



**JOHANNESBURG ROADS AGENCY SOC (LTD)**

**Reg. No. 2000/028993/30**

**PERFORMANCE REPORT FOR THE PERIOD OCTOBER TO DECEMBER 2021  
(FINAL Q2 REPORT 2021/22)**

**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.**

## COMPANY INFORMATION

<b>Registration number:</b>	2000/028993/30
<b>Registered address:</b>	75 Helen Joseph Street Johannesburg 2001
<b>Postal address:</b>	Johannesburg Roads Agency Private Bag X70 Braamfontein 2017
<b>Telephone number:</b>	(011) 298-5001
<b>Fax number:</b>	(011) 298-5178
<b>Website:</b>	<a href="http://www.jra.org.za">www.jra.org.za</a>
<b>Bankers:</b>	Standard Bank of SA Limited
<b>Auditors:</b>	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 our communities.

**Mobility Made Easy.**

Approval – Q2 Report (JRA)

 <b>Dikeledi Thindisa</b> <b>Chief Financial Officer</b>	Date: <u>07/02/2022</u>
 <b>Selema Republic Monakedi</b> <b>Chief Executive Officer</b>	Date: <u>08/02/2022</u>
 <b>Hazel Mtimkhulu</b> <b>Acting Chairperson of the Board</b>	Date: <u>14/02/2022</u>
 <b>Funzi Ngobeni</b> <b>MMC: Transport</b>	Date: <u>15/02/2022</u>

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## **CHAPTER 1: LEADERSHIP AND CORPORATE PROFILE**

### **Section 1: Chief Executive Officer's Report**

In line with section 72 of the Municipal Finance Management Act (MFMA), this mid-year (1 July to 31 December 2021) budget and performance report seeks to present a review and an assessment of the performance of the Entity against the targets set out in its Business Plan at the beginning of the financial year.

The MFMA Section 72(3) further stipulates that, where it is deemed necessary, the accounting officer must, as part of the review, make recommendations as to whether an adjustments budget is necessary; and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

With this in mind, it is crucial to highlight that in terms of the financial position, the rounded off ratios of the JRA are positive, and the company is financially sound and solvent. However, the financial performance of the Entity needs some improvement, in particular with regards to its salary's ratios and the management of its debtors.

Notably, Council approved JRA operating budget for the 2021/2022 financial year is R1,576 billion. The operating expenditure and income for the 2<sup>nd</sup> quarter was R 366, 989 million and R 375, 577 million respectively, representing income exceeding expenditure by R 8, 588 million at the end of the 2<sup>nd</sup> quarter.

The JRA capital budget for the 2021/2022 financial year is R 732,500 million. The 2021/2022 capital expenditure (including provisional accruals and commitments) for the quarter under review is R 207, 084 million and the year-to-date amount is R 354, 669 million, representing 48, 4% spend year to date – an improvement compared to the same time in 2020/21.

With regards to service delivery, the Entity has managed to make progress in the following areas during the second quarter:

- The JRA made progress on key **infrastructure projects**, including the following: roads resurfacing (37.58 lane km resurfaced in the quarter, against the target 20 lane km and the total of 54.87 lane km year to date against target of 56 lane km); gravel roads upgraded to surfaced roads (9.39 km upgraded, against the target of 1km and the total of 10.16km year to date against target of 5km; conversion of open drains to underground storm water channels, (0.47 km was achieved against the quarterly target of 0.5km and the total of 2.5km year to date against target of 1.5km.
- The roads infrastructure maintenance performance registered a total of 7 647 potholes repaired, 226 kerb inlets (KI) unblocked and cleared, 34 manhole covers including KI tops were replaced and 1179.8m of guardrails replaced.

The roads infrastructure maintenance programme was severely affected by the frequent closure of regional offices due to COVID19 positive cases recorded, as well as rotational arrangements for both support and operational staff at the depot level. This made it difficult for the regional offices to carry out their activities optimally. This has also affected the company's ability to attend to

service requests logged by customers due to interruptions. The lack of a plant contract, as well as the inclement weather, had a significant negative impact on performance.

- During the quarter under review, a total of 23 SMMEs were supported in Q2 against the target of 4 and 148 EPWP work opportunities were created against 20. Year to date 85 SMMES supported against target of 10 and 206 EPWP work opportunities were created against target of 80.
- Inspections on major roads as part of the latest Visual Condition Index are currently being completed in Regions B, C, E and F, comprising focused work packages to be distributed amongst contractors on the current and upcoming panels for the for various Periodic Maintenance, Rehabilitation, Reconstruction and Replacement interventions identified. Should OPEX funds be made available, project level inspections for, the remaining Regions (A, D and G) may commence.
- On Mobility and Freight Department commenced with the development of the Intelligent Transport Strategy (ITS) 2027. The ITS strategy will build towards the development of the JRA Strategy. The JRA revised and designed new traffic signal timings at 61 intersections to improve mobility and reduce congestion against a target of 60 intersections thereby exceeding the quarterly target. Year to date the department revised ad designed new traffic signals timings at 154. Despite the effort to maintain traffic optimisation, vandalism remains a challenge with 63 traffic signals-controlled intersections, with signals controllers, poles and cables and uninterruptable power supply (UPS) systems being stolen.
- At the end of Q2, Internal Audit had resolved one (1) of the remaining 5 AG findings which accounts for 20% and was left with four (4) repeat findings. The JRA resolved 24 IA findings of the 41 that were due in Q2 which accounts for 59% (76% year-to-date). As we end this quarter, I must commend the entire JRA team for the Entity to have achieved an unqualified audit opinion. To this end, an action plan has been drafted to redress those areas that the Auditor General has highlighted as shortcomings and areas of improvement.

In conclusion, it is pivotal to note that 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. Reductions in the USDG-linked capital budget further exacerbate the challenge.

I would to further appreciate the JRA workforce for its continued dedication to work amid the challenges posed by the COVID-19.



**Republic Monakedi**

**JRA CEO**

## Section 2: Chief Financial Officer's Report

The purpose of this report is to present the high-level 2021/2022 financial performance for the Johannesburg Roads Agency for the period ending 31 December 2021 (Quarter 2). 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. It is therefore critical that the JRA balances the attainment of objectives relating to key liquidity and profitability ratios with the attainment of service delivery targets and objectives.

The Council approved JRA operating budget for the 2021/2022 financial year is R1,576 billion. The operating expenditure and income for the 2nd Quarter was R 366, 989 million and R 375, 577 million respectively, representing income exceeding expenditure by R 8, 588 million at the end of the 2<sup>nd</sup> Quarter.

The JRA capital budget for the 2021/2022 financial year is R 732,500 million. The 2021/2022 capital expenditure (including provisional accruals and commitments) for the quarter under review is R 207, 084 million and the year-to-date amount is R 354, 669 million. This represents 28, 27% spend of the total 2021/2022 capital budget in the second quarter and 48, 4% for the year to date (July to December 2021) spend, (**Refer Annexure "D"**). Expenditure excluding commitments and accruals is 23, 73% (R 173, 845 million) and year to date it is 43, 9% (R 321, 430 million). The expenditure excludes any invoices that might be in transit to Finance for processing or are under-going the quality assurance process.

The **Table 1** below illustrates five 2021/2022 key ratios for the period under review in line with the Financial Development Plan (FDP) of the City of Johannesburg.

Table 1: Summary Ratios

KEY RATIO	Target FDP	December 2021 (2021/2022)
Current ratio	1	1,91
Solvency	2	2,00
Debt to Revenue	45%	11,3%
Interest to Operating Expenditure	7%	0%
Remuneration to Operating Expenditure *	35%	63%
Road and Traffic Signal personnel costs for repairs & maintenance - Direct costs **	Nil	34%
Administrative personnel costs - Indirect costs ***	Nil	29%

The entity has a positive 2021/2022 current ratio, and the ratio also met the FDP target in the current year. The 2021/2022 solvency ratio of 2 is on the FDP target of 2. The entity, however, is solvent for the 2nd Quarter ended 31 December 2021. The JRA has also improved in the expected collection of debtors' money by ensuring 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 that 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 2021/2022 ratio reducing to 29% of total 2021/2022 operating expenditure. The company is labour intensive and is made up of large internal teams for road and traffic signal maintenance. Included under employee costs is the "insourcing" cost of the security and cleaning staff.

The current 2021/2022 intercompany sweeping balance has a positive balance of R 102, 969 million. JRA earned R 1, 564 million on the positive 2021/2022 COJ bank balance. JRA has a 2021/2022 positive balance in the Developers Contribution bank account of R 461, 725 million at the end of December 2021 and earned interest of R 3, 921 million in the 2021/2022 financial year, thus the total 2021/2022 cash on hand is R 564, 694 million. The 2021/2022 related party debtors of the JRA are R 480, 5 million (8% improvement) at the end of the 2nd quarter as compared to R 523 million as at 30 June 2021.

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.



**Dikeledi Thindisa**

**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 the JRA Strategy 2022.

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

**Section 4: Strategic Objectives**

The below table illustrates how the JRA programmes are aligned to the 2021/22 CoJ-IDP Priorities and how JRA strategic plans to the CoJ strategy.

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

## **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 the company objectives are set implemented, monitored, and evaluated.

The Board and Management of the JRA are committed to the highest standards of corporate governance 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 and 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.

### **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 Sub Committees. Figure 1.1. below illustrates the high-level organisational structure of the JRA.

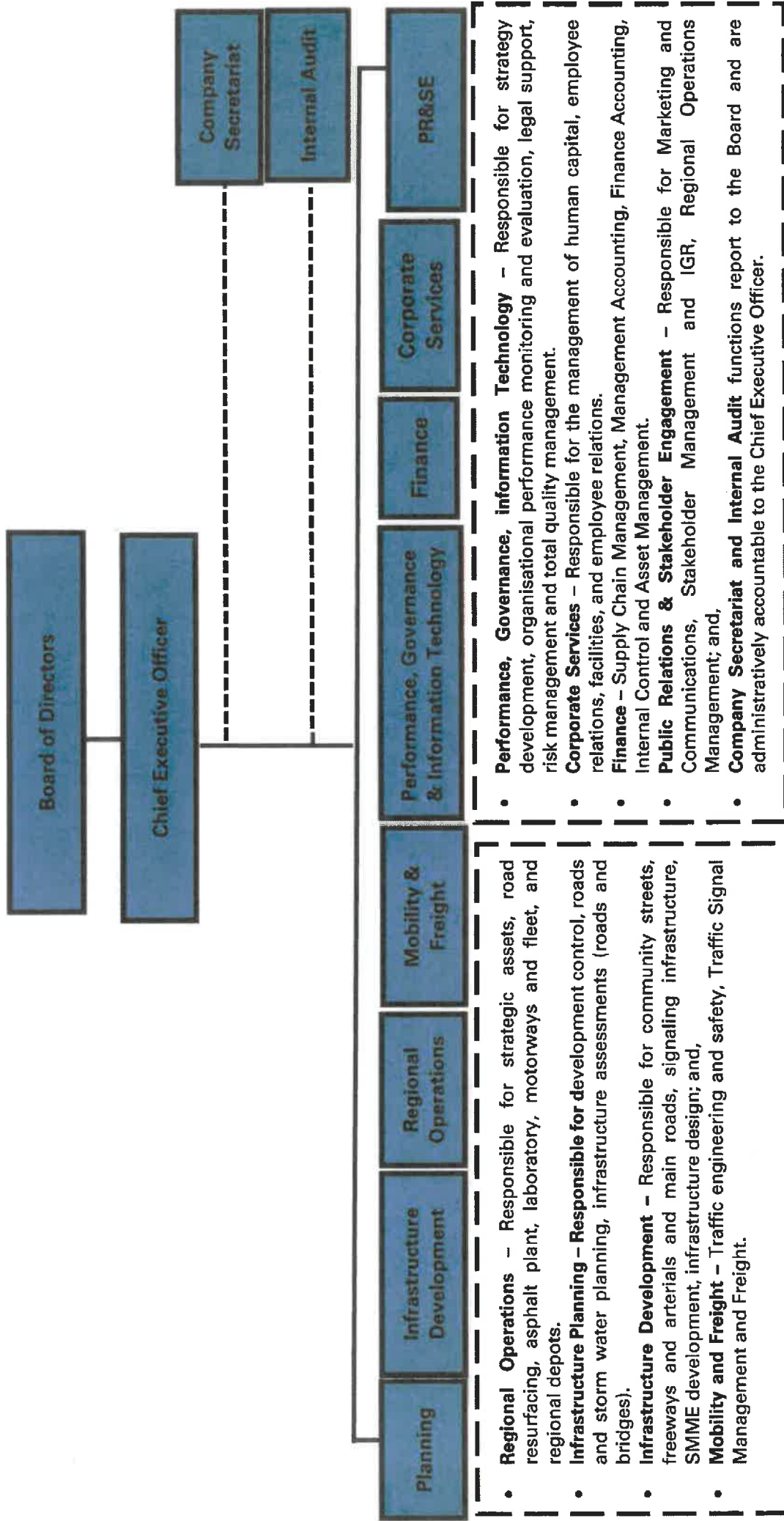


Figure 1.1. High level organisational structure of the Johannesburg Roads Agency

## BOARD COMPOSITION

The Board of Directors was appointed at a Special General meeting on 11 February 2021 and is chaired by Dr Albert Mokoena for the 2020 / 2021 Financial year or until the next AGMA whichever occurs first. The appropriation of appointed members and operating board committee are as follows:

<b>Audit Finance Risk and IT Committee (AFR&amp;IT)</b>		
<b>No</b>	<b>MEMBER</b>	<b>POSITION</b>
1.	Fulufhelo Ntsandeni	Chairperson
2.	Yolisa Ngxabazi	NED
3.	Odirile Mekwa	IAC
4.	Karen Parirenyatwa	IAC
5.	Sizo Mzizi	IAC
<b>Remuneration and Social Ethics Committee (REMSEC)</b>		
6.	Lindi Mdluli	Chairperson
7.	Lawrence Ndlovu	NED
8.	Mila Ntsikelelo	NED
<b>Service Delivery Committee (SDC)</b>		
9.	Lawrence Ndlovu	Chairperson
10.	Fulufhelo Ntsandeni	NED
11.	Edwin Mtshali	NED

*\* For details regarding the number of meetings including the remuneration of each member for quarter one is detailed in Annexure A of this report.*

The following Board members no-longer serve as JRA Board members since their appointment at the Special General Meeting of 11 February 2021:

<b>NO</b>	<b>DETAILS</b>	<b>GENDER</b>	<b>REASON</b>
1.	Ms. Lindi Mdluli	Female	Resigned
2.	Mr Floyd Tshepo Seemela	Male	Resigned
3.	Ms Salome Chiloane-Nwabeuze	Female	Resigned
4.	Mr Strike Michael Ralegoma	Male	Resigned
5.	Mr Tom Tshitangano	Male	Resigned

Ms Hazel Mtimkhulu has been appointed as the Acting Chairperson of the JRA Board with effect from 05 August 2021. The current composition of the Board is more than five (5) which is in line with the Board charter cited as follows:

*3.1. In terms of the Memorandum and Articles of Association the Board may consist of a minimum of 5 Directors or as directed by the Shareholder, the majority of which shall be Non-Executive Directors.*

*3.2. The Directors shall be elected in accordance with the founding documentation of the Company and the MFMA. The shareholder, being the City of Johannesburg, shall, in terms of the MFMA, appoint the Directors. In so exercising its authority, the Shareholder shall take into account the principles of good governance.*

#### **KEY BOARD ACTIVITIES IN QUARTER 2:**

In the quarter under review the Board oversaw and approved the AGSA Final Management Letter, Audited Financial Statements and the 2020/21 Integrated Report.

Key issues emanating from the Audit are summarised as follows:

- The overall audit outcome of the organization remained unchanged when compared to the prior year with an unqualified opinion on the annual financial statements and material findings on performance information and compliance with laws and regulations.
- The current stagnation is because of slow responses by management in implementing action plans and effectively addressing significant internal control deficiencies on the financial statements, performance objectives and compliance with legislation.
- Slow response to recommendations relating to internal and external audit findings caused similar audit findings to be raised and has hampered the municipal entity from improving in audit outcomes.
- Compliance monitoring remains a challenge in the organization. The absence of consequence management remains a high finding. Action plans are there but not working adequately.
- Proper record keeping which results in significant delays in providing some of the requested supporting information remains a challenge, however, management has improved compared to the previous year.
- Management did not implement adequate measures to monitor compliance, leading to audit findings relating to compliance during the financial year within the SCM unit and furthermore there has not been any implementation of a consequence management process.
- Governance issues, Risk and Internal Audit continues to be good as the per previous year.
- The JRA's financial health remains a concern but it was not raised as a finding because of the organization being wholly owned and is dependent on the COJ subsidy for continued funding of operations.
- Matters that are brought to the attention of the Committee but no findings raised. These are matters of emphasis, and include irregular expenditure, material impairment, material uncertainty, restatement of corresponding figures and other matter included in the auditor's report.
- On the audit of annual performance report: a qualified opinion was reported in the audit of the annual performance report and this was mainly because of the lack of accurate and complete records. The achievements reported in the annual

performance report for the listed indicators was not supported by any evidence while in other instances the evidence provided differed from the reported achievement.

- Audit of compliance to legislation showed material findings on compliance with selected requirements of applicable legislations with regard to the following.
  - annual financial statements – submission made for auditing was not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA.
  - Expenditure management – reasonable steps were not taken to prevent irregular expenditure. The majority of the irregular expenditure was caused by noncompliance to the SCM Regulation 32.
  - Procurement and contract management – measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38 (1), because some of the contracts were awarded to providers with falsified information and committed a corrupt or fraudulent act in competing for the contract; and,

Consequence management – some of the irregular expenditure incurred by the municipal entity were not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75 (1).

#### **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

<b>Department</b>	<b>Appointee</b>	<b>Status</b>
Chief Executive Officer	Selemo Monakedi	Substantive
HOD: Infrastructure Development	Nqobile Magagula	Acting
HOD: Planning	Musa Mkhacane Pr Eng.	Substantive
HOD: Mobility & Freight	Louis Nel Pr Eng.	Substantive
HOD: Performance, Governance, and Information Technology	Sekati Mangena	Substantive
HOD: Regional Operations	Raven Shabe	Acting
Chief Financial Officer	Dikeledi Thindisa	Substantive
HOD: Corporate Services	Siyabonga Nodu	Substantive
HOD: Public Relations and Stakeholder Management	Themba Mathibe	Acting
Operations Manager: Internal Audit	Khaya Meslane	Contract
Company Secretary	Phumla Majola	Substantive

### **Section 3: Anticorruption and Fraud Investigations**

The Johannesburg Roads Agency (JRA) is committed to the fight against Fraud and Corruption which represents a significant potential risk to the JRA's assets, service delivery efficiency and reputation. The JRA does not tolerate corrupt or fraudulent activities either from internal or external stakeholders. In demonstrating the importance of Anti-Fraud and Anti- Corruption, the activities below were undertaken in the quarter under review:

- Posters prompting Good and Ethical Governance erected throughout the JRA building and depots.
- Electronic messages promoting Good and Ethical Governance circulated to the organisation quarterly.
- Electronic messages promoting Good and Ethical Governance posted onto the JRA website; and
- Anti-Fraud and Anti-Corruption messages communicated to all stakeholders.

### **Section 4: Ethics & Corporate Citizenship**

The Board views ethical behaviour and leadership as important in corporate governance and promotes it throughout the organisation. It endeavours to promote a culture of openness and transparency throughout the organization, and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions that they may become aware of.

Furthermore, the JRA promotes a culture of openness and transparency throughout the organization. Ethical matters are escalated to the Board formed Ethics Management Forum which is Chaired by the Ethics Champion. The Ethics Management Forum works closely with Group Forensic Investigative Services (GFIS), the Unions and employee representatives in curbing an unethical culture.

Good corporate governance requires an acknowledgement that an organisation is accountable to current and future stakeholders. With the introduction of an 'apply and explain' regime, King IV™ asks organisations to be transparent in the application of their corporate citizenship practices.

#### **4.1. Ethics Management Forum**

The JRA resolved to establish an Ethics Management Forum ("Forum") as an operational ethics medium for the JRA. The forum has been assigned responsibilities of an operational nature by the Remunerations, Social and Ethics Committee (REMSEC) in terms of section 43 (5) of the Companies Act, 2008 and the King Report. The responsibilities entail monitoring the company's ethical activities to good corporate citizenship, including the company's environment, health, and public safety.

The Forum has Terms of Reference which are due for review. The current TOR stipulates that:

- *The forum shall include the Ethics Officer, who will be the Chairperson, as well as representatives from the Company Secretariat, Internal Audit, Legal, Marketing and Communications and HCM departments.*
- *The members of the forum must collectively have sufficient qualifications and experience to fulfil their duties; and*
- *Staff will be required to re-nominate staff appointed members on an annual basis for serving on the forum. Staff members nominated may not serve on the forum for more than two (2) consecutive periods. If a constituency does not approve of a member's behavior, it should be taken up with the Chairperson to consult with the member or arrange to be a re-nomination.*

#### **Ethics Forum Summary of Performance**

- The Term of office for the forum members came to an end and new appointments were made with effect from 1 October 2021 to 30 September 2022. Closing report from the outgoing members was presented and noted at the EMT meeting. The Forum comprises of 10 members including the Ethics Champion. Membership is made of the following: 2 representatives from labour, 2 representatives from employees, and one representative from the following departments: Internal Audit, PR & Stakeholder Engagement, Legal unit, CEO's office (cosec) and HCM
- Subsequent to the appointment of new members, a meeting was convened on the 14th of December 2021. The agenda incorporated the outstanding policies, review of TOR, Training of the Forum members and dates of the meetings. However, due to unavailability of a quorum the review of TOR was deferred to the next meeting. With regard to outstanding policies, a report was given that the matter is still with LLF. The meeting agreed to meet towards the end of January 2022 which is before the initial meeting set for the 10th of February 2022.

Some of the factors that impacted the performance of the forum are the following:

- Meeting Attendance - The commitment shown by members was not convincing. This is evident in the number of meetings postponed due to unavailability of members on the day of the meeting while meetings dates are communicated in advance. The forum has hardly comprised of 100% attendance in a meeting. The meetings are not prioritized. Furthermore, lack of feedback to relevant stakeholders.
- Policy implications - The main policies that should be a priority for the forum are outdated and still to be reviewed, i.e., Code of Conduct, Whistle Blowing, Fraud and Corruption policy. Policies have been tabled at LLF for consultation

#### **Proposed Interventions**

- Criteria for appointment of members be done and approved by EMT. Each Region to have a representative to enable easy flow of communication and promotion of Ethics Culture.
- Introduction of the Forum to EMT, labor and all JRA employees be prioritized.
- At least twice a year, the forum to conduct road shows and engage the JRA staff at all levels.

- All Ethics messages to be translated in vernacular languages that are dominant at most depots.
- Forming partnership with Depot Admin Officers to enable easy flow of communication and promotion of Ethics culture.
- Encouraging a culture of reporting wrongdoing and also advise the whistle-blower how they will be protected.

### Section 5: 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. 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 current year the following were approved:

Document	Status
2021-22 Risk Management Strategy	Approved by AFRIT.
2021-24 Risk Management Maturity Framework	Approved by AFRIT.
2021-24 Business continuity Management Framework	Approved by AFRIT.
2020-21 Risk Appetite and Tolerance Framework	Approved by AFRIT

The activities indicated below were also conducted:

- 2021-22 Monthly monitoring of Strategic and Operational risks; and
- The project risk identification and assessment for two projects
- The embedding of risk management through awareness by means of journal.
- Below is the status of the strategic risk profile for the 2021-22 Quarter 2 (Refer to Annexure H)

#	Risk	Residual Risk Exposure	Q1 2021/22 Residual Risk Exposure	Q2 2021/22 Residual Risk Exposure	Movement	Reasons for movement
1	Road Infrastructure Failure (roads, bridges, stormwater, traffic signals)	High	High	High		N/A
2	Governance failures	High	High	High		N/A

#	Risk	Residual Risk Exposure	Q1 2021/22 Residual Risk Exposure	Q2 2021/22 Residual Risk Exposure	Movement	Reasons for movement
3	Inadequate and ineffective communication systems with relevant stakeholders	High	High	High		N/A
4	Fraud, theft and corruption	High	High	High		N/A
5	Weakened workforce due to high exposure to Covid-19 virus	High	Medium	Very High		The increase in the positive cases within regions and also within the organisation has contributed to the rise in the risk exposure.
6	Poor quality of work - projects - internal work	High	High	High		N/A
7	Ineffective Business Continuity Management system	High	Medium	Medium		The disaster recovery plan was tested on the 04 December 2021 and the system responded accordingly. The BCM is currently reviewed to ensure alignment to current conditions. It is currently in design stage which is stage 4 out of 6.
8	Failure to recruit and retain scarce and professional skills	Medium	Medium	Medium		N/A
9	Cyber-attack, data fraud and data theft	High	Very High	High		No attacks were experienced in the 2 <sup>nd</sup> quarter; therefore, the exposure is reduced to high.

#	Risk	Residual Risk Exposure	Q1 2021/22 Residual Risk Exposure	Q2 2021/22 Residual Risk Exposure	Movement	Reasons for movement
10	Loss, damage and difficulty in retrieving records	Very High	Very High	Very High		There is still no designated capacity within the records management unit

 Reduced
  Constant
  Increased

## Section 6: Compliance Universe

### 6.1. Compliance with Laws and Regulations

In terms of percentage compliance with laws, the impact thereof and mitigating actions on non-compliance areas, in total there are 52 legislations the entity reports on annually. The primary, secondary and general regulatory provision(s). However, in the second quarter under review, the compliance universe is summarized as follows and should be read in conjunction with mitigations measures contained in 6.1.5 and annexure G.

AREA	TOTAL	COMPLIANT	NON-COMPLIANT
Companies Act	6	6	0
Labour Relations & Employment Laws	16	6	10
Finance Tax	6	5	1
MFMA	11	11	0
Environmental	3	2	1
General	10	5	5

### 6.1.2. Asphalt plant regulatory and mandatory compliance

The plant uses Natural Gas (NG) as primary source of fuel and HFO (Heavy Furnace Oil) as a secondary source of fuel for its production operations. Natural gas supplies three thermal heaters which operates 24hrs and 7 days a week and they have pre-installed timers.

The plant has the fourth combustion burner which is directly used for production. The plant has bitumen storage capacity of 300 tons and is connected to the plant through pipeline. All pipeline network except gas pipelines is jacketed to allow circulation of thermal oil.

### Asphalt Plant Compliance Universe

ACT	REGULATION	STATUS
OHS Act No. 85 of 1993	Provide for the health and safety of persons at work and for the health and	Compliant to Occupational Health Safety Act of South Africa (OHS Act 85, 1993).

ACT	REGULATION	STATUS
	safety of persons in connection with the use of plant and machinery.	
National Environmental Management Act: - Air Quality Act No. 39 2004 Management Act - Waste management Act no 59 of 2008	An act to reform the law regulating air quality in order to protect the environment by providing reasonable measures for prevention of pollution and ecological degradation  An act to reform the law regulating waste management in order to protect health and the environment by providing reasonable measures for prevention of pollution and ecological degradation	Asphalt Plant is certified to operate and fully compliant in terms of environmental compliance.  The JRA has a license Number – 003/13-14/A002 from GDARD, which is valid until 2024.
SANS 15970 / ISO 15970: 2008 Natural Gas	Gives requirements and procedures for the measurement of the properties of natural gas that are used mainly for volume calculation and volume conversion: density at reference and at operating conditions, pressure, temperature and compression factor.	Compliant, certificate of compliance and approved drawings.
Guidance to the Pressure Equipment Regulations, July 2009-OHSA Revision 2, Government Gazette No 1265	Regulation 2 applies to the design, manufacture, operation, repair, modification, maintenance, inspection and testing of pressure equipment with a design pressure equal to or greater than 50 kPa, in terms of the relevant health and safety standard incorporated into these Regulations under section 44 of the Act.	Compliant, certificate of compliance and approved drawings.
ASME Section VIII – Division 1	This Division of Section VIII provides requirements applicable to the design, fabrication, inspection, testing, and certification of pressure vessels operating at either internal or external pressures exceeding 15 psig.	Compliant, certificate of compliance and approved drawings.
ISO 45001:2018	Specifies requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance.	Compliant to Occupational Health Safety Act of South Africa
ISO 9001	Using ISO 9001 helps ensure that customers get consistent, good-quality products and services, which in turn brings many business benefits.	Non-compliant, JRA is in process of application
ISO 14000	ISO 14000 is a set of rules and standards created to help companies reduce industrial waste and environmental damage. It's a framework for better	Asphalt Plant is certified to operate and fully compliant in terms of environmental compliance.

ACT	REGULATION	STATUS
	environmental impact management, but it's not required.	The JRA has a licence Number – 003/13-14/A002 from GDARD, which is valid until 2024.
SANS 4001-BT1:2016	This part of SANS 4001 covers the requirements for one type of inverted bitumen emulsion intended for use as a primer on dry, firm, and dust-free road bases, and especially where rapid drying (within 48 h) characteristics are required.	Not applicable to asphalt plant.
Agreement certified	A Certified Agreement is a workplace agreement that has been negotiated by employer with unions or directly with employees.	Not applicable to asphalt plant

ASTM	*American Society for Testing and Materials
SABITA	*Southern Africa Bitumen Association
SANAS	*South African National Accreditation System
SANRAL	*South African National Standards
SANS	*South African National Standards
QMS	*Quality manual system
ISO	*International Organization for Standards

### 6.1.3. Declaration of Interests

All employees of the City 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 **25<sup>th</sup> of August 2021** given until the **15<sup>th</sup> of September 2021**. As of **21<sup>st</sup> November 2021**, **1447** declaration of interest forms were received by the office of the Ops Manager: HCM, with **194** outstanding declarations including suspensions.

JRA staff component	Total number of signed declarations forms	Total number of unsigned submitted declarations forms	Total number of employees who have declared interest
1641	1447	5	50

Outstanding Declarations and other factors affecting the total Submission.

Total outstanding	Maternity Leave	Suspended	On Leave	Annual Leave	Not submitted
194	-	2 Employees on suspension	0	-	192

All JRA employee's declarations of interest forms submission per department

Business Unit	Department	Total Number Per Department	Submitted	Not Submitted	Suspended	On Leave	Total outstanding
7000	HOD: BPM	1	1	0			
7010	Ops: Manager-BPM	11	7	4	-	-	4
7030	Risk Man & Special projects	4	4	0			0
7050	IT	23	20	3	-	-	3
7060	Legal	8	8	0	-	-	0
7110	CRM Department	19	17	2	-	-	2
7120	Stakeholder Management	3	3	0	-	-	0
7130	ROMS Stakeholder	7	3	4	-	-	4
8000	Business Infrastructure Department	21	3	18	-	-	18
9000	HOD Regional Operations	3	1	1	1	-	2
9020	Laboratory	15	15	0	-	-	0
9030	Wayleave	8	5	3	-	-	3
9110	Asphalt Plant	17	17	0	-	-	0
9130	Fleet & Plant	19	18	1	-	-	1
9140	Traffic Signals	91	85	6	-	-	6
9150	RSD	99	98	1	-	-	1
9210	Midrand	117	115	2	-	-	2
9220	Norwood	155	140	14	1	-	15
9240	Strijdom Park	143	135	8	-	-	8
9310	Benrose	88	39	49	-	-	49
9320	Hamburg	101	93	8	-	-	8
9330	Signals, Sign & Makings	15	15	0	-	-	0
9410	Avalon	108	103	5	-	-	5

Business Unit	Department	Total Number Per Department	Submitted	Not Submitted	Suspended	On Leave	Total outstanding
9430	Dobsonville	109	93	16		-	16
9440	Motorways	91	90	1	-	-	1
9450	Signals, Sign & Makings	13	13	0	-	-	0
9500	HOD -Mobility & Freight	3	3	0	-	-	0
9520	Intelligence and Analysis	35	35	0	-	-	0
9530	Mobility Network Support	8	8	0	-	-	0
9535	Intelligence Network Support	9	8	1	-	-	1
9540	Road Safety	3	2	1	-	-	1
9600	HOD Planning	2	2	0	-	-	0
9610	Development Control	24	24	0	-	-	0
9620	Roads and Storm water Planning	6	6	0	-	-	0
9630	RAMS	6	6	0	-	-	0
9640	Strategic Planning	2	2	0	-	-	0
9700	Chief Executive Office	10	8	2	-	-	2
9701	Chief Executive Officer	1	1	0	-	-	0
9710	Internal Audit	13	13	0	-	-	0
9720	Ops: Manager-Cosec	2	2	0	-	-	0
9800	HOD: Corporate Services	2	1	1	-	-	1
9820	Human Resources	38	36	2	-	-	2
9830	Management Support	27	22	5	-	0	5
9840	SHE Unit	13	12	1	-	-	1
9860	HRD	32	19	13	-	-	13
9900	HOD Finance (CFO)	4	3	1	-	-	1

Business Unit	Department	Total Number Per Department	Submitted	Not Submitted	Suspended	On Leave	Total outstanding
9910	Procurement	55	49	6	-	-	6
9920	Income & Assets	7	7	0	-	-	0
9930	Expenditure	11	7	4	-	-	4
9940	Corporate Finance	33	29	4	-	-	4
9950	Contract Management	6	1	5	-	-	5
	TOTAL	1641	1447	192	2		194

#### 6.1.4. Protection of Personal Information Policy:

The Protection of Personal Information Act, No 4 of 2013, promotes the protection of personal information by public and private bodies. This Act sets out the legal requirements and guidelines that businesses and private individuals are required to follow when sourcing, storing, processing, and sharing personal information.

The Act was signed into law by the President of South Africa on 19 November 2013, thereafter proclaimed the POPI commencement date to be 1 July 2020. Section 114(1) is of particular importance as it states that all forms of processing of personal information must, within one year after the commencement date, be made to conform to the Act. This means that entities (both in the form of private and public bodies) will have to ensure compliance with the Act by 1 July 2021. The Act covers the following critical eight conditions when storing and processing personal information to encourage responsibility, security, and consent:

- Accountability.
- Processing Limitations.
- Purpose Specification.
- Information Quality.
- Openness.
- Security Safeguards; and
- Data Subject Participation.

To ensure that the JRA meets the 01 July 2021 deadline the below steps have been undertaken:

- Development of the POPI Policy and manual.
- Internal Departments consulted: Legal, Finance, Corporate Services and Risk when the policy and manual was developed.
- External Department consulted: Other MOE's, and Group Compliance Unit.
- Submitted to the Local Labor Forum for consultation.
- Ongoing communication is sent to the business creating awareness regarding the implications of POPI.

- Compliance Check list has been developed.

**Challenges:**

The below policies remain unapproved, and the department awaits consultation with the local labour forum. All policies ought to be consulted with labour before they are transitioned to governance structures for approval:

- Revised Code of Ethical Conduct.
- Revised Whistle Blowing Policy.
- Revised Fraud and Prevention Policy, Plan and Framework.
- Protection of Personal Information Policy, Manual and Framework; and
- Revised Compliance Policy and Framework.

**6.1.5. Areas of Non-Compliance and mitigation measures:**

<b>COMPLIANCE WITH LAWS AND REGULATIONS</b>		
<b>SECTION</b>	<b>AREA</b>	<b>STATUS</b>
MFMA Circular 68	Unauthorized, Irregular, Fruitless and Wasteful	<b>NON- COMPLIANCE</b>
MFMA Section 65(2) (e)	Valid invoices of Service providers must be paid within the 30-day period after its submission	<b>NON- COMPLIANCE</b>
Tax & VAT	Valid Tax Certificate	<b>NON- COMPLIANCE</b>
<b>FINANCE MITIGATION MEASURES</b>		
MFMA Circular 68: Irregular Expenditure	<p>Route cause or challenges</p> <ul style="list-style-type: none"> <li>- The Regulation 32 contracts which were multiyear and continue to be spent in current financial year</li> <li>- Spending on Expired contracts without extension</li> <li>- Procurement of Items on RFQ without clearing stipulating upfront the required minimum Local Content Threshold required by National Treasury</li> </ul>	<ul style="list-style-type: none"> <li>- The JRA has issued a Moratorium to stop the use of Regulation 32 as a procurement strategy.</li> <li>- CMU will inform the Client department 6 month prior to the expiry of the contract and no payment will be process before the relevant authority has proved the extension of contract.</li> <li>- The JRA has reviewed and amended the BID and RFO MBD forms in order to comply to Minimum threshold required.</li> </ul>
MFMA Circular 68: Fruitless Expenditure	<p>Route cause or challenges</p> <ul style="list-style-type: none"> <li>- Eskom wrongfully charging us interest</li> </ul>	<ul style="list-style-type: none"> <li>- We continue to have engagements and challenging all the interest charged by Eskom and we have successfully received credit note to this regard as reflected we are currently having a credit balance against Eskom</li> </ul>

**COMPLIANCE WITH LAWS AND REGULATIONS**

SECTION	AREA	STATUS
MFMA Section 65(2) 30 Days payment	<p>Route cause or challenges</p> <ul style="list-style-type: none"> <li>- Delay is payment on expired contract invoices</li> <li>- Non-payment of invoice with outstanding documents</li> <li>- Submission of copy of invoice instated or original</li> <li>- JDA as payroll system and report on it is a challenged</li> </ul>	<ul style="list-style-type: none"> <li>- Timely engagement with relevant stakeholders with regard to invoices on expired contract</li> <li>- Continue to workshop Client department and service providers on what's expected in order to process payment of the invoice</li> <li>- Introduction of central Email to receive Invoices Online and check progress</li> <li>- We are awaiting the roll out of SAP system which will assist with tracking of invoices and reporting</li> </ul>
Tax & VAT	Valid Tax Certificate	<ul style="list-style-type: none"> <li>- An engagement session has been requested with SARS to explore ways in which the organization can be issued with a valid tax certificate.</li> <li>- Income tax will be annually paid with the organisations declared surplus.</li> <li>- Third party payment owed to SARS by the City is currently at the Objection Committee.</li> </ul>
<b>PUBLIC ACCESS TO PERSONAL INFORMATION</b>		
POPI ACT	<ul style="list-style-type: none"> <li>- Approval of the POPI Policy, Manual and Framework</li> </ul>	<p><b>NON-COMPLIANCE</b></p> <ul style="list-style-type: none"> <li>- POPI policy, manual and framework has not been approved by the board.</li> </ul> <p><b>MITIGATING MEASURES</b></p> <ul style="list-style-type: none"> <li>- Draft POPI policy, manual and framework has been submitted to labor for consultation.</li> <li>- The policy workshop request from labor has been escalated to the CEO for his intervention.</li> </ul>

COMPLIANCE WITH LAWS AND REGULATIONS		
SECTION	AREA	STATUS
		<ul style="list-style-type: none"> <li>- Governance Committees have been apprised with reasons for non-compliance. Governance Committees have requested CEO to intervene.</li> </ul>
<b>LABOUR RELATIONS</b>		
Women Empowerment	<p>The Labour Relations Act (1996);</p> <p>The Basic Conditions of Employment Act (1998);</p> <p>The Employment Equity Act (1999) and the Skills Development Act (1999).</p> <p>Government's commitment towards ensuring alignment to the EAP, and a 50/50 gender split - mainly in decision making levels.</p>	<p><b>NON- COMPLIANCE</b></p> <ul style="list-style-type: none"> <li>- The JRA's workforce currently comprises of 66% men and 34% women (this is an improvement since June 2019, but still below the EAP and Government's commitment to women empowerment).</li> <li>- Currently the JRA has a total number of five hundred and seventy-two (572) females from level 3 to nine (9), in comparison to one thousand and ninety-two (1092) males all levels</li> </ul> <p><b>MITIGATING MEASURES</b></p> <ul style="list-style-type: none"> <li>- A new EE plan has been developed for the JRA. That plan seeks to ensure that more women will be employed at the JRA and that initiatives to support the retention and advancement of women are implemented.</li> <li>- Targets have been set to ensure a steady improvement in the recruitment and retention of women.</li> <li>- EE Committee will now be represented in all interviews to ensure that the targets set are achieved during recruitment going forward.</li> <li>- The EE unit is putting out articles via JRA communication to educate employees about the gender differences.</li> <li>- It is anticipated that the 50/50 gender target will only be reached in 2025, with annual milestones and targets set for each year.</li> </ul>

**COMPLIANCE WITH LAWS AND REGULATIONS**

SECTION	AREA	STATUS
		<ul style="list-style-type: none"> <li>- Concerted effort and leadership mandates will follow the awareness and engagements sessions that have been scheduled with relevant role players to ensure that stakeholders put the necessary measures in place to achieve the targets.</li> <li>- A book of JRA women is being developed. This will serve to empower women and improve JRA's brand as an employer of choice.</li> </ul>
Employment Equity Act No. 55 of 1998	<p>Ensure full compliance to the EE Act (EEA) namely:</p> <ul style="list-style-type: none"> <li>Consult (section 16 &amp; 17 EEA)</li> <li>Conduct an Analysis (Section 19)</li> <li>Develop and Implement an EE Plan (Section 20 EEA)</li> <li>Report to the Department of Labour (Section 21 EEA)</li> <li>Duty to Inform (Section 25 EEA)</li> <li>Assignment of Senior Management (Section 24 EEA)</li> </ul>	<p><b>NON- COMPLIANT</b></p> <ul style="list-style-type: none"> <li>- Sections 16, 17, 19, 20, 21, 24 and 25 of the EEA have been fully complied with.</li> <li>- In order to maintain a compliant status, certain requirements of the EE Act must continue to be complied with. Relevant measures are in place and implementation is under way.</li> <li>- However, the JRA remains non-compliant with woman empowerment.</li> </ul> <p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>- The non-compliant findings by the DEL in 2019 have been addressed and the DEL has been informed of JRA's progress and plans. No responses have been received from the DEL to date, other than a standard response stating that our correspondence has been received and will be attended to in due course.</li> <li>- As the assessment conducted by the DEL resulted in the JRA being found to be non-compliant and a motion was escalated to the Labour Court, it is possible (although unlikely – given that the JRA is now fully compliant), that the JRA may be held accountable for the past instances of non-compliance, may have to appear in the Labour Court and may have to pay a fine.</li> </ul> <p>No further action in this regard is required. The JRA must await a response from the DEL.</p>

**COMPLIANCE WITH LAWS AND REGULATIONS**

SECTION	AREA	STATUS
<b>RECORD MANAGEMENT</b>		
<p>National Archives and Records Services of South Africa Act</p>	<p>Ensure there is a records management system and documents are stored in the manner, and for the required time frame, as per legislation</p>	<p><b>NON-COMPLIANCE</b> File plan approved in terms of the national archives.</p> <p><b>MITIGATING MEASURES</b></p> <ul style="list-style-type: none"> <li>- Implementation of the file plan: Gaps were identified in the approved file plan, however, engagements with departments / business units have yielded into additional initiatives being adopted to improve same.</li> <li>- Corporate Services will be monitoring adopted initiatives to ensure that the file plan is fully functional.</li> <li>- Monitoring and evaluation will start when the business units have been provided with adequate records storage facilities (filling cabinets) as there were concerns of not having filing cabinets in the old building.</li> <li>- Business units have settled in at the new building and an assessment of records storage facilities requirements will be done considering the partitioning plans.</li> </ul>
<b>ROADS / TRAFFIC SIGNALS</b>		
<p>Roads / signals Road Traffic: SARTSM guideline-</p> <ul style="list-style-type: none"> <li>- National Road Traffic Act and Regulations</li> </ul>	<p>a) A responsible PROFESSIONAL ENGINEER or registered professional TECHNOLOGIST of the road authority concerned SHALL approve every traffic signal installation</p> <p>b) Standard traffic signal faces, control precedence, vehicular light signals,</p>	<p><b>NON-COMPLIANCE</b> Not all recommended changes can be implemented in a financial year due to funding constraints.</p> <p><b>MITIGATING MEASURES</b></p> <ul style="list-style-type: none"> <li>- The Standard Operating Procedures for the Traffic Signal Division including the Traffic Engineering Section are all in full compliance with the SHALL and SHOULD conditions as set out in the manual.</li> </ul>

**COMPLIANCE WITH LAWS AND REGULATIONS**

<b>SECTION</b>	<b>AREA</b>	<b>STATUS</b>
<p>- Chapter 6 of Volume 1 of the SADC Road Traffic Signs Manual.</p>	<p>flashing and other modes of operations, arrangement of light signals on a signal face, number and location of traffic signal faces, overhead traffic signals, traffic signal layout plans, pedestrian and pedal cyclist signals, road markings, signal phases, light signals and posts, power supply</p>	<p>- The JRA also has an annual SARTSM Upgrading of Traffic Signal Capital programme that is utilised to improve the existing traffic signal system in aspects where the layout or timings can be improved to ensure better mobility or improved road safety.</p> <p>- Traffic engineers review the traffic signal system on a continuous basis and where improvements are identified, the capital programme is utilised to implement the recommended changes, provided sufficient funding is available.</p>

## **Section 7: ICT Governance**

The Company operates based on 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 that 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
- \*IT Disaster Recovery Inadequacies and corporate governance follow up audit by Internal Audit
- Monthly SLA reports with service providers
- Risk Assessment (Strategic & Operational)
- Disaster Recovery Testing
- 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.

### **CHAPTER 3: SERVICE DELIVERY PERFORMANCE**

This chapter presents the JRA's second quarter performance progress against the 2020/21 predetermined objectives as approved by the Board and Shareholder.

#### **Section 1: Highlights and Achievements**

Due to the country being moved to COVID-19 lockdown level 1, the company increased capacity and activity in the early part of the quarter, an action that resulted in improved performance. The second quarter of the 2020/21 financial year the company has managed to make progress in the following areas:

- Infrastructure development: The JRA made progress on key infrastructure projects, including the following: roads resurfacing (37.58 lane km resurfaced in the quarter, against the target 20 lane km and the total of 54.87 lane km year to date against target of 56 lane km); gravel roads upgraded to surfaced roads (9.39 km upgraded, against the target of 1km and the total of 10.16km year to date against target of 5km); conversion of open drains to underground storm water channels, (0.47 km was achieved against the quarterly target of 0.5km and the total of 2.5km year to date against target of 1.5km).
- During the quarter under review, a total of 23 SMMEs were supported in Q2 against the target of 4 and 148 EPWP work opportunities were created against 20. Year to date 85 SMMES supported against target of 10 and 206 EPWP work opportunities were created against target of 80.
- Inspections on major roads as part of the latest Visual Condition Index are currently being completed in Regions B, C, E and F, comprising focused work packages to be distributed amongst contractors on the current and upcoming panels for the for various Periodic Maintenance, Rehabilitation, Reconstruction and Replacement interventions identified. Should OPEX funds be made available, project level inspections for, the remaining Regions (A, D and G) may commence.
- During Q2 of 2021/2022, a total of 7405 workorders have been generated, with ward 60 and 124 having the highest faults quantity. A total of 130 service requests on technical faults have been received about 116 affected intersections, with daily average of more than 86% reported through the remote monitoring systems (RMS) per day. 90.77% of Q2 reported faults have been resolved within 24 hours, with 92.8% YTD completion and 100% resolved in less than 48 hours. This resulted in 7.744 average signals downtime hours per affected intersection.
- Mobility and Freight Department commenced with the development of the Intelligent Transport Strategy (ITS) 2027. The ITS strategy will build towards the development of the JRA Strategy.
- The infrastructure maintenance depots production was as follows, (roads) a total of 7647 potholes were repaired during the quarter under review. In terms of other road maintenance, a total of 226 kerb inlets (KI) were unblocked and cleared. Furthermore 34 manhole covers including KI tops were replaced and 1179.8m of guardrails were replaced.

- The JRA revised and designed new traffic signal timings at 61 intersections to improve mobility and reduce congestion against a target of 60 intersections thereby exceeding the quarterly target. Year to date the department revised and designed new traffic signal timings at 154.
- At the end of Q2, Internal Audit had resolved one (1) of the remaining 5 AG findings which accounts for 20% and was left with four (4) repeat findings.
- The JRA resolved 24 IA findings of the 41 that were due in Q2 which accounts for 59% (76% year-to-date).
- From a financial performance perspective, the Council approved JRA operating budget for the 2021/2022 financial year is R1,576 billion. The operating expenditure and income for the 2nd Quarter was R 366, 989 million and R 375, 577 million respectively, representing income exceeding expenditure by R 8, 588 million at the end of the 2<sup>nd</sup> Quarter.
- The JRA capital budget for the 2021/2022 financial year is R 732,500 million. The 2021/2022 capital expenditure (including provisional accruals and commitments) for the quarter under review is R 207, 084 million and the year-to-date amount is R 354, 669 million. This represents 28, 27% spend of the total 2021/2022 capital budget in the second quarter and 48, 4% for the year to date (July to December 2021) spend, (Refer Annexure "D"). Expenditure excluding commitments and accruals is 23, 73% (R 173, 845 million) and year to date it is 43, 9% (R 321, 430 million). The expenditure excludes any invoices that might be in transit to Finance for processing or are under-going the quality assurance process.
- The DIFR is above the value of one and currently standing at 1,35 which is not within the acceptable level.

## **Section 2: Service Delivery Challenges**

Overall, the main challenge in the period under review in terms of service delivery was the frequent closure of regional offices due to positive cases recorded, as well as rotational arrangements for both support and operational staff at the depot level. This made it difficult for the regional offices to carry out their activities optimally due to frequent closure of the depots. This has also affected the company's ability to attend to service requests logged by customers due to interruptions. The lack of a plant contract, as well as the inclement weather, had a significant negative impact on performance.

To address the backlog, the company implemented a weekend over-time programme in the regions. The performance recovery plan and the accelerated service delivery programme are currently being implemented across the City's seven regions, most notably in the road maintenance section of operations. The Regional Operations Department is also in a process of recruiting general workers to enhance the current workforce.

Despite the effort to maintain traffic optimisation, vandalism remains a challenge with 63 traffic signals-controlled intersections, with signals controllers, poles and cables and uninterruptable power supply (UPS) systems being stolen.

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. Reductions in the USDG-linked capital budget further exacerbate the challenge.

### **Section 3: Response to Strategic Direction**

Annually, the JRA implements the following key strategic programmes:

- roads resurfacing.
- gravel roads upgrading.
- bridges management.
- storm water management (storm water master planning and storm water upgrades).
- 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 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 37.58 lane km in quarter two. Year-to-date, the JRA has resurfaced 54.87 lane km against annual target of 56 lane km.

#### **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 (2.57km), Diepsloot (0.50km), Braamfischerville, Orange Farm (1km), Driezek (0.82km), Tshepisong, Doornkoop/Thulani, Mayibuye (0.90km), Poortjie, Lawley (0.84km), Slovoville

(1.28km), Kaalfontein, Lakeside (1.68km) and Drieziek Extension 3, 4 and 5, Ennerdale South (0.58km). The total of 10.16 km has been upgraded to surfaced standard roads to date.

### **iii. Bridges Management Programme.**

There are currently 66 bridges that require urgent rehabilitation and or reconstruction across the City of which fourteen of these were elevated as high priority. 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.

The replacement and rehabilitation of bridges is underway for M2 Joints Replacement, Modderfontein Bridge, 5th Road Bridge, Canterbury Culvert Bridge, Mzimhlophe Pedestrian Bridge, and Indlovu Bridge Repairs projects. The total of 6 bridges have been rehabilitated and reconstructed to date.

### **iv. Infrastructure Planning Management.**

In relation to infrastructure planning, the JRA focuses on periodic assessments of roads and related infrastructure, research and development, development control, roads and storm water planning including road 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. For the 2021/22 financial year, the infrastructure Planning Department has prioritized the Diepsloot area for storm water master planning studies. The studies are ongoing, and the deliverables will be the storm water masterplan report and drawing which will be achieved at the end of the studies. The Department is also carrying out the storm water master planning studies for Protea Glen Extensions as part of the storm water improvements and upgrading in the area.

### **Road Asset Management Systems**

The Visual Condition Assessment that the JRA is planning to undertake is critical:

- To determine the status quo of the condition of road & related infrastructure
- To guide infrastructure development,
- To inform the development of multi-year budgeting framework,
- To develop maintenance strategy, operational plans and maintenance plans.

### **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. Year - to-date Stage 1: Network level inspections, Stage 2: Panel/Project level inspections and Stage: 3 Compilation of Maintenance and Rehabilitation Work Packages for contractors have been completed on major roads as follows:

- Region A (450km).
- Region B (270km).
- Region C (317km).
- Region D (408km).
- Region E (249km).
- Region F (132 km).
- Region G (103km).
- Region A (82km unpaved roads)

Assessments stages 1, 2 and 3 for Region B (270 km), Region C (317 km), Region E (249 km) and Region F (132 km) have been completed as at beginning of March 2021. Similarly, Region A (450 km), Region D (408 km) and Region G (103 km) Assessment stages 1,2 and 3 have been completed as at beginning of September 2021. Minor Roads (RISFA) Class 5 and 6 roads also known as the residential roads are the upcoming priority in the 2022/23 financial year (FY), and account for over 60% of the JRA owned road network, should the appropriate OPEX funding allocation be made.

<b>Region</b>	<b>Planned km of Road as per JRA GIS data</b>	<b>Total km of Major Roads (Class 3 &amp; 4) (As per site inspection outcome)</b>	<b>Total km of Major Roads to be treated (Class 3 &amp; 4) (As per inspection outcome)</b>	<b>Percentage Inspected to Date</b>	<b>Total Replacement Costs (R)</b>
<b>Region A</b>	51	102	450	100% Complete	R 2,81 bn
<b>Region B</b>	118	270	270	100% Complete	R1,474 bn
<b>Region C</b>	120	270	317	100% Complete	R1,207 bn

<b>Region D</b>	73	288	408	100% Complete	R0,9951 bn
<b>Region E</b>	150	230	249	100% Complete.	R1,184 bn
<b>Region F</b>	310	449	132	100% Complete	R2,006 bn
<b>Region G</b>	20	284	103	100% Complete	R0,6827 bn
<b>Region A (unpaved/ gravel roads upgrade)</b>	108	82	82	100% complete	R0,0188 bn
		<b>TOTAL</b>	<b>1917</b>		<b>R10,3778 billion</b>

The estimated cost per km/ lane to conduct Visual Condition Inspections for the Minor Roads (RISFA) Class 5 and 6 roads is R6,500.00. Over the next three financial years the Infrastructure Planning Department requires at least R 25,000,000.00 annually. Forward planning and maintenance scheduling will not be possible without this exercise.

**b. Stormwater Management**

Similarly, to the aforementioned visual condition inspections of pavements, the same exercise is applicable to existing storm water assets managed by the JRA. The Storm Water 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 Storm Water Master Plan.

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 spots and would form part of the Planning Departments' upcoming VCA targets should the appropriate OPEX funds be made available.

**c. Bridge Management**

Similarly, to the aforementioned visual condition inspections of pavements and storm water assets, the same exercise is applicable to existing bridge assets managed by the JRA, as the 5-year cycle has come to a close. The Panel tender for bridge consultants closed on September 20<sup>th</sup>, 2021 where the complete cycle from inspections for condition, inventory, planning (prioritization), design and construction monitoring was completed should the appropriate OPEX and CAPEX funds be made available.

#### **d. Open Drains Conversions**

As part of the implementation and development of Storm Water 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 2021/22 financial year the focus has been on Bram Fischerville, Orange Farm and Ivory Park. In this quarter, a total of 0.47km was converted for Ivory Park projects against a target of 0.5km. A total of 2.5km open drains has been converted to date.

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 and Rathebe Passage in Ward 31- Region D. The short-term solutions for the above areas are currently implemented and will continue in 2021/22 financial year.

#### **v. Mobility and freight.**

The core mandate of Mobility and Freight Department is to maintain the traffic signals network, provide traffic engineering services as well as support movement of freight through the city's network. This is done to support the JRA's core business that includes the provision and facilitation of traffic regulatory designs, approvals, traffic mobility information, traffic regulatory policy development and traffic management systems.

In the second quarter the COVID-19 regulations have relaxed to a point that we could work under lockdown-2 and then lockdown-1 conditions which came as a positive intervention with regards to work performance. The downside in this period is that the driver perception due to load shedding may have been impacted as traffic signals were off during this period which gives a negative public opinion on the JRA's performance and ability to manage traffic signals. JRA Mobility and Freight have however managed to perform well within the KPI's set.

During the 2<sup>nd</sup> quarter, the following key service delivery highlights and milestones were achieved:

- During Q2 of 2021/2022, a total of 7405 workorders have been generated, with ward 60 and 124 having the highest faults quantity. A total of 130 service requests on technical faults have been received about 116 affected intersections, with daily average of more than 86% reported through the remote monitoring systems (RMS) per day. 90.77% of Q2 reported faults have been resolved within 24 hours, with 92.8% YTD completion and 100% resolved in less than 48 hours. This resulted in 7.744 average signals downtime hours per affected intersection.
- Pole-overs also contribute to signals downtime and non-compliance on the geometric design provisions of the South African Road Traffic Sign Manual (SARTSM), as directed by the National Road Traffic Regulations of 2000. A total of 236 Q2 and 478 YTD pole-overs have been resolved, of which 46 Q2 and 123 YTD were reported through service requests. 100% of those service requests have been resolved within a maximum of 18 days.

- The JRA revised and designed new traffic signal timings at 61 intersections to improve mobility and reduce congestion against a target of 60 intersections thereby exceeding the quarterly target. Year to date the department revised and designed new traffic signals timings at 154 against the annual target of 100.
- The JRA undertook road safety investigations at 116 locations against a target of 75. thereby exceeding its quarterly target. Year to date the department has completed 260 investigations against a target of 150.
- A total of 27 petitions were received during the 2<sup>nd</sup> quarter of which all associated reports were completed. Year to date the department has received and completed 30 petitions thus competing a 100% of submitted petitions
- The company evaluated 97% traffic impact assessments against a target of 90. Thereby exceeding the 2<sup>nd</sup> quarter target. Year to date the department has completed 181 investigations against a half yearly target of 160.
- The Department commenced with the development of the Intelligent Transport Strategy (ITS) 2027. The ITS strategy will build towards the development of the JRA Strategy.
- The Freight Movement Support unit continues to support the movement of freight in Johannesburg. First, by monitoring the implementation and signage that supports freight in Johannesburg, secondly, through engagements with stakeholders such as JMPD on the overloading control awareness initiatives and the Gauteng Department of Transport on development of policy and framework for freight.

#### **vi. Infrastructure Maintenance**

The JRA through its maintenance department is responsible for both proactive and reactive maintenance of the road network within the City of Johannesburg. The activities include inter alia, different methodologies of routine maintenance, patching & repair of potholes and reinstatements, clearing and cleaning of storm water channels, resurfacing, footways maintenance, road signs & markings, gravel road maintenance. The 2<sup>nd</sup> quarter maintenance activities were mainly carried out by our depots across the 7 regions and were supported by contractors appointed to carryout road patch.

The accelerated service delivery plan has resulted in over 80% reduction in the backlog. The main work was pothole patching, reinstatements and clearing of kerb inlets. The gravel road maintenance performance was not achieved due to inclement weather condition.

#### **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 of 2021/22 financial year, a total of 148 EPWP jobs were created against the target of 4. A total of 23 emerging contractors were engaged against the quarterly target of 4. The overachievement is due to the late

appointment of contractors in previous financial year, and this has contributed to more work opportunities and appointment of SMME's in quarter 1 and 2 of 2021/22 FY.

Description	Q1	Q2	Q3	Q4	Annual Target
Jobs created	58	148	-	-	80
SMMEs supported	62	23	-	-	10

#### Section 4: Performance against Service Standards

The table below presents the progress JRA service level standards. The company has 3 sub-targets for each of the seven service standards key performance indicators. The performance for the period under review provides the report on the turn-around times of complaint lodged during the quarter as agreed with the shareholder in terms of Service Level Agreement. Of these sub-targets, the company managed to achieve 18 (85.7%) against 21 targets and 3 (14.3%) was not achieved in quarter 2. For detailed performance against these service standards see Annexure I.

#### 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 14 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 14 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 14 days.	
				60% within 20 days.	
				80% within 30 days.	
	5	Potholes repairs	% of reported potholes repaired from time of recording of a genuine pothole by the JRA from all sources. <sup>1</sup>	40% within 14 days.	
				60% within 20 days.	
				80% within 30 days.	
	6				40% within 24 hours.

<sup>1</sup> Phakama, Hotline, Internal JRA Staff, Urban Regional Inspectors (from Regional Directors Office), JRA inspectors

KPA	KPI	Programme	KPI	Q2 Target
		Traffic Signal Maintenance	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	60% within 48 hours.
				80% within 7 days
	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
			80% within 30 days.	

### Performance

The following table depicts the key performance indicators (KPIs) for the 2021/22 financial period as approved in terms of the JRA's Business Plan 2021/2022 and scorecard.

## Section 5: Performance against Pre-Determined Objectives

Table 3.1 Performance against Company Scorecard

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
1	Number of lane kilometres of roads resurfaced	56 lane km	20 Lkm	17.29	40	37.58 lane km	YTD cumulative target achieved	The work accelerated in Q2. The country was moved to Level 1 Lockdown, which further increased the resurfacing teams that implemented the work during Q2.	The target of 20 lane km for Q2 was exceeded.	54.87 lane km
2	Number of kilometres of gravel roads upgraded to surfaced roads	5 km	1 km	0.77km	2	9.39 km	Achieved	The programme progressed faster than anticipated. The City has allocated a budget to unfunded projects, the Service Level Agreement were approved during Q1 and Q2 for projects such as: Orange Farm, Drieziek, Poortjie and Ivory Park projects that were initially not allocated a budget.	N/A	10.16 km
3	Number of Kilometres of open storm water drains	1.5 km	0.3 km	2.03 km	0.8	0.47 km	YTD cumulative target achieved	Due to the continuation of construction work from 2020/21 financial year, the overall programme	N/A	2.5km

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
	converted to underground systems							progressed faster than anticipated.		
4	Percentage of unsurfaced roads graded	50% (720km/11440k m)	N/A	N/A	22.50%	125 lane km 17.36%	Not achieved	This activity was not achieved due to inclement weather condition during Q2 And lack of plant when the surface condition is favourable	To get additional plant through fleet and plant to enhance the performance. Routine road maintenance contract is at evaluation stage, has a provision of required plant and is expected to be finalised by mid-February	125 lane km 17.36%
5	Percentage of surfaced road municipal road lanes which has been	4.5% (*180k m/4000 km)	0.3%	0.43% (17.29 / 4000)	1%	0.93%	Not achieved	The work accelerated in Q2. The country was moved to Level 1 Lockdown, which further increased the resurfacing teams that	N/A	1.37%

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
	resurfaced and resealed							implemented the work during Q2. The year-to-date target was achieved.		
6	Kms of new municipal roads lanes built	10 km	2 km	N/A	4	18.78km	Achieved	The programme progressed faster than anticipated. The City has allocated a budget to unfunded projects, the Service Level Agreement were approved during Q1 and Q2 for projects such as: Orange Farm, Drieziek, Poortjie and Ivory Park projects that were initially not allocated a budget.	N/A	20.32km
7	Percentage of reported pothole complaints resolved within standard municipal response time	40%	40%	60.49%	40%	68.80%	Achieved	N/A	N/A	61.30%

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
8	Staff Vacancy Rate	12%	12%	12.56%	12%	11.67%	Achieved	N/A	N/A	11.67%
9	Percentage of vacant posts filled within 3 months	0.5%	0%	Not due	0%	Not due	N/A	N/A	N/A	N/A
10	Number of active suspensions longer than three months	28	7	8	14	1	Achieved	N/A	N/A	9
11	Quarterly salary bill of suspended officials	12 000 000	3 000 000	2 685 175.53	6 000	R2 196 138.15	Achieved	4,309,716.27	N/A	R4,309,716.27
12	Number of repeat Audit findings	4	12	5	10	1	Achieved	In Q2, there were 5 findings and 1 was resolved. The balance at the end of the Q2 was 4 findings, while the target was 10.	N/A	4
13	Km of surfaced roads rehabilitated and reconstructed	10 km	0 km	N/A	3	0	Not achieved	The budget was not allocated for the programme during 2021/22.	Impossible to implement programmes as no budget allocated thereto.	0

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
14	Number of bridges (Pedestrians & Vehicular) being reconstructed and or rehabilitated	6 bridges	3	6	4	0	Not achieved	Due to the appointment of contractors in the previous financial year, the overall programme progressed faster than anticipated and the annual target achieved in Q1	N/A	6
15	Number of signalised traffic intersections upgraded	40	5	17	10	24	Achieved	Due to the continuation of construction work from 2020/21 financial year, the overall programme progressed faster than anticipated and the annual target achieved in Q1	N/A	40
16	Number of SMME's supported	10	0	62	4	23	Achieved	Most Contractors were appointed late in the previous financial year, hence more SMME contractors were appointed in the first and second quarter of the current financial year, which contributed to the over achievement of the Q2 and annual targets	N/A	85

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
17	Number of EPWP jobs created	80	10	58	30	148	Achieved	Most contractors were appointed late in the previous financial year, hence more work opportunities created in the first and second quarter of the current financial year, which contributed to the over achievement for both the quarter under review and at mid-term.	N/A	206
18	Percentage budget expenditure on implementation of the stormwater master planning projects	95%	10%	15%	30.00%	28.10%	YTD Cumulative target achieved	N/A	N/A	43.10%
19	Percentage reduction in traffic signal downtime related to technical faults	0.055%	0.055%	0.026%	0.055%	0.050%	Achieved	Method of calculating downtime is being reviewed and the KPI has been submitted for mid-term deviation	N/A	0.027%

KPI No.	KPI	2021/22 Annual Target	1 <sup>st</sup> quarter target (July-Sep)	1 <sup>st</sup> Quarter actual performance	2 <sup>nd</sup> quarter target (Oct-Dec)	2 <sup>nd</sup> Quarter actual performance	Target achieved/not achieved	Reasons for non-achievement and or exceeding target	Action plan to improve performance	Year to date performance against annual target
20	% of Budget expenditure on M1 Motorway Renewal and Rehabilitation	100%	10%	5%	40%	0.54%	Not achieved	There is currently no contractor implementing the work, hence expenditure is below target.	The appointment of the contractor is in progress.	5.54%
21	% of Budget expenditure on M2 Motorway Renewal and Rehabilitation	100%	10%	0%	40%	53.27%	Achieved	The work accelerated in Q2. The contractor was appointed, and the target exceeded	N/A	53.27%
22	% of Budget expenditure on M70 (Soweto Highway) Motorway Renewal and Rehabilitation	100%	10%	2.60%	40%	2.60%	Not achieved	Due to budget constraints, the budget was transferred to the City-wide resurfacing programme.	The resurfacing of roads is not required for Soweto Highway, hence the budget was transferred to the City Wide Resurfacing programme.	2.69%

## 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 the recruitment and retention of 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 4,801,070.77
Senior Management	R 6,915,511.06
Professionally qualified and experienced specialists and mid-management	R 48,270,555.56
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	R 96,954,451.13
Semi-skilled and discretionary decision making	R 12,790,999.28
Unskilled and defined decision making	R 54,785,310.88
<b>Total</b>	<b>R 224,517,898.68</b>

\*Total Costs include executives.

Table 4.2 Staff cost as a percentage of adjustment operating budget

R	Quarter 2	Quarter 2	Quarter 3	Quarter 4 (2021/2022)	YTD – 2021/2022 Actual
Total Salary Cost	196, 491	220, 495	-	-	416, 986
Quarterly 2nd Operating Budget 2020/21	394, 017	394, 017	-	-	788, 034
% of Salary to Operating Budget	49%	56%	-	-	53%

Please note that included in the salary cost are the cleaning and security staff, that are paid by COJ and charged to JRA. There are also third-party payments and December 21 overtime, acting, standby allowances etc. paid in January 2022 for December 2021.

### Section 2: Key Vacancies

Table 4.3: Progress in relation to the filling of vacant key posts

<b>Vacant Post</b>	<b>Progress</b>
HOD:PR and Stakeholder Engagement	The position is vacant and has been advertised, waiting for shortlisting date.
HOD: Infrastructure Development	The position became vacant and must be advertised although is currently put on-hold due to moratorium.

### **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 1921 (72, 6%) positions are funded while 725 (27, 4%) are not funded. Of the 1921 funded positions, 1644 (85%) are filled and 309 (16%) are vacant.

During the reporting period, twenty (20) permanent and six (6) fixed term contract positions have been filled. On the 23<sup>rd</sup> of November 2021, the City of Johannesburg issued a provisional moratorium on the filling of vacancies, extension of employment contract and conversion of contracts. The directive clearly stipulated that the filling of vacancies from Assistant Managers upwards must be put on hold with immediate effect, however, the process of filling positions on level 6 to 9 will continue.

Table 4.4: Vacancy ratio

<b>Grade / Level</b>	<b>Authorised Complement</b>	<b>Number of funded Vacancies</b>	
		<b>Q2</b>	<b>% Vacancies</b>
Executive Management + HODs	9	2	22.22%
Senior Management	32	4	12.5%
Professionally qualified and experienced specialists and mid-management	102	3	2.9%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	211	17	8%
Semi-skilled and discretionary decision making	867	58	6.68%
Unskilled and defined decision making	1425	225	15.7%
<b>Total</b>	<b>2646</b>	<b>309</b>	<b>11.67%</b>

### **Staff Turnover**

The total percentage of staff turnover versus the authorized staff numbers for the second quarter is 0.6% (11 employees exited divided by 1641 warm bodies) as illustrated in the table below:

Table 4.5: Staff Turnover

Turnover (Reason)	Staff Leaving JRA				Q2 & Q1 Total
	Q1	Q2	Q3	Q4	
Resignation	3	8	N/A	N/A	11
Death	3	0	N/A	N/A	3
Dismissal	0	0	N/A	N/A	0
Medical Boarding	0	0	N/A	N/A	0
Retirement	3	8	N/A	N/A	11
Contract Termination	2	0	N/A	N/A	2
<b>Total</b>	<b>11</b>	<b>16</b>	<b>N/A</b>	<b>N/A</b>	<b>27</b>

As demonstrated in the table above, during the 2<sup>nd</sup> 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

The below table provides an illustration of the staff movement recorded under this reporting period.

Table 4.6: Staff Movement

Staff Movements	African		Coloured		Indian		Whites	
	Male	Female	Male	Female	Male	Female	Male	Female
Appointments			-	-	-	-		-
Recruitments	-	-	-	-	-	-	-	-
Resignations		5	3	-	-		-	-
Death	0							
Dismissals	0	-	-	-	-	-	-	-
Retirements	8	0	-	-	-	-	-	

## Section 3: Employment Equity

### Disability Handbook

In September 2021 the Employment Equity (EE) unit developed a disability handbook to assist staff to understand what the different types of disabilities are. It came to our attention that JRA staff did not fully understand what a disability is. This resulted in a poor submission of disability disclosure forms. The unit will be engaging in Disability roadshows before the next request for disclosure forms.

### Disability Access Audits

Employee Equity is trying to push for the recruitment of disabled individuals at the JRA to promote equity and diversity within the organization.

We can however not employ disabled individuals if we do not have the infrastructure and facilities to accommodate their mobility and special needs. EE unit approached the Facilities Management unit to please engage in a disability audit of Head Office and JRA depots.

A disability audit is an assessment of an organization in respect of its buildings and work environment in relation to access and ease of use by a wide range of potential users, including persons with physical, mobility, and sensory impairments. A disability audit is necessary to identify adjustments that may be required to ensure that persons with disabilities are able to employment premises and that they have the necessary tools to enable them to perform their duties. This will assist EE to ascertain if we can accommodate disabled staff and it will show us the infrastructure changes, we have to make according to legislature.

#### **Youth Desk**

Beginning of the second quarter, the EE unit sent out a memo requesting nominations of representatives to serve on the JRA Youth Desk. The response was not convincing. EE has attributed this to staggered working hours and breaks in the chain of communication. EE will be re-strategizing and having youth empowerment roadshows to sensitize staff to the importance of youth within the organization.

#### **Gender Desk**

The EE unit is treading lightly around the issue of gender diversity within the JRA. While putting out our feelers to assess the climate around the LGBTQIA community we were met with very narrow-minded beliefs regarding gender differences. The EE unit is putting out articles via JRA communications to educate employees about gender differences. We hope that this information will make staff more open to embrace staff who disclose their differences.

Currently JRA has a total number of five hundred and seventy-two (572) females from level two (2) to level nine (9), as compared to one thousand and ninety-two (1092) males in all levels. To address the challenge of appointing more females, the EE Committee will now be represented in the interviews to ensure that the target set are archived when recruiting going forward.

#### **Current JRA Workforce Profiles as at December 2021 and Progress**

Table 4.7: JRA Workforce Profile

DESCRIPTION	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	

Province population	45.30%	1.30%	1.90%	7.40%	35.70%	1.30%	1.00%	6.10%	
Current number of employees	1037	12	6	37	540	9	4	19	1664
Required number of employees to EAP	745	21	31	121	587	21	16	100	
Gap	292	-9	-25	-84	-47	-12	-12	-81	
Current %	62.40%	0.70%	0.40%	2%	32.50%	0.60%	0.10%	1.20%	
Gap %	-17%	0.60%	1.50%	5.30%	3.20%	0.70%	0.90%	4.90%	100%
Representation status	Over	Under	Under	Under	Under	Under	Under	Under	

#### 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	32	-	32
	Degrees/Diplomas/Certificates (Employees)	-	-	-
Develop Technical / Core Functional Skills	Shop Stewards Training	-	25	25
	Mediator Training		1	1
	Director of the Board		7	7
	MFMP	-	16	16
	Electrical Training Apprenticeship		7	7
<b>Total</b>				<b>88</b>

#### Section 5: Performance Management

As of the first of July 2021, the newly approved PDM policy came to effect. The new PMD policy applies to all employees of the JRA from levels 1 to 9. The Performance Management unit is still in the process of assisting employees from different departments with completing their performance management documents, the due date for submitting their Performance Agreements and Balanced Scorecards was extended again to October 29, 2021.

The submission percentage for the 2021/22 financial year for the Balanced Scorecards and Performance Agreements is at 72%; this includes all levels. The submission percentage for the 2020/21 financial year for employees on Levels 1-5 for the Balanced Scorecards and Performance Agreements is at 89%, half yearly reports is 83.18% and the Annual Score Sheets is 80.53%.

#### Section 6: Disciplinary Matters and Outcomes

##### Disciplinary Cases conducted and finalized

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

**Table 4.9: Disciplinary Case conducted and finalised**

Nature of Case	Number of Employees	Outcome
Absenteeism	3	3 Hearings in progress.
Dishonesty	1	Hearing in progress
Racism	1	1 Hearing to continue
Conflict of interest	1	Hearing in progress
Violating COVID regulations	1	Hearing in progress
Dereliction of duties	2	Hearings in progress
Irregular expenditure	5	Matter withdrawn
Theft	1	1 Hearing in progress
Illegal strike action	54	54 employees charged. Hearing in progress

### **Suspensions**

Seven (7) suspensions have been uplifted. There are currently one (1) recorded case of employees on suspension during the reporting period. The table below reflects the circumstances and duration of each of these cases.

Table 4.10: Suspensions at JRA

Position Description / Designation	Category of Violations	Date of Suspension	Date of upliftment	Details of Disciplinary Action taken or Status of Case
Foreman: Level 7	Dereliction of duties/ Bringing name of JRA into disrepute	2021.05.17	2021.10.18	Hearing finalized. Employee dismissed
General worker: Level 9	Dereliction of duties/ Bringing name of JRA into disrepute	2021.05.17	2021.10.18	Hearing finalized. Employee dismissed
HOD: R/O Level 2	Dereliction of duties	2020.10.06	-	Hearing in progress
CFO: Level 2	Irregular expenditure	2020.11.24	2021.11.16	Matter provisionally withdrawn
HOD: C/S Level 2	Irregular expenditure	2020.11.24	2021.11.16	Matter provisionally withdrawn
OPS Manager: Contracts Level 3	Irregular expenditure	2020.11.24	2021.11.16	Matter provisionally withdrawn
Manager Logistics: Level 4	Irregular expenditure	2020.11.24	2021.11.16	Matter provisionally withdrawn
Manager Bids & Tenders: Level 4	Irregular expenditure	2020.11.24	2021.11.16	Matter provisionally withdrawn

#### Conciliations, arbitrations, and grievances

During the 2nd quarter one (1) new arbitration was started. Two (2) new cases of alleged unfair labour practice were referred that will be heard in January 2022.

Table 4.11: Conciliations, arbitrations, and grievances

NAME	NATURE OF DISPUTE	PROCESS	DATE	STATUS
Ronnie Molefe	Unfair dismissal	Arbitration	2021.07.06; 2021.10.26-28	Arbitration in progress
Kganelwa Tsatsi	Unfair dismissal	Arbitration	2020.10.29 / 2021.02.10-12 / 2021.08.23-27 / 2021.09.28,29	Arbitration in progress

NAME	NATURE OF DISPUTE	PROCESS	DATE	STATUS
Ramotsilisi Motlatla	Unfair dismissal	Arbitration	2020.12.07 / 2021.01.14 / 2021.03.05 / 2021.06.23,24 / 2021.09.27	Arbitration finalized, awaiting award.
Goodwill Mbatha	Unfair dismissal	Arbitration	2021.01.11 / 2021.02.24-26 / 2021.05.4-6 / 2021.07.02	Arbitration in finalized, partially in favour of employee. Matter on review to the Labour Court.
Sifiso Gumbi	Unfair dismissal	Arbitration		<i>In limine</i> ruling on review. Court date scheduled for 25 November 2021, awaiting ruling.
Sanele Zondi	Constructive dismissal	Arbitration	2021.10.01	Arbitration finalized. Matter withdrawn by applicant.
Karabo Moreroa	ULP regarding benefits	Arbitration	2022.01.17	Arbitration to start
SAMWU JRA	ULP regarding historical pay progression	Conciliation	2022.01.18	Conciliation

## Section 7: Leave & Productivity Management

A summary of the leave provisions during the 2<sup>nd</sup> quarter is presented below:

Table 4.12: Leave and productivity management.

Category	Number of leave days
Annual leave	6070
Sick leave	1058
Family Responsibility leave	207
Study leave	56
Long service leave	33
Extended sick leave	0
Unpaid leave	173
Leave encashment	10158

## Section 8: Employee Wellness

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

Table 4.13: Employee Wellness

Program	Activities
COVID 19 in the Workplace	<p><b>COVID-19 Related Information, Education &amp; Communication:</b> During this quarter, the Wellness Unit distributed education material about COVID-19 vaccination and COJ vaccination sites. Information flyers are posted on depot notice boards.</p> <p><b>Provision of Psychosocial Support:</b> The Wellness Unit continued providing 24/7 psycho-social support for JRA employees and their families. This is made possible through the employment of a service provider Pro-active Health Solutions (PHS). The PHS Toll Free number is consistently shared in all health and wellness education material (including Covid related material).</p>
Gender Based Violence (GBV) Awareness	<p>On the day of the launch for GBV, 25<sup>th</sup> November, the Wellness Unit obtained permission to work with Department of Transport (Reya Vaya) to host an awareness event on GBV. Internal and external speakers were invited to bring the latest insights and approaches in addressing the issue of GBV at society at large and within the workplace. Further, the Unit plans to continue sharing information and education material through internal communication platform right through the year.</p>
Blood donation drive	<p>A total of 2 blood donation drives were scheduled for this quarter. The 1<sup>st</sup> was held on the 5<sup>th</sup> of October, followed by 30 November. The latter had to be re-scheduled for a later date as there were interruptions of Covid-19 evacuation in the building on that day.</p>
	<p>Seventeen (17) employees who are retiring by the end of 2022 were invited to the retirement workshop which took place on the 28<sup>th</sup> of</p>

Retirement Workshop	October. The aim for the workshop is to ensure that employees understand the benefits of retirement, how to manage finances and also to maintain a generally healthy lifestyle after retirement.
Health Screenings	Health Screenings were scheduled for to run from mid-September to 12 October. During this period, only 11 of the 22 planned sites were reached. The screening campaign had to be called off because of poor attendance at depots. Clinicians and service providers who conduct the screening were very unhappy about low turn-out and in turn became reluctant to continue with screenings as they felt it was a waste of time. Poor attendance for health screenings is a great concern as a majority of JRA employees are not part of Medical Aid Scheme. The Wellness Unit is looking at the root causes of poor attendance so as to generate an intervention strategy moving forward.
AIDS World Day	The planned commemoration and education talk on the 1 <sup>st</sup> of December was interrupted because of COVID-19 evacuation at the building. In the place of the talk, information material was shared via internal communications.
Wellness Champs	The Wellness committee planned to hold an annual program review meeting with the JRA Wellness Committee made up of Wellness Champs. The meeting was scheduled for the 7 <sup>th</sup> of December but was later on postponed due to COVID-19 building evacuation as per COVID protocols. The meeting will be rescheduled for a later date.
EAP Services	EAP services are available through PHS. The service provider is offering various modes of service delivery including Face to Face and virtual interventions.

### 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 / Event s No.	Primary Presented Condition/ Issue	Referring Unit	No. of Sessions this Quarter	Outcome
1	Substance abuse	Dependent	2	The dependent defaulted on scheduled appointment and efforts are being made to get him back

2	Depression	HCM Facility	3	Resolved, employee has been given coping skills
3	Personal relationship issues	HCM	1	Ongoing
4	Stress/ Trauma	Facility	2	Referred to PHS
5	Post-traumatic stress disorder due to assault in the workplace	Norwood	1	Client defaulted on the 2 <sup>nd</sup> appointment.
6	Grief –Bereavement	Dobsonville	1	Ongoing
7	Grief- Bereavement	Dobsonville	1	Ongoing
8	Personal relationships issues	Dobsonville	2	Closed.
9	Family issues	Traffic signals	2	Advice given on child neglect issues and follow up call given. Case closed.
10	Sudden collapse and loss of consciousness at the workplace	RSD	1	Advise to seek medical help.
11	Family advise	Fleet &Plant	2	Ongoing
12	Financial wellness	Facility	1	Ongoing
13	COVID-19 Vaccination	Fleet &Plant	1	Information about vaccination and vaccination sites given

### External Service Provider

Eight sessions were rendered by Pro-Health Solutions services this quarter. The table below is the tabulation of cases by region/ department.

Table 4.15: Cases by region/department

Primary Presented Condition/ Issue	Referring Unit	No. of Sessions this Quarter	Outcome
Emotional (Bereavement)	Self-referral	3	Resolved
Depression/ Anxiety	Dependent	5	Ongoing

### 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 4.16: Pensions and medical aid funds

MEDICAL AID	Name of the Medical Aid	No of employees
	Bonitas	393
	Key Health	114
	Hosmed	60
	LA Health	267
	SAMWU Med	157
	Non members	653
	<b>Total</b>	<b>1644</b>

PENSION FUNDS	Name of Fund	No of employees
	EJoburg	1344
	City of Johannesburg Pension Fund	183
	Municipality Gratuity & Pension Fund	87
	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)	27
	<b>Total</b>	<b>1644</b>

### 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, nine (9) disabling injury cases were reported.

Table 4.17: Injuries on duty

Injury	Activity	Q1		Q2		Q3		Q4		Target / Comment
		19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	

Injuries on Duty (No of reportable cases)	3	5	4	8	4	5				The acceptable and recommended best practice Disabling Injury Frequency Rate value is a value of one.
Reportable Cases Rate (DIFR)	0,173	0,9689	1,3	1,39	1,57	0,819				

The table denotes that the DIFR is above the value of one and currently standing at 1,35 which is not within the acceptable level. Table 4.17 demonstrates the comparison between Q2 in 2020/21 and 2021/22 financial year with four (4) accidents and nine (9) accidents, respectively. Occupational accidents reported during Q2 include Traffic Signals (1), Fleet and Plant (2), Dobsonville (1), Motorways (1), Hamberg (1), Waterval (1) and Zandfontein (1) depots.

#### Current implemented mitigating measures

The Safety and Health Environment (SHE) Unit has recommended that an action plan be developed by Regional Operations Department and the depot managers make a concerted effort to reduce the level of occupational accidents at the depots.

#### Summary of Occupational Accidents (October-December 2021)

Table 4.18: Summary of Occupational Accidents (October-December 2021)

# Injuries	Cause	Injuries	Mitigation
<b>December 2021</b>			
1.	An employee was stacking bricks to go on site and while e stooping down to pick another brick, it fell from the stack and injured his head. (Zandfontein)	Head	Daily toolbox talks and awareness on manual stacking of paving bricks by depot manager.
<b>November 2021</b>			
2.	An employee was loading work material at the depot, using a TLB to load kerbs, the (kerbs) string broke down and the kerb fell sustaining injuries on the right foot. (Waterval)	Foot	Daily toolbox talks and awareness for safe loading of kerbs and materials should be conducted by depot manager

# Injuries	Cause	Injuries	Mitigation
3.	An employee was repairing guardrails on the fast lane at M1 North Booysens while he was busy packing tools in the truck, a taxi collided with the stationary (JRA) truck and on impact he sustained injuries on both hands. (Motorways)	Hands	Daily toolbox talks and awareness for safe working and repairing of guardrails on the highways by depot manager.
October 2021			
1.	An employee decided to use stairs to the ground floor where she slipped and fell on the wet ground due to rain droplets (Fleet and Plant).	Knees	Daily toolbox talks and awareness for slip, trip and fall prevention by depot manager
2.	An employee was driving to the north when his vehicle collided with the third-party vehicle coming from the right side and the employee sustained body injuries (Fleet and Plant).	Shoulder	Drivers' safety awareness for all vehicles operators on public roads should be conducted by depot managers.
3.	An employee was holding a water bottle in her hand which broke when she slipped and fell at the entrance of the building sustaining injuries on the left arm (Dobsonville).	Arm	Daily toolbox talks and awareness for slip, trip and fall prevention by depot manager
4.	An employee was using the stepladder and balanced it against the traffic signal pole which slid and fell sustaining injuries on the left knee (Traffic Signals)	Knee	Daily toolbox talks and awareness for safe usage of step ladders and wearing of harnesses while working on heights (by depot manager).

### COVID-19 Management

In the beginning of October 2021, the country was at alert level 1 lockdown due to the reduced number of COVID-19 infections. The President of South Africa then announced on 30 September 2021 that lockdown has changed to adjusted level 1 as per Regulation of Government Gazette No. 44772.

The City issued the COVID -19 Directive to inform JRA on the return-to-work strategy for adjusted level 1 lockdown. The JRA is currently implementing the return-to-work strategy where 2/3 of employees physically report for work on rotational basis (2- 3 times a week) to curb the spread of COVID -19 in the workplace and ensuring that service delivery is rendered in an effective and efficient way to its community.

Table 4.19 (a)

	POSITIVE COVID-19 CASES	SCREENING	AWARENESS	TESTING
<b>MIDRAND SITE</b>				
OCTOBER	0	1545	1 session	0
<b>AVALON SITE</b>				
OCTOBER	0	1517	2 sessions	5
<b>MIDRAND SITE</b>				
NOVEMBER	1	1224	2 sessions (74 attendees)	2
<b>AVALON SITE</b>				
NOVEMBER	0	1110	1 session (40 attendees)	2
<b>MIDRAND</b>				
DECEMBER	10	787	0	17
<b>AVALON</b>				
DECEMBER	09	453	2 sessions (64 attendees)	17

Table 4.19(a) illustrates that in October and November 2021, Avalon and Midrand testing sites recorded a total of 6636 employees screened for COVID-19 and only 9 Covid-19 tests were performed in October and November, with 1 employee testing positive, as shown in the table above. COVID -19 health education and awareness were carried out to promote vaccination drive and to reduce the spread of Covid-19 in the workplace.

Summary of the confirmed positive cases reported for COVID-19 December 2021

Month	Employees declared COVID-19 status
October	1
November	6
December	28

There was 1 COVID-19 infection in October 2021, 6 in November, and 19 in December 2021. During the quarter under review, a total of 26 COVID 19 infections were recorded.

All 7 employees who recorded for Covid-19 during October and November recovered and returned to work. Please refer to the tables below.

Summary of the confirmed positive cases reported for COVID-19 (October 2021).

- 00 employees declared their status regarding Covid-19 to HR

00 recovered and back to work

- 0 fatal

No.	Institution	Description	Symptomatic	Date reported	Test conducted	Status	Recovery status
134	JRA Region (HQ)	Appeared ill	Yes	01.10.2021	29.09.2021	Positive - Isolation at home	11.10.2021

Summary of the confirmed positive cases reported for COVID-19 November 2021) key.

- 00 employees declared their status regarding Covid-19 to HR

00 recovered and back to work

- 0 fatal

No.	Institution	Description	Symptomatic	Date reported	Test conducted	Status	Recovery status
135	JRA Region (Traffic Signals)	Appeared ill	Yes	07.10.2021	20.09.2021	Positive - Isolation at home	11.10.2021
136	JRA Region (Head Office)	Appeared ill	Yes	19.11.2021	18.11.2021	Positive - Isolation at home	29.11.2021
137	JRA Region (Head Office)	Appeared ill	Yes	23.11.2021	22.11.2021	Positive - Isolation at home	06.12.2021
138	JRA Region (Motorways)	Appeared ill	Yes	29.11.2021	25.11.2021	Positive - Isolation at home	06.12.2021
139	JRA Region (Head Office)	Appeared ill	Yes	30.11.2021	29.11.2021	Positive - Isolation at home	10.12.2021
140	JRA Region (Fuel and plant)	Appeared ill	Yes	30.11.2021	29.11.2021	Positive - Isolation at home	10.12.2021

Summary of the confirmed positive cases reported for COVID-19 December 2021.

- 19 employees declared their status regarding Covid-19 to HR

00 recovered and back to work

- 0 fatal

No.	Institution	Description	Symptomatic	Date reported	Test conducted	Status	Recovery status
141	JRA Region (Midrand)	Appeared ill	Yes	03.12.2021	29.11.2021	Positive – Isolation at home	Not yet confirmed
142	JRA Region (Head Office)	Appeared ill	Yes	03.12.2021	30.11.2021	Positive – Isolation at home	Not yet confirmed
143	JRA Region (Hamborg)	Appeared ill	Yes	03.12.2021	02.12.2021	Positive – Isolation at home	Not yet confirmed
144	JRA Region (Hamborg)	Appeared ill	Yes	03.12.2021	02.12.2021	Positive – Isolation at home	Not yet confirmed
145	JRA Region (Avalon)	Appeared ill	Yes	03.12.2021	01.12.2021	Positive – Isolation at home	Not yet confirmed
146	JRA Region (Traffic Signal)	Appeared ill	Yes	05.12.2021		Positive – Isolation at home	Not yet confirmed
147	JRA Region (Avalon)	Appeared ill	Yes	05.12.2021	03.12.2021	Positive – Isolation at home	Not yet confirmed
148	JRA Region (Head Office)	Appeared ill	Yes	05.12.2021	03.12.2021	Positive – Isolation at home	Not yet confirmed
149	JRA Region (Finance)	Appeared ill	Yes	06.12.2021	01.12.2021	Positive – Isolation at home	Not yet confirmed
150	JRA Region (Income and Assets)	Appeared ill	Yes	06.12.2021	06.12.21	Positive – Isolation at home	Not yet confirmed
151	JRA Region (Norwood)	Appeared ill	Yes	07.12.2021	02.12.2021	Positive – Isolation at home	Not yet confirmed
152	JRA Region (Midrand)	Appeared ill	Yes	07.12.2021	06.12.2021	Positive – Isolation at home	Not yet confirmed
153	JRA Region (Head Office)	Appeared ill	Yes	08.12.2021	06.12.2021	Positive – Isolation at home	Not yet confirmed
154	JRA Region (Head Office)	Appeared ill	Yes	08.12.2021	06.12.2021	Positive – Isolation at home	Not yet confirmed
155	JRA Region (Head Office)	Appeared ill	Yes	08.12.2021	06.12.2021	Positive – Isolation at home	Not yet confirmed
156	JRA Region (CRM)	Appeared ill	Yes	08.12.2021	06.12.21	Positive – Isolation at home	Not yet confirmed
157	JRA Region (Head Office)	Appeared ill	Yes	08.12.2021	06.12.21	Positive – Isolation at home	Not yet confirmed
158	JRA Region (Head Office)	Appeared ill	Yes	09.12.2021	08.12.2021	Positive – Isolation at home	Not yet confirmed

No.	Institution	Description	Symptomatic	Date reported	Test conducted	Status	Recovery status
159	JRA Region (Avalon)	Appeared ill	Yes	10.12.2021	07.12.2021	Positive – Isolation at home	Not yet confirmed

## CHAPTER 5 FINANCIAL PERFORMANCE AND EXPOSURE

### Section 1: Statement of Financial Position and High-Level Notes

Q2 (End of December 2021)

	2021-2022 R (000)
2021/2022 Operating surplus	65, 086
2021/2022 Cash on hand (Developer's account and loan to COJ)	564, 694
2021/2022 Accumulative Surplus	408, 983

(Refer to Annexure B for Statement of Financial Position)

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

Component	2nd Quarter Operating Budget	Actual (2021/2022)	Variance	Comment
2021/2022 Income	R'000 394, 017	R'000 375, 577	R'000 (18, 440)	Developers, Management Fees, Reinstatements and Jobbings are under budget
2021/2022 Expenditure	394, 017	366, 989	27, 028	Consulting Contractors and Leasing of vehicles are under budget. Employee costs, Legal expenses, Office rental are over budget.
2021/2022 Surplus/ (Deficit)	0	8,588	8, 588	

Notes to financial position / performance (Q2):

The 2021/2022 Actual Income is below the Budget for the 2nd quarter by R 18, 440 million. This is mainly due to Developers Contributions received/controlled from COJ Planning Department and Management Fees based on the 2021/2022 Capital spent on the 2021/2022 Capital expenditure for bulk infrastructure relevant to the JRA as well as Management Fees and Jobbings.

The 2021/2022 operating expenditure for the 2nd quarter is under the budget by R 27, 028 million mainly due to Consultants, Contractors, and Leasing line items. 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. Activities affected by COVID-19 such as workshops were reduced to minimum subject to COVID-19 protocol.

#### Over/Under spending:

- **2021/2022 Consulting fees:** These are expenses related to the use of external consultants. The expense is R 7, 8 million under the budget for Quarter 2. This is due to the reduced use of consultants within the JRA. Currently some Consultants panels expired, and tender processes have been initiated to activate these. These include the Finance Consultants panel which has been advertised in the last week of June 2021. Such consultants will be utilised based on capacity needs. In addition, the JRA has been filling vacant positions to minimize the reliance on consultants. Provision has been made for December 21
- **2021/2022 Contractors expenditure:** This expenditure relates to external contractors that the JRA uses for some of the maintenance work. Quarter 2 has an under expenditure of R 28, 5 million. Provision has been made for December 21.
- **2021/2022 Repairs and Maintenance expenditure:** The expenditure is under the budget by R 1, 1 million for Quarter 2 and relates to maintenance of JRA owned assets such as Depots and Head Office buildings as well as IT Equipment. December 2021 invoices are outstanding.
- **2021/2022 Materials expenditure:** Material costs are R 10, 5 million over budget for Quarter 2, due to road and traffic signal maintenance, but are under on the year-to-date expense by R 758 000. Provision has been made for December 21.
- **2021/2022 Leased Vehicles expenditure:** This is the expenditure related to the motor vehicles leased by JRA from service providers and costs from the City. It is R 33, 3 million under the budget for the quarter and a provision was made for December 21.
- **2021/2022 Employee Costs:** The expenditure is over the budget amount by R 20, 3 million for Quarter 2. This includes the “insourced” security and cleaning staff expenses shown under Employee as well as provisions for overtime, standby allowance, acting allowance etc. worked in December 2021 but only payable in January 2022. The actual overtime expense has been increasing over the last few months. The salary increases of 3,5% percent effective from 1 July 2021 was paid in October 21, with the 1% pay progression as well as the once off payment of R 4 000 or R 3 000 in December 21. Once these costs are taken into consideration as well as the once off salary payments made in December 2021, there is a possibility of JRA being overspent by an estimated R 35 million.

#### **Section 3: Cash Flow Statement**

Refer to Annexure C for 2021/2022 Cash Flow Statement

## Section 4: Capital Projects and Expenditure

### Capital Projects & Expenditure (2021/2022 CAPEX expenditure)

Budget		Q2	Q2 Cumulative	Q4 Cumulative	Q4 Cumulative (2021/2022)
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 978 195 300)	Expenditure	R 66 059 812	R 204 845 109	R 320 170 903	R726 091 878
	%	6,38%	19,78%	30,93%	74,23%
2021-22 (R 732 500 000)	Expenditure	147 585 152	354 669 469		
	%	20,15%	48, 41%		

Refer attached Annexure D for detail.

## Funding Source

Table 5.1: Funding Source

Details	Budget (R'000)	Actual (R'000) (2021/2022)	2021/2022 % Spent
COJ Funded	583 500	290 659	49, 8%
USDG	149 000	64 010	42, 9%

## Section 5: Ratio analysis

Table 5.2: Financial ratios

Ratio	Actual (2021/2022)	Target (FDP)	Performance Against Target (RAG Status)
Current ratio		1	1.31
Solvency ratio		2	2.00
Accumulated Surplus		R50m	R 408m
Cash on hand (overdraft)		R50m	R 564m
Salaries ratio		35%	63%
Repairs & Maintenance ratio		7%	1.94%
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		

Ratio	Actual (2021/2022)	Target (FDP)	Performance Against Target (RAG Status)
Current ratio		1	1,91
Solvency ratio		2	2,00
Accumulated Surplus		R50m	R 400m
Cash on hand (overdraft)		R50m	R 554m
Salaries ratio		35%	63%
Repairs & Maintenance ratio		7%	1,04%
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 29%.			
Overall, the rounded off ratios are positive, and the company is financially sound and solvent.			
The 2021/2022 current ratio is 1,91 compared to 1,56 at 30 June 2021.			
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 61% for Repairs and Maintenance for the period ended 31 December 2021.			

**Cost coverage:** The 2021/2022 cost coverage ratio for JRA is 4, 2 months. This is calculated based on Cash on Hand (sweeping and developers contribution) divided by average monthly operating budget 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

<b>BBBEE Expenditure</b>	<b>49.01%</b>
Capex Percentage	-206,832,437.96 ( 34.86 %)
Opex Percentage	-83,919,084.06 ( 14.15 %)
Total payments made (excluding payroll amounts)	49.01% for 2 <sup>nd</sup> quarter 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 49.01% in 2nd quarter against annual scorecard target of 75%.

### Payment of suppliers within 30 days

Table 5.4: Payment of suppliers within 30 days

	Q1	Q2	Q3	Q4	Target

<i>% compliance in respect of payment of all service providers within 30 days</i>	88%	91%			100%
---	-----	-----	--	--	------

Invoices received by Finance were paid 97% within 30 days for the month of December 2021, however for the quarter achievement is at 91%. Daily tracking of accounts payable and raising awareness on payments seem to have assisted in improving payment of invoices within 30 days. There are however some challenges like cash flow limitations and some invoices are being submitted late by suppliers which continue to be a risk to the organization. This includes invoices such as Nashua, Zoo-Parks and Eskom invoices.

Challenges include delayed submission by stakeholders and in such instances, 30 days' compliance does not apply if the service providers are liable for the delay. Where internal users delay the process, motivations for such delays must be submitted for audit purposes Where applicable, consequence management must be exercised.

**Report on Irregular, Fruitless and Wasteful Expenditure and Due Processes**

**Report on Irregular, Fruitless and Wasteful Expenditure and Due Processes**

**Irregular expenditure** - The opening balance was at R640,216,031 million in the beginning of the financial year, we have observed interim figures increase of R25,140,719.71 million to date of which R 1, 033,218.46 is for the month of December 2021. The UIFW are being followed up with GFIS and Internal Audit for investigations.

**Fruitless and Wasteful Expenditure** – The Fruitless expenditure incurred for the financial year amounts to R 12,039.37 of which R11,464.61 was incurred during the 2<sup>nd</sup>Quarter period. The main contribution to the fruitless expenditure in the 2nd Quarter is a Telkom invoices, (accounting for 98% of the expenditure) and Eskom invoices. Finance continues to challenge most of the interest charged by Eskom and to date an amount of R2.39 was reversed off by ESKOM, taking the previous financial years balances the JRA has an accumulated Fruitless and Wasteful expenditure to date amounts to R28,508,681.23. A service provider has been appointed to start with the investigation of UIFW expenditure as reported for the 2020 AFS.

**Deviations** – Year to date, 4 (Four) deviation approvals were granted to the value of **R 209 103.39**. for the renewal of annual subscription for material laboratory testing systems standards, to book a space, facilitate payment, design, build, brand a stand for JRA Rand Show 2021 Spring edition, for the renewal of Teammate license for Internal audit unit, Provision of Air Quality Baseline Assessment at The Johannesburg Roads Agency Asphalt Plant. 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. The status of the deviations might change should additional items be identified during the year end process.

### 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.

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

Description	%	Open Amount	Current	31 - 60	61 - 90	91 - 182	Over 182
Related Parties	95.80%	426,978,498	106,951,012	84,333,467	32,221,343	88,697,834	114,774,840
Other Government entities	3.65%	16,287,589	-	-	-	1,970,617	14,316,972
Third Parties	0.55%	2,437,884	4,381	(15,000.00)	-	-	2,448,502
		<b>445,703,972</b>	<b>106,955,394</b>	<b>84,318,467</b>	<b>32,221,343</b>	<b>90,668,451</b>	<b>131,540,315</b>

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

- a) That, the overall debtors' book has decreased from R480m to R446m, that is 1st quarter to the 2<sup>nd</sup> quarter. Payments were made by the related parties on outstanding invoices. The collection efforts are bearing positive results on the cash flow of the JRA in that the Income and Asset unit has managed to reduce debtors by 7% which represents R34m collected in the 2<sup>nd</sup> quarter.
- 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, 95.8% 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 debtor's book on this category has decreased from R460.6m to R426.9m in the 2<sup>nd</sup> quarter. The R203m 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 correspondence
- Service Level Agreement (SLA) issues that needs to be resolved between Infrastructure Development and Housing department.

d) Third Parties are non-government owned and controlled entities. They account for 0.55% of the total debtors' book. The debt has decreased by 32% in the 2<sup>nd</sup> Quarter from R3.6m to R2.4m. Follow up process is performed on all outstanding debtors and is yielding results.

e) Other Government Entities are entities which are owned and controlled by other spheres of government but fall outside the City of Johannesburg. There is slight decrease of from R16.288m to R16.287m in the 2<sup>nd</sup> quarter as a result of a recovery of R1m. They account to 3.65% of the total debtors' book. Follow ups are being made on the over 60 days due for the Gautrans maintenance. A commitment to settle the account during their financial year end process was made, however JRA has a tax clearance status challenge.

### Bad Debts Provision

The bad debts provision for the 2<sup>nd</sup> quarter remains unchanged from the 1<sup>st</sup> quarter which is R2, 4m. These debtors were assessed as per GRAP104 and will be adjusted during the year after impairment tests.

### Bad Debts Provision on 31 December 2021

Description	Amount R
Eyethu Translodge and Plant	1,851,957.89
Asphalt Sales	276,795.56
CIVMAQ Projects	100,000.00
Sipho Tshabalala	12,092.54
Werksmans Attorneys	155,354.48
<b>Total</b>	<b><u>2,396,200.47</u></b>

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: Litigations and Insurance Claims against/to MOE

Table 7.1: Pending litigations and possible liabilities

Litigation area	Total number of cases
Contractual disputes	3
Delict (damages)	0
Labour (review applications)	0
Others	2

## Section 8: Insurance Claims against/to MOE

In summary, the following claims have been received during the 2<sup>nd</sup> Quarter of 2021/2022:

### 1. Table 8.1: Public Liability Claims

Month	Letter of Demand	Normal Claims	Summons	Total	Total amount claimed
Oct-21	24	23	5	52	4,284,360.46
Nov-21	21	14	2	37	27,603,662.75
Dec-21	10	19	1	30	2,743,390.36

Total Amount for 2<sup>nd</sup> Quarter is R34,631,413.57

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

Table 9.1 Statement on amounts owed

Name	Amount (R)
Department of Road and Transport	16,287,589
<b>Total</b>	<b>16,287,589</b>

## CHAPTER 6: INTERNAL AUDIT FINDINGS

### Section 1: Progress on Audit Plan

Results of the overall audits completed within the 2<sup>nd</sup> 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)
Audit of performance information Q4	November 2021	Adequate but Ineffective	Yellow	N/A
Audit of performance information Q1	December 2021	Adequate and effective	Green	N/A
Road Infrastructure Maintenance follow up	November 2021	Adequate but Ineffective	Yellow	Yellow
Traffic signal Management Audit follow	November 2021	Inadequate and ineffective	Yellow	Yellow
Expanded public works Programme (EPWP) Audit	October 2021	Adequate and effective	Yellow	N/A
ID Project Management	October 2021	Adequate but Ineffective	Yellow	N/A
Marketing and Communication follow up	November 2021	Adequate but Ineffective	Yellow	Yellow
Bids closing process	December 2021	Adequate and effective	Green	N/A
RFQ closing process	December 2021	Adequate and effective	Green	N/A

### Section 2: Progress on the resolution of Internal Audit findings

The JRA resolved 24 IA findings of the 41 that were due in Q2 which accounts for 59% (76% year-to-date).

#### 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.

Table 6.2: Management implemented action

**SUMMARY OF AUDIT FINDINGS AND ACTION PLANS - 2021/2021**

Audit Finding Details		Root Cause	Intervention/Management Comment	Action Timeline
<b>Matters Affecting Audit Report</b>				
1	Irregular expenditure not prevented as required by MFMA	Previous year(s) appointments identified before as irregular expenditure but contracts could not be cancelled without legal implications; Manual tracking of contract spend resulting in over-expenditure	Investigation of irregular and fruitless expenditure by Internal Audit and City Disciplinary Board. Pursue the SARS dispute through Tax Courts	30-Jun-22
2	Financial instruments disclosure	Time constraints (Two Financial Years' audits), covid-19 implications and capacity resulted in human error	Beef up capacity on AFS and QA; Dry run of Financial year end and audit readiness utilising May 2022 month	15-Jun-22
3	Operating lease commitments understated	Time constraints (Two Financial Years' audits), covid-19 implications and capacity resulted in human error	Beef up capacity on AFS and QA; Dry run of Financial year end and audit readiness utilising May 2022 month	15-Jun-22
4	Commitments	Manual tracking of payments on commitments	Automation of manual CMU processes; Intensify QA	30-Jun-22
5	Contract management	Human error	Workshops will be conducted on correct referencing of invoices by service providers; Automation of the manual CMU processes; Intensify review of information to identify and correct errors timeously	26-Nov-21
6	Interest not charged on debtors	Inadequate guidance by policy	Review Debtors' policy to incorporate interest component; Benchmark with other entities	30-Apr-22
7	Competitive bidding	Ineffective processes to identify proactively fraudulent activities	Investigation of fraudulent activity; Tighten bid committees controls; Proactive performance of Probity; SOP review	30-Mar-22
8	Local content	Timing issues between awards and audit finding	Enforce controls and ensure compliance	30-Jun-22
9	Cash flow statement	Time constraints (Two Financial Years' audits), covid-19 implications and capacity resulted in human error	Beef up capacity on AFS and QA; Dry run of Financial year end and audit readiness utilising May 2022 month	15-Jun-22
<b>Other Important Matters</b>				

**SUMMARY OF AUDIT FINDINGS AND ACTION PLANS - 2021/2021**

Audit Finding Details	Root Cause	Intervention/Management Comment	Action Timeline
10 Payments not made within 30 days	Defaulting stakeholders, Users and Service providers	Workshops on payment processes, Enforce consequent management ;Ensure KPI is part of Balance Score Cards effective July 2021; Report/Escalate Defaulters to EMT	30-Mar-22
11 Schedules not agreeing to the AFS	Time constraints (Two Financial Years' audits), covid-19 implications and capacity resulted in human error	Beef up capacity on AFS and QA; Dry run of Financial year end and audit readiness utilising May 2022 month	15-Jun-22
12 Cost of road maintenance	Refer 30 Days finding	Refer 30 Days finding	30-Mar-22
13 SCM - awards to persons in the service of state (identified in current year)	Lack of tool like CAATS to proactively identify persons in employ of state	Investigations and write- ups to persons affected and National Treasury where applicable; Continue to utilises MBD4 forms and Centralised Data Base	30-Jun-22
14 No declaration of interest for awards to person in the service of the state	Differences in understanding of process taken per SCM process (SCM complied with the legislation)	Re-enforce SCM processes to ensure compliance	30-Jun-22
15 Deviations – declaration of interest signed after the appointment date	Disagreements on application of regulation-Deviations	Monitoring of compliance on deviations per MIFMA and SCM regulations	N/A
16 Write off of UIFW	Limited control on CITY initiated contracts	Submit and follow-up investigation of irregular and fruitless expenditure by Internal Audit and City Disciplinary Board.	30-Jun-22
17 Panel contractors	Inadequate record keeping system and delay of evidence for CIDB status of bidder -suspension resulting in limitation of scope finding	Management to continue monitoring compliance on evolution of bidders	N/A
18 Supporting schedules for Outstanding Metropolitan Claims	Human errors due to time pressure	AFS Disclosure to be adjusted; Management will continue to perform regular reviews of financial statements; Dry run for Year-end by 15 June 2022	25-Nov-22
19 Performance bonuses	Timing and basis for payment of performance bonus per the approved performance policy	Management to monitor implementation of the approved performance policy with regards to Performance bonus ; Training on the approved performance management policy	30-Jun-22
20 Employee benefits obligation	Misunderstanding of employee benefits per actuarial report	Management disagrees with the ICD as there was no error in the AFS or actuarial report calculations	N/A

**SUMMARY OF AUDIT FINDINGS AND ACTION PLANS - 2021/2021**

Audit Finding Details	Root Cause	Intervention/Management Comment	Action Timeline
21 Suspensions not finalised timeously	Delayed finalisation of suspensions	To continue fast-track closure of cases where organisation has control; Regular (monthly) review of suspensions will take place	30-Dec-21
22 Leave pay provision	Control gaps	HR Officers and line management will be reminded to re-enforce controls over leave management; Management will continue to re-inforce implementation of the leave policy	30-Dec-21
23 Over statement of leave	Control gaps	HR Officers and line management will be reminded to enforce controls over leave management; Management will continue to re-inforce implementation of the leave policy	30-Dec-21
24 Differences noted between amounts disclosed in the notes	Time constraints (Two Financial Years' audits), covid-19 implications and capacity resulted in human error	AFS Disclosure to be adjusted; Management will continue to perform regular reviews of financial statements	22-Nov-21
25 Denominator not well defined: % of Municipal road lanes which has been resurfaced and resealed	The rationale used in defining the denominator	To engage further with AG and agree on the matters raised to guide next audit; A formal VCA assessment to be done per the National guide.	30-03-2022 & by 2022/23 (VCA)
26 Indicator not well defined: % of kms of unsurfaced roads graded	Interpretation differences of applicable legislation (TRH 20 Guideline for Roads maintenance and National Treasury circular 88)	Management will continue to monitor alignment of controls with relevant guide and applicable regulation; Apply for additional budget to allow the grading of roads as required <b>(Challenge: Budgetary constraints to effect grading 10 times a month)</b>	30-Mar-22
27 Limitation of scope	Manual processes in records management resulting in delayed submission of evidence	To streamline processes affecting contract management through an SOP	30-Mar-22
<b>Administrative Matters</b>			
28 Overtime	Inadequate document management system (exacerbated by staff rotation) resulting in delayed submission of evidence	Review controls and raise awareness to business to ensure compliance with leave pre-approval	30-Mar-22
29 Appointments	Inadequate record keeping system	Management will develop and implement SOP on the filling and record keeping of recruitment files. HCM officers will be inducted on the SOP to ensure compliance	30-Mar-22

**Section 3: Progress on the resolutions of the Auditor General findings  
(Categories between findings affecting and not affecting the Audit Opinion)**

**6.3.1 2019/20 AG Audit**

In Q2 the entity resolved 1 of the remaining 5 AG findings which accounts for 20%.

**Section 4: Overall State of internal Controls**

The overall conclusion of the state of internal controls based on the following audits completed from the 1<sup>st</sup> of July 2021 to 31 December 2021 is that controls are adequate but ineffective to provide reasonable assurance that JRA objectives will be achieved:

Table 6.3: State of internal controls

<b>Audit Area</b>	<b>Date Completed</b>	<b>Opinion Expressed</b>	<b>Original Rating</b>	<b>Rating (Only applicable to follow up audits)</b>
Revenue Management	Quarter 1	Adequate but Ineffective	Yellow	N/A
Risk Management	Quarter 1	Adequate but Ineffective	Yellow	N/A
Inventory Management	Quarter 1	Inadequate and ineffective	Red	N/A
Interim Financial Statements	Quarter 1	Adequate and effective	Green	N/A
Asphalt Plant Follow up	Quarter 1	Adequate but Ineffective	Yellow	Yellow
Bonus Adhoc review	Quarter 1	Adequate but Ineffective	Yellow	N/A
Probity Reports	Quarter 1	Adequate but Ineffective	Green	N/A
Bids closing process	Quarter 1	Adequate and effective	Green	N/A
RFQ closing process	Quarter 1	Adequate and effective	Green	N/A
Employee Exit pay-outs advance gratuity payment and Exit gratuity payments	Quarter 1	Adequate but Ineffective	Yellow	N/A

<b>Audit Area</b>	<b>Date Completed</b>	<b>Opinion Expressed</b>	<b>Original Rating</b>	<b>Rating (Only applicable to follow up audits)</b>
Audit of performance information Q4	Quarter 2	Adequate but Ineffective	Yellow	N/A
Audit of performance information Q1	Quarter 2	Adequate and effective	Green	N/A
Road Infrastructure Maintenance follow up	Quarter 2	Adequate but Ineffective	Yellow	Yellow
Traffic signal Management Audit follow	Quarter 2	Inadequate and ineffective	Yellow	Yellow
Expanded public works Programme (EPWP) Audit	Quarter 2	Adequate and effective	Yellow	N/A
ID Project Management	Quarter 2	Adequate but Ineffective	Yellow	N/A
Marketing And Communication Follow Up	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

## ANNEXURES

### Annexure A

#### Annexure A: Q2 JRA Board and Committees Attendance Register Scheduled and Special meetings for Q2 (2021-2022 Financial Year)

Board member/ IAC	Board 12 Nov Ordinary	Board 30 Nov Special	REMSEC 13 Oct Ordinary	AFR&ITC 11 Oct Ordinary	AFR&ITC 26 Nov Special	SDC 12 Oct Ordinary
Albert Mokoena	N/A	N/A	N/A	N/A	N/A	N/A
Lindi Mdluli	✓	N/A	✓	N/A	N/A	N/A
Hazel Mlimkhulu	✓	✓	N/A	N/A	N/A	N/A
Fulufhelo Ntsandeni	✓	✓	N/A	✓	✓	✓
Lawrence Ndlovu	✓	✓	✓	N/A	N/A	✓
Ntsikelelo Mila	✓	✓	✓	N/A	N/A	N/A
Yolisa Ngxabazi	✓	✓	N/A	✓	✓	N/A
Edwin Mtshali	✓	✓	N/A	N/A	N/A	✓
<b>INDEPENDENT AUDIT COMMITTEE (IACs)</b>						
Odirile Mekwa	N/A	N/A	N/A	✓	✓	N/A
Karen Parirenyatwa	N/A	N/A	N/A	✓	✓	N/A
Sizo Mzizi	N/A	N/A	N/A	✓	✓	N/A

- ✓: denotes attendance
- X: denotes absenteeism
- N/A: denotes not applicable

## Annexure B: Statement of Financial Position as of 31 December 2021

Annexure B

Statement of Financial Position as at December 2021			
		2021	2021
		December	June
		R'000	R'000
<b>Assets</b>	Notes		
<b>Non-Current assets</b>		<b>221,969</b>	<b>239,642</b>
Property plant and equipment	1	143,408	161,469
Intangible Assets	2	23,002	23,352
Employee benefits investment	3	55,559	54,820
<b>Current assets</b>		<b>1,281,379</b>	<b>1,555,822</b>
Inventories	5	71,940	69,020
Loan to Shareholders - Sweeping	15	102,969	457,049
Trade and other receivables	4	644,745	593,334
Cash and Cash Equivalents	6	461,725	436,419
<b>Total Assets</b>		<b>1,503,348</b>	<b>1,795,464</b>
<b>Equity &amp; Liability</b>			
<b>Equity</b>		<b>752,052</b>	<b>705,585</b>
Contribution from owner	7	343,069	342,795
Accumulated Surplus		408,983	362,790
<b>Non-Current Liabilities</b>		<b>81,517</b>	<b>94,740</b>
Employee benefit obligations	8	51,528	51,528
Finance lease obligations	11	29,989	43,212
<b>Current Liabilities</b>		<b>669,779</b>	<b>995,138</b>
Trade and other payables	10	571,468	716,406
Finance lease obligations	9	15,300	20,888
Loan from Shareholders - Overdraft		-	-
Taxation	14	(92,187)	67,169
Provisions	12	175,199	190,675
<b>Total Liabilities</b>		<b>1,503,348</b>	<b>1,795,464</b>
		0	-0

**Annexure C: Cash Flow Statement for the Quarter ended 31 December 2021**

**Annexure C**

<b>Cash Flow Statement for the Quarter ended December 2021</b>		<b>2021</b>	<b>2021</b>
		<b>December</b>	<b>June</b>
		<b>R'000</b>	<b>R'000</b>
	<b>Note</b>		
<b>Cash Flows from Operating Activities</b>			
Cash used in operations	13	(299,256)	305,056
Interest income		10,351	(31,627)
Finance Costs		-	-
<b>Net Cash from operating activities</b>		<b>(288,904)</b>	<b>273,429</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		274	(6,829)
Proceeds from sale of property, plant and equipment		-	-
Increase in Developers contribution		354,080	212,234
Decrease in Loan to shareholder		-	-
<b>Net Cash from investing activities</b>		<b>353,805</b>	<b>205,405</b>
<b>Cash Flow From Financing Activities</b>			
Decrease in shareholder's loan		-	-
Repayment of finance lease obligations-non current		-	-
<b>Net Cash From financing activities</b>		<b>-</b>	<b>-</b>
<b>Total Cash Movement for the period</b>		<b>64,901</b>	<b>478,834</b>

Cash at the beginning of the period		426,686	(52,148)
<b>Total cash at the end of the period</b>		<b>491,587</b>	<b>426,686</b>

**Annexure D: O2 JRA CAPEX Spent Report as at 31 December 2021**

**Annexure D**

Project Number	Project Description	Cost Code	Budget	Actual Expenditure	Open Commitments	Accruals	YTD Expenditure	Budget Variance	Actual Exp. %	YTD Exp. %
30012022	Gravel Roads Diepsloot	306	30,000,000.00	22,150,116.09	-	-	22,150,116.09	7,849,883.91	74%	74%
30062022	Gravel Roads Mayibuye	306	30,000,000.00	11,821,304.35	-	274,644.48	12,095,948.83	17,904,051.17	39%	40%
30092022	Gravel Roads Tshepisoeng	306	30,000,000.00	17,678,308.01	-	-	17,678,308.01	12,321,691.99	59%	59%
30152022	Bridge Rehabilitation (BMS)	301	50,000,000.00	25,946,246.09	-	1,509,313.24	27,455,559.33	22,544,440.67	52%	55%
30172022	Bridges - Replacement (Flooding)	301	60,000,000.00	12,761,635.84	-	-	12,761,635.84	47,238,364.16	21%	21%
30242022	Emergency Stormwater Improvement	306	5,000,000.00	3,761,268.74	-	-	3,761,268.74	1,238,731.26	75%	75%
30332022	Conversion of Open Drains Braamfischerville	306	20,000,000.00	512,408.59	-	-	512,408.59	19,487,591.41	3%	3%
30372022	Depot Upgrading Operational Ca	301	15,000,000.00	2,694,103.20	1,068,001.80	-	3,762,105.00	11,237,895.00	18%	25%
30392022	Operational Capex	301	15,000,000.00	388,469.72	873,819.57	-	1,262,289.29	13,737,710.71	3%	8%
30422022	Dam Safety Rehabilitation	301	3,000,000.00	-	-	-	-	3,000,000.00	0%	0%
30452022	Integrated Roads & Stormwater	301	7,500,000.00	-	-	-	-	7,500,000.00	0%	0%
30462022	Investigate and Design Future	301	6,000,000.00	3,424,373.34	-	-	3,424,373.34	2,575,626.66	57%	57%
30472022	Emergency, Critical & Urgent S	301	139,000,000.00	88,074,223.10	-	43,026.96	88,117,250.06	50,882,749.94	63%	63%

Project Number	Project Description	Cost Code	Budget	Actual Expenditure	Open Commitment \$	Accruals	YTD Expenditure	Budget Variance	Actual Exp. %	YTD Exp. %
30512022	Geometric Improvements	301	7,500,000.00	3,483,310.46	409,955.47	-	3,893,265.93	3,606,734.07	46%	52%
30532022	Alternative Power Sources (LED)	301	3,000,000.00	2,378,945.22	585,922.01	-	2,964,867.23	35,132.77	79%	99%
30542022	Alternative Power Sources (UPS)	301	3,000,000.00	-	-	-	-	3,000,000.00	0%	0%
30562022	Installation New Warranted Traffic	301	5,000,000.00	895,034.56	2,719,973.25	-	3,615,007.81	1,384,992.19	18%	72%
30572022	Intelligent Transport System	301	5,000,000.00	77,912.28	895,235.00	-	973,147.28	4,026,852.72	2%	19%
30582022	Re-cabling of Signalised Inters	301	20,000,000.00	8,018,672.33	11,389,370.00	-	19,408,042.33	591,957.67	40%	97%
30592022	Remote Monitoring	301	2,000,000.00	-	1,950,232.00	-	1,950,232.00	49,768.00	0%	98%
30602022	SARTSM	306	8,000,000.00	3,705,613.09	4,106,846.42	-	7,812,459.51	187,540.49	46%	98%
30612022	Traffic Management Centre	301	9,000,000.00	-	2,649,694.23	-	2,649,694.23	6,350,305.77	0%	29%
30622022	Traffic Signal Adaptive Control	301	6,000,000.00	542,810.46	3,073,440.13	-	3,616,250.59	2,383,749.41	9%	60%
30632022	Upgrading Controllers and Phase	301	5,000,000.00	3,236,402.71	1,689,916.32	-	4,926,319.03	73,680.97	65%	99%
30642022	GIS Improvement	301	10,000,000.00	-	-	-	-	10,000,000.00	0%	0%
30662022	Rehabilitation of Open Drains	301	15,000,000.00	7,960,150.50	-	-	7,960,150.50	7,039,849.50	53%	53%
30682022	Resurfacing of M1 Motorway	301	30,000,000.00	1,661,388.52	-	-	1,661,388.52	28,338,611.48	6%	6%
30692022	Resurfacing of M2 Motorway	301	30,000,000.00	926,389.21	-	-	926,389.21	29,073,610.79	3%	3%

Project Number	Project Description	Cost Code	Budget	Actual Expenditure	Open Commitment \$	Accruals	YTD Expenditure	Budget Variance	Actual Exp. %	YTD Exp. %
30702022	Resurfacing of Soweto Highway	301	1,000,005.15	762,157.60	-	-	762,157.60	237,847.55	76%	76%
30712022	Resurfacing	301	44,500,000.00	35,291,037.25	-	-	35,291,037.25	9,208,962.75	79%	79%
30742022	James Street Extension Ennerdale	301	2,000,000.00	569,212.02	-	-	569,212.02	1,430,787.98	28%	28%
30752022	Spencer Road New Link	301	2,000,000.00	1,237,271.46	-	-	1,237,271.46	762,728.54	62%	62%
30812022	Richards Drive Upgrade	301	1,500,000.00	131,642.37	-	-	131,642.37	1,368,357.63	9%	9%
30822022	Stormwater Development Sandown	301	10,000,000.00	1,987,720.65	-	-	1,987,720.65	8,012,279.35	20%	20%
30842022	Traffic Calming measures	301	3,000,000.00	-	-	-	-	3,000,000.00	0%	0%
30892022	Vorna Valley	306	6,000,000.00	-	-	-	-	6,000,000.00	0%	0%
30942022	Far East Bank	306	10,000,000.00	-	-	-	-	10,000,000.00	0%	0%
30972022	Tarring of Gravel Roads	301	83,500,000.00	59,351,950.49	-	-	59,351,950.49	24,148,049.51	71%	71%
	<b>Total</b>		<b>732,500,005.15</b>	<b>321,430,078.25</b>	<b>31,412,406.20</b>	<b>1,826,984.68</b>	<b>354,669,469.13</b>	<b>377,830,536.02</b>	<b>43.9%</b>	<b>48.4%</b>

Annexure E: JRA (PTY) LTD Detailed Income Statement for the Quarter ending: 31 December 2021

											Annexure E
Description	Current Quarter Actual Amount	Current Quarter Budget Amount	Variance Amount	Variance %	YTD Actual Current Period	YTD Budget Amount	YTD Variance Amt.	YTD Variance %	Current Year Total Approved Budget		
<b>REVENUE</b>											
Rent Received	1,932	1,172	759	64.77%	3,704	2,345	1,359	57.97%	4,689		
Gautrans Maintenance	-	1,412	-1,412	-100.00%	-	2,823	2,823	-100.00%	5,646		
COJ Maintenance	331,070	331,070	-	0.00%	662,140	662,140	-	0.00%	1,324,279		
<b>TOTAL REVENUE</b>	<b>333,001</b>	<b>333,654</b>	<b>-652</b>		<b>665,843</b>	<b>667,307</b>	<b>1,464</b>		<b>1,334,614</b>		
<b>DIRECT COSTS</b>											
Material Cost	27,708	17,590	-10,118	-57.52%	34,661	35,181	520	1.48%	70,361		
Extra Items	-555	-	555	100.00%	-907	-	907	100.00%	-		
Stock Adjustment	221	-	-221	100.00%	669	-	-669	-100.00%	-		
<b>TOTAL DIRECT COST</b>	<b>27,374</b>	<b>17,590</b>	<b>-9,784</b>		<b>34,423</b>	<b>35,181</b>	<b>758</b>		<b>70,361</b>		
<b>GROSS PROFIT</b>	<b>305,627</b>	<b>316,063</b>	<b>-10,436</b>		<b>631,420</b>	<b>632,126</b>	<b>-706</b>		<b>1,264,253</b>		
<b>OTHER INCOME</b>											
Recoveries Telephone Calls, Faxes	0	-	0	0.00%	0	-	0	100.00%	-		
Jobbings	-69	4,447	-4,516	-101.56%	-68	8,893	8,961	-100.77%	17,786		

Developers Income	22,922	28,811	-5,888	-20.44%	22,922	57,621	34,699	-	-60.22%	115,242
Reinstatements	5,734	8,232	-2,498	-30.35%	8,843	16,465	7,621	-	-46.29%	32,929
Road Closures	129	-	129	100.00%	292	-	292	-	100.00%	-
DCP Testing	-	57	-57	-100.00%	-	114	-114	-	-100.00%	227
Insurance Claims	7	-	7	100.00%	7	-	7	-	100.00%	-
Interest from Intercompanies	1,564	2,656	-1,092	-100.00%	3,656	5,313	1,656	-	-31.17%	10,625
Interest Received from Bank	3,921	-	3,921	100.00%	6,695	-	6,695	-	100.00%	-
Other Sales	-	144	-144	-100.00%	-	288	-288	-	-100.00%	577
Management Fees	7,675	12,113	-4,438	-36.64%	13,470	24,226	10,756	-	-44.40%	48,453
Sundry Income	694	3,903	-3,209	-82.22%	1,412	7,805	6,394	-	-81.91%	15,611
Training Income	-	-	-	0.00%	-	-	-	-	0.00%	-
<b>TOTAL OTHER INCOME</b>	<b>42,576</b>	<b>60,363</b>	<b>-17,786</b>		<b>57,230</b>	<b>120,725</b>	<b>63,495</b>	<b>-</b>		<b>241,450</b>
<b>INDIRECT COSTS</b>										
Advertising	3,498	1,670	-1,828	-109.49%	4,340	3,340	1,001	-	-29.96%	6,679
Auditors Remuneration Fees	3,212	1,262	-1,950	-154.53%	3,512	2,524	-988	-	-39.15%	5,048
Bank Charges	15	20	4	20.76%	30	39	9	-	23.50%	78
Finance Charges	-	680	680	100.00%	-	1,360	1,360	-	100.00%	2,720

Consulting Fees	1,515	9,392	7,877	83.87%		4,882	18,784	13,902	74.01%		37,567
Contractors JRA	9,424	37,998	28,573	75.20%		18,142	75,996	57,853	76.13%		151,991
Contractors Outsourced	1,360	1,939	578	29.83%		2,336	3,877	1,541	39.75%		7,755
Consumables	800	2,202	1,402	63.67%		1,519	4,404	2,885	65.51%		8,809
Depreciation	6,773	15,321	8,548	55.79%		18,686	30,642	11,956	39.02%		61,283
Directors Emoluments	324	638	314	49.22%		750	1,276	526	41.25%		2,552
Entertainment	22	62	40	64.24%		22	124	102	82.12%		248
Corporate Promotions	66	110	45	40.44%		68	220	153	69.23%		441
Insurance	5,100	5,113	13	0.26%		10,200	10,227	27	0.26%		20,453
Intercompany Charges	-	265	265	100.00%		-	531	531	100.00%		1,061
Interest and Penalties	-	0	0	100.00%		-	0	0	100.00%		0
Leased Contract Services	11,439	44,769	33,330	74.45%		33,439	89,537	56,098	62.65%		179,075
Offices(Parking)	1,663	1,712	49	2.86%		2,538	3,424	886	25.87%		6,848
Office Building(Rental)	10,226	7,091	-3,135	-44.21%		18,816	14,183	4,633	-32.67%		28,366
Office Equipment	738	839	101	12.07%		1,038	1,679	641	38.17%		3,358
Legal Expenses	5,250	3,083	-2,167	-70.29%		10,005	6,166	3,839	-62.26%		12,332
Licenses	376	1,780	1,404	78.89%		1,202	3,559	2,357	66.23%		7,118

Magazines, Books and Periodicals	650	335	-315	-93.81%	656	671	15	2.17%	1,342
Municipal Services Charges	7,860	6,411	-1,450	-22.62%	12,388	12,821	433	3.38%	25,642
Stationary Printing	419	953	534	56.03%	714	1,906	1,192	62.55%	3,811
Repairs & Maintenance	1,536	1,123	-413	-36.79%	2,027	2,246	219	9.75%	4,491
	5,097	6,207	1,110	17.88%	6,867	12,415	5,547	44.68%	24,829
Strategic Planning	-	333	333	100.00%	-	665	665	100.00%	1,331
Employee & Related Costs	215,073	194,768	-20,305	-10.42%	411,139	389,537	21,603	-5.55%	779,073
Interns Stipend Cost	958	707	-250	-35.40%	958	1,415	457	32.30%	2,829
Placement Fees	-	11	11	100.00%	-	22	22	100.00%	45
Recognition	-	239	239	100.00%	-	478	478	100.00%	956
Temporary Staff	10,631	8,093	-2,538	-31.36%	10,631	16,186	5,555	34.32%	32,373
Employee Wellness	1,198	82	-1,117	-100.00%	1,198	163	1,035	-633.33%	327
Security	813	999	187	18.69%	1,341	1,999	658	32.90%	3,998
Social Responsibility	-	20	20	100.00%	-	39	39	100.00%	79
Telephone & Fax	1,547	2,276	728	32.01%	2,955	4,551	1,597	35.08%	9,103
Training	998	2,392	1,394	58.30%	2,396	4,784	2,388	49.91%	9,568
Conferences and Seminars	8	323	315	97.42%	8	646	638	98.71%	1,292
Travel Expenses	-	234	234	100.00%	-	468	468	100.00%	936

Data Services	3,070	4,067	997	24.51%	6,074	8,134	2,060	25.33%	16,269
Realised Gains/Losses	80	7	-73	-	187	15	-173	1190.32%	29
<b>TOTAL INDIRECT COST</b>	<b>311,740</b>	<b>365,525</b>	<b>53,785</b>		<b>591,066</b>	<b>731,051</b>	<b>139,985</b>		<b>1,462,102</b>
<b>OPERATING PROFIT</b>	<b>36,463</b>	<b>10,900</b>	<b>25,562</b>		<b>97,585</b>	<b>21,801</b>	<b>75,784</b>		<b>43,601</b>
<b>INTERNAL TRANSFERS</b>									
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	-	-	-	0.00%	-	-	-	0.00%	-
Contractors: JRA	198	1,671	1,473	88.17%	698	3,342	2,644	79.13%	6,684
Consulting Fees	341	655	313	47.89%	541	1,309	768	58.67%	2,618
Consumables	-	-	-	0.00%	-	-	-	0.00%	-
Employee & Related Costs	5,422	1,641	-3,782	-230.51%	5,847	3,281	2,566	-78.21%	6,562
Intercompany Charges	590	1,837	1,247	67.88%	740	3,674	2,934	79.86%	7,348
Leased Contract Services	19,190	2,179	-17,011	-100.00%	21,190	4,358	16,832	-386.23%	8,716
Legal Expenses	2,034	1,478	-556	-37.61%	2,884	2,957	73	2.47%	5,913

Printing	-	22		22	100.00%	-	43	43	100.00%	86
Training	-	103		103	100.00%	-	206	206	100.00%	411
Telecommunications	100	1,316		1,216	92.40%	600	2,632	2,032	77.20%	5,263
Internal Charges (Core)	-	-		-	0.00%	-	-	-	0.00%	-
Internal Co.J Billing (Utilities)	-	-		-	0.00%	-	-	-	0.00%	-
Operating Grants (Subsidies to ME's)	-	-		-	0.00%	-	-	-	0.00%	-
<b>TOTAL INTERNAL TRANSFERS</b>	<b>27,875</b>	<b>10,900</b>		<b>-16,974</b>		<b>32,499</b>	<b>21,801</b>	<b>-10,699</b>		<b>43,601</b>
<b>NET INCOME BEFORE TAX</b>	<b>8,588</b>	<b>-</b>		<b>8,588</b>		<b>65,086</b>	<b>-</b>	<b>65,086</b>		<b>-</b>
<b>NET INCOME AFTER TAX</b>	<b>8,588</b>	<b>-</b>		<b>8,588</b>		<b>65,086</b>	<b>-</b>	<b>65,086</b>		<b>-</b>

Annexure F: Notes to The Financial Statements for The Quarter Ended 31 December 2021

Annexure F

NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER DECEMBER 2021			
		2021	2021
		December	June
		R'000	R'000
<b>1. Property, plant and equipment</b>		<b>Carrying Value</b>	
	<b>Cost</b>	<b>R'000</b>	
	<b>Accumulated Depreciation</b>	<b>R'000</b>	
Buildings	71,958	51,865	52,091
Land	17,294	17,294	17,294
IT Equipment	59,774	8,939	10,062
Furniture and Fittings	20,575	3,553	3,006
Office Equipment	7,509	(411)	421
Motor Vehicles	122,016	45,480	46,800
Tools and Loose Gear	952	160	182
Assets (WIP)	3,719	3,719	3,719
Plant and Machinery	158,263	12,810	27,894
<b>Total</b>	<b>462,061</b>	<b>143,408</b>	<b>161,469</b>
<b>2. Intangible Assets</b>		<b>Carrying Value</b>	
	<b>Cost</b>	<b>R'000</b>	
	<b>Accumulated Depreciation</b>	<b>R'000</b>	
Assets (WIP)	23,172	23,172	23,172

Computer Software	14,836	15,006	(170)	180
<b>Total</b>	<b>38,008</b>	<b>15,006</b>	<b>23,002</b>	<b>23,352</b>
<b>3. Employee benefit investment</b>				
Post-retirement Gratuity			24,280	23,542
Post-retirement Housing Subsidy			-	-
Post-retirement Medical Aid			31,279	31,279
			<b>55,559</b>	<b>54,820</b>
<b>4. Trade and other receivables</b>				
Trade Debtors			(16,357)	1
Related party Receivables			480,506	523,019
Prepayments			196	196
Provision for bad debts			(26,317)	-26,317
Electricity Deposit			755	755
Rental Deposit			6,274	6,274
Interest Receivable			-	1,255
SARS Payments			-	-
Unclaimed Amounts			196,769	84,696
Staff debtors - subsidised education			2,443	2,977
Sundry Debtors			476	476
CoJ - Capital expenditure				
JRA - COJ Dev Control Transfer			-	-
Loans to shareholders (Sweeping account)			-	-
			<b>644,745</b>	<b>593,334</b>

	<b>2021</b>		<b>2021</b>
	<b>December</b>		<b>June</b>
	<b>R'000</b>		<b>R'000</b>
<b>5. Inventories</b>			
Raw Materials	75,248		72,329
Consumables	-		-
Disclosure of Consumables	-		-
Manufactured Products	-		-
Impairments	(3,309)		(3,309)
	<b>71,940</b>		<b>69,020</b>
<b>6. Bank Balances and Cash</b>			
Petty Cash	-		-
JPC Portfolio (Bank)	-		-
Inter-company account	-		-
Absa Bank Accounts	-		-
Standard Bank Accounts	-		-
Developers contribution	461,725		436,419
	<b>461,725</b>		<b>436,419</b>
<b>7. Contribution from Owner</b>			
Share Capital	1		1
Shareholders Loan	343,068		342,826
	<b>343,069</b>		<b>342,827</b>
<b>8. Employee Benefit Obligation</b>			

Gratuity Liabilities	34,636		34,636
Post-retirement medical aid	8,798		8,798
Post-retirement housing subsidy	8,094		8,094
	<b>51,528</b>		<b>51,528</b>
<b>9. Finance Lease Obligation</b>			
Current lease portion	15,300		20,888
	<b>15,300</b>		<b>20,888</b>
<b>10. Trade and other payables</b>			
Trade Payables	224,692		268,163
Capital Creditors and Accruals	50,019		220,884
Leave Pay Provision	34,795		53,160
Retention	164,124		158,092
Related Party Creditors	84,821		15,736
Payroll Accruals	8,749		6,448
Value Added Tax (VAT)	(342)		7,415
Prepayments	1,579		1,579
Other Creditors		-	-
Debtors Reclassification		-	-
SARS - Tax Payments		-	-
Bonus Provision: 13th Cheque	3,031		16,401
	<b>571,468</b>		<b>716,406</b>
<b>11. Finance Lease Obligation</b>			

Long term portion of finance lease	29,989		43,212
	<b>29,989</b>		<b>43,212</b>

		<b>2021</b>	<b>2021</b>
		<b>December</b>	<b>June</b>
		<b>R'000</b>	<b>R'000</b>
<b>12. Provision</b>			
Legal Claim Provision		165,398	166,448
Other Provisions		862	862
Bonus Provision: Performance		8,939	23,365
		<b>175,199</b>	<b>190,675</b>
<b>13. Cash Utilised in Operations</b>			
Surplus / (Deficit) before taxation		65,086	198,117
<b>Adjusted for:</b>			
Depreciation and amortisation		18,686	47,655
Interest Earned		10,351	31,627
Gain on sales of property, plant and equipment		-	-
Finance Costs			
Decrease in loan to shareholder		-	-
Other non-cash movements		(159,357)	67,169
Movement in provisions		(15,476)	126,480
Movement in Tax Receivable and Payable		-	73,720
Movement in shareholders loan		274	7,535
Assets purchased through finance lease		(18,812)	-
Movement in retirement benefit obligation		(739)	9,746
<b>Changes in Working Capital</b>			

Receivables from Exchange Transactions			
Inventories		(2,919)	3,108
Trade and other receivables		(51,412)	(59,286)
Other Receivables from Non-Exchange Transaction			
Trade and other payables		(144,938)	227,154
		(299,256)	273,537
<b>14. Taxation</b>		(92,187)	67,169
<b>15. Sweeping Account Balance</b>		102,969	457,049

Annexure G: Quarter 2 Compliance Universe

**SUMMARY OF LEGAL & REGULATORY COMPLIANT UNIVERSE**

**Annexure G**

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
<b>COMPANIES ACT NO 71 OF 2008</b>						
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
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	Shareholder & Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all proxies received; all members are represented; minutes are taken and filed.	Within 3 months of year end	Ongoing	COMPLIANT
6.	Auditor been appointed	Company Secretary	Auditor be consent to appointment and same to be lodged with CIPC	As and When	Ongoing	COMPLIANT
<b>LABOUR RELATIONS AND EMPLOYMENT LAW</b>						
7.	Labour Relations Act No. 66 of 1995	HoD: Corporate Services	Ensure that Act is adhered to.	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
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	NON-COMPLIANT
10	Women Empowerment and Gender Equality Bill	Corporate Services' (All Depts. & 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
11	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
12	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
13	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
14	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 <sup>th</sup> of each month	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
14	Promotion of Equality and Prevention of Unfair Discrimination Act No.52 of 2002	HoD: Corporate Services	Ensure that requirements are met and that JRA Code is adhered to.	Ongoing	Ongoing	COMPLIANT
16	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
<b>FINANCE / VALUE ADDED/ TAX LAW</b>						
17	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
18	Income Tax Act No. 58 of 1962	Chief Financial Officer	Ensure that relevant returns are submitted to the Receiver	Ongoing	Ongoing	COMPLIANT
19	Income Tax Act No. 58 of 1962 PAYE	HoD: Corporate Services	Ensure that monthly payments are made.	Ongoing	Monthly	COMPLIANT
20	Valid Tax Certificate	Chief Financial Officer and COSEC	Ensure the organisation operates with a valid tax certificate	Ongoing	Ongoing	NON-COMPLIANT
21	Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA'ed	Ongoing	Ongoing	COMPLIANT
<b>ENVIRONMENTAL</b>						
22	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
23	Air Quality Act 39 of 2004,	Manager H&S.	Asphalt Plant compliance with Air Quality Act	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
24	Environmental Regulations in relation to Asphalt Production and Transportation; Road Maintenance and Road Construction	HoD: RO	Asphalt Plant compliance with Air Quality Act NEMA (National Environmental Management Act)	Ongoing	Ongoing	COMPLIANT
<b>GENERAL LAWS</b>						
25	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
26	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	NON-COMPLIANT
27	Promotion of Access to Information Act No. 2 of 2000	Company Secretary	Ensure that the approved policy is adhered to and in particular that JRA's Code/Procedures on access to information are adhered to.	Ongoing	Ongoing	NON-COMPLIANT
28	Protection of Personal Information Act 4 of 2013	Company Secretary	Promotion of the protection of personal information processed by private and public bodies and the organisation operates with an approved policy/ manual and framework	Ongoing	Ongoing	NON-COMPLIANT
29	National Credit Act	HoD: Corporate Services	Staff Loans previously granted were not issued in line with prescribed Regulations.	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
30	Road Traffic Act	HoD: Regional Operations	Ensure that all vehicles' licenses and traffic fines are paid.	Ongoing	Ongoing	COMPLIANT
31	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
32	Roads / signals Road Traffic Act	HoD: M&F	Road signals compliant with legislation	Ongoing	Ongoing	COMPLAINT
33	Roads / signals Road Traffic: SARTSM guideline	HoD: M&F	Road signals support staff compliant with legislation	Ongoing	Ongoing	NON- COMPLAINT
34	ITC Governance	Manager IT	Implementation of Government approved ITC governance framework	Ongoing	Ongoing	COMPLAINT
<b>Municipal Finance Management Act No.56 of 2003</b>						
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; and Public Finance Management Act No 1 of 1999 and associated Treasury Regulations						
35	S 111	Finance CFO	SCM Policy and implementation thereof	Ongoing	Ongoing	COMPLIANT
36	S 116(1)	Finance CFO	All contracts concluded after compliance with SCM processes and in writing	Ongoing	Ongoing	COMPLIANT subject to deviations disclosed
37	S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	COMPLIANT The adjustment budget process for the 2022/23 financial

No	Relevant Act / Section	Person/Dept. Responsible	Activity	Frequency	Due Date	Status
						year will start in November 2022
38	S 88	Accounting Officer / Board	Mid-term report By 20 <sup>th</sup> January each year submit a report on the assessment of the entity to Board and City	Ongoing 20 Jan	Ongoing	COMPLIANT
39	S 106	CEO	All delegations reduced to writing	Ongoing	In progress	
40	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	
41	S 126	CFO	Submit annual financial statements to AG for auditing	Ongoing	NOT YET DUE	
42	S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Ongoing	COMPLIANT	
43	S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Ongoing	COMPLIANT	
44	S 85 86	MD	Open and operate at least one bank account and submit details to City	Ongoing	COMPLIANT	No non-compliance which has come to the attention of management
45		MD / Board	No unfunded mandates	Ongoing	COMPLIANT	

## Annexure H: Progress on Strategic Risks of the JRA

### Annexure H

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			
1	Road Infrastructure Failure (roads, bridges, stormwater, traffic signals)	High	1. Engage the City for additional budget to alleviate the infrastructure backlog	Ongoing	The 21/22 budgets were approved in May 21: Capex R 732 m and Opex R 1,576 billion. The 2021/22 Budget process will begin in December 21/January 22. The process has been delayed due to Local Government elections of 1 November 2021 requests will be made to the City
			2(a) Development and implementation of the regionalised road proactive maintenance programmes.	31-Dec-21	The depots have a proactive plan for each region based on technical observations however we have an SOP in place for proactive maintenance.
			2(b) Appointment of Operational Manager: Road Assets Management Systems(RAMS)	31-Dec-21	The Operational Manager: Road Assets Management Systems has been appointed with effect from the 01 October 2021.
			3.1. Reduce usage of copper content in cables at traffic signals to make it less attractive to criminals.	Ongoing	Copper cables are being replaced with aluminium cables; the new installation of cables will also include concrete.
			4.1. Rehabilitation of open Stormwater channels and catchments programmes	31-Mar-22	To be requested.
5.1. Development and implementation of the Automated system to manage Wayleave.	31-Mar-22	Wayleave system was commissioned by the City and hence developed by a consultant this system runs on a Sap system platform hence cannot be connected or implemented right away until SAP is installed in the JRA			

2	Governance failures	High	<p>1.1. Conduct quality management/system awareness.</p> <p>31-Dec-21</p>	<p>1.1 Quality awareness roll out plans and measurable indicators finalised. Quality write-ups are considered primary means of awareness's communications, where practical face to face sessions will be held. Online communication platforms and posters will be explored for targeted groups to reduce mitigate COVID-19 cross infections. The Quality Policy pledge was developed carrying the quality objectives and management commitment message, pledging employee commitment to delivery of quality outputs. Two (2) quality write-ups were finalised, to be branded and published at the end of the 2nd quarter, the discussion topics pertain to Cost of Poor Quality and Process Approach to Operational Effectiveness. Quality Awareness sessions held at Regions D and F.</p> <p>1.2 Non-conformance management procedure to be communicated to all employees and supplemented by quality awareness write-up on non-conformance management and corrective actions, and quality improvement tools discussed to provide broader understanding and application of the procedure. Nonconformities, upon identification are reported to respective departments and follow-ups made. A total of 142 site visits were conducted, activities sampled were Skoffeling, Road Riding Surface, Erect Signs, Erect Traffic Poles and Potholes. A sample was drawn across Region F (87 sites), Region A (43 sites) and Region E (12 sites) completed work orders. Nonconformities are escalated to HoDs if the managers have failed to provide remedial actions or</p>
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				accesses controlled and have security guards. All new employees are requested to sign the code of Conduct. revised ethical conduct has been submitted to LLF for consultation
			31-Dec-21	16 Access control books have been delivered in all Depots and the monitoring is going.
			31-Dec-21	Hotline has been added to the Organisational website. Ongoing. Awareness messages are circulated and erected throughout the building.
				To be requested
			Ongoing	In the quarter under review, no investigations report/s was tabled at the board for. On-going. Compliance Policy and SOP has not been approved and currently tabled at LLF for consultation
			30 Sep-21	Departments nominated officials for the bid committee training, the training on bid committees was held on the 27 May 2021.
			Ongoing	310(192 brand new and the rest refurbished) laptops have been allocated to officials to enable them to work from home, The IT department through the SCM unit is in the process of procuring additional laptops and desktops through SITA contracts. These additional tools of
5	Weakened workforce due to high exposure to Covid-19 virus	Very High		

				trade will enable users working remotely or from home.
		2.1. Procurement of additional Covid-19 PPE for the employees	Ongoing	All specifications for the PPE were submitted to SCM and Logistics for procurement. The department is waiting for the SCM processes to unfold.
		2.2. Deep Cleaning of the Head office and the Depots twice a month.	Ongoing	The proactive deep cleaning is being done on regular basis and where there is positive case reported deep cleaning is conducted immediately.  Employees are encouraged to stay home and seek medical attention when they show signs and symptoms similar to Covid -19. There are no waiting rooms for employees showing signs of Covid-19
		3.1. Conduct health screening for all JRA employees	Ongoing	All employees and visitors are screened when visiting the Head office and other facilities.
		3.2. Provision of awareness sessions to staff regarding free testing at Co.J Clinics	Ongoing	Department of Health has given access to a variety of IEC material presented in the 9 official languages of South Africa. Through this channel, multi-lingual posters were accessed and shared with the depots.
		3.3. Provision of awareness on Socio and Physiological support to employees and their immediate families.	Ongoing	Continuous communication is done, with special attention given to the depots. The depot-based Wellness Champs use social platforms to further educate the JRA community of the benefits of the hotline.
6	Poor quality of work	1. Drafting of strict specification to obtain the suitable suppliers	Ongoing	Drafting of strict specification to obtain the suitable suppliers

7	Internal work - Projects		2. Establish quality control office - implement quality tests for all capital projects and sampled maintenance works	31-Dec-21	Establish quality control office - implement quality tests for all capital projects and sampled maintenance works
7	Ineffective Business Continuity Management system	Medium	<p>1. Development of BCM Policy and Framework.</p> <p>2. Attendance of BCM training by the Risk Management Officials</p> <p>3. Review of the BCM Plan to be in line with the critical functions of the Entity</p> <p>4. Testing of selected functions of the BCM Plan.</p> <p>5. Testing of disaster recovery plan</p>	<p>30-Sep-21</p> <p>31-Dec-21</p> <p>31-Mar-21</p> <p>31-Mar-21</p> <p>31-Dec-21</p>	<p>The BCM Framework has been developed and approved by AFRIT on the 14 July 2021, The BCM policy has been drafted still awaiting presentation to LLF forum before submission to AFRIT for approval.</p> <p>The Risk Management Unit is currently in the market looking for an appropriate BCM course which will cater for the needs of the Organisation.</p> <p>The reviewing of the BCM programme is currently at stage 4 out of 6, which is the design stage.</p> <p>The testing will be conducted once the review BCM programme has been completed.</p> <p>The DRP was tested on the 04 December 2021.</p>
8	Failure to recruit and retain scarce and professional skills	Medium	1. Head hunting of scarce skills professionals through the Recruitment panels.	Ongoing	<p>Four Occupational Nurses posts were filled through the head hunting for period under review.</p> <p>The HCD has implemented scarce skills allowance at Traffic Signal. This is based on benchmark processes with similar entities. The Scarce Skills allowance is based on JRA policy.</p>
9		Very High	1. Appointment of Assistant Manager: Records and administration.	31-Dec-21	The shortlisting and interview processes were delayed.

	Loss, damage and difficulty in retrieving records		2. Appointment of two fixed contracts for Records Management	31-Dec-21	The advert was approved on 21 October 2021 and will be advertised at any time.
			3. Implementation of the Record plan	Ongoing	Not yet fully implemented. This requires that the department be capacitated. A position for the Assistant Manager was advertised and request for fixed term Records Manager submitted. There is a capital project for the Records, Admin, Registry and archiving planned for this financial year.
10	Cyber-attack, data fraud and data theft	High	Improvements on the network perimeter by using firewall and also having a DMZ on the perimeter firewall	31-Mar-22	The tender document for the firewall and anti-virus was approved by BSC on the 29th of November 2021 and is now awaiting approval from the CEO.
			Improvement on end – user security training.	30-Sep-21	The awareness on IT security was done through the sharing of presentation on the internal communication of the organisation.
			Deploying a mobile device manager to be able to wipe out the data in the event that the device gets stolen.	31-Mar-22	The tender document for the firewall and anti-virus was approved by BSC on the 29th of November 2021 and is now awaiting approval from the CEO.
			Improving the anti-virus of the end – user devices. Deploying a mobile device manager to be able to wipe out the data in the event that the device gets stolen.	31-Mar-22	The tender document for the firewall and anti-virus was approved by BSC on the 29th of November 2021 and is now awaiting approval from the CEO.

Annexure I

**Annexure I: Quarter 2 Performance against the Service Standards**

KPA	KPI No	KPI	Q2 Target	Q2 Actual Performance	Year-to-date	Comments on non-achieved	Mitigations/Action on plans	
JRA Customer Charter Standards	1	% of damaged / missing road barriers or guardrails repaired from when a valid call is logged.	40% within 14 days.	Total received with the period: 1606.8 Total repaired within 14 days 1554.8 (96.76%)	Total received with the period: 2667,76 Total repaired within 14 days 2585,76 (96.93%)	Achieved	N/A	
			60% within 20 days.	Total repaired within 20 days 1556.8 (96.89%)	Total repaired within 20 days 2587,76 (97.00%)			
			80% within 30 days.	Total repaired within 30 days 1556.8 (96.89%)	Total repaired within 30 days 2602,76 (97.56%)			
	2	% of blocked storm water kerb inlets (KI's) repaired from when a valid call is logged.	40% within 14 days.	Total received with the period: 662 Total repaired within 14 days 400 (60.42%)	Total received with the period: 1093 Total repaired within 14 days 713 (65.23%)	Not Achieved	Not Achieved	Not achieved due to inclement weather and closure during December period.  The contract expired and JRA was utilising rentals which was not adequate Rotations are being utilised in terms of the jetting machine
			60% within 20 days.	Total repaired within 20 days 400 (60.42%)	Total repaired within 20 days 722 (66.06%)			
			80% within 30 days.	Total repaired within 30 days 405 (61.18%)	Total repaired within 30 days 739 (67.61%)			

KP	KPI No	KPI	Q2 Target	Year-to-date	Q2 Actual Performance	Comments on non-achieved
A	3	40% within 14 days.	Total received with the period: 61 Total repaired within 14 days 32 (52.46%)	Total received with the period: 117 Total repaired within 14 days 62 (52.99%)	Not Achieved	There is no contract currently in place for the replacement of manhole covers. The Manhole cover contracts was advertised and currently at evaluation
		60% within 20 days.	Total repaired within 20 days 32 (52.46%)	Total repaired within 20 days 62 (52.99%)		
		80% within 30 days.	Total repaired within 30 days 33 (54.10%)	Total repaired within 30 days 66 (56.41%)		
4	4	40% within 14 days.	Total received with the period: 4410 Total repaired within 14 days 4356 (98.78%)	Total received with the period: 7947 Total repaired within 14 days 7116 (89.54%)	Achieved	N/A
		60% within 20 days.	Total repaired within 20 days 4372 (99.14%)	Total repaired within 20 days 7352 (92.51%)		
		80% within 30 days.	Total repaired within 30 days 4373 (99.16%)	Total repaired within 30 days 7364 (92.66%)		
5	5	40% within 14 days.	Total received with the period: 13211 Total repaired within 14 days 9089 (68.80%)	Total received with the period: 28470 Total repaired within 14 days 17452 (61.30%)	Not Achieved	This activity was not achieved due to inclement weather condition and due to closure of the December period. JRA was operating utilizing standby teams during the
		60% within 20 days.	Total repaired within 20 days 9560 (72.36%)	Total repaired within 20 days 18720 (65.75%)		

<sup>2</sup> Phakama, Hotline, Internal JRA Staff, Urban Regional Inspectors (from Regional Directors Office), JRA Inspectors

		80% within 30 days.	Total repaired within 30 days 9762 (73.89%)	Total repaired within 30 days 20224 (71.04%)		December period to ensure road safety.
6	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	40% within 24 hours.	Total received 130 Total repaired 118 (90.77%)	Total received 361 Total repaired 335 (92.80%)	Achieved	To appoint contractors to deal with the backlog and JRA [Internal teams] will concentrate on new service requests.
		60% within 48 hours.	Total received 130 Total repaired 130 (100%)	Total received 361 Total repaired 359 (99.45%)		
		80% within 7 days.	Total received 130 Total repaired 130 (100%)	Total received 361 Total repaired 361 (100%)		
7	% of reported damaged traffic signal poles repaired/ from when a valid call is logged	40% within 14 days.	Total received 46 Total repaired 45 (97.82%)	Total received 123 Total repaired 122 (99.18%)	Achieved	N/A
		60% within 20 days.	Total received 46 Total repaired 46 (100%)	Total received 123 Total repaired 123 (100%)		
		80% within 30 days.	Total received 46 Total repaired 46 (100%)	Total received 123 Total repaired 123 (100%)		

**Annexure J: ICT Disaster Recovery Inadequacies and Corporate Governance**

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT			
No	Findings	Management Comment and Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	New Action Plan Responsible person Implementation date	Auditor's comments / Further Recommendations
1	<p>The following were noted as not adequately addressed in the DRP:</p> <ul style="list-style-type: none"> <li>• The DRP notes the existence of an overall BCP. However, it was noted that the link(s) between the BCP and DRP is not clearly defined.</li> <li>• Annexure Q is server restore checklist. However, it was noted that it is a checklist to show the priority in which the servers have been restored not how it has been restored.</li> <li>• Scenario analysis (Section 16 of the DRP) does not appear to cover all categorisations of incidents. It only covers the following:               <ul style="list-style-type: none"> <li>o Flood/Fire/Sinkhole</li> </ul> </li> </ul>	<p><b>MANAGEMENT COMMENTS:</b></p> <p>Management partial agrees with the finding.</p> <p><b>Action Plans:</b></p> <ul style="list-style-type: none"> <li>• The DRP makes clear reference to the BCP where the BCP needs to be referenced. For an example:               <ul style="list-style-type: none"> <li>o in section 14.1, it is stated that in an event when a disaster was to happen the first person to be contacted is the business continuity co-ordinator.</li> </ul> </li> <li>o Section 14.2 also refers to the business continuity plan in terms of communication in the event of a disaster.</li> </ul>	<p><b>Resolved</b></p>	<p>The DRP makes clear reference to the BCP where the BCP needs to be referenced. For an example:</p> <ul style="list-style-type: none"> <li>• In section 14.1, it is stated that in an event when a disaster was to happen the first person to be contacted is the business continuity co-ordinator.</li> <li>• Section 14.2 also refers to the business continuity plan in terms of communication in the event of a disaster.</li> <li>• The contacts of the business continuity co-ordinator are also included in the DRP</li> <li>• In Annexure B the BCP management team is also included.</li> <li>• Annexure Q will be amended to include the method on how to restore the services and updated to</li> </ul>	<p>N/A</p>

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT		
No	Findings	Management Comment and Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	Auditor's comments / Further Recommendations
	<ul style="list-style-type: none"> <li>o Cyber-attack</li> <li>o Labour/political unrest</li> <li>o Power disruption." <ul style="list-style-type: none"> <li>• There is mention of a communication plan (Section 13.2). However, this is not adequately documented as it does not detail how communication in a disaster situation is supposed to be handled.</li> <li>• The overall BCP teams have been defined (Section 14). However, it is not clear who the DR team members are (Annexure A and B).</li> <li>• The following were not addressed in the DRP: <ul style="list-style-type: none"> <li>o Performance monitoring</li> <li>o Capacity planning</li> <li>o Asset management</li> <li>o Patch application and tracking</li> <li>o IT employee considerations</li> <li>o Hardware fault tolerance for critical systems (i.e., Single points of failure)</li> <li>o PBX failure</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Annexure Q will be amended to include the method on how to restore the services and also updated to reflect the current changes in the environment.</li> <li>• The scenario analysis will be updated as per the internal audit recommendations and industry best standards.</li> <li>• A communication procedure will be documented as per internal audit recommendations.</li> <li>• The DRP team members will be included as per the internal audit recommendation.</li> <li>• The risks identification will be updated as per the internal audit recommendations and industry best standards.</li> <li>• The DRP will be amended with the technical details regarding voice communication.</li> <li>• The contacts for Vodacom, MTN, MTC and Telkom will be included.</li> <li>• In Section 13 in the DRP it does state that the DRP will be tested quarterly and as such the document will be amended quarterly after the completion of the test as and when required.</li> <li>• The backup and alternate site are managed services and JRA will enforce</li> </ul>	<ul style="list-style-type: none"> <li>reflect the current changes in the environment.</li> <li>• The scenario analysis will be updated as per the internal audit recommendations and industry best standards.</li> <li>• A communication procedure will be documented as per internal audit recommendations.</li> <li>• The DRP team members will be included as per the internal audit recommendation.</li> <li>• The risks identification will be updated as per the internal audit recommendations and industry best standards.</li> <li>• The DRP will be amended with the technical details regarding voice communication.</li> <li>• The contacts for Vodacom, MTN, MTC and Telkom will be included.</li> <li>• In Section 13 in the DRP it does state that the DRP will be tested quarterly and as such the document will be amended quarterly after the completion of the test as and when required.</li> <li>• The backup and alternate site are managed services and JRA will</li> </ul>	

INFORMATION FROM AUDIT FINDING		INFORMATION OBTAINED DURING FOLLOW-UP AUDIT BY INTERNAL AUDIT			
No	Findings	Management Comment and Action Plans Responsible Person Implementation Date	Status and progress on implementation of Action Plan	New Action Plan Responsible person Implementation date	Auditor's comments / Further Recommendations
	<ul style="list-style-type: none"> <li>o Threat of inadvertent cable cuts NOTE: these would have been addressed in the risk assessment section.</li> <li>• Voice communication (Section 14.2.1): the connectivity team is also responsible for restoring voice communication systems. However, these systems have not been defined in the DRP.</li> <li>• Contacts for Metrofile have been included (Annexure C). However, other third-party contacts have not been included (see SLA Review gaps).</li> <li>• DRP Testing and review has not been adequately documented as it does not show how frequently it should be reviewed (Section 17).</li> <li>• The following security considerations have not been addressed in the DRP: <ul style="list-style-type: none"> <li>o Security over the backup process was not included in the DRP.</li> </ul> </li> </ul>	<p>security compliance in the SLA with the third parties.</p> <p><b>Responsible person:</b> IT Ops Manager</p> <p><b>Implementation date:</b> 30 June 2022</p>		enforce security compliance in the SLA with the third parties.	

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	<ul style="list-style-type: none"> <li>o Intrusion detection has not been addressed in the DRP in terms of how it will be addressed at the alternate sites.</li> <li>• The backup regime lists all systems being backed up excluding the following as noted in the BIA (Annexure D):               <ul style="list-style-type: none"> <li>o Remote Monitoring System</li> <li>o Intersection Controllers</li> <li>o Traffic Signalling Control Software</li> <li>o COIDA</li> <li>o National Atmospheric Omission System</li> <li>o Smart Traffic System</li> <li>o Intelligence Traffic System</li> </ul> </li> </ul>				
2	<ul style="list-style-type: none"> <li>• Backup frequencies are not clearly linked to the BIA Document as this is relevant for measuring effectiveness of the RPOs and RTOs.</li> <li>• There is no indication to show that the DR site specifications meet the requirements of the JRA as stipulated in the BIA.</li> </ul>	<p><b>MANAGEMENT COMMENT</b></p> <p>Management is in agreement with the finding.</p> <p><b>Action plan:</b></p> <p>The Backup procedure will be updated, and the recommendations will be incorporated in the updated document.</p>	<p><b>Not yet due</b></p>	<p>The Backup procedure is based on the backup solution that is currently being used by the IT department. Currently the IT department is in between backup solution as they have gone out on tender to get a new solution. Due to the fact that the department is in between solution the backup procedure cannot be updated as yet. Once the tender has been</p>	

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	<ul style="list-style-type: none"> <li>Responsibility for backups have not been defined.</li> <li>Process for dealing with failed backups has not been defined.</li> <li>Documented procedures are not adequate as the backup section does not provide procedures on the backup process and restoration thereof.</li> </ul>	<b>Responsible person:</b> IT Ops Manager  <b>Implementation date:</b> 30 June 2022		appointed and a backup solution has been deployed in the environment the backup procedure will then be updated.	
<b>3</b>	<b>GOVERNANCE FUNCTIONAL AREAS</b>				
	<b>Principle 11:</b> 4.1 There is no evidence that an independent assurance on the effectiveness of risk management was done.	<b>MANAGEMENT COMMENTS</b>  Management is in agreement with the finding.  <b>Action Plan:</b> A report will be drafted and be tabled at the IT Steering Committee where the frequency period for the governance assessment will be defined. The report will serve as an addendum to the IT Governance Framework.  A questionnaire will be designed and submitted to the AFRIT (Audit, Finance, Risk and IT) committee annually in order	<b>Not yet due</b>	The addendum has been tabled in the IT Steering Committee that sat on the 30 <sup>th</sup> of September 2021.  The questionnaire has been designed and will be submitted to AFRIT for approval.	

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		<p>to ensure that the IT department is still delivering the organisation's requirements</p> <p><b>Responsible person:</b> IT Ops Manager</p> <p><b>Implementation date:</b> 31 December 2021</p>			