

JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



FIRST QUARTER PERFORMANCE REPORT 2018/19

JULY TO SEPTEMBER 2018

IN TERMS OF SECTION 121 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (2003) AND SECTION 46 OF THE MUNICIPAL SYSTEMS ACT (2000)

Registration number:	2001/005101/07
Shareholder / Municipality:	City of Johannesburg Metropolitan Municipality
Directors:	C Coovadia (Chairperson) K Govender P Masilo C Botes (Chief Executive Officer) P Zagaretos P Mashele S Moonsamy (Chief Financial Officer) N Ngwenya A Steyn M Qobo
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Bankers:	Standard Bank of SA Limited
Auditors:	The Auditor-General of South Africa
Company Secretary:	Hasani Rodney Shirinda

JDA Vision

Building a more welcoming, competitive and resilient Johannesburg that is a better city to live, work and play in.

JDA Mission

To plan, implement, manage and facilitate area-based developments in efficient, equitable, sustainable and innovative ways

JDA Values

Accountability: To its shareholders, Board and key stakeholders.






Innovation and creativity: Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed and implemented.

Responsiveness: To market forces, operating where it can make a difference, in locales and sectors where shareholders and their partners have a concentration of assets and expertise.

Results-driven and stakeholder-focused: With a 'user friendly' approach.

Seeking to empower: Through progressive procurement and work practices.

APPROVAL

Ms Sherylee Moonsamy Name & Surname Chief Financial Officer	 Signature	3 October 2018 Date of approval
Mr Christo Botes Name & Surname Chief Executive Officer/MD	 Signature	3 October 2018 Date of approval
 Mr Cassim Coovadia Name & Surname Chairperson of the Board	 Signature	11 October 2018 Date of approval
Clr Reuben Masango Name & Surname MMC: Development Planning	 Signature	09/10/2018 Date of approval

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CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CORPORATE PROFILE AND OVERVIEW

The JDA was established by the City of Johannesburg (CoJ) in April 2001 to initiate, stimulate and support development projects and rejuvenate economic activity throughout Johannesburg. The agency initially focused on applying economic development strategies to regenerate underperforming neighbourhoods, mostly in the inner city. However, this has evolved to focusing on transforming Johannesburg into a resilient, sustainable and liveable city by developing transit nodes and corridors.

Outcomes and challenges

The JDA's evolution into an area-based development agency has prepared it to respond to the objectives as outlined in the 2040 Growth and Development Strategy (GDS). Under this model, the JDA takes on a more central role in developing strategic capital works projects and establishing urban management partnerships. Crucially, the model allows the JDA to mobilise development partners and other stakeholders to sustainably achieve the common economic and social objectives defined for each area. However, given the spatial, socioeconomic and political environment in which the JDA operates, there are challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives, i.e. the focus on developing resilient, sustainable, inclusive and liveable urban areas in identified nodes and corridors.

Political governance and accountability

The JDA is accountable to the Department of Development Planning and the Member of the Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA submits compliance reports in respect of its performance scorecard. The JDA relies on the Department of Development Planning for direction on its contractual obligations contained in the service delivery agreement, and on the Member of the Mayoral Committee for its political mandate and oversight. The Group Governance unit provides corporate governance and related support, including financial sustainability and compliance reporting and review.

The Council's Section 79 Portfolio Committee on Development Planning provides political oversight of the JDA's activities and functions. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated. The JDA's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

SECTION 2: STRATEGIC GOALS AND OBJECTIVES

The JDA has set itself the following strategic goals and strategic objectives which are aligned with the Joburg 2040 GDS and the economic cluster's plans for sustainable services and economic growth for the medium term:

TABLE 1: STRATEGIC GOALS AND OBJECTIVES

Strategic Goals		Aligned to four Strategic Objectives
Create great places	Creating robust democratic public spaces that give dignity and choice to city users. As urban densities continue to rise, the public spaces in cities are becoming	1. To enable the long-term growth and development of strategic economic nodes in the city

Strategic Goals		Aligned to four Strategic Objectives
	increasingly important for meeting citizens' social needs. The quality of space is just as important as the quantity. Given the increasing demand for open space, public spaces need to be creatively designed, moving towards greater adaptability and multiplicity of use to ensure their longer-term sustainability.	(including the CBD, future mixed use and TOD nodes) through multi-year delivery programmes, proactive development facilitation and productive development partnerships.
Catalyse growth and investment	Catalysing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalised or have failed to attract private investment can unlock development potential, stimulate local economies and boost job creation and entrepreneurial development.	2. To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
Connect people to opportunities	Connecting people with opportunities to live, work, play, learn and to be healthy in the city. Efficient mass public transport networks and connections, transit-oriented multi-use precincts, together with strategic land-use planning and zoning regimes, are essential in realizing these connections.	3. To promote economic empowerment and transformation through the structuring and procurement of JDA developments
Co-produce solutions	Co-producing solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities. Since 1994, the state has made concerted efforts to engage communities in the development of local solutions. Unfortunately this has not always been successful and often simply takes the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.	4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation
Continuous improvement	Underpinning all the strategic goals, there is the need for the JDA to run as efficiently as possible.	

Transforming the Spatial Economy

The JDA's primary medium-term purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments. To ensure that the JDA is best positioned to respond to the spatial development priorities, the agency co-ordinates and manages its activities through the following five substantive programmes:

- Programme 1. Inner city transformation Programme
- Programme 2. Strategic economic node programme
- Programme 3. Public infrastructure delivery programme
- Programme 4. Greater Alex and Alexandra Renewal Programme (ARP)
- Programme 5. Economic Empowerment Programme

In addition, we ensure good governance of the organisation through an operational programme, resourced to support the optimal performance of the above five substantive areas:

- Programme 6. Good Governance, Management and Administration

The JDA’s current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the 2015/16 Spatial Development Framework.

FIGURE 1: SDF 2040 PRIORITY ZONES

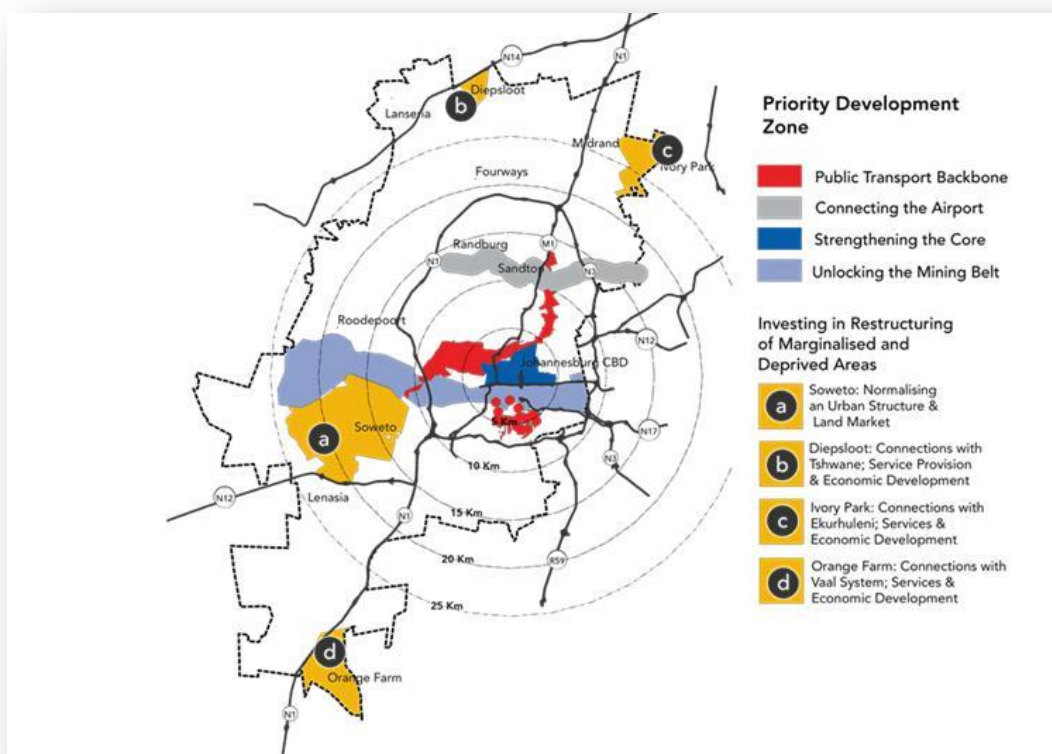


TABLE 2: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS AND PROGRAMMES

SDF Priority Transformation areas	Corresponding JDA Regional Programmes	JDA Development Programmes
Strengthening the metro core	Inner City and the Old South (including Turffontein and Mining Belt)	<ul style="list-style-type: none"> • Programme 1: Inner city transformation Programme • Programme 2: Strategic economic node programme • Programme 3: Public infrastructure delivery programme • Programme 4: Greater Alex and Alexandra Renewal Programme (ARP) • Programme 5. Economic Empowerment Programme
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)	
Consolidating public transport backbone	The Corridors of Freedom: Empire-Perth Corridor and Louis Botha Corridor	
OR Tambo Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankentwald)	
Addressing marginalization	Marginalized Areas – Diepsloot, Ivory Park, Orange Farm	

The JDA’s approach towards area-based development covers the following five practices and services:

1. **Development identification and project packaging** - Identifying strategic opportunities to respond to the CoJ’s focus area by bringing together all relevant stakeholders and parties to the initiative, and developing an implementation plan.
2. **Development and project facilitation and co-ordination** - Working with various stakeholders and parties to ensure that they are undertaking their roles as expected and required.

3. **Overall development implementation involving capital developments** - In ensuring that the development is implemented as planned, JDA may oversee specific project management functions within a development, while retaining overall accountability as a development manager. Through local beneficiation, in terms of small, medium and micro enterprise (SMME) and entrepreneurial support, the JDA aims to increase the number of local emerging contractors used in capital projects carried out in the various communities, as well as the number of local construction jobs created.
4. **Post implementation support and sustainability** -Complement any capital development or investment with urban management initiatives and models.
5. **Impact Assessment / monitoring and evaluation** -Analyse, review and quantify private sector investment in various JDA intervention areas, and assess the socio-economic impact of these interventions. This is achieved through, among others, analyses of property market trends and factors that influence investor interest in JDA development areas. Value for money assessment.

The JDA has aligned the main elements of our work and highlights the flow between them:

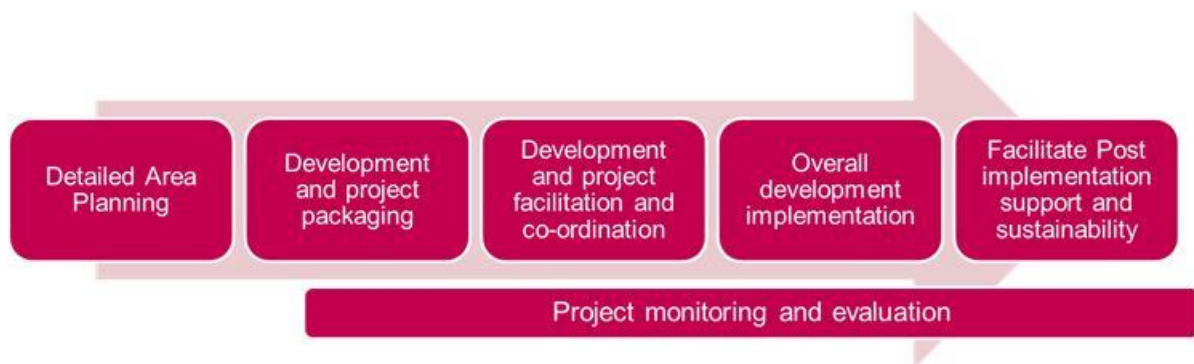


FIGURE 2: DEVELOPMENT PROCESS / LIFECYCLE

The following diagram unpacks the JDA’s value creation process to illustrate how the JDA has aligned its activities and efforts to achieve expected results by structuring the main elements of our work.

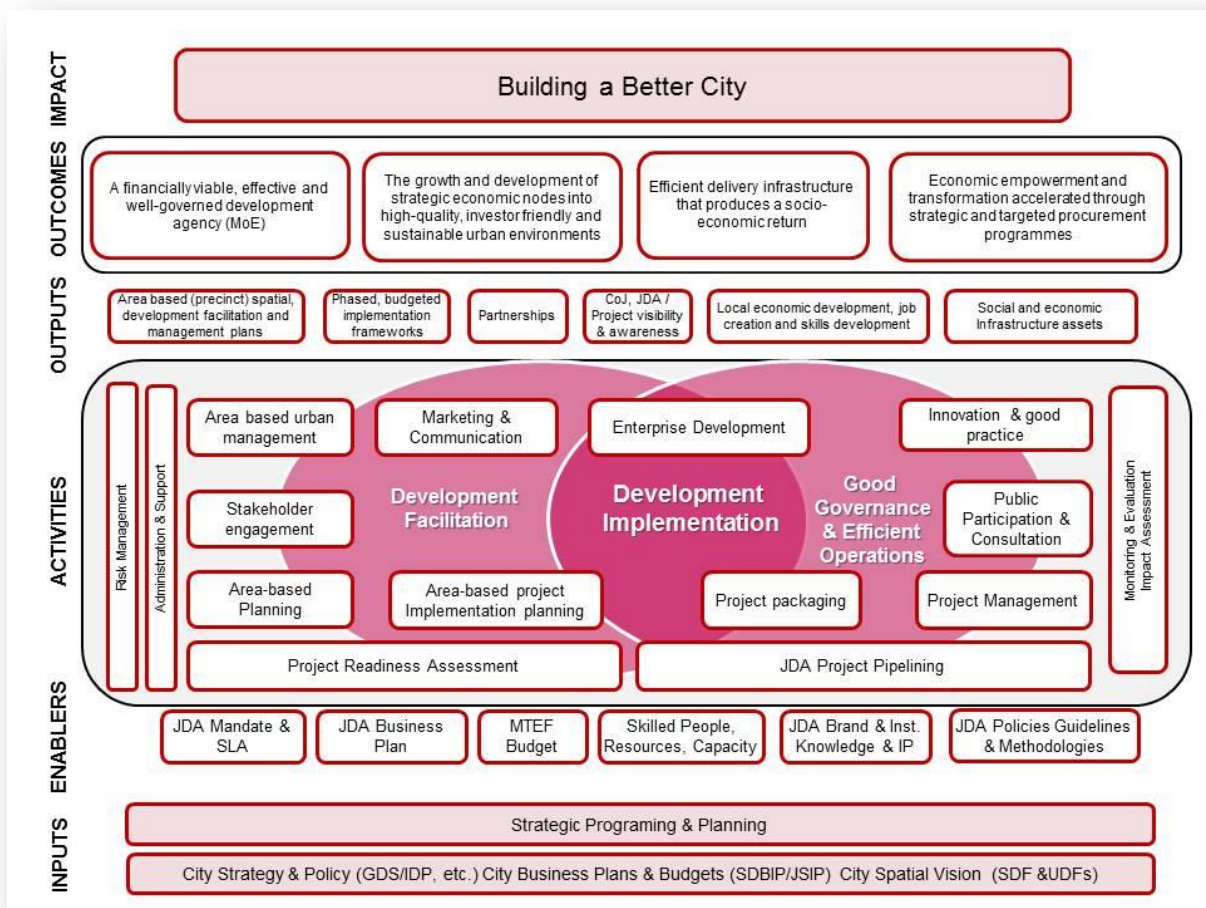


FIGURE 3: JDA’S VALUE CREATION PROCESS

SECTION 3: SALIENT FEATURES

Performance Summary

- The overall year to date capex expenditure at the end of the first quarter was R84.5 million against a targeted YTD budget of R71.1 million. This represents 6.66% of the overall annual budget of R1.269 billion.
 - In comparison with the same time period in the previous financial year the JDA achieved 5.11% of the 2017/18 annual budget of R1.7 billion.
- For the quarter ended 30 September 2018 the JDA had earned total revenue of R14.8 million and incurred total expenditure of R35.4 million which resulted in an overall deficit of R20.5 million
 - In comparison with the same time period in the previous financial year the JDA had earned total revenue of R11.6 million and incurred total expenditure of R28.7 million which resulted in an overall deficit of R17 million.
- The organisation achieved 99% of the budgeted target for revenue.
 - In comparison with the same time period in the previous financial year the organisation achieved 90% of the budgeted target for revenue.
- Included in the above revenue target are development management fees, operational grant and other sundry income. The development management fees are based as a percentage of the overall capital expenditure.
- The JDA incurred expenditure in excess of the budgeted target for operational expenditure by 10% due to the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R6 million against a target of R1.8 million.. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.
 - In comparison with the same time period in the previous financial year the organisation achieved 108% overall against target
- The first quarter report has been prepared against the JDA’s 2018/19 business plan and scorecard. Regarding performance against the JDA’s 21 Strategic KPI’s, JDA achieved 71% targeted performance achieved and 29% performance target not achieved.
- For the period 01 July 2018 to 30 September 2018, the overall BBBEE share of expenditure was R1,789, 777.05. This translates into an achievement of 95% BBBEE claimed against quarterly expenditure.
- The SMME share of JDA’s operating and capital expenditure was R 35,272,369.17 for the period 1st July 2018 to 30th September 2018. This constitutes an achievement of 36% for the period under review.

TABLE 3: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE¹

Overall Programme Performance	2018/19 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget Expenditure
	R’ 000	R’ 000	R’000	%	%

¹ This measures effective capital budget management, in particular expenditure against set targets for project delivery. Targets of 95% expenditure have been set in respect of all funding sources for the financial year.

Overall Programme Performance	2018/19 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget Expenditure
Overall Programme Performance	1 268 879	71 094	84 527	119%	6.66%

TABLE 4: OPERATING BUDGET MANAGEMENT²

	2018/19	Year to date		% Achievement for Year to Date	% Achievement for Annual
	Original Budget	Target	Actual		
	R'000	R'000	R'000		
Revenue R'000)	129 074	15 026	14 878	99%	12%
Costs (R'000)	129 074	32 269	35 420	110%	27%
Net surplus/(deficit)	-	(17 243)	(20 542)		

SECTION 4: HIGH-LEVEL ORGANISATIONAL STRUCTURE

The JDA's structure is a response to the business model, which focuses on the development of strategic capital, works projects as well as development facilitation to optimise the impact of the catalytic public investments, and the establishment of urban management partnerships to ensure the sustainability of the catalytic public investments. The organisational structure during the reporting period is presented below.

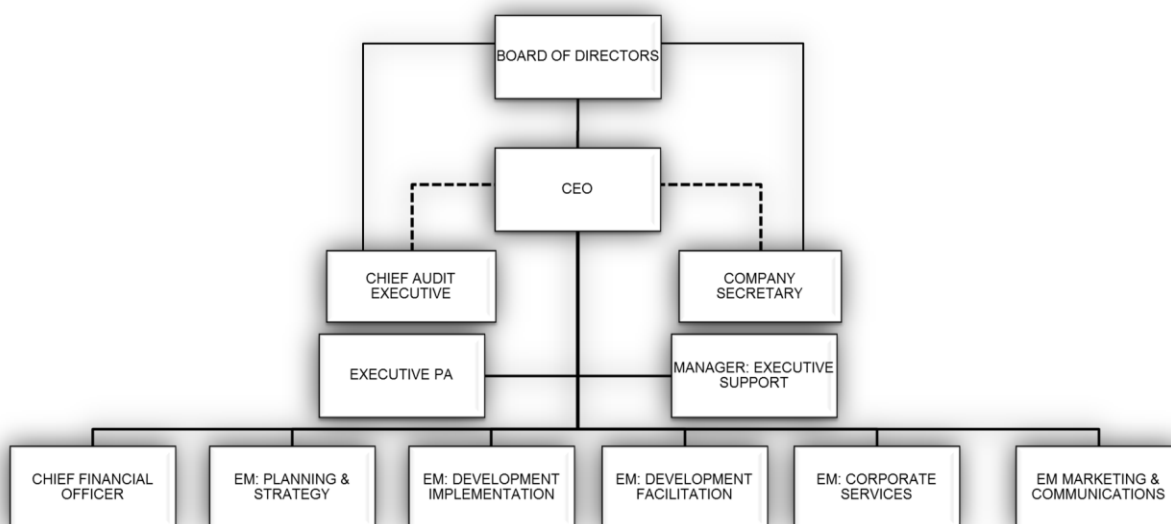


FIGURE 4: HIGH LEVEL ORGANISATION STRUCTURE

² This measures effective budget control of operating costs (indicated by budget variances). In respect of effective budget control of operating costs, a target of 0% over expenditure has been set.

SECTION 5: CHAIRPERSON'S FOREWORD

As the JDA concludes the first quarter of 2018/19, it is clear that the multi-year planning, budgeting and contracting system continues to yield efficient results in the JDA's expenditure patterns and first quarter results. The capital expenditure at the end of the first quarter was R84.5 million against a targeted YTD budget of R71.1 million. This represents 6.66% of the overall annual budget of R1.269 billion.

The improvement in expenditure aside, there are areas where the organisation must improve on. These include, ensuring that development milestones, particularly around awarding of contracts are adhered to. Any delays in ensuring contractors are on site may negatively impact all subsequent phases as well as expenditure on projects. Secondly, there were poor numbers on the EPWP programme reported. The JDA must play its role by supporting this important nationwide programme. Finally, while somewhat outside the organisation's control, we note that there are five pending litigations and possible liabilities remaining.

The JDA management team must ensure that it effectively and efficiently manages the expectations and perceptions of all stakeholder groups throughout the development cycle. The JDA has learnt from experience, that is it essential that clear and regular communication and mobilisation activities, explaining the purpose, scope and outcomes of each project to reduce misunderstanding and misinformation. In this regards, every area-based development undertaken by the JDA is to be supported by development facilitation and planning functions in the pre-development and post-development phases to enhance the value added by the capital works interventions and improve the longer-term sustainability of the capital investment.

We recognise there will be challenges that this organisation will face in the year ahead and we are closely working with management to focus on improving capacity requirements and supporting structures, processes and systems in 2018/19 that aim to mitigate challenges and help in achieving the performance expected of the JDA. I believe that this will assist in achieving the spatial and economic goals set out in the Joburg 2040 GDS, the mandate and critical priorities for the 2016-2021 Term of Office and the Spatial Development Framework that guides the City of Johannesburg.

Mr. Cassim Coovadia
Chairperson
October 2018

SECTION 6: CHIEF EXECUTIVE OFFICER'S REPORT

The JDA, as an area-based development agency, continues to both deepen its efforts as well as catalyse new development that supports the spatial transformation of the City of Johannesburg. The JDA continues to make strides in place-making which is the multi-faceted approach to the planning, design and management of public spaces by unlocking the local community's assets, inspiration, and potential, with the intention of creating public spaces that promote people's health, happiness, and well-being, through the development of key City infrastructure. Without its committed Board, its Management and Staff, this will be an impossible task, and we know that it is the people at the JDA who make the JDA.

This First Quarter report has been prepared against the JDA's 2018/19 business plan and scorecard as approved by the City. The 2018/19 business plan is closely aligned with the CoJ SDF, the IDP and the City's 2018/19 delivery agenda.

In terms of development progress for the first quarter of 2018/19, the JDA continued its support of the City's strategic priorities through its focus in the Inner City, in transport nodes or TOD precincts, in public transit and mobility infrastructure along the corridor routes and in on-going investments in marginalised areas. This includes Alexandra, Ivory Park, Noordgesig, Braamfischerville and Diepsloot. In Programme 3: Public infrastructure delivery, most of the developments relate to the Rea Vaya BRT system and commuter rail services. These projects are being implemented by small construction companies, which mean that the large-scale infrastructure spending is also benefiting local businesses and creating local job opportunities.

The JDA also contributed to job creation and SMME development in the built environment sector in Johannesburg. We were able to exceed or target of 30% of capital spend through SMME's, and we achieved our target of 100% spend on Broad-based Black Empowerment.

On the JDA's 21 Strategic KPIs, we achieved 71% targeted performance and 29% performance target was not achieved.



Christo Botes
Chief Executive Officer
3 October 2018

SECTION 7: CHIEF FINANCIAL OFFICER’S REPORT

The JDA has always been a unique organisation with a funding model that is highly dependent on the capital projects that are implemented on behalf of its client departments. Over the years there have been fluctuations in the capital project budgets implemented by the JDA and our operational requirements have to be just as nimble in order for us to remain financially sustainable.

For the quarter ended 30 September 2018 the JDA had earned total revenue of R14.8 million (2017/18: R11.6 million) and incurred total expenditure of R35.4 million (2017/18: R28.7 million) which resulted in an overall deficit of R20.5 million (2017/18: R17 million).

The organisation achieved 99% (2017/18: 90%) of the budgeted target for revenue. Included in the revenue target are development management fees, operational grant and other sundry income. The development management fees are based as a percentage of the overall capital expenditure.

The JDA incurred expenditure in excess of the budgeted target for operational expenditure by 10% (2017/18: 108% overall against target) due to the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R6 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.

The breakdown of the actual operational expenditure against budget is as follows:

TABLE 5: ACTUAL OPERATIONAL BUDGET

	Actual Prior year 30 September 2017	Budget R’000	Actual R’000	Variance R’000	% of actual against budget
Revenue	R11 600	R15 026	R14 878	(R148)	99%
Operating costs (before interest)	R19 550	R30 426	R29 123	R1 303	96%
Interest expense	R9 194	R1 842	R6 297	(R4 455)	342%
Total operating costs	R28 744	R32 268	R35 420	(R3 152)	110%
Surplus/(Deficit)	(R17 144)	(R17 243)	(R20 542)	(R3 299)	

Excluding the internal interest charged on the overdraft balance, a variance of 4% against the target was realised. This variance is mainly due to a reduction in the overall operational expenditure in line with the mid-year adjustment process. Currently the revenue targets were based on estimated capital budgets that were reduced during the approval process in 2017/18. This will result in an overall reduction in the revenue budget in the mid-year adjustment process and a corresponding reduction in operational expenditure to ensure a balanced budget.

Actual capital expenditure for the period ended 30 September 2018 was R84.5 million (2017/18: R79 million) against a targeted budget of R71 million (2017/18: R77 million). This represents 6.7% (2017/18: 5.17%) of the overall annual budget. There are however various factors that continue to affect projects including poor contractor performance and community stoppages.

The organisation’s total assets exceeded the total liabilities. The total net assets at 30 September 2018 were R4 million (2017/18: R46 million), which takes into consideration interest paid of R40 million for the 2017/18 year that is awaiting Council write-off.

The table below reflects the financial performance ratio of the organisation for the period ended September 2018.

TABLE 6: FINANCIAL RATIOS

Key Performance Area	Target Ratios	Actual 30 September 2017	Actual 30 September 2018
Current ratio	Above 1 : 1	1.07 : 1	1.02 : 1
Solvency ratio	Above 1 : 1	1.05 : 1	1.01 : 1
Salaries to expenditure ratio	Below 60%	64%	74%
Revenue (Based on 95%)	R122.6 million	R11.6million	R14.88million
Expenditure (including taxation)	R122.6 million	R28.7 million	R35.42 million
Surplus / (Deficit)	R nil	(R17.1 million)	(R20.54 million)
Total net assets	R47.4 million	R55.5 million	R3.8 million
Capital expenditure	5%	5.17%	6.66%

The overall liquidity and solvency position of the JDA is lower than the prior year and still above the current industry norms. The main contributing factor to the overall variance in comparison to the prior year is the higher receivables balance. Our major concern currently is the long outstanding balances owed by the City departments to the JDA and the overall impact this has on the liquidity and solvency of the JDA. If this continues to persist, it would negatively impact the ratios above and the JDA would be deemed to be technically insolvent as our liabilities would exceed our assets. During the current financial year, the JDA had commenced the year with R900 million outstanding and 45% of which has been collected since then by improving our debtors management processes through constant interactions with the departments.

The remuneration ratio was based on employee costs of R 26 million against total operational expenditure of R 35 million. This translates to almost 74% of the total operational expenditure relates to employee costs. The JDA is primarily a service-orientated entity as a majority of the operational costs relate to employee remuneration which results in the JDA exceeding the general target of 60%. Generally during the first quarter, operational expenditure is lower due to most of the operational plans and the procurement of these services are still being finalised which further contributes to the higher ratio.



Sherylee Moonsamy CA (SA)
Chief Financial Officer
03 October 2018

CHAPTER 2: CORPORATE GOVERNANCE

SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

The JDA recognises that conducting its affairs with integrity will ensure that the public and, the City of Johannesburg Metropolitan Municipality, have confidence in its work. To that end the JDA's Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King IV code.

The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that the JDA is managed ethically and within prudently determined risk parameters. During the period under review, the Board conducted assessments to ensure that the JDA complied with the requirements of the Companies Act, the Municipal Systems Act and the MFMA.

JDA's Governance Arrangements

The JDA is accountable to the Department of Development Planning, which provides direction on contractual obligations and to the Member of the Mayoral Committee for Development Planning, who exercises political oversight. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of departments and entities responsible for the city's spatial transformation and economic growth is integrated and coordinated. The Council's Section 79 Portfolio Committee on Development Planning provides political oversight of the JDA's activities and functions.

The JDA must perform according to a service delivery agreement and performance objectives set by the City of Joburg.

The JDA's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

The Legislative framework

The legislative framework for municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the passing of the Municipal Finance Management Act (MFMA). The new provisions of the MSA, including Chapter 8A, came into effect on 1 August 2004. The bulk of the provisions of the MFMA took effect on 1 July 2004 with some transitional provisions based on municipal capacity. The MSA defines three types of entities that may be established by a municipality with effect from 1 August 2004, namely private company, service utility or multi-jurisdictional service utility. Before the MSA and MFMA requirements took effect, municipalities used various arrangements to deliver services and manage functions. These included trusts, section 21 companies and private companies. In view of the legislative framework, municipalities are required to review these structures and either convert them to an entity or disestablish them if they are no longer required. A review would cover such things as the appropriateness of governance structures to provide effective municipal oversight, accountability and transparency.

Implementation of King Codes of Corporate Governance

The Board and management team are committed to the principles of openness, integrity and accountability advocated by the King Code. The JDA made progress during the reporting period towards entrenching and

strengthening the implementation of the recommended practices in its governance structures, systems, processes and procedures. The internal audit team provided regular feedback to the Audit and Risk Committee, which is responsible for monitoring compliance with the King Code.

The entity applies the governance principles contained in the King Codes as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The monitoring of the entity's compliance with the King Codes on Corporate Governance is part of the shareholder mandate of the Audit and Risk Committee. The entity has complied with the Code in as far as it applies to it during the period under review.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with the City of Johannesburg as its sole member in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Codes Report on Corporate Governance for South Africa 2016 (King Code). The Entity steadfastly consolidated its position in respect of adherence to the King Codes report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King Codes. Ongoing steps are however taken to align practices with the King Codes recommendations and the Board of Directors continually reviews progress to ensure that the entity improves its Corporate Governance. During the year under review the Company entrenched its risk management reviews. Reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with section 121 of the Municipal Finance Management Act.

Ethical Leadership

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the entity's stakeholders.

Corporate citizenship

As an entity of a municipality, the JDA has social and moral obligations to the citizens. The Board is responsible for ensuring that the JDA protects, enhances and invests in the economy, society and the natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

Compliance with laws, rules, codes and standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adherence to non-binding rules, codes and standards. The Company Secretary certifies that all statutory returns have been submitted to the Registrar of Companies in terms of section 268(d) of the Companies Act. The internal audit team provides assurance on the JDA's compliance with laws and regulations.

Citizen Involvement in Plan-Making and Project Implementation

The City and the JDA are continually working on ensuring more involvement of communities and individuals in the preparation of plans and project implementation, and a better interface between officials and the public.

In the preparation of the Integrated Development Plan (which includes the Spatial Development Framework) and also in the annual revision of the Regional Spatial Development Framework, there is a structured participation process, which includes public meetings and which allows any interested party to comment on, or object to, any provision in a proposed plan.

For area based planning, the JDA's participation is structured in a number of ways, including key public meetings at the start of the process and at the point of draft proposals. But other participatory methods such as stakeholder meetings, information leaflets, etc. are also used depending on the context and project.

Citizens can also get involved with developing detailed precinct plans for their own areas at neighbourhood level. In many areas these plans are initiated by the residents of a particular area. The planning department is investigating ways of helping people to pool their resources in communities in order to participate in preparing precinct plans.

The local Ward Councillor, Ward Committees and residents' associations are the key link for citizens to get involved in public participation processes in planning and project development.

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (MSA). The Board recognises the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of the City of Johannesburg. It is the policy of the Board to actively review and enhance the entity's systems of control and governance on a continuous basis to ensure that the entity is managed ethically and within prudently determined risk parameters.

SECTION 2: BOARD OF DIRECTORS

The JDA has a unitary board, which comprises both executive and non-executive directors. Mr Cassim Coovadia is chairperson of the Board and a non-executive director. The JDA's sole shareholder, the City of Johannesburg, reviews the term of office for non-executive directors every year at the annual general meeting.

The Board is accountable to the CoJ and the citizens of Johannesburg. A service delivery agreement and shareholder compact, concluded in accordance with the provisions of the Municipal Systems Act, govern the entity's relationship with the CoJ. The Board provides monthly, quarterly, biannual and annual reports on its performance and service delivery to the City of Johannesburg as prescribed in the service delivery agreement, the shareholder compact, the MFMA and the Municipal Systems Act.

Non-executive directors maintain an independent stance to matters under consideration and add to the Board's depth of experience. The roles of the Chairperson and Chief Executive Officer are separate, with responsibilities divided between them. Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters such as corporate governance, compliance with company rules and procedures, statutory requirements, regulations and best corporate practices.

The Board or any of its members may, under appropriate circumstances and at the expense of the company, obtain the advice of independent professionals.

Shortcomings are addressed and areas of strength are consolidated during an annual Board evaluation. The performance of the Board committees is evaluated against their terms of reference.

The Board of Directors consists of the following members as appointed at the Annual General Meeting (AGM) of the shareholder held on 20 April 2018:

- (i) Mr Cassim Coovadia (as Chairperson)
- (ii) Mr Popo Masilo;
- (iii) Mr Krishna Govender;
- (iv) Dr Mzukisi Qobo;
- (v) Mr Panos Zagaretos;
- (vi) Mr Prince Mashele;
- (vii) Mr Arron Steyn;
- (viii) Dr Nomfundo Ngwenya;
- (ix) Mr Christo Botes (as Chief Executive Officer and Executive Director); and
- (x) Ms Sherylee Moonsamy (as Chief Financial Officer and Executive Director).

The following members were appointed as Independent Audit and Risk Committee members at the AGM of 20 April 2018:

- (i) Ms Modi Dolamo;
- (ii) Ms Keabetswe Onuoka; and
- (iii) Mr Zukisani Samsam

TABLE 7: JDA BOARD OF DIRECTORS FOR THE PERIOD 01 JULY 2018 TO 20 SEPTEMBER 2018 (FIRST QUARTER)

Board member	Capacity: Executive/non- executive	Race	Gender	Board committee membership
C Coovadia	Chairperson (Non-executive)	Indian	Male	Board
K Govender	Non-executive	Indian	Male	Audit and Risk (Chair)
P Masilo	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics Committee
P Zagaretos	Non-executive	White	Male	Human Resources and Remuneration Social and Ethics Committee
P Mashele	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics Committee
N Ngwenya	Non-executive	Black	Female	Human Resources and Remuneration / Social and Ethics Committee (Chair)
A Steyn	Non-executive	Coloured	Male	Audit and Risk Committee
M Qobo	Non-executive	Black	Male	Audit and Risk Committee Human Resources and Remuneration Social and Ethics Committee

Together, the JDA directors have a range of different skills and experience that they bring to bear for the benefit of the entity. These include accounting, finance, legal, business management, human resources and labour relations, marketing, construction and development management.

The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors and monitor overall performance.

SECTION 3: BOARD COMMITTEES

Board Meeting Attendance

The Board meets not less than four times a year to consider matters specifically reserved for its attention. Indicated in the table below are the Board and committee's meetings held during the period under review. Attendance at meetings held during the quarter under review was as follows:

TABLE 8: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY 2018 – 20 SEPTEMBER 2018)

Name	Board				Audit & Risk Committee				HR & Remco/ Social & Ethics			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
C Coovadia	1	1	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	1	1	0	0	2	2	0	0	N/A	N/A	N/A	N/A
P Masilo	1	1	0	0	N/A	N/A	N/A	N/A	1	1	0	0
P Zagaretos	1	1	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
P Mashele	1	1	0	0	N/A	N/A	N/A	N/A	1	1	0	0
N Ngwenya	1	1	0	0	N/A	N/A	N/A	N/A	1	1	0	0
M Qobo	1	1	0	0	2	1	1	0	1	1	0	0
A Steyn	1	1	0	0	2	2	0	0	N/A	N/A	N/A	N/A
M Dolamo (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A

Board Committees

The following committees have been formed, each of which is chaired by a non-executive director.

- Audit and Risk Committee
- Human Resources and Remuneration Committee/Social and Ethics Committee

Each committee composition is as follows:

TABLE 9: BOARD COMMITTEES FOR THE PERIOD (1 JULY 2018 – 20 SEPTEMBER 2018)

Composition	Mandate and Quarterly Activities
Audit and Risk Committee	
<p>The Audit and Risk Committee, which consists of three non-executive directors and three independent members, meets not less than four times a year. Most members of this committee are financially literate. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • K Govender (Chairperson) • M Qobo • A Steyn • Z Samsam (Independent Member) • M Dolamo (Independent Member) • K Onuoka (Independent Member) 	<p>The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities:</p> <p>Reviewing JDA's internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board.</p> <p>Reviewing reports from management, internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed.</p> <p>Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.</p>
Human Resources and Remuneration Committee/ Social and Ethics Committee	
<p>In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee/Social & Ethics Committee (HR & REMCO/Social & Ethics), comprising of 5 (five) non-executive directors and chaired by a non-executive director. It is responsible for directing human resources policies and strategies for the organisation and approving the remuneration for the Chief Executive Officer, senior executives and staff; the Committee is also responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. This means ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. This committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • N Ngwenya (Chairperson) • M Qobo • P Masilo • P Mashele • P Zagaretos 	<p>The committee meets not less than 4 (four) times a year. The executive directors are excluded from the HR & Remuneration Committee/Social & Ethics Committee when matters relating to their remuneration are discussed. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg in accordance with the provisions of Section 89(a) of the MFMA.</p> <p>The remuneration of the Chairperson, the non-executive directors and independent audit committee members is determined by the City of Johannesburg.</p>

In addition to the above committees, JDA's operates in a high-risk environment involving planning, development construction and procurement. The Board highlights that there is gap for a specific committee, previously referred to the Development and Investment Committee, which would examining risks associated with the capital projects such as the financing, returns and project risk profiles. The organisation is currently engaging the Shareholder to address this gap.

Duties of the Board

The Board retains full and effective control over the organisation and monitors the implementation of the JDA's strategic programmes. It sets the agency's strategic direction and monitors overall performance. The duties of the Board include:

- Providing effective, transparent, accountable and coherent oversight of the JDA's affairs.
- Ensuring that the JDA complies with all applicable legislation, the service delivery agreement and the various shareholder policy directives issued by the City of Johannesburg from time to time.
- Dealing with the CoJ in good faith and communicating openly and promptly on all pertinent matters requiring the attention of its shareholder.
- Determining and developing strategies that set out the organisation's purpose and values in accordance with the shareholder mandate and strategic documents such as the integrated development plan.
- Reviewing and approving financial objectives, including significant capital allocations and expenditure as determined by the CoJ.
- Considering and ensuring that the entity's size, diversity and skills are sufficient to achieve its strategic objectives.

Board charter

The Board of Directors has incorporated the CoJ's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

SECTION 3: DIRECTORS AND PRESCRIBED OFFICERS REMUNERATION

The JDA remunerates the non-executive directors and independent audit committee members in accordance with the policy and in the amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of the JDA. The foregoing position was reaffirmed by special resolution at the 2017 annual general meeting. The non-executive directors and independent audit committee members are paid per meeting. Executive directors and prescribed officers are employees of the JDA and do not receive any additional remuneration by reason of their office. The table below reflects the gross or cost to company amounts paid by the JDA in relation to executive directors, non-executive directors' and independent audit committee members' fees.

TABLE 10: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES UP TO AND INCLUDING THE FOURTH QUARTER (1 JULY 2018 – 30 SEPTEMBER 2018)

Name	Designation	Salary/Board Fees (R's) ³	Pension (R's)	Bonus/Board Retention Fees (R's)	Travel allowance (R's)	Total (R's)
Executive Directors & Senior Management						
C Botes	CEO	415 145			7 500	422 645
Z Tshabalala	CAE	299 136	14 181			313 316
D Cohen	EM: Strategy & Planning	337 914	16 019			353 933
R Shirinda	Company Secretary	366 072	17 354			383 426
S Moonsamy	CFO	402 197	26 401			428 599
BL Seopela	EM: Corporate Services	463 598				463 598
N Mulovhedzi	Senior Development Manager	299 948	19 689			319 637
P Mkhize	Senior Development Manager	304 953	17 286			322 239
M. Soni	EM: Development Implementation	341 367	-		2 997	344 364
Sub-Total		3 230 330	110 929	-	10 497	3 351 756
Non-Executive Directors & Independent Audit Committee Members						
C Coovadia	Chairperson	48 000				48 000
P Masilo	Board Member	41 000				41 000
M Qobo	Board Member	34 000				34 000
N Ngwenya	Board Member	43 000				43 000
A Steyn	Board Member	46 000				46 000
K Govender	Board Member	50 000				50 000
P Mashele	Board Member	36 000				36 000
P Zagaretos	Board Member	29 000				29 000
M Dolamo	Independent Audit and Risk Committee Member	10 000				10 000
K Onuoka	Independent Audit and Risk Committee Member	10 000				10 000
Z Samsam	Independent Audit and Risk Committee Member	10 000				10 000
Sub-Total		357 000	-	-	-	357 000
TOTAL		3 587 330	110 929	-	10 497	3 708 756

The directors' emoluments were taxed according to South African Revenue Services' guidelines.

³³ Included in the board fees are fees for committee meetings and attendance of interviews for senior staff members.

Loans and advances

In accordance with the provisions of the MFMA, the JDA has a strict policy in place that prohibits it from providing loans or advances to directors and employees; therefore, no loans or advances were made during the period under review. The agency did not provide loans to any organisation or person outside of or in the employ of the JDA.

SECTION 4: COMPANY SECRETARIAL FUNCTION

The primary function of the Company Secretary is to act as the link between the Board and management and to facilitate good relationships with the shareholder. The Company Secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation. All directors have access to the advice and services of the Company Secretary who acts as the link between management, the Board and the shareholder.

The Company Secretary is responsible for the flow of information to the Board and its committees and ensures compliance with Board procedures. In addition to various statutory functions, the Company Secretary provides individual directors and the Board as a whole with guidance on their duties, responsibilities and powers, as well as the impact of legislative and regulatory developments, while maintaining an arm's-length relationship with the Board.

The Board has empowered the Company Secretary with the responsibility of advising the Board, through the chairperson, on all governance matters, including the duties set out in section 88 of the Companies Act.

The Company Secretary's work covers a wide variety of functions, including but not limited to:

- Organising, preparing agendas, and taking minutes of meetings;
- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people;
- Advising the Board and management on corporate governance matters;
- Contributing to meeting discussions, as and when required; and
- Arranging the annual general meetings.

SECTION 5: RISK MANAGEMENT

The JDA's Board monitors risk through the Audit and Risk Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented and monitored. The JDA Board is responsible for identifying, assessing and monitoring the risks reported to the Audit and Risk Committee.

The JDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously on an on-going basis at departmental level. The risk register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

The JDA submits its risk management reports to the CoJ's Group Risk and Governance Committee. The committee assesses all risk affecting the CoJ and its municipal entities in a holistic manner and makes

recommendations to the City Manager and Council on the general effectiveness of risk management processes in the City of Johannesburg.

Risk Management Process

Risk identification and assessment is an on-going process. The JDA conducts an annual strategic and operational risk assessment workshop. This process is supported by an on-going risk management process at departmental level; and all employees are required to take ownership of risks that fall within their respective areas of responsibilities.

The following risk management programmes and/or activities were implemented during the first quarter of 2018/19 financial year are as follows:

- Strategic Risks Management and Monitoring
- Operational Risks Management and Monitoring
- Universal Regulatory Register (URR) and Compliance Monitoring
- Employees and Boards members' declaration of interest submitted. No conflicting matters have been reported.

The Executive Committee and the Audit and Risk Committee will continue to monitor the implementation of the processes listed above to ensure that the organization is proactive in addressing risks and strengthening its internal control environment.

SECTION 6: INTERNAL AUDIT FUNCTION

The Internal Audit Function (IAF) subscribes to and accepts the mandatory nature of the definition of internal audit as defined by the International Standards for the Professional Practice of Internal Audit ("ISPPA") which defines internal audit as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The key objectives of the Internal Audit Function is to assist the Audit & Risk Committee in the effective discharge of their responsibilities, provide strategic support to the Chief Executive Officer ("CEO") and management that contributes towards the establishment of adequate and effective systems of governance, risk management and internal control processes through providing value adding recommendations to improve the effectiveness and efficiency of the operations of the JDA.

It is within this context that the IAF strives to continuously strengthen and understand its stakeholders, their specific requirements and business drivers so that there is continuous strategic alignment and value add to long term and short term goals.

Progress made against the approved Annual Internal Audit Plan

The internal audit progress to which this section of the report relates to is for the period 01 July 2018 to 30 September 2018; the section of the report includes progress on the planned audit projects as well as special audit requests (if any) that were undertaken during the reporting period. In this reporting period, there were five (5) audits planned. Of the five (5) audits planned, two (2) audits were completed; and three (3) audits are in progress.

Furthermore, three (3) tenders that were above R5million were reviewed prior to awarding of the tender. These 3 audits constitute 100% of tenders above R5million received by internal audit for review in the 1st quarter of the 2018/19 financial year.

On overall there were eight (8) audit projects undertaken by internal audit in the 1st quarter of 2018/19 financial year and these are indicated on the tables below:

TABLE 11: PROGRESS MADE AGAINST THE APPROVED 2018/19 ANNUAL INTERNAL AUDIT PLAN

No.	Audit Description	Progress as at 30 September 2018	Progress Status
1	Review of the draft 2017/18 unaudited annual financial statements	Completed	Audit completed and final report has been issued to management and the Audit and Risk committee
2	Review of the 2017/18 Draft Annual Integrated report	Completed	Audit completed and final report has been issued to management and the Audit and Risk committee
3	1st Quarter follow up on Internal and External audit finding	Completed	Report to be submitted to the Audit and Risk committee
4	Fraud risk management audit	In progress	The project is currently at execution stage.
5	Review of the Internal projects readiness assessment process	In progress	The project is currently at planning stage.

TABLE 13: TENDER ABOVE R5 MILLION REVIEWED PRIOR TO AWARDING IN 2018/19

No.	Project Name	Progress as at 30 September 2018	Progress Comments
1.	Pre-qualification of contractors – Bophelong Clinic	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.
2.	Drieziek Public Transport Facility	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.
3.	Pre-qualification of contractors – Jabulani phase 7: Construction of Molapo Bridge	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans. On a monthly basis, Internal Audit also conducts follow-up reports on the implementation of Internal and External audit recommendations. These reports are presented to both the Operation Clean Audit Committee and the Audit and Risk Committee, to monitors the progress made by management on the implementation of recommendations and action plans.

Resourcing of the Internal Audit Function and Related Changes

In terms of the approved structure, the Internal Audit unit consists of a Chief Audit Executive, an Office Administrator; 2 Internal Audit Managers; 2 Internal Auditors and 2 Internal Audit Learners. There are no vacant positions within Internal Audit.

SECTION 7: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The JDA and its Board subscribe to high ethical standards and principles. The leadership provided by the Board is characterised by the values of responsibility, accountability, fairness and transparency, and has been a defining characteristic of the JDA since its establishment in 2001.

The JDA's main objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the Board is sensitive to the interests and expectations of the JDA's stakeholders.

Code of Conduct

The JDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ corporate governance protocol for municipal entities.

The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. Through its code of conduct, the JDA is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- Fair commercial and competitive business practices.
- Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- Taking environmental and social issues into consideration.
- Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

The code requires all staff to act with the utmost integrity and objectivity and in compliance with the law and company policies at all times. Failure to act in terms of the code results in disciplinary action. The code is discussed with each new employee as part of the induction process, and all employees are asked to sign an annual declaration confirming their compliance with the code. A copy of the code is available to interested parties on request. Non-adherence to the code of ethics-related matters can be reported to a toll-free, anonymous hotline. Any breach of the code is considered a serious offence and is dealt with accordingly, which serves as a deterrent. The directors believe that ethical standards are being met and are fully supported by the ethics programme.

Declaration of interest

In accordance with its code of conduct, the JDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's declared interests change. A register is circulated at every Board and Board committee meeting for the directors to declare any interest related to every matter discussed at a particular meeting.

The JDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality, and the status of their municipal accounts.

The JDA has a whistle-blowing hotline number, which it advertises in the offices and on its website. In addition, all JDA tender documents urge people to report fraudulent activities or maladministration by JDA employees on the hotline.

SECTION 8: CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

The JDA is currently in the process of developing a Corporate Social Responsibility (CSR) Framework to help guide how the organisation undertakes CSR initiatives. The annual budget for this financial year is R380, 000.00. There are no confirmed projects as yet for the current financial year as this will take place in the third quarter in line with the Framework. Table 12 below illustrates the focus areas that guide the type of initiatives that get considered by the JDA:

TABLE 12: CSR FOCUS AREAS FOR THIS FINANCIAL YEAR:

Focus areas	Programmes
Area Regeneration	Upgrades to the built environment, area management initiatives which impact on cleanliness, safety and security, improved investment attraction to the area
Arts and Culture	Arts and culture development in underprivileged areas
Community Sport	Support community sports development programmes in underprivileged areas
Conservation and Environment	Support projects that focus on conservation awareness and education including waste management, water conservation, energy and disaster relief programmes (e.g. food gardens)
Education	Support for community or public education facilities; programmes that support the production of indigenous, appropriate knowledge streams relevant to the JDA and its work; programmes that support improvement of Mathematics, Science, Information and Communications Technology, Engineering for underprivileged children.
Health	Support of community clinics; health programmes in community; HIV/AIDS Awareness and community food gardens and poverty alleviation
	Provision of a healthy, open, inclusive and safe working environment; employee engagement and wellbeing
Training and development	Community training, skills development for unemployed or underemployed; educational programmes in the community; Women and Youth leadership development
	Learnership/internship programme; graduate training programme; bursaries, Participation in national government's Youth Employment Service (YES4Youth) Programme, and the JDA's Enterprise Development Programme.
	Ongoing education, training and development of JDA employees, employee wellness programme
Goodwill	Donations – sponsorship (cash or in kind), partnerships e.g. Mandela Day activities, support charities chosen by staff and encourage staff to volunteer for community activities; inclusion of JDA employees in decisions about CSR

SECTION 9: SUSTAINABILITY REPORT

The Joburg 2040 GDS is driven by the goal of capable and capacitated communities and individuals. With this realised, the CoJ will be able to become a more sustainable, inclusive city in which people hold the potential and means to grow their neighbourhoods, their communities and themselves. A balanced focus on environmental management and services, good governance, economic growth, and human and social development will help in achieving a resilient and sustainable city – and a city in which all aspire to live.

The JDA's area-based development approach has evolved over the last 12 years. It begins by identifying the local competitive advantages, development needs and opportunities within the development area. Capital works projects are then used to catalyse private investment, enterprise and neighbourhood development. This area-based development approach ensures the long-term sustainability of the capital assets created by ensuring a greater focus on developing strategic capital works projects, facilitating development to increase

the impact of public investments, and establishing urban management partnerships to ensure the sustainability of the public investments.

During this reporting period, the JDA continued working closely with the Department of Development Planning to communicate the strategic vision for the TOD corridors and the CoJ's spatial transformation objectives. The JDA also participated in stakeholder engagements regarding spatial transformation and urban planning and development of good practices.

Environmental Impact

Environmental sustainability plays an integral part in all of the JDA's development projects, which all comply with environmental impact regulations. To minimise their environmental impact, all professional teams involved in preparing designs for the JDA are briefed to include the following environmental considerations:

- The design of more permeable ground surfaces and soakaways or swales to reduce the storm-water run-off in areas upgraded by the JDA to achieve sustainable urban drainage standards.
- Indigenous and water-wise planting in all landscaping interventions in compliance with City Parks requirements. These interventions are currently being implemented on most of JDA's public environment upgrades, NMT, streets and BRT related projects across the City.
- The environmental design for crime prevention guidelines as promoted by the City Safety Programme.
- Environmental construction and infrastructure options such as energy-efficient lighting and rainwater harvesting. This design intervention is currently being explored on JDA's BRT Depots and some Public Health Clinics that are at design stage.
- Environmental health regulations for informal trading where the JDA upgrades trading and taxi facilities. Currently the JDA has four projects relating to the upgrading of Informal Trading and six projects relating to upgrading of Taxi Facilities.
- Including urban environmental management as an integral part of the urban regeneration projects that the JDA implements, such as the upgrading of parks, the construction of storm-water facilities and public transport infrastructure and facilities. Currently the JDA has more than six projects that focus on urban regeneration and public environment upgrades with more emphasis on Randburg, Orange Grove and the Inner City

Five major outcomes define the Joburg 2040 GDS:

- Outcome 1: A growing, diverse and competitive economy that creates jobs
- Outcome 2: Enhanced, quality services and sustainable environmental practices
- Outcome 3: An equitable and inclusive society with high quality of life
- Outcome 4: Caring, safe and secure communities
- Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence

Outcome 2 highlights the need for "Sustainable human settlements". The CoJ plans to lead in the establishment of sustainable and eco-efficient infrastructure solutions (for example, housing, eco-mobility, energy, water, waste, sanitation, and ICT) to create a landscape that is liveable, environmentally resilient, sustainable, and supportive of low-carbon economy initiatives. Two of the JDA programmes, transit-oriented node development and greenways, are a direct response to Outcome 2.

- Strategic Economic Node Programme where the objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to density. Currently the JDA is working on the Balfour Park, Randburg and Jabulani TODs, with clearly defined long term (five years) development plans.
- Public Infrastructure Delivery Programme where the objective is to effectively and efficiently deliver social and economic infrastructure projects by focusing on two basic questions: how can the City prioritise the key infrastructure projects that provide the optimal social and economic benefit for City and communities; and once these projects are identified, how can stakeholders work together to accelerate the implementation of these projects most effectively and efficiently. This programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service. Within the greenways programme, for example, the Rea Vaya BRT service has the potential to reduce the city's transport energy use and the associated carbon emissions in the medium term. The service is currently being used by up to 31 000 people per day, and there is potential to increase the numbers. Currently the JDA is implementing the Phase 1C Rea Vaya infrastructure on behalf of the COJ Transport Department. Phase 1C is the extension of the current BRT phases to the North along Louis Botha Ave, Katherine Ave, William Nicol Drive, Republic Road and Old Pretoria Main Road. This phase seeks to connect Randburg to Sandton, Sandton to Alexandra, Ivory Park to Sandton and all these key area to the Johannesburg CBD.

SECTION 10: ANTICORRUPTION AND FRAUD

Financial crime and other unlawful conduct pose a threat to the JDA's business and strategic objectives. The JDA supports government's efforts to combat financial crime at all levels. The JDA, in its endeavour to combat financial crime, ensures compliance with all relevant legislation and regulations. The antifraud and anticorruption programme supports and fosters a culture of zero tolerance to fraud, corruption and unlawful conduct.

Employees are regularly briefed and trained on fraud prevention, and the induction process for new employees is being revised to include information regarding fraud prevention. Strict payment management processes are in place and the Bid Evaluation Committee independently verifies whether preferred service providers can complete the work.

Reviewed Fraud Risk Register was approved by EXCO⁴ and is monitored quarterly. The strategic risk register identifies "fraudulent and corrupt activities" as a strategic risk with a high inherent risk rating and medium residual risk rating of nine. Two other strategic risks on the strategic risk register also identify fraud and/or corruption as a root because that can potentially give rise to strategic risks. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness.

There were no fraud and corruption incident reported for Quarter 1 of 2018/19. Refer to the Fraud Case Register below:

⁴ The fraud risk register is approved by EXCO as it is an operational document. The Board approved the strategic risk register which includes fraud and corruption risk.

TABLE 13 REPORTED CASES IN 2017/18

Date of Case Reported	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2018/06/13	City Manager	Not known	Irregular acquisition of a Statue of the late President Nelson Mandela	Fraud, corruption or maladministration	Investigation is still underway and conducted by the Public Protector's office.
2018/03/22	CEO/CAE/CRO	One	Misrepresentation by an outsider (imposter) purporting to be a JDA employee	Suspected Fraud	Criminal Charges have been laid with the JHB Central Police Station with case number CAS1095/3/2018
2017/11/17	City of Johannesburg Fraud Hotline	One	Suspected fraud, corruption or maladministration involving JDA employee regarding payment to Service Provider	Fraud, corruption or maladministration	Matter closed due to misunderstanding by the whistle-blower. Report submitted to the Executive Mayor
2017/10/16	City of Johannesburg Group Fraud and Investigation Services	One	Collusion with a service provider to unduly award a contract on the Alexandra Phase 2 project	Corruption	Investigation is conducted by Group Fraud and Investigations Services.
2017/08/16	City of Johannesburg Fraud Hotline	One	JDA official unfairly issuing business to a select few SMMEs (Alleged Tender Irregularities)	Corruption	Matter closed due to misunderstanding by the whistle-blower. Report submitted to the Executive Mayor
2017/07/25	Chief Executive Officer	One	Collusion with a service provider to unduly award a contract	Corruption	Investigation is conducted by Group Investigations Office
2017/07/03	Chief Audit Executive	1-4 employees	Irregular Expenditure incurred on the Paterson Park Project	Non-compliance with SCM processes resulting in irregular expenditure	Investigation finalised and the disciplinary process completed. Employee sanction was unpaid leave of three and five days respectively. Disiplinary processes and sanction

Date of Case Reported	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2016/03/11	City of Johannesburg Fraud Hotline	One	<p>Payment of Contractor in Advance.</p> <p>Poor workmanship by Contractor for appointed project.</p> <p>Contractor has a record of poor quality service.</p> <p>Contractor awarded tender due to former employee of the JDA.</p>	Corruption	Investigation concluded. The matter is at the reporting stage.
2015/03/24	JDA, Internal Audit Department, directly to the Chief Audit Executive	One	JDA official indirectly doing business with the JDA.	Conflict of Interest	Investigation has been handed over to Group Legal Service.

SECTION 11: ICT GOVERNANCE

This financial year takes a more focussed approach to six performance value chain drivers that are meant to inform and enhance ICT as a pivotal business partner to the JDA business. This is a 360 degree approach to ensure continued maximization of operability of systems that have been implemented, as well as to ensure, that there is continuance of a sound ICT governance framework.

Smart Cities: SAP Implementation

The JDAs ICT strategy provides five year plan, which although approved in 2014, has been amended to further align the JDAs enterprise architecture to that of the Shareholder’s Smart Cities programme as it evolves.

At application level is the maximising operability of implemented aspects of the Enterprise Resource planning system through enabling additional functionality as well as through further training and mentoring, Business Intelligence and enhanced change control initiatives.

It is further enhanced by that of improved service delivery through a mini excellence centre whose bedrock is a helpdesk, and its ability to be elastic and respond nimbly to the requests of the users, in terms of meeting the turnaround times agreed between JDA business and JDA ICT.

This immediate focus is improving the functionality of the project systems module and working with the end-users to ensure full implementation commences in the second quarter of the financial year.

Network Performance

In this quarter, network performance has generally been stable. The network was up 100% against a target of 100%. Although the bandwidth capacity is not fully utilised, management continues to keep a close watch on usage and through monthly performance meetings with the service provider, management ensures that there is a clear line of sight in terms of addressing any potential network concerns raised by management.

SECTION 12: COMPLIANCE WITH LAWS & REGULATIONS

The JDA monitors compliance with applicable legislation and regulations throughout the entity on a regular basis. Regulatory compliance describes the goals that JDA aspires to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws and regulations, whereas general compliance means conforming to a rule, such as a specification, policy, standard or law.

Due to the increasing number of regulations and need for operational transparency, JDA has adopted the use of consolidated and harmonized sets of compliance controls which will be achieved through the successful implementation of the compliance management programme. This approach ensures that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources.

The JDA has committed to undertake an annual risk analysis review of legislation, particularly of new and changed legislation, to keep the Regulatory Universe for JDA relevant and up to date. These processes:-

- Develop and maintain a system for identifying the legislation that applies to JDA's activities.
- Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented in JDA.
- Provide training for officials, and other relevant stakeholders in the legislative requirements that affect them.
- Provide officials with the resources to identify and remain up-to-date with new legislation.
- Conduct audits to ensure there is full compliance.
- Establish a mechanism for reporting non-compliance.
- Identify accidents, incidents and other situations where there may have been non-compliance.

In relation to compliance performance, the JDA has detected or registered 2 out of 252 compliance obligations that are non-compliance for the first quarter. JDA has not incurred any fruitless, irregular and unauthorized transactions for the first quarter of 2018/2019. It is also imperative to note that management's accountability for compliance is reinforced by Internal Audit.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The first quarter report has been prepared against the JDA's 2018/19 business plan and adjusted scorecard. Of the JDA's 21 Strategic KPI's, the JDA achieved 71% targeted performance achieved and 29% performance target not achieved.

The focus on reporting on highlights and achievement is reflected for each of the JDA's substantive programmes, as per the table below.

The JDA's programme performance information policy and reporting framework covers the procedures and content in the JDA's programme performance information management system. This includes for example, the definition of key performance areas and indicators and targets in the business planning process and the articulation of the link between programme objectives and results and the performance indicators and targets. The policy is supported by a programme performance reporting framework based on a comprehensive scorecard. This scorecard lists all of the output and outcome performance measures that the JDA should collect data on for a range of timeframes (quarterly, annually or periodically). From this reporting framework, the annual scorecard is developed and the performance targets are set. The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. Hence any less than 80% is regarded as not achieved.

TABLE 14 SUMMARY OF KPI PERFORMANCE

IDP Priority /	IDP programmes	No of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
					%	Count	%	Count	%
<p>Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty</p> <p>Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.</p>	<p>Inner city regeneration, including key economic nodes</p> <p>Increased infrastructure investment (from both public and private sectors)</p> <p>Working to cut red tape and improve the ease of doing business in the City</p> <p>Residents live, work and play close to work, leisure and cultural opportunities</p> <p>Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure</p>	9	(1-2-3-4-5-6-7-8-9-9)	7	78%	0	0%	2	22%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	1	(10)	1	100%	0	0%		0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	4	(11-12-13-14)	3	75%	0	0%	1	25%
Priority 8: Encourage innovation and efficiency through the Smart City programme.	Focused improvement of ICT equipment and software	1	(15)	0	0%	0	0%	1	100%
Day-to-day Programme	Other IDP or Day-to Day programmes	6	(16-17-18-19-20-21)	4	67%	0	0%	2	33%
		21		15	71%	0	0%	6	29%

SECTION 2: SERVICE DELIVERY CHALLENGES

Given the spatial, socio-economic and political environment in which the JDA operates, there are often challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives.

By the end of the first quarter delivery was affected in several projects. Some of these issues are highlighted below:

- The Department of Labour hearing into the collapse of scaffolding of the Great Walk pedestrian bridge while under construction in Sandton continued. It was anticipated that the investigation and hearing would resume in September 2017, but only resumed on 4th July 2018. The JDA has subsequently completed the construction of the bridge in April 2018 and awaits the outcome of the hearing.
- On the Kazerne Intermodal Public Transport Facility, now called the Johannesburg International Transport Interchange (JITI), the main contractor Basil Read announced on the 15 June 2018 that it has entered voluntary business rescue, as provided for by Section 129 of the Companies Act. The JDA was initially in discussion with the appointed business rescue administrators and their guarantor. However, no agreement was forthcoming and the contractor's joint venture was terminated. The JDA has begun the process to appoint a new main contractor.
- Although the construction is underway there is no finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development. The matter was raised with JPC, with the view to either purchase the land or to expropriate the land. Currently, a report is being drafted to present the expropriation option to Council.
- In the period under review, the JDA continued to closely monitor a number of JDA projects in Greater Region E, which have been previously delayed as a result of community issues. In particular with the Alexandra projects, the Alex Depot project and the BRT project along Louis Botha Ave. Such actions stem primarily from the appointment of surrounding local SMMEs, appointment of Community Liaison Officers (CLOs) and provisions of jobs to locals on projects within this Region. Where necessary the JDA has continued to request assistance from the Regional Director, the Department of Development Planning and the Office of the Speaker and if necessary JMPD. The aim is for solutions to be implemented that limit the impact of community unrest during project implementation.
- On the Inner City Core: Phase 3 - Inner City Traders and Managed Lanes project, the JDA terminated the non-performing main contractor in February 2018, but was only able to successfully appoint a new contractor in June 2018. This has both resulted in serious delays on the project and has put pressure on the available funding to complete as much as possible of the project.
- On the Paterson Park, Work Package 3 - Multipurpose Centre and Sports Facilities project, the JDA terminated the non-performing main contractor. Despite reverting to previous bidders the JDA is yet to secure and appoint a suitable main contractor. This has both resulted in both serious delays and under expenditure on the project.

SECTION 3: JDA PROGRAMMES, PROJECTS AND DAY-TO-DAY OPERATIONS

To ensure that the JDA is well positioned to respond to the development priorities as outlined above, the agency co-ordinates and manages its activities through five substantive programmes. In addition, the JDA ensures good governance of the organisation through one operational programme, resourced to support the optimal performance of the five substantive programmes.

TABLE 15: SUMMARY OF JDA PROGRAMMES

JDA Programme Type	Programme	Description / Purpose
Substantive programmes	1: Inner city transformation Programme	Guided by the Mayoral Priority on the Inner City and the Inner City Roadmap the JDA will focus on strengthening the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City Region; and cross-border trade networks for the African continent. The JDA will continue to implement a phased plan to strengthen inner city precincts, address movement challenges, and improve the quality of the built environment across the inner city. The activities include managing the development of the Johannesburg inner city through capital investments in selected precincts, by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.
	2: Strategic economic node programme	The objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to densify. They should be areas where people can live, work and play and have good access to public transit. Guided by the CoJ policy on the categorising of the current city nodes with prospects for growth, the work of the programme is to promote densification, diversification and development in these nodes. The main categories of nodes are: mixed-use/key urban nodes (under various categories), industrial nodes, Transit Oriented Development (TOD) nodes and neighbourhood nodes.
	3: Public infrastructure delivery programme	The objective is to effectively and efficiently deliver social and economic infrastructure projects by focusing on two basic questions: how can the City prioritise the key infrastructure projects that provide the optimal social and economic benefit for the City and communities; and once these projects are identified, how can stakeholders work together to accelerate the implementation of these projects most effectively and efficiently. This work includes overseeing capital investments by other departments and entities, and facilitating partnership initiatives. This programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service.
	4: Greater Alex and Alexandra Renewal Programme (ARP)	The Alexandra Renewal Project (ARP) which is established to coordinate intergovernmental activities to develop Alex. Manage the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community based initiatives and local economic development strategies. Most of the work involves human settlement development projects such as hostel upgrading, housing development and the construction of community facilities
	5: Economic Empowerment Programme	A cluster of the JDA's economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.
Operational programme	6: Good Governance, Management and Administration	This programme manages the governance, administration and operational functions of the JDA, and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

Section Not Applicable to JDA

SECTION 5: CAPITAL PROJECTS & EXPENDITURE

Capital expenditure is the primary measure of the JDA's performance, and the budget for the capital projects to be implemented forms part of the agency's annual business plan and scorecard.

The overall year to date capex expenditure at the end of the first quarter was R84.5 million against a targeted YTD budget of R71.1 million. This represents 6.66% of the overall annual budget of R1.269 billion.

TABLE 16: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2018/19 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 268 879	71 094	84 527	119%	6.66%

SECTION 6: ORGANISATIONAL PERFORMANCE

The JDA’s progress towards achieving its KPIs is assessed using the performance scorecard, which measures performance in terms of both the JDA’s service delivery mandate and financial and other resource management processes. The scorecard targets, which are set and agreed on by JDA management, the Board and the shareholder, aim to improve the JDA’s performance and efficiency, and achieve longer-term goals for specific developments, such as area-based revitalisation.

The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. Hence any less than 80% is regarded as not achieved.

Performance per programme and per KPA are summarised in the table below:

TABLE 17: KPI ACHIEVEMENT RATINGS









Achievement	Rating
	Target achieved (95–100% rating)
	Target partially achieved (80–94% rating)
	Target not achieved (<79% rating)


TABLE 18: SCORECARD

Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty & Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.



National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of (30 September 2018)	Variations and steps to be taken to improve performance	
Inner city regeneration, including key economic nodes including	1) Number of pre-feasibility plans or studies ⁵ produced, reviewed or updated	7 Number of pre-feasibility plans or studies produced, reviewed or updated	0 pre-feasibility plans or studies produced, reviewed or updated	0	-		There were no pre-feasibility plans or studies produced, reviewed or updated in Q1 of 2018/19 financial year.		


⁵ Detailed local area plans, detailed local area implementation plans or area-based studies

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development								
IDP programme/s	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of (30 September 2018)	Variations and steps to be taken to improve performance
the implementation of the Transit Oriented Development Corridors	2) Number of area-based or sector based partnerships formalised or partnership programmes implemented	5 area-based or sector based partnerships formalised or partnership programmes implemented (non-cumulative)	0 area-based or sector based partnerships formalised	0	-		There were no area-based or sector based partnerships formalised or partnership programmes implemented in Q1 of 2018/19 financial year.	
	Increased infrastructure investment (from both public and private sectors)	3) Number of projects at concept design phase	14 projects at concept design phase (non-cumulative)	0 projects at concept design phase	0	-		There were no projects planned to be at concept design phase in Q1 of 2018/19 financial year.
Residents live, work and play close to work, leisure and cultural opportunities	4) Number of projects at detailed design phase	19 projects at detailed design phase (non-cumulative)	0 projects at detailed design phase	0	-		There were no projects planned to be at detailed design phase in Q1 of 2018/19 financial year.	
	Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	5) Number of contracts awarded	21 contracts awarded (non-cumulative)	3 contracts awarded	0	3		Target was not achieved. The following 3 projects did not achieve the Contract Award Phase Target; Alexandra Sports and Youth Development _SAFA Safe Hub Facility, OTHER: BMC and OTHER: ICT.
			1. Alexandra Sports and Youth Development _SAFA Safe Hub Facility			Contract Awarded Target not achieved	Target was not achieved. Concept design has been completed and detailed design is at an advanced stage. There were delays in finalizing the approval of the special power of attorney and company resolution to allow submission	Tender for main contractor advertised 31 st July 2018 and closed on the 3 rd September 2018. Tender evaluation process is underway; greater effort will be made in order to fast-track the adjudication and procurement processes. The main contractor appointment


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of (30 September 2018)	Variations and steps to be taken to improve performance	
							of SDP for approval which subsequently impacted on timelines for the tender for the main contractor to be advertised.	will be made during the second quarter of the 2018/19 financial year.	
			2. OTHER: BMC			Contract Awarded Target not achieved	Target was not achieved. There were delays in Client Department confirmation of project scope.	The tender for the main contractor closed on the 3 rd September 2018. Tender evaluation process has been concluded BAC report submitted to SCM for 21/09 sitting, appointment of the main contractor anticipated to be finalized by the second quarter of the 2018/19 financial year.	
			3. OTHER: ICT			Contract Awarded Target not achieved	Target was not achieved. Concept design has been completed and detailed design is at an advanced stage.	The tender for the main contractor closed on the 3 rd September 2018. Tender evaluation process has been concluded BAC report submitted to SCM for 21/09 sitting, appointment of the main contractor anticipated to be finalized by the second quarter of the 2018/19 financial year.	
	6) Number of projects at practical completion	42 projects at practical completion (non-cumulative)	2 projects at practical completion	0	2		Target was not achieved. The following two projects did not achieve the Practical Completion Target as planned: Claremont Renewal Clinic CLAREMONT B Ward and EBONY PARK Renewal Clinic EBONY		

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of (30 September 2018)	Variations and steps to be taken to improve performance	
							PARK A Ward. The focus will be on additional project management attention to unlock delays and ensure that construction is underway and that the expected end date remains.		
			1. Claremont Renewal Clinic CLAREMONT B Ward			Practical Completion Target not achieved	<p>Target was not achieved.</p> <p>Practical completion delayed due to poor performance of the Main Contractor which was mainly due to Esor Construction the main contractor on the project having filed for business rescue in August 2018 which subsequently meant they were unable to adhere to project deadlines and deliverables.</p>	<p>Engagements between the JDA, professional team, Esor and business rescue practitioners ongoing to find alternatives way to complete the works as the project is currently at 90% completion. However we could not reach an agreement that was in the best interest of the JDA and our client CoJ Health.</p> <p>Esor Construction terminated themselves from the project; JDA is currently busy with the quantification of the works and cost of the remaining works. Briefing for the appointment of the new contractor to be finalised on the 28th September 2018 with the anticipated appointment of the new contractor by the second quarter of the 2018/19 financial year</p> <p>Practical completion envisaged to be completed by the end of the second quarter.</p>	





National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development								
IDP programme/s	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of (30 September 2018)	Variations and steps to be taken to improve performance
			2. EBONY PARK Renewal Clinic EBONY PARK A Ward			Practical Completion Target not achieved	Target was not achieved. The practical completion has been delayed due to delays in relation to the JDA finalizing the approval of the special power of attorney (PoA) and company resolution to allow submission of SDP for approval which subsequently impacted on project timelines.	The Contractor is currently engaged with internal finishes (i.e. painting and signage) and external works. The snagging of the building has commenced and the Contractor is addressing the snags that were identified by the Architectural team. The major activity that remains is the connection of permanent power, this will enable all the electrical and mechanical equipment to be tested and commissioned. Practical Completion is planned to be achieved at the end of September 2018.
	7) Number of Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks implemented	3 Area-Based Precinct Management business plans / frameworks developed or Precinct Management business programmes implemented	0 Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks implemented	0	-		There were no area-based precinct management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented in Q1 of 2018/19 financial year.	
	8) Number of JDA Communication and Media related Initiatives	160 JDA Communication and Media related Initiatives (non-	40 JDA Communication and Media related Initiatives	41	+1		Target was achieved. During period under review there was a total of 6 press	

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development								
IDP programme/s	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of (30 September 2018)	Variations and steps to be taken to improve performance
		cumulative)					media releases issued and a total of 35 social media posts.	
	9) Number of area or project baseline, impact or case study performance assessments completed	4 area or project baseline, impact or case study performance assessments completed (non-cumulative)	0 area or project baseline, impact or case study performance assessments completed	0	-		There were no area or project baseline, impact or case study performance assessments completed in Q1 of 2018/19 financial year.	


Priority 5: Create an honest and transparent City that fights corruption.

National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world								
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence								
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress (as at end of 30 September 2018)	Variations and steps to be taken to improve performance
Increasing forensic investigative capability and controls	10) Percentage resolution of Auditor General and Internal Audit findings	100% resolution of Auditor General and Internal Audit findings (cumulative)	10% of internal audit findings resolved 50% of AG audit findings of the previous financial year resolved	73% 90%	63% +40%		Target was achieved	



Priority 7: Enhance our financial sustainability.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system								
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life								
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress (as at end of 30 September 2018)	Variations and steps to be taken to improve performance
Focusing on driving up capital expenditure investment in infrastructure	11) Percentage of budget spent on city-wide infrastructure	95% budget spent on city-wide infrastructure (cumulative)	5% budget spent on city-wide infrastructure	6.66%	+1.66%		Target achieved.	
	12) Percentage of JDA capital budget spent	95% spent JDA capital budget (cumulative)	5% spent JDA capital budget	6.77%	+1.77%		Target achieved.	
	13) Number of solvency and liquidity ratio benchmarks achieved	2 solvency and liquidity ratio benchmarks achieved	2 solvency and liquidity ratio benchmarks achieved	2	-		Target achieved.	
	14) Percentage of valid invoices paid within 30 days of invoice date	98% of valid invoices paid within 30 days of invoice date	98% of valid invoices paid within 30 days of invoice date	90%	8%		Target was not achieved. Reasons include that delays were caused by (i) service providers not adhering to the requirements of proper invoicing (ii) that there were delays in quality assurance that took place after capturing invoices which delayed payment.	Greater controls will be put in place to monitor the payment processes effectively including addressing related constraints hampering ability to pay service providers on time

Priority 8: Encourage innovation and efficiency through the Smart City programme.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system								
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence								
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress (as at end of 30 September 2018)	Variations and steps to be taken to improve performance
Focused improvement of ICT equipment and software	15) Percentage operationalisation and optimisation of ERP System (SAP)	95% operationalisation and optimisation of ERP System (SAP) (cumulative)	10% operationalisation and optimisation of ERP System (SAP)	0%	-10%		<p>Target not achieved.</p> <p>The Implementation Progress Report of JDA operationalisation and optimisation programme of ERP System (SAP) will be presented to JDA EXCO on the 4th October 2018.</p>	<p>The implementation will commence in the second quarter of the financial year.</p> <p>Thereafter, the JDA is part of the City's greater implementation plan and is on release 2, with an expected full integration completion date of July 2019.</p>




Day-to-day Programme

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system								
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence								
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress (as at end of 30 Sep 2018)	Variations and steps to be taken to improve performance
Other IDP or Day-to Day programmes	16) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure ⁶	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure (non-cumulative)	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	95%	5%		Target achieved	
	17) Number of EPWP opportunities as created ⁷	3500 EPWP opportunities created (cumulative)	500 EPWP opportunities created ⁸	113	387		Target was not achieved. Management is aware of the severity reflected by low figures reported to date and will be monitoring more closely to ensure that progress on EPWP projects and EPWP reporting is prioritized.	To address the poor performance. Management is committed to ensure that internally a EPWP Champion is identified to address greater EPWP performance, i.e. more EPWP sub-projects and EPWP compliance, i.e. ensuring all the necessary evidence, as required by the


⁶ Each service provider’s individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider’s rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135 per cent of the actual expenditure

⁷ Paid work for an individual for any period of time, the same individual can be employed on different projects and each period will be counted as a work opportunity.

⁸ Represents a minimum threshold target

								Dept. of Public Works and by the AG. is provided.. In addition, the JDA is amending contract governing the construction contracts holds the service provider to account on their contractual EPWP commitments.
	18) Percentage of SMME expenditure as a share of total expenditure	30% SMME expenditure as a share of total expenditure (non-cumulative)	30% SMME expenditure as a share of total expenditure	36%.	6%		Target achieved	
	19) Percentage spend on JDA operating budget against approved operating budget	95% spend on JDA operating budget against approved operating budget (cumulative)	25% spend on JDA operating budget against approved operating budget	27%	+2%		Target achieved	
	20) Percentage implementation of the strategic risk management action	95% implementation of the strategic risk management plan findings resolved ⁹ (cumulative)	10% implementation of the strategic risk management action plan findings resolved	22%	12%		Target achieved.	

⁹ From Red and Amber to Green Status

	plan findings resolved							
	21) Percentage of predetermined objectives targets achieved	85% of predetermined objectives targets achieved	85% of predetermined objectives targets achieved	71%	14%		Target was not achieved.	The following KPI's were not achieved: <ul style="list-style-type: none"> - #5 No. of contracts awarded - #6 No. of projects at practical completion - #14 Valid invoices paid within 30 days of invoice date - #15 Operationalisation and optimisation of ERP System (SAP) - #17 EPWP

3.6.1 PROGRAMME EXPENDITURE

For period ended 30 September 2018

TABLE 19: EXPENDITURE BY FUNDING SOURCE

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
PUBLIC TRANSPORT CORRIDOR DEVELOPMENT									
Paterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities	0	2 000 000	(2 000 000)	0	2 000 000	(2 000 000)	(100.00%)	40 000 000	0.00%
Land packaging: Land acquisition	0	800 000	(800 000)	0	800 000	(800 000)	0.00%	16 000 000	0.00%
Brixton Social Cluster: Work Package 2: Library, Pool and Related Facilities	2 975 197	1 817 700	1 157 497	2 975 197	1 817 700	1 157 497	63.68%	36 354 000	8.18%
Corridor branding - public art and place-making programme	0	250 000	(250 000)	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
Sub-total	2 975 197	4 867 700	(1 892 503)	2 975 197	4 867 700	(1 892 503)	(38.88%)	97 354 000	3.06%
JDA ON BUDGET									
Alexandra UDF Implementaton_ of the Alex Land Agreement	0	75 000	(75 000)	0	75 000	(75 000)	(100.00%)	1 500 000	0.00%
Inner City Eastern Gateway_TOD and Movement Corridors	0	75 000	(75 000)	0	75 000	(75 000)	(100.00%)	1 500 000	0.00%
Marlboro South Light Industrial Business Hub_Skills Development Centre	0	75 000	(75 000)	0	75 000	(75 000)	(100.00%)	1 500 000	0.00%
Jabulani TOD: Phase 5 - Bolani Road	0	750 000	(750 000)	0	750 000	(750 000)	(100.00%)	15 000 000	0.00%
Regeneration of Lenasia CBD and Anchorville Industrial Hub – Region G	0	75 000	(75 000)	0	75 000	(75 000)	(100.00%)	1 500 000	0.00%
CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	0	1 250 000	(1 250 000)	0	1 250 000	(1 250 000)	(100.00%)	25 000 000	0.00%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	10 595 225	1 250 000	9 345 225	10 595 225	1 250 000	9 345 225	747.62%	25 000 000	42.38%
CORR - Louis Botha Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional	0	1 000 000	(1 000 000)	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Ivory Park UDF_ Development_ Catalytic Node infrastructure projects	0	650 000	(650 000)	0	650 000	(650 000)	(100.00%)	13 000 000	0.00%
Alexandra Sports and Youth Development: SAFA Safe Hub Facility	274 091	1 000 000	(725 909)	274 091	1 000 000	(725 909)	(72.59%)	20 000 000	1.37%
Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional	0	750 000	(750 000)	0	750 000	(750 000)	(100.00%)	15 000 000	0.00%
Banakekelen Hospice New Clinic ALEXANDRA EXT.38 E Ward	0	50 000	(50 000)	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Operational Capex New Operational Capex NEWTOWN F City Wide	132 216	50 000	82 216	132 216	50 000	82 216	164.43%	1 000 000	13.22%
Upgrading of Pioneer Park Turffontein	0	1 000 000	(1 000 000)	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Roodeport CBD regeneration Renewal Precinct Redevelopment REGION C	0	75 000	(75 000)	0	75 000	(75 000)	(100.00%)	1 500 000	0.00%
Sub-total	11 001 532	8 125 000	2 876 532	11 001 532	8 125 000	2 876 532	35.40%	162 500 000	6.77%
COMMUNITY DEVELOPMENT (Comm Dev)									
Brixton Social Cluster: Work Package 2 : Library, Pool and Related Facilities	0	25 000	(25 000)	0	25 000	(25 000)	(100.00%)	500 000	0.00%
Lehae MPC New Construction LEHAE G	0	900 000	(900 000)	0	900 000	(900 000)	(100.00%)	18 000 000	0.00%
Johannesburg Library F	0	50 000	(100 000)	0	50 000	(100 000)	(100.00%)	1 000 000	0.00%
Kaalfontein MPC New Construction	0	500 000	(500 000)	0	500 000	(500 000)	(100.00%)	10 000 000	0.00%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
Ivory Park Swimming Pool	0	1 000 000	(1 000 000)	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
MPC Matholesville	0	1 100 000	(1 100 000)	0	1 100 000	(1 100 000)	(100.00%)	22 000 000	0.00%
Drieziek MPC	0	750 000	(750 000)	0	750 000	(750 000)	(100.00%)	15 000 000	0.00%
Minor works at various facilities	0	250 000	(250 000)	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
Sub-total	0	4 575 000	(4 575 000)	0	4 575 000	(4 575 000)	(100%)	91 500 000	0.00%
INTEGRATED CITY DEVELOPMENT GRANT (ICDG)									
Noordgesig - Social Precinct Implementation: Phase 2 - Square	5 895 991	400 000	5 495 991	5 895 991	400 000	5 495 991	1 374.00%	8 000 000	73.70%
InnerCity Eastern Gateway	0	925 000	(925 000)	0	925 000	(925 000)	(100.00%)	18 500 000	0.00%
Watt Street Precinct	0	777 950	(777 950)	0	777 950	(777 950)	(100.00%)	15 559 000	0.00%
Sub-total	5 895 991	2 102 950	3 793 041	5 895 991	2 102 950	3 793 041	180.37%	42 059 000	14.02%
EMERGENCY MANAGEMENT SERVICES (EMS)									
Fire Station - Alexandra and 'Be Safe Centre' New Building ALEXANDRA EXT.25 E Regional	0	85 000	(85 000)	0	85 000	(85 000)	(100.00%)	1 700 000	0.00%
Sub-total	0	85 000	(85 000)	0	85 000	(85 000)	(100.00%)	1 700 000	0.00%
ECONOMIC DEVELOPMENT									
Orange Farm Business Support Centre	0	25 000	(85 000)	0	25 000	(85 000)	(100.00%)	500 000	0.00%
Sub-total	0	25 000	(85 000)	0	25 000	(85 000)	(100.00%)	500 000	0.00%
HEALTH DEPARTMENT									

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
Claremont Renewal Clinic	0	500 000	(500 000)	0	500 000	(500 000)	(100.00%)	10 000 000	0.00%
Florida clinic New Clinic FLORIDA EXT C Ward	1 233 849	850 000	383 849	1 233 849	850 000	383 849	45.16%	17 000 000	7.26%
Ebony Park Clinic	0	150 000	(150 000)	0	150 000	(150 000)	(100.00%)	3 000 000	0.00%
Bophelong Clinic	0	550 000	(550 000)	0	550 000	(550 000)	(100.00%)	11 000 000	0.00%
Zandspruit New Clinic	0	15 000	(15 000)	0	15 000	(15 000)	(100.00%)	300 000	0.00%
Princess Renewal Clinic Ward C	0	15 000	(15 000)	0	15 000	(15 000)	(100.00%)	300 000	0.00%
Sub-total	1 233 849	2 080 000	(846 151)	1 233 849	2 080 000	(846 151)	(40.68%)	41 600 000	2.97%
DEP OF HOUSING									
Braamfischerville Ext 12&13:Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAM FISCHERVILLE EXT.13 C Ward	3 758 733	924 900	2 833 833	3 758 733	924 900	2 833 833	306.39%	18 498 000	20.32%
Sub-total	3 758 733	924 900	2 833 833	3 758 733	924 900	2 833 833	306.39%	18 498 000	20.32%
INNER CITY FUND (ICF)									
Inner City Partnership Fund	0	925 000	(925 000)	0	925 000	(925 000)	(100.00%)	18 500 000	0.00%
Park Station to Civic Centre PEU (Park Station Regeneration)	0	60 000	(60 000)	0	60 000	(60 000)	(100.00%)	1 200 000	0.00%
Sub-total	0	985 000	(985 000)	0	985 000	(985 000)	(100.00%)	19 700 000	0.00%
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)									
Jabulani TOD: Phase 6a - Safe Hub	0	2 014 058	(2 014 058)	0	2 014 058	(2 014 058)	(100.00%)	40 281 167	0.00%
Jabulani Phase 7	552 439	1 313 460	(761 021)	552 439	1 313 460	(761 021)	(57.94%)	26 269 192	2.10%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
Alexandra Automotive Hub	8 095 825	350 000	7 745 825	8 095 825 ¹⁰	350 000	7 745 825	2 213.09%	7 000 000	115.65%
Sub-total	8 648 264	3 677 518	4 970 746	8 648 264	3 677 518	4 970 746	135.17%	73 550 359	11.76%
TRANSPORTATION PTIS FUNDING:									
Phase 1C Stations	5 197 078	3 750 000	1 447 078	5 197 078	3 750 000	1 447 078	38.59%	75 000 000	6.93%
Selby Depot	211 239	5 867 391	(5 656 152)	211 239	5 867 391	(5 656 152)	(96.40%)	117 347 826	0.18%
Alex NMT Loop	6 979 091	1 000 000	5 979 091	6 979 091	1 000 000	5 979 091	597.91%	20 000 000	34.90%
ITS (Fibre Loop and CCTV)	4 661 826	1 500 000	3 161 826	4 661 826	1 500 000	3 161 826	210.79%	30 000 000	15.54%
Alexandra Depot	9 295 098	3 825 000	5 470 098	9 295 098	3 825 000	5 470 098	143.01%	76 500 000	12.15%
Section 15 Phase 2 (Close - out // Louis Botha Mixed)	10 160 309	650 000	9 510 309	10 160 309	650 000	9 510 309	1 463.12%	13 000 000	78.16%
Section 15K (Watt Interchange Station Road Works and Bridges)	8 096 130	5 367 391	2 728 739	8 096 130	5 367 391	2 728 739	50.84%	107 347 826	7.54%
Sandton Gautrain	0	230 435	(230 435)	0	230 435	(230 435)	(100.00%)	4 608 696	0.00%
Ghandhi Square (Stations)	0	445 652	(445 652)	0	445 652	(445 652)	(100.00%)	8 913 043	0.00%
OTHER Passenger Information Signage at Stations (at Totem, strip maps,"you are here" etc.)	0	750 000	(750 000)	0	750 000	(750 000)	0.00%	15 000 000	0.00%
OTHER: BMC	0	2 125 000	(2 125 000)	0	2 125 000	(2 125 000)	(100.00%)	42 500 000	0.00%
OTHER: ICT	0	1 500 000	(1 500 000)	0	1 500 000	(1 500 000)	(100.00%)	30 000 000	0.00%
OTHER: Land	0	250 000	(250 000)	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
Sub-total	44 600 771	27 260 870	17 339 901	44 600 771	27 260 870	17 339 901	63.61%	545 217 391	8.18%
OTHER									
DEPARTMENT OF SOCIAL DEVELOPMENT (SoC DEV)									

¹⁰Budget to increase during mid-year adjustment process through reallocation from other projects within NDGP allocations

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
Perth Empire Corridor Co - Production Zone for Social Development Renewal of Corridors of Freedom Intervention (Social Development One Stop Centre) Renewal Corridors of Freedom Intervention WESTBURY B Regional (Westbury TDC)	0	650 000	(650 000)	0	650 000	(650 000)	(100.00%)	13 000 000	0.00%
Louis Botha - Co - Production zone for social interventions Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional	0	115 000	(115 000)	0	115 000	(115 000)	(100.00%)	2 300 000	0.00%
Sub-total	0	765 000	(765 000)	0	765 000	(765 000)	(100.00%)	15 300 000	0.00%
TRANSPORTATION COJ FUNDING									
Kazerne Public Transport Facility	2 670 911	3 430 000	(759 089)	2 670 911	3 430 000	(759 089)	(22.13%)	68 600 000	3.89%
Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route	0	200 000	(200 000)	0	200 000	(200 000)	(100.00%)	4 000 000	0.00%
Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E	6 854	200 000	(193 146)	6 854	200 000	(193 146)	(96.57%)	4 000 000	0.17%
PTF: Small Public Transport Facilities: DRIEZIEK EXT.3	0	1 690 000	(1 690 000)	0	1 690 000	(1 690 000)	(100.00%)	33 800 000	0.00%
PTF Small Public Transport Facility Design and Construction of Zola Public Transport Facility New Nodal Transport Facilities ZOLA D Regional	0	250 000	(250 000)	0	250 000	(250 000)	0.00%	5 000 000	0.00%
PTF: Small Public Transport Facilities: Orange Farm Ext 7 (Region G)	0	250 000	(250 000)	0	250 000	(250 000)	0.00%	5 000 000	0.00%
Small: Public Transport Facility in Zakariya Park Region G	0	150 000	(150 000)	0	150 000	(150 000)	0.00%	3 000 000	0.00%
PTF: Redevelopment of Inner City Ranks	0	500 000	(500 000)	0	500 000	(500 000)	0.00%	10 000 000	0.00%
Inner City Transport Masterplan	0	125 000	(125 000)	0	125 000	(125 000)	(100.00%)	2 500 000	0.00%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
Inner City Managed lanes	3 735 340	800 000	2 935 340	3 735 340	800 000	2 935 340	0.00%	16 000 000	23.35%
Parking Management	0	50 000	(50 000)	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Feasibility Study for Braamfontein	0	100 000	(100 000)	0	100 000	(100 000)	(100.00%)	2 000 000	0.00%
Feasibility Study Integrated Corridor Management	0	125 000	(125 000)	0	125 000	(125 000)	(100.00%)	2 500 000	0.00%
Lenasia Scholar Transport Masterplan	0	35 000	(35 000)	0	35 000	(35 000)	(100.00%)	700 000	0.00%
Roodepoort CBD Transport Masterplan	0	65 000	(65 000)	0	65 000	(65 000)	(100.00%)	1 300 000	0.00%
Sub-total	6 413 105	7 970 000	(1 556 895)	6 413 105	7 970 000	(1 556 895)	(19.53%)	159 400 000	4.02%
	=	=	=	=	=	=	=	=	=
TOTAL	84 527 442	63 443 938	23 948 702	84 527 442	63 443 938	23 948 702	37.75%	1268 878 750	6.66%

3.6.2 ECONOMIC DEVELOPMENT

A cluster of the JDA’s economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA’s contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA’s managing contractor development programme.

TABLE 20: EPWP PERFORMANCE

JDA Programme	Quarter 1 EPWP Opportunities created in 2018/19 FY
Programme 1	13
Programme 2	93
Programme 3	7
Programme 4	0
TOTAL	113

3.6.3 GOOD GOVERNANCE, MANAGEMENT AND ADMINISTRATION

This programme manages the governance, admin and operational functions and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

SECTION 7: SUPPLY CHAIN MANAGEMENT

The JDA’s supply chain management policy uses committee systems for the procurement of services and goods above specified limits. Existing committees include the:

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee.

There are two bid adjudication committees, capital expenditure and the other for operating expenditure:

- The Capital Expenditure Bid Adjudication Committee members include the Chief Financial Officer (chairperson), two Senior Development Managers (whose bid is not being adjudicated on), the Risk and Compliance Manager, the Executive Manager: Development Facilitation and the Supply Chain Manager.
- The Operating Expenditure Bid Adjudication Committee includes the Chief Financial Officer (chairperson), the Supply Chain Manager, and the Executive Manager: Marketing, the IT Manager, and the Risk and Compliance Manager. Neither committee is authorised to make procurement decisions above R10 million.

Supply chain deviations and approval

According to regulation 36(1)(a) of the Municipal Supply Chain Management Regulations, the accounting officer may dispense with normal procurement processes and procure the required goods or services through any convenient process, which may include direct negotiations, but only:

- In an emergency
- If goods or services are available from a single supplier
- If acquiring special works of art

- If acquiring animals for zoos
- In any other exceptional case where it is impossible or impractical to follow official procurement processes.

To give effect to regulation 36, the CoJ’s supply chain management policy allows the accounting officer to deviate from normal procurement processes under the circumstances outlined above. In terms of regulation 36(1) (b), the accounting officer may ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are of a purely technical nature.

The accounting officer ratified the following deviations for the year to date:

- The deviation from obtaining at least a minimum of three written quotations in terms of Regulation 16, 17 and 18 of the MFMA Act 56 of 2003. The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. For the 1st quarter there were 11 service providers appointed where less than three quotations were returned or obtained to a combined value of R 492 858.17 Excluding VAT) .

According to Regulation 44 of the Municipal Supply Chain Management Regulations the regulation prohibits municipal entities from awarding contracts to a person who is in the service of the state. To date the JDA has not awarded any contract to a person who is in the employment of the state.

SECTION 8: BLACK ECONOMIC EMPOWERMENT

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 01 July 2018 to 30 September 2018, the overall BBBEE share of expenditure was R 91 789 777.05. This translates into an achievement of 95% BBBEE claimed against quarterly expenditure.

TABLE 21: SUMMARY OF BBBEE EXPENDITURE¹¹

Description	1 st Quarter 2018/19		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	R88 173 068.31	R 84 456 669.39	96%
Opex	R8 884 324.69	R7 333 107.66	83%
Consolidated Opex and Capex	R97 057 393.00	R91 789 777.05	95%

The JDA uses various criteria for calculating the BBBEE claimed. Each service provider’s individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider’s rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135% of the actual expenditure. For example, if the JDA spends R10 000 with a level 1 service provider, it can claim R13 500 as BBBEE spend. If it spends R10 000 with a level 6 service provider, it can only claim R6 000. The JDA only claims 100% for service providers with BBBEE level 1 to 4 and 80 percent, 60 percent, 50 percent and 10 percent for service providers with BBBEE level 5 to 8 respectively.

¹¹ The reason why there is a difference in total expenditure and expenditure claimed for BBBEE is that the JDA’s 5% Development Fee and retentions have been excluded

The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System’s list of accredited agencies.

Each BBBEE level is translated into a BBBEE score reflected as a percentage. For example, BBBEE level 6 equals 60%, while BBBEE level 1 equals 135%.

TABLE 22: BBBEE POINTS

B-BBEE Status Level Of Contributor	B-BBEE Recognition	Number of Points	
		Tenders up to R30,000 R50 million	Tenders above R50+ million
1	135%	20	10
2	125%	18	9
3	110%	14	6
4	100%	12	5
5	80%	8	4
6	60%	6	3
7	50%	4	2
8	10%	2	1
Non-Compliant contributor	0%	0	0

SECTION 9: ENTERPRISE / SMME DEVELOPMENT

In line with national development and shared growth imperatives, the CoJ recognises that creating jobs and ensuring that SMMEs have access to procurement opportunities are essential elements of an economically viable city.

Over the years, the JDA has established processes and practices to support job creation and enterprise and skills development for previously disadvantaged groups, including black people, women, youth and people with disabilities. But the impact of these processes and practices have not been adequately measured and reported on in the past. The agency has also recognised the need to consolidate and extend these practices by designing and implementing a programme that will drive the achievement of empowerment objectives, and align projects and approaches to address the challenges facing previously disadvantaged enterprises.

The enterprise development programme is made up of the following components:

- **Emerging contractor development** for SMMEs working on JDA projects (both subcontractors and those contracted directly by the JDA). This includes general training.
- Training on **winning business** for SMMEs (with a focus on unsuccessful bidders identified through the JDA tender process).

The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA’s operating and capital expenditure was R 35 272 369.17 for the period 1st July 2018 to 30th September 2018. This constitutes an achievement of 36% for the period under review.

TABLE 23: SUMMARY OF SMME EXPENDITURE¹²

Description	1 st Quarter 2018/19	
	SMME Expenditure	SMME %
Capex	R 30 237 388.95	34%
Opex	R 5 034 980.22	57%
Consolidated Opex and Capex	R 35 272 369.17	36%

SECTION 10: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

¹² Note: Any discrepancies between this table and the financial statements are due to timing differences between when the expenditure is captured in the Development Information Management System and the report on actual invoices paid. These variances are not significant and the ratios remain valid.

This measures effective debtor management and an assessment of the amounts owing by the various Government departments and entities.

TABLE 24: AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
	R' 000	
City of Johannesburg - CAM & USDG	119 600	The Balance relates to amount outstanding for August and September claims submitted.
City of Johannesburg- Transport	172 233	Balance mainly relates to amounts outstanding for Sep 2018 claims and claims submitted in September.
City of Johannesburg - Department of Transportation	71154	Balance mainly relates to amounts outstanding for Sep 2018 claims and claims submitted in September.
City of Johannesburg - EMS	33 191	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims which were submitted more than 90 days ago.
City of Johannesburg - Department of Health	4 380	Balance mainly relates to amounts outstanding for Sep 2018 claims and claims submitted in September.
City of Johannesburg - GSPCR	3 850	Balance mainly relates to amounts outstanding for Sep 2018 claims and claims submitted in September.
City of Johannesburg - Other departments (Department of Economic Development, Department of Housing, Department of Social Development, Department of Community Development, Johannesburg Roads Agency (SOC) Ltd)	136 184	Balance mainly relates to amounts outstanding for Sep 2018 claims and claims submitted in September.
Total	540 592	

CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

SECTION 1: HUMAN RESOURCE MANAGEMENT

The JDA aims to be the employer of choice in its field. This is supported by the JDA's overall objective, as set out in its Employment Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment. The JDA periodically reviews all its employment policies and practices in line with applicable prescripts to ensure that it remains relevant and practical for the changing world of work and is attractive to potential employees.

Until recently the JDA was a non-unionised work environment. Since November 2016, the JDA has started with IMATU (Independent Municipal and Allied Trade Union) membership subscriptions. JDA respects and promotes the exercise of employment laws.

The revised JDA staff establishment and organogram was approved by the Board on the 28th of August 2017. It had a total of 122 positions including 10 from ARP. For the purposes of reporting, ARP will not be included in the numbers. Henceforth 112 is the reported number.

The structure includes:

- Top Management consists of The Chief Executive Officer (CEO)
- Executive Management consists of the Executive Management Committee team excluding the CEO i.e. the Chief Financial Officer (CFO), the Executive Manager: Development Implementation, the Executive Manager: Planning and Strategy, the Executive Manager: Development Facilitation, Executive Manager: Marketing and Communications and the Executive Manager: Corporate Services, the Chief Audit Executive, Company Secretary and the Head: ARP.
- Senior Management consists of heads of departments and managers in department that report to their Executives without heading departments comprising Senior Development Managers, Executive Support Manager, Internal Audit Manager, Finance Manager, Budget Manager, Monitoring and Evaluation Manager, Supply Chain Manager, Planning Manager, , Communications and Marketing Manager, Human Resources Manager, IT Manager, Risk and Compliance Manager and Manager: Stakeholder Relations.
- Professional and Middle Management consists of comprises Development Facilitation Manager, Enterprise Development Manager, Development Managers, Personal Assistants, Coordinators, Accountants, Accounts Payable Officer, SCM Officer, Data Officer, Receptionists, Marketing Business Partners, Risk and Compliance Officer, IT Support Officer, IT & IS Administration Officer, HR Business Partners, and Legal Officer.
- Skilled technical, academically qualified and junior management, Assistants Development Managers
- Semi-skilled includes drivers and receptionists.
- Unskilled includes general workers and house keepers.

Of the 112, 18 are vacant and 17 are unfunded and will be kept in the abeyance until funds become available.

In terms of physical location, 94 employees including 2 learners are based at the JDA Head Offices in Newtown.

Learnership Programme

The learnership programme provides an opportunity for learners to acquire practical work experience in their field of expertise, as well as all other operational areas of the JDA. It also provides an opportunity for learners to get a practical feel of the work environment. It is for this reason that the JDA fully supports and subscribes to a learnership program.

There are currently two (2) learners at the JDA, both of whom are based in the Internal Audit department. The JDA continues to look for ways of expanding the learnership programme by looking into an expanded Graduate Program for all other functions.

Injuries, sickness and suspensions

The Basic Conditions of Employment Act 75 of 1997, is a statutory instrument that provides guidelines for basic conditions of employment, critical among them being an employee’s right to take leave .To ensure proper management of leave, the JDA has implemented an employee self-service web platform which allows employees to electronically apply for leave, as well as obtain electronic approvals on their leave application. The table below provides statistics of sick leave taken in this financial year.

TABLE 26: COST OF SICK LEAVE – EMPLOYEES ONLY ON JDA PAYROLL ONLY (1 JULY 2018 – 30 SEPTEMBER 2018)

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post ¹³	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Top management	0	0	0	1	0	0
Executive management (including chief audit executive)	4	0	1	6	0.66	19 240
Senior management	7	0	3	17	0.41	24 756
Middle management	33	0	6	33	1	67 709
Skilled technical/junior management	5	0	5	28	0.17	5 276
Semi-skilled	2	0	1	3	0.66	469
Unskilled	0	0	0	6	0	0
TOTAL	51	0	16	94	2.9	117 450

SECTION 2: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The total remuneration costs for the period under review were R15 094 776. 27. This figure includes the pension fund. The JDA participates in two retirement benefit schemes: eJoburg Retirement Fund (81 permanent employees) and City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, in this quarter is, R 221 176, 95.

SECTION 3: KEY VACANCIES

The following key vacancies have are recorded:

¹³ The total of 94 excludes ARP staff, leave management administered by the CoJ

TABLE 25: KEY VACANCIES

Vacancies
Development facilitation manager
Facilitation Manager
IT Officer
Executive Manager: Development Facilitation
Executive Manager: Marketing and Communications
Development Manager

TABLE 26: STAFF ESTABLISHMENT

Description	first Quarter 2018/19				
	Approved no. of posts per approved organogram	Additions to structures	No. of employees	No. of vacancies	% of vacancies
Top management level	1	0	1	0	0%
Executive management	8	0	6	2	25%
Senior management	17	0	17	0	0%
Middle management	49	0	33	16	32%
Skilled technical/junior management	27	9	28	0	0%
Semi-skilled	4	3	3	0	0%
Unskilled housekeepers/cleaners	6	0	6	0	0%
Total	112	12	94	18	16%

The basis for turnover rates for period under review staff turnover is 3%.

TABLE 27: TURNOVER RATE (Q1 2018/19)

Details	Total active employees at the beginning of financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2018/19	94	4	4%

A total of 4 resignations recorded, with an equity distribution as follows;

TABLE 28: TERMINATIONS AND RESIGNATIONS

Position									Non South African		
	Male				Female				Male	Female	
	A	C	I	W	A	C	I	W	Male	Female	
Development Facilitation Manager	1	0	0	0	0	0	0	0	0	0	1
Facilities Manager	1	0	0	0	0	0	0	0	0	0	1
General Worker	1	0	1	0	0	0	0	0	0	0	2
Totals	3	0	1	0	0	0	0	0	0	0	4

Retention Initiatives

The JDA remains committed to developing strategies to mitigate resignations through various initiatives, which seek to make the JDA an employer of choice by way of offering competitive market related remunerations structures to promote staff retention as follows:

- Structured interventions for employee development.
- Periodic Salary Benchmarking to ensure alignment and best practice with industry remuneration packages along with participation with CoJ initiatives on pay parity.
- Accelerated interventions targeted at continuous improvement on employee relations and employee engagement.

SECTION 4: EMPLOYMENT EQUITY

The JDA is committed to the principles of equity, non-discrimination and diversity enshrined in the Constitution and the Employment Equity Act (1998) as amended. It aims to employ a diverse staff complement which is of a geographical representation of our society and create equal employment opportunities to all.

The JDA’s Employment Equity Policy and Plan aims to advance and protect previously disadvantaged individuals by providing opportunities for career advancement, growth, training and development. The Executive Committee and Human Resources and Remuneration Committee provide regular input into the organisation’s employment equity practices, strategies, direction and initiatives.

The Employment Equity Plan which was developed previously will be revaluated by the newly established EE Committee to promote an environment and culture that supports open communication, where everyone is encouraged to express their views without fear of being victimised, and to ensure fair and consistent application and implementation of all employment practices and procedures. Structures such as an Employment Equity Committee and Nominated Shop Stewards have been put in place to coordinate and monitor employment equity implementation across the organisation.

The JDA Human Resources undertakes an annual review of its employment equity processes and general employment practices to inform the implementation of the Employment Equity Plan.

The JDA Human Resources plans its annual employment equity targets in terms of its Employment Equity Policy and reports to the Department of Labour in accordance with the provisions of the Employment Equity Act and within legislated timeframes.

TABLE 29: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels									Foreign Nationals		Total
	Male				Female				Male	Female	
	A	C	I	W	A	C	I	W			
Top management	0	0	0	1	0	0	0	0	0	0	1
Executive Management	2	0	0	1	2	0	1	0	0	0	6
Senior Management	6	1	0	1	8	0	1	0	0	0	17
Professionally qualified and experienced specialists and mid-management	15	0	0	0	14	1	1	2	0	0	33

Occupational Levels											Total
	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	0	0	0	21	1	1	0	0	0	28
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	3
Unskilled and defined decision making	2	0	0	0	4	0	0	0	0	0	6
Total Permanent	31	1	0	3	51	2	4	2	0	0	94

The JDA status for period under review:

- 87% of employees are African
- 62 % of employees are female
- 28% of employees in management positions are black females
- 2% of the JDA has employees have physical disabilities. This percentage is equal to the COJ’s strategic target of 2%.

The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

TABLE 30: STAFF MOVEMENTS

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	2	2	0	0	0	0	0	0	4
Dismissals	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	3	0	0	0	1	0	0	0	4
Total	5	2	0	0	1	0	0	0	8

SECTION 5: SKILLS DEVELOPMENT AND TRAINING

The JDA is committed to employee training and development, ensuring variety of skills set, thus building a pool of competent employees. It aims to provide an integrated learning experience to its employees that will strengthen their commitment to the organisation’s values, enhance leadership capability and improve the JDA’s capacity to meet current and future business requirements.

The JDA’s Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery
- Assessment of the impact of learning interventions on overall company performance.

The JDA has created a culture of both on-the-job and off-the-job learning, which is embraced by all employees. This is illustrated by 60% submission rate of Individual Learning Plans.

An ILP is both a document and a process that employees use – with support from Line management and Human Resources to address areas of development and to define their career goals throughout their employment at the JDA. Training, which is part of Human Resources Development, is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers.

The JDA funds appropriate Human Resources Development programmes that are practical and outcomes-based. It also supports employees who wish to attain further qualifications to improve their productivity and career enhancement.

A budget of R 630,000.00 has been allocated for training and development for the 2018/19 financial year. The JDA supports the attainment of further educational qualifications by employees in order to improve their productivity. All training interventions were provided as part and parcel of the approved individual learning plans.

SECTION 6: PERFORMANCE MANAGEMENT

The JDA views performance management as an integral part of the JDA's business strategy which ensure that employees deliver on the agreed scorecard and excellent performers are rewarded accordingly.

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA's objectives and the CoJ's integrated development plan scorecard. Objectives that reinforce the culture of governance and risk management among managers are also included.

As part of continuous employee development, coaching, mentorship and training interventions are implemented to assist employee to perform to the required performance standard.

SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES

One disciplinary inquiry has taken place in the period under review i.e. Irregular Expenditure incurred on the Paterson Park Project.

SECTION 8: LEAVE AND PRODUCTIVITY MANAGEMENT

The JDA is committed to the effective management of leave for its employees, and all Line Managers have an obligation to ensure effective planned leave management within their respective Departments.

The following table gives an analysis of the various leave types and how they were utilised by JDA employees in the period under review.

The most highly utilised leave type in this quarter is Annual leave with a total of 613.5days, with Sick leave being the second most utilised leave type, with a total of 320days, Study Leave being the third most utilised leave type, with a total of 119 days and Family Responsibility Study leave being the least utilised leave type, with a total of 71 days.

TABLE 31: LEAVE ANALYSIS PERFORMANCE FOR FIRST QUARTER 2018/19

Type of Leave	July 2018	Aug 2018	Sept 2018	Total
Annual Leave	58	15	41	114
Sick Leave	39	4	8	51
Family Responsibility	1	0	2	3
Study Leave	8	0	0	8
TOTAL	106	19	51	176

SECTION 9: EMPLOYEE WELLNESS

The JDA is committed to maintaining a healthy workforce and providing a safe and hygienic working environment. The JDA’s Employee Wellness Programme, which is outsourced to ICAS, offers behavioural risk management, free trauma counselling and free legal and financial advice for all employees. ICAS provides a confidential, 24-hour personal support and information service, which employees, as well as their partners and immediate family, may access through a toll-free number for assistance with health, financial, legal and other issues.

The JDA receives statistical information on the issues discussed to enable it to identify and implement solutions to the particular issues raised. The identities of the employees who use this service remain strictly confidential. The JDA holds Wellness Day events every quarter. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling.

The overall objective therefore of the employee wellness programme is to improve the quality of life of all its employees through the provision of quality, sustainable and lifelong Wellness Programmes that work towards the holistic development and support of all employees in a professional and confidential manner, while providing support and assistance to alleviate the impact of everyday work, personal and family challenges.

HIV/AIDS in the Workplace

The JDA’s HIV/AIDS Policy is aligned with the CoJ’s policy and its HIV/AIDS coordinator attends the CoJ HIV and AIDS Committee meetings. The policy ensures that no employee is discriminated against based on their HIV status. All employees must respect the confidentiality of information regarding existing or potential employees with life-threatening illnesses. Any employee who divulges information without the employee’s knowledge or consent will be disciplined in accordance with the disciplinary code and procedure of the JDA. The JDA reserves the right to request medical advice or intervention in instances where an employee’s illness adversely affects performance, or where an employee claims that he/she cannot work in certain situations due to illness. All employees are encouraged to know their HIV status and to remain healthy if they are living with HIV.

The HIV/AIDS Programme runs awareness and educational campaigns, provides free condoms, shares videos and offers free helplines. The programme ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.

In the period under review, the JDA and ICAS held a wellness day, where HIV/AIDS awareness is prioritized through testing and counselling to all JDA staff.

Occupational Health and Safety

Independent consultant Ubomi Safety Consulting conducted monthly occupational health and safety compliance audits during the period under review in the 2018/19 financial year. These audits identify risks and cases of non-compliance with the Occupational Health and Safety Act (1993), enabling the JDA to implement risk mitigation plans to reduce the risks and address cases of non-compliance. A report prepared during period under review estimated that the JDA's compliance rate for period under review was 92.59%. The areas of non-compliance include:

- Inadequate working space for employees
- Unsafe Stacking Storage Boxes in Offices

CHAPTER 5: FINANCIAL PERFORMANCE

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

STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended 30 September 2018			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
ASSETS							
Non-current assets	33 292	24 080	9 212	33 292	24 080	5 914	1
Property plant and equipment	6 300	7 030	-730	6 300	7 030	-730	
Deferred tax	5 450	2 152	3 298	5 450	2 152		
Intangible assets	21 542	14 898	6 644	21 542	14 898	6 644	
Current assets	590 912	1 175 462	-584 550	590 912	1 175 462	-689 317	2
Trade and other receivables	424 712	1 114 029	-689 317	424 712	1 114 029	-689 317	
Vat Receivable	166 198	61 431	104 767	166 198	61 431	-	
Cash and cash equivalents	2	2	0	2	2	0	
Total assets	<u>624 204</u>	<u>1 199 542</u>	<u>-575 338</u>	<u>624 204</u>	<u>1 199 542</u>	<u>-683 403</u>	
EQUITY AND LIABILITIES							
Capital and reserves	3 816	55 446	-51 630	3 816	55 446	-51 630	
Contribution from owner	16 278	16 278	-0	16 278	16 278	-0	
Accumulated surplus/(deficit)	-12 462	39 168	(51 630)	-12 462	39 168	(51 630)	
Non-current liabilities	39 563	47 749	(8 186)	39 563	47 749	(8 186)	

	Quarter ended 30 September 2018			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
Provisions	291	-	291	291	-	291	
Deferred taxation	1 634	15 867	(14 233)	1 634	15 867	(14 233)	
Project funds payable	37 638	31 882	5 756	37 638	31 882	5 756	3
Current liabilities	580 902	1 096 347	-515 443	580 902	1 096 347	-515 445	4
Loans from shareholders	435 167	946 902	(511 735)	435 167	946 902	(511 735)	
Trade and other payables	140 574	144 545	(3 971)	140 574	144 545	(3 971)	
Project funds payable	0	0	0	0	0	0	
Finance lease obligation	34	444	(410)	34	444	(410)	
Bank Overdraft	0	1	1	0	1	(1)	
Provisions – bonus	5 127	4 455	672	5 127	4 455	672	
Total equity and liabilities	<u>624 281</u>	<u>1 199 542</u>	<u>-575 259</u>	<u>624 281</u>	<u>1 199 542</u>	<u>-575 261</u>	

Notes	
1	Variance is mainly due to Intangible assets variance as this assets is under construction since certain phases has not been Implemented. The variance will change once the asset changes from work in progress and is available for use. These assets are currently still under Work-in-progress.
2	Variance is due to the higher than expected trade receivables balances which includes amounts owing from City of Johannesburg departments for development projects implemented in the 2017/18 and 2018/19 financial years. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pay these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg which results into negative impact on liquidity ratio due to the interest rate charged by City.
3	The variance relates to project funds payable that includes amounts transferred from Greater Newtown Development Company on the sale of No.1 Central Place
4	The variance is due to the following two components which is Loans from shareholders and trade payable the comments for the variance are as follows: (1) Loans from Shareholders: There was a decreases from the loan to shareholders due to claims that were settled during the current quarter (2) Trade and other payable: The increases due to invoices received in September and all invoices are within 30 days.

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	September 2017	Original approved	Quarter ending 30 September 2018			Year to date			Notes
	Actual	budget	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Gross revenue	11 600	129 074	14 878	15 026	(148)	14 878	15 026	(148)	5
Operating costs	(19 550)	(121 705)	(29 123)	(30 426)	1 303	(29 123)	(30 426)	1 303	6
Gross surplus/(deficit)	(7 950)	7 369	(14 245)	(15 401)	1 156	(14 245)	(15 401)	1 156	
Other operating income and expenditure	(9 194)	(7 369)	(6 297)	(1 842)	(4 455)	(6 297)	(1 842)	(4 455)	
Interest expense	(9 194)	(7 369)	(6 297)	(1 842)	(4 455)	(6 297)	(1 842)	(4 455)	7
Interest income	0	0	0	0	0	0	0	0	
Deficit before tax	(17 144)	0	(20 542)	(17 243)	(3 299)	(20 542)	(17 243)	(3 299)	
Taxation	0	0	0	0	0	0	0	0	
Surplus/(Deficit) after tax	(17 144)	0	(20 542)	(17 243)	(3 299)	(20 542)	(17 243)	(3 299)	

Notes	
5	Management fees are budgeted for in accordance with the capital project expenditure. The overall revenue budget for management fees is higher than the projected capital expenditure due to significant budget cuts in the Medium Term Budget process. This will be adjusted accordingly in the mid-year adjustment process to be aligned to the capital allocated budgets
6	Variance is mainly due to budget reductions to be implemented during the mid-year adjustment period. The reduction in the overall expenditure budgets will be aligned to the reduced management fees to ensure a balanced budget.
7	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that are owed from the 2017/18 financial year.

SECTION 3: CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended 30 September 2018			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
Cash flows from operating activities	167 038	(453 054)	620 092	167 038	(453 054)	620 092	
<i>Receipts</i>							
Grants	10 077	0	10 077	10 077	0	10 077	
Interest received	0	0	0	0	0	0	
Cash receipts from CAPEX funding	558 224	145 118	413 106	558 224	145 118	413 106	8
Other receipts	360	300	60	360	300	60	
	0	0	0	0	0	0	
<i>Payments</i>	0	0	0	0	0	0	
Employee cost	(26 199)	(18 324)	(7 875)	(26 199)	(18 324)	(7 875)	
Suppliers	(372 508)	(570 954)	198 446	(372 508)	(570 954)	198 446	9
Interest paid	(2 916)	(9 194)	6 278	(2 916)	(9 194)	6 278	10
Cash flows from investing activities	132	50	82	132	50	82	
<i>Expenditure to maintain operating capacity</i>							
Property, plant and equipment acquired	132	50	82	132	50	82	11
Proceeds from sale of property, plant and equipment	0	0					
Purchase of intangible assets	0	0	0	0		0	11

	Quarter ended 30 September 2018			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
Cash flows from financing activities	(167 170)	453 004	(625 929)	(167 170)	453 004	(625 929)	
Movement in project funds payable	5 755	0	0	5 755	0	0	
Proceeds from Shareholders' loan	300 648	453 082	(152 434)	300 648	453 082	(152 434)	12
Repayments of Shareholders' loan	(473 000)	0	(473 000)	(473 000)	0	(473 000)	
Finance lease repayments	(573)	(78)	(495)	(573)	(78)	(495)	13
Net increase/(decrease) in cash and cash equivalents	0.0	0	(0)	0	0	(0)	
Cash and cash equivalents at beginning of the year	2.0	2	0	2	2	0	
Cash and cash equivalents at the end of the year	<u>2.0</u>	<u>2</u>	<u>(0)</u>	<u>2</u>	<u>2</u>	<u>(0)</u>	
Notes							
8	Variance relates to development claims that were received in the period of July to September for claims submitted in June 2018.						
9	Variance due to payment made during July and September for the capital expenditure.						
10	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pay these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that owed from the 2017/18 financial year.						
11	Assets purchased related to computer equipment for new employees.						
12	The overdrawn balance is mainly due to long outstanding claims that were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pay these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period						

		Quarter ended 30 September 2018			Year to date			
		Actual	Budget	Variance	Actual	Budget	Variance	Notes
		R'000	R'000	R'000	R'000	R'000	R'000	
	which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that owed from the 2017/18 financial year.							
13	Finance lease payments variance generally due the extension of the original leases until December 2018, originally a new tender process would have resulted in reduced number of overall printers currently leased.							

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
	R'000	R'000	R'000	R'000	R'000
Opening balance as previously reported	60	16 278	16 278	38 808	55 086
Adjustments	0	0	0	0	0
Prior year adjustments				0	0
Balance at 01 July 2017	60	16 278	16 278	38 808	55 086
Changes in net assets					
Surplus for the year	0	0	0	(30 727)	(30 727)
Total changes	0	0	0	8 081	-30 727
Balance at 01 July 2018	60	16 278	16 278	8 081	24 359
Changes in net assets					
Deficit for the year	0	0	0	(20 542)	(20 542)
Total changes	60	16 278	16 278	-12 461	3 817
Balance at 30 September 2018	60	16 278	16 278	-12 461	3 817

SECTION 4: RATIO ANALYSIS

Key Performance Area	Target	Actual 30 Sep 2018	Actual 30 Sep 2018	Notes
Current ratio	Above 1 : 1	1.07 : 1	1.02 : 1	1
Solvency ratio	Above 1 : 1	1.05 : 1	1.01 : 1	2
Salaries to expenditure ratio	Below 60%	64%	74%	3
Revenue	R122.6 million	R11.6million	R14.88million	
Expenditure (including taxation)	R122.6 million	R28.7 million	R35.42 million	
Surplus / (Deficit)	R nil	(R17.1 million)	(R20.54 million)	
Total net assets	R47.4 million	R55.5 million	R3.8 million	
Capital expenditure	5%	5.17%	6.66%	4

Notes	
1	Current ratio is just above the target and is below by 0.5% compared with last year quarter one. Included in current liabilities is the sweeping account with the shareholder which increases with the interest on a monthly basis.
2	Solvency ratios is just above the target and lower than the first quarter of the previous year mainly due to invoices that were received in September which were raised as payables on the statement of financial position. The continued pressure on the overall loan from shareholder due to long outstanding debtors still puts pressure on the liquidity ratios.
3	Remuneration to expenditure ratio was based on employee costs of R 26 million against total operational expenditure of R 35 million. This translates to almost 74% of the total operational expenditure relates to employee costs. The JDA is primarily a service-orientated entity as a majority of the operational costs relate to employee remuneration which results in the JDA exceeding the general target of 60%. Generally during the first quarter, operational expenditure is lower due to most of the operational plans and the procurement of these services are still being finalised which further contributes to the higher ratio.
4	Capital expenditure exceeds the target of the approved budget by 1.66%.

SECTION 5: REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND DUE PROCESSES

No irregular, fruitless and wasteful expenditure was incurred for the current quarter.

SECTION 6: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Ubuntu Kraal (Pty) Ltd vs JDA	± 23 555 160, 06 million	13/12/2013	Damages suffered by Ubuntu Kraal as a result of "alleged" negligence by the JDA and other parties.	<p>On Friday, 13 December 2013 the JDA was served with summons. The summons relate to the "alleged" negligence on the part of the JDA during the widening of the Klipspruit Valley Road during the construction of the BRT routes around 2010. It is alleged that as a consequence of such construction, which resulted in flooding in 2010 and 2011, damages to buildings and properties to the tune of approximately R23 555 160, 06 was incurred by the plaintiff. The JDA has been cited as the first defendant and the City of Johannesburg as the second defended in the matter, together with other 5 defendants.</p> <p>The JDA has appointed Routledge Modise Attorneys (T/A Hogan Lovells) to assist in defending the matter.</p> <p>Routledge Modise have handed over the matter to the insurers attorneys at the request of the JDA's insurers (Webber Wentzel Bowens). The matter is being defended by the JDA and COJ's insurer's lawyers. Awaiting judgement from the South Gauteng High Court.</p>	Awaiting judgement from the South Gauteng High Court.	Not yet determined at this stage.
Tembu Convenience Centre CC vs City of Johannesburg 1 st Defendant	± R10 488 324 million		Damages suffered by Tembu Convenience Centre CC as a result of "alleged" extensive permanent road diversions and/or closures having been effected in order to	<p>The JDA is defending the matter through its attorneys (Mchunu Inc.) The matter was heard in court on 1 June 2017.</p> <p>The JDA successfully defended the matter.</p>	Successfully defended the matter. However the applicant is appealing the matter.	Not yet determined at this stage.

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
and Others (JDA-2 nd Defendant)			cater for the BRT system in the area known as "Soweto to Parktown Bus Rapid Network, Section 1, Moroka Police Station to Modderspruit Culvert". It is alleged that COJ or the JDA failed to comply with the relevant legislation and ordinances.	However, the applicant filled an appeal with the Supreme Court of Appeal. The matter will be heard at the Supreme Court of Appeal on 20 November 2018.		
Achusim Chijoike vs (JDA 1 st Defendant) and Sykmark Security Services (Pty) Ltd (2 nd Defendant)	± R353000.00	10/2013	Injury suffered by Plaintiff as a result of a shooting incident that occurred in December 2010. The Plaintiff alleges that the person implicated in the shooting is linked to the JDA as its employee. Hence the claim of vicarious liability.	The JDA was incorrectly cited as a party to the proceedings. Particulars of defense were submitted to the plaintiff accordingly. The Plaintiff has to date not responded to our pleadings. A letter has been addressed by the JDA's attorneys (Routledge Modise T/A Hogan Lovells) to the Plaintiff to the effect that should we not receive any feedback from them, we shall proceed to seek court approval to withdraw the matter. We still await feedback from the Plaintiff's attorneys.	The matter stopped at pleadings stage and is likely not going to proceed.	Not yet determined.
Bertrams Priority Block vs JDA	Not applicable	February 2008	Relocation of illegal occupants in various buildings around Bertrams Priority Block.	The JDA has through its Attorneys (Edward Nathan Sonneburg ENS) entered into legal proceedings regarding the relocation of illegal occupants in various buildings around Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with the occupants to settle the matter out of court. Progress made since 2012, some occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left would, due to inability to meet monthly rentals be accommodated by the Department of Housing. The parties are working together to reach	On-going	Good

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
				agreement without protracted litigation processes.		
Grayston Bridge Collapse (scaffolding)		2015	<p>The scaffolding supporting the bridge collapsed in 2015 resulting in 2 fatalities and an additional 9 people injured as a result of the collapse.</p> <p>The matter was investigated by the Department of Labour and a hearing commenced in 2016 and concluded in July 2018.</p>	Heads of argument have been submitted to the commission by the legal representatives of the parties concerned and it is expected that the commissioner will provide his ruling in October 2018 pronouncing on the guilt or innocence of the parties.	31 October 2018	Good

SECTION 7: INSURANCE CLAIMS AGAINST/TO MOE/DEPARTMENT.

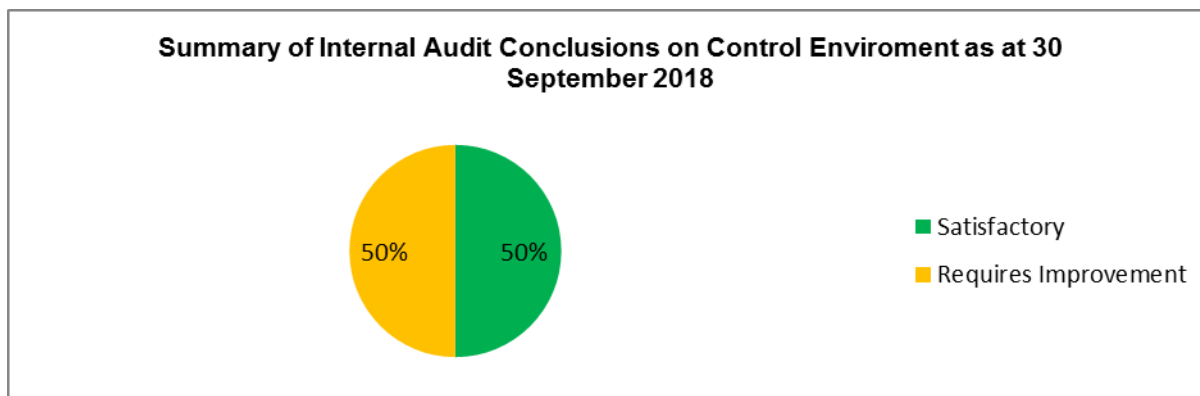
No claims within the first quarter of 2018/19 financial year.

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

SECTION 1: RESULTS OF INTERNAL AUDITS

The chart below serves to indicate an overview of the audit conclusion made regarding the control environment based on the audits completed by internal audit in the 1st quarter of the 2018/19 financial year. Overall there were eight (8) audit projects undertaken by internal audit in the reporting period of which, 6 audits have been completed as at 30 September 2018.

FIGURE 5: INTERNAL AUDIT PROGRESS AS AT 30 SEPTEMBER 2018



Below is an indication of the overall internal audit conclusions on the control environment on each of the 6 audit completed and reported by internal audit as at 30 September for the 2018/19 financial year.

TABLE 32: PROGRESS MADE AGAINST THE APPROVED 2018/19 ANNUAL INTERNAL AUDIT PLAN FOR FIRST QUARTER¹⁴

No.	Audit Description	Overall Conclusion
1	Review of the draft 2017/18 unaudited annual financial statements	Requires improvement
2	Review of the 2017/18 Draft Annual Integrated report	Requires improvement
3	Pre-qualification of contractors – Bophelong Clinic	Satisfactory
4	Drieziek Public Transport Facility	Satisfactory
5	Pre-qualification of contractors – Jabulani phase 7: Construction of Molapo Bridge	Satisfactory
6	1st Quarter follow up on Internal and External audit finding	Requires improvement

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans.

TABLE 33: CONTROL ENVIRONMENT CONCLUSION EXPLANATION

Control Environment	Definition	Indicator
Unsatisfactory	Audit results indicate that insufficient reliance can be placed on the design and operational effectiveness of internal controls to mitigate	<ul style="list-style-type: none"> • A breakdown in the overall management of a part of the business or the process being reviewed. • Primarily “Catastrophic” risk findings. • Actions are likely to bring JDA’s brand and reputation into disrepute.

Control Environment	Definition	Indicator
	the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> • A breakdown in accounting, reporting and other key financial and operating controls. • Non-existent financial and operating controls. • Non-compliance to laws and regulations.
Requires improvement	Audit results indicate that limited reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> • Primarily “Major or moderate” risk findings. • Inadequate compensating controls. • Overall control environment of the audited process/focus area is of a vulnerable standard. • Overall control environment for the audited process/focus area is of an adequate standard.
Satisfactory	Audit results indicate that sufficient reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> • Primarily “Minor or insignificant” risk findings. • Overall control environment for the audited process/focus area is of the required standard. • Adequate compensating controls in place.

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

TABLE 34: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings %	Total Findings %
2013/14	0	2	2
2014/15	2	15	17
2015/16	4	41	45
2016/17	6	52	58
	31	9	40
Total	43	119	162
Percentage	27%	73%	100%

Internal Audit conducts follow-up reviews on a monthly basis on the status of unresolved findings and then provides these monthly reports on the status of unresolved findings to the chairperson of the Operation Clean Audit (OPCA) Committee and to the Group Risk Assurance Services for discussion with the City Manager.

On a quarterly basis Internal Audit, also conducts a follow-up on the implementation of Internal and External audit recommendations. These reports are presented to the Audit and Risk Committee, who monitors the progress made by management on the implementation of recommendations and action plans.

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below provides a summary of AG Findings raised in the 2014/2015, 2015/2016 and 2016/17 financial period:

TABLE 35: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	1	10	11
2015/16	2	32	34

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2016/17	2	4	6
Total	5	46	51
Percentage	10%	90%	100%

On a quarterly basis, management reports to the Audit and Risk Committee on the progress made towards resolving audit findings raised by Internal Audit and the Auditor General. Internal Audit also provides an independent assurance to the Audit and Risk Committee on the progress made by management in resolving audit findings.

The Audit and Risk Committee has in recent meetings requested management to provide a report outlining action plans to ensure that all unresolved findings outstanding from the previous financial years are resolved by the end of the 2018/19 financial year. The following corrective actions are strictly monitored by the Audit and Risk Committee:

- The status report on the resolutions, in particular the action plan and prescribed timelines as agreed with the individual executive managers.
- The continued one- on- one engagement with Executive Managers and the CEO continue to be prioritised and not only for monitoring executive performance but reinforcing accountability of their functional areas and offering support.
- Emphasis on building a healthy organisational culture which fosters engagement and living up to the JDA values is critical and a priority. There have been considerable changes and announcements made to staff during this transition stage and cohesive leadership become very important at this stage.
- Consequence management will be applied to all Executive Managers who do not adhere to their final revised plan of action as tabled.

SECTION 4: STATE OF INTERNAL CONTROLS

Effective risk management and compliance with government regulations are driving the need for ongoing auditing. JDA is subjected to internal and external audits each year, thus making audit co-ordination and management vitally important by ensuring timeous implementation of corrective action to clear audit findings, strengthen risk management and compliance. Regular audits are essential to reduce the risk of non-compliance.

Internal controls refer to the policies, practices and systems that the entity has put in place, to provide reasonable assurance that the organisation will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse and to ensure that resources are used efficiently and effectively.

The JDA has a system of internal control to provide cost-effective assurance that the entities goals will be economically, effectively and efficiently achieved. In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code Report on Corporate Governance, Internal Audit provided the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

From the Internal Audit reports, it was noted that there were no material deficiencies in the system of internal control for the reporting period.

The entity also has various functional and effective management structures, such as the Executive Management Committee, Programme Project Management Committees, Operation Clean audit Committee, to review, monitor and evaluate programme performance and make corrective measures where necessary.

Management is committed to addressing control weaknesses identified by internal and external audit through implementation of audit recommendations and monitoring of action plans. However there is still room for improvement as stricter commitment is required from management to ensure that audit findings are promptly resolved. Based on the internal audits completed in this financial year, internal audit's overall conclusion on the state of internal controls is that controls currently in place are adequate; however partially effective to provide reasonable assurance that JDA objectives will be achieved. The overall JDA control environment requires improvement.

ANNEXURES

ANNEXURE 1: ACRONYMS AND ABBREVIATIONS

ACRONYM	Definition
ARP	Alexandra Renewal Programme
BBBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CAE	Chief Audit Executive
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPC	Community Participation Consultant
CoJ	City of Johannesburg
CSA	Capability support agents
EM	Executive Manager
EPWP	Expanded Public Works Programme
GDS	Growth and Development Strategy Joburg 2040
GMS	Growth Management Strategy
GRAP	Generally Recognised Accounting Practice
ICT	Information and communication technology
IT	Information technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key performance indicator
MFMA	Municipal Finance Management Act (2003)
NMT	Non-motorised transit
OPCA	Operation Clean Audit Committee
SMME	Small, medium and micro enterprise
TOD	Transport Orientated Development