



PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

**THE MUNICIPALITY OF SUNDAYS RIVER VALLEY
AS REPRESENTED BY THE ACTING MUNICIPAL MANAGER**

MR SIDNEY SAKHEKILE FADI

AND

**MR HANNES KRAPOHL
THE EMPLOYEE OF THE MUNICIPALITY**

CHIEF FINANCIAL OFFICER

FOR THE

FINANCIAL YEAR: 1 JULY 2021 - 30 JUNE 2022

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Sundays River Valley Municipality

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN

The Municipality of Sundays River herein represented by Mr SD Fadi in his capacity as Municipal Manager (hereinafter referred to as the Employer)

and

Mr H. Krapohl an Employee of the Municipality of Sundays River (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 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.
- 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

- 2.1 To comply with the provisions of Section 57(1)(b),(4A) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 To specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;

Performance Agreement – H. Krapohl



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- 2.3 To specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 To monitor and measure performance against set targeted outputs and outcomes;
- 2.5 To appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance;
- 2.6 To establish a transparent and accountable working relationship; and
- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the 01 July 2021 and will remain in force until 30 June 2022 where after 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 31 of July of the succeeding financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason; and
- 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.

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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.
 - 4.1.3 The core competency requirements (Annexure C) defined as the management skills regarded as critical to the position held by the employee.
- 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.
- 4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 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 with 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 Key Performance Areas KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
- 5.5 The Employee undertakes to submit performance evidence in a format the Employer may require at times and intervals as set out herein in order to enable the Employer to evaluate the performance of the Employee.
- 5.6 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.
- 5.6.1 The Employee 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.
- 5.6.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 5.6.3 KPA's covering the main areas of work will account for 80% and CMC's will account for 20% of the final assessment.
- 5.7 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 KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:

NO.	KEY PERFORMANCE AREAS (STRATEGIC OBJECTIVES)	Weighting
1	Basic Services Delivery and Infrastructure Development	10
2	Institutional transformation and organisation development	5
3	Local Economic Development	5
4	Good Governance and Public Participation	5
5	Community and Social Services	5
6	Financial viability and Management	70



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- 5.8 The CMC's will make up the other 20% of the Employee's assessment score. CMC's that are deemed to be most critical for the Employee's specific job are reflected in the list below as agreed to between the Employer and Employee:

CCR No	Core Competency Requirement	Weight
Core Managerial Competencies		
1	Strategic leadership and management	10
2	Strategic Financial Management	10
3	Operational Financial Management	10
4	Risk and Change Management	10
5	Financial and Performance Reporting	10
6	Governance, Ethics and Values Financial Management	10
7	Legislation, Policy and implementation	10
8	Project Management	5
9	Stakeholder Management	5
10	Supply Chain Management	10
11	Audit and Assurance	10
Total (Cannot exceed 100%)		100

6. PERFORMANCE ASSESSMENTS

- 6.1 The Performance Plan (Annexure A) to this Agreement 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 must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.



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- 6.4 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).
- 6.5 Assessment of the achievement of results as outlined in the performance plan:
 - 6.5.1 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.
 - 6.5.2 An indicative rating on the five-point scale should be provided for each KPA.
 - 6.5.3 An overall score will be calculated based on the total of individual scores calculated above
- 6.6 Assessment of the CMC's or CCR's
 - 6.6.1 Each CMC should be assessed according to the extent to which the specified standards have been met.
 - 6.6.2 An indicative rating on the five-point scale should be provided for each CMC.
 - 6.6.3 An overall score will be calculated based on the total of individual scores calculated above
- 6.7 Overall rating
 - 6.7.1 An overall rating is calculated by adding the overall scores as calculated in 6.5.3 and 6.6.3 above; and
 - 6.7.2 Such overall rating represents the outcome of the performance appraisal.
- 6.8 The assessment of the performance of the Employee will be based on the following rating scale for KPA's and CMCs:

Level	Terminology	Description	Rating 1-5
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	150%- 159% Bonus of 10-12% 160%-167% Bonus of 13-14%



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		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. For individual KPIs performance of 100% and above the set target.	
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. For individual KPIs performance of 50% - 99% above the set target.	130-139% Bonus of 5-7% 140-149% Bonus of 8-9%
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 Agreement and Performance Plan.	<130%
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 performance criteria and indicators as specified in the Performance Agreement and PP.	<130%
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that they employee has achieved below expected results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan.	<130%

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		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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6.9 For purposes of evaluating the performance of the Employee, an evaluation panel constituted of the following persons will be established –

6.9.1 Municipal Manager;

6.9.2 Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a performance audit committee;

6.9.3 Member of the Mayoral Committee or Executive committee; and

6.9.4 Municipal Manager from another Municipality.

7. SCHEDULE FOR PERFORMANCE REVIEWS

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

Quarter	Review Period	Review to be completed by
1	1 Jul – 30 Sep	30 October 2021
2	1 Oct – 30 Dec	30 January 2022
3	1 Jan – Mar	30 April 2022
4	1 Apr – June	30 July 2022

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.

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- 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 any such change is made.

8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is attached as **Annexure B**. Such Plan may be implemented and/or amended as the case may be after each assessment. In that case, the Employee will be fully consulted before any such change or plan is made.

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;
 - 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/her 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 reasonably require from time to time assisting him/her to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION



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- 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 Commit 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 clause 11.1 as soon as is practicable to enable the Employee to take any necessary action with 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 may be paid to the Employee in recognition of outstanding performance. Such bonus will be determined in terms of this Agreement.
- 11.3 A performance bonus of between 5% and 14% of the inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment rating calculator.
- 11.4 In the case of unacceptable performance, the Employer shall –
- 11.4.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance; and
 - 11.4.2 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 or her duties.



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12. DISPUTE RESOLUTION

12.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter provided for, shall be mediated by:-

12.1.1 The Mayor of the Employer within thirty (30) days of receipt of a formal written dispute from the Employee provided that where the dispute relates to the outcome of the performance evaluation the Mayor shall appoint a member of Council to consider submissions on performance whose decision shall be final and binding.

12.2 Any disputes about the outcome of the Performance Evaluations shall within thirty (30) days of receipt of a formal written dispute from the Employee be mediated by a member of the Sundays River Valley Municipal Council, provided that such Councillor was not part of the evaluation panel contemplated in paragraph 7 herein, whose decision shall be final and binding on both parties.

12.3 In the event that the mediation process contemplated above fails, the relevant clause of the Contract of Employment shall apply.

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/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

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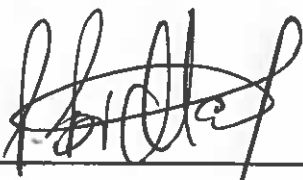
Thus, done and signed at KIRKWOOD on this the 7th day
JULY of 2021

AS WITNESSES:

1. M. A. O



EMPLOYEE

2. 

Thus, done and signed at Kirkwood on this the 7th day of
July 2021.

AS WITNESSES:

1. _____



MUNICIPAL MANAGER

2. _____



10

11

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<p>To ensure proper asset management †</p>	<p>GRAP compliant asset register</p>	<p>GRAP compliant asset register produced</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>GRAP compliant asset register produced</p>	<p>GRAP compliant asset register produced</p>	<p>5- More than 106% achieved. 1- Not produced. 2- Produced 1-9days after due date. 3- Produced on due date or 2days after due date. 4- Produced 3-5days before due date. 5- Produced more than 5days before due date</p>
<p>To ascertain proper value of properties</p>	<p>Update of valuation roll</p>	<p>Valuation roll updated by end of June 2021</p>	<p>Make sure valuation roll balances with MFA</p>	<p>Interim valuation roll to be in place by end December and make sure it balances with the FMS</p>	<p>Interim valuation roll to be in place and make sure it balances with MFA</p>	<p>Interim valuation roll to be in place and make sure it balances with MFA</p>	<p>Interim valuation roll to be in place and make sure it balances with MFA</p>	<p>1- Not updated 2- Updated 1-9days after due date. 3- Updated on due date or 2days after due date. 4- Updated 3-5days before due date. 5- Updated more than 5days</p>




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											before due date		
To ensure a sustainable cash flow	% of expenditure of capital budget	8	100% expenditure	25	50	75	100.00				1- Less than 80% expenditure		
												2- Between 80-99% expenditure	
												3- 100% achieved.	
												4- Between 101-105% expenditure	
												5- More than 106% expenditure	
	% of revenue collected against revenue raised	8	94% of revenue collected against revenue raised.	94% of revenue collected against revenue raised.	94% of revenue collected against revenue raised.	94% of revenue collected against revenue raised.	94% of revenue collected against revenue raised.				1- Less than 80% collection rate.		
												2- Between 81-93% collection rate.	
													3- 94% collection rate.
													4- 95% collection rate.
													5- More than 95% collection rate.

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Financial viability	8	Healthy current ratio	8	Between 1.5 and 3	Ensure healthy current ratio	Ensure healthy current ratio	Ensure healthy current ratio	Between 1.5 and 3	1- Less than 0.5 ratio. 2- Between 0.5 - 1 ratio. 3- Between 1.5 - 3 % ratio.
	8	Quick ratio (Acid test ratio)	8	Sufficient short-term assets to cover near-future liabilities	Ensure healthy ratio	Ensure healthy ratio	Ensure healthy ratio	(Cash + Accounts receivable + short-term investments/current liabilities)	1- Less than 0.5 ratio. 2- Between 0.5 - 1 ratio. 3- Between 1.5 - 3 % ratio.
	8	Number of water meters purchased	8	80 water meters purchased	Procurement processes concluded	40 water meters purchased	Remaining 40 purchased	Monitoring functionality of water meters	1- None purchased 2- 1-70 3- 71-80 4- 81-90 5- 91 and above
To enhance Council oversight	8	% of Departmental risks mitigated	8	80% of departmental risks mitigated	Monitor risk control (20%)	Monitor risk control (40%)	Monitor risk control (40%)	Monitor risk control (80%)	1. Less than 40% 2. 40-79% 3. 80% 4. 81-85 5. 86-100%
	8	% reduction in number of repeat audit findings	8	80% reduction in number of repeat audit findings	N/A	N/A	80% reduction as itemized in the AG report	Monitor Audit Action Plan	1. 1-50% 2. 51-79% 3. 80% 4. 81-85% 5. 86-100%
	8	No of reports to monitor external service	8	4 Quarterly reports on work of financial	1 Quarterly report to standing committee	1 Quarterly report to standing	1 Quarterly report to standing	1 Quarterly report to standing committee	1- 1 report 2- 2-3 reports 3- 4 reports 4- 5 reports

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provider's work	service providers	committee	committee	5-6 and above
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ANNEXURE B: PERSONAL DEVELOPMENT PLAN

NAME FADI S.S. POSITION Municipal Manager DATE 07/07/24 MANAGER [Signature]

Skills/ Behavior to improve <i>List the skills, behaviors, duties or actions that need to improve? Be specific.</i>	Action to be taken <i>What steps or actions need to be taken to improve?</i>	Development opportunities/Resources <i>What training/resources or support are needed to improve?</i>	Date to be completed	Success measure <i>What does improvement look like</i>

[Signature]

Next review date 30/10/24 Employee Signature _____ Manager Signature [Signature]

[Signature]

MINIMUM COMPETENCY LEVELS FOR SENIOR MANAGERS

Description	<p>(a) All municipalities with annual budgets of a value below R500 million;</p> <p>(b) All municipal entities of a parent municipality with an annual budget of a value below R500 million</p>	<p>(a) All municipalities with annual budgets of a value equal to or above and R500 million; and</p> <p>(b) All municipal entities of a parent municipality with an annual budget of a value equal to or above R500 million</p>
Higher Education Qualification	<p>At least NQF Level 6 in a field relevant to the senior management position or Certificate in Municipal Financial Management (SAQA Qualification ID 48965)</p>	<p>At least NQF Level 7 in a field relevant to the senior management position</p>
Work-Related Experience	<p>Minimum of 5 years at middle management level</p>	<p>Minimum of 7 years at senior and middle management level, of which at least 2 years must be at senior management level</p>
Core Managerial and Occupational Competencies	<p>As described in the performance regulations</p>	<p>As described in the performance regulations</p>
Financial and Supply Chain Management Competency Areas	<p>Required Minimum Competency Level in Unit Standards</p>	<p>Required Minimum Competency Level in Unit Standards</p>
Strategic leadership and management	<p>116358; 116361</p>	<p>116358; 116361</p>
Operational financial management	<p>119341; 119331; 116364</p>	<p>119341; 119331; 116364</p>




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Description	(a) All municipalities with annual budgets of a value below R500 million; (b) All municipal entities of a parent municipality with an annual budget of a value below R500 million	(a) All municipalities with annual budgets of a value equal to or above and R500 million; and (b) All municipal entities of a parent municipality with an annual budget of a value equal to or above R500 million
Governance, ethics and values in financial management	116343	116343
Financial and performance reporting	116363; 119350; 119348; 116341	116363; 119350; 119348; 116341
Risk and change management	116339	116339
Project management	119343	119343
Legislation, policy and implementation	119334; 116361	119334; 116361
Supply Chain Management	116353	116353
Audit and assurance	116351	116351




Further Description of Competencies required

Strategic leadership and Management

- Within the area of responsibility, the ability to contribute to service delivery systems of a complex nature and to manage the achievement of strategies and goals.
- Within the area of responsibility, the ability to formulate and influence short, medium and long-term service delivery plans to deliver on strategies and goals.
- The ability to provide supportive leadership to the accounting officer and senior management team
- Within the area of responsibility, the ability to develop and maintain strategic alliances with various stakeholders.

Strategic Financial Management

- Within the area of responsibility, the ability to support an effective, economic and efficient finance function.
- The ability to forecast revenue and expenditure, and assessing the impact thereof on the financial position and performance, within the area of responsibility.

Operational Financial Management

- Within the area of responsibility, the ability to implement financial systems.
- The ability to understand the importance of maintaining sufficient working capital (cash flow/short term liquidity) to meet the requirements of the area of responsibility.
- The ability to contribute to the budget preparation and implementation process.

Governance, ethics and values in financial management

- The ability to support and implement good governance in the area of responsibility.

Financial and Performance Reporting

- The ability to support the implementation of the financial reporting process of the municipality.
- The ability to support the implementation of the performance reporting process of the municipality.

Risk and Change Management

- The ability to understand risk and guide the management of risk for the municipality within the area of responsibility.



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- The ability to guide the management of change for the municipality within the area of responsibility.

Project Management

- The ability to provide direction and guide project management within the area of responsibility

Legislation, Policy and Implementation

- The ability to support and contribute to the formulation of policy and in the case of a municipality also By-laws
- The ability to implement, manage and oversee the implementation of legislation and policy within the area of responsibility

Stakeholder Relations

- Within the area of responsibility, the ability to guide, establish and maintain appropriate stakeholder relations.

Supply Chain Management

- The ability to contribute to the supply chain management processes

Audit and Assurance

- The ability to support the audit process, in order to obtain the optimum level of assurance from the Auditor-General

