



# LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF LOCAL GOVERNMENT & HOUSING**

## **PERFORMANCE MANAGEMENT SYSTEM POLICY**

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## **1. Preamble**

The purpose of these policy guidelines is to customize the principles and framework of Performance Management System (PMS) in the Department with a view to providing measures and guidelines for the improvement of Departmental and individual performance as well as service delivery. The performance of employees is critical to the success of any organization to achieve its goals. The Performance Management system provides measures for the department to determine the extend to which individual employees achieve their set objectives and the overall performance of the department in terms of its mandates.

## **2. Objectives**

- ❖ To provide a framework to manage performance in a consultative, transparent and non-discriminatory manner in order to enhance efficiency and effectiveness.
- ❖ To allow for the development of common language and the use of standard terminology
- ❖ To create a culture of best value approach to service delivery
- ❖ To ensure a linkage between the Departmental Strategic Plan and organizational and individual performance.
- ❖ To develop PMS Service Delivery Standards for Units and performance of individuals.
- ❖ To provide guidelines on the assessment and rewarding of individual performance.
- ❖ To provide guidelines of dealing with under-performance.
- ❖ To develop the skills that assist individuals in performing their functions.
- ❖ To provide guidelines on career pathing and corrective placement.
- ❖ To provide disputes resolution mechanism

## **3. Mandates**

The Department's Performance Management System has been developed based on amongst others, the following mandates:

### **3.1. Acts of Parliament**

- (a) The Constitution, 1996
- (b) The Public Service Act, 1994
- (c) The Labour Relation Act, 1995
- (d) Skills Development Act, 1998
- (e) Basic Conditions of Employment Act, 1998
- (f) Employment Equity Act, 1998
- (g) The Public Finance Management Act, 1999
- (h) The Promotion of Administrative Justice Act, 2000

### **3.2. White Papers**

- (a) Transforming Public Service Delivery (Batho Pele), 1997

- (b) Public Service Training and Education, 1998
- (c) Transformation of the Public Service, 1995
- (d) Affirmative Action in the Public Service

### **3.3. Regulations.**

- (a) Public Service Regulations, 2001
- (b) Treasury Regulations, 2001
- (c) DPSA guidelines and Provincial PMS policy

### **3.4. Collective Agreements**

PSCBC Resolution 3 of 1999 (performance related financial rewards and incentives) any other PSCBC Resolutions.

## **4. Policy Provisions and Responsibilities.**

### **4.1. Consultation with Employee Organizations.**

The Department shall consult with recognized Labour Unions in the Provincial Administration for effective implementation of the PMS.

### **4.2. Coordination of PMS**

The Human Resource Planning component shall coordinate and monitor the implementation of Performance Management System in the Department.

### **4.3. Performance Management Committees [PMCs]**

Members of the PMC shall be appointed and assigned the oversight function on the implementation of PMS by the Head of Department. The PMC shall consist of not more than five [5] members of the SMS. The Manager: Performance Management shall provide secretarial services to the PMC. Recognized Labour Union must also be represented.

#### **4.3.1 Main functions of PMC**

- (a) Strategically monitor the implementation of PMS in line with the Departmental Management Plan, Provincial and Departmental PM-policy guidelines.
- (b) Regularly advise the HOD on what steps needs to be taken in order to ensure full compliance with PMS by all employees.
- (c) Use annual performance evaluation results consolidated by the PMC secretariat as a key milestone to look at the overall performance of the Department.
- (d) Ensure consistency in the performance evaluation process through analysis of consolidated annual evaluation reports by the PMC secretariat.

- (e) Recommend any changes on the PMS to the HOD.
- (f) Deal with disputes between parties signing the Memorandum of Understanding.

**4.4. Establishment of Moderating Committee.**

- (a) The Head of Department must constitute and chair a small committee comprising of at least five Senior General Managers to moderate the evaluation reports for General Managers and Senior Managers. The General Manager: Strategic Human Resource Management must constitute and chair small committee comprising of at least five Senior Managers to moderate reports from level 1 to 12. Recognized Labour Unions must be represented in all the moderating committees.
- (b) The moderated reports must be endorsed by the chairpersons of the committees before they are submitted to the Performance Management Unit.
- (d) The Moderating Committees are not allowed to change the supervisors' scores instead they must advice the PMC about the scores which are inconsistent with the targets of the Annual Performance/ Management Plans.
- (e) The Moderating Committee must ensure that the ratings given are supported by verifiable evidence and that there is a correlation between the ratings on the Quarterly review, Annual Evaluation reports, Memorandum of Understanding and Annual Departmental Performance Plan.

**4.5. Appeals.**

The Head of Department shall hear all the appeals cases relating to the Performance Instruments, quarterly evaluation and annual evaluation and take decision on the premise of the information provided. If the employee is dissatisfied about the outcome of the appeal, the employees may lodge grievance in terms of grievance procedures.

**5. Compilation of MOU/Performance Instruments/Performance Agreements.**

**5.1. Employees who should compile (MOU) Performance Instruments/Performance Agreements**

- (a) All employees appointed permanently, on probation and on contract for 12 months and above must compile Performance Instruments/Agreements/MOUs.
- (b) Members of Senior Management Service [SMS] must include eight (8) principles of Batho Pele in their Performance Agreements in terms of amendment to chapter 4 of the SMS handbook pertaining to PMS.
- (c) All SMS members shall be exposed to a coalface of service delivery for a period of at least 5 days within the financial year under review.

- (d) Failure to compile and sign Performance Agreements/Memorandum of Understanding on Performance shall constitute misconduct and employees will be subjected to disciplinary measures.
- (e) In the case of a newly appointed employee, the Performance Agreement/Memorandum of Understanding must be compiled retrospectively [that is, from the date of assumption of duty] within three [3] months after the assumption of duty.
- (f) All performance Agreement/MOUs must be aligned with the Departmental Strategic plan/ Departmental Management plan/Directorate strategic plan.
- (g) Employees must submit their Performance Agreements/Memorandum of Understanding on Performance to Performance Management Unit on or before the 1<sup>st</sup> April of every financial year. Employees who fail to submit their Performance Agreements/Performance Instruments (MOUs) without valid reason within three weeks subsequent to the commencement of the new financial year will automatically be disqualified to participate in the incentive framework or granting of benefits and such employee will also be subjected to disciplinary action.

## **5.2. Employees Appointed in Acting Capacities**

- (a) Employees appointed to act for a period six (6) months must only add the Key Result Areas/ Competencies of the post in which they are acting into the PAs/ MOUs of their permanent posts.

## **5.3. Employees Who Should not Compile Performance Agreements/Performance Instruments(MOUs)**

- (a) Community Service Workers, Intenships, Employees on Learnership Programme should not compile Performance Instruments (MOUs). They may only compile at discretion of the relevant managers for developmental purposes.
- (b) Employees who are away on training for period of twelve (12) calendar months must not compile and sign MOU.

## **6. Quarterly Performance Review and Annual Evaluation.**

### **6.1. Quarterly Performance Review.**

- (a) All employees' performance shall be reviewed on a quarterly basis. The performance review shall be done with the participation of the assessee.
- (b) It is equally the responsibility of the employee as it is that of a supervisor to ensure that Performance reviews are conducted and the reports are compiled and signed by both parties.

- (c) The assessing employee shall at least be one level above the assessed employee. Employees acting in higher positions than the assessed can also, by virtue of their acting capacity, carry out the assessment of employees who are of equal rank with him/her.
- (d) Performance review reports and data on the employees whose performance has been reviewed shall be kept in the Performance Management unit.
- (e) Failure to submit the required reports that is, Performance Agreements, Memorandum of Understanding, quarterly and annual reports will constitute misconduct.
- (g) Employees who submit the quarterly evaluation reports and annual reports two (2) weeks after the deadline will automatically be disqualified to participate in the incentive framework or granting of Performance bonus and Pay Progression in spite of their good performance. Such employees will also be subjected to disciplinary action for failure to adhere to the policy.

#### **6.1.1. Performance Assessment / Review Dates**

- ❖ 1<sup>st</sup> quarter = April to June ( to be conducted and submitted within two (2) weeks subsequent to the closing of the quarter)
- ❖ 2<sup>nd</sup> quarter = July to September ( to be conducted and submitted within two (2) weeks subsequent to the closing of the quarter)
- ❖ 3<sup>rd</sup> quarter = October to December (to be conducted and submitted two (2) weeks subsequent to the closing of the quarter.
- ❖ 4<sup>th</sup> quarter = January to March (to be conducted and submitted within two (2) weeks subsequent to the closing of the quarter.

#### **6.2. Quarterly Performance Reviews: Employees appointed in an acting capacity.**

- (a) The performance of an employee appointed to act in a post for a period of six (6) months and above, must be reviewed against the performance targets of the post in which he/ she is acting.
- (b) The performance of an employee appointed to act in a post for a period of less than six (6) months shall be reviewed against the performance targets of both the permanent post and the one in which she/ he is acting.
- (c) The performance reviews shall be carried out partly by the employee's previous supervisor and partly by the new supervisor for the period of appointment in an acting capacity.

#### **6.3. Employees on probation.**

- (a) Employees on probation must be reviewed on a quarterly basis using prescribed assessment format for Performance Management System

- (b) The employee's probationary appointment shall only be sanctioned by the authorized officers as per Human Resource Management delegations.
- (c) The probationary appointments will be monitored and coordinated by Performance Management unit.

#### **6.4. Annual Evaluation/ Assessment**

##### **6.4.1 Guiding Principles.**

- (a) Employees who are on a longer authorized absence from work will qualify for assessing with a view of granting performance bonus and pay progression provided they have completed at least six (6) months actual service and that they have been on the same salary [relative] notch counting from 01 April to 31 March of the financial year.
- (b) Employees shall only qualify for assessment for the granting of Pay Progression and Performance bonus on condition the quarterly performance reviews [applicable also to employees on authorized absence] has been conducted and reports compiled accordingly and that they have been on the same salary notch counting from 01 April to 31 March of the financial year.
- (c) The Department is not allowed to exceed 1.5% of the total annual remuneration budget of the employees when rewarding good performers. In case where the amount required is more than the available budget, the percentage bonuses will be scaled down until the total amount required is within the available budget. Payment of performance bonus and pay progression can only be effected once the Head of Department has granted the approval.
- (d) Employees who do not have Performance Agreements/Performance Instruments (MOUs) and quarterly performance reviews reports and who are found to have refused to compile same without valid reasons must not be assessed and disciplinary action must be taken against such employees.
- (e) Employees on personal salary notches as well as employees on higher salary notches than the salary level of the post they are occupying, do not qualify for pay progression.
- (g) Employees on personal salary notches and employees on higher salary notches than the salary levels of the posts they are occupying and with 12 months continuous salary [counting from 01 April to 31 March of the financial year] on the same salary [relative] notches shall qualify for consideration of performance bonus.
- (h) Employees seconded to other institutions for a period of more than three (3) months should be assessed in those institutions where they are seconded. The Performance evaluation results must be sent to their permanent workstations for inclusion in the schedule for awards. Their performance bonuses and pay progression shall be paid by their permanent workstations.

- (i) All the submission of necessary documents e.g. Memorandum of Understanding /Performance Agreements, Quarterly evaluation reports as well as annual evaluation reports will be subjected to the provision of **section 6.1. paragraph G**
- (i) Performance Management Committee shall play an oversight role in the evaluation process through comparative analysis of each section's quarterly progress reports and annual evaluation reports of the assessed employees. The supervisor's manager must endorse the employee's annual evaluation reports.
- (j) Where the employee is not satisfied with the process of assessment, she/he must sign the report and attach representation to her/his immediate supervisor. If the matter remains unresolved, it must be reported to General Manager of the Branch, Head of Strategic Business Unit. If the dispute is still unresolved, the matter can be referred to the appeal committee. If the dispute is not resolved the employee may lodge a grievance in terms of the grievance procedure to the Head of Department and subsequently to the MEC. If the employee is still not satisfied he/she may follow the labour court route if all internal measures have been exhausted.
- (k) The calculation of score and the granting of performance incentives will be guided by the table below for employees on salary level 1 to 12.

POINTS	PERCENTAGE	RATING	MEANING	PAY PROGRESSION	% OF AWARD/BONUS
736 TO 750	150% and above	5+	Outstanding Performance	1 notch (1%)	13% to 18%
676 to 735	130% to 149%	5	Outstanding Performance	1 notch (1%)	9% to 12%
526 to 675	115% to 129%	4	Commendable Performance	1 notch (1%)	5% to 8%
376 to 525	100% to 114%	3	Satisfactory Performance	1 notch (1%)	No award
226 to 375	70% to 99%	2	Marginal Performance	No Pay Progression	No award
150 to 225	69% and lower	1	Unsatisfactory Performance	No Pay Progression	No award

#### **6.4.2. Assessment of Employees Who are on a Maternity Leave.**

- (a) The employee must have worked at least six (6) months during that particular financial year [counting from 01 April to 31 March. Such employee should have been on the same salary level [relative] in that financial year counting from 01 April to 31<sup>st</sup> March of the financial year and must have compiled and signed Performance Agreement/Memorandum of Understanding on Performance and quarterly review reports with the supervisor.
- (b) The available incidents in the performance review reports must be used as a basis for the employee's annual evaluation.

7. **Managing Poor or Unacceptable Performance.**

- (a) The supervisor shall in consultation with the Human Resource Development [HRD] directorate, develop Performance Improvement plans in respect of underperformers and ensure that they receive on the job training on a regular basis.
- (b) The HRD shall at the beginning of every financial year access the Performance Agreements/ Memorandum of Understanding in the Performance Management Unit to compile and consolidate the skills audit report and ensure proper implementation of the findings.
- (c) The supervisors may in consultation with Employee Assistance Programme [EAP] unit arrange mandatory referral of challenged employees [i.e. employees with Personal problems which affect their performance at work] to receive specialized treatment.
- (d) If a challenged employee has been identified, but refuses specialized treatment, and continues underperforming, the Department may take disciplinary action against her/him.
- (e) The employee on probation will have their probation be extended by a maximum of six (6) months due to poor performance.

8. **Recommended/~~not recommended~~.**

Comments

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Head of Department

12/03/2008  
Date

9. **Approved/~~Not approved~~**

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27-03-2008  
Date