

JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



Johannesburg Development Agency



FIRST QUARTER PERFORMANCE REPORT 2019/20

JULY TO SEPTEMBER 2019

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:	M Ntanga (Chairperson) K Govender T Sambo P Zagaretos G Karuri-Sebina S Jensma A Steyn E Peters S Moonsamy (Chief Financial Officer) A Ngcezula (Acting Chief Executive Officer from 1 September 2019) D Cohen (Acting Chief Executive Officer until 30 August 2019)
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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

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CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWORD

As the JDA concludes the first quarter of 2019/20, capital expenditure was R73.7 million against a targeted YTD budget of R64 billion. This represents 5.74% of the overall annual budget of R1.3 billion. There were areas in which the JDA did significantly improve on its previous years' performance. Such areas include, ensuring that development milestones, particularly around awarding of contracts are adhered to. Secondly, there were improved numbers on the EPWP programme reported. The JDA must play its role by supporting this important nationwide programme. Thirdly, with the SMME expenditure for the quarter was 64%, 30% above target. The JDA did experience delays in ensuring that contractors were on site, particularly on the BRT projects. Without these stoppages, the JDA expenditure would have been significantly higher. ,

The JDA operates in a fluid environment, and 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 development undertaken by the JDA is to be supported by development facilitation and stakeholder 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.

In terms of stabilising the management team the recruitment of the CEO is in progress, with a permanent CEO ideally to begin within the second quarter of the financial year.

As a Board, recognise there will be challenges in maintaining and exceeding the high-level of performance expected of the JDA and we are closely working with management to focus on improving capacity requirements and supporting structures, processes and systems in 2019/20. I believe that this will assist in achieving the mandate of the JDA and delivering on the critical priorities for the 2016-2021 Mayoral Term of Office and Dipheto go that guide the City of Johannesburg.

Finally, the Board notes that there are four pending litigations and possible liabilities remaining.

Mr Mongezi Ntanga
Chairperson of the Board

SECTION 2: ACTING CHIEF EXECUTIVE OFFICER'S REPORT

This First Quarter report has been prepared against the JDA's 2019/20 business plan and scorecard as approved by the City. The 2019/20 business plan is closely aligned with the CoJ SDF, the IDP and the City's 2019/20 delivery agenda; Diphetogo.

On the JDA's 17 Strategic KPIs, the JDA achieved 88% performance target achieved, 6% performance target partially achieved and 6% performance target not achieved.

I am proud to report that in term of the performance the JDA exceed its BBBEE and SMME expenditure target and also achieved the EPWP target for the quarter. In terms of development progress on project implementation, the JDA continued its support of the City's strategic priorities through its two programmes. The focus of Strategic Economic Node Delivery Programme has been on projects in the inner city and in precincts along the TOD development corridors, as well as in Jabulani Soweto. The Jabulani node is maturing into a functional CBD in Soweto, with the JDA finalising the following National Treasury NDPG funded projects Phase 5, Bolani Road, Phase 6b, Community Safe Hub and Phase 7 Inhlanzane/ Molapo Bridge

The focus on the second programme, Accelerated Public infrastructure Delivery Programme has been primarily in the Rea Vaya BRT infrastructure, system and depots. Other project types in this programme include Clinics in Florida and Community facilities in Driezek and Ivory Park for example. A challenge in this quarter was that the contractors on JDA's BRT projects along Louis Botha were violently prevented from accessing the sites. These delays not only affected the projects and projected expenditure, but also negatively affected the small construction companies local businesses and local job opportunities impacted by the stoppages. With the support from the City Manager and JMPD, a safety plan has been developed to get the teams back to site.

This approach is a reminder that the JDA must adopt a multi-faceted approach to the planning, design and implementation, in the delivery of 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.

Mr Anthony Ngcezula
Acting Chief Executive Officer

SECTION 3: 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 period ended 30 September 2019 the JDA had earned total revenue of R15.04 million (2018/19: R14.9 million) and incurred total expenditure of R26.9 million (2018/19: R35.4 million) which resulted in an overall deficit of R11.9 million (2018/19: R20.5 million).

The organisation had exceeded the revenue target by 12% (2018/19: 99%) for the first quarter. 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 budget by 3% (2018/19: 110% overall against target) which translates to expenditure of 15% against the annual budget. Majority of the variance relates to both the inclusion of interest charged on the sweeping account. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments which results in interest being charged on the overdrawn sweeping account.

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

TABLE 1: ACTUAL OPERATIONAL BUDGET

	2019/20	Year to date		% against YTD budget
	Original Budget	Budget	Actual	
	R'000	R'000	R'000	
Revenue	114,116	13 411	15 040	112%
Costs (excluding interest)	(106 938)	(24 418)	(20 732)	85%
Surplus/(Deficit) before interest	7,180	(11 007)	(5 691)	
Interest costs	(7 180)	(1 795)	(6 211)	346%
Net surplus/(deficit)	-	(12 802)	(11 902)	

Excluding the internal interest charged on the overdraft balance, a variance of 15% (costs excluding the interest) against the target was realised. This variance is mainly due to the employee costs line item as a result of vacant positions that are currently in the recruitment phase. These positions include the Chief Executive Officer, Executive Manager: Marketing and Communications, Executive Manager: Development Facilitation, Senior Development Manager and Development Manager.

Actual capital expenditure for the period ended 30 September 2019 was R73.7 million (2018/19: R84.5 million) against a targeted budget of R64 billion (2018/19: R71 million). This represents 5.74% (2018/19: 6.66%) of the overall annual budget of R1.3 billion. There are however various factors that continue to affect projects including poor contractor performance and community stoppages.

The organization’s total assets exceeded the total liabilities. The total net assets at 30 September 2019 were R41.65 million (2018/19: R3.8 million).

The table below reflects the financial performance ratio of the organization for the period ended September 2019.

TABLE 2: FINANCIAL RATIOS

Key Performance Area	-	Actual 30 September 2018	Actual 30 September 2019
Current ratio	Above 1 : 1	1.02 : 1	1.04 : 1
Solvency ratio	Above 1 : 1	1.01 : 1	1.07 : 1
Salaries to expenditure ratio	Below 60%	74%	69%
Revenue	R13.4 million	R14.88million	R15.04million
Expenditure (including taxation)	R26.2 million	R35.42 million	R26.94 million
Surplus / (Deficit)	(R12.8 million)	(R20.54 million)	(R11.9 million)
Total net assets	R55.45 million	R3.8 million	R41.65 million
Capital expenditure	5%	6.66%	5.74%

The overall liquidity and solvency position of the JDA is higher 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 lower overdraft balance due to a better collection rate of outstanding claims. However, there is still a major concern regarding the remaining 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 with the entity incurring more capital expenditure, it would negatively impact the ratios above. During the current financial year, the JDA had commenced the year with R745 million outstanding and 40% of which has been collected since then by improving our debtors management processes through constant interactions with the departments.

Remuneration to expenditure ratio is lower than the first quarter of the previous financial year and higher than the target. The remuneration ratio is calculated using the total employee costs value divided by the total expenditure. Should the overall total expenditure differ from the budgeted amounts, this will impact the ratio. At the end of September, there was an under expenditure against the employee costs budget. The ratio is based on employee costs of R18.6 million over total expenditure of R26.9 million, which results in 69% of the expenditure. The JDA is primarily a service-orientated entity as majority of the operational costs relate to employee remuneration.

Despite the above challenges raised during the first quarter, the JDA has put in place mitigation steps to ensure that the organisation is financially sustainable. The performance of the organisation in terms of the project implementation directly impacts the financial performance and therefore the organisation is committed to delivering on its mandate in order to make Joburg a better city.



Sherylee Moonsamy CA (SA)
Chief Financial Officer

SECTION 4: 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.

Vision

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

Mission

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

Values

The key values that inform the work and approach of the JDA are:

- **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

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 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

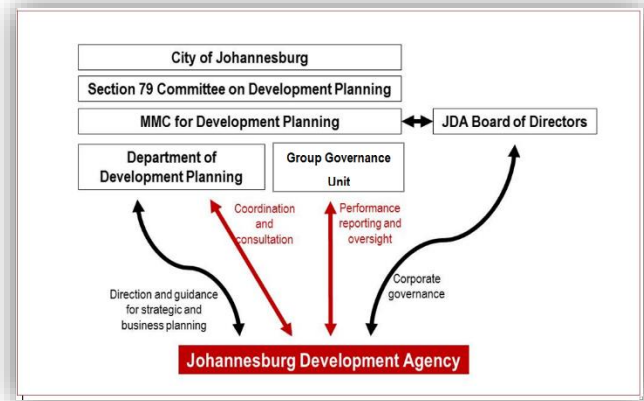


FIGURE 1: JDA GOVERNANCE SYSTEM

The Council’s 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 5: 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 3: 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 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.	To enable the long-term growth and development of strategic economic nodes in the city (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.	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects To promote economic empowerment and transformation through the structuring and procurement of JDA developments
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.	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation
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.	
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 three substantive programmes:

- Programme 1. Strategic Economic Node Delivery Programme
- Programme 2. Accelerated Infrastructure Delivery Programme
- Programme 3. 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 three substantive areas:

- Programme 4. Good Governance, Management and Administration Programme

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 2: SDF 2040 PRIORITY ZONES

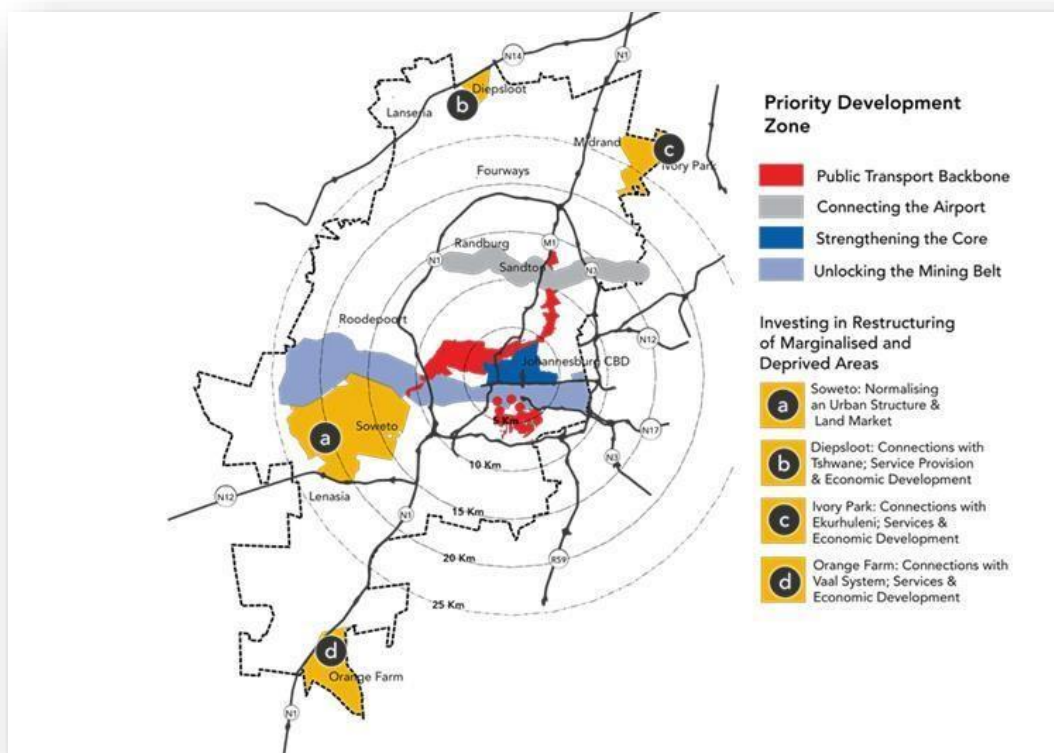


TABLE 4: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS AND PROGRAMMES

SDF Priority Transformation areas	Corresponding JDA Regional Programmes	JDA Development Programmes
Strengthening the metro core (inner city)	Inner City and the Old South (including Turffontein and Mining Belt)	<ul style="list-style-type: none"> • Programme 1: Strategic Economic Node Delivery Programme • Programme 2: Accelerated Infrastructure Delivery Programme • Programme 3: Economic Empowerment Programme
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)	
Consolidating public transport backbone	The Transit-Oriented Development Corridors: Empire-Perth Corridor and Louis Botha Corridor	
OR Tambo/ Airport Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)	
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 City of Johannesburg’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.

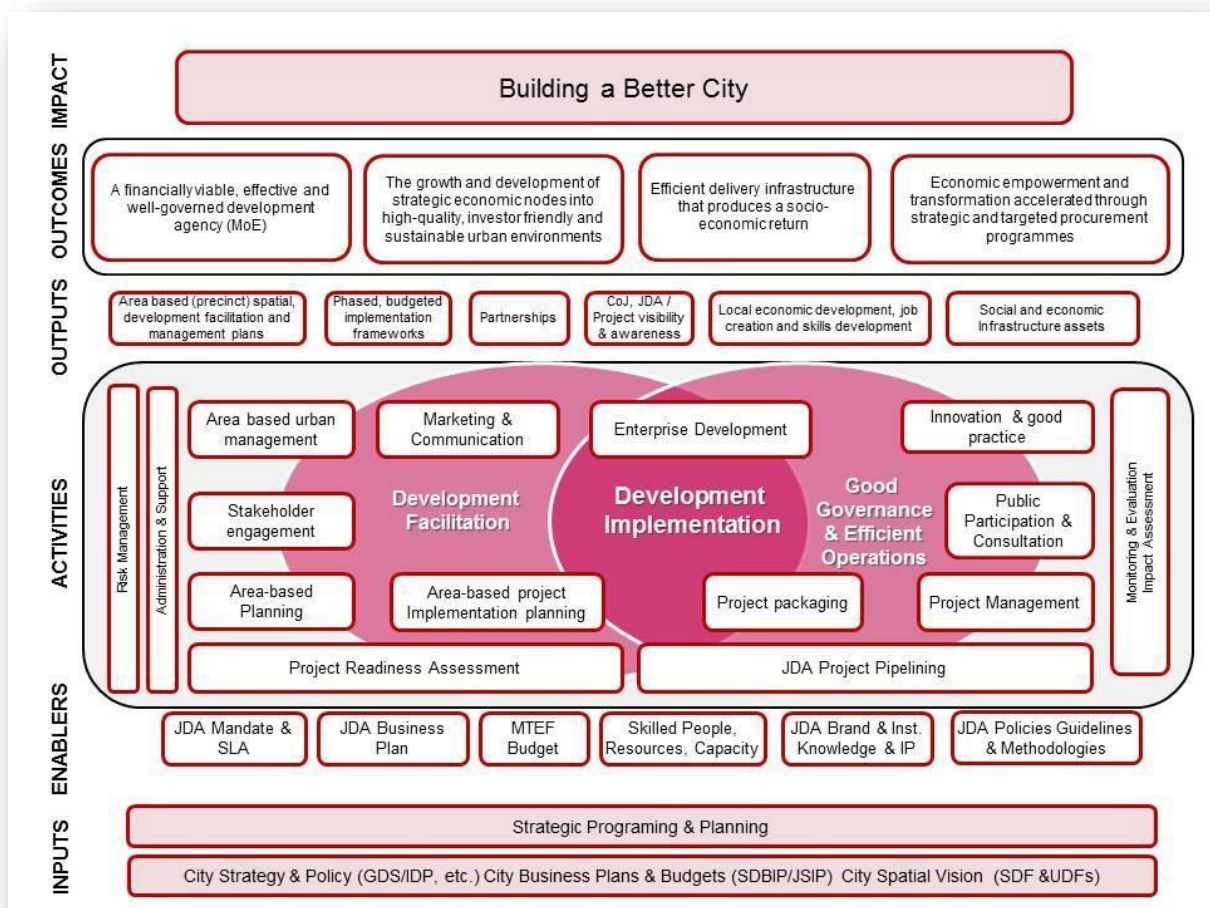
The JDA has aligned the main elements of our work and highlights the flow between them:

FIGURE 3: 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 4: JDA’S VALUE CREATION PROCESS



SECTION 6: SALIENT FEATURES

Performance Summary

- The overall year to date capex expenditure at the end of the first quarter was R73.65 million against a targeted YTD budget of R64.12 million.
- This represents 5.74% of the overall annual budget of R1.282 billion. In comparison with the same time period in the previous financial year the JDA achieved 6.66% of the 2018/19 annual budget of R1.269 billion.
- The JDA did experience delays in ensuring contractors are on site, particularly on BRT projects, and this did negatively impact all subsequent phases as well as expenditure on these projects.
- The financial impact of these work stoppages is estimated as follows:
 - Estimated cost standing time claims:>R30m
 - Estimated opportunity cost of potential expenditure: >R60m
 - Estimated opportunity cost of lost management fee revenue:R3.6m
 - Estimate percentage impact to accelerate plans: +2% to 4%
- For the quarter ended 30 September 2019 the JDA had earned total revenue of R15.04 million (2018/19: R14.9 million) and incurred total expenditure of R26.9 million (2018/19: R35.4 million) which resulted in an overall deficit of R11.9 million (2018/19: R20.5 million).
- The organisation had exceeded the target by 12% (2018/19: 99%) against the budget 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 budget by 3% (2018/19: 110% overall against target) which translates to variance of 15% against the annual budget. Majority of the variance relates to both the inclusion of interest charged on the sweeping account and vacant positions that are currently in the recruitment phase. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments which results in interest being charged on the overdrawn sweeping account.
- Excluding the internal interest charged on the overdraft balance, a variance of 15% (costs excluding the interest against the budget) against the YTD target was realised. This variance is mainly due to the employee costs line item as a result of vacant positions that are currently in the recruitment phase. These positions include the Chief Executive Officer, Executive Manager: Marketing and Communications, Executive Manager: Development Facilitation, Senior Development Manager and Development Manager.
- The organisation's total assets exceeded the total liabilities. The total net assets at 30 September 2019 were R41.65 million (2018/19: R3.8 million).
- The first quarter report has been prepared against the JDA's 2019/20 business plan and scorecard. Regarding performance against the JDA's 17 Strategic KPI's, the JDA achieved 88% performance target achieved, 6% performance target partially achieved and 6% performance target not achieved
- For the period 1st July 2019 to 30th September 2019, the overall BBBEE share of expenditure was R 89 940 532.44. This translates into an achievement of 124.6% BBBEE claimed against quarterly expenditure.

- The SMME share of JDA's operating and capital expenditure was R 46 251 754.90 for the period 1st July 2019 to 30th September 2019. This constitutes an achievement of 64% for the period under review.

TABLE 5: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE¹

Overall Programme Performance	2019/20 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 282 474	64 124	73 647	115%	5.74%

TABLE 6: OPERATING BUDGET MANAGEMENT

	2019/20	Year to date		% Achievement Against target	% Achievement for Annual
	Original Budget	Target	Actual		
	R'000	R'000	R'000		
Revenue (R'000)	114 116	13 411	15,040	112%	13%
Costs (R'000)	114 116	26 213	26,942	103%	24%
Net surplus/(deficit)	-	(12 802)	(11,902)		

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.

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 and parent municipality 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 IV's 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.

1.1 . BOARD OF DIRECTORS

The JDA has a unitary board, which comprises both executive and non-executive directors. Mr Mongezi Ntanga is chairperson of the Board and a non-executive director. The JDA's sole shareholder, the City of Johannesburg CoJ, 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 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:

- (i) Mr Mongezi Ntanga (Chairperson);
- (ii) Mr Edgar Peters;
- (iii) Mr Krishna Govender;
- (iv) Mr Tiyani Sambo;
- (v) Mr Panos Zagaretos;
- (vi) Ms Steineke Jensma;
- (vii) Mr Arron Steyn;
- (viii) Dr Geci Karuri-Sebina; and
- (ix) Ms Sherylee Moonsamy (as Chief Financial Officer and Executive Director);

The following members were appointed as Independent Audit and Risk Committee members:

- (i) Mr Kantharuben Moodley (Deceased: 19 August 2019);
- (ii) Ms Keabetswe Onuoka; and
- (iii) Mr Zukisani Samsam

TABLE 7: JDA BOARD OF DIRECTORS FOR THE PERIOD 1 APRIL 2019 – 17 APRIL 2019

Board member	Capacity: Executive/nonexecutive	Race	Gender	Board committee membership
M Ntanga	Chairperson (Non-executive)	Black	Male	Board (Chair)
K Govender	Non-executive	Indian	Male	Audit and Risk Committee (Chair)
T Sambo	Non-executive	Black	Male	Development and Investment Committee
P Zagaretos	Non-executive	White	Male	Social & Ethics/ Human Resources & Remuneration Committee Development and Investment Committee
G Karuri-Sebina	Non-executive	Black	Female	Development and Investment Committee (Chair)
Steineke Jensma	Non-executive	Coloured	Female	Social & Ethics/ Human Resources & Remuneration Committee (Chair)
A Steyn	Non-executive	Coloured	Male	Audit and Risk Committee
Edgar Peters	Non-executive	Indian	Male	Social & Ethics/Human Resources & Remuneration 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.

1.2. 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 period under review was as follows:

TABLE 10: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
M Ntanga	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	2	2	0	0	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S Jensma	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0	0	0	0	0
P Zagaretos	2	2	0	0	N/A	N/A	N/A	N/A	2	1	1	0	0	0	0	0
G Karuri-Sebina	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
T Sambo	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
E Peters	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
A Steyn	2	2	0	0	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
K Moodley (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	2	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	2	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A	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
- Development and Investment Committee
- Human Resources and Remuneration Committee/Social and Ethics Committee

Each committee composition is as follows:

Composition	Mandate and Quarterly Activities
Audit and Risk Committee	
<p>The Audit and Risk Committee, which consists of two non-executive directors and three independent members, meets not less than four times a year. Most members of these committee members 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) • A Steyn • Z Samsam (Independent Member) • K Moodley (Independent Member) (Deceased in August 2019) • 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>
Social and Ethics / Human Resources and Remuneration 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"> • S Jensma (Chairperson) • E Peters • 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>
Development and Investment Committee	
<p>The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • J Karuri-Sebina (Chairperson) • T Sambo • P Zagaretos 	<p>The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the financing, returns and projects risk profiles.</p>

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 City of Johannesburg's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality 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.

1.3. 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 2019 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 8: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES IN THE FIRST QUARTER (1 JULY 2019 – 30 SEPTEMBER 2019)

Name	Designation	Salary/Board Fees (R's)	Pension (R's)	Acting Allowance	Bonus/Board Retention Fees (R's)	Travel allowance (R's)	Total (R's)
Executive Directors and Senior Management							
S Moonsamy	CFO	427 114	48 201				475 315
Z Tshabalala	CAE	317 921	34 120				352 041
D Cohen	EM: Strategy & Planning(Acting CEO until 31 August 2019)	359 134	34 120	75 906			469 160
R Shirinda	Company Secretary	389 061	36 963				426 024
B Seopela	EM: Corporate Services	493 731	-				493 731
N Mudlovhedzi	Senior Development Manager	318 530	35 947				354 477
P Mkhize	Senior Development Manager	324 103	30 791				354 894
M. Soni	EM: Development Implementation	363 375	-			36 000	399 375
Sub-Total		2 992 970	220 142	75 906	-	36 000	3 325 018
Non-Executive Directors & Independent Audit Committee Members							
M Ntanga	Chairperson	48000					48000
T Sambo	Board Member	30000					30000
Dr G Karuri-Sebina	Board Member	36000					36000
E Peters	Board Member	30000					30000
A Steyn	Board Member	42000					42000
K Govender	Board Member	46000					46000
P Zagaretos	Board Member	12000					12000
Stieneke Jensma	Board Member	-					-
K Moodley	Independent Audit and Risk Committee Member	12000					12000
K Onuoka	Independent Audit and Risk Committee Member	14000					14000
Z Samsam	Independent Audit and Risk Committee Member	12000					12000
Sub-Total		282000	-	-	-	-	282000
TOTAL		3274970	220 142	75 906	-	36 000	3 607 018

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

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.

1.4. 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.

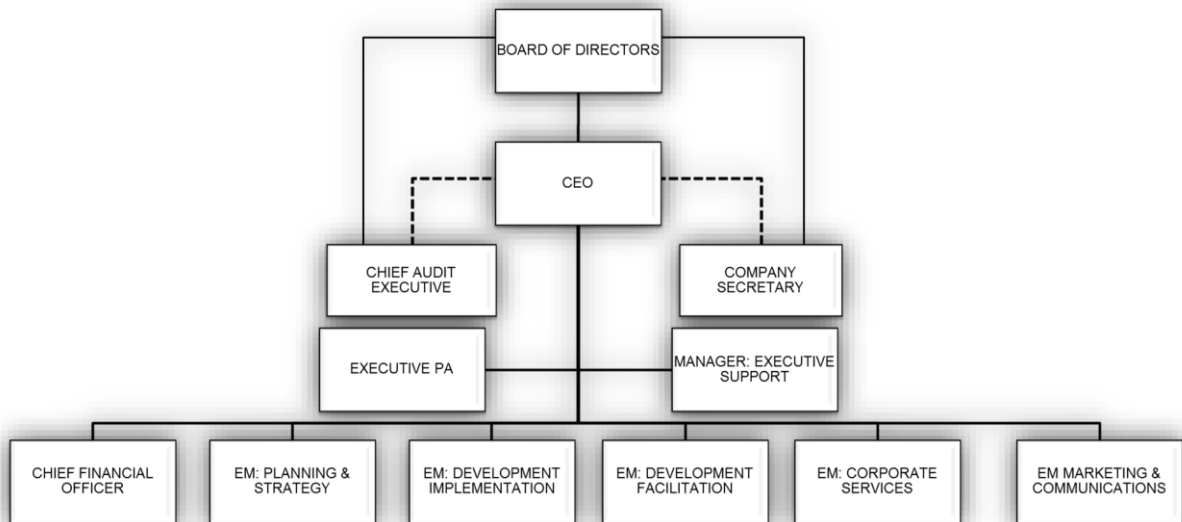
The Company Secretary's work covers a wide variety of functions, including but not limited to:

- 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 2: 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 5: HIGH LEVEL ORGANISATION STRUCTURE



SECTION 3: 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 through by 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 on an on-going basis at departmental level. The risk registers are 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 City of Johannesburg’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 annual strategic and operational risk assessment workshops. 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 approved during the first quarter of 2019/20 financial year are as follows:

TABLE 9: BOARD / ARC RECOMMENDED RISK MANAGEMENT PROGRAMMES AND/OR ACTIVITIES

Programmes and/or activities	Board / ARC Recommended
Strategic Risks Management and Monitoring	X
Operational Risks Management and Monitoring	X
Universal Regulatory Register (URR) and Compliance Monitoring	X

TABLE 10: EXCO APPROVED RISK MANAGEMENT PROGRAMMES AND/OR ACTIVITIES

Programmes and/or activities	EXCO
2019/20 Operational Risks Assessment	X Approved
Business Continuity Management Programme in progress	X Noted

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

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.

SECTION 4: 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.

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.

Employees are regularly briefed and trained on fraud prevention. Strict payment management processes are in place and the Bid Evaluation Committee independently verifies whether preferred service providers can complete the work.

The strategic risk register identifies “fraudulent and corrupt activities” as a strategic risk with a high inherent risk rating and medium residual risk rating. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness. The Fraud Risk Register is an operational document and was approved by EXCO² and is monitored quarterly.

Critical to the anti-fraud and anti-corruption programme is the prevention strategic pillar as contained in the Fraud Prevention Strategy and Response Plan, as part of the prevention strategy, the following fraud risk management documents were reviewed and presented to the Audit & Risk Committee on the 28th June 2019 with exception of the Whistle Blowing Policy which was recommended to be presented to Social & Ethics Committee prior to Board approval.

- Fraud Risk Management Policies
- Fraud Prevention Strategy and Response Plan; and
- Declaration of Interest Policy

The Audit & Risk Committee noted and recommended the reviewed fraud risk management documents for Board approval after effecting certain amendments.

There was one case reported in first quarter of 2019/20 financial year. Refer to the Fraud Case Register below:

² The fraud risk register is approved by EXCO as it is an operational document. The Board approved the strategic risk register for current year in the previous financial year, as part of the business planning approval process. The strategic risk register includes fraud and corruption risk.

TABLE 11: REPORTED CASES IN 2019/20

Date of Case Reported	Reference Number	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)	Contact Person for Investigation	Value (if know/ applicable)
2019/07/19	7/2-011424/17	Public Protector	Not known	Acquisition of land and construction an excessive at an excessive amount for construction of Walter Sisulu square.	Corruption	The JDA previous response to the Public Protector regarding the land was accepted. To close the investigation Public Protector's office is requesting that the construction process was awarded through a public process. The JDA is busy locating the documentation from storage and is in communication with the Public Protector on the status.	Sello Ernest Raselalome SelloR@pprotect.org	R400m
2019/01/22	GFIS 116/02/2019	Chief Executive Officer	One	Third party purporting to be SCM official to a bidder for the Gandhi Precinct East Development construction tender.	Corruption	Matter referred to Group Forensics and Investigation Services for investigation. The investigation is still at the initial stage of collecting evidence it is envisaged to be completed before the end of financial year.	Lesiba Mashasha 0837026915	Unknown
2018/12/07	GFIS 44/12/2018	Chief Executive Officer	One	Unauthorized wavering of Construction penalties	Fraud, corruption or maladministration	Matter referred to Group Forensics and Investigation Services for investigation. The investigation was paused due to other competing investigations. It is envisaged that it will be commenced at the beginning of the second quarter of the financial year.	Phuti Ramara 0836283576	R4.5m
2018/08/30	GFIS 171/08/2018	City of Johannesburg Group Fraud and Investigation Services	Not known	Alleged solicitation of bribes and kickbacks	Fraud, corruption or maladministration	The matter was referred to Group Forensics and Investigation Services for investigation. Investigation paused due to competing investigations. It is envisaged that it will be commenced at the beginning of the second	Deputy Director Sibande 0837026918	Unknown

Date of Case Reported	Reference Number	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)	Contact Person for Investigation	Value (if know/ applicable)
						quarter of the financial year.		
2018/06/13	107/06/2018	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. No progress provided by the Public Protector.	Unknown	Unknown
2018/04/11	GFIS 184/04/2018	City of Johannesburg Hotline	One	JDA Official allegedly solicited bribe.	Corruption/ bribery	The matter was referred to GFIS for investigation. The investigation was paused due to other competing investigation, it is envisaged that it will be commenced at the beginning of the second quarter of the financial year.	Deputy Director Sibande 0837026918	Unknown
2018/03/16	105/03/2018	Chief Executive Officer	Not known	Unfair disqualification of SMMEs	Suspected corruption	Matter referred to GFIS for investigation. (Investigation not commenced, still to allocate an Investigation Officer).	Unknown	Unknown
2017/10/16	GFIS 485/09/2017	City of Johannesburg Group Fraud and Investigation Services	One	Underpayment of SMMEs.	Corruption	Investigation is conducted by Group Fraud and Investigations Services. Investigation completed, report attached.	Mshiwa Sibande 0837026918	Unknown

Note: As per the City's instruction all cases are to be investigated centrally through Group Forensics and Investigation Services.

SECTION 5: ICT GOVERNANCE

The ICT Strategy has been reviewed and in line with the JDA's ICT governance framework, it has been submitted to the ICT Steering Committee for input before it serves at the JDA's Executive Committee and Audit and Risk Committees respectively.

The review of the ICT strategy therefore takes a radical assessment of IT as an enabler of the JDA business, as an informer and major contributor to JDA business intelligence and decision making, a magnifier and innovator of the JDA business processes, a driver of positive change and driver of operational efficiency and effectiveness.

The review additionally takes into account the need for cost containment and how best it be applied without compromising the value of delivering smart solutions, in such a way that it creates, modifies, aligns and magnifies IT capability at the JDA.

The end or objective of an IT Strategy is to create shareholder value, stakeholder value and business value. This objective is not met unless the JDA maximizes value through use the least amount of resources, and risk to create the most returns.

Enterprise Resource Planning

One of the most important aspects of the implementation of Enterprise Resource Planning is its ability to handle high volume and high value transactions, as well as provide a firm handle on budget availability control, contract management, as well as handle project management life cycle activities.

Statistics drawn from the help desk system show a significant decline in issues logged, since the beginning of the financial year. Management will continue to work closely with the user community to ensure that there is maximum support as and when it is needed.

Network Performance

Network performance for this quarter has been 100% against a target of 100%. The total volume of data transmitted out was 1,97Tb as compared to the volume transported in of 349.23GB. The network has an available capacity of 10% and its sitting at 90% utilisation. The current line speed is 41Mbps. There is no lost data packets in and out of the network. The network is therefore being utilised within its capacity levels with no over utilisation recorded in this period.

SECTION 6: 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:-

- Developing a system for identifying the legislation that applies to JDA’s activities is in progress.
- 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 4 out of 268 compliance obligations that are non-compliant for the first quarter. The overall URR compliance is 98.5%.

JDA has not incurred any fruitless, wasteful and unauthorized transactions in the first quarter 2019/20 with the exception of irregular expenditure. The JDA incurred irregular expenditure to the value of R6,975 for the first quarter.

SECTION 7: 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 R382,914.00.

The table 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 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

Focus areas	Programmes
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 8: 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 City of Johannesburg’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. The two JDA programmes are a direct response to Outcome 2.

JDA Substantive Programme	JDA Sub-Programme
1. Strategic Economic Node Delivery Programme	1A: Inner city transformation Programme 1B: Economic Node Sub-Programme
2. Accelerated Public infrastructure Delivery Programme	2A: Deprivation Areas Revitalisation Sub-Programme 2B: Urban Infrastructure Delivery Sub-Programme

SECTION 9: INSURANCE CLAIMS AGAINST/TO MOEs

There was no insurance claim filed in Q1, the claims registered are emanating from the previous financial years. Refer to the table below for the current open claims against the JDA.

Delays in some claims being finalised are attributable to the lengthy legal contestation process of determining liability or opposing claim against the City.

TABLE 13: INSURANCE CLAIMS REGISTER

Insured Year	Claim Number	Date of Loss	Date Notified	Days Outstanding	Risk Description	Gross Claim Amount	Risk Category
2014/15	51549204	14/07/2014	29/06/2017	722	Injury/ fatality to third parties	599 360.00	Public liability
2014/15	51557341	8/03/2016	17/07/2016	1090	Accidental damage	5 000.00	Public liability
2017/18	51551626	12/06/2017	02/10/2017	638	Negligence / Contractual Obligation	705 000	Liability
2018/19	51574248	30/01/2018	28/03/2019	90	Storm / flood / inland	Not determined yet	Assets
2018/19	51574102	10/10/2018	03/04/2019	87	Accidental damage	Not determined yet	Contractors all risks

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The first quarter report has been prepared against the JDA's 2019/20 business plan and adjusted scorecard. Of the JDA's 17 Strategic KPIs, the JDA achieved 88% performance target achieved, 6% performance target partially achieved and 6% 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	%	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>	7	(1-2-3-4-5-6-7)	6	86%	0	0%	1	14%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	2	(8-9)	2	100%	0	0%	0	0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	2	(10-11)	1	50%	1	50%	0	0%
Day-to-day Programme	Other IDP or Day-to Day programmes	6	(12-13-14-15-16-17)	6	100%	0	0%	0	0%
		17		15	88%	1	6%	1	6%

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 has been completed. The JDA has completed the construction of the bridge in April 2018 and still await the outcome of the hearing from the Department of Labour which was initially scheduled to take place in April 2019.
- Although the construction is underway there is no finalization of the agreement regarding the Post Office portion of land which forms part of the JTI development. The matter is sitting with the JPC to finalise the negotiations of the land acquisition agreement.
- All of the JDAs BRT Louis Botha projects, Watt Street Interchange, Phase 1C Stations and the Alexandra Depot, were shut down by force, since July 2019, by those suspected be affiliated with the Taxi Association. The shutdown resulted in multiple injuries to contractor's employees, the theft and destruction to contractor's plant and equipment as well as significant impact in project delivery and expenditure. There have also been costs incurred due contractors to standing time. The issue was raised to the Acting ED, Planning and MMCs Planning, Transport and Safety. Through the intervention of the City Manager and the Chief of Police, an agreed operation plan was facilitated by the JDA with JMPD and the affected contractors. With a visible JMPD presence, construction resumed on the Watt Street Interchange and the Phase 1C Stations projects on the 16 September and is being closely monitored. Depending on the success of the current plan, construction on the Alexandra Depot project is expected to resume in October. The financial impact of these work stoppages is estimated as follows:
 - Estimated cost standing time claims:>R30m
 - Estimated opportunity cost of potential expenditure: >R60m
 - Estimated opportunity cost of lost management fee revenue:R3.6m
 - Estimate percentage impact to accelerate plans: +2% to 4%

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 three substantive programmes. In addition, the JDA ensures good governance of the organisation through one operational programme, resourced to support the optimal performance of the three substantive programmes.

TABLE 15: SUMMARY OF JDA PROGRAMMES

JDA Substantive Programme	JDA Sub-Programme	Purpose
1. Strategic Economic Node Delivery Programme	1A: 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.
	1B: Economic Node Sub-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 ³ on the categorising 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.
2. Accelerated Public infrastructure Delivery Programme	2A: Deprivation Areas Revitalisation Sub-Programme	Investment is specifically required to eradicate backlogs and deficiencies of engineering and social infrastructure related to the revitalization of deprivation areas. Investment in these areas also needs to address the structural and built form aspects that have been raised in the SDF. Infrastructure investment is therefore targeted at resolving problems specifically related to the deprivation areas and at the same time create sustainable and liveable settlements as an outcome. A number of deprivation area programmes are already in place (previously referred to as marginalised area

JDA Substantive Programme	JDA Sub-Programme	Purpose
		programmes) including Orange Farm, Diepsloot, Ivory Park/Kaalfontein and Alexandra
	2B: Urban Infrastructure Delivery Sub-Programme	The objective is to effectively and efficiently deliver on the City's priority social and/or economic infrastructure programmes. This work includes overseeing capital investments by other departments and entities. This programme includes Rea Vaya BRT infrastructure, taxi and transport facilities, primary healthcare clinics and fire-stations.
3. 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.
4: 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 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 actual capital expenditure for the period ended 30 September 2019 was R73.7 million (2018/19: R84.5 million) against a targeted budget of R64 billion (2018/19: R71 million). This represents 5.74% (2018/19: 6.66%) of the overall annual budget of R1.3 billion. There are however various factors that continue to affect projects including poor contractor performance and community stoppages.

TABLE 16: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2019/20 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 282 474	64 124	73 647	115%	5.74%

SECTION 6: ORGANISATIONAL PERFORMANCE

The JDA’s progress towards achieving its KPIs is assessed using the performance scorecard, which **TABLE 17: KPI ACHIEVEMENT RATINGS** 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.

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







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	Baseline 2017/18 ⁴	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance	
Inner city regeneration, including key economic nodes including the implementation of the Transit Oriented Development Corridors	1) Number of pre-feasibility plans or studies ⁵ produced, reviewed or updated	8	4 (cumulative)	0	0	-		There were no pre-feasibility plans or studies produced, reviewed or updated in Q1 of 2019/20 financial year.		
	2) Number of projects at concept design phase	9	23 (cumulative)	2	2	-		Target was achieved. There were two projects at Concept Design Phase achieved in the first quarter of 2019/20 financial year.		
Increased infrastructure investment (from both public and private sectors)			Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional: Phase 2					Target achieved.		
			Heritage Bridge Landscaping					Target achieved.		
Residents live, work and play close to work,	3) Number of projects reaching contract award stage	10	22 (cumulative)	1	0	-		Target was not achieved as planned in the first quarter of 2019/20 financial year.		



⁴ Baseline is 2017/18 until the 2019/20 Annual Report has been audited and approved

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 Indicator	Performance	Baseline 2017/18 ⁴	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance
leisure and cultural opportunities										
Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure				Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E			Target not achieved.	BAC Report for appointment of main contractor was tabled for approval in May 2019. Appointment of the main contractor delayed due to concerns raised from internal audit findings that were identified post BAC approval. These have now been addressed and the appointment process will soon commence.	The current BAC resolution will be expedited to ensure appointment of the main contractor is concluded at the beginning of the second quarter of the 2019/20 financial year.	
	4) Number of projects reaching practical completion stage	11	35 (cumulative)	0	0	-		There were no projects planned to be reaching practical completion stage in Q1 of 2019/20 financial year.		
	5) Number of precinct management plans or project operationalisation plans produced, reviewed or updated	6	3 (cumulative)	0	0	-		There were no precinct management plans or project operationalisation plans produced, reviewed or updated in Q1 of 2019/20 financial year.		
	6) Number of JDA Communication and Media related Initiatives	245	280 (cumulative)	70	168	98		Target was achieved. During period under review there was a total of 19 press media		

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 Indicator	Performance	Baseline 2017/18 ⁴	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance
									releases issued and a total of 149 social media posts.	
	7) Number of area, community or project impact performance assessments completed		13	6 (cumulative)	0	0	-		There were no area, community or project impact performance assessments completed in Q1 of 2019/20 financial year.	



IDP 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/s	Key Indicator	Performance	Baseline 2017/18 ⁶	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance
Increasing forensic investigative capability and controls	8) Percentage resolution of Internal Audit findings		Clean Audit Opinion	100%	10%	81%	+71%		Target achieved.	
	9) Percentage resolution of Auditor General findings ⁷		84%	100%	50%	89%	+39%		Target achieved.	

⁶ Baseline is 2017/18 until the 2019/20 Annual Report has been audited and approved





⁷ From the previous financial year

IDP 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/s	Key Performance Indicator	Baseline 2017/18 ⁸	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance
Focusing on driving up capital expenditure investment in infrastructure	10) Percentage of budget spent on city-wide infrastructure	92%	95% (cumulative)	5%	5.74%	+0.74%		Target achieved.	
	11) Percentage of valid invoices paid within 30 days of invoice date	New KPI	100%	100% of	88.19%	11.81%		Target partially achieved.	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. In improving some of these controls so far the overall payment over 30 days has reduced, however, there is still further improvement that is required.

⁸ Baseline is 2017/18 until the 2019/20 Annual Report has been audited and approved

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/s	Key Performance Indicator	Baseline 2017/18 ⁹	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance	
Other IDP or Day-to Day Programmes	12) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	97%	100%	100%	124.6%	+24.6%		Target achieved.		
	13) Number of Expanded Public Works Programmes (EPWP) work opportunities created City-wide	805	1000 (cumulative)	100	120	+20		Target achieved.		
	14) Percentage of SMME expenditure as a share of total expenditure	26%	30%	30%	64%	+34%		Target achieved.		
	15) Percentage spend on JDA operating budget against approved operating budget	96%	95% (cumulative)	25%	24%	1%		Target achieved.		

⁹ Baseline is 2017/18 until the 2019/20 Annual Report has been audited and approved

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/s	Key Performance Indicator	Baseline 2017/18 ⁹	2019/20 Annual Target	2019/20 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at end of 30 September 2019	Variations and steps to be taken to improve performance
	16) Percentage implementation of the strategic risk management action plan findings resolved	77%	95% ¹⁰ (cumulative)	10%	43%	+33%		Target achieved.	
	17) Percentage of predetermined objectives targets achieved	New KPI	85%	85%	82%	3%		<p>Target achieved.</p> <p>The following KPI's were not achieved:</p> <ul style="list-style-type: none"> - #3 No. of projects reaching contracts awarded stage <p>The following KPI was partially achieved:</p> <ul style="list-style-type: none"> - #11 Percentage of valid invoices paid within 30 days of invoice date. 	

¹⁰ From Red and Amber to Green Status

6.1 PROGRAMME EXPENDITURE

For period ended 30 September 2019

TABLE 17: EXPENDITURE BY FUNDING SOURCE

	CAPEX FOR THE YEAR				Annual	Budget
Projects per Funding Source	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
PUBLIC TRANSPORT CORRIDOR DEVELOPMENT						
Patterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities	R 7 846 222	R 4 250 000	R 3 596 222	84.62%	R 85 000 000	9.23%
Brixton Social Cluster: Work Package 1 New multipurpose sports and recreation	11 194 042	1 750 000	9 444 042	539.66%	35 000 000	31.98%
Test Eco District Prototypes TOD corridors	0	200 000	(200 000)	(100.00%)	4 000 000	0.00%
New Turffontein Clinic and Multipurpose	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Sub-total	19 040 264	6 250 000	12 790 264	204.64%	125 000 000	15.23%
JDA ON BUDGET						
Inner City Managed Lanes	0	60 000	(60 000)	(100.00%)	1 200 000	0.00%
Inner City Eastern Gateway_TOD and Movement Corridors	0	577 500	(577 500)	(100.00%)	11 550 000	0.00%
Orlando East Station Precinct	0	12 500	(12 500)	(100.00%)	250 000	0.00%

Projects per Funding Source	CAPEX FOR THE YEAR				Annual	Budget
	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
Pennyville Precinct Renewal	0	37 500	(37 500)	(100.00%)	750 000	0.00%
Regeneration of Lenasia CBD and Anchorville Industrial Hub – Region G	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Randburg CBD Regeneration Renewal	0	25 000	(25 000)	(100.00%)	500 000	0.00%
CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	0	649 384	(649 384)	(100.00%)	12 987 687	0.00%
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	13 930 524	1 250 000	12 680 524	1 014.44%	25 000 000	55.72%
Ivory Park UDF_ Development_ Catalytic Node infrastructure projects	673 386	665 000	8 386	1.26%	13 300 000	5.06%
Alexandra Sports and Youth Development: SAFA Safe Hub Facility	1 117 694	600 000	517 694	86.28%	12 000 000	9.31%
Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional	6 980 733	750 000	6 230 733	830.76%	15 000 000	46.54%
Balfour Park Transit Precinct Development	0	25 000	(25 000)	(100.00%)	500 000	0.00%
Melville Activity Street	0	25 000	(25 000)	(100.00%)	500 000	0.00%
Revitalisation of Pageview and Vrededorp	0	37 500	(37 500)	(100.00%)	750 000	0.00%

Projects per Funding Source	CAPEX FOR THE YEAR				Annual	Budget
	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
Banakekelen Hospice New Clinic ALEXANDRA EXT.38 E Ward	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Operational Capex New Operational Capex NEWTOWN F City Wide	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Orchards Clinic	0	500 000	(500 000)	(100.00%)	10 000 000	0.00%
Roodeport CBD regeneration Renewal Precinct Redevelopment REGION C	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Sub-total	22 702 337	8 264 384	14 437 953	174.70%	165 287 687	13.74%
COMMUNITY DEVELOPMENT (Comm Dev)						
Lehae MPC New Construction LEHAE G	0	500 000	(500 000)	(100.00%)	10 000 000	0.00%
Johannesburg Library F	0	150 000	(150 000)	(100.00%)	3 000 000	0.00%
Kaalfontein MPC New Construction	0	800 000	(800 000)	(100.00%)	16 000 000	0.00%
Ivory Park Swimming Pool	555 811	900 000	(344 189)	(38.24%)	18 000 000	3.09%
MPC Matholesville	0	850 000	(850 000)	(100.00%)	17 000 000	0.00%
Drieziek MPC	0	1 100 000	(1 100 000)	(100.00%)	22 000 000	0.00%
Minor works at various facilities	0	400 000	(400 000)	(100.00%)	8 000 000	0.00%
Sub-total	555 811	4 700 000	(4 144 189)	(88.17%)	94 000 000	0.59%
INNER CITY DEVELOPMENT GRANT						

	CAPEX FOR THE YEAR				Annual	Budget
Projects per Funding Source	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
Ghandhi Square East	2 155 034	1 000 000	1 155 034	115.50%	20 000 000	10.78%
Conceptualisation and Development Inner City Spatial Scenario Planning	0	125 000	(125 000)	(100.00%)	2 500 000	0.00%
Sub-total	2 155 034	1 125 000	1 030 034	91.56%	22 500 000	9.58%
EMERGENCY MANAGEMENT SERVICES (EMS)						
Central Fire Station	0	434 783	(434 783)	(100.00%)	8 695 652	0.00%
Sub-total	0	434 783	(434 783)	(100.00%)	8 695 652	0.00%
HEALTH DEPARTMENT						
Florida clinic New Clinic FLORIDA EXT C Ward	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Turfontein Clinic	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Bophelong Clinic	852 124	1 500 000	(647 876)	(43.19%)	30 000 000	2.84%
Orchards Clinic Health	0	180 000	(180 000)	(100.00%)	3 600 000	0.00%
Naledi Clinic	0	350 000	(350 000)	(100.00%)	7 000 000	0.00%
Sub-total	852 124	3 080 000	(2 227 876)	(72.33%)	61 600 000	1.38%
DEP OF HOUSING::						
Braamfischerville Ext 12&13:Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAM	2 242 825	775 000	1 467 825	189.40%	15 500 000	14.47%

	CAPEX FOR THE YEAR				Annual	Budget
Projects per Funding Source	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
FISCHERVILLE EXT.13 C Ward						
Sub-total	2 242 825	775 000	1 467 825	189.40%	15 500 000	14.47%
Joburg Market						
Markets of the Future	0	100 000	(100 000)	(100.00%)	2 000 000	0.00%
Sub-total	0	100 000	(100 000)	(100.00%)	2 000 000	0.00%
INNER CITY FUND (ICF)						
Inner City Partnership Fund	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Sub-total	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)						
Jabulani TOD: Phase 6a - Safe Hub	6 850 343	3 250 000	3 600 343	110.78%	65 000 000	10.54%
Sub-total	6 850 343	3 250 000	3 600 343	110.78%	65 000 000	10.54%
TRANSPORTATION PTIS FUNDING:						
Phase 1C Stations	0	1 820 000	(1 820 000)	(100.00%)	36 400 000	0.00%
Selby Depot	0	5 000 000	(5 000 000)	(100.00%)	100 000 000	0.00%
ITS (Fibre Loop and CCTV)	0	2 000 000	(2 000 000)	(100.00%)	40 000 000	0.00%
Alexandra Depot	0	1 080 000	(1 080 000)	(100.00%)	21 600 000	0.00%

Projects per Funding Source	CAPEX FOR THE YEAR				Annual	Budget
	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
Section 15K (Watt Interchange Station Road Works and Bridges)	0	7 500 000	(7 500 000)	(100.00%)	150 000 000	0.00%
OTHER Passenger Information Signage at Stations (at Totem, strip maps,"you are here" etc.)	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Guard Houses and Customer centres	0	350 000	(350 000)	(100.00%)	7 000 000	0.00%
Soweto Phase 2A vs Ivory Park route	0	125 000	(125 000)	(100.00%)	2 500 000	0.00%
OTHER: ICT	0	375 000	(375 000)	(100.00%)	7 500 000	0.00%
OTHER: Land	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
Greenstone Terminal	0	1 000 000	(1 000 000)	(100.00%)	20 000 000	0.00%
Selby Depot 2C	0	2 750 000	(2 750 000)	(100.00%)	55 000 000	0.00%
Bus Monitoring and Contract Management	0	848 400	(848 400)	(100.00%)	16 968 006	0.00%
Heritage Bridge Landscaping	0	900 000	(900 000)	(100.00%)	18 000 000	0.00%
Sub-total	0	24 048 400	(24 048 400)	(100.00%)	480 968 006	0.00%
TRANSPORTATION COJ FUNDING:						
Karsene Public Transport Facility	18 955 316	6 000 000	12 955 316	215.92%	120 000 000	15.80%
Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%

Projects per Funding Source	CAPEX FOR THE YEAR				Annual	Budget
	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E	0	350 000	(350 000)	(100.00%)	7 000 000	0.00%
PTF Public Transport Facility Sandton	0	100 000	(100 000)	(100.00%)	2 000 000	0.00%
PTF: Small Public Transport Facilities: Tshepisoong:	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
Complete Streets: NMT Facilities Linking Railway stations New Dube CHIAWELO D City Wide:	0	85 000	(85 000)	(100.00%)	1 700 000	0.00%
PTF: Small Public Transport Facility Design Kya Sand New Nodal Transport Facilities KYA SAND:	213 841	75 000	138 841	185.12%	1 500 000	14.26%
PTF: Small Public Transport Facilities: DRIEZIEK EXT.3	0	1 340 000	(1 340 000)	(100.00%)	26 800 000	0.00%
Complete Streets: NMT Facilities Linking Railway stations Dube D Region	0	507 000	(507 000)	(100.00%)	10 140 000	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)	(100.00%)	5 000 000	0.00%
PTF: Small Public Transport Facilities: Orange Farm Ext 7 (Region G)	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
Small: Public Transport Facility in Zakariya Park Region G	0	250 000	(250 000)	(100.00%)	5 000 000	0.00%
PTF: Redevelopment of Inner City Ranks	0	425 000	(425 000)	(100.00%)	8 500 000	0.00%

	CAPEX FOR THE YEAR				Annual	Budget
Projects per Funding Source	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	%	R	%
Inner City Transport Masterplan	0	391 305	(391 305)	(100.00%)	7 826 090	0.00%
Complete Streets Deep South	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Parking Management	79 182	52 174	27 008	51.77%	1 043 478	7.59%
Complete Streets Turfontein	0	50 000	(50 000)	(100.00%)	1 000 000	0.00%
Feasibility Study Integrated Corridor Managemenr	0	121 739	(121 739)	(100.00%)	2 434 782	0.00%
Lenasia Scholar Transport Masterplan	0	58 696	(58 696)	(100.00%)	1 173 913	0.00%
Roodepoort CBD Transport Masterplan	0	65 217	(65 217)	(100.00%)	1 304 348	0.00%
NR Nodal Regeneration Braamfontein	0	75 000	(75 000)	(100.00%)	1 500 000	0.00%
PTF Transfer Facility Lenasia Scholar Transport interchange	0	100 000	(100 000)	(100.00%)	2 000 000	0.00%
Sub-total	19 248 339	11 096 131	8 152 208	73.47%	221 922 611	8.67%
TOTAL	73 647 077	64 123 698	9 523 379	14.85%	1282 473 956	5.74%

6.1 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 18: EPWP PERFORMANCE

JDA Programme	Quarter 1 EPWP Opportunities created in 2019/20
Programme 1	4
Programme 2	96
Programme 3	20
Programme 4	0
TOTAL	120

6.2 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.

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.

Since May 2019, the JDA became a two union workplace, with SAMWU (The South African Municipal Workers' Union) being the majority union ahead of IMATU (Independent Municipal and Allied Trade Union).

There are 112 positions on the JDA staff establishment and organogram

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:**
 1. Chief Financial Officer (CFO),
 2. Executive Manager: Development Implementation,
 3. Executive Manager: Planning and Strategy,
 4. Executive Manager: Development Facilitation
 5. Executive Manager: Marketing & Communications,
 6. Executive Manager: Corporate Services,
 7. Chief Audit Executive
 8. Company Secretary and the
- **Senior Management consists of Heads of Departments and Managers in the departments that reports to their Executives without heading departments, it comprises of:**
 1. Senior Development Managers,
 2. Executive Support Manager,
 3. Internal Audit Manager,
 4. Finance Manager,
 5. Budget Manager,
 6. Monitoring & Evaluation Manager,
 7. Supply Chain Manager,
 8. Planning Manager,
 9. Communications & Marketing Manager,
 10. Human Resources Manager,
 11. IT Manager,
 12. Risk & Compliance Manager and
 13. Manager: Stakeholder Relations.
- **Professional and Middle Management comprises of:**
 1. Development Facilitation Manager,
 2. Enterprise Development Manager,
 3. Development Managers,
 4. Coordinators,
 5. Accountants,
 6. Accounts Payable Officer,
 7. SCM Officer,
 8. Data Officer,
 9. Marketing Business Partners,
 10. Risk & Compliance Officer,
 11. IT Support Officer,

12. IT & IS Administration Officer,
 13. HR Business Partners,
 14. Legal Officer and
 15. Stakeholder Relations Officer.
- **Skilled Employees consists of:**
 1. Technical, Academically Qualified and Junior Management,
 2. Assistant Development Managers and Personal assistants.
 - **Semi-Skilled Employees consists of Drivers and Receptionists.**
 - **Unskilled Employees consists of General Workers and Housekeepers.**

In terms of physical location, there are 98 employees including 2 learners and temporary workers who 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 and at the same time meet the required competencies for a professional qualification. It is for this reason that the JDA fully supports and subscribes to a structured learnership programme.

There are currently two (2) learners at the JDA, based in the Internal Audit and Risk Management and Compliance department.

HR Policies

The JDA recently reviewed and updated ten (10) of its key HR policies to be in-line with legislation and good practice and more policies are still under review.

Organisational Development

The JDA has recently embarked on an organisational development (OD) process in order to review the current structure of the organisation to ensure that to enable the JDA to better respond and adapt to the changing environment and to unlock internal efficiencies.

The OD process will be done in full consultation of both staff and Union in a participatory process.

TABLE 19: INJURIES, SICKNESS AND SUSPENSIONS

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post^[1]	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Top management	0	0	0	0	0	0
Executive management (including chief audit executive)	4	0	2	6	0.66	27 480
Senior management	28	0	8	18	1.55	106 136

^[1] The total of 98 excludes ARP staff, leave management administered by the CoJ

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post ⁽¹⁾	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Middle management	15	0	9	34	0.44	41 337
Skilled technical/junior management	27	0	11	28	0.96	34 343
Semi-skilled	0	0	0	3	0	0
Unskilled	4	0	2	6	0.66	2 828
TOTAL	78	0	32	95	4.27	212 124

SECTION 2: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The total remuneration costs for the period under review was R18 564 921. This figure is inclusive of the Pension Fund. The JDA participates in Two Retirement Benefit Schemes: the eJoburg Retirement Fund (81 permanent employees) and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, in this period was R232 566,78.

SECTION 3: KEY VACANCIES

The following key vacancies have are recorded:

TABLE 20: KEY VACANCIES

Open Vacancies	Progress
Chief Executive Officer	Recruitment Stage
Executive Manager: Development Facilitation	Pending OD Process
Executive Manager: Marketing and Communications	Pending OD Process
Senior Development Manager	Recruitment Stage
Development Manager	Recruitment Stage
Development Coordinator	Recruitment Stage

TABLE 21: STAFF ESTABLISHMENT

Description	Approved no. of posts per approved organogram	No. of employees	No. of vacancies	% of vacancies
Top management level	1	0	1	100%
Executive management	8	6	2	25%
Senior management	17	18 ¹¹	-1	106%
Middle management	49	37	12	76%
Skilled technical/junior management	27	28	-1	104%
Semi-skilled	4	3	1	25%
Unskilled housekeepers/cleaners	6	6	0	0%
Total	112	98	17	

The basis for turnover rates for period as at first quarter is 3%.

¹¹ The figure at Senior Management and Skilled level indicates the temporary appointments hence it reflects more numbers. Additional temporary resource added for capacity, the budget is available from existing vacant positions.

TABLE 22: TURNOVER RATE (AS AT 1ST QUARTER 2019/20)

Details	Total active employees at the beginning of financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2019/20	98	3	3%

As at the beginning of the financial year of 2019/20, the JDA had 98 employees and there have been three (3) terminations.

TABLE 23: TERMINATIONS FOR 2019/20 FIRST QUARTER

Position	Male				Female				Non South African		
	A	C	I	W	A	C	I	W	Male	Female	
	Development Facilitation Coordinator	1	0	0	0	0	0	0	0	0	
ICT Officer	1	0	0	0	0	0	0	0	0	0	1
Human Resources Officer	0	0	0	0	1	0	0	0	0	0	1
Totals	2	0	0	0	1	0	0	0	0	0	3

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 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 24: 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	0	0	0	0	0	0	0	0
Executive Management	2	0	0	1	2	0	1	0	0	0	6
Senior Management	7	1	0	1	8	0	1	0	0	0	18
Professionally qualified and experienced specialists and mid-management	19	0	0	0	14	1	1	2	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	0	0	0	23	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	34	1	0	2	53	2	4	2	0	0	98

*Please note that an SCM Officer employee who resigned in the Q4 is reflected as termination but also included in the final countdown. This is because the report is using Payroll listing of May 2019 until rollover.

The JDA status for period under review:

- 96% of employees are African
- 63 % of employees are Female
- 39% of employees in senior management positions are black females
- 2% of the JDA has employees have physical disabilities. This percentage is equal to the City of Johannesburg’s strategic target of 2%.

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

TABLE 25: STAFF MOVEMENTS

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	0	2	0	0	0	0	0	0	2
Deceased	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	2	1	0	0	0	0	0	0	3
Total	2	3	0	0	0	0	0	0	5

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.

An Individual Learning Plans (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 R714 600.00 has been allocated for training and development for the 2019/20 financial year. The actual expenditure for professional membership stands at R 30 627.84. 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 City of Johannesburg’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 employees to perform to the required performance standards.

SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES

There were no disciplinary inquiries under way, during the first quarter of 2019/20 financial year.

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.

TABLE 26: LEAVE ANALYSIS PERFORMANCE FOR FIRST QUARTER 2019/20

Type of Leave	July 2019	August 2019	September 2019	Total
Annual Leave	110.5	98.5	139	348
Sick Leave	22	41	15	78
Family Responsibility	19	5	1	25
Study Leave	8	9	4	21
TOTAL	159.5	153.5	159	472

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 members, 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 City of Johannesburg'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 was prioritized through testing and counselling to all JDA staff.

SECTION 10: EMPLOYEE BENEFITS

JDA permanent employees have the Group Life Cover and Pension Fund benefits.

SECTION 11: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The safety audit was conducted to identify the level of compliance with the Occupational Health and Safety Act for the JDA for 2019/20 financial year. These audits identify risks and cases of noncompliance 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 92.26%. The areas of non-compliance include:

- Inadequate working space for employees - Service provider (Architects) has finalized the space designs. Finalising budget for the implementation of the space planning designs
- Unsafe Stacking Storage Boxes in Offices - Boxes to be removed to offsite storage have been identified and quotes from Service Providers have been sourced for the removal and storage of JDA files in boxes.

CHAPTER 5: FINANCIAL PERFORMANCE

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

STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 SEPTEMBER 2019

ASSETS	Quarter ended 30 September 2019			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
Non-current assets	30 610	24 080	6 530	30 610	24 080	6 530	1
Property plant and equipment	5 511	7 030	-1 519	5 511	7 030	-1 519	
Deferred tax	2 349	2 152	197	2 349	2 152	197	
Intangible assets	22 751	14 898	7 853	22 751	14 898	7 853	
Current assets	618,673	1,143,136	-524,463	618,673	1,143,136	-524,463	2
Trade and other receivables	426,457	1,081,703	-655,246	426,457	1,081,703	-655,246	
Vat Receivable	192,211	61,431	130,780	192,211	61,431	130,780	
Cash and cash equivalents	5	2	4	5	2	4	
Total assets	<u>649,283</u>	<u>1,167,216</u>	<u>-517,933</u>	<u>649,283</u>	<u>1,167,216</u>	<u>-517,933</u>	
EQUITY AND LIABILITIES							
Capital and reserves	41,654	55,446	-13,792	41,654	55,446	-13,792	
Contribution from owner	16,278	16,278	-0	16,278	16,278	-0	
Accumulated surplus/(deficit)	25,377	39,168	(13,791)	25,377	39,168	(13,791)	
Non-current liabilities	12,294	15,867	(3,573)	12,294	15,867	(3,573)	

	Quarter ended 30 September 2019			Year to date			
ASSETS	Actual	Budget	Variance	Actual	Budget	Variance	Notes
	R'000	R'000	R'000	R'000	R'000	R'000	
Deferred taxation	- 12,294 -	- 15,867 -	0 (3,573) 0	- 12,294 -	- 15,867 -	0 (3,573) 0	
Current liabilities	595,334	1,095,903	-500,569	595,334	1,095,903	-500,569	4
Loans from shareholders	389,678	946,902	(557,224)	389,678	946,902	(557,224)	
Trade and other payables	153,133	144,545	8,588	153,133	144,545	8,588	
Project funds payable	47,079	0	47,079	47,079	0	47,079	3
Finance lease obligation	0	0	0	0	0	0	
Bank Overdraft	0	1	1	0	1	(1)	
Provisions – bonus	5,445	4,455	990	5,445	4,455	990	
Total equity and liabilities	<u>649,283</u>	<u>1,167,216</u>	<u>-517,933</u>	<u>649,283</u>	<u>1,167,216</u>	<u>-517,933</u>	

Notes	
1	Included in the intangible assets is software that is still under construction. To date the SAP modules that have been implemented is Project Implementation and HR payroll. The finance module is currently not ready for implementation and is reflected as under construction. The variance is mainly due to the delay in capitalising and amortising these modules earlier.
2	Variance in current assets relates to the trade receivables that are made up of outstanding claims from the city client departments. The budget was conservative as generally the collection of the claims is generally slower in the first quarter of the financial year. However, during the quarter, 40% of the June 2019 year-end balance had been collected which reduced the outstanding balance. Included in the current assets is vat refunds that are currently receivable from SARS from past returns submitted.
3	The projects funds payable relates to funds that are received in advance or being held for specific projects. Included in the balance is funds received from the dissolution of GNDC and the surplus from the transfer of No.1 Central Place. These funds will be used in the current year for the security and cleaning of the Newtown Precinct as well as the development of a business plan for the management of the Newtown Mary Fitzgerald Square and the Newtown Park.
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 2019

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	Original approved	Quarter ending 30 September 2019			Year to date			Notes
	budget	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Gross revenue	114 118	15,040	13,411	1,629	15,040	13,411	1,629	5
Operating costs	(106 938)	(20,732)	(24,418)	3,686	(20,732)	(24,418)	3,686	6
Gross surplus/(deficit)	7 180	(5,691)	(11,007)	5,315	(5,691)	(11,007)	5,315	
Other operating income and expenditure	(7 180)	(6,211)	(1,795)	(4,416)	(6,211)	(1,795)	(4,416)	
Interest expense	(7 180)	(6,211)	(1,795)	(4,416)	(6,211)	(1,795)	(4,416)	7
Interest income	0	0	0	0	0	0	0	
Deficit before tax	0	(11,902)	(12,802)	900	(11,902)	(12,802)	900	
Taxation	0	0	0	0	0	0	0	
Surplus/(Deficit) after tax	0	(11,902)	(12,802)	900	(11,902)	(12,802)	900	

Notes	
5	Management fees are budgeted for in accordance with the capital project expenditure. The overall revenue budget was exceeded as it was based on an overall capital expenditure of 5% for the first quarter.
6	Majority of the variance relates to vacant positions that are budgeted and are currently underway however no appointments were made as yet in the first quarter. These include the appointment of the Chief Executive Officer, Executive Manager: Marketing and Communications, Executive Manager: Development Facilitation, Senior Development Manager, Development Manager and Project Co-ordinator. Most of these positions are in the recruitment processes except for the two Executive Managers DF and Marketing and Communications that are currently on hold until the finalisation of the Organisational Development process.
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 was 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 were owing from the 2018/19 financial year.

SECTION 3: CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Quarter ended 30 September 2019			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
	(62 203)	(24 926)	(37 277)	(62 203)	(24 926)	(37 277)	
<i>Receipts</i>							
Grants	0	0	0	0	0	0	
Interest received	0	0	0	0	0	0	
Cash receipts from CAPEX funding	340 843	361 253	(20 410)	340 843	361 253	(20 410)	8
Other receipts	0	0	0	0	0	0	
	0	0	0	0	0	0	
<i>Payments</i>							
Employee cost	(11 922)	(18 324)	6 402	(11 922)	(18 324)	6 402	
Suppliers	(391 124)	(367 855)	(23 269)	(391 124)	(367 855)	(23 269)	9
Interest paid	0	0	0	0	0	0	10
Cash flows from investing activities	0	50	(50)	0	50	(50)	
<i>Expenditure to maintain operating capacity</i>							
Property, plant and equipment acquired	0	50	(50)	0	50	(50)	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 2019			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	62 206	24 876	37 330	62 206	24 876	37 330	
Movement in project funds payable	0	0	0	0	0	0	
Proceeds from Shareholders' loan	62 206	24 954	37 252	62 206	24 954	37 252	10
Repayments of Shareholders' loan	0	0	0	0	0	0	
Finance lease repayments	0	(78)	78	0	(78)	78	
Net increase/(decrease) in cash and cash equivalents	3.0	0	3	3	0	3	
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>5.0</u>	<u>2</u>	<u>3</u>	<u>5</u>	<u>2</u>	<u>3</u>	

Notes	
8	Variance relates to lower than expected collection of June 2019 claims from client departments. To date almost 40% of the June 2019 outstanding balance has been collected which is an improvement as compared to last year, however, lower than what was projected. Includes previous quarter.
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 was 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 were owing from the 2018/19 financial year.
11	There were no assets purchased during this period.

SECTION 4: NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
		R'000	R'000	R'000	R'000
Opening balance as previously reported	60	16 278	16 278	52 053	68 331
Adjustments	0	0	0	0	0
Prior year adjustments				0	0
Balance at 01 July 2018	60	16 278	16 278	52 053	68 331
Changes in net assets					
Surplus for the year		0	0	(14 774)	(14 774)
Total changes	0	0	0	37 279	-14 774
Balance at 01 July 2019	60	16 278	16 278	37 279	53 557
Changes in net assets					
Deficit for the year	0	0	0	(11,902)	(11,902)
Total changes	60	16 278	16 278	25,377	41,655
Balance at 30 September 2019	60	16 278	16 278	25,377	41,655

SECTION 5: RATIO ANALYSIS

Key Performance Area	Target	Actual 30 September 2018	Actual 30 September 2019	Note
Current ratio	Above 1 : 1	1.02 : 1	1.04 : 1	1
Solvency ratio	Above 1 : 1	1.01 : 1	1.07 : 1	2
Total employee costs	R19.8 million	R25.8 million	R18.6 million	
Total operational expenditure	R26.2 million	R34.9 million	R26.9 million	
Salaries to expenditure ratio based on the above	Below 60%	74%	69%	3
Revenue	R13.4 million	R14.88 million	R15.04million	
Expenditure (including taxation)	R26.2 million	R35.42 million	R26.94 million	
Surplus / (Deficit)	-R12.80	(R20.54 million)	(R11.9 million)	
Total net assets	R55.45 million	R3.8 million	R41.65 million	
Capital expenditure	5%	6.66%	5.74%	4

Notes	
1	Current ratio is just above the target and the last year's quarter one ratio. Included in current liabilities is the sweeping account with the shareholder which increases with the interest on a monthly basis.
2	Solvency ratio is just above the target and higher than the first quarter of the previous year mainly due to a lower value of 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 is above target and above last year quarter due to an overall reduction in the operational expenditure which affects the denominator of the ratio.
4	Capital expenditure exceeds the target of the approved budget by 1.74%.

SECTION 6: 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) of the Municipal Supply Chain Management Regulations, the accounting officer -

- (a) may dispense with the official procurement processes established by the SCM policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only:
- i. In an emergency ;
 - ii. If such goods or services are produced or available from a single supplier only;
 - iii. If acquiring special works of art or historical objects where specifications are difficult to compile;
 - iv. If acquiring animals for zoos ; or
 - v. In any other exceptional case where it is impossible or impractical to follow official procurement processes; and
- (b) 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.

Reg. 36(2) requires the accounting officer to record the reasons for any deviation in terms of sub regulation (1) (a) and (b) above and report them to the board of directors in the case of a municipal entity.

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 period 1 July 2019 to 30 September 2019 there were 4 service providers appointed where less than three quotations were returned or obtained to a combined value of R 20, 046.08 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. For the period 1 July 2019 to 30 September 2019 the JDA has not awarded any contract to a person who is in the employment of the state.

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 1 July 2019 to 30 September 2019, the overall BBBEE share of expenditure was R 89 940 532.44 This translates into an achievement of 124% BBBEE claimed against quarterly expenditure.

TABLE 27: SUMMARY OF BBBEE EXPENDITURE¹²

Description	Q1 2019/20		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	R 64 646 922.25	R 84 015 454.49	129.96%
Opex	R 7 526 585.62	R 5925077.946	78.72%
Consolidated Opex and Capex	R 72 173 507.87	R 89 940 532.44	124.62%

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.

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%.

¹² 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

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

FIGURE 6: BBBEE CONTRIBUTION TABLE

Enterprise / SMM 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 involves SMMEs working on JDA projects (both subcontractors and those contracted directly by the JDA). This includes general training.

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 46 251 754.90 for the period 1 July 2019 to 30 September 2019. This constitutes an achievement of 64% for the period under review.

TABLE 28: SUMMARY OF SMME EXPENDITURE¹³

Description	Q1 2019/20	
	SMME Expenditure	SMME %
Capex	R 44 416 374.20	68.71%
Opex	R 1 835 380.70	24.39%
Consolidated Opex and Capex	R 46 251 754.90	64.08%

¹³ 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.

Report in Irregular, Fruitless and Wasteful Expenditure and Due Process

JDA has not incurred any fruitless and wasteful expenditure in the first quarter 2019/20 with the exception of irregular expenditure. The JDA incurred irregular expenditure to the value of R6,975 for the first quarter.

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 29: PENDING LITIGATIONS

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. 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 City of Johannesburg’s insurer’s lawyers. The Matter was set for trial in June 2018 but was withdrawn from the trial roll. There have been no developments since the matter was removed from the trial roll in June 2018. The plaintiff’s attorneys have withdrawn as attorneys of record on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution. We have written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter.</p>	Not yet determined at this stage.	Not yet determined at this stage.

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
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.	<p>The JDA was incorrectly cited as a party to the proceedings. Particulars of defence were submitted to the plaintiff accordingly.</p> <p>The Plaintiff has to date not responded to our pleadings.</p> <p>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.</p> <p>We still await feedback from the Plaintiff's attorneys.</p>	The matter stopped at pleadings stage and is likely not going to proceed.	Not determined. yet
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 Sonnenburg 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 agreement without protracted litigation processes.	On-going	Good

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
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>	The hearing took place and completed. We now await the report with the outcome from the Commissioner from the Department of Labour in this regard.	Not yet determined	Good

SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE/DEPARTMENT.

No claims within the first quarter report of 2019/20 financial year.

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

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

TABLE 30: AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
City of Johannesburg - CAM & USDG	44 773 885.60	The Balance relates to amount outstanding for September claims submitted.
City of Johannesburg- Transport	295 362 525.54	Balance mainly relates to amounts outstanding from June 2019 claims and remainder are claims which are outstanding for more than 365 days.
City of Johannesburg - Departments of Transportation and Planning	50 831 552.02	Balance mainly relates to amounts outstanding for June 2019 claims and claims submitted in September.
City of Johannesburg - EMS	35 104 719	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims which were submitted more than 360 days.
City of Johannesburg - Department of Health	5 209 645	Balance mainly relates to amounts outstanding for June 2019 claims.
City of Johannesburg - GSPCR	3 850 363	Balance mainly relates to amounts outstanding which are long overdue more than 360 days.
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)	37 875 255	Balance mainly relates to amounts outstanding for June 2019 claims and claims submitted in September.
Total	473 007 945	

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The chart below serves to indicate an overview of the audit conclusion made regarding the control environment based on the audits undertaken by internal audit in the first quarter of 2019/20 financial year. On overall there were eight (8) audit projects planned by internal audit.

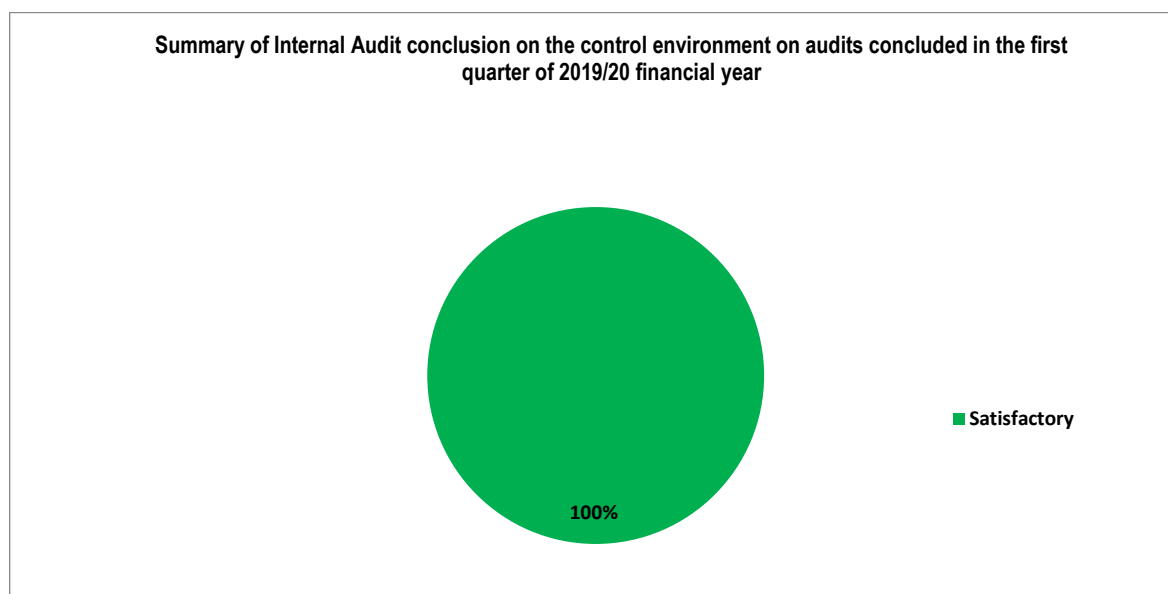


TABLE 31: PROGRESS AGAINST THE APPROVED 2019/20 ANNUAL INTERNAL AUDIT PLAN (1 JULY 2019 – 30 SEPTEMBER 2019)

No.	Audit Description	Status	Comments	Overall Conclusion
1	Delegation of Authority Review	In progress	The project is currently at the execution stage.	Not yet concluded
2	First Quarter - Follow-up on internal and external audit findings	Completed	The follow up report for the 1st quarter was presented at Operational Clean Audit Committee. Report to be presented at next Audit and Risk Committee.	Satisfactory
3	Review of the draft 2018/19 annual financial statements.	Completed	The audit is completed the report was submitted to the ARC.	Satisfactory
4	Review of the 2018/19 annual report – performance information review for completeness and reliability	Completed	The audit is completed the report was submitted to the ARC.	Satisfactory
5	Quarterly Audit of performance information (Audit Of the Pre- Determined Objectives) 4th quarter of 2018/19	Completed	The project is not yet started. The audit will commence when the report is received from Planning and Strategy.	Satisfactory
6	Review of processes to ensure completeness and alignment of performance agreements	Not yet started	Project to commence 1st of October.	Not yet concluded
7	Information Technology General Controls (ITGC) Review and Applications Controls Review	Not yet started	Project has been moved to commence in the 3rd quarter of the financial.	Not yet concluded

No.	Audit Description	Status	Comments	Overall Conclusion
8	Cobit 5 Maturity Assessment	In progress	Projects currently at planning stage.	Not yet concluded

There were no tenders above R5million in the period under review

TABLE 32: 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 the risks to which the activity under review is exposed.	<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. • 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 33: 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	5	53	58
2017/18	8	32	40
2018/19	18	13	31
Total	37	156	193
Percentage	19%	81%	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, 2016/17 and 2017/18 financial period:

TABLE 34: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	1	10	11
2015/16	2	32	34
2016/17	1	5	6
2017/18	2	3	5
Total	6	50	56
Percentage	11%	89%	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 promptly.

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 in the 1st quarter of 2019/20 was satisfactory.

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