treasury Framework for Managing Programme Performance Information Chapter 4 Step 6 and Chapter 5 par 5.2. Details of how each of these key compliance areas must be achieved can be elaborated in the municipality's Performance Management Standard Operating Procedures (SOPs) that must follow such a policy like this one. The following are always key points to be complied with;

15.1.2 Corrective Actions Guidelines

Must clearly establish processes and mechanisms to facilitate corrective action, which must include regular monitoring and reporting of performance against expenditure plans and targets to enable managers to have access to the information they need to take decisions to keep service delivery on track. This information should help managers establish:

- What has happened so far?
- What is likely to happen if the current trends persist, say, for the rest of the financial year?
- What actions, if any, need to be taken to achieve the agreed performance targets?

15.2 INTEGRATED PERFORMANCE INFORMATION STRUCTURES AND SYSTEMS

Develop clear Performance Information Systems should be integrated within existing management processes and systems. The accounting officer or head official of an institution is responsible for ensuring that the institution has:

- (i) Documentation addressing the following:

Integration of performance information structures and systems within existing management processes and systems

- Definitions and technical standards of all the information collected by the institution
- Processes for identifying, collecting, collating, verifying and storing information
- Use of information in managing for results
- Publication of performance information.

- (ii) Appropriate capacity to manage performance information.

- (iii) Appropriate systems to collect, collate, verify and store the information

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

- (v) Processes to ensure the information is appropriately used for planning, budgeting and management within the institution, including:

- Processes to set performance standards and targets prior to the start of each service delivery period
- Processes to review performance and take management action to ensure service delivery stays on track
- Processes to evaluate performance at the end of a service delivery period.

- (vi) Processes to ensure that responsibility for managing performance information is included in the individual performance agreements of line managers and other officials

- (vii) An identified set of performance indicators for reporting for oversight purposes must be agreed, shown and used by all relevant parties.

Data Assurance / Cleansing Measures

There is always a need to set and implement data assurance procedures for data collection, processing, monitoring and corrective action(s) in the PDMS. Such measures must be clearly established and stated in the PMDS SOPs and Institutional Arrangements Document. If not done, the PMDS would risk the possible effect of incorrect measurement and reporting of performance achievement of predetermined objectives.

Oversight Planning and Implementation

Leadership shall implement full oversight of the entire municipality's performance regularly following clearly stated guidelines as set in The National Treasury's framework for Managing Programme Performance Information Failure to have this internal control deficiency has possible effect of incorrect measurement and reporting of performance achievement of predetermined objectives.

Leadership Internal Control

LEADERSHIP MUST ESTABLISH AND COMMUNICATE POLICIES AND PROCEDURES TO ENABLE AND SUPPORT THE UNDERSTANDING AND EXECUTION OF INTERNAL CONTROL OBJECTIVES, PROCESSES AND RESPONSIBILITIES.

15.3 INTERNAL AUDIT

In terms of Regulation 14 of the Planning and Performance Regulations of 2001, every municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes. The functions of the internal audit unit include the assessment of the following:

- the functionality of the municipality's performance management system;
- whether the municipality's performance management system complies with the provisions of the Municipal Systems Act; and
- the extent to which the municipality's performance measurements are reliable in measuring performance of municipalities on its own indicators and the national indicators

Furthermore, the municipality's internal auditors must and shall:

- on a continuous basis audit the performance measurements of the municipality; and
- submit quarterly reports on their audits to the municipal manager and the performance audit committee.

The Internal Audit Unit shall be responsible for quality checks balances of all performance information submitted for measurement and review. Quality control is the central and key function of the Unit which will ensure achievement of effective and efficient performance by the Metsimaholo LM.

15.4 PERFORMANCE AUDIT COMMITTEE

Regulation 14 of the Planning and Performance Regulations stipulates the provisions that guide the establishment of the Performance Audit Committee and outline the functions and powers entrusted to the committee.

The Performance Audit Committee shall be responsible for the following:

- review the quarterly reports submitted to it by the Internal Auditors;
- review the municipality's performance management system and in doing so doing, focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned;
- make recommendations in this regard to Council;
- at least twice during a financial year submit an audit report to the municipal council;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;
- request any relevant person to attend any of its meetings, and if necessary to provide information requested by the committee

15.5 AUDITOR GENERAL OF SOUTH AFRICA

The Metsimaholo LM Annual Report together with the Annual Financial Statements (AFS) shall be submitted to the Auditor-General of South Africa (AGSA) by the 31st of August annually for audit purpose, as required by the MFMA, 2003 and as part of the AG's audit roles in terms of the Auditor-General as per the Public Act No. 25, 2004.

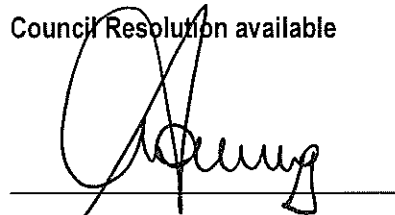
16. CONCLUSION

Performance management is a critical component through which service delivery is accelerated and ultimately attained as it provides the vital link to determine whether the municipality is delivering on its IDP objectives which are informed by the community aspirations. Performance management continue to capacitate political leaders, management, staff members and stakeholders at different levels with a set of tools and techniques for effective planning, continuously monitoring, and periodically measuring and reviewing the performance of the municipality in terms of indicators and targets for efficiency, effectiveness, and economic investment(s). Therefore, continuous monitoring of municipal performance is encouraged in the MLM as it serves as a yardstick which detects areas where corrective actions are required for management to identify and implement improved measures.

17. AUTHORITY

Ownership & Review : Municipal Manager (Metsimaholo Local Municipality)
Authorization : Council

Council Resolution available



Acknowledged by Municipal Manager
Mr. FJ Motloung

2026/06/30
Date :

COUNCIL APPROVAL:

COUNCIL REFERENCE	ORDINARY COUNCIL NO. 7 OF 2025/2026
COUNCIL DATE	MONDAY, 29 JUNE 2026

