

**JOHANNESBURG ROADS AGENCY SOC (LTD)**

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

**INTEGRATED REPORT**

**2019/2020**

**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 us  
communities.

**Mobility Made Easy.**

Approval

 Hilda Ndiweni Acting Chief Financial Officer	Date: <u>26/03/2021</u>
 S. Monakedi Chief Executive Officer	Date: <u>26/03/2021</u>
 Dr. Albert Mokoena Chairperson of the Board	Date: <u>26/06/2021</u>
 Nonhlanhla Helen Makhuba MMC: Transport	Date: <u>29/03/21</u>

JRA Values

<b>Respect</b>	Caring for customers, prioritising communities, ensuring equity.
<b>Accountability</b>	The man in the mirror, responsible actions.
<b>Ubuntu</b>	Compassion for communities and road users, empathy, humility.
<b>Cooperation</b>	Working together, integration, collaboration and pooling resources.
<b>Honesty</b>	Ethics, transparency, doing the right thing.

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i. **Acronyms and abbreviations**

Acronym	Meaning		Acronym	Meaning
	Annual Financial Statements	Audit, Finance, Risk & Information Technology		
AFS	Annual Financial Statements		IFRS	International Financial Reporting Standards
AFRIT	Audit, Finance, Risk & Information Technology			International Financial Reporting Standards
AGM	Annual General Meeting		JDE	JDE Accounting System
BEE	Black Economic Empowerment		JSIP	Johannesburg Strategic Information Platform
B-BBEE	Broad Based Black Economic Empowerment		KING IV	Code on Corporate Governance
BOQ	Bill of Quantities		MFMA	Municipal Financial Management Act
CAPEX	Capital Expenditure		MMC	Member of the Mayoral Committee
GFIS	Group Forensic Investigation Unit		MISA	Municipal Infrastructure Support Agency
COBIT	Control Objectives for Information Technology		MSA	Municipal Systems Act
CoJ	City of Johannesburg		NED	Non-Executive Director
CSR	Corporate Social Responsibility		NMT	Non-motorised transit
DDR	Detailed Design Report		NSDS	National Skills Development Strategy
EAP	Employee Assistance Programme		OHASA	Occupational Health and Safety Act
EE Act	Employment Equity		OPEX	Operational Expenditure
EFF	External Finance Fund		PAYE	Pay as You Earn (tax)
EFT	Electronic Financial Transfer		PDR	Preliminary Design Report
EMT	Executive Management Team		PMD	Performance Management and Development Policy
EPWP	Expanded Public Works Programme		REMSEC	Remuneration, Social and Ethics Committee
FDP	Financial Development Plan		RITC	Risk and IT Committee
FICA	Financial intelligence Centre Act		RFQ	Request for Quotation
FY	Financial Year		RO	Regional Operations
GAC	Group Audit Committee		SCM	Supply Chain Management
GDS	Johannesburg 2040 Growth and Development Strategy		SDBIP	Service Delivery and Budget Implementation Plan
GFIP	Gauteng Freeway Improvement Programme		SMMEs	Small Medium Micro Enterprises
GRAP	Generally Recognised Accounting Principles		SOE	State Owned Enterprise
GRAS	Group Risk and Assurance Services		SOP	Standard Operating Procedures
GTAC	Government Technical Advisory Centre		SOW	Scope of Work
IDP	Integrated Development Plan		UIFW	Unauthorised, Irregular as well as Fruitless and Wasteful
ITS	Intelligent Transport System		UPS	Uninterrupted Power Supply
IIRC	International Integrated Reporting Council		USDG	Urban Settlements Development Grant
IFRS	International Financial Reporting Standards		VAT	Value Added Tax
ICT	Information, Communication and Technology			

**ii. About this report**

Johannesburg Roads Agency (SOC) Ltd, is pleased to present its Integrated Report for the period 1 July 2019 to 30 June 2020. Our reporting continues to evolve with the Company's strategic focus, operational priorities and organisational thinking, helping us maintain strategic alignment and responsiveness to stakeholder concerns. This report communicates;

- our performance in 2019/20;
- the material aspects impacting our ability to create and sustain long-term value;
- how our governance structures enable attainment of strategic objectives and motivate ethical business practices;
- our strategic and operational risks and how we manage them; as well as,
- our emerging risks in the context of our medium to long-term planning;

The report aligns to and is guided by best practice and principles of integrated reporting, contained in the;

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) (primary reporting framework);
- Municipal Finance Management Act (MFMA) Circular 63;
- Global Reporting Initiative (GRI-G4) – (General Standard Disclosures);
- King Code of Governance for South Africa (King IV);
- International Financial Reporting Standards (IFRS);
- Companies Act, No. 71 of 2008 (Companies Act); and,
- Broad-Based Black Economic Empowerment Codes of Good Practice.

**iii. Basis of preparation and presentation**

The Integrated Report reflects all relevant and material financial and non-financial information, to enable stakeholders to evaluate the performance and impact of the Johannesburg Roads Agency's operations. It presents a complete view of our company's performance and strategy, how we obtain feedback from stakeholders, that is material to our operations and strategic objectives and how this may influence the decision making of our stakeholders. It also demonstrates the oversight provided by the Board of Directors and how we align the sole shareholder, the City of Johannesburg Metropolitan Municipality.

Matters important to stakeholders are determined through extensive consultation with and consideration of the concerns raised by our stakeholders, taking account of our strategic objectives, assessment of risk and the way in which our value chain operates. Material matters are those that are both of high concern to stakeholders and which could have a significant impact on our ability to create value.

**iv. Our approach to materiality**

The 2019/20 Integrated Report provides information that we consider to be of material significance in creating short, medium and long-term value. The following internal and external criteria were used to identify material issues:

Table 1.1. Materiality table

Internal criteria	External criteria
City strategic objectives (IDP and GDS 2040)	Opportunities and challenges facing the JRA Alignment to national and provincial plans
JRA's strategic and operational risks	The JRA's reputation and influence on its strategy.
Outcomes of stakeholder engagements	Compliance to various legislative frameworks and best practice
The JRA's mission, vision and values	
The JRA's governance framework and policy environment	

We have identified the following material aspects for the 2019/20 reporting year, i.e. matters that are important and of interest to;

- Our Shareholder – how we are meeting our mandate, priorities and strategic objectives of the shareholder;
- Our customer and stakeholder interests – how service delivery, responsiveness and partnerships enable us to be relevant now and in the future;
- Our employees and organised labour – how we obtain organisational value by attracting talent, fostering innovation and building teams;
- Our suppliers and service providers – how we promote transformation, create jobs and growth in the Johannesburg economy; and,
- Our Communities, media and the general public – how we build social trust through ethical leadership and corporate citizenship.

Throughout, the report, we provide links and cross references between material aspects and other reporting elements, such as governance, our strategic response, our performance according to our Shareholder's Compact, our employees and our financial sustainability.

**v. Reporting boundary**

The 2019/20 Integrated Report covers the reporting period from 1 July 2019 to 30 June 2020. The boundary of this report incorporates the business units managed by Johannesburg Roads Agency in all the seven regions of Johannesburg in which the Company operates. We have provided financial and non-financial performance information for the period under review. Baselines for the previous financial year are provided to allow for comparison of performance information.

There have been no significant changes in scope or aspect boundaries during the reporting period, save for the progress made during the year. Where any restatements or changes in measurement methods have taken place, these are described in the

relevant sections of this report. The JRA Integrated Report is published annually and approved by the Board of Directors. The previous Integrated Report was approved by the JRA Board of Directors on November 29, 2019 for the period 1 July 2018 to 30 June 2019. The report is available on <http://www.jra.org.za>.

**vi. Assurance process for the integrated report**

We apply a combined assurance approach in the preparation of this report. The assurance model recognises three lines of defence, namely review by management, supplemented by internal and external assurance in order to optimise governance oversight, risk management and control. Internally, the Audit, Finance, Risk and Information Technology (AFRIT) Committee and the Board review the report and form their view of the adequacy of our risk management and internal controls. Externally, the report will be reviewed by the Auditor General and the Municipal Public Accounts Committee on behalf of the CoJ Council. Through Group Governance the report will be assessed by an external party and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

Table 1.2. Framework for integrated reporting

<b>Integrated Reporting Framework</b>	<b>MFMA Circular 63 Requirements</b>
Ethical Leadership and Corporate Citizenship	Member of the Mayoral Committee's Foreword/Statement and Executive Summary Report
Boards and Directors: <ul style="list-style-type: none"> <li>• Board independence;</li> <li>• Board reporting;</li> <li>• Board's performance;</li> <li>• Board Committees; and,</li> <li>• Director's remuneration</li> </ul>	Governance: <ul style="list-style-type: none"> <li>• Governance structures;</li> <li>• Intergovernmental relations;</li> <li>• Public Accountability Participation;</li> <li>• Supply Chain Management, by-laws, oversight committees;</li> <li>• Risk Management;</li> <li>• Anti-corruption and Fraud; and,</li> <li>• Disclosure of financial interests</li> </ul>
Audit Committees: <ul style="list-style-type: none"> <li>• Finance competence; and,</li> <li>• Audit Committee Performance</li> </ul>	Service delivery
The Governance of risk	Organisational performance
Compliance with laws, codes, rules and standards	Financial performance
Internal Audit <ul style="list-style-type: none"> <li>• Internal Audit function</li> <li>• Internal controls</li> </ul>	Appendices, Annual Financial Statements
Governing stakeholder relationships	
Integrated reporting disclosure <ul style="list-style-type: none"> <li>• Financial disclosure</li> <li>• Sustainability disclosure</li> </ul>	
Integrated reporting philosophy	

**vii. Feedback on this report**

Your feedback on our Integrated Report is welcome, to help us continue to disclose information that is relevant to all our stakeholders. Should you wish to provide written feedback or obtain further clarity on specific issues disclosed in this report, please email [tlushozi@jra.org.za](mailto:tlushozi@jra.org.za)

**viii. Statement of responsibility**

The Board of Directors applied themselves to ensure the integrity of the 2019/20 Integrated Report. They have considered the completeness of the material aspects addressed in the report, and the reliability of reported performance information presented, based on the combined assurance process followed.

Accordingly, the Board of Directors is satisfied that the 2019/20 Integrated Report provides a fair representation of the performance of the Company during the year. The Integrated Report was approved by the Board of Directors and signed on its behalf by the Chairperson of the Board, Dr Albert Mokoena.



**Dr Albert Mokoena**

**Board Chairperson**

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

### **Section 1: MMC Foreword**

As Member of the Mayoral Committee responsible for Transport in the City of Johannesburg, it gives me great pleasure to present the City of Johannesburg's Integrated Annual Report for 2019/20 financial year. As the transport portfolio, the 2019/20 financial year was a difficult one as we were adversely affected by the emergence of the Coronavirus (COVID-19) pandemic and the subsequent lockdown that negatively impacted the operations of the JRA and the City.

#### **Strategic alignment**

The Johannesburg Roads Agency (JRA) is an important service delivery agent for the achievement of the City of Johannesburg's long-term Growth and Development Strategy, its five-year Integrated Development Plan and annual Service Delivery and Budget Implementation Plan (SDBIP). In its planning and delivery, the JRA must demonstrate that it is aligned and informed by the strategic objectives of the City. In 2019/20 the JRA played an important role in the attainment of the strategic objectives of the Government of Local Unity.

JRA's mandate of providing road networks and related infrastructure, primarily the quality of roads and bridges, functioning traffic signals and safe storm water systems add value beyond the City of Johannesburg. It is also important for the Gauteng Provincial Government and National Government to contribute to the attainment of the National Development Plan objectives.

#### **Performance against IDP imperatives**

From an IDP perspective the Shareholder requires the JRA to focus on three important performance areas that are important for the attainment of the City's objectives on spatial transformation. These areas include the conversion of existing open storm water systems and storm water planning, the resurfacing of roads as well as the upgrading of gravel roads. To this end, I am pleased that in 2019/20 the JRA met its commitments to the City for these three critical performance areas. Furthermore, despite the effects of the COVID-19 pandemic and the implications of lockdown regulations, the JRA spent over 80% of its revised budget. As a result of this expenditure the JRA managed to create work opportunities and support several SMMEs and contribute positively to the City's objectives of job creation and SMME support. Through a system of MMC/Board Chairperson quarterly performance reviews, we have sought to ensure the JRA maintains focus on its performance objectives, with a level of success (see Chapter 3 for details on performance).

### **Corrective measures**

Regardless of the progress made in 2019/20, as MMC, I note that there continues to be room for improvement within the JRA. Some of the areas of focus include improving performance on service standards, establishing stability at an Executive Management level, improved communication and stakeholder engagement as well as transformative implementation of projects. The JRA must consolidate its gains and carry these into the 2020/21 financial year, by continuously improving service delivery and the provision of good quality road infrastructure.

Looking ahead, the JRA must develop recovery plans post the pandemic and in times of reduced lockdown levels. We must develop practical plans to ramp up service delivery (road maintenance) that has negatively been affected by the pandemic and lockdown restrictions.

### **Appreciation**

I would like to thank the Section 79 Committee on Transport for their oversight and holding us accountable at all times. I would also like to thank the Chairperson and the JRA Board, the Chief Executive Officer, Executive Management and staff of the JRA who continue to support the attainment of service delivery objectives that prioritise the mobility and safety of our people.

A handwritten signature in black ink, appearing to read 'HM Makhuba', is written above a horizontal line.

**Councillor Nonhlanhla Helen Makhuba**

**MMC: Transport**

## **Section 2: Board Chairman's Report**

The Johannesburg Roads Agency Board of Directors is pleased to present the Integrated Annual Report for the 2019/20 Financial Year.

### **COVID-19**

We concluded the year with the onset of the coronavirus (COVID-19) pandemic, this brought about a nation-wide lockdown that negatively impacted on the operations of the JRA and the City. Despite our best efforts towards implementing the recommended protocols, and providing Personal Protective Equipment (PPE) to employees in line with the guidelines, the JRA experienced several COVID-19 cases before year-end.

The JRA will continue to ensure that the welfare of its employees is well looked after by fostering adherence to COVID-19 safety protocols in the workplace. Appropriate work-from-home arrangements have been put in place to ensure the protection of the most vulnerable among our staff. We wish the infected a speedy recovery and continue to encourage the practice of physical distancing, washing of hands as well as the wearing of personal protective equipment at all times.

### **JRA's Contribution towards the City's GDS**

The City of Johannesburg's Growth and Development Strategy provides a strategic mandate to the JRA. The Strategy recognises that the roads infrastructure is critical for the creation of a liveable, sustainable and resilient Johannesburg. It recognises the need for commensurate investment in the development and maintenance of roads infrastructure for a sustainable promotion of economic development and growth. In pursuance of this, the JRA continues to support economic growth and expansion through capital infrastructure investment in roads and related infrastructure. In the process we have contributed positively to the City's Growth and Development Strategy, the integrated transport provincial Growth and Development Strategy as well as National Development Plan (NDP). As a Council-owned entity, our success is directly informed by and linked to value creation for the city, provincial and national economy. Despite the advent of the COVID-19 pandemic, the JRA continued to be a strategic entity in working towards the attainment of the City's Growth and Development Strategy 2040 objectives of creating a sustainable, liveable and resilient City through our infrastructure development initiatives.

### **Service Delivery Achievements**

I am pleased to report that the JRA generally met its performance objectives, more especially as it relates to the performance objectives contained in the Institutional Service Delivery and Budget Implementation Plan (SDBIP) of the City. Furthermore, the JRA made considerable progress on key infrastructure development priorities: we have successfully resurfaced 193.44 lane km; upgraded 21.48km of gravel roads to surfaced roads and converted 2.03km of open storm water drains to underground systems. These projects are essential for the overall provincial economy, the communities of Johannesburg that are prone to flooding, and those that require improved mobility in order to conduct their activities.

The JRA also began the process of conducting the next Visual Condition Index (VCI) assessment of its road infrastructure. To this end, the following inspections on major roads were completed as part of the latest Visual Condition Index roll out: Region B (270km); Region F (449km); Region G (284km); and Region C (371 km). This assessment will assist the JRA to determine its capital budget needs and infrastructure management demands.

During the COVID-19 hard lock-down period, the JRA was not categorised as an essential service and as a result, suffered reduced operating activity. Despite the reduced capacity in the final three months of the year under review, the JRA spent 82% of its revised capital budget against a revised target of 87% and achieved an operating budget expenditure of 91,3%.

The JRA, as with other City entities, has a responsibility to support SMMEs and to create job opportunities. To this end, the Company supported 90 SMMEs against a target of 70. The reduced capacity during the last quarter of the year contributed to the JRA creating only 560 EPWP jobs against a target of 800 jobs.

JRA continued to respond to service delivery requests such as the replacement and repair of damaged guardrails (over 17 000 proactive and reactive maintenance activities); requests to clear/clean blocked kerb inlets and pipes (over 100 000 requests); replacement of manhole covers (1408 replacements); over 9 000 traffic signs and poles were erected; 51 209 potholes repaired through temporary and permanent interventions. In order to improve mobility and reduce congestion on our roads, JRA revised traffic signal timings at 378 intersections against a target of 350.

#### **Corporate Governance**

The Board is the custodian of corporate governance matters at the JRA. I am pleased to report that the Board has provided the required leadership on corporate governance matters, matters of ethical conduct, the delivery of capital expenditure, stakeholder engagement and improving institutional performance. The Board has also intervened wherever necessary to protect the public image and integrity of the Company. As a Board, we are committed to the principles of transformation and economic empowerment. This is evident through the appointment of, and work allocation to, emerging contractors (Level 1 and 2 contractors) as well as our support for SMMEs.

#### **Board Matters**

In March 2020, the JRA welcomed the appointment of a new Board to oversee the implementation of the City's mandate for the JRA. I am pleased to state that the JRA is served by a strong, well-balanced, stable and independent board that has contributed to value creation within the JRA. The Board has individuals of diverse age and knowledge, who made a meaningful contribution to the Company.

#### **Appreciation**

I would like to thank the Executive Mayor, the MMC for Transport, the Group Governance Shareholder Representative and the City Manager for their continuous support to the JRA's efforts to meet its mandate.

I would like to express my appreciation to the Board of Directors for their vision and leadership. Together, we have ensured stability and progress at the JRA by collectively directing the company's affairs, while meeting the interests of our Shareholder and our stakeholders. I would also like to thank the Chief Executive Officer, Chief Financial Officer, the Executive Management Team and all staff for their work in the 2019/20 financial year.



**Dr. Albert Mokōena**  
**Board Chairperson**

### **Section 3: Chief Executive Officer's Report**

As Chief Executive Officer of the Johannesburg Roads Agency, I am pleased to present the Company's Integrated Report for 2019/20.

#### **Our Mandate**

The JRA is a Municipal Owned Entity of the City of Johannesburg charged with constructing and maintaining the City's roads and roads-related infrastructure on behalf of the City of Johannesburg Metropolitan Municipality. Our Integrated Report provides a platform to account to the Board and the Shareholder on our progress in relation to this mandate. This report provides the 2019/20 key achievements, challenges and the 2020/21 outlook for the Johannesburg Roads Agency.

#### **COVID-19**

We concluded the year with the advent of the coronavirus (COVID-19) pandemic and the subsequent lockdown that negatively impacted the operations of the JRA and the City. Within the JRA, we experienced a few COVID-19 cases and each time we activated the established protocols including the provision of required PPE for all employees. We wish the affected a speedy recovery and continue to encourage the practice of physical distancing, washing of hands as well as the wearing of personal protective equipment at all times. We also identified the most vulnerable staff members amongst us and ensured they are provided with the necessary support.

#### **Strategy and performance**

The advent of the COVID-19 pandemic and the subsequent lockdown has impacted the ability of the JRA to implement its main programmes of roads and roads-infrastructure development and maintenance. This is reflected in very little activity in our core areas of performance as reflected in Chapter 3 of the report. As a result, in the final quarter of the year, service delivery was negatively affected and adjustments had to be made to our performance objectives.

Despite this setback, at the end of the financial year, the JRA achieved a weighted performance score of 89.31% and a headcount score of 84.61%. The Company met adjusted targets on roads resurfacing (193.44 lane km); gravel roads upgraded to surfaced roads (21.48 km) and, the conversion of open storm water drains to underground systems (2.03km). Our gravel roads upgrade programme continued in areas such as Braamfischerville, Mayibuye, and Kaalfontein.

Bridge construction projects such as Spring Road Bridge, Joe Nhlanhla and Klipspruit Valley pedestrian bridges were initiated. Their completion was however delayed due to the advent of the pandemic and subsequent lockdown. Despite the reduction in infrastructure development and maintenance programmes which meant little opportunity to create significant number of short-term jobs, in 2019/20 the JRA supported 90 SMMEs and created 560 job opportunities.

Despite the slow-down in the last quarter of the financial year, from a service delivery perspective, the JRA met the following key service delivery milestones; 17 652 guardrails were replaced or repaired, 109 120 blocked kerb inlets were cleared, 1 266 manhole covers were replaced or made safe, 9 679 traffic signs and poles erected and 46 981 potholes repaired with temporary and permanent interventions.

### **Financial Performance**

The JRA adjustment operating budget for the 2019/2020 financial year is R1,4 billion. The annual operating expenditure and income is R1,287 billion (91,3%) and R1,397 billion representing income, thus income exceeding expenditure by R110 million. These amounts are in the Annual Financial Statements. The capital budget for the 2019/2020 financial year is R1,14 billion and the annual capital expenditure is R 934 million and represents 82% of the original capital budget.

### **Resolution of Audit Findings**

In the period under review, the JRA resolved 4 (36%) of the remaining 11 findings raised by the Auditor General (AG). As at the end of the year, the JRA has resolved 24 (77%) of the 31 findings that the AG raised in 2018/19 financial year and 75 (68%) of all (110) findings raised by Internal Audit. Through implementation of recommended actions and improved interaction with Internal Audit the JRA will continue to improve the resolution of both AG and Internal Audit findings.

### **Future outlook**

The approval of the JRA 2020/21 business plan has provided operational intent to take us into the next financial year. We are aware of our strategic challenges and believe we have the strategy and plans to face them and to take advantage of opportunities that may be present.

Considering that the pandemic and some lockdown measures may still be with us for the foreseeable future, the Executive Management at the JRA will implement recovery measures to deal with service delivery backlogs, while at the same time gradually increasing operations in line with the provided regulations and lockdown levels. This will allow the Company to ramp up performance with limited risk of infection to employees.

The focus remains to proactively respond to service delivery failures and the visual condition of City roads by implementing proactive maintenance and infrastructure development programmes.

### **Appreciation**

The 2019/20 financial year will be remembered as a difficult year. I would like to thank all employees that continued to deliver on their functions. I would also like to extend my appreciation to the Board and the MMC for their leadership.



**S. Monakedi**  
**Chief Executive Officer**

#### Section 4: Chief Financial Officer's Report

The purpose of this report is to present the high level financial performance for the Johannesburg Roads Agency for the period ending 30 June 2020.

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

The JRA adjustment operating budget for the 2019/2020 financial year is R1,4 billion. The annual operating expenditure and income is R1,287 million (91,3%) and R1,397 billion representing income exceeding expenditure by R110 million. These amounts are in the Annual Financial Statements

The capital budget for the 2019/2020 financial year is R1,14 billion and the annual capital expenditure is R 934,5 million and represents 82% of the original capital budget.

The table 1.3. below illustrates five key ratios for the period under review in line with the Financial Development Plan (FDP) of the City of Johannesburg.

Table 1.3. Profitability and sustainability ratios

KEY RATIO	Target FDP	June 2020
Current ratio	1	2.2
Solvency	2	2.3
Debt to Revenue	45%	6%
Interest to Operating Expenditure	7%	0%
Remuneration to Operating Expenditure *	30%	58%
Road and Traffic Signal personnel costs for repairs & maintenance - Direct costs **	Nil	35%
Administrative personnel costs - Indirect costs ***	Nil	23%

The entity has a positive current ratio and the ratio also met the FDP target in the current year. The solvency ratio of 2,3 is slightly above the FDP target of 2. The entity however, is solvent for the year ended 30 June 2020. The JRA has also improved in the expected collection of debtors' money on a timely basis and ensure that all debtors payments are up to date, save for a few ageing debts that were written off with Board approval. The financial position has improved significantly over the past five years. The long-term debt borrowings and the related interest costs are well within targets following the elimination of the overdraft in 2014 which negatively affected the cash flows in the past financial years.

The target on employee costs remains elusive primarily because of the business model of the JRA which sees employee costs made up of operational departments who

generally work on road repairs and maintenance programmes. The proper allocation of these employees' costs (excluding employee costs for road and traffic signal maintenance) results in the ratio reducing to 23% of total expenditure. The company is labour intensive and is made up of large internal teams for road and traffic signal maintenance. Also included under employee costs is the "insourcing" cost of the security and cleaning staff, which is 58% of the total operating expenditure for the financial year.

The current intercompany sweeping balance is a positive balance of R 669, 283 million as compared to a positive 30 June 2019 balance of R474, 675 million . JRA earned R18,3 million on the positive COJ bank balance for the financial year. The JRA Developers Contribution bank account of R375,522 million was transferred to the City of Johannesburg on 30 June 2020 and is shown as part of the intercompany sweeping balance and earned interest of R19 million. The related party debtors of the JRA are at R487,3 million at the end of June 2020 as compared to R631 million as at 30 June 2019.

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 annual performance the Company remains solvent and will meet its financial obligations.



**Hilda Ndiweni**

**Acting Chief Financial Officer**

### **Section 5: Corporate Profile and Overview of the entity**

The Johannesburg Roads Agency (JRA) (herein referred to as the Company /Entity) is a state-owned entity that was established by the City of Johannesburg (CoJ) in 2001. The primary mandate of the JRA is the design, construction and maintenance of roads and storm water infrastructure. As a service delivery agent of the City of Johannesburg the JRA has a socio-economic responsibility of balancing available public funds and the service requirements of the rate payers and road users of Johannesburg.

The JRA's corporate strategy (JRA 2022) and annual business plan are informed by extensive consultation and alignment with the City's strategic imperatives, which in turn inform JRA's targets and outcomes. These are directly linked to the City's long-term Growth and Development Strategy (GDS 2040), the medium-term integrated Development Plan (IDP) and the annual Service Delivery and Budget Implementation Plan (SDBIP) [www.joburg.org.za](http://www.joburg.org.za).

#### **4.1. Overview of Governance and accountability framework**

The JRA is a municipal entity under the Department of Transportation. It accounts to the Member of the Mayoral Committee (MMC) responsible for Transportation, who, together with the Section 79 Committee on Transportation provide political oversight. The JRA operates within the Economic Growth Cluster, to enabling improved coordination and integration of all economic growth-related interventions. The Shareholder (the City of Johannesburg) appoints and mandates the Board of Directors to execute the strategic imperatives and performance objectives expected of the entity as contained in the Shareholder Compact. The governance and accountability framework for the JRA is illustrated below:

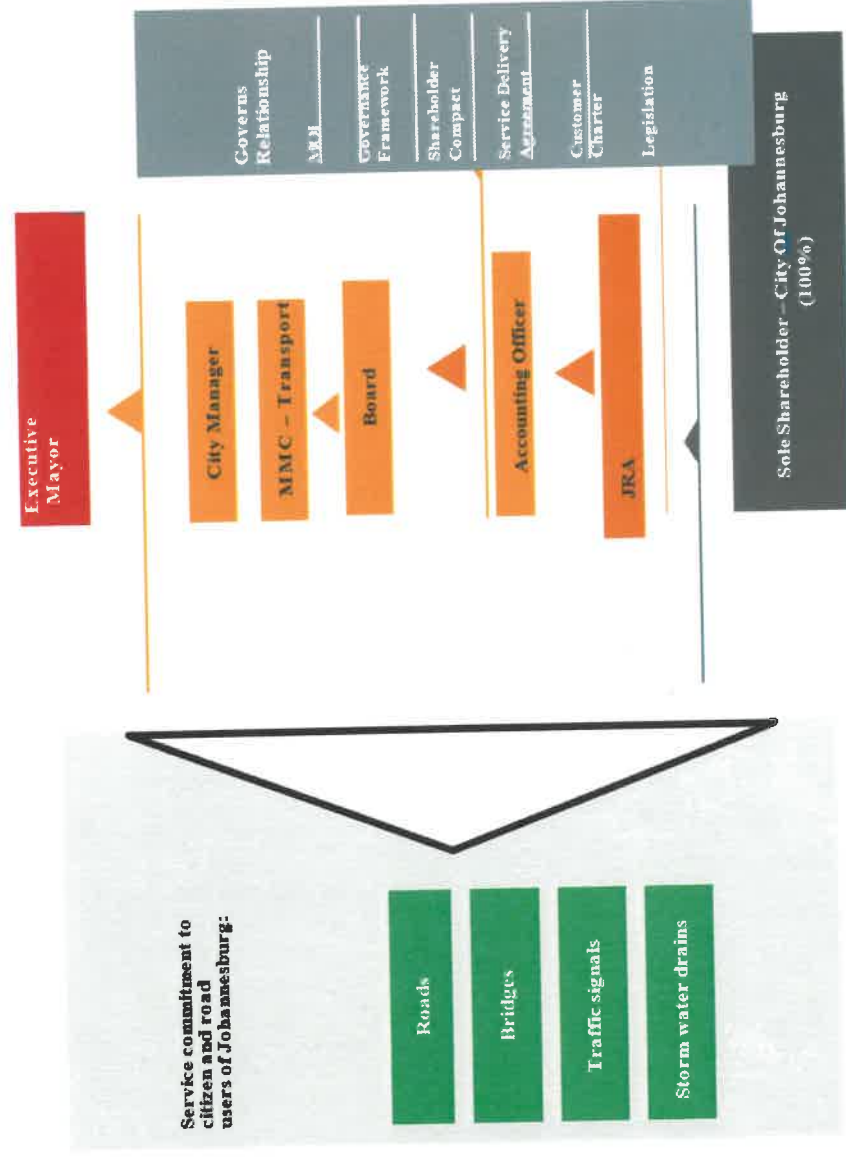


Figure 1.1. Governance and accountability framework of the JRA

**Section 5: Strategic Objectives**

In 2019/20 the JRA reviewed its strategic objectives to determine priorities aligned to and informed by the City of Johannesburg’s long-term (Growth and Development Strategy), medium-term (Integrated Development Plan) and short-term priorities (Service Delivery and Budget Implementation Plan (all available <http://www.joburg.org.za>). These enable the JRA to execute its core business of design, construction and maintenance of roads and storm water infrastructure while also achieving the shareholder’s mandate. Table 1.4. below illustrates how the JRA is aligned to the 2019/20 CoJ IDP Priorities.

Table 1.4: Alignment of JRA strategic plans to CoJ strategy

IDP Outcomes	Mayoral Priorities	Our Programmes
#1: Improved quality of life and development-driven resilience for all.	Priority 1: Integrated human settlements.	<ul style="list-style-type: none"> <li>○ Road resurfacing and reconstruction</li> <li>○ Bridges 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	Priority 3: 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	Priority 4: Job opportunity and creation Priority 8 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	Priority 1: Good governance Priority 2: Financial sustainability Priority 10: 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>

### 5.1. The Business Model of the JRA

The JRA is a service delivery agent for the City of Johannesburg. While we seek to maximise on revenue generating opportunities, our primary objective is our socio-economic responsibility, i.e. to obtain maximum value from the available public funding so that we can meet the service requirements of the ratepayers, and road users of the City. This is done to meet national, provincial and local government strategic objectives and stakeholder needs. The JRA achieves this through a service delivery model based on a mixture of in-sourced and out-sourced functions with the Company.

Development of new infrastructure (capital projects), which include construction, reconstruction and rehabilitation projects, are outsourced to service providers who are overseen and monitored by an in-house Infrastructure Development Department. Day to day maintenance of roads and related infrastructure is primarily an insourced function provided by regional operations department, supplemented by service providers appointed in terms of the JRA's procurement policies. Our collective outputs are good quality and well-maintained road, bridge and storm water infrastructure and functional traffic systems. This model is illustrated in Figure 1.2 below.

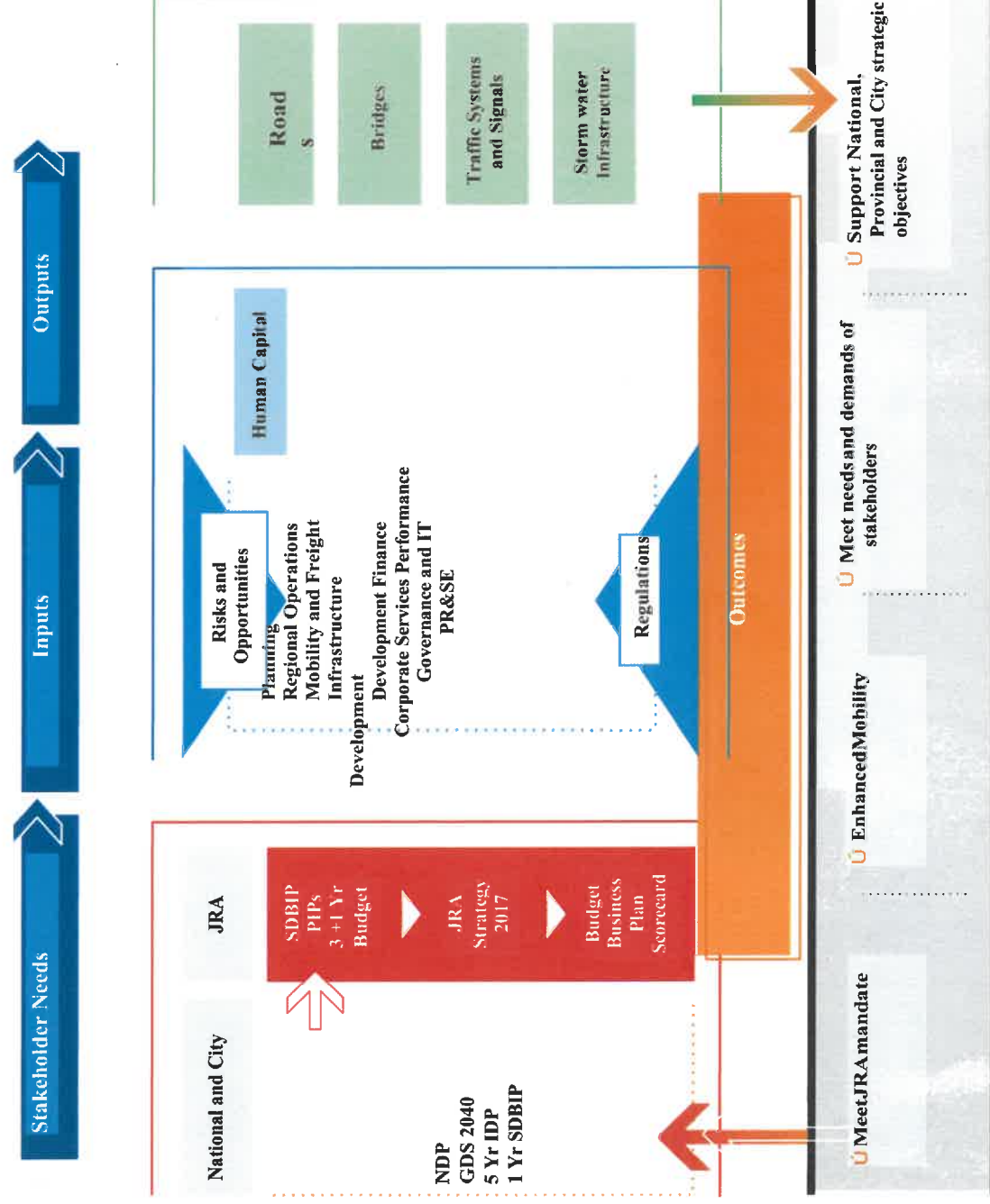


Figure 1.2. The business model of the JRA

### The JRA's Value Creation Model – Our Value Proposition

As a municipal-owned Company, our overarching value proposition is founded in our Shareholder mandate and enabled through the Shareholder Compact / Service Level Agreement. This mandate is the development and maintenance of Johannesburg's roads and related infrastructure through strategic investment in roads resurfacing, gravel roads upgrades, traffic signals and related storm water infrastructure. We are also required to pursue a transformative agenda that will enable economic development and support of small to medium scale enterprises.

As a municipal owned Company, the City's consultation processes with its shareholder, and stakeholders inform what the JRA offers to its shareholder, stakeholders and customers, both private and public. It also informs the resources it uses, the activities and partners that help the JRA achieve these priorities, and finally, how the JRA earns its money.

As a service delivery agent for the City of Johannesburg, we have a socio-economic responsibility to balance the available public funding and the service requirements of the rate payers, and road users, of Johannesburg. Our annual business plan is informed by extensive public and stakeholder consultation, which contributes to factors that inform the JRA's budget requests to the Shareholder.

The City of Johannesburg prioritises these needs and allocates a multi-year budget backed by an annual service delivery and budget implementation plan. This in turn informs Company targets and outcomes, the implementation, monitoring and evaluation thereof, which feeds back into the on-going consultative processes to complete the cycle. This is the process the JRA follows to create social value. Our value proposition to the different stakeholders is reflected in Figure 1.3 below. Further, informed by our stakeholder engagements and what stakeholders demand of the JRA, we have identified the material interests impacting value creation of the JRA as reflected in Table 1.5 below.

Outcomes	Outputs	Inputs	Capitals
<ul style="list-style-type: none"> <li>• Improved VCI of infrastructure.</li> <li>• Value for public funding;</li> <li>• Economic growth</li> <li>• A modern, road and related infrastructure network,</li> <li>• improved mobility</li> <li>• improved productivity</li> <li>• Data driven decision making</li> <li>• Improved customer satisfaction</li> <li>• Strong governance structure and oversight</li> <li>• Safe working environment which promotes diversity and equal opportunity as well as training and education</li> <li>• An 'employer of choice'</li> <li>• Proactive interaction with our stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Major infrastructure projects,</li> <li>• Technological innovation</li> <li>• Best practice operational standards</li> <li>• Good quality roads</li> <li>• Functional traffic signals</li> <li>• Proactive maintenance plans</li> <li>• Bridge rehabilitation and construction</li> <li>• Collective agreements with labour</li> <li>• Analytical capability</li> <li>• Organisational culture that drives health and safety employees and road users</li> <li>• A skilled and representative workforce</li> <li>• Up-to-date infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure grants;</li> <li>• Cash and cash equivalents;</li> <li>• Infrastructure, expansion and maintenance</li> <li>• Responsible leadership;</li> <li>• 1735 skilled and motivated employees,</li> <li>• Remuneration philosophy and processes</li> <li>• Property, plant and equipment;</li> <li>• Bridges;</li> <li>• Traffic signals;</li> <li>• manhole covers; and road barriers</li> <li>• Engineering research and development;</li> <li>• Standard operating procedures;</li> <li>• Policies, frameworks and processes;</li> <li>• Maintenance and standards manuals</li> <li>• Relationship with customers and suppliers;</li> <li>• Positive relationship with employees and organised labour;</li> <li>• Proactive interaction with communities, citizens, institutions and media;</li> </ul>	<p><b>Financial Capital</b> – Our financial sustainability relies on the availability and management of shareholder funding and grant funds from provincial and national government to fund infrastructure projects, maintenance programmes and staff development initiatives.</p> <p><b>Human Capital</b> – Through our employees we create value for the City of Johannesburg and the country through developing and maintaining all roads and related infrastructure in the City of Johannesburg and through relationships between employees and the community and customers.</p> <p><b>Manufactured capital</b> – Through our assets i.e. our roads and bridge infrastructure, we create infrastructural value for the wider economy, while reducing the cost of doing business in South Africa.</p> <p><b>Intellectual Capital</b> – Through infrastructure designs, maintenance standards and manuals as well as standard operating procedures, and organisational capital such as our procedures and systems of governance, compliance and leadership), we create value (knowledge products).</p> <p><b>Social and relationship capital</b> – Through relationships with provincial and national government, commercial and academic partners, regulators, suppliers, contractors, customers, communities, labour unions and the media and more), we build value expressed through mutual trust, new innovations operational and institutional stability</p>

<ul style="list-style-type: none"> <li>• Environment friendly solutions</li> </ul>	<ul style="list-style-type: none"> <li>• assessments and compliance to environmental laws</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborative relationships with the Shareholder</li> <li>• Water/rivers, Air quality, Land, Biodiversity and ecosystem health</li> </ul>	<p><b>Natural capital</b> – we build and maintain infrastructure, across diverse ecosystems and our employees, contractors, and customers have an impact on the natural environment. We create value using environment friendly engineering and maintenance solutions.</p>
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Table: 1.5. Illustration of value creation model of the JRA

Figure 1.3: Summary of value proposition of the JRA

**Value for the media and the general public** – provide regular, transparent, useful information, sharing and communication on our performance, maintenance programmes, traffic signals and other regulatory information.

**Value for suppliers and service providers** – provide an ethical and transparent procurement process, fair, efficient and equitable tender processes and efficient contract management and the promotion of small to medium scale enterprises.

**JRA Value Proposition**

**Value for our Employees** – be an employer of choice that provides opportunities to grow personally, professionally and academically. Provide fair remuneration, supported by progressive human capital management policies and progressive engagements with labour.

**Value for our Shareholder** – deliver good quality roads and related infrastructure, deliver sustained socio-economic value through sound capital investments in infrastructure, regulatory compliance, accountable business practices, ethical leadership and responsible corporate citizenship.

## **CHAPTER 2: GOVERNANCE**

### **Section 1: Composition, activities and remuneration of Board of Directors**

The Board of Directors promotes and supports high standards of corporate governance and in so doing endorses the principles of the report on Corporate Governance in South Africa (King IV). The JRA complies with the requirements for good corporate governance stipulated in the City's Group Governance Framework and subscribes to a governance system where ethics and integrity set the standards for compliance. It adapts its structures and processes to facilitate effective leadership, sustainability and corporate citizenship to reflect national and international corporate governance standards, developments and best practice.

Regarding the year under review, the Board believe that most of the King IV principles are already entrenched in the company's internal controls, policies and procedures governing corporate conduct. All reasonable efforts have been carried out to the extent that King IV has largely been implemented since the beginning of the financial year and the Board is committed in continuing to carry out the full implementation of King IV. The only area of partial compliance is the development of a formal Stakeholder Engagement Strategy and Communication Policy for Company, which Management and the Board prioritised in 2019/20 financial year.

The Board is committed to the highest standards of business integrity, ethical values and governance. It recognises the responsibility of the JRA to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, thereby ensuring its sustainability and safeguarding the interests of all its stakeholders. The Board also acknowledges the relationship between good governance and risk management practices, equity performance and corporate profitability.

Sound governance principles remain one of the top priorities for the Board and executive management to ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. The purpose of this annual report is to promote accountability to communities for decisions taken by the Board and matters relating to administrative structures, throughout the financial year.

The Board recognises it is the custodian of corporate governance and always strives to ensure that the entity aligns with local and international codes of good corporate governance, seeks to apply best practice and follows relevant trends in good corporate governance.

#### **1.1. Application of King IV Principles**

The entity applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability. Through this process, shareholders and other stakeholders may derive assurance that the entity

is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.

Monitoring the entity's compliance with King IV Code on Corporate Governance forms part of the Shareholder mandate of the audit committee. The entity has complied with the Code in all respect during the year under review. The table (2.1.) below summarises the results of the board review regarding the extent to which the company applies King IV.

√ Applied × Partially Applied

How the JRA has implemented the principle		Principle
<p>All matters Brought to the attention of the Board have been effectively attended to, timeously; All Board members annually sign the code of ethical conduct and declaration forms; and the Board through its subcommittee, the REMSEC considers Ethics reports quarterly.</p>	√	<p>1. The governing body should lead ethically and effectively (Leadership).</p>
<p>An Ethics Management Forum with approved Terms of Reference has been established and accounts to REMSEC.</p>	√	<p>2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture (Organisational ethics).</p>
<p>The Board of Directors provides oversight on management/ executive decisions, debating issues robustly and truthfully at all times.</p>	√	<p>3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen (Responsible citizenship).</p>
<p>The Board operates with an approved JRA 2022 strategy which was adopted in December 2018 and the 2019/20 approved business plan is aligned to the strategy imperatives, informed by a proper risk assessment. Performance reviews and risk assessments are conducted quarterly.</p>	√	<p>4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process (Strategy and performance).</p>
<p>Quarterly performance reports are presented to the City's governance structures and in Council and are available on the Council website.</p>	√	<p>5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects (Reporting).</p>
<p>There are quarterly Board and Committee meetings; the MMC and Chairperson quarterly meeting attended by the MMC; Transport and Board Chairman and CEO; the JRA Board attends the City's Mayoral Lekgotla.</p>	√	<p>6. The governing body should serve as the focal point and custodian of corporate governance in the organisation (Primary role and responsibilities of the governing body).</p>
<p>The Board consist of the following skills set: Legal; Accounting; HR/ Employment Relations; Project and Construction Management; Strategy, Risk, Performance Management and Auditing.</p>	√	<p>7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively (Composition of the governing body).</p>

<p>8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties (Committees of the governing body).</p>	<p>√</p>	<p>The Board operates with two approved committees which have TOR; Audit Finance Risk and IT and Remuneration, Social &amp; Ethics and Service Delivery (REMSEC) Committee.</p>
<p>9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continual improvement in its performance and effectiveness (Evaluations of the performance of the governing body).</p>	<p>√</p>	<p>Annual evaluations are conducted by Group: Governance through the Company Secretary.</p>
<p>10. The governing body should ensure that the appointment of, and delegation to, executive management contribute to role clarity and the effective exercise of authority and responsibilities (Appointment and delegation to executive management).</p>	<p>√</p>	<p>The JRA has reviewed delegations of authority to the CEO and Executive Managers. The Board is responsible for the recruitment and selection of executive managers in the JRA.</p>
<p>11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives (Risk governance).</p>	<p>√</p>	<p>Strategic and Operational Risk registers are considered and approved and reported on an annual basis.</p>
<p>12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives (Technology and information governance).</p>	<p>√</p>	<p>ICT is a standing agenda item at AFR&amp;IT and EMT and Management has an ICT Steering Committee.</p>
<p>13. The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen (Compliance governance).</p>	<p>√</p>	<p>Compliance Governance is a standing item at REMSEC and EMT quarterly meetings and submitted to Group Compliance for assessment and Group Risk Committee.</p>
<p>14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of the strategic objectives and positive outcomes in the short, medium and long term (Remuneration governance).</p>	<p>√</p>	<p>Remuneration policy is adhered to by management. For executive positions REMSEC considers recruitments and performance rewards reports.</p>
<p>15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports (Assurance).</p>	<p>√</p>	<p>The JRA has a fully functional Internal Audit Department which reports to AFR&amp;IT Committee. The Internal Audit department assesses management's implementation of internal controls.</p>

<p>The JRA convenes stakeholder engagement sessions regularly to manage critical processes such as the M2 rehabilitation among others.</p>	√	<p>16. In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time (Stakeholders).</p>
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Table 2.1: Implementation of King IV principles in the JRA

## **1.2. Board of Directors**

The JRA is committed to the highest standards of business integrity, ethics and professionalism. Good corporate governance is an integral part of the Company's operations and is essential for ensuring the delivery of the Company's strategic objectives, shareholder value and the long-term protection of stakeholder interests. Accordingly, the Board and management of the JRA are committed to maintaining high standards of corporate governance in line with best practice.

The Company works closely with the Shareholder Representative to ensure compliance with all material aspects of corporate governance. The Company is committed to fulfil its mandate in a manner that is in keeping with governance best practices with regards to accountability, transparency, fairness and integrity as advocated by the King Committee's Code of Corporate Practices and Conduct (KING IV). Our internal controls, policies and procedures governing corporate conduct follow the principles as articulated in the KING Report. The Board is satisfied that every effort is made by management to comply with all material aspects of the KING Report as well as relevant legislation.

The City of Johannesburg's Governance Framework states the governance structure and principles required to ensure effectiveness and accountability. The Framework clarifies governance roles and responsibilities, and enhances oversight, monitoring and evaluation within the City's Entities.

Corporate Governance within the JRA is managed and monitored by the Board of Directors, assisted by its Board Committees and supported by the Executive Management and Executive sub committees. The Board of Directors provides effective and responsible leadership, and subsequently subscribing to ethical standards.

The values of responsibility, accountability, fairness and transparency, are a defining characteristic of the Company since its establishment in 2001. The Board provides effective leadership under the guidance of the Chairman of the Board of Directors with the support of Non-Executive Directors who, as a collective, bring a wider range of experience and professional skills to the Board.

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

The Board of Directors acknowledges that maintaining good corporate governance is an on-going process and closely monitors the Company's application of the KING IV Report. Corporate governance structures in the organisation have been established with the aim of promoting consistency in business practices, improving accountability and enhancing good corporate governance practice within the Company. The Board and its Committees are established in line with the Companies Act 71 of 2008 as well as the KING Report. Of importance is that these structures are properly constituted with due consideration to statutory provisions in order that they can fully function, contribute

towards organisational effectiveness and in turn, enhance stakeholder confidence in the organisation.

The Board and Management recognise that the Company is formed under a political structure. As such, it has a social and moral standing in society, with all the attendant responsibilities. The Board is therefore responsible for ensuring that the Company protects, enhances and invests in the well-being of the economy, society and natural environment.

The Board assumes ultimate accountability and responsibility for the performance and affairs of the Company and in so doing effectively represents and promotes the legitimate interests of the Company. The Board – always – retains full and effective control over the Company and directs and supervises the business affairs of the Company. The JRA's sole shareholder, the CoJ, reviews the term of office for non-executive directors every year at the annual general meeting.

The Board is accountable to the CoJ and the citizens of Johannesburg. This accountability arrangement is enabled through a service delivery agreement and shareholder compact, concluded in accordance with the provisions of the Municipal Systems Act. The Board reports regularly to Council. Members of the Board are served by a Company Secretary, who acts as an advisor to the Board and its committees on matters such as corporate governance, compliance with Company rules and procedures, statutory requirements, regulations and corporate best practice.

To manage the expectations of the shareholder as a critical stakeholder, the JRA operates within the framework of the Municipal Systems and Structures Acts and as such reports to the City of Johannesburg quarterly. The Chairman of the Board meets with the MMC Member of the Mayoral Committee on a quarterly basis to address any service delivery issues. The JRA works closely with the Shareholder representative and participates in the City's decision-making and accountability platforms such as;

- Council;
- The Mayoral Committee;
- The Executive Management Team meetings; as well as,
- The Mayoral Lekgotla.

The JRA also participates in the City's oversight and accountability platforms that include;

- Section 79 Oversight Committee on Transportation;
- The Municipal Public Accounts Committee (MPAC);
- Group Performance Audit Committee (GPAC)
- Group Audit Committee (GAC);
- Group Risk Governance Committee (GRGC); and,
- The MMC's quarterly meeting with the Board Chairperson.

For stakeholder engagement the JRA participates in the legislated public consultation processes such as;

- The Integrated Development Planning process;

- Regional summits; as well as,
- Ward engagement meetings organised by the different Ward Councillors.

### 1.3. Composition of the Board of Directors

Corporate governance within JRA is managed and monitored by a unitary Board of Directors, assisted by its Committees and Executive Management who constitute the Executive Committee. Table 2.2. below shows the Board of Directors appointed at the Annual General Meeting of 11 March 2020.

Table 2.2: JRA Board Members

NAME & SURNAME	POSITION
Dr Albert Mokoena	Non-Executive Director: Board Chairman
Dr Sandile Ndlungwane	Non-Executive Director
Mr Albert Torres	Non-Executive Director
Ms Lindi Mdluli	Non-Executive Director
Mr Fulu fhelo Ntsandeni	Non-Executive Director
Mr Lawrence Ndlovu	Non-Executive Director
Mr Ntsikelelo Mlila	Non-Executive Director
Mr Floyd Seemela	Non-Executive Director
Ms Moipone Qhomane	Non-Executive Director
Ms Hazel Mtimkhulu	Non-Executive Director

Independent Audit Committee members were appointed as follows:

Table 2.3: JRA Independent Audit Committee members

NAME & SURNAME	POSITION
Mr Odirile Mekwa	IACM
Ms Sizo Mzizi	IACM
Ms Karen Parirenyatwa	IACM

Section 4.2.3 of the governance policy which states that,

*“ the shareholder shall encourage the boards of MEs to establish statutory sub-committees (i.e. Audit and Risk Committee and Human Resources and Social and Ethics Committee) formally delegated rules and responsibilities, which shall effectively report to the boards on delegated matters at regular intervals”.*

The Shareholder approved the establishment of a Service Delivery Committee at the JRA to deal with service delivery issues including the JRA’s operational plans and other service delivery pronouncements. As a consequence, Board sub-committee composition was updated as follows:

Table 2.4: Composition of Board Sub-committees

<b>COMMITTEE'S</b>	<b>MEMBERSHIP</b>
Audit Finance Risk &IT (AFR&IT)	Mr Fulufhelo Ntsandeni (CA SA) (Chairperson); Mr Albert Torres (NED); Mr Odirile Mekwa (IACM); Ms Karen Parirenyatwa (IACM); Ms Sizo Mzizi (IACM); <b>Invitees:</b> Chief Executive Officer (CEO); CFO
Remuneration Social Ethics (REMSEC)	Ms Lindi Mdluli (Chairperson); Mr Albert Torres (NED); Ms Hazel Mtimkhulu (NED); Ms Moipone Qhomane (NED); Mr Floyd Seemela (NED); Mr Lawrence Ndlovu (NED); Mr Ntsikelelo Miila (NED); Dr Sandile Ndlungwane; <b>Invitees:</b> Chief Executive Officer (CEO); CFO
<b>Established on the 12 May 2020</b>	
Service Delivery Committee	Mr Lawrence Ndlovu (Chairperson); Mr Fulufhelo Ntsandeni; Mr Floyd Seemela; Ms Moipone Qhomane; Ms Hazel Mtimkhulu; <b>Invitees:</b> Chief Executive Officer (CEO); CFO

#### 1.4. Board committees

The JRA has three Board Committees as per shareholder governance policy. The Board committees are the Audit, Finance, Risk and IT Committee; Remuneration, Social and Ethics Committee and the Service Delivery Committee. These Committees assist the Board in carrying out its responsibilities. The Committees provide the Board with recommendations and reports which ensure transparency and full disclosure of the Committees' activities. An independent Non-Executive Director serves as a Chairperson in each Committee.

The Board of Directors Charter stipulates that the Board must convene at least once per quarter (four times per annum). All the Board Committees have defined mandates and operate under the approved Terms of Reference, which have been reviewed and updated during the current year. Members have unlimited access to all information, and staff members, as they deem necessary to enable them to fully discharge their duties. All the Committees complied with, and discharged, their duties in accordance with the approved Terms of Reference and legislation, which are summarised in Table 2.5 below.

Table 2.5: Summary of terms of reference of Board Committees

<b>Reporting Element</b>	<b>Mandate</b>	<b>Board Committee</b>
Financial management	Oversight of all matters relating to financial accounting, accounting policies, reporting and disclosure.	AFRIT
Risk management and ICT governance	Oversight over risk management issues, the process of identifying material risks and mitigation actions, as well as oversight over ICT governance as envisaged in King Code IV.	AFRIT
Internal and external audit functions	Overseeing internal and external audit policy, including activities, scope, adequacy and effectiveness of the	AFRIT

	internal audit function and audit plans. Review or approval of external audit plans, findings, problems, reports and fees.	
Governance	Oversight over compliance with corporate practices and code of ethics	REMSEC
Remuneration	Oversight over inter alia remuneration policies, remuneration packages and all other matters relating to human resources and /or labour related matters.	Oversight REMSEC
Strategy development and implementation and organisational performance management	Oversight over strategy development and approval, organisational performance measurement, identification of the appropriate indicators and targets and relevant reporting and accountability in support of the service delivery mandate.	SDC
Stakeholder engagement and relationships	Oversight over effective stakeholder engagement and responsiveness	SDC

### 1.5. Code of Conduct

The JRA is obliged to comply with provisions of legislation and subscribes to good governance practices always. The Board of Directors is bound by the Code of Conduct which includes a declaration of interest contained in the Municipal Systems Act, Act 32 of 2000. Directors and Executives were requested to declare their financial interest during the year. The register is compiled and kept by the Company Secretary to ensure that officials are not in breach of Schedule 2 of the Municipal Systems Act as well as the provisions of the Municipal Finance Management Act 56 of 2003.

### 1.6. Directors' remuneration

The framework for remunerating Non-Executive Directors at the JRA is provided by the CoJ. The CoJ Council approved, in principle, the decision to review service delivery mechanisms to re-integrate services that are currently provided by the JRA. This necessitated a new fee structure for Non- Executive and Independent Audit Committee members. Tables 2.6 below outlines the Board members' fees respectively.

Table 2.6: Board fees

COMMITTEE	FEEES
Board Chairman	R16 000 per sitting
Board Member	R12 000 per sitting
Audit Finance Risk &IT Committee Chairperson	R8 000 per sitting
Audit Finance Risk &IT Committee Member	R6 000 per sitting
Remuneration, Social and Ethics Committee Chairperson	R8 000 per sitting
Remuneration, Social and Ethics Committee Member	R6 000 per sitting
Service Delivery Committee Chairperson	R8 000 per sitting
Service Delivery Committee Member	R6 000 per sitting

### 1.7. Attendance of Board meetings

The Company Secretary serves as the link between the Board and management and facilitates relations with the shareholder. The Company Secretary is responsible for the general administration, ensuring compliance to good corporate governance practice and to provide guidance to the Board on corporate governance principles and applicable legislation. The Company Secretary also manages the meetings and resolutions of the Board and deals with correspondence ensuring decisions made are communicated to the relevant people. A schedule of attendance to Board and Sub-Committee meetings is attached as Annexure A.

#### 1.8. Executive Management Team (EMT)

In 2019/20 financial year, the departmental functions were led by members of the Executive Management Team as reflected in Table 2.7. below.

Table 2.7: JRA Executive Management Team

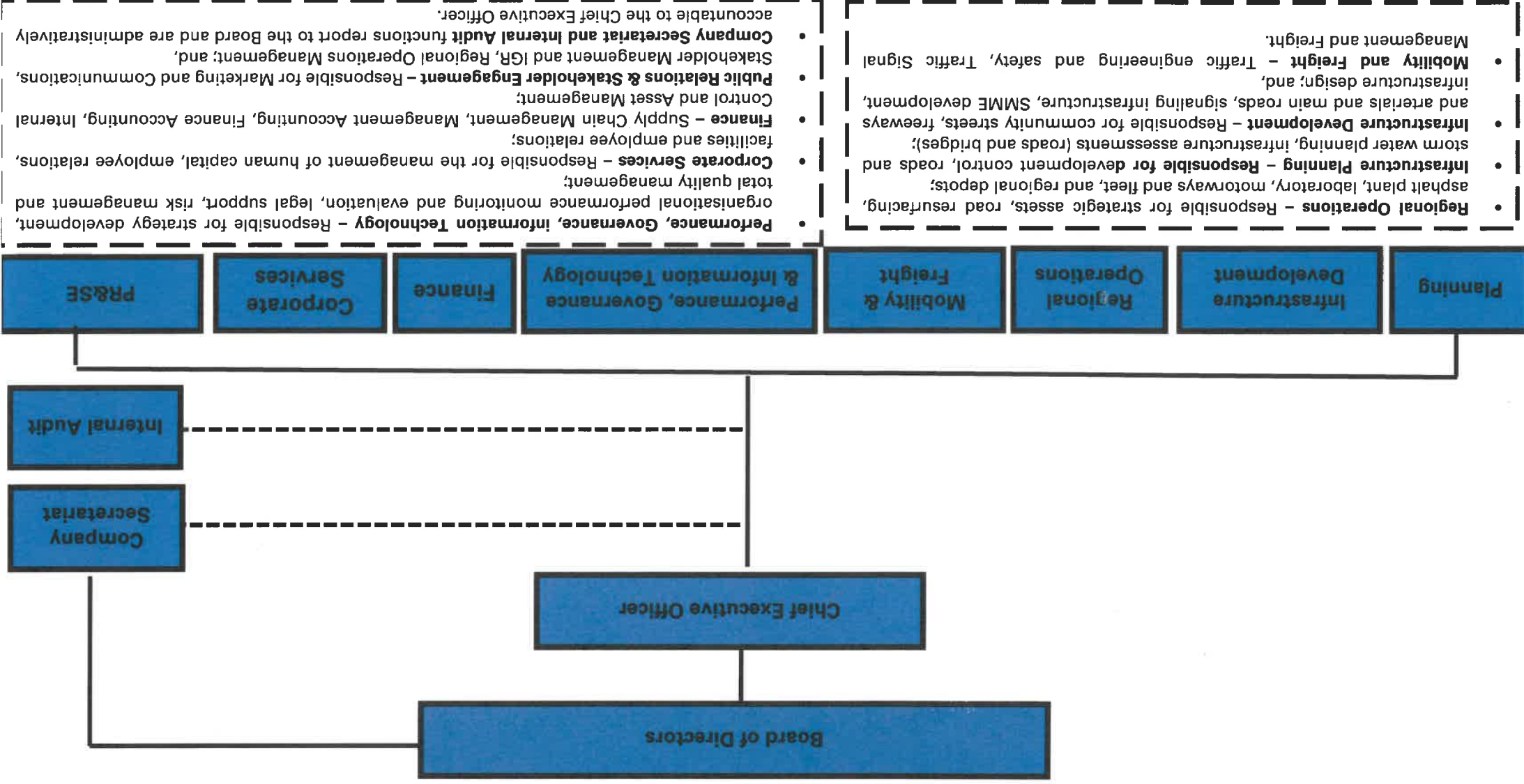
Department	Appointee	Current Status
Chief Executive Officer	Victor Rambau	Acting
Chief Financial Officer	Dikeledi Thindisa	Substantive
HOD: Infrastructure Development	Siyabonga Genu Pr Eng.	Substantive
HOD: Planning	Musa Mkhacane Pr Eng.	Substantive
HOD: Mobility & Freight	Esther Schmidt	Acting
HOD: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

#### Section 2: High-level Organisational Structure

Executive Management at the JRA accounts to the Board on all strategic and operational matters. The Board controls and maintains a fiduciary relationship with the company. The Chief Executive Officer leads an Executive Management Team composed of; the Chief Financial Officer (CFO) and seven Heads of Department (HODs). In the period under review three substantive positions were vacant. To ensure service delivery continuity, acting appointments are in place for these positions.

Core service delivery is undertaken through four departments — Infrastructure Planning, Infrastructure Development, Regional Operations and Mobility and Freight. Services are delivered through JRA Depots located in the seven (7) regions of CoJ and through Traffic Signals Depot, Resurfacing Depot (RSD), Motorways depot, the Asphalt Plant, Fleet and Plant and the Laboratory. Figure 1.4. below illustrates JRA's high-level organisational structure.





- **Regional Operations** – Responsible for strategic assets, road resurfacing, asphalt plant, laboratory, motorways and fleet, and regional depots;
- **Infrastructure Planning** – Responsible for development control, roads and storm water planning, infrastructure assessments (roads and bridges);
- **Infrastructure Development** – Responsible for community streets, freeways and arterials and main roads, signalling infrastructure, SMMF development, infrastructure design; and,
- **Mobility and Freight** – Traffic engineering and safety, Traffic Signal Management and Freight.

- **Performance, Governance, Information Technology** – Responsible for strategy development, organisational performance monitoring and evaluation, legal support, risk management and total quality management;
- **Corporate Services** – Responsible for the management of human capital, employee relations, facilities and employee relations;
- **Finance** – Supply Chain Management, Management Accounting, Finance Accounting, Internal Control and Asset Management;
- **Public Relations & Stakeholder Engagement** – Responsible for Marketing and Communications, Stakeholder Management and IGR, Regional Operations Management; and,
- **Company Secretary and Internal Audit** functions report to the Board and are administratively accountable to the Chief Executive Officer.

Figure 2.1: High level organisational structure of the Johannesburg Roads Agency

### **Regional Service Delivery Model**

The Company implements a region-based service delivery model through regional depots and four core departments namely (i) Regional Operations, (ii) Mobility & Freight, (iii) Planning, and (iv) Infrastructure Development – that are supported by Corporate Services, Performance Governance & Information Technology, Public Relations & Stakeholder Engagement and Finance departments. The service delivery element of the business is organised into seven regions, structured around depots, with traffic signals and re-surfacing depot (RSD) being stand-alone depots. The JRA also owns and manages the following strategic assets namely Fleet and Plant; Asphalt Plant; Laboratory; Resurfacing Depot; Motorways Depot and Traffic Signals Depot, under Regional Operations. Figure 1.2 below shows the Johannesburg regions.

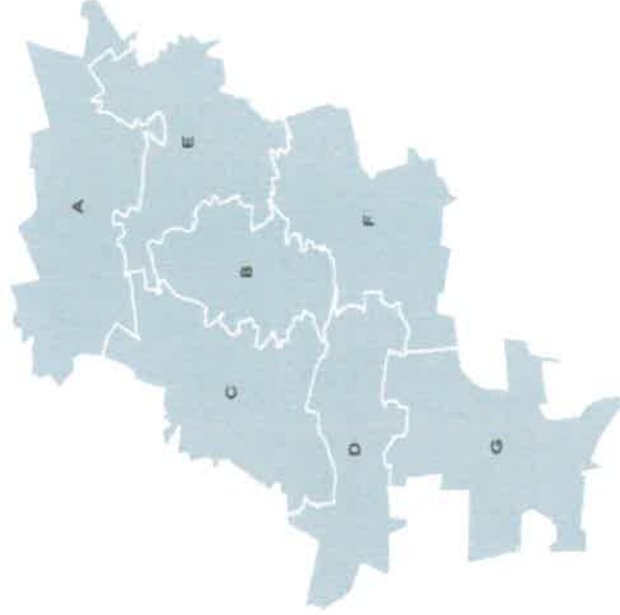


Figure 2.2: The City of Johannesburg Regions

Region A covers the following areas: Diepsloot and Kya Sands, Dainfern, Midrand, Lanseria and Fourways. Region B spans Randburg, Rosebank, Emmarentia, Greenside, Melville, Mayfair, Northcliff, Parktown and Parktown North while Region C covers Roodepoort, Constatia Kloof, Northgate, Florida and Braamfischerville. Region D covers Doornkop, Soweto, Dobsonville and Protea Glen; Region E Alexandra, Wynberg, Sandton, Orange Grove, Houghton; Region F covers Inner City, Johannesburg South, and Region G, Orange Farm, Weilers Farm, Ennerdale, Lenasia, Eldorado Park, Protea South.

### **Section 3: Governance of stakeholder relationships**

Our stakeholder engagement practices are key success factors in achieving our strategy. Our priority in creating value through (and in partnership with) our stakeholders is to ensure that we manage our stakeholder relationships ethically and accountably. We do

so through various governance mechanisms that enable a systematic management of JRA's stakeholder engagements.

Our strategic plans are informed by extensive stakeholder and public consultations, which are conducted as part of the City-wide public consultation processes. This supports the development of the Business Plan, the Integrated Development Plan and annual budget and Service Delivery and Budget Implementation Plan.

As part of this consultation exercise the JRA's 2019/20 business plan against which this Integrated Report is produced was also subjected to public scrutiny between March and May 2019 in the form of City-led regional feedback sessions. The sessions dealt with key issues raised during the 2019/21 IDP and budget outreach; customer satisfaction and quality of life surveys; ward committee meetings; targeted stakeholder engagements (IDP roadshows); regional ward cluster conversations; social media interaction with the public; as well as a broad stakeholder summit. The public consultation process enables the City and entity to comply with the requirements of the Municipal Systems Act and the Municipal Finance Management Act. Table 2.8 below contains a summary of the common issues raised in the outreach process that are relevant to the JRA:

Table 2.8: Outcome of stakeholder engagements

ISSUE RAISED	PROVISION IN THE INTEGRATED REPORT
Poverty, unemployment and youth development	SMME support; provision of jobs; and infrastructure development for major development
Ageing/ dilapidated Infrastructure	Maintenance of roads and storm water, street lights, paving of roads sidewalks, pedestrian bridges and roads upgrades.
Traffic calming in streets	Installation of traffic calming mechanisms
Roads	Gravel roads, upgrades to existing gravel roads, access roads to hostels

**Section 4: Risk management and internal controls**

The Board is responsible for, among other things, the governance of risk and information technology, and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function. Oversight over governance and risk management within the JRA is performed by the AFRIT Board sub-committee. This assists the JRA to establish and maintain a system of risk and compliance management in accordance with the provisions of the MFMA, the King report on corporate governance and risk management standards as applicable.

AFR&IT meets quarterly and operates in accordance with approved terms of reference and Risk Management Framework. The Internal Audit function independently and regularly evaluates the adequacy and effectiveness of the risk management. Internal Audit provides independent assurance to management and Board through the risk based internal audit and combined assurance plan, which is aligned to the organisational risk profile.

The Accounting Officer has established the necessary structures, put risk and compliance management on the strategic agenda of executive management meetings as mandated by the Board of Directors. This ensures the effective management of enterprise risk and compliance management. Although the AO has delegated the Risk and Compliance Management responsibilities to the HoD: PGIT, executive management through a Risk Management Committee collectively takes overall responsibility for risk management activities while the oversight for risk management activities is the responsibility of the AFRIT.

The Board adopted an integrated approach to risk management in line with the CoJ Group Risk Management Framework and Group Risk Management Policy as approved by Council. The JRA's process of identifying risks is also informed by the strategic risks identified by the parent municipality and for further information on the CoJ risks please refer to the CoJ Annual Report on [www.joburg.org.za](http://www.joburg.org.za).

The following steps give an outline of the JRA's approach to risk management:

- Identify the most significant risks arising from operations on an on-going basis;
- Prioritise risks based on the likelihood of occurrence and potential impact;
- Implement strategies to mitigate risks; and,
- Monitor the effectiveness of risk management efforts.

The adopted risk methodology also entails the application of internal control mechanisms and mitigation actions, the adequacy and effectiveness of which are monitored and measured by the Internal Audit unit. The various control mechanisms are outlined in the Company-approved policies and procedures which are supported by a system of processes and Standing Operating Procedures (SOPs).

Through the ISO 9001 programme the JRA has developed several SOPs, and the Total Quality Management team is extensively involved in several process improvement initiatives. The implementation of SOPs and internal controls remains an area of continuous improvement in risk mitigation and reduction of internal and external audit findings. These controls include, amongst others, the delegation and segregation of duties, delegation of authority, supervisor monitoring and reporting. The Board, the Accounting Officer and management are committed to improving the state of internal controls. Table 2.9. below details the risk status of the JRA which is monitored and reported to Group Risk Governance Committee on a quarterly basis:

Table 2.9: JRA strategic risks status

#	Risk	Q1 Rating	Q2 Rating	Q3 Rating	Q4 Rating	Status/ Movement
1	Infrastructure Failure (Stormwater / Roads / Bridges / Traffic-Signals)	Very High	Very High	Medium	Medium	➡
2	Inability to meet service delivery targets (Customer Charter/Capex)	Very High	High	Medium	Medium	➡
3	Inadequate human capital management	High	High	Medium	Medium	➡
4	Fraud, theft and corruption	High	High	Medium	Medium	➡
5	Ineffective Governance Structures and Poor Financial Management	High	High	Medium	Medium	➡
6	Reputation Damage	High	High	Medium	Medium	➡

Over the course of the 2019/20 financial year, improvements were noted on key strategic and operational risks. The company actioned most of its action plans in the second half of the financial year. The strategic risks improved positively in the third quarter and remained constant at the end of the financial year.

#### **Risks, Opportunities and Dependencies**

The key risks that have material effect on the strategic objectives of the company were identified, monitored and reviewed in the financial year. The table below reflects the assessment of the Company's key risks and the opportunities emerging out of mitigation plans to manage the risks. The risks and opportunities identified above are linked to dependencies that needed to be managed for effective mitigation. Table 2.10 below outlines key risks, opportunities and dependencies for the JRA.

Table 2.10: JRA's key risks, opportunities and dependencies

NO	Risks	Opportunities	Dependencies
1	Inadequate planned maintenance, replace and rehabilitation	<ul style="list-style-type: none"> <li>Improve proactive maintenance, project management resources and increase budgetary allocations to key infrastructure maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Strong interdependency with the Johannesburg Development agency, Housing Department and Development Planning Department for infrastructure projects implementation.</li> </ul>
2	JRA not meeting service delivery standards	<ul style="list-style-type: none"> <li>Increase resources (funding; human resources)</li> <li>Improve proactive maintenance, project management resources and performance evaluation systems</li> <li>Enhance ICT (Reporting and performance management) as well as efficiencies in SCM for forward planning;</li> <li>Proactive community disruptions</li> <li>Demand improved contractor performance</li> </ul>	<ul style="list-style-type: none"> <li>Key service standards such as traffic signal repair and reinstatements of excavations with require management of interdependencies with other key City entities such as City Power and Joburg Water.</li> <li>Alignment and dependency on the City-wide Group Information and Communication Technology to support Company ICT interventions.</li> </ul>
3	Inability to attract, recruit and retain key talent	<ul style="list-style-type: none"> <li>Review key HCM policies, enhance and align training and development processes with strategic objectives;</li> <li>Continue leadership continuity and training</li> </ul>	<ul style="list-style-type: none"> <li>Increase collaboration with Group Human Capital Management, training institutions and the private sector.</li> </ul>
4	Fraud, theft and corruption	<ul style="list-style-type: none"> <li>Invest in alternative technologies and increase engagements with sectoral departments such as Public safety</li> </ul>	<ul style="list-style-type: none"> <li>Engagements with Public Safety Department and Development control units in Development Planning as well as relevant provincial departments.</li> </ul>
5	Inadequate CAPEX spending	<ul style="list-style-type: none"> <li>Enhance forward planning and proactive procurement processes that support expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Dependent on the city's revenue generation mechanisms and a coordinated supply chain management process that may support the use of existing contracts.</li> </ul>

**Section 5: Anti-corruption and fraud investigations**

The Forensic Investigations function has been relocated to the City's Group Forensic Investigations (GFIS) Unit. The JRA has established fraud awareness capacity within the MD's office under the responsibility of the Company Secretary. The JRA has an approved Fraud Prevention Plan and the Company Secretariat tracks compliance against the approved plan. The JRA has further established an Ethics Management Forum which meets quarterly and is appointed on an annual basis.

The draft whistleblowing, fraud and prevention policy received from the City is currently being reviewed by the Ethics Management Forum. To date, through whistleblowing and the JRA fraud line two cases have been reported and submitted to GFIS for investigation. Furthermore, the JRA has received one (1) complete report. Table 2.11 below outlines the focus areas of the fraud and prevention plans:

Table 2.11: Fraud prevention plan

Fraud Prevention Plan	
Theft, Fraud and Corruption	<ul style="list-style-type: none"> <li>• Install CCTV cameras at high risk locations.</li> <li>• Launch Infrastructure Protection Unit.</li> <li>• Forensic investigations into Tender irregularities and implementations of recommendations.</li> <li>• Monitoring, reporting incidents and compiling of reports to be done by Regional Operations and Traffic signals.</li> </ul> <ul style="list-style-type: none"> <li>• Forensic investigators appointed by the city for fraud and corruption related allegations.</li> <li>• Use of copper clad aluminium cable that has no resale value.</li> <li>• Posters and other fraud awareness material have been displayed and are renewed monthly with new messages.</li> <li>• Review of the Whistle Blowing Policy has been approved and implemented resulting in many allegations for fraud and corruption being received.</li> </ul>

There has been a decline in the number of cases that are reported. However, of concern is the number of cases that remain open, of which ongoing engagements with GFIS are underway to enable resolution of these matters.

The JRA 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. The Ethics Champion works closely with stakeholders to ensure that an ethical culture is promoted and inculcated within the organization. Currently within the JRA building and all Depots JRA posters with values have been erected and promotion of ethical messages are communicated to staff.

## Section 6: ICT Governance

The Company operates on the basis of an approved IT Governance Policy Framework as guided and mandated by the Department of Public Service and Administration (DPSA) and key policies as contained in the framework are being implemented. In the period under review the Information Technology function has focussed on ensuring the organisation has adequate IT support to function under lockdown regulations. IT is a key enabler to the organisation as it provides the means from the different elements of the organisation to interact in pursuit of organisational objectives. In the period under review, the IT risks were re-assessed, and the assessment resulted in the revised risks as follows:

- i. **Information security breaches** – The major risk faced by JRA in terms of information technology is information security breaches. The global trends e.g. hacking, ransomware, etc., and the lack of encryption on mobile devices are the major contributing factors to the risk. Currently, this risk is being managed through security updates that are done continuously and the receipt of updates from JRA IT security vendors on latest security patches, password management and anti-virus management. To further mitigate this risk, the JRA is still in the process of procuring a Mobile Device Management solution under the RT15 contract. It should however be noted, that the likelihood of security breaches has increased during the fourth quarter due to more staff members using mobile devices to connect to the network to access information remotely.

- ii. **Inability to provide critical support to business (Payroll, HR, Contracts, Fixed Assets, etc.)** – The outdated ERP system (JDE) is a major cause of the risk. The planned migration to SAP will assist the JRA to further manage this risk.

## Section 7: Compliance with Laws and Regulations

The Johannesburg Roads Agency (JRA) monitors forty-five (45) pieces of legislation which are categorized into (i) Priority / core regulations; (ii) Primary regulations; and (iii) Secondary regulations. The performance during the fourth quarter has been negatively impacted by the lockdown implemented nationally to prevent the spread of COVID-19. During the 2019/20 financial year the compliance universe can be summarized as follows:

Table 2.12: Summary of core / priority regulations

Category	Sections	Number	Compliant	Non-Compliant
Core/priority regulation	Companies Act No 71 of 2008	6	5	1
	Labour Relations and Employee	9	6	3
	Finance / Value Added / Tax laws	4	4	0

Category	Sections	Number	Compliant	Non-Compliant
	MFMA No. 56 of 2003 -- the said Act cross references the following Acts which should also be considered when determining the compliance environment.	13	11	2

**Summary of secondary regulations**

Table 2.13: Summary of secondary regulations

Category	Sections	Number	Compliant	Non-Compliant
Secondary regulations	<ul style="list-style-type: none"> <li>• Waste Act 59 of 2008;</li> <li>• Air Quality Act 39 of 2004; and</li> <li>• Environmental Regulations in relation to Asphalt Production and Transportation; Road Maintenance and Road Construction.</li> </ul>	3	3	0

**Summary of general regulations**

Table 2.14: Summary of general regulations

Category	Number	Compliant	Non-Compliant
General regulations	11	7	4

The table below indicates intervention / mitigation measures that have been identified by departments to ensure that, the compliance universe picture improves:

**Mitigation measures**

Table 2.15: JRA mitigation measures for non-compliant areas

Relevant Act / Section	Activity	Status
Code of Conduct for Municipal Staff Members, (schedule 2 to the Municipal Systems Act No 32 of 2000)	Ensure 100% submission of employee declaration forms.	<b>NON-COMPLIANT:</b> Against the staff complement of 1698, a total of 1673 employees have submitted declaration of interest forms. The total submissions achievement was 98.5% stood at 22 June 2020.
SCM National Treasury Circular- payment of suppliers	Payment of suppliers and contractors within 30 days from the date of submitting a valid invoice to the relevant Organ of State	<b>NON – COMPLIANT</b> - First quarter performance was 84.54% against the 100% target. - Second quarter performance was 90% against the 100% target.
Employment Equity Act No. 55 of 1998	Ensure full compliance to the EE Act (EEA) namely: Consult (section 16 & 17 EEA) Conduct an Analysis (Section 19) Develop and Implement an EE Plan (Section 20 EEA) Report to the Department of Labour (Section 21 EEA) Duty to Inform (Section 25 EEA) Assignment of Senior Management (Section 24 EEA)	<b>COMPLIANT</b> - JRA has complied with all relevant requirements of the EEA (see attached Compliance Status Report dashboard). - Sections 16, 17, 19, 20, 21, 24 and 25 of the EEA have been fully complied with. - 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. <b>RISKS</b> - 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. - 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

Status	Activity	Relevant Act / Section
<p>accountable for the past instances of non-compliance, may have to appear in the Labour Court and may have to pay a fine.</p> <p>- No further action in this regard is required. The JRA must await a response from the DEL.</p>		
<p><b>NON-COMPLIANT</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> </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>- 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> <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>	<p>The WEGE Bill has not been promulgated yet, and there is no indication of any progress in this area. However, the JRA has obligations under the EEA and in accordance with Government's commitment towards ensuring alignment to the EAP, and a 50/50 gender split - mainly in decision making levels.</p>	<p>Women Empowerment</p>
<p><b>NON-COMPLIANT</b></p> <p>File plan approved in terms of the national archives.</p> <p><b>MITIGATING MEASURES</b></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>National Archives and Records Services of South Africa Act</p>

Status	Activity	Relevant Act / Section
<p>- Implementation of the file plan: Gaps were identified in the approved file plan, however, engagements with departments / business units have yielded into additional initiatives have being adopted to improve same.</p> <p>- Corporate Services will be monitoring adopted initiatives to ensure that the file plan is fully functional.</p> <p>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 filling cabinets in the old building. Business units have settled in at the new building and an assessment of records storage facilities requirements will be done considering the partitioning plans.</p>		
<p><b>NON-COMPLAINT</b> – There are a number on non-compliance issues pertaining to traffic signals. These include signal timing, signs to the traffic signals, hardware and software, road marking, number signal heads, and distance between signal heads.</p> <p><b>MITIGATION</b> – Annual SARTSM Capex project, however subject to budget availability</p>	<p>Road signals support staff compliant with legislation</p>	<p><b>Roads / signals Road Traffic: SARTSM guideline</b></p>
<p><b>NON-COMPLIANT</b> Waste Management at Depots remains non-compliant to OHS regulations. Facilities Management Unit has not provided a way forward on the temporary storage of waste.</p>	<p>Regional Depots to store waste in compliance with the Waste Act</p>	<p><b>Waste Act 59 of 2008</b></p>

**PROGRESS ON AREAS OF NON-COMPLIANCE**

Table 2.16: JRA mitigation measures for non-compliant areas

STATUS	ACTIVITY	RELEVANT ACT / SECTION
<p><b>NON-COMPLIANT:</b> Against the staff complement of 1698, a total of 1673 employees have submitted declaration of interest forms. The total submissions achievement was 98.5% as at 22 June 2020.</p>	<p>Ensure 100% submission of employee declaration forms</p>	<p>Code of Conduct for Municipal Staff Members, (schedule 2 to the Municipal</p>

RELEVANT ACT / SECTION	ACTIVITY	STATUS
Systems Act No 32 of 2000)		
Register of directors and Officials after	Updating of Directors with CIPC after Annual General Meeting	<b>NON-COMPLIANT</b> All documents required to update details with CIPC have been submitted. JRA is awaiting confirmation certificate from the CIPC through the appointed service provider.
SCM National Treasury Circular- payment of suppliers	Payment of suppliers and contractors within 30 days from the date of submitting a valid invoice to the relevant organ of state	<b>NON-COMPLIANT</b> - 1 <sup>st</sup> quarter performance was 84.54% against target of 100%; 2 <sup>nd</sup> quarter performance was 90% against target of 100%; 3 <sup>rd</sup> quarter performance was at 99% against target of 100%; Fourth quarter performance is provisionally 90%.
Employment Equity Act No. 55 of 1998	Ensure full compliance to the EE Act (EEA) namely: Consult (section 16 & 17 EEA) Conduct an Analysis (Section 19) Develop and implement an EE Plan (Section 20 EEA) Report to the Department of Labour (Section 21 EEA) Duty to Inform (Section 25 EEA) Assignment of Senior Management (Section 24 EEA)	<b>COMPLIANT</b> - JRA has complied with all relevant requirements of the EEA (see attached Compliance Status Report dashboard). Sections 16, 17, 19, 20, 21, 24 and 25 of the EEA have been fully complied with. 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. - The non-compliant findings by the DEL in 2019 have been addressed and the DEL has been informed of JRA's progress and plans. The DEL has acknowledged receipt of JRA communication and indicated they would respond in due course. - 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. No further action in this regard is required. The JRA must await a response from the DEL.
Women Empowerment	The WEGE Bill has not been promulgated yet, and there is no indication	<b>NON-COMPLIANT</b>

STATUS	ACTIVITY	RELEVANT ACT / SECTION
<p>- 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).</p> <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>- 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> <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>	<p>of any progress in this area. However, the JRA has obligations under the EEA and in accordance with Government's commitment towards ensuring alignment to the EAP, and a 50/50 gender split - mainly in decision making levels.</p>	
<p>File plan approved in terms of the national archives.</p> <p><b>NON-COMPLIANT</b></p> <p><b>MITIGATING MEASURES</b></p> <p>Implementation of the file plan: Gaps were identified in the approved file plan, however, engagements with departments / business units have yielded into additional initiatives have being adopted to improve same.</p> <ul style="list-style-type: none"> <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 (filing cabinets) as there were concerns of not having filing cabinets in the old building.</li> </ul>	<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>National Archives and Records Services of South Africa Act</p>

RELEVANT ACT / SECTION	ACTIVITY	STATUS
Business units have settled in at the new building and an assessment of records storage facilities requirements will be done considering the partitioning plans.		
Roads / signals Road Traffic: SARTSM guidelines	Road signals and capability and capacity of staff.	<p><b>NON-COMPLIANT</b> There are a number on non-compliance issues pertaining to traffic signals. These include signal timing, signs to the traffic signals, hardware and software, road marking, number signal heads, and distance between signal heads.</p> <p><b>MITIGATION</b> – Annual SARTSM Capex project, however subject to budget availability.</p>
Waste Act 59 of 2008	Regional Depots to store waste in compliance with the Waste Act	<p><b>NON-COMPLIANT</b> Waste Management at Depots remain non-compliant to OHS regulations. Facilities Management Unit is working on the temporary storage of waste.</p>

\*Details are contained in Annexure B.

### CHAPTER 3: SERVICE DELIVERY PERFORMANCE

This chapter presents the annual JRA performance towards targets set-out in the business plan and revised company scorecard as approved by the Shareholder.

Some of the key milestones achieved in the 2019/20 financial year include:

- Achievement of 89.44% (weighted score) (84.61% head-count) of its pre-determined objectives on the corporate scorecard;
- Out of the 26 key performance indicators at year end, 22 were achieved and 4 were not achieved.
- In the financial year, the JRA also made progress on key infrastructure development priorities, as follows; roads resurfacing (193.44 lane km resurfaced); gravel roads upgraded to surfaced roads (21.48 km upgraded); and, in the conversion of open storm water drains to underground systems (2.03 km converted);
- In the financial year, the following inspections on major roads were completed as part of the latest Visual Condition Index: Region B (270km); Region F (449km); Region G (284km); and, Region C (371 km);
- In the year, performance on Capital expenditure is 82% against a revised target of 87%; Operating budget expenditure at 91,3%;
- The Company exceeded its annual targets for several indicators, including the number of SMMEs supported (90 against a target of 70); implementation of risk management plan (95% against a target of 90%); resurfacing (193.44 lane km against an annual target of 135 lane km), gravel roads upgraded to surfaced (21.48 against a target of 17kms) , open storm water drains converted to underground systems (2.03km against a target of 1.5km) , 98.26% resolution of reported traffic faults on traffic signals against 80% target and 100%;
- 100% resolution of reported damaged traffic signal poles against a target of 80%;
- The JRA was able to respond to the COVID-19 pandemic and to comply with the regulations for the different lockdown levels including providing personal protective equipment for staff among other interventions;
- In the year, the JRA created over 500 job opportunities; and,
- Over 17 000 proactive and reactive requests for guardrail replacement/repair were successfully resolved; over 100 000 proactive and reactive maintenance activities to clear blocked kerb inlets and pipes were undertaken, while 1 408 manhole covers were replaced;
- Through reactive and proactive maintenance over 9 000 traffic signs and poles were erected and 51 209 potholes were repaired through temporary and permanent interventions;

- 378 revised traffic signal timings at intersections against a target of 350 to improve mobility and reduce congestion. For the 2019/20 financial year the organisation has completed 281 designs against an annual target of 200, thereby exceeding the annual target;
- In the financial year, old cables in 118 intersections have been upgraded against a planned target of 84 intersections. Included in the programme is the upgrading of existing traffic signals in line with the SARTSM standards and in the year 85 intersections have been upgraded.

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

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 was inadequate for the planned project scope for the financial year and to meet additional demands for infrastructure rehabilitation and reconstruction. Requests for additional budget were not successful. Looking ahead to the 2020/21 MTEF budget, both the capital and operating budgets will be lower than the 2019/20 financial year. This requires some adjustment to planned deliverables.

Beyond these, from service delivery perspective was the impact of the COVID-19 pandemic that reduced operations in core areas. The entity revised its Capex budget and SBDIP targets as a result of COVID-19 impact while no projects were awarded during the last quarter due to lockdown regulations. The lockdown also affected regional operations activities leading to most of reactive and proactive maintenance activities not achieved. Several infrastructure developments projects such as bridges rehabilitation and construction were delayed.

### **Section 3: Key Programmes Implemented**

Annually, the JRA implements the following key programmes:

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

#### **i. Road Management Programme (Resurfacing and Upgrading)**

The JRA manages over 10 000 km of road network: most of these roads are older than 30 years which is usually a design life span for urban roads. The status of many of the roads across the network ranges from poor to very poor and they require rehabilitation

and or reconstruction. In line with available resources the JRA has adopted road resurfacing as a short to medium term strategy to prevent complete failure of the road network.

The road resurfacing programme, which includes asphalt overlays, re-tarring and sealing of cracks across the City of Johannesburg's road network improves the life span of the City's roads. It also reduces structural damage caused mainly by water which often results in potholes. In 2019/20 the JRA resurfaced 193.44 lane km against an annual target of 135 lane km.



**Image 1 & 2: Resurfacing of M2 Highway in Region F and Njambayi Streets in Region D**



**Images 3 & 4: Road Reconstruction in Region A- Wild Pear Street**



**Images 5 & 6:** Road Reconstruction in Region G- Sikheleza Street

In 2019/20 financial year 1.47 km road citywide were rehabilitated against an annual target of 8.5km. COVID-19 impact and the national lockdown meant that no work could be done during the last quarter of the year due to the closure of sites as per COVID-19 Regulations. Some of the areas that benefitted from this intervention include Regions A and G. Several detailed designs for new road upgrades, reconstruction and rehabilitation are currently underway and these include Outspan Road, James Street, Spencer Road, Ballyclaire and Jam Smuts Drive.

Further, aligned to the City's pro-poor development focus and the capital investment work, the JRA has focused on upgrading of road infrastructure, the upgrading of gravel roads into tar / surfaced roads mostly in marginalised areas across the City's townships. These townships include Ivory Park, Diepsloot, Braamfischerville, Orange Farm, Driezek, Tshepisoong, Doornkoop/Thulani, Mayibuye, Poortjie, Lawley, Slovoville, Zandspruit, Midrand and Kaalfontein. This has allowed JRA to contribute to short-term job creation and support of emerging enterprises (SMMEs).

Several projects to upgrade gravel roads to surfaced roads were initiated in the financial year. By the end of the 2019/20 financial year, 21.48km of gravel roads had been upgraded to surfaced roads. These interventions have also assisted with creation of job opportunities and engagement of SMMEs. Cumulatively 90 SMMEs were supported against a target of 70 while 560 jobs were created against a target of 800.



**Images 7 & 8:** Gravel Roads Upgrade in Kaalfontein and Mayibuye

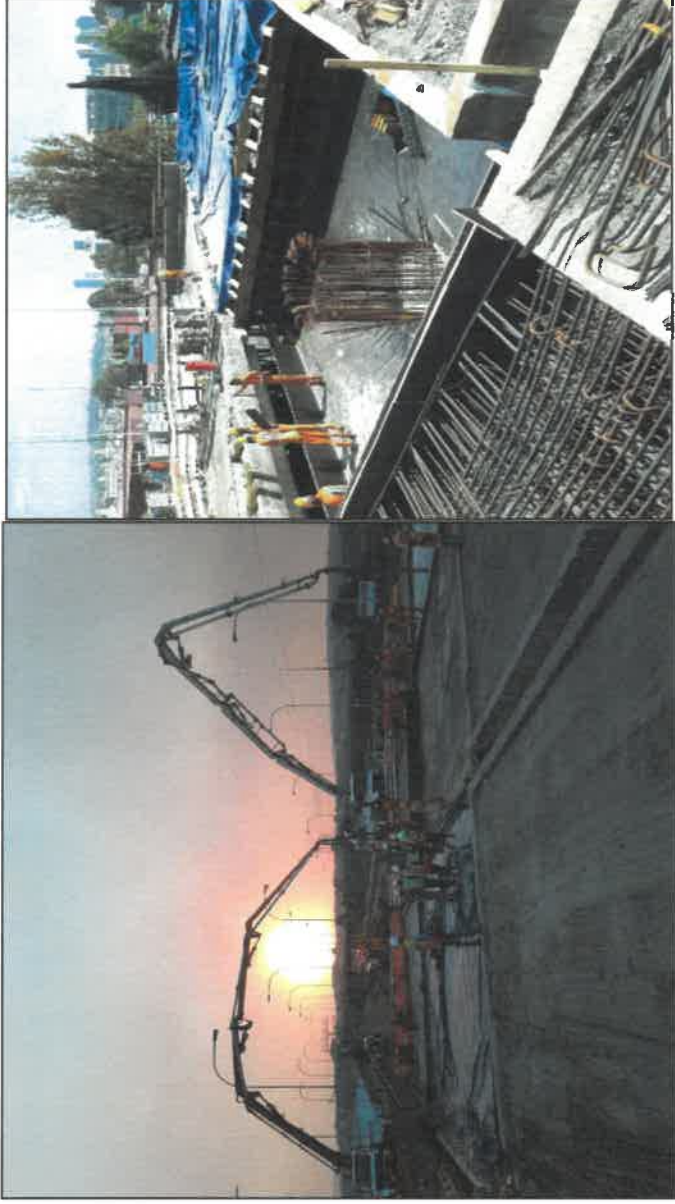


**Images 9 & 10:** Upgrading of Gravel Roads in Ivory Park and Orange Farm

**ii. Bridges Management Programme**

During the course of the financial year several bridges were identified to have a variety of structural defects and required either rehabilitation and or reconstruction. There are currently 50 bridges that require urgent rehabilitation and or reconstruction across the City. Some of the more critical bridges include amongst others Belgrave Bridge, Seder Street Bridge, Imimink Drive Bridge, West Road bridge, Pier Road bridge and Maphumulo Bridge. The rehabilitation of all bridge structures along the M1 and M2 is 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 implementation of these bridge rehabilitation intervention projects is at various stage based on the scope of works. Designs for the different bridges are being developed to ensure procurement, the appointment and construction can commence when funding becomes available. In the year, a total of 19 bridges were reconstructed and or rehabilitated against a target of 18.



**Image 11 & 12:** M2 Selby deck construction in progress



**Image 13 & 14:** Construction of South Bridge and Spring Road Bridge

**iii. Implementation of the “No joint policy” and traffic signal upgrade.**

As part of its capital infrastructure development programme, the JRA is upgrading old traffic signal cables to eliminate cable faults that usually result in malfunctioning of traffic lights. In 2019/20. The JRA upgraded old cables at 106 intersections against a planned target of 84 intersections. Included in the programme is the upgrading of existing traffic signals in line with the SARTSM standards. In the financial year 85 intersections were upgraded.

**iv. Infrastructure Planning Management**

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

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

**a. Pavement Management**

A Pavement Management Systems (PMS) is critical for identifying inadequacies within the existing pavement infrastructure as well as planning maintenance interventions for proactive maintenance scheduling and defining new pavement infrastructure needs via the biannual Visual Condition Inspections (VCI).

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 (RISFA) Classification 3 and 4 per region. Inspections have been completed on major roads as follows:

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

**b. Storm Water Asset Monitoring**

Similarly, to the aforementioned visual condition inspections of pavements, the same exercise is applicable to existing stormwater assets managed by the JRA. The Stormwater Management System (SWMS) governs the Visual Condition Assessment (VCA) of the storm water assets. VCA outcomes not only provide short-term maintenance intervention scheduling, but provide accurate locality and condition state to be considered in the Stormwater Master Plan. In 2019/20 financial year the development of Stormwater Master Plans focused only on the Inner-City, Alexandra and Northcliff which was completed.

**c. Storm Water Management**

Storm Water Master Planning (SMP) is critical in identifying inadequacies within the existing infrastructure as well as defining new storm water infrastructure to mitigate flooding which leads to loss of life and property. The storm water masterplan principle is applied in built up areas without adequate drainage systems, to provide required links, future connection points, and to reserve future servitudes. In the areas where drainage system exists, the principle is applied to further assess the efficiency of such system and propose upgrades and improvements. During the 2019/20 financial year the focus has been on Braamfischerville, Orange Farm and Ivory Park.

**d. Open Drains Conversions**

As part of the implementation and development of SMP, the JRA embarked on a programme of converting all open storm water channel systems into underground pipe and or culvert systems. During the 2019/20 financial year the focus has been on Braamfischerville, Orange Farm and Ivory Park. In which 2.03km of open channels were converted to underground stormwater drain systems against the annual revised target of 1.5 km.

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 Mimila Road in Ward 47- Region D; Senaone - Umvoti Street in Ward 15- Region D; Mabalane Street in Ward 15 Region D; Mapetla Street, Sekoati and Malatsi Street in Ward 16 Region; Naledi - Madutlwa Street in Ward 20 Region D; Rathebe Passege in Ward 31- Region D and Braamfischerville Channel in Ward 44 Region C. The short-term solutions for the above areas are currently being implemented and will continue in 2020/21 financial year.



**Images 15 & 16:** Conversion of Open drains into closed system in Orange Farm and Ivory Park



**Images 17 & 18:** Implementation of the Stormwater Master Plan in in Mofolo, Soweto

**v. Mobility and Freight Management Programme**

During the 2019/20 financial year, the following key service delivery highlights and milestones were achieved.

- The annual performance on resolving all reported traffic faults on traffic signals is 98.26% (791/805) against a target of 80%.
- The JRA achieved 100% (36/36) against a target of 80% on damaged traffic signal poles repairs.

- The JRA revised the traffic signal timings at 378 intersections to improve mobility and reduce congestion. In the financial year, the JRA completed 281 designs against an annual target of 200, thereby exceeding the annual target.
- 340 safety investigations in response to community safety requests against an annual target of 300 were completed, thereby exceeding the annual target.
- For the 2019/2020 financial year a total of 132 petition reports have been completed for the 133 petitions received. The target of 90% of petitions investigated with reports was exceeded.
- 378 Traffic Impact Assessments were evaluated against an annual target of 350, thereby exceeding the annual target for traffic assessments.

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

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

In the year, the following milestones were achieved, over 17 000 guardrails replaced or repaired, 113 153 kerb inlets cleared blocked pipes cleared, 1 408 manhole covers replaced, over 9 000 traffic signs and poles erected, as well as over 46 000 potholes repaired through temporary and permanent interventions.

#### **vii. Governance and Internal Processes Programmes**

Key to this Programme is the creation of short-term job opportunities such as the Expanded Public Works Programme (EPWP) work opportunities and employment of local emerging contractors (SMMEs). In 2019/120, the JRA created 560 EPWP jobs against a target of 800 jobs and appointed 90 local SMMEs against target of 70 SMMEs. The JRA adjustment operating budget for the 2019/2020 financial year was R1,4 billion. The annual operating expenditure and income was R1,234 million (90.8%) and R1,340 billion representing income exceeding expenditure by R106 million. The capital budget for the 2019/2020 financial year was R1,14 billion and the annual capital expenditure is R 855 million and represents 82% of the original capital budget. A comprehensive breakdown of capital expenditure and projects is attached as Annexure D.

#### **Section 4: Performance against Service Standard**

The JRA implemented the following service standards as contained in the revised Customer Service Charter; repair of potholes; regulatory road signs repaired; traffic signal maintenance; repair of damaged / missing road barriers or guardrails; repair of damaged traffic light poles; blocked storm water repair and replacement of manholes covers. The company achieved 3 targets against 21 targets (14%). Table 3.1. below

illustrates JRA Service Standards and for detailed performance against these service standards see Annexure E.

KPA	KPI	Programme	KPI	Annual 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 stormwater repairs	% of blocked stormwater kerb inlets (KI's) repaired from when a valid call is logged.	40% within 10 days. 60% within 20 days. 80% within 30 days.
	3	Replacement of manholes covers	% of missing JRA manholes covers made safe and replaced after a valid call is logged	40% within 10 days. 60% within 20 days. 80% within 30 days.
	4	Regulatory Road Traffic Signs repaired	% of reported damaged/missing regulatory road traffic signs replaced or repaired from the time when a valid call is logged	40% within 10 days. 60% within 20 days. 80% within 30 days.
	5	Potholes repair	% of reported potholes repaired from time of recording of a genuine pothole by the JRA from all sources. <sup>1</sup>	40% within 14 days. 60% within 20 days. 80% within 30 days.
	6	Traffic Signal Maintenance	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	40% within 24 hours. 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.

Table.1 JRA service standards

**Section 5: Company Performance against 2019/20 Company Scorecard Targets**

The table below sets out how the JRA performed in the financial year against pre-determined objectives in the approved business plan and deviation report. The Company scorecard covers the following areas;

Programme	Key Performance Area	Relevant KPIs
1	City Circular 88 Indicators	KPIs No 1 - 12

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

2	Institutional SDBIP KPAs	KPI No. 13 – 15
3	JRA Strategy 2022 KPA's	KPI No. 16 -19
3	Other Key Projects – Proactive Maintenance	KPI No. 20-26

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
<b>City Circular 88 Pilot Indicators</b>									
Roads Management	1	Improved quality of municipal road network	Number of kilometers of unsurfaced roads graded	New KPI	158	N/A	N/A	3 542,44km	<b>Reason for deviation:</b> More grading was required due to heavy rains. <b>Mitigation action:</b> N/A
	2	Improved quality of municipal road network	Percentage of surfaced road lanes of municipal road network which has been resurfaced and rescaled	147	-	N/A	N/A	107% (193,44 Lane km)	<b>Reason for deviation:</b> The percentage is derived from the road resurface projects and the achieved 193,44 Lane km. The work progressed faster than planned. <b>Mitigation action:</b> N/A
	3	Clean – Audit Opinion	Number of repeat audit findings	New KPI	3	N/A	N/A	3 Repeat findings remaining from an opening balance of 11.	<b>Reason for deviation:</b> Management managed to implement recommendations and action plans and the balance of unresolved findings is within target. Continue the implementation of Remedial Action Plan <b>Mitigation action:</b> N/A
	4	Zero tolerance of fraud and corruption	Quarterly salary bill of suspended officials	New KPI	R30 000 000	N/A	N/A	R6 448 600,43	<b>Reason for deviation:</b> The conclusion of suspension cases reduced active suspensions and related salaries. significantly. <b>Mitigation action:</b> N/A
	5	Zero tolerance of fraud and corruption	Number of active suspensions longer than three months	New KPI	28	N/A	N/A	5	<b>Reason for deviation:</b> N/A. The conclusion of suspension cases reduced active suspensions significantly. <b>Mitigation action:</b> N/A

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
	6	Improved expenditure levels	Percentage spent on operating budget as approved against the approved operating budget	95%	100%	N/A	N/A	91,3% (R1,287million)	Reason for deviation: COVID shut down, reduced operating expenditure. Mitigation action: Preparation of demand plans will assist in procurement plans to improve operating budget expenditure
	7	Improved expenditure levels	Percentage spent on capital budget as approved against the approved capital budget	99%	100%	N/A	87%	82% (R 934 million)	N/A. Due to COVID-19 expenditure target was revised downwards. Expenditure is within.
	8	Well managed assets	Percentage spent on repairs and maintenance	New KPI	7.2%	N/A	N/A	0,6%	Reason for deviation: 55% R and M is inclusive of the departments that repair and maintain roads and traffic signals (where the assets are capitalised by the City). When only the maintenance on JRA owned movable assets is considered R&M is at 0,6% which reflects. Mitigation action: N/A
	9	Well supported SME's	Percentage of valid invoices paid within 30 days of invoice date		90%	N/A	N/A	93%	Reason for deviation: N/A

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
	10	Reversing the decline of Road Condition Index	Lane Km of surfaced roads rehabilitated and reconstructed	12	15 KM	N/A	15 KM	1.47 km	Reason for deviation: COVID-19 impact and the national lockdown meant that no work could be done during the fourth quarter due to the closure of sites as per COVID-19 Regulations Mitigation action: Several construction sites to be reopened in line with the COVID 19 regulations.
	11	Reversing the decline of Bridge Condition Index	Number of bridges (Pedestrian & Vehicular) being reconstructed and or rehabilitated	5	26	N/A	18	19	Reason for deviation: The programme progressed faster than anticipated. Mitigation action: N/A
	12	Decline in traffic lights downtime across the City	Number of signalised traffic intersections re-cabled	New KPI	114	N/A	84	118	Reason for deviation: Cost variations from one signal to the other which affects target estimates as a conservative estimated cost per signal basis is applied. Mitigation action: N/A
<b>Institutional SDBIP KPIs</b>									
	13	Establishment of formal road infrastructure in the City's townships (Pro-Poor Development)	Number of lane kilometres of roads resurfaced	220 Lane km	180	N/A	135	193,44 Lane km	Reason for deviation: The work progressed faster than planned. Mitigation action: N/A

KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
14	Establishment of formal road infrastructure in the City's (Pro-Poor Development)	Number of kilometres of gravel roads upgraded to surfaced roads	25km	30 KM	N/A	17	21.48 km	Reason for deviation: The work progressed faster than planned. Mitigation action: N/A
15	Establishment of formal road infrastructure in the City's (Pro-Poor Development)	Number of kilometres of open storm water drains converted to underground systems	1.5 km	2.8	N/A	1.5	2.03 KM	Reason for deviation: The work progressed faster than planned. Mitigation action: N/A
<b>JRA Strategy 2022</b>								
16	Increased support and expenditure of SME's	Number of SMEs supported	89 SME's appointed	100	N/A	70	90	Reason for deviation: Local communities' pressure and demands for more SME to be appointed in each infrastructure project resulted in Main Contractors having to appoint more numbers that had previously estimated by engineers based on minimum appointment value targets. Mitigation action: JRA will engage with local communities and other stakeholders to sensitive them on the need to maintain appointment values at levels that will enable SMEs to attain higher CIDB grading levels.
<b>Strategy 2022 – Year One</b>								

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
Proactive Maintenance	17	Well managed organisations	Percentage of the risks management plan implemented	70%	90%	N/A	N/A	95%	Reason for deviation: The over achievement on the implementation plan is due to the extra resource (Assistant Director) appointed during the financial year. Mitigation action: N/A
	18	Enhanced quality services and sustainable environmental	Percentage budget expenditure on implementation of the stormwater master planning projects	New KPI	100%	N/A	70%	96%	Reason for deviation: The work progressed faster than planned. Mitigation action: The areas to benefit from the project in 2020/21 have been identified for reprioritization.
	19	Create a City that responds to the needs of the citizens, customers, stakeholders and businesses	Number of reported faulty traffic signals within working hours	New KPI	10%	N/A	N/A	805 faulty traffic lights were reported and repaired (100%)	Reason for deviation: The target was reduced due to the lock down, however the contractors had all the required safety measures in place and therefore the JRA was able to fix traffic signals with the assistance of contractors. Mitigation action: N/A
<b>Other Key Projects</b>									
	20	Build caring, safe and secure communities	Total number of damaged/missing road barriers or guardrails repaired based on the proactive	5848	6 300	N/A	N/A	17 652	Reason for deviation: Contractors were sourced to top-up capacity. Mitigation action: N/A

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
Proactive Maintenance	21	An honest and transparent local government that provides itself on service excellence	Total number of blocked stormwater kerb inlets (K's) repaired based on the proactive maintenance plans and programmes.	41625	42 300	N/A	N/A	113 153	Reason for deviation: Due to heavy rains season, there was an increased need for cleaner storm-water kerb inlets. Mitigation action: N/A
	22	An honest and transparent local government that provides itself on service excellence	Total number of manhole covers made safe or replaced based on the proactive maintenance plans and programmes.	204	240	N/A	N/A	1 408	Reason for deviation: There were previously outstanding requests due to shortage of material. On receipt of material, more work was done to address the backlog. Mitigation action: N/A
	23	An honest and transparent local government that provides itself on service excellence	Total number of damaged or missing regulatory road traffic signs replaced or repaired based on the proactive maintenance plans and programmes.	22 243	23 500	N/A	N/A	9 546	Reason for deviation: Due to heavy rainfalls, teams were assigned to the "War on Pothole" program during the Q3 and the National Lockdown over the Q4 period, further added to the already struggling operations which were forced to be limited to emergency work only. Mitigation action: Operations has resumed with limited personnel until further notice.

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
	24	An honest and transparent local government that prides itself on service excellence.	Total number of potholes repaired based on the proactive maintenance plans and programmes.	140 732	140 732	N/A	N/A	51 209	<b>Reason for deviation:</b> Due to heavy rainfalls and the National Lockdown over the Q4 period, further added to the already struggling operations which were forced to be limited to emergency work only. <b>Mitigation action:</b> Additional capacity will be added to address this challenge.
	25	An honest and transparent local government that prides responsive local and signals pro-actively based on the proactive maintenance plans and programmes.	Total number of traffic signals pro-actively inspected based on the proactive maintenance plans and programmes.	2300	2070	N/A	0	2245	<b>Reason for deviation:</b> The COVID-19 deviation report adjusted the annual target to 0 in anticipation that there would be extensive disruptions due to the lockdown. The target was reduced due to the lock down, however the contractors had all the required safety measures in place and therefore the JRA was able to inspect traffic signals with the assistance of contractors. <b>Mitigation action:</b> N/A
	26	Enhanced quality services and sustainable environmental practices.	Number of stormwater masterplans completed.	2 Storm water Masterplans have been completed	2	N/A	N/A	1	<b>Reason for deviation:</b> Alexandra Township - initial scope of the area was three catchment covering Alexandra. These three catchments are completed. Two additional catchments were added covering Far East bank area as part of Alexandra township, only one of these two catchments was completed due to national lockdown.

KPA	KPI No	Outcome-Impact (End state)	Key Performance Indicator	Baseline 2018/19	2019/20 Business Plan Target	Mid-Year Deviation Target	Covid 19 Deviation Target	2019/20 Annual Performance	Reasons for over/ under performance and mitigation
									Mitigation action: The last outstanding catchment area will be completed in the new financial year

Table 3.2 Performance against targets set in the business plan and mid-year revision report

**Section 6: Progress on Mitigation Plans on AGSA APO Audit**

No	Finding	Action Plan
1	Irregular Expenditure	The JRA has not participated in any Regulation 32 process since the AG finding. Alternative sourcing types are currently being used. National Treasury circular 96 has been adopted by the organisation. Internal Audit will investigate the all established irregular expenditure matters for consequence management process if any required.
2	Conflict of Interest	Management is in the process of procuring a software/system that will assist SCM identify false declarations of bidders and employees. The matter has been referred to legal for further handling.
3	Payments not made within 30 days	Payment process workshops for the remaining Business units could not be held due to the Corona V19 Lockdown, however, one on one mentoring and training was done to support stakeholders on payment processing. Training took place also for two interns to support the payment process. Payments QA was done accordingly and some gaps identified were addressed.
4	Material misstatements in the annual performance report submitted for auditing	The material misstatements were on the reported performance information of Programme 1: City Institutional SDBIP programmes and Programme 2: JRA strategic SDBIP. Management subsequently corrected the misstatements and no material findings on the usefulness and reliability of the reported performance information were raised. Management has sought to improve the quality of performance information through-out the financial year.

Table 3.3: Progress on remedial actions

**CHAPTER 4: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT.**

The JRA aims to be the employer of choice within the City of Johannesburg by employing a progressive policy framework that will ensure recruiting and retaining talent through the Human Capital Management function. The JRA’s employment policy allows employment practices that help to attract the best talent complemented by remuneration policies that ensure the motivation and retention of talented employees.

The progressive policy framework further serves as the basis for the creation of a desirable and appealing work environment. In keeping with human resources management best practices and developments, the JRA periodically reviews all its employment policies and practices in line with applicable prescripts. This ensures that we have a policy regime that is relevant and competitive in attaining and acquiring the best talent available in the labour market.

The latter part of the financial year was quite testing and challenging in that it is when the country experienced a state of disaster and lockdown as a result of the advent of the corona virus pandemic, aptly referred to as COVID-19. The pandemic impacted the human resources and organisational management space, bringing about a new way of working which included reduced staff, staff rotation system, and working from home. The JRA worked closely with key stakeholders and through review and alignment of its policy framework and institutional practices, we were able to adapt to the “new normal”.

**Section 1: Annual Employee Remuneration**

Table 4.1: Total employee costs

<b>Employee Category</b>	<b>Cost</b>
Executive Management	12,640,381.86
Senior Management	16,276,553.62
Professionally qualified and experienced specialists and mid-management	36,466,639.06
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	76,557,113.33
Semi-skilled and discretionary decision making	67,202,315.26
Unskilled and defined decision making	156,691,485.88
<b>Total</b>	<b>365,834,489.01</b>

Table 4.2 Staff cost as a percentage of operating budget

<b>R</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>YTD Actual</b>
Total Salary Cost	170,641,000	182,777,000	205,027,000	182,402,000	R 740,847,000
Quarterly Adjustment Opex Budget 19/20	352,403,000	352,403,000	352,403,000	352,403,000	1,409,612,000
% of Salary to Adjustment Opex Budget	49%	52%	59%	53%	53%

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

## Section 2: Key Vacancies

### Progress in relation to the filling of vacant key posts

JRA has three key executive management positions that were vacant during the reporting period, namely, the (i) Chief Executive Officer (CEO), (ii) Head of Department for Mobility and Freight (M&F) as well as (iii) Head of Department: Performance, Governance and Information Technology (PGIT). The status in regard to progress made to fill each post is reflected in table 4.3 below:

Table 4.3: Progress with filling of vacancies

Vacant Post	Progress
HOD: Public Relations & Stakeholder Engagement	The candidate assumed duty on the 1 <sup>st</sup> of October 2019
HOD: Planning	The candidate assumed duty on the 02 January 2020.
CEO	The post was advertised and closing date on 22 June 2020.
HOD: M&F	The post was advertised and closing date on 22 June 2020.
HOD: PGIT	The post was advertised and closing date on 22 June 2020.

### Vacancy Rate

This section provides information about rate of vacancies against the total population of funded posts within the approved organisational structure. The JRA has a total of 2 646 authorised positions on the approved structure. Of the total approved posts, only of 1921 (72,7%) positions are funded while 725 (27,3%) are not funded. A further breakdown of the 1921 vacant funded positions indicates that, 1677 (87, 3%) are filled and 244 (12, 7%) are vacant. The process of filling the 244 funded vacant positions has been initiated and recruitment process is currently underway based on a recruitment plan. The recruitment process will continue until the end of the financial year.

Table 4.4: Vacancy ratio

Grade / Level	Authorised Compl ement	Number of funded Vacancies							
		Q1	% Vacanci es	Q2	% Vacancies	Q3	% Vacanci es	Q4	% Vacanci es
Executive Management + HODs	9	3	33.33%	2	22.22%	3	33.33%	3	33.33%
Senior Management	30	5	16%	3	10%	5	16.66%	5	16.66%
Professionally qualified and experienced specialists and mid-management	104	5	4%	9	8.6%	7	6.7%	8	7.6%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	211	44	20%	19	9%	22	10.4%	28	13.27%
Semi-skilled and discretionary decision making	867	34	3%	77	8.8%	79	9.1%	89	10.26%
Unskilled and defined decision making	1425	76	5%	99	6.9%	105	7.3%	111	7.6%
Total	2646	167	6.3%	209	7.8%	221	8.3%	244	9.2%

### Staff Turnover

The JRA closely monitored the number or percentage of workers who leave the organisation as well as the reasons for leaving. The total percentage of staff turnover versus the authorized staff numbers for the fourth quarter is 0.4% as illustrated in the table below:

Table 4.5: Staff Turnover

Turnover (Reason)	Staff Leaving JRA				Total
	Q1	Q2	Q3	Q4	
Resignation	3	3	9	-	15
Death	1	3	1	2	7
Dismissal	0	0	4	2	6
Medical Boarding	0	1	-	1	2
Retirement	7	24	6	8	45
Contract Termination	4	-	1	11	16
Total	15	31	21	24	91

As demonstrated in the table above, retirement (45), contract termination (16), and resignation (15) are the main three (3) causes for employees leaving the JRA.

### Staff Movement

Table 4.6: Staff Movement

Staff Movements	African		Coloured		Indian		Whites	
	Male	Female	Male	Female	Male	Female	Male	Female

Appointments	35	21	1	1	1	
Recruitments						
Resignations	3	9				
Dismissals	5	2				
Retirements	26	10				4
Absenteeism	3	1				

### Section 3: Employment Equity

Employment Equity (EE) objectives for 2019/2020 included alignment with the City of Johannesburg's EE mandate, improving representation of under-represented groups (race, gender and disability), addressing barriers identified in the practice analysis process and promoting inclusion and fair workplace practices. As a result of a Department of Labour review, a new EE Plan was developed. The plan development process involved the establishing of EE committees at each Depot and at Head Office, conducting an extensive analysis of the JRA's policies, practices, profiles, and the work environment and improving communication on matters relating to EE organisation wide.

As a result of COVID-19 lockdown restrictions towards the latter part of the financial year, some aspects of the EE Plan's implementation have been delayed. Face-to-face consultation has been limited during the period spanning late March 2020 to the end June 2020. As a result, some EE measures and interventions planned for the period had to be postponed. Despite these recent setbacks, the following projects have been undertaken during the financial year, namely:

- EE Awareness sessions have been held at each Depot and at Head Office with the view to complying with Section 25 of the EEA (Duty to inform). These engagement sessions provided a platform for participating in the EE Consultation process.
- EE Committees, as per the requirements of Section 16 of the EE Act have been established.
- An analysis of JRA's profiles, practices and policies has been done.
- A new plan has been developed and implementation, albeit delayed by COVID-19 challenges, is underway.
- A gender desk has been established and discussions have been held with women across the JRA. Key findings have been documented and work has commenced to address some of the challenges (e.g. Ablution facilities for women working on site).
- A Women's Book project commenced in January 2020 and plans are currently under way to complete the project. The book will showcase how women are experiencing employment at the JRA and JRA's work to improve employment outcomes for women.
- The EE Office has established an annual communications plan that includes regular WhatsApp messages to EE committee members, quarterly updates to EE stakeholders and posters supporting EE related National events.

EE Office Projects at a Glance



Figure 4.1: EE and diversity pipeline projects

### COJ entity comparisons

During the COVID-19 lockdown period, the EE Office undertook to review the JRA's EE performance against COJ entities to better understand the JRA's current EE performance in relation to sector entities. A comprehensive report has been compiled and will be shared with entities at a future EE Indaba.

### Preparation for Disability Access Audits

As an employer, the JRA takes issues of ease of access and use of its environment (facilities) by persons with disabilities quite seriously. Therefore, we remained resolute in ensuring that we play our part in harnessing the potential of our diverse workforce by, first and foremost, ensuring that our workplaces are more accessible, and non-discriminatory to persons living with disabilities so as to support their productivity and development. As a result, an access audit framework (Framework attached) has been prepared to be used across all JRA Depots and Head Office to assess the JRA's disability accessibility status.

### Department of Labour Update

The Department of Employment and Labour (DEL) has indicated that employers may review their current EE targets and objectives and make amendments as may be required. The DEL advised that in instances where it is practically not possible to maintain and achieve the initially planned EE targets, employers may consider reviewing and amending their EE Plans in consultation with the EE Consultative Forums (Sections 16 read with 17 of the EEA). In regard to the latter, the DEL emphasized that employers must document all the reasons for the changes as prescribed in the Employment Equity Regulations, 2014. JRA's EE Plan has been reviewed as per this directive and changes to the implementation dates have been proposed and are scheduled for discussion (consultation) with the relevant stakeholders.

### Current JRA Workforce Profiles as at 30 June 2020

The organisation is ensuring that all efforts are taken to ensure that its workforce is diverse, representative of the demographics of the land and accommodating of differences. However, the journey towards achieving the desired workforce profile in compliance with the prescripts is one that comes with its own challenges and complications. This is especially the case when our employment profile is juxtaposed with the Gauteng provincial framework (EAP) and our baseline figures recorded at the start of the financial year - as reflected in the table below.

Table 4.7: Employment equity at JRA

	MALES (ACI)			FEMALES (DESIGNATED)			NON DESIGNATED White Males
	A	C	I	W	A	C	
EAP GAUTENG	45.3%	1.3%	1.9%	7.4%	35.7%	1.3%	1.0%
TOTAL WORKFORCE: 01 July 2019	63.0%	0.7%	0.3%	2.0%	32.0%	1.0%	0.2%
TOTAL WORKFORCE: 30 June 2020	62.9%	0.7%	0.4%	2.2%	31.7%	0.6%	0.2%
% Needed to achieve target (Total Workforce)	-17.6%	0.6%	1.5%	5.2%	4.0%	0.7%	0.8%
Status	Over represented	Under-represented	Under Represented	Under Represented	Under-represented	Under-represented	Under-represented

JRA has experienced a slight reduction in total headcount since July 2019. However, this change did not significantly alter the race and gender distribution of employees. While the overall staff numbers did decrease and recruitment practices did take into account EE targets, low recruitment numbers contributed to the lack of significant changes to JRA's workforce profile numbers. Aggressive plans will continue to capitalise on opportunities in recruitment to improve representation.

When compared to the EAP of Gauteng, African males remain overrepresented at all occupational levels. All other race and gender groups are under-represented. Despite the challenges resulting from COVID-19, the EE Office continued to engage with the recruitment team to ensure that the targets were understood and communicated to those involved in recruitment decisions. The targets in the EE Plan have allowed for a phased approach towards achieving the targets. This included a gradual move towards equitable gender and race representation.

#### Targets for Recruitment Year 1:

- 70/30 Male/Female Split
- 5% of the above targets should be Coloured, Indian & White employees.
- (Targets for Coloured, Indians and Whites are in accordance to the race gaps as identified in the numerical analysis is to be prorated accordingly).

The EE Plan does necessitate approvals for all recruitment decisions that deviate from the above targets. Due to COVID-19 challenges, the involvement of the EE Forums in the monitoring of the implementation and progress of the EE plan has been negatively impacted. There were continued efforts of ongoing communication with the recruitment teams to ensure that concerted efforts go into improving representation of under-represented groups.

#### **Section 4: Skills Development and Training**

Skills development and training is a critical component of JRA's human capital management strategy to ensuring that the entity has access to a variety of skills sets and competencies. Due to COVID-19 lock down restrictions, most training interventions planned for the period covering April to June 2020 were suspended. Training was planned to commence as soon as management had been advised about the easing of the lockdown restrictions. However, virtual training arrangements, where available, will be permitted to avoid further delays in the implementation of skills development and training interventions for the organisation. The HCD unit has collected the Personal Development Plans (PDPs) of all staff. The PDPs have been incorporated into 2020-2021 Workplace Skills Plan. The table below indicates all the training interventions implemented during 2019/20 financial year.

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	29	-	29
	Degrees/Diplomas/Certificates (Employees)	-	60	60
	Institute of People Management	-	3	3
	Institute of Municipal Personnel Practitioners of Southern Africa	-	3	3
	Municipal Finance Management Act Programme	-	131	131
Develop Technical / Core Functional Skills	Road Safety & Barricading Training	-	199	199
	Laboratory Systems	-	10	10
	Documenting your systems	-	4	4
	Road Marking	-	180	180
	<b>Totals</b>		<b>29</b>	<b>590</b>

#### **Section 5: Performance Management**

The Performance Management and Development policy was retracted and replaced by a newly revised policy which is aligned to the City's policy framework. The revised policy is still in the process of consultation with organised labour. Currently the performance management process is being managed per JRA best practice principles. The Proof of Evidence (POE) guidelines were drafted and await approval.

**Section 6: Disciplinary Matters and Outcome  
Disciplinary Cases conducted and finalised**

The handling of disciplinary matters within the conscript of the regulatory framework as well as observing collective bargaining agreements and processes is essential for the maintenance of and ensuring discipline among all employees within the workplace. The following disciplinary cases were conducted and some finalised during the financial year as displayed in the table that follows:

Table 4.9: Disciplinary cases conducted and finalised

Nature of Case	Number of Employees	Outcome
Insubordination	3	1 case finalized: 1 Final Written Warning. 1 awaiting sanction in July 2020.
Theft	4	Hearings to continue in July 2020.
Fraud & Corruption	4	2 Hearings finalized: 2 Dismissals; 2 Hearings to continue in July 2020.
Irregular expenditure	2	Finalized, employees dismissed.
Racism	5	4 hearings finalized: 2 Final written warning, 2 Final written warning + suspension without pay for 10 days. 1 Hearing to continue in July 2020.
Assault	1	Hearing to start in July 2020.
Absenteeism	2	2 cases finalized: 1 Demotion; 1 dismissal.
Causing instability at the depot by preventing employees from working	4	3 cases finalized: 2 Final written warnings. 1 hearing to continue in July 2020.
Dereliction of duties	1	Finalized: employee dismissed
Negligence	1	Employee resigned
Misuse of equipment	3	1 employee acquitted, 1 hearing in progress, 1 employee deceased, case discontinued.
Incitement	6	Cases withdrawn due to lack of witnesses.
Corruption	1	Employee resigned.

**Suspensions**

There are currently six (6) employees on suspension. Fourteen (14) suspension cases have been uplifted during the period under review.

Table 4.10: Suspensions at JRA

Position Description / Designation	Category of Violations	Date of Suspension	Details of Disciplinary Action taken or Status of Case
Accountant: Level 5	Offensive behaviour and Insuubordination	2018.07.06	Employee presenting case.

<b>Position Description / Designation</b>	<b>Category of Violations</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action taken or Status of Case</b>
Accountant: Level 5	Offensive behaviour and Insubordination	2018.07.06	Case finalized, presenting closing arguments.
Inspector: Level 6	Causing instability at the depot by preventing employees from working	2019.12.02	Employer presenting case.
Ops Manager: RO Level 3	Negligence, dereliction of duty	2020.02.10	Employee dismissed on 10.07.2020.
Assistant sign erector: Level 8	Theft	2020.03.18	Employer presenting case.
General worker Level 9	Refusal to adhere to COVID-19 regulations	2020.06.23	Employer presenting case.
Depot Manager: Level 4	Alleged fraud and use of vulgar language	2016.10.10	Suspension uplifted on 5.08.2019.
Acting Supervisor: Level 8	Alleged theft of asphalt	2017.03.22	Suspension uplifted on 31.10.2019.
Ops Manager: SCM Level 3	Insubordination, SCM Irregularities	2018.08.01	Employee dismissed on 31.01.2020.
HCD officer: Level 6	Inappropriate behaviour	2019.02.13	Deceased 19.10.2019, case discontinued.
Managing Director: Level 1	Alleged fraud and corruption	2019.04.15	Employee dismissed on 20.05.2020.
General Worker: Level 9	Alleged incitement of workers to embark on illegal strike	2019.04.09	Suspension uplifted on 31.10.2019.
Personal Assistant: Level 6	Alleged incitement of workers to embark on illegal strike	2019.04.09	Employee resigned on 1.10.2019.
Inspector: Level 6	Alleged incitement of workers to embark on illegal strike	2019.04.09	Suspension uplifted on 31.10.2019
General Worker: Level 9	Alleged incitement of workers to embark on illegal strike	2019.04.09	Suspension uplifted on 31.10.2019.
Area Supervisor: Level 6	Alleged incitement of workers to embark on illegal strike	2019.04.09	Suspension uplifted on 31.10.2019.
Ops Manager: RO Level 3	Irregular expenditure	2019.09.04	Employee resigned on 31.12.2019.
Depot Manager Level 4	Irregular expenditure	2019.08.23	Employee dismissed on 24.04.2020.
General Worker: Level 9	Dishonesty	2019.08.22	Suspension uplifted on 31.10.2019.
General worker Level 9	Assault	2019.08.23	Suspension uplifted on 31.10.2019.

#### **Conciliations, arbitrations and grievances**

During the reporting period, 2 cases of unfair dismissal and 8 cases of unfair labour practice were recorded. Four (4) new matters were referred for arbitration and 2 arbitrations that had commenced previously are set to continue.

Table 4.11: Conciliations, arbitrations and grievances

Nature of dispute	Status	Outcome
2 Unfair dismissal	1 Part heard 1 New referral	Arbitration to continue Arbitration to start
1 Unfair labour practice	1 Part heard	Arbitration to continue
2 Unfair labour practice	New referrals	Arbitration to start
3 Unfair labour practice	Part heard	Arbitrations in favour of JRA

### Leave & Productivity Management

A summary of the leave provisions during the 4th quarter is noted below:

Table 4.12: Leave and productivity management

Category	Number of leave days
Annual leave	3420
Sick leave	1302
Family Responsibility leave	69
Study leave	65
Long service leave	5
Extended sick leave	4
Unpaid leave	1116
Leave encashment	6996

Note:

The high sick leave statistics are prevalent due to the aging of the work force especially general workers. This can also be attributed to the nature of work and the strain that it places on the aged body. Where there was suspected abuse of sick leave, line managers were expected to act and take disciplinary action as and when required.

### Employee Wellness

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

Table 4.13: Employee Wellness

Program	Action
COVID-19 Awareness	Information, posters and circulars distributed to keep awareness going.
COVID-19	SOP on dealing with suspected COVID-19 cases drafted and approved.
Wellness Champs	Training of Wellness Champs to deal with suspected COVID-19 cases.
EAP Services	24-hour Toll-free hotline and USSD (please call back messaging) service secured to assist JRA employees to access counselling services.

<b>Program</b>	<b>Action</b>
Healthy Lifestyle	Information distributed on maintaining a healthy lifestyle.
HIV & TB awareness	Posters placed on notice boards
Blood drive	3 blood donation drives were held at Head Office and some depots, in partnership with the South African National Blood Service.
Money Management assistance	Assisting clients in debt management
Substance addiction	No tobacco day write-up
Wellness planning meeting	6 meetings held with staff to plan activities
Mohokare Wellness Tournament	JRA soccer and netball teams attended and won both divisions
Healthy Lifestyle	Male and female condoms distributed
ASSUPOL	Meeting with SANLAM to explore cooperation
Healthy lifestyle	Meeting with Medizone for health screenings
Health Awareness	Meeting with sports coordinators to elect new sports committee
SOP	Health awareness questionnaire drafted for approval
Healthy lifestyle	Review of Wellness SOP
Occupational Health and Safety	Workshop for empowering potential retirees held
EAP Services	Presentation of psychological awareness to avoid IOD's.
Wellness Champs	EAP Service Provider has been appointed on the 13/01/2020 to provide EAP services to JRA employees and immediate families. On the 19/03/2020, the services were extended to include initial telephonic screening for COVID -19.
Healthy lifestyle	Recruitment and selection of Wellness Champs was finalized on 31 Jan 2020. An introductory workshop was held on 14/02/2020 where appointment letters were issued.
Health & Productivity	A Flu Vaccination Needs Assessment Survey was conducted with 284 Employees showing interest in the Programme. The Flu Vaccination roll-out was planned to kick-start on 30/03/2020 but has also been postponed because of the COVID-19 austerity measures.
	TB, HIV & STI Prevention campaign saw the promotion of biomedical technologies through electronic distribution of information on Pre-Exposure and Post-Exposure to HIV education material.

#### **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 (T) and face to face (F) sessions of which the latter was the most popular type used.

Table 4.14: Counselling Sessions

<b>Intervention</b>	<b>Type of session</b>	<b>Referring unit</b>
Behavioural problems of a child dependant of an employee	2 X T; 2 X F	Corporate Services
Group trauma debriefing	1 X F	Midrand Depot
Depression	3 X F	Planning
PTSD counselling	5 X F	Self-Referral
Trauma Debriefing post armed robbery exposure	4 X F	RSD & Asphalt Depot
Mediation session (PTSD)	3 x F	Contracts Management
Individual counselling follow-up	3 X F	2 x Planning; 1 x SCM
Life-management	2 X F	Self-Referral
HIV/ AIDS counselling	5 X F	Self-Referral
Couple intervention	1 X F	Self-Referral
Conflict Management	1 X F	Self-Referral
Substance abuse	4 X F	Self-Referral
Career guidance	2 X F	Self-Referral
Debt Management	1 X F	Self-Referral
Post-natal depression	2 X F	Self-Referral
Family counselling	2 X F	Self-Referral
Absenteeism	2 X F	Self-Referral
Suicidal ideation and Psychological challenges	2 X F	HCD
Corporate Bullying	1 X F	Self- Referral M&F
Depression	3 X F	Planning
PTSD	1 X F	Self-Referral Finance
Substance abuse (Family Member of Employee)	1 X F	Self-Referral IT
Psychological and Financial issues	4 X F	Self-referral – Waterval Depot
Social dysfunction & Grief counselling	5 X F	Referred by Wellness Champion – Dobsonville
Anxiety & Couching	2 X F	RSD Depot
MVA: Trauma Debriefing for a group of 5	1 X F	Midrand Depot
MVA: PTSD	1 X F	Midrand Depot
Trauma Debriefing post armed robbery exposure	2 X F	Traffic Signals Depot
Suicidal ideation/Follow up consultation with external service provider (PHS)	3 X F	HCD Head Office
Individual counselling on conflict management	2 X F	Traffic signals
Individual counselling on a disciplinary matter	2 X T	Norwood Depot
Individual counselling session	2 X F	Hamburg Depot
Depression	2 X F	Planning
Mediation session (PTSD)	3 x F	Contracts Management
Trauma counselling	2 x F	HCM
Individual counselling follow-up	3 X F	2 x Planning; 1 x SCM

<b>Intervention</b>	<b>Type of session</b>	<b>Referring unit</b>
Group Trauma initial engagement	1 X F	CRM Unit
Substance abuse & absenteeism	1 X F	Self-referral post rehabilitation – Waterval depot
Psychological and financial issues	1 X F	Self-referral – Waterval Depot
Gambling and absenteeism	3 X F	Self-referral following extended absenteeism – Dobsonville depot
Social dysfunction & Grief Counselling	1 X F	Referred by Wellness Champion -Dobsonville Depot
Anxiety & Guidance Counselling	2 X F	Self-referral - RSD Depot

F = Face to Face / T = Telephonic

#### **Employee Benefits**

The JRA provided employment benefits to its employees as prescribed in the Basic Conditions of Employment Act (BCEA). This was done in strict compliance to and reliance on the legislation to help shape and sharpen our employee benefits regime that supports and adds value for all employees.

#### **Pension Fund Benefits**

Employee pension benefits were provided through membership of the following accredited funds: eJoburg Retirement Fund; Municipal Employees Pension Fund; Municipal Gratuity Fund; Joint Municipal Employees Pension Fund; Soweto Pension Fund; and City of Johannesburg Pension Fund.

Table 4.15: Pensions and medical aid funds

<b>Fund</b>	<b>Name of fund</b>	<b>No of employees</b>
<b>MEDICAL AID</b>	Bonitas	362
	KeyHealth	79
	Hosmed	60
	LA Health	180
	SAMWU Med	210
	Non members	1227
<b>Total</b>		<b>2118</b>
<b>PENSION FUNDS</b>	EJoburg	1252
	City of Johannesburg Pension Fund	312
	Municipality Gratuity & Pension Fund	99
	National Fund for Municipal Workers	1
	Employees who were given the option to have	3

Fund	Name of fund	No of employees
	their own Retirement Annuity when employed by JRA	
	Employees on short fixed-term contracts (FTC) and are not contributing (contracts less than 1 year)	10
	<b>TOTAL</b>	<b>1677</b>

### Occupational Health & Safety programmes

The JRA 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. During the reporting period, three (3) disabling injury cases were reported.

Table 4.15: Injuries on duty

Activity	Q1		Q2		Q3		Q4		Annual		Target Comment /
	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	
Injuries on Duty (No of reportable cases)	18	15	19	5	8	14	57	32	102	66	The acceptable and recommended best practice Disabling Injury Frequency Rate value is a value of one.
Reportable Cases Rate (DIFR)	1.45	0.93	3.26	1.22	3.69	1.92	4.37	2.00	12.77	6.07	
KPIs											

### Note

The table denotes that the DIFR is above the value of one and currently standing at 2.00 which is double the recommended best practice value. This means that higher number of employees within the organisation experiencing high number of accidents will result in DIFR above one (1) and above.

A DIFR of 2.00 demonstrates an inadequate determination by management and employees' commitment to reduce occupational accidents. The table 4.16 demonstrates the comparison between Q4 in 2018/19 and 2019/20 financial year with fifty-seven (57) accidents and thirty-two (32) accidents respectively. A significant decrease of accidents is observed during Q4 and is mainly attributable to the COVID-19.

### Current implemented mitigating measures

The Safety Health and Environment Unit developed an action plan in consultation with Regional Operations and Mobility and Freight Departments to reduce the high level of occupational accidents at the depots. There were no activities (essential) to monitor during the Level 5 and 4 lockdown period. However, the SHE unit commenced with monitoring activities under Level 3 lockdown.

#### Summary of Occupational Accidents (July 2019 - June 2020)

Cause	Injuries	Mitigation
Employee slipped and fell injuring her Elbow while cleaning storm water channel (Strijdompark Park)	Elbow	The Depot Manager verbally reprimanded the employee for speeding. This will be highlighted during the toolbox talks and adherence to road safety by all employees driving the JRA vehicles
Employee was taking tools back to the vehicle when he tripped and fall injuring his right finger. (Traffic Signal)	Right finger	The Depot manager will discuss the accident with the depot staff and ensure that SOP is developed to identify the risks related to the activity and will be discussed with all employees. Employees were encouraged to conduct toolbox talk sessions before and after work,
An employee fell of her sit injuring her right shoulder when the driver of a tipper truck suddenly stopped while ferrying employees to work site (Norwood)	Right Shoulder	The contracted tipper truck was replaced with another truck. A new fleet of trucks has been purchased and awaits tagging before distributed to the depots in order to reduce the number of contracted trucks
Employee was loading KI top on the truck when his right-hand finger got caught between the slab and crane chain. (Strijdompark Park)	Finger	Employees must conduct toolbox sessions and risk assessment of the site before commencing with work. Develop Standard Operating Procedure (SOP) of manual handling of KI top in the truck. Employees must wear and use personal protective gloves at all times. The incident will be discussed with employees on the 25 <sup>th</sup> September 2019 to create an awareness and prevent reoccurrence accidents
An employee was reversing a vehicle which bumped into an Apollo light in the depot injuring his head and neck (RSD).	Head and Neck	On the 5th August 2019, a meeting was held with RSD drivers to always ensure that there is an employee on the ground directing the driver while reversing a vehicle. Fleet and Plant will be requested to avoid tinted windows to prevent the incident of these nature. Drivers were encouraging to include safe and cautious driving topic in the daily tool box talk sessions
Eight (8) employees were being ferried by tipper truck to work site when the operator mistakenly pressed the tipping button while in motion causing the truck to lift its back where employees were sited, and they fell to one another sustaining injuries (Norwood)	Shoulder, chest, ankle, neck, back hand and lower back	The contracted truck was replaced with another truck. A new fleet of trucks has been purchased and awaits tagging before distributed to the depots in order to reduce the number of contracted trucks.
Tack coating splashed into the face of an employee while pumping the it into a 100-liter drum for use on site (RSD)	Eyes	Daily toolbox talks about wearing eye protection equipment's should be conducted before commencing daily activities.

An employee injured his finger while off-loading tools from the back of the truck when the tail-door swung back. (Dobsonville)	Middle finger	Daily toolbox talks about wearing of hand protection equipment's and handling of tail-doors should be conducted before commencing daily activities.
An employee was assisting the mechanic to change a punctured tyre from a grader when a steel bar fell and injured his left feet (Midrand)	Feet	Daily toolbox talks about good housekeeping should be conducted before commencing daily activities – 17.12.2019 Formally inform Grader Operators that defected machines and construction plant Grader should be maintained or fixed by competent/ trained mechanic (13.12.2019)
A spray-painting team member lit the cigarette a meter from the spray-painting machine. The cigarette ash sparked fire and burned an employee on the face. (Midrand).	Face	<ul style="list-style-type: none"> <li>• Conduct toolbox talk on spray painting activity on daily basis before commencing daily activities.</li> <li>• Increase the number of team members from two to four members.</li> <li>• No cigarette smoking or open flame when handling flammable and hazardous material.</li> <li>• Train employees on handling Hazardous and flammable materials.</li> <li>• Supervision and monitoring wearing of PPE when working on site.</li> </ul>
An employee fell into an open manhole and injured his left foot while conducting litter picking activity at M2 east off-ramp.	Left foot	<ul style="list-style-type: none"> <li>• <b>Toolbox talk</b> – Open manholes on the road reserve have been identified as a hazard. Most open Manholes on the road reserve have been added as a tool box topic, discussing the topic and the associated risks will make employees more alert while working on the road reserves.</li> <li>• <b>Inspections</b> – Inspectors have been instructed to inspect and report open manholes on the road reserve, especially in the areas with a lot of vagrants.</li> <li>• <b>Materials</b> – Non- metal manhole covers, and drainage grates will be used to replace missing metal manholes and grid inlet covers to counter theft and vandalism</li> <li>• <b>Grass and Vegetation</b> – the over grown grass on the road reserve was a contributing factor to the accident. To mitigate grass and vegetation must be maintained at an acceptable level to improve visibility. (The grass cutting, and vegetation control budget must be improved)</li> </ul>
An employee injured his right part of chin when a slinger of a Bomag machine came loose and hit him while starting the machine (Hamberg).	Chin	Daily toolbox talks about safety inspection and safe starting of Bomag machine should be conducted before commencing daily activities.
Four (4) employees sustained multiple body injuries when the truck which was ferrying them to site was bumped at the back by another JRA truck which failed to stop at the intersection (Dobsonville).	Multiple body injuries: hip, hand, right knee, both knees and legs	<ul style="list-style-type: none"> <li>• Daily toolbox talks about safe operating, use, adherence to road rules for all truck drivers should be conducted before commencing daily activities.</li> <li>• The employer should implement disciplinary processes for speeding drivers.</li> </ul>

An employee pierced his middle finger by a broom stick while patching road at Yeoville (Benrose)	Middle finger	<ul style="list-style-type: none"> <li>Daily toolbox talks regarding wearing of hand gloves should be conducted before commencement with daily activities.</li> <li>Depot manager should conduct incident investigation regarding safe use of hand tools.</li> </ul>
An employee was bitten by dog while marking and painting stop signs at Diepkloof injuring his left hand and stomach (RSD).	Left hand and stomach	Daily toolbox talks regarding hazard identification for the work site including risk of bitten by dogs should be conducted before commencing daily activities.
An employee injured his right foot when a wheelbarrow he was pulling ran over his foot (Norwood).	Right foot	Daily toolbox talks for safe use of wheelbarrows should be conducted before commencing with daily activities.
An employee injured her left elbow when a truck she was traveling in suddenly took a quick turn (Norwood).	Left elbow	<ul style="list-style-type: none"> <li>Trucks ferrying employees should be of acceptable designs and fitted with sit belts for employees to safely securing themselves to prevent them from falling.</li> <li>Daily toolbox talks should be conducted regarding safe operation of trucks ferrying employees before commencement with daily activities.</li> </ul>
An employee slipped and fell injuring his left knee while climbing on to the truck (Benrose).	Left knee	Daily toolbox talks regarding climbing on to trucks hazards should be conducted before commencement with daily activities.
An employee burned his elbow when removing hot mix tar cover while patching road (Midrand)	Elbow	Daily toolbox talks regarding the hazards related to working with hot mix tar should be conducted before commencement with daily activities.
An employee slipped and fell injuring her left shoulder and left leg while walking down the stairs at the main admin office entrance (Traffic Signals).	left body side and left leg	<ul style="list-style-type: none"> <li>Safety awareness regarding ascending and descending the stairs safely should be conducted to mitigate the falling of employees.</li> <li>Incident investigation should be conducted, and recommendation be implemented to prevent the re-occurrence of the incident.</li> </ul>
An employee injured his left eye when the piece of glass lodged into his eye while sweeping the street (Norwood)	Left eye	Toolbox talks regarding wearing of eye protection equipment's should be conducted daily before commencement with sweeping activities on site.
An employee was involved in the motor vehicle accident while driving from site to depot and experienced body pains (Avalon).	Body pains	<ul style="list-style-type: none"> <li>Drivers safety awareness regarding road safety rules should be conducted to prevent motor vehicles accidents.</li> <li>Depot managers should conduct incident investigation and implement the disciplinary measures where drivers found being negligent or over speeding.</li> </ul>
An employee slipped and fell injuring his left knee while climbing on to the truck (Motorways).	Left knee	Daily toolbox talks regarding climbing on to trucks hazards should be conducted before commencement of daily activities.
An employee sustained a leg injury after she bumped a truck steel while patrolling at the depot (Security).	Right lower leg	Daily toolbox talks regarding hazard identification for the work site as well as risk of bumping objects should be conducted before commencing daily activities.
An employee was involved in the motor vehicle accident while driving to a depot to collect	Body pains and Neck	<ul style="list-style-type: none"> <li>Driver's safety awareness regarding road safety rules should be conducted to prevent motor vehicles accidents.</li> <li>Managers should conduct incident investigation and implement the disciplinary measures when drivers are found to be negligent or over speeding.</li> </ul>

documents. (Facilities Management)		
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Table 4.16: Summary of occupational accidents 2019/20

## CHAPTER 5 FINANCIAL PERFORMANCE AND EXPOSURE

### Section 1: Statement of Finance position and high-level notes

Year to Date (End of June 2020)

	R	2019-20
Operating surplus		110,455 m
Cash on hand (Developers account and loan to COJ)		669,283 m
Accumulative Surplus		541,275 m

(Refer to Annexure G)

### Section 2: Statement of Financial Performance and high-level – Year to date 30 June 2020

Component	Adjustment Budget 2019/20	Actual 2019/20	Variance	Comment
Income	1,409,612 m	1,397,641 m	(11,970 m)	Developers Income , Management Fees on Capital projects is under budget
Expenditure	1,409,612 m	1,287,186 m	122,426 m	Consultants, Materials, leasing of vehicles, and Contractors have substantial savings.
Surplus/ (Deficit)	Nil	110,455 m	110,455 m	

Please note that COVID had an influence on the annual Income and Expenditure for JRA as there was a hard lockdown for two months of the financial year for the Entity and also disruptions in June 2020 with some of facilities closed due to COVID cases reported at JRA facilities.

Notes to finance position / performance (Financial Year as at 30 June 2020):

The Actual Income is under the adjustment budget by R11,970 million and is mainly due to Developers Contributions received from COJ Planning Department and Management Fees based on the Capital expenditure for bulk infrastructure relevant to the JRA. The operating expenditure for the year is under the adjustment budget due to Contractors, leased vehicles and Consultant line items, and the annual expenses are R122 million under budget. In the context of necessary cost containment as per the National Treasury circular, management has drastically reduced non-essential expenditure including expenditure for functions, travel and participation in events.

Over/Under spending:

- Consulting fees: These are expenses related to the use of external consultants. The expense is R18 million under the adjustment budget for the financial year. This is due to the reduced use of consultants within the JRA. In addition, the JRA has been filling vacant positions to minimize the reliance on consultants.

- Contractors: This expense relates to external contractors that the JRA uses for some of the maintenance work. Due to a slow start to the financial year by Level 1 and 2 appointments, the financial year has an under expenditure of R62 million and COVID-19 had an effect on the expenditure.
- Repairs and Maintenance is under the adjustment budget by R17,4 million for the year and relates to maintenance of JRA owned assets e.g. Depots and Head Office buildings.
- Employee Costs are under the adjustment budget amount by R 4,1 million (includes Employee costs under indirect expenses and internal transfers). This includes the “insourced” security and cleaning staff expenses shown under Employee and Related costs under Internal Transfers.
- Depreciation: Depreciation charges are R5,5 million under the adjustment budget for the for the year.
- Materials: Material costs are R10 million under budget for the year, due to less materials utilized during the COVID-19 lockdown during the year
- Leased Vehicles: This is expenditure related to the motor vehicles leased by JRA from service providers and costs from the City and is R13 million under the adjustment budget for the year.

**Section 3: Cash Flow Statement**

Refer to Annexure G

**Capital Projects & Expenditure (CAPEX expenditure)**

		Q1	Q2 Cumulative	Q3 Cumulative	YEAR TO DATE Cumulative
2016-17 (R 1 472 946 000)	Expenditure	R 213,644 850	R 519 285 867	R 702, 044, 000	R 1, 288, 026, 000
	%	14,84 %	36,06%	47,7%	87,4%
2017-18 (R 1 121 086 000)	Expenditure	R 140 052 822	R 458 622 627	R 640 007 000	R 1,092,688,501
	%	11.5%	37,8%	57,1%	97, 4%
2018-19 (R 1 301 847 000)	Expenditure	R 162 494 005	R 494,151,605	R 681,126,046	R 1, 292, 145, 004
	%	13.5%	40,96%	52,32%	99%
2019-20 (R 1 140 860 000)	Expenditure	R 340 901 123	R 682 223 153	R 798, 736, 529	R 934, 521, 549
	%	29, 88%	59,8%	70%	82%

Refer attached Annexure D for detail.

**Funding Source**

Table 5.1: Funding Source

Details	Original Budget (R)	Actual (R)	% Spent
COJ Funded	665 460 000	576 691 689	87%
USDG	475 400 000	357 829 860	75%

#### Section 4: Ratio Analysis as at 30 June 2020

The table below analyses five key ratios for the last five financial years in line with the Financial Development Plan (FDP) of the City of Johannesburg Metropolitan Municipality.

KEY RATIO	Target	2020	2019	2018	2017	2016
	FDP					
Current ratio	1.1	2.2	1.6	1.5	1.4	1.3
Solvency	2.1	2.3	1.7	1.7	1.6	1.51
Debt to Revenue	45%	6%	5%	5%	3%	
Interest to Expenditure	7%	0%	0%	0%	0%	
Remuneration Expenditure to	30%	58%	56%	51%	48%	47%
Road repairs & maintenance - Direct costs *		35%	36%	33%	32%	34%
Administrative - Indirect costs*		23%		18%	17%	

The entity has a positive current ratio and the ratio also met the FDP target in the current year. The solvency ratio is above the FDP target and the entity is solvent in the financial year ended 30 June 2020. The financial position has improved significantly from 2016. The long-term debt borrowings and the related interest costs are well within targets following the elimination of the overdraft in 2013 which affected the cash flows negatively in the past financial years.

\*The target on employee costs to operating costs remains unrealistic as JRA is a labour intensive Entity due to the nature of the work. This is primarily because of the business model of the Entity which has employee costs inclusive of Road repairs and maintenance teams (Regional Operations and Mobility departments) and Administrative labour. Also included under Employee costs are the insourcing costs of Security and Cleaning staff. The administrative labour constitutes 23% of total expenditure which is well below the FDP target of 30%.

Below are other key components in rand amounts:

KEY COMPONENTS	2020	2019	2018	2017	2016
	R'000	R'000	R'000	R'000	R'000
Bank and cash (Overdraft)*	0	307,549	167,248	57,192	12,860

Loan to/from Shareholder (receivable – sweeping)*	669,283	474,675	454,701	285,438	297,081
Total	669,283	782,224	621,949	342,630	309,941
Solvency (Insolvency)	896,166	750,650	571,988	483,153	391,698
Net Surplus (Deficit)	138,827	170,428	56,691	17,599	(2,756)
Operating Expenditure Budget	<b>1,409,612</b>	<b>1,283,170</b>	<b>1,071,443</b>	<b>975,374</b>	<b>919,192</b>

**Cost coverage:** The cost coverage ratio for JRA is 5, 7 months. This is calculated based on Cash on Hand (sweeping and developers contribution) divided by average monthly operating expenditure.

### Section 5: Supply Chain Management and BBBEE - BBBEE Expenditure

Table 5.3: BBBEE Expenditure

BBBEE Expenditure	%
Capex Percentage	-1 026,068,598.53 (58.8%)
Opex Percentage	-508,748,884.20 (29.1%)
Total payments made (excluding payroll amounts)	87.9 % against the annual target of 100%

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 87.9% against a scorecard target of 100%.

### 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>	85%	98%	99%	90%	100%

The average payment for the year is 93%.

### Section 6: Report on Irregular, Fruitless and Wasteful Expenditure and Due Processes

**Irregular expenditure** – The Irregular Expenditure to date amount to R 703.3 million of which R 316 million was accumulated in this financial year. The balance R314 million are Regulation 32 transactions and expired contracts which are currently being investigated by Internal Audit.

**Fruitless and Wasteful Expenditure** – for the financial ending 30 June 2020 an amount of R 4 112 which relates to AFHCO was charged as interest

**Deviations** – as at the end of the financial year, the total value for deviations amounts to R2, 4 million with eleven (11) deviations awarded. Seven (7) of the deviations were based on rates and four (4) are for the use of Request for Quotations (RFQs) utilised to procure Protective and Safety items to combat COVID-19 pandemic. The declaration of a National Disaster by the President of South Africa required an urgent response. All deviations were done in line with the MFMA and its Regulations.

#### **Income and Debtors Performance**

In the normal course of business, the JRA enters 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 a non-exchange nature. The following is a summary of the Age Analysis as at June 2020 by category of Debtor. Refer to the attached Annexure G for the detailed Age Analysis.

Table 5.5: Income and debtors

Description	Company %	Open Amount R	Current R	31 - 60 R	61 - 90 R	91 - 182 R	Over 182 R
Related Parties	97%	487,112,658	324,519,683	5,223,414	33,951	6,232,961	151,102,649
Other Govt. entities	2%	8,192,352	2,048,088	-	2,050,701	0	4,096,176
Third Parties	1%	6,238,196	2,521,824	-	0	23,672	3,690,087
<b>Total</b>		<b>501,543,206</b>	<b>329,089,595</b>	<b>5,223,414</b>	<b>2,084,652</b>	<b>6,256,633</b>	<b>158,888,912</b>

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

- a. That, the overall debtors account has decreased from R699m in June 2019 to R502m in June 2020, which is a result of payments made by related parties on outstanding invoicing towards the end of the financial year.
- 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.
- c. Of the total amount owed by debtors, 97% is attributable to Related Parties who pose minimal risk of payment to the JRA. The normal process requires all related entities to confirm the outstanding balances owing/owed to one another, as well as, the transactions that gave rise to those balances. This process ensures that all disputes are eradicated. Furthermore, due to the austerity measures of intercompany confirmations and reporting for each quarter and monthly, management is confident that bulk of the invoices will be settled when all City of Johannesburg operations normalize. The over

90days balance has decreased from R195,2 m to R165.1m in June 2020. The R165.1m which is over 90 days is mainly due to the following reasons:

- The 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 correspondent.
  - 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 1% of the total book. The debt has decreased by 10% due to the approval by the board to write off the doubtful debts. New debtors are few and are currently sitting on less than 90 days. Follow up process is performed on all outstanding debtors.
- e. Other Government Entities are entities which are owned and controlled by other spheres of government but fall outside the City of Johannesburg. The over 90 days due is for the Gautrans maintenance for the financial year 2019/20.

#### **Bad Debts Provision**

The bad debts provision has decreased from R35,5m to R25.8m due to decline in overall debtors' book. From the total provision of R35,5m in June 2019, R32m was written-off upon approval by the Board and the remainder of R3,5m was Cebekhulu Trading and SARS which were net-off against the payables account as the JRA owed the same debtors (refer table below). The JRA has raised provisions against debtors of R25,8m. These debtors were assessed as per GRAP104 and adjusted during the year as impairment.

#### **List of Doubtful Debtors that were written-off**

Table 5.6: Doubtful debtors written off

#	Customer Name	Amount	R
1.	ILGMSA		30,217.27
2.	Buzaphi		158,083.83
3.	Ekurhuleni Metropolitan Municipality		1,459,573.81
4.	Department of Public Transport Roads		777,469.15
5.	AON South Africa		12,528,837.55
6.	Eskom		276,378.82
7.	Gauteng Provincial Government		789,280.00
8.	City of Johannesburg Insurance		13,029,612.81
9.	Mafada Projects		113,784.81
10.	Siyanoqoba Recyclers		42.00
11.	Department of Roads and Transport		2,747,115.00
12.	Druza/Sophomelela Joint Venture		188,042.19
<b>Total</b>			<b>32,098,437.23</b>

#### **Bad Debts Provision at 30 June 2020**

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

Table 5.7: Pending litigations and possible liabilities

Litigation area	Total number of cases
1. Contractual disputes (ADR)	1
2. Delict (damages)	0
3. Labour (review applications)	0
4. Motion/ Action proceedings	3

### Section 8: Insurance Claims against MOE

In summary, the following claims have been received during 2019/2020:

Table 5.8: Insurance claims

Letter of Demand	Normal Claims	Summons	Total	Total amount claimed (R)
50	23	1	74	9,695,695.42

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

Table 5.9: Amounts Owed by and to government departments

Name	Amount (R)
City of Johannesburg	270,404,862
Johannesburg Water	31,570,999
City Power	349,641
Urban Settlement Development	68,595,972
Department of Roads and Transport	8,192,352
Rand Water	1,086
<b>Total</b>	<b>379,114,912</b>

**CHAPTER 6: INTERNAL AUDIT FINDINGS**

**Section 1: Auditor General's Report**

**To be Inserted**

## Section 2: Progress on Audit Plan

Results of the overall audits completed within the financial year show that the overall conclusion of the state of internal controls based on the following audits completed from the 1st of July 2019 to the 30 June 2020 is that controls are adequate but ineffective to provide reasonable assurance that JRA objectives will be achieved.

Table 6.1: Progress with audit plan

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Performance information continuous Audit – Q1, Q2 and Q3	Q1, Q2 and Q3	Adequate but ineffective		N/A
Annual Financial Statement review 2018/19	Q1	Adequate but ineffective		N/A
Employee Physical verification	Q1	Adequate but ineffective		N/A
Asphalt Plant Management	Q1	Inadequate and ineffective		N/A
Expenditure Management audit	Q1	Adequate but ineffective		N/A
Revenue Management	Q1	Adequate but ineffective		N/A
Public liability management	Q1	Adequate but ineffective		N/A
Bids Management over R5M	Q1	Inadequate and ineffective		N/A
Capital Expenditure Projects Implementation and Management (Capex)	Q1	Adequate but ineffective		N/A
Employee exit pay out, advance gratuity payments and exit gratuity payment	Q2&Q4	Inadequate and ineffective		N/A
Fixed Assets	Q2	Adequate and effective		N/A
Bids opening observation	Q1, Q2 & Q3	Adequate and effective		N/A
RFQ opening observation	Q1, Q2 & Q3	Adequate and effective		N/A
IT Hardware and software management	Q2	Adequate but ineffective		N/A
SMME development process	Q3	Adequate but ineffective		N/A
Key Control	Q1	Adequate but ineffective		N/A
Performance Bonus Verification for 2018/19	Q2	Adequate but ineffective		N/A

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Bids management below 5 Million	Q4	Adequate and effective		N/A
Total Quality Management: Management Control Self-Assessment Audit	Q4	Adequate but ineffective		N/A
Cost Management Audit	Q4	Adequate and ineffective		N/A
Employee Performance Management	Q4	Inadequate and ineffective		N/A
Supply Chain Management Audit (RFQ)	Q4	Adequate and ineffective		N/A
Employee Relations and wellness management	Q4	Adequate and ineffective		N/A
Expenditure Management and Accounts payable	Q4	Adequate and ineffective		N/A

**One (1) Ad-hoc audit completed: Verification of Occupational Accidents**

**Section 3: Progress on the resolution of audit findings**

In 2019/20, Management resolved 91 findings out of 127 that were due which accounts for 71%. The JRA resolved 24 of the 31 AG findings raised in 2018/19 financial year which accounts for 77%.

**Section 4: 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. One-on-one meetings with the departments, convened by the Ops Manager: Internal Audit are taking place. More specifically to address repeat audit findings raised by the Auditor General, Management has implemented the following actions;

Finding	Action Plan
Irregular Expenditure	The JRA has not participated in any Regulation 32 process since the AG finding. Alternative sourcing types are currently being used. National Treasury circular 96 has been adopted by the organisation. Internal Audit will investigate the all established irregular expenditure matters for consequence management process if any required.
Conflict of Interest	Management is in the process of procuring a software/system that will assist SCM identify false declarations of bidders and employees. The matter has been referred to legal for further handling.

Payments not made within 30 days	Payment process workshops for the remaining Business units could not be held due to the Corona V19 Lockdown, however, one on one mentoring and training was done to support stakeholders on payment processing. Training took place also for two Interns to support the payment process. Payments QA was done accordingly and some gaps identified were addressed.
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### Section 5: State of internal controls

The overall conclusion of the state of internal controls based on the following audits completed from the 1st of July 2019 to the 30 June 2020 is that controls are adequate but ineffective to provide reasonable assurance that JRA objectives will be achieved:

Table 6.2: State of internal controls

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Performance information continuous Audit – Q1, Q2 and Q3	Q1, Q2 and Q3	Adequate but ineffective		N/A
Annual Financial Statement review 2018/19	Q1	Adequate but ineffective		N/A
Project Management audit	Q1	Adequate and ineffective		N/A
Employee Physical verification	Q1	Adequate but ineffective		N/A
Bids and RFQ opening observation	Q1	Adequate but ineffective		N/A
Asphalt Plant	Q1	Inadequate and ineffective		N/A
Expenditure Management audit	Q1	Adequate but ineffective		N/A
Fixed assets	Q1	Adequate but ineffective		N/A
Revenue Management	Q1	Adequate but ineffective		N/A
Public liability management	Q1	Adequate but ineffective		N/A
Bids Management over R5M	Q1	Inadequate and ineffective		N/A
Employee exit pay out, advance gratuity payments and exit gratuity payment	Q2&Q4	Inadequate and ineffective		N/A
Fixed Assets	Q2	Adequate and effective		N/A

Name Audit Area	Date Completed	Opinion Expressed	Original Rating	Rating (Only applicable to follow up audits)
Bids opening observation	Q2	Adequate and effective		N/A
RFQ opening observation	Q2	Adequate and effective		N/A
IT Hardware and software management	Q2	Adequate but ineffective		N/A
SMME development	Q3	Adequate but ineffective		N/A
Key Control	Q1	Adequate but ineffective		N/A
Performance Bonus Verification for 2018/19	Q2	Adequate but ineffective		N/A
Employee performance	Q4	Adequate but ineffective		N/A
Bids management below 5 Million	Q4	Adequate and effective		N/A
Total Quality Management: Management Control Self-Assessment Audit	Q4	Adequate but ineffective		N/A
Cost Management Audit	Q4	Adequate and ineffective		N/A
Employee Performance management	Q4	Inadequate and ineffective		N/A
Supply Chain Management Audit	Q4	Adequate and effective		N/A
Employee Relations and wellness management	Q4	Adequate and ineffective		N/A
Expenditure Management and Accounts payable	Q4	Adequate and ineffective		N/A

## **Section 6: Report of the Audit Committee**

### **6.1. Introduction**

It is the responsibility of the Audit Committee, duly appointed by the Shareholders in a general meeting, to issue this report for the 2019/2020 financial year. The composition of the Committee and attendance of the Committee members, are addressed in the Governance Report (Chapter 2). The activities of the Committee are guided by the legislated mandate as well as detailed Terms of Reference duly informed by Section 66 of the Municipal Finance Management Act 56 of 2003 (MFMA), the Municipal Systems Act No 32 of 2000 (Municipal Systems Act), Section 94 of the Companies Act No 71 of 2008 (Companies Act) and King IV and are approved by the Board. The Annual Financial Statements form part of the Annual Integrated report. The Committee is also tasked with the oversight of the risk management process and the governance of Information Technology in terms of the MFMA.

### **6.2. Roles and Responsibilities**

During the year under review the Committee fulfilled all the functions and discharged its responsibilities as prescribed in the MFMA; The Municipal Systems Act, and the Companies Act, King IV and the Terms of Reference.

#### **6.2.1. External Auditor Appointment**

The Committee has satisfied itself that the external auditor is independent of the company, as set out in section 94(8) of the Companies Act, 2008. In consultation with the Executive Management, the Committee noted the Auditor-General of South Africa's engagement letter, noted the audit strategy together with the fees, which were approved by the Board.

#### **6.2.2. Summary of Main Activities**

In order to discharge its responsibilities, duties and obligations, the Committee considered the following:

- a) In respect of the external audit:
  - Reviewed the audit strategy, evaluated the effectiveness of the external auditor and evaluated the external auditor's internal quality control procedures;
  - Obtained assurances from the external auditor that adequate accounting records were being maintained, including reports pertaining to the effectiveness of the company's internal control environment, systems and processes;
  - Considered whether any reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005 and interrogated those reported in the annual financial statement and satisfied themselves that there was value for money and appropriate action was and / or will be taken to mitigate the risk of recurrence; and,

- Made recommendations to the Board regarding corrective actions to be taken as a consequence of any audit findings.
  
- b) In respect of the annual financial statements:
  - Considered the basis upon which the company was determined to be a going concern;
  - Confirmed that the “going concern” assumption was correctly used as the basis for the preparation of the annual financial statements;
  - Considered the annual financial statements, the information upon which the statements were prepared and the correctness thereof prior to submission and approval by the Board;
  - Ensured that the annual financial statements fairly present the financial position of the company as at the end of the financial year;
  - Considered accounting treatments and accounting judgments and conclusions;
  - Considered the appropriateness of the accounting policies adopted and any changes thereto;
  - Reviewed the external auditor’s audit report, including any significant legal and tax matters that could have a material impact on the financial statements;
  - Met with management and both the external and internal auditors to ensure all parties had an opportunity to raise any concerns with the Committee; and,
  - Considered the adequacy and effectiveness of controls and procedures, including meeting separately with management, external audit and internal audit.
  
- c) In respect of internal control and internal audit:
  - Reviewed and approved the annual internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter and the approved audit plan;
  - Considered the reports of the internal auditor regarding the systems of internal control including financial controls and maintenance of effective internal control systems;
  - Received assurance that proper and adequate accounting records were maintained, including the safeguarding of assets and the prevention of corruption and fraud;
  - Reviewed significant issues raised by the internal audit processes and the adequacy, and implementation, of corrective action in response to significant internal audit findings; and,

- Assessed the adequacy of the performance of the internal audit function, and specifically assessed the performance of the head of the Internal Audit Function and the adequacy of the available internal audit resources and made recommendations to correct shortcomings.

Based on the above, the Committee formed the opinion that, while the controls were adequate some were not wholly effective in achieving their purpose and ensuring that the Company's objectives were achieved. The Committee was however of the opinion that this did not lead to any material breakdowns in internal control, including financial controls and business risk management.

- d) In respect of risk management and information technology:
  - Reviewed the company's policies on risk assessment and risk management, including fraud risks and information technology risks as they pertain to financial reporting and the going concern assessment, and found them to be sound;
  - Reviewed IT risk and IT governance; and,
  - Considered and evaluated significant IT investments and the delivery and management of IT services.
- e) In respect of sustainability issues contained in the Sustainable Development report:
  - Oversaw the process of sustainability reporting; and,
  - Received the necessary assurances from management that material disclosures are reliable and do not conflict with the financial information.
- f) In respect of performance information:
  - Oversaw the performance information throughout the year through the quarterly internal audit reports received; and,
  - Considered the Annual Performance Report for the year under review and recommended it for approval to the Board of Directors.
- g) In respect of legal and regulatory requirements to the extent that it may have an impact on the financial statements:
  - Reviewed with management, legal matters that could have a material impact on the group;
  - Reviewed with the company's internal legal advisor the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities;
  - Monitored complaints received via the group's Whistle-blowers' reporting hotline;

- Confirmed with management that they had reported on any items of unauthorised, irregular and fruitless and wasteful expenditure in terms Section 102 of the MFMA; and,
  - Considered reports provided by management, the internal auditor and the external auditors.
- h) In respect of the coordination of assurance activities;
- Reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant risks facing the business; and,
  - Considered the expertise, resources and experience of the finance function, including that of the Chief Financial Officer (CFO), the head of the Supply Chain Management (SCM) function and senior members of management, and concluded that these were appropriate.

### **6.3. Fraud and Whistle Blowing**

The Committee has received quarterly reports pertaining to instances of fraud and / or corruption. The said reports were reviewed by the Ethics Officer, including reports received through the independent whistle-blower hotline. The Committee has exercised oversight in respect of financial reporting risks, internal financial controls, fraud risks and IT risks as they relate to financial reporting.

### **6.4. Evaluation of the Expertise and Experience of the Chief Financial Officer and Finance Function**

The Company appointed the Chief Financial Officer (CFO) in June 2019, throughout the 2018/2019 financial year, the company operated with three acting Chief Financial Officers on rotational basis. The Committee is of the opinion that the acting CFOs have been with the Company for a reasonable time, possess adequate qualification and experience in similar finance related portfolio's and they are deemed to have exercised reasonable care in executing their roles as acting CFOs.

### **6.5. Attendance**

The members as well as their attendance at meetings held during the 2019/20 set out in Chapter 2 of the report.

### **6.6. Conclusion**

Based on our review of the integrated report of JRA, comprising the annual performance review and annual financial statements, we are of the opinion that, in all material respects, the report complies with the provisions of the Municipal Finance Management Act, No. 56 of 2003; The Municipal Systems Act, No. 32 of 2000, the Companies Act, No 71 of 2008, the

King IV Report and Generally Recognised Accounting Practice as issued by the Accounting Standards Board and prescribed by National Treasury. The Committee concurred with the Auditor- General's Audit Opinion for the financial year ended 30 June 2020.

Having had regard to all material factors and risks that may impact on the integrity of the integrated report, and having satisfied ourselves that the information is reliable, we recommended the Audit Committee report of the JRA for the year ended 30 June 2020 for approval to the Board of Directors.



Date: 28/03/2021

**Mr Fulufohelo Ntsandeni**

**Chairperson of the Audit, Finance, Risk and IT Committee (AFRIT) On behalf of the AFRIT**

**ANNEXURES**

**Annexure A: JRA Board and Committees Attendance Register**

**JRA Board and Committees Attendance Register: Meeting of 2019/20 Financial Year**

The members of the respective Committees, as well as their attendance at meetings held during the 2019/20 Financial Year, are set out in the table below:

Board member/ IAC	Q1		Q2						Q3		
	30 Jul	29 Aug	14 Nov	15 Oct	11 Oct	27 Nov	14 Feb	09 Mar	19 Mar	13 Jan	10 Jan
1. Sipho Tshabalala	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓
2. Albert Torres	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓
3. Albert Mokoena	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	SPECIAL LEAVE
4. Thulani Hlatshwayo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Thabiso Kutumela	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6. Lulama Mayedwa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Moses Malungana	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. Odirile Mekwa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Charles Nkadimeng	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10. Lindi Mdivili	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11. Hazel Mtshkhulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12. Fulufhelo Ntsandeni	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13. Lawrence Ndlovu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
14. Ntsikelelo Milla	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
15. Tshupo Seemela	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
16. Moipone Qhomane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
17. Sandile Ndlungwana	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



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

Risk Ref	Risk Description	Residual Risk Rating		Action to improve risk management of risk	Due date	Progress on each action item as at end of the quarter
		Q4	Q3			
1	Infrastructure Failure (Storm-water/Roads/Bridges/Traffic-Signal)	High	High	Engage the City for additional budget to alleviate the infrastructure backlog Finalise the Joburg Water SLA with regards to reinstatements 3.1 Four (4) service providers have been appointed for four hot-spot areas (Inner City, Fordsbury, Alexandra and Northcliff). Inception Reports have been received and accepted for all four projects. Stage 2 Detailed Inspections are ongoing (site verification of assets). There is a Budget Allocation for the rehabilitation of open channels in the City. The resource is not adequate enough to resolve this matter short/medium term. Catchment Management is also a serious challenge as funding is also very limited. Out of the 27 catchments to date only one (Braamfontein Spruit) catchment Management Plan has been completed. 3.2 3 x Detailed Design Reports completed; Modderfontein Road Bridges A and B, West Road Major Culvert, Pierre Road Major Culvert and Buccleuch Road Bridge Rehabilitation.	Quarterly	Completed.
				Infrastructure deterioration and failure is occurring at a disproportionate rate between maintenance and failure. No extra budget is anticipated in the near future which means prioritisation must be of high quality. This process is underway with VCAs done on major arterials. Training of teams has been done on operations teams but the success was relatively low given that some of the workers have reached saturation point in terms of skill upgrade. Level 1 and 2 contractors will be used after salvaging 30 of the original 78 contractors. The process to use them to supplement our internal teams took longer than desired given the process to correct anomalies of the original structure of the contract.	Quarterly	Completed.

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
		Q4			
					<p>1) M2 Crown to Maritzburg Interchange Phased approach to be taken, Phase 1 Selby and Kaserne joints reconstruction, and resurfacing complete 30 November 2019. Phase 2. barrier replacement and durability treatment detailed PDR under way by consultant. 2) 19 small to medium bridge and culvert projects underway. 16 at stage 2 PDR, and 3 and DDR stage - Hand over of 12 bridge projects to Infrastructure Development Dept. pending.</p> <p>3) The terminated bridge projects have still been put on hold due to budgetary constraints.</p> <p>4) Mid-term budget was withdrawn all other projects are on hold till further notice.</p>
			Continuous Engagement with the entities (City Power, City Parks, Eskom, Joburg Water, contractors)	Quarterly	Completed.
			Program with Eskom to prioritise JRA calls	Quarterly	Completed
			Finalise the Gautrans SLA	30/09/19	The SLA between JRA and Gautrans has been finalised
			Implementation of RO proactive maintenance plan	30/09/19	Proactive maintenance is dependent on the availability of and up-to-date PMS, BMS, and SMS. The skills of the Inspectors to maintain the systems must be aligned to the requirements for proactive maintenance. RO is currently involved in workshops with Inspectors. The intention is to do one of the three interventions i.e. 1. Upskill, 2. Reskill, or 3. Repurpose.
			Implementation of Traffic signal maintenance plan	Quarterly	Traffic signals are inspected on a quarterly basis.

Risk Ref	Risk Description	Residual Risk Rating	Action to improve risk management of risk	Due date	Progress on each action item as at end of the quarter
		Q4			
2	Inability to meet service delivery targets (Customer Charter/Capex)	High	and traffic signal inspections		
			Bridge Assessment and Designs	30/09/19	4x Pending Preliminary Design Reports - Legwale and Mphatlatane Road Bridges, Ndlou Road Bridge over Rail, and First Street Bridge over Rail (Geotechnical Investigation and access to PRASA Site are a challenge). 5x Pending Detailed Design Reports - Queen Elizabeth road Bridge Harrison Road Bridge, Biccard road Bridge, Pierre road Bridge and West Road Bridge.
			1.1 Implementation of the SCM implementation plan	30/09/19	The Entity revised its Capex budget and SBDIP targets as a result of COVID-19 impact and submitted to the City. No projects were awarded during this quarter due to lockdown regulations. For 2020/21 MTEF budget, JRA has received massive budget cuts. The Opex budget was also revised downward as a result of funding pressures for COVID-19 across the City.
			1.2 Implementation of actions in ICT strategy	30/06/21	The deliverables as detailed in the ICT Strategy Implementation Plan are currently being implemented.
			1.3 Implementation of proactive maintenance plans	Quarterly	The proactive maintenance plan developed previously was based on historic maintenance data. This method is effective for only about 10% of the main activities. To develop a credible maintenance plan, data must be available and currently the methods i.e. RAMS, Internal Inspections, and Close out reports, used to gather data are either not available, inefficient or insufficient. PMS data, currently being developed for major arterials, will be used to develop a proactive maintenance plan.
			1.4 Develop a Training Plan for Project Management and submit to HCD.	30/06/19	The ID departments have identified and prioritised the training requirements for the project managers. Training was planned for Q4, but could not be finalised due to the lockdown restrictions.

Risk Ref	Risk Description	Residual Risk Rating	Action to improve risk management of	Due date	Progress on each action item as at end of the quarter						
					1.5 Implement additional Due Diligence process at appointment of contractors	1.6 Ensure that community consultations take place before project starts	1.1 Conduct process audits.	1.2 Quarterly compliance reporting	1.3 Consequence Management for all cases of irregular and fruitless expenditure	1.4 Finalise the Shift Policy	1.5 Obtain accreditation from South African
3	Ineffective Governance Structures and Poor Financial Management	High			<p>The training could not take place due to COVID-19 Regulations and lockdown as declared by the President and appointment of contractors and service providers was done proper Bid Specifications and Evaluation Committees have done their part.</p> <p>Ongoing</p>	<p>1.6 Ensure that community consultations take place before project starts</p> <p>Quarterly</p> <p>Completed.</p>	<p>1.1 Conduct process audits.</p> <p>30/06/19</p> <p>Process Audit Plan (document #PGIT-TQM-T14). Total of 10 processes are scheduled for finalisation by the end of financial year. To-date 4 processes have been audited and are on reporting phase.</p> <p>Quarterly</p> <p>Completed.</p>	<p>1.2 Quarterly compliance reporting</p> <p>Quarterly</p> <p>Completed.</p>	<p>1.3 Consequence Management for all cases of irregular and fruitless expenditure</p> <p>Ongoing</p> <p>Regular reporting on Fruitless and Irregular Expenditure as and when identified. Most common cases of fruitless expenditure are for Eskom due to different payment circles, although there has been improvement in this area as credit notes were received from Eskom. However, irregular expenditure is a challenge as it is incurred due to expired contracts not renewed but the services are needed and delivered. The irregular expenditure cases have been referred for investigation in order to check the elements of negligence and look in process of condonation as well as consequence management.</p>	<p>1.4 Finalise the Shift Policy</p> <p>30/09/19</p> <p>The policy was developed and submitted to LLF for consideration.</p>	<p>1.5 Obtain accreditation from South African</p> <p>30/12/19</p> <p>The bid for Materials Laboratory Refurbishment and Proposal for ISO/IEC17025:2017 has been cancelled. The cancellation of this bid has a negative impact on the accreditation</p>

Risk Ref	Risk Description	Residual Risk Rating	Action to improve risk management of	Due date	Progress on each action item as at end of the quarter
		Q4			
4	Reputational Damage	High	National Accreditation System (SANAS) for the Materials Laboratory.	30/09/19	A task team has been established for the review of the business operation. A skilled person will be sourced temporarily to run the Plant. The person will also be responsible to transfer skills.
			1.6 Review of the whole business operation (Asphalt Plant)	Quarterly	Regular reporting on fruitless and irregular expenditure as and when identified. Most common cases of fruitless expenditure are for Eskom due to different payment circles, although there has been improvement in this area as credit notes were received from Eskom. However, irregular expenditure is a challenge as it is incurred due to expired contracts not renewed but the service is needed and delivered. The irregular expenditure cases have been referred for investigation in order to check the elements of negligence and look in process of condonation as well as consequence management.
			Monthly tracking of cash flow on ID projects	Monthly	Completed.
			1.1 Develop a communications strategy	30/09/19	Completed.
			1.2 Develop and Implement Stakeholder Engagement Plan	30/09/19	Completed.
			1.3 Develop a communications	30/09/19	Completed.

Risk Ref	Risk Description	Residual Risk Rating	Action to improve risk management of	Due date	Progress on each action item as at end of the quarter
		Q4			
5	Fraud, theft and corruption	High	<p>plan that will include feedback to the public on service requests.</p> <p>1.1 Implement the ethics plan</p> <p>1.2 Contract with JPC to conduct an assessment of the depots</p> <p>1.3 Bio-Metric System to be included in the new Head Office Building</p> <p>1.4 Implement a bar coding and scanning system at all depots</p> <p>1.5 Escalation of theft to GIS and JMPD</p> <p>1.6 Specification in progress to acquire non-metallic</p>	<p>30/09/19</p> <p>Quarterly</p> <p>30/09/19</p> <p>30/09/19</p> <p>30/09/19</p> <p>30/09/19</p> <p>30/09/19</p> <p>Quarterly</p> <p>30/09/19</p> <p>Quarterly</p> <p>30/09/19</p> <p>Quarterly</p> <p>30/09/19</p> <p>Quarterly</p>	<p>The whistle blowing policy is still being considered by LFF. Furthermore, the Ethics forum considered and adopted the Fraud and Prevention Policy subsequently it was submitted to LFF for consultation and consideration. The policy is in line with the City's approved fraud and prevention policy. Constant communication promoting an ethical culture was sent to the organisation.</p> <p>Service provider has provided reports on the depots and prioritisation needs to be undertaken. A new service provider will be sourced since the original service provider contract has since lapsed. A panel of contractors are in process of being appointed.</p> <p>Completed.</p> <p>The request for the procurement was received. Participated in development of the specification and currently evaluated the bid for the scanners and barcoders. The procurement will be finalised in due course.</p> <p>Completed</p> <p>The bid was advertised and is currently in the procurement value chain i.e. Bid evaluation.</p>

Risk Ref	Risk Description	Residual Risk Rating	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q4			
6	Inadequate human capital management	medium	1.1 Development of the following key policies: a. Payroll Management Policy; b. Remuneration Policy; c. Grading Policy; d. Performance Management Policy; and e. Shift Policy.	30/09/19	Remuneration and Grading policies approved. Performance Management Policy is still in the process of consultation with Unions.
			1.2 Review the training development policy to align it to Col.	30/06/2020	The Training and Development Policy is still under review with Labour. Inputs were received and are still being reviewed by Management.
			products (KI tops and manhole covers) 1.7 Monthly reporting to EMT and quarterly reporting to the Board Committee	Quarterly	Completed.

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
		Q4			
			1.3 Fill Top Management positions	30/06/ 2020	Completed.
			1.4 Review of the Organisational Structure	30/06/ 2020	The organisational structure is still under review.
			1.5 Skills audit to be conducted and approved for proper placement	30/06/ 2020	The Organization has completed Skills Audit for Levels 2-6. The process for conducting Skills Audit for Levels 7-8 has commenced with participant and their Supervisors having completed Biographical Information.
			1.6 Implementation of the Project Management Training Plan.	30/06/ 2020	The ID departments have identified and prioritised the training requirements for the project managers. Training was planned for Q4, but could not be finalised due to the lockdown restrictions.
			1.7 Training on Supply Chain Management processes, targeted at HODs, Ops and Managers by the National School of Governance	30/06/ 2020	Training for all finance staff on MFMA and SAP has commenced. Furthermore, there are engagements with National Treasury and PALAMA to facilitate SCM procurement training to all new Bid Committee members as this will assist in ensuring that due diligence is done while evaluating and adjudicating bids. The training could not take place as a result of COVID-19 Regulations and Presidential Lockdown.
			1.8 Recruitment and appointment of qualified personnel on vacant funded position.	30/06/ 2020	There has been Moratorium since December 2019 for all management positions (Level 2 - 5) as a result there hasn't been progress in terms of filling of these positions.

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
					Completed.

1.5 Provision of awareness sessions on JRA values and the importance of completing the declaration of interest to all JRA staff.

Q4

**Annexure C: Summary of Legal and Regulatory Compliance Universe**

No	Relevant Act / Section	Responsibility	Activity	Frequency	Due Date	Status
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**CORE/ PRIORITY REGULATIONS**

**A. COMPANIES ACT NO 71 OF 2008**

1.	Financial Statements Sec 30	Co. Sec	Ensure that these are submitted to Registrar of companies (CIPC) together with the annual returns.	With annual returns	End Feb	<b>COMPLIANT</b>
2.	Directors, company name, registered office, registration number Sec 70	Co. Sec	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	<b>COMPLIANT</b>
3.	Register of directors and Officials	Co. Sec	Register of directors and officials to be maintained. Consent to act as director to be kept on record	Ongoing	Ongoing	<b>NON-COMPLIANT</b> Documents were submitted to CIPC post the AGM and signed resolutions however due to the COVID-19 pandemic. CIPC have stated that all services will resume post the national lock down.
4.	Annual Returns to be submitted in terms of Sec 30	Co. Sec	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	<b>COMPLIANT</b>
5.	Annual General Meetings – this is only a requirement of the Act into Public Companies and	Co. Sec	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;	Within 3 months of year end	Ongoing	<b>COMPLIANT</b>

No	Relevant Act / Section	Responsibility	Activity	Frequency	Due Date	Status
	thus there is no requirement for the JRA		minutes are taken and filed.			
6.	Auditor be appointed	Co. Sec	Auditor be consent to appointment and same to be lodged with CIPC	As and When	Ongoing	COMPLIANT
<b>B. LABOUR RELATIONS AND EMPLOYMENT LAW</b>						
7.	Labour Relations Act No. 66 of 1995	HOD: C/S	Ensure that Act is adhered to.	Ongoing	Ongoing	COMPLIANT
8.	Basic Conditions of Employment Act No. 11 of 2002	HOD: C/S	Ensure that Act is adhered to.	Ongoing	Ongoing	COMPLIANT
9.	Employment Equity Act No. 55 of 1998	HOD: C/S	Ensure that Employment Equity plan is followed and adhered to.	Ongoing	Ongoing	COMPLIANT
10	Occupational Health and Safety Act No. 85 of 1993 including Construction Regulations	HOD: C/S	Ensure execution, in particular, that safe working environment is maintained and that the Act is displayed in the workplace. Ensure that JRA employees meet requirements as contemplated in Construction Regulations.	Ongoing	Ongoing	NON-COMPLIANT
11	Code of Conduct for Municipal Staff Members, (schedule 2 to the Municipal)	Co. Sec.	Facilitate 100% submission of employee declaration forms.	Ongoing	Ongoing	NON-COMPLIANT
12	Skills Development Act No.97 of 1998 as amended by the Skills Development Act, 2003	HOD: C/S	Ensure ongoing execution and compliance.	Ongoing	Ongoing	COMPLIANT
13	Unemployment Insurance Act No.32 of 2003	HOD: C/S	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	Responsibility	Activity	Frequency	Due Date	Status
14	Promotion of Equality and Prevention of Unfair Discrimination Act No.52 of 2002	HOD: C/S	Ensure that requirements are met and that JRA Code is adhered to.	Ongoing	Ongoing	COMPLIANT
15	Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("COIDA")	HOD: C/S	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>C. FINANCE / VALUE ADDED/ TAX LAW</b>						
16	Value Added Tax No. 89 of 1991	CFO	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
17	Income Tax Act No. 58 of 1962	CFO	Ensure that relevant returns are submitted to the Receiver	Ongoing	Ongoing	COMPLIANT
18	Income Tax Act No. 58 of 1962 PAYE	HOD: C/S	Ensure that monthly payments are made.	Ongoing	Monthly	COMPLIANT
19	Financial Intelligence Centre Act, No 38 of 2001	CFO	All service providers FICA'd	Ongoing	Ongoing	COMPLIANT
<b>D. MUNICIPAL FINANCE MANAGEMENT ACT NO.56 OF 2003 -- THE SAID ACT CROSS REFERENCES THE FOLLOWING ACTS WHICH SHOULD ALSO BE TAKEN INTO ACCOUNT WHEN DETERMINING COMPLIANCE:</b>						
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; and Municipal Demarcation Act No 27 of 1998						
20	S 111	Finance - CFO	SCM Policy and implementation thereof	Ongoing	Ongoing	COMPLIANT
21	S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Ongoing	Ongoing	COMPLIANT – subject to disclosed deviations

No	Relevant Act / Section	Responsibility	Activity	Frequency	Due Date	Status
22	S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	COMPLIANT - The adjustment budget process for the 2020/21 financial year will start in November 2020.
23	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	COMPLIANT
24	S 106	CEO	All delegations reduced to writing	Ongoing	Ongoing	NON-COMPLIANT - Revised delegations have been tabled for approval by the Board, AFR& IT however the CFO has been tasked with reviewing the delegations of authority.
25	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
26	S 126	CFO	Submit annual financial statements to AG for auditing	Ongoing	August 2020 November 2020 October 2020 due to COVID adjustments.	COMPLIANT – A FS were submitted to the AG on 31 October 2020 due to COVID adjustments.
27	S 165 / 166	CEO / Board	Internal Audit Unit and Audit Committee	Ongoing	Ongoing	COMPLIANT – The AFRIT Committee meets on a quarterly basis. Two special meetings have been arranged annually to discuss annual financial statements and the AG report
28	S104	CEO	Any non-compliance with MFMA responsibilities reported to City	Ongoing	Ongoing	COMPLIANT – No non-compliance which has come to the attention of management
29	S 85 86	CEO	Open and operate at least one bank account and submit details to City	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Responsibility	Activity	Frequency	Due Date	Status
30		CEO / Board	No unfunded mandates	Ongoing	Ongoing	COMPLIANT
31	SCM National Treasury Circular - payment of suppliers	CFO	Payment of suppliers and contractors within 30 days from the date of submitting a valid invoice to the relevant Organ of State	Ongoing	Ongoing	NON-COMPLIANT

**SECONDARY REGULATIONS**

**A. ENVIRONMENTAL**

32	Waste Act 59 of 2008	HOD: RO / Manager H&S. Act.	Waste Act 59 of 2008 – Regional Depots to store waste in compliance with the Waste Act.	Ongoing	Ongoing	NON-COMPLIANT
33	Air Quality Act 39 of 2004,	Manager H&S.	Asphalt Plant compliance with Air Quality Act	Ongoing	Ongoing	COMPLIANT
34	Environmental Regulations in relation to Asphalt Production and Transportation Road Maintenance and Construction	HOD: RO	Asphalt Plant compliance with Air Quality Act; NEMA (National Environmental Management Act	Ongoing	Ongoing	COMPLIANT

**GENERAL LAWS**

35	Prevention and Combating of Corrupt Activities Act No 12 of 2004 (Anti-corruption Act)	Co. Sec.	Ensure corruption is managed effectively	Ongoing	Ongoing	COMPLIANT
36	Protected Disclosures Act, No 26 of 2000 (Whistleblowing Act);	Co. Sec.	Management of whistleblowing hotline – reports received and addressed in line with policy	Ongoing	Monthly	COMPLIANT
37	Promotion of Access to Information Act No. 2 of 2000	Co. Sec	Ensure that policy is adhered to and in particular that JRA's Code/Procedures on access to information are adhered to.	Ongoing	Ongoing	COMPLIANT
38	National Credit Act	HOD: C/S	Staff Loans previously granted were not	Ongoing	Ongoing	COMPLIANT

No	Relevant Act / Section	Responsibility	Activity	Frequency	Due Date	Status
39	Road Traffic Act	HOD: R/O	Ensure that all vehicles licenses and traffic fines are paid.	Ongoing	Ongoing	COMPLIANT
40	Women Empowerment	HOD: C/S and (All Departments & Directors and Board Sub-Committees)	Both public and private entities will be required to precede all organisational decision and activities with a gender equality analysis, as well as achieve at least 50% representation of women in decision making structures. The WEGE Bill has not been promulgated as yet. However, the JRA has obligations under the EEA and in accordance with Government's commitment towards ensuring a 50/50 gender split, mainly in decision making levels.	Ongoing	Ongoing	NON-COMPLIANT
41	National Archives and Records Services of South Africa Act	HOD: C/S	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
42	National Road Traffic Act 93 of 1996 and chapter VIII of National Road Traffic Regulations of 2000	HOD: R/O	Transportation of dangerous goods as classified in terms of SABS code of practice (SANS 0228:2012);	Ongoing	Ongoing	COMPLIANT
43	Roads / signals Road Traffic Act	HOD: M&F	Road signals compliant with legislation	Ongoing	Ongoing	COMPLIANT
44	Roads / signals Road Traffic: SARTSM guideline	HOD: M&F	Road signals support staff compliant with legislation	Ongoing	Ongoing	NON-COMPLIANT
45	ITC Governance	Manager IT	Implementation of Government approved ITC governance framework	Ongoing	Ongoing	COMPLIANT

Annexure D: JRA CAPEX Expenditure Report Summary – June 2020

Project Number	Project Description	Cost Code	Original Budget	YTD Expenditure	Open Commitments	Total Expenditure
1002020	Gravel Roads Braamfischerville	306	30,000,000.00	23,869,169.41	-	23,869,169.41
10012020	Gravel Roads Diepstoet	306	30,000,000.00	13,899,588.25	-	13,899,588.25
10022020	Gravel Roads Doornkop / Thulani	306	30,000,000.00	11,906,261.92	-	11,906,261.92
10032020	Gravel Roads Drieziek	306	30,000,000.00	27,048,999.30	-	27,048,999.30
10042020	Gravel Roads Ivory Park	306	30,000,000.00	22,713,320.94	-	22,713,320.94
10052020	Gravel Roads Lawley	306	14,900,000.00	14,818,125.92	-	14,818,125.92
10062020	Gravel Roads Mayibuye	306	30,000,000.00	11,196,799.39	-	11,196,799.39
10072020	Gravel Roads Orange Farm	306	30,000,000.00	15,589,845.80	-	15,589,845.80
10092020	Gravel Roads Tshepisong	306	30,000,000.00	28,927,614.74	-	28,927,614.74
10102020	Gravel Roads Kaalfontein	306	30,000,000.00	29,112,472.27	-	29,112,472.27
10112020	Gravel Roads Footjie	306	30,000,000.00	30,104,792.04	-	30,104,792.04
10122020	Gravel Roads Slovoville	306	30,000,000.00	4,803,063.09	-	4,803,063.09
10142020	Bridge Expansion Joints	301	5,000,000.00	3,101,528.33	-	3,101,528.33
10152020	Bridge Rehabilitation (BMS)	301	100,000,000.00	101,114,448.77	-	101,114,448.77
10162020	Bridges - Visual & Detailed Index	301	5,000,000.00	4,999,423.75	-	4,999,423.75
10172020	Bridges - Replacement (Flooding)	301	50,000,000.00	75,757,843.09	-	75,757,843.09
10182020	Conrad Drive Bridge Blairgowrie	301	6,000,000.00	690,050.97	-	690,050.97
10232020	Stormwater Master planning Soweto	306	30,000,000.00	34,498,337.05	-	34,498,337.05
10272020	Braamfontein Spruit Erosion Protection	301	10,000,000.00	2,188,828.91	-	2,188,828.91
10302020	Klein Juksei Bond Stream Ferndale	301	15,000,000.00	17,067,281.45	-	17,067,281.45
10332020	Conversion of Open Drains Braamfischerville	306	10,000,000.00	4,049,902.10	-	4,049,902.10
10342020	Conversion of Open Drains Ivory Park	306	10,000,000.00	5,126,467.90	-	5,126,467.90
10352020	Conversion of Open Drains Orange Farm	306	20,000,000.00	7,282,981.40	-	7,282,981.40
10372020	Depot Upgrading Operational Capex	301	5,000,000.00	1,959,322.86	146,475.00	2,105,797.86

Project Number	Project Description	Cost Code	Original Budget	YTD Expenditure	Open Commitments	Total Expenditure
10382020	IT - New Computer Software	301	1,000,000.00	-	-	-
10392020	Operational Capex	301	10,000,000.00	1,603,000.00		1,603,000.00
10402020	Upgrading of Head Office	301	5,000,000.00	-	-	-
10422020	Dam Safety Rehabilitation	301	4,000,000.00	1,187,188.96	-	1,187,188.96
10452020	Integrated Roads & Stormwater	301	5,000,000.00	2,046,050.57	-	2,046,050.57
10462020	Investigate and Design Future	301	1,000,000.00	922,899.84	-	922,899.84
10472020	Emergency, Critical & Urgent	301	20,000,000.00	33,834,911.86	-	33,834,911.86
10492020	Complete Streets	301	10,000,000.00	3,665,312.59	-	3,665,312.59
10512020	Geometric Improvements	301	5,000,000.00	4,980,037.55	-	4,980,037.55
10532020	Alternative Power Sources (LED)	301	1,000,000.00	535,243.41	50,751.62	585,995.03
10542020	Alternative Power Sources (UPS)	301	2,460,000.00	-	1,328,356.26	1,328,356.26
10552020	CCTV Cameras	301	2,000,000.00	-	-	-
10562020	Installation New Warranted Traffic Signal	301	1,000,000.00	602,024.26	519,872.01	1,121,896.27
10572020	Intelligent Transport System	301	5,000,000.00	581,825.16	173,800.42	755,625.58
10582020	Recabling of Signalised Intersection	301	30,000,000.00	29,656,388.07	2,336,256.72	31,992,644.79
10592020	Remote Monitoring	301	5,000,000.00	4,449,602.60	568,892.80	5,018,495.40
10602020	SARTSM	301	2,000,000.00	2,203,430.68	353,271.35	2,556,702.03
10612020	Traffic Management Centre	306	4,500,000.00	812,236.00	3,147,816.00	3,960,052.00
10622020	Traffic Signal Adaptive Control	301	6,000,000.00	4,789,648.31	2,037,753.57	6,827,401.88
10632020	Upgrading Controllers and Phase	301	10,500,000.00	6,466,567.92	3,144,596.66	9,611,164.58
10642020	GIS Improvement	301	15,000,000.00	-	-	-
10652020	Stormwater Asset Monitoring System	301	5,000,000.00	3,448,097.10	-	3,448,097.10
10662020	Rehabilitation of Open Drains	301	15,000,000.00	7,228,185.00	-	7,228,185.00
10672020	Road Rehabilitation and Reconstruction	301	80,000,000.00	25,716,035.59	-	25,716,035.59
10682020	Resurfacing of M1 Motorway	301	50,000,000.00	50,097,668.22	-	50,097,668.22

Project Number	Project Description	Cost Code	Original Budget	YTD Expenditure	Open Commitments	Total Expenditure
10692020	Resurfacing of M2 Motorway	306	50,000,000.00	34,968,376.47	-	34,968,376.47
10702020	Resurfacing of Soweto Highway	301	10,000,000.00	6,060,490.13	-	6,060,490.13
10712020	Resurfacing	301	109,000,000.00	67,113,599.14	-	67,113,599.14
10742020	James Street Extension Ennerdale	301	-	-	-	-
10752020	Spencer Road New Link	301	1,500,000.00	1,536,446.21	-	1,536,446.21
10762020	Jan Smuts Dualling	301	5,000,000.00	623,433.29	-	623,433.29
10812020	Richards Drive Upgrade	301	-	-	-	-
10822020	Stormwater Development Sandown	301	10,000,000.00	7,305,954.34	-	7,305,954.34
10842020	Traffic Calming measures	301	10,000,000.00	10,097,715.84	-	10,097,715.84
10862020	Tarring of Zandspruit Access Road	306	15,000,000.00	23,374,912.01	-	23,374,912.01
10882020	Bezvalley Upgrade	301	2,000,000.00	369,573.10	-	369,573.10
10892020	Vorna Valley	306	6,000,000.00	2,975,292.95	-	2,975,292.95
10912020	Klein Jukesel Willows Development	301	1,000,000.00	432,306.65	-	432,306.65
10972020	Tarring of Gravel Roads	301	15,000,000.00	10,253,628.35	-	10,253,628.35
			<b>1,140,860,000.00</b>	<b>841,764,551.82</b>	<b>13,807,842.41</b>	<b>855,572,394.23</b>

**% Spend/Commitments**  
**75.0%**

**Annexure E: 2019-20 Service Standards Performance**

KPA	KPI No	Programme	KPI	Annual target	Actual Annual Performance	Comments
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.	Total calls received within the period: 41 Total repaired within 14 days 6 (14.63%) Total repaired within 20 days 7 (17.07%) Total repaired within 30 days 8 (19.51%)	Due to National Lockdown, operations have been limited to emergency requests only.
	2	Blocked storm water repairs	% of blocked storm water kerb inlets (KIs) repaired from when a valid call is logged.	40% within 10 days. 60% within 20 days. 80% within 30 days.	Total calls received within the period: 3308 Total repaired within 10 days 1724 (52.11%) Total repaired within 20 days 2366 (71.52%) Total repaired within 30 days 2652 (80.17%)	N/A
	3	Replacement of manholes covers	% of missing JRA manholes covers made safe and replaced after a valid call is logged	40% within 10 days. 60% within 20 days. 80% within 30 days.	Total calls received within the period: 290 Total repaired within 10 days 35 (12.06%) Total repaired within 20 days 144(49.65%) Total repaired within 30 days 151 (52.06%)	Due to National Lockdown, operations have been limited to emergency requests only.
	4	Regulatory Road Signs repaired	% of reported damaged/missing regulatory road traffic signs replaced or repaired from the time when a valid call is logged	40% within 10 days. 60% within 20 days. 80% within 30 days.	Total calls received in the period: 1409 Total repaired within 10 days 717 (50.88%) Total repaired within 20 days 893 (63.37%) Total repaired within 30 days 989 (70.19%)	Due to National Lockdown, operations have been limited to emergency requests only.
	5	Potholes repair	% of reported potholes repaired from time of recording of a genuine pothole by the JRA from all sources. <sup>2</sup>	40% within 14 days. 60% within 20 days. 80% within 30 days.	Total calls received within the period:4972 Total repaired within 14 days 2785 (56.01%) Total repaired within 20 days 3199 (64.11%) Total repaired within 30 days 3578 (71.96%)	Due to National Lockdown, operations have been limited to emergency requests only.
	6	Traffic Signal Maintenance	% of reported faulty traffic signals repaired from the time of genuine fault recorded by the JRA from all sources	40% within 24 hours. 60% within 48 hours. 80% within 7 days.	Total calls received within the period: 805 Total completed within 24 hours 733 (91.05%) Total completed within 48 hours 785 (97.52%) Total completed within 7 days 791 (98.26%)	Targets Achieved
	7	Repair of damaged traffic light poles		40% within 14 days. 60% within 20 days.	Total calls received within the period: 36 Total repaired within 14 days 36 (100%)	Targets Achieved

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

KPA	KPI No	Programme	KPI	Annual target	Actual Annual Performance	Comments
			% of reported damaged traffic signal poles repaired/ from when a valid call is logged	80% within 30 days.	Total repaired within 20 days 36 (100%) Total repaired within 30 days 36 (100%)	

## Annexure F: Global Reporting Initiative Table of Disclosures

General Standard Disclosures	Reference 201/209 Integrated Report	Page
<b>Strategy and analysis</b>		
G4-1 – Provide a statement from the most senior decision-makers of the organisation about the relevance of sustainability to the organisation and the organisation’s strategy for addressing sustainability.	Reports of the Chairperson of the Board of Directors, Member of the Mayoral Committee, Acting CEO and Chief Financial Officer.	1; 2; 3 and 5.
G4-2 – Description of key impacts, risks and opportunities.	Materiality Universe and aligning material aspects to risks and opportunities.	28; 29;
G4-3 – Report the name of the organisation.	Johannesburg Roads Agency SOC Ltd.	10
G4-4 – Report the primary brands, products and services.	Overview of the Company including who we are and the services we offer.	25; 50
Report G4-5 – Report the location of the organisation’s headquarters.	Johannesburg, South Africa.	10; 104
G4-6 – Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Report Not Applicable. Report discloses the Regions of Johannesburg within which the Company operates	25
Report G4-7 – Report the nature of ownership and legal form.	Corporate profile and overview of the entity	8
Report discloses the Regions of Johannesburg within which the Company operateG4-8 – Report the markets served (including geographic breakdown, sectors served and the types of customers and beneficiaries)	Report discloses the Regions of Johannesburg within which the Company operates and the services provided. It also discloses the stakeholders and customers of the Company.	25; 26
bG4-9 – Report the scale of the organisation including total number of employees, total number of operations, net revenues and quantity of products or services provided.	Chapter 4 (Organisational Development – Key Vacancies); Chapter 5 (Financial Performance Statement of financial position and in Chapter 3 Service Delivery performance – service standards implemented)	37 – 54; 55 – 71; and, 72 – 77.
G4-10 – Workforce	Chapter 4 Organisational Development	55 - 71
G4-11 – Collective bargaining representation	Chapter 4 Organisational Development Report discloses that the majority of our employees are represented in the collective bargaining	71

	process with 67% represented by the South African Municipal Workers Union (SAMWU) and 25% represented by Independent Municipal and Allied Trade Union (IMATU).	
G4-12 – Supply chain.	Chapter 5 Financial Performance (Supply Chain Management)	72 - 77

**Annexure G: Annual Financial Statement**