



KWAZULU-NATAL PROVINCIAL TREASURY

**REVIEWED EMPLOYEE PERFORMANCE
MANAGEMENT AND DEVELOPMENT SYSTEM**

[EPMDS]


Signed:	 MR LS MAGAGULA
Designation:	HEAD OF DEPARTMENT
Date:	22/02/2017

TABLE OF CONTENTS		PAGE
	Acronyms	4
	Definitions	5-8
1.	INTRODUCTION	9
2.	SCOPE AND APPLICATION	10
3.	SOURCES OF AUTHORITY	10-11
4.	AIMS OF PERFORMANCE MANAGEMENT	11
4.1	Goal	11
4.2	Objectives	11
4.3	Principles	12
5.	THE PERFORMANCE CYCLE	12
6.	PERFORMANCE PLANNING AND AGREEMENT	12
6.1	The performance agreement	12-13
6.2	The workplan	13-14
6.3	The personal development plan	15
6.4	Prolonged absence and staff movement	15
7.	PERFORMANCE MONITORING, REVIEW AND ASSESSMENT	17
7.1	Performance monitoring	17
7.2	Categories of performance	17
7.3	Five point rating scale	18
7.4	Performance review and assessment	18
7.5	Annual performance assessment	19-21
8.	PERFORMANCE MODERATION	22
8.1	Normal distribution curve of performance categories	23
8.2	The intermediate review committee	23

TABLE OF CONTENTS		PAGE
8.3	Departmental Moderating Committee	24
8.4	Assessment Appeal Panel	25
8.5	Disagreements over rating and assessments	25
9.	OUTCOMES OF PERFORMANCE ASSESSMENT	26
9.1	Probation	26
9.2	Managing performance that is not fully effective	27
9.3	Pay progression	27
9.4	Departmental performance incentive scheme	28-29
9.5	Performance bonus	30-32
9.6	Budget for incentives	32
9.7	Non-financial incentives	32
10.	SYSTEM EVALUATION AND REVIEW	32-33
11.	INSTITUTIONAL FRAMEWORK	34-37
12.	COMMUNICATION	37
13.	MONITORING AND EVALUATION	37

ACRONYMS

AAP	Assessment Appeal Panel
CAR	Confirmed assessment rating (by DMC)
CMC	Core management criteria
DG	Director-General
DMC	Departmental Moderating Committee
DPSA	Department of Public Service and Administration
EA	Executive Authority
GAF	Generic assessment factor
HOD	Head of Department
HRD	Human resource development
HR	Human Resources
IRC	Intermediate Review Committee
KRA	Key result area
MEC	Member of the Executive Council
MMS	Middle Management Service (as from 1 July 2005)
MPSA	Minister for the Public Service and Administration
MTEF	Medium Term Expenditure Framework
PA	Performance agreement
PAR	Provisional assessment rating
PDP	Personal development plan
PFMA	Public Finance Management Act, 1999
PMDS	Performance Management and Development System
PSA	Public Service Act, 1994
PSC	Public Service Commission
PSCBC	Public Service Co-ordinating Bargaining Council
PSR 2016	Public Service Regulations, 2016
SMS	Senior Management Service
SMS PMDS	Performance Management and Development System for the SMS
VAR	Validated assessment rating (by intermediate assessment committee)

DEFINITIONS

“Annual performance rating” means the annual performance rating as part of an employee's assessment that takes place at the end of the performance cycle. The result of this rating is the overall annual performance score for the employee during the entire performance cycle.

“Assessment instrument” means an assessment tool used to assess the performance of an individual employee in relation to the achievement of key result areas and core management criteria or generic assessment factors as contained in the workplan of the performance agreement.

“Attribute” means an attribute (as part of a competency) is generally defined to consist of motives, traits and self-concept.

“Absence for a continuous prolonged period” means absence for a period of four (4) calendar months due to, inter alia, vacation, sick, special, maternity leave or suspension.

“Competence” means an employee's capacity to meet the job requirements (job competence).

“Competency” means a particular mix of knowledge, skills and attributes required to effectively perform a job/task/role.

“Confirmed assessment rating” means the assessment score for an employee that has been confirmed by the departmental Moderating Committee (see also validated and provisional assessment rating).

“Core Management Criteria (CMC)” means an element of knowledge, skill, or attribute in the SMS PMDS that is directly related to effective performance in a job, applicable to SMS members.

“Customers” mean people who are internal or external to the department with whom employees interact to provide a service.

“Department” means a department as defined in section 1 of the Public Service Act, 1994.

“Development” means training and development activities to enhance the employee's competencies and to improve performance.

“Executive Authority” means in relation to a department, government agency or institution, the President, a Minister, Premier or Member of the Executive Council.

“Elementary Occupations” means, inter alia, General Workers, Food Services Aid, Cleaner, Grounds man, Security Guard, Telecom Operator, Messenger and Driver

“Feedback” means objective and timely information by the Director/supervisor on the employee's performance against set expectations and standards, understood by the staff member, and aimed at improving performance.

“Generic Assessment Factor” means an element used to describe and assess aspects of performance, taking into consideration knowledge, skills and attributes.

“Grievance rules” means the rules for dealing with the grievances of employees in the Public Service, published by the Public Service Commission in Government Notice R 1012 of 25 July 2003, Government Gazette No. 25209.

“Incentive Policy Framework” means salary Level 1 to 12: DPSA circular 1/7/1/4/1, dated 27 January 2003: “Implementation of an incentive policy framework linked to departmental performance management systems for employees on salary levels 1 to 12.”

“Integrated Performance Management and Development System (IPMDS)” means a performance management system developed by the DPSA in 2003 for voluntary use in the Public Service.

“Key Result Area (KRA)” means an area of a job in which performance is critical for making an effective contribution to the achievement of departmental strategies, goals and objectives.

“Moderation” means the review of employee assessment scores by a committee to ensure consistency and fairness across the department through a common understanding of performance standards required at each level of the rating scale and to assist in complying with the requirement that expenditure on bonuses should not exceed 1.5% of the remuneration budget.

“Operational plan(s) (or business plan)” means a one-year plan derived from and giving life to the strategic plan by translating the strategic objectives identified in the strategic plan into key result areas and activities with measurable standards, for a particular year for the Department, Branches, Chief Directorates and Directorates.

“Outcome” means a broad statement about a specific objective, aim or intent, the achievement of which will require one or more specific outputs to be achieved.

“Output” means a concrete result or achievement (i.e. a product, action or service) that contributes to the achievement of a key result area.

“Performance” means human performance involves (1) employee actions, and (2) the outcomes or effects of those actions. Performance is a process in which resources are used in an effective, efficient and productive way to produce results that satisfy requirements of time, quality and quantity, and which are the effect or outcome of the actions or behaviour of a performer in the work process.

“Performance agreement” means a document agreed upon and signed by an employee and her or his supervisor, which includes a description of the job, selected KRAs and GAFs, a workplan and the employee’s personal development plan.

“Performance appraisal/assessment” means the measurement, assessment, rating or appraisal of employee performance. The formal annual process is usually referred to as performance appraisal or assessment, while more informal processes are referred to as performance review.

“Performance cycle” means a 12-month period for which performance is planned, managed and assessed. It must be aligned to the same period as the Department’s annual business plan i.e. 1st April to 31st March of the following year.

“Performance incentives” means a set of (a) financial rewards linked to the results of performance appraisal, including pay progression, performance bonus, and (b) a variety of non-

financial rewards that may be contained in the departmental performance incentive scheme.

“Performance incentive scheme” means a departmental performance related incentive scheme aligned with its performance management system, established in terms of **Chapter 4 Part 5 of the PSR 2016**.

“Performance indicator” means a measure used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).

“Performance management” means a purposeful, continuous process aimed at managing and developing employee behaviour for the achievement of the organisation’s strategic goals; the determination of the correct activities as well as the evaluation and recognition of the execution of tasks/duties with the aim of enhancing their efficiency and effectiveness; and a means of improving results from the Department, teams and individuals by managing performance within an agreed framework of planned goals, objectives, standards and incentives.

“Performance management system” means an authoritative framework for managing employee performance, which includes the policy framework as well as the framework relating to all aspects and elements in the performance cycle, including performance planning and agreement; performance monitoring, review and control; performance appraisal and moderating; and managing the outcomes of appraisal.

“Performance standard” means mutually agreed criteria to describe work in terms of time-lines, cost and quantity and/or quality to clarify the outputs and related activities of a job by describing what the required result should be. In this framework, performance standards are divided into indicators and the time factor.

“Performance review” means a structured and formal, at least half-yearly, discussion between supervisor and employee to monitor progress, resolve problems and adjust work plans during the performance cycle, thereby providing an opportunity for improvement before the annual review takes place. If the employee’s performance is not fully effective or unsatisfactory, the half-yearly review must be in writing.

“Personal development plan (PDP)” means a requirement of the performance agreement whereby the important competency and other developmental needs of the employee are documented, together with the means by which these needs are to be satisfied and which includes time lines and accountabilities.

“Provisional assessment rating (PAR)” means an employee’s total assessment rating score that has been agreed upon between the employee and her/his supervisor.

“Rating” means the allocation of a score to a KRA, a GAF and/or to overall performance in accordance with the five-point rating scale of the PMDS.

“Senior Management Service (SMS)” means employees on salary levels 13 to 16, including managers and professionals.

“Strategic plan” means the end product of strategic planning, setting out the mission and vision statements and the medium and long-term strategic objectives of the Department. The contents of the strategic plan must be in compliance with the requirements of Chapter 5 of the Treasury Regulations, 2001, and **Chapter 4 Part 5 of the Public Service Regulations, 2016**.

“Strategic planning” means the process by which top management determines the overall

strategic direction and priorities, as well as the organisational purpose and objectives and how they are to be achieved.

“Supervisor” means an employee responsible for the allocation of work, monitoring of activities, discussing performance and development, and the half-yearly performance review and annual performance rating of an employee.

“Validated assessment rating (VAR)” means the performance rating for an employee that has been validated by an assessment higher than the employee’s supervisor for submission to the Departmental Moderating Committee.

EMPLOYEE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM (EPMDS)

1 INTRODUCTION

The Employee Performance Management and Development System (EPMDS) has been designed as a system to assist with performance management on salary levels 1 to 12, which is inclusive of employees covered by an occupational specific dispensation and elementary. This system became effective on 1 April 2012.

Key role-players in the performance management process are identified. Should these "roles" not be present in a department or if they have other titles, the applicable role and/or title should be substituted. The term "component" is used as a generic title for any sub-division of a department. The substitution of own department sub-division titles may be required. Where the statement "the Department of (ABC)" appears in the policy framework or annexures the name of the specific department must be substituted.

The EPMDS provides a standardised framework for employee performance on salary levels 1 to 12, which is inclusive of employees covered by an occupational specific dispensation and employees in elementary occupations in a department. Departments must however take into consideration the measures contained in the occupational specific dispensation for the affected occupations during the performance management and assessment of employees. Three main levels are involved in performance management: At the organisational level the Executive Authority and the HOD determine the strategic priorities and overall key result areas of the department, while objectives are identified for the priorities and assigned to components within the department. At the component level components undertake the execution of projects and activities that lead to the achievement of the integrated business plans. At the employee level each employee develops a performance agreement jointly with her or his supervisor.

Key requirements for the successful implementation of the EPMDS are the following:

The institutional framework determines responsibilities for specific aspects of the EPMDS. With the Strategic Plan as basis, the department is able to identify high-level priorities and specific objectives to be achieved by business units. However, all the work done in a department is not captured in a strategic plan, which means that performance agreements for employees whose key responsibility areas and activities are not covered in the strategic or operational plan, must reflect their own KRAs and priorities. Performance Agreements enable the department to assign specific performance objectives and targets to employees. This also enables employees in the department to participate meaningfully in the management of their own performance.

Another key requirement for the successful implementation of the EPMDS is training on the system. Managers, supervisors and employees must be trained in the mechanics of the system and areas such as communication, problem-solving and conflict resolution in

order to manage the system more effectively. The training of supervisors in particular is of the utmost importance, and this should result in supervisors knowing how to implement the system, ensuring that employees receive adequate training and possess sufficient information to be able to fully participate in the processes. This must be done with the support and co-operation of the HRD unit in the Department. All relevant role-players must be trained on the implementation of the employee performance management and development system.

2. SCOPE AND APPLICATION

The EPMDS is a framework for performance management that applies to all employees of KwaZulu Natal Provincial Treasury on salary levels 1 to 12, which is inclusive of employees covered by an occupational specific dispensation appointed in terms of the Public Service Act, 1994. While it shares similarities and must be linked with the SMS PMDS it is a distinct policy framework and system. As an employee performance management system, the EPMDS is not applicable to departmental, component or team performance management or assessment.

3. SOURCES OF AUTHORITY

3.1 The EPMDS framework is compliant with the regulatory framework that governs performance management at all levels in the public service, which is as follows:

Performance management for	By means of	Statutory provisions , circulars and guidelines	Monitor
Departments/Institutions/Public Entities	Performance auditing and standards for organisational effectiveness & efficiency	Public Finance Management Act, 1999 [s. 27(4), 38(1)(b) & 40(3)(a)] Treasury Regulations, 2001]	Treasuries & Auditor-General
Heads of Department	Performance agreements & PSC guidelines on evaluation of HODs	Public Service Act, 1994 [s. 12(4)] Public Service Regulations, 2016 , Chapter 4 Part5. PSC Guidelines on HOD evaluation	PSC plays a monitoring and administrative/ facilitating role
Senior Managers (SMS)	Performance agreements; and from 1/4/2002 the SMS PMDS	PSCBC Resolution 13 of 1998 & Resolution 9 of 2000 Public Service Regulations, 2016 , Part 5of Chapter 4 DPSA circular 1/2/1/P "SMS PMDS", issued on 28/03/2002	MPSA plays a monitoring and administrative/ facilitating role
All other staff (levels 1 – 12 appointed into the Public Service Act)	Departmental PM system (from 1/4/2001)	Public Service Act, 1994 - subsection 3(5)(c). Public Service Regulations, 2016 , Part 5of Chapter 4. DPSA circular 1/71/4/1/ "Incentive Policy Framework for levels 1 to 12"	Executive Authority

3.2 Specific sources of authority for various elements of performance management are:

The Constitution of the Republic of South Africa, 1996
The Public Service Act, 1994, as amended
The Public Service Regulations, 2016
The Skills Development Act 97 of 1998
The Labour Relations Act 66 of 1995
Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
Promotion of Access to Information Act 2 of 2000
Employment Equity Act 55 of 1998
Public Finance Management Act 1 of 1999
Promotion of Administrative Justice Act 2 of 2000
White Paper on Transformation of the Public Service, 1995
White Paper on Human Resource Management, 1997
White Paper on Affirmative Action, 1998
White Paper on Transforming Public Service Delivery (Batho Pele), 1997
White Paper on Public Service Training and Education, 1998
Treasury Regulations, 2001
Relevant collective agreements
Relevant directives issued by the MPSA and, departmental policies

4 AIMS OF PERFORMANCE MANAGEMENT

4.1 Goal

For the purpose of this EPMDS, performance management is aimed at planning, managing and improving employee performance. The aim of performance management is to optimise every employee's output in terms of quality and quantity, thereby improving the Department's overall performance and service delivery.

4.2 Objectives

In order to achieve individual excellence and achievement, the objectives for performance management are to -

- (a) establish a performance and learning culture in the Public Service;
- (b) improve service delivery;
- (c) ensure that all jobholders know and understand what is expected of them;
- (d) promote interaction on performance between jobholders and their supervisors;
- (e) identify, manage and promote jobholders' development needs;
- (f) evaluate performance fairly and objectively;
- (g) recognise categories of performance that are fully effective and better; and
- (h) manage categories of performance that are not fully effective and lower.

4.3 Principles

The key principles underpinning effective performance management are outlined in the **PSR 2016, Chapter 4 Part 5**. These principles are the following –

- (a) Departments shall manage performance in a consultative, supportive and non-discriminatory manner to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results
- (b) Performance management processes shall link to broad and consistent staff development plans and align with the department's strategic goals
- (c) Performance management processes shall be developmental, and shall allow for recognising fully effective performance, and for an effective response to performance that is consistently not fully effective and lower
- (d) Performance management procedures should minimise the administrative burden on supervisors while maintaining transparency and administrative justice

5. THE PERFORMANCE CYCLE

5.1 Performance management at the employee level is an on-going interactive process between an employee and her/his supervisor about the employee's performance. Face-to-face on-going communication is an essential requirement of the process and covers the full performance cycle. For effectiveness of operation the cycle is divided into integrated phases or elements of –

- (a) Performance planning and agreement;
- (b) Performance monitoring, developing and control;
- (c) Performance assessment or appraisal; and
- (d) Managing the outcomes of assessment

5.2 The performance cycle is a 12 month period for which performance is planned, executed and assessed. It must be aligned to the same period as the Department's annual business plan i.e. 1st April to 31st March of the following year. The 12-month cycle is also linked to the financial year for the purpose of planning, pay progression and other performance related incentives such as performance awards or cash bonuses. The probation cycle, however, is linked to the appointment date of a jobholder.

6. PERFORMANCE PLANNING AND AGREEMENT

6.1 The Performance Agreement (PA)

The performance agreement is the cornerstone of performance management at the individual level. All employees must enter into and sign performance agreements and work plans before 31 May of a year or within three calendar months of his/her date of appointment. Failure to comply with this deadline means an employee is not eligible/does not qualify for performance bonus or pay progression for the performance cycle in question and may result in the employee and/or his/her supervisor being subjected to disciplinary action. Departmental and component performance measures should inform the development of the individual employee's PA. The PA format applies to all levels in the department and the contents must reflect the department's strategic and annual operational plan, component business plans and the employee's job description, job role and actual activities and responsibilities.

- (a) The content of a PA must include the following –
- (i) **Employee data** such as the Persal number, job title and level, as well as a description of the employee's **job role**, with emphasis on the main objectives, job purpose, key result areas (KRAs) and generic assessment factors (GAFs).
 - (ii) **A workplan** containing the KRAs, outputs, activities and resource requirements.
 - (iii) **A personal development plan (PDP)** that assists in identifying developmental areas and needs of the employee, as well as methods to improve these.
- (b) **An employee who is appointed to act in a higher position or seconded for three months or longer, must amend the relevant parts of her or his performance agreement or agreement of similar nature to include new roles and responsibilities.**
- (c) If an employee changes jobs during the performance cycle, but remains at the same salary level, a new PA must be entered into for the new role and the performance assessment should take both periods into consideration. If a post, against which an employee is held, is upgraded due to job evaluation during an assessment cycle, has no change to the job description outputs and workplan targets, the employee will be eligible for assessment and qualify for a performance bonus **but not for a pay progression** if he/she scores in the applicable range. Only supervisors are authorised to enter into a performance agreement with another employee on behalf of the department. The PA, especially the workplan, should be re-negotiated if the employee has not been performing the functions of the job due to absence, for a period of four (4) calendar months due to, inter alia, any of the following:- maternity, ill health, study, secondment, travel or vacation leave, suspension unless this absence was accommodated for in the original agreement. A PA without a completed and attached workplan should be regarded as invalid and of little use in the performance management process.

6.2 The workplan

While the performance agreement is the cornerstone of performance management at the individual level, the workplan contains the essence of the performance agreement .

The criteria, upon which the performance of an employee is assessed, consist of **Key Result Areas (KRAs)** and the **Generic Assessment Factors (GAFs)** which are contained in the PA. Each employee must be assessed against both areas. KRAs covering the main areas of work will account for 80% of the final assessment, while the GAFs make up the other 20% of the assessment score.

KRAs describe what is expected from an employee in his/her role and focus attention on actions and activities that will assist units and ultimately the department in

performing effectively. In the workplan the KRAs should be broken down into outputs and activities with the resource requirements. These are used to indicate how the performance/achievement of the outputs and activities will be measured. KRAs can cover many different aspects of the work such as –

- (a) Specific tasks or events which the employee should ensure are achieved;
- (b) Levels of performance which the employee should maintain and promote;
- (c) Actions or situations for which the employee is personally responsible for delivering his/her “unique contribution”; and
- (d) Duties and responsibilities related to advice and support given, for example, by specialists to clients.

Although there is no limit to the number of KRAs to be included in a PA, they should preferably not exceed five. Each KRA should be broken down into measurable outputs and/or duties/responsibilities and activities. Each KRA should be weighted (in %) according to the importance it has in the employee’s/member’s job. The weighting of all the KRAs should add up to 100.

Generic Assessment Factors (GAFs) are elements and standards used to describe and assess performance, taking into consideration knowledge, skills and attributes. The following GAFs are used to calculate 20% of the employee’s assessment score. The supervisor and employee must agree on at least **five out of the fifteen** GAFs that are deemed to be most important for effective performance in that particular job (refer to **Annexure C** for a Guide to Generic Assessment Factors). The service delivery (Batho Pele) imperative must as far as possible be applied in assessing these GAFs.

- Job knowledge
- Technical skills
- Acceptance of responsibility
- Quality of work
- Reliability
- Initiative
- Communication
- Interpersonal relationships
- Flexibility
- Team work
- Planning and execution
- Leadership
- Delegation and empowerment
- Management of financial resources
- Management of human resources

Employees should be assessed against the selected GAFs applicable to their jobs. A professional may for example have no employees under his/her control or may have no financial responsibilities. To adapt the GAFs to specific jobs and job contexts, the employee and supervisor will need to –

- (i) Decide which of the GAFs apply to the employee’s job.

- (ii) Weigh each relevant GAF to show the extent to which it relates to the specific job. One way of jointly arriving at decisions on how important any specific GAF is to a specific job is to use the factors of impact and frequency. The greater the impact and frequency, the greater the importance that criterion is likely to have on the achievement of effective performance results. The weighting of all the GAFs should add up to 100.

Each selected GAF is rated using the **guide to generic factors for assessing performance**.

6.3 Personal Development Plan (PDP)

The PA must include a Personal Development. The purpose of the development plan is to identify any performance output shortfall in the work of the employee, either historical or anticipated, to relate this to a supporting GAF shortfall and then to plan and implement a specific set of actions to reduce the gap. The competence gap may relate to any of the GAFs included in this EPMS or any other area of the employee's knowledge, skill and attribute requirement. The PDP should include interventions relating to the technical or occupational "hard skills" of the job, through e.g. appropriate training interventions, on-the-job training, expanded job exposure, and job rotation. The employee and the supervisor are required to take joint responsibility for the achievement of the PDP with allocated accountabilities clearly recorded on the PDP agreement document.

6.4 Prolonged absence and staff movement

6.4.1 Absence during the cycle

In the case of absence for a continuous prolonged period of four (4) calendar months, supervisors and employees must have a discussion to reach mutual agreement on the ability to execute a meaningful rating for that period or for an annual assessment. If it is not possible to make a meaningful review or annual rating, it must be indicated in writing. New work plans must be developed on return from a prolonged absence. While an employee is not penalised for any form of formally approved leave, it is also true that an employee who has been absent for a prolonged period, has not rendered the same extent of service as an employee who did not have such prolonged leave.

PSR 2016, Chapter 4, Part 5, talks to absence of 3 months or longer – not sure whether this should be amended on our policy.

This usually becomes an issue when bonuses are considered. In this regard the principle is that "doing all the work" translates to a 3-rating ("effective performance") for which an employee receives a full salary, a 13th cheque and pay progression. Should the employee exceed the targets set in the newly negotiated work plan, then he/she can qualify for a performance bonus. However, supervisors must carefully consider balancing the rights, and the rating and assessment, of an employee who had been on prolonged leave of absence, to the contribution of those employees who had to do more work because of the prolonged absence of such employees.

6.4.2 Acting in higher positions

When an employee is appointed to act in a higher position for shorter than six weeks, the workplan should be based on the post that the employee is permanently appointed to. Depending on the employee's performance during the periods of acting, recognition for performance of the duties of the higher position should be given during the performance assessment, on the workplan of the permanent post.

When acting in a higher position for longer than six weeks, where an acting allowance is being paid, a workplan must be compiled for the higher position that the employee would be expected to perform against. The performance of the employee, acting in the higher position, will be assessed in terms of the amended workplan, against the standards applicable to the level of the employee's permanent position. Performance incentives must be calculated at the salary level of the post, to which the employee is permanently appointed, based on the employee's salary notch on 31 March of the cycle.

6.4.3 Staff movement

When employees are transferred at the same level, it is the responsibility of both employee and supervisor to provide their most recent performance assessment to the new department. Where staff members change jobs within the department during the PMDS cycle, performance reviews related to the employee vacating the post have to be completed prior to moving to the new position. If the employee changing jobs is a supervisor or manager, performance reviews for each employee under her/his control must be completed prior to her/his movement. When an employee is transferred to another department, a progress review discussion will be conducted for the current PMDS cycle prior to the employee leaving the department. In the case of supervisors, regardless of the reason for their departure, they will be required to assess their staff prior to departure.

6.4.4 Misconduct and suspension

Decisions pertaining to performance rating should be based on an employee's actual performance. In the event of alleged misconduct, some questions need to be posed.

- (i) What was the nature of the misconduct (e.g. financial, management)?
- (ii) Was the person found guilty or not?
- (iii) If found guilty, what was the nature of the sanction (e.g. discharge, suspension)?
- (iv) Did the misconduct and/or the sanction impact on performance?
- (v) Was the employee suspended for a prolonged period?

It is difficult to lay down a general rule and each case must be judged on its own merit. If a misconduct charge, and/or the hearing, and/or any sanctions have a serious negative impact on an employee's performance, it would be difficult to motivate for awarding a 3-rating or higher and therefore for the granting of a performance bonus.

6.5 Amendments to the performance agreement

Performance in the Public Service takes place in a dynamic environment. A performance agreement can therefore never be cast in stone. Even though the initial PA is signed at the start of the performance cycle, significant changes and additions must on an on-going basis be reflected in the PA and Workplan.

The PA and Workplan against which an employee is assessed at the end of the cycle must accurately reflect the employee's actual activities and outputs during the entire performance cycle. Amendments must be made to the PA and Workplan and these must be signed and dated by both the employee and her/his supervisor.

7. PERFORMANCE MONITORING, REVIEW AND ASSESSMENT

7.1 Performance monitoring

Performance at the individual level must be continuously monitored to enable the identification of performance barriers and changes and to address development and improvement needs as they arise, as well as to –

- (i) determine progress and/or identify obstacles in achieving objectives and targets;
- (ii) enable supervisors and jobholders to deal with performance-related problems;
- (iii) identify and provide the support needed;
- (iv) modify objectives and targets; and
- (v) ensure continuous learning and development.

7.2 Categories of performance and rating scale

The following five **categories of performance** are used for the purpose of performance rating, review and the annual assessment of employees:

RATING	CATEGORY	DESCRIPTION
1	UNACCEPTABLE PERFORMANCE	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	PERFORMANCE NOT FULLY EFFECTIVE	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	PERFORMANCE FULLY EFFECTIVE	Performance fully meets the standard expected in all areas of the job. The review / assessment indicates that the jobholder has achieved as a minimum <u>effective results against all</u> of the performance criteria and indicators as specified in the Performance Agreement and Workplan.
4	PERFORMANCE SIGNIFICANTLY ABOVE EXPECTATIONS	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	OUTSTANDING PERFORMANCE	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 PA and Workplan and maintained this in all areas of responsibility throughout the performance cycle.

7.3 The five-point rating scale

As illustrated above, the EPMDS utilises a five-point rating scale. A “3” on the scale – “Fully Effective” – means that the employee’s performance fully meets the standard required, and has achieved effective results against all performance criteria. In terms of the new approach to performance rating, an employee who is rated as “fully effective” has fully complied with the requirements of the job. On the rating scale this translates to a score of 100% (previously a 3 translated to 60%).

7.4 Performance review and assessment

Performance review meetings are an integral part of monitoring process. These reviews must take place as often as the practical and / or required by circumstances.

In order to facilitate this process, an employee’s performance shall be reviewed on quarterly basis as indicated below:

	Assessment Period	Cut off dates for submission to HR
1	1 April – 30 June	Last working day of July annually
2	1 July – 30 September	Last working day of October annually
3	1 October – 31 December	Last working day of January annually
4	1 January – 31 March	Last working day of April annually

Before the assessment cycle commences or within one month after appointment or promotion to a post, the supervisor must explain the performance assessment procedure to the employee and inform the employee of the criteria to be used for her or his performance assessment.

Both the employee and the supervisor must be clear on what is to be measured, when and how. The involvement of both parties when measuring performance is of critical importance.

The supervisor should prepare by: –

- (a) Reviewing the previous period and objectives and targets for the next period;
- (b) Reviewing support needed and drafting training and development needs;
- (c) Seeking appropriate feedback from relevant role-players to support the process;
- (d) Reviewing and updating all relevant documentation; and

- (e) Identifying internal / external factors affecting the jobholder's performance.

The jobholder should prepare by: –

- (a) Reviewing previous objectives and identifying possible new objectives;
- (b) Collecting supporting facts on performance delivered;
- (c) Identifying factors that affected his/her performance;
- (d) Identifying support that will be needed as well as possible training and development needs; and
- (e) Reflecting on the feedback to be given to the supervisor.

During this consultation process the Performance Evaluation Tool (attached as Annexure B) must be completed.

The assessment discussion should enable:-

- (a) An opportunity for the employee to assess his/her own performance and its contribution to organizational goals and to identify areas of improvement.
- (b) An opportunity for the supervisor to provide formal feedback on performance over the year and to identify ways of improving what was achieved.
- (c) An opportunity for the employee to contribute to, and respond to comments regarding his/her performance and identify issues beyond his/her control that limit the achievement of results.
- (d) An open discussion between the employee and his/her supervisor in which achievement can be fully recognized and ideas for problem solving agreed.
- (e) Agreement on an overall assessment score reflecting judgement on the level of achievement attained in terms of the performance agreement.
- (f) An opportunity for the supervisor and the employee to agree on areas of personal development.

7.5 Annual performance assessment

7.5.1 Performance assessment instrument

What is important when rating performance is for both the supervisor and employee to clearly understand how performance will be rated for each Key Result Area (taking into account the weighting of output(s) linked to a Key

Performance Area), how will they be measured and who should appraise the work done. Also, that the assessment process comprises of both a self assessment (by an employee) and a supervisory assessment which is catered for on the assessment tool. These ratings make up the provisional assessment rating (PAR).

7.5.1.1 Self-assessment

The role of the employee whose performance is being assessed in the following-

- (a) Assess his/her own progress according to his/her performance agreement and workplan, during the period under review and allocate performance ratings.
- (b) Bring to his/her manager's attention, significant other inputs that were delivered during this period which are not contained in the performance plan and /or performance which he/she regards as being meritorious.
- (c) Provide inputs on areas of performance, which the manager has identified as not being fully effective.
- (d) Review his/her performance agreement for validity.
- (e) Discuss and initiate possible amendments to the performance agreement.

7.5.1.2 Supervisory assessment

The role of the employee's supervisor in the assessment in the following-

- (a) Facilitate the assessment session.
- (b) Assess the employee's performance according to his/her performance agreement and workplan during the period under review and allocate performance ratings.
- (c) Give recognition to the employee for good performance during the review period.
- (d) Recognize other significant outputs that were delivered during this period which are not contained in the performance plan/ or performance which he/she regards as being meritorious.
- (e) Identify performance areas which have been identified as being not fully effective.
- (f) Allow the employee opportunity to give his/her input during the session.
- (g) Identify remedial steps which will be taken to eliminate factors which have hampered the employee's performance.

- (h) Review the employee's performance agreement and workplan, for validity;
- (i) Discuss and initiate possible amendments to the employee's performance plan.
- (j) Record his/her comment about the performance of the employee.

The following indicators contain a summary of rating performance per quarter:

- (a) Indicate the pre-agreed upon Key Result Areas, the respective Percentage Weighting and the Actual Output Achievements as reflected in the Performance Agreement on the Quarterly Performance Evaluation Form.
- (b) Utilise the Performance Evaluation Rating Scale (indicated below) to rate each of the outputs. Use the drop down arrow and click on the chosen rating per output. The extent to which specified standards have been met and outputs achieved must be taken into account when rating. Assessment of KRA's constitutes 80 % of the total assessment rating.
- (c) Each GAF must be assessed according to the extent to which the specified standards have been met. A five point rating scale is utilized. Attached as Annexure C is a guide for assessing GAF's. The total assessment of GAF's will constitute 20 % of the total assessment rating.
- (d) The system will automatically calculate the Average Rating, Weighted Score and % for Category, taking into account the % weighting per KRA.
- (e) Employees jointly with supervisors are to provide motivation for ratings of 4 and 5 for KRA's and GAF's.
- (f) Those employees that were away from work on approved leave for extensive consecutive periods will be assessed for the period that they were at work. However, the reward will be paid proportionally which will be calculated by the performance tool.

7.6 Performance improvement plan

The purpose of the performance improvement plan is to identify any short fall in employee performance and implement a specific set of actions to reduce the identified gaps relating to both or either KRA / GAFs.

The employee and supervisor are required to take joint responsibility for the development and achievement of the PIP (attached to the Performance Agreement). Any identified gaps must be forwarded to Human Resource Management and Development for relevant interventions. If there is disagreement that cannot be resolved between themselves on the scores given, the employee and supervisor must each note their reasons, and these must be submitted to a mutually agreed mediator for mediation

before moderation. If this mediation does not result in a resolution **within five days**, the notes may later be used if a grievance is submitted after the finalisation of the whole process.

8. PERFORMANCE MODERATION

Reasons for the moderation of employee ratings include the following —

- (a) The purpose of performance assessment review by higher levels of management above the supervisor (moderation) is to ensure, as far as possible, that the performance of all employees is evaluated fairly and consistently across the Department.
- (b) The MPSA has determined that only 1.5% of the departmental remuneration budget can be allocated for the granting of performance bonuses.
- (c) The MPSA has also determined that only 2% of the departmental wage bill can be allocated for the purpose of pay progression.

The importance of a realistic self-rating coupled with a realistic rating agreed upon between the supervisor and employee is nowhere illustrated as clearly as when the process of moderation commences.

There should be a common understanding of the standards required at each level of the rating scale as well as the unit of measurement and standards that should be linked to posts where similar outputs are required. Moderating of performance takes place at different levels in the organisation to contribute to consistent and fair performance management and assessment processes. The problem with moderation arises when individual ratings agreed upon between the employee and her/his supervisor may have to be amended, especially if the implication of moderation is that a rating score has to be lowered.

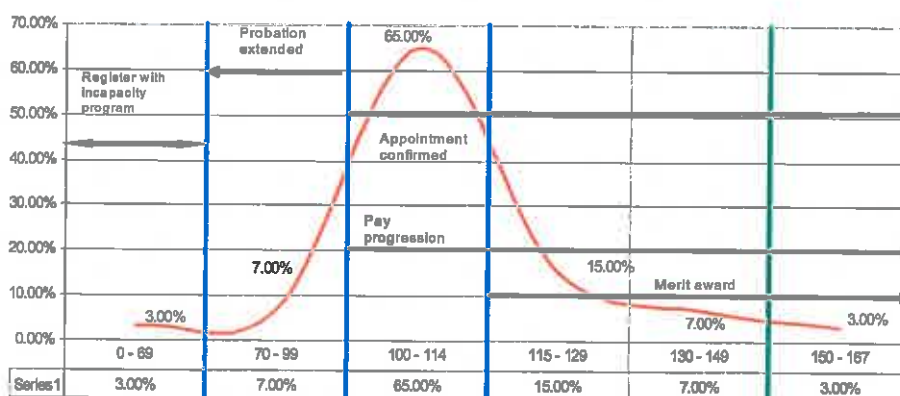
As noted above, the employee's provisional assessment rating (PAR) is that which is agreed upon between the employee and her/his supervisor. At this point the employee is aware of the rating. Any change, especially if the intention is that the rating score should be lowered, must be dealt with in a consultative, just and transparent manner.

8.1 Normal distribution curve of performance categories

Performance that is fully effective (average, satisfactory) is generally rewarded by means of the annual salary, a thirteenth cheque, the annual salary adjustment and pay progression. Only performance that is significantly above expectations and outstanding should qualify for performance awards. The following guideline, based on the statistical normal distribution curve principles, may assist the Moderating Committee to evaluate the summarised analysis of the outcome of performance ratings. In terms of this normal distribution, about 25 percent of staff may generally qualify for one of the three categories of performance bonus. This guideline may be taken into account in identifying trends and making recommendations for bonuses within the 1.5% of the remuneration budget —

Performance Category	Total Score	The following % of staff should normally fall in this category
Unacceptable performance	69% and lower	3%
Performance not fully effective	70% - 99%	7%
Performance fully effective (and slightly above expectations)	100% - 114%	65%
Performance significantly above expectations	115% - 129%	15%
	130% - 149%	7%
Outstanding Performance	150% - 167%	3%

NORMAL DISTRIBUTION OF EMPLOYEE PERFORMANCE



This can be illustrated as follows –

8.2 The intermediate review committee (IRC)

Apart from a Departmental Moderating Committee that must be established, departments must also establish an intermediate review committee (between the supervisor and the Moderating Committee) for reviewing/moderating the provisional assessment rating of employees, by 30 June of a year. The nature of such committees will depend on the size and structure of the department. Any recommended changes in ratings by such a body must be communicated to the supervisors of the employees concerned. The IRC may recommend changes to rating score (PAR) including the lowering of such ratings.

The intermediate review committee receives the Provisional Assessment Ratings of all employees reporting to it, to review and compare these, and to validate the ratings. If the intermediate assessment committee agrees with the PAR, it then becomes the Validated Assessment Rating (VAR). Any recommendation on the lowering of rating scores must be referred back to the employee's supervisor to try and reach consensus

on the change. If the supervisor or a mediator cannot convince the employee of a change in the rating, the rating is forwarded to the Moderating Committee. The Moderating Committee may confirm the rating, which then becomes the Confirmed Assessment Rating (CAR), which is the final rating score for an employee.

After receiving written confirmation of a final Confirmed Assessment Rating from the department, an aggrieved employee may then submit her/his grievance to the Assessment Appeal Panel, and failing agreement and a solution, the employee may then submit a formal grievance in terms of the Public Service Grievance Procedure.

8.3 Departmental Moderating Committee (DMC)

Each department must establish a Departmental Moderating Committee (DMC) for salary levels 1 to 12, by 31 July of a year, which is chaired by the Head of Department (or an appropriate committee appointed by the Head of Department which is Chaired by at least a General Manager), Corporate Manager or Chief Financial Officer of the department. The Committee furthermore consists of senior managers in the discretion of the HOD. Departments must decide if this DMC also moderates the SMS ratings. (Also refer to paragraph 11.)

8.3.1 Powers and functions of the DMC

The process of moderation must not become a bottleneck that slows down the finalisation of performance assessment results.

The role of the Departmental Moderating Committee is to ensure that the annual performance assessment is done in a realistic, consistent and fair manner, to monitor the performance assessment process by obtaining an overall sense of whether norms and standards are being applied consistently and realistically to employees on the same level. The DMC should not assess each individual case for purposes of evaluating ratings, but should develop an overall view of the results of process. If the DMC identifies deviations or discrepancies, these should be referred back to Directors and supervisors who had agreed the ratings with their subordinates, together with reasons for the decision. This should be accompanied by a request for reconsideration of the rating. Unless it is an overall assessment score adjustment that alters the assessment scores of all employees (as a group) by the same quantum, the DMC is discouraged from changing an individual employee's assessment rating, without first referring the issue back to the IRC and the supervisor who made the initial assessment. The DMC must keep detailed minutes of decisions, in particular if it recommends lowering rating scores.

The role of the Departmental Moderating Committee must therefore –

- (i) Provide oversight of the application of the EPMDS, ensuring that the performance management process, including the setting of performance standards is valid, fair and objective;

- (ii) Advise the department on financial and non-financial rewards, including the specific percentage for performance bonuses, mindful of the maximum set by the MPSA;
- (iii) Detect potential problems in the system and advise the HOD accordingly;
- (iv) Review overall assessment scores across sections in the department;
- (v) Recommend reward levels and remedial action for performance and non-performance, respectively; and
- (vi) Make recommendations regarding actions to be considered where managers and supervisors do not properly and fairly execute their responsibilities with regard to assessment and rating in terms of the EPMDS.

8.4 Assessment Appeal Panel (AAP)

The role of the AAP becomes clear in the overall context of performance review and moderation (see Annexure H for a flow diagram of the process). This role is two-fold: (a) as a departmental recourse for an employee in a disagreement over a proposal by the IRC to amend an assessment rating, and after being informed of final rating (Confirmed Assessment Rating) before a formal grievance is lodged, and (b) as an arbiter in *ad hoc* disputes and disagreements.

The Assessment Appeal Panel is constituted by the HOD for specific cases and must include expertise of the line function, performance management, legal affairs and labour relations. The Panel will consider written representations from employees in the event of a disagreement and after submission in writing to Labour Relations. The AAP that is then constituted, has the following responsibilities —

- (i) To review a disagreement between an employee and the department over her/his Confirmed Assessment Rating, and to make change(s) to the assessment rating without referring the matter back to the Departmental Moderating Committee. The submission in this instance is made by the aggrieved employee to Labour Relations who then ensures that the AAP is activated and set up appropriately.
- (ii) To act as an arbiter and in the event of special cases of disputes and disagreements, for example in a specific section or with a specific manager or supervisor, or of a specific employee, especially in cases where the interpretation or application of the EPMDS is at issue.

8.5 Disagreements over rating and assessment

Agreement between an employee and her/his supervisor, and/or with review and moderation actions on an issue such as rating, is not always guaranteed. If the requirements of the system are met for regular consultation and discussion between the supervisor and the employee, there should normally be little cause for continued disagreement.

However, disagreement may occur (a) between the employee and her/his supervisor; (b) between an employee and her/his supervisor on the one hand, and the IRC on the other hand; (c) between the IRC and the Departmental Moderating Committee; and

even between the Moderating Committee and the HOD or Executive Authority. Disagreements at the levels of the IRC and/or the Departmental Moderating Committees may be limited or minimised if the assessment of senior managers is done before the assessment of non-managers. This may assist in limiting possible contradictions or inequities between the assessments of, for example, particular cascading KRAs found on the different levels. This approach may set certain parameters of performance that may partially serve as benchmarks when assessing individuals below the management level in the department. If there are fundamental disagreements between the IRC and the Departmental Moderating Committee, or if the HOD does not wish to approve recommendations of the Departmental Moderating Committee, such issues should be resolved at management level after consultation with relevant managers.

If this process results in changes to individual assessment scores, and employees refuse to accept the changes, employees may follow the formal grievance rules of the Public Service. As is the case with other aspects of the EPMDS, employees must be informed of the route and processes to be followed in the event of disagreement over performance assessments. If the above processes ultimately fail to resolve the disagreement or grievance, the employee is entitled to seek redress through other means available in law.

9 OUTCOMES OF PERFORMANCE ASSESSMENT

9.1 Probation

The performance of employees on probation is managed in terms of the EPMDS process. The process is as follows:

- (a) A supervisor of a probationer must ensure that:-
 - (i) The probationer, at the commencement of the probationary period, knows the performance and other requirements for obtaining confirmation of probation;
 - (ii) The probationer, on a quarterly basis, receives written feedback on her/his performance and compliance with other requirements;
 - (iii) If necessary, the probationer receives training, counselling or other assistance to meet the requirements for confirmation;
 - (iv) The probationer receives written confirmation of appointment at the end of the probationary period if she/he has been found suitable for the relevant post; and
 - (v) When dismissal as a result of poor performance is considered, the probationer is afforded the opportunity to state her/his case, during which process the probationer may be assisted by a personal representative, including a colleague or trade union representative.
- (b) The EPMDS will serve as the system that is used to assess an employee during the period of her or his probation.
- (c) The performance assessment of employees on probation must be conducted quarterly and must link with the EPMDS.

- (d) The performance assessment form must be submitted to HR immediately following the assessment.
- (e) At expiry of the probationary period the overall scores of the four quarterly assessments will determine if probation can be confirmed or not. If the probationer is not deemed suitable for the relevant post, other options such as the extension of probation, formal registration on the incapacity programme or as a last resort, dismissal, should be considered.

An employee's probationary period will not necessarily coincide with the 1 April to 31 March cycle, however the EPMDS assessment tool must be used for assessment, and the results captured in the quarterly probation assessment form.

9.2 Managing performance that is not fully effective

Supervisors are required to first identify and then, in line with a developmental approach, deal with unacceptable performance of employees under their supervision. The supervisor must comply with the procedural requirements of PSCBC Resolution 10 of 1999 and Resolution 1 of 2003 – "Incapacity Code". The EPMDS provides for the early identification and resolution of unacceptable performance. The employee's performance rating as "not fully effective" or lower during the annual performance assessment should not be the first indication of the employee's shortcomings. Performance monitoring, including the performance reviews, provide opportunities to ensure this does not happen. Interventions by the supervisor to overcome performance shortfalls on the part of the employee can include any or all of the following:

- (i) Personal counselling
- (ii) On-the-job mentoring and coaching
- (iii) Formal training/re-training
- (iv) Restating the workplan performance requirements
- (v) Work environment audits to establish other factors affecting performance.

Should the employee not respond to reasonable and continuous attempts to improve performance and an overall performance assessment score of less than 90% is consistently the result of the assessment process, the employee must be formally registered on an "Incapacity Programme" and advised of this in writing.

9.3 Pay progression¹

The pay progression system was introduced by and is managed in terms of DPSA letter 18/1/P (Erratum Incentive Policy Framework - IPF) dated 03 November 2012. Please consult this DPSA Minute for detail on the IPF.

Employees on salary levels 1 to 12 are eligible for pay progression to the maximum notch of the salary level attached to their posts. Progression to the next higher notch within the employee's salary level as of 1 July 2003 shall be based on a period of

¹ The Incentive Policy Framework issued by the DPSA is mandatory by nature. In respect of performance rewards, other than pay progression, the maximum of 18% for a bonus (levels 1 to 10), 14% of package (levels 11 and 12), and 1.5% of the remuneration budget for the payment of bonuses, are also prescribed by the MPSA.

continuous service and performance, and is not automatic. The pay progression cycle for employees other than 1st time participants (i.e. employees who were in service before 1 July 2012 is not amended and remains (12) months). With effect from 1 July 2012, first time participants (i.e new appointees to the Public Service will have to comply to a 24 months qualifying period for pay progression). An employee must complete a continuous period of 24 months on her or his notch (1 April to 31 March) and must be performing at least at the level of fully effective (satisfactory), as assessed in terms of the EPMDS.

Progression takes place annually on 1 July of each year, in line with departments' performance management policies. The first progression took place on 1 July 2003. The Department should either ensure that existing performance management systems are aligned to support the pay progression system or use this EPMDS. Pay progression on 1 July 2004 and 1 July of subsequent years is based on –

- (i) actual service in a particular salary level for the period 1 April to 30 March prior to the pay progression date (one years' continuous service on a notch); and
- (ii) an assessment of at least satisfactory performance for the said period in line with departmental specific performance management systems.

Only valid notches on the salary level must be used in the process of progression. Employees on personal notches (therefore on a notch above the maximum of the salary level attached to his or her post), shall not qualify for pay progression, but shall receive any annual salary adjustments on the salary scale. The pay progression system does not impede the Executive Authority to award a higher salary to employees in terms of the PSR 2016 (Chapter 4, Part 1 paragraph 44(1)). Therefore –

- (i) employees, who are awarded a higher salary level by the Executive Authority, that does not correlate to the job weight attached to their job, shall not qualify for pay progression on the higher salary level; and
- (ii) employees, who are awarded a higher notch within the salary level, that correlates to the job weight attached to their job, shall qualify for pay progression, provided they comply with the set criteria.

Employees who benefit from pay progression during a financial year will receive the benefit in addition to possible annual cost-of-living adjustments. Employees may in the same financial year receive pay progression and other performance related incentives (e.g. bonuses) provided for in departmental performance related incentive schemes.

9.4 Departmental performance incentive scheme

As part of the Incentive Policy Framework (IPF) introduced by the MPSA in 2003, departments were informed that the Employer had, with effect from 1 April 2003, withdrawn from paragraph XXXV of PSCBC Resolution 3 of 1999. Every department must consequently establish a performance related financial incentive scheme in terms of PSR 2016, Chapter 4, Part 5.

This provides for the following —²

(a) Incentives for good performance

The department has a financial performance incentive scheme for employees on salary levels 1 to 12. This scheme includes the awarding of performance bonuses, subject to the measures as set out in paragraph 9.5 below.

(b) Suggestions, improvements and innovations

If an employee makes a suggestion, improvement or invention of exceptional value to the department or the public service as a whole —

- (a) the State has the right to use any such suggestion, improvement or invention; and
- (b) the executive authority may reward the employee through —
 - (i) any non-financial reward;
 - (ii) a non-pensionable cash award not exceeding 20 per cent of the employee's pensionable annual salary or, with the MPSA's approval, a non-pensionable cash award in excess of 20 per cent of the employee's annual salary; or
 - (iii) such a non-financial reward as well as such a cash award.

The Incentive Policy Framework introduced flexibility in the awarding of performance incentives, but placed a ceiling of a **maximum of 18%** of basic salary for non-SMS performance bonuses (see below for the Middle Management Service). It also determined that a department should not spend more than **1.5% of its annual remuneration budget** for employees on levels 1 to 12 on performance incentives. The Department must annually budget 2% of its wage bill for pay progression and 1.5% of the remuneration budget for the allocation of performance rewards. If this is insufficient to award deserving employees, the Departments should scale down the percentages or set tighter standards for the granting of awards. The 1.5% may, in exceptional cases, be exceeded with the approval of the Executive Authority.

In March 2005 the MPSA issued a determination for the implementation of an Inclusive Flexible Remuneration Package System, effective from 1 July 2005, for employees on salary levels 11 and 12 (Circular 2 of 2005). This also established the Middle Management Service (MMS). The determination applies to all MMS members on salary levels 11 and 12 who are appointed in terms of the Public Service Act, 1994 and the Correctional Services Act, 1998. In terms of the Incentive Policy Framework (IPF) —

- (i) MMS members qualify for pay progression in terms of the IPF.
- (ii) Performance awards/bonuses (merit awards), payable in terms of the departmental incentive scheme, are limited to a maximum of 14% of MMS members' package.

² Paragraphs F and G are contained in the Public Service Regulations 1/VIII, and each department must develop its own performance incentive scheme in line with these provisions.

9.5 Performance bonus

A performance bonus is a financial award granted to an employee in recognition of sustained performance that is significantly above expectations and is rated as such in terms of the rating scale. In order to qualify for the granting of a bonus, an employee must complete a continuous period of at least twelve months on her/his salary level on 31 March of a year. The cycle for the granting of a bonus runs over a continuous period of 12 months from 1 April of one year to 31 March of the next year. The value of a bonus is calculated on the employee's actual notch (levels 1 – 10) or remuneration package (levels 11 and 12), but not exceeding the maximum notch of the scale attached to the post.

To understand the relationship between scoring an individual KRA or GAF on the 5 point rating scale, on the one hand, and total scores on the other hand, it must be kept in mind that a total score can be a variable mix of the five categories (1,2,3,4 and 5). A total score must therefore not be read mechanistically into the description of a specific performance category, because a total score might contain a mix of KRA and GAF ratings ranging from 1 to 5, depending on the weighting of the elements. For purposes of illustration the following three broad groups of total performance scores can be distinguished, with the corresponding categories, percentages and outcomes:

Performance groups	Percentages	Performance categories	Percentages	Outcomes
Below satisfactory performance	99% and below	Unacceptable performance	69% and below	No notch increase No cash bonus
		Performance not fully effective	70% - 99%	No notch increase No cash bonus
Satisfactory performance	100% - 114%	Performance fully effective (and above)	100% - 114%	Notch increase No cash bonus
Above satisfactory performance	115% and above	Performance significantly above expectations	115% - 149%	Notch increase Cash bonus in % range
		Outstanding performance	150% - 167%	Notch increase Cash bonus in % range

The following cash bonuses may be granted to employees who qualify in terms of their annual performance assessment, i.e. who have completed the assessment period of 12 months of the performance cycle from 1 April to 31 March on a specific salary level:

Salary levels 1 to 10

PERFORMANCE CATEGORY	TOTAL SCORE FOR KRAs and GAFs	AWARD CATEGORY	CASH BONUS
Performance significantly above expectations	115% - 129%	C	5% to 8%
	130% - 149%	B	9% to 12%
Outstanding performance	150% - 167%	A	13% to 18%

Salary levels 11 and 12 (MMS)

PERFORMANCE CATEGORY	TOTAL SCORE FOR KRAs and GAFs	AWARD CATEGORY	CASH ** BONUS
----------------------	-------------------------------	----------------	---------------

Performance significantly above expectations	115% - 129%	C	4% to 6%
	130% - 149%	B	7% to 9%
Outstanding performance	150% - 167%	A	10% to 14%

The following tables summarise the various measures.

Salary levels 1 to 10

PERFORMANCE CATEGORY	TOTAL SCORE	PROBATION	DEVELOPMENT	PAY * PROGRESSION	CASH ** BONUS
Unacceptable performance	69% and lower	Extend probation or terminate ito Incapacity Code	Agree on development programme	-	-
Performance not fully effective	70% - 99%	Extend probation	Agree on development programme	-	-
Performance fully effective (& above)	100% - 114%	Confirm appointment	Agree on development opportunities	1 notch (1%)	-
Performance significantly above expectations	115% - 129%	Confirm appointment	Agree on development opportunities	1 notch (1%)	5% to 8%
	130% - 149%	Confirm appointment	Agree on development opportunities	1 notch (1%)	9% to 12%
Outstanding performance	150% - 167%	Confirm appointment	Agree on development opportunities	1 notch (1%)	13% to 18%

Salary levels 11 and 12 (MMS)

PERFORMANCE CATEGORY	TOTAL SCORE	PROBATION	DEVELOPMENT	PAY * PROGRESSION	CASH ** BONUS
Unacceptable performance	69% and lower	Extend probation or terminate ito Incapacity Code	Agree on development programme	-	-
Performance not fully effective	70% - 99%	Extend probation	Agree on development programme	-	-
Performance fully effective (& above)	100% - 114%	Confirm appointment	Agree on development opportunities	1 notch (1%)	-
Performance significantly above expectations	115% - 129%	Confirm appointment	Agree on development opportunities	1 notch (1%)	4% to 6%
	130% - 149%	Confirm appointment	Agree on development opportunities	1 notch (1%)	7% to 9%
Outstanding performance	150% - 167%	Confirm appointment	Agree on development opportunities	1 notch (1%)	10% to 14

* Pay progression must be awarded in accordance with the prescripts as set out in paragraph 8.3.1

** The percentage cash bonus for the MMS is calculated on the member's total package, and the percentage ranges have been created to accommodate possible departmental financial constraints.

The department may not exceed 1.5% of its remuneration budget for bonuses. Should this amount prove to be insufficient to award the maximum percentage cash bonuses, the Departmental Moderating Committee may scale down the applicable percentages by allocating a lower percentage in the range to qualifying employees to ensure that the Department stays within the 1.5% limit. The percentage decided upon by the DMC should be applicable to all employees in the specific categories. If it is not possible to stay within the 1.5% limit, even after lowering the percentage ranges, the DMC may in exceptional circumstances make a motivated recommendation to the HOD and EA to approve that this limit may be exceeded.

9.6 Budget for incentives

The performance cycle is a one-year period running from 1 April to 31 March of the following calendar year. In order to comply with the Incentive Policy Framework issued by the MPSA, the Department must budget —

- (i) 2% of the wage bill for effecting pay progression for salary levels 1 to 12; and
- (ii) 1.5% of the remuneration budget for the allocation of performance bonuses for salary levels 1 to 12 (see Incentive Policy Framework for definitions).

As the formal annual assessment covers the period up to 31 March, it means that the assessment process will start and end after 1 April with the result that the funds required for pay progression and performance bonuses for, e.g. the 2007/2008 performance cycle, should be available during the 2008/2009 budgetary cycle, and departments must ensure that all payments are effected before the end of this cycle.

9.7 Non-financial incentives

Financial rewards on their own are not always sufficient to motivate staff towards performance excellence. Other more creative ways for recognising performance should be explored, i.e. where the award does not directly lead to "money in the pocket".

The department may, from time-to-time, at the discretion of the HOD introduce mechanisms for non-financial recognition to stimulate performance across the department. However, managers may also propose forms of non-financial recognition, provided these remain non-financial, fit into the budget and do not change any basic condition of employment. The following are examples of recognition that can be considered —

- 9.7.1 Acknowledgement and recognition of performance excellence i.e. in department publications; specially created awards and certificates; citations at conferences/meetings; attendance at conferences etc.
 - 9.7.2 Increased autonomy to organise own work and/or increased resources with which to perform work.
 - 9.7.3 Public awards of various kinds made by management in recognition of a specific achievement or innovation or for consistent achievement over a specific period.
 - 9.7.4 Specific access to specialised training and development opportunities.
 - 9.7.5 Participation on a prioritised rotation basis in study tours or overseas and other visits by the EA, HOD and/or senior management.
- 9.8 Departments must keep accurate records of all performance assessments and the outcomes related thereto, including all performance rewards.

10. SYSTEM EVALUATION AND REVIEW

Evaluation of the EPMDS should help determine whether the system is functioning effectively. An evaluation schedule should be established in the early stages of the performance cycle. This will assist supervisors in targeting what the generally desired outcomes of the EPMDS as a system are. It is important to determine initially the types

of data required throughout the performance management process. The department will obtain baseline data with which to compare future data. The data desired and the available timeframes for collecting the data will determine the types of data collection techniques and analyses used.

The evaluation strategy will be determined as the performance management programme is being rolled out and should change if it does not provide appropriate data on which to base future decisions. Some of the questions that should be asked and answered in an evaluation include —

- (i) Is the programme addressing the department's needs?
- (ii) Does the programme fit the department's values and culture?
- (iii) Do managers have the necessary skills to use the programme?
- (iv) Does it provide useful data for making personnel decisions?

The Head: HRM should conduct an audit of the implementation of EPMDS at the end of the performance cycle. The methodology applied shall be a survey questionnaire to a representative sample within the department. Following the development of performance agreements and workplans and during the course of the year, management should ascertain the following in respect of the system —

- (i) Whether the system meets the specifications.
- (ii) Whether the users understand it and are able to use it.
- (iii) Whether the department is achieving its initial objectives.

The system review process is based on the legal guidelines, best practice guidelines and monitoring and evaluation guidelines. The Moderating Committee, with technical support from HR will determine if the legal requirements in the PSR Chapter 1 Part VIII are being met —

- (i) All employees are being assessed at least on an annual basis.
- (ii) Employees know which supervisor will be responsible for their assessment.
- (iii) The details of the performance management system are communicated to employees before the process starts.
- (iv) Employees are given the right to refuse to sign a performance assessment form.
- (v) Identifying the disagreement and resolution route; and
- (vi) Permitting employee representatives to represent an employee in grievance processes.

In implementing amendments to this EPMDS the provisions of PSR 2016, Chapter 4 Part 5, must be complied with, namely that each Executive Authority must determine a performance management system for employees on levels 1 to 12 in her/his Department, and that the system and proposed amendments must be consulted with employee organisations. The Executive Authority must approve the utilisation of the EPMDS in the performance cycle preceding implementation of the system.

11. THE INSTITUTIONAL FRAMEWORK

The EPMDS enables the department to translate overall strategic priorities as captured in the relevant policy statements and its strategic plan into performance measures for various levels of employees. In developing the departmental objectives, the HOD and senior management utilise the medium-term strategic and annual business plans to outline objectives for the key result areas (KRAs). The KRAs provide strategic focus and direction for the other activities in the department. The HOD and senior management will develop the organisational level objectives and indicators. This can be achieved by applying the following sequence –

- (i) Identify appropriate objectives and key result areas based on the strategic priorities in the relevant policy statements, strategic plan and business plan.
- (ii) Develop indicators for each of the KRAs to measure progress towards the achievement of objectives and priorities
- (iii) Develop processes and time frames for development of business plans for the business unit or senior management team members
- (iv) Develop process and time frames for incorporation into workplans of senior managers in the form of KRAs and CMCs.
- (v) Incorporate overall performance into the HOD's performance agreement

Performance management at the component level focuses on outputs as opposed to inputs that will lead to achievement of overall outcomes of the department. After component goals have been established, the sub-components negotiate responsibilities for each output to define the role of each sub-component. Cascading responsibilities to the component level involves the following –

- (i) Use priorities in the business plan as the basis for key performance indicators
- (ii) Provide overview of the constraints of some of the indicators
- (iii) Take each priority area and identify the responsible sub-component
- (iv) Identify other role players who may share responsibility for the priority
- (v) Ensure incorporation of responsibilities in workplans of sub-component managers
- (vi) Define the process for cascading the outputs and activities to individual employee performance agreement work plans at lower levels and ensure implementation

The following key role players will assume the responsibilities outlined to promote the implementation of the EPMDS in the department.

11.1 The Executive Authority (EA)

The EA identifies the key government priority areas and the priorities the department should deliver on. The EA then assigns the responsibility for the achievement of departmental goals to the HOD through the latter's performance agreement. The EA authorises the use of the EPMDS as the departmental policy and system.

11.2 The Head of Department

The HOD is responsible for the development of the medium term strategic priorities of the department by means of the medium-term strategic plan translated annually into

operational or business plans. The HOD is also responsible for ensuring that components are assigned specific responsibilities drawn from the department's strategic and annual business plans. The HOD gives effect to the EPMDS by issuing it as a departmental policy and performance management system.

11.3 The Branch Manager

The Branch Manager and other delegated senior managers are responsible for developing the branch or component's business plans that derive from the departmental strategic and business plans. She/he is also responsible for determining the KRAs for the component managers, based on those indicated in branch objectives, and also for supervising Component Managers' performance agreements.

11.4 The Component Manager

The Component Manager is responsible for the component objectives and for ensuring that sub-components develop business plans based on the objectives. The Component Manager also ensures that sub-components have defined objectives, outputs, targets and staff to carry the responsibility and the budget to fund the activity.

11.5 The Sub-Component Manager

The Sub-Component Manager is responsible for the specific objectives of the sub-component assigned by the Branch Manager and the Component Manager. The Sub-Component Manager defines the sub-component's objectives, outputs, targets and the responsible individual and budget. The Sub-Component Manager will also agree the KRAs and GAFs for middle and junior management staff in the unit.

11.6 Supervisors

All supervisory staff with responsibility within a component will ensure that they explain the development of a PA to all employees under their supervision. They will then develop a PA jointly with each employee.

The supervisor will clarify for employees the objectives of the unit (component), the clients of the unit, the employee's job description, the employee's clients, the KRAs and GAFs, time frames, measures and the actual performance rating method. Supervisors will also assist employees to identify and incorporate training needs into their PAs. This will be captured in the Personal Development Plan.

11.7 The Employee

All employees of the Department, from the HOD through senior and middle management to employees at the 'production level', are responsible for clarifying with their immediate supervisors the dates and process for developing and submitting their PAs. All employees are responsible for developing a draft PA, based on the required objectives, KRAs and GAFs and other aspects of their job that have been previously clarified by the immediate supervisor. The employee is responsible for presenting the draft PA to the supervisor for joint agreement on the final PA.

11.8 The Head: Human Resources

This position is responsible for ensuring that –

- (i) the system is made available and revisions properly communicated;
- (ii) a plan is jointly developed with the HRD unit for the training of trainers as well as the training of supervisors in the implementation of the EPMDs;
- (iii) regulatory changes likely to affect the EPMDs are communicated timeously;
- (iv) PAs and employment contracts of relevant staff are reconciled where necessary;
- (v) dates for submission of PAs, review reports and assessment are set;
- (vi) the Moderating Committee is constituted by the HOD and senior management;
- (vii) organised labour is consulted in order to obtain their inputs and feedback on the implementation and review of the EPMDs;
- (viii) on-going technical support is provided to components and employees.
- (ix) Incorporating identified training needs into the training and skills development planning and implementation processes of the department;
- (x) Jointly developing and implementing the workplace skills plan for the department in co-operation with the HR component.

11.9 The Moderating Committee (see also paragraph 8)

- (i) The Moderating Committee will monitor the performance management process by obtaining an overall sense of whether norms and standards are being applied consistently and realistically to employees on the same level. The Committee should not assess each individual case for purposes of evaluating ratings, but should develop an overall view of the results of process. If deviations from norms and standards are identified, these must be referred back to the relevant supervisor for review.

Depending on the size and nature of the Department (number of employees, provincial, regional and district distribution) moderation sub-committees or quality assurance committees may be established. The roles of these sub-committees should be clearly determined and set out in the departmental policy before the commencement of the next performance cycle.

11.10 Assessment Appeal Panel (see also paragraph 8)

The Assessment Appeal Panel is established by the Executive Authority or his/her designee to manage disagreements over ratings referred above. The Panel must be constituted in such a manner that expertise of the line function, performance management, legal affairs and labour relations is included, and the Panel will consider written representations of an employee.

Depending on the size and nature of the Department (number of employees, provincial, regional and district distribution) assessment appeal panels may be established in regions or large institutions, if required by practical circumstances.

In the event of any remaining disagreement over the performance assessment of an employee, the employee may follow the formal grievance rules of the Public Service. If all of these processes ultimately fail to resolve any disagreement or grievance, the employee is entitled to seek redress through other means available in law.

12. COMMUNICATION

The Directorate: **Human Resources** is responsible for communicating this policy to all employees within the department.

13. MONITORING AND EVALUATION

The Directorate: **Human Resources** is responsible for the development and ongoing monitoring thereof. Any inputs and amendments to this policy must be directed to the **Director: Human Resources**.

