



**PERFORMANCE AGREEMENT**

**MADE AND ENTERED INTO BY AND BETWEEN:**

**THE MAKHUDUTHAMAGA LOCAL MUNICIPALITY  
AS REPRESENTED BY THE MUNICIPAL MANAGER**

**RAMPEDI MMADIRE NANCY**

**AND**

**RONALD MAISANE MOGANEDI**

**CHIEF FINANCIAL OFFICER (EMPLOYEE)**

**FOR THE**

**FINANCIAL YEAR: 1 JULY 2021 - 30 JUNE 2022**



PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The Makhuduthamaga Local Municipality herein represented by **Rampedi MN** in her/his capacity as Municipal Manager

and

**Mogamedi RM** Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED 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)(ii) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the parties to conclude an annual performance agreement within one (1) month after the beginning of each financial year of the municipality.

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.

1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to -

2.1 comply with the provisions of Section 57(1)(b),(4A),(4B) and (5) of the Act as well as the employment contract entered into between the parties;

2.2 specify objectives and targets defined and agreed with the employee and to communicate to the employer's expectations of the employee's performance and accountability in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

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2.3 specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.4 monitor and measure performance against set targeted outputs;

2.5 use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;

2.6 in the event of outstanding performance, to appropriately reward the employee; and

2.7 give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

### 3 COMMENCEMENT AND DURATION

3.1 This Agreement will commence on the 1<sup>st</sup> July 2021 and will remain in force until 30<sup>th</sup> June 2022 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.

3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.

3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

3.4 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

### 4 PERFORMANCE OBJECTIVES

4.1 The Performance Plan (Annexure A) sets out-

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

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The performance objectives and targets reflected in Annexure 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 objectives; key performance indicators; target dates and weightings.

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- 4.2.1 The key objectives describe the main tasks that need to be done.
- 4.2.2 The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved.
- 4.2.3 The target dates describe the timeframe in which the work must be achieved.
- 4.2.4 The weightings show the relative importance of the key objectives to each other.
- 4.3 The **Employee's** performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the **Employer's** Integrated Development Plan.

## 5 PERFORMANCE MANAGEMENT SYSTEM

- 5.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Employer, management and municipal staff of the Employer.
- 5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the Employer, management and municipal staff to perform to the standards required.
- 5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.
- 5.4 The Employee undertakes to actively focus towards the promotion and implementation of the KPAs (including special projects relevant to the employee's responsibilities) within the local government framework.
- 5.5 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
  - 5.5.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Requirements (CRs) respectively.
  - 5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
  - 5.5.3 KPAs covering the main areas of work will account for 80% and CRs will account for 20% of the final assessment.
  - 5.5.4 The total score must determine using the rating calculator.
- 5.6 The Employee's assessment will be based on his / her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (**Annexure A**), which are linked to the KPAs, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:



Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	20
Municipal Institutional Development and Transformation	10
Local Economic Development (LED)	05
Municipal Financial Viability and Management	60
Good Governance and Public Participation	05
<b>Total</b>	<b>100%</b>

5.7 In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.

5.8 The CRS will make up the other 20% of the Employee's assessment score. CRS that are deemed to be most critical for the Employee's specific job should be selected (✓) from the list below as agreed to between the Employer and Employee. Three of the CRS are compulsory for Municipal Managers:

COMPETENCY REQUIREMENTS FOR EMPLOYEES		
LEADING COMPETENCIES		WEIGHT
Strategic Direction and Leadership	✓	10
People Management	✓	5
Program and Project Management		
Financial Management	✓	60
Change Leadership		
Governance Leadership		
<b>CORE COMPETENCIES</b>		
	✓	5
Moral Competence	✓	10

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(b) An indicative rating on the five-point scale should be provided for each KPA.

(a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.

6.5.1 Assessment of the achievement of results as outlined in the performance plan:

- 6.5 The annual performance appraisal will involve:
  - 6.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.
  - 6.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.
  - 6.2 Despite the establishment of agreed intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force.
    - 6.1.1 the standards and procedures for evaluating the Employee's performance; and
    - 6.1.2 the intervals for the evaluation of the Employee's performance.
  - 6.1 The Performance Plan (Annexure A) to this Agreement sets out -

6. EVALUATING PERFORMANCE

COMPETENCY REQUIREMENTS FOR EMPLOYEES		WEIGHT
LEADING COMPETENCIES	✓	
Planning and Organising	✓	5
Analysis and Innovation		
Knowledge and Information Management		
Communication	✓	5
Results and Quality Focus	✓	5
Total percentage	-	100%





- (c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

### 6.5.2 Assessment of the CRs

- (a) Each CR should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CR.
- (c) This rating should be multiplied by the weighting given to each CR during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator (refer to paragraph 6.5.1) must then be used to add the scores and calculate a final CR score.

### 6.5.3 Overall rating

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

6.6 The assessment of the performance of the Employee will be based on the following rating scale for KPAs and CRs:

Level	Terminology	Description	Rating
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.	1 2 3 4 5
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.	

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Performance Plan for CFO: Moganedi RM



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AS WITNESSES:

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MUNICIPAL MANAGER





Performance Plan for CFO: Moganedi RM

KPA 4: FINANCIAL VIABILITY

Strategic objective: To provide sound and sustainable management of the financial affairs of Makhuduthamaga Local Municipality.

Total Number of Indicators	Total Number of Annual Targets	Total Number of Adjusted Annual Targets
19	19	0

No.	Directorate	Project	Measurable Objective	Key Performance Indicator	Baseline	Annual targets 2021/2022	2021/2022 Quarterly Targets				Means of verification	Annual Budget 2021/2022 R'000'	Weightings
							Quarter 1	Quarter 2	Quarter 3	Quarter 4			
BT 01	BTO	Implementation mSCOA	To enhance reporting.	No. of mSCOA financial system modules running live monthly.	9 mSCOA financial system modules running live	9 models running live monthly by 30 June 2022	9 models running live monthly	9 models running live monthly	9 models running live monthly	9 models running live monthly	Approved Trid Balance	R1 299	
BT 02	BTO	Revenue management	To increase own revenue and reduced dependency on grants.	To implement Revenue Enhancement Strategy Monthly until 30 June 2022	Approved revenue enhancement strategy	To implement Revenue Enhancement Strategy Monthly until 30 June 2021	Implementation strategy done quarterly	Implementation strategy done quarterly	Implementation strategy done quarterly	Implementation strategy done quarterly	Revenue report	R0 00	
				No. of Supplementary valuation rolls developed and implemented	1 of Supplementary valuation rolls developed and implemented	1 of Supplementary valuation rolls developed and implemented	0	0	0	1 of Supplementary valuation rolls developed and implemented	Supplementary valuation roll	R600	

Performance Plan for CFO: Moganedi RM

No.	Directorate	Project	Measureable Objective	Key Performance Indicator	Baseline	Annual targets 2021/2022	2021/2022 Quarterly Targets				Means of verification	Annual Budget 2021/2022 R'000'	Weightings
							Quarter 1	Quarter 2	Quarter 3	Quarter 4			
BT 03	BTO	Own Revenue collection	To increase own revenue and reduced dependency on grants	% of billed revenue collected (revenue amount collected vs amount billed) by 30 June 2022	31% of billed revenue collected (revenue amount collected vs amount billed)	95% of billed revenue collected (revenue amount collected vs amount billed) by 30 June 2022.	15% of billed revenue collected (revenue amount collected vs amount billed)	40% of billed revenue collected (revenue amount collected vs amount billed)	65% of billed revenue collected (revenue amount collected vs amount billed)	95% of billed revenue collected (revenue amount collected vs amount billed)	Approved revenue reports	R0.00	
BT 04	BTO	Procurement management activities.	To facilitate effective and efficient implementation of SDBIP.	To Develop and implement approved procurement plan by 30 June 2022.	1 Develop and implement approved procurement plan	To Develop and implement approved procurement plan by 30 June 2022.	0	0	0	Developed and approved procurement plan implemented.	Signed procurement plan	R0.00	
BT 05	BTO	Financial Management capacity building.	To support financial management system within the municipality.	% of FMG spend by 30 June 2021	100% spend on FMG	100% FMG spend by 30 June 2022	25% FMG spend	50% FMG spend	75% FMG spend	100% FMG spend	Expenditure report	R 1650	
BT 06	BTO	Budget and reporting	To ensure Credible and compliant municipal budgeting	No. of Draft Annual Budgets prepared and adopted by council by	1 Draft Annual Budgets prepared and adopted by council	1 Draft Annual Budgets prepared and adopted by council by 30 June 2022	0	0	1 Draft Annual Budgets prepared and	0	Council resolution	R0.00	

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No.	Direct	Project	Measure	Objective	Key Performance Indicator	Baseline	Annual targets 2021/2022	2021/2022 Quarterly Targets				Means of verification	Annual Budget 2021/2022 R'000'	Weightings	
								Quarter 1	Quarter 2	Quarter 3	Quarter 4				
				and reporting.	30 June 2022										
				No. of approved Annual budgets prepared and adopted by council by 31 May 2022.	1 approved Annual budgets prepared and adopted by council	1 Annual budgets prepared and adopted by council by 31 May 2022	0	0	0	adopted by council	1 Annual budgets prepared and adopted by council	Council resolution	R0.00		
				No. of annual adjusted budget approved by 28 February 2022	1 annual adjusted budget approved	1 of annual adjusted budget approved by 28 February 2022	0	0	1 annual adjusted budget approved	0		Council Resolution	R0.00		
				No. of section 71 reports submitted within first 10 working days of every month	12 section 71 reports submitted	12 section 71 reports submitted within first 10 working days of every month	3 section 71 reports submitted within first 10 working days	3 section 71 reports submitted within first 10 working days	3 section 71 reports submitted within first 10 working days	3 section 71 reports submitted within first 10 working days	3 section 71 reports submitted within first 10 working days	Acknowledgment of receipt	R0.00		
				No. of AFS submitted to AGSA by 31 August 2022	1 AFS submitted to AGSA	1 AFS submitted to AGSA by 31 August 2022	1 AFS submitted to AGSA.	0	0	0	0	Acknowledgment of receipt	R0.00		

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Performance Plan for CFO: Moganedi RM

No.	Direct	Project	Measurable Objective	Key Performance Indicator	Baseline	Annual targets 2021/2022	2021/2022 Quarterly Targets				Means of verification	Annual Budget 2021/2022 R'000'	Weightings
							Quarter 1	Quarter 2	Quarter 3	Quarter 4			
BT 07	BTO	Expenditure Monitoring activities.	To ensure authorized expenditure and timely payment of obligations.	% of creditors paid within 30 days period by June 2022	30 days	100% of creditors paid within 30 days period by June 2022	100% Creditors paid within 30 days	100% Creditors paid within 30 days	100% Creditors paid within 30 days	100% Creditors paid within 30 days	Payables aging analysis	R0.00	
				No. of creditors reconciliations report prepared and signed within first 10 working days of every month.	12 creditors reconciliations report prepared	12 creditors reconciliations report prepared and signed within first 10 working days of every month.	3 creditors reconciliations report prepared and signed	3 creditors reconciliations report prepared and signed	3 creditors reconciliations report prepared and signed	3 creditors reconciliations report prepared and signed	Payables aging analysis	R0.00	
BT 08	BTO	Asset management	To adequately manage all municipal assets.	No. of assets verification activities conducted and reporting done by June 2022.	8 assets verification activities conducted and reporting done	8 assets verification activities conducted and reporting done by June 2022.	2 assets verification activities conducted and reporting done	2 assets verification activities conducted and reporting done	2 assets verification activities conducted and reporting done	2 assets verification activities conducted and reporting done	Signed asset verification report	R0.00	
				No. of municipal assets repaired or maintained by 30 June 2022.	56 municipal assets repaired or maintained	100 municipal assets repaired or maintained by 30 June 2022.	30 municipal assets repaired or maintained	20 municipal assets repaired or maintained	30 municipal assets repaired or maintained	20 municipal assets repaired or maintained	Signed Completion certificates	R2000	

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Performance Plan for CFO: Moganedi RM

No.	Directorate	Project	Measurement Objective	Key Performance Indicator	Baseline	Annual targets 2021/2022	2021/2022 Quarterly Targets				Means of verification	Annual Budget 2021/2022 R'000'	Weightings
							Quarter 1	Quarter 2	Quarter 3	Quarter 4			
				No. of furniture purchased by 30 June 2022	400 furniture	250 furniture purchased by 30 June 2022	0	50 furniture purchased	100 furniture purchased	0	Invoices	R500	
				No. of assets insured by 30 June 2022	2014 Assets insured	2014 Assets insured by 30 June 2022	2014 Assets insured	0	0	0	Insurance register	R831	
				No. of vehicle procured by 30 June 2022	01	N/A	0	0	01 vehicle procured	0	Delivery note and invoice	R 2000	
BT 09	BTO	Unqualified AGSA audit opinion.	To improve AGSA audit opinion.	To improve AGSA unqualified audit opinion by 30 June 2022	Unqualified audit opinion.	To have Improved Unqualified audit opinion by 30 June 2022.	0	0	Improved unqualified audit opinion	0	Audit Report	R3548	
Total												R12 428	100%

Signature :



Date:

05/07/2021