

Annexure C

Special Portfolio Committee oversight reports on the
2020/2021 Annual Report of Departments and Municipal
Entities

Annexure C. 1

OVERSIGHT REPORT OF THE DEVELOPMENT PLANNING SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF JOHANNESBURG DEVELOPMENT AGENCY (JDA) AND THE DEPARTMENT OF DEVELOPMENT PLANNING

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : DEVELOPMENT PLANNING COMMITTEE 2022-03-11

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3 OVERSIGHT REPORT OF THE DEVELOPMENT PLANNING SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF JOHANNESBURG DEVELOPMENT AGENCY (JDA) AND THE DEPARTMENT OF DEVELOPMENT PLANNING

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

The purpose of the report is to present the oversight report of the Section 79 Development Planning Committee on the 2020/21 Annual Report of the Department of Development Planning and the Johannesburg Development Agency.

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. MPAC exercises oversight on the financial performance of the City of Joburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. These observations and concerns will be presented by the chairperson of the Committee to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

This section highlights the key observations noted by the Development Planning Section 79 Committee from the 2020/21 annual reports of the Department of Development Planning and the Johannesburg Development Agency. Specific reference is made to observations on overall performance and key challenges and concerns raised by the Auditor General (AG).

JOHANNESBURG DEVELOPMENT AGENCY (JDA)

Capital expenditure is the JDA's primary measure of overall performance. In the 2020/21 financial year, the JDA implemented capital projects to the value of R1.2 billion (83%) against an annual adjusted budget of R1.4 billion. This indicates a progression in performance compared to the previous (2019/20) financial year when it spent 68% of the overall annual budget. Underspensing of the Capex budget was attributed to frequent community unrest and protests which resulted in contractor

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appointments being delayed or stopped and delays incurred due to the closure of sites and work regulations imposed during the national lockdown.

The entity's annual performance is also indicated by measuring its strategic KPIs against the 2020/21 business plan and scorecard. Of the 17 strategic KPIs, the JDA achieved 53% of the targeted performance, while 18% of the KPIs were partially met and 29% were not achieved. A slight regression in performance is noted, compared to the previous financial year, when the entity achieved 47% targeted performance, partially achieved 29% of the KPIs and unachieved 24%.

The following concerns were noted upon analysing the annual report:

- The continued delays in the finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development.
- SMME work stoppages have hindered the progress of projects, particularly Karzene, Bophelong Clinic and Florida Clinic.
- The procurement delays and poor performing contractors have also interfered with project time lines and the quality of infrastructure provided.
- The Covid-19 restrictions imposed still affects the construction capacity at certain sites.
- Budget cuts during the year resulted in the delayed start of some projects so that the funds can be accessed in the outer years.
- A total of 290 EPWP job opportunities were reported against the annual target of 500. This is less than the 339 temporary jobs created in 2019/20.
- Of the 123 approved staff compliment, the JDA had a 61.8% vacancy rate by the end of the year under review.

Auditor-General Findings

The JDA received an unqualified audit opinion from the Auditor-General for the 2020/21 financial year. Attention was drawn to the following issues:

- The entity is a defendant in various lawsuits. The ultimate outcome of the cases could not be determined and no provision for any liability that may result was made in the financial statements.
- As a requirement in terms of section 125(2)(e) of the MFMA, the entity did not disclose particulars of non-compliance with the MFMA in the financial statements.
- No material findings were identified on the usefulness and reliability of the following programme: *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 inequality and poverty and provides meaningful redress.*
- The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.
- Five investigations, relating to allegations of procurement irregularities, corruption and conflict of interest, were being performed by City of

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Johannesburg Group Fraud and Investigation Services. The investigations were ongoing as at the reporting date.

DEPARTMENT OF DEVELOPMENT PLANNING

The total annual capital budget for the 2020/21 financial year was adjusted to R186 million; this included the Transit Orientated Development budget of R124 million, Inner City amount of R54 million and Capital Replacement Reserve of R7.8 million. In terms of budget allocation, the major projects implemented in 2020/21 included: Paterson Park Social Cluster (R15m); Jabulani Precinct Upgrade (R73.5m); Brixton Social Cluster (R23.5m); and the Inner City projects - Ghandi Square East (R30m) and Inner-City Partnership Fund (R22.6m). Capex spending for the period under review was R144 million (77.3%), against a targeted budget of 95% of the approved budget.

As per the 2020/21 business plan, the department's performance can be measured from 27 key performance indicators (KPIs). Of these, the department managed to achieve 23 (85%) of the targets by the end of the review period.

Key observations made by the Committee are outlined below:

- Inner City Regeneration: The spatial policy assessment and related draft spatial framework were completed.
- Green Building Policy: The final Green Building Policy: New Buildings document was completed and sent for Council approval.
- Bulk Contributions Policy: Public participation for the policy was conducted on Nov/Dec 2020. The final document was completed and circulated to Council Committee's for Council adoption.
- Inclusionary Housing Policy: By the end of the financial year, the department approved 21 applications with a total yield of 2145 inclusionary housing units.
- Spatial Development Framework: The SDF has been revised and the draft SDF document was released for public participation.
- Catalytic Urban Development:
 - Louis Botha Corridor: The construction of the multi-purpose facility at Paterson Park was completed. The total spend on the project was R263 million.
 - The Round 1 projects, the Indudlamithi Routes and Hillbrow Theatre sites are at practical completion – the total budget for the project was R13 million.
 - Phase 1 of the Gandhi Square East -Main street upgrade and partial pedestrianizing of adjacent streets (Fox and Main Street) was completed at a reduced scope due to contractor underperformance. The total budget spent on the project amounted to R25.5 million.

The following concerns were noted upon analysing the annual report:

- The delays incurred for rezoning applications for Post-decision legal admin: rezoning due to the electronic system crash at Government Gazette.

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- The large backlogs regarding the processing of Outdoor Advertising declarations were noted.
- The closure of the customer interface centre (Metro-Link) due to the lack of repairs and maintenance of the building.
- The poor security for SLE inspectors in certain unsafe areas is a major issue.
- The lack of space for archiving has often resulted in the loss of information and thus delays in the processing of some matters reported i.e. this occurred when the computers for the Single Law Enforcement Unit were vandalised.
- There are often delays in securing service providers and/ or heavy-duty equipment to be used for the execution of demolition court orders.
- There were delays in the procurement of the new portal server infrastructure for the ArcGIS.
- Of the 485 approved staff compliment, the department had a 2% vacancy rate at year end.

5 POLICY IMPLICATIONS

This report is in line with reporting protocol of the City.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in line with the reporting protocol of the City.

7 FINANCIAL IMPLICATIONS

No financial implications are associated with this report.

8 COMMUNICATIONS IMPLICATIONS

None.

IT IS RECOMMENDED

- 1 That the committee notes and approves the observations cited in this report, and incorporate them in the consolidated oversight report on the City's 2020/21 Annual Report.
- 2 That the JDA reports to the Committee on the lawsuits which the entity is involved in and elaborate on the financial liabilities, by April 2022.
- 3 That the JDA specifies to the Committee the particulars of non-compliance with the MFMA in the annual financial statements, by April 2022.
- 4 That the JDA indicates to the Committee how the KPIs related to the Priority 1 and Priority 2 programmes are measured, by April 2022.

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- 5 That the JDA reports to the Committee on the five investigations, relating to allegations of procurement irregularities, corruption and conflict of interest, and explain how these affected the entity's annual financials, by April 2022.**

(COJ LEGISLATURE)
(Ms. Ayabulela Ngcaku)
(Tel. (011) 407-7395)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

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ANNEXURE A

Title of the Report: OVERSIGHT REPORT OF THE DEVELOPMENT PLANNING SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF JOHANNESBURG DEVELOPMENT AGENCY (JDA) AND THE DEPARTMENT OF DEVELOPMENT PLANNING

What are the major benefits to the communities of Johannesburg?

- This report is aimed at identifying any challenges and loopholes relating to the implementation of capital or operational programmes and recommending an appropriate course of action to enhance levels of service delivery by the Executive.

Which communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

- It is aimed at improving service delivery for all living in the City of Johannesburg

If relevant, when will implementation take start?

- Not applicable

If relevant, when will work be completed?

- Not applicable

What is the total cost of implementation?

- Not applicable

How will communities be informed of the contents of this report?

- Through political structures mainly ward councilors

How can communities be involved in the implementation of this report?

- Committees should contact their relevant Ward Councillors to ensure that the recommendations proposes in the body of this report is being implemented

Who can be contacted to provide additional information and/or clarity?

- Ms. Ayabulela Ngcaku Committee Researcher) on 011 407 7395

What other information can be given to assist Councillors to communicate the contents of this report to communities?

- All information is disclosed in the body of this report

Annexure C. 2

OVERSIGHT REPORT OF THE SECTION 79 COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES ON THE CITY'S 2020/21 ANNUAL REPORT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
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7 **OVERSIGHT REPORT OF THE SECTION 79 COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES ON THE CITY'S 2020/21 ANNUAL REPORT**

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

This report outlines the oversight findings of the Gender, Youth and People with Disabilities (GEYODI) Committee on the reported performance of the City in terms of Gender, Youth and people living with disabilities in the City's 2020/21 Annual Report.

3 BACKGROUND

According to Rule 119(5) of Standing Rules of Council, read with Standing Rule 127, the Committee is mandated to conduct oversight on reports that the Executive submits to the legislature in terms of Standing Rule 35. Section 79 Committees have been given the responsibility to exercise oversight on the performance of Executive Departments of the City of Johannesburg, in terms of Section 79(1) of the Local Government: Municipal Structures Act 117, 1998. In terms of Rule 113 sub-rule (1)(a) of the Standing Rules of Council, the oversight process is a way of Council to ensure that the Departments are delivering services to residents of the City of Johannesburg. In order to ensure the effective and efficient performance of its functions and proper exercise of its powers; the Council of the City has tasked Committees with conducting oversight and scrutiny on performance of the City's departments and all the Municipal Owned Entities (MOEs).

The City of Johannesburg 2020/21 Annual Report was tabled at the Council meeting held on the 24th of February 2020, in compliance with section 127(2) of the Municipal Finance Management Act (MFMA) 56 of 2003. Section 129 of MFMA 56 2003 further stipulates that oversight must be conducted on the Annual Report of the Municipality. In order to comply with the act, Council resolved that the Annual Report be referred to the Municipal Public Account Committee (MPAC) for oversight. It is important to note that the MPAC guides the overall oversight activity on the Annual Report. It is further important to note that MPAC mainly deals with the financial accountability of the City whilst other Section 79 Committees contribute to the oversight of the Annual Report by exercising effective oversight on service delivery performance on their respective City of Joburg departments and its Municipal Owned Entities. The MPAC later collates all inputs from respective Section 79 Committees to finalise an overall oversight report on the analysis of the City's performance on both financial and non-financial performance.

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4 OBSERVATIONS BY THE COMMITTEE

Observations made by the Committee according to departments were as follows:

HOUSING DEPARTMENT

The City of Joburg Housing Department plays a critical role in making sure that the lives of the citizens are transformed for the better by developing housing interventions that enable improvements to the living conditions of communities.

In delivering its mandate, the Housing Department is guided by the following:

- The Constitution of the Republic of South Africa, 108 of 1996 (Specific reference to Section 26 and Schedule 4, Part A and B, Section 156, subsection (4) stipulate that

“Everyone has the right to have access to adequate housing”

- The Housing Act, 107 of 1997, as amended, (Part 1, General Principles, Section 4, (6) The Code shall be binding on the provincial and local spheres of Government.), Section 10 of the Housing Act define how municipalities must be accredited to “Administration of national housing programmes by municipalities”

It is worth noting that in the financial year under review, the Department had six (6) performance indicators in the Integrated Development Plan (IDP) and Service Delivery Budget and Implementation Plan (SDBIP). The Housing Key Performance Indicators (KPI's) in the IDP carries substantial weight as it refers to essential Mayoral priority, focusing on Integrated Human Settlements.

The Committee notes with concern that the Department of Housing, when drafted its IDP deliverables, no specific variable was clearly speaking to vulnerable groups. As a result of that, the Department generalized the beneficiaries as a result, it is difficult to identify how many citizens fell within the vulnerable groups benefited. The IDP deliverables of the department in the Financial Year 2020/21 were: 1) Number of informal settlement, 2) Number of mixed housing units constructed, 3) Number of serviced sites developed, 4) Number of Title deeds issues to the beneficiaries.

The Committee commends the Department of Housing and JOSHCO for having reported on the Employment Equity. However, not all elements of Employment Equity were reported on.

An observation is made that the core department of housing did not comply with the Employment Equity Act in terms of employing people with disabilities. The department has no persons with disabilities whereas it entity, JOSHCO, has four PWDs employees out of a staff complement of 500 employees, which translates to 1% of the entity's workforce resulting in under achievement of the target.

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In terms of the Department of Transport and its entities, an observation is made that most of the IDP deliverables did not include vulnerable groups. Reporting in terms of Employment Equity is also inconsistent. The Department again in the Financial Year under review, has not implemented the GEYODI recommendations in terms of giving a breakdown on the beneficiaries of the SMMs. Employment of people with disabilities is still not being taken seriously.

The City's Department of Health is responsible for providing health services to the City's residents. It is observed that the 2020/21 Department KPIs did not include the education of Health professionals specifically trained to deal with issues relating to LGBTIQ+ communities. The department dominated by males in senior management positions and the top management position was vacant. It is noted that the Department had a total staff compliment of 2151 employees including temporary staff. Total number of people with disabilities is 20 which translates to 33.8% which is commendable. It is also commendable that the department had embarked on various Community Development activities that includes aerobics, athletics etc. However, the report is silent in terms of providing such to people with disabilities.

It is further observed that department Top Management is vacant. The total percentage of people with disabilities in the department was 1.4% which is below the recommended percentage of 2%. It is observed that in most of the programs that are offered by the department, women are dominating in terms of participation. In the Financial Year under review, the department had reported a total number of 79 gender-based violence calls received through its crisis center.

CONCERNS RAISED BY THE COMMITTEE

- No breakdown is provided in terms of procurement processes e.g how many youth owned companies benefited, women, men and people living with disabilities.
- Even though Employment Equity was reported on, a concern is around hiring people with disabilities across the City as it is the required by legislation
- A lot of departments reported on their staff compliments and a worrying observation made by the Committee is that the majority of the entity's temporary employment are only women

5 CONCLUSION

The City has to improve its reporting to accommodating disadvantaged groups such as child headed household, people living with disabilities and the elderly.

6 POLICY IMPLICATIONS

None.

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The Report complies with the requirements of Section 129 of the MFMA.

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8 FINANCIAL IMPLICATIONS

None.

9 COMMUNICATIONS IMPLICATIONS

None.

10 OTHER DEPARTMENTS/ BODIES CONSULTED

None.

IT IS RECOMMENDED

- 1 That MPAC note the observations cited in this report.
- 2 That the City's manager together all Executive Directors **MUST** have Employment Equity compulsory in their score cards to ensure compliance with the legislation.
- 3 That a breakdown of beneficiaries of title deeds must be reported on in the next financial year's Annual Report

(COJ LEGISLATURE)
(Kebitsamang Mtunzi)
(Tel. (011) 407-6662)
(mm)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH
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ANNEXURE A

Title of the Report:

OVERSIGHT REPORT OF THE SECTION 79 COMMITTEE ON GENDER, YOUTH AND PEOPLE WITH DISABILITIES ON THE CITY'S 2020/21 ANNUAL REPORT

What are the major benefits to the Communities of Johannesburg?

- This report provides an oversight on the performance of the City's performance in terms of benefits to Gender, youth and people with disabilities as reported to in the City of Johannesburg 2020/2021 Annual Report.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

- All communities of Johannesburg that derive benefit from the City's Departments and MEs especially the sectors affected.

If relevant, when will implementation take start?

- N/A.

If relevant, when will work be completed?

- N/A.

What is the total cost of implementation?

- N/A.

How will communities be informed of the contents of this report?

- The Annual Report of the City and the Oversight Report of MPAC will be table in Council.

How can communities be involved in the implementation of this report?

- The Community will be involved through oversight activities of section 79 Committees.

Who can be contacted to provide additional information and/or clarity?

- Kebitsamang Mtunzi (011) 407 6662

What other information can be given to assist Councilors to communicate the contents of this report to communities?

- The Annual Report of the City.

Annexure C. 3

OVERSIGHT REPORT OF COMMUNITY DEVELOPMENT
SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS
OF COMMUNITY DEVELOPMENT DEPARTMENT, JOBURG CITY
THEATRES (JCT) AND JOHANNESBURG CITY PARKS & ZOO
(JCPZ)

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
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1 OVERSIGHT REPORT OF COMMUNITY DEVELOPMENT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF COMMUNITY DEVELOPMENT DEPARTMENT, JOBURG CITY THEATRES (JCT) AND JOHANNESBURG CITY PARKS & ZOO (JCPZ)

1 STRATEGIC THRUST

Well Governed and Managed City.

2 OBJECTIVE

The purpose of the report is to present the Oversight Report of the Section 79 Community Development Committee on the 2020/21 Annual Report of the Department of Community Development, Joburg City Theatres (JCT) and the Johannesburg City Parks and Zoo (JCPZ).

3 BACKGROUND

The draft City of Johannesburg 2020/21 Annual Report was tabled in council in February 2022 for public comments. Section 129 of the MFMA 56 of 2003 stipulates that oversight must be conducted on the Annual Reports of Departments and Municipal Owned Entities MOEs. Standing Rule 135 (2) of the Council also requires that an annual oversight report be submitted to the Council within sixty (60) days by Section 79 Committee after referral by the Programming Committee. The Municipal Public Account Committee (MPAC) guides and leads the overall oversight activities on the Annual Report.

MPAC deals mainly with the financials whiles other Sec 79 Committees contribute to the oversight of the Annual Report by exercising effective oversight on service delivery performance on their respective portfolios. MPAC later collates all inputs from respective Section 79 Committees to finalise an overall oversight report on the 2020/21 City of Johannesburg (CoJ) Annual report.

Therefore, Section 79 Committee on Community Development will convene a meeting to consider annual report on the 11 March 2022. Based on the deliberations, an oversight report of the Committee on the Annual Report will be compiled and a submission be made to the MPAC. In the past two financial years, the Committee raised its dissatisfaction regarding the under reporting of Community Development portfolio activities on the City of Johannesburg Integrated Annual Reports. The committee note and welcome the improved reporting on the 2020/21 CoJ Integrated Annual Report where Com Dev activities have been sufficiently reported.

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4 COMMITTEE OBSERVATIONS/ FINDINGS

DEPARTMENT OF COMMUNITY DEVELOPMENT

The City delivers community services through the Department of Community Development. The Department of Community Development is responsible for providing services and programmes to support its sporting, recreation, libraries, information services, arts, culture and heritage disciplines. The Department also provides access to various community-based facilities including: multi-purpose centres; sporting grounds; museums; and public space enhancements such as public art and monuments.

Performance overview

This performance assessment represents the Departmental performance of the 2020/21 financial year for the period 01 July 2020 to 31 June 2021. The Department had 24 approved KPIs for 2020/21 financial year. Out of these 24 KPIs, 22 KPIs were achieved. This equates to 92% achievement. The same performance was achieved in the last financial year. The KPI's that were not achieved relates to implementation of repairs and maintenance projects and expenditure on both operational budget.

It is disappointing that these key KPIs were not achieved throughout 2020/21 financial year. Throughout 2020/21 FY, extensive deliberations took place between the Committee and the Department. The Executive Director together with his Directors concurred with the Committee that their performance is unacceptable and assured the Committee to do better in the 2020/21 financial year. The Committee and the leadership of the Department coincided that those responsible for this poor performance should be held accountable. The Committee further encouraged the Department officials to be patriotic and become trailblazers of our people. Below is a summary of key highlights, achievements and challenges recorded during 2020/21 financial year. These observations are categorized according to the strategic programmes of the Department and its IDP deliverables.

Access to Community Development facilities

The department has made progress in enabling access to facilities, where residents can enjoy the programmes, services and projects delivered by Sports, Recreation, Libraries, Arts, Galleries and Museums. The objective is to build active and sustainable communities by ensuring equitable access, development and excellence, thereby enhancing social inclusion prospects, and the quality of life using City facilities as a launching pad.

In 2020/21, a total number of 829,945 people accessed the City's facilities. In addressing challenges of limited access to facilities due to adjusted levels of the lockdown more programmes and services were explored using a hybrid model and can be viewed online through Joburg Arts and Culture Facebook page, Joburg Libraries Facebook pages and other social media platforms while physical access to facilities was limited in accordance to the national gazetted number.

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Sports and Recreation

The Committee is excited that the Department managed to attract 5,7 million users of sport and recreation facilities. The numbers of people who accessed facilities were as at end March 2020, as the last quarter of the financial year was faced with an unprecedented challenge of COVID-19 pandemic and the announcement of level 5 lockdown.

The Committee was delighted that the tariff structure was adapted to provide easier access to communities by reducing entrance fees to swimming pools, allowing youth groups and clubs free access during off-peak hours, and increasing partnership agreements to allow community-based programmes free entry to City facilities. With all the achievements noted above, the Department however, continues struggling with maintenance of their facilities. The majority of their facilities lack proper maintenance plans. Non implementation of repairs and maintenance projects in this regard does not help the situation either.

Library and Information Services

The Committee is proud of the success the Department has attained in this strategic programme. What is more pleasing is that targets related to this programmes were met throughout 2020/21 financial year. During 2020/21, Library and Information Services have been active across all 89 City's libraries. Services offered included: borrowing and returning of library material; study; reference services both face-to-face and through telephonic enquiries; and access to Wi-Fi within library premises and outside following strict physical distancing protocols. A total of 248,566 people accessed circulation; reference enquiries; and study spaces for the period under review.

The eLearning programme was successfully implemented and included uploading of videos on Joburg Library Facebook page. In 2020/21 financial year the videos featured generated a cumulative total of 104,445. The comments and enquiries received reflected a much wider reach and access of eLearning services.

With regards to access to eResources such as Press Reader for electronic newspapers and magazines, eBooks and Sabinet for access to academic journals, reading material and books, registered a cumulative total of 290,035. Importantly, a total of 90 youth people comprised of 30 graduates and 60 under graduates were employed at Libraries under the internship programme as part of Libraries Youth Skills Development and Digital Transformation Programme.

Arts, Culture and Heritage

Arts, Culture and Heritage unit used a hybrid model and social media platforms as delivery mechanisms to delivered programmes. This approach was adopted after these institutions suffered a loss of visitors from the outbreak of the COVID-19 pandemic. Notable success was recorded in this program. The agenda of a cohesive society through implementation of social cohesion programs progressed well in 2020/21 financial year. The department hosted 13 social cohesion events in the 2020/21

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financial year. Social cohesion speaks to the glue that binds us together, forging a common sense of identity, humanity and belonging, as embodied in the notion of Ubuntu. It is pivotal that the department continues to implement social cohesion programmes on its quest for a more cohesive City.

The Heritage programme continued to identify, preserve and promote historic sites and places of significance while recognized prominent political stalwarts who have made contribution in the country. The 28th edition of Joburg Arts Alive Festival went digital to adjust to the new norm of living with the pandemic. The 2020 vibrant line-up of events reached across traditional art barriers with expanded appeal to the young and old, through commercial and avant-garde spaces, ensuring that many art forms of numerous genres and their contributions are recognized while highlighting the significance of keeping the arts alive.

Summary of Financial Performance

Operational budget

The operational budget allocated from the approved budget for 2020/21 financial year was R1.4 billion. As at the end of the financial year, the Department spent R1.1 million (76%) of the allocated budget against an annual target of spending 100%. Of the R1.2 billion budget, a total of R183 million was allocated for Repairs and Maintenance. Of this budget, 80% was allocated for planned maintenance and 20% for emergency & urgent repairs. Looking at the poor state of Community Development facilities, it is disappointing that the department only spent R39 000 of the allocated Repairs and Maintenance budget by end of the year under review against the annual target of spending R183 million. The department reported that Repairs and Maintenance budget was not spent due to delays by implementing agencies i.e. JPC & JDA. The performance of Repairs and Maintenance KPI remains unsatisfactory. The Committee will continue monitoring these projects through oversight visits to ensure that performance in this regard improves.

Capital budget

The total approved adjusted budget for 2020/21 financial year was R85 million to implement 14 capital projects. Ten of these projects are construction related that entail building of new facilities and upgrading of existing facilities. The remaining four are operational capital projects, comprised of office furniture, laptops and printers.

By end of the financial year, the Department spent R37 million (66%) of their revised R85 million allocated Capital budget for 2020/21 financial year against a target of spending R42 million (50%).

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JOHANNESBURG CITY PARKS AND ZOO (JCPZ)

Through Johannesburg City Parks and Zoo, the City develops, maintains and conserves public open spaces, cemeteries and animal life for present and future generations. JCPZ is mandated by the City to manage the following spaces and services: urban parks, recreation and leisure facilities; Johannesburg Zoo; Zoo conservation and research; cemeteries and crematoria; botanical services; nature reserves, including bird sanctuaries, nature trails, dams and lakes; environmental education; biodiversity and conservation management; eco-tourism products and services; and trees and arboriculture services.

Performance overview

During the financial year, JCPZ, like the rest of the world, was confronted with the Covid-19 virus, which disrupted normal operations and had inevitable negative consequences on service delivery. In 2020/21 financial year, Johannesburg City Parks and Zoo put a great emphasis on service delivery to the citizens of the City of Johannesburg. The Company responded by achieving 80% on the service delivery KPI's on the corporate scorecard as per the 2020/21 Business Plan. JCPZ received Unqualified Audit Opinion for 2020/21 from the Auditor General. The entity maintained its performance as compared to the last financial year when the entity achieved Unqualified Audit Opinion.

The entity remained visible across all seven regions of the City as far as service delivery is concerned although national lockdown restrictions remained in place throughout the financial year. The entity achieved the maintenance activities specified in the Service Delivery Agreement in respect of cemeteries, parks, the zoo and protected areas. Service delivery in this financial year under review was augmented by Mayoral initiatives that included the 120-days Accelerated Delivery Programme, the Kleena Joburg and the Blitz Clean-up Campaigns at various wards where the Executive Mayor and MMCs joined in. Additionally, the augmented external services portfolio was amplified by the special funding received from the City Manager's Office to cover unfunded maintenance that focused on the Joburg Roads Agency portfolio. Noting the above successes, illegal dumping, vandalism, homelessness, informal sleeping places and illegal structures all of which continued to present great challenges to the public open space maintenance efforts.

As far as conservation management is concerned, the entity experienced mass utilization of nature reserves and the botanical garden for exercising and adventure activities. It was further reported that the entity participated in the National Wildlife Economy Programme that aimed to transform the wildlife industry. The Rietkuil Conservation and Research Farm received 25 elands and 38 springboks from South African National Parks on a three (3) year-long loan arrangement. During the financial year under review, an agri-produce project was implemented to contribute to the supply of food for the Zoo animals. The conservation projects continued with the breeding of Wattle Cranes.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : COMMUNITY DEVELOPMENT COMMITTEE 2022-03-11

COJ LEGISLATURE

In an effort to build environmental enforcement capacity to assist in the prevention of widespread environmental transgressions, land invasions and vandalism to state property, the entity reported that it has entered into partnership with the National Department of Forestry, Fisheries and Environment Environmental Monitors Programme. The department has made provision for 20 environmental monitors who were trained in programmes such as the armed basic field ranger course and, peace office training in order to augment the existing under-resourced park ranger team.

Performance against SDBIP

It is reported that the entity performance against the predetermined objectives, was recorded at 80% (*16 of the 20 KPIs measured*). On account, the entity reported the lack of attainment of the four (4) KPIs was attributed to:

- lockdown restrictions challenges;
- lengthy consultation with organised labour for implementation of organisation review process; and
- recruitment that must be guided by the newly approved structure to manage over- capacitation of the organisation; further consultations with regards to the levels that are critical to successful implementation of the structure for capex implementation;
- Pertaining to capex implementation, there were delays experienced in the appointment of panel of professionals and budgets transfer due to an AG finding that necessitated the advertised projects to be re-advertised for 30-days.

In terms of the visitors to the Zoo, 64 011 visitors went through the gates of the Zoo during the financial year. Even though this performance is lower than the last financial year, this performance indicates the resilience of the entity as the year under review was affected Covid-19 which led to a number of restrictions across the country.

The entity also performed well against service standards targets. It is reported that the entity conducted 55 maintenance cycle in flagship parks against the target of 48. All developed and undeveloped parks were also maintained as per schedules. Additional cycles were achieved through Mayoral Programmes and Blitz-Clean-up initiatives. The entity also maintained main arterials, landscape island and town entrances. All cemeteries (active & passive) were maintained as per the approved schedules. It was further reported that 99% of all calls logged for removal of trees was achieved. 100% compliance to Pan-African Association of Zoos and Aquaria (PAAZA) standards was also achieved.

JCPZ has also contributed to environmental education by implementing various programmes in order to create an awareness of the environment which includes topics as Bio-diversity, wetlands, water, birds, wildlife and nature reserves and poaching issues. By end of 2020/21 financial year, beneficiaries were reached through school programmes.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : COMMUNITY DEVELOPMENT COMMITTEE 2022-03-11

COJ LEGISLATURE

Challenges

In its quest to deliver on its mandate, JCPZ experienced the following challenges during 2020/21 financial year:

- Safety and security in public open spaces & cemeteries i.e. vagrancy, vandalism, increased crime rates, dumping of rubble, waste sorting and homelessness.
- Decentralised CoJ Green Services i.e. budget allocation and maintenance requests.
- Payroll: negative impact of the insourcing of Guard and Cleaners Project.
- Misalignment between Capex (development) and Opex (maintenance).
- Land availability for public open space development e.g. burial spaces vs. commercial developments.
- Infestation and loss of the city's man-made forest by the Polyphagous Shot Hole Borer.
- The impact of the Covid-19 pandemic.

Financial performance

- By the end of 2020/21, the entity spent R33 million (62%) of its capital expenditure budget of R54 million as at 30 June 2021 against a target of 95%. It was further reported that the entity failed to achieve the target due to AG findings that necessitated the advertised panel of professionals to be re-advertised for 30 days. Delays were also recorded in appointment of panel of professionals due to Covid 19 regulations and attempted hijacking of projects by construction mafias.
- The entity was allocated an operational budget of R1.17 billion in the 2020/21 financial year. This budget signals a slight increase as compared to the previous financial year when the entity was allocated R1.10 billion. The entity spent 96% of the operational budget against an annual target of spending 95%.
- There has been no unauthorized expenditure during the period of review.

Progress on resolution of internal audit findings

At the beginning of 2020/21, the entity had 28 internal open audit findings, 107 findings were added during the course of the year as audits are conducted on quarterly basis. Cumulatively there were 135 findings, of which a total of 85 findings were dealt with by management, resulting in 63% closure rate for the 2020/21 FY.

Auditor General Findings

Entity	2016/17	2017/18	2018/19	2019/20	2020/21
JCPZ	Unqualified	Clean	Unqualified	Unqualified	Unqualified

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
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As illustrated in the table above, the entity received unqualified audit opinion for 2020/21 financial year with material audit findings. The same performance was achieved in the last financial year. The following issues were reported as matters of emphasis by the Auditor General which requires swift response by the management:

Procurement and contract management

The AG identified that the performance of some of the contractors or service providers were not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. AG further reported that some of the invitations for competitive bidding were not advertised for a required minimum period of days , resulting in contravention of supply chain management (SCM) regulation 22 (1) and 22 (2). Similar non-compliance was also reported in the previous financial year.

Expenditure management

The entity did not take reasonable steps to prevent irregular expenditure amounting to R95 million, as disclosed in note 38 to the annual financial statements, as required by section 95 (d) of the MFMA.

The entity did not take reasonable steps to prevent fruitless and wasteful expenditure amounting to R218 000, as disclosed in note 37 to the annual financial statements, in contravention of section 95 (d) of the MFMA.

Internal control deficiencies

The AG reported that policies and procedures on supply chain management and financial reporting processes were not fully implemented resulting in some instances of non-compliance with the MFMA.

The entity did not adequately document and approve internal policies and procedures to address reporting processes.

Senior management did not adequately put mechanism in place for internal controls relating to compliance with key legislation and the preparations of financial statements. This resulted in material non-compliance with legislation relating to SCM processes.

JOBURG CITY THEATRES

Performance highlights

The Committee is delighted by the pleasing corporate performance of JCT which was underpinned by consistent performance throughout 2020/21 financial year. Real progress was made with regards to achieving their KPI's. From the 22 KPI's set for the 2020/21 financial year, JCT achieved 18 (81%) of its KPI's. The four KPI's that were not achieved relates to revenue generation, compliance with legislations, and number of Ballet seasons and achievement of clean audit opinion. The entity reported that the majority of these unachieved KPI's were as a result of Covid-19 pandemic.

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Below is a summary of key areas of performance and non-performance recorded during the year under review as per the approved strategic objectives.

Enterprise Development

- JCT achieved all targets related to enterprise development and City wide job creation initiatives. Sufficient support was provided to SMMEs and BBBEes throughout the year.
- Target related to number of EPWP Job opportunities created was achieved.

Financial Sustainability

- With regards to income revenue generation, the entity generated R43 million against an annual target of generating R49 million.
- The entity met its annual target with regards to capital budget spending. The entity spent 100% (R36 million) of its capital budget against an annual target of spending 95%.

Active and Engaged Citizenry

- The entity also performed well with regards to Active and Engaged Citizenry KPIs.
- All targets relating to the number of youth attending drama and music programmes were realized. This is encouraging as these targets were met throughout 2020/21 financial year.
- Target related to repairs and maintenance was achieved. The entity spent 100% of its allocated repairs and maintenance budget against an annual target of spending 95%.
- Targets related to number of strategic partners created were achieved. A total of 26 strategic partners were created against the annual target of creating 20 partnerships.
- Target related to number of attendees to theatres was achieved. A total of 39,692 attendees were recorded against an annual target of attracting 23,500 individuals.

Governance

- All targets related to good governance, financial sustainability and sound management were achieved except attainment of clean audit report and income revenue generation.

Highlights and achievements

- No cases of corruption, misconduct and financial losses were reported in this FY.
- 100% capital budget spent from its allocated budget, which amounted to R36 million.

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COJ LEGISLATURE

- 53% spend on SMMEs, exceeding the annual target of 30%.
- 100% of service level standards achieved against the target of 90%.
- 100% of procurement spend on BBEEs were achieved against an annual target of spending 75% on BBEEs.
- A total of 190 EPWP work opportunities were created against an annual target of creating 170 work opportunities.
- 98% was spent repairs and maintenance against the target of 97%
- 330 youth were trained on arts programmes against the target of 200.
- 100% of resolution of AG findings from previous financial year.

Entity	2016/17	2017/18	2018/19	2019/20	2020/21
JCT	Clean	Clean	Clean	Clean	Unqualified

Human Resource

By end of 2020/21 financial year, the entity reported that all critical vacancies are filled. The current approved structure has 260 positions of which 240 positions has been filled while 20 positions remains vacant by end of the 2020/21 financial year. The entity is operating at 92% occupancy rate against the approved staff establishment with the remaining 8% recorded as vacancy rate. The committee urge the entity to fill-in vacant positions as soon as possible in particular the top management positions. The target related to employment for people with disabilities remains a challenge. The entity has an average of 1.7% of employees with disabilities against an institutional target of 2%.

Financial performance

The capital budget for 2020/21 is R36 million. The entity's Capital expenditure spend as at the end of year under review was R36 million (100%) against the annual target of spending 100%. JCT spent and invested a lot on the infrastructure of the organisation, where there has been a major upgrade amongst all the Theatres' buildings, stage machinery, and Catering & Hospitality department.

AUDITOR GENERAL FINDINGS

JCT received unqualified audit opinion for the 2020/21 financial year with material audit findings as depicted in the table below:

The Auditor General concluded that JCT financial statements present fairly in all material respects, the financial position as at the end of 2020/21 financial year. The entities financial performance and cash flows for the year under review was in accordance with South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and the requirements of Municipal Finance Management Act. The following were matters of emphasis that the AG observed:

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
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Uncertainty relating to the future outcome of litigations

With reference to note 38 to JCT financial statements, the municipal entity is the defendant in various lawsuits. The entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Procurement and contract management

The AG identified that the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was reported in the previous financial year.

Expenditure management

The entity did not take reasonable steps to prevent irregular expenditure amounting to R3,6 million, as disclosed in note 35 to the annual financial statements, as required by section 95 (d) of the MFMA. The majority of the irregular expenditure was caused by the non-compliance with preferential procurement regulation 8(2).

5 POLICY IMPLICATIONS

This report is in line with reporting protocol of the City.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in line with the reporting protocol of the City.

7 FINANCIAL IMPLICATIONS

No financial implications are associated with this report.

8 COMMUNICATIONS IMPLICATIONS

None.

IT IS RECOMMENDED

That MPAC note the observations cited in this report, and incorporate them in the consolidated oversight report on the City's 2020/21 Annual Report.

(COJ LEGISLATURE)
(Vele Muhadi)
(Tel. (011) 407-7463)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : COMMUNITY DEVELOPMENT COMMITTEE 2022-03-11

COJ LEGISLATURE

ANNEXURE A

Title of the Report: OVERSIGHT REPORT OF COMMUNITY DEVELOPMENT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF JOHANNESBURG CITY PARKS & ZOO, JOBURG CITY THEATRES AND THE DEPARTMENT OF COMMUNITY DEVELOPMENT

What are the major benefits to the Communities of Johannesburg?

- This report is aimed at identifying any challenges and loop holes relating to the implementation of capital or operational programmes and in turn recommending an appropriate course of action to enhance levels of service delivery by the Executive.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

- It is aimed at improving service delivery for all living in the City of Johannesburg

If relevant, when will implementation take start?

- Not applicable

If relevant, when will work be completed?

- Not applicable

What is the total cost of implementation?

- Not applicable

How will communities be informed of the contents of this report?

- Through political structures mainly ward councilors

How can communities be involved in the implementation of this report?

- Committees should contact their relevant ward councilors to ensure that the recommendations proposed in the body of this report are being implemented

Who can be contacted to provide additional information and/or clarity?

- Mr. Vele Muhadi (Committee Researcher) on 011 407 7463

What other information can be given to assist Councillors to communicate the contents of this report to communities?

- All information is disclosed in the body of this report.

Annexure C 4

OVERSIGHT REPORT OF THE SECTION 79 CORPORATE AND SHARED SERVICES COMMITTEE ON THE 2020/21 ANNUALREPORT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2022-03-07

COJ LEGISLATURE

2 OVERSIGHT REPORT OF THE SECTION 79 CORPORATE AND SHARED SERVICES COMMITTEE ON THE 2020/21 ANNUAL REPORT

1 STRATEGIC THRUST

A responsive, accountable, efficient and productive metropolitan government.

2 OBJECTIVE

The purpose of the report is to provide an assessment of the performance of Group Corporate and Shared Services as reported in the 2020/2021 Annual Report, and also to consider comments and recommendations of the Auditor General on the sector.

3 INTRODUCTION AND BACKGROUND

Section 129 of the Municipal Finance Management Act (MFMA) requires that a municipal council considers the annual report of the municipality. In the City of Johannesburg, Council has mandated the Municipal Public Accounts Committee (MPAC), through the terms of reference of MPAC, to consider the annual report of the City and to draft an oversight report on the annual report.

MPAC requests the support of the section 79 portfolio committees in its efforts to exercise effective oversight on the reported performance of the City of Johannesburg Metropolitan Municipality and its entities. The section 79 portfolio committees perform oversight over their respective portfolios.

4 PROCESS

The relevant sections of the 2020/21 annual reports, including that of the City of Johannesburg Group and its entities, have been referred to the relevant section 79 portfolio committees. The annual reports are on the link that were distributed to councillors for the extra-ordinary meeting of Council, held on 24 and 25 February 2022.

In the Section 79 Committee meeting, the Committees assess issues raised in the report of the Auditor General, as well as oversight concerns of the Committee emanating from the integrated annual report and the Executive's in-year reporting.

5 FINDINGS/DISCUSSION

The report of the Auditor General indicates that SARS did a payroll tax audit in 2020/2021, and found underpayment of employees' tax for final gratuities, leave, and bonus payments on termination. This underpayment resulted in a loss of R9,183 m between 2014 and 2017, and it was incorrectly treated as a severance benefit. SARS charged the City R6,303 m as penalty.

2.2

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2022-03-07

COJ LEGISLATURE

As intervention, the Accounting Officer has initiated an internal investigation to determine officials that are responsible. There is reportedly a plan in place to recover the money, both from current employees, as well as from former employees. Formal training was also sought from SARS on employee tax matters.

In terms of issues raised in the consolidated annual report of the City, the following are concerns of this Committee:

- Under expenditure on the training budget

The annual report indicates that the training budget was underspent at all employee levels, with exception of the level for Technicians and Associated Professionals. In the last two years, in-year performance reporting has indicated budgetary challenges in the implementation of interventions for identified skills gaps in the skills audit of employees from Levels 5 to 8. Group Corporate and Shared Services has, with the support for the former City Manager, requested Departments to bear the cost of these training programmes, without success. In the second quarter performance report for 2021/2022, the Executive has not even alluded to the matter of these interventions, despite making progress with the implementation of the skills audit.

- Displaced employees

The integrated annual report indicates that there is a framework on guiding principles to regulate the placement of displaced employees. There is emphasis that is placed on the responsibility to ensure that all displaced employees fitted onto the existing structure. The framework has not been brought to the attention of the Committee, and confirmation is required as to whether it has been approved or not, especially as the City gets ready for the Institutional Review process.

- Employment Equity

The annual report indicates that there was a meeting between the City and the DoEL in November 2021, where DoEL placed emphasis on the enforcement of compliance to the Act, placing emphasis on the matter of employment of foreign nationals on permanent basis, and the lack of attractions of persons with disabilities. In the last term, GCSS reported that a KPI on EE had been placed on the scorecards of Executive Directors. The Committee needs to ensure that this is still the case. The COJ Workforce Profile reflects the representation of persons with disabilities at 0.006% against the target of 2%, which is very low. Foreign nationals account for 0.001% of the total workforce.

- Performance Management System

The annual report indicates that financial rewards were introduced for performance, and R101, 642m was spent on performance rewards on 9% of the total workforce, which can be expected to increase in the next financial year.

2.3

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2022-03-07

COJ LEGISLATURE

2.4

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : CORPORATE AND SHARED SERVICES COMMITTEE 2022-03-07

COJ LEGISLATURE

- Group City Vacancy Rate

At the end of June 2021, 7 (18%) vacancies were indicated for top management, and 9% at senior management level. They were highest at MTC (46%), followed by Social Development (37%), and Community Development at 18%. The Committee has made a recommendation in its second quarter oversight report for the Executive to provide a detailed update on the closure of these vacancies from Director level upwards.

6 RECOMMENDATIONS

- Group Corporate and Shared Services need to include reporting on the implementation of interventions on skills gaps that were identified in the skills audit of employee Levels 5 to 8, in their quarterly performance reports.
- Group Corporate and Shared Services need to confirm whether the framework on the guiding principles to regulate the placement of displaced employees is approved, and compulsory for implementation by all departments. This is especially important for the pending Institutional Review process.
- GSPCR need to confirm that Employment Equity is still a KPI on the scorecards of Executive Directors.
- Group Corporate and Shared Services needs to include reporting on the closure of vacancies from Director level upwards, for the entire City, in their quarterly performance reports.

IT IS RECOMMENDED

That the Committee consider the relevant section of the 2020/21 annual report of the City of Johannesburg Group and its entities, as contained in the Council meeting link that were distributed to councillors for the meeting of Council on 24 and 25 February 2022.

(COJ LEGISLATURE)
(Vuyelwa Nkambule)
(Tel. 0826799525)
(tc)

Annexure C. 5

OVERSIGHT REPORT OF THE ECONOMIC DEVELOPMENT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND ITS MUNICIPAL ENTITIES

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

4 **OVERSIGHT REPORT OF THE ECONOMIC DEVELOPMENT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND ITS MUNICIPAL ENTITIES**

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

The purpose of this report is to table the oversight report of the Economic Development Section 79 Committee on the 2020/21 Annual Reports of the Department of Economic Development and its municipal entities namely the Joburg Fresh Produce Market and the Joburg Property Company.

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. In accordance with the MFMA, the 2020/21 Annual Report of the City was tabled at a Council meeting in February 2022 and the report was then referred to the MPAC for oversight.

MPAC exercises oversight on the financial performance of the City of Joburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. These observations and concerns will be presented by the chairperson of the various oversight committees to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

The Economic Development Section 79 Committee noted the following summary of the concerns and observations on the 2020/21 Annual Reports of the Department of Economic Development, Joburg Fresh Produce Market and Joburg Property Company.

(1) DEPARTMENT OF ECONOMIC DEVELOPMENT (DED)

- By the end of the financial year a total of 8409 SMMEs were supported against an annual target of 12000. The annual target for this KPI was not achieved. Analysis of data from the quarterly reporting is concerning as 85% of the City Departments/Entities did

4.2

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

not report on data for the SMME's they supported. Section 79 Economic Development Committee have on numerous occasions raised the issue of statistics not being accurately captured related to this key performance indicator. When data is compared to what is reported from other entities and departments on a quarterly basis it does not always correspond to what the DED have captured.

- In respect of the EPWP grant funding, the City created 12135 work opportunities and the target was met. However, the financial statements indicate that by the end of the year R8 million of the funding was still unspent.
- The development of the city-wide job and opportunity seekers data-base portal has been reported as completed. The report indicated that the Department is currently waiting for MTC to deploy the product. It has been years that the project is ongoing with no clear date of implementation and no accountability.
- In the Business Plan of the tourism unit, the key performance indicator is "Increase in the number of tourists coming into the City of Johannesburg". This target is achieved through the various projects and campaigns in the unit. A target of 1 million tourists was set for the year, however the unit achieved this target by attracting 2.2 million tourists. According to the unit, this KPI is measured by the Mastercard Global Index however no evidence is provided to verify this data.
- The tourism unit hosted the Africa Day Festival in collaboration with partners. The City sponsored and partnered with Locrate Market to host the festival. The City had utilized the same provider to host the Makhelwane Festival, are they no other similar providers in this space who can be provided the opportunity and gain experience?

(2) JOBURG PROPERTY COMPANY (JPC)

During the 2020/21 financial year, the Johannesburg Property Company received an unqualified audit with findings. JPC's performance continued to decline in the 2020/21 financial year. The entity achieved only 30% of its performance target in comparison to 50%% in 2019/20. The graph below clearly shows the decline in performance over the last 4 years which is hampering service delivery to the residents. The decline in performance had been raised consistently during the quarterly performance analysis. It is even more concerning to note that the CEO indicated that "the organization is non-functional", more clarity must be sought on this and the reasons why it is non-functional.

4.3

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

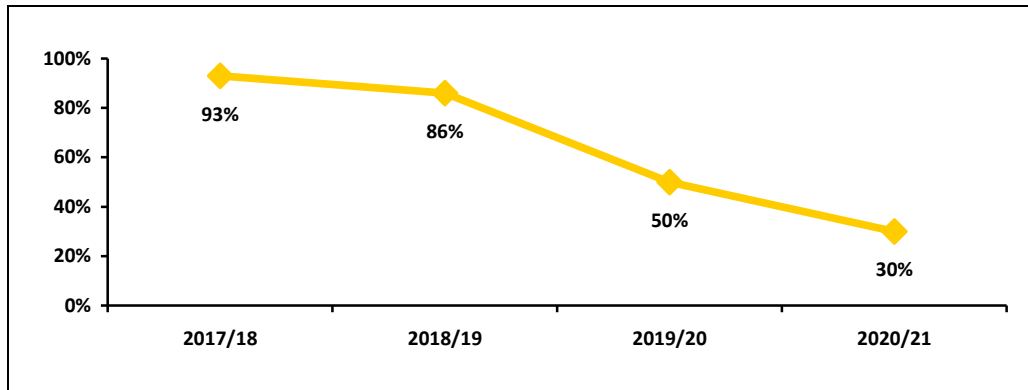


Figure 1: Performance over 4 years

- The annual report indicated that many of the large development projects under the property program unit were delayed due to COVID-19 and further work would resume in the new financial year. The previous year JPC had mentioned similar comments and the progress of most development projects have not moved in the last 2 years. The Bertrams Development was also not mentioned.
- In terms of the key performance indicator relating to the release of properties for social and economic leases, there has been continuous discrepancies in the reporting of this KPI each quarter, thus questioning the validity of the data.
- Total expenditure increased from R796.3 million in 2020 to R856.5 million in 2021. General expenses and employee related costs contributed to the bulk of the increase.
- There has been a 28% increase in General Expenses. There were a number of items that increased when compared to the previous year as shown below. Even though the security expense decreased slightly, it is quite concerning given that in 2019 only R2.6 million was incurred.

Item	2021 (R)	2020 (R)
Insurance	9 932 509	5 152 319
OHASA – COVID -19	54 105 882	9 310 009
Staff training	855 474	489 488
Security	46 772 363	49 237 196

- For repairs and maintenance, only R36 million was incurred in comparison to R60 million the previous year. This is also below the National Treasury norm.

4.4

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

- There were deviations incurred in the financial year which increased when compared to the previous years. Deviations on leases for office accommodation increased from R168.9 million in 2019 to R179.6 million in 2020 and then to R256.3 million in 2021. The deviations related to COVID-19 amounted to R53.1 million.
- JPC incurred fruitless and wasteful expenditure of R47.9 million compared to R32.4 million in the previous year. A large portion of the expenditure is attributed to Office Accommodation that was unutilized. A further R269 568 was incurred on board members who were in the employ of the state contradicting National Treasury Circular on remuneration of non-executive directors and CoJ policy.
- The entity also incurred irregular expenditure of R63.1 million, which increased from the previous year's R20.4 million. Some of the irregular expenditure related to non-compliance of various supply chain regulations and requirements. From the total, R26.3 million was for a panel of professionals -the contractor appointed to execute and complete the tenant installations at Braampark Office Park, Forum 1 was awarded from POP03/2018. The panel was declared irregular at the conclusion of the 2019 annual audit by AGSA. The award to the contractor was made prior to the panel being declared irregular.

The following are some points raised by the Auditor General:

- Reasonable steps were not taken to prevent fruitless and wasteful expenditure.
- Irregular expenditure incurred by the entity was not investigated to determine if any person was liable.
- The financial statements submitted for auditing were not prepared in all material respects.
- There were insufficient monitoring and reviewing controls to ensure that financial reports submitted for auditing were accurate and complete and that action plans developed were adequately implemented.
- Management did not adequately review and monitor compliance with applicable laws and regulations.

(3) JOBURG FRESH PRODUCE MARKET (JFPM)

The Joburg Market maintained its performance level in comparison to the previous financial year, a 71.4% achievement of its performance scorecard. The following observations were noted:

- There have been certain revenue items that persistently showed a decline over the last 4 years. These include revenue from cold storage and the banana ripening facility. The cold storage in particular

COJ LEGISLATURE

continued on a downward trend whilst the banana ripening facility showed marginal improvement.

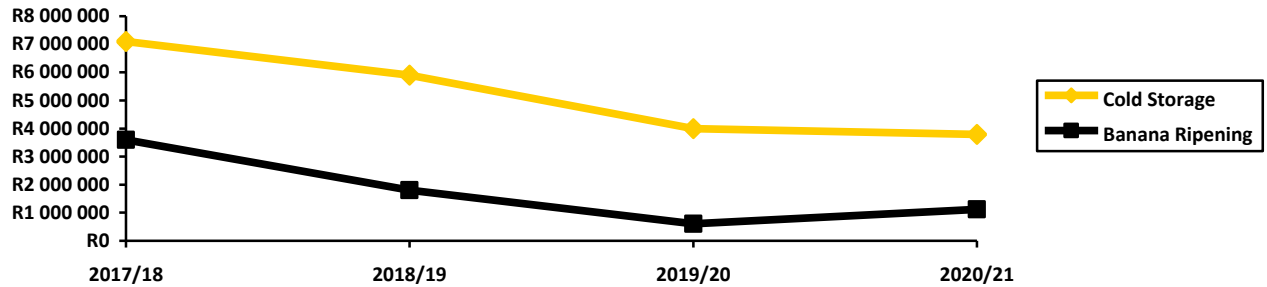


Figure 2: Revenue decline over 4 years

- The cold storage facilities recorded an income of R3.78 million compared to the prior year of R4.09 million.
- The banana ripening facilities recorded an income of R1.1 million compared to the previous year of R610 535.
- Employee-related costs have increased from R148.4 million to R167.9 million. On closer analysis of Note 16, it is noted that Salaries and Wages have increased from R106.5 million to R121.6 million, which is an above average inflation increase. What are the reasons for the increase?
- Even though General Expenses have decreased slightly, there are items that have increased considerably from the previous year:

Item	2021 (R)	2020 (R)	% Increase
Advertising	3 758 339	1 725 184	117%
Telephone and Fax	2 626 389	1 501 115	74%
Refuse	28 383	10 226	177%
	214	512	
Placement fees	982 219	270 772	262%

- Joburg Market recorded irregular expenditure of R37.1 million in comparison to R25.2 million in the 2019/20 financial year. There was R6.9 million spent irregularly on employee costs.
- Fruitless and wasteful expenditure declined, and was recorded as R2 million in 2020/2021 compared to R5.9 million the previous year.
- The Joburg market reported deviations from supply chain management regulations of R8.6 million. The purchasing of industrial scrubbing machines contributed R6.7 million to this.

4.6

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

- The reporting in Section 6 of the Joburg Market's Annual Report of the deviations, irregular expenditure and fruitless and wasteful expenditure is not consistent with the information provided in the audited financial statements.
- The rate of capital expenditure was slower than the previous year. In the 2020/21 financial year 67% was spent in comparison to 77% in the previous year.
- In the human resource section, the reporting of disciplinary matters has been ongoing for some time, most notably the executive management has been under acting capacity for some time leading to instability in the organization.

The following are some points raised by the Auditor General:

- The financial statements received an unqualified audit opinion due to material misstatements of current assets, non-current assets, non-current liabilities, and expenditure and disclosure items identified by the auditors in the submitted financial statements.
- Reasonable steps were not taken to prevent irregular expenditure amounting to R15.6 million as disclosed in note 34 to the annual financial statements.
- Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 million as disclosed in note 33 to the annual financial statements.
- Some of the irregular expenditure incurred by the municipal entity were not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75(1).
- Fruitless and wasteful incurred by the municipal entity were not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75(1).
- Some of the invitations for competitive bidding were not advertised for a required minimum period of days, contravening SCM regulation 22(1) and 22(2).

5 POLICY IMPLICATIONS

None.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

None.

7 FINANCIAL IMPLICATIONS

None.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

8 COMMUNICATION IMPLICATIONS

The report will be tabled in the Section 79 Economic Development Committee and referred to Municipal Public Accounts Committee.

9 OTHER DEPARTMENTS/BODIES CONSULTED

None.

IT IS RECOMMENDED

- 1 That MPAC note the observations cited in this report, and incorporate them in the consolidated oversight report on the City's 2020/21 Annual Report.**
- 2 That the City Manager, the MMC of the Department of the Economic Development, the Managing Director of the Joburg Property Company, the Chief Executive Officer of the Joburg Fresh Produce Market ensure that the recommendations below are adequately responded to by April 2022, in not doing so the respective people will be summoned to the Section 79 Economic Development in May 2022.**
- 3 That the City Manager and the Department of Economic Development provide a report to the Section 79 Economic Development Committee on why 85% of City Departments and Entities do not report on SMME support and what measures are in place to ensure accountability. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 4 That the Department of Economic Development provides a report on the total cost incurred from inception to completion on the Job Opportunity Seekers Database. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 5 That the Johannesburg Property Company provide a report indicating the accountability measures that have been taken to investigate the irregular expenditure of R63.1 million for the period 2020/21. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 6 That the Joburg Fresh Produce Market provide a report explaining the large increase in employee related costs for the period. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 7 That the Chairman of the Board of the Joburg Fresh Produce Market provides a report on the stability of the key executive positions of the entity indicating when the positions will be filled and human resource matters relating to these be resolved. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

- 8 That the Chairman of the Board of the Johannesburg Property Company provides a report on the stability of the key executive positions of the entity indicating when the positions will be filled and human resource matters relating to these be resolved. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 9 That the Joburg Property Company provide a comprehensive report on the inter-company debt of the entity. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 10 That the Joburg Property Company provide a report detailing the OHASA-COVID-19 expenditure of R54.1 million. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**
- 11 That the Chairman of the Board of the Joburg Property Company provide a report on the criteria used to determine performance bonuses of all senior executive management. The report must be submitted to the Section 79 Economic Development Committee by April 2022.**

(COJ LEGISLATURE)
(Anusha Bhaga)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : ECONOMIC DEVELOPMENT COMMITTEE 2022-03-10

COJ LEGISLATURE

ANNEXURE A

Title of the report: OVERSIGHT REPORT OF THE ECONOMIC DEVELOPMENT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND ITS MUNICIPAL ENTITIES

What are the major benefits to the Communities of Johannesburg?

This report serves to provide oversight on the financial and performance reporting of the City in the 2020/21 financial year. The report gives an overview of the overall performance of the Department of Economic Development, Joburg Fresh Produce Market and Joburg Property Company in the 2020/21 financial year.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

All communities of Johannesburg that derive benefit from the City's Departments and Municipal Entities.

If relevant, when will implementation start?

N/A

If relevant, when will work be completed?

N/A

What is the total cost of implementation?

N/A

How will communities be informed of the contents of this report?

The communities will be informed through the ward councillors who will have access to this report through the Committee and Council agenda.

How can communities be involved in the implementation of this report?

N/A

Who can be contacted to provide additional information and/or clarity?

Researcher: Economic Development Section 79 Committee
(011) 407 7163

What other information can be given to assist Councillors to communicate the contents of this report to communities?

None, but further explanation will be provided when requested.

Annexure C. 6

OVERSIGHT REPORT OF THE SECTION 79 ENVIRONMENT,
INFRASTRUCTURE AND SERVICES COMMITTEE ON THE
2020/2021 ANNUAL REPORT OF EISD, CITY POWER, PIKITUP
AND JOHANNESBURG WATER

Annexure C. 7

OVERSIGHT REPORT OF THE FINANCE SECTION 79
COMMITTEE ON THE 2020/21 ANNUAL REPORTS ANALYSIS
OF THE DEPARTMENT OF FINANCE; GROUP INFORMATION
AND COMMUNICATION TECHNOLOGY AND METROPOLITAN
TRADING COMPANY

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE 2022-03-14

COJ LEGISLATURE

5 OVERSIGHT REPORT OF THE SECTION 79 ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE ON THE 2020/2021 ANNUAL REPORT OF EISD, CITY POWER, PIKITUP AND JOHANNESBURG WATER

1 STRATEGIC THRUST

Well Governed and Managed City.

2 OBJECTIVE

The purpose of the report is to present the Oversight Report of the Section 79 Environment and Infrastructure Services Committee on the 2020/2021 Annual Report of the Environment and Infrastructure Services Department, Johannesburg City Power, Johannesburg Water and Pikitup Johannesburg.

3 BACKGROUND

Subsequent to the preparation of annual reports of the municipality and municipal owned entities in terms of section 121 of the Local Government: Municipal Finance Management Act 56, 2003, the Council of the City of Johannesburg must consider the annual reports in terms of 129 of the aforementioned Act. Within a period not exceeding two months after the annual reports are tabled in the council, the council must adopt an oversight report containing comments on the annual reports, including whether the annual reports are approved, approved with reservations or not approved. It is in line with these provisions that the City of Johannesburg Annual Report, together with annual reports of the municipal owned entities, for the 2020/2021 financial year were tabled in the council.

The Municipal Public Accounts Committee (MPAC) leads and provides guidance on oversight activities relating to the annual reports. Owing generally to the nature of its mandate and functions, the MPAC committee focuses on financial aspects of annual performance. Section 79 portfolio committees, on the other hand, focus on other various aspects of performance and service delivery throughout a financial year. As such, portfolio committees provide their insight on reported annual performance reporting, with specific emphasis on service delivery aspects of performance.

Therefore, the section 79 Environment and Infrastructure Services Committee will consider the 2020/2021 financial year annual reports of the City of Johannesburg Metropolitan Municipality, Johannesburg City Power, Pikitup Johannesburg and Johannesburg City Power, in the Committee's extra-ordinary meeting of 14 March 2022.

COJ LEGISLATURE

4 COMMITTEE OBSERVATIONS**PORTFOLIO PROGRAMMES****Integrated Waste Management**

There was a year-to-year increase in reported overall total waste diverted from landfill sites, with an actual of 234, 845 tonnes of waste diverted, up from the previous financial year's total of 218, 133 tonnes of waste was diverted from landfill sites. However, diversion was lower as a percentage of total waste generated, with the 2020/2021 amounting to 14% diversion rate, lower than the previous financial year's 17%. The Committee has consistently expressed a view that more needs to be done to increase waste diversion as a total of waste handled. The reality of the City of Johannesburg with respect to the shortage of landfill airspace and the need for sustainable living is not being met by modest diversion rates. The Committee has encouraged the implementation of programmes that will ensure a radical increase in amounts of waste diverted. Although separation at source has been declared compulsory, there is still lot of room for improving performance to ensure that there are actual benefits that improve the management of waste within the city.

Climate Change Action

By the end of the financial year under review, the process for the development of the Climate Action Plan was well underway. This is a process that involves a variety of interdepartmental participation and a variety of stakeholders. The Committee has encouraged the Environment and Infrastructure Services Department to not only ensure that the process is not only expedited, but to also ensure maximum contribution of the various role players.

Air Quality Management

The Environment and Infrastructure Services Department has been reporting quarterly on the management of Atmospheric Emission Licenses (AEL). A total of 12 Air Emission License compliance inspections were undertaken in the 2020/2021 financial year. The Section 79 Environment and Infrastructure Services Committee has encouraged the Department to ensure that there was compliance to license requirements, and that listed activities are not undertaken within the city without proper authorisation. Considering that there is a total of 43 active Atmospheric Emission Licenses, the inspection rate of 28% per annum is insufficient to ensure compliance.

While it is an accepted fact that poor ambient air quality poses a health and environmental hazard within the city, improvement in this regard has been quite gradual. During the period under review the revised Air Quality Management Plan was approved by the Council, which was an improvement in ensuring that the City's air quality strategy is up to date. Further, the amendment of the Air Pollution Control By-Laws provide a basis on which air polluting activities can be more effectively monitored

COJ LEGISLATURE

and controlled. However, the challenges that continued to face air quality monitoring stations posed a serious hindrance to the ability of the City to collect accurate data with regards to the amount and nature of air pollution. This is a hindrance on the ability to develop strategies that are evidence based.

JOHANNESBURG CITY POWER

- Johannesburg City Power experienced financial challenges in the period under review, with the risk that the entity might have insufficient funds to meet its financial obligations as a major strategic threat to the business.
- The escalation of theft and vandalism contributed to the vicious circle of the threat of inability to reduce non-technical electrical losses, further hampering the financial sustainability of the entity.
- The entity's overall performance against key performance indicators was unsatisfactory, with an average of 42.42% of Key Performance Indicators achieved in the financial year under review, which is significantly less than the previous three financial years.
- City Power's performance with regards to kilometres of electricity cables installed, the number of units in informal settlements provided with access to electricity, and the number of dwellings provided with connections to mains electricity supply is to be commended. The entity exceeded targets in the period under review.
- Targets for Average Interruption Duration Index, System Average Interruption Frequency Index, Customer Average Interruption Frequency Index and Percentage total electricity losses were not met in the financial year under review. Although customer interruption frequency was often as a result of factors beyond the control of City Power, the Committee has continued to encourage the entity to implement measures that will ensure reliable services for customers. As such, the Committee has put as part of their matters arising a request that City Power update their energy mix in order to maximise the utilisation of renewable resources and improve reliability of electricity supply.
- In reporting for the financial year prior to the period currently under review, the section 79 EIS Committee raised concern with regards to the performance of City Power on expenditure on repairs and maintenance as part of the total capital expenditure budget. While the guidelines are for an average of 8% of capital budget to be on repairs and maintenance of existing infrastructure, the entity's expenditure was below that watermark. In the period under review it is noted with concern that the target of 7% was not met, with an actual expenditure of 5.7% on repairs and maintenance as abasing total capital expenditure.

5.4

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE 2022-03-14

COJ LEGISLATURE

- Targets for the resolution of Internal Audit and Auditor General findings were not met in the period under review, with actual resolution rates of 76% and 75% against targets of 100% and 80% respectively.
- In the 2020/2021 financial year, City Power exceeded targets for the installation of public lights, with an actual of 1, 619 lights installed against a target of 600. However, this is a nominal decrease in the number of public lights installed in a financial year compared to the previous review period, wherein an actual of 2, 697 public lights were installed.

PIKITUP

- It is concerning to note that there was a year-to-year increase in total waste disposed of at landfill sites, considering the urgent challenges facing the City with regards to the rapid reduction of available landfill airspace. In the 2020/2021 financial year, a total of 1, 436, 600 tonnes of waste was disposed of at the four of the City's operational landfill sites, which is an increase from the previous financial year's total of 1, 284, 798 tonnes of waste to landfills.
- The financial year under review demonstrated a major challenge for Pikitup's diversion of waste from landfill sites. Therefore, the previous year's diversion of 110, 130 tonnes of waste was unable to be matched. Primarily the withdrawal of the service provider for the diversion of green waste and the persistent breakdown of builders' rubble crusher machines led to poor performance for diversion. This is a great concern to the section 79 EIS Committee, as the Committee has acknowledged the urgency of a need to drastically reduce waste to landfills.
- The decline in Pikitup's service delivery performance in the financial year under review, from 82% in the previous financial year to 53% in the 2020/2021 financial year is a serious cause for concern.
- The Section 79 Environment and Infrastructure Services Committee has noted with concerns the impact that an ageing fleet has on Pikitup's ability to perform its functions. As such, the continued reliance on augmented fleet services, together with the financial implications thereof are a serious concern for the Committee. It is to that end that the Committee has a standing item wherein it is sought to receive updates on the implementation of long term measures.
- The reported poor contract management, and the resultant delays in projects completion and underperformance on capital expenditure indicators is a concern for the Committee.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE 2022-03-14

COJ LEGISLATURE

- Pikitup met and exceeded performance targets on the resolution of complaints within seven days, collection of wet waste within 24 hours of logged call, removal of animal carcasses within 48 hours of notice, collection of domestic waste through RCR, and collection of waste from informal settlements.
- The Committee has previously raised concern with cleanliness levels the inner city suburbs and throughout the whole city area. Pikitup reports that cleanliness levels were at Level 2 in the financial year under review. While this is within targets, it is indeed, as acknowledged by the entity itself, a deterioration in overall cleanliness levels compared to the financial year prior.
- The accumulated surplus of R 423, 598, 042 bodes well for the financial wellbeing of the entity. However, the reported Fruitless and Wasteful expenditure of R3, 727, 966 is a cause for concern. The Auditor-General raised concerns with regards to whether appropriate precaution was taken to ensure that fruitless and wasteful expenditure does not occur.
- There was a year-to-year improvement in performance for the collection of general business waste, moving from 84% of general business waste collected to 92% in the financial year under review.
- While performance targets for the issuing of 100% of bins applied for within seven days were not met, with actual performance of 64% against target, this was a major improvement from the 18% of bins issued within seven days of application in the previous financial year.

JOHANNESBURG WATER

- Johannesburg Water exceeded targets for the replacing of missing manholes within 24 hours, repairing of leaking valves within 48 hours, with an actual of 97% against a target of 92% for the former, and 96% against a target of 95% for the latter.
- Targets for new water connections within 15 days, burst water pipes repaired within 48 hours, and fire hydrants repaired within 48 hours were not met in the financial year under review. For water connections, actual performance was 62% against a target of 95%, 84% of burst water pipes were repaired within 48 hours against a target of 95%, and 84% of fire hydrants were repaired within 48 hours against a target of 95%.
- The issues of meter reading, a matter with regards to which the section 79 EIS Committee expressed concern in the previous financial year reporting, persistent to the financial year currently under review. The rate for actual reading of water meters at the end of a quarter averaged 90% in the 2020/2021 financial year abasing a target of 95%.

5.6

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE 2022-03-14

COJ LEGISLATURE

- Sewer blockages are a concern as they also contribute to the pollution of the city's water resources and general environment. Therefore, the Committee expresses concern with reported performance on clearing of sewer blockages within 24hours.
- While the Committee has noted Johannesburg Water's reporting that engagements with the regulating department are underway, the below regulatory target performance with regard to final effluent compliance in all Wastewater Treatment Works continues to be a serious cause for concern.
- Performance for the number of sewer pipe blockages experienced per 100km of network improved in the financial year under review, compared to the previous financial year, with an actual of 503.21 average blockages experienced, compared to the previous financial year's actual average of 554.32 blockages experienced per 100km of network.
- There was also an improvement in water pipe infrastructure performance. An actual average of 368.23 water pipe bursts occurred per 100km of pipe network in the financial year under review, against a threshold target of 452. This is an improvement from the 2019/2020 financial year average of 453.83 water pipe bursts experienced per 100km of network.
- The infrastructure renewal rate deteriorated year-to-year, with an actual renewal rate of 0.57% renewal rate for water and sewer networks and WasteWater Treatment Works electro-mechanical components based on value, compared to 1.27% in the previous financial year. This is particularly concerning when considering the need for increase in infrastructure renewal, and performance that is below target with respect to capital expenditure budget. With regards to the latter 89.9% of the annual capital expenditure budget was spent against a target of 95%. The Committee will continue to pay specific attention to the implementation of infrastructure projects through oversight mechanisms on planned infrastructure projects.

5 POLICY IMPLICATIONS

This report is in line with reporting protocol of the City.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in line with the reporting protocol of the City.

7 FINANCIAL IMPLICATIONS

No financial implications are associated with this report.

8 COMMUNICATIONS IMPLICATIONS

None.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE 2022-03-14

COJ LEGISLATURE

IT IS RECOMMENDED

That the Municipal Public Accounts Committee (MPAC) note the inputs of the Section 79 Environment and Infrastructure Services Committee on the City of Johannesburg Integrated Annual Report and on the City Power, Johannesburg Water, and Pikitup Annual Reports. Further, that MPAC include same inputs in the oversight report of the MPAC Committee on the audited annual reports of the City of Johannesburg Metropolitan Municipality and Municipal Owned Entities for the 2020/2021 financial year.

(COJ LEGISLATURE)

(C Mapitsa)

(Tel. (011) 407-7185)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : ENVIRONMENT, INFRASTRUCTURE AND SERVICES COMMITTEE 2022-03-14

COJ LEGISLATURE

ANNEXURE A

Title of the Report:

Oversight Report of the Section 79 Environment, Infrastructure and Services Committee on The 2020/2021 Annual Report of EISD, City Power, Pikitup and Johannesburg Water

What are the major benefits to the Communities of Johannesburg?

- This report is aimed at identifying challenges and loopholes relating to the implementation of capital or operational programmes and in turn recommending an appropriate course of action to enhance levels of service delivery by the Executive.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

- It is aimed at improving service delivery for all living in the City of Johannesburg

If relevant, when will implementation take start?

- Not applicable

If relevant, when will work be completed?

- Not applicable

What is the total cost of implementation?

- Not applicable

How will communities be informed of the contents of this report?

- Through political structures, mainly ward councillors

How can communities be involved in the implementation of this report?

- Committees should contact their relevant ward councillors to ensure that the recommendations proposed in the body of this report is being implemented

Who can be contacted to provide additional information and/or clarity?

- Committee Researcher on 011 407 7185

What other information can be given to assist Councillors to communicate the contents of this report to communities?

- All information is disclosed in the body of this report

Annexure C. 8

OVERSIGHT REPORT OF THE SECTION 79 OVERSIGHT
COMMITTEE ON GOVERNANCE OF THE GOVERNANCE
CLUSTER, PART OF THE CITY'S 2020/21 ANNUAL REPORT

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

6 OVERSIGHT REPORT OF THE FINANCE SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS ANALYSIS OF THE DEPARTMENT OF FINANCE; GROUP INFORMATION AND COMMUNICATION TECHNOLOGY AND METROPOLITAN TRADING COMPANY

1 STRATEGIC THRUSTS

A responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

The purpose of this report is to provide an assessment of the performance of Department of Finance, Group Information and Communication Technology and Metropolitan Trading Company as reported in 2020/21 Integrated Annual Report, and to also consider the findings and recommendation reported by the office of Auditor General.

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. In accordance with the MFMA, the 2020/21 Annual Report of the City was tabled at the Council meeting on 25 February 2022 and the report was then referred to the MPAC for oversight.

MPAC exercises oversight on the financial performance of the City of Joburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. These observations and concerns will be presented by the chairperson of the various oversight committees to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS ON DEPARTMENT OF FINANCE

Section 79 Finance Committee noted the following summary of the concerns and observations on the 2020/21 Annual Reports.

(1) PERFORMANCE OVERVIEW

- The City of Johannesburg received an unqualified audit (which means financial statements contain no misstatements, but findings were raised on either reporting on predetermined objectives or non-

6.2

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

compliance with legislation or both these aspects) in 2020/2021 financial year at a group level, as was the case in the previous financial year.

- There were no clean audits achieved at the Municipal Entities, similarly to the previous financial year. The last clean audits were achieved in 2018/2019 at JCT (Joburg City Theatres) and JDA (Joburg Development Agency). Also in 2020/2021, all municipal entities achieved unqualified audit, with the exception of MTC.
- Covid-19 had a negative impact on revenue collection, and the ability to deliver some services to residents as well as slowed down CAPEX expenditure.
- In November 2020, the SA Government rating reduced from Ba2 to Ba, then in July 2021 the City was downgraded to Ba3/A1.za from Ba2/Aa1.za.

PRIORITY 7: ENHANCE FINANCIAL SUSTAINABILITY

- There was 91% CAPEX expenditure (R6.9bn) against the budget of R7.6bn. In the previous financial year CAPEX expenditure was 75%.
- The City's cash and cash equivalents at year end amounted to R6,6bn, a steady increase from R5,6bn in the previous financial year.
- There was 90.3% revenue collection against a target of 88.9%. In the previous financial year revenue collection was 86.3%.
- There was R2,528bn worth of non-technical losses due to theft and the bypass of meter, damaged meter and billing errors among other reasons. This was an 8% increase from 2019/2020 financial year, where non-technical losses amounted to R2, 350bn, which was a decrease at the time from the previous financial year.
- Operating expenditure in 2020/2021 was R57, 680bn, a 5% increase in operating expenditure from the previous financial year. A large proportion of this expenditure is attributed to bulk purchases and employee costs. However, the increase is still lower than in 2019/2020, where it was 12%.
- The department have the target to achieve 100% (8) of financial ratios relating to profitability, debt management, liability management and liquidity, as stipulated in the MFMA circular no 71.
- Similarly, to the 2019/2020 financial year, the department only managed to achieve 6 of the 8 ratios. Please see the table below

RATIO	NORM	ACTUAL	ACHIEVED
Current Ratio	1.5:1- 2:1	1.17:1	No
Solvency Ratio	Above 2.1:1	2.3:1	Yes
Debt to Revenue	Below 45%	40%	Yes
Remuneration as % of total operating expenditure	25 -40%	27%	Yes
Repairs and maintenance as a % of PPE	Above 8%	5%	No
Interest Expense as % of total	6-8%	5%	Yes

6.3

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

operating expenditure			
Net Operating Surplus Margin	Above 0%	7%	Yes
Cash/ Cost Coverage	1-3 Months	1.6 Months	Yes

- The current ratio increased from 1.03 to 1.17, but this was still below the target of 1.5, implying a risk that the City may not be in a position to pay off its debts in the short term. Repairs and maintenance remained at 5% similarly to the previous year. However, in this case too expenditure is insufficient, and the City must be cautious that the contingencies' list (Note 46) does not begin to be populated by liabilities arising from failure to maintain its PPE.
- The debt to revenue ratio improved from 40% in the previous financial year to 38%, then back to 40% in 2020/2021. Net operating surplus margin was 7%, having increased from 6% in the previous financial year.
- The report of the Auditor General has noted non-compliance with SCM processes, where in some cases deviations were approved by the City Manager when bids could still have been sought.
- Consequence management in the City has been a big challenge, in particular as it relates to UIFW. The Auditor General acknowledged the establishment of the Disciplinary Board, and its role in not only enforcing consequence management, but also the reduction in UIFW.

(2) FINANCIAL OVERVIEW

- During 2019/20 financial year the City surplus decreased by 57% (to R3.7 billion) from R6.5 billion previous financial years, the decrease was mainly due to increase on the allowance for debt impairment and increase in the employee related costs. In 2020/2021, there was an increase of 23% from 2019/2020 (R3, 868bn) in surplus.
- The City's total assets for 2019/20 financial year increased by 5%, from R97.8 billion in 2019/2020 to R103, 141bn.
- The City's net assets position has improved by 9% to R58, 768bn from R55.7bn in 2019/2020.
- The City's cash and cash equivalents increased by 2% to R6.6 bn in the current financial year as compared to 2019/2020 where they amounted to R5.6bn.
- There was improvement in performance in terms of unspent conditional grants, where in 2020/2021 there was 62% decrease, amounting to R424, 571m from R1bn in the year before, according to Note 25.
- The increase in allowance for the impairment of consumer debtors was 27% (R32, 715bn), and there was 82% impairment of consumer debtors.

The committee needs to note that electricity and water debtors account for 71% of the total net consumer's debtors balance, which is down from 73% that was reported in 2019/2020.

COJ LEGISLATURE

- There was 38% increase in fruitless and wasteful expenditure, amounting to R660, 767m, which according to Note 49 was mostly attributed to impairment of PPE¹ at City Power (R121, 831m); interest charged on late payments and penalties by SARS at JRA (R28, 449m); and office accommodation by JPC (R15, 084m).
- An increase of 32% in unauthorised expenditure, amounting to R4, 788bn, where according to Note 50 most of it came from the Core departments (R1, 003bn); Pikitup (R102, 480m) and JOSHCO (R44, 294m).
- A 28% increase in irregular expenditure, amounting to R11, 173bn where according to Note 53 most of it came from core departments (R970, 520m and R147, 489m) and City Power (R610, 362m).

For irregular expenditure, according to Regulation 74 of the Municipal Budget and Reporting Regulations, a determination must be made whether it is recoverable or not. If not recoverable, the expenditure needs to be written off. For the 2019/2020 financial year, R1, 712bn was written off, and in 2020/2021 R453, 915m was written off.

(3) CONCERNS RAISED BY THE AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

- The Revenue recognition from service charge for water and electricity has been identified as a key audit matter due to significant judgement applied in calculating the estimations of the consumption used and the significant volume of transactions processed and interfaced through a complex information system.
- The allowance for impairment of consumer debtors amounts to R32,715bn which represents 82% of the total consumer debtors.
- The material electricity losses of R3, 671bn was incurred, which represents 30% of total electricity purchased. Technical losses of R1,144bn was due to energy losses. Non-technical losses of R2,528bn was due to theft, bypassing meters, damaged meters and faulty voltage.
- The Procurement and Contract Management findings of the Auditor General once again indicate non-adherence to the Supply Chain Policy (SCM) Policy and regulations. The Auditor General report includes the following findings:
 - *The procurement of Goods and Services with a transaction value below R200 000 without obtaining the required price quotation. Similar finding was raised in the previous 4 years.*
 - *Performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior 4 years.*

¹ PPE – Property, Plant and Equipment

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

The Committee placed emphasis on the following:

- The improved financial performance in some areas, such as the improved surplus, the higher cash and cash equivalents held, as well as revenue collection that was above target, all enabled the City to implement programs such as accelerated and visible service delivery; the integration, development and maintenance of hostels and flats; as well as the development and support of SMMEs, during the 2020/2021 financial year.
- According to Note 11, no fund manager was appointed to manage the cash funds of the Council, which is critical to ensure that the funds are well managed.
- Moody's credit rating downgrade will result in higher interest rates to be paid on borrowings due to increased risk to lenders. The downgrade will also make it more difficult to obtain loans needed for capital expenditure. Everything needs to be done to prevent a further downgrade, and to strive to attain an improved credit rating. The City needs to avoid falling into a debt trap.
- Improve the system of meter reading to ensure that consumers are billed for actual usage of electricity and water.
- The loss of R2, 528bn due to non-technical losses on electricity, which amounts to 20% of bulk electricity purchases is much too high. In terms of water, 39.39% non-revenue water; a further 14.31% unbilled unmetered consumption; and 25% physical and commercial losses all means that it is only 60.61% of all water purchased that gets billed (Note 40). All these losses increased substantially from 2019/2020.
- The cost of debt impairment declined marginally from R6, 925, 188bn in 2019/2020 to R6,394,512bn in 2020/2021 (Note 39). However, this is still a very high amount, and represents 10% of the operational OPEX budget. The Committee recommends addressing this through consumer deposits as follows:
 - Consumer deposits amount to R1,172,359bn, and as a percentage of total property value of R1,392,180 trillion as at 31 January 2021, it equates to only 32.194% of the monthly billing. The suggestion is to raise consumer deposits to 100% by charging each consumer at least 0.25% of their property value. There is also a suggestion for Council to consider paying consumers an attractive interest rate on these deposits. This has the further benefit that consumer deposits increase every year with the interest capitalized on the deposit, so that inflation is kept on track. This will reduce the expense of impairment, and the cash generated by increasing the consumer deposit can be utilized to reduce debt, or be used on CAPEX. The practice of paying interest on consumer debt is used by Eskom as well.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

(4) COMMITTEE OBSERVATIONS AND CONCERNS ON GROUP INFORMATION AND COMMUNICATION TECHNOLOGY (GICT)

GICT vision is to enable the City and its Citizens to accelerate their ambitions by providing them with best technology solutions with significant contributions to their day to day lives. The department's operations are guided by priority 9 that is Encourage Innovation and Efficiency through the Smart City Programme. GICT Key projects for 2020/2021 SDBIP are:

- Wi-Fi deployment across the City
- Automation of City's IDP system
- Establishment of City's Cyber Security war room
- Refreshment of WAN and LAN
- ICT Systems availability
- Deployment of new telephony system
- Upgrade of City's hardware infrastructure
- Project Tlhabologo – for modernization of legacy applications
- SAP business transformation project

(a) Deployment of Wi- Fi Hotspots across the City

After budget limitations that led to deviation from this KPI in 2019/2020, it was re-launched in September 2020, where 1000km of fibre optic cable was placed across the City. There were 84 active free Wi-Fi hotspots across the City running on solar power operated by MTC.

(b) Establishment of the City's Cyber Security War Room;

GICT entered into a new contract with CSIR for the maintenance and enhancement of ICT security and cyber centre for 3 years in August 2020. The cyber centre is manned by CSIR. It was fully operational at the time of reporting, and was being capacitated with the required skills. Are these recruits going to be municipal staff, who will be retained in the City should the contract be terminated? The scope of the contract also covers Human Capital Development. Does this relate to skills' transfer from CSIR to municipal staff?

(c) Refreshment of End User Hardware

A request was made at mid-year budget adjustment in 2020/21 for budget to procure 2400 laptops. They were delivered in June 2021 and deployed to the user departments.

(d) WAN and LAN Refresh

Focus in 2020/21 was in the refreshment of network infrastructure that is at end of life. The City is keeping the existing radio network operational as back up. Equipment for the network refresh was received and deployed.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

(e) Upgrade of the City's Hardware Infrastructure

The Metro data centre, where the building was declared to be unsafe for human habitation, is being replaced with a data recovery centre at JD House in Braamfontein. It was reportedly 99% complete, with all equipment from the Metro Data centre moved in. Other fittings such as CCTV installation and connecting system for TV were finalized, the installation of In Row and Outdoor coolers for the Modular data centre were also completed, as well as the installation of servers. All infrastructure and equipment were delivered, and it was fully operational at the time of reporting.

- The Roodepoort data recovery centre was 99% refurbished, and all required infrastructure was delivered.

(f) Modernisation of Legacy Systems

- In 2019/2020 EDMS was implemented. In 2020/2021, focus was on Spatial Planning, Land Use Management Reporting Property Information Search, Building Application System, JPL Asset Management System Billing Queries, Surveyor General Business Rules System and ADFS for Municipal Entities. ADFS (enables employees in the MEs to access Jozinet) for MEs was delivered, and some of them had access to Jozinet at the time of reporting.
- Project Tlhabologo was on hold, as terms of reference needed to be re-negotiated, and an agreement needed to be entered into with SITA to enable the completion of the remaining scope.

(g) SAP Business Transformation Project

The project was not fully achieved, and was on hold at the time of reporting due to the City's concern with the capacity of the service provider to deliver. There is consideration of getting another service provider to conclude the project, and a tender process was being initiated at the time of reporting.

CONCERNS RAISED BY THE AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

- The AG identified limitations in the design and implementation of IT controls pertaining to security management, service continuity, user access management and change control management; giving rise to some of the following internal control deficiencies:
 - SAP procedures for version 4.7 and SAP Hana were outdated, and were limited around user access and security management. This poses a risk in terms unauthorised transactions and changes that may be processed on the system, which could have a negative impact on data accuracy.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

System backups were not completed properly for critical systems due to a lack of storage space, which can result on the City's inability to recover data in case of a disaster. There was also only one backup restoration test done during the financial year, instead on monthly tests. Added to this the disaster recovery plan was not tested due to delays in the infrastructure.

(5) COMMITTEE OBSERVATIONS AND CONCERNS ON METROPOLITAN TRADING COMPANY (MTC)

The Metropolitan Trading Company was identified as the department to manage the broadband network at the City purchased in 2015, at a settlement amount of R1,3bn. The strategic objective is to bridge the digital divide for an inclusive and connected Johannesburg.

Key outcomes are the following:

- Reduction of the cost of telecoms
- Enabling service delivery, through connectivity for pro-poor development
- Improvement of economic competitiveness and ease of doing business in Johannesburg
- Contribute to safer communities and social upliftment
- Achieve financial and operational sustainability

Some performance highlights that are reported on include:

- Revenue collection in excess of R230m.
- Progress on the Enhanced Business Model (EBM), which was established to dispose of the Joburg Broadband network. It was determined that the asset was no longer needed to perform the basic level of municipal services.

In terms of financial performance, revenue collection was lower than the previous financial year, due to the application of GRAP 109 Agency versus Principal transactions; as well as MTC being an agent on some transactions, hence not recognizing all the revenue. 81% revenue collection is reported, and this also included R78m from collection of debtors from entities. On the positive side, suppliers were paid within 30 days. CAPEX expenditure was underspent due to delays in the delivery of some equipment.

An unresolved matter of an outstanding shareholder's loan balance is reported, which makes MTC technically insolvent. On deliberation with the City's Treasury department, the entity will convert the debt to equity. The Treasury department were reportedly procuring a service provider to look into the Shareholder's loan at 4 entities, and conclusion of this matter was expected in the first quarter of 2021/2022 financial year.

CAPEX expenditure at the end of 2020/2021 was 97%.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

In terms of Human Resources, the entity had a vacancy rate of 45%.

The Committee placed emphasis on the following:

- The financial health of MTC, the fact that it is technically insolvent, and that it has received a qualified audit report, with emphasis of matter on property, plant and equipment, and restatement of prior year figures, as well as non-compliance issues with the MFMA.
- Technically insolvent means that unless the shareholder is prepared to cover current and future debts on the entity; or if the entity can prove that it is able to pay its debts in the ordinary course of business in the near future, MTC will be trading recklessly. The consequence thereof is that the board members, directors and possibly also the MMC may all be held jointly and severely personally liable for any debts incurred.
- As a further consequence of the continued operation of MTC, it can cause the City as a whole to receive a qualified audit report or an adverse opinion if the findings are not dealt with and the going concern issues are not addressed.
- MTC was mandated by Council to sell the asset, but it was later decided to adopt an Enhanced Business Model in 2019. To date nothing has changed, and no director of MTC can explain what the Enhanced Business Model means.

5 RECOMMENDATIONS

- MTC does not fulfil a critical core mandate, therefore it should be dissolved as an entity and the staff complement be absorbed into GICT. The courts have also ruled that it is neither obligatory for municipalities to provide free internet or Wi-Fi, nor is it a core mandate.
- Group Finance must appoint a fund manager, because the position is critical to ensure financial management in the City.
- Group Finance must strive to prevent further Moody's downgrades.
- Group Finance must improve the meter reading system to ensure that consumers are billed for their actual usage of electricity and water.
- Group Finance must increase consumer deposits to at least 0.25% of property value, and to consider paying an attractive interest rate on the deposits, in order to reduce the cost of impairment.
- GICT must fill their vacancies, and use less consultants.
- GICT must speed up the implementation of the SAP Business Transformation Program, to enable the City to achieve an integrated financial management and enterprise resource planning, business and technology solution across the City which meets National Treasury standards, as well as enable the City to achieve the objective of the Smart City.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

6 POLICY IMPLICATIONS

MFMA, SCM regulations, MSA.

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in line with the reporting protocol of the City.

8 FINANCIAL IMPLICATIONS

None.

9 COMMUNICATION IMPLICATIONS

This report will be communicated with the S79 Finance Committee on 25 March 2022, then referred to MPAC on approval.

10 OTHER DEPARTMENTS/BODIES CONSULTED

None.

IT IS RECOMMENDED

That the Inputs of the Section 79 Finance Committee on the City's Annual Financial Report for 2020/21 financial year end be considered in the compilation of MPAC final report on the City' Annual Financial Report for 2020/21 financial period.

(COJ LEGISLATURE)
(Vuyelwa Nkambule)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : FINANCE COMMITTEE 2022-03-10 2022-03-25

COJ LEGISLATURE

ANNEXURE A

**Title of the report: FINANCE COMMITTEE INPUTS TO ANNUAL REPORT 2020/210
FINANCIAL YEAR END**

What are the major benefits to the Communities of Johannesburg?
The promotion of good governance and accountability through ensuring that performance gaps in the annual report are explained, with commitments to mitigate in future performance.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

The report will benefit all communities of CoJ.

If relevant, when will implementation start?

N/A

If relevant, when will work be completed?

N/A

What is the total cost of implementation?

N/A

How will communities be informed of the contents of this report?

Through the tabling of the S79 MPAC report in Council, which is a consolidation of the contribution of all S79 Committees.

How can communities be involved in the implementation of this report?

Through submitting their written comments on the published annual report.

Who can be contacted to provide additional information and/or clarity?

Vuyelwa Nkambule

Researcher:

0826799525

What other information can be given to assist Councillors to communicate the contents of this report to communities?

None, but further explanation will be provided when requested.

Annexure C. 9

OVERSIGHT REPORT OF THE HEALTH AND SOCIAL DEVELOPMENT SECTION 79 COMMITTEE FOR ON THE ANALYSIS OF THE 2020/2021 ANNUAL REPORT OF CITY OF JOHANNESBURG

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

8 OVERSIGHT REPORT OF THE SECTION 79 OVERSIGHT COMMITTEE ON GOVERNANCE OF THE GOVERNANCE CLUSTER, PART OF THE CITY'S 2020/21 ANNUAL REPORT

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVE

This report is a submission of the oversight findings of the Section 79 Oversight Committee on Governance on the reported performance of the Office of the City Manager in the City's 2020/21 Annual Report.

3 BACKGROUND

The City of Johannesburg 2020/21 Annual Report was tabled at the Council meeting held on 24 February 2022, in compliance with section 127(2) of the Municipal Finance Management Act 56 of 2003. Section 129 of the MFMA 56 of 2003 further stipulates that oversight must be conducted on the Annual Report. Subsequently, Council resolved that the Annual Report be referred to the Municipal Public Account Committee (MPAC) for oversight. The MPAC guides the overall oversight activity on the Annual Report.

MPAC deals mainly with the financials whiles other Section 79 Committees contribute to the oversight of the Annual Report by exercising effective oversight on service delivery performance on their respective portfolios. The MPAC later consolidate all inputs from respective Section 79 Committees to finalise an overall oversight report on the analysis of the City of Johannesburg (CoJ) performance for the particular financial year.

The Section 79 Oversight Committee on Governance conducted an oversight on the Office of the City Manager part of the 2020/21 Annual Report. Based on the deliberations, an oversight report of the Committee on the Annual Report was developed to be submitted to the MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS

The Section 79 Oversight Committee on Governance noted the following summary of the concerns and observations on the 2020/21 Annual Reports.

(1) PERFORMNACE OVERVIEW

- The City of Johannesburg received an unqualified audit opinion with materials findings on audit of predetermined objectives (AOPO) and compliance with legislation for 2020/21 at a Group level.

8.2

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

- Committee observed that City has a Risk Management Function as one of its assurance level and Group Risk Governance Committee as its advisory oversight structure on risk operations.
- It is observed that the overall Group Enterprise Risk Management Framework is aimed at delivering an effective and efficient city-wide Integrated Enterprise Risk Management, Risk controls, Risk Finance and business continuity management function to the City's core departments and entities.
- Committee note that the Enterprise Risk Management (ERM) is designed to identify potential events that may affect the City, and to manage such risks to be within its risk appetite.
- ERM also provides reasonable assurance regarding the achievement of the City's annual strategic objectives, Mayoral Priorities as infused into the Integrated Development Plan and GDS 2040 outcomes.
- Committee note that Core Departments and Entities conducted their strategic risk assessments which were approved by relevant Departmental Heads and Boards of Entities as required by the City's Risk Management Framework.
- The Group Risk Governance Committee (GRGC) monitor identified risks on quarterly basis to ensure that all risk is managed at tolerable level.
- Committee note that the City has an approved Business Continuity Management Framework and Policy which was used as a guide in the development of Business Continuity Plans for Entities and Departments
- It is observed that the BCM Framework and Policy are aligned to the requirements of International Organization for Standardization (ISO 22301) and other BCM Legislatives Framework such as Municipal Finance Management Act No 56 of 2003, Municipal Systems Act No 32 of 2000, as amended and Disaster Management Act 57 of 2002.
- In view of the Covid-19 pandemic, the Departments and Entities that didn't have BCP's in place were requested to develop their contingency plans in response to the risk exposure and ensure compliance to the relevant prescripts.
- Committee make a note on risk financing, involves the identification of risks, determining how to finance the risk, which is done through procuring insurance covers to mitigate losses.
- Committee observed that the insurance portfolio of the City of Johannesburg is categorized into Non-motor (Assets and liabilities) and Motor Fleet (Motor related).
- The City's insurance portfolio for 2020/21 was renewed on the 1st of July 2020 and the total premium paid on non-motor R131 million and motor R41 million respectively.
- Committee note that the city continues to receive public liabilities claims because of negligence by the city and accident damage to city's infrastructure.
- Committee note that during the 2020/21 financial year, 11 by-laws were approved by Council, either for public participation or for promulgation

8.3

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

- Committee noted that GFIS has mandate of ensuring that the City is free of fraud, corruption, theft of CoJ assets, vandalism, maladministration (including UIFW), illegal connections, breach of security as well as hijacked properties.
- It is noted that the mandate of GFIS is informed by four anti-fraud and corruption strategy pillars (Prevention, Detection, Investigations and Resolution).
- Committee note stakeholder engagement by GFIS with Public Protector (PP), South African Human Rights Commission (SHRC), Office of the Premier for Gauteng and Special Investigation Unit (SIU) on the Alexandra Renewal Investigation Project (ARIP) to identify areas of collaboration, minimize duplications and to share information related to the investigation to ensure consistency of information related to ARIP.
- Draft MOU between GFIS and SAPS is underway, and it is envisaged to be finalized in the next quarter. This is done in consultation with GLCS and the office of the Acting City Manager.
- The Acting City Manager is engaging with relevant structures within CoJ to ensure that forensic investigations are centralized to GFIS and compliance to Council resolutions in ensuring and that all Departments or Entities do not conduct their own investigations without consultation or knowledge of GFIS.
- Committee note that an investigation of historical UIFW was concluded, finalized matters were submitted to the Municipal Public Accounts Committee (MPAC) Sub-Committee (inclusive of entities) and MPAC for approval for condonations and/or ratification by Council.
- Decrease on matters of solicitation of bribes from 26 (Q1 to Q3) to 6 in Q4 was noted and can be assumed that this can be related to the increase in unemployment caused by Covid-19 where people may not have money to pay bribes.
- Investigated properties were referred Revenue Credit Control to commence with their legal processes which includes recoveries of the outstanding monies owed to the City for the provision of services and rates and taxes.
- Property owners gained control of their properties which were hijacked this came because of the collaboration between GFIS, SAPS and JMPD.
- Orlando East SAPS are experiencing challenges with criminals digging copper cables in their area and police officers had been shot at several times. Several operations were conducted but the area remains volatile for GFIS to participate in area where SAPS officers were shot by criminals.
- Joint operations are continuing to yield positive results, and suspects were arrested during the year on allegedly hijacked properties, the CoJ services illegally connected were successfully disconnected and other prosecutable matters reported to SAPS.

8.4

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

(2) CONCERN RAISED BY AUDIT COMMITTEE OF COJ:

- Effectiveness of internal control and Information and Communication Technology (ICT) Governance:
 - the overall control environment of the City has not improved during the year under review, which is consistent with the previous financial years
 - This is reflected in the number of repeat audit findings raised in comparisons to previous financial years.
 - Committee raised concern on the high rand value of UIFW expenditure which have not been investigated and tabled to the Oversight Committee (MPAC) by various internal audit and risk units and Group Forensic & Investigation Services (GFIS).
 - This high rand value of UIFW expenditure is seriously affecting the city in achieving a clean audit outcome.
 - The three (3) elements (their sub-elements) of drivers of internal controls requires attention to improve the internal control environment.
 - Most importantly significant leadership, financial and performance management requires intervention to improve credible reporting of performance and financial information citywide.
 - Delays in the finalization (completion) of investigations on fraud and corruption allegations cases of which ultimately affected services delivery
 - Consequence management and delays in finalizing and tabling UIFW expenditure investigations to MPAC and Council for approval.
- Audit Committee of COJ recommendations are as follows:
 - Effective resolving of audit findings. The number of unresolved significant internal and external audit findings from the previous year's remains high.
 - ❖ It is recommended that the internal control issues should receive appropriate attention to improve the annual audit outcomes.
 - Prioritizing filling of top management vacancies. Progress made in filling-up the vacancies within the internal audit unit and other critical positions in the city is noted and appreciated, however, the Audit Committee remains concerned with the number of vacant senior positions.
 - ❖ It is recommended that the Accounting Officer should ensure that the remaining senior positions are addressed accordingly.

COJ LEGISLATURE

(3) CONCERNS RAISED BY THE AUDITOR GENERAL (AG)

- AG Report on the audit of annual performance report (IOP):
 - Strategic priority 6: Integrated Human Settlements (material findings)
- AG audit findings on compliance with legislation is as follows:
 - AG highlighted irregular expenditure incurred by the group was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- AG audit findings on internal control deficiencies are as follows:
 - The accounting officer did not adequately exercise oversight responsibility, by holding senior management accountable for the implementation of preventative controls relating to financial and performance management as well as compliance with legislation.
 - Senior management did not adequately implement action plans designed to prevent recurring non-compliance with laws and regulation and findings on reported performance information. Furthermore, consequence management for deviating from policies and procedures relating to compliance with laws and regulations were not implemented adequately.
- AG audit findings on other reports are as follows:
 - A total of two hundred and sixty-three (263) cases of alleged irregularities relating to financial misconduct, fraudulent acts, theft, and non-compliance were investigated by the municipality during the financial year. Many of the cases were investigated internally by the group's forensic department. All these investigations relate to irregularities identified prior to 2020-21 financial year. Some of the irregularities incurred in the prior year have not been investigated.

5 CONCLUSIONS

The reviewed report acknowledged that for 2020/21 financial year, the City of Johannesburg received an unqualified audit opinion with materials findings on audit of predetermined objectives (AOPO) and compliance with legislation for 2020/21 at a Group level. The Committee note that irregular expenditure incurred by the group was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA. Committee further identified the internal control deficiencies due to inadequate exercise of oversight responsibility by the accounting officer to the senior management accountable for the implementation of preventative controls relating to finance and performance management. Lastly, consequence management for deviating from policies and procedures relating to compliance with laws and regulations were not implemented adequately.

8.6

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

6 POLICY IMPLICATIONS

None.

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The Report complies with the requirements of Section 129 of the MFMA.

8 FINANCIAL IMPLICATIONS

None.

9 COMMUNICATIONS IMPLICATIONS

None.

10 OTHER DEPARTMENTS/ BODIES CONSULTED

None.

IT IS RECOMMENDED

- 1 That MPAC note the observations cited in this report and incorporate them in the consolidated oversight report on the City's 2020/21 Annual Report.**
- 2 That GFIS investigate irregular expenditure incurred by the group to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.**
- 3 That the accounting officer strengthen an oversight responsibility to senior management accountable for the implementation of preventative controls relating to finance and performance management as well as compliance with legislation.**
- 4 That the consequence management for deviating from policies and procedures relating to compliance with laws and regulations implemented adequately.**
- 5 That GFIS investigate all irregularities incurred prior 2020/21 financial year**

(COJ LEGISLATURE)
(Doctor Mpondo)
(Tel. (011) 407-7301)
(mm)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

ANNEXURE A

Title of the Report:
OVERSIGHT REPORT OF THE GOVERNANCE SECTION 79 COMMITTEE ON THE GOVERNANCE CLUSTER PART OF THE CITY'S 2020/21 ANNUAL REPORT

What are the major benefits to the Communities of Johannesburg?

- This report provides an oversight on the performance of the Office of the City (Governance Cluster) as reported to in the City of Johannesburg 2020/2021 Annual Report.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio-economic group etc.)?

- All communities of Johannesburg that derive benefit from the City's Departments and MEs.

If relevant, when will implementation take start?

- N/A.

If relevant, when will work be completed?

- N/A.

What is the total cost of implementation?

- N/A.

How will communities be informed of the contents of this report?

- The Annual Report of the City and the Oversight Report of MPAC will be table in Council.

How can communities be involved in the implementation of this report?

- The Community will be involved through oversight activities of section 79 Committees.

Who can be contacted to provide additional information and/or clarity?

- Doctor Mpondo (011) 407 7301.

What other information can be given to assist Councilors to communicate the contents of this report to communities?

- The Annual Report of the City.

8.8

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON GOVERNANCE 2022-03-14

COJ LEGISLATURE

Annexure C. 10

OVERSIGHT REPORT OF OCOL ON THE 20/21 ANNUAL REPORT OF THE LEGISLATURE OF THE CITY OF JOHANNESBURG FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : HEALTH AND SOCIAL DEVELOPMENT COMMITTEE 2022-03-15

COJ LEGISLATURE

9 OVERSIGHT REPORT OF THE HEALTH AND SOCIAL DEVELOPMENT SECTION 79 COMMITTEE FOR ON THE ANALYSIS OF THE 2020/2021 ANNUAL REPORT OF CITY OF JOHANNESBURG

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVES

In terms of section 121 (1) of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Municipal Systems Act 32 of 2000 (MSA), every Municipality must prepare an Annual Report for each financial year. The Annual Report of the City of Johannesburg for the 2020/2021 financial year has been developed and audited by the Auditor General. It will be considered by the MPAC Committee. This is an opportunity for the S79 Health and Social Development Committee to assess the Annual Report and the comments of the Auditor General, in the process gauging these against the Committee's oversight issues in the same financial year.

3 PURPOSE OF THE REPORT

This report focuses on the performance of the City of Johannesburg Health and Social Development Departments concerning its SDBIP projections for the 2020/2021 financial year.

4 HIGHLIGHTS FOR THE 2020/2021 ANNUAL REPORT

(1) OBSERVATIONS ON SPECIFIC NON-FINANCIAL PERFORMANCE

Health Department

Department of Health is responsible for the provision of primary health care services in the CoJ through its network of 79 clinics (78 fixed and 1 satellite) and 10 mobile clinics. The department is also responsible for rendering Municipal Health services as a legislative obligation from the National Health Act 61 of 2003. These services are aspects of human health that are determined by physical, chemical biological, social and psycho-social factors in the environment. It also ensures that the physical structure of the health facilities is maintained and managed well so that service delivery continues. Moreover, these facilities are assessed for compliance with Ideal core standards to prepare for the implementation of the National Health Insurance. The following are highlights for the department of Health that were made in the 2020/2021 financial year:

COJ LEGISLATURE

- The committee commends the department on the achievement of the annual targets on the Extension of Service Hours as the annual report highlights that a total of 9 clinics were highlighted as providing the extension of service hours as planned for the financial year 2020/2021, against the annual target of 5. A cumulative total of 47 clinics were reported to have been operating in the extension of service hours in the financial year under review, as compared to 40 that was reported in the 2019/2020 financial year.
- The committee is pleased to observe that 100% achievement on the inspections of public sector clinics and the inspection of public sector hospitals were reported in the financial year. The committee appreciates the progress reported on the performance of the integration of services regarding the number of health professionals that were trained in the identification of early warning signs for substance abuse and possibly medical intervention. The targets were reported as achieved in the financial year as 133 nurses and doctors were reported to have been trained in the financial year against the annual targets of 81.
- The committee has noted the achievements that have been reported on the indicators such as antenatal care booking rate has increased from 70.3% to 71% and Immunization coverage percentage has increased from 82.2% to 92%. Also, good performance has been noted on the percentage of HIV positive clients that were initiated on treatment successfully as 94.1% was a reported annual achievement. However, the committee remains of concern on the fact that some clients are reported as lost to follow up due to various reasons provided by the department.
- Also, the committee is pleased with the reporting that highlights that a total number of 1 558 375 households and 3 209 948 people from the households benefited from the door-to-door campaigns such as HIV, TB, STDs, Covid 19. Also, observed by the committee is the reported good progress on the environmental health indicators such as inspection of formal (84% achievement) and informal food (67% achievement) premises as well as the identification of hotspot areas where vector control measures were instituted (100% achievement).
- The committee has noted the reporting that mentions that all facilities were reported to be Covid 19 testing sites and 25 non-medical covid vaccination sites. The committee also appreciates the reported performance highlights that were reported and commends the department on the achievements. The committee also appreciates the reported highlights for the department that are showing that the headcount has decreased by 5% in the financial year i.e., the headcount was reported to be 3 587 574 in the 2019/2020 financial

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year and 3 407 649 in the 2021/2022 financial year. The committee is also pleased to see the efficiency of the Primary Health Care Facility Decanting programme as 250 143 clients were reported to be collecting their chronic medication from external and pickup points facilities. Furthermore, 390 chronic medications pick up points (DSV and Pharmacy dispensing units) have been reported to be fully functional.

- The observations made on capital expenditure, the committee is pleased to see that Florida, Bophelong and Orchards Clinics have been completed in the financial year. Also, the 4th Avenue and Claremont clinics were successfully upgraded and have been reported to be operating. The committee has also noted that 2 park homes at Thuthukani and Davidsonville were reported to have been successfully installed to offer community-based substance abuse services. The committee is concerned that the reported overall expenditure has been reported to be less than 80%, with expenditure on Electronic Health Records sitting at 39% and 21% on Operating Capital. The committee is encouraging the department in ensuring that greater efforts are made in complying with good financial management and governance.

Social Development

The department of Social Development strives to build resilient communities by creating enabling environment for poor households to access services and provide opportunities that enable the poor to transcend poverty. The following are some of the highlights that were made in the 2019/2020 financial year: The Department of Social Development is delegated to enable the integration of migrants into communities to foster social cohesion and assist newcomers to receive information on how to navigate the city. This also includes fostering partnerships with stakeholders through collaborative efforts to address challenges of migration in the city. The department of Social Development builds resilient communities by creating enabling environment for the poor households to access services and to provide opportunities that enable the poor to transcend poverty. The following are some of the highlights that were made in the 2020/2021 financial year:

- The committee has noted the detailed reporting on the performance of the ESP programme with concern as inconsistency with reported figures/numbers has been mentioned in the Auditor-General Report. It has been observed that 137 125 households were reported to have benefitted from Free Basic Service (FBS) against the annual target of 100 000. **The table below highlights the figures that were reported by the Department to the committee quarterly in the financial year 2020/2021 and were observed by the committee while performing their oversight function.**

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2020/2021 Financial Year	Reported No. of H/H benefited from ESP	Cumulative total reported
Quarter 1	29 626	
Quarter 2	35 712	65 338
Quarter 3	35 676	101 014
Quarter 4	36 111	137 125
Total	137 125	

The committee also appreciates the additional information (provided in a table in the annual report) that highlights the breakdown and allocation of FBS that were given to qualifying households in the financial year. **The table below shows the reported allocation of FBS that was given to qualifying households.**

FBS offered to H/H in the 2020/2021 Financial year	No. of H/H benefited per service
Free basic electricity	166 125
Free basic water	215 990
Rates	330 208
Sewer	214 548
Refuse	311 324
Annual total	1 231 829

The committee welcomes the reporting with a concern of the reported annual approved ESP online registrations (2 829) against the reported annual total of 1 032 online registrations that were reported as not approved. The committee needs clarity on the reasons for declining these households' applications as well as plans in place to assist these households. What remains a concern to the committee is that the ESP programme is experiencing challenges that affect service delivery, especially for poor households.

- The committee is pleased with the reported progress on the performance of the substance abuse programme as interventions such as Awareness and outreach, Identification of hotspot areas, Effective parenting and Recreational and excursions were reported to have been conducted and benefitted a significant number of clients in the different regions of the city. The committee welcomes the performance highlights that were mentioned in the annual report such as the successful launch of the Substance Abuse and Gender-Based Crisis Line that has been indicated to offer services such as containment of feelings, crisis intervention, emotional support, tele-counselling and linkages and referrals. Also, the committee has noted the reporting that further mentions the establishment of LDAC and the success in adding 2 community-based treatment centres at Thuthukani and Poortjie as an addition to the existing 8 city's treatment centres to assist in managing the scourge of drug abuse. The committee is pleased to see the

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progress reported on the functionality and performance of the substance abuse centres in the different regions of the city. A total of 1183 clients were reported to have been serviced in the established substance abuse centres in the financial year and Eldorado Park (293) was highlighted to be servicing a higher number of clients, followed by Golden Harvest (270) and Tladi (211). However, the committee is concerned about the challenges with electricity that are reported about Poortjie Treatment centre because of a transformer that was stolen.

- The committee has also noted the performance reported on Capital Budget expenditure with concern as variances on Yetta Nathan Skill Centre and Bertrams were reported to be at 100%.

(2) KEY CHALLENGES RAISED BY THE COMMITTEE

- The committee has noted with concern the Extend Social Package challenge that was experienced during the financial year as they affected services.
- The departments continued to report constraints in managing human resource problems that were perceived to impact service delivery. The committee was pleased to see the reporting about the number of employees and vacancies in both departments and this reporting has been further broken down by the job levels, the number of employees per each level and number of vacancies available on each job level.
- Through observation, the number of vacancies available remains a concern to the committee as the vacancy rate has been reported to be at 22% (650 vacancies that need to be filled) within the Health Department. Also, noted is a higher vacancy rate that exists within the Department of Social Development at all skills levels i.e., out of 544 available employee posts, 218 posts were reported to be vacant and need to be filled. This has further pushed the vacancy rate to be 37% in the entire organization and while the vacancy rate of the Health Department has been reported to be at 5% in the entire organization. This is a challenge that has been observed by the committee throughout the financial year and the committee needs to make a follow up in the management of the challenge.

(3) CONCERNS THAT ARE RAISED BY THE AUDITOR GENERAL (AG)

- There was a concern that was raised by the Auditor General on the Department of Social Development, regarding the achievements reported in the annual report that has been reported to differ from the supporting evidence submitted for the ESP indicator. The committee should request more clarity from the department on this concern.

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(4) COMMITTEE PROPOSALS IF ANY

- There are no proposals raised by the committee.

5 POLICY IMPLICATIONS

None.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

None.

7 FINANCIAL IMPLICATIONS

None.

8 COMMUNICATION IMPLICATIONS

None.

9 OTHER DEPARTMENTS/BODIES CONSULTED

None.

IT IS RECOMMENDED

- 1 That the observations and inputs of the Section 79 Health and Social Development on the City of Johannesburg Integrated Annual Report for 2020/2021 are included in the Oversight Report of the Municipal Public Accounts (MPAC) Committee on the audited Annual Reports of the City of Johannesburg Metropolitan Municipality for the 2020/2021 financial year.**
- 2 That the Section 79 HSD Committee is requesting the Department of Social Development to provide clarity on the inconsistency in reporting that was raised by the Auditor General on ESP program in the next Council Meeting.**
- 3 That the Section 79 HSD Committee is requesting the Department of Health to provide detailed information (in terms of numbers and regions where the campaigns were done) on the door-to-door campaigns that were reported to have been conducted by end of the financial year.**

(COJ LEGISLATURE)

(B Fana)

(Tel. (011) 407-6305)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : HEALTH AND SOCIAL DEVELOPMENT COMMITTEE 2022-03-15

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ANNEXURE A

Title of the report: OVERSIGHT REPORT OF THE HEALTH AND SOCIAL DEVELOPMENT SECTION 79 COMMITTEE ON THE 2020/2021 ANNUAL REPORT OF CITY OF JOHANNESBURG

What are the major benefits to the Communities of Johannesburg?

The promotion of good governance and accountability through conducting of oversight on performance of the Health and Social Development Departments

Which Communities will primarily benefit (if the relevant state the region, ward, suburb, or socio-economic group etc.)?

The report will benefit all communities of CoJ.

If relevant when will implementation starts?

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
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N/A

If relevant, when will work be completed?

N/A

What is the total cost of implementation?

N/A

How will communities be informed of the contents of this report?

The reports will be tabled in Council.

How can communities be involved in the implementation of this report?

The communities will be involved by forwarding their concerns to the respective Section 79 Committee.

What other information can be given to assist Councilors to communicate the contents of this report to communities?

None, but a further explanation will be provided when requested.

Annexure C. 11

OVERSIGHT REPORT OF OCOL ON THE 2020/21 FOURTH
QUARTER BUDGET AND PERFORMANCE ASSESSMENT
REPORT OF THE LEGISLATURE OF THE CITY OF
JOHANNESBURG OFFICE OF THE OMBUDSMAN FOR THE
PERIOD APRIL TO JUNE 2021

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-23

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10 OVERSIGHT REPORT OF OCOL ON THE 2020/21 ANNUAL REPORT OF THE LEGISLATURE OF THE CITY OF JOHANNESBURG FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

1 STRATEGIC THRUST

Good Governance.

2 OBJECTIVE

The objective of this report is to present the findings of the Oversight Committee on the Legislature (OCOL) on the 2020/21 annual performance of the City of Johannesburg Legislature.

3 SUMMARY

Section 41 of the Municipal Systems Act 32 of 2000 states that “... *a municipality must, in terms of its performance management system establish a system of regular reporting to Council, ...*”. The Oversight Committee on the Legislature (OCOL) was mandated to exercise oversight on the performance of the Legislative arm of Council.

This Report serves as an oversight report on the annual performance of the legislative arm of Council in the 2020/21 financial year. The purpose of this oversight report is to present OCOL’s oversight findings on the Legislature’s Annual Performance as reported in the 4 quarterly performance budget and performance assessment reports for the 2020/21 financial year. This report speaks to the reported performance on the following Directorates in the Legislature:

- Political Offices (Private Office of the Speaker; Office of the Chief Whip; and Chair of Chairs Office);
- Legislative and Oversight;
- Community Participation and Ward Governance;
- Human Resources Management and Development
- Finance;
- Legal and Procedural Support; and
- Councillor Affairs.

4 OVERSIGHT PROCESS

This Report focused on the Annual Performance of the City of Johannesburg Office of the Speaker (Legislature) in relation to the Business Plan projections for 2020/21 financial year.

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COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-23

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5 ANALYSIS OF DEPARTMENTAL PERFORMANCE: FINANCIAL AND NON-FINANCIAL PERFORMANCE

KPI Reporting

The Legislature Business plan records performance against 21 Key Performance Indicators (KPI). In terms of annual performance, 14 KPIs were achieved while 7 were not achieved. This indicates a 67% achievement of the set targets for the financial year.

Summary of KPI performance

#	Key Performance Indicator	Annual Performance
1.	Number of Community Based Planning sessions provided with logistical support	Achieved
2.	Number of IDP and Budget Regional Summits provided with logistical support	Achieved
3.	Number of public meetings provided with administrative support	Not Achieved
4.	Number of Ward Committee meetings provided with administrative support	Not achieved
5.	Number of legislature outreach events organised and/or attended by the Legislature political leadership	Achieved
6.	Percentage implementation of the training plan for Councillor *	Not achieved
7.	Number of Wellness days hosted for Councillors	Not achieved
8.	Number of Ward Committee members trained	Achieved
9.	Percentage of Council and Section 79 meeting agendas distributed within 72 hours of the meeting schedule	Achieved
10.	Number of oversight visits conducted by Section 79 Committees.	Achieved
#	Key Performance Indicator	
11.	Number of Committee cluster oversight visits conducted	Achieved
12.	Number of oversight reports produced on the annual report *	Achieved
13.	Percentage of by-laws tabled in Council for approval within 12 months of the placement of the advert*	Achieved
14.	Percentage expenditure on allocated Opex budget	Not achieved
15.	Percentage expenditure on allocated Capex budget	Not achieved
16.	Percentage resolution of audit queries	Achieved
17.	Percentage spent on repairs and maintenance	Not achieved
18.	Number of incidences of unauthorized, irregular, fruitless and wasteful (UIFW) expenditure	Achieved
19.	Percentage of valid invoices paid within 30 days of invoice date	Not achieved
20.	Percentage of Councillors who comply with the Code of Conduct for Councillors regarding arrears over three months	Achieved
21.	Percentage implementation of the Legislature training plan	Achieved

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The reported performance level, which is split between quarterly and annual performance is explained by the following:

- Against KPI 1, 135 CBP sessions were held in Q3 against an annual target of 135.
- Against KPI 2, 13 sessions were held against a target of 8. These sessions are held in Q4 so the quarterly and annual targets were exceeded simultaneously.
- Against KPI 3, support for public meetings it is reported that the quarterly target was achieved. It cites the annual target of 338 against 465, switching between a quarterly and annual assessment.
- Against KPI 4, the target was not achieved. A total of 177 ward committee meetings convened against an annual target of 1335.
- Against KPI 5, there were 46 Legislature outreach events conducted against an annual target of 40. During the quarter, a target of 10 was attained by an actual of 13.
- Against KPI 6, 40% was attained against a target of 70% training of councillors.
- Against KPI 7, 3 wellness days hosted for councillors was the target but only 1 was held.
- Against KPI 8, the annual target of 1350 was exceeded by 106 with 1456 ward committee members receiving training during the course of the financial year.
- Against KPI 9, all agenda packs were reported as being dispatched within 72 hours of the meeting or council sitting electronically.
- Against KPI 10, the number of oversight visits was exceeded.
- Against KPI 11, twelve 12 cluster oversight visits were targeted for the financial year but 32 were conducted.
- Against KPI 12, oversight on the annual report was concluded.
- Against KPI 13, by-laws tabled within Council within the 12 month period were reported as 100% for the quarter and the financial year.
- Against KPI 14, only 81% of the budget was spent.
- Against KPI 15, CAPEX spending was 44% against a target of 95% so the target was not met.
- Against KPI 16, 100% of queries were reported as being attained.
- Under KPI 17, the repairs and maintenance budget was significantly under-spent.
- Under KPI 18, the target of no instances of UIFW was attained with 100%.
- Under target 19, the target of 95% of invoices paid within 30 days was not met. The framing of this indicator is also problematic as the legislative requirement is 100% of invoices paid within 30 days.
- Under KPI 20, there are four reports on Councillor compliance with the code of conduct. The target is stated as achieved but the indicator is framed as a compliance exercise with no substantial quality being reported.
- Under KPI 21, the implementation of the Legislature training plan is stated as 100% for the quarter against a target of 100%.

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Concerns

- 1) Some of the indicators are compliance level indicators and do not speak to the quality of the compliance so it dependent on an interrogation of the narrative to make sense of these indicators. Indicators 1, 2, 4, 6, 8 and 20 are based on outputs. Efforts must be made to frame the indicators in ways that speak to outcomes. Assessments may be done on training and on compliance reports to measure improvements that can be reported on.
- 2) The financial indicators are contingent on cooperation from other departments and entities. JPC is supposed to support the legislature with maintenance and repairs. The lack of responsiveness from the entity is impeding the Legislature's performance on indicator 17.

NARRATIVE REPORTING**Notable Observations for the Financial Year**

- The Office of the Speaker has used social media technology to conduct outreach activities, particularly among the youth and the JYC and KPI performance was good, as noted above.
- There was a Councillor Security Awareness Session conducted with stakeholders (state security agency, SAPS and GFIS). In terms of its reporting indicators, it achieved its targets.
- The OCW provided administrative support to the party caucuses through meetings and research assistance. In terms of its reporting indicators in the SDBIP, it attained its targets.
- Complaints against party members carried over into the new financial year are summarized as follows:

POLITICAL PARTY	OUTSTANDING
ANC	2
DA	1
EFF	0
MINORITY	1
TOTAL	4

- Issues around councillor payments on municipal accounts persist.
- It is of concern that the arrears are not being significantly addressed in terms of payments, despite the measures the OCW has put in place.
- 212 Councillors remain in arrears by the end of the FY.
- The report indicates that the 91+ days in arrears have the current features:
- *Of the 13 Councillors sitting on 90 days plus, there is a total of eleven (11) councillors who are paying direct and two (2) who are on staff deduction.*

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- *Of the Councillors sitting on 91 days plus, there is one councillor awaiting a write-off reversal and an arrangement of R 2000.00 has been entered into with the concerned councillor.*
- *The total debt balance is 835K, and overdue of 435K, with a current of 28k, as at July 2021.*
- The issue is not as severe as it appears due to the breakdown provided. However, the persistence of large balances in the 90+ days category for 10 councillors was worrisome due to the legal framework governing councillor arrears.
- The Chair of Chairs' office reported on its Bua le Sechaba interventions, its 1 cluster committee meeting, its 13 cluster visits and the committee satisfaction survey it prepared.

Financial Reporting:

As per the performance KPIs covered above.

- Salaries and allowance – 87% of the salaries budget was spent.
- Remuneration of Councillors – 94% of the allocated budget was spent for the year.
- Contracted services – 29% of the budget item was spent for the year. This budget is for the payment of MTN and fleet. The underspending on fleet is due to most of the budget allocated to fleet not been used for reasons that traveling has been limited during this covid-19 period. Another part of the budget that was allocated in this category is for (virtual) civic education and virtual engagement with the communities, and that budget hasn't been used. Accruals to the value of R558k will be raised for contracted services.
- General expenditure – 59% of the allocated budget for the quarter has been spent and 35% for the current year. The under expenditure is mainly due to some high-value projects that had to take place virtual instead of physical in light of COVID-19 regulations, this limitation in gatherings gives rise to this underspending. Accruals to the value of R1,422 million will be raised for this spending category.
- Repairs and maintenance – The spending for the 4th quarter was 39%, and 11% for the year. The underspending is due to the City not having a valid panel of suppliers for repairs and maintenance. A new SLA had been established with JOSHCO to carry out needed repairs and will be in execution in the start of the new financial year. Accruals to the value of R17k will be raised for repair and maintenance.

It is reported that staff costs exceed NT guidelines and only critical vacancies will be filled. However, the legislature is a people-driven knowledge production unit, so its cost drivers are going to be different from service delivery entities and departments.

Thirty day payment periods can be improved through system improvements that force requesters to upload documents for processing by finance. At 92% compliance with the 30 day period, the target is stated as 95% when legally, as per the MFMA,(S65(2)) it is

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100%. Although the report says following up on invoices is ongoing, there is no system in place to ensure that Staff who are withholding invoices for processing by finance are prevented from doing so.

Risk Management

In terms of risk management, it is reported that “Eleven (11) of the actions against the strategic risks were completed. While three (3) actions were not completed, and the completion of three (3) actions is in progress.” In the annexure, COVID has been identified as the primary risk as it has forced a scale-back of staff, leading to service delivery protests, hampered intergovernmental collaboration and limited public engagements for CBP and other related community outreach activities.

Organisational risks include non-adherence to policies and procedures, particularly the MFMA, a decline in service delivery standards that have resulted in unrest, misaligned service delivery strategies due to the decline in public participation and unfunded mandates. Further, the risk of compliance-driven reporting rather than qualitative compliance is identified. Recommendations from GRAS indicate improving controls. Operational risk plans have yet to be developed by the Legislature and Oversight Business Unit.

6 SOURCES OF INFORMATION

City of Johannesburg Legislature 2020/21 Quarterly reports
2020/21 Business plans for City of Johannesburg Legislature
Cover report from the Office of the Speaker for Quarter 4

7 POLICY IMPLICATIONS

None.

8 LEGAL AND CONSTITUTIONAL IMPLICATIONS

Act No. 56 of 2003 of the Municipal Finance Management
Standing Rules and Orders of Council 2016
National Treasury Cost Containment Regulations

9 FINANCIAL IMPLICATIONS

None.

10 COMMUNICATIONS IMPLICATIONS

None.

11 OTHER DEPARTMENTS/BODIES CONSULTED

None.

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IT IS RECOMMENDED

That MPAC note the observations cited in this report, and incorporate them in the consolidated oversight report on the City's 2020/21 Annual Report.

(COJ LEGISLATURE)

(Justin Steyn)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-23

COJ LEGISLATURE

ANNEXURE A

Title of the report: OVERSIGHT REPORT OF OCOL ON THE 2020/21 ANNUAL REPORT OF THE LEGISLATURE OF THE CITY OF JOHANNESBURG FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

What are the major benefits to the Communities of Johannesburg?

Promotion of good governance and accountability through the conducting of oversight on the quarterly performance of the City's Legislature.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

The report will benefit all communities of CoJ

If relevant, when will implementation start?

N/A

If relevant, when will work be completed?

N/A

What is the total cost of implementation?

N/A

How will communities be informed of the contents of this report?

The reports will be tabled in Council.

How can communities be involved in the implementation of this report?

The communities will be involved through forwarding their concerns to the respective section 79 Committee.

Who can be contacted to provide additional information and/or clarity?

Justin Steyn
Deputy Director: Research
011 407 7185

What other information can be given to assist Councillors to communicate the contents of this report to communities?

None, but further explanation will be provided when requested.

Annexure C. 11

OVERSIGHT REPORT OF OCOL ON THE 2020/21 FOURTH
QUARTER BUDGET AND PERFORMANCE ASSESSMENT
REPORT OF THE LEGISLATURE OF THE CITY OF
JOHANNESBURG OFFICE OF THE OMBUDSMAN FOR THE
PERIOD APRIL TO JUNE 2021

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

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11 OVERSIGHT REPORT OF OCOL ON THE 2020/21 FOURTH QUARTER BUDGET AND PERFORMANCE ASSESSMENT REPORT OF THE LEGISLATURE OF THE CITY OF JOHANNESBURG OFFICE OF THE OMBUDSMAN FOR THE PERIOD APRIL TO JUNE 2021

1 STRATEGIC THRUST

Good governance.

2 OBJECTIVE

The objective of this report is to present the findings of the Oversight Committee on the Legislature (OCOL) on the 2020/21 4th quarter performance of the City of Johannesburg Office of the Ombudsman.

3 SUMMARY

Section 41 of the Municipal Systems Act 32 of 2000 states that “... *a municipality must, in terms of its performance management system establish a system of regular reporting to Council, ...*”. The Oversight Committee on the Legislature (OCOL) was mandated to exercise oversight on the performance of the Legislative arm of Council.

This Report serves as an oversight report on the performance of the legislative arm of Council in the 4th quarter of the 2020/21 financial year. The purpose of this oversight report is to present OCOL’s oversight findings on the Office of the Ombudsman’s 4th quarter performance as reported in the 4th quarter performance budget and performance assessment report for the 2020/21 financial year. This report overviews the reported performance of the Office of the Ombudsman.

4 OVERSIGHT PROCESS

This Report focused on the 4th Quarter performance of the City of Johannesburg Office of the Ombudsman in relation to the Business Plan projections for 2020/21 financial year. The report also draws inferences from some of the key issues reported in the performance report of previous 3 quarters of the 2020/21 financial year. As this is a 4th quarter report, it enables for the assessment of the annual performance for the Office of the Ombudsman.

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5 ANALYSIS OF DEPARTMENTAL PERFORMANCE: FINANCIAL AND NON-FINANCIAL PERFORMANCE

The Office of the Ombudsman reports against 16 indicators for the quarter. It is reported that 13/16 (81%) of the indicators were achieved in the quarter. The Office of the Ombudsman (OOO) is functionally organized into the following 6 (six) Units against which its key performance indicators and targets are assessed:

1. Complaints Registry and Intake Unit
2. Complaints Investigation Unit
3. Communications and Media Unit
4. Legal Services Unit
5. Management Support Unit
6. Finance Unit

The overall KPI performance assessment is as follows:

	Key Performance Indicator	Baseline	Target 2020/21	Quarterly Performance Target									Means of verification
				Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Annual Target	
1.	% of new complaints assessed within 21 days	75 %	90%	75 %	96%	80%	99%	85%	100%	90%	100%	96% against 90% Achieved	Complaints Database
2	% of maladministration complaints resolved within 3 months	New	80%	50%	9%	65%	83%	75%	42%	80%	37%	43% against 80% Not achieved	Settlement Agreements for matters resolved at Conciliation
3	The number Human rights related complaints resolved within 6 months	New	08	02	02	02	5	02	02	02	02	11/8 Achieved	Closing reports Media Articles
4	Number of pro- active investigations initiated	08	10	02	02	02	04	02	02	02	03	11/10 Achieved	Closing reports Media Articles

11.3

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	Key Performance Indicator	Baseline	Target 2020/21	Quarterly Performance Target									
				Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Annual Target	Means of verification
5	Number of cases logged into the Case management system	New	100 %	100%	100%	100%	100%	100%	100%	100%	100%	100% Achieved	Case Management System Implementation project plan System go-live reports
6	Number of programmes implemented for Marketing & Communication strategy	New	12	04	2	2	4	3	3	2	8	17/12 Achieved	Photo Evidence Newspaper articles Recordings
7	Approved reviewed office of the Ombudsman 's By-law	100 %	100 %	100%	TBD	100%	100%	100%	100%	100%	100%	% based on what evidence?	Gazetted Approved By-Law amendments
8	Number of MOUs concluded between the Office of the Ombudsman and City departments, Entities and External Stakeholders	New	15	N/A	N/A	N/A	N/A	TBA	N/A	15	N/A	Based on what evidence?	Copies of signed MoUs
9	% Spent of allocated departmental OPEX [Institutional]	95 %	100 %	15%	85%	35%	84%	65%	87%	95%	78%	88% against 95% Not achieved	Annual financial expenditure report by Group Finance
10	% Spent of allocated departmental CAPEX [Institutional]	95 %	100 %	50%	0%	50%	94%	80%	94%	100%	100%	75% against 95% Not achieved	Annual financial expenditure report by Group Finance
11	%Reduction in UIFW (Unauthorized, Irregular, Fruitless and	100 %	100 %	100%	100%	100%	100%	100%	100%	100%	100%	100% Achieved	Audited Annual Financial Statements

11.4

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE

	Key Performance Indicator	Baseline	Target 2020/21	Quarterly Performance Target									
				Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Annual Target	Means of verification
	Wasteful expenditure incurred by the department												
12	% of valid departmental invoices paid within 30 days of invoice date	90 %	100 %	100%	100%	100%	100%	100%	100%	100%	100%	100% Achieved	Annual financial expenditure report by Group Finance
13	% Resolution of Internal and external Audit findings	95 %	100 %	35%	TBD	55%	75%	93%	93%	93%	100%	100% Achieved	Internal Audit Report on Findings Management Letter Annual/Quarterly Dashboard Mayoral Committee Minutes
14	% Compliance to legislation	100 %	100 %	100%	100%	100%	100%	100%	100%	95%	100%	Achieved	EAC resolutions SAP expenditure report Audited financial Statements
15	% of Pre-determined targets achieved	90 %	100 %	80%	67%	100%	100%	90%	100%	100%	81%	87% against 100% Not achieved	Enhanced organisation performance and service delivery programmes Delivery of the mandate of the Office of the Ombudsman
16	% Strategic risk management action plans	50 %	60%	20%	0% N/A	20%	20%	20%	20%	20%	20%	20% against a target of 60% Not achieved Cumulative risk	Updated risk register

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE

	Key Performance Indicator	Baseline	Target 2020/21	Quarterly Performance Target									
				Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Annual Target	Means of verification
												calculation?	

Concerns:

- While performance for the quarter is robust, taken as a whole, the annual performance assessment requires some elucidation.
- On KPI 1, the indicator requires an assessment to be made of all complaints within 21 days. This is a prescribed indicator so the target must be 100%. Performance was reported at fractions of the indicator so any target less than 100% is simplifying the reporting standard. Historically, the performance standard has been 14 days as defined in the existing bylaw. In the existing bylaw that appeared in the Gazette of March 2014, Section 8(8) stipulates that the acknowledgement of receipt must be within a 14 day timeframe. The city of Ekurhuleni Ombuds current Bylaw has a 30 day period to assess and provide a response to the complainant from the date of receipt of the complaint, but the complaints assessment period is not stipulated. What informs the current reporting standard in the absence of a promulgated bylaw?
- On KPI 2, the quarterly and the annual target was not achieved. Settlement reports are outstanding. Maladministration complaints are to be closed within 90 days. Reasons ought to be provided as to why this is not occurring. If departments and entities are non-compliant or non-cooperative, what avenues have been explored to deal with this matter?
- On KPI 7, the bylaw is reported as 100% compliant but the committee has not seen the proposed amended bylaw so what forms the basis of the reporting? Is this indicator a placeholder that will be reported as 100% achieved if no work has been done or is it a case that there is an internal process being followed? If the latter case, it must be explained. In the narrative, the bylaw actuals are marked as TBD so there is a conflict in the report that needs to be clarified. In terms of the process followed, it is reported that there is a process being followed in which external legal advice is being sought and approval is needed from the City Manager. The bylaw reporting may need to be supplemented with a process plan to justify the manner in which it is reported in the SDBIP performance assessment framework.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE

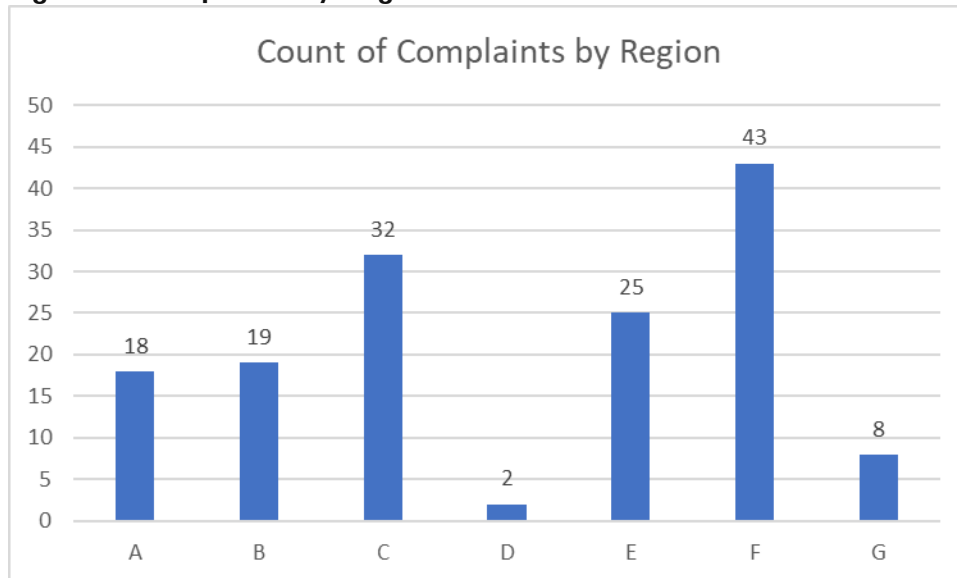
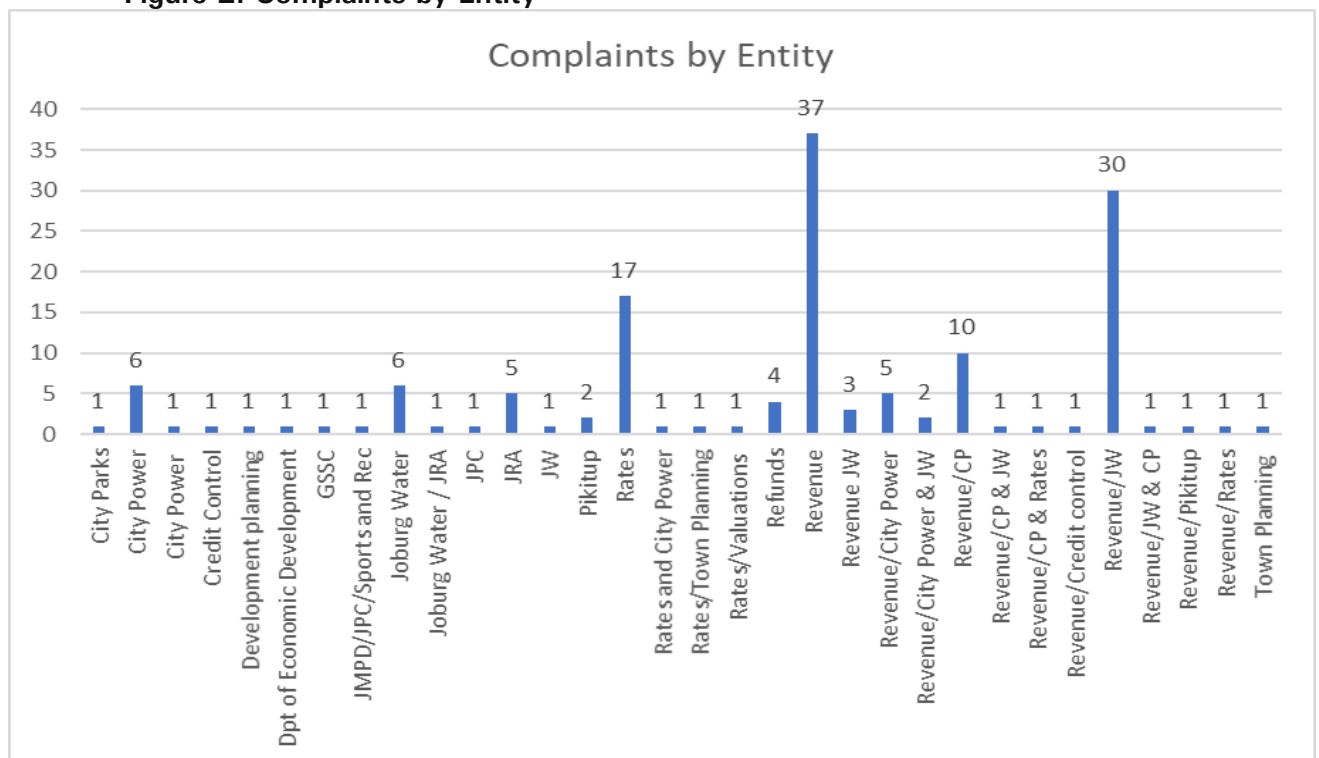
- On KPI 8, it is reported that 15 MoUs were signed and that copies of the MoUs will serve as evidence. Evidence must be presented on which entities are party to these MoUs so that the committee may satisfy itself that this is indeed a true reflection of the reporting.
- KPIs 9, OPEX spending, was not achieved for quarter or for the FY. There is a 22% underspending for the quarter. Reasons for underspending was identified as SCM delays in training procurement, the lack of stock at central stores, delays in filling vacancies and COVID regulations that lessened the spending on venues. How will these challenges be addressed?
- On KPI 10, CAPEX spending was attained for the quarter but annually, it is unclear if the spend is per quarter or cumulative. If reporting is per quarter, the spend was 75% against a target of 95%. If cumulative, 95% of the budget was spent. The Committee requests clarity on this reporting format.
- On KPI 13, the same reporting clarity is requested. Is the reporting quarterly or cumulative? The resolution of audit findings is not covered in the report so no determination could be made. The committee would also request what the audit findings were and what was done to resolve them as this would likely tie in with the UIFW KPI 11 which does not tally to the same reported performance levels.
- Under KPI 14, the compliance with legislation target is set at 100% across all three quarters but in the 4th quarter the target is set at 95%. This is a discrepancy as a compliance target should always be set at 100%.
- Under KPI 15, the performance standard for compliance is set and reported on. Is this indicator serving any particular purpose? It is a summary indicator that has no practical value apart from being a generalized metric.
- Under KPI 16, the strategic risk management is reported as an annual target of 60% and each quarter indicates 20% of risk management plan implementation. Is the target calculated cumulatively or as a percentage of the annual target?

Complaints Intake Registry (Annexure B)

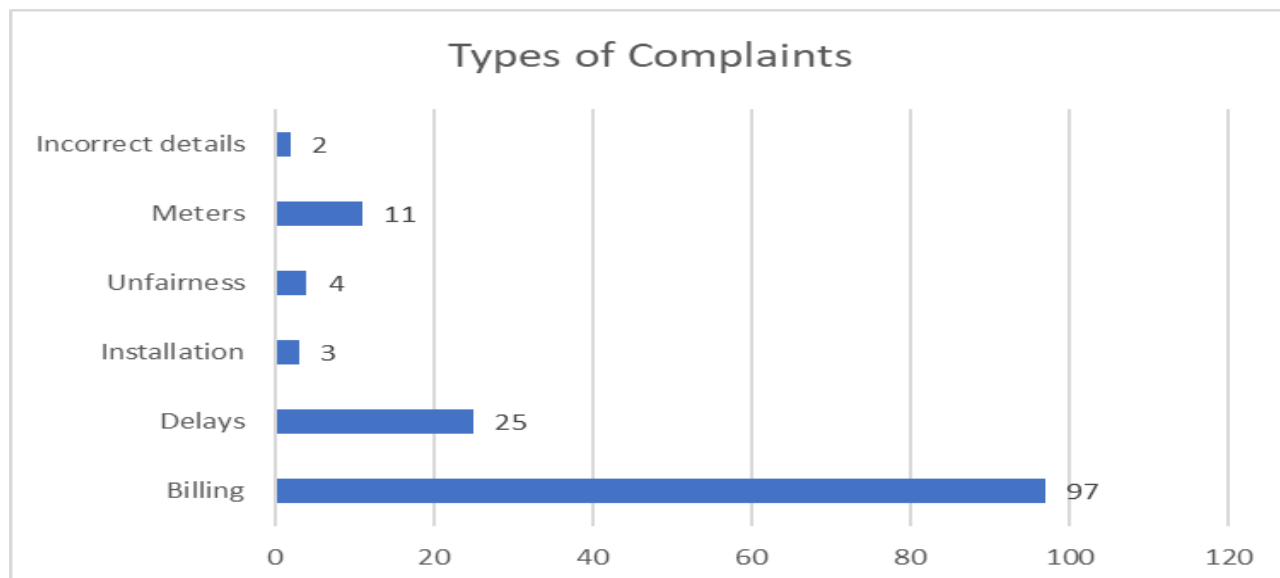
The report indicated that there were 968 interactions with the public. The registry indicates that 148 complaints were received. The information below is an analysis of the data provided in Annexure B.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

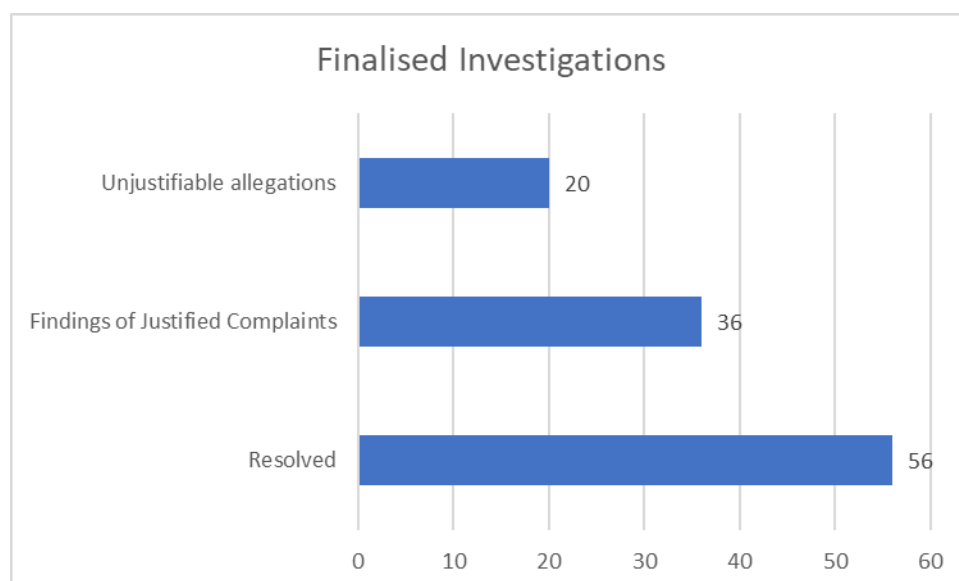
COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE**Figure 1. Complaints by Region****Figure 2: Complaints by Entity**

Revenue remains the single largest source of all allegations received by the Ombudsman. Joburg Water represents the largest source of billing and metering allegations.

COJ LEGISLATURE**Figure 3. Types of Complaints**

Collectively, all entities appear to be attracting allegations due to billing. Service delivery items, such as potholes, burst pipes and infrastructure-related questions appear to be drawing some attention. However, in a city serving over 5 million residents, these numbers apparently reflect urgent cases.

Summary of Finalised Investigations (Annexure C)**Figure 4. Results of Finalised Investigations**

Of the 56 instances resolved in Q4, 36% of the cases were proven to be unjustified allegations while 64% were justified and resolved.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE

Risk Registry Reporting (Annexure D)

The implementation of the KPIs is naturally done within a risk environment. Upon the review of the risk registry, all the identified risks have clear and actionable mitigation plans. The perceived discrepancy between the information provided in the annexure and reported under KPI 16 of SDBIP performance resides in the reported percentages (20%) in the BIP and the annexure (which appears to be higher, unless the risks are weighted). Of the mitigations, 5 items under 1 were cited as being due in December 2021. That is outside of the scope of reporting for the quarter and would have to be monitored. In addition, the residuals tables are not populated. This implies that there are no risks once the controls have been implemented, in which case this could be stated in the report (Annexure A).

6 SOURCES OF INFORMATION

City of Johannesburg Ombudsman's Report 2020/1 1st, 2nd, 3rd and 4th Quarter performance reports;

The Bylaw on the Office of the Ombudsman (2014)

2020/21 Business plans for City of Johannesburg Office of the Ombudsman.

7 POLICY IMPLICATIONS

None.

8 LEGAL AND CONSTITUTIONAL IMPLICATIONS

Act No. 56 of 2003 of the Municipal Finance Management
Standing Rules and Orders of Council 2016

The Bylaw on the Office of the Ombudsman (2014)

9 FINANCIAL IMPLICATIONS

None.

10 COMMUNICATIONS IMPLICATIONS

The oversight report will be packaged and disseminated via the intranet after the report is approved in Council.

11 OTHER DEPARTMENTS/BODIES CONSULTED

None.

11.10

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE

IT IS RECOMMENDED

That the Committee note the 2020/21 Fourth Quarter Budget and Performance Assessment Report of the Office of the Ombudsman for the period April to July 2021, noting the observations cited in the body of this oversight report and recommend it to Council for approval.

(COJ LEGISLATURE)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : OVERSIGHT COMMITTEE ON THE COJ LEGISLATURE 2022-03-09

COJ LEGISLATURE

ANNEXURE A

Title of the report: OVERSIGHT REPORT OF OCOL ON THE 2020/21 FOURTH QUARTER BUDGET AND PERFORMANCE ASSESSMENT REPORT OF THE OFFICE OF THE OMBUDSMAN OF THE CITY OF JOHANNESBURG FOR THE PERIOD APRIL TO JULY 2021

What are the major benefits to the Communities of Johannesburg?

Promotion of good governance and service delivery.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio economic group etc.)?

The report will benefit all communities of CoJ

If relevant, when will implementation start?

N/A

If relevant, when will work be completed?

N/A

What is the total cost of implementation?

N/A

How will communities be informed of the contents of this report?

The reports will be tabled in Council.

How can communities be involved in the implementation of this report?

The communities will be involved through forwarding their concerns to the respective section 79 Committee and by noting the proceedings of Council.

Who can be contacted to provide additional information and/or clarity?

Justin Steyn

Deputy Director: Legislature and Oversight

011 407 7185

What other information can be given to assist Councillors to communicate the contents of this report to communities?

None, but further explanation will be provided when requested.

Annexure C. 12

OVERSIGHT REPORT OF THE SECTION 79 PUBLIC SAFETY
COMMITTEE ON THE 2020/2021 ANNUAL PERFORMANCE
ASSESSMENT REPORT OF THE DEPARTMENT OF PUBLIC
SAFETY FOR THE PERIOD JULY 2020 TO JUNE 2021

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : PUBLIC SAFETY COMMITTEE 2022-04-23

COJ LEGISLATURE

12 OVERSIGHT REPORT OF THE SECTION 79 PUBLIC SAFETY COMMITTEE ON THE 2020/2021 ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT OF PUBLIC SAFETY FOR THE PERIOD JULY 2020 TO JUNE 2021

1 STRATEGIC THRUST

A responsive, accountable, efficient and productive metropolitan government.

2 BACKGROUND

The Annual Report for the City of Johannesburg Metropolitan Municipality in respect of the 2020/2021 financial year was tabled before Council in February 2022. This tabling of the Annual Report in Council was done in compliance with the provisions of section 127(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (the MFMA). Section 129 of the MFMA further stipulates that oversight must be conducted on the Annual Report. Subsequently, Council resolved that the Annual Report be referred to the Municipal Public Accounts Committee (MPAC) for oversight. The MPAC guides the overall oversight activities of the legislative arm of Council on the Annual Report.

In the main, MPAC deals with the financial affairs of the City whilst other Section 79 Committees of Council conduct portfolio-specific oversight on the Annual Report. It is the responsibility of MPAC to consolidate all inputs from various Section 79 Committees into a comprehensive Oversight Report on the City's performance for a particular financial year.

The Public Safety Oversight Committee performed its oversight functions on the Annual Report 2020/2021 as it relates to the Department of Public Safety. Based on its deliberations, the Committee developed an Oversight Report on the Annual Report to be submitted to MPAC for the consolidation referred to hereinabove.

3 OBJECTIVES

In terms of Section 79(1) of the Local Government: Municipal Structures Act 117 of 1998, Section 79 Portfolio Committees are responsible for the performance of oversight functions on the Executive. In other words, Section 79 Committees are primarily established by law to hold the Executive to account.

In order to ensure the effective and efficient performance of its functions and the exercise of its powers, the Council of the City of Johannesburg Metropolitan Municipality (hereinafter referred to as "Council") has delegated its oversight responsibilities on the Department of Public Safety to the Section 79 Public Safety Committee (the Committee).

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : PUBLIC SAFETY COMMITTEE 2022-04-23

COJ LEGISLATURE

As a Committee of Council provided for in Rule 113(1) (a) of the Standing Rules and Orders of Council, 2016 (the Standing Rules), the oversight process is a way through which Council ensures that the Department delivers on its public safety mandate to the residents of the City. According to Rule 119(5) of the Standing Rules, read with Rule 127, the Committee is mandated to conduct oversight on reports that the Executive submits to the legislature in terms of Rule 35 of the Standing Rules. The main objective of this analysis report is to present the Committee's analysis of the Annual Report of the Department for the 2020/2021 financial year (July 2020 to June 2021).

4 MANDATE OF THE DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety in the City is mandated to make a contribution towards a safe and secure City by addressing safety risks and implementing safety interventions across the metropolitan area. The City's strategic objectives in relation to public safety include, though not limited to, increasing the level of compliance with by-laws and traffic regulations as well as building the capacity of all communities to deal with possible disasters and to sufficiently respond to major public safety or emergency incidents.

The Department comprises of the following divisions:

- Johannesburg Metro Police Department (JMPD);
- Licensing Department;
- Emergency Management Services (EMS); and,
- Disaster Management.

5 OVERSIGHT PROCESS FOLLOWED (METHODOLOGY)

The analysis of the Annual Report 2020/2021 is based on a comprehensive assessment of the report against the segment of the City's Service Delivery and Budget Implementation Plan (SDBIP) for the 2020/2021 financial year relevant to the Department of Public Safety. The oversight process primarily involved a perusal of the performance reports for the four quarters of the financial year 2020/2021. The Committee interacted with the administrative leadership of the Department to source or obtain additional information and/or documents where necessary. An extra-ordinary meeting of the Committee was convened on March 23, 2022 to solicit the views, opinions and comments of Committee members on the Department's annual performance for the period under review. In the end, the Committee was able to analyse the Department's annual performance for the 2020/2021 financial year and to arrive at the conclusions contained herein.

5 ANALYSIS OF DEPARTMENT'S ANNUAL PERFORMANCE 2020/2021

The Committee's analysis of the Annual Report 2020/2021 can be summarised as follows:

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : PUBLIC SAFETY COMMITTEE 2022-04-23

COJ LEGISLATURE

5.1 Johannesburg Metropolitan Police Department (JMPD)

The Committee noted that the Department has surpassed its target in relation to ward-based policing, where 3 police officers were deployed per ward. This saw the Department exceeding its target of 540 on by-law enforcement activities by 1037, with a total of 1577 activities conducted during the reporting period. This represents a remarkable achievement of 192%. The ward-based policing strategy also assisted the Department to exceed its target in relation to traffic management operations. The target for this Key Performance Indicator (KPI) for the 2020/2021 financial year was 6000 operations and the Department conducted a staggering 14935 operations. This represents a 149% performance on the initial annual target.

The Department conducted a total of 135 drug search and seizure operations against an annual target of 85 operations, which represents a 159% over-achievement. The establishment of the Anti-Land Invasion Unit has seen the JMPD conducting 126 operations during the reporting period, despite the glaring shortages of personnel.

5.2 Licensing Services

Most of the services in the Licensing division were not offered during the national lockdown. This had an adverse impact on the performance of the division for the period under review. The Committee noted that the division had initiated strategies to make up for the time lost during the hard lockdowns. To this end, the division recorded a significant spike in revenue collection. The Committee observed that the Department's licensing centers are largely inaccessible to persons living with disabilities.

5.3 Emergency Management Services

The Committee noted that the Department has procured more than 42 new ambulances, taking the total number of ambulances in the City to 101. It has also been noted that the Protea Glen Fire Station was opened during the financial year under review. A total of 50 firefighters were recruited for the Protea Glen Fire Station. That said, however, the Committee is concerned that the Department provided no breakdown of these new recruits. In addition, the Committee is concerned that the Department has not reported on all Key Performance Indicators in relation to the Division for the financial year under review. This failure by the Department to report on the totality of its KPIs made the analysis of the Division's overall performance a near-impossible undertaking.

5.4 Disaster Management

The Committee noted that the Department has responded to 258 fire incidents, 19 flooding incidents and 16 structural collapses with no targets that are mentioned. The Division has not reported on the KPIs that it has been reporting on in its quarterly performance reports for the year under review.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : PUBLIC SAFETY COMMITTEE 2022-04-23

COJ LEGISLATURE

5.5 Findings / Remarks of Auditor General

The Committee noted that there were no adverse findings or remarks made by the Auditor-General regarding the Department of Public Safety for the 2020/2021 financial year.

5.6 Oversight concerns from in year oversight reporting

The Committee noted by the committee that the Department is not consistent in its performance reporting. The KPIs that the Department has been reporting on in its quarterly performance reports have not been repeated in the annual performance report for 2020/2021. There were no figures given in relation to revenue collected for the period under review. The Department gave only a summary of the achievements it recorded during the financial year, not the service delivery issues that it is supposed to report on.

6 POLICY IMPLICATIONS

This Oversight Report on the Department's Annual Report for the 2020/2021 financial year is submitted in line with the approved 2020/2021 SDBIP and in keeping with the dictates of section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The Oversight Report is in compliance with section 129(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) sections 151(2) and 152(1) (a) of the Constitution of the Republic of South Africa, 1996.

8 FINANCIAL IMPLICATIONS

The programmes have been budgeted for in terms 2020/21 approved SDBIP.

9 COMMUNICATION IMPLICATIONS

This Oversight Report on the Annual Report 2020/2021 will be submitted to MPAC in compliance with the relevant Council Resolution. A consolidated Oversight Report shall be submitted to Council by MPAC.

12.5

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05

COJ : PUBLIC SAFETY COMMITTEE 2022-04-23

COJ LEGISLATURE

IT IS RECOMMENDED

That the Municipal Public Accounts Committee note the Oversight Report on the Annual Report 2020/2021 as it relates to the Department of Public Safety, taking into account the observations made or referred to herein.

(COJ LEGISLATURE)

(Tandisizwe Sidubulekana)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
COJ : PUBLIC SAFETY COMMITTEE 2022-04-23

COJ LEGISLATURE

ANNEXURE A

**OVERSIGHT REPORT OF THE SECTION 79 PUBLIC SAFETY COMMITTEE ON THE
2020/2021 ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE DEPARTMENT
OF PUBLIC SAFETY FOR THE PERIOD JULY 2020 TO JUNE 2021**

Q. What are the major benefits to the Community of Johannesburg?

A. They will be informed on the performance of the department.

**Q. Which Communities will primarily benefit (if relevant state region, Wards
Suburbs or Socio Economic Group etc.)?**

A. All communities of the City of Johannesburg.

Q. If relevant, when will implementation take place?

A. Program is ongoing

Q. If relevant, when will work be completed?

A. Program is ongoing

Q. What is the total cost of implementation?

A. None for the purpose of this report.

Q. How will the communities be informed of the content of this report?

A. Once the report has gone through Council it will be a public document.

Q. How can communities be involved in the implementation of this report?

A. N/A

Q. Who can be contacted to provide additional information?

Tandisizwe Sidubulekana

**Q. What other information can be given to assist Councilors to communicate the
content of this report?**

A. None

Annexure C. 13

OVERSIGHT REPORT OF THE TRANSPORT SECTION 79
COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF THE
TRANSPORT DEPARTMENT, METROBUS AND
JOHANNESBURG ROAD AGENCY (JRA)

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : TRANSPORT COMMITTEE 2022-03-11

COJ LEGISLATURE

13 OVERSIGHT REPORT OF THE TRANSPORT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF THE TRANSPORT DEPARTMENT, METROBUS AND JOHANNESBURG ROAD AGENCY (JRA)

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 OBJECTIVES

The purpose of this report is to table the oversight report of the Transport Section 79 Committee on the 2020/21 Annual Reports of the Transport Department and its municipal entities, namely the Johannesburg Roads Agency (JRA) and Metrobus.

3 BACKGROUND

The Municipal Public Accounts Committee (MPAC) is required to exercise its oversight and scrutiny responsibilities as mandated by the Municipal Finance Management Act (MFMA) 56 of 2003 Section 129. In accordance with the MFMA, the 2020/21 Annual Report of the City was tabled at the Council meeting on 30 January 2020 and the report was then referred to the MPAC for oversight.

MPAC exercises oversight on the financial performance of the City of Joburg. As a result, MPAC requires the support of the other Section 79 Committees to exercise effective oversight on the performance reporting of the Annual Report on their respective Departments and Entities. Section 79 Committees are expected to submit their observations and concerns to MPAC on the reviewed Annual Report for the consolidation of an oversight report on the Annual Report. These observations and concerns will be presented by the chairperson of the Committee to MPAC.

4 COMMITTEE OBSERVATIONS AND CONCERNS







This section highlights the key observations and concerns noted by the Transport Section 79 Committee from the 2020/21 Annual Reports of the Transport Department, Metrobus and the Johannesburg Roads Agency (JRA). Specific reference is made to observations on overall performance, key challenges and concerns raised by the Auditor General (AG).

DEPARTMENT OF TRANSPORT

During the period under review, the department had implemented various projects and programmes. However, the key highlights during the financial year included the development of transport master plans, rollout of Rea Vaya and Intelligent Transport System (ITS) and the improvement in performance related to road programmes, rollout of Integrated Public Transport Network (IPTN).

COJ LEGISLATURE

Observations form the annual report:

-  **Rollout of the Rea Vaya Bus Rapid Transit (BRT) system:-**
 - The Committee noted the accomplishment of the Rea Vaya project where phase 1A and 1B being implemented with an average of 34 346 passenger trips done per working day reported for period under review.
-  **Phase 1C (a) implementation being at an advanced stage:-**
 - Progress at Watt street interchange and construction of phase 1 of Alexandra depot are at 95% - with 90% of 13 Rea Vaya phase 1C station towards completion and ICT installations at station and depot is sitting at 84%.
 - The Committee applaud the department by completing Rea Vaya control room which is currently in operational from Selby depot – with phase 1 (parking) and phase 2A (joint operation centre) are in place; Phase 2B (workshop) and phase 2C (administration) constituting 95% and 70% respectively, toward completion.
-  **Public transport facilities:-**
 - The Committee was pleased with the completion of Johannesburg International Transport Interchange (JITI) cross border and long-distance public transport facility in the Inner City, negotiations for operationalization and management of the facility are in progress with JPC.
 - Phase 1 small public transport facilities were implemented at various areas (i.e., Orange Farm, Tshepisong, Zakariya).
 - Designs for public transport facility at Jack Mincer and Rosebank were completed and construction at Driezik, Sunninghill and Inner City are in progress for period under review.
-  **Complete streets (including Non-Motorised Transport):-**
 - The Committee noted the completion of detailed designs for complete street projects at Deep South, Turfontein, street links to Chiawelo railway station and Braamfontein precinct.
 - During the period under review, the department reported phase 1 of complete street project between Orlando East to Soweto UJ campus – with the completion of Greenside Non-motorised transport.
-  **Strategic transport plans:-**
 - Transport master plans were developed in Ivory Park, Roodepoort and Inner City and preparations are in progress at Diepsloot, Randburg and Zandspruit.
 - The first data collection was undertaken for Corridor management plan which was reviewed for William Nicol corridor and work is in progress.
 - The Committee is pleased with the implementation of Integrated Public Transport Network (IPTN) and feasibility studies are currently in progress at Ivory Park and Fourways public transport corridors.
-  **Transport regulation:-**
 - It is observed that the department reported two by-laws on roads and public transport which have been through a public participation phase – a report has been submitted to council for final approval.

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : TRANSPORT COMMITTEE 2022-03-11

COJ LEGISLATURE

- Public participation preparations are underway for Wayleave by-law and it is anticipated that the by-law processes will be completed during 2021/22 FY.

The following concerns were noted:

- The committee noted with concern that the EIA for the construction of a public facility at Zola took longer than anticipated, work will commence in the new FY while engagement between city and province are in progress to resolve this matter.
- The Committee noted with concern that the department did not provide the auditor's report for the 2020/21 annual report. However, failure to disclose such report causes irregularities that led to improper financial management, performance management, accountability and transparency. The committee recommended that the department must ensure that auditor's report are provided in the annual reports.
- During the year under review, Putco has lodged a dispute against the effect of implementing phase 1C (a) of the Rea Vaya BRT system. The city is defending the matter in court, however, once the court case is finalised, the formation of the BOC to run the service and signing of BOC agreement will be finalised during the new FY.

JOHANNESBURG ROADS AGENCY (JRA)

The JRA annual report during the 2020/21 financial year, indicated that the entity had achieved an adequate overall performance of 61.9%. The entity's performance is primarily measured based on key capital expenditure indicators including on upgrading of road infrastructure, rehabilitation, and reconstruction programme, resurfacing and bridges programme. However, with a total of 21 key performance indicators, the entity achieved 13 and 8 were not achieved at the end of financial year.

Observations made by the Committee:

- Despite the limited activity in operations due to COVID-19 pandemic and the subsequent lockdowns, the Committee was pleased that JRA met its commitments of critical performance area (i.e. infrastructure development and maintenance, inspection on major roads, road safety investigations, road management programme, bridge management programme, conversion of existing open storm water systems and storm water planning, the resurfacing of roads as well as the upgrading of gravel roads).
- The Committee commends the entity for resolving a total of 20 (74%) AGS findings against the target of 27 – with YTD of 78% of the total AGSA findings raised between 2018/19 and 2019/20 FY. The entity further resolved 123 (95%) of the internal audit against 128 findings.
- The committee noted the operationalization of the Asphalt plant that has resumed after trial run held on 29 March 2021 – with key intervention measures to enhance the internal capacity at the plant which has

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significantly contributed to the potholes repairs programme throughout the City.

- The Committee applauds the entity by partnering with various stakeholder to address the issues relating to service delivery within the cit. YTD this partnering has yield satisfactorily outcomes – as more than 70% of the backlogs has been eradicated.

Performance of non-financial targets:

- The entity during the year under review had created a total of 474 EPWP jobs were created against the target of 500 that indicates unachieved by 4.2%.
- During the year under review, the Committee commend the entity by supporting 104 SMMEs against the annual target of 86, exceeding the target by 18.

The committee notes with concern that the JRA has received an unqualified audit. Some of the findings highlighted by the auditor general include:

AG Report on the audit compliance with legislation

- The AG during the year under review highlighted that the financial statement including financial performance and cash flow of JRA were fairly presented in accordance with South African Standards of generally Recognised Accounting Practice (GRAP), MFMA Act 56 of 2003 and Companies Act 71 of 2008
- As disclosed in the financial statement, AG reported a material losses amounting to R26.3 million (i.e., R25.8 million 2019/20) were incurred as a result of the impairment of receivables.
- The JRA is a defendant in various lawsuits

AG Report on the audit of annual performance report:

- AG identify the material findings on the usefulness, reliability and material misstatements of the reported performance information on percentage of unsurfaced roads graded and percentage of municipal road lanes which has been resurfaced and resealed.
- The AG was unable to obtain sufficient and appropriate audit evidence that clearly defined the actual achievement for indicator due to insufficient measurement and reliable reporting processes.
- The committee noted with concern that AG was unable to audit the reliability of the achievement of 54.51% against the target of 50% for unsurfaced roads graded
- Against the annual target of 4.5%, the AG was also unable to audit the achievement reliability of 5.941% of municipal road lanes that have been resurfaced and resealed.

AG Report on the audit compliance with legislation

The material findings on compliance with specific matter in key legislation are as follow:

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AG report on annual financial statement:

- The AG audit report find that the JRA financial statements received an unqualified audit opinion due to material misstatement of disclosure items and cash flow statement and financial statement JRA submitted for auditing were not properly prepared in accordance with requirements of section 122(1) of the MFMA.

Expenditure management:

- As required by section 95(d) of the MFMA, the AG highlighted that the accounting officer did not take reasonable steps to ensure that irregular expenditure of R167.5 million due to non-compliance with SCM regulation was prevented – with YTD fruitless and wasteful expenditure amounting to R21 111.23.

Procurement and contract management:

- The AG report revealed that the accounting officer as per requirements of SCM regulation 38(1) did not implement measures to prevent the abuse of SCM system as some contracts were awarded to service providers who were engaged in corruption or fraudulent act during the bidding process.

AG findings on the other information

- The AG did not receive the other information (i.e., annual report which includes the director's report, the audit committee's report and the company secretary's certificate) from the accounting officer prior to the date of compiling auditor's report as required by the Companies Act.

AG audit findings on the Internal control deficiencies

- The findings of the AG revealed that the accounting officer inadequately exercise oversight responsibility by ensuring that adequate monitoring and review controls in relation to compliance with legislation, performance reporting and financial reporting are accurate and completed.
- The AG report highlight that senior management did not review, monitor and comply with applicable legislation which resulted to inaccurate and incomplete financial and performance report.

AG audit findings on other reports

- The AG reported that the municipal entity had ongoing numerous investigations during period under review relating to fraud, Supply Chain Management and human resource related matters.
- The Committee noted with concern that the entity was held liable by SARS for income Tax Clearance status and SARS dispute this matter through Tax courts. During the year under review, an amount of R90.8 million was paid to reduce the risk of being charged with interest – with a deficit of R206.7 million.

COJ LEGISLATURE

METROBUS

The Annual Report for metrobus for 2020/21 indicates an improvement in performance when compared to previous financial year. Of the 18 KPIs, the entity achieved 77% of the targeted performance, while 23 % of the KPIs were not achieved. Among Key headline indicators not achieved include, percentage spent against operating expenditure, percentage spent against Capital expenditure and percentage spent against repairs and maintenance.

Committee observations from the annual report:

- The Committee noted that the financial position of the entity has improved. During the year under review, the entity recorded a surplus of R77.9 million compared to R19.3 million reported in the previous financial year. This reflect 24.8% improvement.
- At the end of the 2020/21 FY, the committee was pleased as the entity achieved an average of five (5) service standard, translating to a performance level of 100%.
- During the year under review, the Committee noted that the entity audit outcomes remained unchanged at unqualified with findings for the past six years i.e. 2015/16 to 2020/21.
- The Committee is pleased with refurbishment program that shows a significant progress with 67 (67%) refurbished buses against target of 100 buses which are due by the end of 2021/22 FY. This translate a shortage of 33 buses to be refurbished toward target completion.

Performance on Key Capital Project:

- During the year under review, the committee has noted the delay in the procurement of the Automated Fare Collection (AFC) which was undertaken by the City on behalf of the entity. A capex budget of R50 million in this regard was not utilised.
- Overall expenditure of the major capital projects was recorded at 62% with 100% (R28.8 million) of the budget spent for bus refurbishment; 86% (R7.5 million) budget spent on engine and gear box overhaul; 0% (R5 million) was spent on building alterations.

Performance of non-financial targets:

- The overall BBBEE share of expenditure for the period under review was R86.8 million against target of R97.5 million, underspending the budget by 11%.
- The entity has consistently performed well with a total of 234 EPWP job opportunities reported against the annual target of 100.
- During the year under review, the Committee commend the entity by supporting 102 SMMEs with a total amount of R 79.7 million, exceeding the target of 50 by 51%.

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Concerns raised by the Committee include the following:

- The Committee noted with concern that 117 traffic fines were reported during the year under review, compared to 66 fines which were recorded during 2020/21 FY. Thus, indicate overall increase of 56%.
- The difficulty of insufficient fleet availability had significant consequences in terms of providing a reliable bus service. During 2020/21, the entity is operating with a bus capacity of 187 buses, as opposed to the 361 busses required to adequately provide services, denoting a decrease of 174 busses.
- For the past 6-years, the entity had experienced a significant decrease in number of passengers ferried by 61.9% (i.e. from 11.9 million to 2.9 million, 2015/16 financial year and 2020/21 FY, respectively). This trend is increasing and the Committee recommended that the entity operational management must be revised, evaluated and implement new strategies that can be used to increase number of passenger ferried.

The committee notes with concern that the Metrobus has received an unqualified audit. Some of the findings highlighted by the auditor general include:

AG Report on the audit of annual performance report:

- AG identify the material findings on the usefulness, reliability and material misstatements of the reported performance information on customer service, stakeholder engagement and communication:
- The committee noted with concern regarding AG not being able to confirm and acquire sufficient audit evidence due to lack of accurate and incomplete records for the achievement of 100% (i.e., planned trips completed) reported against annual target of 90%.

AG audit report on annual financial statements:

- In accordance with the requirement of section 122(1) of the Municipal Financial Management Act, the financial statement submitted for auditing were not prepared in all material i.e., misstatement of deferred income and revenue from rendering of services as identified by the AG in the submitted financial statement.
- The AG obtained audit evidence that is sufficient to identify and assess the risk of material misstatement of the financial statements whether are due to fraud or error, since material misstatement resulting from fraud is higher than one resulting from errors as fraud involves collusion, forgery and misrepresentations are among others.

AG audit report findings on other information:

- As required by the Company Act, the auditor highlighted that other information (i.e., annual report which includes the directors' report, audit committee's report and the company secretary's certificate) were not received prior to the date of auditing.

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AG audit findings on internal control deficiencies:

- Inadequate exercise by accounting officer on oversight responsibility over internal controls that resulted in non-compliance with key legislation and material findings relating to annual performance report and annual financial statement.
- Insufficient implementation of internal control by senior management by ensuring accurate and complete annual financial statement and performance report are prepared and supported with reliable information.

AG audit findings on other reports:

- The City of Johannesburg Group Forensic Investigation Services investigated possible allegations of fraud, procurement irregularities and financial misconduct that the entity incurred including previous financial year and current financial year under review which were expected after 30 November 2021.
- The entity is defendant in various lawsuits.
- The entity has material misstatement of disclosing of loans to shareholders, the non-payment of monies owed by the entity within 30 days.
- No reasonable measures were taken to prevent non-compliance with key laws and regulations when preparing the annual financial statement.
- Irregular expenditure amounting to R288.4 million was incurred due to improper Supply Chain Management regulation 36. Compared to previous financial year, irregular expenditure of R402.7 million was recorded, the 2020/21 financial year figure shows a reduction by 71.6% which indicates an improvement in financial management system within the entity.

5 POLICY IMPLICATIONS

None.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

None.

7 FINANCIAL IMPLICATIONS

None.

8 COMMUNICATION IMPLICATIONS

None.

9 OTHER DEPARTMENTS/BODIES CONSULTED

None.

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COJ LEGISLATURE

IT IS RECOMMENDED

- 1 That MPAC note the observation cited in this report and incorporate them in the consolidated oversight report of the City's 2020/21 Annual Report.**
- 2 That GFIS investigate all irregularities and fraud incurred prior 2020/21.**
- 3 That the Transport Department accounting officer comply with key legislation as stipulated in Municipal Finance Management Act 126(1) (2) and Municipal Systems Act 45(b).**
- 4 That accounting officer strengthen an oversight responsibility by implementing internal controls to exercise sufficient control discipline over financial reporting.**
- 5 That the accounting officer to comply with key legislation to prevent irregularities and abuse of SCM system.**

(COJ LEGISLATURE)
(Dr TS MAWASHA: RESEARCHER)
(Tel. (011) 407-7395)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

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ANNEXURE A

Title of the report: OVERSIGHT REPORT OF THE TRANSPORT SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF THE TRANSPORT DEPARTMENT, METROBUS AND JOHANNESBURG ROAD AGENCY (JRA)

What are the major benefits to the Communities of Johannesburg?

This report serves to provide oversight on the financial and performance reporting of the City in the 2019/20 financial year. The report gives an overview of the overall performance of the Department of Transport, Metrobus and the Johannesburg Roads Agency in the 2019/20 financial year.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio-economic group etc.)?

All communities of Johannesburg that derive benefit from the City's Departments and Municipal Entities.

If relevant, when will implementation start?

N/A

If relevant, when will work be completed?

N/A

What is the total cost of implementation?

N/A

How will communities be informed of the contents of this report?

The communities will be informed through the ward councillors who will have access to this report through the Committee and Council agenda.

How can communities be involved in the implementation of this report?

The communities will be involved through forwarding their concerns to the respective Section 79 Committees.

Who can be contacted to provide additional information and/or clarity?

Researcher: Transport Section 79 Committee
 (011) 407 7395

What other information can be given to assist Councillors to communicate the contents of this report to communities?

None, but further explanation will be provided when requested.

Annexure C. 14

OVERSIGHT REPORT OF THE HOUSING SECTION 79
COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF
HOUSING DEPARTMENT AND THE JOHANNESBURG SOCIAL
HOUSING COMPANY (JOSHCO)

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
 COJ : HOUSING COMMITTEE 2022-03-08

COJ LEGISLATURE

14 OVERSIGHT REPORT OF THE HOUSING SECTION 79 COMMITTEE ON THE 2020/21 ANNUAL REPORTS OF HOUSING DEPARTMENT AND THE JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO)

1 STRATEGIC THRUST

A Responsive, Accountable, Efficient and Productive Metropolitan Government.

2 BACKGROUND

On the 24th February 2022, the draft of the City of Johannesburg Annual Report was tabled in council. According to Section 121(1) of the MFMA and Section 46 of the Municipal Systems Act (MSA), No. 32 of 2000, every municipality and municipal entity must prepare, for each financial year, an annual report. Section 121(1) of the MFMA stipulates that the council of a municipality must, within nine months after the end of a financial year, deal with the annual report of the municipality and its entities. Based on the above, Council is vested with the responsibility to oversee the performance over the executive of the municipality. Council delegates some of its oversight responsibilities to council committees that have been established within Section 79 of the MSA.

The Annual Report provides the City with the opportunity to report on the financial and non-financial performance of the City and all its entities. Performance of the City is reported performance against targets set in the integrated development plan (IDP), business plans and other supporting planning documents. The purpose of the annual report is to:

- Provide a record of the activities of the municipality or entity;
- Provide a report on performance (i.e. service delivery) against the budget;
- Provide information that supports the revenue and expenditure decisions made; and
- Promote accountability to the local community for decisions made.

The Council of the City of Johannesburg Metropolitan Municipality has delegated the responsibility of the oversight role to the Municipal Public Accounts Committee (MPAC) envisaged in Section 129 of the MFMA and Circular 32 of the MFMA. MPAC, in this role, is assisted by the portfolio Section 79 committees, including the Section 79 Housing Committee. This report of the Section 79 Housing Committee contains the oversight observations over the sections of the 2020/21 Annual Report of the City of Johannesburg that relate to the Department of Housing (DOH) and the 2020/21 Annual Report of the JOSHCO. This oversight report completes the accountability by maintaining the separation of powers to promote effective governance and accountability.

In considering the 2020/2021 Annual Report, this report will focus on performance issues related to DOH. Below are the most pertinent performance issues against predetermined objectives that were identified.

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3 OBJECTIVES

The objective of this report is to present the Oversight Report of the Section 79 Housing Committee on the 2020/21 Annual Report of the City of Johannesburg Housing Department and the Johannesburg Social Housing Company (JOSHC). This analytical performance includes both financial and non-financial performance of the DOH and JOSHC.

4 OVERSIGHT PROCESS FOLLOWED (METHODOLOGY)

This report focuses on the performance of DOH and JOSHC in relation to their respective business plan projections for the 2020/21 financial year. It assesses progress towards achieving the targets set out in the integrated development plan (IDP) and the Growth Development Strategy 2040.

In order to draw founded conclusions, the following documents were consulted:

- Previous quarterly performance assessment reports by DOH and JOSHC, as well as the previous Committee oversight reports.
- The 2020/21 business plan of the Department and the 2020/21 service delivery and budget implementation plan (SDBIP) of JOSHC.

5 ANALYSIS OF PERFORMANCE

DEPARTMENT OF HOUSING (DOH)

The Department of Housing has an integral role in transforming communities by developing housing interventions that help enable improvements that improve living conditions. The Covid-19 pandemic made the demand to provide housing more urgent, especially in informal settlements as overcrowding posed danger in spreading the virus. This has meant that the department had to intensify its efforts in providing accommodation for the most affected and putting measures in place to protect citizens who are vulnerable. The Department has 6 performance indicators in the Integrated Development Plan (IDP) and Service Delivery Budget and Implementation Plan (SDBIP). The Department of Housing reports that it achieved 57% of their KPI against the overall corporate performance for 2021. It is reported that 13.99 km of road was completed against the target of 12 km and 2593 mixed housing units were constructed against the target of 2400. 104% of the Opex budget was spent during the 2020/21 financial year and 111% of the Capex budget

14.3

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The table below shows the housing strategic objectives and service indicators for the financial year 2020/21

Service Objectives/service indicators	2019/20	
	Target	Actual
Number of informal settlements formalized	4	0
Number of mixed housing units constructed	2400	2593
Number of title deeds issued	3900	2916
Number of serviced sites developed	800	0
Number of hostels refurbished	5	2
Number of Temporary Relocation Units Constructed in high risk areas	2000	0

Integrated Sustainable Human Settlements

The annual target for the 2020/21 financial year was to formalize 4 informal settlements. The Department of Housing reported that 0 informal settlements were formalized. Over the years, this KPI has changed from eradicating informal settlements, to upgrading informal settlements and now it measures formalization. Irrespective of the various amendments the Department has never achieved any of its annual targets. When assessing the previous financial years: in the 2018/19 financial year, the target was for 10 informal settlements to be formalized and none were formalized. In the 2019/20 financial year, the annual target was reduced to 4 and the Department reported that only 1 was formalized. The Department reported that it utilized just above R 51 million for this KPI by the end of the financial year. The Department, among other factors, reported that non-achievement of this KPI was due delays in community participation processes as result of Covid-19 lock regulations.

The Department of Housing set an annual target to construct 2400 mixed housing units in the 2020/21 financial year. By the end of the financial year, the department reported that 2593 units were constructed, spending above R337 million. Both in the 2019/20 financial year and the one under review, the Department has been consistent in achieving the set targets for this KPI.

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The Department has an annual target to develop 800 serviced sites in the 2020/21 financial year, no serviced sites were developed due to interdependencies, the report states. The Department reports that in Zandspruit Ext 84 HDA appointed a professional team that has started with Land serving processes. In Malibogwe a Developer has been appointed to do land serving processes. JRA was appointed by the Department to implement the service roads/storm water in Princess Ext 59.

For the 2020/21 financial year, the department has set an annual target to issue 3900 title deeds. The department reported that it issued 2916 title deeds by the end of the financial year, not achieving their target.

Sustainable Service Delivery

The Department of Housing set an annual target to refurbish 5 hostels in the 2020/21 financial year. The Department reported that two hostels were refurbished. There has been a decline in performance in this KPI compared to the 2019/20 financial year. For the financial year, the Department had budgeted to spend 112 million and it reports that only 11 million was spent. The department reported non-achievement of the KPI as a result of structural adjustment and change of leadership within the property management directorate. The property management directorate has the highest vacancy rate.

Minimizing the Impact of the COVID 19 pandemic

As a response to the pandemic, the Department of Housing developed this KPI to build temporary units in congested informal settlements with an aim of slowing down the spread of the virus. The annual target was to construct 2000 Temporary Relocation Units in high risk areas such as Marlboro Viola, Marlboro 12th avenue; Madala Project; Diepsloot; Rabie Ridge and Zandspruit Ext 84. This project was established to respond to the COVID-19 pandemic by de-densification of densely populated informal settlements, in order to slow down the spread of the virus. The implementation of this project has been incredibly slow, defeating the purpose of why this KPI was established. The Department reports that no units were completed by the end of the 2020/21 financial year.

Financial Performance

The department reports that in the 2020/21 financial year it spent 104% of its capital budget, achieving the 97% target. 90% of the departmental operational budget was spent against its target of 98%. The total Operational Revenue was R97, 1 million, by the end of the financial year, R167, 8 million was spent on employee related costs; R90, 6 million debt impairment, and R123, 2 million on contracted services. The Department of Housing has various grants and sources of funding for their capital projects, it reported that their capital expenditure was as follows:- R1, 2 million of the USDG (National Fund) was spent; R59, 2 million of the CRR (Council Fund); R95 million of the EFF (Council Fund) and R14 million of the MEHG (Council Fund). Capital projects that had a higher expenditure were Cosmo City Phase 2 R71 million, Lufhereng R89 million and Informal Settlement (UISP) at R221, 6 million.

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JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO)

JOSHCO's financial performance for the financial year ended 30 June 2021 continues to be poor due to low revenue collection and high operating costs. By the end of the 2020/21 financial year, 58% of revenue was collected by the entity – failing to achieve their 85% target. JOSHCO reports that this is due to the Covid-19 impact as tenants continue to experience financial strains. JOSHCO has experienced a decline in this KPI, in the previous financial year 61% revenue was collected. The entity continues to experience financial challenges as it recorded a deficit of R115,9 million. This deficit has increased significantly compared to the deficit of R84,8 million recorded in the last financial year. revenue from rental of facilities and equipment increased to R171,6 million from R151,2 million in the last financial year. Interest earned from banking and outstanding debtors decreased to R9.9 million (28%) from R13,9 million. The entity's management fees increased to R63,4 million (390%) from R12,9 million. JOSHCO's total expenditure also increased by 35% (from R283,9 million to R383,2 million). Staff costs, utilities and provision for bad debts were the biggest contributors to the increased total expenditure. Further, there was a 26% increase in total administrative cost – totaling to R143,4 million from R113,4 million. The report states that this was due to high outsourced security services and utility costs. Loans to shareholders decreased by 67% - currently at R5,9 million from R18 million and incurred an overdraft of R414,3 million. This is not looking good for the entity, as this means that expenses exceed revenue and it raised a liability (loan) to settle the difference. As it reports that receivables from exchanges transactions rose by 206% to R802,8 million as a result of outstanding rental debt and amounts due from departments.

Service Delivery

JOSHCO for the financial year under review had set 7 Service Level Standards (SLS) and these must be adhered to when delivering services to the citizens of Johannesburg. Two of these standards were amended – this is said was with an aim to improve efficiency and effectiveness in service delivery. The first standard that was amended was turnaround period for maintenance from 7 working days to 14 days and the second one was turnaround time of communication of applications outcomes from 7 days to 10 working days. The entity reports that it achieved 6 standards out of the 7, this is a great improvement from last financial year where only 4 was achieved. Monthly routine maintenance is the only standard that was achieved due to tenders that were not responsive and lack of time to restart the process – states the entity.

- 98% accurate bills of all active customers
- 96% of maintenance request attended within 7 working days of the logged call
- Routine building maintenance once a year
- Outcome of enquiry to be sent to application within days
- Outcome of the application communicated within 7 days
- Acknowledgement and response within 24 hours of complaint being logged
- Resolution within 5 working days of logged call.

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JOSHCO had 7 strategic objectives for the 2020/21:

- Develop social housing projects within transport corridors – 112 units completed
- Contribute towards economic development through Broad-Based Black Empowerment – 9% of Capex was spent on SMME, 552 EPWP job opportunities created, 86% and 83% of Opex and Capex procurement recognition spent on at 51% black-owned companies
- Become a financial sustainable company – R8 million was collected
- Contribute to mitigating Climate Change impact – 1 project installed with solar systems
- Improve safety and security of all tenants – procurement of CCTV cameras and biometrics underway
- Become a customer centric company – intensified tenant education in collaboration with revenue, risk and housing management units
- Strengthen governance and compliance – 18 legislations were at 100% compliance by the end of the financial year

Performance Against Predetermined Objectives

JOSHCO had 19 annual Key Performance Indicators (KPIs) in the 2020/21 financial year. Below are the annual targets against actual performance:

- Current & Solvency Ratio 1:1 – the current ratio target was not achieved citing continued losses being incurred largely due to a high provision for bad debts and high operating costs. .
- 50 days cost coverage – this target was not met by the entity due to low cash balances and overdraft. The report states that the largest outstanding balance is with the DOH.
- 80% collection of debtors in respect of rentals – only 58% was collected this due the continued low rental collection across all projects
- 9 properties installed with electricity systems – only 1 property was installed. Non-performance was due to lack of appointment of suitably qualified service providers
- 30% of Capex spent on SMMEs – JOSHCO reports that only 9% was spent on SMMEs, the company could not achieve its target as bulk of the projects did not involve SMMEs
- 2 properties installed with rainwater system – 1 property was installed with a rainwater system. The entity states that underperformance was due to delays in finalization of the feasibility that was conducted
- 1 property installed with solar panels – this was not achieved due to delays in finalization of the feasibility that was conducted
- Unqualified audit opinion – AG Report Pending
- 95% compliance to laws and regulations – the entity's compliance is at 62% and states that due to the number of Acts that are not 100% compliant because they are dependent on third parties

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- 95% implementation of corrective actions against identified risk – only 50% were implemented. The company states that non-performance was due to delays in planned mitigation controls
- 100% implementation of corrective action against internal audit findings – only 54% were implemented. This target was not achieved due to number of findings that were not certified as closed by the internal auditor
- 100% implementation of corrective action against external audit findings – 82% were implemented, stating that non-performance was due not having adequate time to action corrective measures
- 100% filling of vacancies from middle management to executive management – the entity reports that 50% vacancies have been filled. Non-performance was due to JOSHCO not having a plan with time frames
- 85% customer satisfaction rating – only 16% were satisfied, 71% not sure about JOSHCO services and 13% were not satisfied
- 85% employee satisfaction rating – JOSHCO achieved 41% and majority dissatisfied
- 662 Social and affordable housing developed for disadvantaged beneficiaries – the entity develop 609 units, stating that underperformance was due to 53 units not completed on time
- A total of 552 EPWP jobs were created against an annual target of creating 910 jobs.

6 POLICY IMPLICATIONS

This report is in line with the reporting protocol of the City.

7 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The report is in accordance with provisions of the Standing Rules Council, and applicable legislation.

8 FINANCIAL IMPLICATIONS

No financial implications are associated with this report.

9 COMMUNICATION IMPLICATIONS

None

10 OTHER DEPARTMENTS/BODIES CONSULTED

Department of Housing (CoJ)

Johannesburg Social Housing Company (JOSHCO)

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COJ LEGISLATURE

IT IS RECOMMENDED

- 1 That the Municipal Public Accounts Committee (MPAC) note the inputs and observations cited in this report and incorporate them in the consolidated oversight report on the City's 2020/21 Annual Report.**
- 2 That JOSHCO provide the Committee with progress report regarding Nancefield Station Social Housing project since the contractor was appointed in May 2021, by June 2022.**
- 3 That JOSHCO provides the Section 79 Housing Committee with a turnaround strategy to address its shortcomings regarding its failure to meet its KPI's as approved in its Business Plan 2021/22 FY, by June 2022.**
- 4 That the DOH provides the Section 79 Housing Committee with a turnaround strategy to address its shortcomings regarding its failure to meet its KPI's as approved in its Business Plan 2021/22 FY, by June 2022.**
- 5 That the DOH provides the Section 79 Housing Committee with a detailed report regarding its plans to fastback filling of vacancies in the department, by June 2022.**

(COJ LEGISLATURE)
(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

COJ : MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022-04-05
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COJ LEGISLATURE

ANNEXURE A

Title of the report:

OVERSIGHT REPORT OF THE HOUSING SECTION 79 COMMITTEE ON THE ANNUAL REPORT OF THE DEPARTMENT OF HOUSING AND THE JOHANNESBURG SOCIAL HOUSING COMPANY (JOSHCO) FOR THE YEAR ENDED 30 JUNE 2021

What are the major benefits to the Communities of Johannesburg?

Through these progress reports, the communities of Johannesburg can assess the performance of Department of Housing and JOSHCO.

Which Communities will primarily benefit (if relevant state the region, ward, suburb, or socio-economic group etc.)?

All communities of the City of Johannesburg.

If relevant, when will implementation start?

The programmes of Department of Housing and JOSHCO are ongoing.

If relevant, when will work be completed?

The programmes of the Department of Housing and JOSHCO are ongoing.

What is the total cost of implementation?

None.

How will communities be informed of the contents of this report?

The oversight report will be tabled at Council.

How can communities be involved in the implementation of this report?

None.

Who can be contacted to provide additional information and/or clarity?

Mpumelelo Phakathi - Committee Researcher: 0834062810

What other information can be given to assist Councillors to communicate the contents of this report to communities?

Department of Housing and JOSHCO SDBIP