

# SUNDAY RIVER VALLEY MUNICIPALITY

**PERFORMANCE AGREEMENT AND PERFORMANCE PLAN**  
**of**  
**Director Financial Management**

**FINANCIAL YEAR: 1 JULY 2024 – 30 JUNE 2025**



**Sundays River Valley**  

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**Municipality**

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23 Middle Street, Kirkwood, 6120



P.O. Box 47, Kirkwood, 6120

# **PERFORMANCE AGREEMENT**

MADE AND ENTERED INTO BY AND BETWEEN:

**THE SUNDAYS RIVER VALLEY LOCAL MUNICIPALITY,**

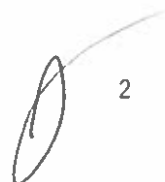
**AS REPRESENTED BY THE MUNICIPAL MANAGER,**

AND

**THE DIRECTOR: FINANCIAL MANAGEMENT**

FOR THE

FINANCIAL YEAR: 01 JULY 2024 – 30 JUNE 2025



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## PERFORMANCE AGREEMENT

### ENTERED INTO BY AND BETWEEN:

The Sundays River Valley Local Municipality herein represented by **Mr. Thabiso Klaas** in his capacity as Municipal Manager (hereinafter referred to as the **Employer**) **Mr J Krapohl, Director: Financial Management** of the Sundays River Valley Local 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 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

The purpose of this Agreement is to –

- 2.1 comply with the provisions of Section 57(1) (b), (4A), (4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 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;
- 2.3 specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 monitor and measure performance against set targeted outputs;
- 2.5 use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the **Employee** for permanent employment and/or to assess whether the **Employee** has met the performance expectations applicable to his/her job;
- 2.6 appropriately reward the **Employee** in accordance with the **Employer's** performance management policy in the event of outstanding performance; 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.



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### 3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the **1<sup>ST</sup> July 2024** and will remain in force until **31<sup>st</sup> July 2025** whereafter 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 abovementioned 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.

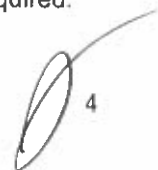
### 4. PERFORMANCE OBJECTIVES

- 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 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 the **Employee** about the specific performance standards that will be included in the performance management system as applicable to the **Employee**.

**6. THE EMPLOYEE AGREES TO PARTICIPATE IN THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM THAT THE EMPLOYER ADOPTS.**

6.1 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.

6.2 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.

6.2.1 The **Employee** must 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.

6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.

6.2.3 KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment.

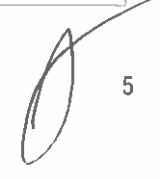
6.3 The **Employee's** assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per attached Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the **Employer** and **Employee**:

<b>Key Performance Areas (KPA's): 80%</b>	<b>Weighting</b>
Basic Service Delivery and Infrastructure	15
Municipal Institutional Development and Transformation	15
Local Economic Development (LED)	5
Financial Viability and Management	45
Good Governance and Public Participation	20
<b>Total</b>	<b>100%</b>

6.4 The CCRs will make up the other 20% of the **Employee's** assessment score.

<b>LEADING COMPETENCIES</b>		<b>WEIGHT</b>
01	Strategic Direction and Leadership	8%
02	People Management	8%
03	Program and Project Management	8%
04	Financial Management	12%
05	Change Leadership	8%
06	Governance Leadership	8%
<b>CORE COMPETENCIES</b>		
07	Moral Competence	8%

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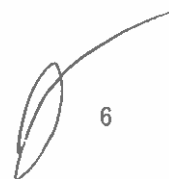
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08	Planning and Organising	8%
09	Analysis and Innovation	8%
10	Knowledge and Information Management	8%
11	Communication	8%
12	Results and Quality Focus	8%
<b>TOTAL</b>		<b>100</b>
<b>WEIGHT</b>		<b>20%</b>

## 7. EVALUATING PERFORMANCE

- 7.1 The Performance stated in 4 (4.1) above shall be the basis for evaluating performance.
- 7.2 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.
- 7.3 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.
- 7.4 The **Employee's** performance shall be measured in terms of contributions to the goals and strategies set out in the **Employer's** IDP.
- 7.5 The annual performance appraisal shall involve:
- 7.5.1 Assessment of the achievement of results as outlined in the performance plan:
- Each KPA shall 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.
  - An indicative rating on the five-point scale should be provided for each KPA.
  - 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.
- 7.5.2 Assessment of the CCRs
- Each CCR shall be assessed according to the extent to which the specified standards have been met.
  - An indicative rating on the five-point scale should be provided for each CCR.
  - The applicable assessment rating calculator (refer to paragraph 7.5.3) must then be used to add the scores and calculate a final CCR score.
- 7.5.3 Overall rating
- An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.
- 7.6 The assessment of the performance of the **Employee** will be based on the following rating scale for KPA's and CCRs:



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Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an <b>Employee</b> at this level. The appraisal indicates that the <b>Employee</b> 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.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the <b>Employee</b> 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 <b>Employee</b> has fully achieved effective 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 for the job. The review/assessment indicates that the <b>Employee</b> 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 <b>Employee</b> has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The <b>Employee</b> 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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7.7 For purposes of evaluating the performance of the **Employee**, an evaluation panel constituted by the following persons will be established –

7.7.1 Municipal Manager

7.7.2 Chairperson of the Audit Committee;

7.7.3 Portfolio Councillor of Executive Committee or representative who is a portfolio councillor of Executive Committee

7.7.4 Municipal Manager of another local municipality

The Manager: Human Resources shall provide secretarial services to the assessment team referred to above and Internal Audit and PMS serve as resource personnel.

## 8. SCHEDULE FOR PERFORMANCE REVIEWS

8.1 The performance of each **Employee** in relation to his/her 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:

First quarter (Municipal Manager and Director) :	July – September 2024
Second quarter (Full Panel) :	October – December 2024
Third quarter (Municipal Manager and Director) :	January – March 2025
Fourth quarter (Full Panel) :	April – June 2025

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

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

8.4 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.

8.5 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.

## 9. DEVELOPMENTAL REQUIREMENTS

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

## 10. OBLIGATIONS OF THE EMPLOYER

10.1 The **Employer** shall –

10.1.1 create an enabling environment to facilitate effective performance by the **Employee**;

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- 10.1.2 provide access to skills development and capacity building opportunities;
- 10.1.3 work collaboratively with the **Employee** to solve problems and generate solutions to common problems that may impact on the performance of the **Employee**;
- 10.1.4 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
- 10.1.5 make available to the **Employee** such resources as the **Employee** may reasonably require from time to time to assist him/ her to meet the performance objectives and targets established in terms of this Agreement.

## 11. CONSULTATION

- 11.1 The **Employer** agrees to consult the **Employee** timeously where the exercising of the powers will have amongst others –
  - 11.1.1 a direct effect on the performance of any of the **Employee's** functions;
  - 11.1.2 commit the **Employee** to implement or to give effect to a decision made by the **Employer**; and
  - 11.1.3 a substantial financial effect on the **Employer**.
- 11.2 The **Employer** agrees to inform the **Employee** of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the **Employee** to take any necessary action without delay.

## 12. MANAGEMENT OF EVALUATION OUTCOMES

- 12.1 The evaluation of the **Employee's** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 12.2 A performance bonus of 5% to 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; provided that-
  - 12.2.1 a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
  - 12.2.2 a score of 150% and above is awarded a performance bonus ranging 10% to 14%
- 12.3 The **Employee** will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at the current remuneration package on 30 June (end of financial year) subject to a fully effective assessment.
- 12.4 In the case of unacceptable performance, the **Employer** shall –
  - 12.4.1 provide systematic remedial or developmental support to assist the **Employee** to improve his or her performance; and
  - 12.4.2 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.

## PERFORMANCE PLAN

### 1. PURPOSE

The Performance Plan defines the Council's expectations of the Director's Performance Agreement and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets shall be based on the Key Performance Areas and Indicators as set in the Sundays River Valley Municipality Local Municipality Integrated Development Plan (IDP) and as reviewed annually.

### 2. KEY RESPONSIBILITIES

The following objectives of local government will inform the Municipal Manager's performance against set performance indicators

- a. Provide democratic and accountable government for local communities
- b. Ensure the provision of services to communities in a sustainable manner
- c. Promote social and economic development
- d. Promote a safe and healthy environment
- e. Encourage the involvement of communities and community-based organisations in matters of local government

### 3. KEY PERFORMANCE AREAS

The following Key Performance Areas (KPA's) as outlined in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, inform the strategic objectives in the table below:

- a. Spatial Planning
- b. Basic Service Delivery
- c. Municipal Institutional Development and Transformation
- d. Local Economic Development
- e. Municipal Financial Viability and Management
- f. Good Governance and Public Participation

**Details of the Performance Plan are contained in Annexure A of this contract.**

### 4. DISPUTE RESOLUTION

- 4.1 Any disputes 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 MEC responsible for Local Government in the Province of the Eastern Cape within thirty (30) days of receipt of a formal dispute from the employee, whose decision shall be final and binding on both parties.

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4.2 Any disputes about the outcome of the employee's performance evaluation, must be mediated by the MEC responsible for Local Government in the Province of the Eastern Cape, within thirty (30) days of receipt of a formal dispute from the employee, whose decision shall be final and binding on both parties.

**5. GENERAL**

5.1 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**.

5.2 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.

Thus, done and signed at Kirkwood on this the 26 day of June 2024.

**AS WITNESSES:**

1. M. Ady


  
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**EMPLOYEE**

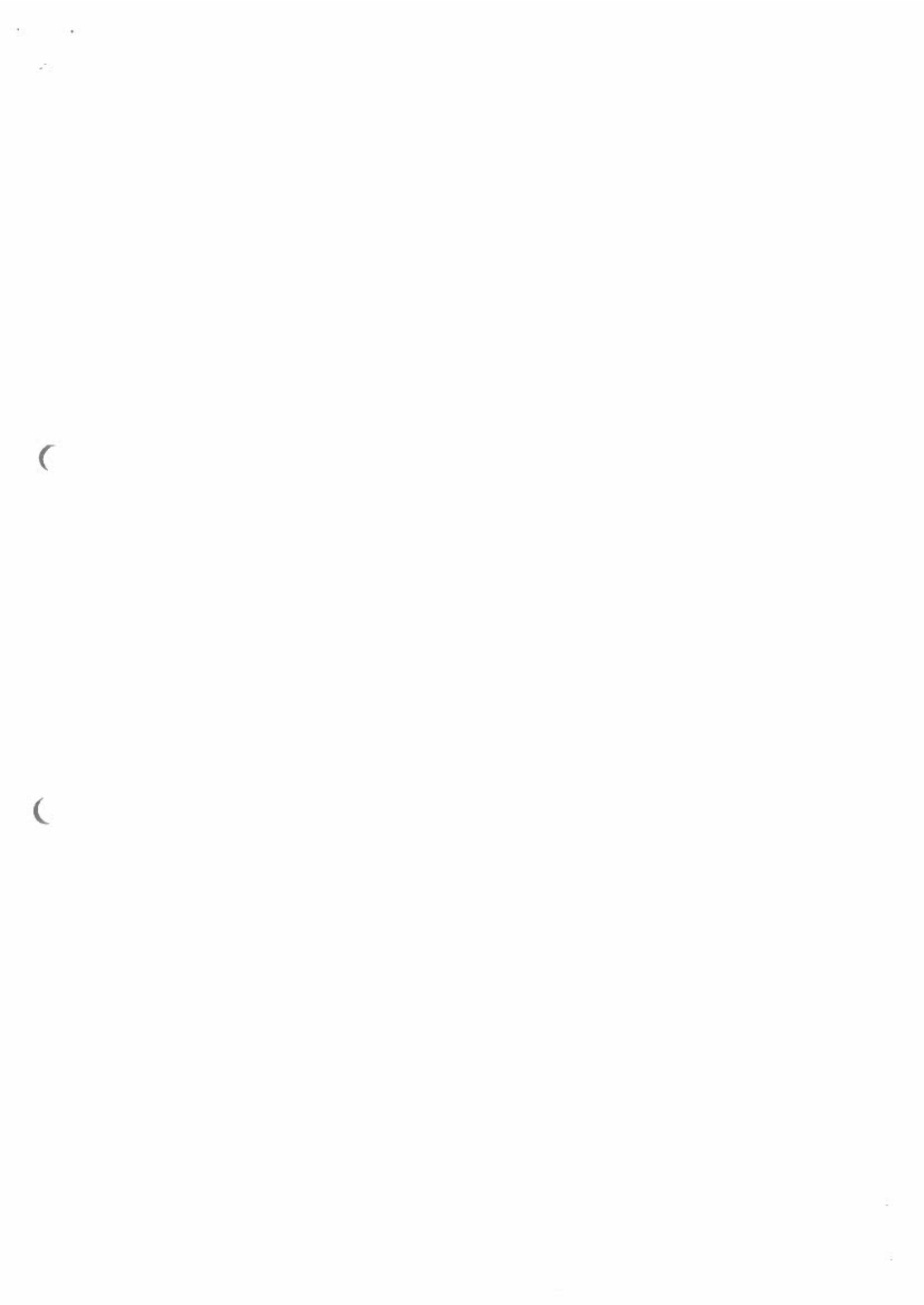
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Thus, done and signed at Kirkwood on this the 26 day of June 2024.

1. 14/16/2024

  
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**MUNICIPAL MANAGER**

2. 



**KPA: FINANCIAL VIABILITY AND MANAGEMENT**

Project Ref.	Strategic Objective	Project	Ward	Key Performance Indicator	Baseline Information	Account Number	Budget Allocation	Annual Target	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target
FIN 1	To produce financial reports that meet the requirements of National treasury standards	Compilation and submission by 31 <sup>st</sup> August 2024 of credible annual financial statements	Admin	Submission of AFS after the end of 2023/24 financial year	AFS submitted to AG at the end of September 2023	9/212-553-4894	4 400 000	Submission of unaudited financial statements by 30 August 2024	Submit to AC for review and AG	AGSA issues draft audit report. Develop audit action Plan(NOV)	Prepare and submit audit action Plan to council	Monitoring of Audit action plan.
FIN 2		Operating Grants expenditure management (FMG)	Admin	Full Expenditure for each conditional grant received (operating)	100%	9/212-459-4589 9/212-460-4490 9/1200-1068-4960 9/212-553-4911	500 000 350 000 500 000 2 450 000	100% for all grants received	10%	50%	75%	100% Expenditure



FIN 5	To ensure a sustainable cash flow	Cash flow management	All wards	Pro rata budgeted expenditure to funded	N/A	N/A	N/A	N/A	100% expenditure	25 % outflow	50 % outflow	75 % outflow	100 % outflow
	To ensure proper procurement of goods and services terms of chapter 11 of MFMA	Reduction of (UJFW)	Admin	% reduction of Irregular, Fruitless and Wasteful and Unauthorised Expenditure	N/A	N/A	N/A	50 % reduction of irregular, fruitless, wasteful and unauthorised expenditure	12,5% reduction of (UJFW)	25 % (UJFW)	37,5 % (UJFW)	50% (UJFW)	
FIN 6		Financial performance metrics	Admin	% of revenue collected against revenue raised	60%	N/A	N/A	70 % of revenue collected against revenue annually Budget for.	17,5 % of revenue collected against revenue Budget for.	35 % of revenue collected against revenue Budget for	52,5% of revenue collected against revenue Budget for	70 % of revenue collected against revenue budget for.	
FIN 7	Financial viability as expressed by ratio		Admin	current ratio	N/A	N/A	N/A	Between 1,5 to 2:1	Ensure current ratio	Ensure current ratio	Ensure current ratio	Ensure current ratio	Between 1,5 and 2:1

FIN 8	Embed good Governance through sound administrative practices and improved stakeholder relations	Improved audit outcome	All	All root causes of issues relating to AFS and SCM raised by AG in AG report of the previous financial year addressed to improve audit outcome	40%	N/A	N/A	70% of all issues addresses	70% of all issues addresses	20% of all issues addresses	70% of all issues addresses	N/A
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