




## THE HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD

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### PERFORMANCE MANAGEMENT POLICY

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<b>Signature of Accounting Officer:</b>	

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## 1. THE STRATEGIC GOALS

Organizational Goals focus on its long-range intentions for organizational operations, and its overall business philosophy that can provide useful guidance for employees. Organizational goals guide employee efforts, justify an organization's activities and existence, define performance standards, provide constraints for pursuing unnecessary goals and function as behavioural incentives.

The following are HGDA's eight (8) organizational development goals aligned to six (6) National Key Performance Areas

Harry Gwala Development Agency Strategic Goals aligned to National KPAs		
HGDA Strategic Goals		National KPAs
<b>Goal 1</b>	Radical transformation towards Inclusive economic growth and job creation	Local Economic Development (LED) and Social Development
<b>Goal 2</b>	Human capital development	
<b>Goal 3</b>	Socially cohesive society	
<b>Goal 4</b>	Efficient basic services and economic strategic infrastructure	Basic Service Delivery and Infrastructure Investment
<b>Goal 5</b>	Effective, efficient, transparent and accountable leadership	Municipal Transformation and Institutional Development
<b>Goal 6</b>	Sustainable and efficient sound financial management.	Municipal Financial Viability and Management
<b>Goal 7</b>	Good governance and participatory community involvement	Good Governance and Public Participation
<b>Goal 8</b>	Spatial integration and environmental sustainability	Crosscutting

## 2. THE 2022/2023 STRATEGIC OBJECTIVES

The section below identifies specific strategic objectives for HGDA strategic issues identified in the previous section, these being the specific tasks that must be accomplished for the Agency goals to be met.

Harry Gwala Development Agency Strategic Goals aligned to Strategic Objectives.		
<b>1.</b>	<b>Goal 1</b>	Radical economic transformation towards inclusive economic growth and job creation
<b>1.1.</b>	<b>Strategic Objective 1</b>	Facilitate economic growth, development and creation of decent employment opportunities
<b>2.</b>	<b>Goal 2</b>	Human capital development
<b>2.1.</b>	<b>Strategic Objective 1</b>	Achieve holistic human development and capacitation for the realization of skilled and employable workforce
<b>3.</b>	<b>Goal 3</b>	Socially cohesive society
<b>3.1.</b>	<b>Strategic Objective 1</b>	Ensure that our people have access to community facilities and services.
<b>3.2.</b>	<b>Strategic Objective 2</b>	Aspire to healthy, safe and crime free communities
<b>4.</b>	<b>Goal 4</b>	Efficient basic services and strategic economic infrastructure
<b>4.1.</b>	<b>Strategic Objective 1</b>	To ensure improved access to appropriate basic services and infrastructure
<b>5.</b>	<b>Goal 5</b>	Effective, efficient, transparent and accountable leadership

5.1.	<b>Strategic Objective 1</b>	Creating a conducive organisational environment that attracts, retains, and develops best talent to enhance organisational performance
6.	<b>Goal 6</b>	Sustainable and efficient sound financial management.
6.1.	<b>Strategic Objective 1</b>	To develop a financially viable HGDA based on sound financial management.
7.	<b>Goal 7</b>	Participatory community involvement and good governance
7.1.	<b>Strategic Objective 1</b>	To ensure participative, transparent and accountable governance in the HGDA.
8.	<b>Goal 8</b>	Spatial integration and environmental sustainability
8.1	<b>Strategic Objective 1</b>	Ensure an integrated and aligned development planning
8.2	<b>Strategic Objective 2</b>	Realise a completely protected environment
8.3	<b>Strategic Objective 3</b>	Facilitate the creation of a disaster ready community

### 3. LEGISLATIVE FRAMEWORK

This Performance Management Policy has been developed in accordance with the prescriptions of recently promulgated local government legislation, regulations and other guidelines. Specifically, the following are relevant to the development of this Performance Management Policy –

1. Constitution of the Republic of South Africa (1996).
2. White Paper on Local Government (1998) and Batho Pele (1998).
3. The Local Government: Municipal Structures Act No. 117 of 1998 and its amendments.
4. The Local Government: Municipal Systems Act, No. 32 and its amendments (MSA).
5. The Local Government: Financial Management Act, No. 56 of 2003 and its amendments (MFMA).
6. The Local Government: Municipal Planning and Performance Regulations, 2001.
7. The Local Government: Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.
8. Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014.
9. Public Administration Management Act 2014 / Gazette No.38374. Government Notice No.1054.
10. Notice 464: Directive: Performance information public audit act (2007).
11. MFMA Circulars: (11: Annual Report / 13: SDBIP / 32: Oversight Report).
12. MFMA Circulars: (42: Funding budget / 54: HGDA budget / 63: Annual Report Update).

13. National Treasury: 2007 Framework for managing performance information.
14. Labour Relations Act, 1995 as amended.
15. Basic Conditions of Employment Act, 75 of 1997.
16. Skills Development Act, 1998 (Act No.97 of 1998).
17. National Qualification Framework Act 67 of 2008.
18. Harry Gwala Growth and Development Plan.
19. HGDA Policies and Standard Operating Procedures.
20. Service Level Agreements.
21. Batho Pele Framework.

#### **4. AIMS / OBJECTIVES OF PERFORMANCE MANAGEMENT POLICY**

This Performance Management Policy has been developed in accordance with the prescriptions of recently promulgated local government legislation, regulations and other guidelines. Specifically, the following are relevant to the development of this Performance Management Policy –

1. To give effect to Chapter 6 of the Local Government: Municipal Systems Act (Act No. 32 of 2000).
2. To effect compliance with the Municipal Planning and performance management regulations of 2001 and Performance Management Regulations, 2006.
3. To conform to the Performance Regulations of 2006 for the Municipal Managers and Managers directly accountable to the Municipal Manager.
4. To give effect to other legislative, regulatory and policy requirements including but not limited to IDP, MFMA, Batho Pele principles and 1998 White Paper on local government.
5. To give effect to performance management legislations and policies as stated above in section 3 of this policy.
6. To set a scene/platform for management and monitoring of organizational and individual performance.
7. To set rules, regulations and standards for effective and successful management of performance in the workplace.
8. To provide a framework for managing work performance with a purpose of paying

performance bonus where applicable.

9. To provide for handling a dispute arising from a performance management process.
10. To provide a mechanism for managing and dealing with sub-standard work or poor performance in the workplace.
11. To provide a clear overview and description of the Performance Management system.
12. To clarify the role of the Performance Management System within the Agency.
13. To guide the implementation and functioning of both the Organisational and Individual Performance Management system.
14. To assign responsibility to individuals with regards to Performance Management.
15. Give effect to the legislative obligations of the Agency in a transparent and focused manner.
16. To incorporate the performance management processes applicable to Managers and how these relate to and link with the system in a holistic, institution wide, policy.
17. To provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
18. To link the Agency strategy, the Budget and a Performance Management System in a cycle of prioritised, affordable, and accountable Agency planning and effective service delivery involving all staff and the local community.

**Application of this policy is as follows:**

1. This policy will apply to all employees of the Agency including Interns and In-Service Trainees engaged directly by the Agency.
2. This policy will be applicable from the date of adoption by the Board.
3. There will be no special exemptions from compliance with this policy.

**5. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM**

As a trendsetting Agency, HGDA seeks to create an efficient and effective Performance Management System to:

1. translate its vision, mission and strategy into clearly measurable outcomes, indicators and performance levels that define success, and that are shared throughout the Agency and with its customers and stakeholders.
2. Provide a tool for assessing, managing, and improving the overall health and success of business processes and systems.

3. Continue to shift from prescriptive and simply audited oversight to ongoing, forward-looking, and compliance-based strategic partnerships involving communities, citizens, and other stakeholders.
4. Promote accountability.
5. Include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, performance management system.
6. Provide services in an efficient, effective, and economic manner.
7. Understand the role, duties, and responsibilities of employees.
8. Implement focused management linked to an early warning system; and
9. Adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the HGDA.

## **6. PERFORMANCE MANAGEMENT ETHICS AND PRINCIPLES**

When it comes to PMS principles, Agencies are expected to make an indication to terms such as Accountability, Transparency, Effectiveness and Efficiency.

1. Maximise Output: A Performance Management System (PMS) is set to maximize output arising from utilization of employees in the workplace.
2. Unlock Potential: Performance management is established and operated to unlock potential for both organizational growth and employee development.
3. Create motivation: Performance management is intended to generate organizational focus and employee motivation in rendering services.
4. Maximise honesty, integrity, professionalism, and confidentiality: A Performance assessment is conducted with the maximum honesty, integrity, professionalism, and confidentiality.
5. Increase performance: Optimal performance of both organization and the individual is one of the most important principles of performance management.
6. Track and manage performance: Tracking and managing performance is the most important principle.
7. Early warning for underperformance: Identification of performance gaps and provision of intervention measures are cornerstones of performance improvement.
8. Fairness: Employees must receive fair evaluations and their performance should be managed in an appropriate and satisfactory manner.
9. No favouritism: There must be no favouritism and bias in assessing employee performance.
10. Rewarding: Excellent performance is rewarded accordingly whilst intervention measures to address bad performance are exercised without delay.

11. The Core Values of the Agency, as stated under preamble section, shall prevail in all aspects of performance management, including but not limited to performance planning, monitoring and assessment.

## **7. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM**

This note applies to items 6 & 7 of the policy: The organizational performance management must be linked to individual performance management. Once the Agency has set objectives and targets in the strategy, it is then possible to cascade these down to departments, work teams (sub-units) and ALL EMPLOYEES and interns of the Agency.

1. The Agency shall develop a performance management system based on the prescripts contained in the legal framework for the performance management system.
2. The Agency shall develop and table to Board the Service Delivery Strategy and Budget Implementation Plan consisting of Agency strategic objective, performance indicators and quarterly targets in line with the Budget and the HGDA Growth and Development Strategy.
3. The Agency will monitor and review the performance of the HGDA based on indicators linked to the strategy.
4. The Agency shall develop and table to Board the mid-year budget and performance assessment report as indicated by Section 72 of the Municipal Finance Management Act 56 of 2003.
5. The Agency shall table and publish an annual performance report on performance of the Agency forming part of its annual report as required by Section 121 of the Municipal Finance Management Act (53 of 2003) MFMA.
6. The performance management system shall be based on the performance standards known as national key performance indicators prescribed by the Department of Co-operative Governance and Traditional Affairs (COGTA).
7. The Agency shall on a continuous basis review its performance standards preferably on an annual basis as part of overall audit and assessment of performance measures.
8. The performance of the Agency shall be subjected to audit by the Agency's Internal Audit Unit, Audit Committee and the Auditor-General (AG).
9. The organizational performance management system shall constitute a basis for development and management of individual performance standards from the CEO down to the work teams.
10. Finally, the organizational performance management framework shall constitute the strategic level of performance and set an inclusive scene/ platform for springing up of a service delivery focused and oriented culture of performance mainly characterized by active participation of stakeholders and constant receipt of feedback from the community members.

11. The Agency shall set aside annual funding for an organizational strategic planning workshop.
12. The strategic workshop shall be held in each financial year before the commencement of the new financial year and before finalization of the new budget and the reviewed/new strategy.

## **8. DEPARTMENTAL PERFORMANCE MANAGEMENT SYSTEM**

1. Each department must have an operational plan which is in line with the Performance Management Framework, Strategic Plan and Service delivery and budget implementation plan.
2. The Departmental performance management system shall be driven and championed by the Head of the Department.
3. The Departmental performance management system shall set an enabling performance environment for the efficient and effective utilization of employees within the Agency.
4. The Departmental indicators targets, and results shall be formulated by the Manager or through a Departmental workshop in line with the Agency's strategy.
5. The Agency shall conduct departmental workshops to take place immediately after the adoption of the budget and the strategy for formulation of annual departmental performance plans and the Agency's strategy map.
6. The effective management of performance at a unit and individual levels shall be the responsibility of the head of the department.
7. The Head of the unit shall ensure that employees complete tasks assigned to them within the context of a performance management system.
8. Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements.
9. Ensure that performance information complies with the SMART principles and audit standards of the Auditor General.
10. Ensure that accurate, reliable, and evidence-based performance results are provided to the relevant manager for performance measurement on a quarterly basis.
11. Ensures that evidence to support the performance achievements is collected, stored, and submitted for internal and external audit purposes.
12. Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates and performance development plans for lower-level staff where applicable.
13. Formal bi-annual performance evaluation of all employees within the department.

## **9. INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM**

### **9.1 MANAGERS ON A FIXED TERM CONTRACT**

1. The individual performance management system will be largely informed by and based on the Organizational and Departmental performance management system.
2. Appointment of individual managers shall be based on performance contract to enhance the culture of accountability (Accountability must form part of our PMS principles) and performance within the Agency.
3. The practice of appointing managers on performance contract shall be extended up all employees.
4. Annual performance contracts or accountability agreements or undertakings /promises shall be concluded and signed between the person responsible for managing the performance of an employee and that employee.
5. Performance of Managers: The performance of the CEO and Managers directly accountable to the CEO shall be strictly managed according to the 2006 performance management regulations issued by the Department of Co-operative Governance and Traditional Affairs.
6. Performance standards and measures for each employee shall be set according to the predetermined performance values and criteria for the Unit and the post.
7. Performance management shall be pursued to identify performance gaps, deficiencies, and good performance for the purpose of making interventions and awarding rewards where necessary.
8. The employees shall be assessed according to the competency model which entails job knowledge, skills, attributes and set performance standards, objectives, and targets.
9. Critical training needs will also be established through this process.
10. Employees will be entitled to receive regular feedback on their performance from their superiors.
11. In return, employees have a moral duty and obligation to perform their duties in terms of the set performance standards and job description without failure.
12. Rendering of services by employees in the most efficient, economical, and effective manner will lead to judicious delivery of the right quality and quantity of output at the correct time.
13. Individual performance assessments shall be done quarterly in respect of all employees.
14. Performance assessment shall be based on a set of performance standards,

objectives, and targets.

15. The Agency shall establish an Organizational Performance Management System (PMS) Unit within the Office of the HR Manager to drive the Agency's overall performance and an Individual Performance Management System to drive the individual performance management programme of the individual employees.
16. The Human Resources / IPMS unit shall be responsible for co-ordination of individual performance management from probation stage of personnel utilization through the entire life cycle of personnel utilization within the Agency.
17. The Human Resources / IPMS unit shall always be responsible for recording the proceedings of performance assessment sessions.
18. The Human Resources / IPMS unit shall be the custodian and a place/point of reference for all working/current records of individual performance management subject to compliance with the requirements of the Agency records and information management policy.
19. The Human Resources / IPMS unit shall be responsible for managing and co-ordinating performance management in respect of provision of outstanding performance awards and payment of performance bonuses to respective employees.
20. The HR Department shall be responsible for institution of poor performance counselling proceedings as per clause no. 17 of this policy.
21. The institution of disciplinary proceedings arising from continuous poor work performance will be referred to the Labour Relations Unit within the HR Department of the Agency.
22. The above shall be dealt with through provisions for incapacity proceedings.
23. Assisting in providing strategic direction and developing strategies and policies for the organisation.
24. Assist the CEO with the development and implementation of the strategy.
25. Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements.
26. Ensure that performance information complies with the SMART principles and audit standards of the Auditor General.
27. Ensure that accurate, reliable, and evidenced performance results are provided for performance measures on a quarterly basis.
28. Ensures that evidence to support the performance achievements is collected, stored, and submitted for internal and external audit purposes.

29. Draft 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.
30. Formal bi-annual performance evaluation of immediate subordinates (Department Heads / Managers) lower-level staff where applicable.
31. The delegated PMS Officer/Managers are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis.
32. It is this Manager/Officer's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible; (Pre-Audit of performance information) and
33. The CEO must review overall performance quarterly while the PMS Manager/Officer should support him/her in verifying the performance data and prepare the quarterly organisational performance reports for submission to the performance audit committee.
34. Render HGDA wide support with updating and correcting of performance information on web-based PMS system.
35. Render Agency wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual key performance indicators and targets.

## **9.2 MANAGERS AND STAFF ROLES AND RESPONSIBILITIES - THE SUPERVISOR'S / MANAGER'S ROLE IN PERFORMANCE MANAGEMENT**

To ensure successful management of individual/team performance; the supervisor/manager shall:

1. Set objectives with employees in such a way that continuous improvement is encouraged and develops a performance plan for each financial year.
2. Monitor employee's performance against these objectives.
3. Provide ongoing feedback to employees.
4. Train, coach and develop employees.
5. Manage poor performance appropriately.
6. Use reward and recognition to reinforce good performance.
7. Communicate with employees and show them how their work contributes to the success of the HGDA.
8. Ensure that employees know what is expected of them and why.

9. Help employees to set challenging but realistic objectives and work with them to help them achieve these objectives.
10. Identify knowledge, skills and behaviours needed by the employee to achieve the objectives and performance standards that have been set.
11. Conduct a mid-year review with the employees to ensure that the objectives are still relevant and to assess the employee's progress to date against the objectives.
12. Together with the employees, complete an individual learning plan that caters for one's specific developmental needs in relation to the HGDA.
13. Create a climate that encourages employees' natural motivation.
14. Encourage a team-based approach for all employees who work together as coherent teams, sharing similar inter-linked skills set to accomplish common goals or objectives.
15. Ensure that the assessment is completed and submitted to the moderator for moderation by the 10 August each year.

### **9.3 INDIVIDUAL SCORECARDS (EMPLOYEES IN SUPERVISORY CAPACITY)**

Individuals employed in a supervisory capacity will enter into performance agreements with his or her immediate Supervisor. The data obtained from Directorate scorecards, will provide the user with the respective Individual performance contracts for Managers reporting to the CEO.

The same principle will apply for all employees / interns. Performance Agreements for these staff members should include the following:

1. Job functions: key focus areas for the year.
2. Key performance indicators linked to the Strategy (*KPI's in the Strategy that are the responsibility of the respective manager and KPI's aligned to the job description of the manager.*).
3. Managerial KPI's: (the core managerial competencies that the manager will be evaluated on.)
4. A list of the core managerial competencies (CMC's) is provided on the performance of the performance system and the manager should select between 3 and 5 CMC's. The CMC's and the measurement criteria should be agreed with the respective senior manager.
5. Weightings show the relative importance of input or output against another input or output. Every input or output in the performance agreement must be assigned a weighting. The weightings / ratings and the distribution of the ratings per level need to be determined by the management team in the beginning of each financial year and agreed with the employer or group of employers.

6. Development needs and learning plan which should be taken into consideration when training and development priorities are determined in the Workplace Skills Plan (WSP).

The performance objectives and targets reflected in the performance agreement are set by the employer in consultation with the employee and based on the HGDA Growth and Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the HGDA, and shall include key objectives; key performance indicators; target dates and weightings.

The agreements must be finalised by **31 August each year** and captured on the automated performance management system.

#### **9.4 LOWER-LEVEL STAFF (STAFF NOT IN SUPERVISORY CAPACITY)**

A Performance Development Plan should be agreed for all employees in this category based on the job functions and include the following:

1. Qualifications: a record of formal and informal training and experience.
2. Job functions: key focus areas for the year.
3. Career goals: long term and intermediate career goals.
4. Performance agreed for all employees on a specific job level.
5. Performance agreed with the individual employee unique to the employees' daily tasks and job function.
6. Measurable performance indicators should be designed to ensure effective and efficient service delivery (value -for-money).
7. Training or other skills development needs of the employee.

A Performance Development Plan should be agreed between employer and employee. If nature of the employee's job is team related, a supervisor can in agreement with the employee include a KPI that measures the employee's functioning within a team. The Performance Development Plan must be finalised by **31 August each year** and captured on the automated performance management system.

## **9.5 THE EMPLOYEE'S ROLE IN PERFORMANCE MANAGEMENT**

The employee must take an active role in the performance management process. The employee's role includes:

1. Suggesting challenging but realistic objectives that will support the Agency's strategies and departmental goals.
2. Assuming responsibility for the standard of their performance by trying to improve and develop themselves.
3. Developing and implementing action plans so that they can achieve their objectives.
4. Asking their Supervisors/Managers for information, help or advice to assist them in meeting their objectives.
5. Regularly seeking feedback from others, including their Supervisors/Managers, so that they can monitor their own performance.
6. Critically assessing on how they can improve on their performance. Constantly keeping their Supervisors/Managers informed about how well they are doing in meeting their objectives.
7. Raise with their Supervisors/Managers any problems or potential problems that may affect their ability to achieve some or all their objectives and performance standards.
8. It is the employee's responsibility to ensure that an adequate portfolio of evidence is available at the time of assessment.

## **9.6 THE MODERATOR'S (MANAGER OF THE RESPECTIVE DEPARTMENT) ROLE IN PERFORMANCE MANAGEMENT**

On completion of the final performance assessment/review between the employee and immediate superior at the end of June each year, the ratings must be forwarded to the Moderator for quality assurance. The Moderator shall:

1. Review appropriateness and consistency of the overall scoring of subordinate staff.
2. Discuss with the Supervisor/Manager where opinions differ.
3. In the event that the employee is dissatisfied with the outcome of the performance assessment, he/she may refer the matter to the Moderator who will consider submissions from both the employee and Supervisor/Manager concerned. The decision of the Moderator will be final and binding.
4. Ratings received by the due date of 10 August must be moderated and submitted to the Human Resources Department by 31 August each year, to ensure that performance appraisals applicable are submitted to the Accounting Officer/CEO by 30 September each year for approval.

## **9.7 THE ROLE OF THE HUMAN RESOURCES DEPARTMENT**

1. It is the responsibility of HR to provide support to line management to ensure that the policy and system operate effectively.

2. Supervisors/Managers who require assistance in planning performance, coaching or in conducting performance reviews, are encouraged to contact the HR Department for guidance. However, the responsibility for ensuring that employee's/team's performance is managed rests with the Supervisors/Managers and not with the HR Department.
3. From time to time the department will conduct follow-up and evaluation studies to assess the effectiveness of the system.
4. Amendments to the system to improve its effectiveness will be made from time to time and be communicated to employees.

## **10. PERFORMANCE MANAGEMENT ACCOUNTABILITY / RESPONSIBILITY**

### **10.1 LOCAL COMMUNITY**

The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R796 of 2001, Section 14) make explicit provision for the involvement of the local community in the performance management process. Section 42 of the MSA states that the HGDA:

1. "Must involve the local community in the development, implementation, and review of the Agency's performance management system, and, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the Agency.
2. Because the intention of the performance management system is to ensure the practical implementation of the strategy, it is suggested that it would be appropriate that the Local Structures/ Representative Forums and Stakeholders be utilised to facilitate the involvement of the local community in the performance planning and performance review processes; and
3. the community and stakeholders of the Agency will be engaged in several ways as defined in the Agency's Communication Policy:

### **10.2 BOARD**

The Board adopts and approves the following:

1. A process to guide the planning, drafting, adoption and review of the strategy.
2. The strategy including organisational indicators and targets.
3. Changes to the strategy, organisational indicators and target.
4. The organisational Performance Management System (PMS).
5. Performance monitoring, review and oversight mechanisms and structures.
6. Adopts performance management policy and system.
7. Approval of performance bonuses of employees.

### **10.3 CHIEF EXECUTIVE OFFICER (CEO)**

The functions performed by the CEO includes however not limited to the following:

1. Providing strategic direction and developing strategies and policies for the organisation.
2. Manage the development and implementation of the Strategy.
3. Development of the performance management system;
4. Identify indicators and set targets.
5. Submission of the draft strategy to the Board.
6. Manage the implementation of the Strategy and Performance Management System.
7. Draft performance agreements, including measurable key performance indicators and targets for Managers and performance development plans for lower-level staff.
8. Monitor the implementation of Strategy and Performance Management System, identifying risks early.
9. Formal quarterly performance evaluation of the Managers
10. Ensure that regular monitoring measurement, analysis performance information and ensure performance reporting is done in terms of legislation.
11. Propose response strategies to the Board and
12. Co-ordinate the compilation of the Annual Report.

### **10.4 INTERNAL AUDIT**

1. Must on a quarterly basis audit the performance measurement of the Agency; and
2. Must submit quarterly reports on their audits to the CEO and the Audit Committee

### **10.5 THE AUDIT COMMITTEE**

The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) provide clear guidelines on the formal monitoring, audit and reporting of performance of the HGDA. In terms of Regulation 14 (4) (a) the Audit Committee must:

1. Review the quarterly reports compiled by the internal auditor.
2. Review the PMS of the Agency and report to the Board in this regard; and
3. Submit an audit report to Board at least twice a year.

## **11. AUTOMATED WEB-BASED PERFORMANCE MANAGEMENT SYSTEM**

The Municipal System Act requires the Agency to develop and implement a Performance Management System suitable for their own circumstances. Agency needs to appoint or implement the model to automate the performance management process. The HR Manager: oversees the utilisation of this system and is primarily responsible to liaise with the relevant service provider on technical and administrative matters related to the functioning or improvement of the system.

## **12. WEIGHTINGS AND SCORING PERFORMANCE**

Weightings represent the relative importance of one output against another output. Every output in the performance agreement must be apportioned a weighting.

**The apportionment of weightings shall be as follows:**

1. 100% of the total rating is allocated to outputs whilst inputs are for employee development and to support outputs. This illustrates that the core focus of the employee's job is to deliver results, yet still places an emphasis on the employee demonstrating appropriate skills and behaviours to do the job successfully. It is suggested where appropriate inputs shall include customer service and teamwork.
2. By doing so, the employee is made aware of the importance of displaying these behaviours when carrying out his/her job.
3. The objectives set under Outputs must be SMART (Specific, Measurable, Achievable, Realistic and Time based). In assessing the employee's performance against the objective set, a compulsory Portfolio of Evidence **MUST** be produced to verify the extent to which the employee has performed in respect of the objective.
4. The POE can be kept in either a manual or electronic legible format. Managers to have regular meetings with their subordinates and guide them in developing the POEs.
5. In the final performance assessment, a rating which is multiplied by the weighting to give a weighted rating must be determined for each KPA.
6. Final moderated assessment ratings must be captured and submitted to the Human Resources Department no later than 31 August for performance appraisals applicable are submitted to the Accounting Officer/CEO by 30 September each year for approval.

## **13. TARGET RATING**

Where appropriate, the performance plan may include target ratings for each KPI, for example, the employees and supervisor can agree on the output / target to be achieved to be awarded a rating.

**Note:** Only five-point rating scale (1, 2, 3, 4, and 5) must be used, no decimals shall be used.

## **BASIC OR CORE COMPETENCIES (INPUTS)**

Every employee irrespective of his/her level of function is required to demonstrate several skills and behaviours that are considered core to achieving objectives of the HGDA. The competencies represent behaviours that, when displayed by employees will contribute to outstanding performance within the Agency.

**Customer service** and **teamwork** are two competencies which should be considered, where appropriate, for inclusion under the INPUTS section of the performance agreement.

### **Customer Service**

Whether providing a service to an internal or external customer this means trying to find out what the needs of the customers are and then meeting these needs. At a minimum employee are required to react to customer needs by following up on queries, being honest in all their dealings, adhering to the policies, procedures and delegations of Agency, keeping the customer up to date, being friendly and helpful and solving problems quickly and without argument. Ideally all employees, especially those at a management /supervisory level are required to be proactive by trying to understand the underlying needs of the customer and providing an appropriate service based on these underlying needs.

### **Teamwork**

In order to be successful and to meet our service delivery requirements it is essential that employees co-operate and communicate with each other.

This is measured by the extent to which an employee does his/her share of work, helps out in all times of crisis, supports decisions taken by the Agency, makes effort to communicate with team members so that he/she knows what's happening in other areas besides her/his own and provides information to others on what she/he is doing.

Management/Supervisory level employees are required to facilitate a friendly working environment where co-operation is encouraged, where conflict is resolved quickly and amicably, and where information is communicated so that there is a common knowledge and understanding of municipal activities.

## **14. PROBATION MANAGEMENT SYSTEM**

1. Employees on probation must abide by the Probation Policy. Once the employee's probation period has been exhausted and passed only then shall the Employee Performance Appraisal System (EPAS) apply. Such issues must be discussed when developing the EPAS and outcomes clearly indicated therein.
2. A newly appointed employee for a period of not less than 12 months shall be required to serve a three month-probation period prior to confirmation of employment and must have a signed performance contract.
3. Probation shall apply to contract employees as well, including performance contract employees.
4. Employees hired for a period of less than 12 months but not less than three months, will be required to serve a probationary period of two to three months prior to confirmation of employment.

5. Employees hired for a period of less than three months will not be required to serve probation.
6. During probation, employees shall be given an opportunity to demonstrate performance up to the standards expected of them and be provided with appropriate feedback, assistance, and support to achieve them.
7. The new employee and his or her supervisor will discuss formally or informally the required performance levels within the first month of employment to lay a sound foundation for tracking performance.
8. Performance of employees on probation for a three month-period shall be assessed on a bimonthly basis.
9. Performance assessment of an employee on a less than three month-probation period will be conducted monthly.
10. The CEO shall be responsible for approval and confirmation of satisfactory completion of probation by each employee of the Agency.
11. Upon successful completion of probation, the employee will be issued with a letter of confirmation of employment from the HR Department.
12. An employee who demonstrates unsatisfactory performance at the end of his/her probationary term of three month-period may be put on an extended probation of more than three months or have his or her services terminated, should there be no hope of performance improvement.
13. An employee shall be afforded a poor performance/conduct assessment prior to the extension of probation or termination of services as contemplated in clause No 14.11 above.
14. An employee afforded a poor performance/conduct hearing during the probation process shall be entitled to representation by a shop steward or a fellow employee of his or her choice.
15. An employee put on extended probation shall be assessed monthly.
16. Probation monitoring shall encompass both conduct and performance of an employee.
17. Notwithstanding the clause No. 14.11 above, termination of services on grounds of misconduct shall be preceded by institution of disciplinary proceedings, against the employee.

## **15. PERFORMANCE MANAGEMENT CYCLE**

1. Performance expectations for the Section 56 employees shall be set once in a financial year prior to the commencement of the new financial year.
2. Performance of the CEO and Managers directly accountable to the CEO, the performance assessments shall be conducted four times in a financial year, that is, quarterly as guided by section 28(1) of the 2006 Regulations. Section 28(1) clearly stipulates that the first and third quarter assessments may be verbal if performance is satisfactory. Section 27(4)(d)(e) of the 2006 Regulations states that the annual assessments shall be conducted by the evaluation panel and gives guidance on who must

be part of each evaluation panel. Clause no. 10.17 below makes an indication of who will be part of the HGDA evaluation panels and when the evaluation panel will be used for the purpose of performance assessments.

3. Each Section Manager shall prepare a performance report according to the performance indicators and targets set out in the performance contract at the end of a three month-period.
4. Performance expectations for Divisional Managers, Assistant Managers, Co-ordinators/Chief Officers shall be set in the beginning of each financial year.
5. Performance of the Divisional Managers, Assistant Managers, Co-ordinators/Chief Officers, or equivalent job titles shall be assessed in four times per year, i.e., quarterly (Twice formally and twice informally)
6. Each Divisional Manager, Assistant Manager, Co-ordinators/Chief Officers shall prepare a quarterly performance report based on his or her performance contract or agreement at the end of each three month-period.
7. Performance of the other employees shall be assessed on a quarterly basis by their individual supervisors according to the set performance standards and objectives.
8. A team-based performance management methodology shall be used to assess and evaluate the performance of employees for all post from post level 0 to 12 or equivalent grading including any clerical position or any office-based position to give an account of his/her performance according to the set performance targets at the end of each quarter.
9. The team-based performance management methodology shall be developed in such a way that it can identify the high, medium, and poor performers in a team in order to discourage non-performance.
10. Employees shall be assessed individually for their performance by their immediate superiors in a formal or informal setting for quarterly performance preceding the mid-year and annual performance reviews.
11. Once a performance report has been forwarded to the manager or the supervisor a meeting must be scheduled for the discussion of the report.
12. In this meeting, agreements and disagreements around performance issues shall be agreed upon between the employee and manager /supervisor and will be recorded.
13. Disagreements and disputes pertaining to performance for employees will be dealt with in terms of the 2006 Regulations.
14. Any other performance dispute/disagreement affecting any employee shall be referred to a performance dispute resolution tribunal set up by the CEO for the purpose of resolving that dispute. More information on dispute mechanism stated in item 18 of this policy.
15. Performance reports or records of performance shall be subjected to ratification and acceptance with or without alterations by the respective performance evaluation panel.
16. The Performance Assessment Panel for managers for the annual and mid-year

performance shall be constituted in terms of section 27 of Local Government: Municipal Performance Regulations.

17. For purposes of evaluating the annual and mid-year performance of the **CEO**, an evaluation panel constituted of the following persons must be established.
18. Board Chairperson.
19. Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee.
20. Member of the Board or executive committee or in respect of a plenary type Board, another member of Board.
21. Mayor and/or CEO from another Agency; and
22. For purposes of evaluating the annual and mid-year performance of Managers directly accountable to the CEO, an evaluation panel constituted of the following persons must be established
23. CEO.
24. Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee.
25. Member of the Board or executive committee or in respect of a plenary type Board, another member of Board; and
26. CEO from another Agency.

The annual and mid-year performance review of all **Divisional Managers** will be assessed and ratified by an evaluation panel made up of the following members:

1. Manager from the department where the employee comes from
2. Manager from another department within the HGDA
3. Manager from another department within the HGDA
4. The Manager from where the employee comes from shall chair the performance assessment session.

The annual and mid-year performance review for all **Assistant Managers, Coordinators/Chief Officers, or equivalent job titles** shall be assessed and ratified by the following Panel:

1. Manager from the department where the employee comes
2. Manager within the HGDA
3. Manager within the HGDA
4. Manager from the department where the employee comes from shall chair the performance assessment session.

5. Notwithstanding Clause No 15.18, in the case where the CEO is not available, the CEO shall choose one of the Managers to stand for him or her when the performance of the Divisional Manager/ Assistant Managers, Co-ordinators / Chief Officers or equivalent job titles within the Office of the HGDA is assessed; such chosen Manager shall be chairperson of the performance assessment proceedings.

The performance evaluation panel for the quarter, annual and mid-year performance of all other posts or positions other than those mentioned in the preceding clauses shall be constituted as follows:

1. The Performance Management Practitioner who shall observe the proceedings and keep records
2. The Immediate Superior of the employee who shall chair and engage the employee on his / her performance.
3. In the absence of the member of panel due to the vacancy of the position the, acting person shall replace such person in the panel.
4. Every member of the panel shall prioritize attendance of the performance assessment sessions.
5. Should a member of the panel be unable to attend a performance assessment session, he/she shall choose a person to represent him/her provided such person's status is equivalent to that of his/hers in terms of this policy and 2001 Regulations.
6. The quorum for each performance evaluation panel to sit and conduct its business in terms of the 2001 regulations and this policy shall be 50% plus 1 in any given situation.
7. If the dispute contemplated in clause No 10.15 above is not resolved, the normal grievance or disciplinary procedures shall be followed in resolving the matter.

## **16. INDIVIDUAL PERFORMANCE CONTRACT SIGNING AND REPORTING**

1. The performance contract shall be concluded between each employee within 30 calendar days reckoned from the first day of the new financial year or 60 calendar days upon commencement of employment in respect of all HGDA officials appointed and entered into a performance management system. This is in line with section 57(2) of the Municipal Systems Act of 2000. Failure to comply with this deadline means an employee is not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the Accounting Officer, and may result in the employee and her or his supervisor being subjected to disciplinary action.
2. The employee shall choose three (5) to Six (6) National KPAs, with a total weight of 100%.
3. Each NKPA shall be weighted based on the level of importance, priority, time spent on it and the level of criticality to the HGDA and to the Individual.
4. The employee/Managers, will chose a maximum of ten (10) core competency requirements (CCRs) including compulsory core managerial requirements (CMRs) with a total weight of 100%, whilst Managers are required to choose all CCRs.

5. The selection of the CCRs shall be guided by the Job requirements and skills required to perform optimally.
6. Scoring will only be done on the National KPAs and CCRs.
7. It is incumbent upon the employee to ensure that a performance contract is adequately completed and signed on time without errors.
8. Employees who are not on performance contract shall enter performance accountability arrangement as per the prescribed performance review template.
9. Employees who are on performance contract shall report their performance in a prescribed tool in all performance review intervals which may be reviewed from time to time (**Annexure A**).
10. All individual quarterly performance reports shall be due for submission to the immediate superiors **on or before the 15<sup>th</sup> or should the 15<sup>th</sup> fall on the weekend, they will be due on a Monday following the 15<sup>th</sup>** after the end of each quarter. Failure to comply with this deadline means an employee is not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the CEO, and may result in the employee and her or his supervisor being subjected to disciplinary action.
11. Quarterly, Mid-year and annual performance reports will be due for submission to the IPMS unit **on or before the 20<sup>th</sup>** after the end of each quarter, first six month-period and financial year respectively. **And thereafter submitted by IPMS to Internal Audit on or before the 30<sup>th</sup> after the end of each quarter.** Failure to comply with this deadline means an employee is not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the CEO, and may result in the employee and her or his supervisor being subjected to disciplinary action.
12. Each employee will be responsible for keeping his or her personal copies of the performance contract and individual performance reports in a safe place for reference purposes.
13. An employee who fails to sign a performance contract within 60 calendar days, shall be considered as not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the CEO, and may result in the employee and her or his supervisor being subjected to disciplinary action.
14. The Human Resources / IPMS unit will be responsible for distributing performance contract, performance review, and individual performance reporting templates to the respective employees at least 7 calendar days before the commencement of the period required for execution of any particular task to be performed in terms of this policy.
15. Signed copies of the Performance Contracts of Managers will be presented to the Audit Committee as evidence of compliance as a matter of due diligence on the part of the HGDA.

## **17. QUARTERLY, MID YEAR AND ANNUAL PERFORMANCE REVIEW**

1. The employee shall undergo the mid-year performance review after the first six months of the financial year.
2. The mid-year performance review will deal with the assessment of achievement of all job objectives as well as performance targets as outlined in the performance agreement.
3. The mid-year performance review will be used to revise work objectives and performance targets in view of whatever prevailing circumstances warranting such revision.
4. Both employer and employee shall be at full liberty to amend the performance agreement for the remaining six months of the financial year with no punitive/adversarial consequences.
5. Normal quarterly performance review will not be affected by the mid-year performance review.
6. There will be scoring on quarterly performance reviews by immediate supervisors, mid-year performance reviews and annual performance reviews by both the immediate supervisor and the panel, and only annual performance reviews will count for the payment of performance bonus or giving of an award to deserving employee in accordance with clause no. 18.2 below.
7. The annual performance review shall be conducted at the end of the financial year for all employees that have been in the service of the HGDA for a period longer than three (3) months for the financial year under review.
8. The annual performance review shall entail overall assessment of the employee for the entire 12 month-performance period. Where an employee has not been in the employ of the HGDA for full 12 months, he / she shall be entitled to a prorated bonus provided he / she has been in the employ of the HGDA for not less than (3) three months in the same position.
9. This performance review will not replace any of the regular performance appraisals in terms of this policy.
10. The annual performance review will focus on overall evaluation of performance with a view of making necessary adjustments as may be required in the previous performance appraisals.
11. Awarded scores may be adjusted accordingly in the light of new information received.
12. The main purpose of the annual evaluation will be to determine a final score which may lead to payment of performance bonus or reward to the deserving employee.
13. The mid-year performance score will not be considered towards the determination of performance bonus where applicable or any form of performance reward where necessary.
14. The assessed annual performance assessment will be conducted by the immediate superior subject to ratification by an assessment performance structure concerned.

The performance reviews shall be conducted as follows:

- (Quarter 1) July – September 2022 = 15 November 2022 (INFORMAL)
- (Quarter 2 – Mid Year) October – December 2022 = 15 February 2023 (FORMAL)
- (Quarter 3) January – March 2023 = 15 May 2023 (INFORMAL)
- (Quarter 4) April – June 2023 = 15 August 2023 (INFORMAL)
- (Annual) July 2022 – June 2023 = 15 April 2024(FORMAL)

The CEO collates the information and drafts the organisational performance report, which is submitted to Internal Audit.

15. The Internal Auditors (IA) must submit quarterly audited reports to the CEO.
16. The CEO submits the report to the Oversight Committee which makes a recommendation to the Board.
17. The CEO tables the quarterly performance report to the Performance Audit Committee for perusal and comment.
18. On a quarterly basis, the Mayor and Board should engage in an intensive review of HGDA performance against both the directorate's scorecards and the HGDA scorecard, as reported by the CEO.
19. The PMS Unit shall be responsible of sending to all employees under performance contract the Quarterly Performance Assessment Templates (**Annexure B**).

#### **18. TOOLS OF PERFORMANCE MANAGEMENT**

1. The performance agreement shall be used as a tool for capturing critical performance information like performance objectives indicators and targets for all performance contracts employees.
2. A performance assessment form for all other employees will contain performance objectives, indicators, and targets.
3. An account of performance progress achieved shall be provided in terms of the agreed upon procedure between the reviewer and employee.
4. Performance summary sheets, dashboards and other graphic visualizations shall be used to illustrate performance by and for the employee concerned.
5. An appropriate electronic tool shall be used to provide any necessary information needed for performance assessment.

#### **19. ELEMENTS OF PERFORMANCE PLANNING AND ASSESSMENT**

The elements of performance planning and assessment are as follows:

1. Job objective.
2. Tasks to be completed to achieve job objective.
3. Target/Success criteria which measure effectiveness of job objective achievement.

4. Evidence of performance to illustrate examples of work achievement.
5. Proficiency rating scale of 1 to 5 measuring effectiveness of target/success criteria achievement.
6. Average rating for all scores assigned to targets/success criteria.
7. The above performance planning and assessment system will apply to all employees of HGDA.
8. The performance planning and assessment system for all employees will apply according to the provisions of the Local Government: Municipal Performance Regulations of 2006.
9. Both Supervisor and the employee will be required to agree on the elements of the performance planning and assessment.
10. Annual competency assessments shall be conducted together with the annual skills audit on each employee and this shall be used to assess the individual's achievements on addressing the GAPS on the CCRs.
11. Individuals shall only be assessed on activities that they were given an opportunity and resources to deliver.

## **20. MID-YEAR AND ANNUAL PERFORMANCE ASSESSMENT PROCEEDINGS**

Section 72 of the MFMA requires the CEO to prepare and submit a report on the performance of the HGDA during the first half of the financial year. As with all other reports this is a crucial report for the Board to consider mid-year performance and what adjustments should be made, if necessary.

1. The PMS unit shall be responsible for issuing invites to the members of the performance review panel to attend the planned performance review sessions.
2. The PMS unit will be responsible for inviting the employees to attend the planned performance review sessions.
3. A notice of 7 calendar days shall be given to any party to attend the performance review proceedings.
4. All parties attending the performance review proceedings will be required to sign an attendance register.
5. The venue and time for the performance review sessions will be identified and decided by the PMS unit in consultation with other relevant stakeholders.
6. The outcome of the annual and final performance review will be submitted to the Audit Committee for review prior to submission of the same to the Board.
7. The scores will be allocated according to the NKPA's.
8. The Audit Committee shall have the power to moderate final annual performance assessment scores only in the case of the CEO and Managers directly accountable to the CEO.

9. The portfolio of evidence shall be used to verify the validity of scores given. The internal audit unit shall conduct annual audits of all the portfolio of evidence before the final assessments are conducted.
10. The Accounting officer must by **25 January of each year** assess the performance of the HGDA and submit a report to the Board, National Treasury, and the relevant Provincial Treasury.
11. The Audit Committee must review the PMS and make recommendations to the Board.
12. The Audit Committee must submit a report at least twice during the year a report to the Board.
13. The Board Chairperson will need to ensure that targets committed to in the HGDA scorecard are being met, where they are not, that satisfactory and enough reasons are provided and that the corrective action being proposed is sufficient to address the poor performance.

The review should also focus on reviewing the systematic compliance to the performance management system, by directorates, departments, Portfolio Committee and the CEO. The review will also include:

1. An evaluation of the validity and suitability of the Key Performance Indicators and recommending any changes.
2. An evaluation of the annual and 5-year targets to determine whether the targets are overstated or understated. These changes need to be considered.
3. Changes to KPI"s and 5-year targets for submission to Board for approval. (The reason for this is that the original KPI"s and 5-year targets would have been published with the IDP, which would have been approved and adopted by Council at the beginning of the financial year.)
4. An analysis to determine whether the HGDA is performing adequately or under-performing.

### **Annual Performance Reporting and Performance Reviews**

Section 46 of the Municipal Systems Act states that HGDA must prepare for each financial year, a performance report that reflects the following:

1. The performance of the HGDA and of each external service provided during that financial year.
2. A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and
3. Measures to be taken to improve on the performance.
4. At least annually, the Board Chairperson will be required to report to the full council and Board on the overall HGDA Performance. It is proposed that this reporting take place using the HGDA scorecard in an annual performance report format as per the Municipal Systems Act. The said annual performance report will form part of the HGDA's Annual Report as per section 121 of the Municipal Finance Management Act.

## 21. PERFORMANCE RATING FOR EMPLOYEES.

The overall target success criteria will be assessed on a scale of 1 to 5 as follows:

1. 1 = (69% and below) = Basic = Performance does not meet the standard expected for the job. The review/assessment indicates that the jobholder has achieved less than fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Workplan.
2. 2 = (70% - 99%) = Basic = Performance meets some of the standards expected for the job. The review/assessment indicates that the jobholder has achieved less than fully effective results against more than half of the performance criteria and indicators as specified in the Performance Agreement and Workplan.
3. 3 = (100% - 129%) = Competent = Performance fully meets the standard expected in all areas of the job. The review / assessment indicates that the jobholder has achieved as a minimum effective result against all the performance criteria and indicators as specified in the Performance Agreement and Workplan.
4. 4 = (130% - 149%) = Advanced = Performance is significantly higher than the standard expected in the job. The review/assessment indicates that the jobholder has achieved better than fully effective results against more than half of the performance criteria and indicators as specified in the Performance Agreement and Workplan and fully achieved all others throughout the performance cycle.
5. 5 = (150% - 167% and above) = Superior = Performance far exceeds the standard expected of a jobholder at this level. The review/assessment indicates that the jobholder has achieved better than fully effective results against all the performance criteria and indicators as specified in the Performance Agreement and Workplan and maintained this in all areas of responsibility throughout the performance cycle.
6. The following scoring methodologies shall be used by the Individual, Supervisor, and the Audit Committee.

### 1. Individual Scoring

Individual shall score their key performance indicators on actual targets which shall be categorised under the following arithmetic and logic values:

- Yes/No
- Percentage
- Numeric
- Currency
- Turnaround time

### 2. Supervisor Scoring

The supervisor score shall be influenced by quality, target, and cost. Supervisor's scoring shall use the rating detailed in section 16.1 of this policy.

### 3. Supervisor and Individual Scores

Final score of the CEO and Managers directly accountable to the CEO shall be subjected to section 15.9 of this policy. The supervisor and the individuals score shall be normalised automatically by the system to make one final score which shall be normalised as follows:

System Score	Rating
Between 0 to 2	1
Between 3 to 5	2
Between 6 to 7	3
Between 8 to 9	4
10	5

A five (5) point rating scale shall be used in the case of calculating the final scores of Managers and a rollup scoring approach shall be used in calculating the final score of all Division Managers (and Assistant Managers, Co-ordinators, Chief Officers or Equivalent positions).

### 4. Audit Committee Scoring

The audit committee scoring shall be based on the rating set out in section 16.1 of this policy. The committee shall utilise a generally accepted tool to adjudicate their scoring.

The committee shall consider the following criteria when conducting the final assessment:

- Number of tasks complete vs. the number of tasks planned.
- Number of tasks completed on time

#### 21.1 Performance Reward System for Employees on a fixed term contract:

The following table will be used to determine payment of performance bonus to performance contract employee:

#### Final Score Bonus / Reward

NB: Awarding of bonuses shall be at the discretion of Management and based on affordability and with due consideration of the Auditor General's audit opinion.

FINAL SCORE	BONUS/REWARD
150 and above	10% to 14% of the annual total remuneration package
130 to 149%	5% to 9% of the annual total remuneration package
129% and below	Compulsory Performance Counselling

The above table must be normalised as follows:

Assessment Score	130%-139%	140%-149%	150%-153%	154%-157%	158%-161%	162%-165%	166%-167%
Recommended Bonuses	08%	09%	10%	11%	12%	13%	14%

1. This rating and scoring mechanism will apply to all performance contract employees.
2. The final rating and scoring payment of the performance bonus/reward will be based on the annual performance review and assessment.

3. Such final rating and scoring will be verified and ratified by the respective performance review panel as set out in this policy.

4. The following formula shall be used to calculate total scores for awarding performance to the performance bonus:

i. (a) Weight x Final score per KPA = V x 80% (for KPA) = score for each KPA  
 (b) Add up all KPA scores to get a total sum = W

ii. (a) Weight x Final score per CMC = Y x 20% (for CMC) = score for each CCR  
 (b) Add up all CCR scores to get a total sum = Z

iii. W + Z = Total score (percentage)

**Example:**

Annual Performance Assessment Assessment Rating Calculator							
Name: panel average							
Year: 1 July 2013 - 31 December 2013							
KPA	Weight	Rating	Score	CF	Weight	Rating	Score
1	40%	5	2	1	10%	4	0.4
2	10%	5	0.5	2	10%	4	0.4
3	20%	5	1	3	10%	4	0.4
4	10%	5	0.5	4	20%	4	0.8
5	10%	5	0.5	5	5%	3	0.15
6	10%	5	0.5	6	5%	3	0.15
				7	5%	2	0.1
				8	5%	3	0.15
				9	5%	3	0.15
				10	5%	4	0.2
				11	10%	4	0.4
				12	10%	3	0.3
100%			166.67	100%			120
KPA weight			80%	CF weight			20%
KRA SCORE			133%	GAF SCORE			24%
FINAL SCORE							157%

**21.2 Performance Reward System for Employees:**

**Rewards that will be awarded to Employees.**

Rating obtained	Performance levels	
4 – 5	Outstanding/above performance levels	8 – 14%
3	Average performance	No specific reward
1 – 2	Below average performance	Compulsory performance counselling and monthly coaching sessions by manager/supervisor

**22. SUB-STANDARD/POOR PERFORMANCE MANAGEMENT**

1. All endeavours shall be made to provide support in the form of coaching, guidance, mentoring, training, and counselling to any employee displaying signs of sub-standard performance. It is also incumbent on the employee to request support at earliest sign of performance distress.

2. These employees shall be given adequate period ranging from two months to three months to improve performance.

3. Unequivocal performance targets with a succinct action plan shall be drawn up for an employee with clear results to be achieved.
4. The time needed for an employee to improve his performance will be dictated by the nature and level of the job.
5. Any form of adversarial reaction to the employee's poor performance shall be preceded by a comprehensive package of assistance within a reasonable time frame.

### **23. PERFORMANCE DISPUTE RESOLUTION**

1. A performance dispute will be declared in writing by an affected employee within 21 working days after receiving a written confirmation of the performance assessments results if the need to do so arises.
2. A performance dispute resolution tribunal will be appointed within 10 working days by the CEO after receipt of such complaint.
3. A performance dispute resolution tribunal will be made up of not less than 3 members and not more than 5 members.
4. The members of the performance dispute resolution tribunal will be drawn from municipal officials serving in the managerial and supervisory positions, whose post level are above that of the accused employee.
5. The performance dispute tribunal will have a chairperson appointed by the CEO. It is recommended that the chairperson be a representative from the District or any Local HGDA falling under Harry Gwala District HGDA. This shall be done in the spirit of intergovernmental relations.
6. The performance dispute tribunal chairperson shall convene a meeting within 14 working days of the receipt of the dispute to hear the dispute.
7. The employee will be afforded representation rights and other rights as accorded in the disciplinary procedure.
8. The proceedings of the tribunal shall be recorded by means of a mechanical device.
9. The employee shall lead evidence in chief and the supervisor or manager of the employee shall reply in stating the employer's side of the story.
10. The employee and his/her representative shall cross-examine the manager or supervisor.
11. The tribunal shall deliver its verdict within ten (10) working days after completion of the proceedings to the CEO.
12. The employee shall be advised about the decision of the tribunal within five (5) working days of receipt of the verdict of the tribunal by the CEO.
13. If the employee is not satisfied with the outcome of the performance dispute resolution, the matter can then be treated in terms of the grievance procedure of the HGDA.

14. If the matter is not resolved in terms of the grievance procedure, the matter may be referred to the CCMA for resolution by the employee or dealt with in terms of the other applicable law.
15. If the CEO has a dispute with his/her performance, the matter must be taken to the Board Chairperson.

#### **24. PAYMENT OF PERFORMANCE BONUS/REWARD**

1. The payment of performance bonus to the performance contract employees is catered for as all HGDA Employees get the 13<sup>th</sup> Cheque as per their contracts.
2. All the Interns of Harry Gwala Development Agency shall receive the Performance bonus/ reward accordingly as a reward for best performance.

#### **25. REWARD AND RECOGNITION OF EXCELLENCE**

1. Employees will be rewarded for best performance through prize system.
2. Each Department shall have three prizes to be won by the first three best performing employees or group of employees in the Department.
3. A winning employee or group of employees shall get a gift to the subject to the management deciding the best form of a reward.
4. In cases of neck-to-neck situations the evaluation panel shall devise the most appropriate and fair mechanism of undoing a tie to having more than one first, second and third prize winners in each Department.
5. This mechanism will include calling for representations from the supervisors and managers concerned about the performance of those employees.
6. All performance and recognition rewards will be handed over in a special annual ceremony organized to confer the awards and honour good performance in a very symbolic and prestigious fashion.

#### **26. INCAPACITY PROCEEDINGS ON GROUNDS OF POOR PERFORMANCE**

- 26.1** After probation or during normal work performance an employee should not be taken to task unless the following has happened:
1. The employee has been given appropriate evaluation, instruction, training, guidance, and counselling.
  2. The employee should be given a reasonable time for improvement.
  3. The employee was aware or could have reasonably been expected to have been aware of the required performance.
  4. The employee was given a fair opportunity to meet the required performance standard.
  5. The employee was given adequate support in terms of all resources required to perform up to the required standard including training, guidance, coaching, mentoring where necessary and counselling.

6. Dismissal is a fair sanction for incapacity proceedings where it is proven on balance of probabilities that failure to meet the required performance standard has not been remedied despite all forms of support provided.
7. The Procedure to be followed prior to referring the matter to the Labour Relations Unit will include an investigation into the real causes of poor/unsatisfactory performance.
8. After establishment of the real causes for unsatisfactory performance the, an appropriate response to the problem must then be implemented.
9. Where necessary charges for incapacity on grounds of poor performance shall be formulated and preferred against the employee subject to proof of failure of all other required and taken steps towards assisting an employee.
10. In case of incapacity proceedings, the employee shall have full rights to be heard and assisted by a fellow employee or any other third-party representative.

## **27. ACTIONS TAKEN ON GROUNDS OF POOR PERFORMANCE**

The person determining whether constitute poor performance and that section 8.2.2 of this policy should be applied, should consider the following:

1. The performance standards set for the employee in terms of whatever accountability arrangement.
2. Whether or not the employee failed to meet the performance standard set.
3. The employee was aware or could have reasonably been expected to have been aware of the required performance.
4. The employee was given a fair opportunity to meet the required performance standard.
5. The employee was given adequate support in terms of all resources required to perform up to the required standard including training, guidance, coaching, mentoring where necessary and counselling.
6. Dismissal is a fair sanction for incapacity proceedings where it is proven on balance of probabilities that failure to meet the required performance standard has not been remedied despite all forms of support provided.

## **28. COMMENCEMENT OF THIS POLICY**

1. This Policy will come into effect on the date of adoption by Board and all the previous adopted policies in this regard shall be repealed.

## **29. INTERPRETATION OF THIS POLICY**

1. All words contained in this policy shall have an ordinary meaning attached thereto unless the definition or context indicates otherwise.
2. Any dispute on interpretation of this policy shall be declared in writing by any party concerned.
3. The CEO shall give a final interpretation of this policy in case of a written dispute.
4. If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council/ Arbitration.

## **30. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY**

1. This policy may be partly or wholly waived or suspended by the HGDA Board on a temporary or permanent basis, after consultation with Management and Trade Unions.
2. Notwithstanding clause No. 30.1 the CEO may under circumstances of emergency temporarily waive or suspend this policy subject to reporting of such waiver or suspension to Council and Trade Unions.

## **31. AMENDMENT AND/OR ABOLITION OF THIS POLICY**

1. This policy may be partly amended or repealed by the HGDA Board after consultation and interaction with Management and Trade Unions.

## **32. COMPLIANCE AND ENFORCEMENT**

1. Violation of or non-compliance with this policy will give a just cause for referring the matter to the Labour Relations Unit.
2. It will be the responsibility of all Managers, Supervisors, and Board to enforce compliance with this policy.

## **33. POLICY MONITORING AND EVALUATION**

The policy shall be evaluated by the Head Human Resources annually and submitted to HGDA Board for adoption.

**ANNEXURES - REPORTING TEMPLATE**

**“ANNEXURE A” – QUARTERLY PERFORMANCE REPORTING TEMPLATE**

**NB: FOR ALL INFORMAL ASSESSMENTS, THE PANEL SCORE WILL NOT FORM PART OF THE TEMPLATE, ONLY FOR THE FORMAL ASSESSMENTS**

FINAL WORKPLAN												Responsible Unit									
Outcome	Back to Basic Objectives	Strategic Objective	Key Performance Indicator (KPI)	Unit of Measure	Baseline (2017/2018 FY)	PERFORMANCE TARGETS (2019/20)				Region (MSCO A)	Budget (R)		Individual Score (1-5)	Motivation for the scores above 3	Supervisor Score (1-5)	Panel Score (1-5)	Reasons for underperformance and Deviations	Corrective Action taken to address underperformance / deviations	Means of Verification		
						Annual Target	Q1 Target	Q2 Target	Q3 Target			Q4 Target								Mid-Term Target	
<b>NKPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>																					
<b>NKPA 2: BASIC SERVICE DELIVERY &amp; INFRASTRUCTURE</b>																					





**A. KEY PERFORMANCE AREAS (KPAs)**

(Rate all the KPAs included in the performance agreement)

KPAs	Weighting	Own Assessment (1-5)	Supervisor's Assessment (1-5)
1. Municipal Transformation and Institutional Development	%		
2. Basic Service Delivery & Infrastructure Development	%		
3. Social and Local Economic Development	%		
4. Municipal Financial Viability and Management	%		
5. Good Governance and Public Participation	%		
6. Cross Cutting Interventions	%		
<b>TOTAL</b>	<b>100 %</b>		

**NOTE: WEIGHTING OF KPAs MUST TOTAL 100%**

This KPA rating is based on my personal knowledge and observation of the employee's Performance.  
This KPA rating has been discussed with me.

**B. Competencies:**  
(Competencies agreed upon in the performance agreement)

Competencies	Weighting	Own rating (1-5)	Supervisor's Rating (1-5)
Strategic Direction and Leadership	%		
People Management	%		
Programme and Project Management	%		
Financial Management	%		
Change Leadership	%		
Governance Leadership	%		
Moral competence	%		
Planning and Organising	%		
Analysis and Innovation	%		
Knowledge and Information Management	%		
Communication	%		
Results and Quality Focus	%		
<b>TOTAL</b>	<b>100 %</b>		

**NOTE: WEIGHTING OF COMPETENCIES MUST TOTAL 100%**  
(The Excel calculator can be used to calculate the total score, and the ratio between KPAs and CCRs is 80%/20%)  
This Competency rating is based on my personal knowledge and observation of the employee's Performance.  
This Competency rating has been discussed with me.

**C. DEVELOPMENTAL AREAS – Supervisor to complete this**

Specify areas in which the employee was developed as indicated in the Performance Agreement and Individual Development Plan; if not developed, state reasons why and specify dates when will this take place.

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**D. MANAGING UNSATISFACTORY PERFORMANCE – Supervisor to complete this**

Identify unsatisfactory performance and state actions taken or to be taken by when and by whom.

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**E. EMPLOYEE'S COMMENTS (CAN INCLUDE OBSTACLES ENCOUNTERED AND OVERCOME) if applicable**

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**F. SUPERVISOR'S COMMENTS**

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**Signature:**

**DATE:**

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**Signatures: Employee: ..... Date ..... Supervisor: ..... Date.....**  
**ON EVERY PAGE)**

## MID TERM AND ANNUAL: FORMAL ASSESSMENTS

### HGDA Assessment Form

Mid - Term & Annual Performance Assessment Instrument 20../20.. Financial Year

**FOLLOWING THE COMPLETION OF THIS FORM, A SIGNED ORIGINAL COPY  
MUST BE FORWARDED TO THE PMS/ HR DIVISION; ATT: MR LW DUMA**

### **CONFIDENTIAL** PERFORMANCE APPRAISAL

Period under review

Surname and initials

Job title

Management/Salary level

Employee No.

Component

Date of appointment to current remuneration level

Race African .... Coloured ..... Indian ..... White .....

Gender Male ..... Female .....

Disability (Specify, if applicable) .....

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#### **PART 1 – COMMENTS BY RATED EMPLOYEE**

(To be completed by the Employee prior to appraisal. If the space provided is insufficient, the comments can be included in an attachment)

#### **ACHIEVEMENTS:**

#### **LESS ACHIEVEMENT:**

## PART 2 – PERFORMANCE APPRAISAL

### Standard Rating Schedule for KPAs and CCRs

RATING	CATEGORY	%	DESCRIPTION
1	BASIC	69% and below	Performance does not meet the standard expected for the job. The review/assessment indicates that the jobholder has achieved <u>less than fully effective results against almost all</u> of the performance criteria and indicators as specified in the Performance Agreement and Workplan.
2	BASIC	70% - 99%	Performance meets some of the standards expected for the job. The review/assessment indicates that the jobholder has achieved <u>less than fully effective results against more than half</u> of the performance criteria and indicators as specified in the Performance Agreement and Workplan
3	COMPETENT	100% - 129%	Performance fully meets the standard expected in all areas of the job. The review / assessment indicates that the jobholder has achieved as a <u>minimum effective result against all</u> of the performance criteria and indicators as specified in the Performance Agreement and Workplan
4	ADVANCED	130% - 149%	Performance is significantly higher than the standard expected in the job. The review/assessment indicates that the jobholder has achieved <u>better than fully effective results against more than half</u> of the performance criteria and indicators as specified in the Performance Agreement and Workplan and fully achieved all others throughout the performance cycle
5	SUPERIOR	150% - 167%	Performance far exceeds the standard expected of a jobholder at this level. The review/assessment indicates that the jobholder has achieved <u>better than fully effective results against all</u> of the performance criteria and indicators as specified in the Performance Agreement and Workplan and maintained this in all areas of responsibility throughout the performance cycle.

**Rating of KPAs by Supervisor and Employee (as per the signed performance contract):**

KEY PERFORMANCE AREAS	Weight (%)	Own rating (1-5)	Supervisor Rating (1-5)	Committee Rating (1-5)	Score
7.					
8.					
9.					
10.					
<b>TOTAL (NOTE: Weighting of KPAs must total 100%)</b>					

**Rating of Competency requirements as per the signed performance contract by Supervisor and Employee:**

CORE COMPETENCE REQUIREMENTS – (CCRs)	Weight (%)	Own rating (1-5)	Supervisor Rating (1-5)	Committee Rating (1-5)	Score



## **HGDA BOARD**

The HGDA Board adopts and approves the following:

- a) a process to guide the planning, drafting, adoption and review of the HGDA Growth and Development Plan;
- b) the GDP including organisational indicators and targets;
- c) changes to the GDP, organisational indicators and target;
- d) the organisational Performance Management System (PMS);
- e) performance monitoring, review and oversight mechanisms and structures;
- f) adopts performance management policy and system;

## **BOARD CHAIRPERSON**

The functions performed by the Chairperson includes however not limited to the following:

- a) identifies, reviews and evaluates the HGDA needs in order of priority;
- b) recommend to the Board strategies, projects and services to address priorities through the GDP;
- c) responsible for the management of the performance management system and submits to the HGDA Board for adoption;
- d) draft performance agreement, including measurable key performance indicators and targets for the CEO;
- e) formal quarterly performance evaluation of the CEO
- f) ensures the performance agreements of employees are made public;





## **POLICY REVIEW**

The Policy will be reviewed on an annual basis and the review will be in (01 July 2023)

Responsible Officer: **CEO: Ms Antionette C R Whyte**

Signature:

Date of approval:

Board Resolution No: