

PERFORMANCE AGREEMENT

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Represented by

CANZI LISA

[HEREINAFTER REFERRED TO AS THE MUNICIPAL MANAGER]

(FOR THE PERIOD 01 JULY 2009 – 30 JUNE 2010)

AND

EDWARD NYALUNGU

(HEREINAFTER REFFERED TO AS THE CFO)

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1. JOB DETAILS

CFO- Number	
Location	Bushbuckridge Local Municipality
Total Salary Package	R660 630.00
Occupational Classification	Executive
Designation	CFO

2. COMMENCE AND DURATION

The performance agreement shall commence on **[01 July 2009]**, and remain in force until **[30 June 2010]**, or the termination of the employment contract for any reason, whichever comes first.

The parties will review the provisions of this agreement at any time during its operation.

The parties will conclude a new performance agreement that replaces the previous at least once a year by not later than the 31th July 2009 of the succeeding financial year.

3. JOB PURPOSE

The **CFO** shall strive to progressively provide sustainable Local Government for a better living environment for all in Bushbuckridge Local Municipality.

4. JOB FUNCTIONS

The CFO shall be directly responsible to the **Municipal Manager** and the **Municipal Council** for the Municipality's performance operations, the realisation of the Performance Agreement and specifically, for regular evaluation and implementation of the Municipality's strategic plan. This task includes but limited to the following:

- 4.1 To ensure sound and effective Municipality
- 4.2 To ensure effective administration and management services to the Municipality;
- 4.3 Provide support to the Municipal Manager;
- 4.4 To ensure proper, efficient and effective financial administrative, orderly and disciplined administration; and
- 4.5 To ensure intergovernmental co-operation and sound relations between Local and District Municipality and other spheres of government.

5. REPORTING REQUIREMENTS/LINES AND ASSESSMENT LINES

The **CFO** shall report to the **Municipal Manager** and the **Municipal Council** on all parts of this agreement.

- 5.1 Timeously alert the Municipal Manager and the Municipal Council of any emerging factors that could preclude the achievement of any performance agreement undertakings, including the contingency measures that the **CFO**, *proposes* to take to ensure the impact of such deviation from the original agreement is minimised.
- 5.2 Facilitate and maintain appropriate internal controls and reporting systems in order to meet performance expectations.
- 5.3 Discuss and thereafter document for the record and future use any revision of targets as necessary as well as progress made towards the achievement of Performance Agreement measures.
- 5.4 Ensure that accurate and timeous information is submitted.

In turn, the Municipal Manager shall:

- 5.5 Create an enabling environment to facilitate effective performance by the **CFO**.
- 5.6 Provide access to skills development and capacity building opportunities.
- 5.7 Work collaboratively to solve problems and generate solutions to common problems within the Municipality that may be impacting on the performance of the **CFO**.

6. PERFORMANCE MANAGEMENT SYSTEM

The **CFO agrees** to participate in the **[Performance Management System]** that the Municipal Manager on behalf of the municipality adopts or introduces for the organisation.

The **CFO** accepts that the purpose of the **[Performance Management System]** will be to provide a comprehensive system with specific performance standards to assist him to perform to the standards required.

The **Municipal Manager** will consult the **CFO about** the specific performance standards that will be included in the **[Performance Management System]** as applicable to the **CFO**.

The CFO agrees to participate in the Performance Management System, Development, Adherence, Commitment and Implementation that the municipality adopts.

6.1 The **CFO** undertakes to actively focus towards the promotion and implementation of the Key Performance Areas (**KPA's**).

6.2 Special projects that demonstrate outstanding performance by the **CFO**.

6.2.1 Special developmental projects with capacity and skills development impact

6.2.2 Extra financial resources to supplement the adopted budget for the criteria upon which the performance of the **CFO** shall be assessed shall consist of two components, both of which shall be contained in the performance agreement.

6.2.3 The **CFO** must be assessed against both components, with a weighting of **80:20** allocated to the Key Performance Areas (**KPA's**) and the Core Managerial 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 will account for **[20%]** of the final assessment.

6.2.4 The **CFO** assessment will be based on his performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the **KPA's**, which constitute **80%** of the overall assessment result as per the weightings reflected agreed to between the Municipal Manager and **CFO**.

Number	Key Performance Area	Weight
6.2.4.1	<i>Financial Statement</i>	20%
6.2.4.2	<i>Asset Management</i>	15%
6.2.4.3	<i>Revenue Collection</i>	10%
6.2.4.4	<i>Financial Reporting</i>	5%
6.2.4.5	<i>Implementation of council resolutions, POT & Audit Committee Resolutions</i>	5%
6.2.4.6	<i>Strategic Management and Leadership.</i>	5%
6.2.4.7	<i>Council Resolution</i>	5%
6.2.4.8	<i>Supply Chain Management</i>	5%
6.2.4.9	<i>Risk management</i>	5%
6.2.4.10	<i>Development Review and Implementation of policies,</i>	5%
6.2.4.11	<i>SDBIP Implementation and Reporting</i>	20%
TOTAL		100%

6.2.5 The **CMC's** will make up the other **20%** of the **CFO** assessment score.

NUMBER	CORE MANAGERIAL COMPETENCIES	WEIGHT
6.2.5.1	<i>Strategic Capability</i>	5
6.2.5.2	<i>Programme and Project Management</i>	15
6.2.5.3	<i>Financial Management</i>	10
6.2.5.4	<i>Change Management</i>	2
6.2.5.5	<i>Knowledge Management</i>	3
6.2.5.6	<i>Service Delivery Innovation</i>	15
6.2.5.7	<i>Problem Solving and Analytical Thinking</i>	5
6.2.5.8	<i>People and Diversity Management</i>	3
6.2.5.9	<i>Client Orientation and Customer Focus</i>	15
6.2.5.10	<i>Communication</i>	5
6.2.5.11	<i>Accountability and Ethical Conduct</i>	2
6.2.5.12	<i>Policy conceptualisation and implementation</i>	3
6.2.5.13	<i>Mediation skills</i>	2
6.2.5.14	<i>Advanced negotiation skills</i>	2
6.2.5.15	<i>Advanced influencing skills</i>	3
6.2.5.16	<i>Partnership and Stakeholder Relations</i>	5
6.2.5.17	<i>Supply Chain Management</i>	5
TOTAL		100

7. EVALUATION PERFORMANCE

The performance plan sets out-

- 7.1 The standards and procedures for evaluating the *CFO* performance; and
- 7.2 The intervals for the evaluation of the *CFO* performance.

Despite the establishment of agreed intervals for evaluation, the Municipal Manager may in addition review the *CFO* performance at any stage while the contract of employment remains in force.

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.

The *CFO* performance will be measured in terms of contributions to the goals and strategies set out in the municipalities IDP.

The annual performance appraisal will involve:

- 7.3 Assessment of the achievement on results as outlined in the performance plan:
 - 7.3.1 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*.
 - 7.3.2 An indicative rating on the five-point scale should be provided for each *KPA*.
 - 7.3.3 The applicable assessment rating calculator must then be used to add the scores and calculate a final *KPA* score.
- 7.3.4 **Assessment of the CMC's**

7.3.4.1 Each **CMC** should be assessed according to the extent to which the specified standards have been met.

7.3.4.2 An indicative rating of the five-point scale should be provided for each **CMC**.

7.3.4.3 This rating should be multiplied by the weighting given to each **CMC** during the contracting process, to provide a score.

7.3.4.4 The applicable assessment rating calculator must then be used to add the scores and calculate a final **CMC** score.

7.3.5 Overall rating

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

7.3.5.2 The assessment of the performance of the **CFO** will be based on the following rating scale for **KPA's** and Core Managerial Competencies:

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 Performance Compact 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 Performance Compact.					
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 Performance Compact.					
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.					

7.3.5.3 For purpose of evaluating the performance of the **CFO** an evaluation panel constituted by the following persons will be established-

7.3.5.3.1 Municipal Manager;

7.3.5.3.2 Chairperson of the performance/audit committee

7.3.5.3.3 Ward committee member (on rotational basis), where applicable;

7.3.5.3.4 Member of the mayoral committee; and

7.3.5.3.5 Executive Mayor and/or municipal manager from another municipality.

8. MANAGEMENT OF EVALUATION ON OUTCOMES

8.1 The evaluation of the **CFO** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.2 A performance bonus of between **5% - 14%** will be paid to the **CFO in** recognition of outstanding performance.

8.3 The **CFO will** be eligible for progression to the next higher remuneration level, within the relevant remuneration band after completion of at least twelve months service at the current remuneration package on the beginning of the new financial year, subject to a fully effective assessment.

8.4 In the case of unacceptable performance, after monthly assessment, the Municipal Manager shall-

8.4.1 provide systematic remedial or developmental support to assist the **CFO** to improve his performance; and after appropriate performance counselling and having provided the necessary/guidance and/or support and reasonable time for improvement in performance, the Municipal Manager may consider steps to terminate the contract of employment of the **CFO** on the grounds of unfitness or incapacity to carry out his duties.