



PERFORMANCE AGREEMENT

BUSHBUCKRIDGE LOCAL MUNICIPALITY

Represented by

C J LISA

[HEREINAFTER REFERRED TO AS THE **ACCOUNTING OFFICER/ MUNICIPAL MANAGER**]

AND

C A NKUNA

[HEREINAFTER REFERRED TO AS THE **CHIEF FINANCIAL OFFICER**]

(FOR THE PERIOD 01 July 2015 – 30 JUNE 2016)

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1. JOB DETAILS

CFO- Number	S009982
Location	Bushbuckridge Local Municipality
Occupational Classification	Executive
Designation	CFO

2. COMMENCE AND DURATION

The performance agreement shall commence on **[01 JULY 2015]**, and remain in force until **[30 June 2016]**, 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 one at least once in a financial year by not later than the 31st July 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 accountable to the **Accounting Officer** for the Municipality's financial performance operations, the realisation of the Performance Agreement and specifically, for regular evaluation and implementation of the Municipality's strategic plan on financial related matters. This task includes but limited to the following:

- 4.1 Administratively in-charge of the budget and treasury office
- 4.2 Providing advice to the Accounting Officer on the exercise of powers and duties assigned to the accounting officer in terms of the MFMA;
- 4.3 To ensure proper, efficient and effective financial administration and reporting
- 4.4 To assist the Accounting Officer on the administration of the municipal bank accounts and the preparation and implementation of the municipal budget
- 4.5 Ensure the safeguarding of the municipal assets

5. REPORTING REQUIREMENTS/LINES AND ASSESSMENT LINES

The **CFO** shall report to the **Accounting Officer** on all parts of this agreement.

- 5.1 Timeously alert the Accounting Officer 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 Accounting Officer 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 Accounting Officer 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 her to perform to the standards required.

The **Accounting Officer** 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 her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan and **SDBIP 2015/2016** which are linked to the **KPA's**, which constitute **80%** of the overall assessment result as per the weightings reflected agreed to between the Accounting Officer and **CFO**.

Number	Key Performance Area	Weight
6.2.4.1	Revenue Management	20%
6.2.4.2	Supply Chain Management	20%
6.2.4.3	Expenditure Management	20%
6.2.4.4	Budget Management	20%
6.2.4.5	Assets Management	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>	10 %
6.2.5.3	<i>Financial Management</i>	25%
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>	10%
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>	10%
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>Media 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. PERFORMANCE EVALUATION

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.
- 7.3 The CFO will be evaluated by the accounting officer and the evaluation committee on the quarter basis
- 7.4 The evaluation committee on midyear and end of financial year will be in line with the municipal performance system framework and Performance Management Planning Regulation 2006
- 7.5 The Performance assessment of the **CFO** will be done in line with the Performance contract and in accordance with Performance management planning regulation 2006 which stipulates that when the review is conducted, the municipality should have the following Evaluation panel comprises of the Executive Mayor, Chairperson of Audit Committee, and a Municipal Manager from another municipality and member of the community appointed by the Mayor.

Despite the establishment of agreed intervals for evaluation, the Accounting Officer 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:

7.6 Assessment of the achievement on results as outlined in the performance plan:

7.6.1 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**.

7.6.2 An indicative rating on the five-point scale should be provided for each **KPA**.

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

7.6.4 Assessment of the CMC's

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

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

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

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

7.6.5 Overall rating

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

7.6.5.2 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.					

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

7.6.5.3.1 Municipal Manager/ Accounting Officer

7.6.5.3.2 Chairperson of the performance/audit committee

7.6.5.3.3 Member of the mayoral committee; and

7.6.5.3.4 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 and in relation to BLM PMS Policy.

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 Accounting Officer shall-

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

9. DEVELOPMENTAL REQUIREMENTS

Competency Gaps Identified (Skills, Knowledge, Attributes)	Which Learning And/or Development Opportunities Are Required To Address The Gap?	What Kind Of Action And/or Support Is Required To Address The Gap?	By When Should The Gap Be Addressed?	How Will You Demonstrate That The Competency Gap Is Closed?

Continue with MBA and complete within the time frame.

10. PERFORMANCE REVIEWS AND APPRAISAL RECORDS

The CFO will be required to submit performance progress reports before or on the 7th day of the month after the end of the quarter.

Progress review, feedback sessions as well as annual evaluation session shall take place as follows.

<i>Review Cycle</i>	<i>Review Date</i>
<i>Performance Review 1</i>	<i>September 2015</i>
<i>Performance Review 2 (Assessment)</i>	<i>December 2015</i>
<i>Performance Review 3</i>	<i>March 2016</i>
<i>Performance Review 4 (Assessment)</i>	<i>June 2016</i>

11. MANAGEMENT OF PERFORMANCE OUTCOMES

Superior performance and poor performance will be dealt in accordance with the Performance Management Policy / Framework.

12. DISPUTE RESOLUTION

The **CFO** and the Accounting Officer are encouraged to first try and resolve any dispute failing which the matter should be taken to the **Executive Mayor** or any other person appointed by the executive Mayor before the prescribed dispute resolution procedures are initiated.

13. AMENDMENT TO AGREEMENT

Amendments to the agreement should be in writing and can only be effected after discussion and agreement by both parties.

14. SIGNATURES OF PARTIES TO THE AGREEMENT

The contents of this agreement have been duly discussed and agreed to with the **CFO** concerned.

15. SIGNING

Mrs CA Nkuna
[Chief Financial Officer]

Signature

Date

Witness

Date

And

Mr C J LISA
[Municipal Manager/ Accounting Officer]

Signature

Date

Witness

Date