



PERFORMANCE AGREEMENT

Made and entered into by and between

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

("the Municipality")


(Represented by N.W PHALA, duly authorised by Municipal Council Resolution)

and

Madimabe Sello Monageng

(Chief Financial Officer)

For the Financial Year: 1 July 2014 to 30 June 2015

Nw 

1. INTRODUCTION

- 1.1. Elias Motsoaledi Local Municipality has entered into a contract of employment with Chief Financial Officer for a period of 5 years, ending 31 January 2018 in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("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.
- 1.3. The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Chief Financial Officer reporting to Acting Municipal Manager, to a set of actions that will secure local government policy goals.
- 1.4. Notwithstanding the date of signature hereof, this agreement shall commence with effect from **01 July 2014** and shall endure for the period referred to in clause 1.1 above.

2. PURPOSE OF THIS AGREEMENT

- 2.1 The parties agree that the purposes of this Agreement are to:
 - 2.1.1. Comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems act; and the employment contract entered into between the parties;
 - 2.1.2. State objectives and targets established for the Chief Financial Officer
 - 2.1.3. Specify accountabilities;
 - 2.1.4. Monitor and measure performance;
 - 2.1.5. Establish a transparent and accountable working relationship; and
 - 2.1.6. Give effect to the Chief Financial Officer commitment to a performance-orientated relationship with its Acting Municipal Manager in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1. This Agreement will commence on the date of signature by both parties, which will be as soon as reasonably possible after **01 July 2014**, and, subject to paragraph 3.3, will continue in force until a new performance agreement is concluded between the parties as contemplated in paragraph 3.2.
- 3.2. The parties will review the provisions of this Agreement during June each year. The parties will conclude a new performance agreement that replaces this Agreement at least once a year by not later than July each year.

- 3.3. The performance score obtained during the performance review determines the performance bonus. Should the Chief Financial Officer be entitled to a bonus, this will be paid out in the Chief Financial Officer's **January** salary.
- 3.4. This Agreement will terminate on the termination of Chief Financial Officer's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1. Annexure "A" sets out:

4.1.1. The performance objectives and targets that must be met by the Chief Financial Officer;
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 Acting Municipal Manager in consultation with the Chief Financial Officer based on the Integrated Development Plan and Service Delivery and Budget Implementation Plan and include key objectives; key performance indicators; target dates and weightings.
- 4.3. The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objective
- 4.4. Chief Financial Officer's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Municipality's Integrated Development Plan.
- 4.5. Municipal Manager will make available to Chief Financial Officer time to assist him to meet the performance objectives and targets established in terms of this agreement.
- 4.6. Acting Municipal manager will be entitled to review and make reasonable changes to the provisions of Annexure "A". Annexure "A" may be amended by Acting Municipal Manager when the EMLM's Performance Management System is adopted, implemented and/or amended as the case may be.

5. PERFORMANCE MANAGEMENT FRAMEWORK

The Parties record that the EMLM has a Performance Management Framework, which may be amended from time to time. It describes the systems and procedures of performance management in the municipality in which the Chief Financial Officer will be required to engage in performing his job.

6. EVALUATING PERFORMANCE

- 6.1. **Annexure "A"** to this Agreement sets out the standards and procedures for evaluating the Chief Financial Officer; performance;
- 6.2. The performance of the Chief Financial Officer in relation to his performance agreement shall be reviewed on a quarterly basis as follows:
- | | | |
|----------------|---|--------------------|
| First quarter | : | July – September |
| Second quarter | : | October – December |
| Third quarter | : | January – March |
| Fourth quarter | : | April - June |
- 6.3. The Chief Financial Officer shall keep a record of the mid-year review and annual assessment meetings.
- 6.4. Performance feedback shall be based on Acting Municipal Manager's assessment of the Chief Financial Officer's performance.
- 6.5. Acting Municipal Manager will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons. The Chief Financial Officer will be fully consulted before any such change is made.
- 6.6. Acting Municipal Manager may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be. In this case the Chief Financial Officer will be fully consulted before any such change is made.
- 6.7. Despite the establishment of agreed intervals for evaluation, Acting Municipal Manager may, in addition, review the Chief Financial Officer's performance at any stage while the contract of employment remains in force.

NW


- 6.8. Personal growth and development needs identified during any performance review discussion must be documented and, where possible, actions agreed be implemented.
- 6.9. The Chief Financial Officer's performance will be measured in terms of contributions to the goals and strategies set out in the municipality's IDP.
- 6.10. The annual performance appraisal will involve:
- a) Assessment of the achievement of results as outlined in the performance plan:
 - i. 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.
 - ii. An indicative rating on the Five-point scale should be provided for each KPA.
 - iii. The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.
- 6.11. It is recorded that in terms of the EMLM's Performance Management Framework and system, for purposes of evaluating the performance of the Chief Financial Officer, The Evaluation Panel will assist in the evaluation of the Chief Financial Officer.
- 6.12 The employee must achieve 50% of his or her duties. Failure to that, Acting Municipal Manager may institute disciplinary hearing against the employee

7. PERFORMANCE MANAGEMENT SYSTEM

- 7.1. The Chief Financial Officer agree to participate in the performance management system that the municipality adopts or introduces for the Chief Financial Officer, management and municipal staff of the municipality.
- 7.2. The Chief Financial Officer accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Chief Financial Officer, management and municipal staff to perform to the standards required.
- 7.3. Acting Municipal Manager will consult the Chief Financial Officer about the specific performance standards that will be included in the performance management system as applicable to the Chief Financial Officer.

- 7.4. The Chief Financial Officer agrees to participate in the performance management and development systems that the municipality adopts.
- 7.5. The Chief Financial Officer undertake to actively focus towards the promotion and implementation of the Key Performance Areas (KPA's) (including special projects relevant to his responsibilities) within the local government framework.

Key Performance Areas (KPA`s) for Chief Financial Officer	Weighting
Basic Service Delivery	0%
Municipal Institutional Development and Transformation	0%
Local Economic Development	0%
Municipal Financial Viability and management	80%
Good Governance and Public Participation	20%
Total	100%

- 7.6. The CCRs will make up the other 20% of the employee's assessment score. CCRs that are deemed to be most critical for the employee's specific job should be selected from the list below as agreed to be between the employer and the employee and must be considered with due regard to the proficiency level agreed to:

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	Indicate Choice	Weight
Strategic Capacity and Leadership		10%
Programme and Project Management		
Financial Management	Compulsory	30%
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	Compulsory	10%
Client Orientation and Customer Focus	Compulsory	10%
Communication		
Honesty and Integrity		
Core Occupational Competencies		
Legislative and national policy frameworks		10%
Knowledge of development local government		10%
Knowledge of performance management and reporting		10%

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	Indicate Choice	Weight
Competence in policy conceptualization, analysis and implementation		
Skills in governance		
Exceptional and dynamic creativity to improve the functioning of the municipality		10%
Total Percentage		100%

7.7. Reward for performance

The performance bonus will be determined by the Municipal Council based on affordability and the stipulations of the performance agreement.

The performance bonus in addition to the annual reviewed remuneration will be considered by the Council not later than September under the following conditions:

- a. The payment of the reward will be based on the period under review and result of the performance score;
- b. The amount of the reward will not exceed 14% of the remuneration, but will be subjected to affordability to the Municipality;
- c. The performance score will be obtained by using the performance plan;
- d. Where external factors have a negative influence on the result of the performance as scrutinized and recommended by the Performance Audit Committee, the Municipality may grant a reward. (Regulation Number 29089 of 01August 2006)
- e. The reward if granted, will be paid annually after the compilation of the financial statements and after finalisation of the performance appraisals;
- f. The final outcome of the performance appraisal will determine the reward;
- g. The following table will be used in determining the payment of the reward:

PERFORMANCE APPRAISAL OF KPAs AND CCRs

LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE RATIOS	BONUS
Level 5: Outstanding Performance	Performance far exceeds the standard expected for the job in all areas of the manager. The manager has achieved exceptional results against all performance criteria and indicators specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.	5	75 – 100	Maximum bonus allowed ito. Regulations is between 10% and 14% of person's inclusive annual remuneration package The % as determined per Council Resolution is as follows: 75 – 76% 77 – 78% - 79 – 80% - 81 – 84% - 85 – 100%	
Level 4: Performance significantly above expectations	Performance is significantly higher than the standard expected for the job in all areas. The manager has achieved above fully effective results against more than half of the performance criteria and indicators specified in the Performance Plan and fully achieved all others throughout the year.	4	65 – 74	Maximum bonus allowed ito. Regulations is between 5% and 9% of person's inclusive annual remuneration package The % as determined per Council Resolution is as follows: 65 – 66% 67 – 68% 69 – 70% 72% - 73 – 74% - 9%	
Level 3: Fully effective	Performance fully meets the standard expected for the job in all areas. The manager has achieved effective results against all significant performance criteria and indicators specified in the Performance Plan and may have achieved results significantly above expectations in one or two less significant areas throughout the year.	3	51 – 64	No bonus	

rw 8

PERFORMANCE APPRAISAL OF KPAs AND CCRs					
LEVEL	DESCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE RATIOS	BONUS
Level 2: Performance not fully satisfactory	Performance is below the standard required for the job in key areas. The manager has achieved adequate results against many key performance criteria and indicators specified in the Performance Plan but did not fully achieved adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.	2	31 – 50	No bonus	
Level 1: Unacceptable performance	Performance does not meet the standard required for the job. The manager has not met one or more fundamental requirements and/or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The manager has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement.	1	Less than 30	No bonus	

8. CONSULTATION

- 8.1. Acting Municipal Manager agrees to consult with Chief Financial Officer timeously where the exercising of the Chief Financial Officer's powers will –
- 8.1.1. Have a direct effect on the performance of any of the Chief Financial Officer's functions;
 - 8.1.2. Commit the Chief Financial Officer to implement or to give effect to a decision made by Municipal Manager;
 - 8.1.3. Have a substantial financial effect on the municipality.
- 8.2. Acting Municipal Manager agrees to inform the Chief Financial Officer of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 7.1 as soon as is practicable to enable the Chief Financial Officer to take any necessary action without delay.

HW⁹


9. MANAGEMENT OF OUTCOMES

- 9.1. The evaluation of the Chief Financial Officer's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 9.2. A performance bonus may be paid to the Chief Financial Officer in recognition of outstanding performance, in accordance with performance policy/framework and system referred to in this contract
- 9.3. In case of unacceptable performance, Municipal Manager shall provide systematic remedial or developmental support to assist the Chief Financial Officer to improve his performance; and
- 9.4. Where Acting Municipal Manager is, at any time during the Chief Financial Officer's employment, not satisfied with his performance with respect to any matter dealt with in this Agreement, Acting Municipal Manager will give notice to the Chief Financial Officer to attend a meeting with Acting Municipal Manager.
- 9.5. The Chief Financial Officer will have the opportunity at the meeting to satisfy Acting Municipal Manager of the measures being taken to ensure that his performance becomes satisfactory and any programme including any dates for implementing these measures.
- 9.6. Where there is a dispute or difference as to the performance of the Chief Financial Officer under this Agreement, the parties will confer with a view to resolving the dispute or difference.
- 9.7. If at any stage thereafter, Acting Municipal Manager holds the view that the performance of the Chief Financial Officer is not satisfactory, the municipality will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Chief Financial Officer to terminate his employment in accordance with the notice period set out in his contract of employment.
- 9.8. Nothing contained in this Agreement in any way limits the right of the municipality to terminate the Chief Financial Officer's contract of employment with or without notice for any other breach by the Chief Financial Officer of his obligations to the municipality or for any other valid reason in law.

10. DISPUTES

- 10.1. In the event that the Chief Financial Officer is dissatisfied with any decision or action of Acting Municipal Manager or of the municipality in terms of this Agreement, or where a dispute or difference arises as to the extent to which the Chief Financial Officer has achieved the performance objectives and targets established in terms of this Agreement, he can meet with Acting Municipal Manager with a view to resolving the issue. At the Chief Financial Officer's request, Acting Municipal Manager will record the outcome of the meeting in writing.
- 10.2. In the event that the Chief Financial Officer remains dissatisfied with the outcome of that meeting, he may raise the issue in writing with the Mayor by requesting that the issue be placed on the agenda of an appropriate meeting of the EXCO. The EXCO will determine a process for resolving the issue, which will involve at least providing the Chief Financial Officer with an opportunity to state this case orally or in writing. At the Chief Financial Officer's request the EXCO will record its decision on the issue in writing. The decision of the EXCO on the issue will be made within 2 weeks of the issue being raised, or as soon thereafter as possible, and will be final.


11. GENERAL

- 11.1. The contents of the Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the municipality, where appropriate.
- 11.2. Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Chief Financial Officer in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

12.

**CHIEF FINANCIAL OFFICER'S PERSONAL DEVELOPMENT PLAN
FOR THE PERIOD JULY 2014- JUNE 2015**

Skills/performance gap (in order of priority)	Outcomes expected (measurable indicators)	Suggested training and/or development activity	Suggested mode of delivery	Suggested timeframes	Work opportunity to practice skills or development Area	Support person
Microsoft Excel level 2&3	Certificate	Block session	College	1 year	municipality	Acting Municipal Manager
Effective Time Management	Certificate	Block session	College	1 year	municipality	Acting Municipal Manager
Strategic Decision Making	Certificate	Block session	College	1 year	municipality	Acting Municipal Manager

rw


According to my knowledge there is nothing stopping me from achieving my targets and what is included in this agreement.

SIGNED at Groblersdal on this _____ day of July 2014.

For: THE ELIAS MOTSOLEDI LOCAL MUNICIPALITY



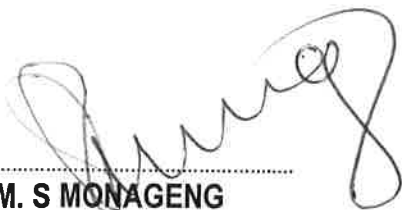
**N.W PHALA
ACTING MUNICIPAL MANAGER**

15/07/2014
DATE

Witness:



SIGNED at Groblersdal on this _____ day of July 2014.



**M. S MONAGENG
CHIEF FINANCIAL OFFICER**

2014/07/10
DATE

Witness:

