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Q4 QUARTERLY PERFORMANCE REPORT 2023/24

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED
Registration No: 2003/008063/07



In terms of Section 121 of the
Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

Registration number : **2003/008063/07**

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Braamfontein**

Postal Address : **61 Juta Street
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Bankers : **Standard Bank of SA Limited**

Auditors : **Auditor-General of South Africa**

Approval:

<p><u>Nontobeko Ndimande</u> Name & Surname Chief Financial Officer</p>	<p> Signature</p>	<p>Date of Approval: <u>25 July 2024</u></p>
<p><u>Thedi Moropa</u> Name & Surname Acting Chief Executive Officer</p>	<p> Signature</p>	<p>Date of Approval: <u>25 July 2024</u></p>
<p><u>Sepheu Masemola</u> Name & Surname Chairperson of the Audit and Risk Committee</p>	<p> Signature</p>	<p>Date of Approval: <u>29 July 2024</u></p>
<p><u>Makhate Shane Nqakalatsane</u> Name & Surname Chairperson of the Board</p>	<p> Signature</p>	<p>Date of Approval: <u>29 July 2024</u></p>
<p><u>M. M. M. M. M.</u> <u>M. M. M. M. M.</u> Name & Surname Member of Mayoral Committee</p>	<p> Signature</p>	<p>Date of Approval: <u>05/08/2024</u></p>

ABBREVIATIONS

AFS	Annual Financial Statement	IT	Information Technology
AG	Auditor General of South Africa	JBCC	Joint Building Contracts Committee
AGM	Annual General Meeting	JOSHCO	Johannesburg Social Housing Company
ARC	Audit & Risk Committee	JPC	Johannesburg Property Company
BA	Bachelor of Arts	JRA	Johannesburg Roads Agency
BCom	Bachelor of Commerce	KPA	Key Performance Area
BI	Business Intelligence	KPI	Key Performance Indicator
BMC	Building Maintenance Company	LAN	Local Area Network
BSc	Bachelor of Science	LLB	Bachelor of Law
CAPEX	Capital Expenditure	LLF	Local Labour Forum
CA (SA)	Chartered Accountant (South Africa)	MFMA	Municipal Finance Management Act
CBD	Central Business District	MMC	Member of the Mayoral Committee
CCG	Consolidated Capital Grant	MOE	Municipal Owned Entity
CI	Corporate Identity	Mol	Memorandum of Incorporation
CoC	Certification of Compliance	MSA	Municipal Systems Act
CoJ	City of Johannesburg	MTC	Metropolitan Trading Company
COSEC	Company Secretary	MVA	Motor Vehicle Accident
CRM	Customer Relationship Management	NAT	Network Address Translation
CSI	Corporate Social Investment	NSFAS	National Student Financial Aid Scheme
DBSA	Development Bank of Southern Africa	OC	Occupation Certificate
DMZ	Demilitarized Zone	OHS	Occupational Health and Safety
EDMS	Electronic Data Management System	OPEX	Operating Expenditure
EE	Employment Equity	PMU	Project Management Unit
EEA	Employment Equity Act	POPIA	Protection of Personal Information Act
EIA	Environmental Impact Assessment	PWD	People with Disability
EISD	Environment and Infrastructure Services Department	SALGBC	South African Local Bargaining Council
EMT	Executive Management Team	SCM	Supply Chain Management
EPWP	Expanded Public Works Programme	SD	Skills Development
ESS	Employee Self Service	SDA	Service Delivery Agreement
FMDC	Fully Managed Data Centre	SEHRC	Social, Ethics & Human Resource Committee
FY	Financial Year	SHRA	Social Housing Regulatory Authority
GBV	Gender-Based Violence	SLA	Service Level Agreement
GDS	Growth and Development Strategy 2040	SLS	Service Level Standard
GFIS	Group Forensics and Investigation Services	SMME	Small, Medium and Micro Enterprise
GHS	Global Household Survey	SOP	Standard Operating Procedure
GLU	Government of Local Unity	TBC	To Be Confirmed
ICAS	Independent Counselling and Advisory Services	TOD	Transit Oriented Development
ICT	Information and Communications Technology	TP	Third Party
IOD	Injury on Duty	UIFW	Unauthorised, Irregular, Fruitless and Wasteful
ISP	Internet Service Provider	UPS	Uninterrupted Power Supply
		WIP	Work in Progress

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CHAPTER 1

LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWARD

The Johannesburg Social Housing Company (JOSHCO) is pleased to present the performance report for the fourth quarter of the 2023/2024 financial year. This report outlines our achievements, challenges, and strategic objectives as we continue to fulfil our mandate of providing affordable and regulated social housing, as well as student accommodation.

JOSHCO's business model remains rooted in its commitment to be a smart and capable entity, efficiently managing social housing and implementing special projects. This quarter, we have seen significant progress and noteworthy achievements despite facing financial and operational challenges.

Among our key highlights, we have exceeded targets in areas such as job creation through the EPWP programmes and the development and completion of social housing units. At the beginning of the quarter, we successfully launched the EKHAYA Gardens social housing project which is set to bring dignity to 333 families. This only tips the iceberg of the need for adequate housing for the residents of the city. We have also encountered significant challenges, particularly with insufficient fund allocation and high operating costs which impacted our financial performance and the ability to meet some targets.

Our financial performance for the quarter, while showing a deficit, reflects the substantial efforts made in various initiatives, including the installation of prepaid meters and improvements in our debt collection processes. Moreover, we have achieved targets in compliance with laws and regulations, resolution of internal audit findings, and other strategic objectives.

The report contains a comprehensive analysis of our main performance indicators, financial highlights, and the actions we've taken to address any non-performance. JOSHCO is dedicated to continuous improvement and effective service delivery, ensuring that we meet the needs of our tenants and stakeholders.

As we step into the new financial year, we are filled with a sense of revitalized energy and optimism. We aspire to navigate through the city's financial challenges without allowing them to diminish our efforts as we continue our journey towards sustainable development and excellence in social housing management.

Mr. Shane Makhate Nqakalatsane
Board Chairperson

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the Johannesburg Social Housing Company (JOSHCO) 4th Quarter Performance Report of the 2023/2024 financial year. This report reflects our achievements and challenges as an organisation. The report indicates that we have made some strides in certain areas, but we also face some challenges in others. We do realise that we need to enhance our performance and meet the expectations that our clients and stakeholders expect. And as an entity, we are committed to delivering high-quality units supported by a functional management unit to ensure the administration thereof. The entity has achieved 71% of its performance targets for the quarter under review.

Corporate Governance.

The company has been steered by the board chairperson Mr Shane Nqakalatsane, along with the board of directors who have provided myself and the executive with valuable support.

Financial Performance.

In the fourth quarter, JOSHCO managed to spend 100% of the adjusted CAPEX budget of R337,5 million (reduced from R492,3 million) against a year-to-date target of 100%. Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2024 resulted in a deficit of R537,9 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budgeted. Full details in Chapter 5.

Service Delivery Performance.

The entity achieved the following milestones in quarter 4.

- A total of 495 social housing units have been completed against the annual target of 450 and the total of 474 social housing units without service have been completed against the annual target of 450.
- In quarter 4, the company launched 333 housing units at Princess Plots in Roodepoort and the units are currently being tenanted.
- The occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q4.
- 30% SMME expenditure was achieved against the target of 30% and total of 831 EPWP work opportunities were created for this financial year.
- The company is making progress in rental collection, in which 69% was achieved in the 4th Quarter of 2023/24 FY.

Some **key challenges** encountered during the quarter under review can be categorised as follows.

- Insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
- Moratorium on vacancies, this freeze on employment has made it difficult for the entity to recruit at pace and ensure the correct skills are attained.
- Total revenue is R22,7 million below budget. The biggest contributor to revenue earned in the current financial year is rental income, making up 44% of total revenue.
- Management fees have decreased by 56% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements.

Appreciation

I want to express my gratitude to the executives, Board of Directors, MMC, and the employees of JOSHCO for their ongoing support and dedication to ensuring the organization achieve its goals. We are excited about the upcoming financial year and are committed to reaching new milestones and overcoming any challenges that may arise.

Mr Thedi Moropa

Acting Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

The Office of the Chief Financial Officer is responsible and accountable for 3 functional areas of operation namely the revenue, supply chain management and finance divisions. Through the operation of these divisions, we served to integrate the entity's business.

Revenue Report

Total revenue is R3,9 million above budget. The biggest contributor to revenue earned in the current financial year is rental income, making up 41% of total revenue. Management fees are below budget by 52% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 30% due to the high long outstanding and historic debt from tenants. Other income increased by R18,3 million due to grant funding for tenanting of SHRA funded projects.

The entity's revenue collection levels have improved compared to the last quarter from 62% to 69% for the 4th quarter. Collections in respect of SHRA funded Projects is 73%, JOSHCO Projects is 82%, and City Stock at 38%, whilst the Retail space is at 129%. The collection rate excluding city referral stock is 78%. The improvement in rental collection is as a result of the revenue turnaround strategies which are being implemented.

The reasons for the rental collection being below the target is continued rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment, and pensioners. The city referral stock portfolio brings and the collection down and the board has approved for the return of city referral stock to the City. Once this is approved by council it will have a positive impact on the collection rate.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2024 resulted in a deficit of R537,9 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

CAPEX Expenditure

The entity has an allocated capital budget of R337,5 million (reduced from R492,3 million during the mid-year adjustment) funded from external funding sources and cash reserves. As at 30 June 2024 JOSHCO's actual spent for the quarter under review is 100% against a target of 100%.

Ms Nontobeko Ndimande
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

The Johannesburg Social Housing Company (JOSHCO) was established by the City of Johannesburg (CoJ) in 2003 to provide affordable social housing options and reduce the City's housing backlog. JOSHCO is responsible for managing and providing social and affordable rental housing for households of various income levels, with a particular focus on low-income households. The entity is also responsible for the maintenance, refurbishment, and management of some of the City-owned rental housing stock, as well as the provision of municipal services. JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The entity is required to comply with all relevant legislation, including the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and Companies Act. The policies and strategies of JOSHCO reflect the vision of the CoJ, as outlined in its long-term plans.

SECTION 5: STRATEGIC OBJECTIVES

JOSHCO's primary and singular mission derives from its Memorandum of Incorporation (MoI) with the City. Therefore, in remaining true to its purpose for establishment, the JOSHCO's business and operating model is anchored around the following strategic objectives:

1. To be a smart and capable entity.
2. Develop and manage social housing (regulated) and student accommodation.
3. Develop and manage affordable rental housing (non-regulated).
4. Implement special projects services.

Table 1: Alignment Between Growth and Development Strategy 2040 (GDS), Government of Local Unity (GLU) Objectives, Mayoral Priorities, and JOSHCO's Strategic Objectives and Outcomes

GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<ul style="list-style-type: none"> • Sustainable human settlements 	<ul style="list-style-type: none"> • Sustainable human settlements 	1. Sustainable service delivery	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Achievement of all Service Level Standards (SLS), as per Service Delivery Agreement (SDA) • Well maintained and clean JOSHCO properties • Alignment with SHRA's requirements, as regulator
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	<ul style="list-style-type: none"> • Job-intensive economic growth • Promotion and support to informal and micro-businesses • Increased competitiveness of the economy • A 'Smart' CoJ, that is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output) 	<ul style="list-style-type: none"> • Job-intensive economic growth • Promotion and support to informal and micro-businesses • Increased competitiveness of the economy 	2. Job opportunity & creation	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Upliftment of communities through provision of financial and non-financial support to local SMMEs on construction projects • Skills development and job creation through Expanded Public Works Programme (EPWP)
	<ul style="list-style-type: none"> • A 'Smart' CoJ, that is able to deliver quality services to citizens in an efficient and reliable manner 	<ul style="list-style-type: none"> • A 'Smart' CoJ, that is able to deliver quality services to citizens in an efficient and reliable manner. • A responsive, 	3. A Smart City	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (including alternative energy solutions and rainwater harvesting)

GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	(cross cutting output)	accountable, efficient and productive metropolitan government <ul style="list-style-type: none"> • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service 			<ul style="list-style-type: none"> • Improved application and leasing processes supported by automation of processes • Seamless business continuity supported, through effective backup and disaster recovery systems
Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<ul style="list-style-type: none"> • Sustainable human settlements 	<ul style="list-style-type: none"> • Sustainable human settlements 	4. Sustainable service delivery	<ul style="list-style-type: none"> • Develop & manage social housing and student accommodation • Develop & manage affordable rental housing • Implement housing development projects for the CoJ • Provide assigned municipal services 	<ul style="list-style-type: none"> • Large scale delivery of social housing and affordable housing units across the City • Development of student accommodation precinct • Preserved and well-maintained buildings that meet acceptable living conditions

GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<p>A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region</p>	<ul style="list-style-type: none"> • A responsive, accountable, efficient, and productive metropolitan government • Financially sustainable and resilient city 	<ul style="list-style-type: none"> • Partnerships, intergovernmental and international relations • A responsive, accountable, efficient and productive metropolitan government • Financially sustainable and resilient city • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service 	<p>5. Financial sustainability</p>	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • A solvent company • Improved revenue collection • Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion • Sound reputation in terms of payment of suppliers within 30 days • Effective and efficient business processes • Improved tenant satisfaction, through proactive tenant education and engagement programmes • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand

CHAPTER 2

GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

The establishment of the Board of Directors is guided by Clause 6 of the entity's memorandum of incorporation (MOI) which states that the directors shall be appointed in accordance with the City Group Policy as provided for in the City Group Governance Framework or any other policy as determined by the City from time to time. Furthermore, Section 66 of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its board, which has the authority to exercise all of the powers and perform any of the functions of the company, except to the extent that this Act or the company's Memorandum of Incorporation provides otherwise.

The shareholder retains the prerogative to appoint boards of all City entities through a resolution of the Annual General Meeting (AGM). The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson), Mr Makhate Shane Nqakalatsane. Table 1 below lists the eleven Non-Executive Directors, two Executive Directors and four Independent Audit Committee members.

Table 2: Board Composition as at 30 June 2024.

Members	Capacity	Gender	Status	Qualifications
Mr Sydney James (Board Chairperson) *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q1 of the 23/24 FY]	Programme in Financial Management, Diploma in Business Management, Master of Business Administration.
Ms Marilise Francis *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q1 of the 23/24 FY]	Bachelor of Arts in Behavioural Sciences
Ms Sesupo Bridgette Mbonambi (Board Chairperson) *Appointed on 25 August 2023	Non-Executive Director	F	Resigned [Q3 of the 23/24 FY]	Bachelor of Arts Degree - 2016 (Industrial Psychology and Political Sciences)
Mr Henry Jerry Markus *Appointed on 25 August 2023	Non-Executive Director	M	Active	Certificate in Public Relations Practice - PRISA Certificate in Small Business Management - WITS Certificate Bookkeeping – WITS Certificate in Customer Service – Prime Learning South Africa Diploma in Pastoral Theology – Nazarene Theological Seminary Graduate Diploma of Christian Ministry & Theology – Vision Intl. College
Mr Ingle Singh *Appointed on 25 August 2023	Non-Executive Director	M	Active	Certificate in bookkeeping Introduction to municipal councillor 2011

Mr Makhate Shane Nqakalatsane Board Chairperson *Appointed on 25 August 2023	Non-Executive Director	M	Active	Diploma in Financial Accounting PFMA BCom in Project Management (in Progress)
Mr Simon Clarke *Appointed on 01 March 2023	Non-Executive Director	M	Active	BA degree in Psychology
Ms Yolandi Eramsus *Appointed on 01 March 2023	Non-Executive Director	F	Active	LLB
Mr Simon Masemola *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Commerce, Certificate in Business Accounting
Mr Tabane Manene *Appointed on 01 March 2023	Non-Executive Director	M	Active	Diploma in Local Government, National Diploma in Law, Programme in Customer Service
Mr Andries Smith *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Laws
Mr Terry Tselane *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Arts in Industrial Sociology
Mr Jacques Watson *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q2 of the 23/24 FY]	BSC in Computer Science
Ms Simphiwe Mnisi *Appointed on 01 March 2023	Non-Executive Director	F	Active	Diploma in Project Management
Ms Jacelyn Scott *Appointed on 01 March 2023	Non-Executive Director	F	Active	National Senior Certificate (Matric) BCom Management BCom Honours (Candidate)
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active Seconded to GICT on 2 April 2024)	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)

Mr Bongani Radebe	Executive Director (Acting CEO)	M	Acting Period Expired 3 March 2024	Senior Management Development Programme Postgraduate Diploma in Management (Security) Baccalaures Iuris (B IURIS) MFMA Diploma in Criminal Justice & Forensic Investigations Degree Master of Management
Mr Thedi Moropa	Executive Director	M	Active (seconded 4 March 2024)	MBA Postgraduate Diploma in Business Management BCom Economics
Independent Audit Members				
Adv Geraldene Chaplog-Louw *Appointed on 01 March 2023	Independent Audit Committee Member	F	Active	LLB BA PPEL (Philosophy, Political Science, Economics, Law) Diploma Corporate Governance Associate General Accountant (SAICA) ACG/ACIS Associated Chartered Governance/Chartered Secretary
Mr Victor van der Merwe *Appointed on 01 March 2023	Independent Audit Committee Member	M	Active	National Certificate in Insurance
Mr Daniel Nyamazane *Appointed on 16 January 2024	Independent Audit Committee Member	M	Active	Bachelor of Commerce
Ms Alvarno ARN Francis *Appointed on 16 January 2024	Independent Audit Committee Member	F	Active	Bachelor of Commerce in Economics and International Trade

1.1. DUTIES OF THE BOARD AND COMMITTEES

1.1.1 Board Responsibilities

Internally the Board is guided by its approved Board Charter which was last reviewed in April 2022. The charter outlines the roles and responsibilities of the board as informed by the Municipal Systems Act, Companies Act, MOI and King IV report.

The responsibilities include, amongst others:

- Acting as the focal point for, and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company according to sound corporate governance principles.
- Appreciating that strategy, risk, performance and sustainability are inseparable and to give effect to this by:

- Contributing to and approving the strategy
- Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
- Identifying key performance and risk areas
- Ensuring that the strategy will result in sustainable outcomes
- Considering sustainability as a business opportunity that guides strategy formulation
- Providing effective leadership on an ethical foundation.
- Ensuring that the company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and the society within which it operates.
- Ensuring that the company's ethics are managed effectively.
- Acting in the best interests of the company by ensuring that individual directors:
 - Adhere to legal standards of conduct
 - Are permitted to take independent advice in connection with their duties following an agreed procedure.
 - Disclose real or perceived conflicts to the board and deal with them accordingly
- Ensure that the company has an effective and independent Audit Committee
- Take responsibility for the governance of risk
- Take responsibility for information technology (IT) governance
- Ensure that the company complies with applicable laws and considers adherence to non-binding rules and standards
- Ensure that there is an effective risk-based internal audit
- Appreciate that stakeholder's perceptions affect the company's reputation
- Ensure the integrity of the company's Integrated Report (Annual Report).

1.1.2 Responsibilities of the Board Committees

The following committees, each of which is chaired by a Non-Executive Director, have been formed by the Board:

- Audit & Risk Committee
- Social, Ethics & Human Resource Committee; and
- Development Committee

The Audit & Risk Committee is a statutory committee which has been formed in line with the Companies Act 71 of 2008 and the Local Government Municipal Finance Management Act 56 of 2003.

1.1.2.1 Audit & Risk Committee

The Audit & Risk Committee's composition complies with the Local Government: Municipal Finance Management Act 56 of 2003.

The Committee consist of the following members: -

Audit & Risk Committee as at 30 June 2024

Mr Tau Masemola	Non-Executive Director (Chairperson)
Ms Yolandi Erasmus	Non-Executive Director
*Mr Shane Nqakalatsane	Non-Executive Director
**Ms Jacely Scott	Non-Executive Director
Ms Geraldine Chaplog-Louw	Independent Audit Committee Member
***Mr Daniel Nyamazane	Independent Audit Committee Member
***Mr Alvarno ARN Francis	Independent Audit Committee Member

***Resigned from the Committee on 26 March 2024**

****Appointed to the Committee on 10 April 2024**

*****Appointed to the Committee on 16 January 2024**

The mandate of the Committee as delegated by the Board of Directors in the Audit & Risk Charter includes:

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and

- Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members:

Social, Ethics & HR Committee as at 30 June 2024

Ms Yolandi Erasmus	Non-Executive Director (Chairperson)
Mr Tau Masemola	Non-Executive Director
Ms Simphiwe Mnisi	Non-Executive Director
Ms Jacelyn Scott	Non-Executive Director
Mr Andre Smith	Non-Executive Director
Mr Terry Tselane	Non-Executive Director

The mandate of the Committee is set out in its terms of reference and includes the following:

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.
- Management development and succession plans for executive levels.
- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and

- To report to the Shareholder at the AGM on matters within its mandate.

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee as at 30 June 2024

Mr Simon Clarke	Non-Executive Director (Chairperson)
*Mr Henry Markus	Non-Executive Director
Mr Manene Tabane	Non-Executive Director
*Mr Ingle Singh	Non-Executive Director

*Appointed to the Committee on 18 October 2023

The mandate of the Committee is set out in its terms of reference and includes the following:

- To approve new developments, report on the detailed investigation stage and to give approval to proceed with the development, i.e., Design and Business Plan development stage.
- To provide recommendations to the Board regarding the approval of new engagements in developments where appropriate.
- To evaluate proposed financing mechanisms where external financing is required; and
- To set benchmarks to be used to evaluate the risk/return relationship on significant projects to be undertaken by the Company.

1.2. BOARD AND COMMITTEE MEETING ATTENDANCES

- The Board held one (1) ordinary meeting in Q4 of 2023/24 FY (Ordinary Board Meeting – 18 April 2024 and three (3) Special Meetings on 24,26 April 2024 and 28 June 2024.
- The Audit and Risk committee held one (1) ARC meeting (Ordinary ARC meeting -17 April 2024) and one (1) Special Meetings on 27 June 2024.
- The Social, Ethics and Human Resource Committee held one (1) Meeting (Ordinary Social, Ethics and Human Resource Meeting – 3 April 2024).
- The Development Committee held one (1) meeting (Ordinary Development Committee Meeting - 3 April 2024).

The table below provides details of the attendance of members at the various meetings.

Table 3: Board Meeting attendances as at 30 June 2024

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	4		
Mr Simon Clarke	4	0	0
Ms Yolandi Erasmus	4	0	0
Mr Tau Masemola	4	0	0
Mr Tabane Manene	4	0	0
Ms Simphiwe Mnisi	4	0	0
Mr Henry Markus	4	0	0
Mr Makhate Shane Nqakalatsane	4	0	0
Mr Ingle Singh	4	0	0
Ms Jacelyn Scott	4	0	0
Mr Andre Smith	4	0	0
Mr Terry Tselane	4	0	2
Mr Molapane Mothotoana	0	0	0
Ms Nontobeko Ndimande	4	0	0
*Mr Thedi Moropa	4	0	0

*Seconded 4 March 2024

Table 4: Board Committee Meetings attendances as at 30 June 2024

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	2			1			1		
Mr Molapane Sello Mothotoana (CEO)	0	0	0	0	0	0	0	0	0
Ms Nontobeko Ndimande (CFO)	2	0	0	1	0	0	1	0	0
Mr Thedi Moropa (Acting CEO)	2	0	0	1	0	0	1	0	0
Ms Sesupo Bridgette Mbonambi	-	-	-	-	-	-	-	-	-
Mr Simon Clarke	-	-	-	1	0	0	-	-	-
Ms Yolandi Erasmus	2	0	0	-	-	-	1	0	0
Mr Tau Masemola	2	0	0	-	-	-	1	0	0
Mr Tabane Manene	-	-	-	1	0	0	-	-	-
Ms Simphiwe Mnisi	-	-	-	-	-	-	1	0	0
Mr Henry Markus	-	-	-	1	0	0	-	-	-
Mr Makhate Shane Nqakalatsane	-	-	-	-	-	-	-	-	-
Mr Ingle Singh	-	-	-	1	0	0	-	-	-
Ms Jacelyn Scott	2	-	-	-	-	-	1	0	0

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Mr Andre Smith	-	-	-	-	-	-	1	0	0
Mr Terry Tselane	-	-	-	-	-	-	1	0	0
*Mr Daniel Nyamazane	2	0	0	-	-	-	-	-	-
Adv Geraldine Chaplog-Louw	2	0	0	-	-	-	-	-	-
*Ms Alvarno ARN Francis	2	0	0	-	-	-	-	-	-
Mr Victor Van Der Merwe	2	0	0	-	-	-	-	-	-

REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q4 of the FY 2023/24.

Table 5: Board of Directors Remuneration as at 30 June 2024

Name	Designation	Remuneration
Mr Makhate Shane Nqakalatsane	Non-Executive Director	R64 000.00
Mr Simon Clarke	Non-Executive Director	R58 000.00
Ms Yolandi Erasmus	Non-Executive Director	R74 000.00
Mr Tau Masemola	Non-Executive Director	*R96 000.00
Mr Tabane Manene	Non-Executive Director	R56 000.00
Ms Simphiwe Mnisi	Non-Executive Director	R56 000.00
Mr Henry Markus	Non-Executive Director	R46 000.00
Mr Ingle Singh	Non-Executive Director	R56 000.00
Ms Jacelyn Scott	Non-Executive Director	R72 000.00
Mr Andre Smith	Non-Executive Director	R56 000.00
Mr Terry Tselane	Non-Executive Director	R32 000.00
Total		R666 000.00

*fees include ARC sittings, Group Committee and Strategic Planning Sessions

Table 6: Independent Audit and Risk Committee members' remuneration as at 30 June 2024.

Name	Designation	Remuneration
Adv Geraldine Chaplog-Louw	Independent Audit Member	R16 000.00
Mr Daniel Nyamazane	Independent Audit Member	R16 000.00
Mr Victor Van Der Merwe	Independent Audit Member	R16 000.00
Mr Alvarno ARN Francis	Independent Audit Member	R16 000.00
Total		R64 000.00

1.3. COMPANY SECRETARIAL FUNCTION

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. As per Section 88 of the Companies Act, a company secretary's duties include, but are not restricted to (a) providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers; (b) making the directors aware of any law relevant to or affecting the company; (c) reporting to the company's board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the company or this Act; (d) ensuring that minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with this Act; (e) certifying in the company's annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all such returns and notices appear to be true, correct and up to date; (f) ensuring that a copy of the company's annual financial statements is sent, in accordance with this Act, to every person who is entitled to it.

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO's core business comprises of two departments namely: the Housing Development responsible for construction and development of projects; and Housing Management responsible for property management, tenancing and community development. The remaining departments are support functions such as finance, legal, planning and strategy and corporate services.

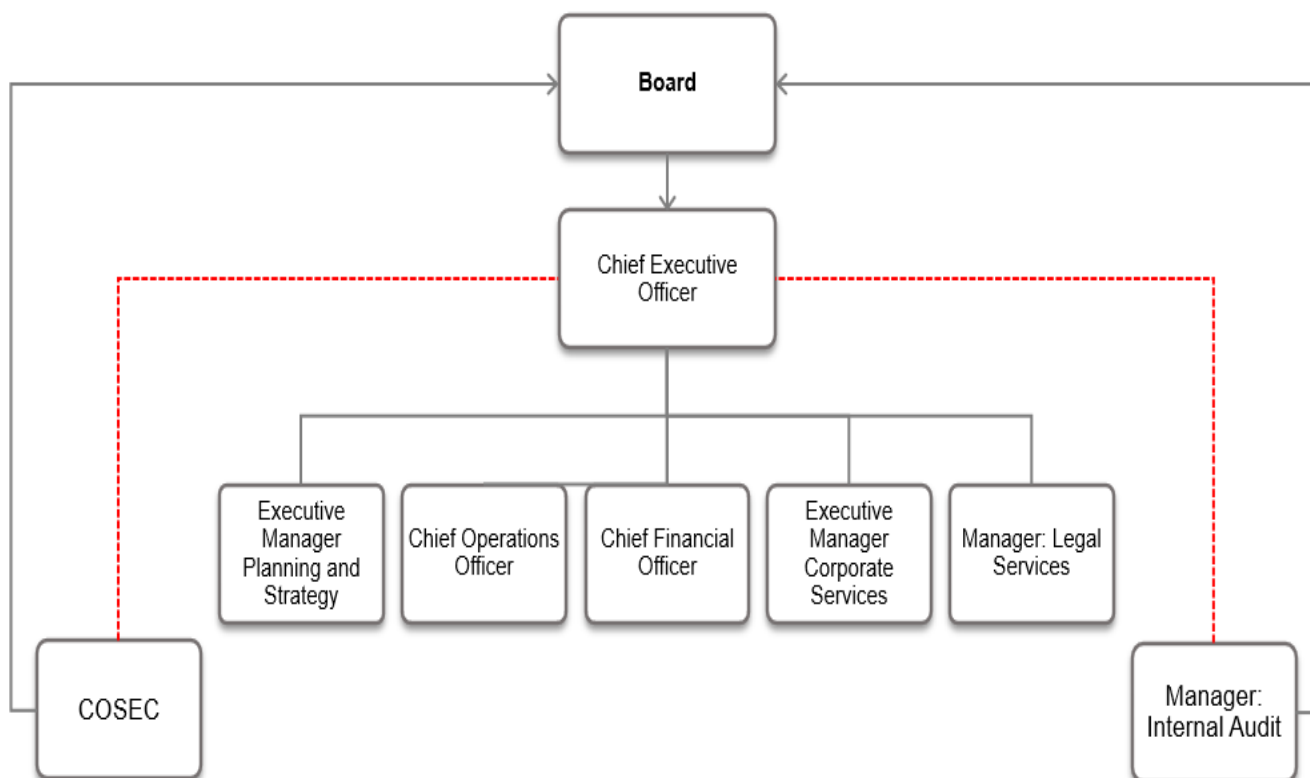


Figure 1: High-level Organisational Structure

SECTION 3: RISK MANAGEMENT

The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV Report on Corporate Governance and Risk Management Standards as applicable. Oversight over the governance and management of risk in JOSHCO is carried out by the Audit and Risk Committee which is the statutory sub-Committee of the Board of Directors. The Committee sits on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with Board approved Terms of Reference.

3.1. RISK ESCALATION METHODOLOGY

The Group Risk Framework provides guidance on which risks should be escalated to the various governance committees within the entity and the City. Functional departments, serving as process implementers, assess the risks. Heads of departments, acting as process owners, report the risk results to both the Executive Committee and the ARC. The ARC Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The ARC's role is to identify business risks that could potentially have a negative impact on both objectives and the company's operations and advise the Board on possible mitigating strategies.

3.2. JOSHCO Top 5 Risks: Strategic Risks as at 30 June 2024.

Top 5 Strategic Risks			
Risk No	Risk Description	Residual Risk 30 June 2024	Residual Rating (Q4)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time.	Medium	Medium
3	Health, Safety and Security incidents in JOSHCO projects.	High	Very High
4	Business Interruption	High	Medium
5	Aging infrastructure.	High	High

During the quarter under review, the Risk and Compliance Department reviewed the top five risks to reflect the organisation's core business strategic risks.

3.3. RISK OVERSIGHT

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV Report on Corporate Governance to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their

achievement. In exercising the risk governance responsibility, the risk control implementation plans were assessed in the quarter. The table below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee has continued to deliberate on the implementation of mitigation controls to ensure that the risks are managed and reduced.

Attached is the complete Risk Register (*annexure 1*) with the progress in the implementation of the strategic and operational risk mitigation control as at 30 June 2024.

3.3.1 Strategic Risk Movement

Below is the summary of the strategic residual risk rating movement assessed in Q4 for the FY 2023/2024.

Two (2) risks (fraud & corruption and Health, Safety and Security incidents in JOSHCO projects) moved from high to very high-risk rating, this is attributed to the risks being outside the risk appetite and tolerance levels, and seven (7) risks remained unchanged.

Based on the data shown above, the total proportion of actions taken to manage residual risk(s) in the control environment for the quarter is (29/29) 100% compared to the quarterly target of 95% and (47/50) 94% compared to the annual target of 100%. This demonstrates management's high level of commitment to risk management. The non-achievement of the annual target of 100% relates to three (3) mitigations namely, (a) development of an ethics programme, (b) appointment of a dedicated utility management personnel and (c) formation of tenant committees. The two mitigations (a & b) related to recruitment could not be implemented due to budget constraints and moratorium placed by the city. The risk management department will continue to closely monitor the movement of risk appetite and tolerance levels.

3.4. INFORMATION ON EMERGING / NEW RISKS

Mpox or monkeypox is an illness caused by the monkeypox virus. It is a viral infection which can spread between people and occasionally from the environment to people via things and surfaces that have been touched by a person with mpox. In settings where the monkeypox virus is present among some wild animals, it can also be transmitted from infected animals to people who have contact with them.

Mpox can cause a range of signs and symptoms. While some people have less severe symptoms, others may develop more serious illness and need care in a health facility. Those typically at higher risk of more severe symptoms include people who are pregnant, children and persons that are immunocompromised, including people with untreated and advanced HIV disease. Common symptoms of mpox include a rash which may last for 2–4 weeks. This may start with, or be followed by, fever, headache, muscle aches, back pain, low energy and swollen glands (lymph) nodes)

BUSINESS CONTINUITY

The established Business Continuity Management Committee, which is chaired by the Executive Manager responsible for Business Planning and Strategy and backed by the COO, CFO, and key management team, met during the month of May, and key aspects of the approved BCP and testing were discussed in detail. The committee convenes quarterly to discuss important matters related to business continuity and disaster recovery. Important items such as Change Management Plan, and Disaster Recovery testing by ICT department were discussed in detail.

As part of continuous improvement and keeping abreast with industry standards, a service provider has been appointed to review the BCP and BCM Policy. The draft BCM Policy will be tabled at the Audit and Risk Committee meeting scheduled for July 2024.

MANAGEMENT OF POTENTIAL CONFLICT OF INTEREST

Employees at JOSHCO complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organization and that any close relatives or associates are identified in order to avoid conflicts between JOSHCO and the service providers with whom they will do business. To date, (100%) of JOSHCO staff have completed and submitted their annual declaration.

SECTION 4: ANTI-CORRUPTION AND FRAUD

Fraud Risk Management / Fraud Prevention

The Board, Committees and Management continued to subscribe to Principle 1 of the King IV Report on Corporate Governance for South Africa 2016 that state “the governing body should lead ethically and effectively”. The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000.

The fraud hotline number is 0800 002 587/ email: whistle@joburg.org.za

All reported fraud and corruption allegations are investigated through the GFIS unit at the city and reports that indicate progress made on the investigations are provided to JOSHCO on quarterly basis. There is a total of six (6) open cases, wherein one (1) of this case was reported in Q4. The following table below depicts progress update provided by GFIS on all reported open cases.

ANTI FRAUD & CORRUPTION CAMPAIGN

As part of increasing awareness around Anti-Fraud and Corruption within JOSHCO’ different stakeholders, the Risk Management Unit partnered with Marketing & Communication Department and Housing Management Department (Revenue Unit) created awareness around anti- fraud and scammers during the tenancing process. The awareness session was held on 31 May 2024 at Ekhaya Gardens as the estate is new and tenancing is still underway. Furthermore, on the 5th of June 2024, GFIS conducted an anti-fraud and corruption awareness training at JOSHCO Head office, the focus for the training was centred around committing fraud and its consequences thereafter. There was a great turnout for both awareness sessions, they were a success. Awareness has been created as intended.

Below are few pictures taken during these campaigns.



SECTION 5: ICT GOVERNANCE

The role of the Information and Communications Technology (ICT) Department is to enable effective information management, support decision-making processes, enhance collaboration, promote innovation, and drive digital transformation. The department develops, maintains, and supports management Information Systems which encompasses the use, management, and application of various technologies to gather, process, transmit, and store information.

ICT facilitates efficient communication, enables access to vast amounts of data, and empowers JOSHCO staff to streamline processes and enhance productivity with a wide range of technologies, including computers, networks, the internet, software applications, mobile devices, and telecommunication systems.

Summary of Achieved Quarter 4 milestone.

Disaster Recovery

JOSHCO has a Fully Managed Datacentre (FMDC) to ensure Business Continuity and all critical services of the organization are replicated to the site, ensuring that JOSHCO Operations continue even in the event of a disaster. A scheduled quarterly Disaster Recovery Test was successfully performed on 12th April 2024.

Network Availability

The JOSHCO network remains stable. A contingency measure is in place in the form of a Secondary Network Link that supplements the MTC Primary Network Link.

Datacentre Uptime/Downtime

JOSHCO Head Office experienced power outage from 1 – 14 May 2024 attributed to the cable theft of City Power infrastructure under the M1 Tunnel, however, ICT department was able to ensure operations continued with minimal impact, this is due to the installed UPS System which takes over when there is no power at Head Office.

Our target for operation as JOSHCO ICT is to maintain high system availability by implementing strategies that promote continual information technology service improvement.

Cybersecurity

JOSHCO ICT implemented SOPHOS Email Advanced which is an Email Security product aimed at ensuring complete protection from cyber-attacks. Due to this measure being put in place, ICT can now guarantee the complete security of the organization and full compliance with the Minimum Information Security Standards.

During Quarter 4, JOSHCO did not encounter any cyber threats due to the hardened security measures currently put in place. Information Security is actively monitoring the environment through various tools deployed on the infrastructure. There is a need to fill Information Security vacancies within the ICT department to ensure a continued stable environment.

During the reporting period, JOSHCO did not experience any attacks on its Network and Server Infrastructure. This is solely attributed to the hardened policies that are applied to the firewall.

SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. In addition to the use of EXCLAIM, other mechanisms such as compliance risk management plans are used to identify, assess and monitor JOSHCO's level of compliance with relevant regulatory requirements that form part of its operations. As at the end of the fourth quarter, a total of twenty-eight (28) Acts and regulations were identified as being applicable to JOSHCO's operations and appear in the Regulatory Universe.

We have seen 24 acts that have reached 100% compliance while 4 Acts are still not at 100% compliance. The current compliance for this Quarter stands at 98.6% against a target of 98%. In this quarter we have seen 2 acts reach 100% from last quarter. The Companies `act as well as the `protection of personal information act have reached 100% compliance. This is a significant increase indicating continued efforts by the organisation to comply to laws and legislation. We have seen only one act regress in this quarter. The current challenges with rental collection and lease renewals in our projects has seen the **Rental Housing Act** regress. Monitoring on the acts is conducted on a regular basis to ensure full compliance by the targeted period. Equally, in this quarter we have seen improvement in the **Social Housing Act** and regulations where we are now in possession of all occupation certificates that were outstanding, and only awaiting the SHRA to give us feedback on the status of accreditation. The current cashflow challenges in the City and current JOSHCO deficit will keep the **Municipal Finance Management Act** **below** 100% compliance.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- Regarding Housing Development, during the quarter under review, a total of 495 social housing units have been completed against the annual target of 450 and the total of 657 social housing units without service have been completed against annual target of 450.
- In quarter 4, the company launched 333 housing units at Princess Plots in Roodepoort and the units are ready to be occupied.
- In regard to Housing Management, the Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q4.
- During the quarter under review, 30% SMME expenditure achieved against construction invoices target of 30% and 831 EPWP work opportunities were created against a year-to-date target of 720 in quarter 4.
- In quarter 4 the company achieved all the 7-service level standard KPIs.
- The company is making progress in rental collection, in which 69% was achieved in the 4th Quarter of 2023/24 FY.

SECTION 2: SERVICE DELIVERY CHALLENGES

Key challenges that were encountered during the quarter under review are listed below. Some of the challenges are persistent, but measures have been put in place to mitigate the challenges as listed below:

- Insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
- Moratorium on vacancies, this freeze on employment has made it difficult for the entity to recruit at pace and ensure the correct skills are attained.
- Total revenue is R22,7 million below budget. The biggest contributor to revenue earned in the current financial year is rental income, making up 44% of total revenue.
- Management fees have decreased by 56% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION.

Table 7: JOSHCO's Response to Strategic Direction

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q4
1. Sustainable Service Delivery	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> Attainment of all SLSs Well maintained and clean JOSHCO properties Continuous engagement with SHRA's to ensure we are compliant to the regulator.
1. Job opportunity & creation	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> Upliftment of communities through SMMEs on construction projects Skills development and job creation through EPWP programme
2. Sustainable service delivery	<ul style="list-style-type: none"> Develop & manage social housing and student accommodation Develop & manage affordable rental housing Implement housing development projects for the CoJ Provide assigned municipal services 	<ul style="list-style-type: none"> On track to deliver social housing and affordable housing units across the City Development of student accommodation precinct Preserved and well-maintained buildings that meet acceptable living conditions
3. Financial sustainability	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> A solvent company Improved revenue collection Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) An unqualified Audit Opinion
		<ul style="list-style-type: none"> Effective and efficient business processes Improved tenant satisfaction, through proactive tenant education and engagement programme Customer satisfaction targets achieved and improved Improved visibility of JOSHCO brand
4. A Smart City	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (Including alternative energy solutions and rainwater harvesting)
		<ul style="list-style-type: none"> Improved application and leasing processes, supported by automation of processes launched Seamless business continuity supported, through effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

The relationship of JOSHCO and CoJ as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement (SDA) and the

Shareholder compact. Section 93B (a) of the Municipal System Act stipulates that “Parent municipalities having sole control. — A parent municipality which has sole control of a municipal entity:

- (a) Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity’s multi-year business plan.” As such JOSHCO and the City sign a five-year SDA that is reviewed annually, and the agreement outlines the entity’s scorecard and seven service level standards that JOSHCO should adhere to when delivering its services to the Johannesburg communities.

JOSHCO reports on performance against seven pre-determined targets for SLSs. The entity has achieved all seven of the service standards due in the quarter under review. The agreed service standards with the City cover the following:

Table 8: Service Level Standard (SLS) Performance as at 30 June 2024

Core Service	Service Level Standard Target	April 2024	May 2024	June 2024	Quarter 4	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	99%	99%	98%	99%	None	None
2. Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	100%	100%	100%	100%	None	None
3. Routine building maintenance	Once per year and as when required	100%	100%	100%	100%	none	None
4. Application of rental housing	Outcome of enquiry to be sent to applicant within 5 days	2 days	1 day	2 days	2 days	None	None
5. Application of rental housing	Outcome of the application communicated within 10 working days	3 days	3 days	3 days	3 days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 Hours	24 Hours	24 Hours	24 Hours	None	None
7. Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	1 days	3 day	3 days	2 days	None	None

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2023-2024 business plan includes 22 key performance metrics and targets. 15 of the 21 targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of **71%**.

Performance Targets	Targets
Total Annual Targets	22
Applicable targets in Q4	21(1KPI is pending)
Targets achieved	15
Targets not achieved	6
Not due for reporting	0

Legend:

	Target achieved
	Target not achieved, but there is progress
	Target not achieved and there is a significant risk of non-achievement
	KPI measured at the end of the financial year and / not due for reporting in the quarter

Table 9: Performance Against Predetermined Objectives as at 30 June 2024

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q4 Target	Q4 Actual	Variance	Reasons for Underachievement	Remedial Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	0:49	-0:51	The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility, finance costs and repairs and maintenance costs.	<ul style="list-style-type: none"> Increase in management fee income earned on projects implemented on behalf of other COJ entities Student accommodation and commercial spaces as alternate revenue.
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	0:52	-0:48		

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q4 Target	Q4 Actual	Variance	Reasons for Underachievement	Remedial Action
	3	% Collection in respect of current debtors	100% collection in respect of current debtors	100%	69%	-31%	<ul style="list-style-type: none"> Unemployment and high inflation affecting tenant's ability to fulfil their rental obligations. Organized rental boycotts by tenants from the City Referral stock. 	<ul style="list-style-type: none"> Appointment of Debt collection companies. Improved credit evaluation process for new tenant applications New payment options i.e. Debit Check, Debit order, and Stop order. JOSHCO had obtained a total of 31 eviction orders. Seventeen of these orders have been successfully executed. Stock transfer of City referral stock.
	4	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	54%	-46%	This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.	The entity continues to engage with Group Treasury for weekly allocation of funds.
	5	% of CAPEX spent on EMEs	30% of CAPEX spent on EMEs	30%	30%	-	Target Achieved	N/A
	6	% of CAPEX budget spent	100% expenditure of approved capital budget.	100%	100%	-	Target Achieved	N/A
Good Governance	7	% resolution of internal audit findings	100% resolution of Internal Audit	100%	100%	-	Target Achieved	N/A

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q4 Target	Q4 Actual	Variance	Reasons for Underachievement	Remedial Action
			findings (cumulative)					
	8	% Resolution of external audit findings	100% resolution of AG findings	100%	53%	-47%	The interim financial statements took longer than anticipated to be finalised.	The finance team will continue to work with internal audit to clear the financial statement-related findings. Internal audit will review the AFS to be submitted to AG.
	9	Level of audit opinion	Unqualified audit opinion	Unqualified audit opinion	Pending		JOSHCO'S integrated annual report and Auditor General final report	
	10	% compliance to Laws and regulation	100% compliance to laws and regulation	98%	98.6%	+0.6%	Target Achieved	N/A
	11	% Implementation of corrective action against identified risks	95% Implementation of corrective action against the identified risks	95%	100%	+5%	Target Achieved	N/A
Personnel Vacancy Rate	12	% Employee vacancy rate	5% employee vacancy rate	5%	11.01%	+6.01%	Moratorium. Awaiting approval to proceed with recruitment.	Submission was sent to the CEO to proceed with the recruitment and appointment as of 1 July 2024.
Employee Development	13	Number of employee development initiatives	4 employee development initiatives	4	4	0	Target achieved	N/A
Smart City	14	Number of digitisation initiatives completed	4 Digitisation initiatives completed	4	5	+1	Target Achieved	N/A

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q4 Target	Q4 Actual	Variance	Reasons for Underachievement	Remedial Action
	15	Number of ICT awareness initiatives	32 ICT awareness initiatives	8	9	+1	Target Achieved	N/A
Job Opportunity and Creation	16	Number of jobs created for the unemployed through EPWP programmes	720 Jobs	720	831	+111	Target Achieved	N/A
Sustainable Service Delivery	17	No. of social housing units developed without services	450 housing units developed	450 housing units Developed without services	657	+207	Target Achieved -101 units Abel Phase 1. -372 units Nancefield -184 units Riverside View	N/A
	18	No. of social housing units completed	450 housing units completed	450 Housing units completed	495	+45	Target Achieved -333 Princess plots - 162 Devland Phase 2	N/A
	19	% of Social Housing units occupancy rate.	98% occupancy rate	98% occupancy rate	98%	0	Target Achieved	N/A
	20	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%	0	Target Achieved	N/A
	21	Tenant Management initiatives implemented by community development	4	4	5	+1	Target achieved – the target is an accumulative target of a total of 4 Tenant Management initiatives carried out through the financial year.	N/A

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q4 Target	Q4 Actual	Variance	Reasons for Underachievement	Remedial Action
	22	% of Affordable Housing unit occupancy rate (non-regulated)	98% occupancy rate	98% occupancy rate	98%	0	Target Achieved	N/A

5.1. HOUSING DEVELOPMENT: PROJECT PERFORMANCE

Contextual Background on the KPIs:

Our capital projects are divided into 2 programs: **Innercity** and **Green-fields** programs and are further divided into 2 major milestones: **Planning** and **Implementation**. Planning runs from inception to pre-tender stage and implementation from tender stage to project close out. Below are details of start and completion dates of various projects, as well as their performance. The start and completion dates of the projects are in line with the signed Development Agreement or JBCC of the project. It should be noted that, depending on the outcome of Extension of Time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers or Review Consultants working with Quantity Surveyors and recommendations are made to JOSHCO.

Complete project with Occupation Certificate: the project has been constructed and completed in compliance with the provisions of the National Building Regulations Act 103 of 1977 as amended. These projects are ready for tenanting since they have reached practical completion and obtained Occupation certificates.

Developed units without services: these are units that have been developed for the intended purpose, but do not have all services. The units completed at this stage are not yet ready for occupation but are Work in Progress (WIP) reflecting Capital Expenditure.

5.1.1. PROJECTS UNDER IMPLEMENTATION: INNER CITY

ABEL ROAD CONVERSION PHASE 1

Start date: 01 July 2023 & Planned Completion date: 30 September 2024

Area or location: Abel Road, Inner City Johannesburg

No units expected 2023/2024: 107-units phase 1.

Budget allocated this FY: R25 000 000

Monitoring Tool	April	May	June
Capex Expenditure	0	0	R5 864 869.26
SMME Expenditure	0	0	0
Project Progress	90%	93%	95%

Comments on Project Performance: Progress on site is at 95% with all construction activities completed, the only outstanding item is the installation of the lift under mechanical trades. There has been a delay in the shipment of the lift, the supplier anticipates the lift to be delivered at the end of July 2024.

106 CLAIM STREET SOCIAL HOUSING PROJECT

Start date: 20 July 2023 & Planned Completion date 30 September 2024

Area or location: 106 Claim Street, Hillbrow

No units expected 2022/2023: 80 units.

Budget allocated this FY: R 9 510 000,00

Monitoring Tool	April	May	June
Capex Expenditure	0	0	0
SMME Expenditure	R 315 000	R 210 000	0
Project Progress	99%	98%	99%

Comments on Project Performance: On the 5th of May 2024, the lift subcontractor and Main contractor reported that the water tank in the roof had busted and flooded into the lift shaft. The team has inspected and quantified the damages to the lift. The following are the remaining works necessary for Practical Completion and issuance of Occupation certificate:

Fire cable to lift and all items necessary for commissioning

Remedial work to lift

Biometric access control and emergency override on G1 in refuse yard

work to HVAC and Heat Pump plant to comply

Testing of water pressure in fire hydrant

Water connection by Joburg water. There is currently no water on site since beginning of June. The fault has been reported under the following references 8006381733 and 8006401536.

The water tank burst lead to the regression in progress from 99% in April to 98% in May, thus moving the Practical completion date to 30 September 2024.

The project was envisaged and developed as a TEA (Transitional Emergency Accommodation) for the City of Johannesburg. It is advised for JOSHCO senior management to start engaging COJ human settlements on the management arrangements and agency fees.

NEDERBERG STUDENT ACCOMMODATION

Start date: 25 July 2023 & Planned Completion date 30 September 2024

Area or location: 153 Wolmarans street, Johannesburg

No units expected 2023/2024: 60 units

Budget allocated this FY: R 15 875 428.00

Monitoring Tool	April	May	June
Capex Expenditure	R 2 242 771.20	R 2 523 105.43	R1 497 655.70
SMME Expenditure	R 178 000.00	R 300 000.00	0
Project Progress	70%	80%	82%

Comments on Project Performance: The refurbishment of the building is near completion. The student units have been painted and all the furniture has been installed. The ground floor is almost complete, the trellis-door has been procured and is currently being manufactured. The same with the ground floor furniture. The push bar system is being replaced. Only one lift works for now, the lift company (Schindler) plans to go to site and fix the other lift. Joburg water has fixed their water valve (outside the building) so the relocation of our fire hydrant valve can start. All the broke doors have been procured and are being replaced. The booster pump for the hot water has been approved and is being procured. All the external ducts are on site and are being installed. Passage for the drive through is being redone to accommodate the new gate. The water tank on the ceiling will need to be replaced as there is a substantial amount of rust. A new quotation for the garden area is worked on and will be approved once sent and perused. Heritage application has been approved by the council. Only the fire drawings are preventing the drawing approval at council.

5.1.2. PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

NANCEFIELD SOCIAL HOUSING PROJECT

Start date: 4 May 2021 Completion date 30 September 2024

Area or location: Nancefield, Klipsruit, Soweto

No units expected 2023/2024: 372.

Budget allocated this FY: R53 054 000,00

Monitoring Tool	April	May	June
Capex Expenditure	R6 481 240.87	0	R7 181 707.23
SMME Expenditure	0	R1 244 517,52	0
Project Progress	77%	80%	84%

Comments on Project Performance: Mathelemusa Trading and Projects were able to commence works in March 2024. Works are progressing fairly well with late payments and Community unrest or threats being the biggest risks on the project. There are over 130 people who have been employed and 108 of them are from the local Community.

Major challenges on the project include the following:

Late payment on certificates affecting site operations
Community not allowing project team to work on the sewer line.

PRINCESS PLOTS SOCIAL HOUSING PROJECT

Start date 1 November 2019 & project is completed.

Area or location: Princess Ext 14, Roodepoort

No units expected 2023/2024: 333 Units.

Budget allocated this FY: R 22 500 000,00

Monitoring Tool	April	May	June
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	100%	100%	100%

Comments on Project Performance: The Project has been completed and the Occupation Certificate was issued on 12 March 2024.

DEVLAND SOCIAL HOUSING PROJECT (Phase 3)

Start date: 14 November 2022 & Planned Completion date: 31 March 2025

Area or location: Devland

No units expected 2023/2024: 171 units.

Budget allocated this FY: R 12 523 000,00

Due to the budget cut and insufficient funds allocated to the project an additional amount of R8 196 538.00 was paid from the SHRA funding.

Monitoring Tool	April	May	June
Capex Expenditure	0	0	0
SMME Expenditure	R 101 037.50	R 95 000.00	0
Project Progress	49%	65.84%	73%

Comments on Project Performance: The handover to the contractors was conducted on the 19 February 2024. The contractor for water upgrade pressure is currently establishing the site and the contractor for the construction of phase 3 has defaulted and delayed the site establishment. The notice of default has been issued to the contractor on the 15 March 2024. A construction permit was obtained on the 24 April 2024 from the Department of labour. Section 7(6) for building plans approvals from the City of Joburg was obtained 06 June 2024. The contractor was given the instruction to commence construction on the 18 June 2024. The PSC has stopped the construction. Currently engaging the office of the councilor with the matter. The construction for water pressure is 70% complete.

RIVERSIDE VIEW SOCIAL HOUSING (Phase 2)

Start: 1 November 2023 & Completion date: 31 December 2024

Area or location: Region A, North of City of Johannesburg, Riverside View.

No units expected 2023/2024: 184 Units

Budget allocated this FY: R 22 225 000,00

Due to the budget cut and insufficient funds allocated to the project an additional amount of R56 428 917.23 was paid from the SHRA funding.

Monitoring Tool	April	May	June
Capex Expenditure	R 0	R0	0
SMME Expenditure	R522 487.80	R489 568 .23	
Project Progress	46.54%	47.34%	51%

Comments on Project Performance: A Turnkey Development Contract to develop 1108 units was signed 20 January 2021. A Letter to proceed was issued for **Phase One** (ERF 1201) 68 units and **Phase Two** (ERF 1143) 112 units for a total of 180 units on 18 February 2022.

Occupation certificates for ERF 1143 was received on 13/02/2023

Occupation certificate for ERF 1201 was received on 23/02/2023

Entire Project 1108 units are at 48% complete. Completion date was 30 June 2023 but due lack of Funding the project has not progressed as planned an extension of time for the current phase has been awarded to 30 December 2024.

Phase Three (ERF 2871)

Letter to Proceed was issued on the 28 July 2023 for **Phase Three** but only started in February 2024 due to lack of funding and is due for Completion end of September 2024 ahead of schedule, for this phase Planned construction time 11months, actual construction time will be closer to 8 months estimated time of Practical completion will be in September 2024.**Phase Tree** is currently at 79% Completion.

5.1.3. PROJECTS UNDER PLANNING STAGE

RANDBURG SELKIRK

The project is in Stage 3, design. The professional team has finalized compiling the documents for the submission of the Section 7(6) application for submission at CoJ and sent application forms and Building Plans to JOSHCO for signature. Section 7(6) application is expected to be issued within 2 weeks of the submission. However, the project is currently on hold due to a legal dispute between the previous contractor and JOSHCO regarding termination of the contract. Once the matter has been resolved, JOSHCO will submit the necessary land use applications.

RIVONIA EDENBURG TURNKEY

JOSHCO has terminated the contract with the Developer for Breach of Contract. JOSHCO's legal representative and the seller have reached an agreement of the simultaneous transfer of the land between the seller and developer to JOSHCO.

DENVER EXTENSION 20 (JEPPESTOWN)

The project is in Stage 3, Design. The professional obtained revised comments from the Transport Department, and JRA. CoJ LUM is currently awaiting revised consolidated comments from EISD. EISD comments are still outstanding, awaiting the EA report. Once the consolidated comments have been issued to CoJ Land Use Management, the rezoning application will be finalized.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

The project is in Stage 3, design. The rezoning application had been submitted online to CoJ Development Planning. The comments from service departments have been received. No objections have been received. The professional Team presented the Stage 3 designs to JOSHCO on 5 March 2024 and comments were issued by various infrastructure service departments. The professional team is currently finalising the Stage 3 designs.

KELVIN SOCIAL HOUSING PROJECT

The professional team has finalised the Stage 3 designs. Rezoning application was submitted end of November 2023. The application received more than 400 objections from the adjoining neighbours and will be forwarded to

the CoJ Municipal Planning Tribunal (MPT) for a decision. JOSHCO managed to resolve the Urban Dynamics objection, which stated that the site is earmarked for a water reservoir.

A meeting was held in April 2024 between JOSHCO and Joburg Water where it was concluded that Joburg Water will look for an alternative site for its proposed water reservoir. The Town Planner has finalised a supplementary motivation memorandum addressing objections raised by the residents for the MPT.

The JRA Traffic Impact Assessment Report was approved in May 2024. The engineers are currently finalising the Stormwater Management Plan as per JRA requirements to be incorporated in the designs. Once the final comments have been issued, the application will be assessed, and recommendations will be forwarded to the MPT for a decision.

LOMBARDY EAST SOCIAL HOUSING PROJECT

The project is currently in Stage 3, design. Rezoning application was submitted on the 29th of February 2024. The circulation stage of the application has been completed and four (4) objections were received. The application will be forwarded to the CoJ Municipal Planning Tribunal for a decision. The Professional team is currently working service engineering studies to address the comments issued by various City's service infrastructure departments.

MARLBORO SOCIAL HOUSING PROJECT

The Project is currently on Stage 3, design. The land use applications were submitted mid-June 2024, and the applications are currently in circulation for comments. Once the circulation phase has been completed, the application will be sent to Land Use Management for assessment and recommendation.

MARLVEN

Project Manager and Professional team appointed. Inception report was presented to JOSHCO on 23 November 2023. On the 6 June, JOSHCO briefed the professional team on the revised scope, which is the development of social housing instead of the skills development centre as it was originally envisage. The professional team is currently working on the revised scope and are expected to present Stage 2, before the of July 2024.

PARK CHAMBERS PRECINCT

The project is currently in Stage 3, design. JOSHCO is currently waiting for JPC and Department of Human Settlement to finalise the land transfer prior to submission of the Site Development Plan and Building Plans.

280 SMIT STREET – STUDENT ACCOMODATION

The project is currently in Stage 3, design. The Site Development Plan has been submitted and currently awaiting approval for CoJ Development Planning. The professional team is finalising documents for the submission of the Building Plans.

5.2. SMME EXPENDITURE

The table below reflects the expenditure on SMME's from projects where construction activities were implemented during the first quarter. The amounts captured under Capex spent on construction is based on construction invoices; it therefore excludes professional fees, statutory fees, and other fees not directly related to construction activities.

Table 10: Projects that contributed to the KPI: SMME expenditure.

NO.	PROJECT NAME	CAPEX CONSTRUCTION INVOICES SUBMITTED	TOTAL CAPEX CONSTRUCTION INVOICES	TOTAL CONSTRUCTION EXPENDITURE	SMME EXPENDITURE
1	106 CLAIM STREET	660 965,96	R660 965,96	R660 965,96	
2	NEDERBURG	R3 757 720,68	R3 757 720,68	R3 7	
3	ABEL STREET	R24 021 023,54	R24 02		
4	RIVERSIDE VIEW	R16 340 647,82			
5	DEVLAND	R0,00			
6	NANCEFIELD				
7	CITY DEE				
TOTAL					

Comments on SMME expenditure: A total of **30%** was achieved on SMME expenditure. This is based on SMME invoices captured against construction invoices.

5.3 HOUSING MANAGEMENT

The role of the Housing Management business unit at JOSHCO is to provide end-to-end property management which includes maintenance (planned and reactive), lease management (tenant life cycle management) and ensure maximum revenue management in all its rental stock.

Focused Maintenance Interventions

Many of JOSHCO's buildings remain insufficiently catered for in relation to the total budget required to bring them up to impeccable conditions. The condition assessments carried out in 2022 that highlight the focal points of intervention required for major upgrades remain unfulfilled due to budget constraints. With this said, the of the maintenance issues experienced are bound to be repetitive in nature due to root causes of the issues not being comprehensively attended to. Furthermore, as much as each property has a dedicated Building Maintenance Contractor (BMC) assigned to it, secondary/supplementary service providers have been used interchangeably to augments and service shortfalls being experienced by the "primary" BMC due to several reasons, chief among them which is cash flow due to delayed payments.

5.4 MAINTENANCE

The 4th quarter of the 2023/24 financial year saw a conclusion of most painting projects throughout the projects, with some having to spill over into the new financial year. There are still some cash flow challenges being cited by various service providers which have seen some Purchase Orders having to be cancelled and reissued to other service providers.

5.4.1 Repairs and Maintenance: Portfolios A-E

At the end of the previous financial year, Housing Management had four (4) portfolios, Portfolios A-D. Portfolio D is mainly comprised of City Referral stock which is anticipated to be moved back to the City. Presentations to have the City Owned Stock move back to the city were made to the Technical Cluster in Q3 as well as the Sub-Mayoral Committee, however the matter is still yet to be tabled at MayCo. For now, JOSHCO is still managing the City Owned stock till the expiration of the SLA with the City. Engagements are yet to be had with the Department of Human Settlements regarding the renewal of the said SLAs alongside budget availability and the current significant debt balance owed to JOSHCO.

PORTFOLIO A

For the 4th quarter, there was a total of 165 jobs under reactive maintenance jobs that were logged for Portfolio A. The actual achieved response rate remained at **100%** for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between April 2024 and June 2024 is R858,366.70. The total units in Portfolio A are **1,309** with an average monthly maintenance cost of **R218.58 per unit**, which is significantly lower than the R950 threshold of unplanned maintenance per unit.

PORTFOLIO B

For the 4th quarter, there was a total of 323 jobs under reactive maintenance jobs that were logged for Portfolio B. The actual achieved response rate was **100%** for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between April 2024 and June 2024 was **R320,702** (compared to R1 934 972.26 in Q3). There are a total of 2,887 units within this portfolio and the average cost of reactive maintenance for Q4 was R37.03 per unit, which is significantly below the monthly budgeted R950 per unit.

PORTFOLIO C

For the 4th quarter, there was a total of 329 jobs under reactive maintenance jobs that were logged for Portfolio C. The actual achieved response rate is **100%** for jobs logged and completed within 14 days and is higher than the SLS target of 96% - only 5 jobs were outside the 14-day mark. The total cost of reactive maintenance between April 2024 and June 2024 was **R4,362,958.98** compared to R2.9million in Q3. The total number of units in Portfolio C are 2,148 and they had an average monthly maintenance cost of **R677.06** per unit, which is an increase from the average cost of **R512.24** per unit in Q3, however it is still within the monthly threshold of R950 per unit. The bulk of these costs emanated from the Roodeport Tshedzani properties (R2.3million) and Dobsonville (R1.067million).

PORTFOLIO D

For the 4th quarter, there was a total of 44 jobs under reactive maintenance jobs that were logged for Portfolio D. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the

SLS target of 96%. Most of the reactive maintenance jobs remain plumbing related. The total cost for reactive maintenance for Portfolio D for Q4 was **R638,109.29** and the average cost of maintenance per unit for the 3,037 units in the portfolio was **R70.04**.

PORTFOLIO E

For the 4th quarter, there was a total of 34 jobs under reactive maintenance jobs that were logged for Portfolio E. The actual achieved response rate of **99.5%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of **R283,036.02** was incurred for reactive maintenance in Portfolio E for the quarter, with an average of R276.67 per unit.

5.5 COMMUNITY DEVELOPMENT

The focus for Q4 for Community Development was the continued implementation of the EPWP Programme, Tenant Initiatives and Outreach Programmes, and Waste Management programmes. In keeping with the Community Based programme, the entity continually supports the neighboring communities to provide these services.

The EPWP aims to ensure that a significant portion of the unemployed population is drawn into productive work and gains skills while on the job. The programmes provide poverty and income relief through the EPWP Participant work opportunities for the unemployed.

Table 11: Number of EPWP Participants trained:

ADMIN	SECURITY	GARDENING	PAINTING	CLEANING	TOTAL
24	16	7	17	88	165

CHAPTER 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs.

Table 12: Personnel Cost by Occupational Level as at 30 June 2024:

Note: The salary costs below include costs for all permanent, Fixed-term employees and exclude board fees.

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	1 448 359,22	3%	482 786,41
Executive Managers	1	542 093,19	1%	542 093,19
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	35	9 780 039,36	18,94%	279 429,70
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint. Worker and Admin)	113	16 575 503,14	32%	146 685,87
Semi-Skilled (Driver, Receptionist, Call Center Agents)	5	291 988,11	1%	58 397,62
Internship	4	115 522,32	0%	28 880,58
Unskilled (Security Officers and Cleaners)	346	16 442 854,08	32%	47 522,70
EPWP	451	6 444 491,01	12%	14 289,34
Total	958	51 640 850,43	100%	53 904,85

Note: The salary costs include costs for all permanent, fixed-term employees and excludes board fees.

SECTION 2: KEY VACANCIES

This section provides reporting on vacancies which were actioned, either by filling on an acting capacity or recruited for. The summary thereof is displayed in tables 3 and 4 below:

Nine (9) appointments were instituted.

Table 13: Acting Appointments

Designation	Current – Acting Role	From	Reasons	Comments
Chief Executive Officer Metropolitan Trading Company	Chief Executive Officer	03 June 2024 to 03 September 2024	Acting because the incumbent is seconded to another department in the City.	Extended for 3months
HR Manager	Executive Manager: Corporate Services	01 April 2024 to 13 June 2024	Acting because position is vacant <i>(the recruitment process is placed on hold due to a dispute)</i>	6 months exceeded
Marketing and Communications manager	Executive Manager: Corporate Services	14 June 2024 to 14 July 2024	Acting because the position is vacant <i>(the recruitment process is placed on hold due to a dispute)</i>	Rotation
HR Officer	Manager: Human Resources	01 April 2024 to 30 April 2024	Acting because the current incumbent is Acting in a senior position.	6 months exceeded
ER Officer: Labour Relations	Manager: Human Resources	01 May 2024 to 30 June 2024	Acting because the current incumbent is Acting in a senior position and thereafter on leave.	Rotation
Housing Supervisor	Portfolio Manager	11 April 2024 to 02 May 2024	Acting because the incumbent is on Annual Leave	Substantive position
Internal Auditor	Senior Internal Auditor	01 April 2024 to 30 June 2024	Acting because the position is vacant <i>(recruitment to commence once the moratorium is uplifted)</i>	Rotation will apply
Project Officer	Manager: Administration	01 April 2024 to 31 May 2024	Acting because the position is vacant <i>(recruitment to commence once the moratorium is uplifted)</i>	6 months exceeded Rotation will apply as of 1 July
Communication Officer	Manager: Marketing and Communication	18 June 2024 to 14 July 2024	Acting because the incumbent is acting in a senior position	For the period aligned with the AEM: Corporate Services

5.1 Recruitment in progress as at 30 June 2024

Recruitment moved speedily within the first two quarters of the 2023/24 financial year, however, the organisation was not able to fill pending recruitment processes, following the directive received from City Core. The directive stipulated that all recruitment processes not concluded by 31st December 2023 needed to be deferred to the new financial year. Consequently the 5% target of the Employee Vacancy Rate could not be met.

- A total of 563 positions on the structure are funded with 62 currently vacant, which translates to an employee vacancy rate of 11.01%.
- Two (2) positions (Supply Chain Manager and CoSec) out of the 39 pending vacancies have been filled. The recruitment processes at the offer stage are envisaged to be finalised as soon as the moratorium is lifted. However, the candidates' exact start date is subject to their acceptance of the offer and/or their notice

period. To further ensure that service delivery is not compromised, a motivation to fill the overall critical positions within the entity has been sent to the City Manager's Office.

Table 5 below consists of critical positions that are aimed to be filled to ensure the smooth running of the organisation's operations:

Table 14: Critical positions to be filled

No.	Critical Position	Department	Reason for criticality/ Action taken
1	Manager: Legal Services	Office of the CEO	The position is responsible for managing legal risks the company may potentially be exposed to.
2	Chief Operations Officer	Office of the CEO	Advertised on 26 June 2024
3	Chief Financial Officer	Office of the CEO	Advertised on 30 June 2024
4	Compliance Officer	Business Planning & Risk	Advertise
5	Compliance Manager	Business Planning & Risk	Replacement

6. TERMINATIONS

This section refers to all employment contractual terminations within the quarter under review.

Table 15: Terminations

Department	Reason	End Date	Way Forward
Office of the CEO: Chief Operations Officer	Resignation	31 May 2024	Initiate recruitment in July
Office of the CEO: Legal Manager	Resignation	30 June 2024	Sought a secondment from the City, as the position requires extension knowledge and experience.
Total: 2			

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed and responded to the requirements of the Employment Equity Act, No. 55 of 1998, for the quarter under review.

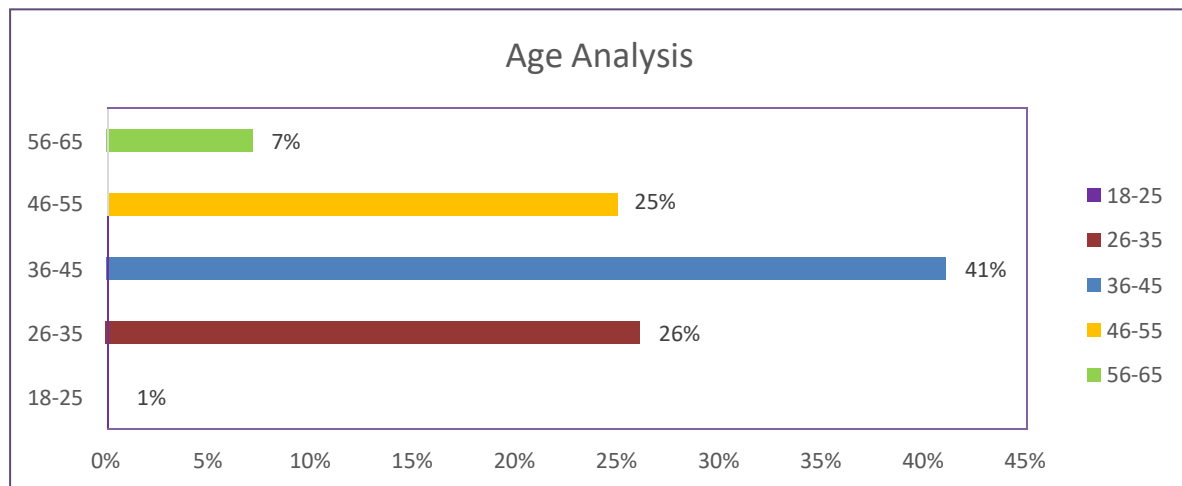
- The entity's Employment Equity (EE) profile remains predominantly the same as the previous quarter and is highly biased towards Africans.
- The target appointment for persons living with a disability remains at 10.
- The EE/SD meeting on April 9, 2024, reviewed the terms of reference in preparation for the EE plan.
- Staff members were workshopped over two days on the purpose and application of the EE plan and the Employment Equity Act, No. 55 of 1998.
- Furthermore, consultations with staff will take place to complete the plan for submission in July 2024.
- The quarterly monitoring report is due for submission on July 5, 2024, as required by the City of Joburg.

Table 16: Employee Equity numbers

Employment Equity Profile															
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial % Profile	Female Gender Representation % Achievement
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	1	0	0	0	1	0	0	0	0	0	1	1	2	100%	50%
Senior Management	0	0	0	0	1	0	0	0	0	0	0	1	1	100%	100%
Professionally Qualified / Middle Management	20	0	0	2	10	0	1	0	1	1	22	11	35	86%	33%
Skilled Technically and Academically Qualified	47	3	0	0	60	3	1	1	0	0	50	65	115	99%	56%
Semi-Skilled	2	0	0	0	1	0	0	0	0	0	2	1	3	100%	33%
Unskilled	153	2	0	0	186	3	0	0	0	0	155	189	344	100%	55%
Total	225	5	0	2	260	6	2	1	1	1	232	268	500	99%	53%

AGE PROFILE

Graph 2: Employee Age Profile.



41% (the majority) of JOSHCO’s staff is aged between 36 and 45, and 27% of our workforce is classified as youth, which is in line with our strategy to reduce the unemployment rate of the youth.

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

This section provides information on skills development and training. The entity invests in enhancing employees’ hard/soft skills and succession planning to strengthen our employee development initiatives. This is promoted

through short-term learning programs (training sessions), mid-term training programs (short learning courses), and long-term training programs (bursaries).

4.1 Bursary Update for Quarter 4 (2023/24)

During this quarter, HR consulted with the Bursary Committee to institute recoveries from employee that did not complete their studies. The recoveries include beneficiaries dating back to 2022 to date (where results were not submitted upon request). A survey was conducted targeting the affected group, aimed at establishing why they could not complete the studies and what kind of assistance they would require, in case they decide to pay for the failed modules themselves. Upon submitting this report, the results were not yet consolidated.

4.2 Training Interventions for Quarter 4 (2023/24)- Short-term learning/ mid-term training

The following internal training interventions were conducted for the period under review:

- On the 05th of June 2024, Group Forensic Investigation Services (GFIS) conducted an anti-Fraud and Corruption workshop. Prior to the workshop GFIS indicated that the majority of cases within JOSHCO are relating to the Leasing and Supply Chain Management departments. The session included everyone; however, it was targeted at the employees within the two departments referred above to avoid discrimination. A total of fifty-four (54) employees engaged in this workshop, which was aimed at transforming the ethical morale compass of the organisation. It entailed invaluable insights into various fraudulent activities that threaten the organisation, including emphasizing the pivotal role of ethical standards in our operations. It is envisaged that there will be an increase in the commitment to upholding a culture of vigilance and responsibility by all staff members. Staff have proven to be valuable guardians of integrity through the discussions by identifying and reporting questionable behaviors, thereby contributing to a work environment characterized by openness and trust.
- A 2-Day Employment Equity workshop, which took place on the 11th & 12th of June 2024. The Employment Equity (EE) Awareness sessions aimed to create awareness of the crucial components of Disability Inclusion, Anti-Harassment, and Diversity Inclusion. The workshop was attended by two hundred and forty-five (245) staff members.
- The Performance Management Staff Workshop took place on June 7, 2024. The workshop involved aligning employees' goals with the organization's objectives, providing feedback and recognition, and ensuring regulatory compliance. It led to enhanced communication, increased productivity, and better decision-making. Employees should sign scorecards to acknowledge their performance and address any concerns. The workshop was attended by forty-seven (47) staff members.
- Adult Education and Training (AET, former ABET) resumed in the reporting period and forty-one (41) employees are currently enrolled.
- One (1) employee attended a Training for Certified Information Systems Auditors Course.

The implementation of these interventions has significantly contributed to the development of a more knowledgeable, ethical, and inclusive workforce. The total expenditure for these interventions amounted to R262 325.00, with an overall participation of 387.

4.3 Skills Transfer

In quarter 1 of the upcoming financial year, line managers will attend a Train-the-Trainer workshop to capacitate them in preparation for skills transfer. JOSHCO bursary recipients as well as individuals who paid for their own tuition will be engaged to establish their desired career paths in line with their studies. Once established, as far as operationally possible, employees will be placed within their desired departments for a period of at least one (1) year to gain the necessary experience and exposure.

4.4 Succession Planning

To retain talent and promote succession within the organisation, the departments will determine high mobility positions (i.e. positions likely to be vacant due to natural attrition) for succession. Furthermore, possible successors for the positions will be identified using various methods including career conversations and interviews. Identified employees will be subjected to psychometric assessment whose results will be used to put individualised targeted training and development.

4.5 Workplace Skills Plan (WSP) and Annual Training Report (ATR)

The organisation complied with the annual statutory reporting of the Workplace Skills Plan as well as the Training Needs Analysis report. The report was submitted to Services SETA on 29 April 2024. The need analysis was derived from personal development plans (PDPs), departmental challenges as well as the draft business plan.

SECTION 5: PERFORMANCE MANAGEMENT

This section aims to provide an update on the organization's status in performance management contracting per the Performance Management System policy. Contracting increased from 55% (277 employees) to 78% (390 employees) from the previous quarter, indicating a 23 % increase quarter on quarter. Efforts were made to engage with departmental managers to emphasize the importance of prioritizing the signing of the 2023/24 financial scorecards for organizational compliance.

In the meantime, training interventions were implemented, including a workshop at the head office and a digital campaign targeting staff members who may not fully understand the reasons behind the signing requirement. In preparation for the upcoming financial year, we have begun having staff members who recently completed their probation period sign new scorecards, which will take effect in July 2024.

Table 17: Contracting update

Department	Q4 Eligible Staff	Q3 YTD		Q4 YTD		Q4 YTD Outstanding	Q2/Q3 Movement	Q3/Q4 Movement
		Submitted	% Submitted	Submitted	% Submitted			
Office of the CEO (CEO, IA, Legal & Cosec)	10	7	70%	7	70%	3	-8%	0%
Office of the COO (COO, Housing Management, ICT, Community Development, Security, Stakeholder Relations)	447	236	53%	348	78%	99	5%	25%
Office of the CFO (CFO, SCM & Finance Core)	15	14	93%	14	93%	1	12%	0%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	8	8	100%	8	100%	0	50%	0%
Corporate Services (HR, Marketing, Health & Safety and Customer Services)	20	12	60%	13	65%	7	13%	5%
Total	500	277	55%	390	78%	110	3%	23%

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

This section aims to illuminate the status of disciplinary hearings, grievances, investigations, appeals, and suspensions. Resources were sourced from the City Core to assist with presiding over matters.

6.1. Disciplinary Matters as at 30 June 2024:

Currently, there are 06 remaining disciplinary matters outstanding.

New cases

- One (1) disciplinary hearing is scheduled for the 10th of July 2024.

Ongoing cases

- One (1) employee representative proposed a plea agreement.

Under review cases

- Four (4) cases are under review to determine whether there are still grounds to institute disciplinary action against the employees, as the cases have been pending since 2021. The recommendations report has been routed for approval by the CEO.

6.2. Grievances Matters as at 30 June 2024:

Six (6) grievances received as follows:

- Two (2) grievances finalised.
- Two (2) escalated to step two as per the grievance procedure.
- One (1) grievance meeting postponed from the 12th of June 2024 postponed 26th June 2024.
- One (1) grievance meeting is scheduled for the 28th of June 2024.

6.3. Matters at Bargaining Council/ CCMA:

- CCMA referral

One (1) is scheduled for the 22nd of July 2024.

- SALGBC referrals

One (1) was finalized on the 22nd of May 2024, and the award is in favour of the employee.

One (1) was scheduled for 18th of June 2024, and we are waiting for a new date from the bargaining council.

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days of leave per annum, to be taken at a time convenient to JOSHCO and agreed upon by management. Employees are also provided with 80 sick leave days in a three- (3) year cycle. All leave applications are administered through an Employee Self-Service (ESS) system.

This system allows employees to observe their leave balance and assists in omitting discrepancies in the SAP system. In the current quarter, management met to discuss the challenges they face with their subordinates regarding the ESS System. A survey was conducted for this purpose.

The results will be shared with the city core for intervention. Additionally, staff are receiving ongoing training on the leave policy and the existing processes. To ensure that staff members do not forfeit their annual leave days, Human Resources will support all departments by implementing and monitoring a leave planning system. The impact hoped for is an improvement in coordination at the departmental level, a seamless process of leave application/ approval, and a reduction in leave balances. The table below provides a detailed overall leave management.

Table 18: Leave Taken Analysis

Type of Leave	April	May	June	Total Leave Days Taken		Reason
Annual	192	186	212	590	Decrease	Includes compulsory leave
Sick	68	68	35	171	Increase	Flu Season
Family Resp. Leave	7	12	12	31	Decrease	Unpredictable/ uncontrollable

Special Paid leave	1	0	0	1	Increase	Compelling leave type
Maternity Leave	10	14	19	43	Increase	Unpredictable/uncontrollable
Unpaid leave/AWOL	24	25	33	82	Increase	Enforced remedial
Long Service	8	0	0	8	Increase	Periodic/ Compulsory to qualifying staff
Study/Exam leave	10	16	42	68	New item	Exam season
Total	320	321	353	994	-	

SECTION 8: EMPLOYEE WELLNESS

JOSHCO's Wellness Programme aims to promote a mentally and physically fit, conducive, and health-conscious workforce, improving staff performance and morale. JOSHCO offers all employees and their immediate family members access to the Lyra Wellbeing program, previously known as ICAS services.

This is endorsed through the facilitation of wellness-focused initiatives. In the previous quarter, 42 users were reported including five (5) internal referrals that are currently undergoing counselling.

For this quarter we have one (1) internal referral undergoing counselling. At the end of the counselling sessions, Lyra Wellbeing will submit a feedback report with recommendation for institution internally.

- During this quarter, two (2) online workshops were delivered. The first session, April 16, 2024, focusing on "training your brain like you train your body." The workshop aimed to help employees understand how the brain communicates with the body. Overall, the online wellness program is good for staff members to break the routine. It assists with stimulating the brain for better functionality, boosting vibrancy and job satisfaction amidst other challenges.
- The second session took place on the 28th of May 2024, focused on "balancing boundaries and boosting mental well-being." This workshop aimed to help employees maintain healthy boundaries to nurture their mental health and overall well-being. Employees who set boundaries are like invisible fences that help to protect their emotional, psychological, and physical space. Living within these boundaries is crucial to lowering stress and increasing satisfaction in life, particularly with the responsibilities and tasks at work and one's personal life.
- The third initiative for the quarter was the Culture Change and Wellness Workshop, which took place on the 21st of June at the Gold Reef City Theme Park. The aim of the workshop was to foster team unity and promote employee well-being. The first session was addressed by EXCO and the program facilitator, who focused on building cohesive teams.
- The second part of the program was team building exercises, where teams participated in various thrilling

activities such as roller-coaster rides and group challenges. This event was well received as staff members showed overwhelming excitement and appreciation. The long-term effect of this kind of exercise is to foster strong and enduring work relationships and help rebuild connections within the workforce.

Additionally, a soft employee wellness survey has been implemented to gather insights into employees' overall well-being, assess the effectiveness of current wellness programs, and identify areas for improvement. By understanding employees' physical, mental, and emotional health needs, the organisation aims to create a supportive work environment that promotes employee well-being, productivity, and job satisfaction

8.1 Impact of the Wellness Programme

Incorporating group exercises and team-building activities can strengthen bonds among staff, promoting collaboration and solidarity. Creating opportunities for management and staff to interact in a relaxed environment can improve understanding and trust, leading to better working relationships. Promoting wellness can reduce stress and improve employees' mental health. Awareness sessions on disability inclusion, anti-harassment, and diversity can create a more inclusive workplace, reducing anxiety and stress. Aligning goals with organizational objectives and providing feedback and recognition can boost morale and result in a more positive work environment.

Integrating performance management processes with developmental feedback supports personal and professional growth. Emphasizing ethical standards and fraud prevention builds a culture of trust and integrity. Scenario analyses and interactive sessions can promote teamwork and problem-solving, making employees more secure and confident in their roles.

SECTION 10: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The purpose of this section is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure health and safety at Head Office and projects, and to update the Human Resource, Social & Ethics Committee and JOSHCO's Management on the progress made on health and safety in Q4 of the 2023/2024 financial year.

Table 19: JOSHCO Fire Incidents, Injury on Duty (IOD), First Aid Incidents, Facility Incidents and Total Fatality Incidents Recorded

Total Fire incidents	Total IOD's (Injuries on duty)	Total First aid incidents	Total Medical treatment incident	Total fatality incidents
0	4	0	0	0
In Quarter 4, zero (0) fire incident have been recorded, four (4) IOD's, zero (0) first aid incident, zero (0) Medical treatment incidents and zero (0) Fatality incidents have been reported thus far.				

10.1. HEALTH AND SAFETY AWARENESS AND TRAINING

Table 20: Health and Safety Awareness and Training Recorded.

Health & Safety Induction Permanent Cleaner	Health and Safety Induction EPWP	Evacuation drill
Fleurhof Riverside 9 Fleurhof Junction 10 Tshedzani 15 Kliptown square 18	Fleurhof Junction 1 Lefhereng 23	A total of 112 staff members reported on duty, 04 members were reported to have visited various sites. A total of 108 staff members were safely evacuated.
Total :52	Total:24	Total staff evacuated :108

In Quarter 4, a **Health and Safety Induction** was presented to a total of 76 permanent staff and EPWP members.

Permanent staff members were inducted as follows:

Nine (9) cleaning staff member in Fleurhof Riverside, Ten (10) at A total of 112 Staff members reported on duty, 04 members were reported to have visited various sites.

A total of 108 staff members were safely evacuated. Fleurhof Junction, Fifteen (15) at Tshedzani and Eighteen (18) members in Kliptown Square.

Members of the EPWP were also inducted as follows:

One (1) at Fleurhof Junction and Twenty-three (23) members at Lefhereng.

Safe Work Procedure Training This effort is actioned to provide orientation and directions in promoting a safety culture, and to prevent reoccurrence of the similar incidents from happening. A total number of 76 general workers were trained, out of the targeted 50.

An unplanned evacuation drill was conducted on 31 May 2024 to evaluate the level of responsiveness in an event of emergency, the drill presented an improved response time of below 5 minutes and awareness by staff members although some members still take it as a drill.

A total of 112 staff members reported on duty, 04 members were reported to have visited various sites. A total number of 108 staff members were safely evacuated.



Picture 1: Safety Induction (Lufhereng). Picture 2: Evacuation drill.

10.2 Health and Safety non-compliance

- On 10 May 2024 African Diamond was visited following the safety representative complain about a bottle store owner who continued to block an emergency exit leading to the main road. Upon arrival with the EMS fire inspector, the emergency exit was blocked with bags containing bottles. EMS Fire inspector issued a compelling order to the bottle store owner to comply with fire safety regulations. **The owner cleared the area immediately and was also ordered not to repeat the same offence.**

10.3 Health and Safety Inspections

Table 21: Health and Safety Inspections

Site	Major findings	Status update by Housing
Kliptown Square	Perimeter lighting needed to be improved to maintain visibility in the night.	Corrected.
Ekhaya Garden	Evacuation layouts, Assembly point signs, Legislative charts layouts were not displayed in terms of the South African National Standards (SANS 10400) Codes of building compliance.	No formal update received from the Portfolio Manager, It was telephonically indicated that the response will be updated on 14 June 2024.
Lefhereng	No major finding recorded.	NA
Kliptown Golf Course	Health and Safety policy statement not conspicuously displayed in terms of the Section 7 of the Occupational Health and Safety Act.	Corrected.
Fleurhof Junction	Health and Safety policy statement not conspicuously displayed in terms of the Section 7 of the Occupational Health and Safety Act.	Corrected.
African Diamond	Shopkeeper was persistently blocking emergency exit with bags containing bottles.	Corrected.
Legae	Fire extinguishers were out of service.	Corrected.
Fleurhof Riverside	Health and Safety policy statement not conspicuously displayed in terms of the Section 7 of the Occupational Health and Safety Act.	Corrected.
Orlando Ekhaya	Health and Safety policy statement not conspicuously displayed in terms of the Section 7 of the Occupational Health and Safety Act.	Corrected.

<p>11 Mordaunt Street</p>	<p>The building condition is unsafe for human dwelling due to the following reasons:</p> <ul style="list-style-type: none"> - Firefighting equipment were out of service. - The condition of the building is dilapidating. - Inadequate ventilation and lighting. - DB box not safely secured and posing a risk of electrocution and illegal connectivity. - There were signs that unauthorised people are breaking into units, this poses a risk of illegal occupation. 	<p>No formal update received from the Portfolio Manager. It was telephonically indicated that the response will be updated on 14 June 2024</p>

CHAPTER 5

FINANCIAL PERFORMANCE AND EXPOSURE



SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES

An analysis of the financial position as at 30 June 2024 is reflected below and in Table 23.

Table 22: Statement of Financial Position as at 30 June 2024

Description	30 June 2024	31 Mar 2023	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	209	190	19	10%
Loans to shareholders	2 975	2 975	-	0%
Current tax receivable	50	146	(96)	-66%
Receivables from exchange transactions	1 326 634	1 274 336	52 298	4%
Receivables from non-exchange transactions	5 871	4 960	911	18%
VAT receivable	5 315	7 153	(1 838)	-26%
Cash and cash equivalents	21 894	21 456	438	2%
Total Current Assets	1 362 948	1 311 216	51 732	4%
Non-current assets				
Property, plant and equipment	38 079	38 393	(314)	-1%
Intangible assets	10 007	10 016	(9)	0,1%
Investment in joint venture	21 220	21 220	-	0%
Total Non-current assets	69 306	69 629	(323)	0,5%
			-	
Total Assets	1 432 254	1 380 845	51 409	4%
Liabilities				
Current Liabilities				
Loans from shareholder	1 299 725	1 315 476	(15 751)	-1%
Borrowings - DBSA	2 142	2 315	(173)	-7%
Finance lease obligation	769	370	399	108%
Payables from exchange transactions	1 467 796	1 235 364	232 432	19%
Total Current Liabilities	2 770 432	2 553 525	216 907	8%
Non-Current Liabilities				
Borrowings - DBSA	6 617	5 264	1 353	26%
Finance lease obligation	922	472	450	95%
Deferred Income from non-exchange transactions	178	191	(14)	-7%
Total Non-Current Liabilities	7 717	5 927	1 789	30%
Total Liabilities	2 778 149	2 559 452	218 697	9%
Net Assets	(1 345 895)	(1 178 607)	(167 288)	14%
Share Capital	0,120	0,120	-	0%
Accumulated deficit	(1 345 895)	(1 178 607)	(167 288)	14%
Total Net Assets	(1 345 895)	(1 178 607)	(167 288)	14%

1.1. ASSETS

1.1.1 Current Assets

Current assets increased by R51,7 million. There is a 18% increase in Receivables from non-exchange transactions as a result of payment of bursaries in the quarter under review. Current tax receivable and VAT receivable decreased by 66% and 26% respectively. Current tax decrease is due to a correction of an error identified during the compilation of the interim financial statements. VAT receivables decreased due to refunds being paid by SARS.

1.1.2 Non-current assets

There have been no significant changes in the non-current assets.

1.2. LIABILITIES

Loans from shareholders decreased by R15,8 million (from R1,315 billion to 1,300 billion) mainly due to an improved collection rate from tenants and certain City departments have made payments for a portion of monies due to the entity. Included in current liabilities is the current portion of the long-term loan from the DBSA. Payables from exchange transactions have increased by 19%, which is a result of the city-wide cash-flow challenges. JOSHCO is continuously engaging Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

The increase in the finance lease obligation is due to an error in the calculation identified during the compilation of the interim financial statements.

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2024 resulted in a deficit of R537,9 million per Table 24 below.

Table 23: Statement of Financial Performance for the period ended 30 June 2024

	Actual	Adjusted Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	151 787	140 029	11 159	8%
Subsidies	110 687	110 687	-	0%
Management Fees	30 009	63 058	(33 049)	-52%
Interest Income	33 113	25 474	7 639	30%
Utility Recoveries	4 044	4 220	(176)	-4%
Other Income	18 555	574	18 281	3 185%
EPWP Government Grant	24 808	24 808	-	0%
Total Revenue	373 303	369 449	3 854	1%
Personnel costs	(216 373)	(196 356)	(20 017)	-10%
Board fees	(2 252)	(2 400)	148	6%
Debt impairment	(20 334)	(25 201)	4 867	19%
Depreciation and Amortisation	(3 602)	(1 627)	(1 975)	-121%
Finance Costs	(103 895)	(959)	(102 936)	-10734%
Bad debts written off	(98 104)	-	(98 104)	-100%
Repairs and Maintenance	(189 440)	(63 888)	(125 552)	-197%
Security	(50 815)	(9 232)	(41 583)	-450%
Utilities	(172 734)	(33 924)	(138 810)	-409%
Administrative	(53 610)	(35 862)	(17 748)	-49%
Total Expenditure	(911 160)	(369 449)	(541 711)	-147%
Operating (Deficit)/Surplus before tax	(537 857)	-	(537 857)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(537 857)	-	(537 857)	-100%

2.1. REVENUE

2.1.1. Composition of Revenue

The entity's revenue is derived from the streams per Table 25 below.

Table 24: Composition of Revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	151 787	140 628	41%
Subsidies	110 687	110 687	30%
EPWP Government Grant	24 808	24 808	7%
Management Fees	30 009	63 058	8%
Interest Income	33 113	25 474	9%
Utility Recoveries	4 044	4 220	1%
Other Income	18 855	574	5%
Total Revenue	373 303	369 449	100%

Total revenue is R3,9 million above budget. The biggest contributor to revenue earned in the current financial year is rental income, making up 41% of total revenue. Management fees have decreased below budget by 52% due to no significant new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 30% due to the high long outstanding and historic debt from tenants. Other income also saw a sharp increase as a result of some the SHRA grant funding being realised as revenue.

2.1.2 Revenue Collection

The entity's collection levels have improved compared to the same period last year as we've realised 69% for current tenant rentals for the 4th Quarter of 2023/24 FY ending on 30 June 2024 as shown in **Table 26** below. Collections in respect of SHRA funded Projects is 73%, JOSHCO Projects is 82%, and City Stock at 38%, whilst the Retail space is at 129%. The collection rate excluding city referral stock is 78%.

The collection rate has increased from Q3 to Q4 from 62% to 69% as the overall collection figures have been on an upward trajectory compared to the same period last year.

Table 25: Q4 Collection Rates

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (10)	22 720	(16 544)	73%	6 176
JOSHCO Projects (11)	6 174	(5 032)	82%	1 142
City Referral (10)	9 011	(3 435)	38%	5 575
Retail Space (9)	1 972	(2 551)	129%	(579)
OVERALL COLLECTION	39 877	(27 563)	69%	12 314

2.1.3 Revenue Collection by debt collection companies

The company uses the services of debt collecting companies to collect debt over 90 days and above R10 000. The service providers are remunerated on a commission basis of 12,5% of the total amount recovered from each debtor as a consideration for providing pre-legal debt collection and tracing services where applicable.

The performance of the debt collection companies is shown in Table 27. For the year to date, the companies have collected R8,1 million (4,83%) from the R166,2 million handed over to them for collection. For the quarter under review R1,4 million was collected. The entity is currently reviewing the effectiveness of this method of collection.

Table 26: Performance of debt collection companies for the current year to date

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-23	3 552	233 868	764	0,33%
Aug-23	3 552	235 739	743	0,32%
Sep-23	3 285	204 022	1 028	0,50%
Oct-23	3 285	209 540	769	0,37%
Nov-23	3 285	207 238	910	0,44%
Dec-23	3 285	213 602	652	0,31%
Jan-24	3 285	159 805	589	0,37%
Feb-24	3 285	159 193	611	0,38%
Mar-24	3 285	159 499	600	0,38%
Apr-24	3 285	164 777	472	0,29%
May-24	3 285	167 712	479	0,29%
Jun-24	3 285	166 245	476	0,29%
TOTAL YEAR TO DATE	3 285	166 245	8 093	4,83%

In trying to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable the company has introduced various settlement discount vouchers for tenants. In addition to the vouchers processed, we are also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.

1.2. EXPENDITURE

Analysis of major expenses with significant variances (5% and above or significant balance) between actual and budget:

- a) **Personnel costs:** The employee cost is 10-% over the year-to-date budget due to salary adjustments and EPWP expenditure.
- b) **Board fees:** The director's remuneration (board fees) is 6% below budget. Board fees are a variable cost that is affected by the attendance of members for various meetings.
- c) **Debt impairment:** The debt impairment is high due to the high rate of defaulting tenants.
- d) **Depreciation and Amortisation:** Depreciation and amortisation is 121% over budget due to the purchase of property, plant, and equipment for the head office, which also includes computer equipment as well as IT software.
- e) **Finance costs:** Finance costs exceed budget by R102.9 million due to interest incurred on negative Sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of COJ departments.
- f) **Bad debts written off:** These are irrecoverable amounts per the conditions of the bad debt write off policy.
- g) **Repairs and Maintenance:** Repairs and maintenance expenditure is 197% above budget due to an increase in unplanned maintenance due to deteriorating buildings where planned maintenance has not been conducted in a number of years due to financial constraints.
- h) **Security:** Security services is R41.6 million above budget due to an increase in buildings under management, buildings which are still in the planning phase and no contractor is appointed and sites where contractors have been terminated. The number of guards insourced are not sufficient to cover the security requirements of the entity's building portfolio.
- i) **Utilities:** The utilities expenditure is R138.8 million above budget largely due to unavoidable utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects in phases due to budget constraints. A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects.
- j) **Administrative costs:** The administrative costs are R17.7 million above budget largely due to increase in legal costs for ongoing investigations and rental collection processes, eviction processes and contracted services for business process improvements.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 30 June 2024 is R21,9 million. The tenant deposit account has a balance of R18,9 million. The SHRA account has a balance of R2 million due to drawdown of funds by CoJ Treasury (i.e.

the shareholder) during the 2nd quarter. An amount of R1,3 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans (from) shareholders).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved adjusted capex budget is R337,5 million (reduced from R492,3 million) funded from the external funding sources (EFF) and capital reserves (CRR). As at 30 June 2024 JOSHCO's verified spend for the quarter under review is 100% against a target of 100% per the table below. This is reflected in Table 27 below. The detailed budget per project is shown in Table 28.

Table 27: CAPEX Spend

SOURCE	ADJUSTED BUDGET	CLAIMS TO DATE	%
EFF -350	258 902 000	213 770 947	83%
CRR-360	78 594 000	124 933 158	159%
TOTAL	337 496 000	338 704 105	100%

Table 28: Capex Spend Per Project

Project Name	Adjusted Budget	Expenditure to date	Balance
Dobsonville Social Housing Project New B	5 000 000,00	2 638 336,80	2 361 663,20
EXISTING STOCK REDEVELOPMENT;UPGRADE AND	22 734 000,00	20 108 081,31	2 625 918,69
KELVIN RENTAL STOCK New Building Alterat	9 794 000,00	17 455 128,14	(7 661 128,14)
LOMBARDY EAST HOUSING PROJECT New Housin	3 726 000,00	3 259 708,28	466 291,72
LOMBARDY EAST HOUSING PROJECT New Housin	1 800 000,00	1 755 227,53	44 772,47
LUFHERENG SOCIAL HOUSING PROJECT New Hou	0,00	-	0,00
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	53 054 000,00	38 142 111,80	14 911 888,20
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	0,00	12 244 523,10	(12 244 523,10)
Princess Plots Social HousingProject New	22 500 000,00	16 313 219,77	6 186 780,23
Princess Plots Social HousingProject New	0,00	6 136 251,95	(6 136 251,95)
Selkirk Social Housing project New Housi	16 000 000,00	3 694 643,36	12 305 356,64
Selkirk Social Housing project New Housi	0,00	151 814,20	(151 814,20)
City Deep Upgrading Renewal Operational	5 000 000,00	4 999 844,39	155,61
Golden highway Social Housing project Ne	12 523 000,00	9 194 543,40	3 328 456,60
Golden highway Social Housing project Ne	0,00	3 239 860,50	(3 239 860,50)
Casamia Renewal Building Alterations	0,00	-	0,00
Casamia Renewal Building Alterations	0,00	-	0,00
Malvern Building Conversion	3 000 000,00	2 338 186,61	661 813,39
38 Rissik Street (NBS) Inner City Buildi	9 804 000,00	9 804 175,39	(175,39)
38 Rissik Street (NBS) Inner City Bu	0,00	-	0,00
Booyens Place Inner City Building C	7 000 000,00	293 699,13	6 706 300,87
Booyens Street Inner City Conversion	0,00	-	0,00
Abel Road Inner City Building Conver	25 000 000,00	14 952 591,69	10 047 408,31
Abel Road Inner City Building Conver	0,00	4 524 214,54	(4 524 214,54)
106 Claim Street Inner City Building	9 510 000,00	7 826 447,90	1 683 552,10
Smit Street Inner City Building Conv	11 039 000,00	25 022 461,53	(13 983 461,53)
Smit Street Inner City Building Conv	0,00	-	0,00

Project Name	Adjusted Budget	Expenditure to date	Balance
Marlboro Social Housing Project Regi	3 000 000,00	2 971 987,73	28 012,27
Nederburg Social Housing Project Region	19 000 000,00	14 838 993,72	4 161 006,28
Nederburg Social Housing Project RegionA	0,00	2 139 605,14	(2 139 605,14)
Tum-Key 1: Region A	22 225 000,00	39 710 100,74	(17 485 100,74)
Tum-Key 1: Region B	0,00	-	0,00
Park Chambers	8 279 000,00	8 278 871,94	128,06
Frank Brown/ Milpark Social Housing Deve	100 000,00	-	100 000,00
Frank Brown/ Milpark Social Housing Deve	721 000,00	-	721 000,00
Tum-Key : Region F (Denver Social Housi	11 687 000,00	-	11 687 000,00
Tum-Key : Region F (Denver Social Housi	55 000 000,00	66 669 474,04	(11 669 474,04)
Total	337 496 000,00	338 704 105	(1 208 105)

SECTION 5: RATIO ANALYSIS

The following financial ratios are crucial in measuring the financial stability of the entity:

Table 29: Key Ratio Analysis as at 30 June 2024

KEY PERFORMANCE INDICATOR	2023/24 TARGET	QUARTER 4 TARGET	QUARTER 4 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios % collection in respect of current debtors	Current ratio 1:1	1:1	0.49	-0.51
	Solvency Ratio 1:1	1:1	0.52	-0.48
	80% collection in respect of current debtors	100%	69%	-11%
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt (figures as at February)	100%	54%	-46%
% Capital Expenditure Budget.	100% Expenditure of Approved Capital Budget.	100%	100%	0%

It is important to note that JOSHCO's cost coverage ratio is -291 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility, finance costs and repairs and maintenance costs.

- The entity's reviewed 5-year strategy to improve the entity's financial sustainability is under implementation as follows

- Increase in management fee income earned on projects implemented on behalf of other COJ entities – work on behalf of Human Settlements has resumed however this strategy is still derailed by halting of work on behalf of other departments due to SDA issues.
- Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Additional student accommodation projects are being considered to raise more cash due to their good performance in rental collection.
- Commercial spaces –maximise commercial spaces available for additional revenue to be generated.

Strategies to reduce expenditure are as follows:

- Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken. Controls around EPWP management to be strengthened.
- Utilities – Prepaid meters are being rolled out in projects budget permitting. A flat rate for water is being charged while the water meters are being sourced and installed.
- Security – Implementing of cost cutting measures are in place, i.e. lower grade guards and reduction in number of guards where possible.

5.1.2 Collection in respect of current debtors

- The rental collection is improving due to initiatives like targeted evictions, interest reversals, acknowledgment of debt and discount vouchers. All new leases and lease renewals will be confirmed by the signing of a DebiCheck (debit order). Only valid lease holders will be able to enter our premises via a biometric system.
- Implementing departmental changes to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.
- Active call to defaulting tenants to sign acknowledgement of debt (AOD's) and make payment arrangement for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process for new tenant applications.

- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The board has approved for this stock to be returned to the city. The final step of the process involves Mayoral Committee recommendations to Council for approval.

SECTION 6: SUPPLY CHAIN MANAGEMENT AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT

6.1 DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 June 2024, only **54%** of valid invoices were paid within 30 days per Table 9 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

Table 30: Payments within 30 days for Quarter 4

Period	Total number of supplier payments	Total number of valid supplier invoices paid within 30 days	Total number of valid supplier invoices paid after 30 days	Total number of invoice received in the period	% Paid within 30 days	Total number of invoice not paid within 30 days	% Not paid within 30 days
Quarter 4	1 949	1 550	64	2 848	54%	1 298	46%

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were no instances of irregular, fruitless and wasteful expenditure for the quarter under review.

There is potential irregular expenditure on the year-to-date overspend of the budget of over R413,5 million should the entity's deficit position not reverse by the end of the financial year.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

There were 3 approved variation orders for the period under review per Table 32 below.

Table 31: Approved variation orders for the quarter ended 30 June 2024

Name of supplier	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation R	% Variation
LBM DIMENSIONAL CONSULTING CC	HOUSING DEVELOPMENT	The contract has exceeded the allocated amount due to extension of time	22-05-2024	R8,901,000,00	R10 681 200.00	R 1 780 200,00	20%
AVANSARE DEVELOPMENT PROJECTS CC	HOUSING DEVELOPMENT	The additional amount needed to complete works onsite	22-05-2024	R10 958 972,25	R12 216 911,25	R1 257 939,00	11%
SITUKULWANE LESISHA CONSTRUCTION	HOUSING DEVELOPMENT	Additional scope of work that was not in the original scope of works	22-05-2024	R10 486 582,91	R12 112 133,20	R1 625 550,29	15,5%

6.5 AWARDS MADE FOR THE QUARTER

The table below details all awards made via a public tender (above R750 000) or through our approved panels (above R1 million) for the quarter under review.

Table 32: Awards for the Quarter

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/HOUSING/004/2024	THE APPOINTMENT OF A CONTRACTOR FOR CONSTRUCTION OF MINOR WORK AND EARTHWORKS AT BLOCK H IN DIEPKLOOF HOSTEL	HOUSING DEVELOPMENT	PANEL OF CONSTRUCTORS	17 MAY 2024	MBHONYA TRADING	MALE	HIGHEST SCORING BIDDER	R13 254 786,84	R13 178 721,24	1
RFQ/PM/001/2024	THE APPOINTMENT OF A SERVICE PROVIDER FROM PROJECT MANAGEMENT PANEL FOR STAGES 1 TO 6 OF PROFESSIONAL SERVICES FOR VARIOUS PROJECTS IN REGION B	HOUSING DEVELOPMENT	PROJECT MANAGEMENT PANEL	17 MAY 2024	KAMKON CONSULTING	MALE	HIGHEST SCORING BIDDER	R5 512 320,00	R5 442 720,00	1
RFQ/PM/002/2024	THE APPOINTMENT OF A SERVICE PROVIDER	HOUSING DEVELOPMENT	PROJECT MANAGEMENT PANEL	17 MAY 2024	EKS CONSULTING ENGINEERS	MALE	HIGHEST SCORING BIDDER	R6 747 480,00	R6 695 246,86	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	FROM PROJECT MANAGEMENT PANEL FOR STAGES 1 TO 6 OF PROFESSIONAL SERVICES FRO VARIOUS PROJECTS IN B AND G									
RFQ/PM/003/2024	THE APPOINTMENT OF A SERVICE PROVIDER FROM PROJECT MANAGEMENT PANEL FOR STAGES 1 TO 6 OF PROFESSIONAL SERVICES FROM VARIOUS PROJECTS IN REGION C AND D	HOUSING DEVELOPMENT	PROJECT MANAGEMENT PANEL	17 MAY 2024	THUSO INCORPORATE D	MALE	HIGHEST SCORING BIDDER	R6 082 560,00	R6 094 080,00	1
RFQ/PM/004/2024	THE APPOINTMENT OF A SERVICE PROVIDER FROM PROJECT MANAGEMENT PANEL FOR STAGES 1 TO 6 OF PROFESSIONAL SERVICES FROM VARIOUS PROJECTS IN REGION D	HOUSING DEVELOPMENT	PROJECT MANAGEMENT PANEL	17 MAY 2024	ESTRISEC	MALE	HIGHEST SCORING BIDDER	R5 892 480,00	R5 989 200,00	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/PM/005/2024	THE APPOINTMENT OF A SERVICE PROVIDER FROM PROJECT MANAGEMENT PANEL FOR STAGES 1 TO 6 OF PROFESSIONAL SERVICES FROM VARIOUS PROJECTS IN REGION E	HOUSING DEVELOPMENT	PROJECT MANAGEMENT PANEL	17 MAY 2024	HDM GROUP	MALE	HIGHEST SCORING BIDDER	R5 892 480	R5 548 566,00	1
RFQ/PM/006/2024	THE APPOINTMENT OF A SERVICE PROVIDER FROM PROJECT MANAGEMENT PANEL FOR STAGES 1 TO 6 OF PROFESSIONAL SERVICES FROM VARIOUS PROJECTS IN REGION F	HOUSING DEVELOPMENT	PROJECT MANAGEMENT PANEL	17 MAY 2024	LOOCON	MALE	HIGHEST SCORING BIDDER	R5 702 400,00	R5 754 600,00	1

6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

This section provides reporting on the nature of expenditure per category (i.e., CAPEX and OPEX), ownership and BBBEE levels of contributions. This expenditure includes expenditure done on behalf of other CoJ departments.

Table 33: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 4 R'000	% of total expenditure
Capital Expenditure	85 005	60
Operational Expenditure	57 545	40
Total Expenditure	142 550	100

b) Capital Expenditure		
Nature of expenditure	Quarter 4 R'000	% Of Capex expenditure
Professional Consultants	40 278	47
Contractor Payments	44 727	53
Total Expenditure	85 005	100

c) Operational Expenditure		
Nature of expenditure	Quarter 4 R'000	% Spend
Procurement <R200 000	940	2,1
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	540	0,9
Operational Expenditure	7 696	13
Security Services	2 783	5
Repairs and Maintenance	45 586	79
Total	57 545	100

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 35 to 37.

Table 34: Summary of spent to at least 51% black owned companies.

Period	Total OPEX from procurement activities	OPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	57 545	53 422	93%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	85 005	74 180	87%

Table 35: Summary of spend on women owned companies.

Period	Total OPEX from procurement activities	OPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	57 545	15 446	26%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	85 005	5 892	7%

Table 36: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities	OPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	57 545	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	85 005	0	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

Matters reflected in the below table are expected to be finalised before the end of the calendar year, and parties are in the process of exchanging all the necessary court papers before obtaining dates for hearing.

Table 37: Matters reflected in the below table are expected to be finalised before the end of the financial year, and parties are in the process of exchanging all the necessary court papers before obtaining dates for hearing

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
1.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project, which are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property-owner, two were opposed and the remaining five were unopposed. Five demolition orders were previously executed.</p> <p>Progress: There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. The court application to demolish the remaining structure was issued in court with the case number 4255/ 2024 and is currently underway. It is anticipated that a court date will be obtained in the first quarter of the 2024/2025 financial year.</p>	30/06/2020	The matter is ongoing. Six demolition orders have been executed thus far.	<p>Expenditure to date: R 785 932,29 spent on legal fees.</p> <p>Projected expenditure up to 30 June 2024: R0</p>
2.	Various evictions and recovery of outstanding rental.	Various	<p>There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. Seventeen of these orders have been successfully executed.</p> <p>Progress: The sheriff will execute a total of eight (8) evictions between the 27th and the 28th of June 2024.</p>	2019	Matters are ongoing.	<p>Expenditure to date: R 5 571 322,48 spent on legal fees.</p>

						Projected expenditure up to 30 June 2024: R30 000
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
3.	Social Housing Movement and 5 others // JOSHCO and 3 others	ENSAfrica	<p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality, and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining "suitable alternative accommodation".</p> <p>Progress: The matter was set down for hearing on the opposed motion roll for 12 March 2024. On 11 March 2024 JOSHCO's attorneys learnt that the matter was removed from the court roll due to a failure by the Applicant's attorneys, to respond to notes published by the court requesting for additional information. JOSHCO's attorneys have served and filed all necessary documents to re-enrol the matter, they are currently awaiting allocation of a new court date.</p>	12/09/2022	The matter is ongoing.	<p>Expenditure to date: R382 653,90</p> <p>Projected expenditure up to 30 June 2024: R70 000</p>
4.	Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others	ENSAfrica	<p>Court application lodged by tenants of BG Alexandra flats against JOSHCO, Madulammoho Housing Association NPC, JOSHCO and Madulammoho Joint Venture, CoJ Municipality, Social Housing Regulatory Authority, and the Provincial Department of Human Settlements. The application seeks to compel JOSHCO and all other respondents to provide the applicants with "RDP houses from any social housing project around the Johannesburg area", to prohibit JOSHCO and the rest of the respondents from evicting the applicants without providing them with RDP houses, and to further prohibit JOSHCO and other respondents from instituting eviction applications against child-headed units without providing alternative accommodation. Attorneys have been appointed to oppose the matter.</p>	08/11/2022	The matter is ongoing	<p>Costs incurred to date: R 1 544 279,44</p> <p>Projected expenditure up to 30 June 2024: R152 889.68</p>

			<p>Progress: JOSHCO's attorneys obtained a hearing date for 29 July 2024.</p>			
5.	JOSHCO //Quick Prop Systems (Pty) Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	<p>Court application instituted by JOSHCO against Quick Prop Systems (Pty) Ltd. Quick Prop Systems (Pty) Ltd was appointed by JOSHCO to develop a property management system, enhancement, and mobile application solution. The application seeks to review and set aside the appointment, based on misrepresentation by Quick Prop Systems (Pty) Ltd in their bid submission for the appointment.</p> <p>Progress: JOSHCO's attorneys filed an application to compel the respondents to file heads of argument. The respondents had through their attorneys requested to file their heads of argument on or before the 18th of April 2024. Pleadings have closed and the respondents have still not filed their Heads of Argument. JOSHCO's attorneys are following up with the Registrar with regards to obtaining a hearing date.</p>	12/03/2023	The matter is ongoing	<p>Expenditure to date: R 419 310.90</p> <p>Projected expenditure up to 30 June 2024: R0</p>
6.	Property Corner Erf 166 (Pty) Ltd // Thlokomele Management, JOSHCO and Lowndes Dlamini Inc	Mncedisi, Ndlovu and Sedumedi Attorneys	<p>The matter relates to a court application lodged by Property Corner Eft 166 (Pty) Ltd, which is the owner of the land upon which the appointed developer (Thlokomele Management) is to develop social housing units for JOSHCO (Rivonia turnkey project). When the developer failed to secure funds to pay for the land, in an attempt to resolve the funding challenge and salvage the project, parties reached agreement for a simultaneous transfer of the property to Thlokomele, and then to JOSHCO. This arrangement would allow JOSHCO to pay for the land.</p> <p>In its court application, Property Corner Eft 166 (Pty) Ltd seeks an Order declaring that the conveyancer proceed with transfer of the property to Thlokomele, and to further pay over the purchase amount to Property Corner Eft 166 (Pty) Ltd. The application was necessitated by delays with transfer of the property. JOSHCO's</p>	20/04/2023	The matter is ongoing	<p>Expenditure to date: R 220 157.44</p> <p>Projected expenditure up to 30 June 2024 : R 54 42.56</p>

			<p>challenge with the application and reasons for opposing it, is that the applicant's "prayer" or request to the court does not include a simultaneous transfer but only seeks to enforce the sale transaction between Tlhokomelo and the seller, while JOSHCO has advanced payments to the conveyancers. For this reason, JOSHCO is opposing the application. JOSHCO's argument is that the transaction cannot continue using JOSHCO's funds that are sitting in the conveyancer's trust account, and that the Court must dismiss the application, if not, that the order made by the court, include a simultaneous transfer of the property.</p> <p>JOSHCO terminated the Development Agreement due to several breaches committed by the developer.</p> <p>Progress: The matter was heard on the 3rd of June 2024, with the court ordering that the property in question be transferred to JOSHCO. JOSHCO will need to take a decision on how to proceed with the project after receiving transfer of the property.</p>			
7.	JOSHCO//Tenants of Pennyville	ENSAfrica	<p>Urgent court application for an interdict brought against tenants of the Pennyville project. The application sought to restrain the group of tenants from interfering with the work performed by JOSHCO officials, and from endangering the lives of the officials.</p> <p>The application was heard on the 17th of August 2023 wherein an interim order was granted.</p> <p>Progress: JOSHCO's attorneys advised that the matter cannot proceed as the application was brought on an urgent basis, and currently the application no longer meets the requirements for relief sought. The matter is currently on hold until further developments.</p>	17/08/2023	The matter is ongoing	<p>Costs incurred to date: R1 188 710,43.</p> <p>Projected expenditure up to 30 June 2024: R0.</p>

8.	JOSHCO//Illegal occupants of the Casa Mia building	Padi Attorneys	<p>Eviction application lodged on an urgent basis against illegal occupants of the Casa Mia building.</p> <p>Progress: The matter was heard on 21 November 2023 wherein the court granted an order declaring the building unsafe for occupation and instructed the city to provide alternative accommodation for the illegal occupants. JOSHCO engaged the Human Settlements department regarding provision of alternative accommodation and was advised that Casa Mia occupants are to be accommodated at the Transnet building that the City is acquiring through JPC. Human Settlements is currently waiting for JPC to table the report at the next council meeting.</p>	20/09/2023	The matter is ongoing	<p>Cost incurred to date : R 500 000 (paid).</p> <p>R 138 435.07. (unpaid)</p> <p>Projected expenditure up to 30 June 2024: R0.</p>
9.	TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>JOSHCO appointed TSSN Carriers (Pty) Ltd in July 2019, for construction of 145 social housing units at Randburg. The contractor never commenced work due to a few outstanding town planning issues, which JOSHCO has been in the process of resolving. In June 2023 JOSHCO terminated the contract, on the basis that there had been no work on site for a continuous period of 90 days. The contractor disputed the termination and referred the matter to adjudication.</p> <p>Progress: Outcome of the referral to adjudication was received on 27 May 2024. The adjudicator decided that he did not have jurisdiction to decide on the matter. TSSN thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. No further communication has been received from the other party since rejection of their settlement proposal however, it is likely that they will refer the matter for arbitration.</p>	26/03/2024	This is a new matter that was reported in Q3.	<p>Cost incurred to date: R211 598,70</p> <p>Projected expenditure up to 30 June 2024: R150 000.</p>

Table 38: The below table reflects matters wherein progress has been delayed due to various factors, such as lack of action from the other party, or challenges with locating parties for purposes of serving court papers. Legal opinions have been sourced on some of the matters, to assess JOSHCO 's merits of success, which will enable JOSHCO to take a decision on a way-forward.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
1.	JEH Properties //JOSHCO - Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.	Dyason Attorneys	<p>Sale of immovable property at no. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on the 3rd of April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the purchase price following the seller's failure to provide JOSHCO with vacant occupation. JOSHCO then instituted a court process for cancellation, which was later placed on hold after the attorneys advised JOSHCO to proceed with the sale as the full purchase price and transfer costs had been paid. It was however discovered that there was a bond registered over the property. In light of this, JOSHCO's attorneys were instructed to proceed with the initial claim for the purchase price and transfer costs. It was further discovered that the individuals identified in the illegal and fraudulent sale of said property to JOSHCO were linked to other hijacked properties.</p> <p>Progress on civil claim: The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel Discovery. The application to compel discovery has been delayed by the Court's practice directives in respect of enrolment of applications and the handling of the Court files.</p>	22/05/2015	The matter is ongoing	<p>Expenditure to date: R38 775.00 (added R1 950)spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p> <p>Projected fees up to 30 June 2024: R5 000.00</p>

			<p>The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.</p> <p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities.</p> <p>During JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p>Criminal investigation: Upon engagements with the SAPS, JOSHCO's legal department was advised that the docket was submitted to the prosecutor for a decision, and the prosecutor advised that the Investigation Officer proceed with further investigations on the matter.</p>			
2.	<p>SKN Consulting // JOSHCO</p> <p>- Claim for damages.</p>	Tshiqi Zebediela Attorneys	<p>JOSHCO had appointed SKN Consulting ("SKN") as project managers on the Randburg Selkirk project. In 2014, SKN sent a notice to JOSHCO demanding payment of professional fees, alleging that JOSHCO had failed to pay the full fees for stages one and two of the projects. JOSHCO's reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against SKN for damage suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p>Progress: Attorneys have lodged a review application.</p>	18/12/2015	The matter is ongoing.	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 13 926 340.53 spent on professional</p>

			The respondent has been served with the application, and JOSHCO's attorneys are awaiting the 15-day period for the respondent to file their answering papers.			fees, R 719 340.00 for damages Projected fees for review application: R249 590.25
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SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

Several claims related to property damage of the JOSHCO managed stock and employee injury on duty have been lodged with the insurer in the previous and current financial year. During the quarter under review a total of four (4) new claims were recorded.

Several claims related to property damage to JOSHCO managed stock, employee injury on duty and third party have been lodged with the insurer in the previous and current financial years.

- During the quarter under review a total number of three (3) new claims were recorded. These relate to assets and third-party liability.
- As of June 2024, there is a total of thirty-four (34) claims, of these three (3) are repudiated and thirty-one (31) are active. The repudiated claims relate to ICT assets and third-party liability, the repudiation is attributable to the below reasons;

The fact that the policy does not cover any liability emanating from damage / theft to vehicles and their contents and accessories the property of tenants, customers, visitors or employees of the Insured using parking facilities provided by the Insured; and due to fact that there is no proof of forcible and violent entry or exit from the vehicle.

Continuous monitoring and follow ups on active claims are done to keep track of these claims.

SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

The amount which JOSHCO owes other departments or entities or that which other departments or government entity owe JOSHCO is shown in Table 55 below.

Table 39: Statement of amounts owed by or to government departments and public entities.

Name of department	30 June 2024	31 March 2024	Account Status	Comments
City of Johannesburg: Sweeping account	(1 299 724 874,07)	(1 315 476 303,00)	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter. Follow up letters have been sent to departments.
City of Johannesburg: Salaries	(227 654 658,89)	(263 114 366,50)	180 days overdue	Operational subsidy is now applied to salaries.

Name of department	30 June 2024	31 March 2024	Account Status	Comments
City of Johannesburg: Municipal Charges	(350 295 536,80)	(292 832 066,94)	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	(190 590 652,58)	(174 303 867,32)	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints
City of Johannesburg: Human Settlements	675 792 037,50	650 980 552,30	180 days overdue	DHS has paid JOSHCO R20 mil this quarter. Follow up letters have been sent to the department
City of Johannesburg: Treasury	5 958 169,39	5 958 169,39	180 days overdue	A meeting was held with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	139 017 827,05	102 563 779,76	180 days overdue	CAM has paid an amount of R19 mil in this quarter. R72m is over 180 days however R15 mil relates to current invoices.
City of Johannesburg: Health Department	8 112 256,33	27 005 680,06	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter. Follow up letters have been sent to departments.
City of Johannesburg: Development planning GEF Project	2 141 642,45	2 141 642,45	180 days	
City of Johannesburg: Environmental infrastructure	-	100 000,00	Amount owing is now settled	
City of Johannesburg: Community Development	162 080 283,65	146 807 496,29	180 days overdue	
City of Johannesburg: Legislature	44 672 073,80	37 033 163,53	180 days overdue	
City of Johannesburg: Group Finance	11 205 252,00	20 516 833 34	Current	Subsidy claim for Q4 still to be paid.
City of Johannesburg: JMPD	46 957 026,73	59 490 264,98	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter. Follow up letters have been sent to departments.
City of Johannesburg: EMS	30 593 865,62	42 067 548,03	180 days overdue	
City of Johannesburg: Office of the COO	14 853 943,35	13 937 611,39	180 days	
City of Johannesburg: Transport	22 107 204,69	17 713 551,60	180 days	
City of Johannesburg: Social Development	2 152 074,84	2 152 074,84	180 days overdue	
City of Johannesburg - EPWP Grant	19 264 502,00	4 200 545,70	30 days	

Name of department	30 June 2024	31 March 2024	Account Status	Comments
City of Johannesburg: Licencing	4 056 469,00	9 944 600,00	180 days overdue	
TOTAL	(879 301 093,94)	(923 629 923,44)		
Name of department	30 June 2024	31 March 2024	Account Status	Comments
City of Johannesburg: Sweeping account	(1 400 485 684,00)	(1 315 476 303,00)	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter. Follow up letters have been sent to departments.
City of Johannesburg: Salaries	(227 363 142,96)	(263 114 366,50)	180 days overdue	Operational subsidy is now applied to salaries.
City of Johannesburg: Municipal Charges	(375 920 686,21)	(292 832 066,94)	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	(190 635 920,95)	(174 303 867,32)	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints
City of Johannesburg: Human Settlements	658 708 486,25	650 980 552,30	180 days overdue	DHS has paid JOSHCO R20 mil this quarter. Follow up letters have been sent to the department
City of Johannesburg: Treasury	5 958 169,39	5 958 169,39	180 days overdue	A meeting was held with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	107 448 882,07	102 563 779,76	180 days overdue	CAM has paid an amount of R19 mil in this quarter. R72m is over 180 days however R15 mil relates to current invoices.
City of Johannesburg: Health Department	28 211 685,60	27 005 680,06	180 days overdue	
City of Johannesburg: Development planning GEF Project	2 141 642,45	2 141 642,45	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.
City of Johannesburg: Environmental infrastructure	-	100 000,00	180 days overdue	Follow up letters have been sent to departments.
City of Johannesburg: Community Development	157 970 254,00	146 807 496,29	180 days overdue	
City of Johannesburg: Legislature	37 033 163,53	37 033 163,53	180 days overdue	
City of Johannesburg: Group Finance	11 205 252,00	20 516 833 34	Current	Subsidy claim for Q4 still to be paid.

CHAPTER 6

INTERNAL AUDIT

CHAPTER SIX: INTERNAL AUDIT

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the fourth quarter of the 2023/2024 financial year, Internal Audit completed all the planned reviews.

Refer to **Table** for the detailed Internal Audit Plan. The following audits were completed in the fourth quarter:

- Costing and Budget Management Audit
- Revenue Management Audit
- Leasing Management Audit
- Audit of Performance Information Audit
- Housing Development Audit (Outsourced)
- IT Security Review (Outsourced)
- 7 Tender Probity Reviews.
- Follow-up on Internal Audit Findings.
- Follow – up on AGSA Findings.
- 2 UIFWe Investigations

Table 40: Below is the approved Internal Audit Plan for the 2023/2024 financial year, and it further indicates the progress:

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Payroll Review			X		Completed
2	Review of the Annual Financial Statements	X				Completed
3	Review of the Interim Financial Statements				X	Completed
4	Supply Chain Management Audit			X		Completed
5	Revenue and Debtors Management Audit				X	Completed
6	Financial Discipline Review			X		Completed
7	Tender Probity Review	X	X	X	X	Continuous
8	Costing and Budget Management Audit				X	Completed
9	Housing Development Audit (Outsourced)				X	Completed
10	IT Security Review (Outsourced)				X	Completed
11	Stakeholder Management Audit		X			Completed
12	Housing Leasing Management Audit				X	Completed

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
13	Performance Information Review	X	X	X	X	Continuous
14	SHRA Compliance Review		X			Completed
15	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
16	Follow-up on AG Findings	X		X	X	Continuous
17	UIFW Investigations Expenditure	X	X	X	X	Continuous

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The table 41: below indicates the resolution of Internal Audit findings for quarter 4:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	4	4	4	0
Chief Operating Office (COO)	14	14	14	0
Corporate Services	6	6	6	0
Planning & Strategy	15	15	15	0
Total	39	39	39	0
%	100%	100%	100%	0%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table 44: below indicates the resolution of External Audit (AGSA) findings for quarter 4:

AG Classification	Total Findings	Resolved	Not Resolved
Matters that will be reported in the auditor's report and should be addressed urgently	5	3	2
Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance	23	10	13
Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks	10	7	3
Total	38	20	18
%	100%	53%	47%

SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

In the fourth quarter of the 2023/2024 financial year, Internal Audit completed six (6) audits of which two (2) were outsourced, seven (7) probity reviews, two (2) follow-up reviews and two (2) UIFWe Investigations. Based on the findings raised in these audits, Internal Audit concluded that the organisation's controls are generally **adequate but ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations and resolution of audit findings. However, the level of control of the environment is not

at a satisfactory level. Management should ensure that controls are continuously monitored, this will assist in ensuring that organisation's objectives will be achieved.