

# ANNUAL PERFORMANCE AGREEMENT



Name of Employee : MR. NAAZIM ESSA

Position Held : CHIEF FINANCIAL OFFICER

Post Level : SECTION 57

Immediate Supervisor : MUNICIPAL MANAGER

Period Covered : 01<sup>st</sup> JULY 2019 – 30<sup>th</sup> JUNE 2020

A handwritten signature or set of initials, possibly 'M', is located in the bottom right corner of the page.

**PART A:**

**PERFORMANCE AGREEMENT**

ENTERED INTO AND BETWEEN: -

**POLOKWANE MUNICIPALITY**

REPRESENTED BY THE MUNICIPAL MANAGER

**DIKGAPHE H MAKOBE**

HEREINUNDER REFERRED TO AS THE EMPLOYER.

AND

**NAAZIM ESSA**

HEREINUNDER REFERRED TO AS THE EMPLOYEE (CHIEF FINANCIAL OFFICER)

*Polokwane*

*WA*

**1. Whereas:**

**1.1** The Employer and the Employee have entered into a Contract of Employment in terms of Section 57(1)(a) of the Local Government Municipal Systems Act 32 of 2000 (The Systems Act).

**1.2** In terms of Section 57 of the Systems Act and the Contract of Employment between the Employer and the Employee the parties are required to enter into a Performance Agreement which Agreement must be concluded annually within a (ninety) 60 days after the appointment of the Employee and thereafter within one (1) month after the beginning of the Employer's subsequent financial year.

**1.3** In compliance with the legislation, the parties hereby wish to record their agreement and obligations as contained in the relevant sections of this document.

**1.4** This agreement shall commence on or retrospective of the date of signature by both parties and shall remain in force until a new Performance Agreement is concluded between the parties which agreement shall be reached within one (1) month after the beginning of the ensuing financial year of the Municipality.

**2. PERFORMANCE BONUS**

**2.1** In terms of this Performance Agreement, the Employee's Contract of Employment, Local Government Performance Regulations -2006, the Employee is entitled to the payment of a performance bonus that is equivalent to the score obtained during the performance appraisal.

**2.2** The Employee's performance shall be assessed in respect of key performance areas, objectives, key performance indicators and targets dates based on the balanced scorecard method applicable to the SBU and the Employee as set out in 'Part C' below.

**2.3** All objectives and key performance indicators set out in the employee's scorecard shall be rated within a scale of 1-5 and weighted out of a total of 100 percent.

**2.4** This percentage (calculated in 2.3 above) shall be applied to the performance bonus not exceeding (14%) of the Employee's current annual total cost to the Employer.

**2.5** The performance bonus shall be split into 80/20 between KPA's and Core Competency Requirements.

**2.6** There may be no bonus payable in the event that the Employee failed to perform the routine duties of his post contained in the Employee's contract of employment or reasonable legal instructions given to the Employee by the Employer from time to time.

**3. PERFORMANCE ASSESSMENT PROCEDURE**

**3.1** The process of assessment shall be in accordance with the procedure set out in 'Part B' and in terms of the Municipality's Performance Management Policy.

**3.2** The Employee shall give the Employer his/her performance file and provide verbal explanation when required to do so by the Employer to enable the performance assessment to be completed.

**3.3** The assessment of the Employee shall be undertaken by the Municipal Manager, Municipal Manager from another municipality, Portfolio Committee Head responsible for the Directorate, Representative from Internal Audit, Chairperson of the Audit Committee and HR as scribes/secretariat.

**3.4** The quarterly and the end of the year assessment of performance in accordance with this agreement shall take place as indicated under 'Part C'.

**3.5** The annual performance assessment shall be conducted in the presence of a performance evaluation panel as provided in paragraph 3.3 and in the Local Government Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Managers, 2006 section 27 (4) d and e.

3.6 It is recorded and agreed that the key performance areas, key performance indicators and target dates are based on the 2019/20 Integrated Development Plan, SDBIP and Budget of the municipality adopted by the Employer.

3.7 It is recorded and acknowledged that the key performance areas, key performance indicators and target dates may be affected from time to time by decisions made by the Employer, the Council and/or by amendments to the Integrated Development Plan, SDBIP, Budget and legislation.

3.8 In the event of 3.7 occurring it is agreed that the key performance areas, key performance indicators and target dates will be reassessed and the Employee shall not be prejudiced by such decisions and/or amendments.

3.9 Therefore the Municipal Manager or Evaluation Panel (whatever the case may be) shall take into account the Employee's reasons for deviation, and if found to be beyond the Employee's control and with due regard for Employee's demonstrated effort to meet a particular objective, such objective shall not be assessed and the balance of objectives in this Agreement shall be rated out of 80% for KPA's and 20% for Critical Competency Requirements respectively.

#### 4. APPEAL PROCEDURE

4.1 Therefore the Municipal Manager or Evaluation Panel (whatever the case may be) shall take into account the Employee's reasons for deviation, and if found to be beyond the Employee's control and with due regard for Employee's demonstrated effort to meet a particular objective, such objective shall not be assessed and the balance of objectives in this Agreement shall be rated out of 80% for KPA's and 20% for Critical Competency Requirements respectively.

4.2 In the event that upon completion of the annual performance appraisal the Employee is dissatisfied with the decision of the Municipal Manager as the case may be or where a dispute or differences have arisen as to the extent to which the Employee has performed, the Employee shall be entitled to refer such dispute and/or appeal to the MEC for Local Government for mediation.


4.3 Then the completed appeal application must be submitted to the MEC for Local Government to be mediated within 30 days.

4.4 Then the completed appeal application must be submitted to the MEC for Local Government to be mediated within 30 days.

4.5 The appraiser shall likewise be entitled to make representations to and prepare a Memorandum to accompany the appeal application for the Mayor or MEC giving account of the events and decision upon which the appeal application is based.

4.6 The appeal authority shall consider the submissions by the Employee and/or the Municipal Manager and shall make a final decision.

4.7 The provisions of this clause shall not derogate from the Employee's rights to refer a dispute for determination in accordance with the provisions of the Labour Relations Act having exhausted the internal dispute procedure.

SIGNED AT Polokwane ON THIS 17<sup>th</sup> DAY OF July 2019  
  
MR. D.H. MAKOBÉ  
OBO THE EMPLOYER

WITNES

SIGNED AT Polokwane ON THIS 17 DAY OF July 2019  
  
MR. N. ESSA  
THE EMPLOYEE

WITNES

## PART B: ASSESSMENT PROCEDURE

5.1 The annual performance assessments shall be conducted by the Municipal Manager / Mayor and Evaluation Panel in accordance with the municipality's Performance Management System , PMS Policy, Local Government Municipal Performance Regulations for the Municipal Managers and Managers Directly Accountable to the Municipal Managers, 2006 and in consultation with the Employee.

5.2 It is recorded that the employee is required to cooperate and work as a team in the performance of his/her functions.

5.3 In assessing performance in respect of the key performance areas the following points and weighting shall be applied:-

Key Performance Area (80%)		
Number	Key Performance Area	Weight %
6.1	Basic Service Delivery	0
6.2	Financial Management and Viability	100
6.3	Municipal Transformation and Organisational Development	0
6.4	Local Economic Development	0
6.5	Good Governance and Public Participation	0
	<b>Total KPA</b>	<b>100</b>

CORE COMPETENCY REQUIREMENTS (20%)		
Number	Core Competency Requirements	Weight %
6.6	Strategic Capability and Leadership	10
6.7	Programme and Project Management	10
6.8	Financial Management	10
6.9	Change Management	5
6.10	Knowledge Management	5
6.11	Service Delivery Innovation	5
6.12	Problem Solving and Analysis	15
6.13	People Management and Empowerment	15
6.14	Client Orientation and Customer Focus	5
6.15	Communication	10
6.16	Honesty and Integrity	10
	<b>Total percentage</b>	<b>100</b>

## PART C: EMPLOYEE SCORECARD

### 1. KEY PERFORMANCE INDICATORS

#### 1.1 FINANCIAL VIABILITY (FV)

KPI No	KPA	Pillar	Municipal IDP Priority	IDP Strategic Objective	Municipal Programme	Operating Strategy	Key Performance Indicator (KPI)	Unit of Measure (UoM)	Performance Baseline 2018/19	Annual Target 2019/20	1 <sup>st</sup> Quarter Target	2 <sup>nd</sup> Quarter Target	3 <sup>rd</sup> Quarter Target	4 <sup>th</sup> Quarter Target	Portfolio of Evidence
FV_TL01	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Budget and Reporting	Improve internal and integrated financial reporting processes to ensure all SBU's are using accurate financial information	Development of the Audit Action Plan for the current financial year AG Report by 31 January each year	#	31 <sup>st</sup> January	31 <sup>st</sup> January 2020	n/a	n/a	31-Jan-20	n/a	AG Audit Action Plan for the 2017/18 AG Report
FV_TL02	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Budget and Reporting	Improve internal and integrated financial reporting processes to ensure all SBU's are using accurate financial information	Municipal compliance to MSCOA by 30 June 2020	%	16 Data Strings reports:  12 Monthly Reports TABB ORGB ADJB PAUD  (100%)	16 Data Strings reports:  12 Monthly Reports TABB ORGB ADJB PAUD  (100%)	100%	100%	100%	100%	16 Data Strings reports:  12 Monthly Reports · TABB · ORGB · ADJB · PAUD
FV_TL03	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Expenditure Management	Accurate cash flow planning (SBUs to supply cash flow projections on projects at the beginning of each	Timeous payment of all the creditors with 30 days upon receipt of invoice	%	100%	100%	100%	100%	100%	100%	Section 71 Report (Creditors Age Analysis)

KPI No	KPA	Pillar	Municipal IDP Priority	IDP Strategic Objective	Municipal Programme	Operating Strategy	Key Performance Indicator (KPI)	Unit of Measure (UoM)	Performance Baseline 2018/19	Annual Target 2019/20	1 <sup>st</sup> Quarter Target	2 <sup>nd</sup> Quarter Target	3 <sup>rd</sup> Quarter Target	4 <sup>th</sup> Quarter Target	Portfolio of Evidence
						financial year)									
FV_TL04	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Expenditure Management	To build up reserves (sinking funds) to pay back loans and asset replacement funds	Number of reserve to be established	#	1	1	1	n/a	n/a	n/a	Invest Report
FV_TL05	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Revenue Management	Develop and enforce business processes and procedures	Number of Households with access to free basic services to all qualifying people in the municipal's area of jurisdiction	#	32000	33000	100%	100%	100%	100%	Indigent Register and details of Indigent beneficiary list
FV_TL06	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Revenue Management	Develop and enforce business processes and procedures	Percentage collection of revenue billed, total billed vs total collected.	%	95%	95%	86%	86%	86%	86%	Revenue Report
FV_TL07	Financial Viability	Smart Governance	Promotion of good governance and the participation of local communities in the municipal affairs	To ensure efficiency and effectiveness of municipal administration	Supply Chain Management	Follow up and adherence to demand management plan	Timeous appointment of service providers within 90 days in line with the National Treasury Norm on appointment of contractors	Days	90	90	90,00	90,00	90,00	90,00	Demand Management Plan and Appointment letters
FV_TL08	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Financial Viability	Bankable projects for implementation on alternative funding model	Percentage of municipality capital budget actually spent on capital projects by 30 June each year	%	100%	100%	92%	92%	92%	92%	Expenditure report and Sec 71 report
FV_TL09	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial	To ensure efficiency and effectiveness of municipal	Financial Viability	Bankable projects for implementation on alternative	Municipal debt coverage by 30 June each year	%	17%	17%	2,50	2,50	2,50	2,50	MFMA S71 Report

NE

KPI No	KPA	Pillar	Municipal IDP Priority	IDP Strategic Objective	Municipal Programme	Operating Strategy	Key Performance Indicator (KPI)	Unit of Measure (UoM)	Performance Baseline 2018/19	Annual Target 2019/20	1 <sup>st</sup> Quarter Target	2 <sup>nd</sup> Quarter Target	3 <sup>rd</sup> Quarter Target	4 <sup>th</sup> Quarter Target	Evidence Portfolio of
FV_TL10	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure municipal effectiveness of administration	Financial Viability	Bankable projects for outstanding service debtors by 30 June each year	Municipal	%	1.9	1.9	30	30	30	30	MFMA S71 Report, Debtors Age Analysis Report
FV_TL11	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure municipal effectiveness of administration	Financial Viability	Bankable projects for implementation on alternative funding model	Municipal cost coverage by 30 June each year	%	200%	200%	1	1	1	1	MFMA S71 Report
FV_TL12	Good Governance and Public Participation	Smart Governance	Ensure long-term planning capacity, monitoring and evaluation	To ensure efficiency and effectiveness of municipal administration	asset management	Develop integrated long term asset management plan	Integrated long term asset management plan developed by 30 June 2020	#	1	1	None	None	None	1	Draft Asset Management Plans and Strategic Assets Management Plan
FV_TL13	Good Governance and Public Participation	Smart Governance	Develop integrated long term asset management plan	Develop integrated long term asset management plan	asset management	Conduct municipal wide asset register verification in line with GRAP standards by 31 August each year	#	1	1	1	1	None	None	None	Summary of the Fixed Asset Register for 2018/19 and Verification Report
FV_OS02	Financial Viability	Smart Governance	Promotion of sound financial sustainability	To ensure efficiency and effectiveness of municipal administration	Budget and Reporting	Improve internal and integrated financial reporting processes to ensure all SBU's are using accurate financial information	Development and	#	100%	100%	N/A	N/A	N/A	N/A	N/A
FV_OS03	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Budget and Reporting	Improve internal and integrated financial reporting processes to	Implementation of new of financial system	%	100%	100%					

NE



KPI No	KPA	Pillar	Municipal IDP Priority	IDP Strategic Objective	Municipal Programme	Operating Strategy	Key Performance Indicator (KPI)	Unit of Measure (UoM)	Performance Baseline 2018/19	Annual Target 2019/20	1 <sup>st</sup> Quarter Target	2 <sup>nd</sup> Quarter Target	3 <sup>rd</sup> Quarter Target	4 <sup>th</sup> Quarter Target	Portfolio of Evidence
			sustainability			ensure all SBU's are using accurate financial information									
FV_OS04	Financial Viability	Smart Governance	Promotion of sound financial management to ensure financial sustainability	To ensure efficiency and effectiveness of municipal administration	Budget and Reporting	Improve internal and integrated financial reporting processes to ensure all SBU's are using accurate financial information	Development and submission of AFS to AG by 31 August each year	#	1						

*Placeholder*

*AT*

1.2 BASIC SERVICE DELIVERY

*MS*

KPI No	KPA	Pillar	Municipal IDP Priority	IDP Strategic Objective	Municipal Programme	Operating Strategy	Key Performance Indicator (KPI)	Unit of Measure (UoM)	Performance Baseline 2018/19	Annual Target 2019/20	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Evidence of Portfolio of
BSD_T103	Service Delivery	Smart living	Provision of basic services, which include environmental services in a sustainable way	To ensure provision of basic services, basic and environmental services in a sustainable way	BTO	Expanding smart metering	Number of new smart meters installed by 30 June each year	#	7000	7000 installation of extra smart meters	1750	1750	1750	1750	Project implementation reports

1.3 PROJECTS

Project Number	Key Performance Area	Polokwane Strategic Objective (IDP Objective)	Municipal Programme	Project Name/Description	Type of Project / Classification	Project Location	Ward No.	Project Owner	Sources of Funding	Original	Quarterly Project Implementation Milestones				Annual Project Output (30 June 2020)	POE (Evidence to verify Performance)
											Quarter 1 (Jul-Sep)	Quarter 2 (Oct-Dec)	Quarter 3 (Jan-Mar)	Quarter 4 (Apr-Jun)		
<b>Supply Chain Management - Budget and Treasury Services</b>																
CWP_240	Financial Viability	To ensure efficiency and effectiveness of Municipal administration	Supply chain management	Upgrading of stores-facility	N	City	City	CFO	CRR	6 500 000	Completion of phase 2 and planning for phase 3	Procurement of contractor	Site handover	Phase 3: Upgrade entrance gate, Upgrade storage room, Upgrade the abutment block, Upgrade paving area and	Phase 2 in progress,	Non-payment a challenge, apply for extension of time.

Polystyrene

