



LETSEMENG MUNICIPALITY

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE LETSEMENG MUNICIPALITY

HEREIN REPRESENTED BY THE MUNICIPAL MANAGER

Mr. BA MNGUNI

(ID 601222 5553 089)

(herein and after referred to as Employer)

AND

Mr. K KHOABANE

(ID 810122 5417 086)

CHIEF FINANCIAL OFFICER

(herein and after referred to as Employee)

FOR THE FINANCIAL YEAR

Period 1 July 2016 – 30 June 2017



THE PARTIES HEREBY AGREE AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The Employer and the Employee are hereinafter referred to as "the Parties".
- 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 Employee to a set of outcomes that will secure Local Government policy goals as defined in the municipal Integrated Development Plan.

2. INTERPRETATION AND DEFINITION

- 2.1 In this Agreement, unless the context indicates otherwise—

- 2.1.1 an expression, which denotes any gender, includes the other genders, a natural person includes a judicial person and vice versa, and the singular includes the plural and vice versa;
- 2.1.2 clause headings are for convenience only and will not be used in its interpretation, and the following expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings—

"agreement" means this Performance Agreement and all the Appendices hereto;

"Employee" means Mr. K Khoabane the Chief Financial Officer of Letsemeng Local Municipality;

"Employer" means the Letsemeng Local Municipality as represented by the Municipal Manager, Mr. BA Mnguni;

"MEC" means the Member of the Free State Executive Council responsible for local government;

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"MFMA"	means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
"Municipality"	means the Letsemeng Local Municipality, established in terms of Structures Act;
"parties"	means the Municipality and the Employee;
"Regulations"	means the Local Government: Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, promulgated in the Government Gazette as Regulation Notice 805 on 1 August 2006 read together with the Local Government Regulations on Appointment and Conditions of Employment of Senior Managers, promulgated in the Government Gazette as Regulation Notice 37245 on 17 January 2014;
"Structures Act"	means the Local Government: Municipal Structures Act, 2000 (Act No.117 of 1998); and
"Systems Act"	means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Regulations promulgated in terms of the Act;

2.1.3 words and expressions defined in any sub-clause, for the purpose of the clause of which that sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause; and

2.1.4 this agreement is governed by and construed in accordance with the laws of the Republic of South Africa.

3. PURPOSE OF THIS AGREEMENT

The purpose of this agreement is to:

- 3.1 Comply with the provisions of Section 57(1)(b), (4B) and (5) of the Systems Act, and the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006) as amended by the Regulations on Appointment and Conditions of Employment of Senior Managers (2014), as well as the Contract of Employment entered into between the parties;

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- 3.2 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 Employer;
- 3.3 Specify accountabilities as set out in the Performance Plan which is appended to this agreement as ANNEXURE A;
- 3.4 Monitor and measure performance against set targeted outputs;
- 3.5 Use the Performance Agreement and Performance Plan as the basis to assess whether the Employee has met the performance expectations applicable to his job; and
- 3.6 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

4. COMMENCEMENT AND DURATION

- 4.1 This Agreement will commence on 1 July 2016 and will remain in force until 30 June 2017 where after a new Performance Agreement together with its Performance Plan and Performance Development Plan shall be concluded between the parties for the next financial year.
- 4.2 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 by not later than the 31st July of each successive financial year or any portion thereof.
- 4.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.
- 4.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.
- 4.5 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

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extent that the contents of this Agreement are no longer appropriate, the contents must immediately be revised.

- 4.6 Any significant amendments or deviations must take cognisance of the requirements of sections 34 and 42 of the Systems Act, and regulation 4(5) of the 2014 Regulations.

5. PERFORMANCE OBJECTIVES

- 5.1 The Performance Plan is attached as **ANNEXURE A**, and sets out:

5.1.1 The performance objectives and targets that must be met by the Employee; and

5.1.2 The time frames within which those performance objectives and targets must be met.

- 5.2 The performance objectives 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 performance indicators, units of measure, details of evidence that must be provided to show that the indicator has been achieved, target dates and weightings which show the relative importance of key performance indicators to one another.

- 5.3 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.

6. PERFORMANCE MANAGEMENT SYSTEM

- 6.1 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.

- 6.2 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.

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- 6.3 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.
- 6.4 The Employee undertakes to actively focus on the promotion and implementation of the KPA's (including special projects relevant to the Employee's responsibilities) within the local government framework.
- 6.5 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which are contained in this Performance Agreement.
- 6.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and Competencies respectively.
- 6.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 6.5.3 KPA's covering the main areas of work will account for 80% and Competencies will account for 20% of the final assessment.
- 6.6 The Employee's assessment will be based on his 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. The competencies will make up the other 20% of the Employee's assessment score.

KEY PERFORMANCE AREA	No.	WEIGHT
Basic Service Delivery	2	10.00
Municipal Transformation and Organisational Development	1	5.00
Local Economic Development	1	5.00
Municipal Financial Viability and Management	15	75.00
Good Governance, Public Participation	1	5.00
Total		100%

- 6.7 The competency framework as set out in the Regulations on Appointment and Conditions of Employment of Senior Managers (17 January 2014) consists of six leading competencies which comprise twenty driving competencies that

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communicate what is expected for effective performance in local government, and six core competencies that act as drivers to ensure that the leading competencies are executed at an optimal level.

LEADING COMPETENCIES	DRIVING COMPETENCIES	WEIGHT
1. Strategic Direction and Leadership	<ul style="list-style-type: none"> Impact and Influence Institutional Performance Management Strategic Planning and Management Organisational Awareness 	8.35
2. People Management	<ul style="list-style-type: none"> Human Capital Planning and Development Diversity Management Employee Relations Management Negotiation and Dispute Management 	8.33
3. Program and Project Management	<ul style="list-style-type: none"> Program and Project Planning and Implementation Service Delivery Management Program and Project Monitoring and Evaluation 	8.33
4. Financial Management	<ul style="list-style-type: none"> Budget Planning and Execution Financial Strategy and Delivery Financial Reporting and Monitoring 	8.33
5. Change Leadership	<ul style="list-style-type: none"> Change Vision and Strategy Process Design and Improvement Change Impact Monitoring and Evaluation 	8.33
6. Governance Leadership	<ul style="list-style-type: none"> Policy Formulation Risk and Compliance Management Cooperative Governance 	8.33
CORE COMPETENCIES		
7. Moral Competence		8.33
8. Planning and Organising		8.35
9. Analysis and Innovation		8.33
10. Knowledge and Information Management		8.33
11. Communication		8.33
12. Results and Quality Focus		8.33
Total		100

- 6.8 There is no hierarchical connotation to the competencies and all are essential to the role of a senior manager to influence high performance. All competencies will therefore be considered as measurable and critical in assessing the level of the Employees performance.

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7. PERFORMANCE ASSESSMENT

7.1 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).

7.2 The Employee will submit his self-assessment to the Employer prior to the formal assessment;

7.3 Performance assessments will entail:

7.3.1 Assessment of the achievement of results as outlined in the performance plan (**ANNEXURE A**):

7.3.1.1 Each KPI shall be assessed according to the extent to which the specified standards or performance targets have been met and with due regard to ad-hoc tasks that had to be performed under the KPI.

7.3.1.2 The assessment of the performance of the Employee will be based on the following rating scale for KPI's:

Rating	Terminology	Description
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 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 Performance Plan.

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Rating	Terminology	Description
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 appraisal 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 Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The appraisal indicates that the Employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the 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.

7.3.1.3 The rating will then be multiplied by the weighting to calculate the final score;

7.3.1.4 An overall rating will be calculated based on the total of the individual ratings calculated above.

7.3.1.5 In the instance where the employee could not perform due to reasons outside the control of the employer and employee, the KPI will not be considered during the evaluation. The employee should provide sufficient evidence in such instances; and

7.3.2 Assessment of competencies

7.3.2.1 Each competency shall be assessed according to the extent to which the specified standards for the required proficiency level have been met;

7.3.2.2 The assessment of the performance of the Employee will be based on the following rating scale for Competencies:

Rating	Achievement level	Description
2	Basic	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention
3	Competent	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses

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Rating	Achievement level	Description
4	Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in- depth analyses
5	Superior	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods

7.3.2.3 The rating will then be multiplied by the weighting to calculate the final score. Each competency shall carry an equal weighting;

7.3.2.4 A full description of achievement levels per competency is set out in Annexure A of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, published under Government Notice 21 in *Government Gazette* 37245 of 17 January 2014.

7.3.3 Overall rating

7.3.3.1 An overall rating is calculated by combining the rating from 7.3.1 and 7.3.2 above. Such overall rating represents the outcome of the performance appraisal.

7.4 For purposes of appraising the performance of the Employee, an evaluation panel constituted of the following persons will be established, as mutually agreed upon:

7.4.1 Municipal Manager;

7.4.2 Chairperson of the Audit Committee;

7.4.3 Municipal Manager from another municipality; and

7.4.4 Member of the Mayoral Committee (Portfolio Chairperson).

8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 The performance of each Employee in relation to his performance agreement shall be reviewed on the following dates:

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Quarter	Review Period	Review to be completed by
1	July – September 2016	December 2016 (informal assessment by MM)
2	October – December 2016	March 2017 (Mid-year Panel Assessment)
3	January – March 2017	June 2017 (informal assessment by MM)
4	April – June 2017	September 2017 (Year-end Panel Assessment)

- 8.2 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;
- 8.3 Performance reviews in the first and third quarter may be verbal if performance is deemed to be satisfactory by the Municipal Manager. In the event of unsatisfactory performance, a panel evaluation shall be convened.
- 8.4 The Employer shall keep a record of the mid-year, year-end and any other assessment meetings where a panel evaluation is convened;
- 8.5 Performance feedback shall be based on the Employer's assessment of the Employee's performance;
- 8.6 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; and
- 8.7 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

- 9.1 Personal growth and development needs identified during any performance appraisal discussion must be documented in a Personal Development Plan, in the format set out in **ANNEXURE B**, as well as the actions agreed to and implementation must take place within set time frames;

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- 9.2 The Personal Development Plan (PDP) for addressing developmental gaps must be developed, if deemed necessary in individual cases in consultation with the employee, the Portfolio Councillor and the Municipal Manager.

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 such powers reasonably required by the Employee to enable him to meet the performance objectives and targets established in terms of this Agreement; and
- 10.1.5 Make available to the Employee such resources as the Employee may reasonable require from time to time assisting him 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 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.

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- 11.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in clause 11.1 as soon as is practical to enable the Employee to take any necessary action.

12. MANAGEMENT OF ASSESSMENT OUTCOMES

- 12.1 Where the employer is, at any time during the employee's employment, not satisfied with the manager's performance in respect of any matter dealt with in this Agreement, the employer will give notice to the employee to attend a meeting.
- 12.2 The employee will have the opportunity at the meeting to satisfy the employer in respect of the measures being taken to ensure that his performance becomes satisfactory and any programme, including any dates, for implementing these measures.
- 12.3 Where there is a dispute or difference as to the performance of the employee under this Agreement, the parties will confer with a view to resolve the dispute or difference.
- 12.4 In the case of unacceptable performance, the employer shall –
- 12.4.1 Provide systematic remedial or developmental support to assist the Employee to improve his performance; and
- 12.4.2 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 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 must be mediated by the Mayor within 30 days of receipt of a formal dispute from the employee. The Mayor's decision shall be final and binding on both parties.
- 13.2 Any disputes about the outcomes of the employee's performance evaluation must be mediated by a member of the Municipal Council provided that such

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- 13.2 Any disputes about the outcomes of the employee's performance evaluation must be mediated by a member of the Municipal Council provided that such member was not part of the evaluation panel within 30 days of receipt of a formal dispute from the employee. The Executive Mayors decision shall be final and binding on both parties.

14. GENERAL

- 14.1 The contents of this agreement and the outcome of any review conducted in terms of **ANNEXURE A** must be made available to the public by the Employer in accordance with the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act 32 of 2000.
- 14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other legal instruments.
- 14.3 The financial disclosure form as required by the Financial Disclosure Framework is attached as **ANNEXURE C** to this agreement.

Thus done and signed at Koffiefontein on this the 28th day of July 2016.

AS WITNESSES:

1.  _____

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K KHOABANE
CHIEF FINANCIAL OFFICER

2.  _____

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Thus done and signed at Koffiefontein on this the 28 day of ____ July 2016.

AS WITNESSES:

1  _____

2  _____



BA MNGUNI
MUNICIPAL MANAGER

ANNEXURE A: PERFORMANCE PLAN

- i. The Performance Plan sets out the performance objectives and targets which are based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and includes key performance indicators, units of measure, details of evidence that must be provided to show that the indicator has been achieved, target dates and weightings which show the relative importance of key performance indicators to one another.
- ii. The employee's assessment will be based on his/her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employee.
- iii. The performance management system automatically rates performance in terms of the key performance indicators as follows which correlates with the rating referred to in 6.3.1.

Category	Rating	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/assessment indicates that they 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.
KPI's Almost Met / Not fully effective	2	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.
KPI's Met / Fully effective	3	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.
KPI's Well Met / Performance significantly above expectations	4	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.
KPI's Extremely Well Met / Outstanding Performance	5	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.

KEY PERFORMANCE INDICATORS AND TARGETS

Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Financial Services	TL56	Promote a culture of participatory and good governance	Audit action plan developed to address AG Findings and submitted to council for approval on or before 26 Jan 2017	Date Audit action plan submitted to council for approval	Director Finance	New KPI	Council resolution and Audit Action Plan	1	0	0	1	0
Financial Services	TL57	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Compliant annual budget (MTREF) compiled and approved by end of May each year	Actual date budget approved	Director Finance	17-Jun-16	Council Resolution	30 June 2017	0	0	0	1
Financial Services	TL58	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	No. of monthly budget statements (s71 of MFMA) are compiled and submitted to the Mayor by No. later than 10 working days after the end of each month	Working days taken to submit sec 71 report after end of month	Director Finance	12	Monthly reports and proof of submission	12	3	3	3	3

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Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Financial Services	TL59	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	No. of monthly National Treasury returns submitted on time	Sum of returns submitted	Director Finance	12	Submissions emailed	12	3	3	3	3
Financial Services	TL60	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	No. of quarterly National Treasury returns submitted on time	Sum of returns submitted	Director Finance	1	Submissions emailed	4	1	1	1	1
Financial Services	TL61	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Mid-year budget assessment and budget adjustments report submitted on or before 25 January each year (s72 of MFMA)	Date Mid-year assessment submitted	Director Finance	25-Jan-16	Council resolution	1	0	0	1	0
Financial	TL62	To improve	% of Operating	Actual	Director	New	Sec 71 Reports	≥95%	≥95%	≥95%	≥95%	≥95%

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Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Services		overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Expenditure Budget Implementation Indicator	Operating Expenditure / Budgeted Operating Expenditure x 100	Finance	KPI						
Financial Services	TL63	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% of Operating Revenue Budget Implementation Indicator	Actual Operating Revenue[excel Capital Grant Revenue] / Budgeted Operating Revenue x 100	Director Finance	New KPI	Sec 71 Reports	≥95%	≥95%	≥95%	≥95%	≥95%
Financial Services	TL64	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budgeted Service Charges and Property Rates Revenue x 100	Director Finance	New KPI	Sec 71 Reports	≥75%	≥75%	≥75%	≥75%	≥75%

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Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Financial Services	TL65	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Annual Financial Statement submitted to the Auditor-General by the end of August each year	Date annual financial statements submitted to the AG	Director Finance	31-Aug-15	Proof of submission	1	1	0	0	0
Financial Services	TL66	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% internal audit recommendations implemented within specified time frames	No. of internal audit recommendations received/No. of recommendations implemented within time-frame	Director Finance	New KPI	IA Recommendations implemented	95%	>95%	>95%	>95%	>95%
Financial Services	TL67	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% actual expenditure on repairs and maintenance as a percentage of the approved/adjusted budget	Total Repairs and Maintenance Expenditure / Total amount budgeted for repairs and maintenance x 100	Director Finance	97%	Sec 71 Reports	8%	>8%	>8%	>8%	>8%
Financial	TL68	To improve	Creditors	Trade Creditors	Director	New	Sec 71 Reports	>30 days	>30 days	>30 days	>30 days	>30 days

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Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Services		overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Payment period	Outstanding / Credit Purchases (Operating and Capital) × 365	Finance	KPI						
Financial Services	TL69	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	No. of SCM reports submitted to council	Sum of reports submitted	Director Finance	New KPI	Reports and council agenda	4	1	1	1	1
Financial Services	TL70	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% of tenders awarded within 60 days of tender closing date	No. tenders awarded/Tenders awarded within 60 days	Director Finance	New KPI	Tenders and date tenders awarded; appointment letters	>90%	>90%	>90%	>90%	>90%

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Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Financial Services	TL71	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Net Operating Surplus Margin (MFMA Circular 71)	(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%	Director Finance	New KPI	Sec 71 Reports	<0%	<0%	<0%	<0%	<0%
Financial Services	TL72	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% payment of municipal accounts by municipal employees	No. of municipal employees/divided by No. of employees paying accounts	Director Finance	New KPI	Payment list	100%	100%	100%	100%	100%
Financial Services	TL73	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% payment of municipal accounts by councillors	No. of councillors/divided by No. of councillors paying accounts	Director Finance	New KPI	Payment list	100%	100%	100%	100%	100%

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Directorate	TL Ref	Strategic Objective	KPI	Calculation	KPI Owner	Baseline	POE	Annual Target	Q1	Q2	Q3	Q4
Financial Services	TL74	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	Own Source Revenue to Total Operating Revenue (MFMA Circular 71)	Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100	Director Finance	New KPI	Sec 71 Reports	55%	55%	55%	55%	55%
Financial Services	TL75	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.	% of Council Resolutions implemented within prescribed timeframe stipulated on resolution register	No. of council resolutions implemented within time frame divided by total No. of resolutions	Director Finance	95%	Execution list and reports submitted to council	≥85% of resolutions taken in each quarter	≥85% of resolutions taken in each quarter	≥85% of resolutions taken in each quarter	≥85% of resolutions taken in each quarter	≥85% of resolutions taken in each quarter

ANNEXURE B: PERSONAL DEVELOPMENT PLAN (PDP)

Explanatory Notes to the Personal Development Plan

1. Introduction

- 1.1 A Municipality should be committed to –
- (a) the continuous training and development of its employees to achieve its vision, mission and strategic objectives and empower employees; and
 - (b) managing training and development within the ambit of relevant national policies and legislation.
- 1.2 A Municipality should follow an integrated approach to Human Resource Development, that is:
- (a) Human resource development should form an integral part of human resource planning and management.
 - (b) In order for a municipality's training and development strategy and plans to be successful it should be based on sound Human Resource (HR) practices, such as the (strategic) HR Plan, job descriptions, the result of regular performance appraisals, career pathing, scarce skills a talent management and succession planning.
 - (c) To ensure the necessary linkage with performance management, the municipality's Performance Management and Development System should provide for the Personal Development Plans of employees to be included in their annual Performance Agreements. Such approach will ensure the alignment of individual performance objectives to the municipality's strategic objectives, and that training and development needs are also identified during the performance management and appraisal process.
 - (d) Career-pathing and succession planning ensures that employees are placed and developed in jobs according to aptitude and identified potential and through training and development acquire the necessary competencies to prepare them for future positions. Scarce skills and talent management also requires appropriate training, education and development interventions.

2. Compiling the Personal Development Plan attached as the Appendix.

- 2.1 The aim of the compilation of Personal Development Plans (PDPs) is to identify, prioritise and implement training needs
- 2.2 The minimum competency requirements for senior managers as set out in the Regulations on Appointment and Conditions of Employment of Senior Managers (17 January 2014) provides comprehensive information to the PDP process. The Municipal Finance Management Competency Regulations, such as those developed by the National Treasury and other line sector departments' legislated competency requirements need also be taken into consideration during the PDP process.

2.3 The assessment results of a manager against the minimum requirements contained in the managerial competency framework and occupational competency profiles will assist a manager, in consultation with his/her employee, to **compile a Personal Development Plan** as follows:

(a) The identified training needs should be **entered into column 1 of the Appendix, entitled Skills / Performance Gap**. The following should be carefully determined during such a process:

(i) Organisational needs, which include the following:

- Strategic development priorities and competency requirements, in line with the municipality's strategic objectives.
- The competency requirements of individual jobs. The relevant job requirements (job competency profile) as identified in the job description should be compared to the current competency profile of the employee to determine the individual's competency gaps.
- Specific competency gaps as identified during the probation period and performance appraisal of the employee.

(ii) Individual training needs that are job / career related.

(b) Next, the **prioritisation of the training needs [1 to 5] in column 1 should also be determined** since it may not be possible to address all identified training needs in a specific financial year. It is however of critical importance that training needs be addressed on a phased and priority basis. This implies that all these needs should be prioritized for purposes of accommodating critical/strategic training and development needs in the HR Plan, Personal Development Plans and the Workplace Skills Plan.

(c) Consideration must then be given to the **outcomes expected in column 2 of the Appendix**, so that once the intervention is completed the impact it had can be measured against relevant output indicators.

(d) **An appropriate intervention** should be identified to address training needs/skills gaps and the outcome to be achieved but with due regard to cost effectiveness. These interventions should be listed in **column 3 of the Appendix, entitled: Suggested training and / or development activity**. The training/development must also be conducted either in line with a recognised qualification from a tertiary institution or unit standards registered on the National Qualifications Framework (South African Qualifications Authority), which could enable the trainee to obtain recognition towards a qualification for training undertaken. It is important to determine through the Training/Human Resource Development/Skills Development Unit within the municipality whether unit standards have been developed with regard to a specific outcome/skills gap identified (and registered with the South African Qualifications Authority). Unit standards usually have measurable

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assessment criteria to determine achieved competency. There is more detail on this in item 4 below.

- (e) **Guidelines regarding the number of training days per employee and the nominations of employees:** An employee should on average receive at least five days of training per financial year and not unnecessarily be withdrawn from training interventions.
- (f) **Column 4 of the Appendix: The suggested mode of delivery** refers to the chosen methodology that is deemed most relevant to ensure transfer of skills. The training/development activity should impact on delivery back in the workplace. Mode of delivery consists of, amongst others, self-study [The official takes it upon him/her to read e.g. legislation]; internal or external training provision; coaching and/or mentoring and exchange programmes, etc.
- (g) The **suggested time frames (column 5 of the Appendix)** enable managers to effectively plan for the annum e.g. so that not all their employees are away from work within the same period and also ensuring that the PDP is implemented systematically.
- (h) **Work opportunity created to practice skill/development areas, in column 6 of the Appendix,** further ensures internalisation of information gained as well as return on investment (not just a nice to have skill but a necessary to have skill that is used in the workplace).
- (i) The final column, **column 7 of the Appendix,** provides the employee with a **support person** that could act as coach or mentor with regard to the area of learning.

Personal Development Plan of:

Compiled on (Date):

1. Skills / Performance Gap ¹	2. Outcomes Expected ²	3. Suggested training and/or development activity	4. Suggested mode of delivery	5. Suggested Time Frames	6. Work opportunity created to practice skill/development area	7. Support Person
Appraise Performance of Managers	The manager will be able to enter into performance agreements with all managers reporting to him / her, appraise them against set criteria, within relevant time frames	A course containing theoretical and practical application with coaching in the workplace following [relevant unit standard?]	External provider, in line with identified unit standard and not exceeding R 6 000	March 20...	Appraisal of managers reporting to him / her	Senior Manager: Training
1.						
2.						

¹ In order of priority

² Measurable Indicators for e.g. quantity, quality and time frames etc.

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