



**PERFORMANCE AGREEMENT**

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

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

**MS. MISIWE PHYLLIS MPAHLWA**

**AND**

**CFO**

**MR. VELILE CASTRO MAKEDAMA**

**THE EMPLOYEE OF THE MUNICIPALITY**

**FOR THE**

**FINANCIAL YEAR: 1 JULY 2019 - 31  
OCTOBER 2019**

**ENTERED INTO BY AND BETWEEN:**

The Ngqushwa Municipality herein represented by **MS. MISIWE PHYLLIS MPAHLWA** in her capacity as the Municipal Manager (hereinafter referred to as the **Employer**)

and

**MR. VELILE CASTRO MAKEDAMA**; the Chief Financial Officer 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) of the Systems Act, read with the Contract of Employment concluded between the parties, requires 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.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4) 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), (4B) and (5) of the Act as well as the employment contract entered into by between the parties;
- 2.2 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 municipality;
- 2.3 specify accountability 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 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.

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### 3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **01 July 2019** and will remain in force until **31 October 2019** 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 in each quarter. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by no later than 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 performance indicators; target dates and weightings.
- 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.

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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** will be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs) 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 CCRs will account for 20% of the final assessment.

5.6 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 below agreed to between the **Employer** and the **Employee**:

Key Performance Areas (KPA's)	Weighting
Quality Basic Services and Infrastructure Development	15%
Institutional Development and Design	10%
Local Economic Development and Spatial Planning	10%
Financial Viability and Management	55%
Good Governance and Public Participation	10%
<b>Total</b>	<b>100%</b>

5.7 Key performance areas related to the functional area of the **Employee** will be subject to negotiation between the **Employer** and the **Employee**.

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

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Core Competency Requirements for Managers (CCR)		Indicate Choice: Select Yes/No	Weight
<b>Core Managerial Competencies</b>			
CCR1	Strategic Capability and Leadership	Yes	10%
CCR2	Programme and Project Management	Yes	10%
<b>CCR3</b>	<b>Financial Management</b>	<b>Compulsory</b>	20%
CCR4	Service Delivery Innovation	Yes	10%
<b>CCR5</b>	People Management and Empowerment	<b>Compulsory</b>	10%
<b>CCR6</b>	Client Orientation and Customer Focus	<b>Compulsory</b>	10%
CCR7	Communication	Yes	5%
CCR8	Risk Management	Yes	5%
CCR 9	Audit Action Plan	Yes	5%
<b>Core Occupational Competencies</b>			
CCR10	Interpretation of and implementation within the legislative and national policy framework	Yes	5%
CCR11	Knowledge of developmental local government	Yes	5%
CCR12	Knowledge of Performance Management and Reporting	Yes	5%
<b>Total CCR Score</b>			100%

## 6. EVALUATING PERFORMANCE

6.1 The Municipality's Performance Management Framework sets out-

- 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

6.2 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

6.3 Personal growth and development needs identified during any performance review discussion will be documented in a Personal Development Plan as well as the actions agreed to and implementation will take place within set time frames.

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

6.5 The annual performance appraisal will involve:

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

- a) Each KPA will 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 have had to be performed under the KPA.
- b) An indicative rating on the five-point scale will be provided for each KPA.
- c) The applicable assessment rating calculator (refer to paragraph 6.5.3 below) will be used to add the scores and calculate a final KPA score.

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**6.5.2 Assessment of the CCRs**

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

**6.5.3 Overall rating**

An overall rating is calculated 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 KPA's and CCR's:

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 specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standards 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 results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected of 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.					
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.	
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6.7 For purposes of evaluating the annual performance of the **Employee**, an evaluation panel constituted of the following persons shall be established -

- 6.7.1 Municipal Manager;
- 6.7.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee
- 6.7.3 Member of the Mayoral Committee or in respect of a plenary type municipality, another member of the Council; and
- 6.7.4 Municipal Manager from another municipality.

6.8 The manager responsible for Human Resources of the municipality shall provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

**7. SCHEDULE FOR PERFORMANCE REVIEWS**

7.1 The performance of each **Employee** in relation to his Performance Agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

<b>First quarter</b>	:	July – September 2019
<b>Second quarter</b>	:	October – December 2019
<b>Third quarter</b>	:	January – March 2020
<b>Fourth quarter</b>	:	April – June 2020

7.2 The **Employer** shall keep a record of the mid-year review and annual assessment meetings.

7.3 Performance feedback shall be based on the **Employer's** assessment of the **Employee's** performance.

7.4 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.

7.5 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 such change is made.

**8. DEVELOPMENTAL REQUIREMENTS**

The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure B.

**9. OBLIGATIONS OF THE EMPLOYER**

9.1 The **Employer** shall –

- 9.1.1 create an enabling environment to facilitate effective performance by the **Employee**;
- 9.1.2 provide access to skills development and capacity building opportunities;

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- 9.1.3 work collaboratively with the **Employee** to solve problems and generate solutions to common problems that may impact on the performance of the **Employee**;
- 9.1.4 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
- 9.1.5 make available to the **Employee** such resources as the **Employee** may reasonable require from time to time to assist him to meet the performance objectives and targets established in terms of this Agreement.

## 10. CONSULTATION

- 10.1 The **Employer** agrees to consult the **Employee** timeously where the exercising of the powers will have amongst others-
  - 10.1.1 a direct effect on the performance of any of the **Employee's** functions;
  - 10.1.2 commitment of the **Employee** to implement or to give effect to a decision made by the **Employer**; and
  - 10.1.3 a substantial financial effect on the **Employer**.
- 10.2 The **Employer** agrees to inform the **Employee** of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.

## 11. MANAGEMENT OF EVALUATION OUTCOMES

- 11.1 The evaluation of the **Employee's** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 11.2 A performance bonus of between 1% to 14% of the all-inclusive annual remuneration package may be paid to the **Employee** in recognition of outstanding performance to be constituted as follows:
  - 11.2.1 a score of 101% to 129% is awarded a performance bonus ranging from 1% to 5%; and
  - 11.2.2 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
  - 11.2.3 a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.
- 11.3 In the case of unacceptable performance, the **Employer** shall –
  - 11.3.1 provide systematic remedial or developmental support to assist the **Employee** to improve his performance; and
  - 11.3.2 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.



**12. DISPUTE RESOLUTION**

12.1 Any dispute about the nature of the **Employee's** performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or salary increment in the Agreement, must be mediated by the Mayor within thirty (30) days of receipt of a formal dispute from the **Employee**, whose decision shall be final and binding on both parties.

12.2 Any dispute about the outcome 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 provided for in 6.8, within thirty (30) days of receipt of a formal dispute from the **Employee**, whose decision shall be final and binding on both parties.

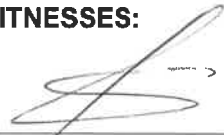

**13. GENERAL**

13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the **Employer**

13.2 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 instruments.

Thus done and signed at Ngqushwa on this 1 day of July 2019

**AS WITNESSES:**

1.   
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EMPLOYEE

**AS WITNESSES:**

1.   
2. 

  
MUNICIPAL MANAGER

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**NGQUSHWA LOCAL MUNICIPALITY – PERFORMANCE AGREEMENT ANNEXURE B**

**PERSONAL DEVELOPMENT PLAN 2019/20**

**Full Names : Velile Castro Makedama**

**Employee Number : 970377**

**Position : Chief Financial Officer (CFO)**

**KPA : Financial Viability and Management**

**Supervisor's Name : Ms M P Mpahlwa**

**Job Purpose : Chief Financial Officer administratively in charge of the Budget and Treasury Office as per section 81 of the MFMA**

**Table 1: Areas of Development and Formal Training**

#	SKILLS PERFORMANCE GAP	OUTCOME EXPECTED	SUGGESTED TRAINING AND / OR DEVELOPMENT ACTIVITY	SUGGESTED TIMEFRAME	SUPPORT PERSON
1.	LLB	To be well equipped with the expertise to define and implement regulations, circulars and law related acts especially for SCM	LLB	February 2020	Municipal Manager
2.	GRAP standards	Accurate, complete and full compliance with GRAP standards our municipal AFS.	Workshops and courses on GRAP	July/Aug 2020	Municipal Manager
3.	Revenue management	Maximise revenue for financial sustainability.	Workshops on revenue	September 2019	Municipal Manager

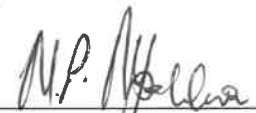
Table 2: Other

You may attend an awareness session, seminar, conference, understudying, on-the-job training within the year that will seek to address any of the areas of development or personal development needs.

#	NAME OF SESSION, SEMINAR, CONFERENCE	OBJECTIVE OF DEVELOPMENT	QUARTER TARGETED / PERIOD / TIMEFRAME
	CIGFARO	For keeping up to date with all local government issues especially finance related issues.	2 <sup>nd</sup> Quarter 2019/20
	Finance Forums	To fellowship and learn best practises from other Municipalities	1 <sup>st</sup> Quarter 2019/20
	Treasury workshops on Budget and AFS	To ensure compliance with Regulations and Circulars in terms of reporting	all Quarters 2019/20

We, (Employee) and (Supervisor) agree that the above-mentioned areas for development and the type of intervention suggested would be engaged in to achieve objective/s for development. We also understand that due to the operational requirements and budget constraints of the Municipality (Department/division/unit), it may not be possible to undertake the training and development stated with the type of intervention stated and/or within the quarter of the year as stated. There is also an understanding between us that areas of development could be identified throughout the year and that this may change the order of priority and type of intervention as stated in the plan.

Signature: (Employee)  Date: 1 July 2019

Supervisor's Signature:  Date: 1 July 2019

ANNEXURE A

KPA 4 : FINANCIAL VIABILITY AND MANAGEMENT WEIGHT:

Strategy	Objective	Indicator	Annual Target	Budget	Baseline	Quarter One(1) Target	Quarter One (1) Evidence Required	Quarter Two (2) Target	Quarter Two (2) Evidence Required	Quarter Three (3) Target	Quarter Three (3) Evidence Required	Quarter Four (4) Target	Quarter Four(4) Evidence Required	Custodian	No of KPI's	
To be a financial viable municipality (self - sustainability) for effective service delivery	Ensuring sound financial planning and reporting through budget management best practices and interdepartmental coordination by 2020 and beyond.	Number of Draft Annual Financial Statements developed by 30 June 2020.	Development of GRAP compliant Annual Financial Statements by 31 August 2019 .	R5,152 467.00	2017/18 Audited Annual Financial Statements	Development and Submission of Grap compliant Annual Financial Statements to Auditor General by 31 August 2019	Signed AFS and Acknowledgement of receipt by AGSA	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Chief Financial Officer	BTO 1	
		Number of Draft Interim Financial Statements developed to Improve Audit by 30 June 2020.	Improve Audit report by developing 6 month complete, accurate and reliable GRAP compliant Interim Financial Statements by 31 March 2020		2018/19 Interim Financial Statements	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Development and Submission of Grap compliant Interim Financial Statements to Internal Audit by 31 March 2020	Signed IFS and Proof of submission	Not Applicable	Not Applicable	Chief Financial Officer	BTO 2
		Review of 3 year financial plan ( Annual budget) by 30 June 2020	Approved 3 year financial plan( Annual budget )by 30 June 2020.		3 year financial plan( 18/19 budget)	Submission of Budget Process Plan to Council by 30 August 2019.	Process Plan Council Resolution	Development of budget implementation for 2019/2020 as per section 72 of the MFMA and submitted to Council for approval by 31 December 2019.	Section 72 report council resolution	Development of adjusted financial plan (budget adjustment) for 19/20 financial year and submitted to council by 28 February 2020. Draft 2020/21 financial plan (draft budget) submitted to council by 31 March 2020	2019/20 Adjusted financial plan (adjusted budget) council resolution. 2020/21 Draft financial plan (draft budget ) council resolution.	Final 2020/21 financial plan (final budget) submitted to council for approval by 30 June 2020.	2020/2021 Final budget council resolution	Chief Financial Officer	BTO 3	
		Implementing sound revenue and debt management Practices through revenue maximization by 2020 and beyond	Final Three Year Financial Recovery Plan by 30 June 2020		Review and Implementation of final three year financial recovery plan to align with Municipal Strategic Documents by 30 June 2020	Draft Three Year Financial Recovery Plan	Review of three (3) year financial recovery to align with strategic documents by 30 September 2019.	Reviewed three (3) year financial recovery pla	Implementation of reviewed three (3) year financial recovery plan by 31 December 2019.	Progress Report on implementation of three (3) year Financial Recovery Plan	Implementation of reviewed three (3) year financial recovery plan by 31 March 2020.	Progress Report on implementation of three (3) year Financial Recovery Plan	Implementation of reviewed three (3) year financial recovery plan by 30 June 2020.	Progress Report on implementation of three (3) year Financial Recovery Plan	Chief Financial Officer	BTO 4

Ensuring sound Supply Chain Management through development and reviewing of compliance measures and internal controls by 2020 and beyond	Number of compliance reports developed by SCM Manager with SCM regulations reducing irregular expenditure, fruitless, wasteful and unauthorised expenditure developed by 30 June 2020	Four (4) Compliance reports developed by SCM Manager with SCM regulation reducing ,irregular expenditure, fruitless, wasteful and unauthorised expenditure developed by 30 June 2020	R0	2017/18 Audit outcome	Monitoring on irregular expenditure, fruitless, wasteful and unauthorised expenditure by 30 September 2019.	Quarterly report on reduction of Irregular expenditure, fruitless, wasteful and unauthorised expenditure.	Monitoring on irregular expenditure, fruitless, wasteful and unauthorised expenditure by 31 December 2019.	Quarterly report on reduction of Irregular expenditure, fruitless, wasteful and unauthorised expenditure.	Monitoring on irregular expenditure, fruitless, wasteful and unauthorised expenditure by 31 March 2020.	Quarterly report on reduction of Irregular expenditure, fruitless, wasteful and unauthorised expenditure.	Monitoring on irregular expenditure, fruitless, wasteful and unauthorised expenditure by 30 June 2020.	Quarterly report on reduction of Irregular expenditure, fruitless, wasteful and unauthorised expenditure.	Chief Financial Officer	BTO 5
Ensuring sound financial planning and reporting through budget management best practices and interdepartmental coordination by 2020 and beyond.	Number of of quartely reports by all departments as build up to section 52d within 30 days after the end each qaurter by 30 June 2020	Development and submission of of 4 Quarterly reports by all departments as build up to section 52d as per MFMA by 30 June 2020	R0	Not Applicable	One Section 52d report developed ,signed and submitted to council for approval by 30 September 2018	Signed Section 52d report council resolution	One Section 52d report developed ,signed and submitted to council for approval by 31 December 2019	Signed Section 52d report council resolution	One Section 52d report developed ,signed and submitted to council for approval by 31 March 2020	Signed Section 52d report council resolution	One Section 52d report developed ,signed and submitted to council for approval by 30 June 2020	Signed Section 52d report council resolution	Chief Financial Officer	BTO 6