

“WE
DELIVER
AFFORDABLE
AND SUSTAINABLE
SOCIAL HOUSING
IN JOBURG”



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

FIRST QUARTER PERFORMANCE REPORT FOR THE 2022/2023 FINANCIAL YEAR.

(In terms of Section 121 of the Municipal Finance Management Act 56 of 2003 and Section 46 of the Municipal Systems Act 32 of 2000)

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

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

Registered Address : **61 JUTA STREET**
Braamfontein

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Braamfontein

Telephone number : **(011) 406-7300**

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Website : **www.joshco.co.za**

E-mail : **info@joshco.co.za**

Bankers : **Standard Bank of SA Limited**

Auditors : **Auditor-General**

Vision

To become the best provider of quality, affordable Social Housing designed to global standards.

Mandate

JOSHCO's mandate is to provide and manage social and affordable rental housing for the lower income market as an integral part of the efforts to eradicate the housing backlog in the city. It is a special purpose vehicle to access National and Provincial grant funding which a city or department cannot.

Mission

To provide quality, resource efficient, economically sustainable, and affordable housing products, in locations that guarantee convenience to our customers, which address the needs of the community and the environment within Johannesburg, underpinned by customer-focused service delivery and effective management.

Approval:

<p><u>Ms. Nontobeko Ndimande</u> Name & Surname Chief Financial Officer</p> <p> Signature</p>	<p>Date of Approval: <u>27 October 2022</u></p>
<p><u>Mr. Molapane Mothotoana</u> Name & Surname Chief Executive Officer</p> <p> Signature</p>	<p>Date of Approval: <u>27 October 2022</u></p>
<p><u>Ms. Gaby Boikanyo</u> Name & Surname Chairperson of the Board</p> <p> Signature</p>	<p>Date of Approval: <u>27 October 2022</u></p>
<p><u>Mlungisi Mqabisa</u> Name & Surname Member of Mayoral Committee</p> <p> Signature</p>	<p>Date of Approval: <u>4 November 22</u></p>

Contents

CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE	7
SECTION 1: CHAIRPERSON'S FOREWORD.....	7
SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT.....	9
SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT	11
SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY	13
SECTION 5: STRATEGIC OBJECTIVES	14
SECTION 6: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY.....	14
SECTION 7: SUSTAINABILITY REPORT	13
CHAPTER TWO: GOVERNANCE.....	16
SECTION 1: BOARD OF DIRECTORS	16
SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE.....	24
SECTION 3: RISK MANAGEMENT	24
SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION.....	39
SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTEREST.....	41
SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE	42
SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS.....	43
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE.....	50
SECTION 1: RESPONSE TO STRATEGIC DIRECTION.....	50
SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS	52
SECTION 3: SERVICE DELIVERY CHALLENGES	52
SECTION 4: CAPITAL PROJECTS PERFORMANCE.....	53
SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	65
SECTION 6: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS	73
SECTION 7: ANALYSIS OF OCCUPANCY LEVELS PER PROJECT	79
SECTION 8: JOB CREATION AND SMME EXPNDITURE	81
CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT.....	87
SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)	88
SECTION 2: KEY VACANCIES	89
SECTION 3: EMPLOYMENT EQUITY.....	91
SECTION 4: SKILLS DEVELOPMENT AND TRAINING.....	93
SECTION 5: PERFORMANCE MANAGEMENT.....	94
SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES.....	94
SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT.....	95

SECTION 8: OVERTIME MANAGEMENT	96
SECTION 9: EMPLOYEE WELLNESS	97
SECTION 10: EMPLOYEE BNEFITS	97
SECTION 11: OCCUPATIONAL HEALTH ANAD SAFETY.....	97
SECTION 12: MARKETING AND COMMUNICATION.....	98
CHAPTER FIVE: FINANCIAL PERFORMANCE	120
SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES.....	121
SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES	123
SECTION 3: CASH FLOW STATEMENT	130
SECTION 4: CAPITAL PROJECTS AND EXPENDITURE	130
SECTION 5: RATIO ANALYSIS.....	130
SECTION 6: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT...	137
SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES.....	154
SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE.....	157
SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES	159
CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS	162
SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN	162
SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS	163
SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION).....	163
SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS).....	163

SECTION 1: CHAIRPERSON'S FOREWORD

JOSHCO remains committed to fulfilling its core mandate and objectives. These objectives are to develop and manage affordable social housing units, refurbish and rehabilitate inner-city buildings, upgrade and manage Council-owned rental housing properties (including hostels), provide student accommodation and to ensure tenant satisfaction through the provision of exceptional service, ensuring that buildings are clean, safe, well-kept and operate efficiently.

The Board has noted the overall performance of the first quarter. In the quarter under review, 23 targets were due for reporting with 16 targets being achieved. This result translates to 70% performance recorded in the quarter. The entity has made great strides in improving performance which was very low previously.

Rental collection continues to be a challenge for the entity, with a collection rate of 53% for current tenant rentals against a collection target of 80% for the current financial year. This is attributable to a number of factors, including but not limited to a sluggish economy, as well as high unemployment rates experienced throughout South Africa since the aftermath of Covid-19 pandemic. It is further due to tenants forming groups demanding ownership of units and encouraging rental boycotts. High utility bills and maintenance costs also continue to have an adverse effect on the entity's financial position. JOSHCO has engaged the services of debt collection companies to collect all debt which is above 60 days overdue. Various settlement discount voucher initiatives will continue to be implemented in an effort to encourage tenants to settle long outstanding debt. The entity has also put in place other measures aimed at increasing revenue generating/income streams. Student accommodation pilot phase is currently under implementation, with occupancy rate is at 100%. This should also contribute towards increasing revenue for the entity.

The following are highlights from the quarter:

- Implementation of the Board's strategy to improve organisational culture and ethos.
- The Board has filled the position of CEO in the quarter. This appointment is critical for maintaining stability in the entity. Furthermore, the position of the Chief Operations Officer and the Executive Manager: Corporate Services were also filled.
- The entity has managed to work on the Business Continuity Management System aligning it with ISO Standard 22301. To date, the Business Impact Analysis report, Business Continuity policy and Business Continuity Plan were developed.

- The Board and Management undertook a site walk-about to Riverside Project which commenced in the last part of the previous financial year and is already progressing at a pace that it will reach completion in the current financial year.

I would like to thank all the Board members for their commitment and a sterling job done in turning JOSHCO around. A heartfelt thank you, on behalf of the Board, to the CEO and his team for continuing to serve with distinction. Thank you also to the rest of the staff members, without whom, JOSHCO would not exist. The Board wishes to thank the Shareholder and all Stakeholders.

Ms Gaby Boikanyo

Chairperson: JOSHCO Board of Directors

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the quarterly performance of the entity in my capacity as a newly appointed Chief Executive Officer (CEO). Firstly, I would like to extend my unreserved gratitude to the Board of JOSHCO for entrusting me with the CEO responsibility and I commit myself to putting necessary systems, processes and procedures in place to ensure that the City has a functional entity. JOSHCO is an entity that was established to develop and manage social housing and affordable rental units as accredited by the Social Housing Regulatory Authority (SHRA) and I intend to ensure delivery on this mandate to the best of my ability.

As an entity, we take cognisance that the delivery of social housing and affordable rental accommodation are key elements of the delivery agreement on sustainable human settlements and improved quality of household life in South Africa¹. The allocated budget will be directed towards increasing the entity's social housing and affordable stock while contributing towards this delivery agreement. A pipeline of capital projects has been developed with a readiness matrix that clearly reflects the timelines of every milestone in the life cycle of a project and this provides a clear guide to what the entity is working toward in terms of additional development.

In terms of performance, I am pleased to report that the entity has shown a recovery trajectory as compared to previously recorded performance on its scorecard. The entity has achieved 70% of its scorecard in the first quarter of the FY and this is attributed to collective efforts by the JOSHCO team including the Board. Furthermore, the entity has made great strides in ensuring compliance with all applicable legislation. Notable is the progress that the entity has made in addressing compliance matters raised during the accreditation downgrade by SHRA. Management continued with progress meetings on a monthly basis with SHRA representative, currently in the process of reviewing the five-year strategy, applications for Occupation Certificates for tenanted projects are being followed up with some already received and a law firm has been appointed to assist the entity in closing Protection of Personal Information Act (POPIA) gaps.

The entity is still facing financial performance challenges where a deficit of R50,7 million was recorded for the period ending 30 September 2022. The 5-year strategy that the entity is reviewing will provide possible solutions to turn around the financial situation of the entity. The approach will be to articulate

¹ National Development Plan

short-, medium- and long-term interventions with implementation plans. As an entity we are hopeful that benefits will begin to be realised once interventions are implemented.

Finally, I would like to reiterate my commitment to serve the community of Johannesburg by executing the mandate of the entity to the best of my ability. I also commit myself to supporting the JOSHCO board and the MMC of Human Settlement in achieving their fiduciary duties.

Mr. Molapane Mothotoana

Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

The Office of the Chief Financial Officer is responsible and accountable for three functional areas of operation namely the revenue, supply chain management and finance divisions. We serve to integrate the entity's business by operating these divisions.

Revenue Report

The biggest contributor to revenue is rental income making up 63% of total revenue. Total revenue is 12% (R9.7 million) below budget. The biggest contributor to revenue being below budget is a 49% decline in management fees due to reduction of projects executed on behalf of Human Settlements. Interest income has declined by 8% due to less than anticipated bank balances for SHRA funds as there has been no drawdowns for the quarter under review. Other income is 70% below budget due to lower than anticipated tender sales.

The entity's collection levels continue to decrease, 53% of collection for current tenant rentals against a collection target of 80% for the current financial year was reached. Collections in respect of SHRA funded Projects is 50%.

The debt collection companies appointed are proceeding with collection of all debt above 60 days. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

The reasons for the continued low rental collection remain rent boycott campaigns from organised tenants' groups demanding ownership and dissatisfaction on the management of the projects. Tenants have been engaged vigorously in this quarter to encourage rent payment and address service delivery issues. A final call was made to tenants to come forward to declare unemployment before proceeding with implementation of the credit management policy of the entity. The company uses the services of five debt collecting company to collect debt over R10 000 and owing over 90 days. For the quarter under review, the external debt collecting companies have collected R1.1 million (0.4%) from the R263 million handed over to them for collection.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 September 2022 resulted in a deficit of R61.2 million. The deficit is because of 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 was allocated capital budget of R498.8 million funded from COJ loans and cash reserves. The CAPEX is funding the following programmes

- i. Greenfields projects; and
- ii. The Inner-City re-generation programme.

As at 30 September 2022 JOSHCO's verified spent for the quarter under review is 26% against a target of 25%.

Ms Nontobeko Ndimande

Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



Figure 1: Photo: Turffontein Social Project in the Inner City

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 as one of the entities of the City of Johannesburg (COJ) municipality. JOSHCO's mandate is to provide and manage affordable rental housing for the lower income market as an integral part of efforts to eradicate the COJ housing backlog. JOSHCO is a registered Social Housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHCO includes: the development of social rental housing; refurbishments, upgrading and management of Council-owned rental housing properties (including hostels); housing management and the refurbishment, conversion, and management of inner-city buildings as Social Housing units. As a municipal-owned entity, JOSHCO is required to comply with all relevant legislation (such as the Municipal Finance Management Act; Municipal Systems Act and the Companies Act). The policies and strategy of JOSHCO are strongly influenced by the vision of COJ as outlined in its long-term plans.

SECTION 5: STRATEGIC OBJECTIVES

- 1.1 To become a financially sustainable entity
- 1.2 To contribute towards economic development through SMME support and job creation
- 1.3 To develop social housing projects within transport corridors, Inner-City and greenfield (including suburbs and economic hubs)
- 1.4 To become a customer-centric company
- 1.5 To strengthen governance and compliance
- 1.6 To maintain quality and safe living environment for all JOSHCO tenants

SECTION 6: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The Company, through its Social, Ethics & Human Resource Committee, addresses issues relating to the ethical conduct of the Company and its employees. The company complies with the City's Code of Conduct ("the Code") which has been fully endorsed by the Board and applies to all directors and Employees. It is a requirement for any Director and Executive Manager at any meeting of the Board of Directors, Board committees, and the Audit & Risk Committee to declare interest and sign a register to that effect. Should such a conflict exist, the Director or Executive Manager concerned is recused from the proceedings. Furthermore, employees are requested to sign a declaration of interest (DOI) on an annual basis to ensure issues of conflict of interest are addressed accordingly. Seventy percent of JOSHCO staff have completed their DOI in the first quarter. The entity is targeting to finalise the process at the beginning of the second quarter.

SECTION 7: SUSTAINABILITY REPORT

The Social, Ethics & Human Resource Committee of the Board has an oversight role on social, ethics and human resource matters of the organisation in order to promote sustainable organisational development. JOSHCO inculcates an ethical culture and is mindful of the effects of its operations on the economy, society, and the environment. JOSHCO offers a range of quality housing products and services for low-income households that ensure sustainable affordable rentals to its tenants. The construction and refurbishment of JOSHCO housing projects create sustainable jobs during and after construction. Moreover, JOSHCO continues to make training and employment opportunities available to its unemployed tenants.

JOSHCO has adopted a zero-tolerance approach to fraud and corruption and any reported cases of such instances are investigated by the Group Forensic and Investigation Services Unit (GFIS) without fail. Stakeholder management remains key in having uninterrupted service delivery as a result of JOSHCO being a customer-centric organisation. It is imperative that JOSHCO remains at the helm of

stakeholder relationships which is part of its strategy to build partnered relationships. The quarter under review has seen a vigorous tenant engagement drive at tenanted properties where the CEO sought first-hand experience on tenant issues while providing education on parties' responsibilities.

Furthermore, the entity commits to the objective of transforming the South African economy through equal opportunities for all and the advancement of Historically Disadvantaged Individuals (HDIs) and Small, Medium and Micro Enterprises (SMMEs). This is achieved by allowing the subcontracting of SMMEs during construction and their involvement in the upkeep of the projects once tenanted. In the fourth quarter, 32% against a target of 30% of construction CAPEX was spent on SMMEs which is an improvement on that recorded in the previous year.

JOSHCO also contributes to ensuring that the City achieves its EPWP programme undertaken to reduce unemployment and facilitate socio-economic development of the citizens of Johannesburg. To date JOSHCO has created 238 job opportunities from various projects through the EPWP programme.

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 state 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), Ms. Gaby Boikanyo, who was appointed by a resolution of the AGM which was held on 15 February 2022 together with nine Non-Executive Directors and three Independent Audit Members (ARC). Table 1 below lists the nine Non-Executive Directors, two Executive Directors and three Independent Audit Committee members.

Table 1: Board Composition as at 30 September 2022

Member(s)	Capacity	Gender	Status	Qualifications
Ms Gaby Boikanyo (Board Chairperson)	Non-Executive Director	F	Active	BSc Computer Science, ND Analytical Chemistry, International Baccalaureate (IB) Diploma
Mr Theodore Dhlamini	Non-Executive Director	M	Active	Post Graduate Diploma in Management Certificate in Engineering and Hand Skills, Certificate in Leadership Training, Certificate in Project Management, Certificate in Group Control & Certificate in Computer Literacy.
Mr Jason Sobekwa	Non-Executive Director	M	Active	B Accounting, PG Dip: Financial Management and CIMA
Mr Moerane Maimane	Non-Executive Director	M	Active	Diploma, Bachelor, Honours Degree in Public Administration, MBA & CDSA
Mr Xolani Dlwathi	Non-Executive Director	M	Active	Diploma, Honours and Master’s Degree in Theology
Mr Themba Mamba	Non-Executive Director	M	Active	Higher Certificate in Criminal Justice, Diploma in Risk Management, Certificate in Security Officer’s Training.

Member(s)	Capacity	Gender	Status	Qualifications
Dr Kentse Sesele	Non-Executive Director	F	Active	B Social Science, Honours in Local Economic Development, Masters in Town and Regional Planning, PhD
Mr Karabo Modipane	Non-Executive Director	M	Active	Master's Degree in Business Administration, BSc Computer Sciences, BSc (Hons) Computer Sciences, CISA, Development Leadership Program
Mr Sumesh Varghese	Non-Executive Director	M	Active	B.Eng. (Electronics & Communications)
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)
Independent Audit Members				
Mr Lesetsa Matshekga	Independent Audit Committee Member	M	Active	MBA, B Com Honours Finance, B Com Economics
Mr Moshupi Mokgobinyane	Independent Audit Committee Member	M	Active	Master's Degree in Accounting Science, B Com Accounting, B Com Honours Accounting
Mr Ernest Khosa	Independent Audit Committee Member	M	Active	Higher Diploma in Company Law, Bachelor of Arts, BA Honours, Master of Science and LLB

1.1 DUTIES OF THE BOARD AND COMMITTEES

1.1.1 Board Responsibilities

Internally the Board operation 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 MSA, 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 along 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 JOSHCO 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 JOSHCO's reputation
 - Ensure the integrity of the JOSHCO'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 from 11 March 2022

Mr J. Sobekwa	Non-Executive Director (Chairperson)
Mr E Khosa	Independent Audit Committee Member
Mr L Matshekga	Independent Audit Committee Member
Mr M Mokgobinyane	Independent Audit Committee Member

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 review of 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 from 11 March 2022

Dr K Sesele	Non-Executive Director (Chairperson)
Mr M Maimane	Non-Executive Director
Mr X. Dlwathi	Non-Executive Director
Mr T. Mamba	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 from 11 March 2022

Mr T. Dhlamini	Non-Executive Director (Chairperson)
Mr K Modipane	Non-Executive Director
Mr S. Varghese	Non-Executive Director
Rev. X. Dlwathi	Non-Executive Director

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.

1.3 BOARD AND COMMITTEE MEETING ATTENDANCES

During the first quarter, JOSHCO held two Board meetings (Ordinary Meeting -14 July 2022, Special Board Meeting - 30 August 2022), one Development Committee meeting (07 July 2022), one Social, Ethics & HR Committee meeting (07 July 2022) and two Audit & Risk Committee meetings (Ordinary ARC Meeting – 08 July 2022, Special ARC Meeting 25 August 2022). The table below provides details of the attendance of members at the various meetings.

Table 2: Board Meeting attendances during the First Quarter

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	2		
Ms Gaby Boikanyo	2	-	-
Mr Jason Sobekwa	2	-	-
Dr Kentse Sesele	2	-	-
Mr Theodore Dhlamini	2	-	-
Mr Xolani Dlwathi	2	-	-
Mr Karabo Modipane	2	-	-
Mr Sumesh Varghese	2	-	-
Mr Moerane Maimane	2	-	-
Mr Themba Mamba	2	-	-
Mr Molapane Sello Mothotoana (CEO)	2	-	-
Ms Nontobeko Ndimande (CFO)	2	-	-

Table 3: Board Committee Meetings attendances during the First Quarter

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)	2	-	-	1	-	-	1	-	-
Ms Nontobeko Ndimande (CFO)	2	-	-	1	-	-	1	-	-
Mr Theodore Dhlamini	-	-	-	1	-	-	-	-	-
Ms Gaby Boikanyo	-	-	-	-	-	-	-	-	-
Mr Xolani Dlwathi	-	-	-	1	-	-	1	-	-
Mr Moerane Maimane	-	-	-	-	-	-	1	-	-
Mr Jason Sobekwa	2	-	-	-	-	-	-	-	-
Mr Themba Mamba	-	-	-	-	-	-	1	-	-
Dr Kentse Sesele	-	-	-	-	-	-	1	-	-
Mr Karabo Modipane	-	-	-	1	-	-	-	-	-
Mr Sumesh Varghese	-	-	-	1	-	-	-	-	-
Mr Moshupi Mokgobinyane	2	-	-	-	-	-	-	-	-

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Mr Ernest Khosa	2	-	-	-	-	-	-	-	-
Mr Lesetsa Matshekga	2	-	-	-	-	-	-	-	-

1.4 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 cumulative figures from the beginning of the financial year to date.

Table 4: Board of Directors Remuneration as at 30 September 2022

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R34 000
Mr Xolani Dlwathi	Non-Executive Director	R40 000
Mr Moerane Maimane	Non-Executive Director	R32 000
Mr Themba Mamba	Non-Executive Director	R32 000
Ms Gaby Boikanyo	Non-Executive Director	R32 000
*Mr Jason Sobekwa	Non-Executive Director	R64 000
Ms Kentse Sesele	Non-Executive Director	R34 000
Mr Karabo Modipane	Non-Executive Director	R32 000
Mr Sumesh Varghese	Non-Executive Director	R32 000
Total		R332 000

*fees include ARC sitting and Group Committees sittings

Table 5: Independent Audit and Risk Committee members' remuneration as at 30 September 2022

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane	Independent Audit Member	R16 000
Mr Lesetsa Matshekga	Independent Audit Member	R16 000
Mr Ernest Khosa	Independent Audit Member	R16 000
Total		R48 000

Table 6: Executive Management remuneration as of 30 September 2022

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R 151 202.03
Ms Nontobeko Ndimande	Chief Financial Officer	R 342 579.51

Name	Designation	Remuneration
Ms Livhalani Nemaungani	EM: Strategy and Planning	R 312 030.42
Mr Nkululeko Magubane	EM: Housing Development	R 342 549.99
Ms Nokwazi Mtshali	EM: Corporate Services	R 113 545.25
Mr Ronald Mutheiwana	EM: Housing Management	R 293 042.49
Mr Themba Mathibe	Chief Operations Officer	R 133 062.25
Total		R 1 688 011.94

1.5 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

Figure 2 shows how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO Core Business comprises two departments, namely Housing Development, which is responsible for construction and development of projects, and Housing Management, which is responsible for property management, tenanting and community development. The remaining departments are support functions such as Finance, Legal, Strategy and Human Resources.

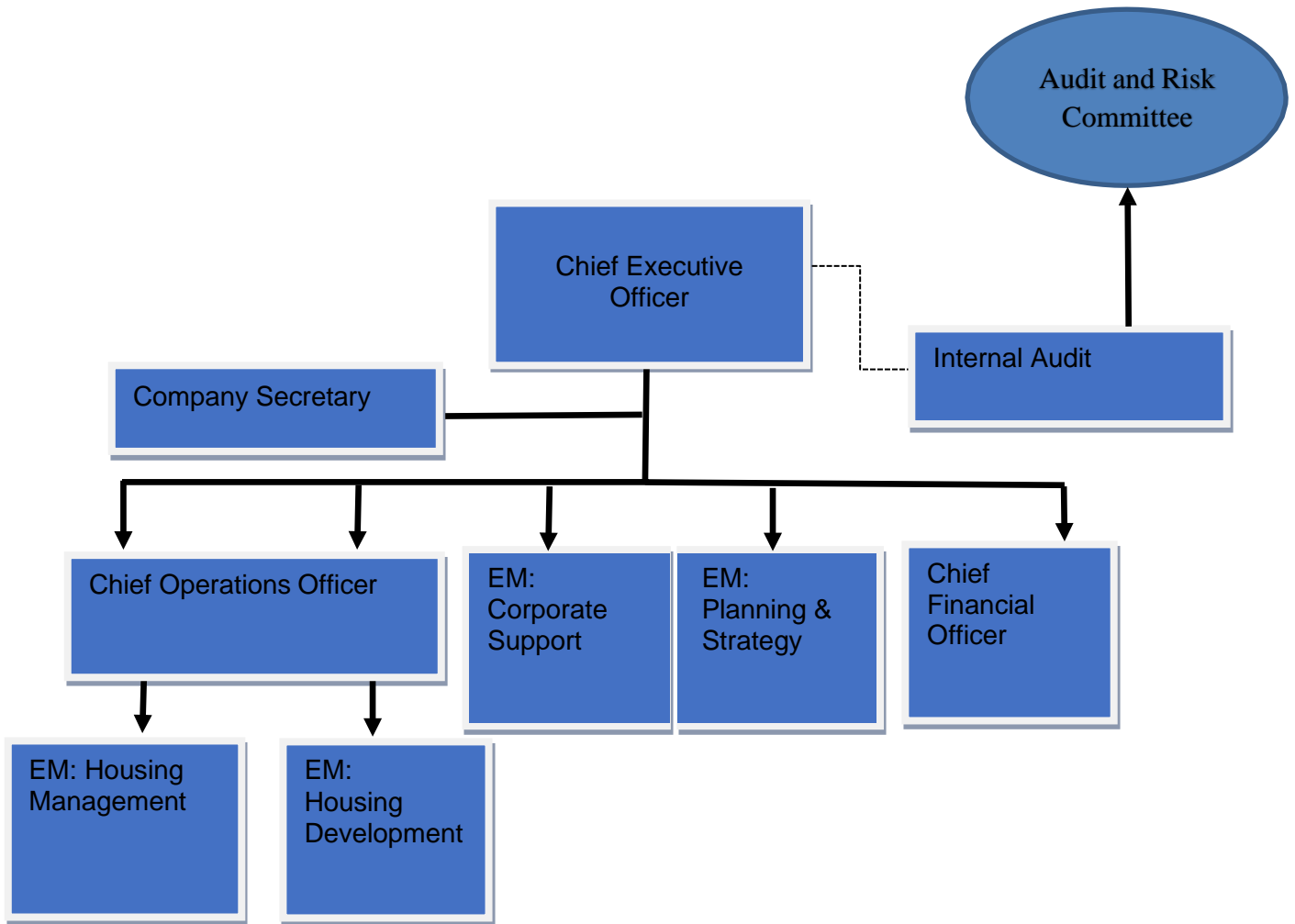


Figure 2: High Level Structure

SECTION 3: RISK MANAGEMENT

The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with Section 95 of the Municipal Finance Management Act, Principle 11 of the King IV report on Corporate Governance, and the 2019/21 City's Group Risk Management framework and Risk Management Standards as applicable. Internally the entity has a Risk Strategy and Policy which were approved in 2022. Oversight over the governance and management of risk in JOSHCO is carried

out by the Audit and Risk Committee which is the statutory Committee of the Board of Directors. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with the terms of reference approved by the Board.

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. The process implementers, which are functional departments, assess the risks and heads of departments as process owners report on the risk results to the Executive Committee and Audit & Risk Committee. The Audit & Risk Committee Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The Audit & Risk Committee'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 CORPORATE RISK ARCHITECTURE



Figure 3: Risk Architecture

3.3 JOSHCO'S TOP 5 RISKS:

Top 5 Residual Risk Rating			
Risk No	Risk Description	Inherent Risk	Residual Rating(Q1)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time and within budget.	Very High	High
3	Business Interruption	Very High	High
4	Failure to develop, attract and/or retain talent.	Very High	High
5	Minimal/inadequate stakeholder and customer relations management	Very high	High

The above table reflects the top five risks that face the organisation as of 30 September 2022. These risks are inherent in nature and influence the achievement of strategic objectives and a robust control environment.

3.4 INFORMATION ON EMERGING/ NEW RISKS

The possibility of the multi-party administration collapsing emerged after the City of Johannesburg Council voted out the speaker. This may have an impact on the mayoral committee's decision to approve the budget and important reports.

3.5 STRATEGIC RISK STATUS

3.5.1 Progress in the Implementation of Mitigating Controls as of 30 September 2022

Legend

	Residual risk is extremely high
	Residual risk is high
	Residual risk is moderate
	Residual risk is low

The following legend is applied to denote the risk mitigation progress in the Strategic Risk Register.








Legend	Explanation
	Risk mitigation plans not on track, key implementation targets missed and requires immediate management attention for review and sound corrective measures.
	No movement and requires immediate management attention for review and sound corrective action
	Minimal progress achieved but on track for implementation.
	Significant progress achieved and on track for complete implementation of mitigation plan by target date.


Table 7: Progress in the Implementation of Mitigation Controls as at 30 September 2022


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
1	Financial Instability	Inability to continue as a going concern.	VH	VH	% Collection in respect of current debt.	1. Undertake quarterly portfolio satisfaction survey to determine the tenant's level of satisfaction with JOSHCO service delivery standards. Quarterly	1. The quarterly portfolio satisfaction survey to determine the tenants' level of satisfaction with JOSHCO service delivery standards is done for Q1.		4/5
						2. Implementation of SHRA COVID-19 relief fund. Monthly	2. Housing Management has partnered with SHRA in engaging with the tenants to encourage tenants who qualify to apply for the SHRA COVID-19 relief fund		
						3. Quarterly tenant engagement sessions in collaboration with the MMC Office to educate and appeal to tenants to honor their contractual obligations; failure to do so will result in the execution of credit control measures, including eviction of non-paying tenants. Quarterly	3. Tenant engagement sessions have been conducted for the following projects in Q1: a) Tshedzani, b) Turffontein; c) Bothlabela; d) Orlando Ekhaya; e) City Deep		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q1	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						<p>4.1. Appointment of account managers to follow-up on invoices. 30 September 2022</p> <p>4.2 Resolve all issues affecting settlement of outstanding invoices with Housing Department. 30 July 2022</p>	<p>4.1 One intern and one EPWP have been appointed in the interim to follow up on invoices, and the positions for the account managers have been advertised</p> <p>4.2 Follow up made with departments owing JOSHCO and main feedback is that payments will be made after the end submission of financial statements for audit, i.e., 31 August 2022.</p> <p>Regular meetings have been held with Human Settlement and the resolutions from those meeting are currently being actioned which include drafting of SLA by the Legal department and submission of outstanding information by Project Manager from Development Management.</p>		



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q1	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
			H	H					
2	None	Failure to deliver capital projects on time and within budget.	H	H	Number of social housing units completed	<p>1. Motivate to the City to allow JOSHCO to re-invest SHRA grant in new Social Housing initiatives. 30 September 2022</p> <p>2.1 Perform due diligence prior to appointments of service providers. 2.2 Implement monitoring and evaluation during construction. 2.3 Conduct physical risk assessment during construction to identify emerging risks. Quarterly</p>	<p>1. A memorandum to motivate to the City to allow JOSHCO to re-invest SHRA grant in new Social Housing initiatives were drafted and submitted to the Group CFO and the City Manager in Q1. It is envisaged that will receive feedback on the memorandum during mid-term budget review.</p> <p>2.1 No new appointment of service providers was made during the period under review. However, ensuring that JOSHCO employs the best available service providers whose performance is evaluated was discussed at Development workshop of 14/15 July. 2.2 Development is engaging on evaluation criteria on evaluation of service providers.</p>		4/6



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q1	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							<p>2.3 This is ongoing as it is part of monthly site meetings and monthly progress reports</p> <p>3. Robust engagements with the community and identified groups prior to the commencement of project and during construction. i.e. local SMMEs. Quarterly</p> <p>4. Physical assessment and verification of compliance with relevant regulations during constructions and provide assessment report to Exco for actioning. Quarterly</p>		
3	None	Failure to implement effective job creation and SMME's support systems.	M	H	% Of construction capex spent on SMME	1 and 3. Partner with Construction Education and Training Authority (CETA) to train SMMEs and improve technical capacity on new projects. 30 September 2022/ Quarterly	1. No training was undertaken during the period under review as no new projects were commenced during the period. However, JOSHCO VOP has carried out training on some of its projects.		1/2


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						2. Physical assessment and verification of compliance with relevant regulations during constructions and provide assessment report to Exco for actioning. Quarterly	2. Monthly submission of reports and its evidence on SMMEs and EPWP spends has greatly improved in the period under review with initiatives introduced by the department to commence in the current year.		
5	None	Minimal/inadequate Stakeholder and Customer Relations Management	H	H	% Customer satisfaction rating Number of complaints resolved in time.	1. Development of an integrated stakeholder and customer engagement plan. 30 July 2022 2.1 Quarterly tenants' engagement sessions in collaboration with the MMC's office per portfolio. Quarterly 2.2 Monthly oversight visit by JOSHCO and the chairperson of	1. The integrated stakeholder and customer engagement plan was developed in July 2022. 2.1 Tenants engagement sessions have been conducted for the following projects in Q1: a) Tshedzani b) Turffontein c) Bothlabela d) Orlando Ekhaya e) City Deep. 2.2 The Board visited two projects in Q1		4/4

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						the development committee per portfolio. Quarterly			
						3. Boost the Call Centre Department's capacity by hiring more call centre agents, as well as the Housing Management Department's ability to respond to consumer inquiries within seven days. 30 September 2022	3. The Call Centre Department is now capacitated with three call centre agents to respond to customer inquiries within seven days.		
6	Increasing safety and security incidents	Increased health, safety and security incidents in JOSHCO projects	M	H	Number of health, safety and security incidents.	<p>1.1 Implementation of an open Purchase Order per building with dedicated service providers per building to fast track the maintenance turnaround time. 30 September 2022</p> <p>1.2 Formulation of tenant committees. 30 September 2022</p> <p>2. Installation and activation of Biometrics system at entrance to improve access and security to be</p>	<p>1. The Portfolio managers have been given authority to approve the dedicated service providers per building to fast track the maintenance turnaround time.</p> <p>1.2 Tenant committees were formulated in July 2022 and being used to better communicate with tenants.</p> <p>2. The installation of the Biometrics is under way, the specifications for the Biometrics are still being finalised and</p>		4/7

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						<p>completed in 15 JOSHCO projects. 30 September 2022</p> <p>3. Installation of CCTV cameras that will be linked to Security control room. 30 September 2022</p> <p>4. Robust monitoring of the Occupational Health and Safety action plan implementation. Monthly</p>	<p>Housing Management has prioritized installing three Biometrics systems this financial year due to budget constraints.</p> <p>3. The installation of CCTV cameras is under way and the specifications for the CCTV cameras have been developed for three JOSHCO projects and it is envisaged that the CCTV cameras will be installed in Q2.</p> <p>4 The health and safety plan has been implemented i.e., the staff meeting July 2022 and the oversight of Riverside project. Site Inspections were done at the following projects in Q1:</p> <ul style="list-style-type: none"> a) City Deep b) Head Office c) Phoenix House d) Turffontein e) Devland f) Dobsonville 		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						<p>5. Installation of burglar bars in existing and new projects. 30 September 2022</p> <p>6. Development of Security policy. 30 September 2022</p>	<p>5. Installation of burglar bars will only be done for Turffontein project for this financial year due to budget constraints. The installation for burglar bars in Turffontein is under way and the specifications for the burglar bars has been done.</p> <p>6. The Security policy has been developed and approved by the Board in July 2022.</p>		
7	Inability to respond to city disasters and business disruptions	Business interruption	H	H	% Compliance with laws and regulations	1. Installation of a secondary network connectivity for higher availability and redundancy. 30 September 2022	1. The installation of a secondary network is in a process of procurement, and it is envisaged that the secondary network will be procured and installed in Q2.		0/1
8	None	Inaccurate and unreliable performance information	H	H	% Implementation of targeted corrective action against audit finding	<p>1.1 Implementation of the monitoring tool to strengthen quality assurance by Executive Management. Quarterly</p> <p>1.2 Collection and verification of KPIs on a monthly basis</p>	<p>1.1 EM are provided with a verification tool that they submit to M&E together with evidence and sign it off with the M&E Officer</p> <p>1.2 The M&E function has commenced with the verification</p>		2/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						<p>Monthly</p> <p>2. Appointment of Manager and Monitoring and Evaluation specialist to perform physical verification. 30 September 2022</p>	<p>of two KPIs on a monthly basis. This process will gradually improve. the target is to start with the problematic KPIs</p> <p>2. Recruitment process has commenced and anticipated to be concluded end of September for the appointed candidates to commence in November 2022</p>		
9	None	Failure to develop, attract and/or retain talent.	H	H	% Employee occupancy rate	1 and 2. Implementation of the organisational structure and job grading outcomes. 30 September 2022	1. and 2. Organisational structure was approved on the 14th of July 2022. A workshop was held on 13 September 2022 for job grading.		0/1
10	None	Fraud and corruption	M	H	% Compliance to laws and regulation	<p>1. Fraud detection review in collaboration with the city. Quarterly</p> <p>2. Implementation of standardised price list for maintenance. 30 September 2022</p>	<p>1. The Risk and Compliance department continuously assesses internal policies during Fraud Risk assessment monitoring.</p> <p>2. The standardised price list for maintenance is being implemented on an ongoing basis.</p>		4/6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						<p>3. Implementation of supplier rotation policy. 30 September 2022</p> <p>4. CEO and CFO to sign off tenant allocations. 30 September 2022</p> <p>5. Annual review of tenant management policy and standard operating procedures. 30 September 2022</p> <p>6. Installation of fraud awareness posters/signage at JOSHCO projects. 30 September 2022</p>	<p>3. Policy not developed; however, supplier rotation has been implemented.</p> <p>4. Tenant allocations are to be signed by the EM: Housing Management and the Portfolio manager: Leasing</p> <p>5. The tenant management policy and standard operating procedures have been reviewed.</p> <p>6. The service provider for fraud awareness posters/signage was appointed in July 2022 and completed installation of signage at all JOSHCO projects</p>		
11	None	Dilapidation of tenanted buildings	M	M	% Spent on maintenance budget	<p>1.1 Maintenance work certified and signed off by portfolio managers. 30 September 2022</p> <p>1.2 Implementation of the new comprehensive standardised price list and maintenance model. 30 September 2022</p>	<p>1.1 Maintenance work is being certified and signed off by portfolio managers</p> <p>1.2 The new comprehensive standardised price list and maintenance model are ongoing and being implemented.</p>		2/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1					
						<p>2. Installation of CCTV cameras that will be linked to Security control room to monitor possible vandalism and theft or appointment of security supervisors.</p> <p>30 September 2022</p>	<p>2. The installation of CCTV cameras is under way and the specifications for the CCTV cameras have been developed for three JOSHCO projects and it is envisaged that the CCTV cameras will be installed in Q2.</p>		

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the quarter is **68%** against year target of **100%**. Implementation of some of the controls is dependent on the availability of budget, human resources or appointment of service providers. The Risk Management Department will continue to closely monitor the movement of the risk appetite and tolerance levels in the next quarter.

Additional interventions

The entity has additional measures that are currently implemented to improve the control environment. This includes the appointment of a service provider that is assisting the entity with closing the compliance gaps. The entity is seeking approval to transfer City stocks back to the Department of Human Settlement. This movement will have a positive impact on the operational costs.

Business Continuity Process

The project is progressing well. The commitment from business has been remarkable. Business Impact Assessment workshops were fully supported by all staff of various departments within JOSHCO. Every participant contributed to identifying the business-critical processes in their area of work. All departments contributed to identifying their business risks as well. Currently the report has been submitted for review of all identified critical business processes, their resource requirements, dependencies, third parties and their suggested strategies that should be used to recover them in the event of a disruption of the normal business operations. It has been noted that the ICTDR Team needs to clarify their recovery readiness regarding whether they could recover the business within the business recovery time objectives (RTO) and recovery point objectives (RPO) that have been submitted for each critical business operation. ICTDR is working on having the site set up for test and it has been agreed that we conduct the BCP/ICTDR test before 30 October 2022. The following documents have been developed and awaiting board approval

1. BCM Policy Report
2. BIA Report
3. ICTDR Plan

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

The Board, committees and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016, which states that “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. Due to the centralisation of the investigation function at Group level, the Risk & Compliance Department mostly

focuses on the fraud and corruption prevention strategies through awareness campaigns both internally and externally. In the quarter under review, the Risk & Compliance Department conducted fraud awareness at the Dobsonville project and by issuing awareness messages on social media. The installation of the fraud and corruption signs at JOSCHO projects was completed on 15 July 2022. In September, the Risk and Compliance Department, in partnership with Group Forensic Investigation Services (GFIS), conducted fraud and corruption sessions in the Supply Chain Management, Finance, Human Resource Management, Housing Management and Housing Development departments.

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

All reported fraud and corruption allegations are investigated by the GFIS unit in the city and reports on the progress made on investigations are provided to JOSHCO quarterly. Two new cases were reported in Q1. However, there has been minimal progress made by and feedback received from GFIS with regard to fraud and corruption investigation. JOSHCO has escalated the slow investigation to the Commissioner in July 2022 and awaits feedback. There is one case of alleged price inflation that is currently under investigation by the service provider.

Table 8: cases under investigations

GFIS_no	Date Registered	Allegation	Status
GFIS-19/12/2020	2020/12/08	Alleged fraud and corruption in issuing of flats units at JOSHCO by JOSHCO employee.	In progress
GFIS-14/05/2021	2021/05/14	Alleged fraud and corruption by senior officials collecting money from companies in order for them to be appointed for upgrade and refurbishment of build environment.	In progress
GFIS-27/09/2021	2021/09/20	Fraudsters posing as agents of JOSHCO or convincing the unsuspecting public that they are JOSHCO employees are taking money from the public in return for what they term as an "application fee."	In progress

GFIS_no	Date Registered	Allegation	Status
GFIS-12/11/2021	2021/11/02	Moja TV shooting	In progress
GFIS-39/12/2021	2021/12/15	Alleged maladministration with regards to recruitment.	In progress
GFIS-40/01/2022	2022/01/27	Alleged maladministration with regards to recruitment.	In progress
GFIS-5/05/2022	2022/05/04	Alleged corruption, where some entities and individuals are using pseudonyms in attempt to commit fraud	In progress
GIFS-35/08/2022	2022/08/16	Alleged fraud and corruption where there is someone posing as the CEO of JOSHCO, requesting personal information and demanding that workers purchase iTunes.	In progress
GFIS-41/08/2022	2022/08/18	Alleged online scam where unknown criminal is impersonating the CEO of JOSHCO via email requesting personal WhatsApp numbers of city officials with subject header "Urgent task".	In progress
GFIS-26/09/2022	2022/09/14	Alleged fraud and corruption where fraudulent debit orders are being deducted from JOSHCO's Standard Bank account.	In progress

SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

The Board and its Committees are committed to improving ethical standards and practices, and this is evident in all Board and Committee meetings where a declaration of interest is undertaken prior to commencement of meetings. In the quarter under review, the Board and its Committees continued to

sign off the declaration register and such information is housed in the Company Secretary's office. At the beginning of the Board term, all members are required to sign declaration of financial interest.

Furthermore, JOSHCO employees' complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organisation and that any close relatives or associates are identified to avoid conflicts between JOSHCO and potential service providers. To date, 70% of JOSHCO staff have completed and submitted their annual declaration. Majority of those that constitute the balance are General workers who are based at project level. The forms have been circulated and HR staff will coordinate their completion by no later than end of the first month of the second quarter.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

ICT governance is about ensuring that the organisation's IT systems support and enable the achievement of the organisation's strategies and objectives. It encompasses leadership, organisational structure, business process, standards, and compliance. The Board has adopted the King IV report on Corporate Governance in South Africa (2016) in which Principle 12 of the report states that "the governing body (Board) should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives". JOSHCO ICT is aligned to the following frameworks and best practices:

- DPSA Corporate Governance of ICT Framework
- Control Objectives for Information and Related Technologies (COBIT) version 5
- Information Technology Infrastructure Library (ITIL)
- ISO 27001 Information Security

A table showing progress on projects that are currently implemented appears below.

Table 9: Summary of ICT activities for the quarter

Item	Progress	Dependency
Network rollout of network points at 61 Juta Street	90%	61 Juta Street construction completion
Installation of SCCM Microsoft System Centre Configuration Manager	95%	Server move to 61 Juta server room
Installation of SCOM Microsoft System Centre Operations Manager	95%	Server move to 61 Juta server room
Hardening & clean-up of the Active Directory (AD)	100 %	Completed and reviewed monthly
Systems backup & restore	94%	Server move to 61 Juta server room (impacted by load shedding)
Systems availability	85%	Load shedding & lack of redundancy
ICT Policy Review & Update	98%	Awaiting final signed policy
Rollout of multifunctional printer and copiers	96%	Server move to 61 Juta server room

Item	Progress	Dependency
Rollout of first Laptop Refresh	100%	Completed
Procurement of second batch of Laptop Refresh	20%	To be completed end of second quarter 2022/23
Server Room Construction	100%	Completed
Review of ICT Organogram	100%	Completed
Refresh of ICT Security Infrastructure and Licences Renewal	88%	Server move to 61 Juta server room
ICT Policy Awareness	0%	Final approved & signed policy
Back-end infrastructure for the JOSHCO APP	100%	Completed
Email migration to O365	100%	Completed
Smart Board Room installation	0%	Handing over of 61 Juta Street offices
Audit Findings	100%	Closed All

Server Room Development

The server room is the heart of JOSHCO. It has been fully installed and will offer the optimal solution for data centre infrastructure and monitoring. This data centre will house all of JOSHCO's servers, and in order to ensure maintenance of an optimal environment, the Axil Server Room Environment Monitoring and Control Facility was developed. This will monitor the JOSHCO server room 24/7, and it has back-up power systems installed. The JOSHCO ICT department can receive notifications should the environmental conditions in the JOSHCO server room change. The notification will be received immediately by the four priority cell phone numbers loaded directly onto the Axil unit or via email. All fire and environmental conditions against fire, water and theft have been addressed. There is an access control feature to control who has access to the data centre room.

JOSHCO App

System deployment to the new JOSHCO Azure infrastructure and testing of PMS JOSCHO has been completed and the PMS system features have been demonstrated successfully. An AOD requirement gathering session has been performed; development is in progress and is earmarked to be completed in the second quarter. AOD digital signing and reporting were implemented successfully.

Network Infrastructure rollout at Head Office

The project is progressing according to the project plan with hardware installation completed

SECTION 7: COMPLIANCE WITH LAWS AND 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 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. By the end of the 1st quarter, a total of twenty-nine Acts and regulations that appear in the Regulatory Universe were identified as being applicable to JOSHCO's operations.

The entity has seen twenty-six acts that have reached 100% compliance while three acts are still not at 100% compliance. The results show compliance improvement as compared to the previous financial year. The overall compliance has improved to 97% which exceeds the target of 95%. The entity has an action plan that aims to monitor progress in addressing provisions with which the entity is still not fully compliant, and this tool is utilised as a constant reminder for Act owners to implement the recommendations. Remedial actions for legislation that are less than 100% compliant are provided with progress made by Act owners in implementation. Some of the core legislation with which the entity complies is listed below:

- Construction Industry Development Board Act 38 of 2000.
- Social Housing Act.16 of 2008.
- Housing Act 107 of 1997
- Local Government Municipal Finance Management Act 56 of 2003.
- Occupational Health and Safety Act - Construction Regulations.

Table 10 reflects an action plan of Acts that are below the 100% compliance level.

Table 10: Action Plan for the assessed legislation

Act Name	Q4(2021/22)	Q1	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
1. Protection of Personal Information Act, No. 4 of 2013	6.1%	76.1%	An in-depth assessment of the act using some of the tools provided the city as well as through scrutinization of the act has exposed variances that are discussed in detail below. Which include an action plan on the urgent implementation of act on 3.4 below.	<ol style="list-style-type: none"> 1. Action Plan detailed in 3.4 below. 2. The Company Secretary to appoint Service provider to do a gap analysis. 	Company Secretary	<ol style="list-style-type: none"> 1. JOSHCO appointed a service provider to assist with the GAP analysis for the POPIA. 2. JOSHCO applied to the information regulator to process information for lease applications. All lease applications are on hold pending the approval by the regulator. 3. Service provider developed POPIA manual and also updated key policies to be in line with POPIA. 4. JOSHCO will implement the recommendations of the service provider report. 5. There's been a significant improvement with respect to POPIA, with a move from 6.1% to 76.1%. 	31 December 2022

Act Name	Q4(2021/22)	Q1	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
2. Rental Housing Act, No. 50 of 1999	96,3%	96.3%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	<ol style="list-style-type: none"> Occupancy Audit will be conducted quarterly per Portfolio by the appointed service provider. The renewal of leases will also be used to identify subletting cases. JOSHCO, through the Housing Management department has embarked in a process of regularising qualifying tenants in line with approved in line with the Act. The process will continue until all JOSHCO units are occupied by lawful tenants only. 	EM: Housing Management	<ol style="list-style-type: none"> JOSHCO has completed the enrolment of tenants into the Biometric system in 20 projects. installation of Biometric system in 15 remaining projects in JOSHCO project is underway. Lease renewals at Dobsonville is still on hold due to various issues raised by tenants. Stakeholder engagements with tenants are currently being conducted in several projects to address the lease renewal and regularization challenges. 	30 October 2022

Act Name	Q4(2021/22)	Q1	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
3. Social Housing Act 16 of 2008 / Regulations	87.0%	87.0%	<p>The Variance relates to:</p> <ol style="list-style-type: none"> 1. JOSHCO's Accreditation has been downgraded by the regulator due to noncompliance on an ongoing basis with the criteria which qualify them for full accreditation. 2. JOSHCO does not comply, with section 14 (2) of the Social Housing Act which states that an SHI must at all times to function in compliance: <ol style="list-style-type: none"> (i) the provisions of this Act; (ii) the national building regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977); (ii) the technical standards imposed by the National Home Builders Registration Council under the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998); (No Occupancy Certificates) (iii) the provisions of the Rental Housing Act, 1999 (Act 50 of 1999) 	<ol style="list-style-type: none"> 1. The National Building Regulations and Building Standards Act be included in the Regulatory universe and assessed for compliance. 2. The change in incorporation from PTY LTD to SOC LTD to be tabled to shareholders for ratification. Once finalised, change will be submitted to SHRA. 3. JOSHCO must engage tenants on issues regarding enforcement of lease agreements. 	EM: Housing Management	<ol style="list-style-type: none"> 1. JOSHCO has submitted the progress report on the SHRA non-compliance issues in Quarter1. The issue of the removal of the previous Board and replacement with the new BOARD at CIPS has been resolved. The change of incorporation from PTY LTD to SOC LTD to be affected in Q2. 2. Stakeholder engagements with tenants are currently being conducted in several projects to address the lease renewal and regularization challenges. 3. Six (6) compliance certificates for SHRA funded projects were retrieved and obtained in Q1. 	30 September 2022

The entity has made great strides in addressing POIA Act.

JOSHCO has appointment a firm of attorneys to assist with the gap analysis and alignment of the internal policies with the POPIA act. The following gaps were noted and implementation of the recommendations is in progress and closed:

- a) Development of the POPIA manual.
- b) Application for processing of personal information with the regulator.
- c) Application for the replacement of the Information officer with the regulator.
- d) Update of JOSHCO internal policies in line with POPIA.
- e) Arrangements for all staff members to attend PAIA and POPIA training.

Action Plan

The service provider has further recommended number of areas for improvement based on the assessment of the eight conditions for lawful processing of personal information and other relevant provisions of the act. The entity is in the process of implementing the recommendations.

Business Continuity Management

The entity needed to develop a BCM that is in line with ISO Standard 22301. The project commenced in April and progressed according to plan. To date the service provider has managed to conduct a business impact analysis with departments being cooperative; the Business Continuity Policy and Business Continuity Plan have been developed.

Social Housing Act

There has been close monitoring of compliance with the Act. Furthermore, JOSHCO has a standing monthly meeting with the Social Housing Regulatory Authority to deal with non-compliance issues. The entity has already received a number of Occupation Certificates for tenanted projects that were outstanding for some time, the servicing of fire hydrates and extinguishers is up to date and progress on an action plan to address underperformance on four SHRA indicators is continuously shared with them.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: RESPONSE TO STRATEGIC DIRECTION

The table below reflects the entity's alignment with the City's priorities. Implementation progress is provided across the report.

Table 11: Strategic Objectives Alignment with City IDP Outcomes and Strategic Priorities

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Ensure hygienic environment • Access to electricity 	1. A city that gets the basics right	<ul style="list-style-type: none"> • To become a customer-centric company 	<ul style="list-style-type: none"> • Improved quality of JOSHCO project buildings through building conditions assessments, and ongoing maintenance • Achievement of all Service Level Standards, as per Service Delivery Agreement • Prepaid vending solution at projects (6 projects in 2022/23) • Well maintained and clean JOSHCO properties • Alignment with SHRA's requirements, as regulator
<ul style="list-style-type: none"> • Tough on crime 	2. A safe and secure city	<ul style="list-style-type: none"> • To maintain quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> • Secured projects that guarantee tenant and JOSHCO staff safety, via: <ul style="list-style-type: none"> ○ Access controls ○ Biometrics and CCTV installations
<ul style="list-style-type: none"> • Sustainable housing • Keeping communities in good health 	3. A caring city	<ul style="list-style-type: none"> • Become a customer-centric company • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) 	<ul style="list-style-type: none"> • Student accommodation delivered in Regions F and D • Rooftop gardens in all suitable building to increase food security for the tenants and contribute to smart city • Early childhood centres in projects to support child development while building a community
<ul style="list-style-type: none"> • Job Creation and Investment in local economy 	4. A business-friendly city	Contribute towards economic development through Small, Medium and Micro-sized Entity (SMME) support and job creation	<ul style="list-style-type: none"> • Upliftment of communities by providing financial and non-financial support to local SMMEs on construction projects • Skills development and job creation through EPWP program

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Reclaim public spaces • Combat illegal immigration 	5. An inclusive city	<ul style="list-style-type: none"> • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) • To become a customer-centric company 	<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
<ul style="list-style-type: none"> • Governance in the interest of people and reduction in corruption • Institutional reconfiguration • Affordable services and tariffs 	6. A well-run city	<ul style="list-style-type: none"> • Become a financially sustainable entity • Strengthen governance and compliance • Become a customer-centric company 	<ul style="list-style-type: none"> • A solvent company by end of 2024/25 FY • Improved revenue collection • Diversification of revenue stream (student accommodation, 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 programme • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand • A high-performance culture – reflected in an engaged, motivated and performance-oriented workforce • Accurate and reliable performance information • Good governance and compliance improved, via: <ul style="list-style-type: none"> ○ Fraud prevention plan and strategy, fraud awareness and fraud risk management ○ Comprehensive risk and compliance programme and awareness ○ Robust internal control environment • Legislative compliance
<ul style="list-style-type: none"> • Initiatives that transition the City to a smart city 	7. A Smart City	<ul style="list-style-type: none"> • To maintain quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> • Social housing projects that are smart and environmentally friendly, through design (including alternative energy solutions and rainwater harvesting) • Smart electricity metering system in all properties

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			<ul style="list-style-type: none"> • Rooftop gardens in all suitable building to increase food security for the tenants while contributing to smart city
		<ul style="list-style-type: none"> • Become a customer-centric company 	<ul style="list-style-type: none"> • Improved application and leasing processes, supported by fully operational JOSCHO App • Seamless business continuity supported by effective backup and disaster recovery systems

SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

The following are highlights of the quarter.

- The quarter commenced with a staff meeting which aimed at setting the tone for the quarter focusing on staff issues, breaking of organizational barriers, and performing according to the JOSHCO values. Furthermore, the organisational scorecard with annual and quarterly targets was presented to the staff.
- The Board has filled the position of CEO in the quarter. This appointment is critical for maintaining stability in the entity. Furthermore, the position of the Chief Operation Officer and the Executive Manager: Corporate Services were also filled which has resulted in a full complement of the Executive team.
- The entity has managed to work on the Business Continuity Management System aligning it with ISO Standard 22301. To date, the Business Impact Analysis report, Business Continuity policy and Business Continuity Plan were developed.
- The Board and Management undertook a site walk-about to Riverside Project which commenced in the last part of the FY and is already progressing at a pace that it will reach completion in the current FY.

SECTION 3: 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.

- Formation of the Social Housing Movement within JOSHCO projects which advocates for ownership within the social housing space, leading to a rental boycott.

- The entity is experiencing low rental collection resulting in low cash balances. The entity is also owed for work that was executed for other departments totalling R1,4 billion
- The entity is still experiencing challenges with employees regarding salary disparities and payment issues. Performance contracting has also proved to be a challenge as seen by the low uptake, mostly due to misunderstanding of performance contracting.
- Lack of sufficient budget to implement major maintenance upgrade as per the conditional building assessment recommendations

SECTION 4: CAPITAL PROJECTS PERFORMANCE

Capital projects are divided into two programmes: **Inner-city** and **Greenfields** programmes and are further divided into two 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 an 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.

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

4.1.1 STATE OF CAPITAL INNER CITY PROGRAMME

JOSHCO HEADQUARTERS

Start 17 January 2020 & Completion date: 30 October 2022.

Area or location: 61 Juta Street, Braamfontein

No units expected 2022/2023: N/A

Budget allocated this FY: R11 468 905.30

Monitoring Tool	July	August	September
Capex Expenditure	R 1 893 552.39	R 6 765 263.68	0
SMME Expenditure	R 570 219.83	0	0
Project Progress	97%	98%	99%
EPWP	0	0	0

Comments on Project Performance:

The project is at an advanced stage. The key milestone which was the commissioning of the lifts was reached during the quarter. Fire System COC and Electrical COC are now in place. The contractor has completed the shelving in the strong rooms and safes. The carports and motor gates were completed by the end of September. Building Inspectors will assess the building early in October.

106 CLAIM STREET

Start Date: 22 November 2018 & Completion date 30 May 2023

Area or location: 106 Claim Street, Johannesburg

No units expected 2022/2023: 80 units

Budget allocated this FY: 0; Budget is required

Monitoring Tool	July	August	September
Capex Expenditure	0	R 1 966 879.88	0
SMME Expenditure	0	0	0
Project Progress	92%	93%	94%
EPWP	0	0	0

Comments on Project Performance:

The project is at 94% completion. JOSHCO has signed a cession form with the contractor for direct purchase of the lift. The lift procurement and installation are expected to be completed 6 to 7 months from the date of payment of deposit giving the project a targeted completion date in the 4th quarter of the FY.

50 DURBAN STREET

Construction start date: 9 February 2018, Completion Date: 30 September 2022

Area or location: Inner City

No units expected 2022/2023: 102 units

Budget allocated this FY: 0; Budget is required

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	99,5	99,5	0
EPWP	0	0	0

Comments on Project Performance:

The project reached practical completion on 5 July 2022. The contractor is attending to the works completion snag list. The entity initially anticipated obtaining the Occupation Certificate by the end of August 2022. However, the milestone was not achieved by the end of August 2022 as planned due to the structural engineering works completion snag list not being completed in order for the Structural Engineer to issue a Form 4 that is required by the Building Inspector. As a result, the contractor has been placed on penalties following failure to complete the project in quarter one as planned. The inspections by the Fire and Chief inspectors are planned for early October for issuing of the Occupation Certificate.

ABEL ROAD CONVERSION PHASE 1

Construction start date: 16 January 2019, Completion Date: 20 October 2022

Area or location: Abel Road, Inner City Johannesburg

No units expected 2022/2023: 155 units

Budget allocated this FY: R0, Budget required

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	99,9%	99,9	0
EPWP	0	0	0

Comments on Project Performance:

All building works have been completed. The major outstanding item is the installation of the exit staircase caused by a delay in sourcing steel material to finish the top three floors. Completion has been moved to the second quarter due to delays in the existing fire staircase. Staircase targeted to be completed in the 1st week of October 2022, after which the building inspector will be invited for the assessment.

ABEL ROAD CONVERSION PHASE 2

Construction start date: TBC, contractor not yet appointed, at tender advert stage; Completion Date: TBC upon appointment

Area or location: Abel Road, Inner City Johannesburg

No units expected 2022/2023: 107 units

Budget allocated this FY: R26 000 000

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	0	0	0
EPWP	0	0	0

Comments on Project Performance:

The project is at tender stage. Tender awaits bid evaluation and adjudication process to be concluded for the contractor to be appointed. Work commencement on site anticipated early October 2022.

4.1.2 STATE OF GREENFIELD PROGRAMME

LUFHERENG SOCIAL HOUSING PROJECT

Start date 01 September 2019 & Completion date: 30 April 2023

Area or location: Lufhereng Ext 1

No units expected 2022/2023: 407 units

Budget allocated this FY: R 73 438 000.00

Monitoring Tool	July	August	September
Capex Expenditure	0	R10 743 105.60	0
SMME Expenditure	R 448 811.14	R 1 108 972.75	0
Project Progress	92%	93,5%	94%
EPWP	6	0	0

Comments on Project Performance:

The project is progressing well in line with the construction program of works. The project is targeted for completion in the 4th quarter of the FY.

NANCEFIELD SOCIAL HOUSING PROJECT

Start date: 4 May 2021 Completion date: 31 March 2023

Area or location: Nancefield, Klipspruit, Soweto

No units expected 2022/2023: 372

Budget allocated this FY: R74 750 000

Monitoring Tool	July	August	September
Capex Expenditure	R 14 517 576.21	0	0
SMME Expenditure	R 828 231.06	R 1 033 688.75	0
Project Progress	57%	58%	59%
EPWP	8	0	0

Comments on Project Performance:

Work is progressing well with mockup unit 98% complete. Outstanding items include curtain rails and full snagging. Work is progressing well on all fifteen blocks.

PRINCESS PLOTS SOCIAL HOUSING PROJECT

Start 1 November 2019 & Completion date end of September 2022

Area or location: Princess Ext 22, Roodepoort

No units expected 2022/2023: 333 units

Budget allocated this FY: R 51 555 000.00

Monitoring Tool	July	August	September
Capex Expenditure	R 237 806.52	R 13 620 262.63	0
SMME Expenditure	R 984 224.71	R 1 686 534.74	0
Project Progress	75% (333 units)	81,24%	0
EPWP	0	0	0

Comments on Project Performance:

Project is progressing well. JOSHCO is still awaiting outcome on SHRA application.

ROODEPOORT SOCIAL HOUSING UPGRADE

Start date May 2017 & Completion date 30 September 2022

Area or location: Roodepoort

No units expected 2022/2023: 92 units

Budget allocated this FY: R0. Budget required

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	99,5%	99,7%	99,8%
EPWP	0	0	0

Comments on Project Performance:

The project has reached practical completion in terms of construction activities; however, the PC Certificate was not issued due to the outstanding COC from the contractor. The contractor was placed on 7-days' notice to submit all outstanding COCs; failing which penalties will be applied. The contractor responded positively to the warning, made progress and has obtained the outstanding COCs. Inspections by the Fire and Chief Inspectors are planned for early October 2022.

GOLDEN HIGHWAY SOCIAL HOUSING PROJECT

Start date: TBC as project is on tender, Anticipated 1 September 2022 & Anticipated Completion date 30 May 2023

Area or location: Golden Highway, Devland, Soweto

No units expected 2022/2023: 162 units

Budget allocated this FY: R 28 142 000.00

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	0	0	0
EPWP	0	0	0

Comments on Project Performance:

The developer was terminated due to non-performance. Phase 2.1 had to be advertised, however the tender was nonresponsive leading to retendering. The tenders were evaluated by BEC, and the successful bidder recommended by BAC. The award is awaiting Board approval early in October,

RIVERSIDE VIEW SOCIAL HOUSING

Start: 24 March 2022 & Completion date: 7 December for first 180 units, balance TBC

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

No units expected 2022/2023: 180 units

Budget allocated this FY: R50 000 000.00

Monitoring Tool	July	August	September
Capex Expenditure	R 8 806 543.16	0	R 2 196 927.64
SMME Expenditure	0	R 4 234 850.81	0
Project Progress	67% (180 units)	83,9% (180 units)	85% (180 units)
EPWP	0	0	0

Comments on Project Performance:

The project is progressing well and is on track to achieve the targeted units.

NEDERBERG

Start date: planned 30 October 2022, expected completion date mid December 2022

Area or location: Corner Nugget and Smith Street, Braamfontein

No units expected 2022/2023: 60

Budget allocated this FY: R0, Budget required

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	90%	91%	92%
EPWP	0	0	0

Comments on Project Performance:

The building is complete and was used as temporary accommodation. It is earmarked for student accommodation that is planned to reach completion in December 2022. The team is currently developing a BOQ for the convention which is 90% complete. The bid spec document will be completed for advertising early in October.

4.1.3 PROJECTS IN PLANNING STAGE

		Completed	In progress	Not yet in place	Not applicable																															
PROJECT READINESS MATRIX																																				
PROJECTS	TOWN PLANNING				STUDIES						LAND ISSUES				DESIGN APPROVALS			TENDER AWARD			IMPLEMENTATION STAGE															
	Professionals Appointed	Township Established	Proclamation of Township Est.	Zoning /Rezoning	Consolidation and sub-division	Registration with SG	Registration with Deeds Office	Special Power of Attorney	Detailed Feasibility Study	Market Study	Environmental Impact Assessment	Traffic Impact Study	Services Report	Geotech	Structural Assessment	Land Survey	Topographical survey	Social Facilitation	Board/Council Resolution	Land Transfer or Lease		Deed of Donation	Service Level Agreement	Land Availability Agreement	Encroachment /Invasion	SDP	Building Plans	Services Design	Documentation	Advertisement	Adjudication					
GREENFIELD																																				
Marlboro Social Housing Project																																				
Randburg Selkirk																																				
Turnkey 2 - Edenburg																																				
Milpark Social Housing/Frank Brown Park																																				
Turnkey 3 - Jeppestown																																				
BROWNFIELDS																																				
Casamia Renewal Building Alterations																																				
38 Rissik Street																																				
Booysens Street Inner City Conversion																																				

MARLBORO SOCIAL HOUSING

The entity seeks to pilot the use of alternative building technology material on the project. Bid document and procurement of desired alternative building technology material supplier will be concluded in November 2022. The tender document has been submitted to SCM and is awaiting Bid Specification Committee presentation and approval.

RANDBURG SELKIRK

In July, the consolidation application was submitted to the City of Johannesburg for approval. However, JRA requested that the application be amended to include the re-subdivision application to provide a right of way servitude in favour of the adjoining erf. The team has commenced the necessary amendments to the consolidation application as per JRA comments. Once the consolidation and re-subdivision application has been approved, the Section 7(6) application can be submitted. We anticipate commencement on site in the second quarter.

RIVONIA EDENBURG TURNKEY

The following progress on the project was noted during the period under review.

- Land studies, SDP and engineering designs are being finalized by the developer. Completion date for planning is January 2023. JOSHCO has paid the land purchase amount to the seller via cession payment to the attorney's trust account. The land transfer process can now start.
- JRA issued comments on the stormwater report which must be incorporated in the Site Development Plan. The SDP application submitted to COJ Development Planning is pending awaiting JRA positive comments. The land transfer is in progress; the developer has been requested to submit a detailed program for the land transfer process.
- A warning letter has been sent to the developer due to delays in land transfer and town planning applications. The developer is now refusing to transfer the land to JOSHCO; JOSHCO has instructed lawyers to litigate should the developer continue with this stance. A pre-litigation meeting with lawyers from both parties was held on the 26 September 2022. An amicable solution was not reached as the developer is adamantly refusing for the land to be transferred to JOSHCO. The JOSHCO legal team has been instructed to obtain a court interdict. The legal team is busy compiling documentation for the court application.

JEPPESTOWN

The project recorded the following progress during the quarter:

- Feasibility studies have been concluded and the Board has approved the land acquisition. Completion and presentation of the SDP planned for end of October 2022.
- Project review consultants have sent an inception report to JOSHCO for approval to allow Stage 2 (Concept Stage) of the project to commence. Concept presentation for the project is planned for 12 September 2022.
- The concept for the development was presented and approved by JOSHCO with comments. The team was given the instruction to proceed to Stage 3

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

The desktop feasibility and scoping has been concluded. The tender for the appointment of the professional team to carry out the township establishment application, together with subdivision and consolidation as well as the completion of the designs, was advertised on 24 August 2022.

The Compulsory Briefing session was held on 01 September 2022. The tender will close on 28 September 2022 and is anticipated to be awarded by the end of October 2022.

CASAMIA

JOSHCO is currently in the process of obtaining an eviction order against the illegal occupants. The eviction process will likely be completed in January 2023, after which the appointed professional team can commence with planning. Reports have been received from Social Development, Building Control and CRUM that condemn the building and JOSHCO's legal team will start the emergency eviction process with the appointed legal team.

38 RISSIK STREET

The project is in a planning stage and the following progress was recorded.

The bid document for the appointment of a project manager was developed and tender documents are awaiting advertisement.

BOOYSENS PLACE

The rezoning application has been submitted to the City of Johannesburg. The rezoning process will be concluded in January 2023. The professional team is currently finalising the detailed design to be presented to JOSHCO for approval.

A rebar scanning exercise was conducted to verify the structural integrity of the existing building. An additional floor is expected to be added to the existing building, making this exercise necessary.

Stage 3 designs are in progress to be completed in Quarter 2.

4.1 UNITS DELIVERED: WORKS IN PROGRESS (COMPLETE WITHOUT SERVICES)

Table12: Projects that contribute to the KPI: Work in Progress (WIP)

PROJECT NAME	BUSINESS PLAN APPROVED UNITS	PROPOSED NO OF UNITS	Q1 UNITS DELIVERED	ANNUAL TARGET AND VERIFICATION.
Devland Golden highway	87	162	0	Professional team progress report.
Nancefield	90	372	0	Professional team progress report
Casa Mia	50	0	0	Professional team progress report
Randburg	34	0	0	Professional team progress report
Jeppestown Turnkey	90	0	0	Professional team progress report
Edenburg/ Rivonia Turnkey	70	0	0	Professional team progress report
Riverside Turnkey	100	0	0	Professional team progress report
TOTAL	521	534	0	Professional team progress report

Progress on ANNUAL KPI: The contractor at Golden Highway will be appointed in first week of October, post board approval. The project is planned for completion 6 to 7 months after site commencement. Nancefield is progressing well on site. Devland and Nancefield are set to deliver the targeted WIP units in Q4.

4.2 UNITS DELIVERED: COMPLETE (WITH PC AND OC CERTIFICATES)

Table 13: Projects that contributed to the KPI: Complete units

PROJECT NAME	BUSINESS PLAN APPROVED UNITS	PROPOSED NO OF UNITS	Q1 UNITS DELIVERED	ANNUAL TARGET VERIFICATION.
106 Claim Street	0	80	0	Completion Certificate & Occupation Certificate
Princess plots	333	333	0	Completion Certificate & Occupation Certificate

PROJECT NAME	BUSINESS PLAN APPROVED UNITS	PROPOSED NO OF UNITS	Q1 UNITS DELIVERED	ANNUAL VERIFICATION.	TARGET
Abel road phase 2	155	155	0	Completion Certificate & Occupation Certificate	
Abel road phase 1	0	107	0	Completion Certificate & Occupation Certificate	
Lufhereng projects	407	407	0	Completion Certificate & Occupation Certificate	
Roodepoort	0	92	0	Completion Certificate & Occupation Certificate	
50 Durban Street	0	102	0	Completion Certificate & Occupation Certificate	
Riverside	0	180	0	Completion Certificate & Occupation Certificate	
Nederberg	0	60	0	Completion Certificate & Occupation Certificate	
TOTAL	895	1516	0	Completion Certificate & Occupation Certificate	

Progress on KPI: The projects targeted for this KPI are all between 89% and 99,9% complete. Abel Road, Roodepoort, Riverside, Nederberg, Princess Plots and 50 Durban Street are planned to be delivered in Q2. Lufhereng and Claim Street are planned for delivery in Q3.

The following units were completed in Q1 but are awaiting inspection by the Fire and Chief Inspector for Occupation certificates:

- **102 units** - Durban Street
- **92 units** - Roodepoort
- **180 units** at Riverside have reached WIP. These are targeted for completion in Q2.

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation has 27 key performance indicators and targets in the 2022/23 business plan. In the quarter, 23 targets were due for reporting with 16 targets being achieved. This result translates to 70% performance recorded in the quarter. The entity has made great strides in improving performance which was very low previously. The entity has performed on an average of 7 KPIs achieved quarterly for the past two FY and it is commendable that it managed to double the performance in this quarter.

Performance Targets	Targets
Total Annual Targets	27
Applicable targets in Q1	23
Targets achieved	16
Targets not achieved	7
Not due for reporting	4

Legend:

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

Table 14: Performance against Predetermined Objectives as at 30 September 2022

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
Financial Stability	Current Ratio	Current ratio 1:1	1:1	0.76	-0.24	<p>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 costs. The entity does not generate sufficient income to cover its operating expenses.</p> <p>The entity's 5-year strategic plan which focuses on revenue enhancement activities in order to improve the entity's financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> o Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is progressing well; the entity has earned R18 million for the year to date. o Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Year to date JOSHCO has received R415 000 from student accommodation. o Outdoor advertising – adverts expected to be placed from Q2. <p>Strategies to reduce expenditure are as follows:</p> <ul style="list-style-type: none"> o Staff costs: Replacement of physical security with technology to curb high staff overtime cost. o Staff costs: Management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. Leave reduction process has been communicated to employees effecting from 1 July 2022. All employees are now on ESS where leave will be automatically forfeited if not taken. o Provision for bad debts – refer to mitigations for debt collection below. o Finance costs – refer to cost coverage mitigations below.
	Solvency Ratio	Solvency Ratio 1:1	1:1	0.78	-0.22	

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
						<p>o Utilities – The vending solution implementation is progressing. Soon this system will be used as a collection tool and its activation will be linked to the Biometrics system, and our contracting and billing system. The scope of the in-house vending system service providers has been extended to the implementation of check meters devices in all our projects, and installation of smart meters to read and submit water consumption linked to each unit in our projects. The reading that can be done at this point will only serve as an opening reading, not a monthly consumption (closing reading) as JOSHCO has not had a closing reading in over 3 years, therefore the reading that can be done in September will only be closed on October for November billing.</p>
	Cost coverage Ratio	50 days cost coverage	50 days	-784 days	-834 days	<p>Non-performance is due to low cash balances and an overdraft because of settlement of suppliers prior to receiving claims from the departments the entity executing projects on behalf.</p> <p>The highest outstanding balance from the entities we are executing projects on behalf is from the Department of Human Settlements. The matter of the outstanding balance with Human Settlements has been escalated to the office of the City Manager for resolution.</p> <p>Project Managers have been employed in the Office of the COO to support the work undertaken on behalf of the COJ departments. These project managers will also be responsible to follow up on payments due to JOSHCO and resolve any disputes from the invoices.</p> <p>Regular engagements have resumed with COJ departments to follow up on outstanding invoices. Finance department working with the office of the COO's office to ensure timeous submission of invoices to departments the entity is executing projects on behalf.</p>

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
	Remuneration to OPEX expenditure	Remuneration to Opex expenditure of less than 40%	Remuneration to Opex expenditure of less than 40%	27%	13%	Achieved
	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	53%	-27%	The 27% under collection is due to the following categories that have occupied the units: 1 263 Elderly tenants above 60 years old 894 COJ officials 5 704 Tenants owing more than R10 000 The entity has a mitigation plan in place that is focusing on the process to delink the aged tenants and hand them over to Human Settlement department. Letters have been sent to Executive Directors regarding CoJ officials owing the entity to action salary deductions. Letters of demand were issued to all tenants owing the entity more than R10 000 and targeted eviction will be pursued for tenants that are not entering into payment arrangements.
	% Spent on operating budget against approved operating budget	100% Spent on operating budget against approved operating budget	25%	41%	+16%	Achieved
	% Reduction in unauthorized, irregular	50%	40%	40%	-	Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
	fruitless and (UIFW) expenditure incurred					
Job creation	Number of jobs created for the unemployed through EPWP programmes	700 Jobs	150 jobs created	238	88	Achieved
Economic Development	% Of construction capex spent on SMME	30% of construction capex spent on SMMEs	30% of construction capex spent on SMMEs	32%	2%	Achieved
	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	-	Achieved
Social Housing Development	No. of social housing units development	521 social housing units developed	-	Annual Target	-	<p>Overview Progress</p> <p>The contractor at Golden Highway will be appointed in first week of October, post board approval. The project is planned to complete 6-7 months after site commencement. Nancefield is on site progressing well. Devland and Nancefield are set to deliver the targeted WIP units in Q4.</p>

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
	No. of social housing units completed	895 social housing units completed	-	Annual Target	-	<p>Overall progress</p> <p>The projects targeted for this KPI are all between 89% and 99,9% complete. Abel Road, Roodepoort, Riverside, Nederberg, Princess Plots and 50 Durban Street are planned to be delivered in Q2. Lufhereng and Claim Street are planned for delivery Q3.</p> <p>The following units were completed in Q1 but are awaiting inspection by the Fire and Chief Inspector for the Occupation certificates:</p> <ul style="list-style-type: none"> • 102 Units Durban Street • 92 Units Roodepoort
	%CAPEX budget spent	100% CAPEX budget spent	25% CAPEX budget spent	26%	1%	Achieved
Property management	% Occupancy rate	98% occupancy rate	98% occupancy rate	98,02%	0,2%	Achieved
	Number of properties received major maintenance upgrade	2 properties received major maintenance upgrade	Procurement	Procurement & implementation 1 Project	-	Achieved
	Number of properties installed with prepaid	3 Properties	Procurement	Procurement is done, Stage: Allocatio	-	Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
	electricity meters			n of project		
	Number of properties installed with WIFI	4 Properties	1property	1 property	-	Achieved
Safe and Security	Number of reported incidents peer project per quarter	Less than 3 reported incidents per project per quarter	Less than 3 reported incidents per project	2 incidents	-1	Achieved
Adherence to Corporate Governance Principles	Unqualified audit opinion	Unqualified audit opinion	-		-	The results are recorded post the AG audit
	% Compliance to laws and regulation	95% compliance to laws and regulation	95%	97%	2%	Achieved
	% Implementation of the strategic risk management action plan	100% Implementation of the strategic risk management action plan	100%	68%	-32%	The 32% is made up of mitigations that were due for implementation mainly under Business interruption, failure to develop, attract and/or retain talent and were not fully implemented. To mitigate, a decision was made for the head of departments to start attending all the Risk and Compliance Champions meetings in order to have first-hand information regarding progress made in both the compliance and risk matters affecting their departments. The champions forum will sit every month.

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
Corporate governance	% Resolution of internal audit findings	100% resolution of Internal Audit findings	10%	20%	10%	Achieved
	% Resolution of AG audit findings	100% resolution of AG findings	80%	67%	-13%	Under performance is due to three out of nine AG findings that are still not closed. The issues raised on the commitment register and quotations register to be addressed and submitted to internal audit for verification. SCM training to be conducted in Q2.
Customer Centric	% Employee vacancy rate	5% employee vacancy rate	5% employee vacancy rate	10,1%	5,1%	The 10.1 % reflects a variance of 58 positions out of a total of 561 funded posts. The HR team has undergone a vigorous exercise to understand the priority needs for each department. This has been followed by budgeting of posts which has been finalised. The team has a recruitment plan that targets filling the 50% of variance of vacant posts between quarter 2 and 3 of the FY.
	% Employee satisfaction rating	70% employee satisfaction rating	-	Annual Target	-	Progress: The software to conduct the employee satisfaction has been procured. The roll-out of the satisfaction survey is due to resume in October 2022.
	% Customer satisfaction rating	50% Customer satisfaction rating	50% Customer satisfaction rating	56% Customer satisfaction rating	6%	Achieved
	% Achievement of service standards	100% Achievement	100% Achievement	100%	-	Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
		of service standards	of service standards			

NB: Ratios are calculated per MFMA Circular No. 71

Collection for SHRA funded projects only is 50%

SECTION 6: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

The relationship of JOSHCO and City of Johannesburg as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement 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 Service Level Standards. In the quarter under review five standards were achieved against the target of seven. The agreed service standards with the city cover the following:

- 98% accurate bills for all active customers
- 96% of maintenance request attended to within 14 working days
- Routine building maintenance once per year and as required

- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 10 working days
- Acknowledgement and response within 24 hours of complaint being logged and
- Resolution within 5 working days of logged call.

Below is the entity's performance for the first quarter of 2022/23 related to the service level standards. The entity has managed to achieve all seven standards in the quarter under review.

Table 15: Service Level Standard Performance as at 30 September 2022.

Core Service	Service Level Standard Target	July 2022	August 2022	September 2022	Q1	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	98,49%	98,44%	97,36%	98,1%	None	None
2. Attending to request for maintenance	96% of maintenance requests attended within 14 days of the logged call	96,57%	97,37%	100%	97,98%	None	None

Core Service	Service Level Standard Target	July 2022	August 2022	September 2022	Q1	Variance explanation	Mitigations
3. Routine building maintenance	Once per year and as required	100%	100%	100%	100%	None	None
4. Application of rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	1 day	1 day	1 day	None	None
5. Application of rental housing	Outcome of the application communicated within 10 working days	6 days	3 days	5 days	5 day	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 day	1 day	1 day	1 day	None	None

PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

6.17 UNPLANNED MAINTENANCE

For the quarter under review, Housing Management has conducted a total number of 938 unplanned maintenance activities at a cost of R4 912 985.19. This translates to a cost per unit of R5 237.72 and this amount is an indication of the state of JOSHCO projects in general

UNPLANNED MAINTENANCE PER PORTFOLIO AND COLLECTION RATE

Housing Management has re-arranged the portfolios to align with the Board resolution of 14 July 2022. The City referral stocks were removed from JOSHCO books. The properties that are reported in these portfolios are the properties within JOSHCO's books

PORTFOLIO A

TABLE

PORTFOLIO A	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 working days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
AA House	47	18	25	90	90	0	100%	89%
Europa House	26	8	8	42	41	1	97,62%	77%
Devland	26	23	33	82	81	1	98,78%	72%
African Diamond	0	0	2	2	2	0	100%	81%
Raschers	8	0	1	9	9	0	100%	71%
Hoek Street	9	2	5	16	15	1	93,75%	64%
Textile Building	4	3	7	14	14	0	100%	67%
Union Square	20	16	24	60	58	2	96,67%	86%
TOTALS	140	70	105	315	316	5	98,43%	75,88%

PORTFOLIO B

TABLE

PORTFOLIO B	MAINTENANCE CATEGORIES				Turnaround Time:			
					Target: 96% within 14 working Days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Bellavista Infill	2	1	3	6	6	0	100%	71%
Citrine Court	2	2	9	13	13	0	100 %	65%
Kliptown Square	37	8	25	70	69	1	99,61%	25%
Kliptown Golf	24	0	12	36	34	2	99,78 %	
Phoenix House	2	3	13	18	17	1	99%	89%
Turffontein	10	6	40	56	56	0	100 %	67%
Orlando Ekhaya	26	4	20	50	50	0	100%	51%
TOTALS	103	24	122	249	245	4	98,39%	61,33%

PORTFOLIO C

TABLE

PORTFOLIO C	MAINTENANCE CATEGORIES				Turnaround Time:			
					Target: 96% within 14 working Days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Dobsonville	49	26	49	124	122	2	98,38%	72%
Fleurhof Junction	48	14	27	89	87	2	97,75%	44%

Fleurhof Riverside	23	3	12	38	37	1	97,36%	45%
Pennyville Rooms	18	3	7	28	27	1	96,42%	20%
Pennyville Flats	23	2	3	28	26	2	92,85%	
Roodepoort	55	6	11	72	70	2	97,22%	46%
TOTALS	216	54	109	381	373	8	97,90%	45,4%

- Plumbing work is **459** which represents 48,93% of the total work for quarter 1
- Electrical work is **148** which represents 15,78% of the total work for quarter 1
- General repairs is **336** which represents 35,82% of the total work for quarter 1

6.2 CUSTOMER CARE UNIT AND FACILITIES MANAGEMENT

The Customer Service Unit currently comprises two subsections:

- Call Centre
- Facilities Management

Which aims to develop and improve JOSHCO's relationship with customers and the public through communication via emails, social media, telephone and in person. The call centre agents respond to customer queries and follow up referred and escalated matters till they are resolved.

Queries	July	August	September	1st Quarter Totals
Total email queries	151	186	107	444

Facebook	8 878	16 377	11 648	36 903
WhatsApp	6 488	8 356	4 372	19 216
Hello Peter	0	0	0	0
Total Queries	15 517	24 919	16 127	56 563

Telephone calls

The majority of callers request information on how to apply and what is available. There are many queries regarding tenant statements and SMSs which are sent out by the Revenue Department.

Email queries:

Emails seem to be more stable in the month of September and a little down in comparison to previous months. Email queries have reduced over the past months as we encourage customers with leasing queries to send a message via WhatsApp which in turn sends all the relevant information to the customers.

SECTION 7. ANALYSIS OF OCCUPANCY LEVELS PER PROJECT

A full analysis of occupancy levels is provided in the table below shows occupancy levels against SHRA required target of 97% and JOSHCO target of 98%. The core function of Housing Management department is to ensure that vacancies within the buildings are well managed and allocated within time. According to SHRA, the vacancy level should always be less than 2%.

Table 16: OCCUPANCY LEVELS PER PROJECT

Project Name	Units No.	Vacancy	Occupancy	Occupancy Level
AA House	252	2	250	99,21%

Project Name	Units No.	Vacancy	Occupancy	Occupancy Level
African Diamond	61	11	50	81,96%
Bellavista Infill	36	2	34	94,44%
Citrine Court	79	5	74	93,67%
City Deep New	329	2	327	99,39%
Devland	255	1	254	99,61%
Dobsonville	502	2	500	99,60%
Europa House	167	1	166	98,40%
Fleurhof Ph. 1	452	8	444	98,23%
Fleurhof Ph. 2	252	3	249	98,80%
Hoek Street	265	11	254	95,84%
Kliptown Golf C	936	7	929	99,25%
Kliptown Square	478	2	476	99,37%
La Rosabel	50	0	50	100,00%
Orlando Ekhaya 2	190	3	187	98,42%
Pennyville (Flats)	198	3	195	98,48%
Pennyville Rooms	564	1	563	99,82%
Phoenix House	135	2	133	98,50%
Rashers Building	95	0	95	100,00%
Roodepoort	432	2	430	99,54%
Textile Building	162	24	138	85,18%
Turffontein	525	1	524	99,80%
Union Square	341	2	339	99,41%
TOTAL	6756	95	6661	98,59

SECTION 8. JOB CREATION AND SMME EXPENDITURE

The table below reflects the expenditure on SMMEs from projects where construction activities were implemented during the first quarter. The amounts captured under Capex spent on construction are based on construction invoices and therefore exclude professional fees, statutory fees, and other fees not directly related to construction activities.

Table 17: Projects that contributed to the KPI: SMME expenditure

NO.	PROJECT NAME	TOTAL CONSTRUCTION EXPENDITURE	VERIFIED SMME EXPENDITURE	% SPENT
1	Lufhereng Social Housing Project	R 6 203 658.76	R 1 557 783.89	25%
2	Nancefield Social Housing Project	R 7 347 148.43	R 1 861 919.81	25%
3	Princess Plots Social Housing Project	R 768 8973.56	R 2 670 759.45	35%
4	Tum-Key 1: Region A (Riverside)	R 507 4077.11	R 4 234 850.81	83%
5	JOSHCO HQ	R 7 529 405.28	R 570 219.83	8%
TOTALS		R 33 843 263.14	R10 895 533.79	32%

30% of the SMME expenditure target has been achieved. The above are the only projects in the construction stage in which SMMEs have been appointed. Non-construction cost deductions were applied to construction invoices submitted by contractors and developers

(in the case of turnkeys) to arrive at a construction expenditure amount to which the 30% SMME expenditure target can be applied. The applied deductibles are provisional amounts, P&Gs, professional fees, land fees, council/statutory fees, specialist supply and fix items and VAT (where the SMMEs are not VAT registered).

Expanded Public Works Program

The EPWP is a government strategy aimed at addressing unemployment. The fundamental strategies are to increase economic growth so that the number of new jobs created starts to exceed the number of new entrants into the labour market and to improve the education system so that the workforce can accept the skilled work opportunities that economic growth will generate.

The EPWP aims to ensure that significant numbers of the unemployed are drawn into productive work and gain skills while they work. The programs provide poverty and income relief via EPWP participant job opportunities, enabling the unemployed to conduct useful activities.

The entity contracts with EPWP participants in various areas. In the quarter under review, participants were recruited to do work such as administration, survey admin, cleaning and gardening as well as providing labour at construction sites.

Table 18: EPWP participants for the quarter

Project Name / Office	Services	No of participants	Female	Male
AA House	Cleaning	15	10	5
Antea	Cleaning	9	7	2
African Diamond	Cleaning	10	10	0

Project Name / Office	Services	No of participants	Female	Male
Bellavista	Cleaning	10	5	5
Bothlabela	Cleaning	15	10	5
City Deep	Cleaning	19	16	3
Jeppestown	Cleaning	11	9	2
Head Office Leasing	Administrators	4	2	2
Head Office Supply Chain	Administrators	10	2	8
Head Office Marketing	Administrator	1	1	0
Head Office Housing	Administrator	1	1	0
Head Office Comm Dev	Officer / Administrator	2	1	1
Head Office Customer Services/ Facilities	Cleaning	2	1	1
Lufhereng	Construction	6	3	3
Nancefield	Construction	7	3	4
Orlando Ekhaya	Cleaning	10	6	4
Phoenix	Cleaning	7	7	0
Rashers	Cleaning	6	1	5
Textile	Cleaning	11	11	0
Union Square	Cleaning	10	8	2

Project Name / Office	Services	No of participants	Female	Male
	TOTAL	176	124	52

The table below lists EPWP contracts of workers that provide customer satisfaction survey through the service providers / contractors.

Table 19: Breakdown to reflect gender and age

Contractors	Project Name	No. of Participants	Female	Male
Ambrouser	AA House	11	8	3
	Tshedzani	19	14	5
Ntiiso Consulting	Turffontein	10	7	3
Solerenzo	Greenfields	15	9	6
	Union Square	11	8	3
	TOTAL	66	46	20

Student Accommodation

The entity piloted its first student accommodation project in the 2020/21 Financial Year, with the procurement of a service provider's support to retrofit and project manage the Wolmarans Street project. The building is fully tenanted. It has a total of 183 beds, rented at a rate of R 3 800/bed for double rooms and R4 200 for single rooms. The revenue due to the entity for the current quarter under review is R415 047 based on a profit split of 55/45 in favour of JOSHCO.

Table 20 below shows the rental income reconciliation for the first quarter of 2022/23 FY.

Table 20: Student Accommodation Rental Income

1st JUNE - 31st JULY	UJ FUNDI PAYMENTS	WITS NSFAS	WITS FUNZA LUSHA KA	WIT S GC RA	CASH PAYING & COLLEGE	Total	NOTES
RENTAL INCOME	495161.28	801430.00	0,00	0,00	123 536.00	1 420 127.28	Amount collected from all tenants
REFUNDS TO THE UNIVERSITY/ STUDENTS	0.00	38590.00	0.00	0.00	19 797.00	58 387.00	Remove 2x students from NSFAS and refund March to May. Student is funded by GCRA.
TOTAL RENTAL INCOME JUNE TO JULY						1 361 740.28	
SUPPLIER PAYMENTS FOR	0.00	0.00	0.00	0.00	-	333 909.67	Suppliers paid by KWATLOEPROPOWER for June and July and not claimed

1st JUNE - 31st JULY	UJ FUNDI PAYMENTS	WITS NSFAS	WITS FUNZA LUSHA KA	WIT S GC RA	CASH PAYING & COLLEGE	Total	NOTES
MAINTENANCE							
TOTAL INCOME *45% KWATLOEPR OPOWER JV						612 783.13	
TOTAL INCOME * 55% JOSHCO	0.00	0.00	0.00	0.00	-	748 957.15	
TOTAL AMOUNT DUE TO JOSHCO	0.00	0.00	0.00	0.00	-	415 047.48	Total income*55% (748957.15 less Supplier payments (333909.67) = R415047.48



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs, including the executives as summarised in the table below.

Table 21: Personnel Cost by Occupational Level as of 30 September 2022:

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	608 805.63	2%	202 935.21
Executive Managers	4	1 061 168.15	4%	265 292.04
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	28	5 991 959.91	21%	213 998.57
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin)	111	9 559 961.36	34%	86 125.78
Semi-Skilled (Driver)	2	81 502.56	0%	40 751.28
Internship	9	286 000.02	1%	31 777.78
Unskilled (Office Attendants, Security Officers and Cleaners)	355	9 598 094.86	34%	27 036.89
EPWP	209	966 125.70	3%	4 622.61
Total	721	28 153 618.19	100%	872 540.15

SECTION 2: KEY VACANCIES

This section provides reporting on vacancies that were actioned, either by filling an acting capacity or recruitment.

Table 22: Acting Appointments

Designation	Current – Acting Role	From	Comments
DD – ICT COJ	ICT Senior Manager	01 July 2022 to 30 September 2022	Acting because of a resignation
Legal Officer	Company Secretary	01 August 2022 to 30 September 2022	Acting because of a resignation
Property Supervisor	Portfolio Manager	01 July 2022 to 30 September 2022	Vacant position in structure
HR Officer	HR Manager	18 July 2022 to 30 September 2022	Acting because of suspension
Project Manager	Senior Project Manager	01 August 2022 to 31 October 2022	Vacant position
Risk Manager	Supply Chain Manager	19 September 2022 to 31 October 2022	Acting because of vacant position

Table 23: Finalized Appointments

Position	# Vacancies	New Position/ Replacement	Status
Receptionist	1	Replacement	Appointed on 01 July 2022
Chief Executive Officer	1	Replacement	Appointed on 12 Sept 2022
Chief Operations Officer	1	Additional H/C	Appointed on 01 Sept 2022
Executive Manager Corporate Services	1	Replacement	Appointed on 01 Sept 2022

Position	# Vacancies	New Position/ Replacement	Status
Total	4		

Table 24: Recruitment in progress

Position	Vacancies	New Position/ Replacement	Status
Office Attendant	5	Replacement	On hold
Security Supervisor	2	Replacement	Appointment stage
Senior Manager: ICT	1	New position	Shortlisting stage
Programme Manager: Special Project Management	1	Replacement	Approval stage
Manager: Planning and Performance	1	New position	Advert stage
Special Projects: Construction Project Manager	1	Replacement	Approval stage
Monitoring and Evaluation Specialist	1	Addition to existing role	Appointment stage
Compliance Specialist	1	New position	Appointment stage

Position	Vacancies	New Position/ Replacement	Status
Legal Officer	2	New position	Shortlisting stage
Learning and Development Specialist	1	Replacement	Advert stage
Applications Administrator	4	New position	Advert stage
Company Secretary	1	Replacement	Advert stage
Special Projects Procurement Officers	2	Project based	Shortlisting stage
Supply Chain Manager (FTC)	1	Project based	Shortlisting stage
Total	22		

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed and responded to the requirements of employment equity for the quarter under review.

3.1 Employee Equity and Skills Development (EE/SD) Meeting

- The EE/SD committee did not meet in the quarter due to a change in Management. However, management has met with City's Employee Equity & Diversity Management to understand the entity's EE plan for the next three years.

3.2 Reporting

- The quarterly monitoring report as required by the City of Johannesburg was also submitted reflecting the EE status.

3.3 EE Profile

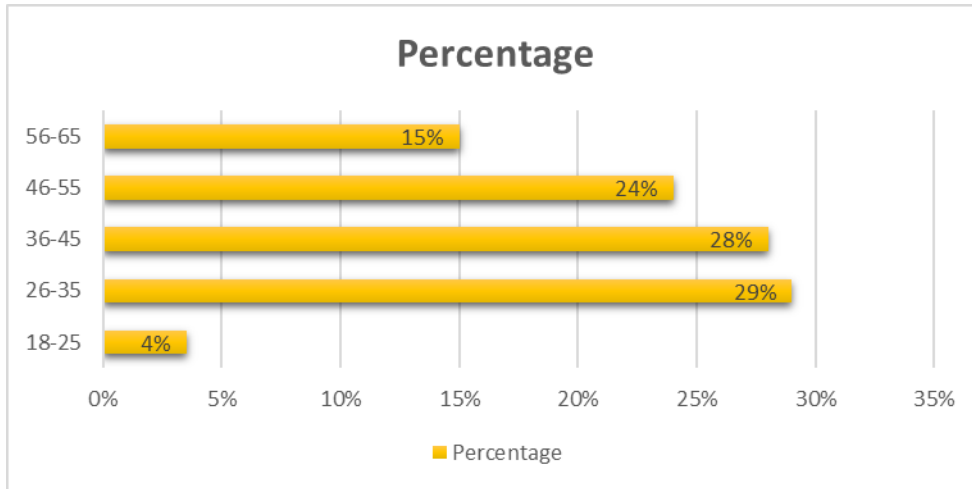
- The table below reflects the EE profile of the Company.
- There has been no change in the EE target which is ten staff members: five females and five male profiles from both the skilled and unskilled staff.
- The racial profile is highly skewed towards black people as defined in the Act

Table 25: Employee Equity numbers

Employment Equity Profile													G/ Ttl	Racial % Profile	Female Gender % Achievement
Occupational Level	Male				Female				Foreign Nat.		Local				
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	2	0	0	0	1	0	0	0	0	0	1	1	3	100%	50%
Senior Management	2	0	0	0	2	0	0	0	0	0	2	2	4	100%	50%
Professionally Qualified / Middle Management	16	0	0	2	9	0	1	0	2	1	16	9	28	85%	35%
Skilled Technically and Academically Qualified	47	3	0	0	54	5	1	1	0	0	50	61	111	99%	57%
Semi-Skilled	2	0	0	0	0	0	0	0	0	0	2	0	2	100%	0%
Unskilled	159	3	0	0	188	5	0	0	0	0	162	193	355	100%	55%
	228	6	0	2	254	10	2	1	2	1	233	266	503	99%	54%

3.4 AGE PROFILE

Graph 1: Employee Age



33% of the workforce is classified as youth and this is in line with the entity strategy to reduce the unemployment rate of the youth. The majority of JOSHCO employees are aged between 26 and 35 years of age, which represents 29% of the JOSHCO staff establishment, and fall mostly in the middle management category. This will assist in creation of a succession plan.

Table 26: Terminations during the quarter

Position	Reason	End Date
SCM Officer x1	Death	17 July 2022
Security Supervisor	Resignation	23 July 2022
SCM Specialist x1	Resignation	29 July 2022
Learning and Development Specialist	Resignation	31 July 2022
SCM Officer x1	End of Contract	12 Sept 2022
Total 5		

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

4.1 Bursaries for 2022/2023

- Communication for bursary applications will be communicated to all staff during the month of October 2022 for the intake of January 2023.

4.2 Training interventions

- A fraud and corruption awareness workshop was held for the Human Resources Department

4.3 Workplace Skills Plan and Annual Training Report

- ILPs currently being concluded so that HR can develop, amongst other, tailor-made training program. Furthermore, the department has developed a training plan in consultation with Group HR and it is being analysed.

SECTION 5: PERFORMANCE MANAGEMENT

Table 28: Performance Management

Department	Performance Scorecard Submitted
Office of the CEO (Exec's, Internal Audit, Legal, & Cosec)	10
Office of the COO (Housing Management, Housing Development, Stakeholder Management, ICT)	16
Business Planning & Strategy	3
Finance (Revenue, SCM & Finance Core)	4
Corporate Services (HR, COMMs, Customer Care)	11
Total	44

The signing of performance scorecards has been affected by a myriad of factors. These range from a lack of understanding of the performance scorecards as a tool and the lack of understanding of the value chain of every staff member's role on the corporate scorecard as it cascades down. There has also been the issue of job responsibilities which the staff members are still unpacking to ensure that the targets set are reasonable.

At the Local Labor Forums, management has engaged the union to ensure that members are educated about the Performance Management System. Roadshows have also been set up with respective departments to unpack "Key Performance Indicators" ahead of contracting.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The aim of this section is to shed light on the status of disciplinary hearing(s), grievances, investigations, appeals, and suspensions. It should be noted that resources were sourced to assist with presiding over the matters, however due to various reasons we could not

proceed with scheduled matters. The entity is in the process of acquiring services to capacitate JOSHCO management in presiding and presenting disciplinary matters.

Disciplinary Matters as at 30 September 2022

The entity has eight matters outstanding; these are due to be set for hearings in the following quarter. Some of the matters are historic, stemming from over 12 months ago, which has led to engagements to settle the matters as they have exceeded their time. Human Resources scheduled a meeting with all relevant role players to address possible challenges that managers and supervisors are encountering in disciplinary matters.

Table 29. Disciplinary outcomes

Sanction	No of Employees
Verbal Warning	0
Written Warning	2
Final Written Warning	0
Dismissal	0
Suspension	3
Demotion	0
Total	5

Comments:

- As an intervention to capacitate line managers, HR is currently sourcing a service provider to formally train all levels of management regarding disciplinary matters (presenting and presiding over matter).

Grievances Matters as of 30 September 2022

We had three grievances and two are outstanding, awaiting action at the CEO's office.

- Salary view.
- Mogale (however it was agreed that we should not have multiple processes on the matter as it affects the majority of if not all the employees)
- CFO and FM to facilitate formal handover, set out clear individual responsibilities and job descriptions for subordinate.

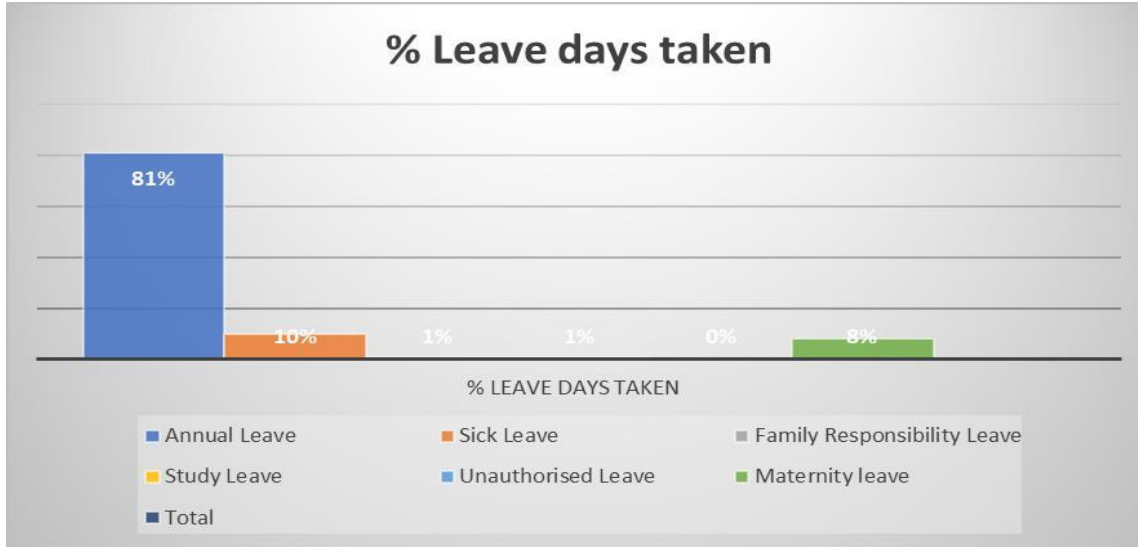
SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days leave per annum to be taken at a time convenient for JOSHCO and agreed upon by management. 80 sick leave days in a three-year cycle are also provided to staff. The table below provides a detailed overall leave management analysis.

Table 30: Leave taken analysis

Type of Leave	July	August	Sept	Total leave days taken	% Leave days taken
Annual	250	160	189	599	81%
Sick	25	14	35	74	10%
Family Resp. Leave	5	5	1	11	1%
Study Leave	10	0	0	10	1%
Maternity Leave	0	30	30	60	8%
Total	275	209	255	744	101%

Graph 2: Leave Analysis



SECTION 8: OVERTIME MANAGEMENT

JOSHCO is committed to complying with the Basic Conditions of Employment Act, hence the need for a written organisational policy on overtime to guide and regulate the compensation of overtime. Whilst Human Resources is reviewing the overtime policy, compliance is ensured by implementing the measures below:

- Written authorisation has been provided for in advance for the work.
- The employee has agreed to such overtime.
- The monthly compensation for overtime shall constitute less than 30% of the employee's monthly salary.

SECTION 9: EMPLOYEE WELLNESS

On 13 September 2022, we held a tender briefing on the wellness programme, which is aimed at ensuring the wellbeing of all employees. Supply Chain is busy finalising the tender with the aim of appointing a service provider in Quarter 2.

SECTION 10: EMPLOYEE BENEFITS

10.1 Retirement Fund

Staff members are affiliated with the E-Joburg Retirement Fund, and contributions are calculated at 7,5% of the member's basic monthly salary and the employer's contribution is 18% of the basic monthly salary.

10.2 Medical Aid Scheme

The employees are eligible for a medical aid subsidy. The Employer Contribution is 60% up to the maximum of R5 007.07 and the Employee Contribution is 40% depending on the number of dependents.

10.3 Locomotive allowance

- Depending on the nature of their job specifications, some employees are eligible for travel allowance.

SECTION 11: OCCUPATIONAL HEALTH AND SAFETY REPORT

The purpose of this section is to reflect that JOSHCO complies with all the applicable legislation and, where appropriate, implements additional measures to ensure health and safety at Head Office and projects, and to update the committees and JOSHCO Management on the progress made on Project Health & Safety.

Table 31: JOSHCO staff incidents (COVID-19 Cases)

Total number of staff members tested for COVID-19 in Q1	Total COVID - 19 positive cases	Total active cases	Total fatalities	Total direct contacts sent for testing	Total Staff Vaccinated
00	00	00	00	00	00
In Quarter 1 zero new cases was recorded, zero recoveries, zero fatalities, no direct contacts were referred for COVID-19 testing. No staff members have been vaccinated for COVID-19.					

Table 32: JOSHCO Injury on Duty (IOD) and Fire incidents

Total Fire incidents	Total IODs	First aid incident	Total fatalities
01	00	00	00
In Quarter 1 one Fire incident was recorded, zero IOD, zero First Aid incidents and zero fatalities thus far.			

- On 28 August 2022 at approximately 16:00, Citrine Court Unit 201 was on fire. City of Joburg Emergency Management Services (COJEMS) managed to extinguish the fire; tenants of unit 1003 & 1301 were admitted for smoke inhalation. A report was compiled and escalated to the Risk team to raise an insurance claim.

11.1 Health and Safety Measures

- 30 Health and Safety Reps, 29 First Aiders and 28 Fire Marshals were appointed in accordance with the Occupational Health and Safety Act, for compliance and emergency response.
- In Quarter 1 the Safe Work Procedures for cleaning staff were communicated with the cleaners of the Turffontein, Devland and Dobsonville sites for safety promotion to minimize injury.

11.2 Site visits and inspections

- The following sites were visited: City Deep, Phoenix, Turffontein, Citrine Court, Bellavista Anfield, Devland, Dobsonville and Raschers. The following findings were observed:
 - Disclaimer signs needed to be installed – Corrected
 - Extinguisher pressure dropped – Corrected
 - Fire signs required to be installed – Corrected
 - Assembly point needed to be designated – Corrected
 - Parameter fence damaged – Corrected
 - First Aid box needed to be installed – Corrected

SECTION 12: MARKETING AND COMMUNICATION

This section of the report focuses on the performance of the organization in terms of marketing and communication objectives including brand activation and promotion. This quarter has promoted the notion of “*A JOSHCO that Cares*” through robust communication and engagements. The organisation explored new innovative ways to boost and build close and harmonious relations with the communities through the formation of strategic partnerships and devising of interactive programmes aimed at elevating service delivery to meet new prescribed standards and improve on turn-around times whilst promoting the entity as a prime brand.

The opening account of this report is on the seventeen activations delivered for quarter one ranging from tenants' outreach, staff meetings, as well as corporate and social events. The second part gives an overview of the ninety communications products distributed and lastly, analytics stemming from the media coverage that JOSHCO received since July till September 2022.

12.1. CEO'S BUSINESS PLANNING SESSION WITH ALL STAFF

The first month of the quarter commenced with a staff meeting which was held on 22 July 2022 at Metro centre. The meeting which was convened by the *then acting and currently appointed* CEO, Mr. Molapane Mothotoana, aimed at setting the tone for the quarter ahead focusing on staff issues, breaking organizational barriers, and performing according to the JOSHCO values. The programme included the 2022/23 Business Plan presentation which addressed the priorities for the year. Mr. Themba Mathibe, *then acting and currently appointed* COO, also addressed the staff and emphasised the need to introduce an organisational culture and functional leadership style that encourage a workforce that has a clear understanding of the organisational goals. He mentioned that there is a need to introduce a short-term turnaround strategy on rental collection and means to bring about financial sustainability while introducing revenue enhancement streams within the organization.



12.2. TENANT OUTREACH PROGRAMME

The tenants of JOSHCO are the heart and soul of the organisation which invokes the need to maintain sound relations with them. JOSHCO's strategy of listening, engaging and providing feedback is giving the organisation a positive outlook. The Outreach Programme gain momentum since the last quarter and most historic issues are being resolved. The engagements provide an opportunity to gather information about tenants and their households in an effort to proactively target the entity's money in the right areas and services.

During this quarter, the organization delivered seven Tenant Outreach activations at the following projects: Botlhabela, Turffontein, Fleurhoff, Tshedzani and City Deep (*the other two are follow-up sessions*). The programme appears to be yielding positive results with tenants becoming more transparent and open to a shared vision.



12.3 APPLICATIONS HELP DESK

JOSHCO facilitated applications help desk to support the applications process at Jeppestown. The objective of the helpdesk is to render support to the leasing team during applications, by deploying staff from other departments to assist with enquiries, providing applicants with information and service support.

The applications for Skhosana Court and Morduant Court opened on 25 till 29 July 2022, with a turnout of over a thousand people looking for accommodation.

Helpdesks are a convenient way for communities to access services from JOSHCO in real time. They are coordinated to take place closer to specific newly developed project to attract specific beneficiaries in a specific ward. Helpdesks, also known as service desks, are coordinated together with the local councilor and are preceded by a public meeting and engagement. The most phenomenal thing about helpdesks is that they save non-qualifying applicants the time and effort of queuing for hours when they do not even qualify or meet the requirements to be eligible for a JOSHCO rental unit.

12.4 COMMUNITY PARTNERSHIPS

The following social activations are aimed at stimulating the community's trust. The organisation has received positive feedback following these events and JOSHCO needs to leverage on the feedback to change the negative narrative on the ground. The organisation delivered four activations through partnership with the tenants.



12.4.1 NELSON MANDELA DAY COMMEMORATION

JOSHCO partnered with Pikitup and Phambili Services to build a waste management and recycling hub at City Deep project. On 18 July 2022, the teams dedicated 67 minutes to commemorate Nelson Mandela Day by means of a clean-up campaign which was also targeted at boosting preparations for the launch of the City Deep Waste Recycling Hub.

12.4.2 WOMEN'S DAY COMMEMORATION

On 17 August 2022, JOSHCO in collaboration with Phenomenal Women and BeeZee hosted a Women's Day event at Kliptown Square. The event was in support of the launch of the Kliptown Flea Market which is aimed at assisting unemployed tenants with an income. This flea market is set to operate on the last Saturday of each month and will be managed by the local vendors. Part two of the event was a high tea that presented motivational addresses and social dialogues on GBV, financial health and living a healthy lifestyle.

12.4.3 HERITAGE DAY COMMEMORATION

To embrace the diverse cultures and traditions within the projects, JOSHCO partnered with the tenant communities in Orlando Ekhaya and Dobsonville projects to commemorate heritage month. The events took place on 10 and 17 August 2022. It is important for JOSHCO to foster greater social cohesion, build harmonious communities and allow for an expression of a shared identity.

12.5 SITE WALKABOUT AT RIVERSIDE PROJECT

The MMC for Human Settlements, Cllr Mabaso was invited together with the Board and Executive management of JOSHCO to visit the Riverside View Social Housing development on 2 August 2022. The purpose of the walkabout was to appraise the MMC and Board of the development progress and allocation readiness. This is one of the City of Johannesburg's Megaprojects managed by JOSHCO and it is located at 14 Blue Crane Drive, Diepsloot (Cnr Porcupine Park Ave and Blue Crane, just a few kilometers from the prominent Steyn City in Fourways). The development is progressing at a steady pace, with the first phase of 180 units due for completion in December 2022.



12.6 MAYORAL ARE SEBETSENG

On 16 September 2022, JOSHCO alongside other COJ entities joined the Mayoral Are Sebetseng at Ward 129, Region C in Doornkop. In attendance was the Executive Mayor, Cllr Mpho Phalatse alongside other MMCs and Executive Directors. JOSHCO had an exhibition stall which attracted over two hundred community members enquiring about affordable rental accommodation. The Communications team was minding the stall and distributed How to Apply flyers which were printed and shared via QR codes.

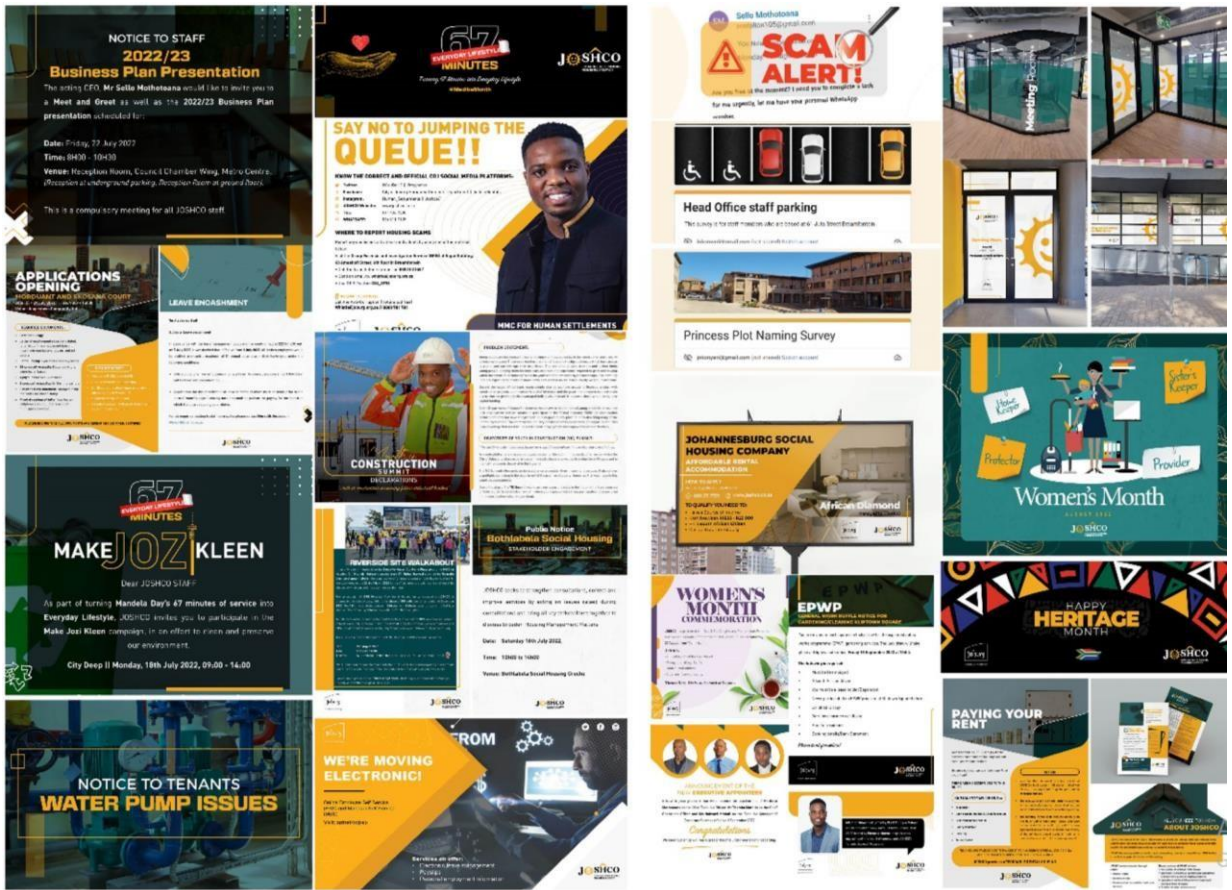


12.7 COMMUNICATION PRODUCTS:

Communication products are essential for promoting JOSHCO's corporate image and fostering good relations with stakeholders. In the previous quarter the department produced and distributed forty-five communication products to internal and external stakeholders.

This quarter has seen an enormous 50% increase in the number of products disseminated, bringing the total number of products distributed to ninety, which include internal and external notices, project information flyers, updates on service offerings, anti-fraud and corruption infographics, posters on how/where to pay your rent, awareness regarding official JOSHCO communication platforms, and media statements and responses.

The entity aims to maximize the impact of its programmes and services by making the results visible to stakeholders and the wider audience across the various JOSHCO platforms.



12.8 MEDIA LIAISON AND MONITORING:

The company's media footprint is growing significantly. Major interest from the big media houses such as Arena Holdings and Independent Media was witnessed. The interest emanates from the collaborative effort with the office of the MMC for Human Settlements, Cllr Mlungisi Mabaso. This collaboration has provided JOSHCO with great attention from the building and infrastructure

professional bodies, which now follow us on social media. JOSHCO communicators are registered on the Human Settlement Communicators Forum which is responsible for the overall coordination of human settlement activities nationally and provincially. This alignment will boost JOSHCO’s participation in strategic programmes and enhance its presence.

In the previous quarter we reported that the number of followers had increased to a little over 3 269 from 2 887 on Twitter and over eighteen thousand on Facebook. The department explored the technique of boosting posts on Twitter, which assisted with gaining close to 700 new followers. Currently there are 3 900 followers, and it is envisaged that over 50% growth will be reached with the help of the influencer services. Facebook has increased from 18 000 to 24 500 followers. Instagram and YouTube require exclusive content creation which the department is putting together for the next quarter.

Among the topics covered in July were hijacked buildings, affordable housing, as well as warnings about housing scams. Mentions appeared in sources such as Cape Talk, Newzroom Afrika, eNCA, Radio 702, City of Ekurhuleni Special Report, Business Day, Sowetan and Asset. The dominant story in August and September was that of residents in Roodepoort who took to the streets demonstrating against planned evictions. According to media reports, the residents claimed that JOSHCO has gone back on an agreement related to the ownership of units at the Tshedzani flats. Coverage on this issue was neutral to negative. Positive mentions were linked to Public Works Minister Patricia de Lille conducting an oversight visit to the Jeppetown Social Housing Project.

Management has responded to media enquiries from all seven stables namely: the Sowetan, the Saturday Star, Southern Courier, Sunday World, the Sunday Times, Jozi FM, Wits Vuvuzela and Soweto TV to schedule an interview.

12.8.1 Table 33: SUMMARY MEDIA COVERAGE/ ARTICLES: JULY – SEPTEMBER 2022

Source & Date	Summary of queries	Analysis	Article Brief
Times live 20 July 2022	Owl breeding pair adopts block of flats in Soweto, but	POSITIVE	A barn owlet has been removed from a residential block of flats in Kliptown, Soweto and taken into care by the Owl Rescue Centre.

	can't keep their chicks		<p>Bishop Romeo Hudson and Jeremiah Rapola, the building supervisor, rescued the owlet from the bottom of the gutter downpipe, said the centre.</p> <p>The building has played home to a breeding pair for some time, with adult owls typically reoccupying the same nesting territory. "What is special about this rescue is that it is our 30th owlet patient from the same building over the past 10 years," said the centre. "Jeremiah always ensures the safety of the owls until we can get there. He says though most residents don't fuss too much about their feathery neighbours, some are afraid of them, and to avoid anything untoward, he makes the call to us to get them to the sanctuary."</p>
Business Day 25 July 2022	LETTER: There are solutions to Joburg's problems ask the private sector	NEUTRAL	<p>Ebrahim Harvey's analysis of the state of Johannesburg touched a nerve for those of us who are heavily invested in the city ("The fall of the once great city of Johannesburg," July 19).</p> <p>The Johannesburg Property Owners & Managers Association (JPOMA) was established nearly 20 years ago, in 2003, to represent credible landlords, managing agents and property owners active in the inner city, and over the years grew from four to 58 members</p>

		<p>with over 40 000 affordable housing units between them, housing over 200 000 tenants at this time. Collectively our members pay the City of Johannesburg more than R80m per month. We know the inner city, care deeply about its welfare and have been working hard for two decades in an effort to maintain reasonable standards for those living and providing homes for tenants here.</p> <p>City officials claim in media interviews that they are reclaiming the inner city, and like to paint a picture of a world-class city. Member of the mayoral committee (MMC) for Human Settlement, Mlungisi Mabaso, said recently that “a lot of” buildings had been acquired through the Johannesburg Social Housing Company (JOSHCO) and that he himself had opened “quite a few” that had been converted into residential buildings. We did the homework, but we have been unable to find evidence of even one such success story.</p> <p>Instead, we are inundated with urgent applications from managers of buildings neighbouring several hijacked, government-owned JOSHCO buildings, whose residents fear for their lives as a result of the lawlessness that prevails. One example, Casa Mia in Soper</p>
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			Street, Berea, has been the subject of numerous complaints, from gunshots being fired from the building — a resident in a building across the road provided evidence of having been hit by a stray bullet — to muggings right outside and sewerage draining into the street. No action forthcoming from the city despite numerous urgent appeals.
Randburg Sun 30 July 2022	Potter wants Randburg to be a shining star again	NEGATIVE	Ward 102 councillor David Potter has asked the municipality to follow through with its plans to upgrade Randburg, and pay special attention to the Randburg Civic Centre. “Touts are all over the Randburg Civic Centre, inside and out, licensing fraud and corruption is blatantly happening, a derelict guard house exists, the gardens are often overgrown and unkept and to top it all off, a failed and undeveloped JOSHCO social housing project remains incomplete.” Potter added he knew development plans were afoot, not just in Randburg, and he was excited for the ‘golden repair’ led by Mayor Dr Mpho Phalatse, which should bring retailers and economic value back to Randburg CBD.
Eyewitness news August 11 2022	Protesting Roodepoort residents accuse Joshco of renegeing on 2008 agreement	NEGATIVE	JOHANNESBURG - Some residents in Roodepoort, Johannesburg have taken to the streets on Thursday morning to demonstrate against planned evictions from a social housing project owned by the city. The demonstrators

			<p>have burnt tyres and closed roads, using waste material, including litter and broken beer bottles.They said that they would be marching to the office of Johannesburg Mayor Mpho Phalatse to hand over their memorandum of demands on Thursday morning. There were less than 100 protestors in the Roodepoort CBD.But they have since been dispersed by members of the Johannesburg Metro Police Department, who were now busy clearing the road for traffic. Thursday morning's protest organiser, Voneen Trompeter, has accused the Johannesburg Social Housing Company of renegeing on a rent-to-buy agreement dating back to 2008.</p> <p>"JOSHCO has promised us in our leases after four years we will have ownership. It's 14 years and still nothing. They have evicted 24 people just last week. They don't come back and find out what happened after COVID, if we are still working," Trompeter said.Trompeter said that they were refusing to move out of the social housing project because they had nowhere else to go.She said that they wanted to be issued with title deeds as part of their demands.</p>
Fourways Review	Housing MMC happy with the progress of	POSITIVE	MMC for Housing Department Mlungisi Mabaso has expressed his contentment with the

<p>August 13 2022</p>	<p>Riverside View construction</p>	<p>progress of the Riverside View social housing development project.</p> <p>Mabaso and Ward 96 councillor Rufus Maswazi visited the project's construction site on August 2 to check the progress. The construction project of 1 108 social housing units was launched in March by Mayor Mpho Phalatse to tackle the backlog and shortage of houses in the city. "The construction project is progressing at a steady pace, with the first phase of 180 units due for completion in December this year. The 180 units are divided into five blocks, with two blocks ready to receive the third-floor slab," Mabaso said. "I am proud and pleased with the progress the developers and JOSHCO have made and for keeping the work at such a steady pace. This should be the standard for all developers moving forward, this is the first time we are seeing such progress in a short period of time." Mabaso also commended the contractor and development team for exceeding 30% of community involvement in the project. "To date, the contractor and development team have exceeded the 30% minimum requirement of local community involvement. As of end of June, the community involvement was over</p>
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			80%. Out of the 320 labourers on site, only 25 labourers were not from the local community.”
Sowetan live August 16 2022	'Joburg wants to evict my family but flat must belong to me now'	NEGATIVE	Retrenched truck driver, Benedict September, lives in constant fear not knowing when will the court sheriff knock on his door and evict him from a two-bedroom rental flat in Roodepoort which has been his home for 12 years. The father of three lost his job during the hard lockdown and he has since been unable to pay his monthly rental. September is among dozens of residents that the City of Joburg has decided to evict.
Sowetan live August 25 2022	City of Joburg pauses flat evictions	NEUTRAL	People renting flats in Roodepoort can breathe a sigh of relief as the City of Johannesburg's social housing company, JOSHCO, has temporarily suspended evictions in the area. JOSHCO met with Tshedzani tenants who were finding it difficult to pay their monthly rent and non-paying people have been given until early September to make alternative payment arrangements.
Independent Online, September 6 2022	Joshco promises to temporarily halt evictions	NEUTRAL	Following threats of evictions and enforcement by the Johannesburg Social Housing Company (JOSHCO) over failure to honour rental payments, Joshco chief executive Sello Mothotoana has promised to temporarily put evictions and enforcement orders against tenants on hold. Mothotoana was speaking during a stakeholder engagement meeting held

			<p>at Fleurhof Junction on Saturday. Mothotoana, who is the acting chief executive, said due to issues of maintenance and massive unemployment rate, which has affected most of the tenants, it would be unjust to enforce evictions before Joshco had resolved some of the issues pointed out by residents across its social housing within the city.</p> <p>"We are not going to resort to enforcement and evictions at the moment. We are inviting tenants to come forth and engage with us. Looking at the conditions here at Fleurhof Junction, it is clear that we need to find solutions to some of the issues raised before we continue with enforcement of eviction notices. These planned evictions were also confirmed by MMC for housing Mlungisi Mabaso during a media briefing at a recent press briefing. Mothotoana said, under the current conditions, residents should come forward and engage with the city on possible solutions and promised to attend to service delivery issues raised by tenants who decried lack of maintenance of their units, among other issues."</p>
Soweto Urban September 8 2022	A flea market and high tea to end Women's Month	POSITIVE	The community of JOSHCO Kliptown Square flats came together at the end of last month to celebrate women and girls as Women's Month

		<p>came to an end. The group hosted a flea market as well as a high tea event later on the day. The aim of the flea market is to empower small business owners by giving them a platform to sell their products on a monthly basis. "The community of Kliptown has suffered a great loss throughout the COVID-19 pandemic and many residents have become unemployed," said Vali Novela as she guided residents through the flea market to show them what each vendor was selling on the day. Homemade cookies, biltong, clothing, ice cream, ladies underwear, slush puppy, ironing board covers, spices and skin care products are just the few items that were sold at the flea market on that day. After that afternoon, the young girls and women had a high tea event that was hosted by Phenomenal Women.</p> <p>Themba Motaung was our programme director followed by Jeremiah from Joshco who welcomed our guests as well as Dr. Herman Edeling talking about healthy living.</p> <p>We also had the honour of having FNB speaking to us about financial banking and Chriszelda Jooste, Sonto Simelane, and Charmaine Hensen addressing the crowd and motivating them," added Novela. Bee & Zee Delights would like to thank the Joshco</p>
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			management at the Kliptown Square flats not only for a successful event but for providing a platform and allocating space within the complex for the flea market to run once a month.
SABC News September 14 2022	Joburg mayor provides an update of work done over the past eight months	POSITIVE	<p>The City of Johannesburg’s multi-party government which has been rocked by political squabbles and acrimonious battles has sought to reassure residents that it’s on track with service delivery targets. Joburg mayor, Mpho Phalatse, flanked by Mayoral Committee members, gave an update on the work the multi-party government has done for the past eight months. This is amid growing calls from the opposition and minority parties for the mayor to be ousted through a vote of no confidence, for what they call service delivery failures, and lack of accountability. Phalatse says the multi-party government in South Africa’s economic capital is strong, united, and agile.</p> <p>Human Settlements MMC, Mlungisi Mbaso, says in March this year, they launched the construction of about 4 000 mixed housing units in Riverside View near Diepsloot. He says work is underway to fix dilapidated and vandalised hostels.“At Meadowlands hostel, the</p>

			<p>department has concluded its studies for sewer upgrades since it has been a challenge for many years. Even the new units cannot be allocated due to bulk sewer connections. At Dube hostel, we have refurbished 24 units. 416 units were developed by the provincial government. JOSHCO was appointed to refurbish 190 units so far. At Madala hostel the redevelopment will start soon after we have relocated all residents out of the existing building that we will need to demolish".</p>
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CHAPTER FIVE: FINANCIAL PERFORMANCE



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

An analysis of the financial position as at 30 September 2022 is reflected below and in Table 34.

Table 34: Statement of Financial Position as at 30 September 2022

Description	30 September 2022	31 June 2022	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	292	233	59	25%
Loans to shareholders	2 975	2 975	-	0%
Current tax receivable	50	50	-	0%
Receivables from exchange transactions	1 302 859	1 528 325	(225 466)	-15%
Receivables from non-exchange transactions	4 325	4 251		
VAT receivable	3 925	3 918	8	0%
Cash and cash equivalents	191 762	189 265	2 496	1%
	1 506 188	1 729 017	(222 903)	-13%
Non-current assets				
Property, plant and equipment	14 076	10 784	3 292	31%
Intangible assets	9 175	9 369	(194)	-2%
Investment in joint venture	20 414	20 414	-	0%
Total Non-current assets	43 664	40 566	3 098	8%
Total Assets	1 549 852	1 769 584	(219 732)	-12%
Liabilities				
Current Liabilities				
Loans to shareholder	1 161 946	1 132 764	29 182	3%
Borrowings - DBSA	2 142	2 142	-	0%
Payables from exchange transactions	819 888	1 006 490	(186 602)	-19%
	1 983 976	2 141 395	(157 419)	-7%

Description	30 September 2022	31 June 2022	Variance	Variance %
	R'000	R'000	R'000	
Non-Current Liabilities				
Borrowings - DBSA	5 698	6 854	(1 156)	-17%
Deferred Income from non-exchange transactions	178	178	-	0%
	5 876	7 032	(1 156)	-16%
Total Liabilities	1 989 852	2 148 427	(158 575)	-7%
Net Assets	(440 000)	(378 843)	(61 157)	16%
Share Capital	0.120	0.120	-	-
Accumulated deficit	(440 001)	(378 844)	(61 156)	16%
Total Net Assets	(440 000)	(378 844)	(61 156)	-100%

1.1 Assets

1.1.1 Current Assets

Current assets have decreased by R222.9 million (from R1.729 billion to R1.506 billion). There has been a 25% increase in inventories due to additional stock items purchased. Another significant change is a 15% decrease in receivables from exchange transactions due to repayment of COJ accrued balances.

1.1.2 Non-Current assets

Non-current assets have increased by R3.1 million (from R40.6 million to R43.7 million). The significant increase is a 31% increase in Property, Plant and Equipment due to purchase of furniture for the head office and work in progress for outdoor advertising infrastructure.

1.2 Liabilities

Loans from shareholders increased by R29.2 million (from R1.133 billion to R1.1612 billion) due to the entity settling all supplier invoices within 30 days and having long outstanding debtors from the departments we execute projects on behalf of resulting in a negative sweeping bank balance. The highest outstanding balance from the entities we are executing projects on behalf is from the COJ Department of Human Settlements. Although R117 million has been received from the department in the quarter, this has not made a significant improvement in the amount due. There has been several engagements and the matter of the outstanding balance with Human Settlements has been escalated to the office of the City Manager for resolution. The department has undertaken to pay another R300 million in October 2022. Payables from exchange transactions decreased by 19% due to settlement of suppliers.

Included in current liabilities is the current portion of the long-term loan from the DBSA.

There has been no change in the composition of non-current liabilities.

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 September 2022 resulted in a deficit of R61.2 million per Table 35 below.

Table 35: Statement of Financial Performance for the year ended 30 September 2022

Description	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000		
Rental Income	44 961	45 091	(130)	-0.3%
Subsidies	12 001	12 001	-	0%
Management Fees	9 080	17 894	(8 814)	-49%
Interest Income	5 586	6 066	(480)	-8%
Utility Recoveries	53	72	(19)	-26%
Other Income	115	384	(269)	-70%
Total Revenue	71 797	81 508	(9 711)	-12%

Description	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000		
Personnel costs	(36 718)	(39 328)	2 610	-7%
Board fees	(554)	(703)	149	-21%
Provision for bad debts	(21 276)	(7 650)	(13 626)	178%
Depreciation and Amortisation	(601)	(389)	(211)	54%
Finance Costs	(18 305)	(418)	(17 887)	4279%
Repairs and Maintenance	(14 584)	(10 489)	(4 095)	39%
Security	(5 795)	(1 541)	(4 254)	276%
Utilities	(25 841)	(15 250)	(10 591)	69%
Administrative	(9 279)	(5 740)	(3 539)	62%
Total Expenditure	(132 953)	(81 508)	(51 445)	63%
Operating (Deficit)/Surplus before tax	(61 156)	-	(61 156)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(61 156)	-	(61 156)	-100%

2.1 Revenue

2.1.1 Composition of revenue

The entity's revenue is derived from the streams per Table 36 below.

Table 36: Composition of revenue

Revenue	Actual	Budget	Weighting %
	R'000	R'000	
Rentals Received	44 961	45 091	63%
Subsidies	12 001	12 001	17%
Management Fees	9 080	17 894	13%
Interest Received	5 586	6 066	8%
Utilities	53	72	0.1%
Other Income	115	384	0.2%
Total Revenue	71 797	81 508	100%

The biggest contributor to revenue is rental income making up 63% of total revenue. Total revenue is 12% R9.7 million below budget. The biggest contributor to revenue being below budget is a 49% decline in management fees due to reduction of projects executed on behalf of Human Settlements. Interest income has declined by 8% due to less than anticipated bank balances for SHRA funds as there has been no drawdowns for the quarter under review. Other income is 70% below budget due to lower than anticipated tender sales.

2.1.2 Revenue Collection

The entity's collection levels continue to decrease; 53% of current tenant rentals was collected against a collection target of 80% for the current financial year as shown in Table 37 below. Collections in respect of JOSHCO Projects (Excl. City Stock) reached 50%.

The debt collection companies appointed are proceeding with the collection of all debt owing for more than 60 days while Revenue department is continuing with internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

Table 37: Revenue Collection

PORTFOLIO	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	REASONS FOR UNDER PERFORMANCE
	R'000	R'000		
Retail Space	1,907	(1,920)	101%	All retail spaces are collectable, only 3 vacant shops to be filled (NBS, Raschers & 16 Wolmarans)
Greenfields	14,084	(7,574)	54%	1. High rise of unemployment and number of pensioners /tenants going on retirement 2. Increasing demand for ownership & child headed units whose parents went on pension 3. Culture of non-payments developed from some organised individuals & political formations

PORTFOLIO	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	REASONS FOR UNDER PERFORMANCE
	R'000	R'000		
Brownfields	17,502	(10,216)	58%	1. High rise of unemployment and number of pensioners /tenants going on retirement 2. Increasing demand for ownership & child headed units whose parents went on pension
City Referral	10,707	(3,873)	36%	Former City Stock with a rising demand for ownership and mobilised group of tenants campaigning for non-rental payments
OVERALL COLLECTION	44,201	(23,584)	53%	

2.1.3 Revenue Collection by debt collection companies

The company currently uses the services of five (5) debt collecting companies to collect debt over 90 days and above R10,000. The performance of the appointed debt collection companies is shown in Table 38. For the year to date, the companies have collected R1.1 million (0.40%) from the R263 million handed over to them for collection.

Table 38: Revenue collection by debt collection companies

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-22	1,792	87,153	138	0.16%
Aug-22	4,178	263,496	566	0.21%
Sep-22	4,178	262,930	352	0.13%
TOTAL YEAR TO DATE	4,178	262,930	1,056	0.40%

2.1.4 Settlement discount vouchers and write-offs

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 to choose from and Table 39 below show the list of vouchers processed thus far for the current quarter. 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 with balance owed are blacklisted with all Credit Bureaus.

Table 39: Settlement Discount Vouchers & Write-offs

30% Settlement Discount Vouchers:

Number of tenants settled	Total value	Total amount collected
4	23,310	54 392

10 % Discount Voucher

Number of tenants settled	Total value	Total amount collected
32	71,348	64 213

No trace and closed accounts

Number of tenants settled	Total value	Total amount W.off
20	155,530	155 530

2.1.5 Student Accommodation

The entity piloted its first student accommodation project in 2020/21 Financial Year, with the procurement of a service provider's support to retrofit and project manage the Wolmarans Street project. The building is fully tenanted. It has a total of 183 beds, rented at a rate

of R 3 800/ bed for double rooms and R4 200 for single rooms. The revenue due to the entity for the current quarter under review is R415,047 based on a profit split of 55/45 in favour of JOSHCO.

2.1.6 Mitigation Strategies to improve collection performance

2.1.6.1 Introduction of an online Acknowledgement of Debt (AOD) Process

JOSHCO has appointed a service provider to develop an Online App for the tenants take on process, online documents filing system and payments.

With the introduction of online APP, the signing of AOD's has been made mandatory for all tenants and will be made available and be signed online through the tenant portal, auto emailed or via SMSs to all tenants who missed a payment. The same will allow tenants to make online payments linked to the online AOD and in line with the arrangements made for the outstanding debts. In an instance where tenants do not adhere to these measures, the process will be enforceable via the Credit control officials by giving tenants 48 hours to comply before proceeding with internal processes of credit control.

2.1.6.2 Online payment option through Pay Fast

The App is currently designed to use Pay Fast as a payment gateway. The system can work with any Payment Provider if they offer Payment gateway services and have support that is required by the application and end user payment options. Pay Fast is a payment service provider that handles any issues associated with processing a payment online.

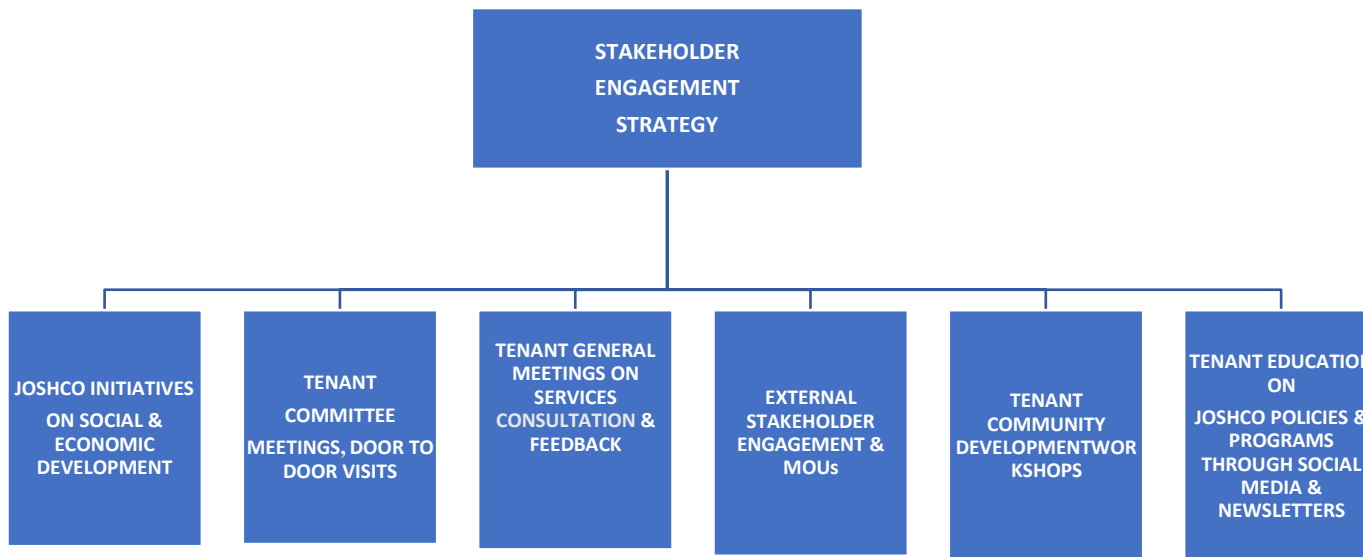
2.1.6.3 Tenant engagement programme

A cluster system has been established for major stakeholder engagement which will be undertaken by all operational managers as an initiative to engage with owing and non-paying tenants before we resort to drastic revenue and legal actions. This will allow all

departments from Leasing, Maintenance, Housing management, Development & Revenue department to engage monthly to identify the challenges that are leading towards poor rental payments by our tenants.

Refer to model below for the Tenant Participation Model.

MODEL 1: TENANTS PARTICIPATION MODEL



The tenant engagement programme seeks to achieve the following:

- Regularisation of illegal occupants into legal lease holders

- Increased collection levels and ensuring current tenant afford to pay their rent
- Proactive Lease Renewal process with payments commitment made
- Tenants understanding of JOSHCO`s program of action.
- Customers buy-in of JOSHCO programmes
- Gain tenants 360 degree understanding of JOSHCO operations.
- Understanding of the importance of paying rent and the consequences of not paying
- Share the organisation`s Planned maintenance programme,
- Security improvement programme and the overall Customer service programme
- A conclusively clear understanding of JOSHCO`s position on the demand for ownership & alternative platforms to pursue ownership matter
- Clear understanding of Customer query handling & processing
- Clear understanding of JOSHCO communication platforms

2.1.7 Revenue enhancement

The entity has identified the following additional revenue enhancement opportunities:

- Film shoots in our premises (Indoors& outdoors), and
- Urban farming (balcony & basement mushroom farming).

2.2 Expenditure

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

a) Personnel costs

- 7% below budget (R2.6 million) due to savings on senior management positions that were vacant in the quarter under review.

b) Board fees

- 21% below budget (R149 000) due to a reduction of procurement activities requiring board approval from the COJ Department of Human Settlements.

c) Provision for bad debts

- 178% above budget (R13.6 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 53% which is influenced by the reasons stated in Section 2.1 above.

d) Depreciation and Amortisation

- 54% above budget (R211 000) due to the purchase of property, plant and equipment for the revamped head office.

e) Finance costs

- 4279% above budget (R17.9 million) due to interest incurred on negative Sweeping account arising from overdraft facility as result of delays in receiving payment from projects undertaken on behalf of COJ entities and departments. The entity will submit a request for reversal to the City.

f) Repairs and Maintenance

- 39% above budget (R4.09 million) due to upgrades at Dobsonville & Turffontein, DSTV installations and fire compliance at all JOSHCO facilities.

g) Security

- 276% above budget (R4.3 million) due to projects not yet under construction and projects where contractors were terminated.

h) Utilities

- 69% above budget (R10.6 million) due to utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. The vending solution implementation is progressing. Soon this system will be used as a collection tool and its activation will be linked to the Biometrics system, and our contracting and billing system. The scope of the in-house vending system service providers has been extended to the implementation of check meters devices in all our projects, and installation of smart meters to read and submit water consumption linked to each unit in our projects. The reading that can be done at this point will only serve as an opening reading, not a monthly consumption (closing reading) as JOSHCO has not had closing reading in over 3 years, therefore the reading that can be done in September will only be closed on October for November billing.

i) Administrative costs

- 62% above budget (R3.5 million) due to increase in legal costs for investigations and rental collection processes.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 30 September 2022 is R191.8 million. The tenant deposit account has a balance of R16.6 million. The SHRA account has a balance of 175.2 million. An amount of R1.162 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans from to/(from) shareholder).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The organisation has an allocated capital budget of R498.7 million funded from the external funding sources and capital reserves. As at 30 September 2022 JOSHCO's verified spent for the quarter under review is 26% against a target of 25% per the table below. This is reflected in Table 40 below. For a detailed project update, refer to the Development Report.

Table 40: Capex Spend Per Project

Project Description	JSIP Number	Approved Budget 2022/23	Amount Spent	Balance	% Spend
		R'000	R'000	R'000	
Lufhereng Social Housing Project Region D	2323	73,438	(16,310)	57,128	22%
Randburg Selkirk Social Housing Project Region B	2353	40,000	(347)	39,653	1%
Nancefield Social Housing Project Region D	2359	74,750	(31,885)	42,865	43%
Inner City Buildings Acquisitions	2419	11,000	(10 881)	119	99%
Marlboro Social Housing Project Region E	3535	1,537	-	1,537	0%
Princess Plots Social Housing Project Region C	3794	51,555	(13,858)	37,697	27%
EXISTING STOCK REDEVELOPMENT; UPGRADE AND MAJOR MAINTENANCE Renewal Building Alterations JOHANNESBURG F City Wide	3796	25,000	(1,967)	23,033	8%
Devland Golden Highway Social Housing Project Region D	3885	28,142	-	28,142	0%
Casamia Inner City Building Upgrade Region F	4046	38,453	-	38,453	0%
Booysens Street Inner City Conversion	22468	5,000	-	5,000	0%
38 Rissik Street (NBS) Inner City Building Conversion	22470	5,700	-	5,700	0%
Tum-Key 1: Region A	23366	50,766	(11,003)	39,763	22%
Tum-Key 1: Region B	23367	50,000	(8,018)	41,982	16%
Tum-Key 3: Region D	23368	43,420	(35,554)	7,866	82%
		498,761	(129,823)	368,938	26%

SECTION 5: RATIO ANALYSIS

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

Table 41: Key Ratio Analysis as at 30 September 2022

KEY PERFORMANCE INDICATOR	2022/23 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	1:1	0.76	-0.24
	Solvency Ratio 1:1	1:1	0.78	-0.22
	Cost Coverage: 50 days	50 days	-784 days	-834 days
	Remuneration to operational expenditure (OPEX) up to 40%	40%	28%	+12%
	80% collection in respect of current debtors	80%	53%*	-27%
% Spent on operating budget against approved operating budget		25%	41%	+16%
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	100%	-
% Capital Expenditure Budget.	95% Capital Expenditure Budget.	25%	26%	+1%

Collection for SHRA funded projects only is 50%

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 costs. The entity does not generate sufficient income to cover its operating expenses.

The entity's 5-year strategic plan which focuses on revenue enhancement activities in order 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 – this strategy is derailed by halting of work on behalf of the Department of Human Settlements due to a high outstanding balance.
- Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Year to date JOSHCO has received R415 000 from student accommodation.
- Outdoor advertising – adverts expected to be placed from Q2.

Strategies to reduce expenditure are as follows:

- Staff costs: Replacement of physical security with technology to curb high staff overtime cost.
- Staff costs: Management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. Leave reduction process has been communicated to employees effecting from 1 July 2022. All employees are now on ESS where leave will be automatically forfeited if not taken.
- Provision for bad debts – refer to mitigations for debt collection below.
- Finance costs – refer to cost coverage mitigations below.

- Utilities – The vending solution implementation is progressing. Soon this system will be used as a collection tool and its activation will be linked to the Biometrics system, and our contracting and billing system. The scope of the in-house vending system service providers has been extended to the implementation of check meters devices in all our projects, and installation of smart meters to read and submit water consumption linked to each unit in our projects. The reading that can be done at this point will only serve as an opening reading, not a monthly consumption (closing reading) as JOSHCO has not had closing reading in over 3 years, therefore the reading that can be done in September will only be closed on October for November billing.

5.1.2 Cost Coverage

Non-performance is due to low cash balances and an overdraft because of settlement of suppliers prior to receiving claims from the departments that the entity is executing projects on behalf.

The highest outstanding balance from the entities that the entity is executing projects on behalf is from the Department of Human Settlements. The matter of the outstanding balance with Human Settlements has been escalated to the office of the City Manager for resolution.

Project Managers have been employed in the Office of the COO to support the work undertaken on behalf of the COJ departments. These project managers will also be responsible to follow up on payments due to JOSHCO and resolve any disputes from the invoices.

Regular engagements have resumed with COJ departments to follow up on outstanding invoices. Finance department working with the office of the COO's office to ensure timeous submission of invoices to departments that the entity is executing projects on behalf.

5.1.3 Collection in respect of current debtors

The 27% under collection is due to the following categories that have occupied the units:

1 263 Elderly tenants above 60 years old

894 COJ officials

5 704 Tenants owing more than R10 000

The entity has a mitigation plan in place that is focusing on the process to delink the aged tenants and hand them over to Human Settlement department. Letters have been sent to Executive Directors regarding CoJ officials owing the entity to action salary deductions. Letters of demand were issued to all tenants owing the entity more than R10 000 and targeted eviction will be pursued for tenants that are not entering into payment arrangements.

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

6.1 DEVIATIONS ON SCM

Table 42 reflects approved deviations for the quarter under review.

Table 42: Approved deviations for the quarter ended 30 June 2022

Name of tender	User Department	Reason	Approval date
Phumelele	Development	Parking space for head office-based employees. There are insufficient parking spaces available to accommodate all employees. A building near the office was identified and therefore competitive bidding was impractical.	09 September 2022

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 September 2022, 100% valid invoices were paid within 30 days.

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were instances of irregular, fruitless and wasteful expenditure for the quarter under review per the table below.

Table 43: UIFW incurred in the current quarter

Target	Compliance Area	Quarter 1 2022/23 Target	Quarter 1 2022/23 Actual	Variance	Variance explanation	Mitigations
50% Reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred	Fruitless and wasteful expenditure incurred	0	R1073.92	R1073.92	SARS disallowed VAT deduction for one invoice because the invoice did not have full JOSHCO address. SARS disallowed the invoice amounting to R10 087.50 and charged a penalty of R1 008.75 and interest of R65.17.	A Request for Remission has been submitted to SARS to request cancelling the penalties and interest, currently awaiting the outcome. Going forward adequate review of invoices submitted to SARS as part of their verification will be done.
	Fruitless and wasteful expenditure incurred	0	R214 131.2	R214 131.2	Unauthorized debit orders	Debit orders are currently being investigated by GFIS

There is potential irregular expenditure on the year-to-date overspend of the budget of R39.3 million should the entity's deficit position not reverse by the end of the financial year.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

Table 44 reflects the approved variation orders for the period under review.

Table 44: Approved variation orders for the quarter ended 30 September 2022

Name of tender	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
KKN consulting engineers and Projects	Housing Development Unit	Ad hoc emergency consulting in various facilities	22 September 2022	R7,102,975.00	R8,475,083.36	R1,372,108.36	19.32%
Mathelemusa	Housing Development Unit	Installing a new water and sewer reticulation system that replaces the current system that cannot be restored	20 July 2022	R17,100,440.22	R20,512,014.73	R3,411,574.51	19.95%
Silidi	Housing Development Unit	Planning of a new electrical reticulation system that did not exist in the Dube hostel	20 July 2022	R19,419,437.72	R23,275,872.95	R3,856,435.23	19.86%
Temi Construction (Pty) Ltd	Housing Development Unit	Factors affecting the increase in construction work: <ul style="list-style-type: none"> Partial handover of building as opposed to 	22 September 2022	R57,404,606.91	R68,873,512.21	R11,468,905.30	19.98%

Name of tender	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
		full site handover <ul style="list-style-type: none"> • Covid-19 compliance • Window replacement • Extensions of time • Shadeport System • Venetian Blinds iFloors • Signarama Office signage • Defendoor Roller shitters • Neo Tsa Lesotho Kitchen and Cleaning • VNQ System Quieing 					

Name of tender	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
		Management System <ul style="list-style-type: none"> • Jodispan – The Irrigation system • Window cleaning & deep cleaning services • Bottomline IT 					

6.5 AWARDS MADE FOR THE QUARTER

The table below details all awards made via a public tender (above R200 000) or through our approved panels (above R1 million) for the quarter under review.

Table 45: Awards for the quarter

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
COMDEV/030/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 3 SWIMMING POOL FACILITIES IN REGION F FOR COJ-COMDEV	SPECIAL PROJECT UNIT - COJ COMDEV	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level 5	11-Aug-22	MACOZ CONSTRUCTION	High scoring bidder	R9 266 683,3	R9 242 175,42	1
COMDEV/025/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 4 SWIMMING POOL FACILITIES IN REGION D FOR COJ-COMDEV.	SPECIAL PROJECT - COJ PUBLIC SAFETY	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/002/2020 – Level 6	11-Aug-22	PHELADI NOKO B1 FUNERAL AND	High scoring bidder	R11 332 648,13	R12,074,1 99.60	1
COMDEV/024/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 4 SWIMMING POOL FACILITIES IN REGION G FOR COJ-COMDEPERIOD EIGHTEEN MONTHS	SPECIAL PROJECT UNIT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel	11-Aug-22	MFINGO DEVELOPMENTS	High scoring bidder	R12 808 296,42	R7,162,22 7.60	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
COMDEV/028/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 2 SWIMMING POOL FACILITIES IN REGION C & D FOR COJ-COMDEV.	SPECIAL PROJECT UNIT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level 5	11-Aug-22	MACOZ CONSTRUCTION	High scoring bidder	6284543,93	R6 144 950,90	1
COMDEV/026/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 4 SWIMMING POOL FACILITIES IN REGION F FOR COJ-COMDEV.	SPECIAL PROJECT UNIT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/002/2020 – Level 6	11-Aug-22	BENYMAX HUB	High scoring bidder	R12 947 972,94	R12,154,770.21	1
COMDEV/027/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 2 SWIMMING POOL FACILITIES IN REGION C & D FOR COJ-COMDEV.	SPECIAL PROJECT - COJ PUBLIC SAFETY	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level 5	11-Aug-22	SINGO INVESTMENTS	High scoring bidder	R5 939 946,01	R5 200 000,00	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
COMDEV/029/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT 2 SWIMMING POOL FACILITIES IN REGION G FOR COJ-COMDEV	SPECIAL PROJECT - COJ PUBLIC SAFETY	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level 5	11-Aug-22	SABELA MATHAVA CONSULTANTS	High scoring bidder	R17,827,668.60	R6 534 000,00	1
COMDEV/029/2022	THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT ORANGE FARM FIRE STATION IN REGION G FOR COJ-PUBLIC SAFETY.	SPECIAL PROJECT - COJ PUBLIC SAFETY	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level 5.	11-Aug-22	TJ360 DEGREES PROJECTS DLAMINISIB JV	High scoring bidder	R5 946 635,50	R6 534 000,00	1
RFP/PM/053/2022	APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR THE CONSTRUCTION OF COSMO CITY SWIMMING POOL IN REGION C FOR COJ-COMDEVS.	SPECIAL PROJECT UNIT	JOSHCO approved panel of Professional Services – Project Management.	11-Aug-22	THABANI PROJECTS	High scoring bidder	R9,322,500.00	R7,559,473.02	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
RFP/PM/056/2022	APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR THE REFURBISHMENT OF COMDEV FACILITIES IN REGION E&F FOR COJ-COMDEV.	SPECIAL PROJECT - COMDEV	JOSHCO approved panel of Professional Services – Project Management	11-Aug-22	BOSELE CONSULTING	High scoring bidder	R9 715 200,00	R9 477 732,51	1
RFP/PM/057/2022	THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR CONDITIONAL ASSESSMENT, MANAGEMENT AND CONSTRUCTION MONITORING FOR THE CIVIL WORKS AND OUTSTANDING TOWN PLANNING ISSUES OF RESIDENTIAL UNITS IN KLIPTOWN GOLF COURSE PROJECT.	JOSHCO	JOSHCO's Professional panel.	11-Aug-22	SERITHI CONSULTING	High scoring bidder	R27 645 813,90	R20 044 773,90	1
JMPD/021/2022	THE APPOINTMENT OF A CONTRACTOR FOR MAINTENANCE WORKS AT LEHAE TRAINING CENTRE IN REGION G FOR COJ-PUBLIC SAFETY.	SPECIAL PROJECT UNIT-JMPD	Direct invitation sent to Contractors on JOSHCO's Maintenance panel.	11-Aug-22	NSM PROFESSIONAL SERVICES AND GENERAL	High scoring bidder	R15 926 636,33	R13 348 351,08	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
			POC/002/2020 – Level 6						
RFP/PM/055/2022	APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR THE REFURBISHMENT OF COMDEV FACILITIES IN REGION C&D FOR COJ-COMDEV.	SPECIAL PROJECT UNIT - COJ COMDEV	Direct invitation sent to Contractors on JOSHCO's Professional Panel	30-Aug-22	DITLOU CONSULTING	High scoring bidder	R8,280,000.00	R8,428,368.45	1
HOUSING/051/2022	THE APPOINTMENT OF A CONTRACTOR FOR DE-DENSIFICATION OF HOSTELS AND INFORMAL SETTLEMENTS OF PHASE 1B IN REGION E.	SPECIAL PROJECT UNIT	Direct invitation sent to Contractors on JOSHCO's Contractors panel	30-Aug-22	PRO-POWER	High scoring bidder	R27 727 394,37	R 28,277,627.13	1
HOUSING/050/2022	THE APPOINTMENT OF A CONTRACTOR FOR MAINTENANCE WORKS AT THE ALEXANDRA ALTERNATIVE SPORTSFIELD IN REGION E	SPECIAL PROJECT UNIT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level	30-Aug-22	ITI AND ASSOCIATES	High scoring bidder	R 9 874 738.43	R 9 948 048,16	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
HOUSING/053/2022	THE APPOINTMENT OF A CONTRACTOR FOR THE RE-BLOCKING OF INFORMAL SETTLEMENTS IN REGION E.	SPECIAL PROJECT UNIT-HEALTH	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/003/2020 – Level 7	20-Sep-22	THULAUMME BUSINESS DEVELOPMENT	High scoring bidder	R38 900 077,88	R 34,604,190 .00	1
HOUSING/052/2022	THE APPOINTMENT OF A CONTRACTOR FOR THE RE-BLOCKING OF PATSING/VEGGIELAND/NANA'S FARM INFORMAL SETTLEMENTS IN REGION G.	SPECIAL PROJECT UNIT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/003/2020 – Level 7	20-Sep-22	XIMAMBAN E TRADING ENTERPRISE	High scoring bidder	R23 418 734,32	R21,684,2 83.62	1
COMDEV/023/2022	THE APPOINTMENT OF A CONTRACTOR FOR PLANNED MAINTENANCE AT ELDORADO PARK PROPER SWIMMING POOL IN REGION G FOR COJ COMDEV.	HEALTH DEPARTMENT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/001/2020 – Level 5	12-Jul-22	YEMTAR TRADING &PROJECTS	High scoring bidder	R596 358,44	R471 186,63	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
ICTFRESH /001/2022	REQUEST FOR SERVICE PROVIDER/S TO SUPPLY, DELIVER, INSTALL AND CONFIGURE ICT SECURITY APPLIANCES, ANTIVIRUS SOFTWARE, LICENCES, BUSINESS AS USUAL (BAU) SUPPORT (24/7) 365 DAYS AND ORIGINAL EQUIPMENT MANUFACTURE (OEM) MAINTENANCE & SUPPORT FOR A PERIOD OF THIRTY-SIX (36) MONTHS (THREE (3) YEAR) FOR JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO).	JOSHCO	Direct invitation sent to JOSHCO's approved panel of ICT service providers	20-Jul-22	BOTTOMLINE IT	High scoring bidder	R2 500 000,00	R1,990,23 1.00	1
RFP/PM/058/2022	APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR THE UPGRADE OF ENNERDALE SOUTH ROADS FOR COJ-HOUSING	SPECIAL UNIT-COJ -HOUSING	JOSHCO approved panel of Professional Services – Project Management	21-Sep-22	ZANECEBO CONSULTING	High scoring bidder	R17 046 312.00	R13 531 617,60	1
RFP/PM/059/2022	APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT TO CONDUCT CONDITIONAL ASSESSMENTS TO 39 RETIREMENT VILLAGES TO BE TRANSFERRED TO SOCIAL DEVELOPMENT.	SPECIAL UNIT-COJ -HOUSING	JOSHCO approved panel of Professional Services –	21-Sep-22	SERITHI CONSULTING PTY (LTD)	High scoring bidder	R15 288 157.50	R14 498 273,79	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
			Project Management						
RFP/PM/060/2022	THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR THE MANAGEMENT AND SUPERVISION OF AD-HOC WORKS	SPECIAL PROJECT - COJ PUBLIC SAFETY	JOSHCO approved panel of Professional Services – Project Management.	21-Sep-22	ZANECEBO CONSULTING	High scoring bidder	R 20 000 000.00	R21 064 780,00	1
HOUSING/057/2022	THE APPOINTMENT OF A CONTRACTOR FOR THE RE-BLOCKING OF INFORMAL SETTLEMENTS IN REGION C.	SPECIAL PROJECTS UNIT	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/002/2020 – Level 6	22-Sep-22	OTHANIEL MTK3 TRADING JV	High scoring bidder	R 14 016 756.31	R11 577 924,00	1
HOUSING/056/2022	THE APPOINTMENT OF A CONTRACTOR FOR THE RE-BLOCKING OF INFORMAL SETTLEMENTS IN REGION D	SPECIAL PROJECTS UNIT- COJ- Housing	Direct invitation sent to Contractors on JOSHCO's Panel of contractors.	22-Sep-22	MBHONYA TRADING AND PROJECTS	High scoring bidder	R17 919 769.20	R 18 429 298.71	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET / ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
			POC/002/2020 – Level 6						
HOUSING/055/2022	THE APPOINTMENT OF A CONTRACTOR FOR THE RE-BLOCKING OF PRINCESS INFORMAL SETTLEMENTS IN REGION C.	SPECIAL PROJECTS UNIT-COJ- Housing	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/002/2020 – Level 6	22-Sep-22	OTHANIEL MTK3 TRADING JV	High scoring bidder	R 12 517 207.62	R10,829,812.20	1
HOUSING/054/2022	THE APPOINTMENT OF A CONTRACTOR FOR RESETTLEMENT PLAN IN REGION G.	SPECIAL PROJECTS UNIT-COJ- Housing	Direct invitation sent to Contractors on JOSHCO's Maintenance panel. POC/002/2020 – Level 6	22-Sep-22	MBHONYA TRADING AND PROJECTS	High scoring bidder	R10,100,547.75	R9 945 936,00	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 46: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 1 R'000	% Of total expenditure
Capital Expenditure	338,139	78%
Operational Expenditure	96,090	22%
Total Expenditure	434,229	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 1 R'000	% Of Capex expenditure
Professional Consultants	188,369	56%
Contractor Payments	149,770	44%
Total Expenditure	338,139	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 1 R'000	% Spend
Procurement <R200 000	512	1%
Cleaning and Gardening	3,798	4%
Directors Remuneration-Board and Comm	804	1%
Operational Expenditure	15,611	16%
Security Services	18,189	19%
Repairs and Maintenance	57,176	60%
Total	96,090	100%

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 47 to 49 below.

Table 47: 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 1	96,090	91,286	95%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	338,139	304,325	90%

Table 48: 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 1	96,090	-	0%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	338,139	-	0%

Table 49: 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 1	96,090	-	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	338,139	-	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

JOSHCO is currently attending to the following litigation issues and matters are still in progress.

	PARTIES AND NATURE OF THE MATTER	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
1.	<p>- Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.</p>	<p>Sale of immovable property at No. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on 3 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.</p> <p>Civil claim: Parties are in the process of finalising the discovery stage (discovery entails parties exchanging affidavits listing documents that are to be used as evidence) so that an application can be made for a trial date.</p> <p>SIU investigation: There were challenges with retrieving some background information as some of the officials that were involved in the sale of the property left the employ of JOSHCO however, information that was available was submitted to the SIU. Further updates from SIU regarding the criminal case will be provided once received.</p>	The matter is ongoing	<p>Expenditure to date: R36 825.00 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>
2.	<p>- Claim for damages.</p>	<p>JOSHCO had appointed SKN Consulting ("SKN") as project managers for 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 damages suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p>Attorneys were instructed to engage SKN and their attorneys with a view to settling the matter to avoid further legal costs. It must be noted that the matter was initially handled by a</p>	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 fees, R 719 340.00 for damages</p>

		<p>different attorney, whose mandate was terminated due to JOSHCO's dissatisfaction with their poor handling of the matter.</p> <p>Parties agreed to hold arbitration in the first week of November 2022. A consultation will be arranged with attorneys to prepare for the arbitration.</p>		
	PARTIES AND NATURE OF THE MATTER	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
3.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project, which are encroaching on 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. Shortly after five demolition orders were obtained in February 2021, the affected property owners lodged applications for rescission, aimed at reversing the five demolition orders. The rescission applications were heard on 18 November 2021, and the matters were postponed to 17 January 2022 for judgment.</p> <p>The sheriff was given instructions to execute the demolition orders following the property owners' failed attempts to have the orders rescinded (reversed). A meeting was held on 22 September 2022 with the City's Development Planning department and the South African Police Service for JOSHCO to seek the necessary assistance to execute the orders. It was concluded that a date for execution will be decided on once a contractor has been appointed by JOSHCO, to erect a boundary wall after the structures encroaching onto the City's property have been demolished.</p>	The matter is ongoing. Date for execution of the demolition orders to be finalised once a contractor has been appointed to erect a boundary wall after demolition of illegal structures.	Expenditure to date: R 457 638.79 spent on legal fees.
4.	Various evictions and recovery of outstanding rental.	<p>The total number of matters handed over for evictions and recovery of arrear rent is 240. While the entity's attorneys endeavour to reach settlement agreements with tenants, this remains a challenge as the payment proposals received from tenants are mostly unreasonable.</p> <p>Five new eviction orders were obtained in the quarter, bringing the total number of orders to 26. Eviction orders will be executed once the office of the MMC has given the directive.</p>	Matters are ongoing.	Expenditure to date: R 3 119 008.25 spent on legal fees.

	PARTIES AND NATURE OF THE MATTER	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
5.	- Claim for unpaid invoices for work done on the Casa-Mia Project.	<p>Construction company instituted a claim against JOSHCO for work done on the Casa Mia refurbishment project. The claim was for an amount of R 4 019 239.39 (four million and nineteen thousand, two hundred and thirty-nine rands and thirty-nine cents).</p> <p>JOSHCO settled the capital amount in full. To date no further action has been taken by the Construction pertaining to interest or legal costs and attempts to reach the attorneys have been unsuccessful. The attorney representing JOSHCO has been requested to make recommendations on the best way to bring the matter to closure.</p>	The matter can only be declared finalised once parties have reached agreement on legal costs and interest.	<p>R 166 525.40 spent on JOSHCO's legal fees.</p> <p>Esor Construction claim paid: R 4 019 239.39</p>
6.	- Claim for unpaid invoices for work done on the Dobsonville Project.	<p>The contractor instituted a claim of R3 796 456.85 (three million, seven hundred and ninety-six thousand, four hundred and fifty-six rands and eighty-five cents) against JOSHCO for work done on the Dobsonville project.</p> <p>A portion of the amount claimed was paid and an amount of R 1 219 849.68 (one million, two hundred and nineteen thousand, eight hundred and forty-nine rands and sixty-eight cents) is still outstanding.</p> <p>An agreement was reached with the contractor for JOSHCO to pay a certain amount to the contractor, for the contractor to use the funds to settle a claim due to the professional team by JOSHCO. The contractor however failed to pay the professional team and used the funds to settle the above outstanding amount. Engagements with the contractor to have the contractor make the agreed payment to the professional team reached a stalemate and attorneys have been appointed to intervene.</p>	The matter can only be declared finalised once JOSHCO has paid the full amount owed to Murray and Dickson, and an agreement is reached on legal costs and interest.	<p>No legal costs incurred as the matter was not referred to attorneys</p> <p>R 2 576 607.17 paid towards M & D claim. R 1 219 849.68 outstanding.</p>
	PARTIES AND NATURE OF THE MATTER	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS

7.	- Application for court interdict (Princess Plots Project)	<p>Interdict application brought by Shadow Holdings (Pty) Ltd and three other companies, against M-Tech Construction, JOSHCO, ENZA Construction, the City and the Department of Human Settlements. The applicants are subcontractors on JOSHCO's Princess Plots project and have applied to court to have the contract between ENZA Construction and M-Tech Construction set aside, alleging that the contract does not comply with the laws of South Africa on BBBEE requirements. They have further applied for an order compelling ENZA Construction and M-Tech Construction to provide information relating to the procurement process that was followed when ENZA Construction appointed M-Tech Construction as a subcontractor on the project. The applicants have also alleged that JOSHCO and ENZA Construction failed to pay the applicants for work done on the project and have also applied for an interdict to prevent further construction work on the project and further appointments of new subcontractors until the court matter is finalised. Attorneys were appointed to oppose the application.</p> <p>Shortly after filing opposing papers, JOSHCO's attorneys received a notice from the attorneys that were representing Shadow Holdings and the three other applicants, in terms of which they were withdrawing as attorneys of record. There has been no further movement on the matter since then. The matter is not likely to go for hearing but no formal notice of withdrawal of the matter has been received from the applicants.</p> <p>There has been no change in the above matter since the last report.</p>	The matter is ongoing.	Expenditure to date: R 146 181.25 spent on legal fees.
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SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

The City of Johannesburg has an umbrella insurance cover for all city departments and entities. The insurance covers all City properties inclusive of furniture and fittings which is described as non-motor and motor fleet insurance as well. African Dawn was appointed as the insurance broker for all the City Departments and entities. Several claims related to property damage of the JOSHCO managed rental stock have been lodged with African Dawn in the 2021/2022 and the current financial year. No insurance pay out was processed in Q1.

The following table depicts the insurance claims status as detailed:

Legend	Explanation
	Claims repudiated.
	Claim pending payment,
	New claims
	Payment received.

Table 50: Insurance claims status

Insured Year	ADRS Claim no	Date of Loss	Policy Type Description	Details of incident	Status/Comments	Amounts Paid to JOSHCO
2021	ADRS00006745	03/04/2021	Employee Practice Liability	Unfair labour practice	Awaiting final invoice from JOSHCO	Payment not received
2021	ADRS00008768	01/03/2021	Asset All Risk	Laptop theft	Awaiting proof of forcible and violent entry from claimant	Payment not received
2021	ADRS00006952	29/03/2021	Asset All Risk	Laptop theft	Awaiting proof of forcible and violent entry from claimant	Payment not received
2021	ADRS00007768	02/10/2021	Asset All Risk	Fleurhof hailstorm damage	Awaiting completed claim form and invoice from Housing Management	Payment not received
2021	ADRS00007962	24/10/2021	Asset All Risk	Laptop damage	Awaiting proof of forcible and violent entry from claimant	Payment not received
2021	ADRS00008688	28/10/2021	Third party liability	Third party vehicle damaged by gate - Fleurhof Riverside	Corresponding with third party	Payment not received
2021	ADRS00008685	17/12/2021	Third party liability	Third party vehicle damaged by gate - Tshedzani	Corresponding with third party	Payment not received
2021	ADRS00008771	26/10/2021	Asset All Risk	Stolen laptop	Awaiting proof of forcible and violent entry from claimant	Payment not received

Insured Year	ADRS Claim no	Date of Loss	Policy Type Description	Details of incident	Status/Comments	Amounts Paid to JOSHCO
2022	ADRS00009956	11/08/2022	Employee Practice Liability	Unfair labour practice – SAMU OBO member	A representative has been appointed.	Payment not received
2022	ADRS00010111	28/08/2022	Asset All Risk	Citrine Court fire damage	Awaiting claim documents from client	Payment not received
Total Paid						R0.00

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 50 below.

Table 50: Statement of amounts owed by or to government departments and public entities

Name of department	Amounts owed/(owing) R'000		Account status	Comments
	30-Jun-22	30-Sep-22		
City of Johannesburg: Sweeping account	(1 132 764)	(1 161 946)	180 days overdue	Low receipts in July because departments were not making payments as they were closing off the financial year. The entity however had invoices due to suppliers which had to be settled.
City of Johannesburg: Salaries	(285 074)	(318 675)	180 days overdue	Payment has been started during the current quarter
City of Johannesburg: Municipal Charges	(179 417)	(204 435)	180 days overdue	Payment has been started during the current quarter
City of Johannesburg: Human Settlements	924 326	858 868	180 days overdue	To date R117 million has been received relating to Capex, TRA and UISP. No receipt for opex. R53 million relate to current year invoices
Gauteng Department of Human Settlements	15 969	15 969	180 days overdue	Long outstanding amounts which must be written off
City of Johannesburg: Treasury	5 958	5 958	180 days overdue	
City of Johannesburg: CAM	418 809	268 744	60 days overdue	CAM has paid R269 million to date. R85million relates to current period invoices. R100m require additional documentation Development Department is addressing this.
City of Johannesburg: Health Department	18 534	11 008	60 days overdue	Health department has paid R12.6 million to date and R7.4 million relates to current invoices. Health working with the Group Finance to address the accrued invoices not yet paid. All documents submitted
City of Johannesburg: Office of the Executive Mayor	6 960	6 960	60 days overdue	Follow ups made on 29 July 2022 and 5th September no response yet. Project Manager requested to arrange a meeting with the department

Name of department	Amounts owed/(owing) R'000		Account status	Comments
	30-Jun-22	30-Sep-22		
City of Johannesburg: Environmental infrastructure	100	100	60 days overdue	Follow ups made on 5th September 2022 no response received
City of Johannesburg: Development planning GEF Project	541	541	Current	Current invoices
City of Johannesburg: Community Development	50 312	35 959	60 days overdue	Follow up made, Community Development is working on settling the invoices. Community Development have paid R16.3 million 30-09-2022. R7.6 million relates to Current FY
City of Johannesburg: Legislature	23 812	29 779	60 days overdue	Follow ups made on 5th September 2022 no response received. Meeting to be scheduled with the department. All invoices submitted.
City of Johannesburg: JMPD	23 935	7 389	60 days overdue	JMPD paid R16.7 million. R300k relates to current year invoices
City of Johannesburg: EMS	8 242	12 990	60 days overdue	Follow ups have been made with departments: Supporting documents have been submitted.
City of Johannesburg- Social Development	659	1 243	60 days overdue	Follow ups have been made with departments, no response yet
City of Johannesburg: Licencing	6 749	6 749	60 days overdue	Follows ups made and response was that the department is addressing all pending claims due to JOSHCO. At the same time, they are accelerating the signing of addendum with the office of ED Public Safety.
Total	(92 350)	(422 799)		

CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

SECTION 1- PROGRESS ON INTERNAL AUDIT PLAN

For the first quarter of the 2022/2023 financial year, Internal Audit completed all the reviews that were planned for the quarter. Refer to Table 52 for the detailed Internal Audit Plan: (below) reflecting the audits completed in this quarter:

- Review of the Annual Financial Statements
- Tender Probity Review (21)
- Leasing Management Audit
- Performance Information Review
- Service Level Standard Review
- Follow-up on Internal Audit Findings
- Follow-up on AG Findings

The table below is the approved Internal Audit Plan for the 2022/2023 financial year, and it further indicates the progress:

Table 52: Internal Audit Plan

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Recruitment and Termination Audit			X		Not Started
2	Occupational Health and Safety Audit		X			Not Started
3	Review of the Annual Financial Statements	X				Completed
4	Review of the Interim Financial Statements				X	Not Started
5	Supply Chain Management Audit			X		Not Started
6	Revenue and Debtors Management Audit				X	Not Started
7	Financial Discipline Review			X		Not Started
8	Tender Probity Review	X	X	X	X	Continuous

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
9	Housing Development Audit		X			Not Started
10	Housing Maintenance and Portfolio Management Audit				X	Not Started
11	Leasing Management Audit	X				Completed
12	Performance Information Review	X		X		Completed
13	Risk Management Audit		X			Not Started
14	Business Continuity Audit	X			X	Not Started
15	Service Level Standard Review	X	X	X	X	Continuous
16	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
17	Follow-up on AG Findings	X		X	X	Continuous
18	UIFW Investigations Expenditure	X	X	X	X	Continuous

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The table below indicate the resolution of Internal Audit per quarter:

Table 53: Internal Audit Findings

Current Year: 2022/23			
FY	Findings Raised	Resolved	% Resolved
Opening Balance 2021/22	117	79	68%
Q1	70	31	44%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISED ACCORDING TO FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)

The table below indicate the External Audit Findings and differentiates between the findings affecting the audit and those not affecting the audit

Table 54: AG Findings

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	6	5	1
Other important matters	3	1	2

Administrative matters	0	0	0
Total	9	6	3
%	100%	67%	33%

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

In the first quarter of the 2022/2023 financial year, Internal Audit completed four full audits, twenty-one probity reviews and two follow-up reviews. Based on the findings raised in these audits, Internal Audit concluded that the organisation’s controls are **Inadequate and Ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors’ recommendations. However, the level of control environment is not at a satisfactory level. Management should ensure that controls are adequately designed and monitored, as this will provide reasonable assurance that set organizational objectives are achieved.