

PERFORMANCE MANAGEMENT POLICY FRAMEWORK POLICY

ITEM A-CORP (L11-2013) CM 26/11/2013	CORPORATE SERVICE OVERSIGHT COMMITTEE: REVISED EMM PERFORMANCE MANAGEMENT POLICY FRAMEWORK POLICY
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RESOLVED

1. **That** the contents of the report regarding the revised EMM Performance Management Policy Framework **BE NOTED**.
2. **That** the revised EMM Performance Management Policy Framework attached to the report as **Annexure A, BE APPROVED**.
3. **That** the current EMM Performance Management Policy attached to the report as **Annexure B, BE RESCINDED**.



Ekurhuleni Metropolitan Municipality

Performance Management Policy

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Glossary of Terms

Term	Definition
Business plan	The business plan is an operational plan of action developed for a period of one year.
Competencies	Competencies are the knowledge, skills and attitudes required to perform effectively.
Core Management Competencies	CMCs comprise a competency framework in the sense of a set of generic management competencies applicable to section 56 employees. CMCs that are deemed to be most critical for the employee's specific job should be selected from the list provided in the municipal performance regulations for section 56 employees. They should be agreed to between the employer and the employee.
Baseline Indicator	The value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. The base from which progress will be measured.
Benchmarking	A process whereby an organisation of a similar nature uses each other's performance as a collective standard against which to measure their own performance.
Consultation	An on-going interaction between all relevant stakeholders by which input on matters is sought.
Contract Employee	An employee who enters into a fixed-term employment contract with the employer.
Employee	Any person, excluding an independent contractor, who works for the Ekurhuleni Metropolitan Municipality and who receives, or is entitled to receive any remuneration.
Employer(EMM)	Ekurhuleni Metropolitan Municipality.
Evidence	The proof that must be submitted to substantiate the level of achievement i.e. rating against the KPI and Target. Evidence must be independent, clearly reflect achievement, and signed off where possible.
Input Indicators	Indicators that measure resources, economy and efficiency
Integrated Development Plan (IDP)	Clearly defining 5-year Strategic Plan of the Municipality. The IDP should be reviewed annually or as required.
Individual Performance Management	Linked to Organisational Performance Management are the individuals who contribute to the success or failure of the Municipality/ Organisation. Each individual will have performance objectives, targets and standards that are linked to objectives of his/her Division, Department and Municipality
Key Performance Area (KPA)	Key areas of responsibility.
Key Performance Indicators (KPI)	<p>Key Performance Indicator (KPI) is a set of measures that show the performance of individual contribution to the achievement of organisational goals derived from the organization's performance targets are most important (most critical) to the success of organizations today and the future, and these measures should be quantified.</p> <p>KPI (qualitative or quantitative) and indicate whether progress is made towards achieving the objectives.</p>
Labour Organisations	EMM recognised Unions (IMATU and SAMWU).
Local community or community	It is body of persons comprising: <ul style="list-style-type: none"> a) The residents of the municipality; b) The ratepayers of the municipality; c) Any civic organisations and non-governmental private sector or Labour organisations or bodies which are involved in local affairs within the municipality; and d) Visitors and other people residing outside the municipality who, because of their presence in the municipality make use of services or facilities provided by the municipality, and includes, more specifically, the poor and other disadvantaged sections of such body of persons.
Objective	A statement about what outcomes the municipality wants to achieve.
Organisational Performance Management	Is concerned with the overall performance of the Municipality/ Organisation in relation to giving effect to the IDP (Macro Dynamics).

Term	Definition
Outcome Indicators	Measures the broader results achieved through the provision of goods and services (impact).
Output Indicators	Indicators that measures whether a set of activities yields the desired results or products/service.
Part- time Employee	An employee, excluding a student, occupying a post on the fixed or temporary establishment, with a work week not exceeding 25 (twenty five) hours.
Performance Agreement (PA)	A performance agreement reflects the linking of an individual performance plan to the organisational goals and an analysis of what will be required to achieve effective performance. An agreement as contemplated in section 57 of the Local Government: Municipal Systems Act, 2000.
Performance Management System (PM System):	A strategic approach which provides a set of tools and techniques to plan regularly, monitor measure and review performance of the organisation and individuals. Performance management is a system that is used to make sure that all parts of the municipality work together to achieve the goals and targets that are set.
Permanent Employee	An employee, excluding a contract employee and a temporary employee, occupying a post on the fixed establishment of the Council in a permanent capacity, whether full-time or part-time, and includes an apprentice and a person appointed in such post for a probationary period.
Performance Assessments	Rating of achievements in respect of KPA's and KPI's at the end of the last quarter of the financial year.
Performance Plans	Performance plans contain the essence of the performance management agreements, i.e. the performance agreements, workplan agreements and standards framework agreements.
Performance Standards	Performance standards are mutually agreed criteria used to describe how well work must be done. They may be used to clarify the key performance areas of a job by describing what it means to do them well.
Performance Target	Means the level of performance (or desired state of progress) of the indicator that is intended to be achieved by a specified time period.
Personal Development Plan	A plan in which developmental activities, training actions and competency gaps that are agreed upon are documented in accordance to set time frames within it should be implemented.
Performance Management Cycle (PM Cycle)	The PM cycle describes the core phases through which the PM moves – planning and contracting, monitoring performance and evaluating performance. It should coincide with the financial year – 1 July to 30 June of each year.
Performance Management Framework (PM Framework)	The PM framework describes the various components of the PM system and includes mechanisms for linking departmental plans to provincial strategic goals, and individual performance plans to departmental plans.
Rating	Means the application of the prescribed five point scale to assess KPA's and CCR's.
Workplace	The place of work as contemplated in the Labour Relations Act 1995 (Act No. 66 of 1995).

PART ONE: PERFORMANCE MANAGEMENT POLICY FRAMEWORK

1. Introduction

Performance Management for municipalities is primarily regulated and prescribed by the Municipal Systems Act, 2000 (Act 32 of 2000). Chapter 6 of this Act specifically deals with detail of how performance management should be applied in local authorities. The following are stipulations and prescriptions contained in the Act:

1.1 Establishment of the PM System

The establishment of the EMM's PM System is informed by the need to establish a PM system which is commensurate with its resources, best suited to its circumstances, and in line with the priorities, objectives, indicators and targets contained in the integrated development plan. The PM system seeks to promote a performance management culture among political structures, political office bearers and Councillors and in its administration and also administer its affairs in an economical, effective, efficient and accountable manner.

1.2 Development of a PM System

The legislation requires the Executive Mayor to manage the development of the Municipality's PM system to reflect principles of accountability and continuous drive towards improved service delivery. In this regard, the EMM has revised its PM system to reflect changes in legislative and municipal environment.

1.3 Monitoring and Review of the PM System

The revised PM system reinforces the need to implement a PM system which:

- a) sets appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
- b) sets measurable performance targets with regard to each of those development priorities and objectives and against the key performance indicators and targets set;
- c) monitor performance, and measure and review performance at least once per year;
- d) take steps to improve performance with regard to those development priorities and objectives where performance targets are not met, and
- e) Establish a process of regular reporting to –
 - i. The council, other political structures, political office bearers and staff of the municipality;
 - ii. The public and appropriate organs of state.
 - iii. The system applied by a municipality must be devised in such a way that it may serve as an early warning indicator of under-performance.

2. Purpose

The primary purpose of developing a Performance Management Policy (Policy) is to regulate and set rules for the design, development, management, implementation and review of performance management in EMM. The Policy strives for the institutionalisation of performance management at both the individual and organisational level in order to create a result-oriented organisation fostered on end-to-end accountability which promotes transformation, operational efficiencies and preferred investment destination.

The Policy also seeks to facilitate the development of employee's skills, competences and organisational capabilities.

3. Objectives

The objectives for implementing a PM system for the Ekurhuleni Metropolitan Municipality are as follows:

- 3.1 To achieve sustainable performance in service delivery to the residents of EMM.
- 3.2 To encourage and reward good performance of employees.
- 3.3 To manage and improve poor performance.
- 3.4 To ensure that the IDP is linked to the PM system.
- 3.5 To promote employee development to the benefit of both the employee and Council.
- 3.6 To comply with the requirements of the Municipal Systems Act (Act 32 of 2000) as amended.

4. Principles

The principles of the Policy are as follows:

- 4.1 EMM performance management system shall provide the strategic direction for both the individual employee and the organisation.
- 4.2 Performance management system shall be seamlessly integrated and aligned to organisational processes such as planning, budgeting and human resources.
- 4.3 The political and administrative leadership of EMM shall support and guide the implementation of the Policy.
- 4.4 Performance management system shall ensure that the workforce is managed for performance excellence in providing basic municipal services by communicating to management and their employees in developing and achieving high standards of performance.
- 4.5 Performance management system shall ensure that poor performance is addressed and employee productivity is enhanced through motivating employees to achieve their full potential through on-going education and training, and provide an enriched, respectful and diverse work environment conducive to maximising productivity.
- 4.6 Performance management system shall be communicated to all stakeholders prior to implementation.
- 4.7 Performance management system would encourage the involvement of the local community in the development, implementation and review of the EMM's institutional performance management system, specifically in relation to the setting of appropriate key performance indicators and performance standards.

- 4.8 Performance management system shall be implemented and applied consistently, equitable and fairly to all employees.
- 4.9 Performance management system shall promote joint responsibility and accountability by managers/supervisors and employees on performance management processes.
- 4.10 Performance management system shall promote and inculcate a culture of on-going performance monitoring and feedback.
- 4.11 Performance management system shall be developmental and not punitive in nature and encourages implementation of corrective action in cases of under-performance.
- 4.12 Performance shall offer both financial and non-financial incentives to employees who attain the desired performance levels.
- 4.13 Performance management system will comply with applicable legislative requirements and collective agreements (if any).

5. Statutory framework for Performance Management in EMM

Performance Management in the Municipality is underpinned by a legal framework that outlines the guidelines for the institutionalisation of a performance management culture in the municipal organisation. The legal framework provides the statutory provisions to set out a framework on how performance management activities will be routinized and an approach to determine the performance dimensions. In addition, the legal framework determines the scope of coverage of the municipality's performance management system, categories of employees and the performance management instruments.

5.1 Legislation and Regulations

There are various Acts of Parliament, policies and regulations which gives the development and implementation of a PM system in EMM. The Acts of Parliament, policies and regulations are listed in table 1.

Legislation, policy and regulations	Year of promulgation
Acts of Parliament	The Constitution, 1996 The Labour Relations Act, 1995 Skills Development Act, 1998 Basic Conditions of Employment Act, 1997 Employment Equity Act, 1998 The Municipal Structures Act, 1998 The Municipal Systems Act, 2000 The Promotion of Administrative Justice Act, 2000 The Municipal Finance Management Act, 2003
White Papers	The White Paper on Local Government, 1998 Transforming Public Service Delivery, 1997 (<i>Batho Pele</i>)
Regulations	Municipal Planning and Performance Management Regulations, 2001

Legislation, policy and regulations	Year of promulgation
	Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006

Table 1: Statutory framework.

5.2 Levels of performance management

Performance management will be incrementally cascaded to all levels in the Municipality . In cascading performance management including the implementation of a PM system, various means of instruments will be used.

Performance management for	By means of ⁱ	Statutory provisions
Municipal managers-	Performance agreement and scorecard	Municipal Systems Act, 2000 [s. 57(2)], Chapter 6 Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
Chief Operations Officer	Performance agreement and scorecard	Municipal Systems Act, 2000 [s. 57(2)], Chapter 6 Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
Heads of Departments (HoDs): Managers directly accountable to the Municipal Manager and the COO.	Performance agreement and scorecard.	Municipal Systems Act, 2000 [s. 57(2)], Chapter 6 Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
Directors/ Divisional Heads/Strategic Advisors.	Performance agreement and scorecard.	Municipal Systems Act, 2000 [s 51(c), 67(1)(c),(d)], Chapter 6 Municipal Systems Act, 2000-Schedule 2: Code of Conduct for Municipal Staff Members- 3 Commitment to serving the public interest. Municipal Planning and Performance Management Regulations, 2001
Executive Managers, Managers and Supervisor.	Performance agreement and scorecard.	Municipal Systems Act, 2000 [s 51(c), 67(1)(c),(d)], Chapter 6 Municipal Systems Act, 2000-Schedule 2: Code of Conduct for Municipal Staff Members- 3 Commitment to serving the public interest. Municipal Planning and Performance Management Regulations, 2001
All other staff members.	Performance commitments and workplans and/or standards framework.	Municipal Systems Act, 2000 [s 51(c), 67(1)(c),(d)], Chapter 6 Municipal Systems Act, 2000-Schedule 2: Code of Conduct for Municipal Staff Members- 3 Commitment to serving the public interest. Municipal Planning and Performance Management Regulations, 2001

Table 2: Levels of performance management.

6. Integrated performance management

The PM system seeks to measure and manage performance at different levels within the Municipality. The system plans to link the individual employees' objectives to the overall strategic goals of the Municipality. The alignment links the organisational strategic objectives, goals and performance measures to those of individual employees.



Figure 1: Performance Management Hierarchy

The Municipality's performance management is a deliberate connector of strategic objectives and individual goals. The system seeks to facilitate recreation of a strategy-led organisation. The primary source of the Municipality's performance is the EMM GDS 2025. The strategic postures and programmes outlined in the EMM GDS 2025 would guide the development of performance measures (KPIs and targets).

Organisational and individual performance measures should seamlessly reflect the strategic direction of the Municipality. In essence every performance measure should demonstrate linkage to the Municipality's vision, mission and strategic objectives and goals. The performance measures should be cascaded throughout the organisation as depicted in figure 1.

The cascading of performance measures takes cognisance of varying levels of responsibility, accountability and performance in the organisation. Each individual employee would be accountable for the attainment of a specific measure in the value-chain of the overall organisational performance. The performance measures of the HoD will not necessary be same as those of his/her direct reports.

7. Scope of application and interpretation

7.1 The Performance Management Policy applies to all employees (section 56 employees, fixed-term employment contract employees and permanent employees) of the municipality subject to the relevant regulatory prescripts.

7.2 Any dispute arising from the application and interpretation of this Policy and Procedure will be handled and resolved through the delegations and discretion of the relevant structures and managers as per the policy. Disputes will be resolved by way of official EMM Grievance Procedures.

8. Breach of Policy

8.1 Any employee of EMM who intentionally or negligently breaches this Policy shall be subjected to investigation and would face disciplinary action using the Disciplinary Code of Conduct and Procedure.

PART TWO: PERFORMANCE MANAGEMENT FRAMEWORK

9. Policy

9.1 The Performance Management Cycle

- 9.1.1 Performance management is a process through which performance is defined, managed, reported and sanctioned.
- 9.1.2 Performance management is a process which is designed to improve organisational, team and individual and which is owned and driven by line managers- M. Armstrong and A. Baron, 1998. Performance management is about planning, coaching, feedback, reviewing and appraising, recognising and rewarding performance.
- 9.1.3 The performance management cycle (PM cycle) describes the annual core activities that the Municipality would undertake in the implementation of a PM system. The core activities indicate the process on how and when the municipality would identify annual strategic objectives and set performance measures. The cycle represents the process in which the municipality gathers, analyse, review, audit, and report on performance information including rewarding outstanding and dealing with undesired performance.

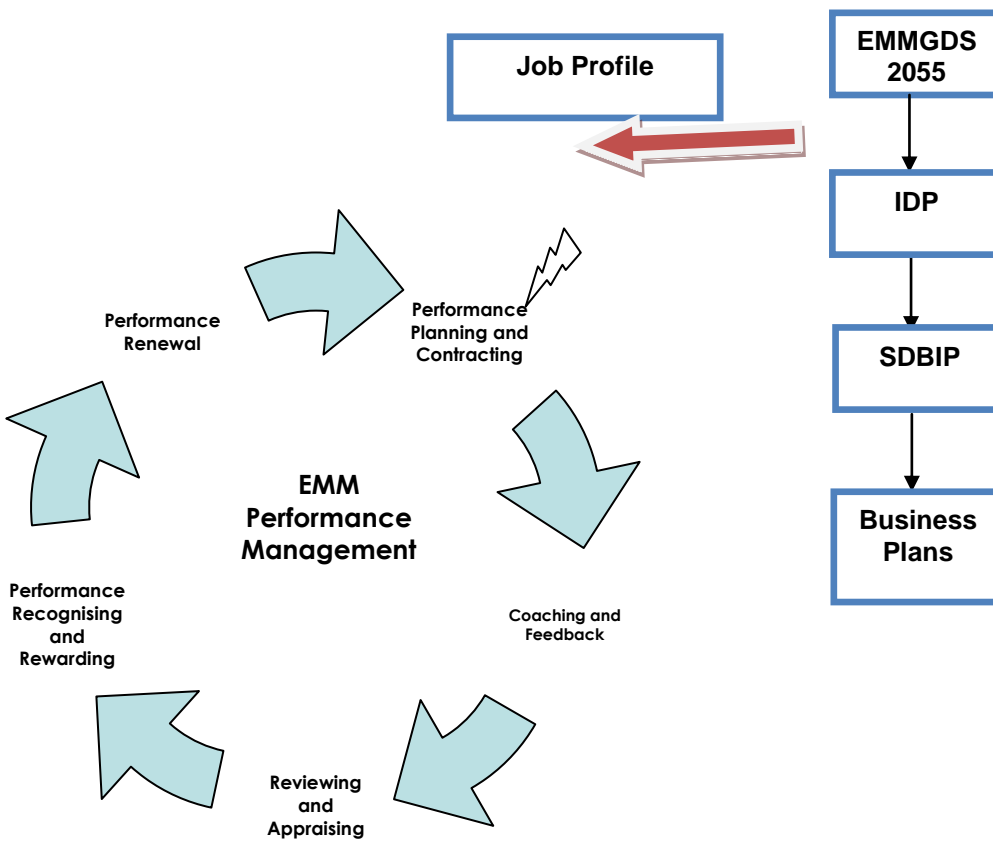


Figure 2: Performance Management Cycle

The municipal financial year commences on the 1st July of each year to the 30th June the next year. The performance management cycle comprises five main phases:

- 9.1.3.1 **Performance planning and contracting** is a formal process of developing performance plans and personal development plans and contracting an employee through the signing of both documents which outline the performance expectations and development needs to be addressed in a specific financial year.
- 9.1.3.2 **Coaching and Feedback** means consistently measuring performance and providing on-going feedback to employees and work groups on their progress toward reaching their goals. On-going monitoring provides the opportunity to check how employees are doing and to identify and resolve any problems early. Coaching is equally important to provide feedback on areas of success as on those requiring improvement.
- 9.1.3.3 **Reviewing and Appraising** is a formal assessment of the progress made towards attainment of the KPIs and targets in the performance plans. A half-yearly performance review will be held to assess performance for the first six (6) months of the year (in **January/February current financial year**) and a final (year-end) review of the current financial year will be conducted after the Auditor-General has submitted his/her report to the municipality (in **January-February of new financial year**).
- 9.1.3.4 **Performance Recognition and Rewarding** is a formal process which involves the recognition and rewarding of employees who have met and exceeded the desired levels of performance expectations agreed during the planning and contracting phase. The recognition and rewarding of municipal employees who meet performance expectations outlined in their performance plans would be incentivised with both financial and non-financial awards.
- 9.1.3.5 **Performance Renewal** is a repeat of the “Performance Planning and Contracting” phase, incorporating the additional data and insights gained during the previous appraisal process. The manager and employee revise any of the objectives that may have changed over the year and set new objectives and standards for the upcoming performance period and finally creating the on-going and continuous nature of the performance management cycle.

9.2 Performance planning and contracting

- 9.2.1 All employees are required to develop and sign a performance agreement, performance instrument and a personal development plan (PDP).
- 9.2.2 Employees at all levels must develop and sign a performance agreement, performance instrument and a PDP, jointly with his/her manager/supervisor before the commencement of the new financial year (in **April-May**).
- 9.2.3 New employees should develop and sign a performance agreement, performance instrument and a PDP within **60 days** of employment.

9.3 Individual performance agreements

- 9.3.1 The municipal manager and managers directly reporting to the municipal manager and other employees employed in terms of section 56 would develop and conclude a **performance agreement (PA)** as per the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 and permanent employees would enter into **workplan agreement (WPA)** and **standards framework agreement (SFA)** or any other suitable instrument.

9.4 Performance agreement (PA) is applicable to the Municipal Managers, managers directly reporting to the municipal manager and other employees employed in terms of section 56 of the MSA, 2000. A performance plan or scorecard is attached to the PA. In terms of the plan or scorecard, performance is assessed in terms of KPAs and targets (outputs and deliverables) rather than activities. Permanent employees who holds managerial positions and controls significant resources may also develop and conclude a performance agreement and a plan or scorecard.

9.4.1 A **Workplan agreement (WPA)** is applicable to all permanent employees. In the WPA, performance is assessed in terms of actions required to complete the identified tasks.

9.4.2 **Standards framework agreement (SFA)** is applicable to same categories of professional employees who perform repetitive work determined by a set of professional standards prescribed by applicable legislative and policy dictates and professional bodies.

9.5 Performance plans (scorecards and workplans)

9.5.1 Performance plans shall capture the agreed performance expectations outlined in the performance dimensions and measures (KPAs, baselines, KPIs and targets) including the identified activities and tasks. In addition, the performance plans should include the agreed and applicable standards.

9.5.2 Performance plans should capture and articulate the strategic objectives of the EMM GDS 2055 (long term strategy), 5-year IDP, 1-year SDBIP, the requirements of the strategy implementation plan (SIP) and business plans.

9.5.3 Assign appropriate weighting to each KPA, KPI and targets in line with the 5-point rating scale. The total of the weightings should amount to 100 points.

9.5.4 Targets should be broken into the annual and quarterly quantification.

9.5.5 The performance instrument should be concluded and signed within the prescribed period.

9.5.6 The individual employee's planning and contracting is preceded by the Cluster's strategic planning process. Each Cluster should develop its strategic objectives and programme of actions which are adequately resourced and informed by measurable indicators and targets. The Cluster programme of action should be lead into a cluster scorecard and cascaded into the individual performance instruments of the Cluster Coordinators.

9.5.7 The Cluster Scorecard would form the basis for the performance agreement of the Executive Mayor and Members of his/her Mayoral Committee.

9.5.8 The employer may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be on agreement between both parties.

9.6 Personal development plans (PDPs)

9.6.1 A PDP is an instrument to identify the development needs of an employee which needs to be addressed through identification and facilitation of appropriate training and development interventions in order to assist the employee to achieve the performance expectations agreed and concluded in the performance agreement and plan. A PDP is person-specific and is the outcome of a discussion between the line manager and an individual. This development plan consists of two components:

- a. Competencies (knowledge, skills, experience and personal behaviours) required to achieve agreed objectives and anticipated future needs to keep up with technology or other changes within the current job and the institutional needs.

- b. Anticipated future needs in order to advance the individual's career line Managers have the responsibility to determine what development is supported and when. This support can be in the form of payment, time-off, mentoring, etc. Some of the factors that need to be considered include:
- Operational requirements
 - Fairness and equal opportunities for all staff
 - Budgets available
 - Identifying the barriers
 - Prioritising development needs. Not all development needs may be met in any particular year.

9.6.2 It is the responsibility of the individual employee to identify appropriate development opportunities. The line manager, however, is accountable for creating the space and time for development and to assist with identifying development opportunities together with monitoring development and giving feedback.

9.6.3 Performance monitoring and coaching

9.7 Performance Monitoring is a continuous process that runs parallel to the implementation of the IDP and SDBIP. The following actions are carried out:

9.7.1 Determine the data/information to be collected in order to assess performance.

9.7.2 Determine and select the method of data/information collection, storage, verification and analysis.

9.7.3 Comparing of current performance with performance during previous financial years and baseline indicators.

9.7.4 Each Department/Division/Individual has the responsibility to collect relevant data, statistics and information to support the Monitoring Process. Evidence of performance has to be gathered and presented to substantiate claims of attaining (or failing to attain) performance targets and standards.

9.8 Performance reviews

Performance reviews are an on-going process of planning and monitoring performance. These reviews compare actual performance during a specified review period with planned performance for that period. From that comparison, concerns can be addressed, modifications can be made to performance expectations, and future direction can be planned. Performance reviews also serve as formal documentation of performance and for employee development and promotion.

9.8.1 Performance Review is a process where the organisation, after measuring its own performance, assesses whether it is giving effect to the IDP/SDBIP.

9.8.2 In line with guidelines contained in the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 , reviews on the performance of individuals must take place quarterly. In this regard Section 28 of the Regulation stipulates the following:

- a) Section 28 (1): The performance of the employee in relation to his or her performance agreement must be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

Quarter / Month	Process	Date
1 st (July- September)	Monitoring and Coaching.	October: Current FY
2 nd (October-December)	Mid-year Review.	January-February: Current FY.
3 rd (January- March)	Monitoring and Coaching.	April. Current FY.
4 th (April- June)	Final review.	January-February: Next FY

- b) The employer must keep a record of the mid-year review and annual assessment meetings.
- c) Performance feedback must be based on the employer's assessment of the employee's performance.
- d) The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.
- e) The employer may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be on agreement between both parties."

9.8.3 Two formal (compulsory) performance reviews shall be conducted in a financial year.

Half-yearly performance review:

- a) At mid-year, the supervisor and employee meet to discuss progress the employee has made toward accomplishment of goals, objectives or accountabilities. Determine if the employee is on-track to meet his/her goals. If not, a plan to get them back on-track should be discussed and agreed upon.
- b) Performance deviations can only be submitted during the half-year performance assessment in the prescribed format.
- c) Performance evidence shall be presented for all targets due at mid-year.
- d) The performance evidence would be subject to performance audit by Internal Audit and reconciled and rated at the end of the financial year.

Final performance review:

- a) In the event where the political head of a specific cluster is not the MMC of an HoD in the cluster, the chairperson of the cluster should form part of the final assessment of all HoDs in the cluster. The chairperson of the cluster can nominate another MMC to represent him/her in the final review sessions. This forms part of the 360° evaluation process.
- b) The 360° evaluation process requires that where feasible, inputs from customers, peers and subordinates, should form part of the final review process of the employees.
- c) The final assessment would take place after the Annual Report and Auditor General's report has been considered and recommended by the Oversight Committee and approved by the municipal Council between **March – May** of each financial year.
- d) The results or scores of the final reviews of each employee would be communicated to Remuneration Committee wherein only those who scored 3 and above would be considered for bonus.

e) A comprehensive table of key performance management activities is attached below:

Human Resource Management and Development

PM Activity	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Conclude and sign performance agreements.											✓	
Submit Council approved Performance Agreements to governance structures and the MEC for Local Government.										✓		
Make public annual performance agreements and ensure that copies are provided to Council and MEC for Local Government.										✓		
Place annual performance agreements on the municipal website.										✓		
Half-yearly quarterly performance review of all employees on the PM system.								✓				
Final annual performance review of the City Manager.									✓			
Quarterly collection and validation of performance information by the Internal Audit and External parties (Panel, Quality Assurers).	✓			✓			✓			✓		
Audit and oversight reports presented to Council by 25 January (Internal Audit).							✓					
Conclusion and submission of performance assessment results of CM and Direct Reports to Remuneration Panel.									✓			
Moderation of performance results.												
Conclusion and submission of performance assessment results of CM, Direct Reports to Council.											✓	
Recognising and rewarding of performance based on the final assessment of the previous financial year. Appropriate rewards as recommended by the Remuneration Committee and subject to Council approval would be paid to deserving employees within 60 days after such approval.											✓	

9.9 Performance instrument (Scorecard, Workplans and Standards Framework) development

- 9.9.1 Every employee on the PM system shall develop and conclude a performance agreement and/or the applicable performance instrument. The performance agreement and the performance instrument shall be developed and concluded during the May period of each municipal fiscal year (July-June). The development and conclusion (signing) of any applicable performance instruments is underpinned by the following guidelines:
- 9.9.2 Each scorecard of section 56 employees and managers should contain Performance measures (key performance indicators (KPIs) and targets) for the five KPAs of local government (Basic service delivery, local economic development, municipal transformation and organisational development, municipal financial viability and management and good governance and public participation) and/or identified performance dimensions as per EMM Growth and Development Strategy (GDS) 2055.
- 9.9.3 Employees on other performance instruments will identify strategic objectives and highest standards developed by their professional bodies and/or approved by EMM.
- 9.9.4 KPIs and targets should strategic, result focussed and limited and will be biased towards **lead measures**.
- 9.9.5 KPIs and targets should be SMART (simple, measurable, attainable, realistic and time-bound).
- 9.9.6 Employees should choose KPIs and targets that can be supported by concrete evidence (performance data). Such performance data should be collected without much effort.
- 9.9.7 Performance data required to demonstrate achievement should lend itself to independent verification process by both internal and external sources.

9.10 Assigning weightings

- 9.10.1 Performance scorecards, performance commitments and standards frameworks must be assigned weightings of a total of 100%.
- 9.10.2 Each KPA and/or identified performance dimension must be assigned a weighting of the 100% commensurate with the importance of such KPA.
- 9.10.3 Each KPA and/or identified performance dimension must be assigned one or more KPIs and targets.
- 9.10.4 Unit of analysis for KPIs and targets is a number (#) or percentage (%).
- 9.10.5 Each KPI is then considered in terms of the rating scale of **1 is to 5**, and the indicators of performance at each level must be defined.
- 9.10.6 No KPA and/or identified performance dimension should be assigned a weighting of more than **30%**.
- 9.10.7 **Baseline information** should be provided for each KPI.

Performance instruments applicable to levels permanent employees and non-section 56 employees will be developed in consultation with organised labour as part of the over approval of the PM Policy of EMM.

9.11 Performance evidence:

- 9.11.1 Each employee on the PM system should develop a portfolio of evidence to support reported performance. The portfolio of evidence of the HoDs should be provided to the OCM (HoDs) and all other employees should submit their portfolio of evidence to the HRM&D department.
- 9.11.2 The portfolio of evidence would be subjected to a verification and validation process to ensure that such evidence meets the criteria of reliability and validity.
- 9.11.3 Employees shall submit evidence which is:
- Indisputable (clearly reflect the facts);
 - Unambiguous (clearly reflect the achievement/non-achievement of the KPI); and
 - Concise (reviewers should not have to “wade through” piles of paper to ascertain whether the KPI has been met – rather, they should be able to tell quickly and with certainty whether the employee has met his/her KPI).
- 9.11.4 Internal Audit shall play a role in the auditing of individual employee performance evidence as part of the overall quality assurance process.

9.12 Performance evaluation (scoring and rating):

- 9.12.1 The evaluation (scoring and rating) of performance shall only occur at the end of the performance cycle i.e. during the final review or at any time during the performance cycle if the supervisor is of the opinion that an employee’s performance is markedly below what is required.
- 9.12.2 EMM would use a 5-point rating scale and would rate the performance of employees on two components:
- a) Rating the performance scorecard, performance commitment or standards framework; and
 - b) Rating the competency profile.
- 9.12.3 The activities KPAs, outputs, deliverables and tasks are weighted **80%**.
- 9.12.4 The competency profile will be used primarily for developmental purposes and therefore will only be weighted **20%**.
- 9.12.5 **Municipal Manager**
The Municipal Manager would be rated by the Executive Mayor assisted by the Performance Management Panel established as per the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

9.12.6 Heads of Department (HoDs)

- a) The final performance reviews of HoDs would be conducted by the Municipal Manager and/or the COO and the MMCs responsible for the portfolio of the section 56 employee under review including the chairperson of the Audit Committee and Municipal Manager of another municipality as per the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.
- b) In cases, where the HoD reports to more than one MMC, all affected MMCs would form part of the Panel that assesses the mid-year and final performance review of the HoD.
- c) The MMC shall be allowed to nominate (in writing) another MMC to represent him in the assessment of the HoD(s) in his/her portfolio.
- d) The final performance rating and all comments must be agreed to by all parties involved in the final review, and signed off.

9.12.7 All other employees

- a) The mid-year and final performance reviews including the rating and scoring of all other employees (fixed-term employment contract employees and permanent employees) shall be conducted by their **immediate supervisor and a representative from the department of HRD.**
- b) In the event that the immediate supervisor or manager is unable to conduct the mid-year and final performance reviews of employees directly reporting to him/her, his/her immediate supervisor or manager would conduct the performance reviews.
- c) The final performance rating and all comments must be agreed to by all parties involved in the final review, and signed off.

9.13 Rating scale

EMM would use a 5-point rating scale as outlined in the municipal performance management regulations. The 5-point scale is used to properly take into account the weighting of the performance areas, activities, outputs and tasks and competency profiles.

RATING	MEANING
5	Outstanding performance: Performance far exceeds the standard expected of an employee at this level.
4	Performance significantly above expectations: Performance is significantly higher than the standard expected in the job.
3	Fully effective: Performance fully meets the standards expected in all areas of the job.
2	Performance 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.

RATING	MEANING
1	Unacceptable performance: Performance does not meet the standard expected for the job. 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 4: Five point scale

9.14 What constitutes outstanding performance

9.14.1 EMM has not developed a framework to define, in practical terms, the current desired levels of performance as indicated in the table above. In the meantime, outstanding performance would refer to the full attainment (100% or more) of the annual target in the performance plan and performance would be significantly above expectations if the employee achieves between 95%-100% of the annual target.

9.15 Assigning scores to KPAs and KPIs

- 9.15.1 Each KPA must be weighted out of a total 100%.
- 9.15.2 Each KPI in every KPA must be scored between 1-5 as outlined in the 5-point rating scale
- 9.15.3 Scores of each KPI in every KPA must be added together and divided by the number of KPIs.
- 9.15.4 The average scores should not be rounded-off.

The table below provides an example of scoring KPIs.

Key Performance Area	KPA Weighting	Key Indicator	Performance	Individual Rating (1-5)	Final KPA
1. KPA 1	20%	KPI 1.1		4	$(4+3+4)/3 = 3.6$
		KPI 1.2		3	
		KPI 1.3		4	
2. KPA 2	30%	KPI 2.1		3	$(3+4+2+3)/4=3$
		KPI 2.2		4	
		KPI 2.3		2	
		KPI 2.4		3	
3. KPA 3	10%	KPI 3.1		3	$(3+2+4)/3 = 3$
		KPI 3.2		2	
		KPI 3.3		4	
4. KPA 4	20%	KPI 4.1		4	$(4+4+4)/3 = 4$
		KPI 4.2		4	
		KPI 4.3		4	
5. KPA 5	20%	KPI 5.1		4	$(3+2+4)/3 = 3$
		KPI 5.2		5	
		KPI 5.3		5	
		KPI 5.3		5	

Key Performance Area	KPA Weighting	Key Indicator	Performance	Individual Rating (1-5)	Final KPA
Total	100%				

Table 5: Scoring of KPAs and KPIs.

9.16 Rating calculator

9.16.1 The HR department would provide guideline on the calculation of the KPAs and KPIs in order to determine level of performance and eligibility to receive financial rewards by any employee on the PM system in the municipality.

9.16.2 A rating calculator or any other suitable instrument will be used to average the rating of each KPI in the scorecard.

10. Recognising and rewarding performance:

EMM would reward employees who meet and exceed the performance targets and obligations in their individual performance plans. The performance bonuses are regulated by the municipality's policies and budget imperatives.

10.1 Section 56 employees

10.1.1 The Municipal Manager, managers directly reporting to the municipal manager employed in terms of section 56 of the MSA, 2000, fixed-term contract employees and contractors and any other individuals shall be entitled to receive a performance bonus commensurate with the final rating and scores obtained during the final performance review at the end of the performance year. The performance bonus of such employees would not exceed 14% of their cost-to-company (CTC) or criteria recommended by the Remuneration Committee and the Mayoral Committee and approved by the municipal Council.

10.1.2 Appropriate rewards as recommended by the Remuneration Committee and subject to Council approval would be paid to deserving employees (those with a score of 3 and above) within **60 days** after such approval and subject to **affordability**.

10.2 Permanent employees or bargaining council employees

10.2.1 Permanent employees who fulfil the requirements of their performance instruments shall be entitled to performance incentives.

10.2.2

11. Payment of performance bonuses

- 11.1 in accordance with regulation 32 of the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, a performance bonus, based on affordability, may be paid to the employee, after -
- a) the annual report for the financial year under review has been tabled and adopted by the municipal council;
 - b) an evaluation of performance in accordance with the provisions of regulation 23; and
 - c) approval of such evaluation by the mayoral committee as a reward for outstanding performance.

12. Integrating organisational and individual performance

- 12.1 EMM has taken a decision to foster organisational and individual performance. The integration of organisational and individual performance seeks to create a result-oriented organisation whose individual components lead to the whole. In this regard, the organisational performance would be measured through the Municipal scorecard as concluded and signed by the municipal manager in his or her capacity as the head of the administration and accounting officer responsible for the overall performance of the municipality.
- 12.2 The integration of the organisational or departmental performance with that of the individual employee has translated in the division of the maximum performance bonus (**14%**) into two components:
- 12.2.1 Individual performance is worth a maximum of **9%**; and
 - 12.2.2 Organisational performance is worth a maximum of **5%**, **those with a score below 4 are not eligible for the 5%**.

13. Managing performance outcomes

- 13.1 Every employee should be informed of the results of the final performance reviews in writing and if the employee's performance is unsatisfactory, be informed of the reasons for that assessment.
- 13.2 An employee, who is not satisfied with the outcome of her or his assessment, may refuse to sign it. The employee's supervisor must clearly identify the appeals route for an employee who is not satisfied with the outcome of her or his assessment. At any appeal against the outcome of her or his assessment, a fellow employee or a representative of her or his trade union may assist the employee.
- 13.3 The communication of the outcome of performance assessment shall be done within the parameters of prevailing legislation such as Access to Information Act and other applicable legal provisions.
- 13.4 EMM would deal with poor performance within the context of principles of fairness espoused in the LRA, 1995. Schedule 8 of the Labour Relations Act (The Code of Good Practice: Dismissal) sets out the procedure for dismissing an employee for poor work procedure.

14. Dispute resolution on performance results

- 14.1 The provisions of the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 shall guide the management of any dispute arising from performance reviews.
- 14.2 EMM would establish dispute resolution mechanisms to deal with any disputes arising from the performance outcomes of any employee who is not employed as a Municipal Manager or manager directly reporting to the Municipal Manager.

15. Roles and Responsibilities

The PM Policy of EMM assigns various roles and responsibilities to key players for the effective implementation of the performance management in the Metro. The table below outlines the roles of various stakeholders:

15.1 The Strategy and Corporate Planning Department

The Strategy and Corporate Planning Department in the OCM is responsible for the coordination of strategic planning, setting of overall priorities, strategic objectives and performance measures for the organisation. This responsibility also entails the implementation of the organisation component of the EMM's performance management system. The Department is therefore responsible to collate, consolidate, process, analyse and report on the IDP, SDBIP and develop the annual report. In addition, the department would coordinate the implementation of a monitoring and evaluation framework and systems.

15.2 The Human Resources Department (HRD)

The HR department is the custodian of the individual performance management system. The department is entrusted to:

- (i) Communicate the PM system to all employees;
- (ii) Operates effectively, and iii) adheres to quality control requirements.
- (iii) The department must ensure that all applicable personnel (i.e. managers with staff) are trained in the system and should encourage them to request assistance in planning, coaching and/or in conducting performance reviews as and when required.

The specific responsibilities of this department include:

- Addressing all governance issues as related to the performance management system;
- Ensuring that all managers and employees undergo training with regards to the performance management system;
- Ensuring that all performance is assessed as objectively and as fairly as possible;

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- Overseeing the coordination and completion of required documentation for formal reviews, including scorecards, review forms and personal development plans;
- Coordinating and consolidating the calculations of final scoring and recommendations to the Performance Audit Committee and Remuneration Panel; and
- Involving the HR Department in the arbitration of any appeal or grievance related to the performance management system and protecting any employees taking this course of action from victimisation.

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
EMM Council	<ul style="list-style-type: none"> • Set vision, mission and strategic direction of the municipality; • Approve the Performance Management Framework and Policy; • Submit annual report to Auditor General/ MEC; • Receive reports from performance audit committee; • Monitor Municipal Performance; • Receive performance reports from the Executive Mayor; • Appoint Audit Committee; • Approves the Remuneration Policy for section 56 employees and Incentive Scheme for all employees; • Approves the Non-Financial Incentive Scheme for Permanent Employees; and • Approve budget for rewarding and recognising good performance. 	<ul style="list-style-type: none"> • Optimum and equitable service delivery. • Promotes public awareness and satisfactions. • Facilitates a process of benchmarking and collaboration with other municipalities. • Provides a mechanism for the monitoring, implementation and review of the IDP.
Executive Mayor	<ul style="list-style-type: none"> • Facilitate development of IDP and PMS; • Receive monthly reports on implementation of PMS; • Review performance of the municipal manager; • Report on organizational performance to the Council quarterly; • Recommend the allocation of performance scores of section 56 employees to Council and; • Receives performance reports from the 	

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
	Performance Audit Committee.	
Members of the Mayoral Committee	<ul style="list-style-type: none"> • Provide strategic direction and manage development of IDP. • Oversee the implementation of PMS in their departments as per the Executive Mayor's sub-delegation of his roles and responsibilities and the separation of powers model. 	
Section 79 Committees	<ul style="list-style-type: none"> • The role of Section 79 Committees in the implementation of the PM system is meant to enhance accountability, transparency and realise the separation of powers between the legislature and the executive. • The definite role of Section 79 Committees in the implementation of PMS is outlined in their terms of reference. • Makes recommendations in the development of performance scorecards for the Municipal Manager and managers directly reporting to the Municipal Manager. • Supports the Executive Mayor in the assessment of the Municipal Manager. 	
Performance Management Panel	<ul style="list-style-type: none"> • Makes recommendations in the development of performance scorecards for the Municipal Manager and managers directly reporting to the Municipal Manager. • Supports the Executive Mayor in the assessment of the Municipal Manager. 	
Performance Audit Committee	<p>As permitted by legislation (MPPMR, 2001) the Performance Audit Committee may determine its own procedures after consultation with the Executive Mayor of EMM.</p> <p>The Performance Audit Committee shall be established for the purposes of:</p>	

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
	<ul style="list-style-type: none"> • Reviewing the quarterly performance reports; • Reviewing the municipality's performance management system and make recommendations in this regard to the Council; and • At least twice during a financial year submit an audit report to the EMM's Council. 	
Performance Moderation Committee	<ul style="list-style-type: none"> • Moderate performance scores and recommend to the Mayoral Committee 	
Municipal Manager	<ul style="list-style-type: none"> • Assigned the responsibility of developing the PMS; • Ensure alignment of the PMS alignment with other systems; • Oversee the implementation of the PMS submitting the required performance reports on regular basis to Council and other structures; • Ensure that the system is implemented in line with legislative and policy frameworks; • Mediate over disagreements between supervisors and employees; and • May delegate the implementation of the PMS to the COO. 	<p>Clarifies goals, targets and work expectations of the executive management team, departmental managers, line managers and individual employees. Facilitates the identification training and development needs at different levels in the municipality.</p> <p>Provides an objective basis upon which to reward good performance and correcting under performance.</p>
Heads of Departments, Executive Managers and Managers	<p>Performance management is a line function responsibility. Every HoD and supervisor is primarily responsible for managing performance and performance management in their respective departments, divisions, business units. Each manager is responsible to:</p> <ul style="list-style-type: none"> • Compile performance reports; 	<p>Mechanism for early warning indicators to check and ensure compliance.</p>

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
	<ul style="list-style-type: none"> • Jointly, with an employee, develop performance scorecards and other performance instruments that will help achieve the Department's objectives; • Conduct regular monitoring and coaching sessions on performance; • Collate the required evidence to support achievement against performance measures and targets; • Timely identify areas requiring performance improvement and develop and implement performance improvement plans for unsatisfactory performers; • Conduct annual performance reviews; • Develop and implement, jointly with employees, personal development plans; and • Speedily address grievances in terms of the grievance procedure. 	
The PMS manager	<ul style="list-style-type: none"> • To design, pilot and conduct training on a PMS system as well to compile quarterly and annually Organisational PMS reports based on the Departmental Performance Reports and the assessment by the Municipal Manager incorporating reports from the HR Manager regarding the individual appraisals (EPAS) and to indicate progress on realising Municipal Objectives. 	
The Human Resource Manager	<ul style="list-style-type: none"> • To ensure the design, development, consultation and implementation of an individual performance appraisal system; to align the HR procedures such 	

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
	<p>as the Work Skills Plan, EE Plan, Employee Relations policies and practices, employee wellness programme, etc. to the institutional PMS; and to develop Performance Agreements in terms of the municipality's EPAS.</p>	
Supervisors	<ul style="list-style-type: none"> • To provide employees with performance feedback. To utilise a designated instrument to complete quarterly and annual performance assessment for an employee within a designated assessment period. 	
Employees	<ul style="list-style-type: none"> • Equal participation with supervisors in developing performance plans/scorecard and other performance instruments; • Take responsibility for her or his own personal development; • Understanding of own job description and responsibilities; • Understanding of the Department's strategic objectives and how he/she can contribute to achieve these objectives; and • Provide feedback to supervisor on obstacles to achieving agreed objectives/standards. 	
The Internal Audit	<ul style="list-style-type: none"> • Internal Audit Committee is required to develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes. This legislative requirement entails an assessment of the following: 	<hr/>

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
	<p>(i) The functionality of the municipality's performance management system;</p> <p>(ii) whether the municipality's performance management system complies with the Act; and</p> <p>(iii) The extent to which the municipality's Performance measurements are reliable in measuring performance of municipalities on indicators referred to in regulation 9 and 10.</p> <p>Internal Audit is further required to:</p> <p>(a) Audit the performance measurements of the municipality on a continuous basis; and</p> <p>(b) Submit quarterly reports on their audits to the municipal manager and the performance audit committee.</p> <p>To verify the correctness of the information submitted in a form of the organizational Report by the PMS Manager before it is submitted to the Municipal Manager and the Audit Committee.</p>	
Ward Committees, communities and residents	<p>Public/ Community Involvement.</p> <ul style="list-style-type: none"> • Involved in identification of development needs; • Involved in the development of KPIs and targets in their respective ward areas; • Receive and comment on quarterly performance progress reports; 	Provide a platform for community to inform and communicate with councillors.

STAKEHOLDERS	INVOLVEMENT WITH: IDP, ORGANISATIONAL PM, INDIVIDUAL PM	BENEFITS
<p>OTHER PARTNERS:</p> <ul style="list-style-type: none"> • Auditor General • Performance/Audit Committee • National Treasury • DPLG • SALGA 	<ul style="list-style-type: none"> • Participate in the reviews of the municipal performance; • Be given the opportunity to indicate their perceptions on the municipal performance through performance surveys and other instruments; and • Submit, through ward committee structures, monthly independent performance progress reports on service delivery programmes and projects in their ward areas. <ul style="list-style-type: none"> • Ensure legal compliance. • Independent audit on legal compliance. • Prescribe relevant legislation. • Provide PMS advice and guidance. • Evaluate PMS. • Support the implementation of PMS. • Facilitate compliance to PMS requirements. • Provide advice. • Support Municipalities to implement PMS. 	<p>Provides early warning signals of under-performance, which can enable proactive and timely interventions in municipalities experiencing difficulties.</p>

Table 6: Roles and responsibilities

16. General policy provisions

16.1 Employees on probation

16.1.1 All newly appointed employees will enter into probation for a period of 3 months or more. All employees on the probationary period must first undergo and complete a probationary review process. The Performance Management System process will commence following successful completion of a probationary period.

16.2 Employees on acting positions

16.2.1 Employees on acting positions are only entitled to benefit from the Bonus Incentive Scheme if they had conclude and signed a performance agreement and performance instrument and have completed more than 2/3 of the performance year (12 months) and have been subjected to the performance assessment processes during the year.

16.3 Employees on FTCs whose contracts terminates during a performance period

16.3.1 An employee whose employment contract terminates during or after the end of a performance year under review should be entitled to a final performance review if they had:

- Completed the performance cycle (12 months); or
- Completed 2/3 of the performance cycle under review.

16.3.2 Should they meet the requirements of the performance assessment, such employees would be entitled to a performance bonus proportionate to the period completed.

16.4 Employees facing disciplinary action during the final review process and payment of bonuses

16.4.1 An employee who is facing disciplinary action at the time of final reviews would not be entitled to receive a performance bonus pending the results of their case.

16.5 Employees on Maternity Leave

16.5.1 Employees who were on maternity leave during a specific financial year are only entitled to benefit from the Bonus Incentive Scheme if they had competed at least 9 months of the PM cycle.

17. Review of the policy on performance management

17.1 The Performance Management System shall be reviewed at least every 3 years or as and when required.

17.2

18. Repeal of the previous policies

18.1 Any previous policy Performance Management System is rescinded by this Policy