

PERFORMANCE AGREEMENT



PERFORMANCE AGREEMENT

(Managers directly accountable to the Municipal Manager)

MADE AND ENTERED INTO BY AND BETWEEN:

SEKHUKHUNE DISTRICT MUNICIPALITY

AS REPRESENTED BY THE MUNICIPAL MANAGER:

MS MAPULE MOKOKO

AND

ACTING CHIEF FINANCIAL OFFICER
MR. CHARLES MALEMA

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE

FINANCIAL YEAR 2016-2017

15

A handwritten signature in black ink, appearing to be 'M. Malema', written over a circular stamp or mark.

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Sekhukhune District Municipality herein represented by **Ms. Mapule Felicity Mokoko** in her capacity as Municipal Manager (hereinafter referred to as the **Employer** or Supervisor)

And

Mr. Malema Charles

Employee of the Municipality (hereinafter referred to as the Acting Chief Financial Officer)

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1. Chapter 6, Section 38 (b) of the Systems Act, requires the municipality to promote a culture of performance among its political structures, political office bearers and councilors and in its administration.
- 1.2. The resolutions by Council 27 August 2013 (OC27/08/13), recommended that a culture of performance be inculcated in the municipality by ensuring that all employees sign performance agreements and performance commitments.
- 1.3. When assessing the institutional performance of SDM, the Audit Committee also made a recommendation that all officials other than section 56 must enter into performance agreements and commitments in order to promote a culture of performance

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to -

- 2.1 Comply with the provisions of Section 38 (b) of the Systems Act;
- 2.2 Specify objectives and targets defined and agreed with the employee and to communicate to the employee 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 scorecard, which forms an Annexure B of 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 Performance Agreement commenced on the 1st July 2016 and will remain in force until 30 September 2016 or earlier when appointment of Chief Financial Officer is finalised, thereafter a new Performance Agreement, scorecard, Personal Development Plan and Financial Disclosure shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and scorecard that replaces this Agreement at least once a year by not later than 30 days after 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 scorecard (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 B are set by the **Employer** in consultation with the **Employee** and are based on the Integrated Development Plan (IDP), 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, as follows:
 - 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 (IDP).

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 Core Competency Requirements (CCRs) 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 CCRs will account for 20% of the final assessment.
- 5.6 The **Employee's** assessment will be based on his or her performance in terms of the outputs / outcomes (performance indicators) identified as per attached scorecard (**Annexure B**), 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	
Spatial Rationale	
Total	100%

- 5.7 The CCRs will make up the other 20% of the **Employee's** assessment score. CCR's which 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 CCRs are compulsory for all section 56 managers and additional two shall be selected from the core occupational competencies.

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES		
CORE MANAGERIAL COMPETENCIES (CMC)	✓	WEIGHT
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management(Compulsory)	compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis(Compulsory)		
People Management and Empowerment(Compulsory)	compulsory	
Client Orientation and Customer Focus	compulsory	
Communication		
Honesty and Integrity		
CORE OCCUPATIONAL COMPETENCIES (COC)		
Competence in Self Management		
Interpretation of and implementation within the legislative an national policy frameworks		

CORE COMPETENCY REQUIREMENTS (CCR) FOR EMPLOYEES		
CORE MANAGERIAL COMPETENCIES (CMC)	√	WEIGHT
Knowledge of Performance Management and Reporting		
Knowledge of global and South African specific political, social and economic contexts		
Competence in policy conceptualisation, analysis and implementation		
Knowledge of more than one functional municipal field / discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
Total percentage	-	100%

6. EVALUATING PERFORMANCE

- 6.1 The scorecard (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** Integrated Development Plan (IDP).

7. PERFORMANCE APPRAISALS

The Annual Performance Appraisals will involve:

7.1 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.
- (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

7.2 Assessment of the CCRs

- (a) Each CCR 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 CCR.

- (c) This rating should be multiplied by the weighting given to each CCR 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 CCR score.

7.3 Overall rating

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

7.4. Rating Scale

The assessment of the performance of the **Employee** will be based on the following rating scale for KPA's and CCRs:

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.					
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.					



7.5. EVALUATION PANEL

For the purpose of evaluating the annual performance of Managers directly accountable to the Municipal Manager an evaluation panel constituted of the following persons must be established-

- a. Municipal Manager;
- b. Chairperson of the Performance Audit Committee and/or the Audit Committee Member;
- c. Member of the Mayoral or Executive Committee;
- d. Municipal Manager from another municipality;
- e. Member of a Ward Committee as nominated by the Executive mayor (only applicable to municipal manager)
- f. PMS (as Secretariat)

8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1. 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 (review by October)
Second quarter : October –December (review by January)
Third quarter : January – March (review by April)
Fourth quarter : April – June (review by July)

- 8.2 The **Employer** shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall be based on the **Employer's** assessment of the **Employee's** performance.
- 8.4 The **Employer** will be entitled to review and make reasonable changes to the provisions of Annexure "B" from time to time for operational reasons. The **Employee** will be fully consulted before any such change is made.
- 8.5 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.

9. DEVELOPMENTAL REQUIREMENTS

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

10. OBLIGATIONS OF THE EMPLOYER

- 10.1 The Employer shall –
 - 10.1.1 Create an enabling environment to facilitate effective performance by the employee;
 - 10.1.2 Provide access to skills development and capacity building opportunities;
 - 10.1.3 Work collaboratively with the **Employee** to solve problems and generate solutions to common problems that may impact on the performance of the **Employee**;
 - 10.1.4 On the request of the **Employee**, delegate powers reasonably required by the **Employee** to enable him / her to meet the performance objectives and targets established in terms of this Agreement; and

Handwritten initials and a signature.

- 10.1.5 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.

11. CONSULTATION

- 11.1 The **Employer** agrees to consult the **Employee** timeously where the exercising of the powers will have amongst others –
- 11.1.1 A direct effect on the performance of any of the **Employee's** functions;
 - 11.1.2 Commit the **Employee** to implement or to give effect to a decision made by the **Employer**; and
 - 11.1.3 A substantial financial effect on the **Employer**.
- 11.2 The **Employer** agrees to inform the **Employee** of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.

12. MANAGEMENT OF EVALUATION OUTCOMES

- 12.1 In the case of unacceptable performance, the **Employer** shall –
- 12.1.1 Provide systematic remedial or developmental support to assist the **Employee** to improve his or her performance; and
 - 12.1.2 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.

13. DISPUTE RESOLUTION

- 13.1 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 –
- 13.1.1 The Executive Mayor within thirty (30) days of receipt of a formal dispute from the **Employee**; or
 - 13.1.2 Any other person appointed by the Executive Mayor.
 - 13.1.3 In the case of Managers directly accountable to the Municipal Manager, a Member of the Mayoral 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.

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



14. **GENERAL**

- 13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure B 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 section 56 manager must be submitted to the municipal manager as the responsible person, within fourteen (14) days after the conclusion of the assessment.

Thus done and signed at Croblestad on this the 17 day of June 2016.

AS WITNESSES:

1. Senzile Masendo



MR. MALEMA CHARLES
ACTING CHIEF FINANCIAL OFFICER

2. _____

AS WITNESSES:

1. _____



MS MAPULE MOKOKO
MUNICIPAL MANAGER

2. _____

SCORE CARD



2016/2017 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

MEASURABLE OBJECTIVE		PROJECT	BASELINE 2015/2016	INDICATORS	ANNUAL TARGET 2016/2017	Q1	Q2	Q3	Q4	EVIDENCE	BUDGET 2016/2017	IMPACT
FINANCIAL VIABILITY												
To ensure sufficient reserve funds to address asset renewal by contributing R35m to CRR by end of June 2017	Capital Replacement Reserve fund	R30m	100% 2015/2016 approved budget	Ratio value invested towards CRR	R35m by end June 2017 *Q1=R25m *Q2=R15m *Q3=R25m *Q4=R35m	R15m	R25m	R25m	R35m	Investment register/ certificates	R 0	Financial Viability
To ensure 100% Preparation of a credible 2017/18 budget at 31 May 2017	Budget preparation and implementation	R30m	100% 2015/2016 approved budget	Percentage of credible budget prepared.	100% credible budget prepared; 1. Budget timetable (10%); 2. Roll over 2017/2018 (10%); 3. Functionality of budget steering committee (5%); 4. Amendment of roll overs. (10%); 5. Mid-year Adjustment of budget (12%); 6. Reviewed budget related policies (20%); 7. Draft budget (20%); 8. Cash backed budget (10%)	R15m	R25m	R25m	R35m	Approved budget (and council resolutions) committee meetings (5%)	R 0	Financial Viability
To ensure 100% improved audit opinion for 2016/17 financial year.	Operation Clean Audit	Unqualified audit opinion	Unqualified audit opinion	Percentage reduction in matters of emphasis	80% reduction of matters of emphasis "clearance of the 15/16 audit process" "clearance of 15/16 matters of emphasis	R15m	R25m	R25m	R35m	Audit Action Plan Progress Report	R 350,000	Good governance and sound financial management
To generate and submit 30 finance compliance reports by June 2017	Finance Compliance Reports	2014/15 AFS 2014/15 Section 52, 71 and 72 reports	2014/15 AFS 2014/15 Section 52, 71 and 72 reports	Number of finance compliance reports generated and submitted	30 finance compliance reports generated and submitted (12x Section 71, 4x Section 52, 12x Supply Chain, 1x Section 72, 1x AFS)	R15m	R25m	R25m	R35m	Quarterly reports	R 0	Sound Financial Viability
To ensure 100% implementation of SCOA activities in terms of the implementation plan by 30 June 2017	Municipal Standard Chart of Accounts (mSCOA)	Council resolution 2014/2015 & Treasury circular	Council resolution 2014/2015 & Treasury circular	Percentage of activities on SCOA implementation plan achieved	100% achievement of SCOA implementation plan "scoa transaction selection 15%; building of SCOA ledger 15%; align old chart to new SCOA 20%; training and budget inputs from departments 10%; final draft on SCOA submitted to council 10%; final full SCOA release 10%; testing 20%	R15m	R25m	R25m	R35m	mSCOA implementation plan report	R1 200 000	
To account 100% on assets and inventory by 30 June 2017	1. Asset management 2. Asset management plan 3. Capex reconciliation	1. Manual GRAP Compliant Fixed asset register 2. Project register 3. Capex reconciliation	1. Manual GRAP Compliant Fixed asset register 2. Project register 3. Capex reconciliation	% accounting of assets and inventory % Capex accounts reconciled	100% accounting of assets 1) safeguarding movable assets 20%; 2) valuation 30%; 3) records keeping 10%; 4) Unbundling 20%; 5) Physical verification 20%	R15m	R25m	R25m	R35m	Updated GRAP compliant asset register, Updated project register and reconciliation of PPE	R1 900 000	
To achieve 75% revenue collection rate by June 2017	Revenue management	65% of billed customers collected	65% of billed customers collected	Percentage revenue collection rate achieved	75% revenue collection rate achieved	R15m	R25m	R25m	R35m	Customer payment report	8,400,000	

To undertake 100% feasibility study and installation of prepaid meters by June 2017	PPP	Council resolution	Percentage feasibility study and installation of prepaid meters done	100% feasibility study and installation of prepaid meters done	25% Feasibility study* Advert for PPP	1) Appointment of pre paid meter contractor (SMART) meters installed	1) 25% Prepaid (SMART) meters installed	1) 25% Prepaid (SMART) meters installed	Feasibility report & Pre-paid Meter report	R 500,000
To cleanse 100% customer data in the three towns (Burgersfort, Marble Hall & Groblersdal) by June 2017	Customer Data cleansing	Current non verifiable customer data	Percentage customer data cleansed	100% customer data cleansed	100% customer data cleansed for three towns (Groblersdal, Burgersfort and Marble Hall)	100% customer data cleansed for three towns (Groblersdal, Burgersfort and Marble Hall)	1) 100% updating of system verifications done for the towns	100% physical verification done on towns	Cleansed customer data report	2,000,000
To ensure that 100% creditors are paid within 30 days by June 2017	Centralisation of Invoice receiving & monitoring	Payment rate at 43 days	Percentage payment of creditors within 30 days of correct invoice date	100% creditors paid within 30 days of correct Invoice date	Receiving of invoices in a centralise point, and ensure that 100% creditors are paid within 30days	Receiving of invoices in a centralise point, and ensure that 100% creditors are paid within 30days	Receiving of invoices in a centralise point, and ensure that 100% creditors are paid within 30days	Receiving of invoices in a centralise point, and ensure that 100% creditors are paid within 30days	Invoice Register and Payment register	R 0
To ensure 100% development and implementation of the procurement plan by 30 June 2017	Procurement Plan	IDP/BUDGET	Percentage development and implementation of procurement plans	1) 100% development and implementation of 2016/17 procurement plan * Development of procurement plan = 40% + Implementation of procurement plan = 60%	100% developed procurement plan, 100% implementation of activities within the quarter	100% implementation of activities within the quarter	100% implementation of activities within the quarter	100% implementation of activities within the quarter	Procurement plan progress report	R 350,000
To ensure 100% reduction of UJF expenditure by 30 June 2017	Acquisition Management	R300M reported irregular expenditure	Percentage reduction of irregular expenditure from baseline	100% reduction of irregular expenditure from baseline (adherence to full SCM policies and regulations 100%)	100% reduction of UJF	100% reduction of UJF	100% reduction of UJF	100% reduction of UJF	Monthly reports on UJF	R 500,000

ACTING CFO: BUDGET AND TREASURY

13 June 2016

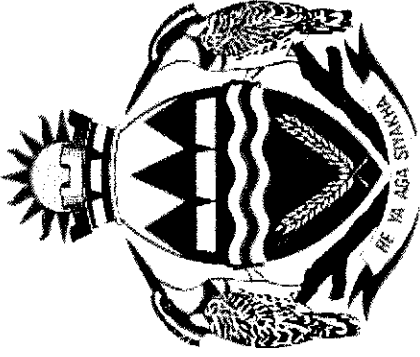
DATE

MUNICIPAL MANAGER

04/07/2016

DATE

**CORE COMPETENCY
REQUIREMENTS(CCR)**



Sekhukhune District Municipality

CORE COMPETENCIES REQUIREMENTS FOR MANAGERS REPORTING DIRECTLY TO THE MUNICIPAL MANAGER

NAME OF INCUMBENT: MR. MALEMA C.

POSITION HELD: ACTING CHIEF FINANCIAL OFFICER

DATE: 17 June 2016

SIGNATURE

[Handwritten Signature]

NAME OF SUPERVISOR: MS MAPULE MOKOKO

POSITION HELD: MUNICIPAL MANAGER

DATE: 07/10/16

SIGNATURE

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CORE MANAGERIAL AND OCCUPATIONAL COMPETENCIES	CHOICE	WEIGHT
Core Managerial Competencies		
Strategic Capability and leadership	✓	10
Programme and Project Management		
Financial Management(Compulsory)	✓	50
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment(Compulsory)	✓	15
Client Orientation and Customer Focus(Compulsory)	✓	15
Communication		
Honesty and Integrity		
Core Occupational Competencies		
Competence in Self-Management		
Interpretation of and implementation within the legislative and national policy frameworks		
Knowledge of Performance Management and Reporting	✓	10
Knowledge of global and South African specific political, social and economic contexts		
Competence in policy conceptualisation, analysis and implementation		
Knowledge of more than one functional municipal field/discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
TOTAL		100