



Q3 QUARTERLY PERFORMANCE REPORT 2023/24

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

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



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JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

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

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Braamfontein**

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Bankers : **Standard Bank of SA Limited**

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

Approval:

<p><u>Nontobeko Ndimande</u></p> <p>Name & Surname</p> <p>Chief Financial Officer</p> <p></p> <p>Signature</p>	<p>Date of Approval: <u>19 April 2024</u></p>
<p><u>Thedi Moropa</u></p> <p>Name & Surname</p> <p>Acting Chief Executive Officer</p> <p></p> <p>Signature</p>	<p>Date of Approval: <u>19 April 2024</u></p>
<p><u>Makhate Shane Nqakalatsane</u></p> <p>Name & Surname</p> <p>Chairperson of the Board</p> <p></p> <p>Signature</p>	<p>Date of Approval: <u>22 April 2024</u></p>
<p><u>Anthea Leitch</u></p> <p>Name & Surname</p> <p>Member of Mayoral Committee</p> <p></p> <p>Signature</p>	<p>Date of Approval: <u>3 May 2024</u></p>

ABBREVIATIONS

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

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CHAPTER 1

LEADERSHIP AND CORPORATE PROFILE



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SECTION 1: CHAIRPERSON'S FOREWARD

Over the last 6-7 months, the Board of Directors has undergone significant changes, including the resignation of Ms. Bridgette Mbonambi as Board Chairperson. Despite these changes, the Board has continued to work diligently and move forward with determination, fulfilling their legislative mandate.

As the Chairperson, I want to commend the Board of Directors for their hard work and dedication during this transitional period. The changes at the Board level have also impacted the Executive Management. We are fortunate to be led by the Acting CEO Mr Thedi Moropa and Acting COO Mr Sipho Mhlambi, who have extensive experience in the City. We trust that their wealth of expertise will be a valuable addition to the existing hardworking executive team of the entity.

During this quarter, we achieved significant milestones, including the conclusion of the Ekhaya Gardens project, which will be launched in the following month as part of our 20-year celebration. This project began in 2019, shortly before the COVID-19 pandemic, and faced several challenges along the way. Despite these hurdles, we managed to obtain the occupation certificate in this quarter, which will allow us to tenant the 333 units. Notably, in the third quarter, the entity achieved targets in SMME expenditure and generated EPWP work opportunities, which contributes to the Mayoral priorities of Job Opportunity and Creation. Our projects maintained an impressive 98% occupancy rate and successfully attained all seven service level standards (SLS).

As a fairly new Board, I find comfort in knowing that my team consists of seasoned professionals with rich and deep experience and knowledge in local government and SOEs. We are resolute in achieving the mandate set by the City and we are doing well so far. The projects that will be launched during our tenure will be a testament to that. I want to assure the Shareholder that we will do our best to deliver the mandate, and I am optimistic that this Board will turn things around.

In conclusion, I hope that we can continue to move forward and ensure that JOSCHO reaches its full potential. The Board members, executive management, and staff have worked hard during this transitional period, and I am confident that we will continue to make progress in the future.

Mr. Shane Makhate Nqakalatsane
Board Chairperson

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

The report here represents Johannesburg Social Housing's performance for the third quarter, period from 01 January 2024 to 31 March 2024 as required by Section 52(d) of the MFMA. The report covers the implementation of the budget and the financial state of the company as per the approved 2023/24 business plan and deviation report. The company achieved 68.42% of its performance targets for the quarter under review, this reflects a performance increase when compared to previous quarter which was at 57%.

Corporate Governance

In relation to corporate Governance, the entity saw the resignation of Ms Bridgette Mbonambi as Board Chairperson, the Shareholder subsequently appointed Mr Shane Nqakalatsane as the interim Board Chairperson.

Financial Performance

In the third quarter, JOSHCO managed to spend 77% (259 514 million) of its allocated capital budget against a year-to-date target of 75%. Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 March 2024 resulted in a deficit of R404.8 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. See details in Chapter 5.

Service Delivery Performance

- The organisation exceeded expectations by developing 294 housing units without services and 333 units has been completed and ready for occupation. Notably, the entity achieved a remarkable 36.4% SMME expenditure in the Quarter 3 against the target of 30% and generated 871 EPWP work opportunities, exceeding the set target of 540 for the year to date. Our projects maintained an impressive 98% occupancy rate, meeting the requirements set by the Social Housing Regulator (SHRA). Furthermore, we successfully attained all seven service level standards (SLS), with building maintenance completing a total of 1194 reactive maintenance jobs across portfolios A, B, C, D, and E. The achieved response rate of 100% for jobs logged and completed within 14 days surpassed the SLS target of 96%.

Some of key challenges that were encountered during the quarter under review can be categorised as follows;

- Low rental collection remains a challenge for the entity.
- Insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
- Moratorium on vacancies, this freeze on employment has made it difficult for the entity to recruit at pace and ensure the correct skills are attained.

Looking ahead, we are optimistic about meeting our key performance indicators, backed by attainable remedial actions that will propel positive strides in our performance. Aligned with the Joburg 2040 Growth and Development Strategy, our commitment to developing and managing social and affordable housing falls under "Outcome 2: Provide a resilient, liveable, and sustainable urban environment - underpinned by smart infrastructure supportive of a low-carbon economy." JOSHCO is focused on enhancing its performance by ensuring targeted delivery of units over the next quarter. This strategic approach positions us to make significant contributions to our growth and development objectives.

Appreciation

I would like to express my gratitude to the Board and the MMC for their guidance and oversight as well as the JOSHCO employees that have assisted the organisation to meet its pre-determined objectives. As the Acting CEO at the entity, I wish to pledge unwavering support to ensure JOSHCO strives to greater heights.

Mr Thedi Moropa

Acting Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

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

Revenue Report

The biggest contributor to revenue earned in the current financial year is rental income, making up 41% of total revenue. Management fees have decreased by 39% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing Joshco to be an implementing agent for CoJ departments with the exclusion of the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 17% due to the high long outstanding and historic debt from tenants.

The entity's collection levels have improved compared to the same period last year. The collection rate for the quarter under review is 62%. Collections in respect of SHRA funded Projects is 64%, JOSHCO Projects is 82%, and City Stock at 31%, whilst the Retail space is at 127%.

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

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 March 2024 resulted in a deficit of R369.8 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

CAPEX Expenditure

The approved adjusted capex budget is R337,5 million (reduced from R492,3 million) funded from the external funding sources and capital reserves. As at 31 March 2024 JOSHCO's actual spend for the quarter under review is 77% against a target of 75%, see Chapter 5.

Ms Nontobeko Ndimande
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

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

SECTION 5: STRATEGIC OBJECTIVES

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

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

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

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

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

GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	<ul style="list-style-type: none"> • A responsive, accountable, efficient, and productive metropolitan government • Financially sustainable and resilient city 	<ul style="list-style-type: none"> • Partnerships, intergovernmental and international relations • A responsive, accountable, efficient and productive metropolitan government • Financially sustainable and resilient city • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service 	5. Financial sustainability	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • A solvent company by end of 2024/25 FY • Improved revenue collection • Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion • Sound reputation in terms of payment of suppliers within 30 days • Effective and efficient business processes • Improved tenant satisfaction, through proactive tenant education and engagement programmes • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand



CHAPTER 2

GOVERNANCE



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SECTION 1: BOARD OF DIRECTORS

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

The City, as the sole 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. Bridgette Mbonambi, who was appointed on 25 August 2023, she has resigned on 22 March 2024 and Mr. Shane Makhate Nqakalatsane was appointed as interim Board chairperson as of 27 March 2024. **Table 2** below lists the twelve Non-Executive Directors, two Executive Directors and three Independent Audit Committee members

Members	Capacity	Gender	Status	Qualifications
Mr Sydney James (Board Chairperson) *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q1 of the 23/24 FY]	Programme in Financial Management, Diploma in Business Management, Master of Business Administration.
Ms Marilise Francis *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q1 of the 23/24 FY]	Bachelor of Arts in Behavioural Sciences
Ms Sesupo Bridgette Mbonambi (Board Chairperson) *Appointed on 25 August 2023	Non-Executive Director	F	Resigned [Q3 of the 23/24 FY]	Bachelor of Arts Degree - 2016 (Industrial Psychology and Political Sciences)

Mr Henry Jerry Markus *Appointed on 25 August 2023	Non-Executive Director	M	Active	Certificate in Public Relations Practice - PRISA Certificate in Small Business Management - WITS Certificate Bookkeeping – WITS Certificate in Customer Service – Prime Learning South Africa Diploma in Pastoral Theology – Nazarene Theological Seminary Graduate Diploma of Christian Ministry & Theology – Vision Intl. College
Mr Ingle Singh *Appointed on 25 August 2023	Non-Executive Director	M	Active	Certificate in bookkeeping Introduction to municipal councillor 2011
Mr Makhate Shane Nqakalatsane (Chairperson) *Appointed on 25 August 2023	Non-Executive Director	M	Active	Diploma Financial Accounting PFMA BCOM – Project Management (In Progress)
Mr Simon Clarke *Appointed on 01 March 2023	Non-Executive Director	M	Active	BA degree in Psychology
Ms Yolandi Eramsus *Appointed on 01 March 2023	Non-Executive Director	F	Active	LLB
Mr Simon Masemola *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Commerce, Certificate in Business Accounting
Mr Tabane Manene *Appointed on 01 March 2023	Non-Executive Director	M	Active	Diploma in Local Government, National Diploma in Law, Programme in Customer Service
Mr Andries Smith *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor Of Laws-LLB
Mr Terry Tselane *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Arts in Industrial Sociology
Mr Jacques Watson *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q2 of the 23/24 FY]	BSC in Computer Science
Ms Simphiwe Mnisi *Appointed on 01 March 2023	Non-Executive Director	F	Active	Diploma in Project Management

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

DUTIES OF THE BOARD AND COMMITTEES

1.1.1 Board Responsibilities

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

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

1.1.2 Responsibilities of the Board Committees

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

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

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

1.1.2.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Audit & Risk Committee from 1 March 2023

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

**Appointed to the Committee on 16 January 2024*

**Mr Shane Nqakalatsane resigned on 27 March 2024*

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

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.

- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members: -

Social, Ethics & HR Committee from 1 March 2023

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

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

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.

- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.
- Management development and succession plans for executive levels.
- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee from 1 March 2023

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

***Appointed to the Committee on 18 October 2023**

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

- To approve new developments, report on the detailed investigation stage and to give approval to proceed with the development, i.e., Design and Business Plan development stage.

- To provide recommendations to the Board regarding the approval of new engagements in developments where appropriate.
- To evaluate proposed financing mechanisms where external financing is required; and
- To set benchmarks to be used to evaluate the risk/return relationship on significant projects to be undertaken by the Company.

1.3 BOARD AND COMMITTEE MEETING ATTENDANCES

- The Board held one (1) meeting in Q2 of 2023/24 FY (Ordinary Board Meeting – 18 January 2024)
- The Audit and Risk committee held one (1) ARC meeting (Ordinary ARC meeting -17 January 2024)
- The Social, Ethics and Human Resource Committee held one (1) Meeting (Ordinary Social, Ethics and Human Resource Meeting – 11 January 2024).
- The Development Committee held one (1) meeting (Ordinary Development Committee Meeting-11 January 2024).
- Board Strategic Planning Session – 2 February 2024

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

Table 3: Board Meeting attendances as at 31 March 2024

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	1		
Ms Sesupo Bridgette Mbonambi	1	0	0
Mr Simon Clarke	1	0	0
Ms Yolandi Erasmus	1	0	0
Mr Tau Masemola	1	0	0
Mr Tabane Manene	1	0	0
Ms Simphiwe Mnisi	1	0	0
Mr Henry Markus	1	0	0
Mr Makhate Shane Nqakalatsane	1	0	0
Mr Ingle Singh	1	0	0
Ms Jacelyn Scott	1	0	0
Mr Andre Smith	1	0	0
Mr Terry Tselane	1	0	0
Mr Molapane Mothotoana	0	0	0
Ms Nontobeko Ndimande	1	0	0
Mr Bongani Radebe (Acting CEO)	1	0	0
*Mr Thedi Moropa	0		

*Seconded 4 March 2024

Table 4: Board Committee Meetings attendances as at 31 March 2024

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	1			1			1		
Mr Molapane Sello Mothotoana (CEO)	0	0	0	0	0	0	0	0	0
Ms Nontobeko Ndimande (CFO)	1	0	0	1	0	0	1	0	0
Mr Bongani Radebe (Acting CEO)	1	0	0	1	0	0	1	0	0
Ms Sesupo Bridgette Mbonambi	-	-	-	-	-	-	-	-	-
Mr Simon Clarke	-	-	-	1	0	0	-	-	-
Ms Yolandi Erasmus	1	0	0	-	-	-	1	0	0
Mr Tau Masemola	1	0	0	-	-	-	1	0	0
Mr Tabane Manene	-	-	-	1	0	0	-	-	-
Ms Simphiwe Mnisi	-	-	-	-	-	-	1	0	0
Mr Henry Markus	-	-	-	1	0	0	-	-	-
Mr Makhate Shane Nqakalatsane	1	0	0	-	-	-	-	-	-
Mr Ingle Singh	-	-	-	1	0	0	-	-	-
Ms Jacelyn Scott	-	-	-	-	-	-	1	0	0
Mr Andre Smith	-	-	-	-	-	-	1	0	0
Mr Terry Tselane	-	-	-	--	-	-	1	0	0
*Mr Daniel Nyamazane	1	0	0	-	-	-	-	-	-
Adv Geraldine Chaplog-Louw	1	0	0	-	-	-	-	-	-
*Ms Alvarno ARN Francis	1	0	0	-	-	-	-	-	-
Mr Victor Van Der Merwe	1	0	0	-	-	-	-	-	-

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 figures from the Q3 of the FY 2023/24.

Table 5: Board of Directors Remuneration as at 31 March 2024

Name	Designation	Remuneration
Ms Sesupo Bridgette Mbonambi	Non-Executive Director	*R48 000.00
Mr Simon Clarke	Non-Executive Director	*R34 000.00
Ms Yolandi Erasmus	Non-Executive Director	*R42 000.00
Mr Tau Masemola	Non-Executive Director	*R58 000.00
Mr Tabane Manene	Non-Executive Director	*R32 000.00
Ms Simphiwe Mnisi	Non-Executive Director	*R32 000.00
Mr Henry Markus	Non-Executive Director	*R32 000.00
Mr Makhate Shane Nqakalatsane	Non-Executive Director	*R32 000.00
Mr Ingle Singh	Non-Executive Director	*R32 000.00
Ms Jacelyn Scott	Non-Executive Director	*R32 000.00
Mr Andre Smith	Non-Executive Director	*R20 000.00
Mr Terry Tselane	Non-Executive Director	*R32 000.00
Total		R426,000.00

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

Table 6: Independent Audit and Risk Committee members' remuneration as at 31 March 2024.

Name	Designation	Remuneration
Adv Geraldine Chaplog-Louw	Independent Audit Member	R8 000.00
Mr Daniel Nyamazane	Independent Audit Member	R8 000.00
Mr Victor Van Der Merwe	Independent Audit Member	R8 000.00
Mr Alvarno ARN Francis	Independent Audit Member	R8000.00
Total		R32,000.00

Table 7: Executive Management remuneration as of 31 March 2024.

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R 716 666, 68
Ms Nontobeko Ndimande	Chief Financial Officer	R 716 135, 00
Ms Nokwazi Mtshali	EM: Corporate Services	R 716 135, 00
Mr Themba Mathibe	Chief Operations Officer	R 716 135, 00
Total		R 2 865 071, 68

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

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

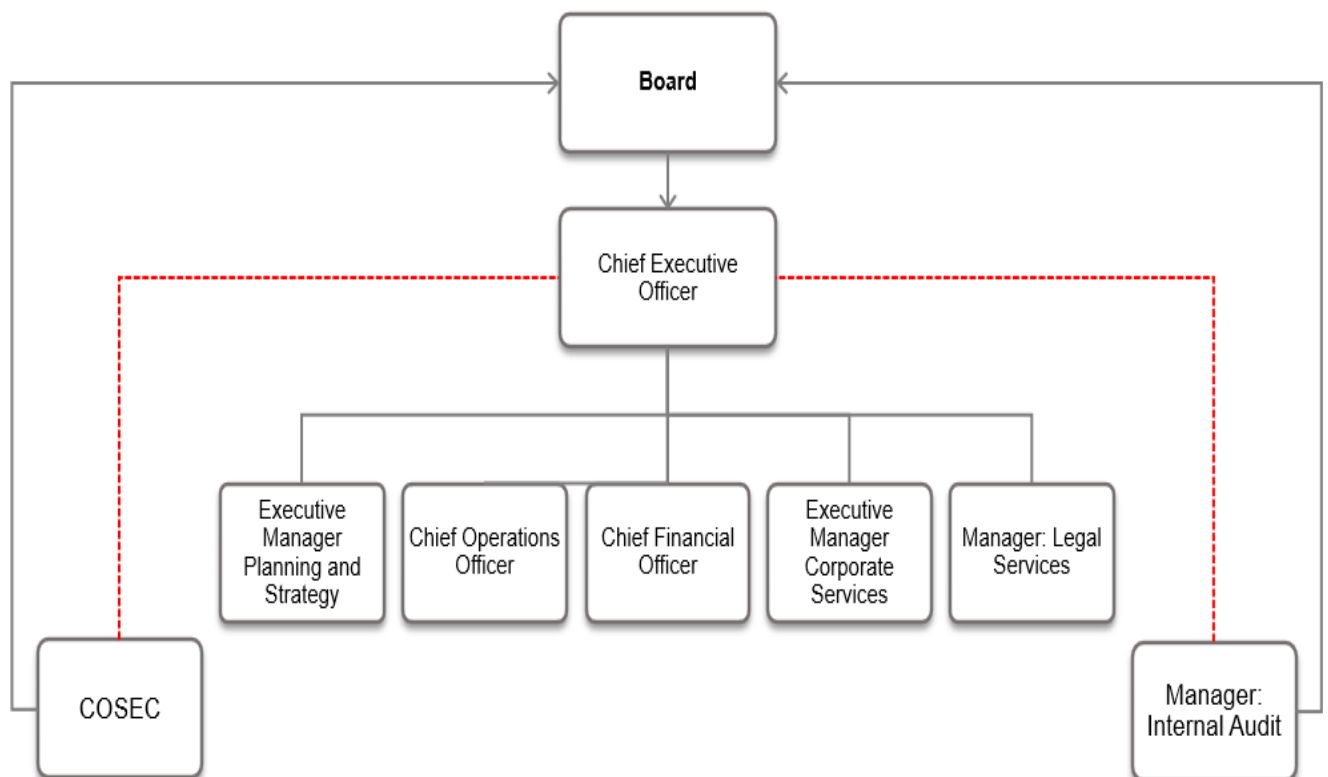


Figure 1: High-level Organisational Structure

SECTION 3: RISK MANAGEMENT

JOSHCO has established and maintains a system of risk management in accordance with Section 95 of the MFMA, Principle 11 of the King IV report on Corporate Governance, and the 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 ARC 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. Functional departments, serving as process implementers, assess the risks. Heads of departments, acting as process owners, report the risk results to both the Executive Committee and the ARC. The ARC Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The ARC's role is to identify business risks that could potentially have a negative impact on both objectives and the company's operations and advise the Board on possible mitigating strategies.

3.2. JOSHCO Top 5 Risks: Strategic Risks as at 31 March 2024.





Top 5 Strategic Risks			
Risk No	Risk Description	Residual Risk 31 March 2024	Residual Rating(Q3)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time.	Medium	Medium
3	Health, Safety and Security incidents in JOSHCO projects.	High	Very High
4	Business Interruption	High	Medium
5	Aging infrastructure.	High	High

During the quarter under review, the Risk and Compliance Department reviewed the top five Strategic risks for the organisation.

3.3. RISK OVERSIGHT

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV Report on Corporate Governance to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their achievement. In exercising the risk governance responsibility, the risk control implementation plans were assessed in the quarter. The table below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee has continued to deliberate on the implementation of mitigation controls to ensure that the risks are managed and reduced.

Legends:

	Residual risk is extremely high (EH)
	Residual risk is high (H)
	Residual risk is moderate (M)
	Residual risk is low (L)

The following legends are applied to denote the progress of risk mitigation.






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 8: Progress in the Implementation of Strategic Risks Mitigation Controls as at 31 March 2024

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
1.	Financial Instability	Inability to continue as a going concern.	VH	VH	% Collection in respect of current debt.	1. All leases and lease renewals to enforce debit order payment method (Debit Check).	1.1. Manual loading of the Debi Check training has been secured with MRI software and MDA for Billing Department. Training for the Leasing Department has been confirmed for Q4. 1.2. Training for automation will be conducted in Q4 by Standard Bank.		8/11	90% of the current rental collection	85% of current rental collection	The collection rate for the quarter is 62% which is outside the appetite and tolerance levels of 90% and 85% respectively
						2. Development of an APP (Online acknowledge of debt process and Online payment gateway.	2.1 Phase one (1) of the E-Lease online APP is operational. 2.2 Phase two (2) of the E-Lease online APP is also operational. Few enhancements are currently underway, the process will be completed in Q4.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						<p>3.1 Interest freezing and reversal promotion to be promoted to tenants.</p> <p>3.2 Standardisation of rental tariffs.</p>	<p>3.1 Acknowledgement of Debt signed, and late payment charges reversed and frozen for those who signed Stop Orders.</p> <p>3.2 All tariffs have been standardised and set according to the typologies instead of the unit sizes.</p>			Breakeven point	Expenses exceeding income by 5%	Cost coverage ratio is 432% which is outside the appetite and tolerance level of breakeven and 5% of income. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.
						4.1 Stakeholder engagements before executing eviction orders.	4.1 Eviction communication is standard as per the resolution by the JOSHCO eviction committee. Communication is cantered in the Stakeholder Relations Management division in the office of the Chief Operations Officer.			Current ratio 1:1	Current ratio 1:1	The current ratio is at 0,5 which is outside the appetite and tolerance levels of 1:1 ratio.


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
						4.2 Enforcement of eviction orders.	4.2 There were no evictions carried out during the quarter under review. There is a total of six (6) court orders for evictions that need to be executed. These will be executed in Q4					
						5.1 Implementation of check meter devices and installation of smart meters to read and submit water consumption linked to each unit. 5.2 Appointment of dedicated staff for	5.1 The installation of smart meters to read and submit water consumption linked to each unit have been completed for residential and commercial.			Solvency ratio 1:1	Solvency ratio 1:1	The current ratio is at 0,47 which is outside the appetite and tolerance levels of 1:1 ratio.


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						utility management.	<p>5.2 The recruitment process for utilities management specialist and officers has been put on hold due to the City' moratorium.</p> <p>A motivation process to fill critical positions is in place and approval should be sought from the City Manager.</p>			Cost coverage ratio 50 days	Cost coverage ratio 50 days	Cost coverage ratio is -432 days
						6. We are implementing the hybrid model which will elevate the overtime costs.	6. There is a plan to use lower grading security officers for day shifts as opposed to night shifts, this will assist in the reduction of overtime costs.					
						7.1 Reduction of projects on behalf of other departments.	7.1 The Project Department has established a limit of R100 million for the total cost of other Department projects.					
						7.2 Monthly engagements with finance teams of departments to resolve queries.	7.2 Monthly meetings are held between JOSHCO Finance Team and other Departments Finance Teams to resolve payment related queries.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
2.	Sustainable Service Delivery	Failure to deliver capital projects on time.	H	H	Number of social housing units completed	1. Submission of Project implementation plan for each CAPEX project to the city for proper budget allocation/payment.	1. A consolidated solid Project Implementation Plan was submitted to the City for approval. Engagements will take place between Housing Development and JOSHCO Finance Department to realign the project implementation plan and reprioritize the projects accordingly.		6/6	3 months number of projects behind schedule	6 months number of project behind schedule	There are two special projects delayed by more than three months which is outside the appetite levels of 3 months.
						2. Termination of non-performing contractors.	2. There were no contracts terminated in Q3 for non-performance.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						3. Implementation of Stakeholder Engagement Plan.	<p>3. A comprehensive community engagement plan has been developed to mitigate the risk.</p> <p>The plan is focused on the broader JOSHCO stakeholders. The purpose of the plan is to ensure that JOSHCO stakeholders are covered and engaged accordingly.</p> <p>This is a proactive action which is an improvement from the previous years where JOSHCO was reactive after the fact. There were no project stoppages in this quarter.</p>					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						<p>4.1 Project should comply with readiness matrix and approved by Housing Management and Housing Development departments.</p> <p>4.2 Appointment or allocation of Security guards per project site.</p> <p>5. Co-sourcing of local Security companies in projects.</p>	<p>4.1 Completed projects comply with readiness matrix which is approved by Housing Management and Housing Development Departments.</p> <p>4.2 Security companies are appointed on a rotational basis. The maximum period for these contracts is 12 months. However, Ad-hoc security companies are also appointed on a need basis.</p> <p>5. Co-sourcing of local security companies in projects is an ongoing process.</p>					


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
3.	None	Failure to implement effective job creation and SMME's support systems.	M	M	%of construction capex spent on SMME	<p>1.1 Allocation of the SMME packages for each project either at inception or construction stage by the professional team.</p> <p>1.2 Development of a training plan for SMMEs by the contractor or developer for Turnkey projects</p> <p>2. All SMMEs must sign contracts with the main contractor and should be kept by the main contractor.</p>	<p>1.1 SMME packages for two projects will be allocated in Q4. This is an ongoing process.</p> <p>1.2 Training plan for SMMEs will be developed in Q4 for active JOSHCO projects. This is an ongoing process.</p> <p>2. All SMMEs have contracts with main the contractor and these contracts are kept by the main contractor.</p>		3/3	Zero	Zero	There were no SMME's issues during the quarter. The risk is within the appetite and tolerance level of zero.

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
4.	None	Minimal/inadequate Stakeholder and Customer Relations Management	M	M	% Customer satisfaction rating Number of complaints resolved in time.	1.1 Monitoring of the implementation of the Stakeholder engagement plan.	1.1 JOSHCO Stakeholder Relations Management is expected to have both the ad-hoc and around table meetings with JOSHCO various stakeholders, for the quarter under review, the following meetings were held: Madala Hostel SMME Dispute Meeting (January), Madala Hostel SMME Dispute meeting (February), Madala Meeting (January), Pennyville Meeting and Ombudsman for the City of Johannesburg - Citizen information Clinics: Ward 68 (Riverlea)		4/4	Five working days	Seven working days	Stakeholder and customer relations issues were resolved within 5 and 7 days which is within the appetite and tolerance levels, respectively.


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
						1.2 Intervention of Social facilitators when there is an unrest.	1.2 Three (3) Ad hoc meetings were held in Q3. These took place at Madala Hostel. Furthermore two (2) round table meetings were held for Pennyville Meeting and Ombudsman for the City of Johannesburg - Citizen information Clinics: Ward 68 (Riverlea)					
						2. Ad hoc stakeholder engagement meetings or round table discussions with the relevant stakeholders.	2. Three (3) Ad hoc meetings were held in Q3. These took place at Madala Hostel. 3.					
						4. Implementation of QR code system to speed up/ expedite the application process.	5. QR code system is still operational for development of CoJ employees' database for applications. The QR code system will be used together with the JOSHCO App for applications.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
5.	Increasing Safety and Security Incidents.	Health, Safety and Security incidents in JOSHCO projects.	H	VH	Number of Health, safety, and security incidents.	<div><div>1.1</div><div>Implementation of the updated and standardised maintenance price lists and maintenance plan in place.</div></div> <div><div>1.2</div><div>Implementation Facilities Management or Repairs & Maintenance per building with dedicated service providers per building to fast track the maintenance turnaround time.</div></div> <div><div>1.3</div><div>Formulation of tenants committees or tenant engagement sessions.</div></div>	<div><div>1.1</div><div>Although unplanned maintenance cases increased in Q3, the pricelist curbed costs to below 950 per unit on aggregate.</div></div> <div><div>1.2</div><div>Service Level Standard on % turnaround time on all jobs logged done within 14 days is above 96% across portfolios.</div></div> <div><div>1.3</div><div>All existing tenant's committees have been dissolved. However, there are currently structures in place that are used to communicate with tenants.</div></div>	<div>↓</div>	6/7	Zero	Zero	Two incidents were reported during the quarter under review. Injury on duty and asset damage at AA house and Devland projects respectively. This is outside the the zero appetite and tolerance levels.

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
						2. Activation and monitoring of biometric systems at JOSHCO projects.	2. Installation of biometric systems at the following projects are planned for the next financial year dependent on budget availability. Fleurhof Junxion Roodepoort – Tshedzani 50 Durban Street Abel Street project Riverside view.					
						3. All construction projects to have an OHS Officer or Safety Agent.	3. Active construction projects undertaken by JOSHCO, the contractor has a designated occupational health and safety (OHS) officers or safety agents. JOSHCO intends to enhance the capacity of its Occupational Health and Safety (OHS) Department in order to conduct spot checks and inspections effectively.					
						4. All sites to have compliance files with the necessary OHS compliance documents managed by the housing supervisor.	4. Site compliance files were updated with current information on servicing of fire equipment COCs, new tenant contact details and OHS audit reports.					


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
						5. All projects to have the fire certification of compliance in place.	5. COCs for fire equipment which were due in Q3 have been submitted to the OHS Officer.					
6.	Inability to respond to city disasters and business disruptions	Business Interruption	H	M	% Compliance to laws and regulations	1. Monthly security update reports on servers and backup system. 2.1 Implementation of the disaster recovery plan and the business continuity plan. 2.2 Testing of the disaster recovery plan. 3.1 Development of comprehensive energy strategy.	1. ICT security updates were deployed on all servers during the quarter under review. There were no security vulnerabilities detected. 2.1 The committee convene on quarterly basis to discuss important matters related to business continuity and disaster recovery. 2.2 A DR testing is planned for 22 March 2024. The DR tests are conducted on a quarterly basis. 3.1 Measures are in place to respond to different		7/7	15 minutes downtime	30 minutes downtime	No incidents were reported in Q3.


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						3.2 Implementation of the energy strategy starting at head office.	energy challenges, i.e., UPS and generator. 3.2 A comprehensive energy strategy will be updated to cover all aspects, this will be done in conjunction with ICT Department and Facilities.					
						4. Disaster Recovery Committee quarterly session or ICT Steering Committee session.	4. The committee convene on quarterly basis to discuss important matters related to business continuity and disaster recovery. Disaster Recovery Committee has been incorporated in to the BCM Committee					
						5. Implementation of the secondary network connectivity for higher availability and redundancy.	5. Secondary network connectivity was implemented, and it is currently functional.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
7.	None	Fraud and corruption	H	VH	Number of Fraud and corruption cases reported.	1. Fraud detection review in collaboration with the City.	1. The Stakeholder Management Department held a public participation meeting on 19 March 2024 at Ekhaya Gardens ward 71 in Witpoortjie in preparation for the launch of Princess Plot Project. The Risk Unit partnered with the department and created awareness around fraud and scammers during the application process. There was a great turnout, and the meeting was a success. Awareness has been created as intended.		6/7	Zero	Zero	Two fraud cases reported during the quarter under review, this is outside the appetite and tolerance levels of zero.
				2. Enforcement of standard pricelist and any contractor who inflates prices will be barred from participating on the panel.		2. During the quarter under review, there were no cases of price inflation detected on quotations. Furthermore, no cases were escalated to SCM.						

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						3. Implementation of a Supply chain management rotation strategy for each panel.	3. The rotation strategy is in place and implemented for all Portfolios as per SCM guidelines.					
						4. Implementation of the Property Management Policy and standardised price list.	4. The Property Management Policy is continuously implemented and standardised price list is also applied throughout.					
						5. Fraud awareness sessions at Head Office, Housing Management projects and Bid Adjudication Committee.	5. The Stakeholder Management Department held a public participation meeting on 19 March 2024 at Ekhaya Gardens ward 71 in Witpoortjie in preparation for the launch of Princess Plot Project. The Risk Unit partnered with the department and created awareness around fraud and scammers during the application process. There was a great turnout, and the meeting was a success. Awareness has been created as intended.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
				Q3								
						6. Investigations of Fraud and corruption by GFIS.	6. This is an ongoing exercise, there are two (2) fraud cases that were reported for quarter 3. GFIS is currently investigating these cases.					
						7. Development of the Ethics programme.	7. The development of an ethics programme is dependent on the appointment of an Ethics Officer. The recruitment process has been put on hold due to City' moratorium. However, a process for motivation of critical positions is in place and approval should be sought from the City Manager.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
8.	None	Aging infrastructure	H	H	% Spend on maintenance budget.	1.1 Implementation of Building conditional assessment to all our buildings.	1.1 Internal and external painting in progress across portfolios. Due paint delivery delays and slow payment of contractors, progress to implement other programs from the Building Conditional Assessment are slow or have not yet commenced.		4/4	100% of Planned and unplanned maintenance	95% of Planned and unplanned maintenance	97% of unplanned and planned maintenance was achieved during the quarter which is within the appetite level of 95%
						1.2 Completion certificate for maintenance work done in JOSHCO projects.	1.2 Signed completion certificates are in place for all completed CAPEX and Non-CAPEX planned maintenance work.					
						2. Development of Standard Operation Procedure for evidence-based monitoring and evaluation on contractors' performance.	2. The Housing Management Manual and the Building Maintenance Performance Agreement is in place to monitor and evaluate contractors' performance. Workshops on the Standard Operating Procedure is then used to ensure that contractors are re-aligned to the correct level of performance.					

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 31 December 2023	Residual Risk Rating Q3	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	Risk Appetite	Risk Tolerance	Risk Appetite & Tolerance Assessment
						3. Prioritisation of works based on urgency and need to fix and identification of profitable buildings.	3. Service delivery meetings have been replaced with the Management War Room meetings.					
9.	None	Governance Failures/Political Instability.	M	M	Number of times of the collapse in the multiparty government.	1. Stakeholder management with the City Group Governance by the CEO and Executive Team.	1. CEO and the Executive Team are engaging with the City Group Governance through emails on a regular basis.		1/1	Zero	Zero	No issues were reported during the quarter under review, which is within the appetite and tolerance levels of zero

3.3.1. Strategic Risks Movement

Above is the summary of the strategic residual risk movement assessed in Q3 for the FY 2023 – FY 2024. Two (2) risks (fraud & corruption and Health, Safety and Security incidents in JOSHCO projects) moved from high to very high-risk rating, this is attributed to the risks being outside the risk appetite and tolerance levels, and seven (7) risks remained unchanged.

Based on the data shown above, the total proportion of actions taken to manage residual risk(s) in the control environment for the quarter is (30/30) 100% compared to the quarterly target of 95% and year-to-date (45/50) 90% compared to the annual target of 100%. This demonstrates management's high level of commitment to risk management. In the coming quarter, the risk management Department will continue to closely monitor the movement of risk appetite and tolerance levels.

3.4. INFORMATION ON EMERGING / NEW RISKS

Political instability is a significant concern in many countries. It refers to the risk that a country's stability may be compromised due to political changes. Political instability can impact various areas of business risk, including financial and economic conditions. Companies operating in politically unstable environments need to carefully assess risks and take measures to protect their interests.

Political risk is the possibility that your business could suffer because of instability or political changes in a country: conflicts and unrest, changes in regime or government, as well as changes that occur in a country's policies, business laws.

The results of upcoming 2024 national elections might pose a risk of political instability which might then lead to changes in government. Since we are a public entity the results of the May elections will have an impact on JOSHCO that might lead to changes in the company's Board of Directors, which will then impact operations and staff as a whole. Operations may be disrupted as a result of election uncertainty and possible policy changes, which might have an impact on the stability and profitability of enterprises.

In summary, while South Africa faces political challenges, it has not yet crossed the threshold into a failed state. However, vigilance and proactive risk management are essential for businesses and investors operating in such context.

BUSINESS CONTINUITY

The newly established Business Continuity Management Committee, which is chaired by the Executive Manager responsible for Business Planning and Strategy and backed by the COO, CFO, and key management team, meet on quarterly basis and key aspects of the approved BCP and testing are discussed in detail. Important matters related to business continuity and disaster recovery are standing agenda items for the committee

PROGRESS ON THE RISK MANAGEMENT PLAN

The quarterly activities as outlined in the approved plan for the FY 2023/24 such as the undertaking of the risk control self-assessment for both strategic and operational risk have been achieved.

MANAGEMENT OF POTENTIAL CONFLICT OF INTEREST

Employees at JOSHCO complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organization and that any close relatives or associates are identified in order to avoid conflicts between JOSHCO and the service providers with whom they will do business. To date, (98%) of JOSHCO staff have completed and submitted their annual declaration. The outstanding declarations are from suspended employees.

SECTION 4: ANTI-CORRUPTION AND FRAUD

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

During the quarter under review (19 March 2024) the Risk Unit partnered with Marketing & Communication Department, Stakeholder Management Department, Housing Management Department and MMC Stakeholder Department and created awareness around fraud and scammers during the application process. There was a great turnout, and the meeting was a success. Awareness has been created as intended.

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

All reported fraud and corruption allegations are investigated through the GFIS unit at the City and reports that indicate progress made on the investigations are provided to JOSHCO on quarterly basis. There is a total of eight (8) open cases, wherein two (2) of these cases were reported in Q3. Four (4) cases have been closed to date. The following table below depicts progress update provided by GFIS on all reported open cases.

Table 9: GFIS Progress on Open Cases

GFIS No	Date Registered	Allegation	Status
GFIS-2/12/2022	2022/12/05	Alleged fraud and corruption and irregular payments at Devland Phase 2 project, site 078. It is also alleged that SMMEs were not paid, officials influencing the process such that SMMEs not paid, Officials and Cllr involved in the allocation of projects and SMMEs. Corruption in the allocation of work in relation to Phase 2 project and payments made to the developer and contractor did not reach the SMMEs.	Closed
GFIS-19/03/2023	2023/03/15	Alleged fraud and corruption which is happening at City deep flats. Apparent ever since the flats were built done by Steven crew. It goes to R5000 tenant bribery to get an apartment, sexual favours by office managers. Fraudulent security company tenders are given to false security company owners that are controlled to victimize tenants or lie about them until	Closed

GFIS No	Date Registered	Allegation	Status
		they vacate so that the flat can be re rented for bribery purposes.	
GFIS-5/08/2023	2023/08/10	Alleged impersonation and use of JOSCHO CFO' name (Nontobeko Ndimande).	Closed
GFIS- 18/11/2023	2023/11/15	Alleged fraud and corruption at JOSHCO in relation to Facebook adverts for JOSHCO rentals.	Closed
GFIS-12/11/2021	2021/11/02	Moja Love TV shooting.	In progress
GFIS -39/12/2021	2021/12/15	Alleged maladministration with regards to recruitment.	In progress
GFIS- 26/09/2022	2022/09/14	Alleged fraud and corruption where there are fraudulent debit orders that are being deducted from JOSHCO' Standard bank account.	In progress
GFIS- 25/11/2023	2023/11/17	Alleged breach of security in the impersonation of MMC Mabaso soliciting money for a house allocation.	In progress
GFIS-19/12/2023	2023/12/22	The contractor engaged in misrepresentation by falsely claiming to have constructed a wall and providing fabricated photographs of a non-existent wall.	In progress
GFIS-14/01/2024	2024/01/14	Scam Alert at Ekhaya/ Princess Estate by a City employee.	In progress
GFIS-2/02/2024	2024/02/02	Fraud Allegations: Dobsonville Flats.	In progress

ANTI FRAUD & CORRUPTION CAMPAIGN

There was a great turnout, and the meeting was a success. Awareness has been created as intended. Below are few pictures taken during the public participation and fraud awareness campaign.



SECTION 5: ICT GOVERNANCE

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

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

Summary of Achieved quarter 3 milestone.

Disaster Recovery

JOSHCO has a Fully Managed Datacentre (FMDC) to ensure Business Continuity and all critical services of the organization are replicated to the site, ensuring that JOSHCO Operations continue even in the event of a disaster. A scheduled quarterly Disaster Recovery Test was performed on 31st January 2024 and was successful.

Network Availability

On 14 March 2024 around 10:33 AM, there was a continental network connectivity issues due to the concurrent fibre cable cuts in the undersea near Abijan in the Ivory Coast the which affected the EMEA (Europe, Middle East, Africa) Region and JOSHCO, as a consequent was no exception.

VoIP Migration and IP Phone Rollout

The VoIP migration and IP Phone rollout was completed for the entire organisation. During quarter 3. Since the rollout and migration, communication and collaboration within the organisation has improved without any significant issues reported since the migration.

Patch Management

To ensure a healthy environment and the reduction of risks, JOSHCO ICT is using a cloud-based endpoint management solution called Microsoft Intune, simplifying app and device management across the many devices that use the JOSHCO Server and Network Environment such as mobile devices, laptops, and virtual endpoints.

An update ring was created to ensure updates are pushed to clients as soon as they have been made available after testing, and all JOSHCO devices are running the latest Windows Updates, resulting in a healthy environment with less possibilities of Cyber Attacks. All servers have received the bi-weekly updates and only awaiting a reboot which is initiated for Monday, 25 March 2024 at midnight to avoid affecting production time.

Datacentre Uptime/Downtime

JOSHCO did not experience any downtime attributed to load-shedding or cable theft during the reporting period, this is due to the installed UPS System which takes over when there is no power at Head Office.

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

Fibre Rollout to JOSHCO Properties

Phase 2 of the rollout has commenced and anticipated to be completed by the end of the Financial Year.

Cybersecurity

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

During Quarter 3, JOSHCO did not encounter any cyber threats due to the hardened security measures currently put in place. The Intern: Information Security is actively monitoring the environment through various tools that have been deployed on the infrastructure. The appointment of the Infrastructure Security Technician will further ensure that JOSHCO's security posture is hardened however this appointment could not be concluded in this quarter due to the Moratorium imposed by the City Manager.

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

SAGE Intacct Implementation

The upgrade of SAGE is progressing well, we are currently in the testing phase, and it is anticipated to be live by the first month of Quarter 3. This upgrade will contribute to the business continuity measures since this version of Sage is a cloud solution.

Table 10: Current and Future Projects

Project	End User Department	Status
Maintenance Escalations	Housing Management	Completed
JOSHCO e-Leasing (JOSHCO APP)	Leasing	Completed
System Center Service Manager	Entire Organisation	Completed
Customer Service Portal	Customer Service	Completed
Supplier Database Repository	Supply Chain Management	In Progress
Website Hosting	Marketing & Communications	In Progress
KPI Management Tool	Entire Org	In Progress
Sage Intacct Upgrade	Finance	In Progress
VoIP Migration	Entire Org	Completed

SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

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

Table 11 reflects the twenty-eight (28) Acts that were assessed in the third quarter of the 2023/24 Financial Year. JOSHCO has seen 24 acts that have reached 100% compliance while 4 Acts are still not at 100% compliance. The current compliance for this Quarter stands at 98.8% against a target of 98%. This is a significant increase indicating continued efforts by the organisation to comply to laws and legislation. Monitoring on the acts is conducted on a regular basis to ensure full compliance

by the targeted period. In this quarter, the Supply Chain Management team has been enrolled for a Course on the MFMA. This is to further ensure full compliance with the act and its regulations.

Remedial actions on the legislation that have not reached 100% compliance are provided with progress made by Acts owners in implementation are set out in the table below. The table also includes acts that have progressed to 100% in order to detail the reasons of the improvements.

Table 11: Action Plan of the Assessed Legislations

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
1. Companies Act 71 of 2008	100%	94.9%	97.8%	The variance relates to the appointment of a Company Secretary. The Act prescribes that the Company Secretary must be appointed within 60 Days of the position being vacant.	Appointment of a company Secretary. Filing of annual returns.	Chief Executive Officer	The Company Secretary was appointed and meant to commence duty on 1 April 2024. Candidate withdrew their acceptance on 28th March. Position to be re-advertised subject the approval of City Core. The entity also filed their annual returns late resulting in the 97.8% reported.	July 2024

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
2. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	76.5%	100%	76.5%	<p>The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management.</p> <p>Because of new appointments as well as the regulation requiring that that appointment persons with in this category ensure that they obtain the competency levels with in 18 Months, the act will consistently have fluctuating Variances.</p> <p>There are 2 programs concurrently running to ensure that all managers are enrolled to meet the minimum competency as per the regulation</p>	All Newly appointed Managers meeting the requirement to be enrolled in the program.	EM: Corporate Services	<p>The Following Employees have been rerolled in both Programmes:</p> <ol style="list-style-type: none"> 1. Supply Chain Officials 2. Senior Manager ITC 3. Portfolio Managers 4. Acting Company Secretary 5. General Manager: Housing Management 6. Financial Manager 	30 September 2024

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
3. Municipal Finance Management Act.	94.3%	94.3%	94.3%	<p>The Variances relate to the current deficit affecting expenditure and budget management.</p> <p>The Variances also relate to the late payment of supplier due to the City's cashflow issues.</p>	1. Strategies to increase revenue and reduce expenditure are contained in detail in the finance report.	Chief Financial Officer	<ol style="list-style-type: none"> 1. Payments although in staggered amounts have been made to JOSHCO to from the human settlements for projects conducted on their behalf. 2. The revenue collection strategies particularly during the 20th Celebration are yielding positive results. These drives have also seen a number tenants coming forth to sign Acknowledgment of debt. 3. The SHRA rent relief program has assisted with revenue collection in the last quarter. 	30 June 2024

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
4. Protection of Personal Information Act, No. 4 of 2013	98.2%	98.2%	98.2%	<p>The variance relates to:</p> <ol style="list-style-type: none"> Written contract between JOSHCO and service providers who process information have not been concluded to, ensure that the Service Provider which processes personal information for JOSCHO establishes and maintains the security measure referred to in Section 19. 	<ol style="list-style-type: none"> Service Level Agreements to be amended to include POPIA obligations. Permission to be obtained from the Information Regulator for the processing of information. 	Company Secretary	<ol style="list-style-type: none"> The current third party contracts make provision for POPIA requirements. The Information Regulator has to date not granted the required permissions despite several requests. The entity will elevate the communication to the regulator via the CEO in order to push for a response from the information regulator. 	July 2024

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
5. Rental Housing Act, No. 50 of 1999	96.3%	100%	100%	<p>The variance relates to the subletting of units by tenants without JOSHCO's consent.</p> <p>While the act is currently at a 100%. Regular tracking of the act is essential to ensure that we have overcome the issues of subletting as well as regularly regularising tenants as their circumstances change.</p>	<ul style="list-style-type: none"> SHRA will be conducting and tenancy Audit for Union Square as well as Devland . 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"> The Audit reports have not identified any subletting in the Audited projects. Lease renewals and Regularisation is conducted on all JOSHCO projects. 	On-going

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
6. Social Housing Act 16 of 2008 and Social Housing Regulations.	87.0%	93.5%	93.5%	<p>The Variance relates to:</p> <ul style="list-style-type: none"> 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. 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: <ul 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); (iii) 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) <ul style="list-style-type: none"> (iii) the provisions of the Rental Housing Act, 1999 (Act 50 of 1999) The content of the lease agreement and proposed changes are not strictly adhered to by all parties. 	<ul style="list-style-type: none"> Obtain full accreditation with the SHRA. Obtain occupancy certificates for all JOSHCO projects 	EM: Housing Management	<ul style="list-style-type: none"> JOSHCO has submitted all compliance and accreditation requirements for the start of the Financial Year. SHRA is still yet to provide feedback on the JOSHCO's accreditation. Occupation certificates are still outstanding for the Dobsonville projects due to pending litigation. Projects are no longer tenanted without the necessary compliance certificates. The current projects are not being launched without the necessary compliance approvals and this was indicated in Plots, which reached practical completion months ago but is yet to be launce. 	30 June 2023

Total number of Acts assessed: 28 against 28 in the Regulatory Universe.

Total Acts with 100% compliance: 24

Total level of compliance: 98.8% against a target of 9



CHAPTER 3

SERVICE DELIVERY PERFORMANCE



a world class African city



SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- Regarding Housing Development, year-to-date performance 333 units has been completed and 294 units have been developed without servicers.
- In regard to Housing Management, the Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q3.
- During the quarter under review, 36.4% SMME expenditure achieved against construction invoices target of 30% and 971 EPWP work opportunities were created against a year-to-date target of 540 in quarter 3.
- In quarter 3 the company achieved all the 7-service level standard KPIs.
- The company is making progress in rental collection, in which 62% was achieved in the 3rd Quarter of 2023.24 FY.
- There was a total of **1,194** reactive maintenance jobs logged across all portfolios for Q3 costing a total of **R7,521,175.57**.

SECTION 2: SERVICE DELIVERY CHALLENGES

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

- Low rental collection remains a challenge for the entity.
- Insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
- Moratorium on vacancies, this freeze on employment has made it difficult for the entity to recruit at pace and ensure the correct skills are attained.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION.

Table 12: JOSHCO's Response to Strategic Direction

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q3
1. Sustainable Service Delivery	<ul style="list-style-type: none">• To be a smart and capable entity	<ul style="list-style-type: none">• Attainment of all SLs• Well maintained and clean JOSHCO properties• Continuous engagement with SHRA's to ensure we are compliant to the regulator.
1. Job opportunity & creation	<ul style="list-style-type: none">• To be a smart and capable entity	<ul style="list-style-type: none">• Upliftment of communities through SMMEs on construction projects• Skills development and job creation through EPWP programme
2. Sustainable service delivery	<ul style="list-style-type: none">• Develop & manage social housing and student accommodation• Develop &	<ul style="list-style-type: none">• On track to deliver social housing and affordable housing units across the City• Development of student accommodation precinct• Preserved and well-maintained buildings that meet acceptable living conditions

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q3
	manage affordable rental housing <ul style="list-style-type: none"> • Implement housing development projects for the CoJ • Provide assigned municipal services 	
3. Financial sustainability	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • A solvent company by end of 2024/25 FY • Improved revenue collection • Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion
		<ul style="list-style-type: none"> • Effective and efficient business processes • Improved tenant satisfaction, through proactive tenant education and engagement programme • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand
4. A Smart City	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (Including alternative energy solutions and rainwater harvesting)
		<ul style="list-style-type: none"> • Improved application and leasing processes, supported by automation of processes launched • Seamless business continuity supported, through effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

The relationship of JOSHCO and CoJ as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement (SDA) and the Shareholder compact. Section 93B (a) of the Municipal System Act stipulates that “Parent municipalities having sole control. — A parent municipality which has sole control of a municipal entity:

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

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

- 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.

Table 13: Service Level Standard (SLS) Performance as at 31 March 2024

Core Service	Service Level Standard Target	January 2023	February 2023	March 2023	Quarter 3	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	99%	99%	98%	99%	None	None
2. Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	100%	100%	100%	100%	None	None
3. Routine building maintenance	Once per year and as when required	100%	100%	100%	100%	none	None
4. Application of rental housing	Outcome of enquiry to be sent to application within 5 days	2 days	1 day	2 days	2 days	None	None
5. Application of rental housing	Outcome of the application communicated within 10 working days	3 days	2 days	1 day	2 days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 Hours	24 Hours	24 Hours	24 Hours	None	None
7. Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	2 days	1 day	1 day	1 day	None	None

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2023–2024 business plan includes 22 key performance metrics and targets. 13 of the 19 targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of **68.42%**.

Performance Targets	Targets
Total Annual Targets	22
Applicable targets in Q3	19
Targets achieved	13
Targets not achieved	6
Not due for reporting	3

Legend:

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

Table 14: Performance Against Predetermined Objectives as at 31 March 2024

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q3 Target	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	0:51	-0:49	<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 and maintenance costs. The high overdraft balance in the sweeping account has also resulted in large interest costs of R83,4 million being incurred as at the end of the 3rd quarter.</p> <p>Remedial Action: Overtime Management Utilities - Prepaid meters are being rolled out in projects budget permitting. A flat rate for water will be charged while the water meters are being sourced and installed. Security – Implementing of cost-cutting measures</p>
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	0:54	-0:46	

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q3 Target	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
							are in place, i.e. lower grade guards and reduction in number of guards where possible.
	3	% Collection in respect of current debtors	100% collection in respect of current debtors	100%	62%	-38%	Unemployment and high inflation affecting tenant's ability to fulfil their rental obligations Lack of digital transformation in collection processes Political influence leading to delayed evictions of accounts handed over to legal firms Remedial Action: Created a database for unemployed tenants as per their confirmation and verified that via TPN Credit Bureau, to refer all unemployed tenants to Human settlements for alternative programs. Improved credit evaluation process for new tenant applications. All new leases and lease renewals will be confirmed by the signing of a Debi Check (debit order). Return of City stock to Human Settlements.
	4	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	41%	-59%	This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis. Remedial Action: Constant engagement with CoJ to ensure we have sufficient cashflow to manage our creditors.
	5	% of CAPEX spent on EMEs	30% of CAPEX spent on EMEs	30%	36.4%	+6.4%	Target achieved
	6	% of CAPEX budget spent	100% CAPEX budget spent	75%	77%	+2%	Target achieved
Good Governance	7	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	75%	93%	+18%	Target achieved
	8	% Resolution of external audit findings	100% resolution of AG findings	75%	32%	-43%	Most of the findings have not been follow-up as they require full set of financial statement. Remedial Action;

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q3 Target	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
							Finance is currently preparing an Interim AFS set for the 9 months ended 31 March 2024. The AFS will be submitted to Internal Audit for review on 3 May 2024. It is anticipated that most of the findings will be resolved by 30 June 2024
	9	Level of audit opinion	Unqualified audit opinion	-	-	Not due	Target not due for reporting
	10	Percentage compliance to Laws and regulation	100% compliance to laws and regulation	98%	98%	0	Target achieved
	11	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	95%	100%	+5%	Target achieved
Personnel Vacancy Rate	12	% Employee vacancy rate	5% employee vacancy rate	5%	11.01%	-6.01%	Moratorium placed on vacancies. Remedial Action: Motivation to fill funded vacant positions has been sent to the CM.
Employee Development	13	Number of employee development initiatives	4 employee development initiatives	3	3	0	Target achieved
Smart City	14	Number of digitisation initiatives completed	4 Digitisation initiatives completed	3	5	+2	Target achieved
	15	Number of ICT awareness initiatives	32 ICT awareness initiatives	8	11	+3	Target achieved
Job Opportunity and Creation	16	Number of jobs created for the unemployed through EPWP programmes	720 Jobs	540 jobs created	831 jobs created	+291	Target achieved
Sustainable Service Delivery	17	No. of social housing units developed without services	450 housing units developed	-	-	Not due	294 units developed. -102 Units from Abel phase 1 -192 Units from Nancefield
	18	No. of social housing units completed	450 housing units completed	-	-	Not due	333 units has been completed in the quarter under review.
	19	% of Social Housing units occupancy rate.	98% occupancy rate	98% occupancy rate	98% occupancy rate	0	Target achieved
	20	% Achievement of service standards	100% Achievement of	100% Achievement	100% Achievement	0	Target achieved

Key Performance Area	KPI No	Key Performance Indicator	Annual Target 2023/24	Q3 Target	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
			service standards	of service standards	nt of service standards		
	21	Tenant Management initiatives implemented by community development	4	3	3	0	Target achieved
	22	% of Affordable Housing unit occupancy rate (non-regulated)	98% occupancy rate	98% occupancy rate	98% occupancy rate	0	Target achieved

5.1. HOUSING DEVELOPMENT: PROJECT PERFORMANCE

In this financial year, JOSHCO has twenty-four (24) projects which were approved in the 2023/2024 Business Plan. Fourteen (14) of these projects are between planning and procurement and Nine (9) of the projects are at implementation stage at the beginning of the financial year.

Contextual Background on the KPIs:

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

5.1.1 PROJECTS UNDER IMPLEMENTATION: INNER CITY

ABEL ROAD CONVERSION PHASE 1

Start date: 01 July 2023 & **Planned Completion date:** 30 May 2024

Area or location: Abel Road, Inner City Johannesburg

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

Budget allocated this FY: R25 000 000

Monitoring Tool	January	February	March
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Capex Expenditure	R 0,00	R 4 524 214,54	R 0,00
SMME Expenditure	R 169 850,00	R 33 575,00	R 0,00
Project Progress	85%	92%	93%

Comments on Project Performance: The project is currently running behind schedule because of the supply and installation of the lifts. The supplier has notified the contractor that there has been a shortage of material and as such the manufacturing of the lift has been affected. We anticipate a delay of 2 months. This will move our construction completion time to 30 May 2024.

106 CLAIM STREET SOCIAL HOUSING PROJECT

Start date: 20 July 2023 & **Planned Completion date** 28 April 2024

Area or location: 106 Claim Street, Hillbrow

No units expected 2022/2023: 80 units.

Budget allocated this FY: R 9 510 000,00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R 420 087,90	R 0,00
SMME Expenditure	R 315 000,00	R 0,00	R 288 134,20
Project Progress	95%	96%	98%

Comments on Project Performance: The project is 98% complete, contractor is finalizing minor snags such as repairs and servicing of air-conditioning and heat pumps, as well as fire lift cabling. The contractor has submitted an extension of time due to delays in delivery of the fire lift cables. This has pushed the programme out for a month; and the revised anticipated date for Practical completion is end of April 2024.

NEDERBERG STUDENT ACCOMMODATION

Start date: 25 July 2023 & **Planned Completion date** 24 April 2024

Area or location: 153 Wolmarans street, Johannesburg

No units expected 2023/2024: 60 units

Budget allocated this FY: R 19 000 000,00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R 1 670 764,65	R 0,00

SMME Expenditure	R 0,00	R 474 530,25	R 0,00
Project Progress	56%	63%	72%

Comments on Project Performance: All units have been painted. Contractor is busy with installation of furniture, burglar bars and new windows where required. Nederberg has 2 lifts. Lift technicians attended to the lifts; the one lift is working whilst parts were ordered for the other lift. The room on the roof have been prepared for the installation of the washing and drying machines. Electrical COC were issued for the DB and electric fence. A new valve installed for the water tank, so testing can commence. The floor was redone, awaiting the delivery of the furniture. All furniture for the student rooms has been procured and installed.

5.1.2 PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

NANCEFIELD SOCIAL HOUSING PROJECT

Start date: 4 May 2021 Completion date 30 September 2024

Area or location: Nancefield, Klipruit, Soweto

No units expected 2023/2024: 372.

Budget allocated this FY: R53 054 000,00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R 0,00	R 0,00
SMME Expenditure	R 0,00	R 0,00	R 0,00
Project Progress	75%	75%	75%

Comments on Project Performance: Works are now at 75% overall completion. The old contractor was not able to finish the work as he had exhausted his purchaser order and an additional 20%. Another contractor was then The contractor were appointed for the finishing contract. They were registered with NHBRC but not for as much units we there are on Nancefield- 372. NHBRC enrolment certificates was obtained on 13 March 2024. The project has now been officially handed over to Mathelemusa and the start date was on 15 March 2024 finishing on 16 September 2024. NHBRC delays were due to the following factors:

1. The new appointed contractor was not registered with NHBRC for the 372 units that they were appointed for and had apply for an upgraded number of units and this took time. The new works value is small, and it is not possible to get a contractor who is registered with NHBRC for this many units.
2. Work cannot start on site without permission from NHBRC. Old contractor had to submit his termination report to NHBRC before the new contractor would submit his application.
3. NHBRC upon receipt of an application goes to site for inspections and reports before permission is granted.

4. NHBRC processes take time as their systems are still not computerized yet.

PRINCESS PLOTS SOCIAL HOUSING PROJECT

Start date 1 November 2019 & Anticipated Completion date: 30 October 2023

Area or location: Princess Ext 14, Roodepoort

No units expected 2023/2024: 333 Units.

Budget allocated this FY: R 22 500 000,00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R 0,00	R 0,00
SMME Expenditure	R 0,00	R0,00	R 0,00
Project Progress	100%	100%	100%

Comments on Project Performance: The Project has been completed and the Occupation Certificate was issued on 12 March 2024. The project has been handed over to JOSHCO housing management and is ready for launch.

DEVLAND SOCIAL HOUSING PROJECT (Phase 3)

Start date: 14 November 2022 & Planned Completion date: 30 March 2025

Area or location: Devlands

No units expected 2023/2024: 171 units.

Budget allocated this FY: R 12 523 000,00

Monitoring Tool	January	February	March
Capex Expenditure	R0,00	R 0,00	R 0,00
SMME Expenditure	R 0,00	R 0,00	R 0,00
Project Progress	0%	0%	0%

Comments on Project Performance: The site handover to the contractors was conducted on the 19 February 2024. The contractor for water upgrade pressure established the site and the works commenced on the 11 March 2024. The contractor for the construction of phase 3 has defaulted and delayed the site establishment, due to not complying with the OHS requirements. The first notice of default letter has been issued to the contractor on the 05 March 2024 and the second notice of default has been issued to the contractor on the 15 March 2024. The contractor was requested to provide the OHS file for the application of work permit. The contractor failed to submit the required documentation for the approval. Based on the notice of defaults the Contractor is given until 05 April 2024 to submit the required OHS file for us to be able to apply for construction permit, Failure to comply will result in termination as guided by the JBCC contract.

RIVERSIDE VIEW SOCIAL HOUSING (Phase 2)

Start: 1 November 2023 & Completion date: 4 December 2024

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

No units expected 2023/2024: 184 Units

Budget allocated this FY: R 50 000 000,00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R0	R 0
SMME Expenditure		R1 188 205,86	
Project Progress	34,4%	37%	40%

Comments on Project Performance: Site establishment was on the 18 October 2023, with construction commencing 1 November 2023. Progress is ahead of Schedule planned completion of the 184 units is October 2024.

UPGRADES TO EXISTING STOCK**CITY DEEP MINOR WORKS**

Start date: 13 January 2023 & **Planned Completion date:** 30 October 2023

Area or location: City Deep, Inner-City Johannesburg

No units expected 2023/2024: 0-units. The project has been tenanted. The work that was carried out was for statutory compliance for the project to achieve the occupation certificate.

Budget allocated this FY: R5 000 000.00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R 0,00	R 0,00
SMME Expenditure	R 0,00	R 0,00	R 0,00
Project Progress	100%	100%	100%

Comments on Project Performance: Project is complete. The Occupation certificates were issued for City Deep Extension 28. However, City Deep Extension 26 OCs are still outstanding due to fire non-compliance. Housing Management appointed a service provider to address the fire compliance issues. The Building Inspector will revisit the site for final inspection to issue the OC, anticipated time to obtain OC is April 2024.

DOBSONVILLE (Demolition)

Start date: 07 July 2023 & **Planned Completion date:** 30 October 2023

No units expected 2023/2024: 0 Units. The project has been tenanted. The work that was carried out was for statutory compliance for the project to achieve the occupation certificate.0.

Budget allocated this FY: R5 000 000.00

Monitoring Tool	January	February	March
Capex Expenditure	R 0,00	R 0,00	R 121 440,00
SMME Expenditure	R 0,00	R 0,00	R 0,00
Project Progress	90%	95%	95%

Comments on Project Performance: 6 out of 7 encroaching structures have been demolished. JOSHCO is currently waiting for the court to issue a demolition permit for the last structure.

5.1.3 PROJECTS UNDER PLANNING STAGE

RANDBURG SELKIRK

The professional team has finalised compiling the documents for the submission of the Section 7(6) application for submission at CoJ and sent application forms and Building Plans to JOSHCO for signature. Section 7(6) application is expected to be issued within 2 weeks of the submission.

RIVONIA EDENBURG TURNKEY

JOSHCO has terminated the contract with the Developer for Breach of Contract. JOSHCO's legal representative are still in talks with the Developer to find a solution regarding the land parcel.

DENVER EXTENSION 20 (JEPPESTOWN)

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

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

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

KELVIN SOCIAL HOUSING PROJECT

Rezoning application was submitted to CoJ Development Planning end of November 2023. The application received more than 400 objections from the adjoining neighbours, the application will go to the CoJ Municipal Planning Tribunal (MPT) for a decision. The Town Planner is currently working on resolving some of the objections and putting together supplementary motivation for the MPT.

According to an objection received from Urban Dynamics, the site was earmarked for a reservoir which was part of the 2022/2023 budget. JOSHCO has proposed a meeting with Johannesburg Water to ascertain the UD comments and resolve the matter. JWater hasn't confirmed availability for the proposed JOSHCO meeting, however constant communication with JWater is crucial to resolve the matter before the Municipal Planning Tribunal.

JRA has commented on the application but requested a TIA, OSR incorporated by the Stormwater Management Report.

LOMBARDY EAST SOCIAL HOUSING PROJECT

A new rezoning application will be submitted on the 29th of February 2024. The application is currently in circulation. Once comments from all the City's service departments, the application will then be able to be assessed by the CoJ Development Planning.

MARLBORO SOCIAL HOUSING PROJECT

JOSHCO approved Stage 1 report and the professionals currently addressing concept and viability. Consultants are currently finalising the documents for submission of the simultaneous rezoning and subdivision application. Land use applications are anticipated to be submitted before the end of March 2024.

MARLVEN SKILLS DEVELOPMENT CENTRE

Project Manager and Professional team appointed. Inception report was presented to JOSHCO on 23 November 2023. JOSHCO approved stage 1 report and the professionals currently addressing concept and viability. Consultants are currently finalising the documents for submission of the land use applications.

PARK CHAMBERS PRECINCT

JOSHCO is currently awaiting JPC to finalise the land transfer matter prior to submission of the rezoning application and Site Development Plan.

280 SMIT STREET – STUDENT ACCOMODATION

The Town Planner is currently compiling documents for submission of a Site Development Plan and Building Plans under the existing land use rights.

SHRA CCG FUND APPLICATIONS

Applications for the SHRA Consolidated Capital Grant had been submitted for the following developments:

50 Durban Street

Abel Street – Phase 2

Denver Extension 20

Lufhereng – remaining 60 of 407 units.

5.2. SHRA PROJECTS OCCUPATION CERTIFICATES (OC)

There are several SHRA funded projects that are tenanted without Occupation Certificates. This program aims at remedying this non-compliance.

Progress:

City Deep: Occupation Certificates for Erven 254 and 255 City Deep Ext. 28 were issued on the 26 February 2024, however Erf 249 City Deep Ext. 26 is still outstanding, waiting clearance certificate from the Fire Department. Housing Management has appointed a service provider to address the fire compliance issues. The Building Inspector revisits the site for final inspection to issue the OC, anticipated time to obtain OC is April 2024.

Dobsonville: The Sewer Contractor has been appointed, and site handover. The works were completed in September 2023. One of houses with structure which was encroaching on the JOSHCO's development, the demolition of that structure was carried out in January 2024. Only one property is currently encroaching on our property which is yet to be demolished. JOSHCO has started the process for the demolition, the demolition order application for the is in process.

Turffontein: It should be noted that the Occupation Certificate exists, however the current OC refers to one Erf because according to the Chief Building Inspector who issued the OC, the CoJ system is unable to issue two OCs for one development. Hence, a consolidation application is required by SHRA. The application has been submitted; however, we are currently finalizing the registration of Erven 195 and 196 Haddon Extension, prior to the approval of the consolidation application. The section 113 clearance application has been submitted to CoJ Legal Admin currently waiting JRA, Joburg Water and City Power comments. Once Section 113 has been finalized, the registration of the two extensions can be finalized.

JRA engineers together with the project's engineers conducted a site inspection on the 19 February 2024, to inspect the works done, prior to issuing the clearance certificate. JRA is satisfied with the work done, however, a second inspection will be conducted with Regional Depot prior to them issuing clearance certificate. Once the site inspection has been conducted, JOSHCO will be able to finalise outstanding matters.

SMME EXPENDITURE

The table below reflects the expenditure on SMME's from projects where construction activities were implemented during the first quarter. The amounts captured under Capex spent on construction is based on construction

invoices; it therefore excludes professional fees, statutory fees, and other fees not directly related to construction activities.

Table 15: Projects that contributed to the KPI: SMME expenditure.

NO.	PROJECT NAME	CAPEX CONSTRUCTION INVOICES SUBMITTED	TOTAL CAPEX CONSTRUCTION INVOICES	TOTAL CONSTRUCTION EXPENDITURE	SMME EXPENDITURE	% SPENT
1	106 CLAIM STREET	R392 605,51	R392 605,51	R392 605,51	R603 134,20	154%
2	NEDERBURG	R1 561 462,29	R1 561 462,29	R1 561 462,29	R474 530,25	30%
3	ABEL STREET	R4 228 237,89	R4 228 237,89	R4 228 237,89	R203 425,00	5%
4	RIVERSIDE			R0,00	R1 188 205,86	
5	PRINCESS PLOTS	R598 084,08	R598 084,08	R598 084,08		0%
TOTALS			R6 780 389,77	R6 780 389,77	R2 469 295,31	36,4%

5.3 HOUSING MANAGEMENT

The role of the Housing Management business unit at JOSHCO is to provide end-to-end property management which includes maintenance (planned and reactive), lease management (tenant life cycle management) and ensure maximum revenue management in all its rental stock. Housing Management endeavours to attain the KPIs set out before it and diligently attempts to surpass such on a monthly and quarterly basis.

Focused Maintenance Interventions

Housing Management had allocated each of its rental properties with a BMC (Building Maintenance Company) at the beginning of the financial year, which is responsible for total maintenance within a project, working side by side with the Estate Supervisor as well as the Portfolio Manager. The comprehensive maintenance needs assessment conducted for each building prior to the start of this financial year has assisted to have a tailored intervention for each estate. In the midst of budget constraints, the benefits of having dedicated maintenance service providers for each facility are very evident, with maintenance costs being relatively better managed through the avoidance of cost spillage and heightened accountability.

5.4 MAINTENANCE

The 3rd quarter of the 2023/24 financial year saw a significant amount of activity in relation to the external painting of JOSHCO estates. Most of the painting was planned for Q2 and Q3, however there was a slight delay in the procuring and delivery of paint which pushed the timelines backwards, however painting got underway for most of the estates during Q3, especially the larger estates. This included the hiring and training of EPWP participants in relation to painting works wherein participants were trained through the Building Maintenance Contractors on site.

5.4.1 Repairs and Maintenance: Portfolios A-E

At the end of the previous financial year, Housing Management had four (4) portfolios, Portfolios A-D. Portfolio D is mainly comprised of City Referral stock which is anticipated to be moved back to the City. Presentations to have the City Owned Stock move back to the City were made to the Technical Cluster in February 2024 as well as the Sub- Mayoral Committee, however this is yet to be approved by MayCo. For now JOSHCO is still managing the City Owned stock till the expiration of the SLA with the City (which is June 2024).

PORTFOLIO A

Table 16: UNPLANNED MAINTENANCE

PORTFOLIO A SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Target %Achieved
AA House	23	13	21	57	57	0	100%
African Diamond	4	3	2	9	9	0	100%
Devland	18	4	30	52	52	0	100%
Europa House	3	2	6	11	11	0	100%
Hoek Street	26	6	16	48	48	0	100%
Raschers	8	4	8	20	20	0	100%
La Rosabel	3	0	1	4	4	0	100%
Textile building	7	4	8	19	19	0	100%
TOTAL JOBS	92	36	92	220	220	0	100%

For the 3rd quarter, there was a total of 220 jobs under reactive maintenance jobs that were logged for Portfolio A. The actual achieved response rate remained at **100%** for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between January 2024 and March 2024 is R925,437.16. The total units in Portfolio A are **1,309** with an average maintenance cost of **R235 per unit**, which is significantly lower than the R950 threshold.

PORTFOLIO B

Table 17: UNPLANNED MAINTENANCE

PORTFOLIO B SLS	MAINTENANCE CATEGORIES				Turnaround Time Target: 96% within 14 Days turnaround		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Achieved%

Bellavista Infill	3	1	8	12	12	0	100%
Bellavista Citrine Court	3	1	11	15	15	0	100%
Kliptown Square	51	2	26	79	79	0	99,9%
Kliptown Golf Course	28	1	16	45	45	0	100%
Phoenix House	7	4	12	23	23	0	100 %
Turfontein	34	11	97	142	142	0	100%
Orlando Ekhaya Flats and family units	36	5	27	68	68	0	100%
Lefhureng	31	22	43	96	96	0	100 %
TOTAL	193	46	240	479	479	0	100 %

For the 3rd quarter, there was a total only 479 jobs under reactive maintenance jobs that were logged for Portfolio B. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between January 2024 and March 2024 was **R1 934 972.26**.

PORTFOLIO C

TABLE 18: UNPLANNED MAINTENANCE

PORTFOLIO C SLS	MAINTENANCE CATEGORIES				Turnaround Time Target: 96% within 14 Days turnaround		
	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Achieved%
Dobsonville	38	4	26	68	68	0	100%
Fleurhof Junction	44	10	27	81	80	1	99%
Pennyville Communal	14	4	2	20	20	0	100%
Pennyville Flats	9	1	5	15	15	0	100%
Tshedzani Roodepoort	73	12	29	114	113	1	99%
TOTAL JOBS	287	31	89	407	405	2	100%

For the 3rd quarter, there was a total of 407 jobs under reactive maintenance jobs that were logged for Portfolio C. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96% - only 2 jobs were outside the 14 day mark. The total cost of reactive maintenance between January 2024 and March 2024 was **R3,300,880.37**. The total number of units in Portfolio C are 2,148 and they had an average maintenance cost of **R512.24 per unit**, which is significantly lower than and within the R950 threshold per unit.

PORTFOLIO D

TABLE 19: UNPLANNED MAINTENANCE

PORTFOLIO D SLS	MAINTENANCE CATEGORIES	Turnaround Time: Target: 96% within 14 Days	

Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Target %Achieved
Antea Hostel	6	2	0	8	8	0	100%
Bothabela	1	1	0	2	2	0	100%
City Deep Old	5	1	2	8	8	0	100%
City Deep Greenfields	1	1	2	4	4	0	100%
Fleurhof riverside	2	0	3	5	5	0	100%
Jabulani	0	0	0	0	0	0	100%
Klipspruit hostel	0	0	0	0	0	0	100%
Legae	0	0	1	1	1	0	100%
MBV	0	0	0	0	0	0	100%
Orlando west	1	0	1	2	2	0	100%
Riverside view	0	0	0	0	0	0	100%
Selby	2	1	2	5	5	0	100%
TOTAL JOBS	18	6	11	35	35	0	100%

For the 3rd quarter, there was a total of 35 jobs under reactive maintenance jobs that were logged for Portfolio D. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. Most of the reactive maintenance jobs were plumbing related. The total cost for reactive maintenance for Portfolio D for Q3 was **R1 213 816.78** and the average cost of maintenance per unit was **R159.29**.

PORTFOLIO E

TABLE 20: UNPLANNED MAINTENANCE

PORTFOLIO E SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Target %Achieved
Union Square	23	13	17	53	53	0	100%
TOTAL JOBS	23	13	17	53	53	0	100%

For the 3rd quarter, there was a total of 53 jobs under reactive maintenance jobs that were logged for Portfolio E. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. Most of the reactive maintenance jobs were plumbing related. A total of **R14,6069** was incurred for reactive maintenance in Portfolio E for the quarter.

Overall SLS summary

- The total number of Plumbing work jobs for Q2 was **613** which is equals to 51,34% of the total reactive maintenance work for 2023/24: Q3.

- Electrical work constituted **132 jobs** which is equals to 11,06% of the total reactive maintenance work for 2023/24: Q3.
- General repairs was **449 jobs** which is equals to 37,60% of the total work for 2023/24: Q3.
- There was a total of **1,194** reactive maintenance jobs logged across all portfolios for Q3 costing a total of **R7,521,175.57**.

5.5 STAKEHOLDER MANAGEMENT

5.5.1 COMMUNICATE EVICTION BEFORE EXECUTION JOSHCO

Eviction communication will be standard as per the resolution by the JOSHCO eviction committee. Communication will be centered in the Stakeholder Relations Management division in the office of the Chief Operations Officer. There was no eviction carried out in this quarter.

5.5.2 FAILURE TO DELIVER CAPITAL PROJECT ON TIME JOSHCO

A comprehensive community engagement plan had been developed to mitigate this risk. The plan is focused on the broader JOSHCO stakeholders. The purpose of the plan is to ensure that are JOSHCO stakeholders are covered and engaged accordingly. This is a proactive action which is an improvement from the previous years where JOSHCO was reactive after the fact. There is no project stoppage in this quarter.

5.5.3 INADEQUATE CUSTOMER ENGAGEMENT

Stakeholder Relations Management has intensified its engagement with tenants. However, there is a various resistance from tenants to elect new committees that will be in accordance with JOSHCO set criteria. JOSHCO criteria is in line with the Rental Housing Act 50 of 1999. The resistance is coming from a formation called Social Housing Movement (SHM). Stakeholder will propose a new approach to address this KPI based on the reaction from tenants on the ground.

5.5.4 ADHOC AND AROUND TABLE MEETINGS

JOSHCO Stakeholder Relations Management is expected to have both the ad-hoc and around table meetings with JOSHCO various stakeholders. For the third quarter of 2023/2024, the following meetings were held:

	Date	Place	Purpose of meeting
01.	17 th January 2024	JOSHCO Boardroom	The meeting was convened to address the dispute between Madala SMME and Pro Power concerning the electrical work subcontracted to Madala SMME.

02.	19 th January 2024	JOSHCO Boardroom	The meeting was convened to discuss the resolution taken from the first dispute meeting between the pro power (Main contractor) and Ompile Bohlali (Sub-contractor) at Madala Hostel.
03.	07 th February 2024	Madala Contractors site office	The purpose of the meeting was to address various issues related to the Madala project
04.	16 th February 2024	Pennyville (JOSHCO Boardroom)	The meeting was convened to address concerns and challenges raised by Pennyville tenants. The request for the meeting was initiated by the Property Supervisor on behalf of the Pennyville tenants.
05.	22 nd February 2024	Riverlea Recreation Centre	The purpose of the Citizen Information Clinic in Ward 68 (Riverlea) was an initiation of a citywide series of clinics across all seven regions.
06.	1 st March 2024	Dobsonville	The purpose of the meeting was to bring key Stakeholders together and the Social Facilitator (Stakeholder Relations), facilitates a meeting where responsible Departments and individuals discuss, draft, and implement a solution to the identified Safety and Security concern(s) at the Dobsonville Estate
07.	02 nd March 2024	Turffontein	The Turffontein Estate health and social awareness campaign, led by JOSHCO's Community Development with collaboration from tenants and the Ward Councillor, aimed to address social concerns by empowering residents through education and information sharing facilitated by the Social Facilitator.
08.	14 th March 2024	Roodeport Tshedzani (Joshco Boardroom)	The meeting was held as a response to the request made by SANCO members from Roodepoort to discuss service delivery issues which are being face both within the JOSCHO premises and the community at large.
09.	18 th March 2024	Roodepoort Tshedzani (JOSHCO Boardroom)	The purpose of the meeting was to update the appointed BMC on the issues raised by SANCO on the meeting dated 14 th March 2024.
10.	19 th March 2024	Princess Plot	Public participation meeting for the launch of the new Ekhaya gardens project.

5.6 RENTAL AND LEASE APPLICATIONS UNIT OCCUPANCY LEVELS

Table 21: Service Level Standards

#	Total target for the year 2022/23	Quarterly Target	Quarterly Achievement
1.	Enhance sustainability through a 98% occupancy rate.	98% occupancy rate at SHRA funded projects.	99.00%

#	Total target for the year 2022/23	Quarterly Target	Quarterly Achievement
2.	Enhance sustainability through a 98% occupancy rate.	98% occupancy rate at CITY OWNED Facilities funded projects.	98%
3.	Application of rental housing outcome communicated within 10 working days.	Outcome of enquiry to be sent to application within 10 working days.	3 working days
4.	Enquiries of rental housing responded to within 5 working days.	Outcome of the application communicated within 5 working days.	2 working days

The overall occupancy rate for residential rental stock is 99% for regulated projects and 98% for non-regulated (City) projects, translating to a vacancy rate of 1% and 2% respectively for 2023/24: Q3.

5.6.1 REGULATED RENTAL STOCK (99%)

Estate Name	Number of Units available	Number of occupied units	Occupancy %
City Deep New	329	327	99%
Devland	255	255	100%
Dobsonville	502	500	99.00%
Fleurhof Ph. 1	452	447	98.00%
Fleurhof Ph. 2	252	250	99.00%
Kliptown Square	478	475	99.00%
Pennyville (Flats)	198	191	96.00%
Riverside View	180	177	98.00%
Roodepoort Tshedzani	432	429	99.00%
Turfontein	525	524	99.00%
Lufhereng	406	395	97.00%
TOTAL	4,009	3,949	99%

5.6.2 NON-REGULATED (CITY) RENTAL STOCK (98.00%)

Estate Name	Number of Units available	Number of occupied units	Occupancy %
AA House	254	254	100.00%
African Diamond	61	58	95.00%
Antea	409	354	87.00%
Bellavista Infill	36	36	100.00%
Bothlabela	521	521	100.00%
Citrine Court	79	74	94.00%
City Deep Old	425	411	97.00%
Europa House	167	163	98.00%
Hoek Street	265	261	98.00%
Klipspruit (Beds)	54	53	98%
Kliptown Golf C	936	929	99.00%
La Rosabel	50	50	100.00%

MBV	188	185	98.00%
Legae	92	92	100.00%
Orlando Ekaya 2	190	185	97.00%
Orlando Ekaya 1	102	99	97.00%
Pennyville Rooms	564	562	99.00%
Phoenix House	135	135	100.00%
Rashers' Building	95	95	100.00%
Selby Rooms	19	17	89%
Selby Units	256	253	99.00%
Textile Building	162	155	96.00%
Union Square	341	340	99.00%
TOTAL	5,401	5,276	98%

5.6.3 COMMERCIAL TENANCY

Rentable commercial spaces	Occupancy	Vacancy
53	49	4
ETERNA NETWORK SPACES		
2	0	2
OUTDOOR ADVERTISING		
Phoenix	2	0
AA house	1	0
Randburg	1	0
Union Square	1	0
61 Juba Street	1	0
Wolmarans	1	0
DAYCARE CENTRES		
Antea x1 space	1	0
Bohlabela Alex x1 space	1	0
STUDENT ACCOMADATION		
Wolmarans Student Accommodation X182 units	182	0

Commercial Space Summary

Joshco has 53 commercial spaces that are rentable. The total vacancy is 4 Shop spaces, 7 Advertisements sites, and 2 Daycare Centres. This amounts to a total occupancy rate is 90% and collection rate is 127%.

A Commercial allocations committee has been setup and the Terms of References that will govern this structure have also been compiled. The main purpose of this committee is to review all commercial applications on a case-by-case basis and comprises of the Portfolio Manager looking after the Commercial portfolio and representatives from Leasing and Revenue Management.

5.7 SECURITY REPORT

One of the main focus areas of security management for Q2 through Q3 was the rollout of biometrics throughout the various estates, with lease holders being enrolled onsite. The enrollment of tenants onto the biometrics system seeks to ensure that it enhances safety of tenants at various estates and also aims to assist with the monitoring of illegal occupants. Below is a summary table of the progress update the third quarter of this financial year:

Objective	Systems	Comments
Improve safety and security of all tenants in JOSHCO projects	Biometrics system	Repairs and Maintenance ongoing at various JOSHCO estates. Chelseas Building Tenant enrolment done. The building has been condemned as unsafe for human inhabitancy and tenants are being relocated to other projects.
	Security Tools of trade	Security tools of trade have been issued to all JOSHCO estates.

Security Incidences: There were four (4) security incidences recorded for the month of February 2024 at Dobsonville on the 3rd of February (Mob Justice), an Eviction Report at 12 Second Avenue on the 12th of February, the theft of a cable on the 18th of February at MBV, and Damage to Property at City Deep on the 22nd of February 2024.

5.8 COMMUNITY DEVELOPMENT

5.8.1. Health & Social Programmes

Several incidences at the Turfontein Project/Estate were brought to the attention of JOSHCO management. More than one (1) of these incidences were cases of dumping of children that were deceased (aborted) and were found in the dumpster within the project.

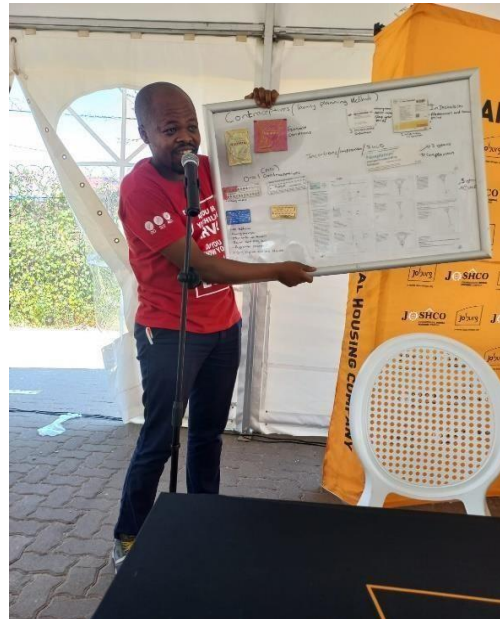
The following issues have also been identified that need to be addressed and socialized with the community:

- Women's Health
- Domestic Violence
- Children's Wellness
- Unemployment

It was resolved that JOSHCO Housing Management team should put together an awareness programme/campaign in the community to address a number of these issues, working with other departments in the City i.e. Community Safety, Social Development etc. and the community.

- A health awareness programme should be organized at frequent intervals.
- The event came as a resolution of the board after the site visit but there are some tenants who feel that they were not part of the planning process and that is one of the reasons some parents did not attend the event. It will be better if JOSHCO includes tenants in their planning process for future events.
- Tenants suggested that there should be focus group sessions with a professional facilitator where parents and children can have different group discussions to discuss social issues.
- The manual presented at the event should be summarized and distributed to tenants before the event so that people can participate in the discussion from an informed position.
- The next wellness event should have different stakeholders in health and social sector where people can be able to consult on the day of the event.
- JOSHCO should explore the idea of building a sports area in the estate or starting an early Childhood Development Centre.
- The case that triggered this event will be referred to a Ward Social Worker and JOSHCO Community Development Officers should do follow-ups to make sure the family is assisted accordingly.

PICTURES OF THE EVENT:



5.10. Partnerships

Partnerships was established with Social Development – Training & Development and COJ- Skills Development, for skills development programmes.

Project Name	Engagement Date	Type of engagement
Health & Social Programmes	10 -19 January 2024	Health & Awareness Campaign
Food Resilience Unit – Dept of Social Development	February 2024	Food Security Programme – Rooftop gardens

5.11. Food Security Programme

Assessments were conducted at AA House, City Deep and Textile buildings for rooftop gardening during this quarter with Food Resilient Unit for food security programmes and National Department of Agriculture.

5.12. The EPWP Project

The EPWP is one of government strategies 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 such that the workforce can accept the skilled work opportunities that economic growth will generate.

The EPWP's aims to ensure that significant of the unemployed are drawn into productive work and gain skills while they work. The programs provide poverty and income relief through EPWP Participant work opportunities for the unemployed to conduct useful activities.

5.13. Number of Jobs Created through EPWP

The JOSHCO Community Development currently manages EPWP contracts of workers that provide the following services: administration, cleaning, gardening, painting, pest control, security, and waste management.

Table 22: No. of jobs created in January, February, and March 2024

EPWP QUARTER 3 REPORT-2023/2024					
PROJECT NAME/ OFFICE	SERVICES	JAN	FEB	MAR	
AA HOUSE	W/Management		6		326
AFRICAN DIAMOND	Cleaning	3			
BELLAVISTA	Cleaning	1			
BOKAMOSO	Cleaning	7			
	Gardening		4		
BOOYSENS	Cleaning	2			
CITY DEEP	W/ Management		2		
CITRINE COURT	Cleaning	5			
DAKALO	Cleaning	3			
	Admin			1	
	Security	2			
DOBSONVILLE	Security	2			
	Admin		1		

EUROPA	W/Management		4	
FLEURHOF JUNCTION	Cleaning		9	
FLEURHOF RIVERSIDE	W/Management		8	
	Cleaning		15	
HEAD OFFICE	Admin	25	14	10
HOEK	W/Management		3	
	Cleaning	11		
KLIPSPRUIT HOSTEL	Gardening		2	
KLIPTOWN SQUARE	Security			
	Cleaning		6	
LA ROSABEL	Cleaning	5		
LEGAE	W/Management		2	
	Cleaning	7		
LUFHERENG	Admin		1	
	Cleaning	12		
MADALA HOSTEL	Security		8	
ORLANDO EKHAYA	Cleaning	5	11	
PENNYVILLE	Painting			19
	Pest Control			4
PHOENIX	Cleaning	7		
PHUMULANI	Admin	1		
	Cleaning	7		
TEXTILE	W/Management		1	
RASCHERS	W/Management		5	
RIVERSIDE VIEW	Cleaning			15
	Gardening			13
TSHEDZANI	W/Management		5	
	Cleaning	1	10	
	Security	4		
TURFFONTEIN	Admin		1	
	Cleaning	11	10	
UNION SQUARE	Admin			1
	Cleaning	14		
TOTAL		135	128	63



CHAPTER 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



a world class African city



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs.

Table 25: Personnel Cost by Occupational Level as at 31 March 2024

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	1 714 428,36	3%	571 476,12
Executive Managers	2	1 003 617,60	2%	501 808,80
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	37	9 625 319,00	17,22%	260 143,76
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint. Worker and Admin)	115	17 049 175,35	30%	148 253,70
Semi-Skilled (Driver, Receptionist, Call Center Agents)	7	296 881,77	1%	42 411,68
Internship	9	181 302,07	0%	20 144,67
Unskilled (Security Officers and Cleaners)	346	17 067 874,23	31%	49 329,12
EPWP	766	8 963 787,81	16%	11 702,07
Total	1 285	55 902 386,19	84%	43 503,80

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

SECTION 2: KEY VACANCIES

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

Table 26: Acting Appointments

Designation	Current – Acting Role	From	Comments
Chief Operations Officer (Joburg Market secondment)	Chief Executive Officer	01 April 2023 to 03 March 2024	Acting because of suspension
Chief Executive Officer (Metropolitan Trading Company secondment)	Chief Executive Officer	04 March 2024 to	Acting because of suspension “suspension has been uplifted on 26 March 2024,

			<i>and the incumbent on secondment thereafter)</i>
HR Manager	Executive Manager: Corporate Services	01 January 2024 to 31 March 2024	Acting because position is vacant
HR Officer	HR Manager	01 January 2024 to 31 March 2024	Acting because the current incumbent is Acting in a senior position.
Compliance Specialist	Company Secretary	01 January 2024 to 31 March 2024	Acting because the position is vacant
Housing Supervisor	Portfolio Manager	06 November 2023 to 05 February 2024	Acting because the incumbent is on Maternity Leave
Internal Auditor	Senior Internal Auditor	01 December 2023 until the position is filled	Acting because the position is vacant
Security Officer	Security Manager	13 December 2023 to 12 January 2024	Acting because the incumbent is on Annual Leave
Communication Officer	Marketing and Communications Manager	19 December 2023 to 31 January 2024	Acting because the incumbent is on Annual Leave
Senior Manager Stakeholder Relations	Chief Operations Officer	21 December 2023 to 20 January 2024	Acting because the incumbent is on Annual Leave
Project Officer	Manager: Office Administration	01 January 2024 to 31 March 2024	Acting because the position is vacant

Table 27: Finalised Appointments

Position	Vacancies	New Position/ Replacement	Status
Manager: Internal Audit	1	Replacement	Finalised
Graphic Designer	1	New Position	Finalised
Town Planner	1	Replacement	Finalised
Community Development Officer	1	New Position	Finalised
Human Resource Officer: Payroll	1	New Position	Finalised
Total	5		

Table 28: Recruitment in Progress

Position	Vacancies	New Position/ Replacement	Status
Call Center Agents	2	New Position	Offer Stage
Manager: Fixed Assets and Contract	1	New Position	Offer Stage
Marketing Officer Digital Media	1	New Position	Offer Stage
Office Attendant	4	New Position	Offer Stage
Administrator	1	New Position	Offer Stage
Infrastructure Security Technician	1	New Position	Offer Stage
Allocations and Tenant Management Officer	2	New Position	Offer Stage
Supply Chain Manager	1	Replacement	Incumbent to commence on 01 April 2024
Company Secretary	1	Replacement	Candidate withdrew their acceptance on 28th March. Position to be re-advertised subject the approval of City Core
Chief Financial Officer	1	Replacement	Shortlisting Stage
Executive Manager: Corporate Services	1	Replacement	Shortlisting Stage
Senior Internal Auditor	1	Replacement	Shortlisting Stage
Specialist Pre-Legal Recoveries	1	New Position	Shortlisting Stage
Specialist Projects Bookkeeper	1	New Position	Shortlisting Stage
Manager Research and Knowledge Management	1	New Position	Deferred
Specialist: Commercial and Student Accommodation	1	New Position	Shortlisting Stage
Social Facilitator	4	New Position	Shortlisting Stage
Pre-Legal Recoveries Officer	4	New Position	Shortlisting Stage

Position	Vacancies	New Position/ Replacement	Status
Billing Officer	1	New Position	Shortlisting Stage
Occupational Health and Safety Agent	1	New Position	Offer Stage
Quantity Surveyor	1	New Position	Offer Stage
Property Supervisor	5	New Position	Offer Stage
ICT Service Desk Technician	1	New Position	Interview Stage
Active Directory and Exchange Technician	1	New Position	Offer Stage
Compliance Officer	1	Replacement	Shortlisting Stage
Total	39		

TERMINATIONS

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

Table 29: Terminations

Department	Reason	End Date
Office of the COO: Housing Management	Retirement	31 January 2024
Finance Department: Supply Chain Management	Resignation	31 January 2024
Total: 2		

SECTION 3: EMPLOYMENT EQUITY

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

3.1. EMPLOYEE EQUITY AND SKILLS DEVELOPMENT (EE/SD)

The meeting scheduled was deferred due to the Regional SAMWU meeting which was communicated at short notice.

3.2. REPORTING

The quarterly monitoring report as required by the City of Joburg will be submitted in line with the due date.

3.3. EE PROFILE

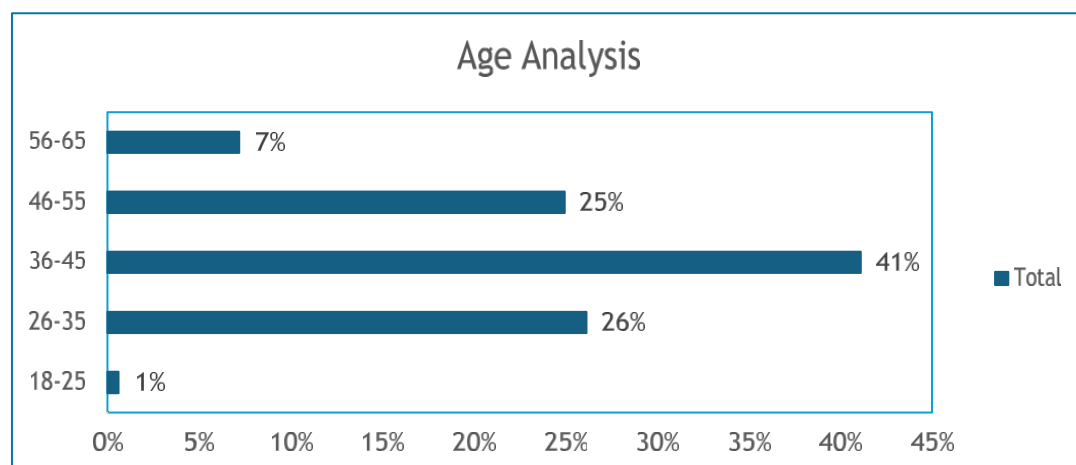
- The entity's Employment Equity (EE) profile remains predominantly the same as the previous quarter and is highly skewed towards Africans.
- The target appointment of persons living with a disability remains at 10.
- For the reporting period, the entity employed an additional person living with a disability, which increased from three (3) employees living with a disability to four (4).
- We anticipate a further increase of people living with disability once the recruitment moratorium is lifted.
- The designated female gender representation within the entity is currently at 53%.
- Table 32 below reflects the EE profile of the organisation.

Table 30: Employee Equity Numbers

Employment Equity Profile															
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial % Profile	Female Gender Representation % Achievement
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	2	0	0	0	1	0	0	0	0	0	2	1	3	100%	33%
Senior Management	0	0	0	0	1	0	0	0	0	0	0	1	1	100%	100%
Professionally Qualified / Middle Management	20	0	0	2	10	0	1	0	1	1	22	11	35	86%	33%
Skilled Technically and Academically Qualified	47	3	0	0	60	3	1	1	0	0	50	65	115	101%	56%
Semi-Skilled	2	0	0	0	1	0	0	0	0	0	2	1	3	100%	33%
Unskilled	153	2	0	0	186	3	0	0	0	0	155	189	344	100%	55%
Total	225	5	0	2	260	6	2	1	1	1	232	268	501	99%	53%

AGE PROFILE

Graph 1: Employee Age Profile



- 41% (majority) of JOSHCO's staff establishment is aged between 36-45 years.
- 27% of our workforce is classified as youth and this is in line with our strategy to reduce unemployment rate of the youth.

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

This section is aimed at providing information in terms of skills development and training. As means of strengthening our employee development initiatives, the entity is invested in the enhancement of employees' hard/soft skills, and succession planning. This is promoted through: short-term learning programmes (training sessions), mid-term training programmes (short learning courses), and long-term training programmes (bursaries).

4.1. BURSARIES FOR 2023/2024

- A total of 58 bursary applications were received.
- A total of 25 applicants were approved, and of those, 18 are first-time applicants and 7 are continuations. In cognisance with the financial constraints within the entity, the criteria used for approval was as follows:
 - First-timers: Applicants who do not have a formal tertiary education were approved.
 - Continuations: Applicants who have been previously approved, funded and in continuation of their studies were approved.
- The course/field of study to be undertaken is in line with JOSHCO's key mandate, to ensure a return on investment.
- A total of 25 applicants were approved, and of those, 18 are first-time applicants and 7 are continuations.
- A total investment amount of R 703 299.00 will be disbursed for tuition.

4.2. TRAINING INTERVENTIONS

The following trainings were held for the reporting period:

- A Municipal Finance Management Act (MFMA) programme which aims to skill staff members involved in Supply Chain processes to facilitate compliance with the constitutional duty by ensuring that municipalities' priorities, plans, budgets, implementation actions and reports are properly aligned. A total of 6 delegates are in attendance.
- A verification training (criminal and qualification checks) was attended by 2 HR officials.
- A service provider for the facilitation of the Adult Basic Education and Training has been appointed and the programme is envisaged to resume in April 2024.
- About 50 Managers attended the Supply Chain Management Policy training hosted by the City of Johannesburg.

4.3. WORK SKILLS PLAN AND ANNUAL TRAINING REPORT

- Not due for reporting period (the report is due on 30th April 2024).
- Skills needs are determined as per employees' personal development plans. Management is also engaged regarding the core skills needs in their respective departments/units.
- The WSP and ATR are then presented to the EE/SD Committee for sign-off. The meeting will take place on 12th April 2024.

SECTION 5: PERFORMANCE MANAGEMENT

Table 31: Contracting Update

Department	Q3 Eligible Staff	Q3 Agreements Submitted	Q3 Outstanding	Q3 % Received
Office of the CEO (CEO, IA, Legal & Cosec)	10	7	3	70%
Office of the COO (COO, Housing Management, ICT, Community Development, Security, Stakeholder Relations)	448	237	211	52%
Office of the CFO (CFO, SCM & Finance Core)	14	13	1	93%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	9	9	0	100%

Corporate Services (HR, Marketing, Health & Safety and Customer Services)	20	12	8	60%
Total	501	278	233	55%

Comments:

- The entity's signed scorecards increased by 3%.
- Submission of General Workers' scorecards are still at 0%, and to mitigate this challenge the department has revised the Key Performance Areas (KPA's) for ease of comprehension and understanding.
- Outstanding Contracts as a result are due to new appointments and still on their probationary period.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The aim of this section is to shed light on the status of disciplinary hearings, 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.

Disciplinary Matters as at 31 March 2024:

We currently have 07 remaining disciplinary matters outstanding.

- Five (5) cases are under review to determine whether there are still grounds to institute disciplinary action against the employees as the cases have been pending since 2022.
- One (1) has several postponements owing to the employee representatives.
- One (1) employee resigned, awaiting for directive on a way forward.

Table 32: Disciplinary Outcomes

Sanction	No. of Employees
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0
Suspension	0
Demotion	0
Total	0

Grievances Matters as at 31 March 2024:

We had three (3) grievances received and one (1) finalised and two (2) pending.

Matters at Bargaining Council/ CCMA:

- Five (5) CCMA referrals were received as follows:
 1. Two (2) were withdrawn,
 2. One (1) inquiry by the arbitrator, and awaiting an award,
 3. One (1) settlement reached,
 4. One (1) scheduled for the 22nd of March 2024.
- We had one (1) SALGBC referral received, matter was scheduled for the 14th and 15th of March 2024, and it will proceed on the 09th and 10th of May 2024.

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 to JOSHCO and agreed upon by management. 80 sick leave days in a three (3) year cycle are also provided to staff. The table below provides a detailed overall leave management.

Table 33: Leave Taken Analysis

Type of Leave	January	February	March	Total Leave days Taken
Annual	781	106	52	939
Sick	44	49	0	93
Family Resp. Leave	5	2	0	7
Special Paid leave	0	3	0	3
Maternity Leave	22	2	0	24
Unpaid leave/AWOL	11	5	0	16
Long Service	1	4	0	5
Total	864	171	52	1 087

Comments:

- Communication pertaining to leave is communicated continuously to employees via internal communications.
- All leave applications are administered through an Employee Self Service (ESS) system. Through this system employees can observe their leave balance, and it also assists in omitting discrepancies in the SAP system.
- In comparison to the previous quarter, there has been a significant increase in overall leave taken, with annual leave being the most taken.

SECTION 8: EMPLOYEE WELLNESS

- The entity is committed to the promotion of a conducive and health-conscious workforce. This is endorsed through the facilitation of wellness-focused initiatives.
- There is an active sports committee which is aimed at promoting a physically fit workforce and vibrant work environment. The committee encompasses of the following sporting codes: netball, soccer, aerobics, swimming, and tennis.
- Through this committee, employees can participate in a sports code of their choice on a weekly basis, which is also aimed at catering to psychosocial wellness factors (i.e. self of belonging in the workplace).
- On 20th of February 2024 ICAS rolled out a Wellness Day Event. The event took a holistic approach to employee wellbeing and catered to both psychological and physical health factors. The turnout was good, as seventy-two (72) staff members took part in financial and work-life balance talks and health screening.
- A financial presentation was conducted, which helped employees to set and achieve their financial goals, from saving for a major purchase to managing living expenses. A work-life balance presentation was conducted, which outlined mechanisms of having a healthy work-life balance for everyone to excel at work and take care of their personal wellbeing outside of the office.
- Staff members also took part in health screening services where different specialists conducted free consultations. The consultation focused on audiologist, dietician, optometrist, dentist, podiatrist, physiotherapist, and orthoptist services.
- The reason for the initiative was to builds an awareness and the importance of healthy living and the need for employees to perform regular check-ups.
- The wellness event further translates into the entity's achievement of the employee development initiative KPI.
- All JOSHCO employees and their immediate family members are eligible to utilise ICAS services.
- Like the previous quarter, the services of ICAS utilised by employees in the 3rd quarter have been as follows:
 1. Employee Assistance Programme in the form of individual counselling sessions (telephonic and physical). The counselling services are an effective and preventive people management strategy for organisations to help employees better manage stress, personal issues, or work- related problems.
 2. Five (5) referrals were relayed, which emanated from grievances lodged, relating to conflict between employees.
 3. Feedback obtained from ICAS reflected a positive change in challenges initially observed.
 4. Line management of implicated employees provided positive verbal feedback based on behavioural changes observed, depicting ICAS interventions useful for staff morale.
 5. In the quarter under review, there has also been a decrease in grievances received compared to the previous quarter.

SECTION 9: EMPLOYEE BENEFITS

9.1. 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 contribution is 18% of the basic monthly salary.

9.2. Medical Aid Scheme

All permanent employees are eligible for a medical aid subsidy. Insourced employees (security officers and cleaners) have an option to either opt in or out of the benefit. The employer contribution is 60% up to a maximum of R 5 227.38, while the employee contribution is 40%, depending on the number of dependents.

9.3. Housing allowance

All permanent employees are eligible for housing subsidy. Eligibility is on the basis that the employee has a registered bond linked to their name.

SECTION 10: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The purpose of this report is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure health and safety at Head Office and projects, and to update the Human Resource, Social & Ethics Committee and the JOSHCO Management on the progress made on health and safety in Q3 of the 2023/2024 financial year.

Feedback is covering the following aspects of the management system:

- JOSHCO incidents statistics.
- Health and safety training.
- Health and safety measures.
- Site visits and inspections.

Table 34: JOSHCO Fire Incidents, Injury on Duty (IOD), First Aid Incidents, Facility Incidents and Total Fatality Incidents Recorded

Total Fire incidents	Total IOD's (Injuries on duty)	Total First aid incidents	Property Incidents	Medical treatment incident
0	3	0	1	0
In Quarter 3, zero (0) fire incident have been recorded, three (3) IOD's, zero (0) first aid incident, one (1) Property incidents and zero (0) medical treatment incident have been reported thus far.				

10.1. HEALTH AND SAFETY AWARENESS AND TRAINING

Table 35: Health and Safety Awareness and Training Recorded.

In Quarter 3, a **Health and Safety Induction** was presented to a total of 103 permanent staff and EPWP members.

Permanent staff members were inducted as follows:

One (1) staff member in Head Office, Six (6) at Citrine Court and Bellavista, Fourteen (14) at City Deep, and Six (6) at Orlando Ekhaya.

Members of the EPWP were also trained to raise the level of understanding in conjunction with Health and Safety processes as follows:

Eighteen (18) at City Deep, Sixteen (16) at Orlando Ekhaya, Seven (7) at Turffontein, Twenty-Eight (28) at Riverside, and Seven (7) members from a contractor were inducted.

Safe Work Procedure training was presented to a total of 102 EPWP and JOSHCO cleaners combined.



Picture : Health and Safety Induction (City Deep).

10.2. HEALTH AND SAFETY MEASURES

Health and Safety noncompliance work stoppages

- In Q3, one (1) contractor operation was halted due to failure to provide a safety file in terms of the provision of Construction Regulation 7(1)(b).

SITE VISITS AND INSPECTIONS, CORRECTIVE MEASURE TO BE IMPLEMENTED BY HOUSING MANAGEMENT

➤ Site	➤ Major findings	➤ Status update by Housing Management
➤ Botlhabela	➤ Driveway lights were reported not to be working	➤ Corrected.
➤ City Deep	➤ Firefighting equipment out of service (Inspection dates 19 Jan & 08 Mar 23)	➤ City Deep Hostel has been corrected – Certificate attached. ➤ ➤ City Deep Greenfields will be completed before the end of April 2024.
➤ Turffontein	➤ Gate leading to storm drain needed to be chained and secured with a padlock to prevent the risk of children drowning.	➤ Corrected.
➤ Citrine Court and Bellavista	➤ No major finding recorded.	➤ N/A
➤ Riverside	➤ Evacuation layout plans were not displayed.	➤ Corrected.
➤ Tshedzani	➤ DB boxes are not safely concealed, which poses a risk of tenants being electrocuted (Inspection date 30 Jan 24).	➤ This will be completed by 30 April 2024.
➤ Legae	➤ There is no evacuation layout displayed, and an assembly point is not installed as per the layout (Inspection date 30 Jan 24).	➤ To be corrected by 30 April 2024.
➤ Fleurhof	➤ Construction activities were carried out without an approved safety file in terms of Construction Regulations 7(1)(b)	➤ Files to be presented on 19/03/24 (Safety File was evaluated and contractor obtained 38%) meaning that the contractor did not meet a compliance status. ➤

		<ul style="list-style-type: none"> ➤ Files will be updated by 12 April 2024 and resubmitted to the Safety Officer for revaluation.
<ul style="list-style-type: none"> ➤ Orlando Ekhaya 	<ul style="list-style-type: none"> ➤ DB boxes are not safely concealed, which poses a risk of tenants being electrocuted. ➤ Flammable liquids not stored correctly (Inspection date 08 Feb 24). 	<ul style="list-style-type: none"> ➤ To be corrected by 12 April 2024.
<ul style="list-style-type: none"> ➤ Chelsea 	<ul style="list-style-type: none"> ➤ On 06 Feb 2023 Fire Safety inspector has deemed the building condition to be unsafe for human dwelling due to the following reasons: ➤ Escape routes are not properly indicated. ➤ Building is dilapidated and need to be revamped/ renovated. ➤ Holes on the floor, and lifts are not working. ➤ Fire detection system is not working (Inspection date 28 Feb 24). 	<ul style="list-style-type: none"> ➤ Chelsea is part of the buildings to be transferred back to the City and there is currently no budget allocated to the building. ➤ A condition assessment was done at the end of 2023 but needs to be costed and be prioritised for correction before the end of this financial year (June 2024).
<ul style="list-style-type: none"> ➤ MBV 	<ul style="list-style-type: none"> ➤ On 06 Feb 2023 Fire Safety inspector has deemed the building condition to be unsafe for human dwelling due to the following reasons: ➤ Escape routes are not properly indicated. ➤ Building is dilapidated and need to be revamped/ renovated. ➤ Holes on the floor, lifts are not working. 	<ul style="list-style-type: none"> ➤ The correction is under but there is slow movement due to non-payment of service providers. A Purchase Order has been issued in this regard and is envisaged to be rectified by the 31st of May 2024.
	<ul style="list-style-type: none"> ➤ Basement is full of water (Inspection date 28 Feb 24). 	



CHAPTER 5

FINANCIAL PERFORMANCE AND EXPOSURE



a world class African city



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

An analysis of the financial position as at 31 March 2024 is reflected below and in Table 1.

Table 36: Statement of Financial Position as at 31 March 2024

Description	31 March 2024	31 December 2023	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	190	433	(243)	-56%
Loans to shareholders	2 975	2 975	-	0%
Current tax receivable	146	146	-	0%
Receivables from exchange transactions	1 233 284	1 291 336	(58 052)	-4%
Receivables from non-exchange transactions	5 520	5 520	-	0%
VAT receivable	7 022	6 644	378	6%
Cash and cash equivalents	21 322	21 026	296	1%
	1 270 459	1 328 080	(57 621)	-4%
Non-current assets				
Property, plant and equipment	38 393	34 282	4 111	12%
Intangible assets	10 016	10 016	-	0%
Investment in joint venture	21 220	21 770	(550)	-3%
Total Non-current assets	69 629	66 068	3 561	5%
			-	
Total Assets	1 340 088	1 394 148	(54 060)	-4%
Liabilities				
Current Liabilities				
Loans from shareholder	1 312 653	1 514 332	(201 679)	-13%
Borrowings - DBSA	2 744	2 744	-	0%
Current tax payable				
Finance lease obligation	370	370	-	0%
Payables from exchange transactions	1 231 149	981 507	249 642	25%
	2 546 916	2 498 953	47 963	2%
Non-Current Liabilities				
Borrowings - DBSA	5 907	6 105	(198)	-3%
Finance lease obligation	472	472		0%
Deferred Income from non-exchange transactions	191	178	13	7%
	6 570	6 755	(185)	-3%
Total Liabilities	2 553 486	2 505 708	47 778	2%
Net Assets	(1 213 398)	(1 111 560)	(101 838)	9%
Share Capital	0,120	0,120	-	0%
Accumulated deficit	(1 213 398)	(1 111 560)	(101 838)	9%
Total Net Assets	(1 213 398)	(1 111 560)	(101 838)	9%

3.1. ASSETS

1.1.1 Current Assets

Current assets increased by R57,6 million. Receivables from exchange transactions decreased largely due to the some CoJ Departments starting to settle long outstanding debts. Engagements have been held monthly with CoJ Departments to settle long outstanding debts, which has yielded results with some departments making payments or committing to make payments on finalization of payment processes.

2.1.2 Non-current assets

Non-current assets have increased by R3,6 million largely due to the purchase of computer equipment (e.g. Laptops and screens) to replace old IT equipment and to provide tools of trade for newly recruited staff.

1.2. LIABILITIES

Loans from shareholders decreased by R201,8 million (from R1,5 billion to 1,3 billion) mainly due to the entity receiving funds owed from various entities where Joshco is an implementing agent for their projects. Engagements have been held monthly with CoJ Departments to settle long outstanding debts, some departments have committed to make payments on finalization of payment processes. Included in current liabilities is the current portion of the long-term loan from the DBSA. Payables from exchange transactions have increased by 25%, which is a result of the city-wide cash-flow challenges. JOSHCO is continuously engaging Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

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 31 March 2024 resulted in a deficit of R417,8 million per Table 2 below.

Table 37: Statement of Financial Performance for the period ended 31 March 2024

Statement of Financial Performance for period ended 31 March 2024				
	Actual	Adjusted Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000		
Rental Income	108 978	107 952	1 026	0,95%
Subsidies	48 877	83 015	(34 138)	-41,12%
Management Fees	21 618	40 247	(18 629)	-46,29%
Interest Income	24 977	19 105	5 872	30,74%
Utility Recoveries	2 890	3 467	(577)	-16,64%
Other Income	109	-	109	19,82%
Dividends	-	550	(550)	-100,00%
EPWP Government Grant	9 071	11 673	(2 602)	-22,29%
Total Revenue	216 520	266 009	(49 489)	-18,60%
Personnel costs	(167 591)	(132 590)	(35 001)	-26%
Board fees	(1 118)	(1 827)	709	39%
Debt impairment	(95 599)	(21 642)	(73 957)	-342%
Depreciation and Amortisation	(2 152)	(1 220)	(932)	-76%
Finance Costs	(83 431)	(699)	(82 732)	-11836%
Repairs and Maintenance	(129 979)	(47 798)	(82 181)	-172%
Security	(29 933)	(6 924)	(23 009)	-332%
Utilities	(85 877)	(27 240)	(58 637)	-215%
Administrative	(38 612)	(26 068)	(12 544)	-48%
Total Expenditure	(634 293)	(266 009)	(368 284)	-138%
Operating (Deficit)/Surplus before tax	(417 773)	0	(417 773)	
Taxation	-	-	-	
Operating (Deficit)/Surplus after tax	(417 773)	0	(417 773)	

2.1. REVENUE

2.1.1. Composition of Revenue

The entity's revenue is derived from the streams per Table 38 below.

Table 38: Composition of Revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	108 978	107 952	50%
Subsidies	48 877	83 015	23%
EPWP Government Grant	9 071	11 673	4%
Management Fees	21 618	40 247	10%
Interest Income	24 977	19 105	12%
Utility Recoveries	2 890	3 467	1%
Dividend	-	550	0%
Other Income	109	-	0%
Total Revenue	216 520	266 009	100%

Total revenue is R49,5 million below budget. The biggest contributor to revenue earned in the current financial year is rental income, making up 50% of total revenue. Management fees have decreased by 46% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing Joshco to be an implementing agent for any of the CoJ departments except the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 31% due to the high long outstanding and historic debt from tenants.

2.1.2 Revenue Collection

The entity's collection levels have improved compared to the same period last year as we've realised 65% for current tenant rentals for the 3rd Quarter of 2023/24 FY ending on 31 March 2024 as shown in **Table 39** below. Collections in respect of SHRA funded Projects is 64%, JOSHCO Projects is 82%, and City Stock at 31%, whilst the Retail space is at 127%. The collection rate excluding city referral stock is 71%.

The collections have however declined from Q2 to Q3 as we had SHRA Rental Relief Funds payment of R2,4M in December 2023 which had a boost on the collection figures for the quarter, but the overall collection figures have been on an upward trajectory compared to the same period last year as we realised 65 % compared to 61% of for the same period. We've however compiled an appeal file for the Covid-19 Residential Rent Relief Fund for a total of 230 tenants to the value of R9,8M who claimed to have lost employment and would also like to be assisted with their overdue rent for the same period.

Table 39: Q3 Summary (March 2024)

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (10)	22 396	(14 318)	64%	8 077,62
JOSHCO Projects (11)	6 124	(5 018)	82%	1 106,64
City Referral (10)	9 055	(2 764)	31%	6 290,92
Retail Space (9)	1 883	(2 383)	127%	(500,59)
OVERALL COLLECTION	39 458	(24 483)	62%	14 975

2.1.3 Revenue Collection by debt collection companies

The company uses the services of a debt collecting companies to collect debt over 90 days and above R10 000. The service providers are remunerated on commission basis of 12,5% of the total amount recovered from each debtor as a consideration for providing pre-legal debt collection and tracing services where applicable. As of the quarter under review there are 3 legal firms contracted. The contract of one service provider ended in quarter 2.

The performance of the debt collection company is shown in **Table 40**. For the year to date, the companies have collected R6,7 million (3,12%) from the R159,5 million handed over to them for collection. For the quarter under review R1,8 million was collected.

Table 40: Performance of debt collection companies for the current year to date

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-23	3 552	233 868	764	0,33%
Aug-23	3 552	235 739	743	0,32%
Sep-23	3 285	204 022	1 028	0,50%
Oct-23	3 285	209 540	769	0,37%
Nov-23	3 285	120 846	910	0,44%
Dec-23	3 285	165 193	652	0,31%
Jan-24	3 285	159 805	589	0,37%
Feb-24	3 285	159 193	611	0,38%
Mar-24	3 285	159 499	600	0,38%
TOTAL YEAR TO DATE	3 285	159 499	6 666	3,12%

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 42** below shows the list of vouchers processed for the current quarter. In addition to the vouchers processed, we're also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are

occupied by paying tenants. Tenants who vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.

Tables 41: Settlement Discount Vouchers & Write-offs

30-50% Settlement Discount Vouchers:

Number of tenants settled	Total value	Total amount collected
19	123 733	247 510

20 % Extra Seasonal Special:

Number of tenants settled	Total value	Total amount collected
1 537	156 781	1 655 607

No trace and closed accounts

Number of tenants settled	Total value	Total amount W.off
39	1 970 935	1 970 935

Interest reversal on AOD signed

Number of tenants settled	Total value	Total amount W.off
3	6 400	8 780

2.2. EXPENDITURE

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

- a) **Personnel costs:** The employee costs is at 24% over the year-to-date budget due to leave pay encashments, overtime, acting allowances, and EPWP expenditure.
- b) **Board fees:** The director's remuneration (board fees) is 39% below budget (R709 000). Board fees are a variable cost that is affected by the attendance of members for various meetings. There is a timing difference as the board and sub-committee meetings for Q3 are held early in the 4th quarter while the budget sits in Q3.
- c) **Debt impairment:** The debt impairment is determined by the sum of all debt due from rental tenants that is older than 60 days. The reason for the high rate of impairment being above the budgeted amount is the low collection of old and long outstanding rental debt. The debt has been handed over to debt collectors to assist in collecting of the debt.
- d) **Depreciation and Amortisation:** The depreciation and amortisation is at 76% over budget (R932 000) due to the purchase of property, plant, and equipment for the head office, which also includes computer equipment as well as IT software. The effect of these purchases is expected to continue in the following quarter.

- e) **Finance costs:** Finance costs exceed budget by R82,7 million due to interest incurred on negative Sweeping account arising from overdraft facility because of delays in receiving payment from projects undertaken on behalf of COJ entities and departments.
- f) **Repairs and Maintenance:** The repairs and maintenance is at 172% above budget (R82,2 million) due to unplanned maintenance work done at the various deteriorating projects. Executive management is exploring reprioritisation of the capital budget to major upgrades to eliminate frequent need to incur repetitive maintenance costs on ageing infrastructure.
- g) **Security:** The security services is R23 million above budget due to need of protection and security where construction is yet to commence and projects where contractors were terminated, in order to protect locations from vandalism and possible hijacking of properties.
- h) **Utilities:** The utilities expenditure is R58,6 million above budget largely due to unavoidable utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects in phases due to budget constraints. A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects.
- i) **Administrative costs:** The administrative costs are R12,5 million above budget which is consistent with the previous quarter's performance. This is largely due to increase in legal costs for ongoing investigations and rental collection processes, eviction processes and contracted services for business process improvements. During the budget adjustment process there was a reduction in the administrative costs.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 March 2024 is R21,3 million. The tenant deposit account has a balance of R19,3 million. The SHRA account has a balance of R2 million due to drawdown of funds by CoJ Treasury (i.e. the shareholder) during the 2nd quarter. An amount of R1,3 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans (from) shareholders).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved adjusted capex budget is R337,5 million (reduced from R492,3 million) funded from the external funding sources and capital reserves. As at 31 March 2024 JOSHCO's verified spend for the quarter under review is 77% against a target of 75% per the table below.

SOURCE	ADJUSTED BUDGET	CLAIMS TO DATE	%
EFF -350	258 902,00	139 760,24	54%
CRR-360	78 594,00	119 756,72	152%
TOTAL	337 496,00	259 516,96	77%

This is reflected in Table 43 below.

Table 42: Capex Spend Per Project

**Amounts below are in R'000*

Project Name	WBS Element	Adjusted Budget	Quarter 1	Quarter 2	Quarter 3	Expenditure	Balance
Dobsonville Social Housing Project New B	65-14006.350.0020	5 000,00	2 516,90	-	121,44	2 638,34	2 361,66
EXISTING STOCK REDEVELOPMENT;UPGRADE AND	65-14008.350.0020	22 734,00	3 608,94	-	4 566,09	8 175,03	14 558,97
KELVIN RENTAL STOCK New Building Alterat	65-14013.360.0020	9 794,00	-	9 794,63	-	9 794,63	(0,63)
LOMBARDY EAST HOUSING PROJECT New Housin	65-14014.350.0020	3 726,00	-	-	3 259,71	3 259,71	466,29
LOMBARDY EAST HOUSING PROJECT New Housin	65-14014.360.0020	1 800,00	-	1 755,23	-	1 755,23	44,77
LUFHERENG SOCIAL HOUSING PROJECT New Hou	65-14015.350.0010	0,00	-	-	-	-	0,00
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	65-14017.350.0020	53 054,00	22 278,54	-	-	22 278,54	30 775,46
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	65-14017.360.0020	0,00	-	12 244,52	-	12 244,52	(12 244,52)
Princess Plots Social HousingProject New	65-14020.350.0020	22 500,00	13 910,44	1 762,83	639,95	16 313,22	6 186,78
Princess Plots Social HousingProject New	65-14020.360.0020	0,00	6 136,25	-	-	6 136,25	(6 136,25)
Selkirk Social Housing project New Housi	65-14022.350.0020	16 000,00	-	-	552,01	552,01	15 447,99
Selkirk Social Housing project New Housi	65-14022.360.0020	0,00	151,81	-	3 142,64	3 294,45	(3 294,45)
City Deep Upgrading Renewal Operational	65-15008.350.0020	5 000,00	4 836,67	163,17	-	4 999,84	0,16
Golden highway Social Housing project Ne	65-15009.350.0010	12 523,00	4 075,19	5 119,35	-	9 194,54	3 328,46

Golden highway Social Housing project Ne	65-15009.360.0020	0,00	-	3 239,86	-	3 239,86	(3 239,86)
Casamia Renewal Building Alterations	65-16002.350.0020	0,00	-	-	-	-	0,00
Casamia Renewal Building Alterations	65-16002.360.0020	0,00	-	-	-	-	0,00
Malvern Building Conversion	65-19001.360.0020	3 000,00	-	1 190,73	1 147,46	2 338,19	661,81
38 Rissik Street (NBS) Inner City Buildi	65-19002.350.0020	9 804,00	7 367,03	2 437,15	-	9 804,18	(0,18)
38 Rissik Street (NBS) Inner City Bu	65-19002.360.0020	0,00	-	-	-	-	0,00
Booyens Place Inner City Building C	65-19003.350.0020	7 000,00	-	293,70	-	293,70	6 706,30
Booyens Street Inner City Conversion	65-19003.360.0020	0,00	-	-	-	-	0,00
Abel Road Inner City Building Conver	65-19004.350.0020	25 000,00	1 422,88	7 664,85	2 344,04	11 431,76	13 568,24
Abel Road Inner City Building Conver	65-19004.360.0020	0,00	-	-	4 524,21	4 524,21	(4 524,21)
106 Claim Street Inner City Building	65-19006.350.0020	9 510,00	4 201,38	2 499,75	420,09	7 121,21	2 388,79
Smit Street Inner City Building Conv	65-19007.350.0020	11 039,00	-	11 038,06	-	11 038,06	0,94
Smit Street Inner City Building Conv	65-19007.360.0020	0,00	-	-	-	-	0,00
Marlboro Social Housing Project Regi	65-19008.350.0010	3 000,00	-	-	617,03	617,03	2 382,97
Nederburg Social Housing Project Region	65-19021.350.0020	19 000,00	2 295,38	4 609,32	1 670,76	8 575,46	10 424,54
Nederburg Social Housing Project RegionA	65-19021.360.0020	0,00	2 139,61	-	-	2 139,61	(2 139,61)
Tum-Key 1: Region A	65-21002.350.0020	22 225,00	19 772,82	2 452,79	-	22 225,61	(0,61)
Tum-Key 1: Region B	65-21003.350.0020	0,00	-	-	-	-	0,00
Park Chambers	65-24000.360.0020	8 279,00	-	8 278,87	-	8 278,87	0,13

Frank Brown/ Milpark Social Housing Deve	65-24001.350.0020	100,00	-	-	-	-	
Frank Brown/ Milpark Social Housing Deve	65-24001.360.0020	721,00	-	-	583,42	583,42	137,58
Tum-Key : Region F (Denver Social Housi	65-24002.350.0020	11 687,00	-	-	1 242,00	1 242,00	
Tum-Key : Region F (Denver Social Housi	65-24002.360.0020	55 000,00	36 989,97	28 437,50	-	65 427,47	(10 427,47)
		337 496,00	131 703,81	102 982,30	24 830,85	259 516,96	67 434,04

SECTION 5: RATIO ANALYSIS

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

Table 43: Key Ratio Analysis as at 31 March 2024

KEY PERFORMANCE INDICATOR	2023/24 TARGET	QUARTER 3 TARGET	QUARTER3 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios % collection in respect of current debtors	Current ratio 1:1	1:1	0.51	-0.49
	Solvency Ratio 1:1	1:1	0.54	-0.46
	100% collection in respect of current debtors	100%	62%	-37%
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt (figures as at February)	100%	41%	-70%
% Capital Expenditure Budget.	100% Expenditure of Approved Capital Budget.	75%	77%	+2%

It is important to note that JOSHCO's cost coverage ratio is -432 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

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

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

- Increase in management fee income earned on projects implemented on behalf of other COJ entities – work on behalf of Human Settlements has resumed however this strategy is still derailed by halting of work on behalf of other departments due to SDA issues.
- Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Additional student accommodation projects are being considered to raise more cash due to their good performance in rental collection.
- Outdoor advertising – adverts are placed on the structures and billboards have been constructed to market for additional advertising revenue to be generated.

Strategies to reduce expenditure are as follows:

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

5.1.2 Collection in respect of current debtors

- The rental collection is improving due to initiatives like targeted evictions, interest reversals, acknowledgment of debt and discount vouchers.
- Implementing departmental changes to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.
- Active call to defaulting tenants to sign acknowledgement of debt (AOD's) and make payment arrangement for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process for new tenant applications.
- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The board has approved for this stock to be returned to the City. The final step of the process involves Mayoral Committee recommendations to Council for approval.
- All new leases and lease renewals will be confirmed by the signing of a DebiCheck (debit order).
- Only valid lease holders will be able to enter our premises via a biometric system.

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

6.1 DEVIATIONS ON SCM

There was 1 approved deviation for the quarter under review per Table 44 below. However, there is no expenditure incurred yet on the deviation in this quarter.

Table 44: Deviations for the quarter

Name of supplier	Reason	Approval date	Amount
Serithi Consulting	The appointment of project manager for the comprehensive conditional assessment of inner city building which were affected by the recent fire incident	05 February 2024	R2 574 027.75

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 31 March 2024, only **30%** of valid invoices were paid within 30 days per Table 45 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

Table 45: Payments within 30 days for Quarter 3

Month	Total number of supplier payments	Total number of valid supplier invoices paid within 30 days	Total number of valid supplier invoices paid after 30 days	Total number of invoice received in the period	% Paid within 30 days	Total number of invoice not paid within 30 days	% Not paid within 30 days
Jan-24	252	189	63	920	21%	731	79%
Feb-24	699	451	248	865	52%	414	48%
Mar-24	210	109	15	700	16%	591	84%
	1 161	749	326	2 485	30%	1 736	70%

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

There is potential irregular expenditure on the year-to-date overspend of the budget of over R293 million should the entity's deficit position not reverse by the end of the financial year.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

There were no approved variation orders for the period under review.

6.5 AWARDS MADE FOR THE QUARTER

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

Table 46: Awards for the Quarter

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/GOLFCOURSE/001/2023	THE APPOINTMENT OF A CONTRACTOR FOR CONSTRUCTION AND REFURBISHMENT AT KLIPTOWN GOLF COURSE ESTATE IN REGION D.	HOUSING DEVELOPMENT	PANEL OF CONTRACTORS	20 th FEBRUARY 2024	BLACKCHERRY TRADING ENTERPRISES CC	MALE	SECOND SCORING BIDDER (HIGHEST SCORING BIDDER CURRENTLY REFERRED TO GFIS FOR INVESTIGATION)	R9 000 000.00	R9 010 404.42	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.

Tables 47: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 3 R'000	% of total expenditure
Capital Expenditure	61 258	58
Operational Expenditure	44 023	42
Total Expenditure	1105 281	100

b) Capital Expenditure		
Nature of expenditure	Quarter 3 R'000	% Of Capex expenditure
Professional Consultants	32 722	53
Contractor Payments	29 429	47
Total Expenditure	62 151	100

c) Operational Expenditure		
Nature of expenditure	Quarter 3 R'000	% Spend
Procurement <R200 000	1 333	3
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	534	1
Operational Expenditure	6 545	15
Security Services	9 244	21
Repairs and Maintenance	26 367	60
Total	44 023	100

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 48 to 51.

Tables 48: 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 3	44 023	36 081	82%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	

Quarter 3	61 258	583	99, %
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Table 50: 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 3	44 023	3 354	8%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	61 258	11 173	18%

Table 51: 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 3	44 023	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	61 258	0	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

Table 52: Matters reflected in the below table are expected to be finalised before the end of the financial year, and parties are in the process of exchanging all the necessary court papers before obtaining dates for hearing.

Table 52: Matters reflected in the below table are expected to be finalised before the end of the financial year, and parties are in the process of exchanging all the necessary court papers before obtaining dates for hearing.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
1.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project, which are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property-owner, two were opposed and the remaining five were unopposed. 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 applications were unsuccessful, and the demolition orders were successfully executed.</p> <p>Progress: There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. Attorneys are currently in the processes of obtaining a court order to demolish the remaining structure.</p>	30/06/2020	The matter is ongoing. Six demolition orders have been executed.	<p>Expenditure to date: R 785 932,29 spent on legal fees.</p> <p>Projected expenditure up to 30 June 2024: R108 250.00</p>
2.	Various evictions and recovery of outstanding rental.	Various	<p>There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. Seventeen of these orders have been successfully executed.</p> <p>Progress: An agreement has been reached with sheriffs to execute eviction orders in the fourth quarter. JOSHCO is currently in the process of confirming if all defendants are still in occupation of the respective units, in order to avoid evicting wrong occupants from the units as this would result in exposure to urgent applications and incurring wasteful expenditure.</p>	2019	Matters are ongoing.	<p>Expenditure to date: R 5 544 189,04 spent on legal fees.</p> <p>Projected expenditure up to 30 June 2024: R1 500 000.</p>
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS

3.	Social Housing Movement and 5 others // JOSHCO and 3 others	ENSAfrica	<p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality, and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining "suitable alternative accommodation". Attorneys have been briefed and are in the process of opposing the application.</p> <p>Progress: The matter was set down for hearing on the opposed motion roll for 12 March 2024. On 11 March 2024 JOSHCO's attorneys learnt that the matter was removed from the court roll due to a failure to respond to notes published by the court requesting for additional information. The court had addressed correspondence to the applicants' attorneys requesting additional information and the applicants' attorneys ignored the court's request for information. As a result of the applicant's failure to provide any feedback the judge was therefore of the impression that the matter was not ready for hearing. JOSHCO's attorneys are to pressure the Applicant's attorneys to re-enrol the matter for hearing as soon as possible.</p>	12/09/2022	The matter is ongoing.	<p>Expenditure to date: R315 318,51</p> <p>Projected expenditure up to 30 June 2024: R80 000</p>
4.	Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others	ENSAfrica	<p>Court application lodged by tenants of BG Alexandra flats against JOSHCO, Madulammoho Housing Association NPC, JOSHCO and Madulammoho Joint Venture, CoJ Municipality, Social Housing Regulatory Authority, and the Provincial Department of Human Settlements. The application seeks to compel JOSHCO and all other respondents to provide the applicants with "RDP houses from any social housing project around the Johannesburg area", to prohibit JOSHCO and the rest of the respondents from evicting the applicants without providing them with RDP houses, and to further prohibit JOSHCO and other respondents from instituting eviction applications against child-headed units without providing alternative accommodation. Attorneys have been appointed to oppose the matter.</p> <p>Progress:</p> <p>JOSHCO's attorneys obtained a hearing date for 29 July 2024.</p>	08/11/2022	The matter is ongoing	<p>Costs incurred to date: R 1 289 460,77</p> <p>Projected expenditure up to 30 June 2024: R152 889.68</p>
5.	JOSHCO //Quick Prop Systems (Pty) Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	<p>Court application instituted by JOSHCO against Quick Prop Systems (Pty) Ltd. Quick Prop Systems (Pty) Ltd was appointed by JOSHCO to develop a property management system, enhancement, and mobile application solution. The application seeks to review and set aside the appointment, based on</p>	12/03/2023	The matter is ongoing	<p>Expenditure to date: R 419 310.90</p>

			<p>misrepresentation by Quick Prop Systems (Pty) Ltd in their bid submission for the appointment.</p> <p>Progress: JOSHCO's attorneys filed an application to compel the respondents to file heads of argument. The respondents have through their attorneys requested to file their heads of argument on or before the 18th of April 2024, whereafter parties will obtain a date for hearing of the matter.</p>			<p>Projected expenditure up to 30 June 2024: R180 689.10</p>
6.	Jozi Housing (Pty) Ltd// JOSHCO	Padi Attorneys	<p>This is an application that was lodged by owners of properties surrounding the Casa Mia building. The application seeks to compel JOSHCO to either ensure that the building is used for its intended purpose, or to evict the unlawful occupiers. The matter was removed from the court roll, and JOSHCO has in the meantime lodged an eviction application which is scheduled for hearing on the 17th of October 2023. The matter was heard on Thursday, 16 November 2023. Due to JOSHCO's attorneys filing an answering affidavit and because of the dispute on costs between the parties, the court ordered the matter to be referred to the opposed roll.</p> <p>Progress and recommendation : The applicant's attorneys have not obtained a court date or served JOSHCO with a notice of set-down for hearing of the matter on the opposed roll. Due to no action on the matter and on the applicant's side , it is recommended that this matter be removed from the litigation register until the matter is re-enrolled by the applicants.</p>	15/05/2023	The matter is ongoing	<p>Costs incurred to date: R 209 286.55. (Invoice not yet settled).</p> <p>Projected expenditure up to 30 June 2024: R 90 713.45</p>
7.	Property Corner Erf 166 (Pty) Ltd // Thlokomelo Management, JOSHCO and Lowndes Dlamini Inc	Mncedisi, Ndlovu and Sedumedi Attorneys	<p>The matter relates to a court application lodged by Property Corner Eft 166 (Pty) Ltd, which is the owner of the land upon which the appointed developer (Thlokomelo Management) is to develop social housing units for JOSHCO (Rivonia turnkey project). When the developer failed to secure funds to pay for the land, in an attempt to resolve the funding challenge and salvage the project, parties reached agreement for a simultaneous transfer of the property to Thlokomelo, and then to JOSHCO. This arrangement would allow JOSHCO to pay for the land.</p> <p>In its court application, Property Corner Eft 166 (Pty) Ltd seeks an Order declaring that the conveyancer proceed with transfer of the property to Thlokomelo, and to further pay over the purchase amount to Property Corner Eft 166 (Pty) Ltd. The application was necessitated by delays with transfer of</p>	20/04/2023	The matter is ongoing	<p>Expenditure to date: R 220 157.44</p> <p>Projected expenditure up to 30 June 2024 : R 54 42.56</p>

			<p>the property. JOSHCO's challenge with the application and reasons for opposing it, is that the applicant's "prayer" or request to the court does not include a simultaneous transfer but only seeks to enforce the sale transaction between Tlhokomelo and the seller, while JOSHCO has advanced payments to the conveyancers. For this reason, JOSHCO is opposing the application. JOSHCO's argument is that the transaction cannot continue using JOSHCO's funds that are sitting in the conveyancer's trust account, and that the Court must dismiss the application, if not, that the order made by the court, include a simultaneous transfer of the property.</p> <p>JOSHCO terminated the Development Agreement due to several breaches committed by the developer.</p> <p>Progress: Following the above termination, JOSHCO filed a supplementary affidavit requesting that the application be dismissed, alternatively, that if the application is successful, that the transaction not be executed using JOSHCO's funds that are with the conveyancers.</p>			
8.	JOSHCO/Tenants of Pennyville	ENSafrica	<p>Urgent court application for an interdict brought against tenants of the Pennyville project. The application sought to restrain the group of tenants from interfering with the work performed by JOSHCO officials, and from endangering the lives of the officials.</p> <p>The application was heard on the 17th of August 2023 wherein an interim order was granted.</p> <p>Progress: JOSHCO's attorneys advised that the matter cannot proceed as the application was brought on an urgent basis ,and currently the application no longer meets the requirements for relief sought.</p> <p>Recommendation: It is recommended that the matter be placed on hold until there is imminent harm or harm is occurring. This will also curtail expenditure on the matter.</p>	17/08/2023	The matter is ongoing	<p>Costs incurred to date: R1 188 710,43.</p> <p>Projected expenditure up to 30 June 2024: R75 000.</p>

9.	JOSHCO//Illegal occupants of the Casa Mia building	Padi Attorneys	<p>Eviction application lodged on an urgent basis against illegal occupants of the Casa Mia building.</p> <p>Progress: The matter was heard on 21 November 2023 wherein the court granted an order declaring the building unsafe for occupation and instructed the City to provide alternative accommodation for the illegal occupants. JOSHCO engaged the Human Settlements department regarding provision of alternative accommodation and was advised that Casa Mia occupants are to be accommodated at the Transnet building that the City is acquiring through JPC.</p>	20/09/2023	The matter is ongoing	<p>Cost incurred to date : R 500 000 (paid).</p> <p>R 138 435.07. (unpaid)</p> <p>Projected expenditure up to 30 June 2024: R20 000.</p>
10.	TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	JOSHCO appointed TSSN Carriers (Pty) Ltd in July 2019, for construction of 145 social housing units at Randburg. The contractor never commenced work due to a few outstanding town planning issues, which JOSHCO has been in the process of resolving. In June 2023 JOSHCO terminated the contract, on the basis that there had been no work on site for a continuous period of 90days. The contractor disputed the termination and referred the matter to adjudication. The adjudication process is anticipated to be concluded by 23 May 2024.	26/03/2024	This is a new matter that was reported in Q3.	<p>Cost incurred to date : R 0</p> <p>Projected expenditure for the duration of the matter: R85 000.00</p>

Table 53: The below table reflects matters wherein progress has been delayed due to various factors, such as lack of action from the other party, or challenges with locating parties for purposes of serving court papers. Legal opinions have been sourced on some of the matters, to assess JOSHCO 's merits of success, which will enable JOSHCO to take a decision on a way-forward.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
1.	JEH Properties //JOSHCO - Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.	Dyason Attorneys	<p>Sale of immovable property at no. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on the 3rd of April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the purchase price following the seller's failure to provide JOSHCO with vacant occupation. JOSHCO then instituted a court process for cancellation, which was later placed on hold after the attorneys advised JOSHCO to proceed with the sale as the full purchase price and transfer costs had been paid. It was however discovered that there was a bond registered over the property. In light of this, JOSHCO's attorneys were instructed to proceed with the initial claim for the purchase price and transfer costs. It was further discovered that the individuals identified in the illegal and fraudulent sale of said property to JOSHCO were linked to other hijacked properties.</p> <p>Progress on civil claim: The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel Discovery. The application to compel discovery has been delayed by the Court's practice directives in respect of enrolment of applications and the handling of the Court files.</p> <p>The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.</p> <p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities.</p>	22/05/2015	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> <p>Projected fees up to 30 June 2024: R80 000.00</p>

			<p>During JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p>Criminal investigation: Upon engagements with the SAPS, JOSHCO's legal department was advised that the docket was submitted to the prosecutor for a decision, and the prosecutor advised that the Investigation Officer proceed with further investigations on the matter.</p>			
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION		OUTCOME	COST IMPLICATIONS
2.	<p>SKN Consulting // JOSHCO</p> <ul style="list-style-type: none"> - Claim for damages. 	Tshiqi Zebediela Attorneys	<p>JOSHCO had appointed SKN Consulting ("SKN") as project managers on the Randburg Selkirk project. In 2014, SKN sent a notice to JOSHCO demanding payment of professional fees, alleging that JOSHCO had failed to pay the full fees for stages one and two of the projects. JOSHCO's reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against SKN for damages suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p>Progress: Attorneys have lodged a review application. Parties will exchange several court papers prior to obtaining a court date for hearing. Further updates will be provided as the matter progresses.</p>	18/12/2015	The matter is ongoing.	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages</p> <p>Projected fees for review application: R249 590.25</p>

SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

Quarter 3 of 2023/24: As of March 2024, there is a total of forty (40) claims, of these, seven (7) are settled, three (3) closed, two (2) repudiated and twenty-eight (28) are active. Continuous monitoring and follow ups on active claims are done to keep track of these claims.

The following table depicts the insurance claims status as detailed:

Legend

Legend	Explanation
	Claims repudiated.
	Claims in progress, awaiting documents, pending payment, not yet paid.
	Claim closed, claimant withdrew, unable to provide required documentation.
	Payment received/settled.

Table 54: Insurance Claims as at 31 March 2024

JSCH Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Progress Update
JSHC-AC5	ADRS00011326	Units caught fire.	Fire	Settled	Settled, file closed.
JSHC-AC24	ADRS00012159	Burned unit.	Damage	Settled	Settled, file closed.
JSHC-EPL1	ADRS00006969	Unfair dismissal.	Liability	Settled	Settled, file closed.
JSHC-EPL2	ADRS00008311	Case against salary shortfall.	Liability	Settled	Settled, file closed.
JSHC-EPL9	ADRS00011555	Employer failed to follow a fair process and procedure in relation to suspension.	Liability	Settled	Settled, file closed.
JSHC-EPL11	ADRS00001883	Dispute for a 2016/2017 6% salary increase which remains outstanding.	Liability	Settled	Settled, file closed.
JSHC-AC28	ADRS00012791	Taxi knock burglar gate. La-Rosabel	Damage	Settled	Settled, file closed.
JSHC-EPL12	ADRS00009956	Unfair labour practice.	Liability	Closed	Applicant withdrew. Case closed.
JSHC-GPA6	ADRS00002007	Employee Injured.	Injury	Closed	Claimant withdrew. Case closed.

JSCH Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Progress Update
JSHC-GPA5	ADRS00002010	Employee injured.	Injury	Closed	Claimant withdrew. Case closed.
JSHC-EPL6	ADRS00006792	Failure to implement grading results as previously confirmed.	Liability	Closed	Not EPL claim. File closed. Repudiated.
JSHC-EPL15	ADRS00012202	Unfair labour practice.	Liability	Closed	Not EPL claim. File closed. Repudiated.
JSCH-TPL1	ADRS00010465	Plaintiff suffered injuries from a fire in the building.	Third Party Liability	Active	Attorney awaiting further steps from the plaintiff.
JSHC-TPL5	ADRS00011886	Third party vehicle damaged by the gate.	Third Party Liability	Active	Awaiting TP approach.
JSHC-TPL6	ADRS00011625	Fascia board damaged tenants' car.	Third Party Liability	Active	Corresponding with TP.
JSHC-TPL9	ADRS00010483	Plaintiff's minor was hit on the forehead by an abandoned steal frame door while playing.	Third Party Liability	Active	Awaiting pre-trial.
JSHC-TPL11	ADRS00008685	Third party vehicle damaged by the gate.	Third Party Liability	Active	Corresponding with TP.
JSHC-AC4	ADRS00011455	Unit burnt.	Fire	Active	All required documents have been submitted to the insurer. Insurer is finalising the claim.
JSHC-AC6	ADRS00010835	Hail damage to property.	Hail	Active	Waiting for three quotations
JSHC-AC15	ADRS00006952	Theft of laptop after break-in into a vehicle.	Theft	Active	Awaiting three replacement quotations. ICT Department assisting in this regard.
JSHC-AC17	ADRS00005159	Illegal connection caused a fire and burnt all appliances.	Fire	Active	Awaiting three replacement quotations. ICT Department assisting in this regard.
JSHC-AC18	ADRS00010451	Laptop damaged during an MVA.	Damage	Active	Awaiting three replacement quotations. ICT Department assisting in this regard.

JSHC Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Progress Update
JSHC-AC19	ADRS00007768	On the 02/10/2021, Fleurhof Junction was hit by a severe hailstorm.	Hail	Active	All required documents have been submitted to the insurer. Insurer is finalising the claim.
JSHC-AC20	ADRS00007962	Dell laptop got damage during a vehicle accident.	Damage	Active	Awaiting three replacement quotations. ICT Department assisting in this regard.
JSHC-AC27	ADRS00012602	Head office parking roof collapse due to heavy storm.	Damage	Active	The service provider is currently on site and the work is anticipated to be completed by end of Q3.
JSHC-EPL5	ADRS00001882	Unfair labor practice relating to recruitment and promotion.	Liability	Active	Case on going. In progress
JSHC-EPL7	ADRS00011092	Employee unfairly suspended.	Liability	Active	Case on going. In progress
JSHC-EPL8	ADRS00011218	Unfair dismissal.	Liability	Active	Arbitration process, new date to be confirmed by the SALGBC.
JSHC-EPL13	ADRS00010353	Back pay was not processed correctly.	Liability	Active	On going with reviews.
JSHC-EPL14	ADRS00007647	Employee has applied for a constructive dismissal against JOSHCO.	Liability	Active	On going arbitration process.
JSHC-EPL16	ADRS00012561	Unfair labour practice.	Liability	Active	On going arbitration process.
JSHC-GPA1	ADRS00002675	Employee injured at work.	Injury	Active	Awaiting for sick note
JSHC-GPA3	ADRS00005033	MVA – pedestrian.	Injury	Active	Referral to broker claims manager.
JSHC-GPA4	ADRS00002013	Employee injured.	Injury	Active	Awaiting claim documents from broker / client.
JSHC-GPA7	ADRS00002012	Employee injured.	Injury	Active	Document submitted only left with final medical report.
JSHC-GPA11	ADRS00001465	Employee injured.	Injury	Active	All documents submitted to the insurer.

JSCH Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Progress Update
JSHC-AC29	ADRS00012332	Vehicle damage.	Asset damage	Active	Awaiting TP approach.
JSHC-AC30	ADRS00012333	Minor fell from fifth floor.	Death	Active	Awaiting TP approach.
JSHC-AC31	ADRS00012960	Wall fell due to heavy rain. Devland	Damage	Active	Appointment of a contractor is currently underway.
JSNC-GPA12	ADRS00013132	Employee injured at work (AA house)	Injury	Active	Awaiting claim documents from client.

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 18 below.

Table 55: Statement of amounts owed by or to government departments and public entities.

Name of department	31 March 2024	31 December 2023	Account Status	Comments
City of Johannesburg: Sweeping account	(1 312 653 105,11)	(1 514 332 129,00)	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter. Follow up letters have been sent to departments.
City of Johannesburg: Salaries	(262 743 847,62)	(231 434 485,03)	180 days overdue	Operational subsidy is now applied to salaries. JOSHCO made a settlement of R8 million in the quarter.
City of Johannesburg: Municipal Charges	(295 529 066,23)	(267 742 277,59)	181 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: Human Settlements	652 450 404,00	652 450 404,00	180 days overdue	DHS has paid JOSHCO R33 mil in this quarter. Follow up letters have been sent to the department
City of Johannesburg: Treasury	5 958 169,39	5 958 169,39	180 days overdue	A meeting was held with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	98 654 872,12	191 936 555,00	180 days overdue	CAM has paid an amount of R100 mil in this quarter. The 92m is over 180 days however R6.2mil relates to current invoices.
City of Johannesburg: Health Department	27 005 680,06	27 005 680,06	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter. Follow up letters have been sent to departments.

Name of department	31 March 2024	31 December 2023	Account Status	Comments
City of Johannesburg: Development planning GEF Project	2 141 642,45	2 141 642,45	180 days	
City of Johannesburg: Environmental infrastructure	100 000,00	100 000,00	180 days overdue	
City of Johannesburg: Community Development	145 078 849,64	129 563 472,10	180 days overdue	
City of Johannesburg: Legislature	37 033 163,53	37 033 163,53	180 days overdue	
City of Johannesburg: Group Finance	54 656 083,31	-	Current	Subsidy claim for Q3 still to be paid.
City of Johannesburg: JMPD	58 211 309,64	57 349 585,10	180 days overdue	<p>The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.</p> <p>Follow up letters have been sent to departments.</p>
City of Johannesburg: EMS	40 817 683,40	39 139 775,88	180 days overdue	
City of Johannesburg: Office of the COO	13 937 611,39	13 937 611,39	180 days	
City of Johannesburg: Transport	17 713 551,60	13 692 950,68	180 days	
City of Johannesburg-Social Development	2 152 074,84	2 152 074,84	180 days overdue	
City of Johannesburg: Licencing	4 136 011,73	9 071 000,00	180 days overdue	
TOTAL	(678 997 984,81)	(822 032 207,20)		



CHAPTER 6

INTERNAL AUDIT



a world class African city



SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

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

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

- Supply Chain Management Audit
- Payroll Management Audit
- Financial Discipline Audit
- Audit of Performance Information Audit
- 3 Tender Probity Reviews.
- Follow-up on Internal Audit Findings.
- Follow – up on AGSA Findings.

Table 56: Below is the approved Internal Audit Plan for the 2023/2024 financial year, and it further indicates the progress:

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Payroll Review			X		Completed
2	Review of the Annual Financial Statements	X				Completed
3	Review of the Interim Financial Statements				X	Not Started
4	Supply Chain Management Audit			X		Completed
5	Revenue and Debtors Management Audit				X	Not Started
6	Financial Discipline Review			X		Completed
7	Tender Probity Review	X	X	X	X	Continuous
8	Costing and Budget Management Audit				X	Not Started
9	Housing Development Audit (Outsourced)				X	Not Started
10	IT Security Review (Outsourced)				X	Not Started
11	Stakeholder Management Audit		X			Completed
12	Housing Leasing Management Audit				X	Not Started
13	Performance Information Review	X	X	X	X	Continuous
14	SHRA Compliance Review		X			Completed
15	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
16	Follow-up on AG Findings	X		X	X	Continuous
17	UIFW Investigations Expenditure	X	X	X	X	Continuous

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The table 57: below indicates the resolution of Internal Audit findings for quarter 3:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	4	4	3	1
Chief Operating Officer (COO)	10	10	10	0
Corporate Services	6	6	6	0
Planning & Strategy	10	10	9	1
Total	30	30	28	2
%	100%	100%	93%	7%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table 58: below indicates the resolution of External Audit (AGSA) findings for quarter 3:

AG Classification	Total Findings	Findings not followed up due to Implementation date not being due	Resolved	Not Resolved
Matters reported in the auditor's report	5	1	3	1
Matters that should be addressed	23	18	3	2
Matters that do not have a direct impact on the audit outcome.	10	2	6	2
Total	38	21	12	5
%	100%	55%	32%	13%

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

In the third quarter of the 2023/2024 financial year, Internal Audit completed three (3) audits, three (3) probity reviews and two (2) follow-up reviews. Based on the findings raised in these audits, Internal Audit concluded that the organisation's controls are generally **adequate but ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations and resolution of audit findings. However, the level of control environment is not at a satisfactory level. Management should ensure that controls are continuously monitored, this will assist in ensuring that organisation's objections will be achieved.