







JOHANNESBURG ROADS AGENCY SOC (LTD)

Reg. No. 2000/028993/30

**PERFORMANCE REPORT FOR THE PERIOD OCTOBER TO DECEMBER 2020
(Q2 REPORT 2020/21)**

In terms of Section 121 of the Municipal Finance Management Act 56 of 2003 (as amended)
and Section 46 of the Municipal Systems Act, 32 of 2000 (as amended) Companies Act.

Approval – Q2 Report (JRA)

 Hilda Ndiweni Acting Chief Financial Officer	Date: <u>27/02/2021</u>
 Selemo Republic Monakedi Chief Executive Officer	Date: <u>22/02/2021</u>
 Dr. Albert Mokoena Chairperson of the Board	Date: <u>2021/02/27</u>
 Nonhlanhla Helen Makhuba MMC: Transportation	Date: <u>25/02/21</u>

COMPANY INFORMATION

Registration number:	2000/028993/30
Registered address:	75 Helen Joseph Street Johannesburg 2001
Postal address:	Johannesburg Roads Agency Private Bag X70 Braamfontein 2017
Telephone number:	(011) 298-5001
Fax number:	(011) 298-5178
Website:	www.jra.org.za
Bankers:	Standard Bank of SA Limited
Auditors:	Auditor General South Africa (AGSA)

Vision

The best city roads authority that enables economic growth and sustainability.

Mission

We commit to provide quality roads that are accessible, safe and liveable for us communities.

Mobility Made Easy.

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CHAPTER 1: LEADERSHIP AND CORPORATE PROFILE

Section 1: Chief Executive Officer's Report

Introduction

The purpose of this report is to provide the second quarter performance of the 2020/21 financial year of the JRA.

It is worth noting that this year started amidst the COVID-19 lockdown, a phenomenon which has led to the slow start of the operations due to the reduced ability of the Entity to work in full capacity. On 28 December 2020, the President announced an adjusted alert level 3 COVID-19 lockdown for the period 28 December to 15 January 2021.

With Johannesburg having been identified a hotspot, this implies that extra caution has to be exercised to ensure the safety of people at work. Thus, the JRA will be deploying its workforce in a manner that does not contravene the required COVID-19 safety protocols during this period. This will further strain on the already reduced capacity. However, alternatives have been put in place to ensure that basic services continue to be rendered.

Financial Management

The JRA operating budget for the 2020/2021 financial year is R1,484 billion. The operating expenditure and income for the 2nd Quarter was R 351, 482 million and R 358, 768 million respectively, representing income exceeding expenditure by R 7, 286 million at the end of the second quarter. Provisions have been made where known invoices have not been received e.g. leasing of vehicles.

The JRA Adjustment capital budget for the 2020/2021 financial year is R1,061 billion and the capital expenditure (including accruals and commitments) for the quarter under review is R 138, 785 million. This represents 13% of the total 2020/2021 Adjustment capital budget spent in the quarter. However, the YTD capex spend is 19.3% (R204 845 000) of the current year budget.

CAPEX performance is expected to improve significantly in the third quarter. Further budget commitments are planned for January 2021. The Entity will continue to interrogate specific high-risk items for more accurate and reliable financial reporting and the following specific risk areas are continually being reviewed: materials, leased contract services, consulting services, Contractors for JRA and employee costs.

Infrastructure development

As part of its plans to address infrastructure backlogs, the Entity has a total of 104 road infrastructure projects with a total budget of R1 131.50m across the regions in the 2020/21 financial year. The projects comprise of Gravel Road Upgrade; Bridges; Stormwater Catchments; Conversion of Open Drains; Corporate; Stormwater Design; Emergency Stormwater Repairs; Rehabilitation of Open Channels; Road Rehabilitation and Reconstruction; Mobility; RAMS; Resurfacing; Road Network Projects. While only a few projects were implemented during the first half of the year, physical work for most of the projects will commence in January 2021.

Visible service delivery performance

The advent of the COVID-19 pandemic and the subsequent lockdown has impacted the ability of the JRA to implement its roads-infrastructure maintenance programme. Measures to improve performance in this regard included the deployment of private emerging contractors (level 1 and 2) to help redress the service backlog and recover the quarter 1 performance

shortfalls. The deployment was based on a regional focused approach (with resources concentrated in a region for a week) of redressing the backlog. To date, over 90 260 potholes have been repaired, with over 5 177 reinstatements done.

I have noted that the lack of pro-active maintenance, misaligned structure, and very poor working culture across the JRA Depots has also been a challenge. JRA has for years focused on reactive maintenance which has limited impact as it does not address the root cause of the failures. Management will put in place corrective measures to improve this situation.

Corporate Governance

Management will continue to ensure that critical vacant posts are filled in the third quarter of the year, with bias on the recruitment of women, youth and persons with disabilities. The Entity has conducted strategic and operational risk assessments, culminating in the development risk appetite registers with mitigation measures to control the top risks for 2020/21 FY.

Management and resolution of audit findings

In the period under review, the JRA resolved 2 (50%) of the remaining 4 findings raised by the Auditor General (AG). Year-to-date the JRA has resolved 29 (94%) of the 31 findings that the AG raised in 2018/19 financial year. The JRA resolved 42 (70%) of the 60 findings raised by Internal Audit that were due in Q2. Year-to-date the JRA has resolved 60 (77%) of all (78) findings raised by Internal Audit

Through implementation of recommended actions and improved interaction with Internal Audit the JRA will continue to improve the resolution of both AG and Internal Audit findings.

I would like to urge all staff members to remain vigilant and continue to observe the necessary COVID-19 safety protocols.



SR Monakedi,
Chief Executive Officer.

Section 2: Chief Financial Officer's Report

The purpose of this report is to present the high level financial performance for the Johannesburg Roads Agency for the period ending 31 December 2020. The detailed financial performance information is contained in Chapter Five of this report.

It must be noted that the nature of our business is service delivery and it is therefore expected that stakeholders would not necessarily be happy with positive ratios and financial balances alone. Therefore, it is critical that the JRA balance the attainment of objectives relating to key liquidity and profitability ratios with the attainment of service delivery targets and objectives.

The JRA operating budget for the 2020/2021 financial year is R1,484 billion. The operating expenditure and income for the 2nd Quarter was R 351, 482 million and R 358, 768 million respectively, representing income exceeding expenditure by R 7, 286 million at the end of the second quarter. Provisions have been made where known invoices have not been received e.g. leasing of vehicles.

The JRA Adjustment capital budget for the 2020/2021 financial year is R1,061 billion and the capital expenditure (including accruals and commitments) for the quarter under review is R 138, 785 million. This represents 13% of the total 2020/2021 Adjustment capital budget spent in the quarter. However, the YTD capex spend is 19.3% (R204 845 000) of the current year budget.

The table below illustrates five key ratios for the period under review in line with the Financial Development Plan (FDP) of the City of Johannesburg.

KEY RATIO	Target FDP	December 2020
Current ratio	1	2.4
Solvency	2	3.5
Debt to Revenue	45%	12.6%
Interest to Operating Expenditure	7%	0%
Remuneration to Operating Expenditure *	35%	58.7%
Road and Traffic Signal personnel costs for repairs & maintenance - Direct costs **	Nil	34.0%
Administrative personnel costs - Indirect costs ***	Nil	24.7%

The entity has a positive current ratio and the ratio also met the FDP target in the current year. The solvency ratio of 3,5 is above the FDP target of 2. The entity however, is solvent for the 2nd Quarter ended 31 December 2020. The JRA has also improved in the expected collection of debtors' money on a timely basis and ensure that all debtors payments are up to date. The financial position has improved significantly over the past six years.

The target on employee costs remains elusive primarily because of the business model of the JRA which sees employee costs made up of operational departments who generally work on road repairs and maintenance programmes. The proper allocation of these employees' costs (excluding employee costs for road and traffic signal maintenance) results in the ratio reducing to 24, 7% of total operating expenditure. The company is labour intensive and is made up of

large internal teams for road and traffic signal maintenance. The employee costs also includes “insourcing” cost of security and cleaning staff.

The current intercompany sweeping amount has a positive balance of R 479, 780 million. JRA earned R 9, 455 million on the positive COJ bank balance. JRA has a positive balance in the Developers Contribution bank account of R 406, 069 million at the end of December 2020 and earned interest of R 5, 175 million, thus the total cash on hand is R 885, 849 million. The related party debtors of the JRA are at R 263 million at the end of the 2nd quarter as compared to R485 million as at 30 June 2020.

JRA is progressively improving the financial controls and it is envisaged that the entity will meet all the financial ratio targets as set by the Shareholder (CoJ). Based on the year-to-date performance the Company remains solvent and will meet its financial obligations.

In conclusion the JRA is financially solvent and all ratios are positive. The Entity can fund its creditors and the Entity has a positive cash on hand balance as at 31 December 2020 and the cash cover ratio indicates the entity can fund its total liabilities to the tune of 164% times when they are due.



Hilda Ndiweni
Acting Chief Financial Officer

Section 3: Corporate Profile and Overview of the entity

The Johannesburg Roads Agency (JRA) was established by the City of Johannesburg (CoJ) in 2001 to design, construct and maintain roads and road-related infrastructure. The JRA business plan, targets and outcomes are informed by the City's strategic imperatives as contained in the Growth and Development Strategy (GDS), the Integrated Development Plan (IDP) and its own JRA Strategy 2022.

The Company accounts to the Shareholder through Transportation Department under the leadership of a Member of the Mayoral Committee (MMC) who, together with the Section 79 Committee on Transportation, provide political oversight.

Executive Management Team (EMT)

In the second quarter, the departmental functions were led by members of the Executive Management Team as reflected in Table 1.1. below.

Table 1.1: JRA Executive Management Team

Department	Appointee	Status
Chief Executive Officer	Selemo R. Monakedi	Substantive
HOD: Infrastructure Development	Siyabonga Genu Pr Eng.	Substantive
HOD: Planning	Musa Mkhacane Pr Eng.	Substantive
HOD: Mobility & Freight	Esther Schmidt	Acting
HOD: Performance, Governance and Information Technology	Sekati Mangena	Substantive
HOD: Regional Operations	Muziwandile Nkonyane Pr Eng.	Substantive
Chief Financial Officer	Dikeledi Thindisa	Substantive
HOD: Corporate Services	Siyabonga Nodu	Substantive
HOD: Public Relations and Stakeholder Management	Sanele Zondi	Substantive
Operations Manager: Internal Audit	Khaya Meslane	Contract
Company Secretary	Phumla Majola	Substantive

Section 4: Strategic Objectives

Table 1.2. below illustrates how the JRA programmes are aligned to the 2020/21 CoJ Integrated Development Plan Priorities.

Table 1.2: Alignment of JRA strategic plans to CoJ strategy

IDP Outcomes	Mayoral Priorities	Our Programmes
#1: Improved quality of life and development-driven resilience for all.	Priority 1: Integrated human settlements.	<ul style="list-style-type: none"> ○ Road resurfacing and reconstruction ○ Bridges maintenance and rehabilitation ○ Gravel roads upgrades ○ Construction of pedestrian bridges
#2: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Priority 3: Sustainable service delivery	<ul style="list-style-type: none"> ○ Customer Charter Standards (Reactive maintenance) ○ Proactive Maintenance ○ Rehabilitation of open storm water channels and catchments
#3: An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Priority 4: Job opportunity and creation Priority 8 Economic development and growth	<ul style="list-style-type: none"> ○ SMME support ○ EPWP work opportunities ○ Job creation
#4: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	Priority 1: Good governance Priority 2: Financial sustainability Priority 10: Smart City	<ul style="list-style-type: none"> ○ No-joint re-cabling programme ○ Operation Clean Audit ○ Traffic signals upgrading and re-cabling

CHAPTER 2: GOVERNANCE

Section 1: Composition, Key Activities & Remuneration of Board of Directors

The JRA views corporate governance as a key pillar that sets out relationships between the company's management, its board, its shareholders, and other stakeholders. Corporate governance provides a framework through which company objectives are set implemented, monitored, and evaluated.

The Board and management of JRA are committed to the highest standard of corporate governance, accountability, transparency, fairness and integrity as promoted by the King Committee's Code of Corporate Practices and Conduct (KING IV). Having examined the controls, the Board is satisfied that every effort is being made by management to comply with all material aspects of the KING Report as well as relevant legislation.

The JRA works closely with the shareholder representative and participates in the City's stakeholder engagement platforms i.e. Mayoral Lekgotla, Section 79, EMT, MMC's quarterly meetings and city-wide community engagements.

The Board views ethical behaviour and leadership as another pillar of corporate governance and promotes it throughout the organisation. The JRA promotes a culture of openness and transparency throughout the organization, and employees and other stakeholders are encouraged to report unethical conduct and other transgressions. The Ethics Champion works closely with GFIS, Group Governance and the Ethics Management Forum to ensure that an ethical culture is promoted and inculcated within the organization.

In implementing its mandate, the Ethic Management Forum convenes once a quarter to deliberate on key ethical matters and dilemmas. During the second quarter under view JRA staff members were encouraged to remain ethical in their conduct. Furthermore, staff members were encouraged to declare gifts and favours. This communication drive has been consistent over the quarters and awareness against fraud and corruption is continuously sent to the business.

Section 2: High-level Organisational Structure

Corporate governance within JRA is managed and monitored by a Board of Directors, assisted by its Board Committees and the Executive Management who form the Executive Committee. The Executive Committee is supported by its internal Sub Committees. Figure 1.1. below illustrates the high-level organisational structure of the JRA.

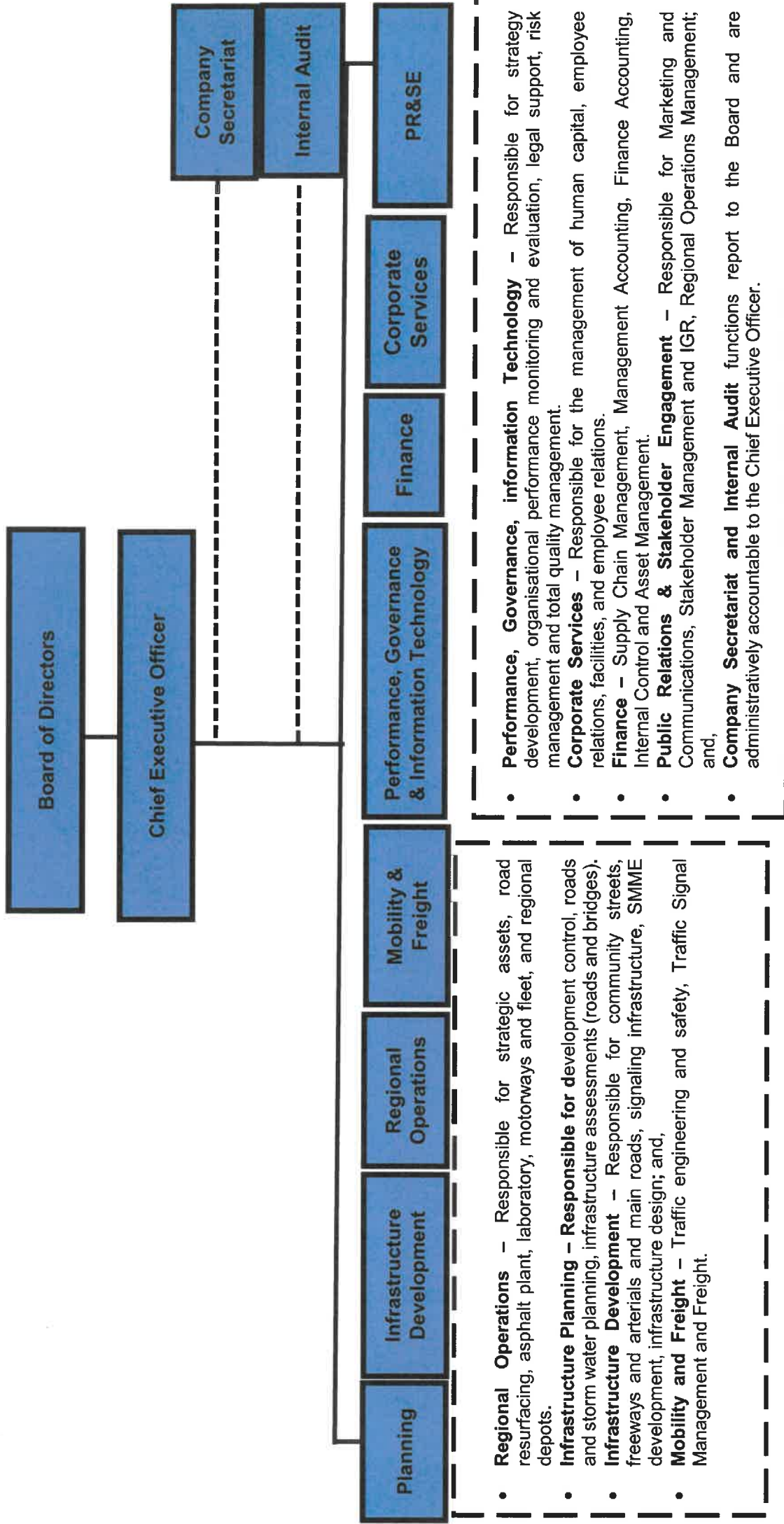


Figure 1.1. High level organisational structure of the Johannesburg Roads Agency

BOARD COMPOSITION

The following non-executive directors were appointed and confirmed on 11 March 2020 until the next annual general meeting:

NAME & SURNAME	POSITION
Dr Albert Mokoena	Non-Executive Director: Board Chairman
Mr Fulufhelo Ntsandeni	Non-Executive Director
Mr Lawrence Ndlovu	Non-Executive Director
Ms Lindi Mdluli	Non-Executive Director
Mr Mila Ntsikelelo	Non-Executive Director
Mr Tsepo Seemela	Non-Executive Director
Ms Moipone Qhomane	Non-Executive Director
Dr Sandile Ndlungwana	Non-Executive Director
Mr Albert Torres	Non-Executive Director
Ms Hazel Mtimkhulu	Non-Executive Director

The Board operates with the following subcommittees, composed as follows:

COMMITTEE	MEMBERS
Audit Finance Risk and IT (AFR&IT)	Mr Fulufhelo Ntsandeni – Chairperson; Mr Albert Torres. Independent Audit Committee Members Ms Sizo Mzizi; Mr Odirile Mekwa; and Ms Karen Parirenyatwa.
Remuneration and Social Ethics	Ms Lindi Mdluli – Chairperson; Mr Lawrence Ndlovu; Mr Ntsikelelo Mila; Mr Albert Torres; and Dr Sandile Ndlungwane
Service Delivery	Mr Lawrence Ndlovu – Chairperson; Mr Fulufhelo Ntsandeni; Mr Floyd Seemela; Ms Hazel Mthimkhulu; and, Ms Moipone Qhomane

BOARD GOVERNANCE INTERVENTION

On 20 October 2020 a Board governance intervention session was convened with the primary purpose of building a united team (Board and Executives). It was emphasised that:

The Board of Directors collectively acts on behalf of the shareholder to exercise oversight accountability and stewardship over the affairs of the JRA, whilst meeting interests of stakeholders. Boards are the focal point and custodian of good corporate governance within the municipal entity. In addition to business and financial issue, the Board of Directors must deal with challenges and issues relating to corporate governance, including:

- S93E of the Systems Act, 2000
- S66 of the Companies Act, 2008
- Providing the municipal entity, its Chief Executive Officer (CEO) and executives management team with:
 - Direction, leadership, and guidance;
 - Independence and objectivity;

- External experience and perspectives; and,
- Policy, strategy, and business plan approval.

Section 3: Risk Management

The company is committed to a process of risk management that is aligned with the principles of good corporate governance as provided for in the Municipal Finance Management Act No. 56 of 2003 (MFMA) and the King IV Report on Good Governance for South Africa. In order to ensure a responsive, accountable, and productive administration, the company Board has delegated monitoring of risk in the JRA to the Audit, Finance, Risk and Information Technology Committee (AFR&IT).

The company is guided by its Enterprise Risk Management Framework which requires that risk assessments be undertaken regularly, appropriate risk responses are put in place and that the efficacy of these risk responses is monitored and reported to the shareholder's governance structures on a regular basis.

In the period under review, the Business Continuity Plan for 2020/21 financial year was reviewed for approval. The risk appetite and tolerance dashboard were developed and is monitored and reported to management, AFRIT and Group Risk and Governance Committee. The approved risk registers were monitored, and progress was reported to the management, AFRIT and Group Risk and Governance Committee.

Section 4: Anticorruption and Fraud Investigations

The whistleblowing, fraud and corruption, compliance and code of ethical conduct policy remain an agenda item at the Local Labour Forum (LLF). Once agreed at LLF the policy awareness roadmap will be tabled at the JRA's governance structures for approval and implementation. It is worth noting that through whistleblowing the ethics champion received four (4) matters which were subsequently escalated to Group Forensics and Investigations (GFIS) for investigating. The JRA remains committed to promoting an ethical environment free of fraud and corruption. In achieving this, posters on ethical behaviour are erected throughout the JRA building and email banners written "saying no to corruption" are part of the awareness strategy.

Section 5: ICT Governance

The Company operates on the basis of an approved IT Governance Policy Framework as guided and mandated by the Department of Public Service and Administration (DPSA) and key policies as contained in the framework are being implemented. In the period under review the Information Technology function has focused on ensuring the organisation has adequate IT support to function under lockdown regulations.

Below are the activities undertaken with regards to ICT Governance for the quarter under review:

- IT Governance and Strategy audit by Internal Audit
- Implementation of a new Service Desk Portal
- *IT General Controls follow up audit by Internal Audit
- Monthly SLA reports with service providers
- Review of the IT Hardware Policy
- Follow up on outstanding audit findings
- Logging of risk incidents as and when they occur with the Risk Department

- Ongoing monitoring of compliance to policies and processes.

*Details are contained in Annexure J.

Section 6: Compliance with Laws and Regulations

(% compliance with laws, impact thereof and mitigating actions on non-compliance areas)

The JRA monitors forty-five (45) pieces of legislation which are categorized into (i) Priority / core regulations; (ii) Primary regulations; and (iii) Secondary regulations which performance in the first quarter is summarised as follows:

Table 1: Primary Regulations

CATEGORY	SECTIONS	NUMBER	COMPLIANT	NON-COMPLIANT
Core/priority regulation	Companies Act No 71 of 2008	6	6	0
	Labour Relations and Employee	9	6	3
	Finance / Value Added / Tax laws	4	4	0
	MFMA No. 56 of 2003 — the said Act cross references the following Acts which should also be considered when determining the compliance	13	11	2

Table 2: Summary of secondary regulations

CATEGORY	SECTIONS	NUMBER	COMPLIANT	NON-COMPLIANT
Secondary regulations	Environmental: - Waste Act 59 of 2008. - Air Quality Act 39 of 2004; and - Environmental Regulations in relation to Asphalt Production and Transportation; Road Maintenance and Road Construction	3	2	1

Table 3: Summary of general regulations

CATEGORY	NUMBER	COMPLIANT	NON-COMPLIANT
General regulation	11	7	4

6.1. Employee Declaration

All employees of the city of Johannesburg and municipal owned entities at all levels are required to declare their interest at the beginning of each financial year. This is mandatory legislative compliance requirement in terms of the Code of Conduct for Municipal employees as contained within schedule 2 of the Municipal Systems Act (MSA) 32 of 2000 and is conducted on an annual basis. The JRA embarked on a communication drive requesting all employees to submit signed declarations of interest forms from the 5th of

August 2020 given until the **21st of August 2020**. As of **19th January 2021**, **1501** declaration of interest forms were received by the office of the Ops Manager: HCM, with **176** outstanding declarations including suspensions and employees on Leave.

Table 1: Summary of Declarations forms JRA employees

JRA staff component	Total number of signed declarations forms	Total number of unsigned submitted declarations forms	Total number of employees who have declared interest
1677	1501	6	60

Table 2: Outstanding Declarations and other factors affecting the total Submission.

Total outstanding	Maternity Leave	Suspended	On Leave	Annual Leave	Not submitted
170	-	Out of 10 suspensions, only 3 is outstanding	3	-	176

6.2. Group Compliance recommended the below when assessing the quarter 1 compliance report:

- That JRA ensures that all its officials with a SAP number i.e. including interns, comply with the Code of Conduct for the City of Johannesburg as per Schedule 2 of the Municipal Systems Act by completing the Declaration of interest forms and submits the COJ Employee Declaration of interest register for the financial year 2020/2021 to Group Compliance Unit;
- Employee Declaration of interest register Annexure A and B must be completed in its entirety and be signed by the CEO of the entity;
- Annexure C Summary report reconcile with the total number from Group Human Capital; and
- Management develops remedial action to address specific root causes relating to irregular expenditure incurred and prevent the occurrence of irregular and fruitless and wasteful expenditure.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

This chapter presents the JRA's second quarter performance towards targets set out in the 2020/21 business plan as approved by the Board and Shareholder.

Section 1: Highlights and Achievements

The company is recovering from the impact of COVID 19 pandemic, however, despite this limitation, during the second quarter of the 2020/21 financial year the company managed to make progress in the following areas;

- In infrastructure development, despite the limited activity in operations, the JRA made progress on key infrastructure development projects, as follows; roads resurfacing (35.07 lane km resurfaced, the total of 38.02 year to date); gravel roads upgraded to surfaced roads (3.53km upgraded, the total of 9.54km year to date); road reconstruction (0.85km reconstructed, the total of 3.68km year to date); Despite the stormwater panel being evaluated in the 2nd quarter, progress on the conversion of open drains to underground stormwater system is at 1.5km;
- 8 SMMEs were supported in Q2 against the target of 22 and 164 EPWP work opportunities were created against the target of 150;
- Year-to-date, the following inspections on major roads were completed as part of the latest Visual Condition Index: Region B (270km); Region C (371km); Region D (408km); Region F (499km) and Region G (284 km) Region E (+230 km) and Region A (188 km) are still currently undergoing inspection;
- The department revised and designed new traffic signal timings at 72 intersections to improve mobility and reduce congestion. The 2nd quarter target of 60 designs was exceeded. Year to date the department has completed 130 designs against a target of 100. The half yearly target has been exceeded;
- The department undertook road safety investigations at 80 locations during the 2nd quarter against a target of 75. Year to date the department has completed 190 investigations against a target of 150. The half yearly target has been exceeded;
- Under the 2nd quarter, no new petitions were received. Year to date, 3 petition reports were received and investigations with reports were completed for all 3. The target of 90% of petitions investigated with reports was exceeded;
- 82 Traffic impact assessments were completed for the 2nd quarter against a target of 90. Year to date the department has completed 170 evaluations against a target of 160. The half yearly target has been exceeded;
- From a financial performance perspective, the JRA operating budget for the 2020/2021 financial year is R1,484 billion. The operating expenditure and income for the 2nd Quarter was R 351, 482 million and R 358, 768 million respectively, representing income exceeding expenditure by R 7, 286 million at the end of the second quarter;
- The JRA Adjustment capital budget for the 2020/2021 financial year is R1,061 billion and the capital expenditure (including accruals and commitments) for the quarter under review is R 138, 785 million. This represents 13% of the total 2020/2021 Adjustment capital budget spent in the quarter. However, the YTD capex spend is 19.3% (R204 845 000) of the current year budget; and,

- From an audit perspective, the JRA resolved 2 (50%) of the remaining 4 findings raised by the Auditor General (AG). Year-to-date the JRA has resolved 29 (94%) of the 31 findings that the AG raised in 2018/19 financial year. The JRA resolved 42 (70%) of the 60 findings raised by Internal Audit that were due in Q2. Year-to-date the JRA has resolved 60 (77%) of all (78) findings raised by Internal Audit.

Section 2: Service Delivery Challenges

Overall, the main challenge in the quarter under review from a service delivery perspective was the impact of the COVID-19 pandemic which contributed to staff shortages. The delay in service provider appointments also contributed to service delivery. The lockdown also affected regional operations activities as they operated on a 1/3 of their staff complement on a rotational basis and concentrating mostly on unblocking storm water. Several infrastructure developments projects such as gravel roads, bridge and open drains conversion programmes were delayed.

Beyond this the JRA faces increasing demands for infrastructure establishment and rehabilitation due to the general state of the road infrastructure. Despite an increased capital budget over the last few years, the approved budget for some projects remains inadequate for the planned project scope and to meet additional demands for infrastructure rehabilitation and reconstruction. Requests to reduce the USDG-linked capital budget also exacerbate the challenge.

Section 3: Response to Strategic Direction

Annually, the JRA implements the following key programmes:

- roads resurfacing.
- gravel roads upgrading.
- bridges management.
- stormwater management.
- traffic signals management, freight support programmes and safety investigations.
- customer service charter standards; and,
- internal governance and other internal processes.

i. Roads Resurfacing Programme

The JRA manages over 12 000 km of road network, and most of these roads are older than 30 years which is usually a design life span for urban roads. The status of many of the roads across the network ranges from poor to very poor and they require rehabilitation and or reconstruction. In line with available resources the JRA has adopted road resurfacing as a short to medium term strategy to prevent complete failure of the road network.

The road resurfacing programme, which includes asphalt overlays, re-tarring and sealing of cracks across the City of Johannesburg's road network is paramount not only in improving the life span of the City's roads but in mitigating structural damages caused mainly by water which often results in pothole development. The JRA resurfaced approximately 35.07 lane km in quarter two and a total of 38.02 lane km to date. The road reconstruction and rehabilitation

programme target for quarter 2 was 1km and a total of 0.85km was reconstructed due to the evaluation of road reconstruction panel being in progress.

ii. Gravel Road Upgrade Programme

The JRA also upgrades gravel roads into surfaced roads mostly in marginalised areas across the City. These areas include Ivory Park, Diepsloot, Braamfischerville, Orange Farm, Driezek, Tshepisong, Doornkoop/Thulani, Mayibuye, Poortjie, Lawley, Slovoville, Zandspruit, Midrand, Kaalfontein, Lakeside and Drieziek Extension 3, 4 and 5. Gravel roads were upgraded to surfaced standard in Braamfischerville (2.83 km), Zandspruit (0.28km), and Noordwyk (0.42km) which resulted in 3.53 km of gravel roads surfaced during this quarter. The total of 9.54 kms has been upgraded to surfaced standard roads to date. Progress was slow due to the late appointment of contractors and the pandemic which also caused lower job numbers which are linked to project implementation.

iii. Bridges Management Programme

Like the rest of the programmes, bridge projects were also affected by the lockdown and three bridges that were planned for completion in June 2020 have been delayed. Construction works at Spring Road Bridge is 100% complete. Joe Nhlanhla bridge is 93% while South Road Bridge construction is 87% complete. The 12th Road Avenue bridge contractor was appointed September and construction commenced in Q2.

There are currently 50 bridges that require urgent rehabilitation and or reconstruction across the City. Some of the more critical bridges include amongst others the three Inner City bridges, Queen Elizabeth, Biccard, and Harrison Bridges, Kilburn Bridge, Belgrave Bridge, West Road Bridge, Pier Road Bridge, Maphumulo Bridge and Mmila and Vincent series Bridges. The rehabilitation of all bridge structures along the M1 and M2 are also deemed critical. It is worth noting that West Road Bridge, Canterbury Road Bridge and Pier Road Bridge have been completely closed-off due to safety concerns. Designs for the different bridges are being developed to ensure procurement, the appointment and construction can commence when funding becomes available.

iv. Infrastructure Planning Management

In relation to infrastructure planning, the JRA focuses on periodic assessments of road, bridge infrastructure, research and development, development control, roads and storm water planning and road and asset management systems. Through these regular assessments, the JRA develops medium to long term strategic technical infrastructure plans. The JRA also develops road and storm water masterplans that guide future improvements within the City. The current Visual Condition Assessment that the JRA is undertaking is critical to:

- demonstrate the effect of the recent and current funding levels on road infrastructure.
- to guide infrastructure development.
- to determine proactive maintenance plans; and,
- to inform the next phase of the multi-year budgeting framework.

a. Pavement Management

A Pavement Management Systems (PMS) is critical for identifying inadequacies within the existing pavement infrastructure as well as planning maintenance interventions for proactive

maintenance scheduling and defining new pavement infrastructure needs via the biannual Visual Condition Assessments (VCA's) which would result in Visual Condition Indices (VCI's).

The VCI as per the Technical Methods for Highways (TMH22) also serves as a function to update the physical asset register (inventory) and serves to update and value this asset class. The latest VCI comprise a focus on the major roads Road Infrastructure Strategic Framework for South Africa (RISFSA) Classification 3 and 4 per region. Inspections have been completed on major roads as follows:

- Region B (270km).
- Region C (371km).
- Region D (408km).
- Region F (449km).
- Region G (284km); and

Assessments for Region A (+230 km) and Region E (188 km) ongoing inspections since August 2020. Region E is 50% complete and results for both regions are expected during the third quarter. Minor Roads (RISFA) Class 5 and 6 roads also known as the residential roads are the upcoming priority for FY 2021/22, and account for over 60% of the JRA owned road network, should the appropriate OPEX funding allocation be made.

b. Storm Water Asset Monitoring

Similarly, to the aforementioned visual condition inspections of pavements, the same exercise is applicable to existing stormwater assets managed by the JRA. The Stormwater Management System (SWMS) governs the Visual Condition Assessment (VCA) of the storm water assets. VCA outcomes not only provide short-term maintenance intervention scheduling but provide accurate locality and condition state to be considered in the Stormwater Master Plan. In 2019/20 financial year the development of Stormwater Asset Monitoring focused in Northcliff was completed. In Q1 of 2020/21 projects in the Fordsburg major catchment was 95% complete. Alexandra major catchment was 100% complete, with the Upper East Bank being recommended for detail design. Lastly the largest major catchment, Inner-City progressing at 50% and is envisaged to be completed in Q4 should budgetary constraints be relieved.

Further to this Diepsloot in Region A, Bordeaux in Region B, and Zakariya Park in Region G have been noted as other urgent flooding hot spot and would form part of the Planning Departments' upcoming VCA targets should the appropriate OPEX funds be made available.

c. Open Drains Conversions

As part of the implementation and development of Stormwater Master Plan (SMP), the JRA embarked on a programme of converting all open storm water channel systems into underground pipe and or culvert systems. During the 2020/21 financial year the focus has been on Braamfischerville, Orange Farm and Ivory Park. Due to the delayed appointment of contractors in progress, the quarterly target of 0.3km was not achieved, however, the total of 1.5km of open channels were converted to underground stormwater drain systems against annual target of 1.5km.

The open channels contribute to flooding. Some of the flooding hotspots identified by the JRA and for which interventions are being considered include Ikwezi Drive and Mmila Road in Ward 47- Region D; Senaone - Umvoti Street in Ward 15- Region D; Mabalane Street in Ward 15 Region D; Mapetla Street, Sekoati and Malatsi Street in Ward 16 Region; Naledi - Madutlwa Street in Ward 20 Region D; Rathebe Passage in Ward 31- Region D and Braamfischerville Channel in Ward 44 Region C. The short-term solutions for the above areas are currently implemented and will continue in 2020/21 financial year.

v. Mobility Management

The JRA's core business also includes the provision and facilitation of traffic regulatory designs, approvals, traffic mobility information, traffic regulatory policy development and traffic management systems. During the 2nd quarter including year to date, the following key service delivery highlights and milestones were achieved.

- The department revised and designed new traffic signal timings at 72 intersections to improve mobility and reduce congestion. The 2nd quarter target of 60 designs was exceeded. Year to date the department has completed 130 designs against a target of 100. The half yearly target has been exceeded.
- The department undertook road safety investigations at 80 locations during the 2nd quarter against a target of 75. Year to date the department has completed 190 investigations against a target of 150. The 2nd quarter and half yearly target has been exceeded.
- Under the 2nd quarter, no new petitions were received. Year to date, 3 petition reports were received and investigations with reports were completed for all 3. The target of 90% of petitions investigated with reports was exceeded.
- 82 Traffic impact assessments were completed for the 2nd quarter against a target of 90. Year to date the department has completed 170 evaluations against a target of 160. The half yearly target has been exceeded.

vi. Infrastructure Maintenance

The JRA is responsible for the maintenance of all roads and related infrastructure in the City of Johannesburg through proactive maintenance and a customer service charter maintenance programme covering all road infrastructure and associated furniture. The activities include inter alia, resurfacing, footways - medians – kerbs, gutters & shoulders repairs, roads maintenance, storm water, road signs & markings, gravel roads, bridges, and reinstatements. The activities are carried out in two formats i.e. reactive and proactive maintenance.

vii. Governance and Internal Processes

Key to this programme is the creation of short-term Expanded Public Works Programme (EPWP) job opportunities and employment of local emerging Small, Medium and Micro Enterprises (SMME) contractors. During Quarter 2, a total of 164 EPWP jobs were created against the target of 150 for the quarter due to the appointment of contractors in progress. The total of 8 emerging contractors were engaged against the quarterly target of 22, the underachievement is due to most service provider's appointments being in progress.

Description	Q1	Q2	Q3	Q4	Annual Target
Jobs created	71	164	-	-	500

SMMEs supported	22	8	-	-	86
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Section 4: Performance against Service Standards

The company delivers the following service standards as contained in the revised Customer Service Charter; repair of potholes; regulatory road signs repaired; traffic signal maintenance; repair of damaged / missing road barriers or guardrails; repair of damaged traffic light poles; blocked storm water repair and replacement of manholes covers. The company achieved 10 targets against 21 targets (47.61%) in quarter 2.

JRA Service Standards

Table 3.2: JRA Service Standards

KPA	KPI	Programme	KPI	Q2 Target
JRA Customer Charter Standards	1	Repair of damaged/missing road barriers or guardrails	% of damaged / missing road barriers or guardrails repaired from when a valid call is logged.	40% within 14 days.
				60% within 20 days.
				80% within 30 days.
	2	Blocked storm water repairs	% of blocked storm water kerb inlets (KI's) repaired from when a valid call is logged.	40% within 10 days.
				60% within 20 days.
				80% within 30 days.
	3	Replacement of manholes covers	% of missing JRA manholes covers made safe and replaced after a valid call is logged	40% within 10 days.
				60% within 20 days.
				80% within 30 days.
	4	Regulatory Road Traffic Signs repaired	% of reported damaged/missing regulatory road traffic signs replaced or repaired from the time when a valid call is logged	40% within 10 days.
				60% within 20 days.
				80% within 30 days.
	5	Potholes repair	% of reported potholes repaired from time of recording of a genuine pothole by the JRA from all sources. ¹	40% within 14 days.
				60% within 20 days.
				80% within 30 days.
	6	Traffic Signal Maintenance	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	40% within 14 days.
				60% within 20 days.
				80% within 30 days
	7	Repair of damaged traffic light poles	% of reported damaged traffic signal poles repaired/ from when a valid call is logged	40% within 10 days.
				60% within 20 days.
				80% within 30 days.

For detailed performance against these service standards see Annexure I.

¹ Phakama, Hotline, Internal JRA Staff, Urban Regional Inspectors (from Regional Directors Office), JRA Inspectors

KP A	KPI No	Programme	KPI	Q2 Target	Q2 Actual Performance	Year to date performance	Comments
JRA Customer Charter Standards	1	Repair of damaged/mis sing road barriers or guardrails	% of damaged / missing road barriers or guardrails repaired from when a valid call is logged.	40% within 14 days.	Total calls received within the period: 3 Total repaired within 14 days 1 (33.33%)	YTD Total calls received -6 Total repaired within 14 days 2 (33.33%)	Shortage of material. The procurement process for guardrails is currently at BAC level for the approval of award.
				60% within 20 days.	Total repaired within 20 days 1 (33.33%)	Total repaired within 20 days 2 (33.33%)	
				80% within 30 days.	Total repaired within 30 days 1 (33.33%)	Total repaired within 30 days 2 (33.33%)	
	2	Blocked storm water repairs	% of blocked storm water kerb inlets (KI's) repaired from when a valid call is logged.	40% within 10 days.	Total calls received within the period: 446 Total repaired within 10 days 176 (39.46%)	YTD Total calls received- 620 Total repaired within 14 days 249 (40.16%)	Regional operations were operating on 1/3 of staff and has brought staff back on a rotational basis. Current team's complement is concentrating mostly on unblocking storm water.
				60% within 20 days.	Total repaired within 20 days 233 (52.24%)	Total repaired within 20 days 332 (53.55%)	
				80% within 30 days.	Total repaired within 30 days 291 (65.25%)	Total repaired within 30 days 388 (62.58%)	
	3	Replacement of manholes covers	% of missing JRA manholes covers made safe and replaced after a valid call is logged	40% within 10 days.	Total calls received within the period: 16 Total repaired within 10 days 5 (31.25%)	YTD Total calls received within the period: 40 Total repaired within 14 days 5 (12.5%)	Shortage of material The bid for manhole covers was advertised and is Evaluation is currently underway
				60% within 20 days.	Total repaired within 20 days 5 (31.25%)	Total repaired within 20 days 9 (22.5%)	
				80% within 30 days.	Total repaired within 30 days 7 (43.75%)	Total repaired within 30 days 12 (30%)	
	4	Regulatory Road Traffic	% of reported damaged/missin	40% within 10 days.	Total calls received within the period: 243	YTD total calls received: 393	

	Signs repaired	g regulatory road traffic signs replaced or repaired from the time when a valid call is logged	<p>Total repaired within 10 days 152 (62.55%)</p> <p>60% within 20 days. Total repaired within 20 days 178 (73.25%)</p> <p>80% within 30 days. Total repaired within 30 days 192 (79.01%)</p>	<p>Total repaired within 14 days 178 (73.25%)</p> <p>Total repaired within 20 days 184 (55.09%)</p> <p>Total repaired within 30 days 205 (61.38%)</p>	<p>Total repaired within 14 days 240 (61.07%)</p> <p>Total repaired within 20 days 268 (68.19%)</p> <p>Total repaired within 30 days 289 (73.54%)</p>	<p>No material to repair and replace the signs.</p> <p>The contract for traffic signs is yet to be submitted for BSC to be advertised, the specification is expected to be ready by the beginning of Q3</p>
5	Potholes repair	% of reported potholes repaired from time of recording of a genuine pothole by the JRA from all sources. ²	<p>40% within 14 days.</p> <p>60% within 20 days.</p> <p>80% within 30 days.</p>	<p>Total received within the period: 334</p> <p>Total repaired within 14 days 153 (45.81%)</p> <p>Total repaired within 20 days 184 (55.09%)</p> <p>Total repaired within 30 days 205 (61.38%)</p>	<p>YTD total calls received: 781</p> <p>Total repaired within 14 days 355 (45.45%)</p> <p>Total repaired within 20 days 403 (51.60%)</p> <p>Total repaired within 30 days 433 (55.44%)</p>	<p>The is no contract for supply of asphalt and raw material to produce asphalt.</p> <p>The recovery plan for war on potholes was developed and the implementation is underway by using level 1 and 2 Contractors. The focus is currently on the backlog.</p> <p>The bid for supply of asphalt and aggregates are both at BAC level for the approval of award.</p>

² Phakama, Hotline, Internal JRA Staff, Urban Regional Inspectors (from Regional Directors Office), JRA Inspectors

6	Traffic Signal Maintenance	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	40% within 14 days.	Total calls received in the period: 118 Total completed within 14 days 114 (96.6%)	YTD total calls received in the period: 169 Total completed within 14 days 165 (97.63%)	Target Achieved			
							60% within 20 days.	Total completed within 20 days 118 (100%)	Total completed within 20 days 169 (100%)
							80% within 30 days.	Total completed within 30 days 118 (100%)	Total completed within 30 days 169 (100%)
7	Repair of damaged traffic light poles	% of reported damaged traffic signal poles repaired/ from when a valid call is logged	40% within 14 days.	Total received within the period:2 Total completed within 14 days 2 (100%)	YTD total calls received:2 Total completed within 14 days 2 (100%)	Target Achieved			
							60% within 20 days.	Total completed within 20 days 2 (100%)	Total completed within 20 days 2 (100%)
							80% within 30 days.	Total completed within 30 days 2 (100%)	Total completed within 30 days 2 (100%)

Section 5: Performance against Pre-Determined Objectives

Table 3.1 Performance against Company Scorecard

KPI No.	KPI	Baseline (2019/20 FY)	2020/21 Target	Q2 Oct-Dec	2020/21 Budget Performance (Q2)		
					Q2 Actual performance	Q2 Opex Target	Q2 Actual performance
1	Number of lanes kilometres of roads resurfaced.	225 lane KM	112 lane KM	N/A	R 13 056 663.25125	N/A	N/A
2	Number of kilometres of gravel roads upgraded to surfaced roads	25 KM	21 KM	5.00	R 70 043 119.12925	N/A	N/A
3	Number of kilometres of storm water drains converted to underground system	1.264 KM	1.5 KM	0.3	R 6 782 336.522	N/A	N/A
4	Percentage of unsurfaced roads graded	New	50% (720KM/114 KM)	8.4%	N/A	N/A	N/A
5	Percentage of municipal road lanes which has been resurfaced and resealed	New	4.5% (180/4000 KM)	N/A	N/A	N/A	N/A
6	KM of surfaced roads rehabilitated and reconstructed	-	7 KM	1.00	R 23 097 437.31975	N/A	N/A
7	Number of bridges (Pedestrians and Vehicular) being reconstructed and or rehabilitated	10	3.00	1.00	R 24 852 827.771	N/A	N/A
8	Number of signalised traffic intersections upgraded	-	85	N/A	N/A	N/A	N/A
9	Number of SMME's supported	153	86	22	N/A	N/A	N/A

KPI No.	KPI	Baseline (2019/20 FY)	2020/21 Target	Q2 Oct-Dec	2020/21 Budget Performance (Q2)		
					Q2 Actual performance	Q2 Opex Target	Q2 Actual performance
10	Number of EPWP jobs created	1 512	500	150	N/A	N/A	N/A
11	Percentage of audit findings raised internally against findings resolved in the current year	69%	80.00%	N/A	N/A	N/A	N/A
12	Percentage of the risk management implementation plan implemented	88.23%	90.00%	N/A	N/A	N/A	N/A
13	Percentage budget expenditure on implementation of the storm water master planning project	58%	50.00%	10.00%	R13 865 979.75825	5 000	N/A
14	Percentage reduction in traffic signal downtime related to technical faults	0.065%	0.060%	N/A	N/A	N/A	N/A
15	Percentage of budget expenditure of M1 Motorway Renewal and Rehabilitation	100%	100%	20%	R 2 228 533.2905	N/A	N/A
16	Percentage of budget expenditure on M2 Motorway Renewal and Rehabilitation	100%	100%	20%	R 30 316 236.51275	N/A	N/A
17	Percentage of budget expenditure on M70 (Soweto Highway Motorway Renewal and Rehabilitation)	100%	100%	20%	N/A	N/A	N/A
18	Percentage spend on Capex against budget approved	95%	95%	N/A		N/A	N/A
19	Percentage of BBBEE spent against total procurement spend	96.74%	75%	+A	N/A	N/A	N/A
20	Number of issues raised by the Auditor General (AG) resolved expressed as %against total issues	60%	90%	N/A	N/A	N/A	N/A

KPI No.	KPI	Baseline (2019/20 FY)	2020/21 Target	Q2 Oct-Dec	2020/21 Budget Performance (Q2)		
					Q2 Actual performance	Q2 Opex Target	Q2 Actual performance
	raised in the management letter						
21	Achievement of an improved annual AG findings against the previous year	Unqualified without material findings	Clean Audit	N/A	N/A	N/A	N/A
22	Number of access roads upgrades in Hostel areas	New	1	N/A	N/A	N/A	N/A

CHAPTER 4: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT.

The company aims to be the employer of choice within the City of Johannesburg by employing a progressive policy framework that will ensure recruiting and retaining talent through the Human Capital Management function. The company's employment policy allows employment practices that help to attract the best talent and remuneration policies to motivate and retain talented employees and create a desirable and appealing work environment. The company periodically reviews all its employment policies and practices in line with applicable prescripts to ensure that it remains relevant and competitive in attaining and acquiring the best talent in the labour market.

Section 1: Employee Remuneration

Table 4.1: Total employee costs

Executive Management	R 5,933,608.00
Senior Management	R 9,063,577.00
Professionally qualified and experienced specialists and mid-management	R 14,925,022.01
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	R 57,246,153.52
Semi-skilled and discretionary decision making	R 9,742,038.00
Unskilled and defined decision making	R 39,889,293.00
Total	R 136,799,691.53

*Total Costs include executives

Table 4.2 Staff cost as a percentage of operating budget

R	Quarter 1	Quarter 2	YTD – Interim Actual
Total Salary Cost	189,021,000	203,258,000	392,279,000
Quarterly Operating Budget 2020/21	371,219,000	371,219,000	742 438,000
% of Salary to Operating Budget	51%	55%	53%

Please note that included in the salary cost are the cleaning and security staff, that are paid by COJ and charged to JRA.

Section 2: Key Vacancies

Progress in relation to the filling of vacant key posts

The position for Head of Department for Mobility and Freight (M&F) at present is vacant the progress made to fill this post is reflected in table 4.3 below:

Table 4.3: Progress with filling HOD: M&F vacant post:

Vacant Post	Progress
HOD: M&F	Shortlisting Meeting scheduled for December 11, 2020 with 5 headhunted candidates.

It should be noted that the position for HOD: PGIT has been filled, the incumbent started on 01 December 2020.

Vacancy Rate

This section provides information about rate of vacancies against the total population of funded posts within the approved organisational structure. The company has a total of 2 646 authorised positions on the approved structure. Of the total approved posts, only of 1921 (72, 6%) positions

are funded while 725 (27, 4%) are not funded. Of the 1921 vacant funded positions, 1678 (87%) are filled and 280 (14, 5%) are vacant.

The process of filling the 280 funded vacant positions has been initiated, with more than one hundred and twenty-one (121) positions advertised until first week of December 2020 and the recruitment process is currently underway. The recruitment processes will continue until the end of the financial year.

Grade / Level	Authorised Complement	Number of funded Vacancies	
		Q2	% Vacancies
Executive Management + HODs	9	1	11.11%
Senior Management	32	9	28%
Professionally qualified and experienced specialists and mid-management	102	6	5.88%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	211	25	11.84%
Semi-skilled and discretionary decision making	867	102	11.76%
Unskilled and defined decision making	1425	137	9.6%
Total	2646	280	10,5%

Table 4.4: Vacancy ratio

Staff Turnover

The total percentage of staff turnover versus the authorized staff numbers for the second quarter is 0.03% as illustrated in the table below:

Table 4.5: Staff Turnover

Turnover (Reason)	Staff Leaving JRA				Total
	Q1	Q2	Q3	Q4	
Resignation	1	1	-	-	2
Death	1	2	-	-	3
Dismissal	2	-	-	-	2
Medical Boarding	0	0	-	-	0
Retirement	3	10	-	-	13
Contract Termination	1	-	-	-	1
Total	8	13	-	-	21

As demonstrated in the table above, during the 2nd quarter of this current financial year, there was less movement in terms of staff turnover. The company continues to monitor the number or percentage of workers who leave the organisation as well as the reasons for leaving the entity.

Staff Movement

During the reporting period, there was movement of 18 employees in the JRA of which 13 employees were African Male and 5 African Female as presented in the table below.

Table 4.6: Staff Movement

Staff Movements	African		Coloured		Indian		Whites	
	Male	Female	Male	Female	Male	Female	Male	Female
Appointments	5	2	-	-	-	-	-	-
Recruitments	-	-	-	-	-	-	-	-
Resignations	1	-	-	-	-	-	-	-
Dismissals	-	-	-	-	-	-	-	-
Retirements	7	3	-	-	-	-	-	-
Absenteeism	-	-	-	-	-	-	-	-

Section 3: Employment Equity

The implementation of the Employment Equity plan and consultation with relevant stakeholders resumed in Q2 after disruptions ensuing from COVID-19 restrictions. Dates in the EE plan have since been amended to take into account the COVID-19 Lockdown disruptions.

Highlights for Q2 included the setting up of a Central (National) EE Committee made up of representatives from each Depot, consultation with EE Committees, the launch of a Disability Management Programme for the JRA as well as more engagement with the recruitment team to drive the attainment of targets as reflected in the EE Plan

Regulatory Update: EE ACT AMENDMENT BILL

The Department of Employment and Labour (DEL) held virtual employer road shows in September and October 2020. Gauteng’s workshop was held on 20 October 2020, with the main focus being to highlight details of the draft Code of Good Practice (“the Code”) on the Prevention and Elimination of Violence and Harassment in the World of Work.

Additional objectives were to provide an annual update on Employment Equity progress, offer guidance in respect of compliance to the Employment Equity Act, namely reporting, and to offer a platform for questions and answers.

Developments on the Draft Code of Good Practice on the Prevention and Elimination of Violence and Harassment in the World of Work

The DEL highlighted that the purpose of the Code is to remedy some of the shortcomings of the Amended Code of Good Practice of Handling Sexual Harassment Cases in the Workplace that was issued in August 2005. They further advised that the current situation in South Africa’s workplaces in respect of violence and harassment was a cause for concern, and that drastic action was needed to address the alarmingly high numbers of violence cases happening daily in the workplace.

The objectives of the Code are to raise awareness of issues relating to violence, to provide much needed solutions and to address the very real threat that harassment poses in a person’s working life.

Should the draft Code be enacted as legislation, it will place responsibility on employers and make them accountable for the correct implementation of its provisions within their businesses. Furthermore, employees will have the opportunity to report any form of harassment that they may be subject to within the workplace without fear of reprisal. The draft Code provides clear and concise definitions to matters which constitute harassment and which were previously unclear.

This includes, inter alia, bullying, cyber bullying, discrimination, domestic violence and harassment, intimidation, and mobbing.

Once the Code is promulgated, employers will have to ensure that there have relevant and effective policies against harassment in their organisations. Such policies must seek to inform and educate employees about sexual harassment and harassment in general. Furthermore, employers would need to implement prevention and awareness programmes to educate workers on violence, harassment and health and safety procedures which clearly set out the interventions for each form of violence and harassment in the workplace. Employers will have to consider providing programmes of care and support for victims of violence and harassment (including measures to mitigate the impact of domestic violence in the world of work).

Communication Initiatives

Communication during Q2 included the following:

- WhatsApp messages to EE Committees.
- Meeting with EE Committees
- A quarterly update report to EE Custodians.
- Disability Awareness Information Sessions
- Poster Campaign (Disability Awareness).

Disability Management Programme Launch

At the start of Q2, the EE Office launched a Disability Programme for the company. The objective of the programme is to improve employment outcomes for persons with disabilities, in order for representation of persons with disabilities within our company can be improved and that they can be supported and accommodated. Details of the programme are listed below.

Table 4.7: Disability Management Programme Launch

DESCRIPTION	DETAILS AND PROJECT SCOPE
Programme Launch/Information Session	Information and Awareness session and Disability Programme Overview presented to Corporate Services Team.
Disability Awareness Information Sessions to all Staff	Information & Awareness Sessions (Road Shows) to provide information on disability has been facilitated for all Staff at all Depots & Head Office. This was a coordinated effort with the Wellness Team and Proactive Health Solutions.
Poster Campaign	Developed Disability Awareness Posters and distributed to Depots and Head Office (Attached*).
Disability Discussions with EE Committees	Information and clarification sessions were facilitated to equip the committee members to encourage disability disclosure.
Disclosure Campaign	Department of Labour's EEA1 Form has been amended for ease of use and to encourage disclosure (copy attached). Employees have been encouraged to complete forms by 11 December 2020.
Plan Developed for Accessibility Audits	Instruments being procured to conduct accessibility audits. Discussions held with JRA's infrastructure team to ensure that efforts are coordinated for optimal outcomes. A comprehensive plan has been developed to audit our physical work sites.
Recruitment Drive (Advert Change)	JRA's employment advert templates have been modified to include the disability symbol, so as to send out a disability inclusive message.

DESCRIPTION	DETAILS AND PROJECT SCOPE
Disability & Reasonable Accommodation Policy Development	Developed policy for Disability and Reasonable Accommodation (first draft, attached).

Consultation as Stipulated in Section 16 & 17 of the Employment Equity Act (EEA)

- A Central EE Committee for the JRA – The National EE Committee*
As per the requirements of the EEA, employers must consult with representatives of the workforce on Employment Equity. In order to give effect to this provision, Committees were established at all Depots and at Head Office. Due to COVID-19 restrictions, the establishment of a central committee was delayed. This strategic central committee, now known as the “National EE Committee” was established in October 2020. The committee is made up of representatives from each Depot, Head Office and Business Units who have a vested interest or can contribute to EE at the JRA. A Terms of Reference (attached*) have been developed to guide the work of this National EE Committee.
- Committee Meetings*
Committee meetings have been held with all Depot Committees, Head Office as well as the National Committee in Q2.
- Training for EE Committee Office Bearers*
In order to assist the official duty bearers to fulfil their responsibilities, all Chairpersons and Committee Secretaries will receive training on their roles in December/January 2020/2021.
- Meeting with SAMWU and IMATU*
As an important stakeholder of Employment Equity, both SAMWU and IMATU representatives have been included in the EE Office Plans. However, the Unions have been unavailable to meet with the EE Office since the relaxation of the lockdown – despite many attempts being made by the EE Office in this regard. Written communication has been sent to the Unions - in which the JRA’s EE intentions and plans have been documented, and a meeting request has been issued for a meeting early in 2021.
- GEYODI Reporting (YOUTH)*

The EE Office has been asked to produce regular reports for the GEYODI Committee. Reporting areas include Women, People with Disabilities, LGBT-A and Youth. The EE Office has not included youth in previous EE Plans and programmes as this does not fall directly within the scope of Employment Equity. This will be included in plans for 2021 and beyond.

Current JRA Workforce Profiles as at December 2020 and Progress

	AM	CM	IM	WM	AF	CF	IF	WF	
Province Population	45.30%	1.30%	1.90%	7.40%	35.70%	1.30%	1%	6.10%	
Current no. of Employees	1053	12	6	36	536	10	4	20	1677
Required no. of Employees to EAP	760	22	32	124	599	22	17	102	
Gap	293	-10	-26	-88	-63	-12	-13	-82	
	Over represented	Under Represented	Under Represented	Under Represented	Under Represented	Under Represented	Under Represented	Under Represented	
Current %	61.8%	0.7%	0.4%	2.1%	31.4%	0.6%	0.2%	1.2%	100.0%
% Gap	-17.7%	0.60%	1.55%	5.29%	4.26%	0.71%	1%	4.93%	

Comments on JRA's workforce representation

The company has experienced a decrease in total headcount since Q1 (2020), despite recruitment figures as reflected above. African males continue to be over-represented and all other race and gender groups remain under-represented.

There has been a continuous engagement with the recruitment team as well as leadership in order to highlight the gaps and the need to introduce stringent measures to improve representation.

JRA's skills development and training programme is one of the critical components of the human capital management strategy to improve organisational performance and achieve excellence through improvement of skills and competencies of our work force.

Section 4: Skills Development and Training

Table 4.8: Status of skills development at JRA

Strategic Skills	Education and Training Priority	Internal Training Provider	External Training provider	Total Number of Training
Improve Efficiency	Interns	34	-	34
	Degrees/Diplomas/Certificates (Employees)	-	55	55
Develop Technical / Core Functional Skills	Risk Management	-	7	7
	Municipal Finance Management Act	-	12	12
	Mentorship & Coaching	-	59	59
	Legal Liability for Supervisors	-	24	24
	Code of Practice SANS – 10142	-	23	23
Total				214

Section 5: Performance Management

Currently the performance management process is being managed per JRA best practice principles. The Performance Management unit is still in the process of assisting employees from different departments with completing their performance management documents.

The submission percentage for the Balanced Scorecards, Half-Yearly Performance reports and Annual Score sheets for the 2019/20 financial year stands at 87.61%, 80.27% and 77.03% respectively. The submission percentage for the Balanced Scorecards and Performance Agreements the 2020/21 financial year stands at 67.55%.

Section 6: Disciplinary Matters and Outcomes

Disciplinary Cases conducted and finalised

The handling of disciplinary matters within the conscript of the regulatory framework as well as observing collective bargaining agreements and processes is essential for the maintenance of discipline within the workplace.

The following disciplinary cases were conducted and some finalised in 2nd quarter as displayed in the below table:

Table 4.9: Disciplinary cases conducted and finalised

Nature of Case	Number of Employees	Outcome
Insubordination	4	2 new cases underway. 1 employee dismissed. 1 case awaiting verdict
Fraud & Corruption	2	2 Hearings finalized, awaiting sanction
Irregular expenditure	1	1 new case reported
Racism	1	1 Hearing to continue, after SALGBC outcome on use of attorneys
Assault	1	Hearing to start
Conflict of interest	1	Hearing in progress
Causing instability at the depot by preventing employees from working	1	1 Hearing finalized, awaiting sanction
Dereliction of duties	1	Hearing to start
Irregular expenditure	5	Hearing to start
Negligence & bringing company into disrepute	1	Hearing to start
Theft	1	Hearing in progress

Suspensions

There are currently ten (10) recorded cases of employees on suspension during the reporting period.

Table 4.10: Suspensions at JRA

Position Description / Designation	Category of Violations	Date of Suspension	Reasons for the delay	Details of Disciplinary Action taken or Status of Case
Accountant Level 5 Sifiso Gumbi	Offensive behaviour, Insubordination	2018.07.06	External prosecutors and chairperson appointed	Case finalized; awaiting verdict
Accountant Level 5 Ronnie Molefe	Offensive behaviour, Insubordination	2018.07.06	External prosecutors and chairperson appointed	Case finalized, dismissed on 30.11.2020
Inspector: Level 6 - Solomon Makheka	Causing instability at the depot by preventing employees from working	2019.12.02	Employee was hospitalized	Case finalized; awaiting sanction
Manager: IT - Level 4 Kalombo Mpabantu	Procurement irregularities; Insubordination	2020.09.21		Investigation underway
HOD: Regional Operations: Level 2: Muziwandile Nkonyane	Dereliction of duties	2020.10.06		Investigation in progress
CFO: Level 2 Dikeledi Thindisa	Irregular expenditure	2020.11.24		Investigation in progress
HOD: Corporate Services: Level 2: Siyabonga Nodu	Irregular expenditure	2020.11.24		Investigation in progress
OPS Manager: Contracts Level 3: Khangelani Gumbi	Irregular expenditure	2020.11.24		Investigation in progress
Manager Logistics Level 4: Compete Mbuli	Irregular expenditure	2020.11.24		Investigation in progress
Manager Bids & Tenders Level 4: Dumisani Dube	Irregular expenditure	2020.11.24		Investigation in progress
Store controller Level 6: Peter Masiakoala	Alleged theft of paint	2020.12.14		Hearing in progress

Conciliations, arbitrations, and grievances

During the reporting period, 5 cases of unfair dismissal and 3 cases of unfair labour practice were recorded, representing 8 cases overall. Of these, two (2) unfair dismissal disputes ruled in favour of the company.

Table 4.11: Conciliations, arbitrations, and grievances

NAME	NATURE OF DISPUTE	PROCESS	DATE	STATUS
Peter Mabe	Unfair labour practice relating to performance assessment	Arbitration	2020.05.06 2021.01.11	Heard in part.
Ntokozo Mkwabane	Unfair dismissal	Arbitration	2020.10.15,16	Finalized in favour of JRA
Fikile Mkize	Unfair labour practice relating to performance assessment	Arbitration	2020.11.13	Case withdrawn by applicant
Tsepiso Mokgeseng	Unfair dismissal	Arbitration	2020.11.25	Finalized in favour of JRA
Kganelwa Tsatsi	Unfair dismissal	Arbitration	2020.10.29 2021.02.10-12	To start
Ramotlilisi Motlatla	Unfair dismissal	Arbitration	2020.12.07	To start
Goodwill Mbatha	Unfair dismissal	Arbitration	2021.01.11	To start
Kgosana Thekwane	Unfair Labour practice	Arbitration	Awaiting date	

Section 7: Leave & Productivity Management

A summary of the leave provisions during the 2nd quarter is presented below:

Table 4.12: Leave and productivity management.

Category	Number of leave days
Annual leave	7342.83
Sick leave	685
Family Responsibility leave	0
Study leave	0
Long service leave	5
Extended sick leave	0
Unpaid leave	163.16
Leave encashment	11473.38

Section 8: Employee Wellness

The table below provides information on Health and Wellness programmes that were embarked upon during the 2nd quarter:

Table 4.13: Employee Wellness

Program	Activities
Promotion of Wellness Unit	Roadshow with PHS: Roadshow was done to all depots and Head Office to promote the services of the Wellness Unit, together with PHS (Service provider) and the EE team that also promoted the awareness of People with Disabilities.
16 Days of Activism against Gender Based Violence	Launch of the campaign was done with an information session held at Head Office on the identification of Gender Based Violence, other than physical violence. Information on GBV distributed electronically and via posters at depots.
Sexual harassment	Posters on what sexual harassment entails and steps to be taken were placed on notice boards and distributed electronically.
Prostate Cancer	Information was distributed to make men aware of the symptoms of prostate cancer and encourage regular testing.
EAP Services	EAP services are available through PHS. Due to COVID-19 regulations, the mode of service delivery moved from Face to Face intervention to telephonic and zoom.
Dependant: Behavioural problems at school	Referred to PHS. 5 face-to-face sessions were held with the dependent by PHS psychologist
Depression	Currently seeing external Service Provider
Mediation emanating from a grievance procedure	Case was referred back to ER due to multi-party complications
Mediation	It was agreed that the assistant manager be assisted by the sections Intern
Anxiety Management	Plan is to refer to PHS
Dependent: Drug abuse & Suicide Ideation	Counselling ongoing

Counselling services

In addition to the above programmes, the following interventions were also employed to address various personal problems experienced by staff that require psychological / counselling services. These ranged from requests in addressing child behavioural problems to issues of post-traumatic stress disorder. These were handled through a combination of telephonic and face-to-face sessions of which the latter was the most popular type used.

Table 4.14: Counselling Sessions

Client/ Events No.	Primary Presented Condition/ Issue	Referring Unit	No. of Sessions this month	Outcome
1	Absenteeism	Dobsonville	2	Substance abuse was identified as the underlying causal factor. The case is ongoing.
2	Persistent Migraines	SCM	1	Ongoing
3	Car Hijacking	Finance	1	Referred to PHS
4	Anxiety about Covid-19 and being high risk	Planning	1	A focus group with 3 employees was conducted to defuse fear and share information
5	Covid-19 query	Unspecified	1	Direct self-referral to PHS
6	Anxiety & grief	PGIT	2	Assistance sought from correctional Services
7	Depression	Finance	2	Resolution reached with Line Manager
8	Depression	Planning	2	Currently working from home

Section 9: Employee Benefits

As prescribed in the Basic Conditions of Employment Act (BCEA) the employees are provided with a range of employment benefits by the company. There is strict compliance to and reliance on the legislation to help shape and improve, within the prescribed provisions, our employee benefits regime that supports and adds value for all employees.

Pension Fund Benefits

The company employees are provided with pension benefits through membership of the following accredited funds: (i) eJoburg Retirement Fund; (ii) Municipal Employees Pension Fund; (iii) Municipal Gratuity Fund; (iv) Joint Municipal Employees Pension Fund; (v) Soweto Pension Fund; and (vi) City of Johannesburg Pension Fund.

Table 4.15: Pensions and medical aid funds

Fund	Name of fund	No of employees
MEDICAL AID	Bonitas	365
	KeyHealth	83
	Hosmed	60
	LA Health	180
	SAMWU Med	210
	None members	774
	Total	1672
PENSION FUNDS	EJoburg	1251
	City of Johannesburg Pension Fund	312

Fund	Name of fund	No of employees
	Municipality Gratuity & Pension Fund	99
	National Fund for Municipal Workers	1
	Employees who were given the option to have their own Retirement Annuity when employed by JRA	2
	Employees on short fixed-term contracts (FTC) and are not contributing (contracts less than 1 year)	7
	TOTAL	1672

Section 10: Occupational Health & Safety Programmes

The company's injury incidents are reported according to Disabling Injury Frequency Rate (DIFR) values. DIFR is defined as the number of disabling injuries per 200 000 employees' hours worked over a 12-month period (an accident resulting in the loss of one or more shifts). The acceptable and recommended best practice Disabling Injury Frequency Rate value is one (1). It is important to manage injury incidents to levels below the value of one. In the second quarter, three (3) disabling injury cases were reported.

Table 4.15: Injuries on duty

Injuries on Duty	Activity	Q1		Q2		Target / Comment
		19/20	20/21	19/20	20/21	
	Injuries on Duty (No of reportable cases)	15	3	3	3	The acceptable and recommended best practice Disabling Injury Frequency Rate value is a value of one.
	Reportable Cases Rate (DIFR)	0.93	0.173	1.22	0.3	
KPIs						

Note

The table denotes that the DIFR is below the value of one and currently standing at 0.3 which is within the acceptable level. The table 4.16 demonstrates the comparison between Q2 in 2019/20 and 2020/21 financial year with three (3) accidents and three (3) accidents, respectively. Occupational accidents reported during Q2 include Traffic Signals (1) Midrand (1) and Norwood (1).

Current implemented mitigating measures

The SHE Unit has recommended that an action plan should be developed by Regional Operations and Mobility and Freight Departments when incidents occur in order to reduce the high level of occupational accidents at the depots. Construction activities have increased during COVID-19 Level 1 lockdown and the number of occupational injuries remain constant at three (3) similar to the previous quarter.

Summary of Occupational Accidents (Oct- Dec 2020)

Table 4.16: Injury incidents (Oct- Dec 2020)

# Injuries	Cause	Injuries	Mitigation
December 2020			
	No reported occupational accidents	N/A	N/A
November 2020			
1.	An employee sustained a back injury while lifting tools to attend to a complaint at an intersection (Traffic Signals)	Back	<ul style="list-style-type: none"> Daily toolbox talks and awareness on manual handling and lifting of equipment (03/12/2020).
	An employee was climbing stairs going to her office when she tripped and fell sustaining injuries on her left knee (Norwood).	Left knee	<ul style="list-style-type: none"> Conducted an awareness to encourage employees "holding on to handrails when ascending or descending the stairs". (26/11/2020).
	An employee was getting out of the JRA vehicle to conduct an inspection at corner January and Freedom Drive when a taxi hit the door and his right hand was injured (Midrand).	Right hand	<ul style="list-style-type: none"> Conduct an awareness on safe parking on sidewalk (08/12/2020)
October 2020			
	No reported occupational accidents	N/A	N/A

CHAPTER 5 FINANCIAL PERFORMANCE AND EXPOSURE

Section 1: Statement of Financial Position and high-level notes

Q2 (End of December 2020)

	2020-2021 R (000)
Operating surplus	25,227
Cash on hand (Developers account and loan to COJ)	885, 849
Accumulative Surplus	598, 592

(Refer to Annexure B for Interim Statement of Financial Position)

Section 2: Statement of Financial Performance and high-level notes

Component	Operating Budget	Actual	Variance	Comment
	R'000	R'000	R'000	
Income	371, 219	358, 768	(12,451)	Jobbing's, Developers and Management Fees on Capital spend are under budget
Expenditure	371, 219	351, 482	19, 737	Consultants, Contractors, Materials and Repairs and Maintenance of JRA assets under budget
Surplus/ (Deficit)	Nil	7, 286	7, 286	

Please note that COVID had an influence on the 2nd Quarter Income and Expenditure for JRA as the lockdown impact on the 2nd Quarter for the Entity and also disruptions in the second quarter 2020 with some of facilities closed due to COVID cases reported at JRA facilities.

Notes to financial position / performance (Q2):

The Actual Income is below the Budget for the 2nd quarter by R 57 million and is mainly due to Developers Contributions received from COJ Planning Department and Management Fees based on the Capital expenditure for bulk infrastructure relevant to the JRA as well as Jobbing's that are undertaken for third parties. The operating expenditure for the quarter is under the budget due mainly to Contractors, Consultants, Materials and Repairs and Maintenance line items, and the expenses are R 19,737 million under budget. The expenditure usually increases in the second half of the financial year. In the context of necessary cost containment as per the National Treasury circular, management has drastically reduced non-essential expenditure including expenditure for consultants, travel and participation in events.

Over/Under spending:

- Consulting fees: These are expenses related to the use of external consultants. The expense is R 6, 5 million under the budget for Quarter 2. This is due to the reduced use of consultants within the JRA. In addition, the JRA has been filling vacant positions to minimize the reliance on consultants.

- **Contractors:** This expenditure relates to external contractors that the JRA uses for some of the maintenance work. Due to a slow start to the financial year by Level 1 and 2 appointments, Quarter 2 has an under expenditure of R 2 million.
- **Repairs and Maintenance:** The expenditure is under the budget by R 4,8 million for Quarter 2 and relates to maintenance of JRA owned assets e.g. Depots and Head Office buildings as well as IT Equipment.
- **Materials:** Material costs are R 6,5 million under budget for Quarter 2, due to the Asphalt Plant not operating.
- **Leased Vehicles:** This is the expenditure related to the motor vehicles leased by JRA from service providers and costs from the City and is R 2, 7 million over the budget for the quarter, and JRA is awaiting the December 2020 invoices and a provision was provided.
- **Employee Costs:** The expenditure is over the budget amount by R 5, 4 million (includes Employee costs under indirect expenses and internal transfers) for Quarter 2. This includes the “insourced” security and cleaning staff expenses shown under Employee and Related costs under Internal Transfers as well as a provision for overtime, standby allowance, acting allowance etc. worked in December 2020 and only payable in January 2021. The actual overtime expense has decreased substantially over the last few months.

Section 3: Cash Flow Statement

Refer to Annexure C for Interim Cash Flow Statement

Section 4: Capital Projects and Expenditure

Capital Projects & Expenditure (Interim CAPEX expenditure)

		Q1	Q2 Cumulative	Q3 Cumulative	Q4 Cumulative
2016-17 (R 1 472 946 000)	Expenditure	R 213,644 850	R 519 285 867	R 702, 044, 000	R 1, 288, 026, 000
	%	14,84 %	36,06%	47,7%	87,4%
2017-18 (R 1 121 086 000)	Expenditure	R 140 052 822	R 458 622 627	R 640 007 000	R 1,092,688,501
	%	11.5%	37,8%	57,1%	97, 4%
2018-19 (R 1 301 847 000)	Expenditure	R 162 494 005	R 494,151,605	R 681,126,046	R 1, 292, 145, 004
	%	13.5%	40,96%	52,32%	99%
2019-20 (R 1 140 860 000)	Expenditure	R 340 901 123	R 682 223 153	R 798, 736, 529	R 934, 521, 550
	%	29, 88%	59,8%	70%	82%
2020-21 (R 1 061 500 000)	Expenditure	R 66 059 812	R 204 845 109	-	-
	%	6,30%	19,3%	-	-

Refer attached Annexure D for detail.

Funding Source

Table 5.1: Funding Source

Details	Original Budget (R)	Actual (R)	% Spent
COJ Funded	R 638 500 000	R 121 955 467	19,1%
USDG	R 423 000 000	R 82 889 642	19,6%

Section 5: Ratio analysis

Table 5.2: Financial ratios

Ratio	Actual	Target (FDP)	Performance Against Target (RAG Status)
Current ratio	2.4	1	
Acid test ratio	2.3	0.9	
Solvency ratio	3.5	2	
Accumulated Surplus	R 598	R50m	
Cash on hand (overdraft)	R 885	R50m	
Salaries ratio	58.7	35%	
Repairs & Maintenance ratio	0.5%	7%	
Notes			
The JRA is a labour-intensive company and most of the maintenance work is done internally. Salaries paid to Regional Operations and Mobility & Freight departments personnel are not recorded under direct road maintenance costs. This explains the reasons for not meeting the target set of 35%. If the Regional Operations and Mobility & Freight department salaries are excluded from the remuneration ratio, it comes down to 24, 7%.			
Overall, the rounded off ratios are positive, and the company is financially sound and solvent.			
The current ratio is 2, 4 compared to 2, 2 at 30 June 2020. The acid test ratio is 2, 3 in the current year compared to 2, 08 in June 2020.			
The Repairs and Maintenance ratio only depicts the maintenance on JRA owned movable assets, but if the Operations and Traffic Signal Departments who do repairs and maintenance to roads and traffic signals, where the assets are capitalised by the City, are considered, this percentage is 58% for Repairs and Maintenance for the period ended 31 December 2020.			

Cost coverage: The cost coverage ratio for JRA is 7 months. This is calculated based on Cash on Hand (sweeping and developers contribution) divided by average monthly operating expenditure.

Section 6: Supply Chain Management and BBBEE

(Development, Payments within 30 days, Report on irregular, Unauthorized, Fruitless and Wasteful Expenditure and Due Processes)

Table 5.3: BBBEE Expenditure

BBBEE Expenditure	%
Capex Percentage	-162,085,221.43 (44.82%)
Opex Percentage	-97,193,402.22 (26.88%)
Total payments made (excluding payroll amounts)	71.7 % against the annual target of 75%

The new Preferential Procure Policy Framework Act came into effect on 1 April 2017. The B-BBEE point allocations have changed which impact future reporting. JRA reported B-BBEE spend of 71.7% against a scorecard target of 75%.

Payment of suppliers within 30 days

Table 5.4: Payment of suppliers within 30 days

	Q1	Q2	Q3	Q4	Target
% compliance in respect of payment of all service providers within 30 days	88%	90%			100%

Report on Irregular, Fruitless and Wasteful Expenditure and Due Processes

Irregular expenditure - The Irregular Expenditure for the period October to November 2020 amounts to R34 026 764.30. This relates to expired contracts and Regulation 32 Contracts that have scope difference.

Fruitless and Wasteful Expenditure – The Fruitless and Wasteful expenditure incurred for the Quarter ending 31 December 2020 amounts to R3 016.93 which relates to Eskom. The JRA continues to challenge most of the interest charged by Eskom. In the past Eskom been able to issue credit notes in this regard and the cumulative year to date amounts to a credit balance of R34 491.02.

Deviations – Year-to-date, in line with the MFMA and its Regulations, the Accounting Officer approved three deviations to the value of R2,658,075.94. These deviations relate to Finance, Information Technology and Mobility and Freight Departments. The deviations were granted in line with Municipal Supply Chain Regulations 36 (1) (ii) and (v) which stipulates the following: “ A supply chain management policy may allow the accounting officer- to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only (ii) if such goods or services are procured or available from a single provider only; (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.”

Income and Debtors Performance

In the normal course of business, the JRA enter into transactions with various external parties, some of whom are Related Parties, other Government Entities and Third Parties. These transactions are deemed to be at arms' length whereby cash is paid upon exchange or payment terms are extended to the external party. In other instances, these transactions are of non-exchange nature.

Table 5.5: Income and debtors

Descrip tion	Compa ny	Open Amount	Current	31 - 60	61 - 90	91 – 182	Over 182
	%	R	R	R	R	R	R
Related Parties	93%	230,979,233	75,492,986	49,050,944	(118,036)	(1,550,563)	108,103,904
Other Govt. entities	5%	13,167,501	2,113,627	-	2,113,627	-	8,940,246
Third Parties	2%	4,271,486	(277,654)	-	-	-	4,549,139
Total		248,418,220	77,328,959	49,050,944	1,995,591	(1,550,563)	121,593,289

The following summary of the Age Analysis for the 2nd Quarter by category of Debtor. See attached Annexure A for the detailed Age Analysis.

From the above table, the following observations can be made:

a) That, the overall debtors' book has increased from R210 million to R248 million from the 1st quarter to the 2nd quarter. Payments were made by the related parties on outstanding invoices. There are also new invoices in the 2nd Quarter totalling to R77m, which when settled within 30 days will bear a positive result on the cash flow of the JRA.

b) Related Parties are those entities which fall within the ownership and control of the City of Johannesburg with whom the JRA does business. Under normal circumstances, the transactions between the entities are underpinned by the SLA failing which, a purchase order may become a trigger for doing business.

Of the total amount owed by debtors, 93% is attributable to Related Parties who pose minimal risk of payment to the JRA. The normal process requires all related entities to confirm the outstanding balances owing/owed to one another, as well as the transactions that gave rise to those balances. This process ensures that all disputes are eradicated. Furthermore, due to the austerity measures of intercompany confirmations and reporting for each quarter and monthly, management is confident that bulk of the invoices will be settled when all City of Johannesburg operations normalize. The over 90 days balance has decreased from R162 million to R122 million in the 2nd Quarter 2020. The R122 million which is over 90 days is mainly due to the following reasons:

- There are queries raised on invoices. However, the JRA is working on clearing the queries raised by the client and follow up on outstanding documents.
- Budget lift issues and disputed invoices.
- Lack of response by the client despite several correspondences.
- Service Level Agreement (SLA) issues that needs to be resolved between Infrastructure Development and Housing department.

c) Third Parties are non-government owned and controlled entities. They account for 2% of the total book. The overdue debtors in this category has been provided as doubtful debts. New debtors have increased due to overpayments made during the financial year end 2019/20. Out of the total of R4.5m overpayments, a total of R1m has been recovered. Follow up process on any outstanding or due amounts still to be paid is performed to ensure recovery. An amount of R3.2m was provided for against this category of debtors as the rest were assessed to be recoverable. The net overdue amount of R4.5m in over 182 days less the R200k which will be allocated, is mainly as a result of the following reasons:

- Slow paying clients and recovery despite concerted efforts to encourage them to improve.

d) Other Government Entities are entities which are owned and controlled by other spheres of government but fall outside the City of Johannesburg. This category of debtor's accounts for 5% of the overall book, in the 2nd Quarter. The debtor is stagnant and follow ups on the over 60 days due for the Gautrans maintenance is made.

Bad Debts Provision

The bad debts provision remained the same at R25.8m compared to the previous quarter. These debtors were assessed as per GRAP104 and will be adjusted during the year after impairment tests.

List of Doubtful Debtors to be written-off

Table 5.6: Doubtful debtors written off

Customer Name	Amount R
City of Johannesburg	22,835,187.36
Eyethu Translodge and Plant	1,851,957.89
Fusion Guarantees	504,148.00
Rand Water	1,086.00
Tranacon Construction	319,653.95
Wild Stallion Trading	0.40
Sesi Fikile Holdings	260,620.15
Total	25,772,653.75

All other long outstanding amounts are being monitored closely and ongoing communication is made with debtors to recover what is being owed to JRA.

Section 7: Pending Litigations and Possible Liabilities

Table 7.1: Pending litigations and possible liabilities

Litigation area	Total number of cases
Contractual disputes	1
Delict (damages)	0
Labour (review applications)	1
Others	0

Section 8: Insurance Claims against/to MOE

In summary, the following claims have been received during the 2nd Quarter of 2020/2021:

Month	Letter of Demand	Normal Claims	Summons	Total	Total amount claimed
Oct-20	35	6	11	52	7 335 366.46
Nov-20	44	21	7	72	8 270 770.54
Dec-20	41	17	8	66	12 017 981.83

Total Amount for 2nd Quarter is R27 264 118.83.

Section 9: Statement on Amounts Owed by and to Government Department and Public Entities

Name	Amount R
Egoli Gas	746,809
Department of Road and Transport	12,419,606
Total	13,167,501

Section 10: Conclusion

In conclusion the JRA is financially solvent and all ratios are positive. The Entity can fund its creditors and the Entity has a positive cash on hand balance as at 31 December 2020 and the cash cover ratio indicates the entity can fund its total liabilities to the tune of 164% times when they are due.

CHAPTER 6: INTERNAL AUDIT FINDINGS

Section 1: Progress on Audit Plan

Results of the overall audits completed within the 2nd Quarter are presented in the table below.

Table 6.1: Progress with audit plan

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Legal Services Management	October 2020	Adequate but ineffective	Yellow	N/A
Infrastructure Planning	November 2020	Adequate but Ineffective	Yellow	N/A
Capex Review and Physical Verification	October 2020	Adequate but Ineffective	Yellow	N/A
Traffic Signals Operations and Engineering Management	November 2020	Adequate but Ineffective	Yellow	N/A
Probity Reports	September, October, November and December 2020	Adequate but Ineffective	Yellow	N/A
Salary Scales Verification	September 2020	Adequate but Ineffective	Yellow	N/A
IT General Controls Follow Up	August 2020	Adequate but Ineffective	Yellow	Green
Infrastructure Development Expanded Public Works Programme Follow Up	September 2020	Adequate but Ineffective	Yellow	Green
Training and Development Follow Up	November 2020	Adequate but Ineffective	Yellow	Yellow
Recruitment, Retentions and Terminations	November 2020	Adequate but Ineffective	Yellow	Yellow
Bids closing process	August, September, October and November 2020	Adequate and effective	Green	N/A
RFQ closing process	August, September, October and November 2020	Adequate and effective	Green	N/A
Verification of occupational injuries	December 2020	Adequate and effective	Green	N/A

Section 2: Progress on the resolution of Internal Audit findings

The JRA resolved 42 IA findings of the 60 that were due in Q2 which accounts for 70%.

Remedial Actions undertaken by Management to address the non-achievement:

To improve resolution of findings, there is continuous engagement between management and Internal Audit on tracking and reporting, and management is fast tracking the submission of matters requiring Board and Committee approvals. Findings are a standing agenda item at EMT for continuous oversight. Monthly and quarterly reports are submitted to the City and the Audit and Finance Committee, respectively. Management has implemented the following actions.

Finding	Action Plan
Conflict of Interest	Management is in the process of procuring a software/system that will assist SCM identify false declarations of bidders and employees. The matter has been referred to legal for further handling.
Payments not made within 30 days	Payment process workshops for the remaining Business units could not be held due to the National Lockdown, however, one on one mentoring and training was done to support stakeholders on payment processing. Training took place also for two Interns to support the payment process. Payments quality assurance was done accordingly, and some gaps identified were addressed.

Section 3: Progress on the resolutions of the Auditor General findings

(Categories between findings affecting and not affecting the Audit Opinion)

6.3.1 2018/19 AG Audit

In Q2 the entity resolved 2 of the remaining 4 AG findings which accounts for 50%.

Section 4: Overall State of internal Controls

The overall conclusion of the state of internal controls based on the following audits completed from the 1st of July 2020 to 31 December 2020 is that controls are adequate but ineffective to provide reasonable assurance that JRA objectives will be achieved:

Table 6.2: State of internal controls

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Contract Management and Development	Quarter 1	Adequate but ineffective	Yellow	N/A
Probity Report	Quarter 1	Adequate but ineffective	Yellow	N/A
Employee Exit Pay-outs, Advance Gratuity Payments & Exit Gratuity Payments	Quarter 1	Adequate but ineffective	Yellow	N/A
Verification of Occupational Accidents	Quarter 1	Adequate and effective	Green	N/A
IT strategy and IT governance review	Quarter 1	Adequate but ineffective	Yellow	N/A

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Bids closing process	Quarter 1	Adequate and effective	Green	N/A
RFQ closing process	Quarter 1	Adequate and effective	Green	N/A
Business Performance Management	Quarter 1	Adequate but ineffective	Yellow	N/A
Legal Services Management	Quarter 2	Adequate but ineffective	Yellow	N/A
Infrastructure Planning	Quarter 2	Adequate but ineffective	Yellow	N/A
Capex Review and Physical Verification	Quarter 2	Adequate but ineffective	Yellow	N/A
Traffic Signals Operations and Engineering Management	Quarter 2	Adequate but ineffective	Yellow	N/A
Probity Reports	Quarter 2	Adequate but ineffective	Yellow	N/A
Salary Scales Verification	Quarter 2	Adequate but ineffective	Yellow	N/A
IT General Controls Follow Up	Quarter 2	Adequate but ineffective	Yellow	Green
Infrastructure Development Expanded Public Works Programme Follow Up	Quarter 2	Adequate but ineffective	Yellow	Green
Training and Development Follow Up	Quarter 2	Adequate but ineffective	Yellow	Yellow
Recruitment, Retentions and Terminations	Quarter 2	Adequate but ineffective	Yellow	Yellow
Bids closing process	Quarter 2	Adequate and effective	Green	N/A
RFQ closing process	Quarter 2	Adequate and effective	Green	N/A
Verification of occupational injuries	Quarter 2	Adequate and effective	Green	N/A

ANNEXURES

Annexure A

Annexure A: Q2 JRA Board and Committees Attendance Register

JRA Board and Committees Attendance Register: Meeting of 2020/21 Financial Year

The members of the respective Committees, as well as their attendance at meetings held during the Second Quarter meetings of 2020/21 Financial Year, are set out in the table below:

Board member/ IAC	BOARD		REMSEC	AFR&ITC			SDC
	28 October Ordinary	23 Nov Special	13 October Ordinary	09 October Ordinary	26 October Special	23 Nov Special	08 October Ordinary
Albert Mokoena	✓	✓	N/A	N/A	N/A	N/A	N/A
Lindi Mdluli	✓	✓	✓	N/A	N/A	N/A	N/A
Hazel Mtimkhulu	✓	✓	N/A	N/A	N/A	N/A	✓
Fulufhelo Ntsandeni	✓	✓	N/A	✓	✓	✓	✓
Lawrence Ndlovu	✓	✓	✓	N/A	N/A	N/A	✓
Ntsikelelo Mila	✓	✓	✓	N/A	N/A	N/A	N/A
Tshepo Seemela	X	✓	N/A	N/A	N/A	N/A	✓
Moipone Qhomane	✓	✓	N/A	N/A	N/A	N/A	✓
Sandile Ndlungwane	✓	✓	✓	N/A	N/A	N/A	N/A
Albert Torres	X	✓	✓	✓	✓	✓	N/A
IACs							
Odirile Mekwa	N/A	N/A	N/A	✓	✓	✓	N/A
Karen Parirenyatwa	N/A	N/A	N/A	✓	X	✓	N/A
Sizo Mzizi	N/A	N/A	N/A	✓	X	X	N/A

- ✓: denotes attendance
X: denotes absenteeism

Annexure B: Balance Sheet - December 2020

Annexure B

		2020	2020
		December	June
		R'000	R'000
Assets	Notes		
Non-Current assets		260,647	281,987
Property plant and equipment	1	180,868	201,673
Intangible Assets	2	22,932	23,543
Employee benefits investment	3	56,847	56,771
Current assets		1,305,676	1,285,523
Inventories	5	68,873	72,128
Loan to Shareholders - Sweeping	15	479,780	293,761
Trade and other receivables	4	350,955	919,634
Cash and Cash Equivalents	6	406,069	-
Total Assets		1,566,323	1,567,510
Equity & Liability			
Equity		941,241	908,625
Contribution from owner	7	342,649	335,260
Accumulated Surplus		598,592	573,365
Non-Current Liabilities		86,944	86,944
Employee benefit obligations	8	43,732	43,732
Finance lease obligations	11	43,212	43,212
Current Liabilities		538,138	571,941
Trade and other payables	10	443,239	486,857
Finance lease obligations	9	20,888	20,888
Loan from Shareholders - Overdraft		-	-
Taxation	14	-	-
Provisions	12	74,011	64,195
Total Liabilities		1,566,324	1,567,510

Annexure C: Cash Flow Statement for the Quarter ended December 2020

Annexure C

		2020	2020
		December	June
		R'000	R'000
	Note		
Cash Flows from Operating Activities			
Cash used in operations	13	613,918	(378,843)
Interest income		(14,629)	(33,792)
Finance Costs		-	-
Net Cash from operating activities		599,288	(412,635)
Cash flows from investing activities			
Purchase of property, plant and equipment		7,201	(75,578)
Proceeds from sale of property, plant, and equipment		-	-
Increase in Developers contribution		(186,019)	180,915
Decrease in Loan to shareholder		-	-
Net Cash from investing activities		(193,220)	105,337
Cash Flow from Financing Activities			
Decrease in shareholder's loan		-	-
Repayment of finance lease obligations-noncurrent		-	-
Net Cash From financing activities		-	-
Total Cash Movement for the period		406,069	(307,298)
Cash at the beginning of the period		0	307,298
Total cash at the end of the period		406,069	0

Annexure D

Annexure D: Q2 JRA CAPEX Expenditure Report Summary – December 2020

CAPEX-SPEND REPORT AS AT 31 December 2020										
Project Number	Project Description	Cost Code	Original Budget	YTD Expenditure	Open Commitments	Accruals	Actual Expenditure	Budget Variance	YTD %	
20002021	Gravel Roads Braamfischerville	306	30,000,000.00	12,056,481.46	-	-	12,056,481.46	17,943,518.54	40.19%	
20012021	Gravel Roads Diepsloot	306	25,000,000.00	7,406,962.24	-	-	7,406,962.24	17,593,037.76	29.63%	
20022021	Gravel Roads Doornkop / Thulan	306	30,000,000.00	15,627,470.38	-	-	15,627,470.38	14,372,529.62	52.09%	
20032021	Gravel Roads Drieziek	306	30,000,000.00	714,620.64	-	-	714,620.64	29,285,379.36	2.38%	
20042021	Gravel Roads Ivory Park	306	20,000,000.00	532,902.73	-	-	532,902.73	19,467,097.27	2.66%	
20052021	Gravel Roads Lawley	306	15,000,000.00	4,186,807.70	-	-	4,186,807.70	10,813,192.30	27.91%	
20062021	Gravel Roads Mayibuye	306	22,000,000.00	3,125,423.53	-	1,412,187.73	4,537,611.26	17,462,388.74	14.21%	
20072021	Gravel Roads Orange Farm	306	30,000,000.00	310,749.35	-	-	310,749.35	29,689,250.65	1.04%	
20092021	Gravel Roads Tshepisoong	306	25,000,000.00	3,775,751.49	-	-	3,775,751.49	21,224,248.51	15.10%	
20102021	Gravel Roads Kaalfontein	306	30,000,000.00	1,085,438.68	-	-	1,085,438.68	28,914,561.32	3.62%	
20112021	Gravel Roads Poortjie	306	30,000,000.00	92,250.00	-	-	92,250.00	29,907,750.00	0.31%	
20122021	Gravel Roads Slovoville	306	5,000,000.00	-	-	-	-	5,000,000.00	0.00%	
20132021	Gravel Roads Zandspruit	306	10,000,000.00	4,870,448.82	-	-	4,870,448.82	5,129,551.18	48.70%	
20152021	Bridge Rehabilitation (BMS)	301	90,467,000.00	24,924,280.70	-	868,659.50	25,792,940.20	64,674,059.80	27.55%	

20162021	Bridges - Visual & Detailed Index	301	15,000,000.00	2,193,220.03	-	-	2,193,220.03	12,806,779.97	14.62%
20182021	Conrad Drive Bridge Blairgowrie	301	6,000,000.00	156,160.10	-	-	156,160.10	5,843,839.90	2.60%
20232021	Stormwater Master Planning Soweto	306	30,000,000.00	13,865,979.78	-	-	13,865,979.78	16,134,020.22	46.22%
20242021	Emergency Stormwater Improvement	306	30,000,000.00	2,134,802.50	-	-	2,134,802.50	27,865,197.50	7.12%
20272021	Braamfontein Spruit Erosion Programme	301	2,000,000.00	1,975,359.55	-	-	1,975,359.55	24,640.45	98.77%
20302021	Klein Jukskei Bond Stream Ferndale	301	35,000,000.00	9,781,534.36	-	-	9,781,534.36	25,218,465.64	27.95%
20332021	Conversion of Open Drains Bramfischer	306	10,000,000.00	4,031,643.05	-	1,695,089.22	5,726,732.27	4,273,267.73	40.32%
20342021	Conversion of Open Drains Ivory Park	301	20,000,000.00	1,375,346.76	-	-	1,375,346.76	18,624,653.24	6.88%
20352021	Conversion of Open Drains Orange Farm	306	15,000,000.00	-	-	-	-	15,000,000.00	0.00%
20362021	Stormwater Network VCA	301	5,000,000.00	-	-	-	-	5,000,000.00	0.00%
20372021	Depot Upgrading Operational Capex	301	5,000,000.00	-	-	-	-	5,000,000.00	0.00%
20392021	Operational Capex	301	10,000,000.00	7,389,500.00	145,607.68	-	7,535,107.68	2,464,892.32	73.90%
20412021	Stormwater Network VCA Alexandra	301	1,500,000.00	-	-	-	-	1,500,000.00	0.00%
20422021	Dam Safety Rehabilitation	301	6,000,000.00	611,071.99	-	-	611,071.99	5,388,928.01	10.18%
20452021	Integrated Roads & Stormwater	301	9,000,000.00	860,108.31	-	-	860,108.31	8,139,891.69	9.56%
20462021	Investigate and Design Future	301	6,000,000.00	766,347.27	-	-	766,347.27	5,233,652.73	12.77%
20472021	Emergency, Critical & Urgent S	301	40,000,000.00	6,109,204.33	-	-	6,109,204.33	33,890,795.67	15.27%
20482021	Stormwater Network VCA Fordsburg	301	1,250,000.00	-	-	-	-	1,250,000.00	0.00%
20492021	Complete Streets	301	2,000,000.00	-	-	-	-	2,000,000.00	0.00%

20502021	Stormwater Network VCA Region	301	1,250,000.00	-	-	-	-	-	-	1,250,000.00	0.00%
20512021	Geometric Improvements	301	10,000,000.00	-	-	-	-	-	-	10,000,000.00	0.00%
20522021	Guardrails	301	5,000,000.00	-	-	-	-	-	-	5,000,000.00	0.00%
20532021	Alternative Power Sources (LED)	301	3,000,000.00	-	-	-	-	-	-	3,000,000.00	0.00%
20542021	Alternative Power Sources (UPS)	301	18,000,000.00	-	-	-	-	-	-	18,000,000.00	0.00%
20562021	Installation New Warranted Traffic Signal	301	5,000,000.00	969,631.00	30,000.00	-	-	-	999,631.00	4,000,369.00	19.39%
20572021	Intelligent Transport System	301	5,000,000.00	-	-	-	-	-	-	5,000,000.00	0.00%
20582021	Recabling of Signalised Inters	301	40,000,000.00	-	-	-	-	-	-	40,000,000.00	0.00%
20592021	Remote Monitoring	301	2,000,000.00	-	-	-	-	-	-	2,000,000.00	0.00%
20602021	SARTSM	306	6,000,000.00	-	246,177.00	-	-	-	246,177.00	5,753,823.00	0.00%
20612021	Traffic Management Centre	301	9,500,000.00	-	-	-	-	-	-	9,500,000.00	0.00%
20622021	Traffic Signal Adaptive Control	301	6,000,000.00	540,902.14	173,160.00	-	-	-	714,062.14	5,285,937.86	9.02%
20632021	Upgrading Controllers and Phase	301	10,500,000.00	36,710.05	-	-	-	-	36,710.05	10,463,289.95	0.35%
20642021	GIS Improvement	301	5,000,000.00	-	-	-	-	-	-	5,000,000.00	0.00%
20652021	Stormwater Asset Monitoring System	301	1,000,000.00	-	-	-	-	-	-	1,000,000.00	0.00%
20662021	Rehabilitation of Open Drains	301	30,000,000.00	-	-	-	-	-	-	30,000,000.00	0.00%
20672021	Road Rehabilitation and Recons	301	50,000,000.00	22,339,349.85	-	-	-	-	22,339,349.85	27,660,650.15	44.68%
20682021	Resurfacing of M1 Motorway	301	30,000,000.00	2,228,533.28	-	-	-	-	2,228,533.28	27,771,466.72	7.43%

20692021	Resurfacing of M2 Motorway	301	31,370,000.00	20,555,970.75	-	-	-	20,555,970.75	10,814,029.25	65.53%
20702021	Resurfacing of Soweto Highway	301	10,000,000.00	-	-	-	-	-	10,000,000.00	0.00%
20712021	Resurfacing	301	69,113,000.00	7,682,773.49	-	-	-	7,682,773.49	61,430,226.51	11.12%
20752021	Spencer Road New Link	306	4,000,000.00	-	-	-	-	-	4,000,000.00	0.00%
20762021	Jan Smuts Dualling	301	12,000,000.00	-	-	-	-	-	12,000,000.00	0.00%
20812021	Richards Drive Upgrade	301	550,000.00	-	-	-	-	-	550,000.00	0.00%
20822021	Stormwater Development Sandown	301	2,000,000.00	-	-	-	-	-	2,000,000.00	0.00%
20842021	Traffic Calming measures	301	10,000,000.00	-	-	-	-	-	10,000,000.00	0.00%
20862021	Tarring of Zandspruit Access R	306	10,000,000.00	5,080,723.02	-	-	-	5,080,723.02	4,919,276.98	50.81%
20882021	Bez Valley Upgrade	301	3,000,000.00	-	-	-	-	-	3,000,000.00	0.00%
20892021	Vorna Valley	306	6,000,000.00	637,733.48	-	-	-	637,733.48	5,362,266.52	10.63%
20942021	Far East Bank	306	10,000,000.00	-	-	-	-	-	10,000,000.00	0.00%
20972021	Tarring of Gravel Roads	301	15,000,000.00	10,242,036.02	-	-	-	10,242,036.02	4,757,963.98	68.28%
	Total Spend		1,061,500,000.00	200,274,228.83	594,944.68	3,975,936.45	204,845,109.96	856,654,890.04	18.87%	
							% Spend	19.3%		

Annexure E: JRA (PTY) LTD Detailed Income Statement for Quarter ending December 2020

Annexure E

Description	Current Quarter Actual	Current Quarter Budget Amount	Variance Amount	Variance %	YTD Actual Current Period	YTD Budget Amount	YTD Variance Amount	YTD Variance %	Current Year Total Approved Budget
REVENUE									
Rent Received	1,772	1,123	649	57.83%	3,398	2,246	1,152	51.32%	4,491
Gautrans Maintenance	3,676	1,352	2,324	171.88%	3,676	2,704	972	35.94%	5,408
COJ Maintenance	310,844	310,844	-	0.00%	621,687	621,687	-	0.00%	1,243,374
TOTAL REVENUE	316,291	313,318	2,973		628,761	626,637	2,124		1,253,273
DIRECT COSTS									
Material Cost	10,986	16,866	5,880	34.86%	22,034	33,732	11,698	34.68%	67,464
Extra Items	-	-	-	0.00%	-181	-	181	100.00%	-
Stock Adjustment	657	-	657	100.00%	1,162	-	1,162	100.00%	-
TOTAL DIRECT COST	10,329	16,866	6,537		20,692	33,732	13,040		67,464
GROSS PROFIT	305,962	296,452	9,510		608,069	592,904	15,165		1,185,809
OTHER INCOME									
Recoveries Telephone Calls, Faxes	0	-	0	100.00%	0	-	0	100.00%	-
P/L Sale of Fixed Assets	-	-	-	0.00%	-	-	-	0.00%	-
Sundry Income	1,364	3,738	-2,374	-63.51%	2,046	7,476	-5,430	-72.63%	14,953
Training Income	-	-	-	0.00%	171	-	171	100.00%	-
Interest from Intercompanies	5,755	2,626	3,128	119.12%	9,455	5,253	4,202	80.00%	10,505
Interest Received from Bank	3,516	-	3,516	100.00%	5,175	-	5,175	100.00%	-
Jobbings	1	4,259	-4,258	-99.97%	5	8,518	-8,513	-99.94%	17,037
Developers Income	20,130	27,596	-7,466	-27.05%	31,606	55,193	-23,586	-42.73%	110,385
Reinstatements	6,581	7,885	-1,304	-16.54%	7,121	15,771	-8,650	-54.85%	31,541

Description	Current Quarter Actual	Current Quarter Budget Amount	Variance Amount	Variance %	YTD Actual Current Period	YTD Budget Amount	YTD Variance Amount	YTD Variance %	Current Year Total Approved Budget
Road Closures	54	-	54	100.00%	208	-	208	100.00%	-
DCP Testing	13	55	-42	-77.00%	13	110	-97	-88.50%	219
Insurance Claims	-	-	-	0.00%	1,873	-	1,873	100.00%	-
Other Sales	-	138	-138	-100.00%	5	276	-272	-98.35%	552
Management Fees	5,062	11,603	-6,541	-56.37%	8,212	23,205	14,993	-64.61%	46,411
TOTAL OTHER INCOME	42,476	57,901	-15,424		65,889	115,802	49,912		231,603
INDIRECT COSTS									
Advertising	695	1,127	433	38.38%	1,450	2,255	805	35.69%	4,509
Auditors Remuneration Fees	934	1,209	275	22.76%	1,363	2,418	1,055	43.63%	4,835
Bank Charges	14	19	5	25.55%	26	37	12	30.71%	75
Finance Charges	-	651	651	100.00%	-	1,303	1,303	100.00%	2,605
Consulting Fees	6,655	13,154	6,498	49.40%	12,465	26,307	13,842	52.62%	52,614
Contractors JRA	22,021	24,086	2,066	8.58%	31,689	48,173	16,484	34.22%	96,346
Contractors Outsourced	1,314	1,857	543	29.23%	2,366	3,714	1,348	36.29%	7,428
Consumables	1,966	2,533	567	22.38%	2,345	5,066	2,721	53.70%	10,132
Depreciation	14,309	14,675	366	2.50%	28,617	29,350	733	2.50%	58,700
Directors Emoluments	476	601	124	20.73%	1,265	1,201	-63	-5.28%	2,402
Entertainment	86	103	17	16.65%	122	207	85	41.04%	414
Corporate Promotions	172	308	136	44.27%	172	616	445	72.13%	1,233

Description	Current Quarter Actual	Current Quarter Budget Amount	Variance Amount	Variance %	YTD Actual Current Period	YTD Budget Amount	YTD Variance Amount	YTD Variance %	Current Year Total Approved Budget
Insurance	5,400	4,689	-711	-15.16%	10,800	9,378	1,422	-15.16%	18,756
Interest and Penalties	-	0	0	100.00%	-	0	0	100.00%	0
Leased Contract Services	46,844	44,132	-2,713	-6.15%	81,657	88,264	6,607	7.49%	176,527
Offices(Parking)	629	1,640	1,011	61.66%	2,619	3,280	660	20.13%	6,559
Office Building(Rental)	2,841	6,793	3,952	58.18%	14,329	13,585	-744	-5.47%	27,170
Office Building(Relocation)	-	-	-	0.00%	-	-	-	0.00%	-
Office Equipment	331	804	473	58.85%	1,073	1,608	535	33.29%	3,216
Legal Expenses	3,777	1,750	-2,027	-115.85%	5,914	3,500	2,414	-68.96%	7,000
Licenses	581	1,604	1,024	63.82%	955	3,209	2,254	70.25%	6,418
Magazines, Books and Periodicals	-	589	589	100.00%	-	1,177	1,177	100.00%	2,354
Municipal Services Charges	5,137	5,826	689	11.83%	14,662	11,652	3,010	-25.83%	23,304
Stationary	394	891	498	55.83%	606	1,783	1,177	66.04%	3,566
Printing	262	615	353	57.35%	492	1,231	738	60.00%	2,462
Repairs & Maintenance	1,145	5,946	4,801	80.74%	3,213	11,892	8,678	72.98%	23,783
Strategic Planning	-	319	319	100.00%	-	637	637	100.00%	1,274
Employee & Related Costs	197,531	196,303	-1,228	-0.63%	386,112	392,607	6,495	1.65%	785,214
Employee Wellness	30	78	48	61.40%	30	157	126	80.70%	313

Description	Current Quarter Actual	Current Quarter Budget Amount	Variance Amount	Variance %	YTD Actual Current Period	YTD Budget Amount	YTD Variance Amount	YTD Variance %	Current Year Total Approved Budget
Security	487	957	470	49.11%	1,218	1,915	697	36.39%	3,829
Social Responsibility	-	19	19	100.00%	-	38	38	100.00%	75
Telephone & Fax	800	2,171	1,371	63.15%	2,114	4,342	2,228	51.32%	8,684
Training	1,218	2,480	1,263	50.90%	1,437	4,961	3,524	71.04%	9,922
Travel Expenses	174	224	50	22.46%	174	448	274	61.23%	896
Data Services	5,580	3,626	-1,954	-53.88%	8,519	7,252	1,267	-17.47%	14,504
Write-Offs	-	-	-	0.00%	-	-	-	0.00%	-
Realised Gains/Losses	62	7	-55	-805.59%	64	14	-51	-368.65%	28
TOTAL INDIRECT COST	321,864	341,787	19,923		617,866	683,574	65,709		1,367,149
OPERATING PROFIT	26,575	12,566	14,009		56,092	25,132	30,961		50,263
INTERNAL TRANSFERS									
Interest (Sweeping Account)	-	-	-	0.00%	-	-	-	0.00%	-
Interest on Shareholders Loans	-	-	-	0.00%	-	-	-	0.00%	-
Interest on Mirror Conduit Loans	-	-	-	0.00%	-	-	-	0.00%	-
Internal Charges (ME's)	-	-	-	0.00%	-	-	-	0.00%	-
Advertising	-	3,667	3,667	100.00%	700	7,334	6,634	90.45%	14,667

Description	Current Quarter Actual	Current Quarter Budget Amount	Variance Amount	Variance %	YTD Actual Current Period	YTD Budget Amount	YTD Variance Amount	YTD Variance %	Current Year Total Approved Budget
Contractors: JRA	-	1,339	1,339	100.00%	600	2,677	2,077	77.59%	5,354
Consulting Fees	155	622	467	75.09%	555	1,245	689	55.40%	2,489
Consumables	-	99	99	100.00%	551	199	-352	-177.36%	397
Employee & Related Costs	5,827	1,560	-4,267	-273.61%	6,266	3,119	3,147	-100.91%	6,238
Intercompany Charges	705	1,746	1,041	59.63%	1,103	3,493	2,390	68.43%	6,985
Leased Contract Services	11,722	821	-10,901	-1327.33%	16,722	1,643	15,079	-918.08%	3,285
Legal Expenses	880	1,441	561	38.92%	1,969	2,882	912	31.66%	5,763
Printing	-	21	21	100.00%	-	41	41	100.00%	82
Security	-	-	-	0.00%	-	-	-	0.00%	-
Telecommunications	-	1,251	1,251	100.00%	2,400	2,502	102	4.06%	5,003
Internal Charges (Core)	-	-	-	0.00%	-	-	-	0.00%	-
Internal CoJ Billing (Utilities)	-	-	-	0.00%	-	-	-	0.00%	-
Operating Grants (Subsidies to ME's)	-	-	-	0.00%	-	-	-	0.00%	-
TOTAL INTERNAL TRANSFERS	19,289	12,566	-6,723		30,866	25,132	-5,734		50,263
NET INCOME BEFORE TAX	7,286	0	7,286		25,227	0	25,227		0
NET INCOME AFTER TAX	7,286	0	7,286		25,227	0	25,227		0

	R'000	R'000	R'000	R'000
Assets (WIP)	23,172			23,172
Computer Software	14,836	15,075	(239)	371
Total	38,007	15,075	22,932	23,543
3. Employee benefit investment				
Post-retirement Gratuity			25,776	25,700
Post-retirement Housing Subsidy			-	-
Post-retirement Medical Aid			31,071	31,071
			56,847	56,771
4. Trade and other receivables				
Trade Debtors			688	695
Related party Receivables			262,974	484,968
Prepayments			233	210
Provision for bad debts			(25,773)	(25,773)
Electricity Deposit			639	639
Rental Deposit			6,274	6,274
Interest Receivable			-	1,188
SARS Refunds			-	-
Unclaimed Amounts			91,055	61,566
Staff debtors - subsidised education			14,390	13,869
Sundry Debtors			476	476
CoJ - Capital expenditure				
JRA - COJ Dev Control Transfer			-	375,522
Loans to shareholders (Sweeping account)			-	-
			350,955	919,634

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 2020		
	2020	2020
	December	June
	R'000	R'000
5. Inventories		
Raw Materials	69,303	72,557
Consumables	-	-
Disclosure of Consumables	-	-
Manufactured Products	-	-
Impairments	(430)	(430)
	68,873	72,128
6. Bank Balances and Cash		
Petty Cash	-	-
JPC Portfolio (Bank)	-	-
Inter-company account	-	-
Absa Bank Accounts	-	-
Standard Bank Accounts	-	-
Developers contribution	406,069	-
	406,069	-
7. Contribution from Owner		
Share Capital	1	1
Shareholders Loan	342,648	335,259
	342,649	335,260
8. Employee Benefit Obligation		
Gratuity Liabilities	28,623	28,623
Post-retirement medical aid	8,488	8,488
Post-retirement housing subsidy	6,621	6,621
	43,732	43,732
9. Finance Lease Obligation		
Current lease portion	20,888	20,888
	20,888	20,888

10. Trade and other payables		
Trade Payables	217,810	154,644
Capital Creditors and Accruals	19,984	55,694
Leave Pay Provision	31,682	40,974
Retention	154,862	158,547
Related Party Creditors	(3,676)	38,867
Payroll Accruals	10,779	3,363
Value Added Tax (VAT)	8,079	17,926
Prepayments	1,579	1,579
Other Creditors	-	-
Debtors Reclassification	-	-
Bonus Provision: 13th Cheque	2,140	15,263
	443,239	486,857
11. Finance Lease Obligation		
Long term portion of finance lease	43,212	43,212
	43,212	43,212

	2020	2020
	December	June
	R'000	R'000
12. Provision		
Legal Claim Provision	40,743	40,743
Other Provisions	862	862
Bonus Provision: Performance	32,406	22,590
	74,011	64,195
13. Cash Utilised in Operations		
Surplus / (Deficit) before taxation	25,227	142,545
Adjusted for:		
Depreciation and amortisation	28,617	50,751
Interest Earned	14,629	33,792
Gain on sales of property, plant and equipment	-	-
Finance Costs		
Decrease in loan to shareholder	-	-
Other non-cash movements	-	-
Movement in provisions	9,816	19,270

Movement in Tax Receivable and Payable			
Movement in shareholders loan	7,390		6,689
Assets purchased through finance lease	-		41,709
Movement in retirement benefit obligation	(76)		(5,945)
Changes in Working Capital			
Receivables from Exchange Transactions			
Inventories	3,255		(14,112)
Trade and other receivables	568,679		(216,388)
Other Receivables from Non-Exchange Transaction			
Trade and other payables	(43,618)		(437,155)
	613,918		(378,843)
14. Taxation	-		-
15. Sweeping Account Balance	479,780		293,722

Annexure G: Summary of Legal & Regulatory Compliance Universe -

Annexure G

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
COMPANIES ACT NO 71 OF 2008						
1.	Financial Statements Sec 30	Company Secretary	Ensure that these are submitted to Registrar of companies (CIPC) together with the annual returns.	With annual returns	End Feb	COMPLIANT
2.	Directors, company name, registered office, registration number Sec 70	Company Secretary	Ensure that letter heads, website (and records with the Registrar) are up to date and that all official communication reflects this information.	Ongoing	10 days after change	COMPLIANT
3.	Register of directors and Officials	Company Secretary	Register of directors and officials to be maintained. Consent to act as director to be kept on record	Ongoing	Ongoing	COMPLIANT All details of the NED's have been submitted and recorded with CIPC. The CEO was appointed 07 September 2020 and his details have been submitted for updating.
4.	Annual Returns to be submitted in terms of Sec 30	Company Secretary	Ensure that annual return (comprising full details of company: directors; auditors; company secretary and financial year end) is submitted to CIPC within 30 days of anniversary date of registration.	By end of the month following the anniversary date of incorporation	End February	COMPLIANT
5.	Annual General Meetings – this is only a requirement of the	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all proxies	Within 3 months of year end	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
	Act Companies and thus there is no requirement for the JRA	Public	received; all members are represented; minutes are taken and filed.			
6.	Auditor been appointed	Company Secretary	Auditor be consent to appointment and same to be lodged with CIPC	As and When	Ongoing	COMPLIANT
LABOUR RELATIONS AND EMPLOYMENT LAW						
7.	Labour Relations Act No. 66 of 1995	HoD: Corporate Services	Ensure that Act is adhered to.	Ongoing	Ongoing	COMPLIANT
8.	Basic Conditions of Employment Act No. 11 of 2002	HoD: Corporate Services	Ensure that Act is adhered to.	Ongoing	Ongoing	COMPLIANT
9.	Employment Equity Act No. 55 of 1998	HoD: Corporate Services	Ensure that Employment Equity plan is followed and adhered to.	Ongoing	Ongoing	COMPLIANT
10	Occupational Health and Safety Act No. 85 of 1993 including Construction Regulations	HoD: Corporate Services	Ensure execution, in particular, that safe working environment is maintained and that the Act is displayed in the workplace. Ensure that JRA employees meet requirements as contemplated in Construction Regulations	Ongoing	Ongoing	NON-COMPLIANT
11	Skills Development Act No.97 of 1998 as amended by the Skills Development Act, 2003	HoD: Corporate Services	Ensure ongoing execution and compliance.	Ongoing	Ongoing	COMPLIANT
12	Unemployment Insurance Act No.32 of 2003	HoD: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Ongoing	26 th of each month	COMPLIANT
13	Promotion of Equality and Prevention of	HoD: Corporate Services	Ensure that requirements are met and that JRA Code is adhered to.	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
14	Unfair Discrimination Act No.52 of 2002 Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("COID")	HoD: Corporate Services	Ensure that Act is adhered to - Return of Earnings (W.As.8) and Act is adhered to - lodgement of employee claims	Ongoing	31 March	COMPLIANT
FINANCE / VALUE ADDED/ TAX LAW						
15	Value Added Tax No. 89 of 1991	Chief Financial Officer	Ensure that relevant returns are submitted to the Receiver by the 25th of every month. (If submitted by EFT the due date is the 31 of each month.)	Ongoing	End of each month	COMPLIANT
16	Income Tax Act No. 58 of 1962	Chief Financial Officer	Ensure that relevant returns are submitted to the Receiver	Ongoing	Ongoing	COMPLIANT
17	Income Tax Act No. 58 of 1962 PAYE	HoD: Corporate Services	Ensure that monthly payments are made.	Ongoing	Monthly	COMPLIANT
18	Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA'ed	Ongoing	Ongoing	COMPLIANT
ENVIRONMENTAL						
19	Waste Act 59 of 2008	HoD: RO / Manager H&S.	Waste Act 59 of 2008 – Regional Depots to store waste in compliance with the Waste Act.	Ongoing	Ongoing	NON-COMPLIANT
20	Air Quality Act 39 of 2004,	Manager H&S.	Asphalt Plant compliance with Air Quality Act	Ongoing	Ongoing	COMPLIANT
21	Environmental Regulations in relation to Asphalt Production and Transportation;	HoD: RO	Asphalt Plant compliance with Air Quality Act NEMA (National Environmental Management Act)	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
	Road Maintenance and Road Construction					
GENERAL LAWS						
22	Prevention and Combating of Corrupt Activities Act No 12 of 2004 (Anti-corruption Act)	Fraud Officer/ Company Secretary	Ensure corruption is managed effectively	Ongoing	Ongoing	COMPLIANT
23	Protected Disclosures Act, No 26 of 2000 (Whistleblowing Act);	Company Secretary	Management of whistleblowing hotline – reports received and addressed in line with policy	Ongoing	Monthly	COMPLIANT
24	Promotion of Access to Information Act No. 2 of 2000	Company Secretary	Ensure that policy is adhered to and in particular that JRA's Code/Procedures on access to information are adhered to.	Ongoing	Ongoing	COMPLIANT
25	National Credit Act	HoD: Corporate Services	Staff Loans previously granted were not issued in line with prescribed Regulations.	Ongoing	Ongoing	COMPLIANT
26	Road Traffic Act	HoD: Regional Operations	Ensure that all vehicles licenses and traffic fines are paid.	Ongoing	Ongoing	COMPLIANT
27	Women Empowerment and Gender Equality Bill	Corporate Services' (All Departments & Directors and Board Sub-Committees)	Both public and private entities will be required to precede all organisational decision and activities with a gender equality analysis, as well as achieve at least 50% representation of women in decision making structures.	Ongoing	Ongoing	NON-COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
28	National Archives and Records Services of South Africa Act	HoD: Corporate Services	Ensure there is a records management system and documents are stored in the manner, and for the required time frame, as per legislation	Ongoing	Ongoing	NON-COMPLIANT
29	National Road Traffic Act 93 of 1996 and chapter VIII of National Road Traffic Regulations of 2000	HoD: Regional Operations	Transportation of dangerous goods as classified in terms of SABS code of practice (SANS 0228:2012);	Ongoing	Ongoing	COMPLIANT
30	Roads / signals Road Traffic Act	HoD: M&F	Road signals compliant with legislation	Ongoing	Ongoing	COMPLIANT
31	Roads / signals Road Traffic: SARTSM guideline	HoD: M&F	Road signals support staff compliant with legislation	Ongoing	Ongoing	NON-COMPLIANT
32	ITC Governance	Manager IT	Implementation of Government approved ITC governance framework	Ongoing	Ongoing	COMPLIANT

Municipal Finance Management Act No.56 of 2003 - -- the said Act cross references the following Acts which should also be taken into account when determining compliance:

- Municipal Structures Act No 117 of 1918
- Municipal Systems Act No 32 of 2000
- Organised Local Government Act No 52 of 1997
- The Constitution of the Republic of South Africa
- Intergovernmental Fiscal Relations Act No 97 of 1997
- Public Office-Bearers Act No 20 of 1998
- Municipal Demarcation Act No 27 of 1998
- Public Finance Management Act No 1 of 1999 and associated Treasury Regulations

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
33	S 111	Finance - CFO	SCM Policy and implementation thereof	Ongoing	Ongoing	COMPLIANT
34	S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Ongoing	Ongoing	COMPLIANT - subject to disclosed deviations
35	S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	Compliant The adjustment budget process for the 2020/21 financial year will start in November 2020.
36	S 88	CEO / Board	Mid-term report By 20 th January each year submit a report on the assessment of the entity to Board and City	Ongoing	20 Jan	COMPLIANT
37	S 106	CEO	All delegations reduced to writing	Ongoing	Ongoing	In progress
38	S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Ongoing	End Nov of every financial year	COMPLIANT
39	S 126	CFO	Submit annual financial statements to AG for auditing	Ongoing	August 2020 November 2020	Submitted in October 2020.
40	S 165 / 166	CEO / Board	Internal Audit Unit and Audit Committee	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
41	S 104	CEO	Any non-compliance with MFMA responsibilities reported to City	Ongoing	Ongoing	No non-compliance which has come to the attention of management
42	S 85 86	CEO	Open and operate at least one bank account and submit details to City	Ongoing	Ongoing	COMPLIANT
43		CEO / Board	No unfunded mandates	Ongoing	Ongoing	COMPLIANT
44	Broad Based Economic Empowerment Act No 53 of 2003	Chief Financial Officer	Compliance with framework for the accreditation and verification by all verification agencies published in Government Notice No 776 of Government Gazette No 31255 of 18 July 2008 & supplementary notice issued on 31 July 2009.	Ongoing	Ongoing	COMPLIANT

Annexure H: Progress on top 6 Strategic Risks of the JRA

Risk Ref		Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
			Q2			
i Infrastructure Failure (Stormwater/Roads/Bridges/ Traffic-Signal)			High	Record case numbers and complete relevant insurance claims to reduce financial risk.	30/06/2021	The action is done on a continuous basis.
				Finalisation of the tender for the procurement of a redesigned controller cabinet with enhanced security features. This will include measures ("stubby") that reduce the total number of cores at an intersection.	30/06/2021	The tender has been advertised and is closing on the 11 th of December
				Continue with existing telecommunication measures and include a higher lever escalation for high priority intersections not being attended to after 5 working days	30/06/2021	The controller spares appointment has been awarded with an insufficient value to maintain communication to traffic signals. A new Tender specification is being developed.
				Utilisation of RMS for monitoring of the UPS infrastructure.	30/06/21	Complete
				Conduct Stormwater Network Condition Assessment.	30/06/21	VCI's - 48% Inner City; 100% Alexandra; 98% Fordsburg and 100% Northcliff completed. Diepsloot VCI cannot commence as OPEX funds for current FY will be depleted with current WIP.
				Complete Assessment and Designs for bridges.	30/06/21	Nineteen (19) projects on going at various stages in the planning phases. Payment of deliverables (Inception and PDR moved to OPEX) Report detailing priority bridges requiring additional funding submitted to both SDC and Board for consideration.
				Re-establish contact with customer relationship officer at ESKOM that assist the JRA with	30/06/21	No replacement Customer Relation Officer given to JRA yet. However escalations are sent to KK Masisi

Risk Ref	Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q2			
			<p>reference numbers, escalations and feedback, site meeting etc.</p> <p>Expedite the migration from Reactive Maintenance to Proactive Maintenance by reskilling, upskilling, repurposing, and smart recruiting of human resources.</p> <p>RO to also interact in bilateral with Planning department for complete review of Roads Assets Management Systems.</p> <p>Engage in bilateral with Infrastructure Development for submission of close-out reports which have defined proactive maintenance programmes.</p>	30/06/21	<p>The recruitment process has resumed, and extra care will be taken in selecting the best candidates.</p> <p>Infrastructure Planning department has shared part of the Visual Condition Assessment (VCA) for major arterials. This is currently being used to develop the Proactive Maintenance Plan.</p> <p>The Proactive maintenance will be finalised in January in line with the budget adjustment period</p>
2	Inability to meet service delivery targets (Customer Charter/Capex)	Medium	<p>Implementation of the SCM implementation plan</p> <p>Implementation of RO Proactive Maintenance plan.</p>	30/06/21	<p>SCM continues to action the approved SCM implementation plan and review as in when necessary worth noting most of the panels have expired during last 3 months and we have advertised most of them and ensured that we evaluate and adjudicate with the 120 days from closing of the bid under serious lockdown restrict which has caused delays in some instances as committees are unable to form a quorum , However we have introduce online Bid committee seating which also has its own connective challenges.</p> <p>Process of skills audit underway and will be followed by appropriate training. This will address adequate and suitable human resources with the department. A revision of the Activity Manual is underway, and the development of the Costing Structure is also under development. This will address the productivity measurement. Reforms in Operational Model by Regions is ongoing and currently showing signs of improvement.</p>

Risk Ref	Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q2			
3	Ineffective Governance Structures and Poor Financial Management	Medium	Implementation of Proactive Traffic Signal Maintenance Plan	30/06/21	Pro-active inspections are being done on a continuous basis
			Implementation of Proactive Bridge Inspection	30/06/21	BSC member nominations forwarded to SCM and awaiting outcomes of the SCM processes.
			Implementation of Infrastructure Development Training Plan for Project Managers.	30/06/21	ID is still waiting for the appointment of the new GCC training provider and new training date. The MS Project training was scheduled for the 12th November 2020, but has been postponed to January/February 2021 to give IT time to install MS projects on the project managers laptops.
			Implement additional due diligence process at appointment of contractors	30/06/21	All bids awarded as per the new SCM policy are sent for probity prior to appointment and we continue to seek an alternative electronic system which will assist with checking and detecting conflict of interest in order to reduce audit findings, further we issue a MBD form which require Bidder to declare correctness and authenticity of information submitted.
			Conduct 6 process audit on SOP's.	30/06/21	Process audit questionnaires for all 6 x processes finalised. Actual audit execution commenced in November.
			SOP Monitoring: Periodic review of 37 SOPs for improvement and monitoring.	30/06/21	Periodic SOPs reviews underway, 48.6% progress made 18 against a total of 37 SOPs prioritised.
			Consequence Management for all cases of irregular and fruitless expenditure	30/06/21	Consequence Management was fully implemented to officials in SCM on splitting orders.
			Finalise the Shift Policy Review of the whole business operation (Asphalt Plant)	30/06/21	The shift policy was finalised from the side of management. It is now with labour and will have to come back to LLF for finalisation. Governance of the plant improved by realigning personnel in management. The recruitment of specialist plant maintenance engineers i.e. mechanical, electrical is underway. The business model for the plant is also under review.

Risk Ref	Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
			<p>Obtain accreditation from South African National Accreditation System (SANAS) for the Materials Laboratory.</p> <p>Regular Monitoring of expenditure</p> <p>Monthly tracking of cash flow on ID projects</p>	<p>30/06/21</p> <p>30/06/21</p> <p>30/06/21</p>	<p>A report was which will serve at EMT and this will be followed by the procurement process.</p> <p>Monthly Finance reports are compiled for EMT and COJ and Quarterly finance reports for AFRIT, Board and COJ.</p> <p>The Expenditure to-date is at 14% and the target 15%</p>
4	Reputational Damage	Medium	<p>Implementation of the integrated Marketing & Communication Strategy</p> <p>Implement the ethics plan</p>	<p>30/06/21</p> <p>30/06/21</p>	<p>The approved JRA Integrated Marketing Strategy is currently being implemented. Regularly have stakeholder programmes, press briefings and social media accounts updates.</p> <p>Ethics Management Plan is currently being implemented. Communication with regards to the promotion of an ethical culture are erected throughout the JRA building and depots. The ethics policy is currently being reviewed and transitioned for tabling at LLF. The Compliance Quarterly report is tabled before the JRA Governance structures</p>
5	Fraud, theft and corruption	Medium	<p>Completion of a register at all Depots to gain access and Random Checks by security officers</p> <p>Implement a bar coding and scanning system at all depots</p> <p>Acquisition of non-metallic products (KI tops and manhole covers)</p> <p>Apply consequence management to defaulters</p> <p>Finalise approval of the following policies:</p> <ol style="list-style-type: none"> Shift Policy Performance Management Policy 	<p>30/06/21</p> <p>30/06/21</p> <p>30/06/21</p> <p>30/06/21</p>	<p>Currently the Department is reviewing access control procedures.</p> <p>The process is still at tendering stage.</p> <p>The polymer material bid has gone through Bids Specification Committee and was advertised on 28/08/2020.</p> <p>No theft was reported to date</p> <p>The Performance Management Policy was referred to EMT on the 5th of November 2020 and to REMSEC for approval.</p>
6	Inadequate human capital management	medium		<p>30/06/21</p>	

Risk Ref	Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q2			
			Review the training development policy to align it to Co.J.	30/06/21	The Training and Development Policy was referred to EMT on the 5th of November 2020 and then to REMSEC for approval.
			1.3 Fill Top Management positions	30/06/21	The appointed candidate for Head: Performance, Governance and IT has resumed duties on the 01st of December 2020. The Shortlisting process for HOD: Mobility and Freight will take place on 11 December 2020, HCM received 5 applications of candidates recommended through headhunting process.
			Review of the Organisational Structure	30/06/ 21	The Supply Chain process to identify a service provider who would review and align the Organisational Structure has been kept on hold.
			Conduct Skills Audit	30/06/21	The profiling process for Skills Development process has for 257 employees on levels 7-8 has been completed. The City is yet to confirm the implementation date for Skills Audit for Levels 7-8
			Implementation of the Project Management Training Plan.	30/06/21	We have requested SCM to issue new RFQ for the appointment of a new Service Provider to complete GCC Training. MS Project and Legal Liability Training has been postponed to January - February 2021 due to lack of response from attendees. HCD will engage HOD's to solicit their support in ensuring that employees attend scheduled training.
			Training on Supply Chain Management processes, targeted at HoDs, Ops and Managers by the National School of Governance	30/06/21	The training with NSG is still to be finalised before the end of the quarter.
			Recruitment and appointment of qualified personnel on vacant funded position.	30/06/21	Recruitment process to fill all vacant funded positions is underway. To date one hundred and 21 positions have been advertised. The Recruitment unit has managed to fill 1 position on a 5-year fixed term contract, 5 positions on 12 months fixed term contract, 7 internal promotions, 2 new appointment as well as 3 interns.

Risk Ref	Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q2			
7	Weakened workforce due to high exposure to Covid-19 virus	Medium	Procurement of laptops for essential users and spare laptops to be kept as inventory for emergency users.	31/12/20	Complete.
			The first batch of procured laptops has been delivered and will be allocated to JRA employees who have been identified as essential by their line managers		
			IT with the assistance of SCM are in the process of getting a proposal for the upgrading of the telephone lines, internet lines and connectivity to all the JRA depots		
			JRA IT with the assistance of Line Managers should identify essential system users who may otherwise be using desktops and make emergency laptops available to them.		
			Appointment of 4 Occupational Health Nurse Practitioners	31/12/20	The nursing positions were shortlisted on the 4th December 2020, the interview process will follow.
			Place physical barriers between workstations or solid barrier to promote social distancing	30/09/20	Floors identified have been attended to except the first floor. Awaiting a proposal from the Landlord, with regards to the outstanding floor.
			Physical Risk Assessments at Head Office and Depots	30/06/21	Monitoring done continuously with action owners in the Depot and Head Office.

Annexure I: Quarter 2 Performance against the Service Standards

Annexure I

KP A	KPI No	Programme	KPI	Q2 Target	Q2 Actual Performance	Year to date performance	Comments
JRA Customer Charter Standards	1	Repair of damaged/mis sing road barriers or guardrails	% of damaged / missing road barriers or guardrails repaired from when a valid call is logged.	40% within 14 days.	Total calls received within the period: 3 Total repaired within 14 days 1 (33.33%)	YTD Total calls received -6 Total repaired within 14 days 2 (33.33%)	Shortage of material. The procurement process for guardrails is currently at BAC level for the approval of award.
				60% within 20 days.	Total repaired within 20 days 1 (33.33%)	Total repaired within 20 days 2 (33.33%)	
				80% within 30 days.	Total repaired within 30 days 1 (33.33%)	Total repaired within 30 days 2 (33.33%)	
	2	Blocked storm water repairs	% of blocked storm water kerb inlets (KI's) repaired from when a valid call is logged.	40% within 10 days.	Total calls received within the period: 446 Total repaired within 10 days 176 (39.46%)	YTD Total calls received- 620 Total repaired within 14 days 249 (40.16%)	Regional operations were operating on 1/3 of staff and has brought staff back on a rotational basis. Current team's complement is concentrating mostly on unblocking storm water.
				60% within 20 days.	Total repaired within 20 days 233 (52.24%)	Total repaired within 20 days 332 (53.55%)	
				80% within 30 days.	Total repaired within 30 days 291 (65.25%)	Total repaired within 30 days 388 (62.58%)	
	3	Replacement of manholes covers	% of missing JRA manholes covers made safe and replaced after a valid call is logged	40% within 10 days.	Total calls received within the period: 16 Total repaired within 10 days 5 (31.25%)	YTD Total calls received within the period: 40 Total repaired within 14 days 5 (12.5%)	Shortage of material The bid for manhole covers was advertised and is Evaluation is currently underway
				60% within 20 days.	Total repaired within 20 days 5 (31.25%)	Total repaired within 20 days 9 (22.5%)	
				80% within 30 days.	Total repaired within 30 days 7 (43.75%)	Total repaired within 30 days 12 (30%)	
	4	Regulatory Road Traffic Signs repaired	% of reported damaged/missing regulatory road traffic signs replaced or	40% within 10 days.	Total calls received within the period: 243 Total repaired within 10 days 152 (62.55%)	YTD total calls received: 393 Total repaired within 14 days 240 (61.07%)	No material to repair and replace the signs.

			repaired from the time when a valid call is logged	60% within 20 days. 80% within 30 days.	Total repaired within 20 days 178 (73.25%) Total repaired within 30 days 192 (79.01%)	Total repaired within 20 days 268 (68.19%) Total repaired within 30 days 289 (73.54%)	The contract for traffic signs is yet to be submitted for BSC to be advertised, the specification is expected to be ready by the beginning of Q3
5	Potholes repair	% of reported potholes repaired from time of recording of a genuine pothole by the JRA from all sources. ³	40% within 14 days. 60% within 20 days. 80% within 30 days.	Total received within the period: 334 Total repaired within 14 days 153 (45.81%) Total repaired within 20 days 184 (55.09%) Total repaired within 30 days 205 (61.38%)	YTD total calls received: 781 Total repaired within 14 days 355 (45.45%) Total repaired within 20 days 403 (51.60%) Total repaired within 30 days 433 (55.44%)	The is no contract for supply of asphalt and raw material to produce asphalt. The recovery plan for war on potholes was developed and the implementation is underway by using level 1 and 2 Contractors. The focus is currently on the backlog The bid for supply of asphalt and aggregates are both at BAC level for the approval of award.	
6	Traffic Signal Maintenance	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	40% within 14 days. 60% within 20 days. 80% within 30days.	Total calls received in the period: 118 Total completed within 14 days 114 (96.6%) Total completed within 20 days 118 (100%) Total completed within 30 days 118 (100%)	YTD total calls received in the period: 169 Total completed within 14 days 165 (97.63%) Total completed within 20 days 169 (100%) Total completed within 30 days 169 (100%)	Target Achieved	
7	Repair of damaged traffic light poles	% of reported damaged traffic signal poles repaired/ from when a valid call is logged	40% within 14 days. 60% within 20 days.	Total received within the period: 2 Total completed within 14 days 2 (100%) Total completed within 20 days 2 (100%)	YTD total calls received: 2 Total completed within 14 days 2 (100%) Total completed within 20 days 2 (100%)	Targets Achieved	

³ Phakama, Hotline, Internal JRA Staff, Urban Regional Inspectors (from Regional Directors Office), JRA Inspectors

				80% within 30 days.	Total completed within 30 days 2 (100%)	Total completed within 30 days 2 (100%)	
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Annexure J

Annexure J: ICT general control audit management follow-up

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT			
No	Findings	Management Comments & Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	New Action Plan Responsible person Implementation date	Auditors comments / Further Recommendations
1	LACK OF ADEQUATE CLASSIFICATION AND LOGGING OF PROGRAM CHANGES	<p>MANAGEMENT COMMENTS:</p> <p>Management agrees with the finding.</p> <p>Action Plans:</p> <p>The Terms of Reference (TOR) for the Change Advisory Board (CAB) will be revised with new members appointed as per Internal Audit recommendations and sent to Executive Management Committee (EMT) for approval. Management will ensure that implementation of both the policy and SOP is adhered to.</p> <p>Responsible person: IT Ops Manager Implementation date: 31 December 2020</p>			
	It was noted that no changes were logged and discussed at CAB for the review period; while changes to the system were actually performed. This has resulted in changes that have not followed the change management process.		RESOLVED	N/A	The finding has been resolved and the evidence has been provided to internal audit.
2	PASSWORD REQUIREMENTS NOT IN LINE WITH THE PRESCRIBED STANDARDS				
	It was noted that JDE password requirements do not meet the JRA	MANAGEMENT COMMENT	RESOLVED	N/A	The finding has been resolved and the evidence has been

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT			
No	Findings	Management Comments & Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	New Action Plan Responsible person Implementation date	Auditors comments / Further Recommendations
	<p>password guidelines as a password can be only alpha lower case only and the system accepts it. It was further noted that the password history is not enforced as the same password can be repeated immediately after it expires.</p> <p>Active Directory requirements are also not in line with JRA password requirements as the account lock out threshold is set at 10 and Password history is 5.</p>	<p>Management is in agreement with the finding</p> <p>Action plan:</p> <p>Password requirements and history have been set on Active Directory and ERP as the Account Management Policy prescribes.</p> <p>Responsible person: IT Ops Manager</p> <p>Implementation date: 31 July 2019</p>			provided to internal audit.
3	<p>It was noted that not all priority 1 and 2 Service requests were logged on the incident management system. The population list of priority 1 and 2 Service Incidents ran from 01 July 2018 to 19 June 2019 contained 4</p>	<p>SERVICE REQUESTS MANAGEMENT PROCESS NOT EFFECTIVELY IMPLEMENTED</p> <p>MANAGEMENT COMMENTS</p> <p>Management is in agreement with the finding</p> <p>Action Plan:</p> <p>The Service Desk Standard Operating Procedure (SOP) will be revised to cater for</p>	RESOLVED	N/A	The finding has been resolved and the evidence has been provided to internal audit.

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT			
No	Findings	Management Comments & Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	New Action Plan Responsible person Implementation date	Auditors comments / Further Recommendations
	incidents; however, there were other Priority 1 incidents identified not on the population.	quality checks on the Incident Management System. The Helpdesk Personnel will be trained, and service requests will be prioritized as per the SOP. Responsible person: IT Ops Manager Implementation date: 31 December 2019			
4.	PATCH MANAGEMENT NOT ADEQUATELY PERFORMED				
	No evidence of patch management and reporting could be provided to Internal Audit for the period under review.	MANAGEMENT COMMENTS Management agrees with the finding. Action Plan: The Patch Management Policy and Standard Operating Procedure (SOP) will be implemented and internet bandwidth will be increased which will improve the speed of the network to help in patching, upon moving to the new JRA building. Responsible person: IT Ops Manager Implementation date: 31 December 2019	RESOLVED	N/A	The finding has been resolved and the evidence of the alternative control that was put in place to deal with the patch management implementation has been provided to internal audit.
5.	JRA HELPDESK POLICY NOT APPROVED				

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT			
No	Findings	Management Comments & Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	New Action Plan Responsible person Implementation date	Auditors comments / Further Recommendations
	It was noted that the Help Desk Policy was drafted in June 2018 and as at June 2019 the policy was yet to be finalised and approved.	<p>MANAGEMENT COMMENTS</p> <p>Management agrees with the finding</p> <p>Action Plan:</p> <p>The Helpdesk Policy and Standard Operating Procedure (SOP) will be revised accordingly and submitted to the relevant committees for approval</p> <p>Responsible person: IT Ops Manager</p> <p>Implementation date: 31 December 2019</p>	<p>UNRESOLVED</p>	<p>The Policy was presented to the LLF on the 22nd of October 2020. The LLF made a few comments which needed to be incorporated into the policy and those changes have since been incorporated. The policy will be presented at the next Board meeting for final approval.</p> <p>Operations Manager: IT Action Plan: 30 June 2021</p>	<p>Management comment noted.</p> <p>However, based on these explanations, it is therefore concluded that the finding is still open and will remain in the schedule of findings for further monthly follow ups for progress of resolution.</p>