

**PERFORMANCE AGREEMENT &
PLAN
CHIEF FINANCIAL OFFICER
2013/2014**

**MASILONYANA
LOCAL MUNICIPALITY**



INTRODUCTION

Masilonyana local Municipality duly represented by S. Ndakati, in his capacity as the Municipal Manager has entered into a contract of employment with the employee ME MADOENI (in her capacity as the Chief Financial Officer) for a period of one year ending 30 June 2014 in terms of section 57(1) (a) of the Local Government Municipal Systems Act 32 of 2000.

Section 57(1) 9b) of the same Act, read with the contract of employment concluded between the parties, requires the parties to conclude an annual performance agreement.

The parties wish to ensure that they are clear about the goals & objectives to be achieved, and secure the commitment of the employee reporting to the Municipal Manager, to a set of actions that will secure Local Government Policy Objectives.

PURPOSE OF THIS AGREEMENT

The parties agree that the purpose of this Agreement is to:

- Comply with the provisions of section 57 (10 (b), (4A), (4B) and (5) of the Act as well as the employment contract entered into between the parties;
- Specify objectives and targets defined and agreed with the employee and to communicate to the employee the municipal expectations of the employee's performance and accountabilities in alignment with the 2013/2014 Integrated Development Plan, 2013/2014 Service Delivery Budget Implementation Plan and the 2013/2014 Municipal Budget;
- Specify the accountabilities as set out in the Performance Plan, which forms an annexure to the performance agreement.
- Monitor and measure performance against set targeted outputs;
- Use the performance agreement as a barometer assess employee performance
- In the event of outstanding performance, to appreciately reward performance
- Give effect to the municipal commitment to a performance oriented relationship with its employee in attaining equitable and improved service delivery.

COMMENCEMENT AND DURATION

- This Agreement will commence on the 1 July 2013 and will remain in force in until 30 June 2014. Thereafter a new Performance Agreement, Performance plan and Personal Development Plan shall be concluded between the parties for the next financial Year or any portion thereof;
- 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;
- This Agreement will terminate on the termination of the employee's contract of employment for any reason as may be agreed between the parties;
- The content of this Agreement may be revised at any time during the above-mention period to determine the applicability of the matters agreed upon;
- If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council resolution/decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised and aligned.

PERFORMANCE OBJECTIVES

- The Performance Plan (Annexure "A") sets out:
- The performance objectives and targets that must be met by the employee; and
- The time frames within which those performance objectives and targets must be met;
- The performance objectives and targets reflected in Annexure "A" are set by the Mayor in consultation with the employee, and including Key Objectives, Key Performance Indicators, Target dates and weightings;
- The Key Objectives describes the main task that needs 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 date describes the timeframe in which the work must be achieved. The weightings show the relative importance of the Key Objective to each other;
- The employee's performance will. In addition be measured in terms of contributions to the set goal and strategies as in the 2013/2014 IDP;

PERFORMANCE MANAGEMENT SYSTEM

- The employee agrees to participate in the Performance Management System that the municipality will adopt (before the end of October 2013) and introduced for Masilonyana Local Municipality, to manage municipal staff.
- The employee accepts that the purpose of Performance Management System is to provide a comprehensive system with specific performance standards to assist the municipality, management and municipal staff to perform to the standards required;
- The Mayor will consult the employee about the specific performance standards that will be included in the Performance Management System as applicable to the employee;
- The employee undertake to actively focus towards the promotion and implementation of the KPA's (including special projects relevant to the employee's responsibilities) within the local government framework;
- The criteria upon which the performance of the employee shall be assessed shall consist of two components, both of which are contained in the Performance Agreement;
- The employee will be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Management Competencies (CMC's) respectively;
- Each area of assessment will be weighted and will contribute a specific part to the total score;
- KPA's covering the main areas of work will account for 80% and CMC's 20% of the final assessment;
- The employee's assessment will be based on his performance in terms of the outputs/ outcomes specified in the Attached Performance Plan

EVALUATING PERFORMANCE

The Performance plan set out:

- The standard and procedures for evaluating the employee's performance and;
- The intervals for the evaluation of the employee's performance
- The municipal council may review the employee's performance at any stage while the contract of employment remain in force only if council is dissatisfied with the outcomes of the evaluation panel, council can then appoint an independent body to review the employee's performance;
- Personal growth and development needs identified during any performance review discussion must be documented and where possible, action agreed to and implementation must occur within a set time frames
- The employee's performance will be measured in terms of contributions to the goals and strategies set out in the 2013/2014 Municipal IDP;

The Annual Performance Appraisal will involve:

- An assessment of achievements of results as outlined in the Performance Plan
- Each KPA will be assessed according to the extent to which specified standards or performance indicators have been met;
- An indicative rating on the five point scoring mechanism be provided for each KPA;
- The applicable assessment rating calculator will then be used to add the scores and calculate a final KPA score;

ASSESSMENT OF THE CMC's

- Each CMC will be assessed according to the extent to which the specified standard have been met;
- An indicative rating on the five point scale should be provided for each CMC;
- The rating will be multiplied by the weighting given to each CMC to provide a score;
- The applicable assessment calculator will be used to add the scores and calculate the final CMC score;

OVERALL RATING

- An overall rating will be calculated using the applicable assessment rating calculator. Such overall rating represents the outcome of the performance appraisal as attached below in the Performance Plan;

- For the purposes of evaluating the annual performance of the employee, an evaluation panel shall be constituted by the Municipal Manager as stimulated in the performance review procedure that contain in the Performance Plan.

SCHEDULE FOR PERFORMANCE REVIEWS

- The performance of the employee shall be reviewed within the time frames specified in the Performance Plan;
- The municipality shall keep a record of the review and assessment meetings;
- Performance Feedback shall be based on the Municipal Assessment of the employee's performance;
- The municipality will be entitled to review and make reasonable changes to the provisions of the Performance Plan, from time to time for operational reasons. The employee will be fully consulted before any such changes is made;
- The municipality may amend the provisions of the performance plan, whenever the PMS is adopted, implemented and or amended as the case may be. In that case the employee will be fully consulted before any such changes can be effected;

OBLIGATION OF MASILONYANA LOCAL MUNICIPALITY

The Municipality shall:

- Create an enabling environment to facilitate effective performance by the Chief Financial Officer;
- Provide access to skills development and capacity building opportunities;
- Work collectively with the employee to solve problems and generate solutions to common problems that may impact on the performance of the employee;
- On request of the employee delegate such powers reasonably as may be requested by the employee to enable her to met the performance objectives and targets established in terms of this agreement;
- Make available to the employee such resources as the employee may reasonable require from time to time to assist her to met the performance objectives and targets established in terms of this agreement;

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CONSULTATION

Signed at *Therunissen* On this day *10th* of *July* 2013

As witnesses

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2. *[Signature]*

The Municipal Manager

Signed at *Therunissen* on this day *10th* of *July* 2013

As witnesses

1. *[Signature]*

2. *M E MALDEN*

The Chief Financial Officer

 [Signature]

PERFORMANCE PLAN

JOB TITLE: CHIEF FINANCIAL OFFICER

MASILONYANA LOCAL MUNICIPALITY

This plan defines the Council's expectations of the Chief Financial Officer in accordance with Manager's performance agreement, to which this document is attached. Section 57 (5) of the Local Government: Municipal Systems Act which provides that key objectives and targets must be based on the Key Performance Indicators set out from time to time as the municipal council reviews the Integrated Development Plan. This Performance Plan must, in terms of the Municipal Performance Regulations, also include time frames and weightings.

There are six parts to this Plan:

1. Key Performance areas (KPA's) schedule, detailing key objectives and their related Performance Indicators, Weightings and Target Dates
2. A Core Competency Requirements (CCR) schedule, setting out selected Core Management and Occupational Competencies
3. Performance Review Procedure i.e. information on how to review (or evaluate) performance and information on specific accountabilities
4. Consolidated Score Card, with Assessment Rating Calculator
5. Personal Development Plan (PDP), for addressing developmental gaps
6. Record of assessment meetings (Control Sheet)

The period for this plan is 1st July 2013 to 30th June 2014

Signed and accepted by the Chief Financial Officer. ME MABEMA

Signed [Signature] and accepted by the Municipal Manager on behalf of Masilonyana Council

KEY PERFORMANCE AREA (KPA) SCHEDULE

CHIEF FINANCIAL OFFICER

2013 - 2014


MASILONYANA LOCAL MUNICIPALITY

This KPA Schedule sets Key Performance Objectives which must be achieved, time frames, as well as the Key Performance Targets (Standards) which will be used to measure whether or not the Chief Financial Officer has adequately performed her functions.

POSITION PURPOSE

To lead, direct and take full responsibility for the Financial Services Department of Masilonyana Local Municipality, including the Income & Expenditure Management Function, Revenue Enhancement & Collection Function, Assets Management Function.

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KEY PERFORMANCE AREA'S (KPS's) SCHEDULE

KEY PERFORMANCE AREA	IDP OBJECTIVE	BASELINE	PERFORMANCE INDICATOR	ANNUAL TARGET & TARGET DATE		
(1) Financial Management	Municipal Financial Management	40%	Develop Finance Internal Control Procedure Manual	100%	Q1	Implement Controls
					Q2	Compile A Report
			Ensure Compliant & Reviewed Financial Policies		Q3	Reviewed Financial Policies
					Q4	Monitor Policy Compliance
			Ensure Compliance with Legislation			
(2) Revenue Enhancement	Municipal Financial viability:	40%	Recover 20% of Outstanding Debt	100%	Q1	Debt Assessment Report
					Q2	Recover 5%
					Q3	Recover 10%
					Q4	Recover 20%
			Appoint Additional Debt Collectors	100%	Q1	Develop Tender Specs, Advertise & Appoint
					Q2	Appoint Debt Collectors
					Q3	Compile Mid-Year Report on Revenue




		Receipting: a) Cashiers b) Direct Deposits Billing: a) Accurate Billing b) Send of Statement of Accounts c) Analysis of Debtors	100%	Q1	Send of Statement of Accounts Monthly & Compile A Report
				Q2	Compile Mid-Year Report
				Q3	Monitoring & Reporting on all meter-reading uploads
				Q4	Analysis of Debtors
		Helpdesk: Clearing of complains & Ensure 50% clearing of all complains	100%	Q1	10% Cleared
				Q2	20% Cleared
				Q3	30% Cleared
				Q4	50% Cleared
		Data Purification on all accounts to ensure correctness, existence, accuracy, which will ensure affective service delivery patterns and objectives		Q1	Compile Assessment Report & Action Plan
				Q2	Compile Progress Report
				Q3	Compile Mid-Year Report
		Revenue Enhancement Strategy		Q4	Compile Annual Report on Revenue


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						Enhancement
(3) Expenditure Management	Municipal Financial Management	40%	Update section 71 Reports (All Reconciliations)	100%	Q1	End Aug 13
			Establish Budget & Loss Control Committee			End Sept 13
			Develop & Review Operational Procedure	100%	Q2	End Dec 13
			Upgrading Accounting System	100%	Q4	Compile Progress Report
			Review Finance Related Policies			End May 14
(4) Supply Chain Management	Municipal Financial viability:	50%	Address All SCM AG Queries	100%	Q1	Develop Action Plan to Address SCM AG Queries
						Finalize Procurement Plan
					Q2	Develop Turnaround Time
						Develop & Review Operational Procedure & Practice
					Q3	Centralize Acquisition

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					Q4	Procure Operating System For SCM
						Compile Progress Report
			SCM Implementation	100%	Q1	Compile a Report
					Q2	Compile a Report
					Q3	Compile a Report
					Q4	Compile a Report
(5) Municipal Assets Management	Municipal Financial Management	40%	Safeguard Municipal Assets	100%	Q1	Update Municipal Asset Register
					Q2	Compile Progress Report
					Q3	Compile Progress Report
					Q4	Ensure Updated Asset Register in Line Grap 17
(6) Budgeting & Budget Control	Municipal Financial viability & Management	Stick to Budgeted Allocations	Monitor Municipal Departmental Expenditure per Votes & Advice Management & Council	100%	Q1	Compile First Quarter Expenditure Report
		Budget Not Overspent	Budget report with no overspent line items		Q2	Compile Mid-Year Expenditure Report
					Q3	Compile Third Quarter Expenditure

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						Report
					Q4	Compile Annual Expenditure Report
		Ensure Efficient & Effective Budgeting Preparation Process	100% Monthly Budget Statements (MFMA sec.87) Improve Budget Process	100%	Q1	% Monthly Budget Statements (MFMA sec.87)
					Q2	% Monthly Budget Statements (MFMA sec.87)
					Q3	% Monthly Budget Statements (MFMA sec.87)
					Q4	% Monthly Budget Statements (MFMA sec.87)
(7) Financial Reporting & Compliance	Municipal Financial Management	40%	Enhance Financial Reporting & Address all 2011/12 Audit Issues (for Finance Dept) and MFMA Compliance and Reporting	100%	Q1	Compile Previous Financial Year AFS
						Compile Quarterly Expenditure Report
					Q2	Compile Mid-Year Assessment Report

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					Q3	Compile Third Quarterly Expenditure Report	
					Q4	Compile Annual Report on Financial Reporting	
(8) Clean Audit	Improve Current AG's Opinion	Ensure 100% compliant Pre-Audit File	Preparation of Pre-Audit File: a) Payment Vouchers b) Journals c) Key Control Reconciliations d) SCM Processes	100%	Q1	First Quarter File Updated	
					Q2	Second Quarter File Updated	
					Q3	Third Quarter File Updated	
					Q4	Fourth Quarter File Updated	
				Address All Qualifications for Finance Department	100%	Q1	Develop Action Plan
						Q2	Table Progress Report to Management & Council
						Q3	Identify All Challenges
						Q4	Compile a Report
(9) Improve Finance Departmental HR Management			Manage Finance Department	100%	Q1	Scan Fin Dept Environment & Identify Gaps	

& Excellent						Compile a Report
					Q2	Facilitate monthly Staff Meetings
						Compile a Report
						Develop Staff Skills
					Q3	Compile a Report
					Q4	Compile a Report

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CORE COMPETANCE REQUIREMENTS (CCR) SCHEDULE

This CCR Schedule measures the Managerial and Occupational Competencies of the Chief Financial Officer. The Core Managerial and Occupational Competencies must be selected from the list set out below and agreed upon between the employer and the employee, with due regards to the proficiency level agreed to.

CORE COMPETENCY REQUIREMENTS (CCR) SCHEDULE

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES				
CORE COMPETENCY REQUIREMENTS (CCR)		WEGHT %	SCORE	
			DEC	JUN
Strategic Capability and Leadership	1%			
Programme and Project Management	1%			
Financial Management	2%			
Change Management	1%			
Service Delivery Innovation	2%			
Problem Solving and Analysis	1%			
People Management and Empowerment	1%			
Client Orientation and Customer Focus	1%			
Communication	1%			
Honesty and Integrity	1%			
Total Percentage		12%		

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CORE OCCUPATIONAL COMPETENCIES (COC) SCHEDULE

CORE OCCUPATIONAL COMPETENCIES (COC) FOR EMPLOYEES				
CORE OCCUPATIONAL COMPETENCIES REQUIREMENTS (CCR)		WEGHT %	SCORE	
			DEC	JUNE
Competence in Self-Management	1%			
Interpretation of and implementation within the legislative and national policy frameworks	1%			
Knowledge of Performance Management and Reporting	1%			
Knowledge of global and South African specific political, social and economic contexts	1%			
Competence in policy conceptualization, analysis and implementation	1%			
Knowledge of more than one functional municipal field/discipline	1%			
Competence as required by other national line sector departments	1%			
Exceptional and dynamic creativity to improve the functioning of the municipality	1%			
Total Percentage		8%		

PERFORMANCE REVIEW PROCEDURE

1. The performance of the Section 57 Managers must be reviewed on the following dates, with the understanding that the reviews in the first and third quarter may be verbal if the performance is satisfactory:

First Quarter Review at ending September 13

Second Quarter Review ending December 2013 (Mid-Year Review)

Third Quarter Review ending March 14

Fourth Quarter Review at end of June 2014 (Annual Review)

2. An Evaluation Panel comprising of the following persons must be established for the purpose of evaluating the annual performance of Section 57 Managers (i.e. managers reporting directly to the Municipal Manager):

- i) Municipal Manager;
- ii) Chairperson of the performance/internal audit committee or the Chairperson of the audit committee, in the absence of a performance audit committee;
- iii) Member of the municipal council or executive committee member;
- iv) Municipal Manager from another municipality

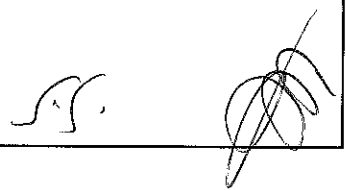
The Municipal Manager must source the external secretarial services or use the HR Manager to the evaluation panel.

3. The evaluation of the Section 57 Managers' performance at the end of the first and second semester must be undertaken by the Municipal Manager in consultation with the relevant Section 57 manager.
4. Notwithstanding the intervals for reviewing the Managers' performance mentioned in paragraph 1 above, the employer may in addition review the Managers' performance at any stage while the performance contract remains in force.
5. The onus is on the Section 57 Manager to provide proof that he/she has met the key performance targets and standards, within the set time frames.
6. The Municipal Manager and the Chief Financial Officer to meet to conduct a formal performance rating and agree to the final scores. It may be necessary to have two meetings before final agreement. In the event of a disagreement, the employee is free to explore dispute resolution mechanism as stipulated in bullet 19 of the plan.
7. Deadline dates that have been met should be marked alongside with a ✓.

8. Deadline dates that have not been met should be marked alongside with a X.
9. Performance Indicator that has been supplied as evidence of achieving an objective should be marked alongside with a \surd .
10. Performance Indicator that has not been supplied as evidence of achieving an objective should be marked alongside with a X.
11. The Municipal Manager must mark his own notes during a formal review meeting and must assign a score in relation to the weighting assigned to a specific objective e.g. Should a specific objective have been assigned an amount of 5 points and the objective have been achieved then the score allocated will be five (5). However, should the objective have not been achieved at all or no satisfactory evidence is provided then the score of zero (0) will be allocated? Should only a portion of the evidence have been provided, or only a portion of the objective have been achieved, with no valid reason for poor achievement, then a part score will be allocated e.g. 3/5. It should be noted that many performance indicators do not allow for a partial score for i.e. it either has or has not been achieved.
12. The scoring must be recorded on the KPA Schedule and the CCR Schedule in the relevant score columns.
13. Only those items relevant for the review period in question must be scored.
14. A Personal Development Plan (PDP) for addressing developmental gaps in the employee's performance and capacity must then be completed by the Municipal Manager in consultation with then relevant Section 57 Manager.
15. A poor work performance will be dealt with in accordance with schedule 8 (eight) of the Labour Relations Act specifically dealing with poor work performance and incapacity.
16. The Municipal Manager must complete a Control Sheet (Record of Assessment Meetings) provided in this Performance Plan.
17. When undertaking the Annual Performance Review with the panel as set out in paragraph two above the same scoring procedure will be used and the members of the panel will then provide input on their proposed score for each Key Objective. However the panel should aim at reaching consensus.
18. The score awarded on the KPA Schedule and the CCR Schedule will then be transferred to the consolidated score card and the total score for each Section 57 manager will then be calculated in accordance with regulation 27 of the Municipal Performance Regulations promulgated under Government Notice R805 dated 01 August 2006. Using regulation 22 it will then be determined whether or not the employee is entitled to a Performance Bonus and if so the amount of the bonus.

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19. Any dispute concerning the Performance Management Processes or Outcomes will be dealt with in terms of Regulation 33 of the Municipal Performance Regulations of 2006.
20. The content of a Performance Agreement must be made available to the public by the Municipal Manager in accordance with the Municipal Finance Management Act 2003 and Section 46 of the Municipal Systems Act.

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CONSOLIDATED SCORE CARD
ASSESSMENT RATING CALCULATOR

Evaluation Cycle : 01 July 2013 TO 30 June 2014

Name of the Section 57 Manager: Ms


Title: CHIEF FINANCIAL OFFICER

KPA	WEIGHT	RATING	SCORE	CCR	WEIGHT	RATING	SCORE
1				1			
2				2			
3				3			
4				4			
5				5			
6				6			
7				7			
8				8			
9				-			

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100%		100%	
KPA weight	80%	CCR weight	20%
KPA score		CCR score	
Final score			

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PERSONAL DEVELOPMENT PLAN

(To be used for addressing Performance gaps)

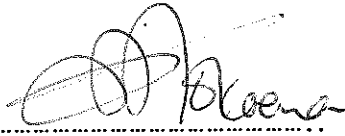
Manager's Name METZLIDISI MOKOENA

Date 10 July 2013

Job Title CHIEF FINANCIAL OFFICER

Skills / Performance Gap (identified at Performance Evaluation)	Outcomes expected	Suggested activity (e.g. training, counseling, additional resources etc.)	Time frames to meet Performance Standards	Comments
1.	Sound Financial Management	Municipal Finance Training Project	End May 14	
2.				

Signed by the Chief Financial Officer.....



Signed by the Municipal Manger

