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PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**THE MALUTI-A-PHOFUNG MUNICIPALITY
AS REPRESENTED BY THE MUNICIPAL MANAGER**

MOKOANA ROBERT TSUPA

AND

MORATWE MOFOKENG

FOR THE

FINANCIAL YEAR: 1 JULY 2016 - 30 JUNE 2017

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PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Maluti-a-Phofung Municipality herein represented by Mokoana Robert Tsupa in her/his capacity as the Municipal Manager (hereinafter referred to as the **Employer**

and

Moratwe Mofokeng in his / her capacity as **Chief Financial Officer** (hereinafter referred to as the **Employee**) (Jointly referred to as "Parties").

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The **Employer** has entered into an employment contract (herein referred to as "the employment contract") in terms of section 57(1)(a) of the Local Government: Municipal Systems Act No. 32 of 2000 (hereinafter referred to as "the Systems Act").
- 1.2 Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement within one (1) month after the beginning of each financial year (on/before 31 July) during the term of the Employee's employment.

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement and the appendices thereto are to -

- 2.1 comply with the provisions of Section 57(1)(b),(4A),(4B) and (5) of the Act as well as the employment contract entered into between the parties;
- 2.2 specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- 2.3 specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- 2.4 monitor and measure performance against set targeted outputs;

- 2.5 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- 2.6 in the event of outstanding performance, to appropriately reward the employee; and
- 2.7 give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on 01 July 2016 and will remain in force until 30 June 2017 (hereinafter referred to as "the current financial year") thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year.
- 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the **Employee's** contract of employment for any reason.
- 3.4 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

4 PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan (Annexure A) sets out-
 - 4.1.1 the performance objectives and targets that must be met by the **Employee**; and
 - 4.1.2 the time frames within which those performance objectives and targets must be met.

- 4.2 The performance objectives and targets reflected in Annexure A are set by the **Employer** in consultation with the **Employee** and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer**, and shall include key objectives; key performance indicators; target dates and weightings.

4.2.1 The key objectives describe the main tasks that need to be done.

4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.

4.2.3 The target dates describe the timeframe in which the work must be achieved.

4.2.4 The weightings show the relative importance of the key objectives to each other.

- 4.3 The **Employee's** performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the **Employer's** Integrated Development Plan.

5 PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Employer, management and municipal staff of the Employer.

- 5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Employer, management and municipal staff to perform to the standards required.

- 5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

- 5.4 The Employee undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the employee's responsibilities) within the local government framework.

- 5.5 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

- 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.

- 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
- 5.5.4 The total score must determined using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Total	100%

- 5.7 In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.
- 5.8 The CRs will make up the other 20% of the Employee's assessment score. CRs that are deemed to be most critical for the Employee's specific job should be selected (✓) from the list below as agreed to between the Employer and Employee. Three of the CRs are compulsory for Municipal Managers:

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES	✓	WEIGHT
Strategic Direction and Leadership		
People Management		
Program and Project Management		
Financial Management		
Change Leadership		
Governance Leadership		
CORE COMPETENCIES		
Moral Competence		

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COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES	√	WEIGHT
Planning and Organising		
Analysis and Innovation		
Knowledge and Information Management		
Communication		
Results and Quality Focus		
Total percentage	-	100%

6. EVALUATING PERFORMANCE

6.1 The Performance Plan (Annexure A) to this Agreement sets out -

6.1.1 the standards and procedures for evaluating the Employee's performance; and

6.1.2 the intervals for the evaluation of the Employee's performance.

6.2 Despite the establishment of agreed intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force.

6.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.

6.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

6.5 The annual performance appraisal will involve:

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

(a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.

(b) An indicative rating on the five-point scale should be provided for each KPA.

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- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

6.5.3 Overall rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

- 6.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CRs:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					

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Level	Terminology	Description	Rating				
			1	2	3	4	5
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

6.7 For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established -

- 6.8.1 Municipal Manager;
- 6.8.2 Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- 6.8.3 Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- 6.8.4 Municipal manager from another municipality.

6.8 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

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7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of each **Employee** in relation to his / her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter	:	July – September.....
Second quarter	:	October – December.....
Third quarter	:	January – March.....
Fourth quarter	:	April – June.....

7.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.

7.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.

7.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

7.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and / or amended as the case may be. In that case the Employee will be fully consulted before any such change is made.

8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure B.

9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall –

- 9.1.1 create an enabling environment to facilitate effective performance by the employee;
- 9.1.2 provide access to skills development and capacity building opportunities;
- 9.1.3 work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 9.1.4 on the request of the Employee delegate such powers reasonably required by the Employee to enable him / her to meet the performance objectives and targets established in terms of this Agreement; and

- 9.1.5 make available to the Employee such resources as the Employee may reasonably require from time to time to assist him / her to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

- 10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others –

10.1.1 a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer; and

10.1.3 a substantial financial effect on the Employer.

- 10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

11. MANAGEMENT OF EVALUATION OUTCOMES

- 11.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

- 11.2 A performance bonus of between 5% to 14% of the total remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:

11.2.1 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

11.2.2 a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

- 11.3 In the case of unacceptable performance, the Employer shall –

11.3.1 provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and

11.3.2 after appropriate performance counselling and having provided the necessary guidance and/ or support as well as reasonable time for improvement in performance, the Employer may consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his or her duties.

12. DISPUTE RESOLUTION

12.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by –

12.1.1 the Executive Mayor within thirty (30) days of receipt of a formal dispute from the Employee; or

12.1.2 any other person appointed by the Executive Mayor.

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL

13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.

13.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

13.3 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed aton this the..... day of2002016

AS WITNESSES:

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AS WITNESSES:

1.

2.


CHIEF FINANCIAL OFFICER


MUNICIPAL MANAGER

ANNEXURE A

PERSONAL PERFORMANCE PLAN 2010/11:
CHIEF FINANCIAL OFFICER

KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Performance objective [Main tasks]	Weight	Key Performance Indicator [Evidence of performance]	Target Date	Achievements/Progress/ Comments/Reference to evidentiary documents	Rating
Comply with statutory and best practice prescripts relating to expenditure	100	Less than 10% of expenditure transactions are queried during external auditing due to inadequate supporting documentation	30/06/17		
Consumer accounts are prepared accurately and delivered regularly		Less than 3% of consumer accounts are queried for inaccuracies	On-going		
		Inquiries about consumer accounts are adequately resolved within 3 days of receipt	On-going		
		Consumer accounts are prepared and distributed monthly not less than 14 days before the due date	Monthly		
Increase current debtors payment rate from 55% to 85%		Prepare "cut-off" list within 7 working days after due date for payment of consumer accounts, prioritising local business, public servants and organs of state	Monthly		
		Notify defaulting debtors of intention to discontinue/suspend services unless payment is made	Monthly		
		Ensure services are discontinued/ suspended if notices are ignored	Monthly		
		Regularly follow-up "stay-offs"	Monthly		
		Submit list of habitual defaulters [consumers who default more than once during a 3 month period] to chairpersons of relevant ward committees	Quarterly		

Performance objective [Main tasks]	Weight	Key Performance Indicator [Evidence of performance]	Target Date	Achievements/Progress/ Comments/Reference to evidentiary documents	Rating
Reduce <u>overdue debtors</u> [i.e. debtors older than 30 days] as at 30 June 2010 by 20%		<p>Assess accessibility and reliability of cashiering services</p> <p>Prepare a draft strategy, including specific milestones and timelines for reducing overdue debtors and submit to the Executive Mayor for consideration by the Council, such strategy <i>inter alia</i> to specifically identify and target overdue debtors who are able to pay [e.g. public servants, local business and organs of state]</p>	30/09/16		
		<p>Prepare and distribute final notices to overdue debtors who have not –</p> <ul style="list-style-type: none"> • been handed over for collection; and • made, or do not comply with, agreed arrangements for settling overdue debt 	31/10/16		
		<p>Commence collection procedures against overdue debtors who –</p> <ul style="list-style-type: none"> • do not respond to final notices; and • default on agreed settlement arrangements 	On-going		
Effectively manage the Municipality's cash flow		<p>Actual expenses and receipts do not deviate more than 3% from monthly cash flow projections</p>	Monthly		
Maintain database of accredited suppliers		<p>95% of creditors are paid within 30 days of receipt of invoice/statement</p> <p>Annual re-registration of suppliers to the database of accredited suppliers completed</p> <p>Applications by suppliers for inclusion in the database of accredited suppliers are verified and captured within one month after receipt</p>	Monthly		
Variations of contracts managed by the Department are		Documented contract variations	30/08/16		
			Monthly		
			As and when		

Performance objective [Main tasks]	Weight	Key Performance Indicator [Evidence of performance]	Target Date	Achievements/Progress/ Comments/Reference to evidentiary documents	Rating
comprehensively documented, approved and annexed to the principal contract as a properly executed and signed addendum			required		
Suppliers engaged by the Department meet performance standards in terms of quality, budgets and timelines		Set input, output and outcome indicators for each service-provider appointed for the Department Measure performance of service-providers against agreed indicators Report to the Municipal Manager on performance of suppliers executing projects managed by the Department	As and when required Monthly Monthly		
No irregular, unauthorised or fruitless and wasteful expenditure is committed, made, authorised or incurred from budget votes the management of which was allocated to the Employee		No expenses incurred by/on behalf of the Department are disallowed for being irregular, unauthorised or fruitless and wasteful	30/06/17		
Expediently respond to internal and external audit enquiries relating to the department		Written response to audit queries are submitted within 5 working days after receipt	As and when required		
TOTAL					

CORE COMPETENCY REQUIREMENTS

Competencies	Weight	Description/Definition	Achievements/Progress/ Comments/Reference to evidentiary documents	Rating
Financial management	30	Complies and manages budgets, controls cash flow, institutes risk management and administers supply chain management processes in accordance with legal prescripts and generally recognised accounting practices in order to ensure the achievement of the Municipality's strategic objectives.		
People management and empowerment	20	Manages and encourages people, optimises their outputs and effectively manages relationships in order to achieve the Municipality's strategic objectives.		
Client orientation and customer focus	20	Willing and able to deliver services effectively and efficiently in order to put the spirit of customer service (Batho Pele) into practice.		
Strategic capability and leadership	10	Provides a vision, sets the direction for the administration and inspires others to deliver on the municipality's mandate		
Problem solving and analysis	10	Systematically identifies, analyses and resolves existing and anticipated problems in order to reach optimum solutions in a timely manner.		
Programme and project management	5	Plans, manages, monitors and evaluates specific activities in order to deliver the desired outputs and outcomes.		
Honesty and integrity	10	Displays and builds the highest standards of ethical and moral conduct in order to promote confidence and trust in the Municipality.		
Competence in policy conceptualisation, analysis and implementation	10	The ability to draft and implement a policy due to the arriving at a concept or a generalisation as a result of seeing things, experiencing things, being informed of something as well as the ability to analyse, comprehend and implement a policy drafted by somebody else.		
TOTAL				

RATING ASSESSMENT CALCULATOR

KEY PERFORMANCE AREAS

Key performance area	Weight	Rating	Score
Municipal financial viability and management	100		
Total score			
Total weight, key performance areas			80%
Weighted score, Key performance areas			

CORE COMPETENCY REQUIREMENTS

Core competency requirement	Weight	Rating	Score
1 Financial management	30		
2 People management and empowerment	20		
3 Client orientation and customer focus	20		
4 Strategic capability and leadership	10		
5 Problem solving and analysis	10		
6 Programme and project management	5		
7 Honesty and integrity	10		
8 Competence in policy conceptualisation, analysis and implementation	10		
Total score			
Total weight, core competency requirements			20%
Weighted score, core competency requirements			