

CHAPTER

6

Auditor General's Findings

-
- 136** Auditor-General's Report for the current year
-
- 136** Audit Findings and Remedial Action
-
- 137** Commitment by the Board of Directors
-
- 140** General Information
-

*CoJ Regional
offices and
Mixed-Use
development
concept design.*

Auditor-General's Report for the current year

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

Please refer to the Annual Financial Statements set out in Chapter 5 and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor-General as set out in this Chapter.

	2010/11	2011/12	2012/13	2013/14	2014/15
Audit opinion	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

The external audit is conducted once a year by the Auditor General. During the period under review, the Auditor General indicated that the financial statements were free from material misstatements; that there were no material findings on usefulness and reliability on performance information reported and that the JPC complied with all key laws and regulations.

Audit Findings and Remedial Action

For the 2013/2014 financial year, the AG raised five (5) audit finding for JPC as reflected in the table below:

Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
	Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
Material amendments in annual financial statement submitted for audit	✓		✓			✓			1	Resolved
Suppliers in service			✓				✓		1	Resolved
Security management				✓			✓			Resolved
User access management				✓			✓		0	Resolved
Fixed Asset Register not complete				✓				✓	0	Resolved

All five findings that were raised in the prior year have been resolved. Internal audit has confirmed that the findings were adequately resolved by Management.

Commitment by the Board of Directors

As reflected on pages 77 to 79, the Board of Directors and the Audit and Risk Committee are satisfied that the internal controls are effective, although there is always room for improvement. Additionally, the Board is satisfied by the remedial action taken by Management in addressing the Auditor-General’s audit findings with the initiative of the OPCAR.

Performance Information for the Year Ended 30 June 2015

JPC Annual Performance Information against the scorecard			Prior Year – 2013/2014		Current Year – 2014/2015	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
1.	Sustainable Human Settlements	1.1 Transfer or lease cumulative 13 000 properties under the land regularisation programme	2 000 identified	A cumulative total of 2 459 properties and land identified	13 000 properties leased or transferred	12 803 Identified properties 3 065 transferred properties
2.	SMME and entrepreneurial support	2.1 Creation of the SMMEs, NGOs, Co-Ops and Community Organisation Programme	4 600 SMMEs supported	3 452 SMMEs supported	4 000 SMMEs, NGOs, Co-Ops and Community Organisation	7 159 SMMEs supported
		2.2 8 000 jobs created	1 585 Jobs created	1 942 Jobs created	8 000 jobs created	9 955 jobs created
		2.3 Release of land to SMMEs, Co-Ops and Entrepreneurs under the transformation, social economic and social programme	100	5	Issue a request for proposal to Co-Ops	27 parcels of land identified, the database for Co-Ops is in place. 50 hectares of land, 1 hectare per 1 co-op released
3.	Financial sustainability and resilience	3.1 R100 million of rental income from leases and servitudes sales, servitudes and acquisition	N/A	N/A	R100 million income raised	R111 million income raised
		3.2 Construction of the Council Chamber as per the Office Space Optimisation programme	N/A	N/A	Site handover to the contractor	Site handover to the contractor
4.	Transit Oriented Development – Priority areas (corridors/nodes)	4.1 Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties in Priority Areas (corridors and nodes)	3 properties purchased and agreements signed	7 properties acquired in line with the Housing Master Plan	Acquisition of 21 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties Priority Areas (corridors and nodes)	39 properties acquired for Corridors of Freedom and housing masterplan
5.	Investment attraction, retention and expansion	5.1 Create a structured Informal City Market in the inner city as a pilot project which is vibrant and tourist attraction	N/A	N/A	Create a structured Informal City Market in the inner city as a pilot project which is vibrant and tourist attraction: Appoint a successful bidder	JPC placed an Expression of Interest on 10 April in an advert in the newspaper for the development of the City Market

Commitment by the Board of Directors continued

JPC Annual Performance Information against the scorecard			Prior Year – 2013/2014		Current Year – 2014/2015	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
		5.2 Third party investment on CoJ property transaction	N/A	N/A	Third party investment on CoJ property transaction: R350 million investment by private sector	R477 million investment by private sector
		5.3 Third party investment on CoJ property transaction	R500 million	R770 million	R1 billion investment leverage on property transaction	R1.68 billion
6.	SMME and Entrepreneurial Development and support	6.1 Implementation of projects under the youth desk to mainstream youth development and economic development programmes for youth	100 jobs	110 jobs	N/A	N/A
7.	Revitalisation of Central Business District (CBD) and strategic utilisation of underutilised inner city economic assets	7.1 A Central Business District (CBD) revitalisation programme using CoJ land	Refurbishment of the Randburg Fire Station to the value of R10 million (cumulative) and construction of the MultiChoice Campus to the value of R440 million	Maintenance works of Jabulani Civic Centre and Roodepoort have been completed. The Randburg construction is in progress Refurbishment of the Randburg Fire Station: R9 million (cumulative) MultiChoice Campus: R480 million	N/A	N/A
		7.2 The remodelling of the inner city property scheme and the property portfolio/ enhancement: identify 10 buildings to be acquired and released to the market for development	5 properties acquired	10 properties acquired via abandonment agreements	N/A	N/A
		7.3 Implementation of projects under the youth desk to mainstream youth development and economic development programmes for youth	100 jobs created	110 jobs created	N/A	N/A

JPC Annual Performance Information against the scorecard			Prior Year – 2013/2014		Current Year – 2014/2015	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
8.	Financial sustainability priority clean audit	8.1 Asset verification: Desktop verification	36 000 verified	36 269 verified	N/A	N/A
9.	Financial Sustainability Programme, capital management programmes	9.1 Facilities Management plans that incorporate energy savings plans and retrofit initiatives, and space optimisation plans that incorporate workplace accommodation to ensure better Employee mobility	Facilities Management and space optimisation plan for Region G	CAD drawings at Metro Centre in preparation of rollout of Metro Centre upgrading is continuing with current capacity – 80% complete.	N/A	N/A

For the financial year ending 30 June 2015, JPC achieved 90% of the approved scorecard. JPC did not make any scorecard amendments to the targets for the period under review as it would sometimes need to in line with the MFMA.

Approved by:



Helen Botes
Chief Executive Officer

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property Management and Facilities Management functions and where appropriate, to provide property services in respect of the City of Johannesburg Metropolitan Municipality and the Municipal Owned Entities
Directors	Ms HM Botes – Chief Executive Officer Mr IM Bhamjee – Chief Financial Officer Mr A Mabizela – Chairperson Mr T Hickman Mr MJ Rabodila Mr MM Morojele Ms PP Msweli Mr FD Ntombela Prof AN Nevhutanda Mr MC Kai Dr N Mabuya
Registered office	1st Floor Forum II Braam Park 33 Hoofd Street Braamfontein 2017
Business address	1st Floor Forum II Braam Park 33 Hoofd Street Braamfontein 2017
Postal address	PO Box 31565 Braamfontein 2017
Controlling entity	City of Johannesburg Metropolitan Municipality incorporated in South Africa
Bankers	Standard Bank
Auditors	The Auditor-General: Gauteng
Company Secretary	Ms V Morgan
Chief Finance Officer (CFO)	Imraan Bhamjee
Company registration number	2000/017147/07
Tax reference number	9292/129/14
Preparer	The financial statements were internally compiled by: Imraan Bhamjee City of Joburg Property Company SOC Ltd