Saldanha Bay Municipality

Performance Management Policy Framework

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1. Introduction

Performance Management is a process which measures the implementation of the organisation's strategy. 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 (KPI's) 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 deliver 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.

The Constitution of South Africa (1996), Section 152, 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:*

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

Section 38 of the Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a Performance Management System (PMS). Further, the MSA and the Municipal Finance Management Act (MFMA) (Act 56 of 2003) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget [Section 25(b) of the MSA] and to be monitored for the performance of the budget against the IDP via the Service Delivery and Budget Implementation Plan (SDBIP) [Section of the MFMA]. Section 38 (c) (MSA) 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:

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

1.1 Objectives of the Performance Management System

The Saldanha Bay Municipality's (SBM) Performance Management System (PMS) 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 PMS has the following objectives to fulfil:

Facilitate strategy deployment

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

a) 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 PMS 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.

b) Facilitate learning and improvement

Facilitate learning in order to enable the municipality to improve delivery.

c) Provide early warning signals

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

d) Facilitate decision-making

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

e) 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.

1.2 Legislative Overview

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

The following legislation mainly informs the PMS of the municipality:

- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- The White Paper on Local Government (1998)
- The White Paper on Transforming Public Service Delivery (Batho-Pele) (1997)
- The Municipal Systems Act, 2000 (Act 32 of 2000)
- Municipal Finance Management Act,2003 (Act 56 of 2003)
- Municipal Planning and Performance Management Regulations (R796, Aug 2001)
- Municipal Performance Regulation for Municipal Managers and Managers directly accountable to MM's (R805, Aug 2006)
- Local Government: Regulations on appointment and conditions of employment of senior managers (R21, Jan 2014)
- Framework for Managing Programme Performance Information (2007)
- MFMA Circular No. 13 – Service delivery budget implementation plan
- MFMA Circular No. 65 – Internal Audit and Audit Committee

2. Performance Management System (PMS)

Each municipality must adopt a PMS which explains the complete performance management cycle. The cycle starts with the establishment of an oversight body (Council) who is responsible for the approval of a policy framework which describes the performance management process within the municipality.

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.

Performance management is aimed at ensuring that municipalities monitor the implementation of their IDP's and continuously improve their operations and in terms of Section 19 of the Local Government: Municipal Structures Act 117 of 1998, that they annually review their overall performance in achieving their constitutional objectives and to deliver services in an effective and efficient manner.

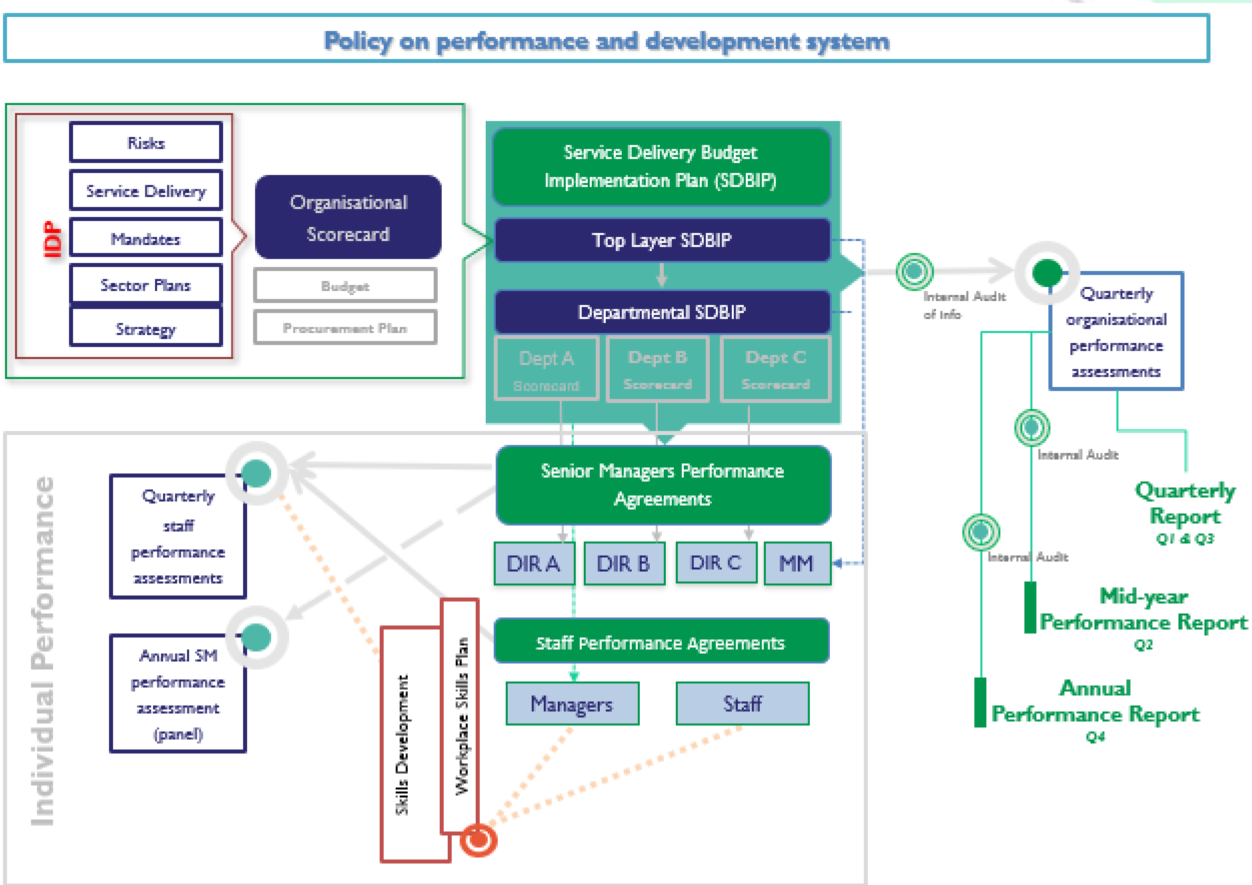

Figure I : Performance cycles

2.1 Performance Cycle

The overall planning, budgeting, performance monitoring and reporting cycle are summarised as follows in the Framework for Managing Programme Performance Information:

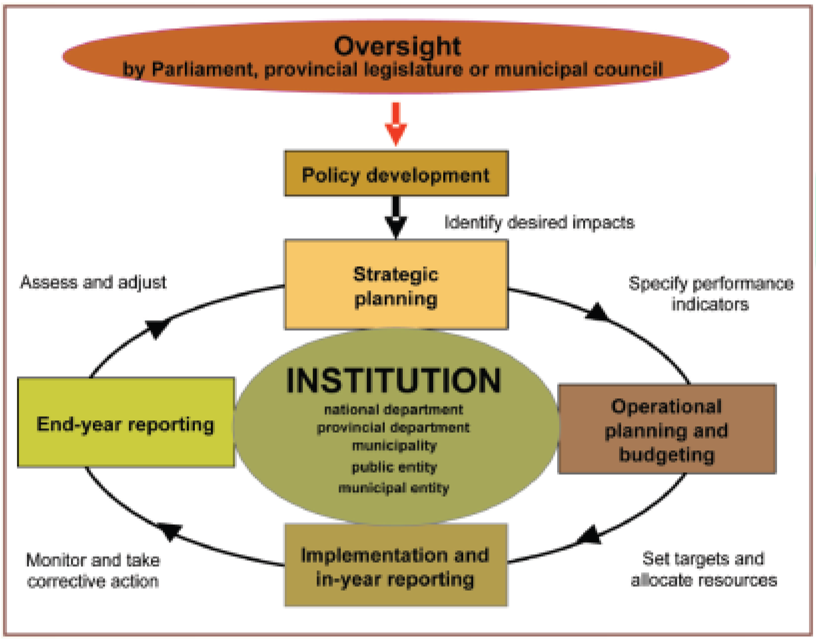

Figure 2 : Planning, Budgeting and Reporting Cycle

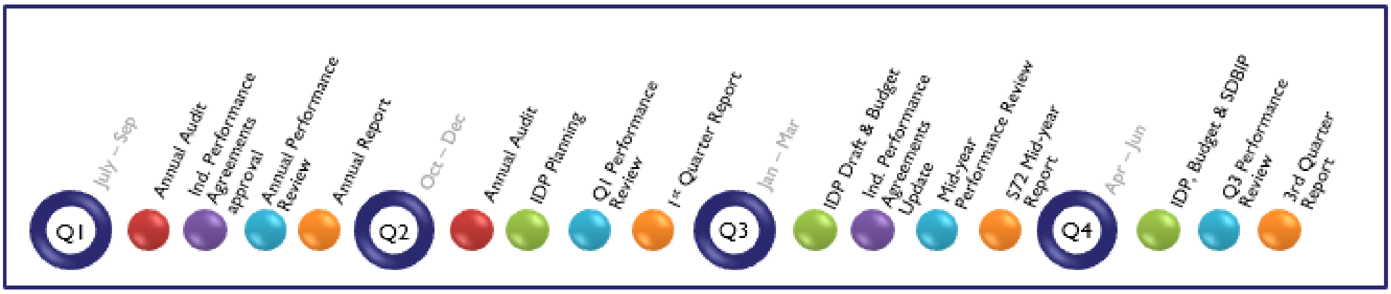

Figure 3 : Quarterly performance and reporting cycles

Each of the above cycles can be explained as follows:

- **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 (KPA's) and KPI's 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 process plan must be submitted to Council by 31 August every year.
- **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.

- **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 reviewed at this stage. The objective of the review should be based on actual performance and performance evidence.
- **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.
- **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 MSA, 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.

3. 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 PMS 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 convert 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 directorates and sub-directorates to deliver the services in the IDP and budget.

3.1 Integrated development plan (IDP)

Although 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.

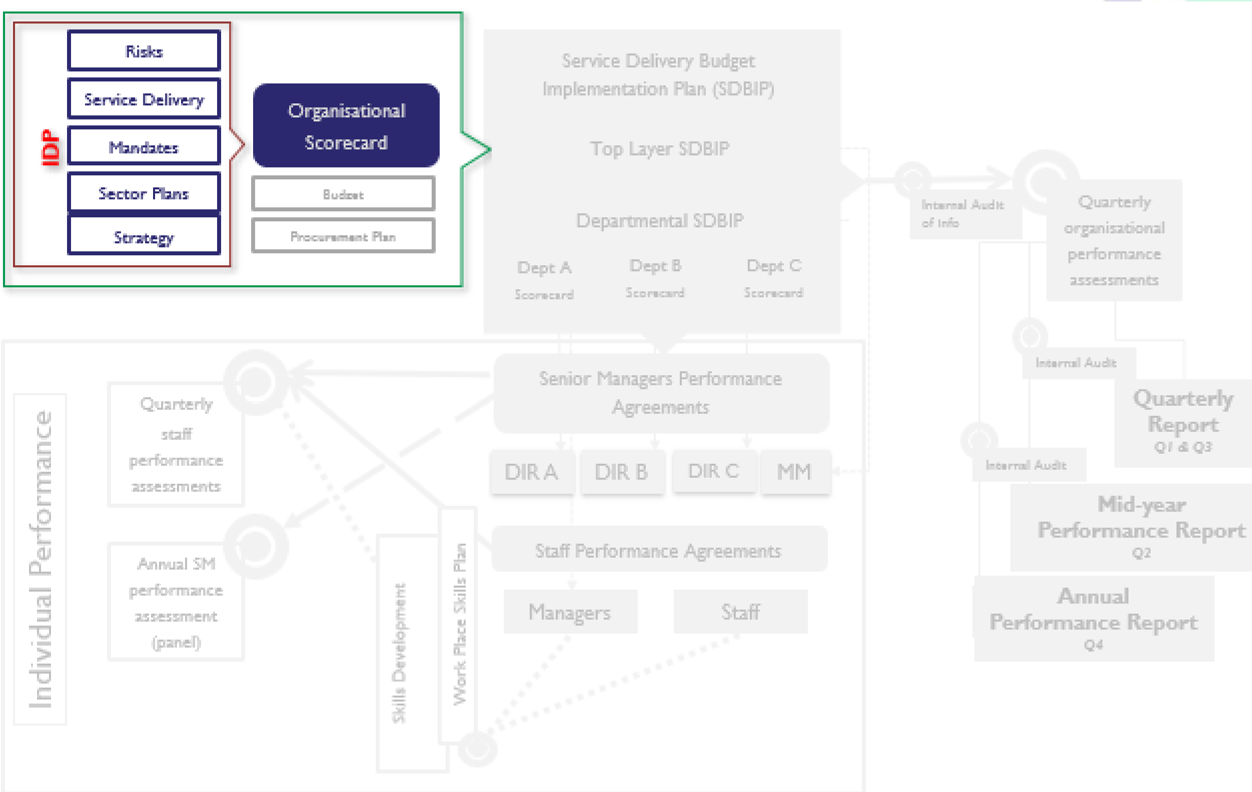

Figure 4 : Integrated development planning included in the performance management system

An IDP is an inclusive and strategic plan of the municipality which links, integrates and co-ordinates plans, aligns resources and forms the foundation on which annual budgets must be based on.

In terms of Section 34 of the Municipal Systems Act, 2000, a Municipal Council must review its IDP:

- Annually in accordance with an assessment of its performance measurements;
- To the extent that changing circumstances so demand; and
- May amend its IDP in accordance with the prescribed process.

An IDP is therefore the principal strategic instrument guiding all planning, management, investment, developmental and implementation decisions taking into account input from all stakeholders and reflects on:

- The profile of the municipal area including the economic and spatial data.
- The Municipal Council's vision for the long-term development of the municipality.
- An assessment of the existing level of development and performance.
- The Council's developmental priorities and strategic objectives.
- The Council's development strategies.
- A spatial development framework.

The actions emanating from the IDP must be planned for in a municipal scorecard 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 detail actions, timeframes and responsibilities should be documented in the annual IDP process plan that must be adopted by Council.)

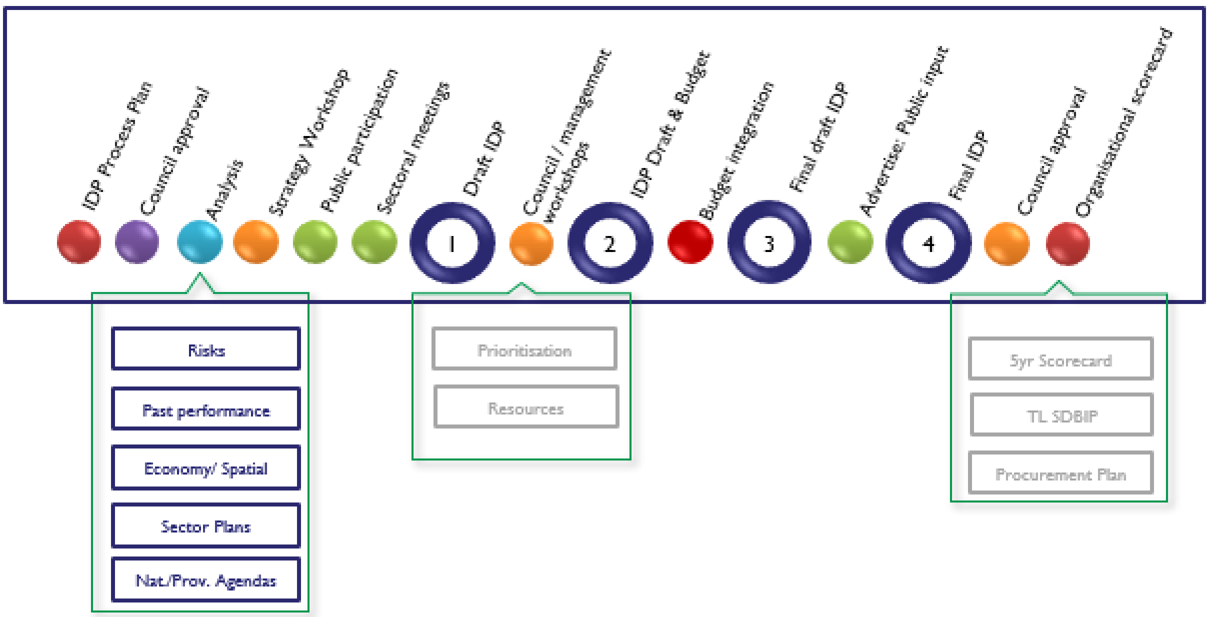

Figure 5 : High level IDP Process

3.2 The Service Delivery 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.

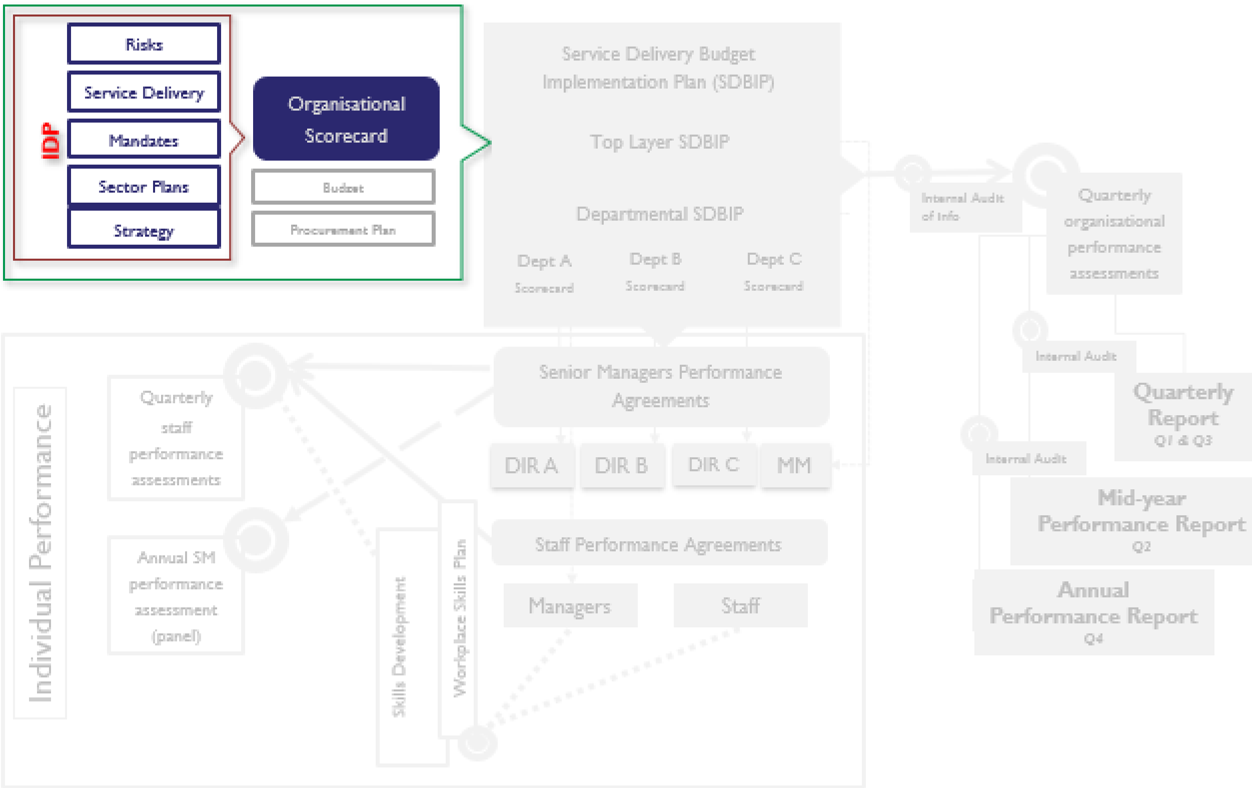

Figure 6 : Service delivery budget implementation plan included in the performance management system

The SDBIP will only give effect to the IDP and budget if the IDP and budget are fully aligned with each other. The SDBIP therefore serves as a contract between the administration, the Council and the community, expressing the objectives set by Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. The SDBIP facilitates the process of holding management accountable for their performance. It provides the basis for measuring performance in the delivery of services.

The SDBIP enables the Municipal Manager to monitor the performance of Directors, the Mayor to monitor the performance of the Municipal Manager, and the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Directors.

The SDBIP consists of two core components, the Top Layer/Level SDBIP (TL SDBIP) which focuses on the strategy and key reporting requirements and the Departmental/Organisational SDBIP that measures the departmental performance.

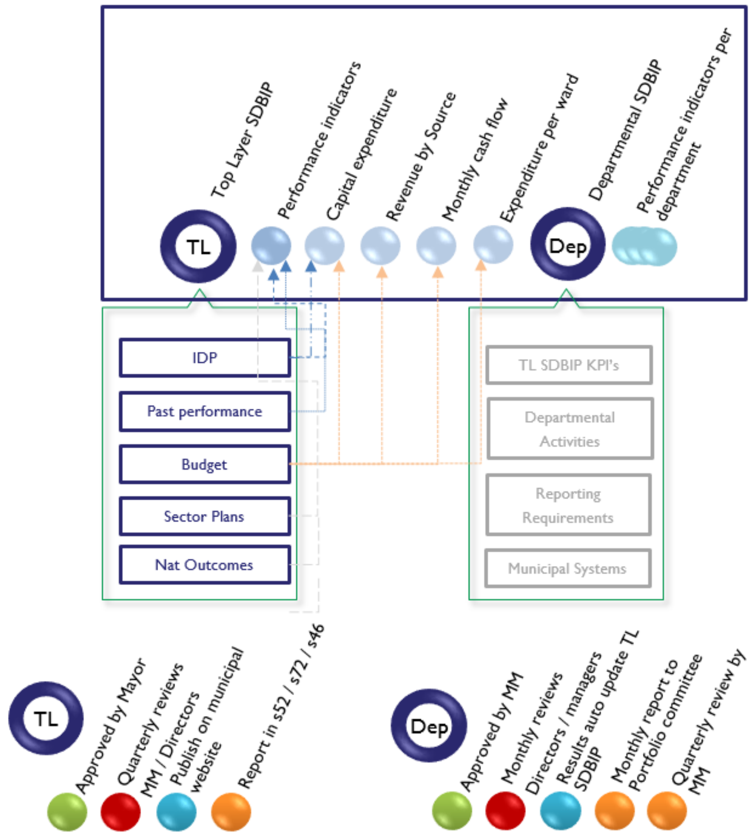

Figure 7 : Components of the SDBIP

- **Top Layer**: Dealing with consolidated service delivery targets and linking such targets to top management.
- **Departmental Layer**: 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 and lower-level management.

3.3 Top Layer SDBIP

The TL SDBIP indicates the responsibilities and outputs for each of the Director 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 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.

Any adjustments to the TL SDBIP must be with the approval of the Council, following approval of an adjustments budget (Section 54(1)(c) of MFMA).

Although the TL SDBIP is a **one-year** detailed plan, it should include a **three-year capital plan.**

The Components of the TL SDBIP includes:

- Monthly projections of revenue to be collected for each source;
- Monthly projections of expenditure (operating and capital) and revenue for each vote (Section 71 format) (Cash flow statement);
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators
- Level and standard of service being provided to the community;
- Ward information for expenditure and service delivery; and
- 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 KPI's 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 (s52 - MFMA), the mid-year (s72 - MFMA) and the annual performance (S46 - MSA) annual (S121 - MFMA) reports.

3.4 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 and 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 Director 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 KPI's. KPI targets should be **SMART** (**specific, measurable, achievable, relevant and time-bound**). Directors, 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 departments 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 can only be approved by the Municipal Manager.

3.5 System Descriptions

System descriptions (SD's) must be prepared for each TL SDBIP KPI. SD's 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 SD's should address the following:

- KPI Ownership
- Definition of KPI
- Input
- Source documentation origin
- Source documentation Information
- Processing transactions
- Output
- Target calculation methodology
- Controls

Regular updates should be done to ensure that the SD's is accurate and relevant. The review of the system descriptions must be done prior to an audit.

3.6 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. 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, KPI's 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 proof 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.

3.7 Adjustments to KPI's

TL SDBIP KPI's can be adjusted after the mid-year assessment and with the adjustment budget process. KPI's should be adjusted in line with the adjustment estimate (incl. 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. Adjustments to departmental SDBIP KPI's can be made throughout the year, but must be motivated and approved by the Municipal Manager.

3.8 Validation

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

- The actual result in terms of the target set;
- The calculation of the actual performance reported, where applicable;
- The reasons if the target was not achieved; and
- 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.

4. Individual Performance

Once the municipal objectives and targets have been set, it is prudent to cascade these down to management and employees. The Local Government Municipal Planning and Performance Regulation Section 9(2) Indicates "In setting key performance indicators, a municipality must ensure that the key performance indicators inform the indicators set for all its administrative units and employees." Therefore, 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.

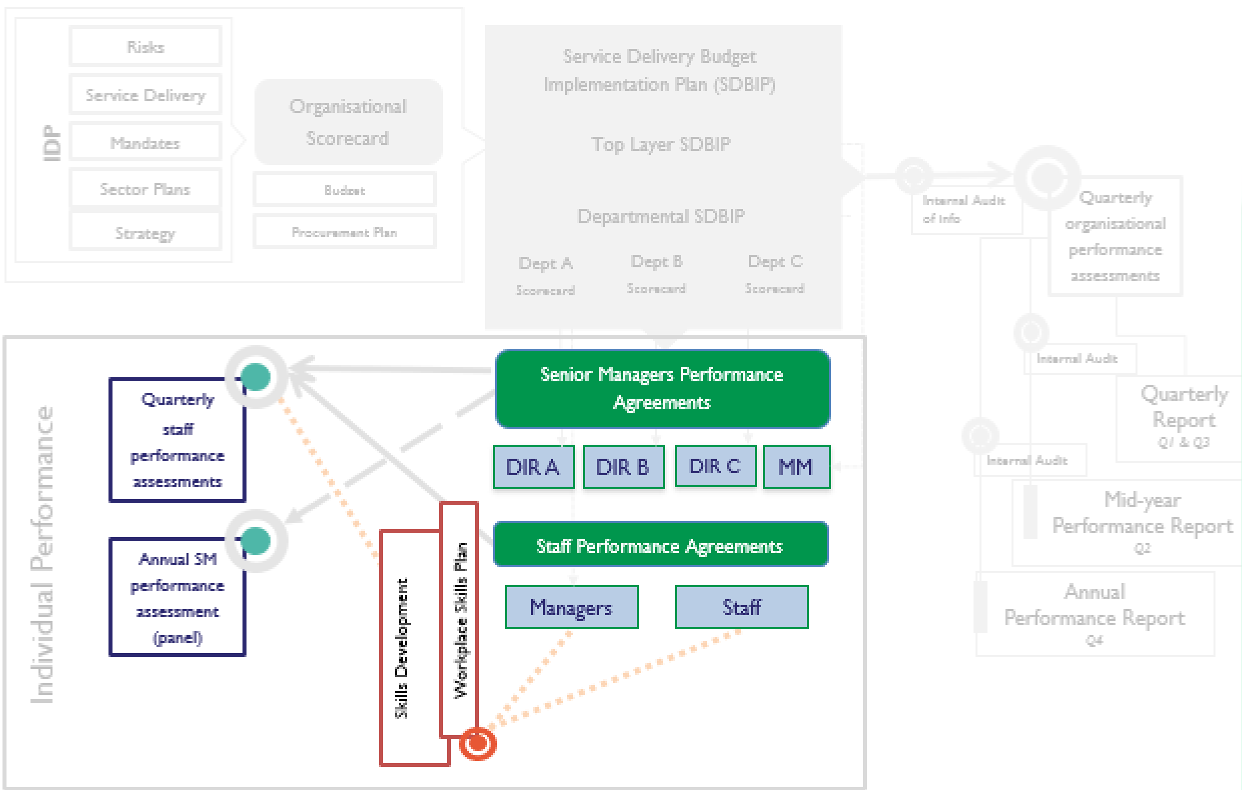

Figure 8 : Individual performance included in the performance management system

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; and
- Good performance is recognised.

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.

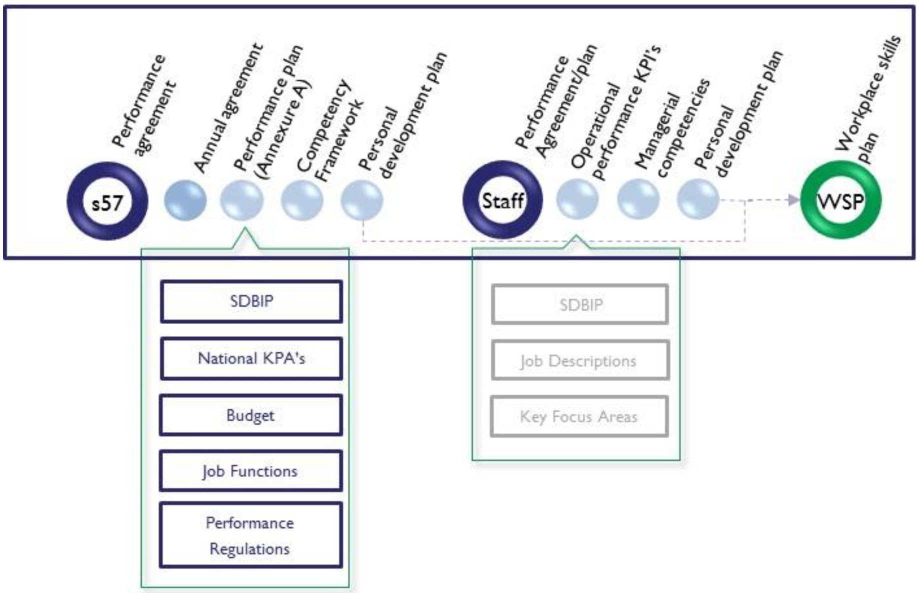

Figure 9 : Individual performance components

4.1 Municipal Manager and Directors

4.1.1 Performance Agreements

The MSA 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.

The agreements must be concluded within one month after the beginning of each financial year – MSA, Section 57(2). These performance agreements consist of three distinct parts:

a) Performance Agreement

This is an agreement between the Municipal Managers and Directors and the municipality, which regulates the performance required for a particular position and the consequences of 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

The performance plan 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 directorate) transcends into the performance plan(s) of the Municipal Manager and the respective Director according to their areas of responsibility. The Municipal Manager and Executive Mayor could, in addition to the SDBIP, identify indicators, agreed with the Municipal Manager and directors, which could be included in the agreement.

c) *Personal Development Plan*

The development plan is an Annexure (Annexure C) to the performance agreement and addresses the developmental needs/ requirements of the person indicating actions and timeframes.

Performance plans included weights per indicator based on the importance of the indicator. Performance agreements are mutually agreed to by the Municipal Manager and Directors / Municipal Manager and Executive Mayor and must be approved/signed within the first month of the financial year or within 3 months after the start of new employment.

4.1.2 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

- Executive Mayor;
- Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee;
- Member of the mayoral or executive committee;
- Mayor and/or municipal manager from another municipality; and
- Member of a ward committee as nominated by the Executive Mayor.

*Saldanha Bay Municipality has an Audit Committee which also constitutes as the Performance Audit Committee

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:

- Municipal Manager;
- Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee;
- Member of the mayoral or executive committee; and
- Municipal Manager from another municipality.

4.2 Other Personnel: T8 and above

4.2.1 Performance Agreements/Performance Development Plans

Other than the Municipal Manager and Directors, individual performance has already been cascaded down to post levels T8 and above. The municipality will only cascade individual PMS down to post levels lower than T8 when the municipality is satisfied that the processes is fully effective on the current levels where it is implemented.

Performance agreements and/or performance development plans will be agreed with each employee and should include the following:

a) Personal information

Details relating to the employee and his/her position, supervisor, formal and informal training and experience.

b) Job definition

High level overview of work performance required and key focus areas.

c) Career goals

Long term and intermediate career goals, where applicable. These goals are initially set at the beginning of the year to capture goals that will help an employee gain the skills and opportunities to progress. Please note that by documenting and agreeing on career goals does not constitute any commitment from the employer of being automatically promoted to the next levels.

d) Key performance indicators

Where applicable and KPI's delegated to employees on the SDBIP are included here. New KPI's can be added to existing KPI's (from the SDBIP) or new KPI's can be created for employees who do not have KPI's on the SDBIP.

e) Managerial KPI's

Managerial KPI's, where applicable. The list of core competencies is included in the PMS. It is the prerogative of the Directors to evoke the competencies for specified personnel.

f) Weights

Where applicable, weights must be allocated to each KPI. 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 Director/ applicable manager in the beginning of each financial year and agreed with the employer or group of employers.

g) Learning activities

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

- Organisational needs;
- 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;
- Specific competency gaps and training needs identified during evaluation;
- Individual training needs that are job/career related;
- 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;

- 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; and
- 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). Directors should be part of the performance planning for lower levels when compiling performance agreements/performance development plans.

The performance agreements/performance development plans must be finalised by **31 August** each year and the signed-off agreements/plans must be submitted to Records Section to be placed on the personnel file of the employee.

The Performance Management Section should annually after the performance agreements/performance development plans are completed, due a sample check of performance agreements/performance development plans for quality purposes.

4.2.2 Skills Development Plan

The Workplace Skills Plan should be compiled/updated with the information obtained from the performance agreements/performance development plans. The relevant Human Resources Manager together with the respective line manager is responsible to facilitate the implementation of the Skills Development Plan.

4.2.3 Formal Performance Reviews

Although performance should be managed daily, the respective supervisor should do quarterly reviews of which the **midyear** and **final** year must be formal and it should be concluded as follows:

Period 1 (1 July – 30 September): Due – 30 November annually

Period 2 (1 October – 31 December): Due – 28 February annually

Period 3 (1 January – 31 March): Due – 31 May annually

Period 4 (1 April – 30 June): Due – 31 August annually

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 focussed performance meeting.

The employer (supervisor) should prepare by:

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

The employee should prepare by:

- Ensuring that all the information required for the evaluation is available;
- Identifying new objectives and indicators where required;
- Identifying support and training needed;
- Conduct a self-review; and
- 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. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Annexure and Performance plan and maintained this in all areas of responsibility throughout the year. ***In the case of SBM, with the evaluation of Core Competency Requirements, proof must be provided that the individual has excelled on an international level.***
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. ***In the case of SBM, with the evaluation of Core Competency Requirements, proof must be provided that the individual has excelled on a provincial and or national level.***
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 Performance Annexure and Performance Plan.
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 Performance Annexure and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that they 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.

Table 1. ***Performance Rating Scale***

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.

4.2.4 Circumstances That Impact on Performance Evaluations

a) Absence / Maternity leave during the performance cycle

If an employee is on leave or on sick leave 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 others 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.

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.

- What was the nature of the misconduct (e.g. financial, management)?
- Was the person found guilty or not?
- If found guilty, what was the nature of the sanction (e.g. discharge, suspension)?
- Did the misconduct and/or sanction impact on performance?
- 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 basis and the assessment form should be submitted to HR.

4.2.5 Process Flow for Performance Assessments

- The first 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.
- The second step in the assessment is the official rating of performance by the relevant supervisor/manager or Director. The outcome of the assessment should be discussed between the supervisor/manager or Director in order to clarify gaps between the self-assessment and the rating scored.
- The third step in the assessment constitutes the moderation of performance outcomes, but in the case of SBM as no financial rewards will be paid, moderation will not be implemented.
- Address poor performance, where applicable.

4.2.6 Record Keeping

The Municipal Manager/Directors/Heads/Managers/Supervisors must submit signed performance agreements/performance development plans and assessments to Records Section 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 in order to update the details on the performance management system.

4.2.7 Amendments to Performance Agreements/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 plan.

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.

4.3 Managing Poor Performance

4.3.1 Organisational Performance - SDBIP

In a case where the targets of the Service Delivery Budget Implementation Plan are not met by the department:

- The Service Delivery Budget Implementation Plan provides for corrective measures where targets are not met.
- The quarterly report is sent to council.

- The Director needs to ensure that corrective actions are implemented and that adequate resources are provided for until the target is met.

4.3.2 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, the employer should –

- Provide systematic remedial or developmental support to assist the employee to improve his or her performance;
- After appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the municipality may consider other steps in line which its own policies and labour practices.

5. Reward and Recognition

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

5.1 Performance Rewards

No provision will be made for financial rewards within the municipality. If in future the municipality decides to financially or otherwise reward excellent performance, the policy framework will be adjusted and a separate policy on reward and recognition will be developed.

It 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.

6. Appeals Process

6.1 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.

6.2 Other Personnel:

Should employees not agree with the contents of their performance agreement after the performance discussions or 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**.

7. Service Providers

The municipality do not currently have any municipal entities or service providers who provides a basic municipal service to the local community on behalf of the municipality. The performance monitoring and reporting processes of any other services providers of the municipality are provided for in the Supply chain Policy of the municipality.

8. Evaluation and Improvement of the Performance Management System

The MSA requires the municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete; the Performance Management Section will initiate an evaluation report, taking into account the input provided by directorates and departments. 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:

- The adherence of the performance management system to the MSA;
- The fulfilment of the objectives for a performance management system;
- The adherence of the performance management system to the objectives and principles; and
- 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 in particular 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:

- Poor systems and processes;
- Inappropriate structures;
- Lack of skills and capacity;
- Inappropriate organisational culture; and
- Absence of appropriate strategy.

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

- Restructuring is a possible solution for an inappropriate structure;
- Process and system improvement will remedy poor systems and processes;
- Training and sourcing additional capacity can be useful where skills and capacity are lacking;
- Change management and education programmes can address organisational culture issues;
- The revision of strategy by key decision-makers can address shortcomings in this regard; and
- Consideration of alternative service delivery strategies should be explored.

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

9. Performance Monitoring and Reporting

An organization 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 measure whether the organisation is on track in meeting its objectives.

9.1 Reporting Intervals

Report	Frequency	To whom	Content	Comments
Departmental SDBIP	Quarterly	Municipal Manager, Directors and Portfolio Committees	Actual results achieved against department SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Top Layer SDBIP (Could serve as sec 52 report as well)	Quarterly (Sec 52 within 30 days after end of quarter)	Municipal Manager, Directors and Council	Actual results achieved against Top Layer SDBIP KPI's	NB: Reasons for non-performance and corrective measures
Internal Audit reports on performance results	Quarterly	Council and Performance Audit Committee	Audit outcomes from auditing actual results captured/ indicated/ reported on	Outcomes to be used to rectify KPI's and actuals
MFMA Sec 52 report	Quarterly (within 30 days after end of quarter)	Municipal Manager, Directors and Council (Copy to PT and NT)	Actual results achieved against Top Layer SDBIP KPI's	NB: Reasons for non-performance and corrective measures
MFMA Sec 72 report	25 January	Executive Mayor (Submit to next Council meeting after 25 January and 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
MSA Sec 46 report	31 August	AGSA, Council	Consist of chapters 3 & 4 of the AR	Must form part of AR
Annual report	Draft: 31 October to AGSA Draft: 31 January to Council Final: 31 March to Council with oversight report	AGSA, Council, Audit Committee, Oversight Committee (Copy to PT and NT)	As prescribed	NB: If full draft is submitted earlier to Council, remember that final must be submitted within 2 months after draft has been submitted

Table 2. ***Reporting Intervals***

9.2 Mid-Year Assessment

The performance of the municipality for the first 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 months of the financial year and submit a report to the 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 KPI's, 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 taking into account 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:

- Analyse the performance in terms of the targets set in the TL SDBIP;
- 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;
- Effecting the approved adjustments on the SDBIP system; and
- Adjusting the Annexure A's of the performance agreements of the MSA Section 56 and 57 managers in line with the adjusted TL SDBIP.

9.3 Annual Performance Report

The annual performance report must be completed by 31 August and submitted with the financial statements. 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.

9.4 Annual Report

The draft annual report must be prepared and submitted to Council by 31 January and the final annual report by 31 March annually.

9.5 Analysis of Performance Reports and Follow-up

In summary, the quarterly (S52 MFMA), mid-year (S72 MFMA) and the annual (S46 MSA) 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 are important:

- 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;
- The performance results reported should be a true reflection of the results reported in the performance management system;
- The results should be effectively communicated so that it is of value to the intended users;
- The quality of performing the function should be balanced with the cost of the performance, also to the consumer and not just to municipality; and
- 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.

10. Governance

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

10.1 Quality Control and Co-ordination

The Performance Management 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 have the responsibility to review overall performance and the quality of reported performance monthly along with the applicable POE.

10.2 Performance Investigations

The Executive Mayor or Audit Committee should 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. Performance investigations should assess:

- The reliability of reported information;
- The extent of performance gaps from targets;
- The reasons for performance gaps; and
- 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.

10.3 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 MSA, 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:

- The usefulness of performance indicators;
- The functionality of the municipality’s performance management system;
- Whether the municipality’s PMS complies with the MSA; and

- The extent to which the municipality's performance measurements are reliable in measuring the performance of the municipality's 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.

10.4 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 SBM 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:

- Review the quarterly reports submitted to it by the internal audit unit;
- Review the municipality's performance management system and make recommendations in this regard to the council of that municipality;
- Assess whether the performance indicators are sufficient; and
- 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:

- Communicate directly with the Council, Municipal Manager or the internal and external auditors of the municipality concerned;
- 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; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

10.4.1 Role of the Performance 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:

- The reliability of reported information;
- The extent of performance gaps from targets;
- The reasons for performance gaps; and
- Corrective action and improvement strategies.

10.5 Legislative Reporting Processes

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

Time frame	MSA/ MFMA Reporting on Performance	Section
Quarterly reporting	The 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	MSA Regulation 14(1)(c)
Mid-year reporting	The Performance Audit Committee must review the PMS and make recommendations to council	MSA Regulation 14(4)(a)
	The Performance Audit Committee must submit a report at least twice during the year a report to Council	MSA Regulation 14(4)(a)
	The municipality must report to Council at least twice a year	MSA 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 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) & MSA 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 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 3. ***Legislative Requirements Regarding Reporting Processes***

11. 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 these performance processes:

11.1 Top Layer SDBIP

Data Sources	Approved IDP	Draft Budget	Risk Register	Oversight Report	Legislation & Policies
Process	Peruse source doc's	Design KPI's	Link KPI to IDP objective	Link KPI to NAT KPA	Link KPI to NAT Outcome
Process Cont.	Calculate Targets	Assign KPI's to snr manager	Determine baseline	Determine POE	Calculate outer year targets, if applicable
Financial Data	Populate 3 year capital project data	Populate revenue by source data	Populate monthly cashflow data	Review draft TL SDBIP	Finalise TL SDBIP in final format
Approval	Submit TL SDBIP to Executive Mayor within 14 days after approval of budget	Adjust if needed	Approval by Executive Mayor within 28 days after approval of budget	Submit TL SDBIP to council for information	Publish approved TL SDBIP on website
Maintenance	Update actual performance on a quarterly basis	Provide corrective action for performance less than target	Prepare quarterly report	Submit quarterly report to council	Publish quarterly report on website
Review	Midyear review: Performance report as part of S72 MFMA report	Submit proposed adjustments with reasons for changes with Adjustments Budget to Council	Update after approval	Publish on website	Final actual performance and corrective actions S46 MSA report

Figure 10: TL SDBIP Process Map

11.2 Departmental SDBIP

Data Sources	Approved IDP and Draft Budget	Departmental Responsibilities	Risk Register	Legislation & Policies	TL SDBIP
Process	Peruse source doc's	Identify activities to monitor	Design KPI's	Include TL SDBIP KPI's where applicable	Link KPI to NAT KPA & Outcome
Process Cont.	Calculate Targets	Assign KPI's to staff member/owner	Determine baseline	Determine POE	Set monthly targets
Financial Data	Design capital project KPI's if needed/applicable	Calculate targets	Assign KPI's to staff member/owner	Review draft Departmental SDBIP	Finalise Departmental SDBIP in final format
Approval	Obtain final inputs from snr managers	Adjust if needed	Submit Departmental SDBIP to MM for approval	Adjust if needed	Approval by MM
Maintenance	Update actual performance on a monthly basis	Provide corrective action for performance less than target	Overview of updates by snr manager	Prepare monthly report	Submit to Portfolio Committee
Review	Monthly review	Submit any proposed adjustments with reasons for changes to MM via PM unit for approval	MM approval	Update after approval	Continuous monitor & review

Figure 11 : Departmental SDBIP Process Map

11.3 Individual Performance

11.3.1 Municipal Manager and Directors

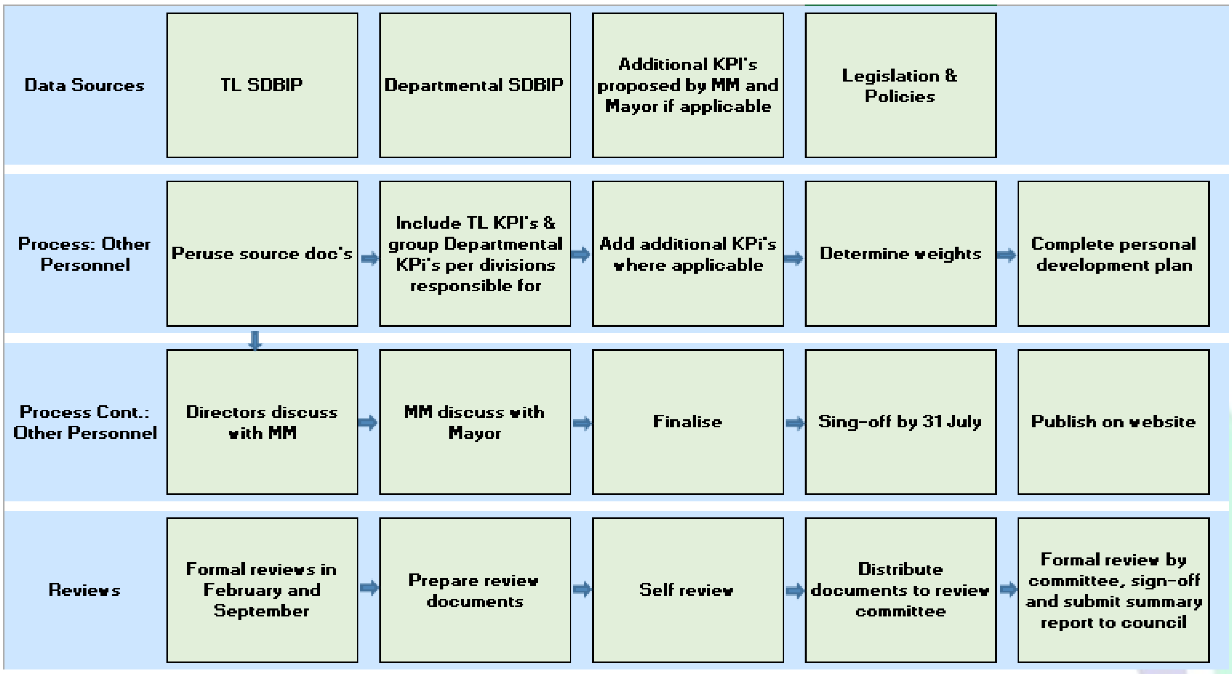

Figure 12 : Individual Performance MM & Directors Process Map

11.3.2 Other Personnel: T8 and above

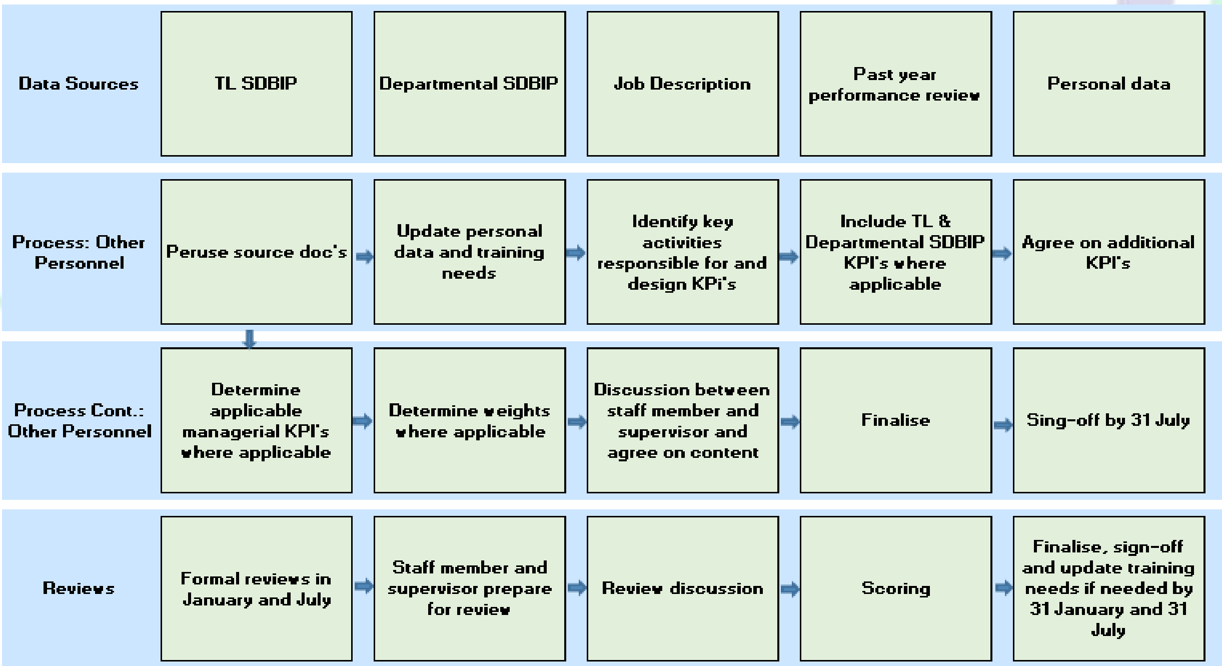

Figure 13 : Individual Performance Other Personnel Process Map

11.4 Performance Calendar

The table below indicates a high Level summary of the annual municipal performance calendar with the various monthly actions:

Action	Activity	Comment
July		
Service Provider Performance	4th Quarter (previous financial year) 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	4th Quarter performance Report: Top Layer SDBIP (previous financial year)	Input for Annual Performance Report and Annual Report
MM / Directors performance agreements	Prepare/ approval and sign	Prepare agreements ito R805 Approval and signed before 31 July KPI's aligned with SDBIP
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 (other than MM and Directors)	Formal year-end review of performance	Evaluation of performance for the past 6 months ending June Document and report
Individual Performance (other than MM and Directors)	Compile and sign performance plans	Determine KPI's -Key outputs; career goals; job requirements; measurement criteria; skills required and development needs / plan
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 Mayor and Council Approval of plan
Annual Performance Report	Finalise Annual Performance Report of the previous financial year	Draft report Submit 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
October		
Service Provider Performance	1st 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	1st Quarter performance Report: Top Layer SDBIP current financial year	Submit to council and other role-players as legislated
MM/Directors Performance	Informal performance discussion	How are we doing, progress and address possible shortcomings
IDP & Budget	Public participation	Consult key stakeholders / role-players Identify potential projects / needs
Annual Report	Finalise draft Annual Report (previous	Draft to be ready for submission to

Action	Activity	Comment
	financial year)	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
January		
Service Provider Performance	2nd 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 ito s72 of the MFMA	Submit to Mayor by 25 January Submit to next Council meeting after 25 January Submit to other role-players as legislated
Annual Report	Submit draft report to Council	Draft submitted to Council for adoption in principle and start public participation process
February		
SDBIP system reporting	Update actual results on SDBIP system	Actions to address GAPS
Individual Performance (other than MM and Directors)	Formal review of Individual Performance (other than MM and Directors)	Evaluation of performance for the past 6 months ending December Document and report
MM/Directors Performance	Mid-year formal performance review	Review against targets agreed upon in performance agreements Document and sign-off
Oversight	Oversight Committee considers Annual Report	Compile oversight report for submission to council with final annual report
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 objectives
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	3rd 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

Action	Activity	Comment
Performance Reporting	3rd Quarter performance Report: Top Layer SDBIP current financial year	Submit to council and other role-players as legislated
IDP & 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
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 Mayor within 14 days after budget approval Approval by Mayor within 28 days after budget approval
SDBIP	Approval of departmental SDBIP	Submit final to the MM for approval

Table 4. ***Performance Calendar***

The proposed performance management framework is aimed at guiding the municipality in the development of a performance management system which will contribute to improving the municipal performance and enhance service delivery. The framework is developed to provide details which 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.

The process of implementing PMS must be seen as a learning process, where we are continuously improving the way the system works to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

12. 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	The Municipal Council adopts and approves amongst others the following: • 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; and • Oversight mechanisms and structures.
Executive Mayor	The responsibilities of the Executive Mayor includes amongst others the following: • 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 (KPI's) 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; and • Presents the mid-year and annual report to Council.
Executive Mayoral Committee	The responsibilities of the Executive Mayoral Committee includes amongst others the following: • Provide strategic awareness and manage the development of the IDP and PMS; and • Monitor progress via portfolio Committee meetings and advise the Executive Mayor accordingly.
Portfolio Committees	The responsibilities of the Portfolio Committees includes amongst others the following: • Monitor and make recommendations on the implementation of the municipal strategy; • Monitor make recommendations on the implementation of the IDP; and • Monitor make recommendations on the implementation of the SDBIP.
Municipal Manager (MM)	The responsibilities of the Municipal Manager includes amongst others the following: • Provide strategic direction and develop strategies and policies for the organisation; • Manage the development and implementation of the IDP; • Development of the PMS; • Identify indicators and set targets; • Ensure that KPI's are useful and relevant; • Submission of the draft Top Layer SDBIP to the Executive Mayor; • Manage the implementation of the PMS; • Conclude performance agreements, including measurable KPI's and targets for Municipal Manager and Directors; • Monitor the implementation of the IDP and the PMS, 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; and • Co-ordinate the compilation of the Mid-year and Annual reports.
Directors	The responsibilities of the Directors includes amongst others the following: • 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 KPI's are included as per legislative requirements; • Ensure that performance information complies with the SMART (specific, measurable, achievable,

<table>
<tr><th>ROLE PLAYER</th><th>ROLES AND RESPONSIBILITIES</th></tr>
<tr><td></td><td>relevant and time-bound) 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 (Department Heads / Managers) and performance development plans for lower level staff where applicable; and
- Performance evaluation of immediate subordinates (Department Heads / Managers) and lower level staff where applicable.</td></tr>
<tr><td>Department Heads / Managers</td><td>The responsibilities of the Department Heads / Managers includes amongst others the following:
- Ensure that their performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;
- Ensure that performance information complies with the SMART (specific, measurable, achievable, relevant and time-bound) 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 KPI's and targets for subordinates and performance development plans for lower level staff where applicable; and
- Performance evaluation of all employees within the department.</td></tr>
<tr><td>Performance Management Section</td><td>The responsibilities of the Performance Management Section includes amongst others the following:
- The implementation of the Performance Management 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; and
- Render municipal wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual KPI's and targets.</td></tr>
<tr><td>Internal Audit</td><td>The responsibilities of Internal Audit includes amongst others the following:
- Quarterly audit the performance measurement of the municipality;
- Submit quarterly reports on their audits to the Municipal Manager and the Audit Committee; and
- Provide input to management in terms of the quality of the performance indicators.</td></tr>
<tr><td>Performance Audit Committee</td><td>The responsibilities of the Audit Committee includes amongst others the following:
- Review the quarterly reports submitted by Internal Audit;
- Review the PMS of the municipality and report to the Council in this regard; and
- Submit an audit report to Council at least twice a year.</td></tr>
</table>

Table 5. ***Roles and Responsibilities***

13. Abbreviations

AGSA	Auditor-General of South Africa
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
EE	Employment Equity
HR	Human Resources
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
mSCOA	Municipal Standard Chart of Accounts
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
POE	Portfolio of Evidence
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SBM	Saldanha Bay Municipality
SCM	Supply Chain Management
SD	System Description
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
Senior Manager	Municipal Manager and Directors
SOP	Standard Operating Procedure
TL	Top Layer

Table 6. ***Abbreviations***