

“WE
DELIVER
AFFORDABLE
AND SUSTAINABLE
SOCIAL HOUSING
IN JOBURG”



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

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

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

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

Registration number : 2003/008063/07

Registered Address : 61 JUTA STREET
Braamfontein

Postal Address : 61 JUTA STREET
Braamfontein

Telephone number : (011) 406-7300

Fax number : 086 240 6691

Website : www.JOSHCO.co.za

Bankers : Standard Bank of SA Limited

Auditors : Auditor-General

Vision

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


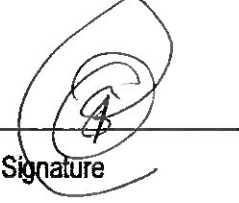
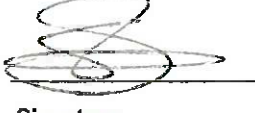
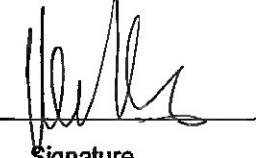
Mandate

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

Mission

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

Approval:

<p><u>Nontobeko Ndimande</u> Name & Surname Chief Financial Officer</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>21/04/2023</u></p>
<p><u>Bongani Ladebe</u> Name & Surname Acting Chief Executive Officer</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>21/04/2023</u></p>
<p><u>Sydney James</u> Name & Surname Chairperson of the Board</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>21/04/2023</u></p>
<p><u>ANTHEA LEITCH</u> Name & Surname Member of Mayoral Committee</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>19/05/2023</u></p>

ABBREVIATIONS

ARC	Audit and Risk Committee
BI	Business Intelligence
CAPEX	Capital Expenditure
CBD	Central Business District
CI	Corporate Identity
COJ	City of Johannesburg
CRM	Customer Relationship Management
CSI	Corporate Social Investment
EDMS	Electronic Data Management System
EMT	Executive Management Team
EPWP	Expanded Public Works Programme
FY	Financial Year
GBV	Gender-Based Violence
GHS	Global Household Survey
ICT	Information and Communications Technology
JOSHCO	Johannesburg Social Housing Company
JPC	Johannesburg Property Company
KPA	Key Performance Area
KPI	Key Performance Indicator
LLF	Local Labour Forum
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOE	Municipal Owned Entity
GLU	Government of Local Unity
MSA	Municipal Systems Act
MTC	Metropolitan Trading Company
NSFAS	National Student Financial Aid Scheme
OPEX	Operating Expenditure
PESTEL	Political, Economic, Social, Environmental and Legal (perspective)
PIE	Prevention of Illegal Eviction and Unlawful Occupation of Land
PMU	Project Management Unit
POPIA	Protection of Personal Information Act
PPE	Personnel Protective Equipment

Table of Contents

CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE	7
SECTION 1: CHAIRPERSON'S REPORT	7
SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT	10
SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT	11
SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY	13
SECTION 5: STRATEGIC OBJECTIVES	13
CHAPTER TWO: GOVERNANCE	14
SECTION 1: BOARD OF DIRECTORS	14
SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE	27
SECTION 3: RISK MANAGEMENT	28
SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION	46
SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS	48
SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE	48
SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS	52
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE	71
SECTION 1: SERVICE HIGHLIGHTS AND ACHIEVEMENTS	71
SECTION 2: SERVICE DELIVERY CHALLENGES	71
SECTION 3: RESPONSE TO STRATEGIC DIRECTION	72
SECTION 4: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS	88
SECTION 5: CAPITAL PROJECTS PERFORMANCE	94
CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT	105
SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)	105
SECTION 2: KEY VACANCIES	107
SECTION 3: EMPLOYMENT EQUITY	108
SECTION 4: SKILLS DEVELOPMENT AND TRAINING	110
SECTION 5: PERFORMANCE MANAGEMENT	111
SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES	111
<u>SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT</u>	<u>112</u>
SECTION 8: OVERTIME MANAGEMENT	113
SECTION 9: EMPLOYEE WELLNESS	113
SECTION 10: EMPLOYEE BNEFITS	114

SECTION 11: OCCUPATIONAL HEALTH AND SAFETY.....	115
CHAPTER FIVE: FINANCIAL PERFORMANCE.....	117
SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES.....	120
SECTION 3: CASH FLOW STATEMENT	126
SECTION 4: CAPITAL PROJECTS AND EXPENDITURE	127
SECTION 5: RATIO ANALYSIS.....	128
SECTION 6: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT.	134
SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES.....	139
SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE.....	134
SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES.....	136
CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS	140
SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN	<u>140</u>
SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS.....	<u>142</u>
SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION).....	<u>142</u>
SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS) ..	<u>142</u>

SECTION 1: CHAIRPERSON'S REPORT



When looking at the “leadership” of JOSHCO, I wanted to see whether the Captain (CEO) is steering the ship or charting the course. If they are “Managers”, they will typically steer the ship, doing, getting into the nitty-gritty, undertaking something that other competent subordinates could easily do, but the “Manager” feels the need to control the narrative. In steering the ship, they can only see as far as the horizon, and then not clearly. If a problem arises ahead, they need to react to avoid a collision, and sometimes those problems lie below the surface unseen, and the impact is unavoidable and detrimental. They are letting someone else, or no-one, chart their course.

Leaders are expected to chart the course. In doing so, they are looking ahead, beyond the horizon, seeing the bigger picture, to the destination of the business. They foresee the obstacles along the way because the chart clearly shows the reefs, rocks, islands and the sunken vessels that have gone before.

When we were appointed, we were tasked to urgently consider allegations of misconduct levelled against the CEO which subsequently led to his precautionary suspension. This meant that the navigation was left to another Acting CEO being the COO. Fortunately, the instability was not felt at JOSHCO as the company has capable Leaders that has the best interest of JOSHCO at heart and were able to chart the course.

The name “S” in the name JOSHCO has over the years created the impression that the company provides houses for the Social Services Market which is factually incorrect. The company is responsible to provide safe affordable rental accommodation. The company has experienced various challenges when it comes to collection of rentals such as the current economic conditions tenants find themselves under. While certain tenants suffered under the economic meltdown experienced in the country JOSHCO has been offering assistance with various initiatives such as discount

vouchers etc. We must also highlight the culture of non-payment for services which has sadly also been experienced at JOSHCO.

As at 31 March 2023 JOSHCO's verified Capital spent for the quarter under review is 76% against a target of 75%. Various Capital projects are at certain stages of completion and an important component is the compliance to the regulator.

The company failed to adhere to the conditions that were set by the regulator which ranged from the company's strategy, usage of funds from SHRA (Social Housing Regulatory Authority) was not used as per the condition precedent and the company failed to implement or develop a way of getting SHRA funds to leverage a continuous and very active project cycle.

SHRA repeatedly condemned JOSHCO'S operations and conduct as being outdated and lacking proper governance systems and operational management, that was not addressed, and it led to the regulator refusing to work with JOSHCO anymore or investing in its projects.

To change the above the board effected new management appointments, approved a long-term strategy, developed a financial turnaround strategy, and adopted a result-oriented approach on the operations to improve performance.

There were compliance challenges raised by SHRA over 5 years which had not been attended to. In this quarter all SHRA compliance matters have been addressed and JOSHCO has dedicated its resources and efforts on ensuring there is compliance and accountability to the regulator.

The overall performance compared to the same period last year has improved from 43.7% to 70% this quarter. Rental collections have improved to an overall 60% which is the first time this has been achieved post Covid 19. The improvement was despite the Hostel portfolio which has not performed satisfactorily. In terms of internal audit findings there has been a 90% resolution and 50% resolution of AGSA findings. The company has achieved 100% on the risk mitigation measures.

With the good we should also highlight where JOSHCO came short on its KPI and it was on financial sustainability although there was an improvement where the cost coverage ratio decreased from 704 days to 400 days.

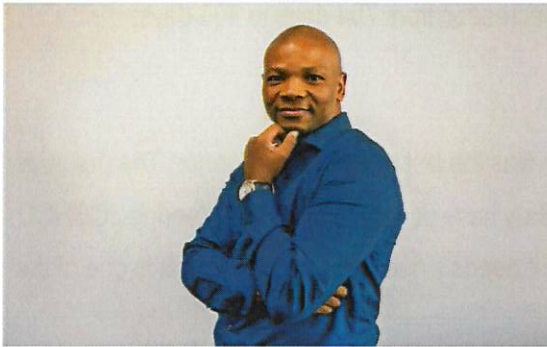
We were appointed on 1 March 2023 to the board of JOSHCO which was the last month of the quarter. The previous board laid the foundation for us to continue with the good work that they have done. I believe that steering JOSHCO through the uncharted waters and icebergs which had tried to sink it needs a dedicated crew and that is one of the fundamental purposes of the board.

I would like to express my gratitude to the COO and his Leaders who has been willing and able to assist the board when called upon. I would also like to thank the board members for availing themselves to help navigate and steer JOSHCO in the right direction.

Mr Sydney James

Chairperson: JOSHCO Board of Directors

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT



In my capacity as the recently appointed acting CEO, it gives me great pleasure to share JOSHCO's Quarter 3 results. Firstly, I want to express my determination to do everything in my power to fulfil my responsibilities to assist the Johannesburg community by carrying out the JOSHCO's mandate. I also promise to ensure the strategic priorities of the shareholder, the MMC for Human Settlement and Board of Directors are upheld in carrying out their fiduciary obligations.

In terms of performance, the entity's 2022/2023 financial year Business Plan includes 27 key performance indicators and targets. 16 of the 23 KPIs that were due for reporting during the quarter were achieved. This translates to a performance of 70% for the quarter under review, which is an increase from the 43.7% reported for Q3 of 2021/2022 FY. There is a steady improvement in performance when comparing quarter on quarter which demonstrates a positive trajectory. On the financial performance, for the period ended on 31 March 2023, there was R194,8 million deficit. The entity's recently approved 5-year strategy aimed to improve the entity's financial sustainability. The Strategy has been submitted to SHRA and is implemented through annual Business Plan.

The organisation has also made considerable progress in ensuring compliance with all relevant laws. The entity has made excellent progress in addressing compliance issues brought up during the accreditation downgrade by Social Housing Regulatory Authority (SHRA). JOSHCO is currently awaiting confirmation from the Regulator on the status update. Management continued to hold monthly progress meetings with SHRA.

This also responds to the roll-out of social and affordable housing units. Our capital projects are divided into 2 programmes: Inner-city and Green-fields programmes, which 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. In the report we detail the progress, and the entity is on track to deliver the targeted units by the end of the financial year.

Finally, we look forward to the last quarter of the financial year where the entity is confident in achieving its predetermined objectives and responding to the strategic direction of the City.

Bongani Radebe

Acting Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT



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

Revenue Report

The biggest contributor to revenue is rental income making up 60% of total revenue. Total revenue is 8% (R16.3,5 million) below budget which is consistent with the previous quarter. Management has embarked on an exercise to standardize rental tariffs. Management fees make up 15% of total revenue and had an overall increase of 56% due to additional invoices being received for CAPEX and from the departments we execute projects on behalf of. Interest income makes up 8% of revenue. Interest income makes up 8% of total revenue. Interest income is 26% (R4 mil) above budget due to interest on bank accounts and overdue tenant accounts which are charged interest at prime interest rate.

The entity's collection levels are on an upward trajectory; the collection level is 60% for current tenant rentals against a collection target of 80% for the current financial year. The entity uses the services of debt collecting companies to collect debt over 90 days and above R10 000. For the quarter under review, the companies have collected R5,2 million (2.17%) from the R239 million for the historic debt handed over to them for collection. The entity is also continuing with internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt. The reasons for the continued low rental collection are rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment, and pensioners. The entity has submitted applications for SHRA'S rental relief benefit.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 March 2023 resulted in a deficit of R194.8 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

After the mid-year adjustment, the organisation has an allocated capital budget of R399 million funded from CoJ loans and cash reserves. We are still implementing the following programmes:

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

As at 31 March 2023 JOSHCO's verified spent for the quarter under review is 76% against a target of 75%.

Ms Nontobeko Ndimande

Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

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

SECTION 5: STRATEGIC OBJECTIVES

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

SECTION 1: BOARD OF DIRECTORS

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

The shareholder retains the prerogative to appoint boards of all City entities through a resolution of the Annual General Meeting (AGM). The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson), Mr Sydney Jacob James, who was appointed by a resolution of the AGM which was held on 01 March 2023 together with ten Non-Executive Directors and three Independent Audit Members (ARC). Table 1 below lists the nine retired Non-Executive Directors, two Executive Directors, three retired Independent Audit Committee members, as well as eleven new Non-Executive Directors and four new Independent Audit Committee members.

Table 1: Board Composition as at 31 March 2023

Member(s)	Capacity	Gender	Status	Qualifications
<p>Ms Gaby Boikanyo (Board Chairperson)</p> <p>*Retired on 01 March 2023</p>	Non-Executive Director	F	Inactive	<p>BSc Computer Science; N.D. Analytical Chemistry</p> <p>IoDSA Being A Director Part 1-4</p> <p>IoDSA Financial Insights for Non-Financial Directors.</p>
<p>Mr Theodore Dhlamini</p> <p>*Retired on 01 March 2023</p>	Non-Executive Director	M	Inactive	<p>National Certificate Vocational (N4) in the following disciplines:</p> <p>Certificate in Engineering and Hand Skills, Certificate in Leadership Training, Certificate in Project Management, Certificate in Group Control & Certificate in Computer Literacy</p> <p>Post Graduate Diploma in Management (NQF LEVEL 8) specialising in General Management, Marketing Management, Economics, Financial Management Operations, Operations and Innovations Management and Business Research.</p>

Member(s)	Capacity	Gender	Status	Qualifications
Mr Jason Sobekwa *Retired on 01 March 2023	Non-Executive Director	M	Inactive	Bachelor of Accounting Science Postgraduate Diploma in Financial Management
Mr Moerane Maimane *Retired on 01 March 2023	Non-Executive Director	M	Inactive	Chartered Director Diploma in Public Administration Bachelor of Public Administration Master of Business Administration
Mr Xolani Dlwathi *Retired on 01 March 2023	Non-Executive Director	M	Inactive	Diploma in Theology Bachelor of Theology Master of Theology Certificate for Leadership
*Mr Themba Mamba *Retired on 9 December 2022	Non-Executive Director	M	Inactive	Higher Certificate in Criminal Justice, Grade A+ Armed Response – Psira Certificate in Security Officer's Training.
Dr Kentse Sesele *Retired on 01 March 2023	Non-Executive Director	F	Inactive	PHD (2020) Master of Town and Regional Planning (1994) B Social Science (1987) (Hon) Local Economic Development (2009) and Programme Management. Certificates: Executive Development Programme (1996) Diploma Advanced Business Programme (1996) Environmental Impact Assessment (1994)

Member(s)	Capacity	Gender	Status	Qualifications
Mr Karabo Modipane *Retired on 01 March 2023	Non-Executive Director	M	Inactive	MBA Candidate, BSc Computer Science, Honours Computer Science, RE1 - Key Individual In All FSPs, Certified Information Systems Auditor (CISA), GIBS Leadership Development Program(Cum Laude), National Certificate in Real Estate, Certified Executive Managing Agent
Mr Sumesh Varghese *Retired on 01 March 2023	Non-Executive Director	M	Inactive	B.Eng. (Electronics & Communications) Visvesvaraya Technological University NQF Level 8 -SAQA Verified
Mr Sydney James (Board Chairperson) *Appointed on 01 March 2023	Non-Executive Director	M	Active	Programme in Financial Management, Diploma in Business Management, Degree of Master of Business Administration.
Mr Simon Clarke *Appointed on 01 March 2023	Non-Executive Director	M	Active	BA degree in Psychology
Ms Yolandi Erasmus *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	LLB

Member(s)	Capacity	Gender	Status	Qualifications
Ms Marilise Francis *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Arts in Behavioural Sciences
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	Active	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)
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)
Independent Audit Members				
Mr Lesetsa Matshekga *Retired on 01 March 2023	Independent Audit Committee Member	M	Inactive	MBA, B Com Honours Finance, B Com Economics
Mr Moshupi Mokgobinyane *Retired on 01 March 2023	Independent Audit Committee Member	M	Inactive	Master's degree in accounting science, B Com Accounting, B Com Honours Accounting
Mr Ernest Khosa *Retired on 01 March 2023	Independent Audit Committee Member	M	Inactive	Higher Diploma in Company Law, Bachelor of Arts, BA Honours, Master of Science and LLB

Member(s)	Capacity	Gender	Status	Qualifications
Ms Geraldine Chaplog *Appointed on 01 March 2023	Independent Audit Committee Member	F	Active	BA degree in Political Science, LLB
Mr Victor van der Merwe *Appointed on 01 March 2023	Independent Audit Committee Member	M	Active	National Certificate in Insurance
Mr Aboubakr Taoussi *Appointed on 01 March 2023	Independent Audit Committee Member	M	Active	National Diploma
Ms Pilekile Boloto Lefothe *Appointed on 01 March 2023	Independent Audit Committee Member	F	Active	National Senior Certificate

*NB: Eleven new Non-Executive Directors were appointed on 01 March 2023 together with four new Independent Audit Committee members.

1.1 DUTIES OF THE BOARD AND COMMITTEES

1.1.1 Board Responsibilities

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

- Acting as the focal point for, and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company according to sound corporate governance principles.
- Appreciating that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy
 - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
 - Identifying key performance and risk areas
 - Ensuring that the strategy will result in sustainable outcomes
 - Considering sustainability as a business opportunity that guides strategy formulation

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

1.1.2 Responsibilities of the Board Committees

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

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

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

1.1.2.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Audit & Risk Committee from 11 March 2022

Mr J. Sobekwa Non-Executive Director (Chairperson) -Retired on 01 March 2023

Mr E Khosa	Independent Audit Committee Member -Retired on 01 March 2023
Mr L Matshekga	Independent Audit Committee Member-Retired on 01 March 2023
Mr M Mokgobinyane	Independent Audit Committee Member -Retired on 01 March 2023
Mr Simon Masemola	Non-Executive Director (Chairperson) - Appointed on 01 March 2023
Ms Yolandi Erasmus	Non-Executive Director - Appointed on 01 March 2023
Ms Pilekile Lefothe	Independent Audit Committee Member -Appointed on 01 March 2023
Mr Victor van der Merwe	Independent Audit Committee Member -Appointed on 01 March 2023
Mr Aboubakr Taoussi	Independent Audit Committee Member -Appointed on 01 March 2023
Ms Geraldine Chaplog	Independent Audit Committee Member -Appointed on 01 March 2023

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 11 March 2022

Dr K Sesele	Non-Executive Director (Chairperson) -Retired on 01 March 2023
Mr M Maimane	Non-Executive Director – Retired on 01 March 2023
Mr X. Diwathi	Non-Executive Director – Retired on 01 March 2023
Mr T. Mamba	Non-Executive Director – Retired on 9 December 2022
Ms Yolandi Erasmus	Non-Executive Director – Appointed on 01 March 2023
Ms Jacelyn Scott	Non-Executive Director – Appointed on 01 March 2023
Mr Andries Smith	Non-Executive Director – Appointed on 01 March 2023
Ms Simphiwe Mnisi	Non-Executive Director – Appointed on 01 March 2023
Mr Terry Tselane	Non-Executive Director – Appointed on 01 March 2023

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

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.
- Management development and succession plans for executive levels.

- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee from 11 March 2022

Mr T. Dhlamini Non-Executive Director (Chairperson) - Retired on 01 March 2023

Mr K Modipane Non-Executive Director - Retired on 01 March 2023

Mr S. Varghese Non-Executive Director - Retired on 01 March 2023

Rev. X. Dlwathi Non-Executive Director – Retired on 01 March 2023

Mr Simon Clarke Non-Executive Director – Appointed on 01 March 2023

Mr Jacques Watson Non-Executive Director – Appointed on 01 March 2023

Mr Tabane Manene Non-Executive Director – Appointed on 01 March 2023

Ms Marilise Francis Non-Executive Director – Appointed on 01 March 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 eight meetings between July 2022 and March 2023 (Ordinary Meeting -14 July 2022, Special Board meeting - 30 August 2022, Ordinary Board meeting- 27 October 2022, Special Board Meeting - 30 November 2022, Ordinary Board meeting -19 January 2023), three ordinary Development Committee meetings (07 July 2022, 03 October 2022, 10 January 2023), three ordinary Social, Ethics & HR Committee meetings (07 July 2022, 03 October 2022, 10 January 2023) and five Audit & Risk Committee meetings (Ordinary ARC Meeting- 08 July 2022, Special ARC meeting- 25 August 2022, Ordinary ARC Meeting-24 October 2022, Special ARC Meeting- 28 November 2022 and Ordinary ARC Meeting -11-12 January 2023). The table below provides details of the attendance of members at the various meetings.

Table 2: Board Meeting attendances as at 31 March 2023

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	8		
Ms Gaby Boikanyo	7	-	-
Mr Jason Sobekwa	7	-	-
Dr Kentse Sesele	7	-	-
Mr Theodore Dhlamini	7	-	-
Mr Xolani Dlwathi	7	-	-
Mr Karabo Modipane	7	-	-
Mr Sumesh Varghese	7	-	-
Mr Moerane Maimane	7	-	-
Mr Themba Mamba	6	-	-
Mr Molapane Sello Mothotoana (CEO)	6	-	-
Ms Nontobeko Ndimande (CFO)	4	-	2
Sydney James	1	-	-
Simon Masemola	1	-	-
Simon Clarke	1	-	-
Marilise Francis	1	-	-
Tabane Manene	1	-	-
Yolandi Erasmus	1	-	-
Terry Tselane	1	-	-
Andries Smith	1	-	-
Jacques Watson	1	-	-
Simphiwe Mnisi	1	-	-
Jacelyn Scott	-	-	-

Table 3: Board Committees' Meeting Attendance as at 31 March 2023

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	5			3			3		
Mr Molapane Sello Mothotoana	5	-	-	3	-	-	3	-	-
Ms Nontobeko Ndimande (CFO)	4	-	1	2	-	1	2	-	1
Mr Theodore Dhlamini	-	-	-	3	-	-	-	-	-
Ms Gaby Boikanyo	-	-	-	-	-	-	-	-	-
Mr Xolani Dlwathi	-	-	-	3	-	-	3	-	-
Mr Moerane Maimane	-	-	-	-	-	-	3	-	-
Mr Jason Sobekwa	5	-	-	-	-	-	-	-	-
Mr Themba Mamba	-	-	-	-	-	-	3	-	-
Dr Kentse Sesele	-	-	-	-	-	-	3	-	-
Mr Karabo Modipane	-	-	-	3	-	-	-	-	-
Mr Sumesh Varghese	-	-	-	3	-	-	-	-	-
Mr Moshupi Mokgobinyane	4	1	-	-	-	-	-	-	-
Mr Ernest Khosa	5	-	-	-	-	-	-	-	-
Mr Lesetsa Matshekga	5	-	-	-	-	-	-	-	-

1.4 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors and Independent Audit Committees of 2021 FY. Remuneration reflects cumulative figures from the beginning of the financial year to date.

Table 4: Board of Directors Remuneration as at 31 March 2023

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R78 000.00
Mr Xolani Dlwathi	Non-Executive Director	R96 000.00
Mr Moerane Maimane	Non-Executive Director	R72 000.00
Mr Themba Mamba	Non-Executive Director	R40 000.00
Ms Gaby Boikanyo	Non-Executive Director	R96 000.00
*Mr Jason Sobekwa	Non-Executive Director	R132 000.00
Ms Kentse Sesele	Non-Executive Director	R78 000.00
Mr Karabo Modipane	Non-Executive Director	R72 000.00
Mr Sumesh Varghese	Non-Executive Director	R72 000.00

Total	R736 000.00
--------------	--------------------

*fees include ARC sittings and Group Committee sittings

Table 5: Independent Audit and Risk Committee members' remuneration as at 31 March 2023

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane	Independent Audit Member	R32 000.00
Mr Lesetsa Matshekga	Independent Audit Member	R40 000.00
Mr Ernest Khosa	Independent Audit Member	R40 000.00
Total		R112 000.00

Table 6: Executive Management remuneration as at 31 March 2023

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R537 500,01
Ms Nontobeko Ndimande	Chief Financial Officer	R361 061,01
Ms Livhalani Nemaungani	EM: Strategy and Planning	R115 896,08
Ms Nokwazi Mtshali	EM: Corporate Services	R401 949,99
Mr Ronald Mutheiwana	EM: Housing Management	R231 792,16
Mr Themba Mathibe	Chief Operations Officer	R 481 500,00
Total		R2 129 699,25

1.5 COMPANY SECRETARIAL FUNCTION

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

SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE

Figure 2 reflects the high-level structure of the entity. JOSHCO Core Business comprises two departments, namely Housing Development, which is responsible for construction and development of projects, and Housing Management, which is responsible for property management, tenanted and community development. The remaining departments are support functions such as Finance, Legal, Planning, and Corporate Services.

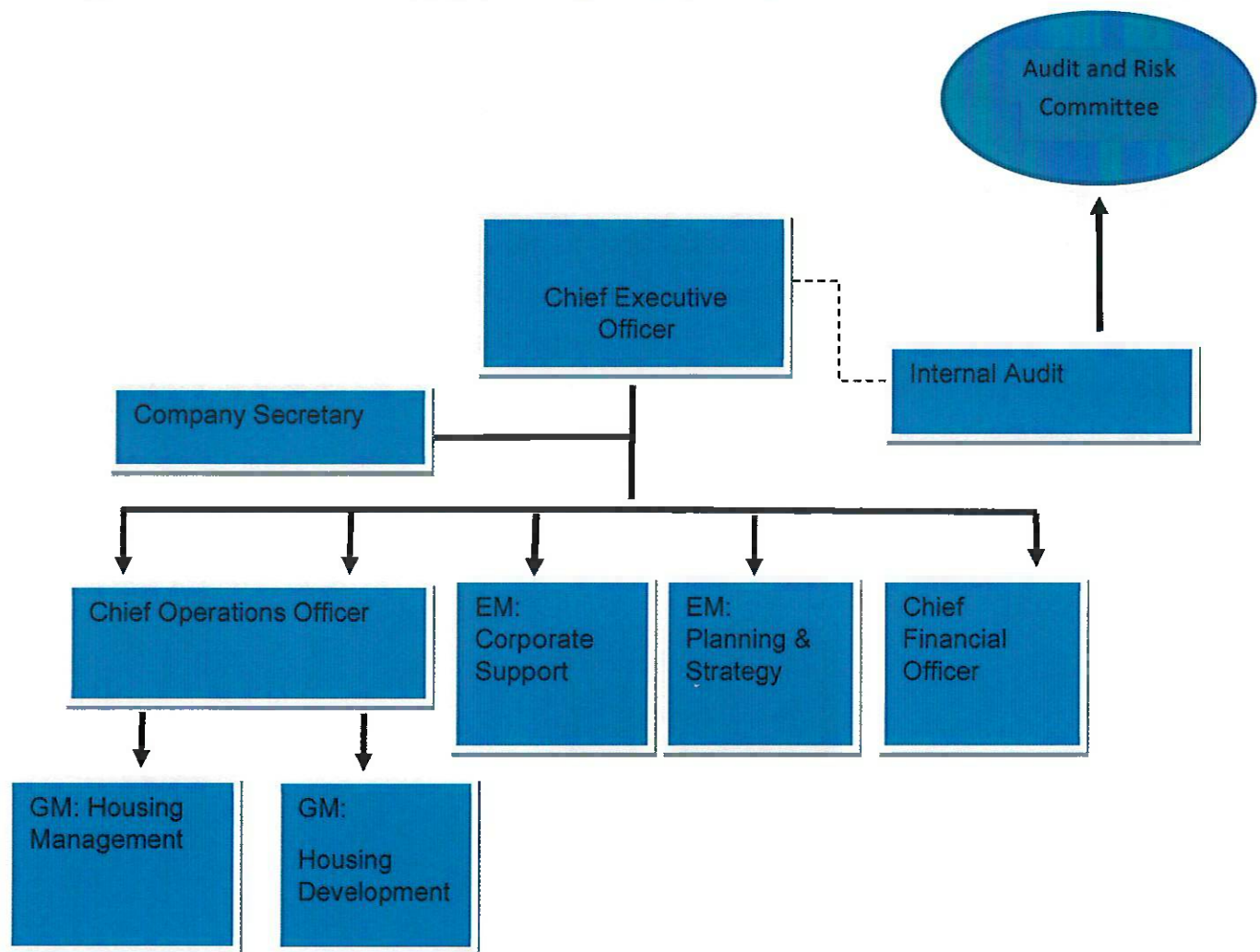


Figure 2: High Level Structure

SECTION 3: RISK MANAGEMENT

The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with Section 95 of the Municipal Finance Management Act, Principle 11 of the King IV report on Corporate Governance, and the City's Group Risk Management framework and Risk Management Standards as applicable. Internally the entity has a Risk Strategy and Policy which were approved in 2022. Oversight over the governance and management of risk in JOSHCO is carried out by the Audit and Risk Committee which is the statutory Committee of the Board of Directors. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with the terms of reference approved by the Board.

3.1 RISK ESCALATION METHODOLOGY

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

3.2 CORPORATE RISK ARCHITECTURE



Figure 3: Risk Architecture

3.3 JOSHCO Residual Risk as at 31 March 2023.

Top 5 Residual Risk Rating			
Risk No	Risk Description	Inherent Risk	Residual Rating(Q3)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time and within budget.	Very High	Medium
3	Increased Health, Safety and Security incidents in JOSHCO projects	Very High	Very High
4	Business Interruption	Very High	High
5	Minimal/inadequate Stakeholder and Customer Relations Management	Very high	Medium

The above table reflects the top five risks that directly face the core responsibility of the entity. These risks are inherent in nature and threatens the achievement of strategic objectives and a control environment.

3.4 INFORMATION ON EMERGING/ NEW RISKS

The projects being carried out by JOSHCO could be harmed by the recent floods in the City of Johannesburg brought on by the excessive rains. This could affect the budget because of infrastructure damage and delays in completing ongoing initiatives. Furthermore, inadequate funds allocation for payment of invoices by the City has a potential to affect completion of projects.

3.5 STRATEGIC RISK STATUS

3.5.1 Progress in the Implementation of Mitigating Controls as of 31 March 2023

Legend

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

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







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


Table 7: Progress in the Implementation of Mitigation Controls as at 31 March 2023

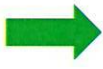
Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating		KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q2	Q3					
1	Financial Instability	Inability to continue as a going concern.	VH	VH	VH	% Collection in respect of current debt.	1.1 Eviction of Tenants who do not qualify for regularisation and finalise the installation of Biometric system at 15 remaining projects to prevent unauthorised and non-paying tenants in JOSHCO Projects.	1.1 The eviction of tenants who do not qualify for regularisation has resumed and six orders have been executed, while the remaining twenty-five orders are still to be executed. The installation of the biometrics systems in the remaining JOSHCO projects has commenced at Dobsonville and it is 90% complete, at Kiptown square, Orlando Ekhaya, and Rodepoort- Legae still waiting for quotations, it is envisaged that the action will be implemented in Q4. 1.2 All collection/revenue related functions are integrated under Housing Management Department.		9/9


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							1.2 Integrate all collection/revenue related functions under Housing Management Department.			
							2. Undertake quarterly portfolio satisfaction survey to determine the tenant's level of satisfaction with JOSHCO service delivery standards	2. The quarterly portfolio satisfaction survey to determine the tenants' level of satisfaction with JOSHCO service delivery standards was done and satisfaction rating is recorded at 60%		
							3. Implementation of SHRA Covid-19 relief fund.	3. No account that has been approved for Covid-19 relief fund by SHRA for the current quarter.		
							4. Quarterly tenant engagement sessions in collaboration with the MMC Office to educate and appeal to tenants to honour their contractual obligations; failure to do so will result in the execution of credit control measures, including eviction of non-paying tenants.	4. Tenant engagement sessions have been conducted for the following projects in Q3: a) Textile b) African Diamond c) Fluorhof Riverside		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							<p>5. Installation of vending solutions in six (6) JOSHCO buildings to manage utility consumption and monthly audit of utility statements. i.e., software monitoring system for water and electricity.</p> <p>6. Implementation of HIGH-TECH to improve efficiency and revenue enhancement.</p> <p>7.1. Appointment of account managers to follow-up on invoices.</p> <p>7.2 Resolve all issues affecting settlement of outstanding invoices with</p>	<p>5. Vending solutions were installed in six (6) JOSHCO buildings in November 2022 namely:</p> <ul style="list-style-type: none"> a) Textile Building b) Phoenix Building c) Rashers Building d) Orlando Ekhaya e) Hoek Street f) Fluorhof and g) Wanderers Street. <p>6. A panel of service providers was appointed in October 2022 on a three-year contract for the implementation of a billing system.</p> <p>7.1 Three new employees were appointed in November 2022 to follow up on invoice.</p> <p>7.2 Regular meetings have been held with Human Settlement Department and the resolution from those meeting is currently being</p>		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June2022	Residual Risk Rating Q2	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
2	None	Failure to deliver capital projects on time and within budget.	H	H	M	Number of social housing units completed	Human Settlement Department.	actioned which include drafting of SLA by the Legal department and submission of outstanding information by Project Manager from Development Management.		6/6
							1. Motivate to the City to allow JOSHCO to re-invest SHRA grant into new Social Housing initiatives.	1. A memorandum to motivate to the City to allow JOSHCO to re-invest SHRA grant into new Social Housing initiatives was drafted and submitted to the Group CFO and the City Manager in Q1. The City has approved the SHRA grant to be re-invested into new Social Housing initiatives.		
							2.1 Perform due diligence prior to appointments of service providers.	2.1 There were no newly appointed service providers in Q3.		
							2.2 Implement monitoring and evaluation during construction.	2.2 Housing Development Project managers are monitoring and evaluating the performance of contractors, during the quarter under		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							<p>2.3 Conduct physical risk assessment during construction to identify emerging risks.</p> <p>3. Robust engagements with the community and identified groups prior to the commencement of project and during construction. i.e., local SMME's.</p> <p>4. Physical assessment and verification of compliance with relevant regulations during constructions and provide assessment report to Exco for actioning.</p>	<p>review, one contractor was terminated due to non-performance.</p> <p>2.3 Physical risk assessments are done by contractors on a going basis to identify emerging risks during construction.</p> <p>3. There were no community engagements done in Q3 due to project stoppages because of non-payment of contractors.</p> <p>4. Physical assessments and verification of compliance with relevant regulations (NHRBC, CIDB and OHS audit) are done monthly and it is supported by evidence that is submitted to the Project Managers on monthly basis.</p>		
3	None	Failure to implement effective job creation and SMME's support systems.	M	H	M	% of construction capex spent on SMME	Partner with Construction Education and Training Authority (CETA) to train SMME's and improve	<p>1. SMME training was undertaken during the period under review on Building and Construction.</p>		2/2


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							technical capacity on new projects.			
							2. Physical assessment and verification of compliance with regulations during constructions and provide assessment report to Exco for actioning.	2. Physical assessments and verification of compliance with relevant regulations (NHRBC, CIBD and OHS audit) are done monthly and it is supported by evidence that is submitted to the Project Managers on monthly basis.		
4	None	Minimal/inadequate Stakeholder and Customer Relations Management	H	H	M	% Customer satisfaction rating Number of complaints resolved in time.	1.1 Development of an integrated stakeholder and customer engagement plan. 1.2 Implementation of the communication plan.	1.1 The integrated stakeholder and customer engagement plan was developed in July 2022. Management continues with its implementation. 1.2 The communication plan has been continuously implemented through continuous internal communication, notices and infographics on social media platforms and communication of tenant engagements		5/5


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							<p>2.1 Quarterly tenants' engagement sessions in collaboration with the MMC's office per portfolio.</p> <p>2.2 Monthly oversight visit by JOSHCO and the chairperson of the development committee per portfolio.</p> <p>3. Boost the call centre department's capacity by hiring more call centre agents, as well as the Housing Management Department's ability to respond to consumer inquiries within seven days.</p>	<p>2.1 Tenants engagement sessions have been conducted for the following projects in Q3.</p> <p>a) Textile</p> <p>b) African Diamond</p> <p>c) Fluerhof Riverside</p> <p>2.2 There was no site visit done by the Board in the projects in Q3.</p> <p>3. The call centre department is now capacitated with 3(three) call centre agents to respond to customer inquiries within seven days.</p>		
5	Increasing Safety and Security Incidents	Increased Health, Safety and Security incidents in JOSHCO projects	M	H	VH	Number of Health, safety and security incidents.	<p>1.1 Implementation of an open Purchase Order per building with dedicated service providers per building to fast track the maintenance turnaround time.</p>	<p>1.1 The Portfolio managers have been given authority to approve the dedicated service providers per building to fast track the maintenance turnaround time.</p>		7/7


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							<p>1.2 Formulation of Tenants committees.</p> <p>2. Installation and activation of Biometrics system at entrance to improve access and security to be completed in 15 JOSHCO projects.</p> <p>3. Installation of CCTV cameras that will be linked to Security control room.</p>	<p>1.2 Tenants committees were formulated in July 2022 and being used to better communicate with tenants.</p> <p>2. The installation of the biometrics systems in the remaining JOSHCO projects has commenced at Dobsonville and it is 90% complete, at Kiptown square, Orlando Ekhaya, and Rodepoort- Legae still awaiting for quotations, it is envisaged that the action will be implemented in Q4.</p> <p>3. The service provider has installed CCTV cameras at Devland, Turfontein and Dobsonville in November 2022. CCTV installed at Devland, Turfontein and Dobsonville has not yet been linked, it is envisaged that the control room it will be fully functional in Q4.</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							4. Robust monitoring of the Occupational Health and safety action plan implementation.	4 The health and safety plan has been implemented i.e... Site Inspections were done in the following projects in Q3: a) Union Square b) 11 Mordant street c) Tshedzani d) Fluorhof Junction e) Fluorhof riverside f) Pennyville g) Antea h) MBV j) Chelsea		
							5. Installation of buglers in existing and new projects.	5. The Turfontein project's burglar doors were installed in November 2022.		
							6. Development of Security policy.	6. The Security policy has been developed and approved by the Board in July 2022.		
6	Inability to respond to city disasters and business disruptions	Business Interruption	H	H	H	% Compliance to laws and regulations	1.1 Appointment of Information Security Consultant to do daily ICT security assessment tests and security threat monitoring.	1.1 The monitoring of Information Security is done by the Service provider responsible for IT and the reports are regularly monitored by the ICT manager.		6/6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
							<p>1.2. Development of formal security standards for configuration of servers, network, applications and resource constraints.</p> <p>2. Development of Business Continuity management system and Disaster recovery plan.</p>	<p>1.2 Formal security standards for configuration have been finalised and approved by EXCO in Q3.</p> <p>2. Business continuity framework and policy has been developed, it was presented to the Audit and Risk Committee and Approved by the Board in October 2022. The service provider for Disaster recovery plan has been concluded the testing of the disaster recovery plan in January 2023.</p>		
							<p>3. Procurement of additional Power Backup System for Head Office Building.</p> <p>4. Establishment of crisis and disaster management committee.</p>	<p>3. The additional backup power was procured in August 2022 and rolled out with the server room.</p> <p>4. The committee has been established, for crisis and disaster management purposes in Q3.</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
7	None	Inaccurate and unreliable performance information	H	M	L	% Implementation of targeted corrective action against audit finding	<p>5. Installation of a secondary network connectivity for higher availability and redundancy.</p> <p>1.1 Implementation of the monitoring tool to strengthen quality assurance by Executive Management.</p> <p>1.2 Collection and verification of KPI's on a monthly basis</p> <p>2. Appointment of Manager and Specialist Monitoring and evaluation to perform physical verification.</p>	<p>5. The installation of a secondary network is pending Eskom's approval. It is envisaged that the secondary network will be installed in Q4. Revised implementation date: 30 April 2023</p> <p>1.1 EMs are provided with a verification tool that they submit to M & E together with evidence and sign it off with the M & E Officer</p> <p>1.2 The M & E function has commenced with the verification of two KPIs on a monthly basis. This process will gradually improve. The target was to start with the problematic KPIs</p> <p>2. The Manager: Planning & Performance Reporting was appointed on the 1st January 2023. In October 2022, the</p>		3/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
8	None	Failure to develop, attract and/or retain talent.	H	M	H	% Employee occupancy rate	1. Implementation of the organisational structure and job grading outcomes. 2. Bi-annual Sessions to encourage and drive a learning culture in the organisation. 3.1 Review of talent management, retention and succession policy.	Monitoring and Evaluation Specialist was hired. 1. Organisational structure was approved on the 14 th of July 2022. The entity is currently implementing COJ salary grades. 2. Two trainings were conducted in Q3, which were grievance and disciplinary hearing training in January 2023 and Report writing Training in February 2023. 3.1 Recruitment and selection policy, disciplinary code and procedure policy, and talent management, retention and succession policy were reviewed and approved by the Board. 3.2 The performance reviews are underway, and performance contracting has resumed.		4/4
9	None	Fraud and corruption	M	M	H		3.2 Quarterly Performance management reviews. 1. Fraud detection review in collaboration with the city.	1. The Risk and Compliance department continuously		6/6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
						% Compliance to laws and regulation	<p>2. Implementation of standardised price list for maintenance.</p> <p>3. Implementation of supplier rotation policy.</p> <p>4. EM Housing and Portfolio Manager: Leasing to sign off tenant allocations</p> <p>5. Annual review of tenant management policy and standard operating procedures</p> <p>6. Installation of fraud awareness posters/signage in JOSHCO projects.</p>	<p>assess internal policies during Fraud Risk assessment monitoring.</p> <p>2. The standardised price list for maintenance is being implemented on an ongoing basis.</p> <p>3. The SCM Policy reflects the rotation of suppliers; however, the SCM team is currently inviting the suppliers who never received or done with JOSHCO from the panel.</p> <p>4. Tenant allocations are signed by the EM: Housing Management and the Portfolio manager: Leasing</p> <p>5. The tenant management policy and standard operating procedures have been reviewed and approved by the Board in October 2022.</p> <p>6. The service provider for fraud awareness posters/signage was appointed in July 2022 and</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
10	None	Dilapidation of tenanted buildings	M	M	L	% Spent on maintenance budget	<p>1.1 Maintenance work certified and signed off by portfolio managers.</p> <p>1.2 Implementation of the new comprehensive standardised price list and maintenance model.</p> <p>2. Technical inspection training for Housing supervisors to adequately inspect the work done by contractors.</p> <p>3. Installation of CCTV cameras that will be linked to Security control room to monitor possible vandalism and theft or appointment of security supervisors.</p>	<p>completed installation of signages to all JOSHCO's projects</p> <p>1.1 Maintenance work is being certified and signed off by portfolio managers</p> <p>1.2 The new comprehensive standardised price list and maintenance model are ongoing and being implemented.</p> <p>2. An in-house technical training has been conducted for Housing supervisors on 12 December 2022 to adequately inspect the work done by contractors.</p> <p>3. The service provider has installed CCTV cameras at, Devland, Turfontein and Dobsonville in November 2022. CCTV installed at Devland, Turfontein and Dobsonville has not yet been linked, it is envisaged that the</p>		5/5

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q2	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
								control room it will be fully functional in Q4.		
							4. Appointment of a service provider to undertake a building condition assessment in order to prepare and optimise maintenance forecasts, as well as optimal budget allocation through risk assessment and prioritisation.	4. The service provider for building condition assessment was appointed in the last financial year and they have done building condition assessment and was submitted the report at the end of September 2022, and the report was used for the mid-term budget adjustment review.		

Residual Risk Movement

Below is the summary of the strategic residual risk movement assessed in Q3 JOSHCO for the FY 2022 – FY 2023

Out of 10 risks that were assessed and monitored in Q3, one (1) risk moved from high to very high due to the risk being out of the set appetite and tolerance level, and two (2) risks moved from high to medium due the risks being within the set appetite and tolerance levels, and six (6) remained same as there were no movements due to various reasons, however this is an indication that some of the interventions that were identified are not mitigating or improving the management of the risks and this implies that management needs to identify and implement more robust interventions (Refer to the strategic risk register). For improved management of risk, the risk champion committee was augmented with additional members in order to prioritise risk, compliance and also assist with audit findings.

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the quarter is **(53/53) 100%** against year target of **100%**. Implementation of some of the controls are dependent on the availability of budget, human resources or appointment of service providers. The risk management Department will continue to closely monitor the movement of the risk appetite and tolerance levels in the next quarter. Above is the summary of the Top 10 operational risks assessed in Q3 JOSHCO for the FY 2022 – FY 2023.

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

The Board, Committees and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016 that state “the governing body should lead ethically and effectively”. The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. The Risk and Compliance Department conducted fraud awareness in Dobsonville project and through social media. In September the Risk and Compliance department in partnership with GFIS conducted fraud and corruption sessions in the Supply Chain Management, Finance, Human Resource Management, Housing Management and Housing Development. JOSHCO commemorated the World anti-fraud and corruption day on 09 December 2022 through social media platforms and internal communication.

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 in the city and reports that indicate progress made on the investigations are provided to JOSHCO quarterly. One (1) new case was reported in Q3. The following table provide progress provided by GFIS on open cases.

Table 8: Progress provided by GFIS on open cases.

GFIS_no	Date Registered	Allegation	Status
GFIS-19/12/2020	2020/12/08	Alleged fraud and corruption into issuing of flats units at JOSHCO-by-JOSHCO employee.	In Progress
GFIS-14/05/2021	2021/05/14	Alleged fraud and corruption by senior officials collecting money from companies in order for them to be appointed for upgrade and refurbishment of build environment.	Closed: Unfounded
GFIS-27/09/2021	2021/09/20	Fraudsters posing as agents of JOSHCO or convincing the unsuspecting public that they are JOSHCO employees are taking a sum of money from the public in return for what they term as an "application fee."	In progress
GFIS-12/11/2021	2021/11/02	Moja TV shooting	In progress
GFIS-39/12/2021	2021/12/15	Alleged maladministration with regards to recruitment.	In progress
GFIS-40/01/2022	2022/01/27	Alleged maladministration with regards to recruitment.	In progress
GFIS-5/05/2022	2022/05/04	Alleged corruption, where some entities and individuals are using pseudo names in attempt to commit fraud	In progress
GFIS- 41/08/2022	2022/08/18	Alleged online scam where unknown criminal is impersonating the CEO Johannesburg Social Housing Company (JOSHCO) via email requesting to have their personal WhatsApp numbers of City Officials with subject header Urgent task.	Closed: Undetected
GFIS- 26/09/2022	2022/09/14	Alleged fraud and corruption where there	In progress

		are fraudulent debit orders that are being deducting from JOSHCO Standard bank.	
GFIS- 20/11/2022	2022/11/13	Alleged supply of fraudulent quotations from a contractor.	Closed: Unfounded

SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

Every year, JOSHCO personnel fill out declaration of interest forms to ensure that they are open about their outside business interests and that any close relatives or associates are disclosed to prevent conflicts between JOSHCO and the service providers with whom they would be doing business. (99.8%) of the JOSHCO workforce have finished and submitted their annual declaration as of this writing. The majority of the general personnel who make up the balance are based at the project level. To guarantee that every employee has signed, the HR department has requested assistance from the appropriate head of department.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

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

Table 9: Summary of ICT activities for the quarter

Item	Status
Email Hygiene	Sophos Email Advanced Security Licenses have been purchased, we are currently waiting for SOPHOS to assist with a setup for Domains and Policies for O365 Mailflow
Hardening & Clean-up of the Active Directory (AD)	A User Account Management SOP was developed to guide the process.
Systems Backup & Restore	Backups are running daily, and ICT is now receiving daily backup reports. Data retention has increased after additional Drives were added to supplement the already constrained storage capacity

Systems Availability	Additional power resources (UPS) for switches and Wi-Fi Access Points have been added and the project was completed on 10 March 2023. The Servers and all network resources are now fully accessible during load-shedding. We have also moved the printers to feed off the additional power.
Disaster Recovery	The supply and configuration of Layer 2 Network Line is complete. Synchronization to the DR Site is completed as well and JOSHCO now has a fully operational Disaster Recovery Site
Laptop Refresh	Laptops were delivered in January 2023 and distributed to staff as per the priority list, even though not enough to cover the shortfall, we are planning to procure more in the new Financial Year
Queue Management System	The QMS has been fully implemented at reception. We are currently awaiting a handover report from the service provider and we will continue with maintenance of the system
ICT Policy Awareness	End-User education plays a central role in ensuring Cyber Security, therefore a schedule has been drafted. Awareness posters are being sent to all staff on a weekly basis
Smart Board Room installation	Smart screens, cameras, and speakers are installed – Microphones to be drilled into the tables in the boardroom, currently awaiting Furniture Service Provider to do the work then the project will be 100% complete
Fibre Rollout to JOSHCO Projects	The panel was appointed in December 2022 MTC appointed Sizwe IT Group to carry out the work.
Patch Management	Patches are deployed weekly as and when available. Intune Implemented to manage and monitor the process

Business Continuity Process

JOSHCO has fully implemented a DR Site to ensure Business Continuity and all critical services of the Entity are replicated to the site, and Disaster Recovery Test was conducted on the 11th of January 2023 and was successful. Therefore JOSHCO is able to continue operations in the unfortunate event of a disaster of any form. To ensure JOSHCO remains fully compliant with IT prescripts, testing will be performed every quarter to ensure continuity is guaranteed.

Network Infrastructure

All JOSHCO staff enjoy seamless and uninterrupted network availability through the current network infrastructure. This seamless network availability is aided by installing additional power resources (UPS), which kicks in the moment power to the JOSHCO HQ is interrupted by load-shedding or any power cuts.

All the JOSHCO printers have also been added to the additional power resources and remain functional during load-shedding. Therefore meaning JOSHCO operations are continuous throughout.

JOSHCO Projects

The panel for Internet Service Providers has been appointed and all service level agreements have been signed off. The second phase of the project has begun, we have appointed/renewed the master agreement of JOSHCO and MTC to assist in provision of ICT related services and a distance assessment of the fibre network for all JOSHCO projects has been undertaken and a cost estimate has been established for bringing the open access fibre to the JOSHCO projects.

The third phase of this project will bring fibre to the tenant's units where they will pay a subscription fee and the appointed ISP will give JOSHCO a fee in terms of the revenue shared model. As a pilot project JOSHCO will give 4 projects per service provider to service as an ISP.

Patch Management

To ensure a healthy environment and to reduce risks, JOSHCO ICT has fully implemented Intune, which is a cloud-based endpoint management solution, simplifying app and device management across the many devices which use the JOSHCO Server and Network Environment such as mobile devices, laptops and virtual endpoints.

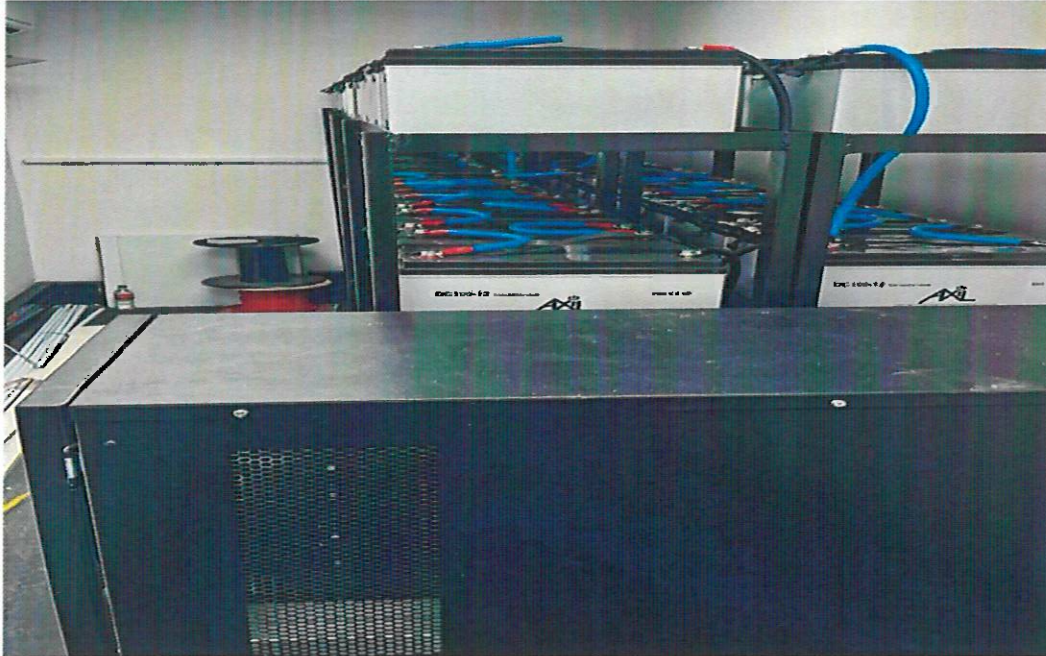
Datacentre Phase 2

The Johannesburg Social Housing Company has a Server Infrastructure with the protection of two Firewalls, namely SOPHOS which controls all traffic in/out of the servers. The JOSHCO IT department can receive notifications should the environmental conditions in the server room change. The 4 priority cell phone numbers loaded directly onto the Axil unit will receive the notification immediately. An access control feature controls who has access to the data center room.

Server Room with Installed Rack and Fire Suppression System



UPS Batteries for powering Servers and Network Switches



Fibre Rollout to JOSHCO Properties

After numerous delays from MTC regarding the appointment of a service provider, Sizwe IT was appointed to commence with the project and Kick-Off for the project took place on Wednesday, 21 March 2023 at Union Square, Bellavista, Citrine Court, and Fleurhof. Works for Union Square are estimated to be completed on Sunday, 26 March 2023. Rollout for Citrine Court and Bellavista will start on Tuesday, 28 March 2023, and the rest of the sites will follow as per the priority list.

The ISPs will also commence with Marketing, sign-ups for subscriptions, and the Last Mile as soon as Legal Has finalized the Grants of Rights. It is anticipated that phase 1 of the project will be completed by 30 June 2023

JOSHCO Secondary Link

To avert any possibilities of network unavailability, a Secondary Network Fibre Link was installed on 24 March 2023 and terminates in the server room to supplement the Primary Link should there be any outage

6.1 Summary of Quarter 4 Plans

1. Completion of the Disaster Recovery project to be fully functional and with the test report to assess its effectiveness.
2. Completion of the digital systems setting up at the JOSHCO Head Office.
3. Introduction of Board Pack system for Board Meetings to assist capacitate the COSEC Office and Board Operations for meetings and record keeping of board operations
4. Full roll out of the ICT Inventory System Introduction of a digital asset register system for the organisation.
5. Introduction of the first two digital functions that within housing management.

SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations, and standards, as well as corporate and regulatory policies and requirements. JOSHCO uses 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. As at the end of the 3rd quarter, a total of twenty-eight (28) Acts and regulations were identified as being applicable to JOSHCO's operations and appear on the Regulatory Universe. This is as opposed to twenty-nine (29) acts in the first quarter. The COVID -19 Occupational Health and Safety Measures in Workplaces Directive has been withdrawn and thus was not assessed in this quarter. It has now been removed from the compliance universe."

Table 1 of annexure A reflects the twenty-eight Acts that were assessed in the third quarter. We have seen 21 acts that have reached 100% compliance while 7 Acts are still not at 100% compliance. The reason for the regression is captured in the table below with proposed actions to remedy the non-compliance. There has been JOSHCO has made significant efforts to ensure that the organisation complies with the Social Housing Act and regulations, in this quarter special attention was given to compliance to remedy our accreditations status with the regulator. While there has been a decline in the compliance, a significant number of those can be remedied in the next quarter. The entity has an action plan that aims to monitor progress in addressing provisions that the entity is still not fully complying on, and this tool is utilised as a constant reminder for Acts owners to implement the recommendations.

The compliance program in the next quarters will focus its efforts on resolving the findings raised by the Auditor General, in relation to compliance with legislation as well as ensuring compliance with the Social Housing Act, as well

as its Regulations. Remedial actions on the legislation that have not reached 100% compliance are provided with progress made by Acts owners in implementation on the below table.

Table 10: Action Plan for the assessed legislation

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
1. Companies Act.	100%	100%	94.4%	The Variance relates to the appointment of the Company Secretary. The position has been Vacant for a period beyond what the act allows. While there has been a person acting in the position, the appointment needs to be finalised in order to comply with the act.	1. Appointment of the Company Secretary to be finalised.	Office of the Company Secretary	Advert for the Company Secretary circulated. Due date for submission of applications on 16 March 2023.	31 May 2023

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
2. Employment Equity Act	100%	100%	71.5%	<ol style="list-style-type: none"> 1. Employment Equity Plan not submitted on required date 2. Salary disparities still have not been resolved 	<ol style="list-style-type: none"> 2. Table EE plan and submit to the Dept of Labour 	EM: Corporate Services		30 April 2023

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
3. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	100%	100%	76.5%	The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management	All Newly appointed executives be enrolled in the program.	EM: Corporate Services	The CEO and EM: Corporate Services have been enrolled. The COO to be enrolled in the Quarter of this FY with the University of Pretoria.	March 2024

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
4. Municipal Finance Management Act.	100%	76.5%	94.2%	The Variances that have been identified relate to the AG's Findings relating to the preparation of the Annual Financial Statement as well as supply-chain Management.	<ol style="list-style-type: none"> 1. Implement web-based Audit Action Plan 2. Establish an internal control checklist for expenditure management. 3. Review compliance Risk Management plan to reflect Audit Findings 	Chief Financial Officer	<ol style="list-style-type: none"> 1. Action Plan developed by Internal Audit. Weekly action plan meetings are held to track progress. 2. The office of the CFO are currently putting together interim Annual financial statements in order to ensure compliance. 3. Internal Audit will conduct a preliminary Audit of the interim AFS for Quality Assurance. 	30 June 2023

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
5. Protection of Personal Information Act, No. 4 of 2013	76.1%	93.0%	93.0%	<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? A personal information Impact assessment has not been conducted. Internal awareness sessions regarding the provisions of the Act, regulations made in terms of the Act, codes of conduct, or information obtained from the Regulator have not been conducted 	<ol style="list-style-type: none"> Service Level Agreements to be amended to include POPIA obligations. The service provider on site to conduct personal information impact assessment Internal awareness sessions to be conducted in the next quarter. A Compliance Risk Management Plan to be reviewed to re-assess the risk of non-compliance. 	Company Secretary	<ol style="list-style-type: none"> JOSHCO applied to the information regulator to process information for lease applications. All lease applications are on hold pending the approval by the regulator. There's been a significant improvement with respect to POPIA, with a move from 76.1% to 93%. 	30 June 2023

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
6. Rental Housing Act, No. 50 of 1999	96.3%	96.3%	93.3%	The variance relates to the subletting of 1. units by tenants without JOSHCO's consent.	<p>1. Occupancy Audit will be conducted quarterly per Portfolio by the appointed service provider. The renewal of leases will also be used to identify subletting cases.</p> <p>2. 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.</p>	EM: Housing Management	<p>1. Occupancy Audit and Tenant Satisfaction surveys conducted in portfolio A. The remaining Portfolios B and C audits will be finalised in the next quarters. The entity has experienced resistant by the Dobsonville tenants when commencing with audit.</p> <p>2. Biometric systems have been installed in 4 of the remaining 15 Projects Installation of Biometric system in 11 remaining projects will be installed by the end of the Financial Year.</p> <p>3. Lease renewals at</p>	30 June 2023

Act Name	Q1	Q2	Q3	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
7. Social Housing Act 16 of 2008 / Regulations	87.0%	87.0%		<p>The Variance relates to:</p> <ol 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: <ol style="list-style-type: none"> the provisions of this Act; the national building regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977); the technical standards imposed by the National Home Builders Registration Council 	<ol style="list-style-type: none"> The National Building Regulations and Building Standards Act be included in the Regulatory universe and assessed for compliance. The change in incorporation from PTY LTD to SOC LTD to be tabled to shareholders for ratification. Once finalised, change will be submitted to SHRA. JOSHCO must engage tenants on issues regarding enforcement of lease agreements. 	EM: Housing Management	<ol style="list-style-type: none"> JOSHCO has submitted all accreditation requirements to SHRA for review of its accreditation status. Compliance is regularly monitored by SHRA. JOSHCO has been converted from PTY LTD to SOC (LTD) 	30 June 2023

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

Total Acts with 100% compliance: 21

Total level of compliance: 96.8% against a target of 95%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

JOSHCO is currently attending to the following litigation issues and matters are still in progress. A total amount of R 6 089 272.34 has been spent on JOSHCO's legal fees on litigation matters thus far.

The litigation matters are at different stages as reflected in the table below.

Table: 11 PENDING LITIGATIONS AND POSSIBLE LIABILITIES

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	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.</p> <p>Progress on civil claim: Attorneys are in the processes of instituting an application to compel JEH Properties to file their discovery papers, to establish which documentation they intend to use as evidence at the trial. A trial date can only be obtained once parties have filed their discovery papers. It is anticipated that a date will be obtained in the fourth quarter.</p> <p>Progress on SIU investigation: The SIU launched an investigation on allegations of fraud against the seller and conveyancing attorneys. There has unfortunately been a slow rate of progress due to limited information around the sale of the property. There have also been challenges with contacting the relevant investigator from the SIU however, efforts are being made to secure a meeting with the SIU to discuss progress on the criminal charges to be laid against the seller and conveyancing attorney.</p>	The matter is ongoing	<p>Expenditure to date: R36 825.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p>

2.	SKN Consulting // JOSHCO - 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 project. 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 were requested to provide advice on JOSHCO's merits of success in the matter given the slow pace at which the matter is moving. The attorneys advised that the matter is worth pursuing, and a consultation will be held with the attorneys in April to prepare for arbitration.</p>	The matter is ongoing.	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages</p>
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
3.	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.</p> <p>The applications were unsuccessful. The five demolition orders were executed on the 9th of November 2022.</p> <p>Progress: Attorneys are currently working towards obtaining demolition orders for the remaining structures, so that occupation certificates can be obtained. It is anticipated that the remaining orders will be obtained before the end of the financial year.</p>	The matter is ongoing. Five demolition orders were executed on 09 November 2022.	<p>Expenditure to date: R 457 638.79 spent on legal fees.</p>

4.	Various evictions and recovery of outstanding rental.	Various	<p>The total number of matters handed over for evictions and recovery of arrear rent is 240. While our attorneys endeavour to reach settlement agreements with tenants, this remains a challenge as the payment proposals received from tenants are mostly unreasonable.</p> <p>Progress: There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. JOSHCO is currently awaiting dates from sheriffs for dates of executing the orders.</p>	Matters are ongoing.	Expenditure to date: R 4 868 952.25 spent on legal fees.
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
5.	<p>Esor Construction (Pty) Ltd // JOSHCO</p> <ul style="list-style-type: none"> - Claim for unpaid invoices for work done on the Casa-Mia Project. 	Kgokong Nameng Tumagole Inc. Attorneys	<p>Esor Construction (Pty) Ltd instituted a claim against JOSHCO for work done on the Casa Mia refurbishment project. The claim was for an amount of R 4 019 239.39 (four million and nineteen thousand, two hundred and thirty-nine rands and thirty-nine cents). JOSHCO settled the capital amount in full.</p> <p>Progress: JOSHCO is currently considering a settlement proposal from Esor Construction regarding interest and legal costs. The matter is anticipated to be finalised and closed in the fourth quarter.</p>	<p>The matter can only be declared finalised once parties have reached agreement on legal costs and interest.</p>	<p>R 166 525.40 spent on JOSHCO's legal fees.</p> <p>Esor Construction claim paid: R 4 019 239.39</p>
6.		Madiba Motsai			

	<p>Murray and Dickson (Pty) Ltd ("the contractor") instituted a claim of R3 796 456.85 (three million, seven hundred and ninety-six thousand, four hundred and fifty-six rands and eighty-five cents) against JOSHCO for work done on the Dobsonville project.</p> <p>Progress: JOSHCO has paid the above amount in full and JOSHCO's attorneys addressed correspondence to Murray and Dickson's attorneys, requesting that they attend to withdraw the pending action proceedings against JOSHCO in light of the settled claim.</p>	Masitenyane & Githiri Attorneys Inc.	<p>Murray and Dickson (Pty) Ltd ("the contractor") instituted a claim of R3 796 456.85 (three million, seven hundred and ninety-six thousand, four hundred and fifty-six rands and eighty-five cents) against JOSHCO for work done on the Dobsonville project.</p> <p>Progress: JOSHCO has paid the above amount in full and JOSHCO's attorneys addressed correspondence to Murray and Dickson's attorneys, requesting that they attend to withdraw the pending action proceedings against JOSHCO in light of the settled claim.</p>	It is anticipated that the matter will be finalised in the fourth quarter.	JOSHCO has paid the full amount claimed by the contractor.
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
7.	<p>Shadow Holdings (Pty) Ltd and 4 others // M-TECH Construction (Pty) Ltd, JOSHCO and 4 others</p> <p>- Application for court interdict (Princess Plots Project)</p>	Padi Attorneys	<p>Interdict application brought by Shadow Holdings (Pty) Ltd and three other companies, against M-Tech Construction, JOSHCO, ENZA Construction, the City and the Department of Human Settlements. The applicants are subcontractors on JOSHCO's Princess Plots project and have applied to court to have the contract between ENZA Construction and M-Tech Construction set aside, alleging that the contract does not comply with the laws of South Africa on BBBEE requirements. They have further applied for an order compelling ENZA Construction and M-Tech Construction to provide information relating to the procurement process that was followed when ENZA Construction appointed M-Tech Construction as a subcontractor on the project. The applicants have also alleged that JOSHCO and ENZA Construction failed to pay the applicants for work done on the project and have also applied for an interdict to prevent further construction work on the project and further appointments of new subcontractors until the court matter is finalised. Attorneys were appointed to oppose the application.</p> <p>Shortly after filing opposing papers, JOSHCO's attorneys received a notice from the attorneys that were representing Shadow Holdings</p>	The matter is ongoing.	Expenditure to date: R 146 181.25 spent on legal fees.

			and the three other applicants, in terms of which they were withdrawing as attorneys of record. There has been no further movement on the matter since then. The matter is not likely to go for hearing however, no formal notice of withdrawal of the matter has been received from the applicants. Progress: There has been no change in the above matter since the last report.		
8.	Social Housing Movement and 5 others // JOSHCO and 3 others (New matter in Q3)	ENSAfrica	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.	The matter is ongoing.	Expenditure to date: R152 920.68
9.	Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others (New matter in Q3)	ENSAfrica	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	The matter is ongoing	No invoices received in the third quarter

				accommodation. Attorneys have been appointed to oppose the matter.			
10.	JOSHCO //QuickProp Systems (Pty) Ltd (New matter in Q3)	Mncedisi Ndlovu & Sedumedi Attorneys		Court application instituted by JOSHCO against QuickProp Systems (Pty) Ltd. QuickProp Systems (Pty) 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, on the basis of misrepresentation by QuickProp Systems (Pty) Ltd in their bid submission for the appointment.	The matter is ongoing	No invoices received in the third quarter	

SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

The City of Johannesburg has an umbrella insurance cover for all city departments and entities. The insurance covers all City properties inclusive of furniture and fittings which is described as non-motor and motor fleet insurance as well. Several claims related to property damage of the JOSHCO managed stock have been lodged with Insurer in the 2021/2022 and the current financial year. **R324 250,00** insurance pay out was processed in Q3.

The following table depicts the insurance claims status as detailed:

Legend

Legend	Explanation
	Claims repudiated.
	Claim pending payment, not yet paid
	New claims
	Payment received.

Table 12: CLAIMS

1. Insured Year	2. ADRS Claim no	3. Date of Loss	4. Policy Type Description	5. Details of incident	6. Status/Comments	7. Amounts Paid to JOSHCO
8. 2021	9. ADRS000006952	10. 29/03/2021	11. Asset All Risk	12. Laptop theft	13. Awaiting proof of forcible and violent entry from claimant	14. Payment not received
15. 2021	16. ADRS000007768	17. 02/10/2021	18. Asset All Risk	19. Fleurhof hailstorm damage	20. Awaiting completed claim form and invoice from Ronald	21. Payment not received

1. Insured Year	2. ADRS Claim no	3. Date of Loss	4. Policy Type Description	5. Details of incident	6. Status/Comments	7. Amounts Paid to JOSHCO
22. 2021	23. ADRS00007962	24. 24/10/2021	25. Asset All Risk	26. Laptop damage	27. Awaiting proof of forcible and violent entry from claimant	28. Payment not received
29. 2021	30. ADRS00008685	31. 17/12/2021	32. Third party liability	33. Third party vehicle damaged by gate – Tshedzani	34. Corresponding with third party	35. Payment not received
36. 2021	37. ADRS00008771	38. 26/10/2021	39. Asset All Risk	40. Stolen Laptop	41. Awaiting proof of forcible and violent entry from claimant	43. Payment not received
44. 2022	45. ADRS00009956	46. 11/08/2022	47. Employee Practice Liability	48. Unfair Labour practice – SAMU OBO member	49. A representative has been appointed.	50. Payment not received
51. 2022	52. ADRS00010111	53. 28/08/2022	54. Asset All Risk	55. Citrine Court fire damage	56. Settled, File Closed	57. Payment made 58. R 318 500
59. 2022	60. ADRS00010483	61. 24/10/2022	62. Third party liability	63. Summons/Hoek street	64. Attorneys are handling the case	65. Payment not received
66. 2022	67. ADRS00010451	68. 28/10/2022	69. Asset All Risk	70. Laptop damage	71. Awaiting Claim documents from client	72. Payment not received
73. 2022	74. ADRS00010369	75. 10/09/2022	76. Third party liability	77. Third party vehicle damaged by gate – Fleurhof Riverside – Phase 2	78. Settled, File Closed	79. Payment made 80. R5 750
81. 2022	82. ADRS00010353	83. 23/08/2022	84. Employee Practice Liability	85. Request for conciliation	86. A representative has been appointed.	87. Payment not received

1. Insured Year	2. ADRS Claim no	3. Date of Loss	4. Policy Type Description	5. Details of incident	6. Status/Comments	7. Amounts Paid to JOSHCO
88. 2022	89. ADRS00010465	90. 29/09/2022	91. Third party liability	92. Letter of demand	93. A representative has been appointed.	94. Payment not received
95. Total Paid		96.				
						97. R324 250.00

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

The following are highlights of the quarter.

- The entity held a successful Regional Open Day at region D on the 1st February 2023. This initiative was aimed at sharing information about the JOSHCO application process. The turnout was good, and this initiative proved to be a much-needed initiative to improve customer services.
- The entity also held a back-to-school drive by donating over 150 school shoes to children in need. This social responsibility initiative was led by MMC for Human Settlements, alongside JOSHCO Executives.
- On 22nd March 2023, the MMC alongside the Regional Directors, Ward Councilors and the Executive of JOSHCO led a successful site walkabout which was held in two projects. This initiative was a needed mitigation plan in assessing the readiness of the projects to ensure that the City's residents' accommodation needs are addressed promptly.

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.

- 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.

7809% above budget (R54,1 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. The entity will submit a request for reversal to the City

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

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

Table 13: Strategic Objectives Alignment with City IDP Outcomes and Strategic Priorities

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

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Reclaim public spaces • Combat illegal immigration 	5. An inclusive city	<ul style="list-style-type: none"> • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) • To become a customer-centric company 	<ul style="list-style-type: none"> • Large scale delivery of social housing and affordable housing units across the city • Development of student accommodation precinct • Preserved and well-maintained buildings that meet acceptable living conditions
<ul style="list-style-type: none"> • Governance in the interest of people and reduction in corruption • Institutional reconfiguration • Affordable services and tariffs 	6. A well-run city	<ul style="list-style-type: none"> • Become a financially sustainable entity • Strengthen governance and compliance • Become a customer-centric company 	<ul style="list-style-type: none"> • A solvent company by end of 2024/25 FY • Improved revenue collection • Diversification of revenue stream (student accommodation, outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion • Sound reputation in terms of payment of suppliers within 30 days
			<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
			<ul style="list-style-type: none"> • A high-performance culture – reflected in an engaged, motivated and performance-oriented workforce
			<ul style="list-style-type: none"> • Accurate and reliable performance information

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			<ul style="list-style-type: none"> • Good governance and compliance improved, via: <ul style="list-style-type: none"> ○ Fraud prevention plan and strategy, fraud awareness and fraud risk management ○ Comprehensive risk and compliance programme and awareness ○ Robust internal control environment • Legislative compliance
<ul style="list-style-type: none"> • Initiatives that transition the City to a smart city 	7. A Smart City	<ul style="list-style-type: none"> • To maintain quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> • Social housing projects that are smart and environmentally friendly, through design (including alternative energy solutions and rainwater harvesting) • Smart electricity metering system in all properties • Rooftop gardens in all suitable building to increase food security for the tenants while contributing to smart city
		<ul style="list-style-type: none"> • Become a customer-centric company 	<ul style="list-style-type: none"> • Improved application and leasing processes, supported by fully operational JOSCHO App • Seamless business continuity supported by effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

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

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

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

JOSHCO reports on performance against seven pre-determined targets for Service Level Standards. The entity has managed to achieve all seven standards in the quarter under review. The agreed service standards with the city cover the following:

Core Service	Service Level Standard Target	January 2023	February 2023	March 2023	Q3	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	99,16%	98,2%	99%	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	0/0	0/0	0/0	Not due for reporting	None	None
4. Application of rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	2 days	1 day	1 day	None	None
5. Application of rental housing	Outcome of the application communicated within 10 working days	2 days	1 day	2 days	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	1 day	1 day	2 days	1 day	None	None
-----------------------------	--	-------	-------	--------	-------	------	------

- 98% accurate bills for all active customers
- 96% of maintenance request attended to within 14 working days
- Routine building maintenance once per year and as required
- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 10 working days
- Acknowledgement and response within 24 hours of complaint being logged and
- Resolution within 5 working days of logged call.

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

Table 14: Service Level Standard Performance as at 31 March 2023.

4.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

4.1.1. MAINTENANCE

For the quarter under review, Housing Management has completed a total number of jobs at 788 reported maintenance job at the overall cost of R6 711 681.88 for quarter two (2) and cost per unit estimated at R1800 as per the revised new price list and the below costs are inclusive of the planned maintenance upgrades such as repairing of the children playgrounds, painting of the project, DSTV connection upgrades, meter installation, security upgrades and fire compliance activities. This amount is an indication of JOSHCO following a planned maintenance programme which is aligned to SHRA standards and norms requires a bigger budget to ensure that our buildings are always complying.

PORTFOLIO A	PORTFOLIO C	PORTFOLIO B
1 803 804 .42	3 605 585,94	1 302 291,91

4.1.2. Planned (Routine) Maintenance

PORTFOLIO A	PORTFOLIO B	PORTFOLIO C
2 845 009,84	0	0

UNPLANNED MAINTENANCE PER PORTFOLIO AND COLLECTION RATE

The properties that are reported in these portfolios are the properties within JOSHCO's books. Housing Management has re-arranged the Portfolios to align to the Board resolution on the 14th of July 2022. There is a proposal to remove City referral stocks from JOSHCO books. The properties that are reported in this report of portfolios are the properties which exclude City Referral stock. Reasons for excluding City Referral stock from this report are covered in a comprehensive report which has been drafted to explain why City referral stock has an adverse effect of JOSHCO performance generally.

TABLE PORTFOLIO A

PORTFOLIO A	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 working Days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
AA House	49	15	18	82	79	3	96,34%	85%
Europa House	36	13	8	57	56	0	100 %	77%
Devland	23	13	61	97	94	3	96,91%	69%
African Diamond	10	3	5	18	18	1	100%	70%
Raschers	26	13	17	56	55	3	98,21%	57%
Hoek Street	25	2	10	37	34	1	91,89%	65%
La Rosabel	8	4	4	16	16	0	100%	
Textile Building	13	8	39	60	59	1	98.33%	57%
Union Square	23	24	13	60	59	1	98.33%	84%
TOTALS	213	95	175	483	470	13	97.31%	70.50%

TABLE PORTFOLIO B

PORTFOLIO B	MAINTENANCE CATEGORIES	Turnaround Time: Target: 96% within 14 working Days
----------------	------------------------	--

Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Bellavista Infill	1	0	8	9	9	0	100%	92%
Bellavista Citrine Court	7	2	12	21	21	0	100%	78%
Kliptown Square	20	3	12	35	35	0	100%	28
Kliptown Golf Course	14	1	10	25	25	0	100 %	29
Phoenix House	5	0	10	15	15	0	100%	94%
Turfontein	14	10	26	50	50	0	100%	66%
Orlando Ekhaya	17	3	7	27	27	0	100%	52%
TOTALS	78	19	85	182	182	0	100 %	59%

TABLE PORTFOLIO C

PORTFOLIO C	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 working Days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Dobsonville	17	6	16	39	39	0	100%	69%
Fleurhof Junction	17	5	23	45	45	0	100%	65%
Fleurhof Riverside	10	0	1	11	11	0	100%	54%
Pennyville Rooms	8	1	3	12	12	0	100%	20%
Pennyville Flats	6	0	1	7	7	0	100%	
Roodepoort	33	3	10	46	45	1	97,8%	47%

TOTALS	91	15	54	160	159	1	99,6%	51 %
--------	----	----	----	-----	-----	---	-------	------

The overall JOSHCO portfolio collection rate is at 60.87%

Plumbing work is 356 which is equals to 82,92% of the total work for quarter 3

Electrical work is 101 which is equals to 4,6 % of the total work for quarter 3

General repairs is 230 which is equals to 10,45 % % of the total work for quarter 3

4.1.3 PLANNED (PROACTIVE) MAINTENANCE

The is a short-term maintenance plan that is usually developed post budget approval and we identify critical projects where we do a major upgrade, this quarter the following planned maintenance initiatives were undertaken based on the available budget:

Turffontein – there was an installation of security buglers doors and windows

Dobsonville- there is a molding challenge in all the units was addressed and there was an installation of airbricks.

The dstv connection line that was promised to the tenants at inception was rectified and encroachments that was on the projects were addressed and a new boundary wall was erected, and this will assist in finalizing the outstanding OC matter.

4.2 CUSTOMER CARE UNIT AND FACILITIES MANAGEMENT

The Customer Service Unit currently comprises two subsections:

Call Centre

Facilities Management

The table below details the queries administered by the call Centre over the quarter.

Table 15: Queries Administered

Department	January	February	March	3rd Quarter Totals
Housing Leasing	174	77	28	279
Housing Other	22	7	20	49

Marketing And Comms	1	0	0	1
Legal	0	0	0	0
Revenue	3	0	0	3
Supply Chain	0	1	1	2
Development	0	0	0	0
Health & Safety	0	0	0	0
Finance	1	0	0	1
Community Development	0	0	0	0
Maintenance	0	1	0	1
Walk ins	0	0	0	0
HR	3	0	0	3
Other				0
Total Email Queries	204	86	49	339
WhatsApp	4 198	5 057	3 446	12 701
Hello Peter	0	0	0	0
Total Queries	4 402	5 143	3 495	13 040

Email Queries:

Most email queries are responded to within the 5-day SLS turnaround time. Over the past quarter, we have received a total of 339 emailed queries/ complaints of which 1 was not resolved within the SLS agreement of five (5) working days, which further translates to a 98% response efficiency rate.

Referred matters:

On receipt of an email there is an immediate response sent out by means of an automated email that acknowledges receipt of the query/ complaint. A call centre agent then addresses the specific query/ complaint within an average 24 hours in most cases unless it is a weekend, public holiday or the system is offline. Only when the Call centre agent is unable to resolve the matter directly, is it referred to the relevant department.

Matters which are referred to the departments for resolution are sent to various people at different stages until it is resolved, i.e., it started with either the credit control/ housing supervisor and is escalated daily until it is resolved. The last point of referral at JOSHCO is the CEO.

The department is reminded daily to respond to the query.

4.2.1. Telephonic Queries

Telephonic				
Month	January Calls	February Calls	March Calls	3rd Quarter Total
Answered/ Serviced	1642	1851	1101	4594

4.2.2. Concerns

Similar to the previous quarter, the majority of queries emanated from the Leasing Department. This is due to matters which remain unresolved from previous months, which pertain to clients awaiting accommodation, and as such follow up monthly.

4.2.3. Reports of Fraud and Corruption

Allegations of fraud and corruption remain a big concern. The scams have become very much a duplicate of JOSHCO's marketing style making it difficult for the public to detect these as scams. Despite awareness campaigns and all measures to inform unsuspecting people, many still fall prey to such.

SECTION 5. ANALYSIS OF OCCUPANCY LEVELS PER PROJECT RESIDENCIAL TENANCY

A full analysis of occupancy levels is provided in the table below shows occupancy levels against SHRA required target of 98%. The core function of Housing Management department is to ensure that vacancies within the buildings are well managed and allocated within time.

Table 16: OCCUPANCY LEVELS PER PROJECT

Project Name	Units No.	Vacancy	Occupancy	Occupancy Level
AA House	252	2	250	99,2
African Diamond	61	12	49	75,51
Bellavista Infill	36	1	35	97,22
Citrine Court	79	5	74	93,67
City Deep New	329	2	327	99,39

Devland	255	1	254	99,61
Dobsonville	502	3	499	99,40
Europa House	167	2	165	98,80
Fleurhof Ph. 1	452	7	445	98,45
Fleurhof Ph. 2	252	2	250	99,21
Hoek Street	265	5	260	98,11
Kliptown Golf C	936	7	929	99,25
Kliptown Square	478	2	476	99,58
La Rosabel	50	0	50	100,00
Orlando Ekhasa 2	190	4	186	97,89
Pennyville (Flats)	198	4	194	97,98
Pennyville Rooms	564	1	563	99,82
Phoenix House	135	3	132	97,78
Rashers' Building	95	0	95	100,00
Roodepoort	432	4	428	99,07
Textile Building	162	15	147	90,74
Turffontein	525	0	525	100,00
Union Square	341	1	340	99,71
TOTAL	6756	83	6673	98,77

5.2 COMMERCIAL TENANCY

Joshco has 53 commercial spaces that are rentable. The total vacancy is 11 Shop spaces and 2 Advertisements sites. The total Occupancy rate is 79,24 % and collection rate is 96 %.

Table 17: Commercial Occupancy

DETAILED COMMERCIAL SECTOR 2022/23			
Unit No	Code	Tenant Name	Occupancy Status
283	16 Wolmarans (283)		
Shop 01	15383	AFRO Bangal General Trading	Occupied
Shop 02 & 03	15381 & 15380	Batagi Trading & Shaibal Barua	Occupied
Shop 04		Students TV Room	Student Accommodation
Shop 05	15379	Reserved for clinic	Vacant
298	23 Kerk Street (298)		

Shop 1		Denco Trading	Occupied
Shop 2	18237	Vacant	Vacant
Shop 3	18241	Vacant	vacant
299	25 Kerk Street (299)		
Shop 1 & 2	18249	Noapara General Trading CC	Occupied
Shop 3	18248	Nokulunga Evidence Motha	Occupied
Shop 4	18247	Adesuwa Business Enterprise	Occupied
Shop 5	18246	Ogbonna Chidube Benson	Occupied
Shop 6	18245	Amalgamated Grace IT CC	Occupied
Shop 7	18244	Mpoi Monnecia Molapo	Occupied
Shop 8	18243	Vacant	Vacant
260	AA House (260)		
01	14488	Zonke Bonke Fashion cc	Occupied
02	14489	One Point Trading CC	Occupied
03	14490	NC Dentons Wholesales (Pty) Ltd T/A Dentons	Occupied
04	14491	NC Dentons Wholesales (Pty) Lyd T/A Dentons	Occupied
05	14492	Asseffa Import Export and Trading CC	Occupied
06	14493	Joellen Investments (Pty) Ltd	Occupied
07	14497	Asseffa Import Export and Trading CC	Occupied
08	14494	Nishatih General Trading cc	Occupied
09	14495	Shanah Malothi General Trading cc	Occupied
10	14498	Zonke Bonke Fashion Clos Corporation	Occupied
11	14496	Locoflash Trading cc	Occupied
294	Booyens Place (294)		(Under Construction)
Office 22	18252	DT Measurement	Occupied
Shop 102	18014	SA Wholesalers	Occupied
Shop 104	18016	Hyper Paint	Occupied
Shop 105	18018	Indian Classic Foods (Pty) Ltd	Occupied
Shop 106	18019	DSN Bearings & Suppliers	Occupied
Shop 107	18015	Lesley's Pharmacy	Occupied
Shop 109	18012	Chesa Nyama	Occupied

Shop 110	18017	Vacant	Vacant
Shop 112	18089	Ebandleni Supplies CC	Occupied
295	NBS (295)		(Under Construction)
Shop 1	18040	OK Furniture	Vacant
Shop 2	18043	Ms Angela Jena	Occupied
Shop 3	18044	Pepkor	Occupied
Shop 4			Vacant
Shop 5			Vacant
Shop 6	18051	Wireless Buiness Solutions - (T/A Broadlink)	Vacant
269	Raschers (269)		
Shop 1	18021	M & B Hair Salon	Occupied
Shop 2		Vacant	Vacant
Shop 3		Vacant	Vacant
Shop 4	18039	Thomas Donkor Trading Enterprise CC	Occupied
282	Union Square (282)		
Shop 1	15255	Manuel Sardinha De Ponte E Sousa	Occupied
Shop 2	15248	Woldgebrael Trading (PTY) Ltd	Occupied
Shop 3	15249	Standley Hilton Berger	Occupied
Shop 5	15256	The Sattian Traders cc	Occupied
Shop 7	15250	Bashir Ahmed Seedat t/a Trust Cosmetics	Occupied
Shop 8	15251	Dr M.S Mohamed	Occupied
Shop 9	15252	Tumudi	Occupied
Shop 10	22255	Incavix	Occupied
	Phoenix House		
Shop 1		Sisters Spaza shop	Occupied

DETAILED SITE ADVERT SECTOR 2022/23

Property	Occupancy Status	Lessee
Union Square	Percipient Media CC	Occupied
African Diamond	Taken not yet contracted	Vacant
Phoenix	Taken not yet contracted	Occupied
Pennyville	Vacant	Vacant
16 Wolmaransstad	Taken by Services Provider	Occupied

SECTION 6. JOB CREATION AND SMME EXPENDITURE

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

Table 18: Projects that contributed to the KPI: SMME expenditure

PROJECT	CONSTRUCTION EXPENDITURE	SMME EXPENDITURE	% SPENT
Nancefield	10 114 225,50	300 000	3%
Temi	1 600 000,00	685 000	42%
Devland	6 747 125,68	923 856	14%
TOTAL	18 461 351,18	R 1 908 856	10%

10% of SMME expenditure was recorded this quarter. It must be noted that there has been a reduction of SMME activity as Contractors are unable to pay SMME due to Non-Payment by JOSHCO. The reduction in activities has resulted in the entity being unable to achieve this KPI.

Expanded Public Works Program

The EPWP is a strategic government programme to alleviate unemployment and increase economic growth. It is also assisted with skills development and training. The entity has managed to create 271 jobs in the third quarter resulting in a cumulative number of 802 jobs for the year.

EPWP opportunities were created for workers that provide services of administration, cleaning, and gardening at the following projects

Table 19: EPWP participants for the quarter

EPWP PARTICIPANTS

	Services	Jan	Feb	Mar	Total
Head Office					

Leasing – Head Office	Administrators	05	0	0	05
Leasing – Inner-city Projects	Administrators	0	0	14	14
IT	Administrators	0	0	0	00
HR	Administrators	03	01	0	04
Housing Management	Administrators	0	0	01	01
Marketing	Administrators	0	01	01	02
Revenue	Administrators	01	05	0	06
Supply Chain	Administrators	07	02	0	09
Customer Services	Cleaning	03	04	0	07
Community Development	Administrators	0	09	0	09
Security	Security	01	0	0	01
Legal	Administrator	0	0	0	00
Stakeholder	Administrator	0	01	0	01
Operations	Officer	0	03	0	03
Finance	Administrator	01	0	03	04
Total Jobs		21	30	19	70
Projects					
Cleaning & Gardening					
AA House	Cleaning	0	08	0	08
African Diamond	Cleaning	05	0	10	15
Albert	Cleaning	0	08	01	09
Anthea	Cleaning	0	0	05	05
Bellavista	Cleaning	0	0	08	08
Bokamoso	Cleaning	10	01	0	11
Bothlabela	Cleaning	0	0	11	11
Casamia	Cleaning	0	02	0	02
Chelsea	Cleaning	0	0	03	03
Devland	Cleaning	0	0	0	0
Europa	Cleaning	06	0	0	06
Fleurhof Junction	Cleaning	08	0	0	08
Fraser House	Cleaning	0	0	17	17
Hoekstreet	Cleaning	05	0	09	14
Jeppestown	Cleaning	0	08	0	08

Klipspruit Hostel	Cleaning	0	10	0	10
Larosabel	Cleaning	0	0	05	05
Orlando Ekhaya	Cleaning	0	0	07	07
Phoenix	Cleaning	0	0	07	07
Raschers	Cleaning	0	0	08	08
Textile	Cleaning	0	0	05	05
Turffontein	Cleaning	11	0	03	60
Union Square	Cleaning	12	0	11	60
Total Jobs		57	37	107	201

Business Process Reengineering Progress

JOSHCO commenced with a Business Process Improvement Programme (BIP) from the 3rd quarter 2021/22 aiming at improving the organisational core performance indicators. The programme will, by using methodologies analyse the JOSHCO procedures in order to identify areas where JOSHCO can improve accuracy, effectiveness and/or efficiency and then redesign those processes to realise the improvements.

During the second quarter the BIP team concluded mapping out the “As-Is” process flows for all departments and begun focusing on further analysing business processes from a lean perspective in order to move towards the desired future state. This requires an in-depth understanding of the processes, the constraints, risks, non-value adding and wasteful activities, issues, and frustrations.

The team has identified the root cause of several challenges and have provided viable recommendations or potential solutions. These include the use of system automation and information technology solutions already existing within the Microsoft Office 365 suite of which JOSHCO has licenses. The productivity tools such as Planner, Lists, Teams, SharePoint, Power Automate, Power Apps and Power BI are already available to employees and need only be optimally utilised, through training or experimentation learning.

Digital transformation is essential in moving forward and replacing manual, paper-driven processes with optimised IT-system driven processes. With the introduction and integration of Business Intelligence tools into these processes the creation of dashboard and other reporting instruments will allow managers to better

monitor their department's performance and allow for appropriate, timeous decision making. Research has commenced on the potential of implementing an electronic document management and digital signing software in the near future.

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organization's 2022–2023 FY business plan includes 27 key performance indicators and targets. 16 of the 23 KPIs that were due for reporting during the quarter were achieved. This translates to a performance of 70% for the quarter under review, which is an increase from the 43.7% reported for Q3 of 21/22 FY.

Performance Targets		Targets
Total Annual Targets		27
Applicable targets in Q3		23
Targets achieved		16
Targets not achieved		7
Not due for reporting		4

Legend:

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

Table 20: Performance against Predetermined Objectives as at 31 March 2023

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
Financial Stability	Current Ratio	Current ratio 1:1	1:1	0.69	-0.31	<p>The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility costs. The entity doesn't generate sufficient income to cover its operating expenses.</p> <p>The entity's recently approved 5-year strategy document to improve the entity's financial sustainability is currently being implementation as follows:</p> <ul style="list-style-type: none"> • Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is derailed due to halting of work on behalf of the Department of Human Settlements because of the high outstanding balance due to the entity. During March 2023 a new relationship was formed with the CoJ Department of Transport to undertake projects on their behalf. Proposal of an increase in the management fee charge from up to 7% to up to 10% from the 2023/24 financial year. • Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. • Outdoor advertising – adverts are placed on the structures.
	Solvency Ratio	Solvency Ratio 1:1	1:1	0.71	-0.29	
	Cost coverage Ratio	50 days cost coverage	50 days	-449 days	-499 days	
						<ul style="list-style-type: none"> ○ Non-performance is due to low cash balances and an overdraft due to settlement of suppliers prior to receiving claims from the departments we are executing projects on behalf. ○ The highest outstanding balance from the entities we are executing projects on behalf is from the Department of Human Settlements. The matter of the outstanding balance with Human Settlements is being resolved by the ED, COO, CFO and project managers from both the department and entity. ○ Project Managers have been employed in the Office of the COO to support the work undertaken on behalf of the CoJ departments. These project managers will also be responsible to follow up on payments due to Joshco and resolve any disputes from the invoices. ○ Regular engagements have resumed with CoJ departments to follow up on outstanding invoices. Finance department working with the office of the COO's

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
						office to ensure timeous submission of invoices to departments we are executing projects on behalf.
	Remuneration to OPEX expenditure	Remuneration to Opex expenditure of less than 40%	Remuneration to Opex expenditure of less than 40%	30%	+10%	Target Achieved
	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	60%*	-20%	<p>The rental collection is low due to:</p> <p>Low rental collection across all projects. JOSCHO previously did not distinguish between City Owned stock and SHRA funded stock. From the City Owned stock that JOSCHO is managing on behalf of housing it has former staff hostels, temporary emergency accommodation and COVID 19 displacement accommodation. The dynamics of this stock affects our collection levels.</p> <p>Mitigation</p> <ul style="list-style-type: none"> There has been a process undertaken to remove all the City Owned Public Stock from JOSCHO's books back to COJ Housing and this is in line with the Shareholder resolution. The properties that JOSCHO will be managing on behalf of the City will not form part of SHRA funded portfolio or reporting. The rental collection and day to day management budget will be on the account of the Department of Housing. To improve on collection, the JOSCHO Executive Committee has taken a decision to streamline all property management functions under the Housing Management department. The process is finalized through the organizational design process. To deal with the long outstanding debt, Management has sourced an additional 4 service providers who will do debt collection on our behalf from the city. Therefore, each portfolio will have a debt collector who will focus on debt on that respective portfolio and the payment to the debt collector is performance driven, they will only claim for payment once they have assisted in recovery the monies owed at a percentage.

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
						<ul style="list-style-type: none"> JOSCHO will now send bulk SMS's to encourage payment arrangements, collection of the monthly statements at the site offices or getting the statements emailed to them. The numerous discount vouchers available per our policy will continue to be offered to tenants. The tenant engagement programme is currently being implemented to deal with all tenant matters to encourage rent payment.
	% Spent on operating budget against approved operating budget	100% Spent on operating budget approved operating budget	75%	138%	+63%	<ul style="list-style-type: none"> Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates take mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken. Utilities – Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.
	% Reduction in unauthorized, irregular fruitless and (UJFW) expenditure incurred	50%	20%	-3%	-23%	Additional UJFW instances were recorded in the quarter under review and the UJFW balance as at 30 June 2022 has not yet been condoned by Council. The challenge with not reducing the UJFW is that all instances must be processed by MPAC for recommendation to Council for condonation. Internal audit has investigated 77% of UJFW as at 30 June 2022, however these have not been processed by MPAC as yet. Investigations for new instances are in progress and will be submitted to MPAC for processing once finalised.
	Number of jobs created for the unemployed through EPWP programmes	700 Jobs	500 jobs created	802	+302	Target achieved
Economic Development	% Of construction capex spent on SMME	30% of construction capex spent on SMMEs	30% of construction capex spent on SMMEs	32,7%	+2.7%	Target Achieved
	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	51%	-49%	Underperformance was a result of insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
Social Housing Development		of invoice receipt	of invoice receipt			
	No. of social housing units developed	521 social housing units developed	-	-		KPI is not due for reporting.
	No. of social housing units completed	895 social housing units completed	-	781		KPI is not due for reporting.
	%CAPEX budget spent	100% CAPEX budget spent	75% CAPEX budget spent	76%	+1%	Target Achieved
Property management	% Occupancy rate	98% occupancy rate	98% occupancy rate	98.77%	+0.77	Target Achieved
	Number of properties received major maintenance upgrade	2 properties received major maintenance upgrade	2 Property	2 property		Target Achieved
	Number of properties installed with prepaid electricity meters	3 Properties	2 Property	3 property		Target Achieved
	Number of properties installed with WIFI	4 Properties	3 Properties	3 Properties		Target Achieved
Safe and Security	Number of reported incidents per project per quarter	Less than 3 reported incidents per project per quarter	Less than 3 reported incidents per project	2 reported incidents		Target Achieved
Adherence to Corporate	Unqualified audit opinion	Unqualified audit opinion	-			Pending 2022/23 audit opinion

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
Governance Principles	% Compliance to laws and regulation	95% compliance to laws and regulation	95%	95.8%	+1.2%	Target Achieved
	% Implementation of the strategic risk management action plan	100% Implementation of the strategic risk management action plan	100%	100%		Target Achieved
Corporate governance	% Resolution of internal audit findings	100% resolution of Internal Audit findings	70%	90%	+20%	Target Achieved
	% Resolution of AG audit findings	100% resolution of AG findings	50%	50%		Target Achieved
Customer Centric	% Employee vacancy rate	5% employee vacancy rate	5% employee vacancy rate	9.8%	-4.2%	The moratorium placed end December 2022 has affected the pace of recruitment. This has resulted in no onboarding in Q3. Two motivations have been written to the City Manager to request permission to recruit and we await confirmation on the second motivation.
	% Employee satisfaction rating	70% employee satisfaction rating	-	72%		Not due for reporting
	% Customer satisfaction rating	50% Customer satisfaction rating	50% Customer satisfaction rating	56%	+6%	Target Achieved
	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%		Target Achieved

SECTION 4: CAPITAL PROJECTS PERFORMANCE

The entity conceived various capital projects in the Inner-City and other areas/spaces within the jurisdiction of the City of Johannesburg Metropolitan Municipality. Some of the projects as conceived are at the implementation stage which entails the following: developers/contractors have already been appointed to build housing units. On the other hand, other projects are at the planning stage which entails that the entity has appointed contractor/s or developer to undertake detailed investigations, lodge township applications and eventually secure developmental rights. Below is progress made during the quarter under review.

Complete project with Occupation Certificate: 781 Units were completed and are ready for tenancing in Quarter 2. The additional 300 units were expected from Princess Plots in Quarter 4. However due to the 5 months suspension of works this may no longer be achievable. The team is in discussions with the contractor regarding a recovery plan.

Developed units without services: these are units that have been developed for the intended purpose, but do not have some services. The units completed at this stage are not yet ready for occupation but are Work in Progress (WIP) reflecting Capital Expenditure. In terms of Quarter 3 the KPI is not due for reporting, but continuous progress is reported.

4.1.1 STATE OF CAPITAL INNER CITY PROGRAMME

106 CLAIM STREET

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

Area or location: 106 Claim Street, Johannesburg

No units expected 2022/2023: 80 Units

Budget allocated this FY: 0; Budget is required

Monitoring Tool	January	February	March	Year to date
Capex Expenditure	0	0	0	R 1 966 879,88
SMME Expenditure	0	0	0	
Project Progress	96%	96.5%	96.5%	96.5%
EPWP	0	0	0	0

Comments on Project Performance:

January

The current contractor has been put on terms for delays in completing the project. Failure to complete the remainder of the scope by Mid-February will warrant termination of contract.

February

Termination of current Contractor underway. The team is compiling a BOQ for the remainder of the work to be completed by a new Contractor. BOQ will be ready for advert end of February.

March

The project is on tender for the completion contract, closing on the 27th of March 2023.

ABEL ROAD CONVERSION PHASE 1 and 2

Area or location: Abel Road, Inner City Johannesburg

No units expected 2022/2023: 102 units phase 1- and 155-units phase 2.

Budget allocated this FY: R0. **Budget required**

Monitoring Tool	January	February	March
Capex Expenditure	0		
SMME Expenditure	0		
Project Progress	0		
EPWP Accumulative	0		

Comments on Project Performance:**January**

The appointment of the contractor for phase 1 is on hold due to no budget allocated to this project this financial year.
Phase 2: The fire inspector has requested to do a follow up inspection to verify additional items that he requested are installed. Heritage demolition application has been submitted.

February

The appointment of the contractor for phase 1 is on hold due to no budget allocated to this project this financial year.
Phase 2: All inspections done, awaiting issuing of OC.

March

The tender spec for the appointment of a contractor for phase one is being finalized for advertising in April.
Phase 2: All inspections done, awaiting issuing of OC.

4.1.2 PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

NANCEFIELD SOCIAL HOUSING PROJECT

Start date: 4 May 2021 ; Anticipated Completion date: 31 August 2023

Area or location: Nancefield, Klipspruit, Soweto

No units expected 2022/2023: 372

Budget allocated this FY: R 74 750 000

Monitoring Tool	Jan 2023	Feb 2023	March 2023	Year to date
Capex Expenditure	0	0	R 50 922,10	R70 111 011,56
SMME Expenditure	R215 452,50	R 84 578	0	R19 768 023,34
Project Progress	75%	75	0	75%
EPWP	0	0	0	19

Comments on Project Performance:**January 2023**

Site is closed to non-payment.

February 2023

Site is closed to non-payment.

March 2023

JOSHCO paid R10 mil out of the owed R43 Million. The Contractor will only resume on site once all outstanding invoices have been paid. JOSHCO is planning to make by the of April.

PRINCESS PLOTS SOCIAL HOUSING PROJECT

Start date 1 November 2019 & Anticipated Completion date : 31 July 2023

Area or location: Princess Ext 22, Roodepoort

No units expected 2022/2023: 333 Units.

Budget allocated this FY: R 51 555 000,00

Monitoring Tool	January	February	March	Year to date
Capex Expenditure	R0	R0	R0	R 17 416 719,60

SMME Expenditure	0	0	0	R 6 060 720,82
Project Progress	84%	84%	0	84%
EPWP	0	0	0	0

Comments on Project Performance:

January 2023

Site is closed to non-payment.

February 2023

Site is closed to non-payment.

March 2023

The Contractor has been all outstanding invoices. The Contractor has been instructed to resume on site by mid- April 2023.

GOLDEN HIGHWAY SOCIAL HOUSING PROJECT

Start date: 14 November 2022 & Planned Completion date 12 May 2023

Area or location: Golden Highway, Devland, Soweto

No units expected 2022/2023: 162 units.

Budget allocated this FY: R 28 142 000,00

Monitoring Tool	January	February	March	Year to date
Capex Expenditure	R 889 899,02	0	R 6 747 125,68	R 14 550 435,11
SMME Expenditure	0	0	R 923 856	R 4 364 656
Project Progress	11%	12%	13%	13%
EPWP	0	0	0	0

Comments on Project Performance:

January 2023

Contractor is on site; project is 11% progressing well.

February 2023

Contractor is on site; project is 12% progressing well.

March 2023

Contractor: project is 13%, progress has been slow due site stoppages caused non-payments.

RIVERSIDE VIEW SOCIAL HOUSING

Start: 24 March 2022 & Completion date: 7 December for 1st 180 units, the balance TBC

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

No units expected 2022/2023: 180 Units.

Budget allocated this FY: R 50 000 000,00

Monitoring Tool	January 2023	February 2023	March 2023	Year to date
Capex Expenditure	R0	R0		R 8 659 724,52
SMME Expenditure	0	0		R 5 058 997,02
Project Progress	First phase completed. Awaiting budget availability for subsequent phases	First phase completed. Awaiting budget availability for subsequent phases		100% Complete (180Units)
EPWP	0	0	0	0

Comments on Project Performance:

January 2023

First 180 units completed. Waiting for additional budget to proceed with next phase.

February 2023

First 180 units completed. Waiting for additional budget to proceed with next phase.

March 2023

In anticipation for SHRA funding, JOSHCO is engaging the Developer to return to site end April 2023.

NEDERBERG SOCIAL HOUSING PROJECT

Start date: planned 30 October 2022, Expected completion Date Mid-August 2023

Area or location: Corner Nugget and Smith Street, Braamfontein

No units expected 2022/2023: 60 Units.

Budget allocated this FY: R0, Budget required.

MARLBORO SOCIAL HOUSING

January

Awaiting appointment of Land surveyor after the midterm adjustment budget JOSHCO will appoint a professional team to begin the full planning processes since the contract of the initial professional team lapsed due to the court case and land disputes.

February

Due to the current financial constraints the City is facing, the appointment of the project is put on hold.

March

The remainder of site is not feasible for the development of social housing units.

RANDBURG SELKIRK

January

The Stormwater report has been submitted to JRA for comment and once JRA has issued positive comments on the report, the TIA will be submitted. Joburg Water will only endorse the development proposal once the environmental authorisation has been obtained from GDARD.

February

The environmental authorisation application has been submitted to Gauteng Department of Agriculture and Rural Development (GDARD).

March

The application of Section 7(6) is currently pending awaiting the comments from JRA and Joburg Water.

RIVONIA EDENBURG TURNKEY

January

Awaiting Costing on 689 unit costing as requested by Joshco due to community not accepting the original proposal of 1081 units 900 objections was filed against the proposed development.

Progress is very slow as contractor is not performing and furnishing documents in a time.

Legal opinion regarding this matter has been requested.

February

Haven taken into consideration the "material flaw" picked up on the previously submitted rezoning application, a decision was taken to submit a new rezoning application.

March

Professional team are preparing the submission of the new rezoning application, permitting the maximum of 692 units.

JEPPESTOWN

January

The Stage 3 is being finalized and awaiting the for-council approval. The rezoning application received 2 objections. Most comments from services departments have been issued. The anticipated time for conclusion of the rezoning application is April 2023, if the objections can be withdrawn, the consultant are going to have a meeting with objectors. The professional team has begun the draft engineering services reports and designs.

This is a land use right application as follows:

Studies (EIA, TIA) 100 % progress;
Land Use Rights application 80% progress;
Civil engineering studies 90 % progress;
Electrical engineering studies 95 % progress;
Building processes/application for S7(6) 0% progress

February

Stage 3 designs were presented to JOSHCO however, it has been discovered that there is a servitude which should be registered on site. The site is subjected to a road reserve servitude, hence the development proposal will have to be re-done. Professional team has been instructed to re-design the development to accommodate the road reserve.

March

Due to the 2 objections received, the application will go to the Municipal Planning Tribunal for a decision.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

January

The professional is currently working on project's programme and action plan to present it to JOSHCO, JDA and CoJ Development Planning.

This is a land use right application as follows:

Studies (EIA, TIA) 0 % progress;

Land use right application 0% progress;

Civil engineering studies 0 % progress;

Electrical engineering studies 0 % progress;

Building processes/application for S7(6) 0% progress

February

JOSHCO and JDA had kick-off meeting with professional team and the inception report presented.

March

The professional team (Pfukani Kusile Consulting) is currently busy with the site analysis and survey on site will be submitted by the end of March 2023.

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

Table 21: Projects that contribute to the KPI: Work in Progress (WIP)

98. PROJECT NAME	99. BUSINESS PLAN APPROVED UNITS	100. UNITS DELIVERED (ACC @ Q3)	101. ANNUAL TARGET AND VERIFICATION.
102. Devland Golden highway	103. 87	104. 162	105. Professional team progress report.
106. Nancefield	107. 90	108. 50	109. Professional team progress report
110. Casa Mia	111. 50	112. 0	113. Professional team progress report
114. Randburg	115. 34	116. 0	117. Professional team progress report
118. Jeppestown Turnkey	119. 90	120. 0	121. Professional team progress report
122. Edenburg/ Rivonia Turnkey	123. 70	124. 0	125. Professional team progress report
126. Riverside Turnkey	127. 100	128. 0	129. Professional team progress report
130. Nederberg	131. 0	132.	133.
134. TOTAL	135. 521	136. 212	137. Professional team progress report

Progress on KPI:

212 Units have achieved the WIP stage at the end of Quarter 2. The balance of 309 units will be achieved from Nancefield at the end of Quarter 4. However due to the 5 months suspension of works this may no longer be achievable. The team is in discussions with the contractor regarding a recovery plan.

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

Table 22: Projects that contributed to the KPI: Complete units

PROJECT NAME	BUSINESS PLAN APPROVED UNITS	UNITS DELIVERED (ACC @ Q3)	ANNUAL TARGET VERIFICATION.
106 Claim Street	0	0	Completion Certificate & Occupation Certificate
Princess plots	333	0	Completion Certificate & Occupation Certificate
Abel road phase 2	155	0	Completion Certificate & Occupation Certificate
Abel road phase 1	0	0	Completion Certificate & Occupation Certificate
Lufhereng projects	407	407	Completion Certificate & Occupation Certificate
Roodepoort	0	92	Completion Certificate & Occupation Certificate
50 Durban Street	0	102	Completion Certificate & Occupation Certificate
Riverside	0	180	Completion Certificate & Occupation Certificate
Nederberg	0	0	Completion Certificate & Occupation Certificate
TOTAL	895	781	Completion Certificate & Occupation Certificate

Progress on KPI: 781 Units were completed and are ready for tenanting. The additional 300 units were expected from Princess Plots in Quarter 4. However due to the 5 months suspension of works this may no longer be achievable. The team is in discussions with the contractor regarding a recovery plan.

4.3. COMPLETED PROJECTS

The following projects under implementation have been completed this financial year.

- 50 Durban Steet -102 units
- Lufhereng- 407 units
- Roodepoort 92 units
- Riverside 180 units
- Joshco Head Offices

4.4. PROJECT OCCUPATION CERTIFICATES (OC) PROGRAMME

There are number of projects that are tenanted without Occupation Certificates. This programme aims at remedying this noncompliance.

Progress:

Dobsonville: The Spec for the appointment of the Sewer Contractor has been complied and submitted for procurement.

Orlando Ekhaya: The Spec for the appointment of a Service provider to assist with the SDP and Building Plans submission and approval is being compiled for procurement in April 2023.

City Deep: The Contractor has been appointed to attend to the outstanding works for OC compliance.

Albert Street: The Spec for the appointment of a Service provider to assist with Outstanding works for Fire compliance is being compiled for procurement in April 2023.



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

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

Table 23: Personnel Cost by Occupational Level as at 31 March 2023:

Note: The salary costs below include costs for all permanent, Fixed Term employees and excludes board fees.

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	1 301 088.27	5%	433 696.09
Executive Managers	1	340 635.51	1%	340 635.51

Professional Qualified / Middle Management (Portfolio Managers, Accountants)	27	3 804 554.73	15,31%	140 909.43
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin)	107	7 954 543.11	32%	74 341.52
Semi-Skilled (Driver)	7	310 204.74	1%	44 314.96
Internship	6	159 311.85	1%	26 551.98
Unskilled (Office Attendants, Security Officers, and Cleaners)	352	9 451 510.05	38%	26 850.88
EPWP	367	1 523 700.00	6%	4 151.77
Total	870	24 845 548.26	94%	28 558.10

Designation	Current – Acting Role	From	Comments
Chief Operations Officer	Chief Executive Officer	30 January 2023 to 01 February 2023	Acting because the incumbent was on leave
Chief Operations Officer	Chief Executive Officer	10 March 2023 February 2023 to 30 April 2023	Acting because of suspension
Executive Manager: Corporate Services	Executive Manager: Business Planning and Strategy	01 February 2023 to 30 April 2023	Acting because of a resignation
Accountant	Financial Manager	01 March 2023 to 31 March 2023	Acting because position is vacant
Legal Officer	Company Secretary	01 January 2023 to 31 March 2023	Acting because position is vacant
Property Supervisor	Portfolio Manager	17 November 2022 to 30 April 2023	Acting because position is vacant
HR Officer	HR Manager	01 January 2023 to 30 April 2023.	Acting because position is vacant
HR Officer	Executive Manager: Corporate Services	08 March 2023 to 17 March 2023	Acting because the incumbent was on leave

Project Manager	Programme Manager: Implementation	01 January 2023 to 30 April 2023	Acting because position is vacant
Quantity Supervisor	Programme Manager: Planning	01 March 2023 to 31 March 2023	Acting because position is vacant
Supply Chain Officer	Supply Chain Manager	08 March 2023 to 16 March 2023	Acting because position is vacant
Risk Manager	Supply Chain Manager	1 December 2023 to 31 January 2023	Acting because position of suspension
Project Supervisor	Special Projects: Manager	01 December 2022 to 30 April 2023	Acting because position is vacant
Portfolio Manager	Executive Manager: Housing Management	01 December 2022 to 31 January 2023	Acting because of suspension
EUC Technician	End User Server Support Specialist	18 November 2022 to 31 March 2023	Acting because position is vacant
EUC Technician	End User Server Support Specialist	18 November 2022 to 31 March 2023	Acting because position is vacant

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 24: Acting Appointments

Table 25: Finalised Appointments

Position	Vacancies	New Position/ Replacement	Status
Social Facilitator	1	Replacement	Finalised
Manager: Legal Services	1	New Position	Finalised
Manager: Planning and Performance	1	New Position	Finalised
Total	3		

Table 26: Recruitment in progress

Position	Vacancies	New Position/ Replacement	Status
Senior Internal Auditor	1	New Position	Appointment Stage
Project Officer	1	Replacement	Appointment Stage
Company Secretary	1	Replacement	Re-Advertised
Special Projects Administrator	1	New Position	On hold due to moratorium
Senior Internal Auditor	1	New Position	Advert Stage
Legal Officer	1	Replacement	On hold due to moratorium
Applications Administrator	4	New Position	On hold due to moratorium
Quality Assurance Officer	1	Replacement	On hold due to moratorium
Administrator: Stakeholder	1	New Position	On hold due to moratorium
Executive Assistant: COO	1	New Position	On hold due to moratorium
Total	12		

SECTION 3: EMPLOYMENT EQUITY

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

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

- The EE/SD committee meeting was held on 12th January 2023.
- The revision of the EE plan as per the advice from City Core is still under review.

3.2 Reporting

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

3.3 EE Profile

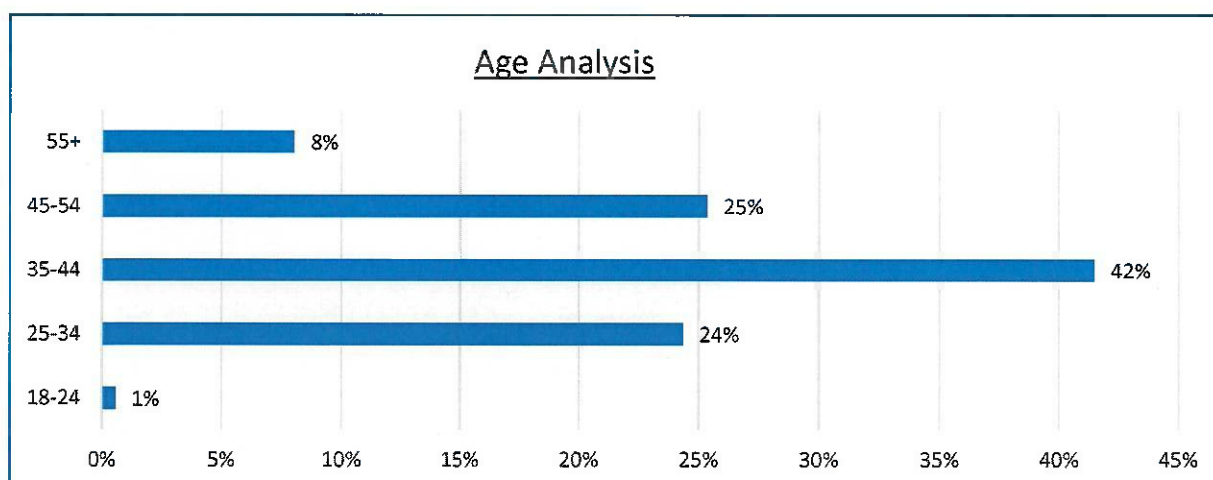
- The table below reflects the EE profile of the Company.
- There has not been change in the EE target which is 10 staff members, 5 females and 5 male profiles from both the skilled and unskilled staff.
- The racial profile highly skewed towards black people as defined in the act.

Table 27: Employee Equity numbers

Employment Equity Profile													
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total
	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
Senior (Execs) Management	0	0	0	0	1	0	0	0	0	0	0	1	1
Professionally Qualified/middle Management	17	0	0	2	10	0	1	0	1	1	18	10	30
Skilled Technically and Academically Qualified	49	2	0	0	58	3	1	1	0	0	51	63	114
Semi-Skilled	3	1	0	0	2	1	0	0	0	0	4	3	7
Unskilled	157	2	0	0	189	3	0	0	0	0	159	192	351
TOTAL	228	5	0	2	261	7	2	1	1	1	234	270	506

3.4 AGE PROFILE

Graph 1: Employee Age Profile



- 25% of our workforce is classified as youth and this is in line with our strategy to reduce the unemployment rate of the youth.
- The majority of JOSHCO employees are aged between 35-44 years.

Table 28: Terminations in the quarter

Department	Reason	End Date
Business Strategy & Planning	Resignation	31 January 2023
Moses Chiropa	Resignation	31 January 2023
Nadia Davids	Resignation	31 January 2023
Total: 3		

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

4.1 Bursaries for 2022/2023

- The bursary process was finalised within the quarter and payments were made to various Institutions.

4.2 Training Interventions

- Business Report Writing Training was conducted for managers.
- Training for Grievance and Disciplinary Action was conducted for managers and HR officials.
- A Performance Management Information session was conducted for Corporate Services managers and HR officials, which is expected to cascade across the organisation by the end of quarter 4.
- A Fire Evacuation Plan Training was conducted for Housing Supervisors via City Core's Emergency Services (EMS) department.

- Organisational Culture and Change Management Training took place on 31 March 2023 for all employees.

SECTION 5: PERFORMANCE MANAGEMENT

Table 29: Performance Management

Department	Performance Agreements Submitted
Office of the CEO (Exec's, Internal Audit, Legal, & Cosec)	14
Office of the COO (Housing Management, Housing Development, Stakeholder Management, ICT)	66
Business Planning & Strategy	6
Finance (Revenue, SCM & Finance Core)	10
Corporate Services (HR, Comm's, CC)	17
Total	113

Comments:

Due to several factors, the signing of performance scorecards is still challenging. There has been an improvement in the signing of the scorecards as envisaged in the previous quarter. Information sessions and roadshows started and will continue until the end of the current financial year.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The aim of this section is to provides status of disciplinary hearing(s), grievance's, investigations, appeal, and suspension. It should be noted that resources were sourced to assist with presiding over the matters, however due to various reasons the matters could not proceed as scheduled. The entity is in the process of acquiring the service provider to capacitate JOSHCO management in presiding and presenting disciplinary matters.

Disciplinary Matters as at 31 March 2023

We remain with seven matters outstanding, we have finalized three matters and uplifted two matters.

Table 30: Disciplinary outcomes

Sanction	No of Employees
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0
Suspension	2
Demotion	2
Total	5

Grievances Matters as at 31 March 2023

We had three (03) grievances and two are outstanding.

- Mogale – In addressing the salary parity issues, we requested a budget adjustment on the employee cost line item, and this has recently been rejected. The Mogale case is set for arbitration in late April 2023, and a request to table a report to the next board meeting has been sent, which will detail the outcome and resolution on this matter.
- Recruitment and selection - There is an outstanding grievance on a particular recruitment process relating to the omission of applicants in the longlists. We are in the process of engaging colleagues that have raised this grievance. It should be noted the matter was postponed on numerous occasions and is scheduled for the 22nd of March 2023.
- A salary review grievance was postponed due to unavailability of labour representative.

Matters at Bargaining Council/ CCMA

- We had one referral to the CCMA and the matter was referred to the bargaining council as CCMA had no jurisdiction in the matter.
- JOSHCO had three referrals and one was officially withdrawn by applicants and we have two disputes at the bargaining council.

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days 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.

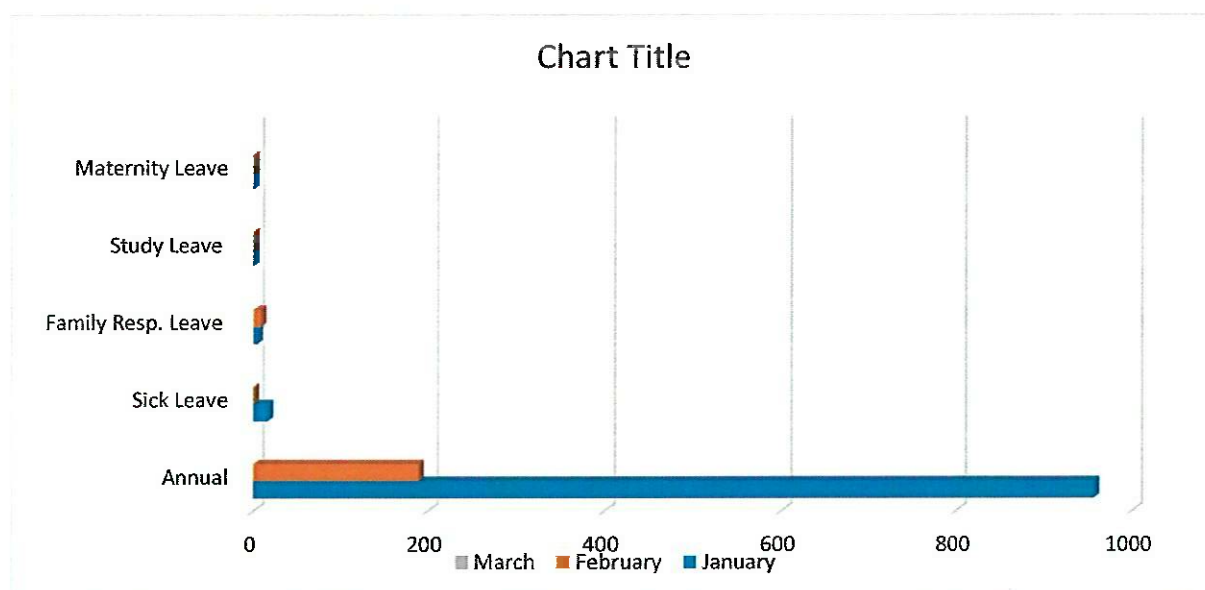
Table 31: Leave taken analysis

Type of Leave	January	February	March	Total Leave days Taken
Annual	956	189	28	1173
Sick	16	0	5	21
Family Resp. Leave	4	8	3	15
Study Leave	0	0	0	0
Maternity Leave	0	0	0	0
Total	976	197	36	1209

Comments:

- Leave forfeiture is continually communicated through payslips and internal communication to employees.
- Communication pertaining to HR Payroll processes and monthly deadlines has been communicated to all staff members.
- The offering of the leave encashment has translated into significantly increased annual leave uptake in Q3 from to the previous quarter. An analysis of the status of leave balances will be provided in Q4 for the year to date once an internal audit (currently underway) is completed by HR.

Graph 2: Leave Analysis



SECTION 8: OVERTIME MANAGEMENT

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

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

However, with the recent communication from the City Manager regarding cost containment on overtime and other line items, the entity will be implementing stringent measures on the overtime and acting allowance requests in order to try and bring these costs down.

SECTION 9: EMPLOYEE WELLNESS

- An introduction session was held between Corporate Services and ICAS (the appointed services provider for employee wellbeing services).
- The role out of ICAS services to the employees is expected to commence in the 4th quarter.
- All employees are eligible to utilise ICAS services.
- The services of ICAS will include but not limited to:
 - Employee Assistance Programme (EAP)
 - Employee Work-Life Balance
 - HIV / AIDS Management
 - Stress Management
 - Smoking
 - Alcohol and Drugs
 - Sexual Harassment
 - Vaccinations

SECTION 10: EMPLOYEE BENEFITS

10.1 Retirement Fund

- Staff members are affiliated with the E-Joburg Retirement Fund, and contributions are calculated at 7.5% of the member's basic monthly salary and the employer contribution is 18% of the basic monthly salary.

10.2 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 the maximum of R5007.07 and the Employee Contribution is 40% depending on the number of dependents.

10.3 Locomotive allowance

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

SECTION 11: OCCUPATIONAL HEALTH AND SAFETY REPORT

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

Table 32: JOSHCO staff incidents (COVID-19 Cases)

Total number of staff members tested for Covid -19 in Q3	Total covid -19 positive cases	Total active cases	Total fatalities	Total direct contacts sent for testing	Total Staff Vaccinated
0	0	0	0	0	0
In Quarter 3, zero (0) new Covid-19 cases have been recorded thus far, with zero (0) recoveries, zero (0) fatality rate, and no direct contacts were referred for Covid -19 testing. zero (0) staff members have been vaccinated for Covid-19.					

Table 33: JOSHCO Injury on Duty (IOD) and Fire incidents

Total Fire incidents	Total IOD's (Injuries on duty)	Total First aid incidents	Total Accident cases	Total fatalities
0	1	0	1	0

In Quarter 3, zero (0) fire incident have been recorded, one (1) IOD, zero (0) first aid incident, one (1) accident case and zero (0) fatality cases have been reported thus far.

- On 25 February 2023 at approximately 09h40, Mrs. Nthabiseng Mphela fell off the stage as she was setting up a banner and twisted her right ankle (IOD).
- On 01 March 2023 at approximately 08h00 Mr. Emmanuel Williams was hit by a taxi on his back at Elloff Street, Johannesburg when he was on his way to work. He sustained a right ankle fracture and abrasions on the right knee (Pedestrian Vehicle Accident).

11.1 Health and Safety Training

- In conjunction with the health and safety training schedule, 14 candidates were trained as Evacuation Wardens. Additional 15 Evacuation Wardens were trained on 27 to 29 March 2023 in Q3.

11.2 Health and safety Measures

- Health and Safety Induction was presented to 26 Revenue Department members during this quarter.

11.3 Site visits and inspections

- Inspection reports were compiled and forwarded to Housing Management to implement corrective action of the findings for the visited projects as per inspection schedule: 80 Plein Street, Chelsea, MBV, 11 Mordaunt, Antea, Pennyville, Bothlabela, Tshedzani, Fleurhof. The following findings were observed:
 - Building conditions were not safe for occupation at MBV and Chelsea. City of Joburg (COJ) Building inspector was called in to compile a report outlining the unsafe state of the buildings for controls to be implemented speedily – Not Corrected.
 - Pest control measures need to be implemented at the visited projects – Not corrected.
 - Fire signs required to be installed at the visited projects – Not Corrected.
 - Load test certificates required for the lifts – Not Corrected.
 - Evacuation process need to be displayed at the visited projects – Not Corrected.
 - First Aid box inspection checklist needs to be updated at the visited projects – Not Corrected.



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

An analysis of the financial position as at 31 March 2023 is reflected below and in Table 34.

Table 34: Statement of Financial Position as at 31 March 2023

Description	31 March 2023	31 December 2022	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	283	434	(151)	-35%
Loans to shareholders	2 975	2 975	-	0%
Current tax receivable	9 140	50	9 090	18179%
Receivables from exchange transactions	1 169 835	1 307 321	(137 486)	-10,52%
Receivables from non-exchange transactions	5 354	4 387	967	22%
VAT receivable	2 899	4 673	(1 774)	-38%
Cash and cash equivalents	198 164	194 703	3 461	2%
	1 388 650	1 514 543	(125 893)	-8,31%
Non-current assets				
Property, plant and equipment	18 451	15 347	3 105	20%
Intangible assets	8 656	8 915	(260)	-3%

Investment in joint venture	20 414	20 414	-	0%
Total Non-current assets	47 521	44 676	2 845	6%
			-	
Total Assets	1 436 171	1 559 218	(123 048)	-8%
Liabilities				
Current Liabilities				
Loans from shareholder	1 059 487	1 111 522	(52 035)	-5%
Borrowings - DBSA	2 324	2 352	(28)	-1%
Finance lease obligation	367		367	100%
Payables from exchange transactions	955 384	965 044	(9 660)	-1%
	2 017 562	2 078 918	(61 356)	-3%
Non-Current Liabilities				
Borrowings - DBSA	7 578	8 401	(823)	-10%
Finance lease obligation	504			100%
Deferred Income from non-exchange transactions	178	178	-	0%
	8 259	8 579	(319)	-4%
Total Liabilities	2 025 822	2 087 496	(61 675)	-3%
Net Assets	(589 651)	(528 278)	(61 373)	12%
Share Capital	0,120	0,120	-	0%
Accumulated deficit	(589 651)	(528 278)	(61 373)	12%
Total Net Assets	(589 651)	(528 278)	(61 373)	12%

1.1 Assets

1.1.1 Current Assets

Current assets decreased by R125,9 million. Receivables from exchange transactions decreased by R137,5 million due to settlement of CAPEX invoices by CoJ departments of R261million. The current tax balance increased by R9,1 million due to a SARS additional income tax assessment for the 2020 financial year disallowing administrative expenses. An objection was

submitted to the SARS on the basis that the entity has been making losses for the past 5 years. The SARS has acknowledged receipt of the objection and the entity await a response. Inventory decreased by 35% due to the management and monitoring of usage of printing paper. The entity received refunds for VAT in the quarter under review.

The increase of R967 000 in non-exchange transactions is due to payout of employee bursaries for the year. Due to cashflow challenges, the entity could only fund bursaries for continuation of studies and did not consider any new applications.

1.1.2 Non-Current assets

The increase of R3.1 million in non-current assets is due to purchases of Property, Plant and Equipment for the head office.

1.2 Liabilities

Loans from shareholders reduced by R52 million (from R1.112 billion to R1.059 million) mainly due to the entity receiving funds from various entities where Joshco is an implementing agent for their projects.

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

There has been no significant 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 2023 resulted in a deficit of R194,8 million per Table 2 below.

Table 35: Statement of Financial Performance for the 9 months ended 31 March 2023

Description	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	136 448	136 520	(72)	-0,05%
Subsidies	36 003	36 003	1	0%
Management Fees	34 334	21 982	12 353	56%
Interest Income	19 231	15 223	4 008	26%
Utility Recoveries	1 000	198	802	405%
Other Income	328	1 151	(823)	-72%

Total Revenue	227 344	211 077	16 268	8%
Personnel costs	(125 661)	(117 984)	(7 677)	7%
Board fees	(1 354)	(1 885)	531	-28%
Provision for bad debts	(73 061)	(22 950)	(50 111)	218%
Depreciation and Amortisation	(2 067)	(1 168)	(899)	77%
Finance Costs	(54 806)	(693)	(54 113)	7809%
Bad debts written off	(2 764)	-	(2 764)	-100%
Repairs and Maintenance	(47 029)	(33 329)	(13 700)	41%
Security	(21 637)	(4 622)	(17 015)	368%
Utilities	(61 188)	(47 648)	(13 540)	28%
Administrative	(31 928)	(18 548)	(13 380)	72%
Total Expenditure	(422 183)	(248 826)	(173 356)	70%
Operating (Deficit)/Surplus before tax	(194 838)	(37 750)	(157 088)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(194 838)	(37 750)	(157 088)	-100%

2.1 Revenue

2.1.1 Composition of revenue

The entity's revenue is derived from the streams per Table 3 below.

Table 36: Composition of revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	136 448	136 520	60%
Subsidies	36 003	36 003	16%
Management Fees	34 334	21 982	15%
Interest Income	19 231	15 223	8%
Utility Recoveries	1 000	198	0.4%
Other Income	328	1 151	0.1%
Total Revenue	227 344	211 077	100%

The biggest contributor to revenue is rental income making up 60% of total revenue. Total revenue is 8% (R16,3 million) above budget. There is an improvement from last quarter when revenue was 4% below budget. Management fees make up 15% of total revenue and had an overall increase of 56% due to additional invoices being received for CAPEX and from the departments. Interest income makes up 8% of revenue. Interest income is 26% (R4 mil) above budget due to interest on the SHRA account and overdue tenant accounts which are charged interest at the prime interest rate.

2.1.2 Revenue Collection

The entity's collection levels are on an upward trajectory; we have collected 60% for current tenant rentals against a collection target of 80% for the current financial year as shown in Table 4 below. Collections in respect of SHRA funded Projects is 55%, JOSHCO Projects is 78%, and City stock at 43% , former hostel are still performing below 5% , whilst the retail space is at 104% for the quarter ending 31st March 2023

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

Table 37: Revenue Collection

PORTFOLIO	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	REASONS FOR UNDER PERFORMANCE
	R'000	R'000		
Retail Space	4 279	(5 648)	132%	Target achieved and exceeded.
Greenfields	14 830	(8 051)	54%	1.High rise of unemployment and number of pensioners /tenants going on retirement 2. Increasing demand for ownership & child headed units whose parents went on pension 3. Culture of non-payments developed from some organised individuals & political formations
Brownfields	17 286	(10 752)	62%	1.High rise of unemployment and number of pensioners /tenants going on retirement 2. Increasing demand for ownership & child headed units whose parents went on pension
Former Public Hostels	967	(52)	5%	High demand for ownership, claims that MMC advised them that projects will be converted to RDP & should stop paying.
City Referral	9 593	(3 859)	40%	Former City Stock with a rising demand for ownership and mobilised group of tenants campaigning for non-rental payments
OVERALL COLLECTION	46 954	(28 362)	60%	

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 performance of the debt collection company is shown in **Table 5**. For the quarter under review, the companies have collected R5.2 million (2.17%) from the R239.6 million handed over to them for collection.

Table 38: Performance of debt collection companies from inception to date

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-22	1 792	87 153	138	0,16%

Aug-22	4 178	263 496	566	0,21%
Sep-22	4 178	268 919	655	0,24%
Oct-22	3 552	222 060	774	0,35%
Nov-22	3 552	222 786	805	0,36%
Dec-22	3 552	222 786	805	0,36%
Jan-23	3 552	231 125	494	0,21%
Feb-23	3 552	231 215	451	0,20%
Mar-23	3 552	239 551	515	0,21%
TOTAL YEAR TO DATE	3 552	239 551	5 203	2,17%

2.1.4 Settlement discount vouchers and write-offs

In trying to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable the company has introduced various settlement discount vouchers for tenants to choose from and Table 6 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 with balance owed are blacklisted with all Credit Bureaus.

Table 40: Settlement Discount Vouchers & Write-offs

50% Black Friday Settlement Discount Vouchers:

Number of tenants settled	Total value	Total amount collected
12	102 341	102 341

30% Settlement Discount Vouchers:

Number of tenants settled	Total value	Total amount collected
9	62 310	74 625

10 % Discount Voucher

Number of tenants settled	Total value	Total amount collected
51	66 129	595 407

20 % Extra Seasonal Special:

Number of tenants settled	Total value	Total amount collected
740	297 580	1 191 786

No trace and closed accounts

Number of tenants settled	Total value	Total amount W.off
53	1 170 884	1 170 884

Deceased Estates

Number of tenants settled	Total value	Total amount W.off
11	1 115 713	1 115 713

Company Error

Number of tenants settled	Total value	Total amount W.off
2	2 728	2 728

Interest reversal on MOE Acc.'s

Number of tenants settled	Total value	Total amount W.off
219	440 772	440 772

2.1.5 Student Accommodation

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

2.1.6 Mitigation Strategies to improve collection performance.

Refer to the Revenue Management Turnaround Strategies Report.

2.2 Expenditure

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

a) Personnel costs

- The personnel cost expenditure is 7% above budget (R7,8 million) due to leave pay, overtime, acting allowances, PFA, danger allowance and executive appointments. Over the period an amount of R5,3mil of leave encashment has reduced the leave pay provision.

b) Board fees

- 28% below budget (R531 000) due to a reduction of procurement activities requiring board approval which are above the CEO's delegation.

c) Provision for bad debts

- 218% above budget (R50,1 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 60% which is an improvement of 6% from the previous quarter.

d) Depreciation and Amortisation

- Depreciation spiked by 77% (R899 000) due to the purchase of property, plant, and equipment for the revamped head office.

e) Finance costs

- 7809% above budget (R54,1 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. The entity will submit a request for reversal to the City.

f) Repairs and Maintenance

- 41% above budget (R13,7 million) due to work done at the various projects in order to ensure compliance with building standards.

g) Security

- 368% above budget (R17 million) due to projects not yet under construction and projects where contractors were terminated.

h) Utilities

- 28% above budget (R13,5 million) due to 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. A flat rate for water will be charged while the water meters are being sourced and installed.

i) Administrative costs

- 72% above budget (R13,4 million) due to increase in legal costs for investigations and rental collection processes, implementation of IT solutions (server setup and data centre infrastructure) for the system to keep working during loadshedding and some contracted services. A bulk of AG's invoice was also paid in the quarter.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 March 2023 is R198 million. The tenant deposit account has a balance of R17 million. The SHRA account has a balance of 181 million. An amount of R1 059 million is in overdraft on the sweeping account and is disclosed as a current liability (Loans from to/(from) shareholder).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The CAM Capex budget was adjusted down by R99.7million to R399million funded from the external funding sources and capital reserves. As at 31 March 2023 JOSHCO's verified spent for the quarter under review is 76% against a target of 75% per the table below. This is reflected in Table 39 below.

Table 39: Capex Spend Per Project

SECTION 5: RATIO ANALYSIS

Project Description	JSIP Number	Approved Budget 2022/23	Mid-Year Adjustment	Adjusted Budget 2022/23	Amount Spent	Balance	% Spend
		R'000	R'000	R'000	R'000	R'000	
Lufhereng Social Housing Project Region D	2323	73 438		73 438	(27 623,35)	45 814,65	38%
Randburg Selkirk Social Housing Project Region B	2353	40 000	(32 761)	7 239	(7 854,95)	- 615,95	109%
Nancefield Social Housing Project Region D	2359	74 750	19 373	94 123	(79 629,74)	14 493,26	85%
Inner City Buildings Acquisitions	2419	11 000	(232)	10 768	(10 767,66)	0,34	100%
Marlboro Social Housing Project Region E	3535	1 537	(1 537)	-	-	-	
Princess Plots Social Housing Project Region C	3794	51 555	(32 805)	18 750	(17 244,50)	1 505,50	92%
EXISTING STOCK REDEVELOPMENT; UPGRADE AND MAJOR MAINTENANCE Renewal Building Alterations JOHANNESBURG F City Wide	3796	25 000	6 402	31 402	(22 332,71)	9 069,29	71%
Devland Golden Highway Social Housing Project Region D	3885	28 142	3 358	31 500	(14 550,44)	16 949,56	46%
Casamia Inner City Building Upgrade Region F	4046	38 453	(38 453)	-	(500,00)	(500,00)	
Booyens Street Inner City Conversion	22468	5 000	(5 000)	-	(2 287,23)	(2 287,23)	
38 Rissik Street (NBS) Inner City Building Conversion	22470	5 700	(5 700)	-	-	-	
Turn-Key 1: Region A	23366	50 766	24 824	75 590	(38 813,23)	36 777,02	51%
Turn-Key 1: Region B	23367	50 000	(35 000)	15 000	(12 213,56)	2 786,57	81%
Turn-Key 3: Region D	23368	43 420	(2 222)	41 198	(69 951,37)	- 28 753,37	170%
Total		498 761	(99 752)	399 008	(303 768,74)	95 239,64	76%

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

Table 40: Key Ratio Analysis as at 31 March 2023

KEY PERFORMANCE INDICATOR	2022/23 TARGET	QUARTER 3 TARGET	QUARTER 3 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	1:1	0.69	-0.31
	Solvency Ratio 1:1	1:1	0.71	-0.29
	Cost Coverage: 50 days	50 days	-449 days	-499 days
	Remuneration to operational expenditure (OPEX) up to 40%	40%	30%	+10%
	80% collection in respect of current debtors	80%	60%*	-20%
	% Spent on operating budget against approved operating budget	75%	138%	+63%
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt.	100%	51%	-49%
% Capital Expenditure Budget.	95% Capital Expenditure Budget.	75%	76%	+1%

*Collection for SHRA funded projects only is 55%

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility costs. The entity doesn't generate sufficient income to cover its operating expenses.

- The entity's recently approved 5-year strategy document to improve the entity's financial sustainability is currently being implemented as follows:
 - Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is derailed due to halting of work on behalf of the Department of Human Settlements because of the high outstanding balance due to the entity. During March 2023 a new relationship was formed with the CoJ Department of Transport to undertake projects on their behalf. Proposal of an increase in the management fee charge from up to 7% to up to 10% from the 2023/24 financial year.
 - Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%.
 - Outdoor advertising – adverts are placed on the structures.

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 take mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken.
- Utilities – Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.

5.1.2 Cost Coverage

- Non-performance is due to low cash balances and an overdraft due to settlement of suppliers prior to receiving claims from the departments we are executing projects on behalf.
- The highest outstanding balance from the entities we are executing projects on behalf is from the Department of Human Settlements. The matter of the outstanding balance with Human Settlements is being resolved by the ED, COO, CFO and project managers from both the department and entity.
- Project Managers have been employed in the Office of the COO to support the work undertaken on behalf of the CoJ departments. These project managers will also be responsible to follow up on payments due to Joshco and resolve any disputes from the invoices.
- Regular engagements have resumed with CoJ departments to follow up on outstanding invoices. Finance department working with the office of the COO's office to ensure timeous submission of invoices to departments we are executing projects on behalf.

5.1.3 Collection in respect of current debtors

The rental collection is low due to:

- Low rental collection across all projects. JOSCHO previously did not distinguish between City Owned stock and SHRA funded stock. From the City Owned stock that JOSCHO is managing on behalf of housing it has former staff hostels, temporary emergency accommodation and COVID 19 displacement accommodation. The dynamics of this stock affects our collection levels.

Mitigation:

- There has been a process undertaken to remove all the City Owned Public Stock from JOSCHO's books back to COJ Housing and this is in line with the Shareholder resolution. The properties that JOSCHO will be managing on behalf of the City will not form part of SHRA funded portfolio or reporting. The rental collection and day to day management budget will be on the account of the Department of Housing.
- To improve on collection, the JOSCHO Executive Committee has taken a decision to streamline all property management functions under the Housing Management department. The process is finalized through the organizational design process.
- To deal with the long outstanding debt, Management has sourced an additional 4 service providers who will do debt collection on our behalf from the city. Therefore, each portfolio will have a debt collector who will focus on debt on that respective portfolio and the payment to the debt collector is performance driven, they will only claim for payment once they have assisted in recovery the monies owed at a percentage.
- JOSCHO will now send bulk SMS's to encourage payment arrangements, collection of the monthly statements at the site offices or getting the statements emailed to them.
- The numerous discount vouchers available per our policy will continue to be offered to tenants.
- A tenant engagement programme is currently being implemented to deal with all tenant matters to encourage rent payment.

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

6.1 DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 31 March 2023, only 51% of valid invoices were paid within 30 days. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments weekly.

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

Table 41: UIFW incurred in the current quarter.

Compliance Area	Quarter 3 2022/23 Target	Quarter 3 2022/23 Actual	Variance	Variance explanation	Mitigations
Unauthorised Expenditure	-	R19 315,14	-R19 315,14	Unauthorized bank debit orders	Debit orders are currently being investigated by GFIS. A criminal case has been opened at the Hillbrow Police Station for investigation.
Fruitless and Wasteful Expenditure	-	R1 171 288.28	(R1 171 288.28)	SARS Fines and Penalties- Interest on underpayment of provisional tax for 2020 financial year revised assessment and late payment.	An objection lodged with SARS on basis that JOSHCO has been making an assessed for the past 5 years.

There is potential irregular expenditure on the year-to-date overspend of the budget of R116,9 million should the entity's deficit position not reverse by the end of the financial year.

The cumulative UIFW balances are shown in Table 42 below.

Table 42: UIFW Register as at 31 March 2023

Description	Amount R'000
Irregular expenditure as per audited financial statements – 30 June 2022	160 428
Fruitless and wasteful expenditure as per audited financial statements – 30 June 2022	4 061
Irregular expenditure as identified by management for the 9 months ended – 31 March 2023	3 099
Fruitless and wasteful expenditure as identified by management for the 9 months ended – 31 March 2023	1 453
TOTAL UIFW INCURRED TO DATE	169 041

The UIFW balance as at 30 June 2022 was R164.5 million. Internal audit has completed investigations for R126.4 million (77%) which have been presented to Board and are currently at MPAC for processing and recommendation to Council for condonation.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

Table 43 reflects the approved variation orders for the period under review.

Table 43: Approved variation orders for the quarter ended 31 March 2023

Name of supplier	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
Bottomline IT	IT department	Inclusion of BoardPac Licence	17/02/2023	R9 439 306.95	R9 668 018.95	R228 712.00	2.42%
Lufhereng Development Company	Housing development	Construction	17/02/2023	R209 029 660.32	R240 086 573.75	R21 560 587.57	14.86%

6.5 AWARDS MADE FOR THE QUARTER

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

Table 44: Awards for the quarter

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
ABT/001/2022	The Appointment of Panel of Turnkey Contractors Offering Alternative Technology for a period of 3 years	Housing development/Joshco	02/08/2022	02/02/2023	Panel of 11 Service Providers	All minimum requirements met	N/A	N/A	
HEALTH/30/2022	The appointment of a contractor for minor works and electrical upgrades at Malvern in Region F for COJ-Health	Housing Development Unit/JOSHCO	15/12/2022		HM EYETHU Construction and Plant Hire	Highest scoring bidder	R 4 621 317.41	R4 621 317.41	1
HEALTH/31/2022	The appointment of a contractor for minor work at Jeppe and south Hills Clinics in Region F for COJ-Health	Housing development/JOSHCO	15/12/2022		Lindane Supplies and Logistics	Highest scoring bidder	R5 314 535.71.00	R4 791 629.24	1
HEALTH/32/2022	The appointment of a contractor for minor works and fencing at Zandspruit clinic in	Housing development/JOSHCO	15/12/2022		HM EYETHU Construction and Plant Hire	Highest scoring Bidder	R5 678 974.41	R 4 374 434.52	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	Region C for COJ-Health								
HEALTH/33/2022	The appointment of a contractor for minor works and Electrical upgrades at Senaone clinic in Region D for COJ-Health	Housing development/JOSHCO	15/12/2022		KKL IT solutions and projects	Highest scoring bidder	R3 526 188.24	R 4 290 127.30	1
RPM/SN/001/2022	The appointment of Panel of Repairs and Maintenance for a Period of 3 Years- Waterproofing	Housing Management/ JOSHCO	27/04/2022		Panel of 18 Service Providers	All minimum requirement met	N/A	N/A	
RPM/EP/001/2022	The appointment of Panel of Repairs and Maintenance for a period of 3 years- Electrical	Housing Management/JOSHCO	27/04/2022		Panel of 98 Service Providers	All minimum requirement met	N/A	N/A	
RPM/SI/001/2022	The appointment of Panel of Repairs and Maintenance for a period of 3 years-Lifts and Escalators	Housing Management/JOSHCO	27/04/2022		Panel of 2 Service Providers	All minimum requirement met	N/A	N/A	
RPM/SL/001/2022	The appointment of Panel of Repairs and Maintenance for a	Housing Management/JOSHCO	27/04/2022		Panel of 3 Service Providers	All minimum requirement met	N/A	N/A	

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	period of 3 years- General Steel works								
RPM/SH/001/2022	The appointment of Panel of Repairs and Maintenance for a period of 3 years- Landscaping, Irrigation, Grasscutting and	Housing Management/JOSHCO	27/04/2022		Panel of 16 service Providers	All minimum requirement met	N/A	N/A	
ARCHIT/001/2022	The appointment of a project management/ Architects consultants for Rissik street Housing Project	Housing Development	20/11/2022	23/03/2023	My Architect SA	Highest Scoring Bidder	R20 000 000	R21 622 300	

6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

Table 45: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 3 R'000	% of total expenditure
Capital Expenditure	159,357	70%
Operational Expenditure	67,077	30%
Total Expenditure	226,434	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 3 R'000	% Of Capex expenditure
Professional Consultants	37,616	24%
Contractor Payments	121,741	76%
Total Expenditure	159,357	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 3 R'000	% Spend
Procurement <R200 000	1,596	2%
Cleaning and Gardening	-	0%
Directors Remuneration-Board and Comm	432	1%
Operational Expenditure	14,662	22%
Security Services	23,634	35%
Repairs and Maintenance	26,753	40%
Total	67,077	100%

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 46 to 48 below.

Table 46: 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	67,077	67,077	100%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	159,357	138157	86%

Table 47: 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	67,077	15,000	22%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	159,357	56,266	35%

Table 48: 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	67,077	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	

Quarter 3	159,357	4,572	3%
-----------	---------	-------	----

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 49 below.

Table 49: Statement of amounts owed by or to government departments and public entities

Name of department	31 December 2022 R'000	31 March 2023 R'000	Account Status	Comments
City of Johannesburg: Sweeping account	(1 111 521)	(1 059 487)	180 days overdue	The City has been having challenges with the finance operating system. We are however expecting funds from CAM of R100mil from CAM that's confirmed awaiting to be released in April.
City of Johannesburg: Salaries	(359 2512)	(383 936)	180 days overdue	Operational subsidy is now applied to salaries. JOSHCO made a settlement of R10 million in the quarter
City of Johannesburg: Municipal Charges	(217 841)	(232 350)	181 days overdue	No settlement has been made in the quarter
City of Johannesburg: Human Settlements	815 605	783 455	180 days overdue	Delay of settlement due to CoJ system being under maintenance
Gauteng Department of Human Settlements	15 969	15 969	180 days overdue	Long outstanding amounts which must be written off
City of Johannesburg: Treasury	5 958	5 958	180 days overdue	a meeting was held with Treasury. A commitment has been made to look into the transaction once the CoJ system is up and running
City of Johannesburg: CAM	350 414	250 724	180 days overdue	CAM had committed to settle R158 mil, however R58,9mil was settled in March.
COJ Financial Accounting	-	12 001	90 days overdue	The City is no longer paying the subsidy directly to JOSHCO, but applying it against Salaries. However, in the quarter there hasn't been movement in both accounts.

Name of department	31 December 2022 R'000	31 March 2023 R'000	Account Status	Comments
City of Johannesburg: Health Department	6 993 131	16 977	180 days overdue	Increase is new invoices in the quarter. Challenge to settle overdue amount due to CoJ system maintenance
City of Johannesburg: Development planning GEF Project	-	748	Current	Current invoices
City of Johannesburg: Environmental infrastructure	100	100	180 days overdue	Continuous follow ups are being made with no tangible commitment to settle.
City of Johannesburg: Community Development	38 621	46 445	180 days overdue	R6,6 mil is current. Challenge to settle overdue amount due to CoJ system maintenance
City of Johannesburg: Legislature	28 332	26 542	180 days overdue	R2,5 mil is current. A commitment has been made to settle the account
City of Johannesburg: JMPD	5 439	10 564	180 days overdue	R5mil is current. A commitment made to settle old balance
City of Johannesburg: EMS	9 321	11 696	180 days overdue	Settlement of R5mil was made in the quarter, R8mil is current
City of Johannesburg: Social Development	699	828	180 days overdue	Follow ups have been made with departments.
City of Johannesburg: Licencing	6 749	4 650	180 days overdue	Settlement was made in the quarter, R1,7mil is current
TOTAL	(404 419)	(489 117)		

CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

Section 1- Progress on Internal Audit Plan

For the third quarter of the 2022/2023 financial year, Internal Audit completed all the planned reviews but one which is still in reporting stage (Recruitment and Termination). Refer to **Table** for the detailed Internal Audit Plan. The following audits were completed in the third quarter:

- Supply Chain Management Audit.
- Finance Discipline Audit
- Performance Information Audit
- Housing Development Audit
- Service Level Standard Review
- 6 Tender Probity Reviews.
- Follow-up on Internal Findings
- Follow – up on AGSA Findings

The table 50 below is the approved Internal Audit Plan for the 2022/2023 financial year, and it further indicates the progress:

Table 50: Internal Audit Plan for the 2022/2023 financial year

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Recruitment and Termination Audit			X		Reporting Stage
2	Health and Safety Audit		X			Completed
3	Review of the Annual Financial Statements	X				Completed
4	Review of the Interim Financial Statements				X	Not Started
5	Supply Chain Management Audit			X		Completed
6	Revenue and Debtors Management Audit				X	Not Started
7	Financial Discipline Review			X		Completed
8	Tender Probity Review	X	X	X	X	Continuous
9	Housing Development Audit		X			Completed
10	Housing Maintenance and Portfolio Management Audit				X	Not Started
11	Leasing Management Audit	X				Completed
12	Performance Information Review	X		X		Completed
13	Risk Management Audit		X			Completed
14	Business Continuity Audit	X			X	Not Started
15	Service Level Standard Review	X	X	X	X	Continuous
16	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
17	Follow-up on AG Findings	X		X	X	Continuous

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
18	UIFW Expenditure Investigations	X	X	X	X	Continuous

Section 2: Progress on Resolution of Internal Audit Findings

The table 5: below indicates the resolution of Internal Audit findings per quarter:

Current Year: 2022/23			
FY	Findings Raised	Resolved	% Resolved
Opening Balance 2022/23	38		
Q1	32	34	49%
Q2	36	46	75%
Q3	9	24	90%
Q4			
Total			

Section 3: Progress on Resolution of External Audit Findings

The table below indicates the External Audit Findings, and it differentiates them between the findings affecting the audit and those not affecting the audit:

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	4	0	4
Other important matters	16	10	6
Administrative matters	0	0	0
Total	20	10	10
%	100%	50%	50%

Section 4: Overall State of Internal Controls (adequacy and effectiveness)

In the third quarter of the 2022/2023 financial year, Internal Audit completed five (5) audits, six (6) 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 archived.