

# **PERFORMANCE AGREEMENT**

Made and entered into by and between

CHIKANE ALBERT CHIKANE

.....  
The Municipal Manager of Metsweding District Municipality  
("the Municipal Manager")

**AND**

EDWARD VAUGHAN SWEENEY

.....  
The Strategic Manager reporting to the Municipal Manager  
("the Chief Financial Officer")

## **1. INTRODUCTION**

The Municipality has entered into a contract of employment with the Chief Financial Officer for a period in terms of Section 57(1)(a) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) ("the Systems Act")

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.

The parties wish to ensure that they are clear about the key result areas to be achieved, and secure the commitment of the Chief Finance Officer reporting to the Municipal Manager, to a set of actions that will secure the IDP goals.

## **2. PURPOSE OF THIS AGREEMENT**

The parties agree that the purposes of this Agreement are to:

comply with the provisions of Section 57(1)(b) of the Systems Act;

state key result areas and targets established for the Chief Financial Officer;

specify accountabilities;

monitor and measure performance;

establish a transparent and accountable working relationship; and

give effect to the Municipality's commitment to a performance-orientated relationship with its Strategic Managers reporting to the Municipal Manager in attaining equitable and improved service delivery.

## **3. COMMENCEMENT AND DURATION**

This Agreement will commence on the date of signature by both parties, which will be as soon as reasonably possible after 1 July 2007, and, subject to paragraph 3.3, will continue in force until a new performance agreement is concluded between the parties as contemplated in paragraph 3.2

- 3.1 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 at least once a year by not later than July each year.
- 3.2 This Agreement will terminate on the termination of the Chief Financial Officer's contract of employment for any reason.

#### **4 PERFORMANCE OBJECTIVES**

- 4.1 Annexure "A" sets out:
  - 4.1.1 The key result areas and targets that must be met by the Chief Financial Officer; and
  - 4.1.2 The time frames within which those key result areas and targets must be met.
- 4.2 The key result areas and targets reflected in Annexure "A" are set by the Municipal Manager in consultation with the Chief Financial Officer, and include KRAs, KRIs, target dates and ratings.
- 4.3 The key result areas describe the main tasks that need to be done. The key result indicators provide details of the evidence that must be provided to show that a key result area has been achieved. The target dates describe the timeframe in which the work must be achieved. The ratings show the relative importance of the key objectives to each other.
- 4.4 The Chief Financial Officer's performance will in addition, be measured in terms of contributions to the goals and strategies set out in the Municipality's Integrated Development Plan.
- 4.5 The Municipality will make available to the Chief Financial Officer such staff as the Chief Financial Officer may reasonably require from time to time to assist her/him to meet the key result areas and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Chief Financial Officer to ensure that he complies with those performance obligations and targets.
- 4.6 The Chief Financial Officer will at her/his request, be delegated such powers by the Municipality as may at the discretion of the Municipality be reasonably required from time to time to enable her/him to meet the key result areas and targets established in terms of this Agreement.

4.7 The Municipal Manager will be entitled to review and make reasonable changes to the provisions of Annexure “A” from time to time for operational reasons. The Chief Financial Officer will be fully consulted before any such change is made.

4.8 The provisions of Annexure “A” may be amended by the Municipal Manager when the Municipality’s performance management system is adopted, implemented and/or amended as the case may be.

## **5. EVALUATING PERFORMANCE**

5.1 Annexure “A” to this Agreement sets out:

5.1.1 the standards and procedures for evaluating the Chief Financial Officer’s performance; and

5.1.2 the intervals for the evaluation of the Chief Financial Officer’s performance.

5.2 Despite the establishment of agreed intervals for evaluation, the Municipal Manager may, in addition and within reason, review the Chief Financial Officer’s performance at any stage while the contract of employment remains in force.

5.3 Personal growth and development needs identified during any performance review discussions must be documented and, where possible, actions agreed.

## **6. PERFORMANCE MANAGEMENT SYSTEM**

The Chief Financial Officer agrees to participate in the performance management system that the Municipality adopts or introduces for the Municipality, management and staff of the Municipality.

The Chief Financial Officer accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Municipality, management and staff to perform to the standard required.

The Municipal Manager will consult the Chief Financial Officer about the specific performance standards that will be included in the performance management system as applicable to the Chief Financial Officer.

## **7. CONSULTATION**

7.1 The Municipal Manager agrees to consult the Chief Financial Officer timeously where the exercising of the Municipal Manager's powers will:

7.1.1 have a direct effect on the performance of any of the Chief Financial Officer's functions;

7.1.2 commit the Chief Financial Officer to implement or to give effect to a decision made by the Municipal Manager;

7.1.3 have a substantial financial effect on the Municipality.

7.2 The Municipal Manager agrees to inform the Chief Financial Officer of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 7.1 as soon as is practicable to enable the Chief Financial Officer to take any necessary action without delay.

## **8. CONSEQUENCE OF SUBSTANDARD PERFORMANCE**

Where the Municipal Manager is, at any time during the Chief Financial Officer's employment, not satisfied with the Chief Financial Officer's performance with respect to any matter dealt with in this Agreement, the Municipal Manager will give notice to the Chief Financial Officer to attend a meeting with the Municipal Manager.

The Chief Financial Officer will have the opportunity at the meeting to satisfy the Municipal Manager of the measures being taken to ensure that the Chief Financial Officer's performance becomes satisfactory and any programme, including any dates, for implementing these measures.

Where there is a dispute or difference as to the performance of the Chief Financial Officer under this Agreement, the parties will confer with a view to resolving the dispute or difference.

If at any stage thereafter the Municipal Manager holds the view that the performance of the Chief Financial Officer is not satisfactory, the Municipality will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Chief Financial Officer to terminate the Chief Financial Officer's employment in accordance with the notice period set out in the Chief Financial Officer's contract of employment.

8.5 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Chief Financial Officer's contract of employment with or without notice for any other breach by the Chief Financial Officer of his obligations to the Municipality or for any other valid reason in law.

**9. DISPUTES**

In the event that the Chief Financial Officer is dissatisfied with any decision or action of the Municipal Manager or of the Municipality in terms of this Agreement, or where a dispute or difference arises as to the extent to which the Chief Financial Officer has achieved the performance objectives and targets established in terms of this Agreement, the Chief Financial Officer may meet with the Municipal Manager with a view to resolving the issue. At the Chief Financial Officer's request the Municipal Manager will record the outcome of the meeting in writing.

In the event that the Chief Financial Officer remains dissatisfied with the outcome of that meeting, she/he may raise the issue in writing with the Municipality's Executive Mayor. The Executive Mayor will determine a process for resolving the issue, which will involve as a minimum, providing the Chief Financial Officer with an opportunity to state his case orally or in writing. At the Chief Financial Officer's request the Executive Mayor will record its decision on the issue in writing. The decision of the Executive Mayor on the issue will be made within 2 weeks of the issue being raised, or as soon thereafter as possible, and will be final.

**10. GENERAL**

10.1 The contents of the Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality.

10.2 Nothing in this Agreement diminishes the obligation, duties or accountabilities of the Chief Financial Officer in terms of her/his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instrument.

**SIGNED AT ..... ON THIS ..... DAY OF**  
**..... 2006.**

**AS WITNESSES**

1. ....

2. ....

.....  
**THE MUNICIPAL MANAGER OF  
METSWEDING DISTRICT  
MUNICIPALITY**

**SIGNED AT ..... ON THIS ..... DAY OF  
..... 2007.**

**AS WITNESSES**

1. ....

2. ....

.....  
**CHIEF FINANCIAL OFFICER**

**SIGNED AT ..... ON THIS ..... DAY OF  
..... 2007.**

# **METSWEDING DISTRICT MUNICIPALITY**

**PERFORMANCE PLAN**

**FOR THE**

**CHIEF FINANCE OFFICER**

# PERFORMANCE PLAN FOR THE CHIEF FINANCIAL OFFICER

## INTRODUCTION

This plan defines the Metsweding District Local Council's expectations of the Chief Finance Officer in accordance with the Chief Finance Officer's Performance Agreement to which this document is attached as an annexure and Section 57(5) of the Local Government: Municipal Systems Act, which provides that key result areas and targets must be based on the key result indicators set out from time to time in the Metsweding District Municipality Integrated Development Plan.

There are 8 parts to this performance plan:

1. A balanced score card detailing key result areas and their related result indicators, weightings and target dates;
2. The knowledge, skills and behaviours required to perform the job;
3. The vision that guides the Metsweding District Municipality;
4. A performance review procedure;
5. A consolidated score sheet;
6. A link to rewards;
7. An individual learning plan; and
8. A control sheet.

The period of this plan is from July 2006 to June 2007.

## 1. BALANCED SCORECARD

<b>INTERNAL</b>					
<b>KPA</b>	<b>NO</b>	<b>STRATEGIC OBJECTIVES</b>	<b>KPI - TARGETS</b>	<b>TIME LINE</b>	<b>WEIGHT</b>
HR Development	1	To train staff and councillors on relevant statutes (roles & responsibilities)	Identify relevant statutes applicable in our area of operation	30/06 - Annually	3
			Create access to relevant statutes		
			Provide training to staff and councillors		
Budget and Financial Management	2	To ensure the compilation and approval of a Multi-Year Budget	Develop and maintain systems that enable the Executive Mayor to compile the Budget	28/02 - Annually	20
			Table Budget to Council	31/03 - Annually	
			Table Final Budget to Council for approval	31/05 - Annually	
			Council approve Final Budget	30/06 - Annually	
			Executive Mayor approve SDBIP	30/06 - Annually	
			Budget Information published in terms of MFMA	15/07 - Annually	
	3	To ensure prudent Financial Management implementation in MDM with reference to financial reporting	Compile budget statements as per the MFMA and submit to Municipal Manager and Treasury	10 w/d - Monthly	5
			Compile quarterly reports and submit to Council and Treasury	21 <sup>st</sup> - Quarterly	
			Recommend to Council and management on financial decisions to be made	Monthly	
	4	To develop, review, train and implement Finance policies and procedures	Benchmark best practice with other municipalities / province / national treasury	31/03 - Annually	3
			Customize and re-align policies and procedures	31/05 - Annually	
			Implement, communicate and conduct training	30/06 - Annually	

Financial Viability	5	To manage revenue to ensure financial stability [if applicable]	Collect over 90% of budgeted municipal revenue Collect over 92% of budgeted municipal revenue Collect over 94% of budgeted municipal revenue Collect over 95% of budgeted municipal revenue	30/06/07 30/06/08 30/06/09 30/06/10 Annually	15
	6	To identify, develop and ultimately implement alternative sources of revenue in consultation with Local, Provincial and National Government	Identify and investigate possible sources of municipal taxes in terms of the Municipal Fiscal Powers and Surcharges Bill	30/06/08	3
			Develop and submit proposals to the Minister in terms of the Bill	31/12/08	
			Develop systems and procedures for the billing and collection of any new municipal taxes	30/06/08	
Risk Management	7	To eliminate, minimize and mitigate financial risks	Develop a comprehensive Risk Management Plan	30/06/08	3
			Implement Risk Management Plan	30/06/08	
			+95% of all assets captured on the Asset Register	30/06 - Annually	
			+95% of all known risks insured	30/06 - Annually	
Supply Chain Management	8	To review and implement SCM policies and procedures	Review Preferential Procurement Policy	31/05 - Annually	3
			Review Supply Chain Management Policy	31/05 - Annually	
			Review Supply Chain Management Procedures	31/05 - Annually	
			Implement Supply Chain Management Policy	01/07/2007	
			Implement Supply Chain Management Procedures	01/07/2007	
	9	To promote procurement from BEE, SMME and local suppliers	Develop a supplier data base	30/06/07	3
			Develop targets in line with National and Province	30/06/07	
Report annually on implementation			31/08/08 Annually		
Expenditure	10	To ensure the timeous and efficient payment of all creditors	Turnover of trade creditors less than 31 days	Monthly	5
	11	To ensure the timeous, efficient and correct payment of all salaries	Timeous payment of salaries	26 <sup>th</sup> - Monthly	8
Reduce number of errors to: 10 per month 7 per month 5 per month			30/06/07 30/06/08 30/06/09 Annually		

Good Governance	12	To ensure transparent and accountable financial management	Ensure the compilation of the annual financial statements according to the standards of GAMAP	31/08 - Annually	10
			Receipt of an unqualified financial audit report	31/01 - Annually	
Treasury Office	13	To manage cash and bank, as well as investments effectively and efficiently	Bank reconciliations to pop-balance to the nearest Rand	25 <sup>th</sup> - Monthly	10
			Review Cash Management and Investment Policy	30/06 - Annually	
			Prepare monthly cash flow forecasts	25 <sup>th</sup> - Monthly	
			Invest surplus funds	Daily	
<b>EXTERNAL</b>					
<b>KPA</b>	<b>NO</b>	<b>STRATEGIC OBJECTIVES</b>	<b>KPI - TARGETS</b>	<b>TIME LINE</b>	<b>WEIGHT</b>
Financial Viability	14	To direct limited financial resources to maintain operations and execute IDP	Review the budget	Quarterly	3
			Adjust or redirect budget to address critical objectives	Quarterly	
	15	To facilitate capital investment in income generating projects	Develop investment strategies	30/06/08	3
			Identify and submit proposals of income generation projects	30/06/08	
Inter Governmental Relations	16	To foster good relations with local municipalities	Establish a District CFO Forum	31/03/08	3

## 2. KNOWLEDGE, SKILLS AND BEHAVIOURS

The ratings attached to this section will assist in identifying areas of development for inclusion in the individual learning plan.

1	2	3	4	5
Performance clearly below acceptable level.	Performance is competent in some aspects, but shows need for improvement in other aspects	Fully competent performance	Noticeably better than competent performance	Distinguished performance obvious to all.

Knowledge, Skills and Behaviours	Description/Definition	Comments/Observations	Rating
<b>KNOWLEDGE</b>			
Local Government environment and legal requirements	This includes a working knowledge of Council Regulations, By-Laws and Policies, National, Provincial and Local Government Structures and applicable legislation including the Municipal Finance Management Act, Municipal Structures Act and Municipal Systems Act, Administrative Justice Act and Access to information Act.		
<b>SKILLS</b>			
Computer Literacy	Skills required to use office based computer equipment (terminals, printers, PCs) in order to do one's job,. This may include word processing, developing and working with spreadsheets and creating reports.		
Report Writing	Skills required to write complex reports by collecting and presenting relevant information and tailoring the report to the requirements of the reader.		
Budgeting	Skills required to understand projects and/or a department's work within the constraints of a budget. This includes being able to plan a budget at the beginning of the financial year, controlling costs throughout the year by allocating resources appropriately and understanding and anticipating the impact of other departments on own budget and adapting where necessary		

Knowledge, Skills and Behaviours	Description/Definition	Comments/Observations	Rating
Negotiation Skills	Skills required to negotiate, including analysis where outcomes are not necessarily predicable. This includes applying skills and techniques of negotiating that show an understanding of the other parties needs and agenda		
Planning & Organising	Skills required to plan and organize an activity so that a specific goal is achieved. This requires setting priorities and allocating time and resources. It involves being aware of the interrelationships among activities in a project and then planning tasks and resource allocations. It requires being able to work effectively under short deadlines.		
<b>BEHAVIOURS</b>			
Focus on Communities	This is about wanting to meet the needs of the customer and about putting the customer first. This includes internal customers i.e. colleagues and other departments that rely on you for work, and external customers i.e. any stakeholders that are affected by the way in which you do your work. Advanced: At this level the aim is to exceed community expectations. The employee also tries to understand what the underlying needs of the customer are and tries to meet these needs.		
Focus on Teamwork	This is about working co-operatively as a member of a team i.e. in a manner that is non-discriminatory, that values diversity, recognizes the equality of all individuals and respects their dignity. It is about making a meaningful contribution to the team by working hard, asking for help, offering help and being aware of what others in the team are doing. It is about working towards the achievement of the team's goals and objectives. Advanced: The employee plays a mentorship role to others in the team by encouraging others to perform well, by acting as a role model, sharing his/her high level of knowledge with others and by looking for ways to improve the team's functioning.		

<b>Knowledge, Skills and Behaviours</b>	<b>Description/Definition</b>	<b>Comments/Observations</b>	<b>Rating</b>
Focus on Delivery	This is about working well to achieve a high standard by trying to improve on the way you do things and by working towards achieving your work objectives. It is also about putting plans into action, meeting deadlines, taking initiative and solving problems to make sure that things get done. Advanced: At this level the employee sets high standards and is always looking for ways to improve the standard and quality of her/his work and work in her/his department. The employee anticipates problems and deals with them before they become a big issue. The employee always meets or exceeds deadlines.		
Focus on Ethics	This is about being open, transparent and honest in all your dealings. It is about keeping promises that you make and about working within the policies, procedures and authorized delegations of Council. It is about acting in line with the values of Council and encouraging others to do so. Advanced: The employee has an extensive knowledge of the values, policies and procedures of Council and is able to support and assist others. The employee is regarded as a role model in the way she/he conducts her/himself at work.		
Focus on Communication	This is about effective written and oral communication so that thoughts, ideas and comments are expressed clearly either using speech in individual or group situations, or in writing using correct and appropriate grammar, organisation and structure. Advanced: Verbal Communication: The employee checks for understanding of the communication by asking open-ended questions, which draw out the listener's understanding. The employee values differences, handles conflict and is assertive. Written Communication: The employee is able to write complex documentation and reports using advanced grammatical constructs. She/he collects and presents relevant information in letters, e-mails, memos and reports in accordance with format requirements and standards. The employee tailors written material to the requirements of the reader.		

### 3. THE VISION AND MISSION

#### **VISION**

**“Metsweding District Municipality is a tourist destination where excellence, good governance, sustainable growth and service delivery prevails”.**

#### **MISSION**

**Metsweding District Municipality is committed to mobilise and utilise resources in partnership with its stakeholders for the realisation of its vision through:**

- **Provision of capacity to local municipalities;**
- **Promotion of social and economic development;**
- **Creation of safe and healthy environment;**
- **Encouragement of community participation;**
- **Consolidation and implementation of IDPs; and**
- **Adequate training and development of staff.**

#### 4. PERFORMANCE REVIEW PROCEDURE

1. A formal performance review occurs four times a year, the final review in June, before the end of the financial year.
2. The Municipal Manager is to request input from 'customers' on the Chief Financial Officer's performance throughout the review period. This may be done through discussion or by asking 'customers' to complete a rating form to submit to the Municipal Manager for consideration. Customers are people who are able to comment on the Chief Finance Officer's performance having worked closely with him on some or all aspects of her/his job.
3. The Municipal Manager is to prepare ratings of the Chief Financial Officer's performance against KRAs as a result of her/his evidence and 'customer' input.
4. The Municipal Manager is to ask the Chief Financial Officer to prepare for formal appraisal by rating her/himself against the agreed KRAs.
5. The Municipal Manager and Chief Financial Officer are to meet to conduct a formal performance rating and agree final scores. It may be necessary to have two meetings i.e. give the Chief Financial Officer scores and allow her/him time to consider them before final agreement. In the event of a disagreement, the Municipal Manager has the final say with regard to the final score that is given.
6. Initially the scoring should be recorded on the scorecard then transferred onto the consolidated score sheet.
7. Result Indicators that have been supplied as evidence of achieving an objective should be marked.
8. Result Indicators that have not been supplied as evidence of achieving an objective should be marked.
9. Any reasons for non-compliance should be recorded during the review session in the column marked 'reason for deviation'.
10. The Municipal Manager should make her/his own notes during the formal review meeting and should assign a score in relation to the weighting assigned to a specific result indicator. E.g. should a specific result indicator have been assigned a weighting of 20 points and the result indicator was achieved then the score allocated would be 20. However, should the result indicator not have been achieved at all or no satisfactory evidence is provided then a score of 0 would be allocated. It should be noted that result indicators do not allow for a partial score as this introduces subjectivity to the review procedure i.e. it either has or has not been achieved.
11. Only those items relevant for the review period in question should be scored.
12. The Municipal Manager and Chief Finance Officer are to prepare and agree on an individual learning plan to set new KRAs, targets, result indicators, weightings and dates etc for the following financial year.
13. Poor work performance will be dealt with in terms of the incapacity procedure as outlined in the applicable Labour Legislation.

### 5. CONSOLIDATED SCORE SHEET

Key Result Areas	Weighting	Municipal Manager's Rating	Chief Finance Officer's Rating	Final/Consolidated Score	Reason for Final Score
1					
2					
3					
4					
5					
Total:	100				

### 6. LINK TO REWARD

The Chief Finance Officer may receive an annual salary increase and bonus payment on the bonus scheme and merit increase scheme rules for level 1 & 2 employees and level 3 employees on a fixed term contract that makes provision for performance bonus

### 7. INDIVIDUAL LEARNING PLAN (ILP)

Chief Finance Officer: \_\_\_\_\_ Chief Finance Officer's Staff No. \_\_\_\_\_

Municipal Manager: \_\_\_\_\_ Date: \_\_\_\_\_

Skills/Performance Gap	Outcomes Expected	Suggested Training and/or Development Activity	Suggested Mode of Delivery	Suggested Time Frames	Work opportunity created to practise skill/development area	Support Person
1.						
2.						
3.						
4.						
5.						

Chief Finance Officer's signature \_\_\_\_\_

Municipal Manager's signature \_\_\_\_\_

**8. CONTROL SHEET  
(TO BE UPDATED BY MUNICIPAL MANAGER)**

Date of 1<sup>st</sup> planning meeting: \_\_\_\_\_

Date 2<sup>nd</sup> Planning Meeting (if applicable) \_\_\_\_\_

Date Copy of performance plan Handed to Chief Finance Officer \_\_\_\_\_

Municipal Manager's name: \_\_\_\_\_

**COACHING PHASE**

Keep a record of meetings held to give feedback to the Chief Finance Officer on performance related issues.

Date of Feedback Meeting	Performance Issue Discussed and Corrective Action to be Taken
Date of formal half year review:	

Date Chief Finance Officer notified of

Date of 1<sup>st</sup> review meeting

Date of 2<sup>nd</sup> review meeting (if applicable)

Municipal Manager's name: