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Governance

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OSO Metro Centre Precinct Development

Corporate Governance Statement

The Board and Management of the JPC are committed to maintaining the highest standards of corporate governance by ensuring that the Company's ethics are managed effectively through building an ethical culture, setting ethical standards, measuring adherence, and incorporating ethics into risk management, operations, performance management, and disclosure.

This Corporate Governance Statement therefore describes the governance principles and practices of the JPC in relation to the ethical values of good corporate governance founded on the four primary pillars of responsibility, accountability, fairness, and transparency as envisioned in the King III Report.

This statement also describes how JPC has applied the principles set out in the Companies Act 71 of 2008 (the Companies Act), the Municipal Systems Act (MSA), the Municipal Finance Management Act (MFMA), the policies and agreements entered into with its sole shareholder, CoJ as well as standards of best practice.

Application of King III

The entity has incorporated the CoJ's Corporate Governance Protocol in its Board Charter in line with the governance principles contained in the King III report and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes, and procedures.

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.

The entity practices are, in most material instances, in line with the principles set out in the King III Report.

ICT Governance

The Board accepts that it is responsible for the governance of IT. The Board in terms of King III acknowledges that IT should be aligned to the sustainability and performance objectives of the Company. An ICT steering committee has been established in terms whereof the implementation of an ICT governance framework has been delegated to Management. The Board acknowledges that the IT forms an integral part of risk management.

Group's Governance Framework

The City's Governance Framework assists the City as a group to better understand the governance structure and principles required to ensure effectiveness and accountability. This indicates that the conception of the City as a "Holding Company" with "Subsidiaries" is reinforced and the alignment and consistency of the City and Group policies is achieved through setting of consistent performance standards.

Ethical Leadership

The fundamental objective has always been 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.

Corporate Citizenship

The Board and Management recognise that the entity's responsibility is to protect, enhance, and invest in the well-being of the economy, society, and natural environment. The Board therefore ensures that Management pursues the Company's activities within the limits of social, political, and environmental responsibilities outlined in international conventions on human rights.

Compliance with Laws, Rules, Codes and Standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

Board of Directors

The entity has a unitary Board that consists of Executive and Non-Executive Directors. The Board is chaired by a Non-Executive Director, Mr A Mabizela, who has no executive functions. The roles of Chairperson and Chief Executive Officer are separate, with responsibilities clearly divided between them.

The Board meets regularly, at least quarterly, and is accountable to the shareholder to ensure delivery of the JPC's strategy and service delivery objectives, however, CoJ as a 100% shareholder retains full control over the Company.

A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ. The Board provides Monthly, Quarterly, Bi-Annual, and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA. Non-Executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board.

The term of office of the Non-Executive Directors is subject to review at the Annual General Meeting and a performance evaluation of the Board is independently conducted at the end of each financial year. Any shortcomings arising therefrom are addressed and areas of strength consolidated.

The performance of each committee is evaluated by the Board against each committee's terms of reference.

Attendance at meetings held during the year was as follows:

No.	Board	ARC	REMCO	Transactions	SEC	Transformation
1	24 July 2015	15 Jul 2015	16Jul 2015	16 July 2015	15 Oct 2015	16 Jul 2015
2	14 Aug 2015 *Strategic Planning	20 Aug2015	16Oct2015	27 Aug 2015	08 Feb 2016	19 Feb2016
3	28 Aug 2015	15 Oct 2015	15Feb2016	07 Sept 2015	18 Apr2016	18 Apr2016
4	21 Sept 2015	19 Nov 2015	21Apr2016	9 Feb 2016		
5	22 Sept 2015 *Risk Workshop	8 Feb 2016	18May2016	18 Apr 2016		
6	26 Oct 2015	6 Apr 2016				
7	19 Nov 2015	16 May 2016				
8	28 Jan 2016					
9	8 Mar 2016					
10	24 Mar 2016					
11	25 Apr 2016 *Board Strategic					
12	26 Apr 2016 *Board Strategic Session					
13	23 May 2016					
Total	13	7	5	5	3	3

*Board Strategic Workshops, and Risk Workshops

Attendance registers are kept and updated on the disclosure and declaration of interests of Directors and Senior Management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation.

The Board

Governance Structure

JPC BOARD

Executive Directors

Ms HM Botes (Chief Executive Officer)

Mr IM Bhamjee (Chief Financial Officer)

Independent Non-Executive Directors

Mr Andile Mabizela (Chairperson)

Professor A Nevhutanda

Mr Mphethi Morojele

Mr Moeketsi Rabodila

Ms Maggie Mojapelo

Mr Floyd Ntombela

Pastor Ceniva Kai

Adv Matshidiso Mogale

Mr Lindani Mabuza

AUDIT AND RISK COMMITTEE

Mr V Mokwena

Mr G Mufana and

Mr Y Gordhan

Non-Executive Directors

Advocate M Mogale

Mr M Rabodila

M L Mabuza

REMUNERATION AND HUMAN RESOURCES COMMITTEE (REMCO)

Ms M Mojapelo (Chairperson)

Prof A Nevhutanda

Mr F Ntombela

Pastor C Kai

TRANSFORMATION COMMITTEE

Mr F Ntombela (Chairperson)

Mr M Rabodila

Pastor C Kai

Mr L Mabuza

SOCIAL AND ETHICS COMMITTEE

Pastor C Kai (Chairperson)

Prof A Nevhutanda

Mr F Ntombela

TRANSACTIONS COMMITTEE

Prof. A Nevhutanda (Chairperson)

Mr M Rabodila

Mr L Mabuza

Adv M Mogale

Mr M Morojele

The Board continued



HELEN BOTES
(Chief Executive Officer)
Executive Director

Expertise and experience

Helen Botes brings expertise and experience in treasury and banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ. She is an expert in economic development, property development and management.

Qualifications

MBA; Diploma in Treasury Management and Executive Leadership Development Programme



IMRAAN BHAMJEE
(Chief Financial Officer)
Executive Director

Expertise and experience

Imraan brings vast experience in financial management; auditing; risk; process and control mapping; management consulting; product management; relationship management.

Qualifications

Compt Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA



ANDILE MABIZELA
(Chairperson)
Non-Executive Director

Expertise and experience

A lawyer with an economics background, Andile Mabizela has worked for many years in financial Services, namely at HSBC Corporate Finance and Stanlib Asset Management). He has also been involved in commercial executive roles in logistics and transport at SAA and Afrilog South Africa, where he is a Director responsible for new markets. He has served on several parastatals and corporate Boards.

Qualifications

BSc (Economics) (Hons) University of Zimbabwe; LLB (University of Natal – Pmb)



CENIVA KAI
Non-Executive Director

Expertise and experience

Pastor Kai served as the Managing Director of Karabo Media's KYDO radio station. He is experienced in strategic planning and development as well as operational and budget management skills within the media sector. He also was the News and Features Editor for Karabo Media. He also has served as a Pastor at the Assemblies of God Church, and as President of the Metsimaholo Churches Fellowship. Pastor Kai is also a member of the HR and Remco subcommittee of the Board.

Qualifications

Certificate in Leadership and a Diploma in Ministerial Training; Strategy Management Certificate



LINDANI MABUZA
Non-Executive Director

Expertise and experience

Mr Mabuza is currently employed as the Chief of Staff, Wealth and Investment Management at Barclays Africa Group. Mr Mabuza has a proven track record during his extensive period of service with the Barclays Group. Mr Mabuza has vast Executive Management, corporate banking, and public sector experience. Mr Mabuza was recently awarded a Fellowship to participate in the Harvard Business School's 2017 General Management Programme.

Qualifications

BCom (Financial and Management Accounting), Diploma in Commerce (DCOM) Business Administration, MBA (UCT).



ADV MATSHIDISO MOGALE

Non-Executive Director

Expertise and experience

Adv. Matshidiso Mogale is an admitted Advocate of the High Court of South Africa with legal and public sector work experience. Adv. Mogale began her career working in the Administration of Deceased, Trust and Insolvency of Estates of the Department of Justice. She joined the Department of Local Government & Traditional Affairs as a Deputy Director of the Legal Services Unit. Adv. Mogale has also served as Deputy Director- General of the North West Province branch of the Department

Qualifications

LLB (Univ. of Pretoria); Admission as Advocate; Honours: Management & Development (Potch Univ.) management.

MAGGIE MOJAPELE

Non-Executive Director

Expertise and experience

A strategist; business developer and seasoned Human Resource (HR) expert, Maggie has held Directorships/ leadership positions within the private and public sectors. She has served as a Non-Executive Director of Metrobus, owns an HR consultancy business and is a former HR Director of Coca-Cola (Pty) Ltd (SA); Nedbank Limited; Avon Justine (Pty) Ltd (SA) and HR Manager at IBM.

Qualifications

BA (HONS) (Univ. of Limpopo); BA (Education) (Univ. of Limpopo); HR Diploma (Unisa) and MAP (Wits) MBA (Henley)

MPHETHI MOROJELE

Non-Executive Director

Expertise and experience

Mr Mphethi Morojele is the owner and founder of MMA Architects, an award winning design studio based in Johannesburg. He was previously appointed as a lecturer and Studio Master at the University of the Witwatersrand. He has extensive experience in both the private and public sector. He is the past president of the Gauteng Institute of Architects. He has won a SAPOA award for innovative Excellence in Property Development and numerous other awards.

Qualifications

Bachelor of Architecture(UCT) and Master of Science in Architecture.

PROFESSOR ALFRED NEVHUTANDA

Non-Executive Director

Expertise and experience

Professor Nevhutanda is a Professor of Environmental Sciences from the Eco Energy Academy in Azerbaijan. He has participated in various structures in both the public and private sector, including being the current chairperson of the National Lotteries Board, The former Convenor of the Social Transformation Committee of the Limpopo Province, and Board member of the Institute of Directors (SA) and the International Aviation Services Council of the National Department of Transport (SA).

Qualifications

Professor of Environmental Sciences (Eco Energy Academy in Azerbaijan), Diploma in Management, MBA (MANCOSA), Masters of Music, Doctor of Music (University of Pretoria), Masters in Education, Doctor of Education (UNISA)

FLOYD NTOMBELA

Non-Executive Director

Expertise and experience

Mr Floyd Ntombela is National Head of Business Development and Client Liaison at NBC Holdings. Mr Ntombela is passionate and has extensive experience in the field of retirement funds, as well as a high level of management experience and a great appreciation of strategy development and implementation.

Qualifications

Bachelor of Arts, Certificate of Proficiency: Basics of Retirement Funds; Certificate in Insurance Business Leadership; Post Graduate Diploma in Retirement Funds Management and Insurance Assessor Training.

MOEKETSI RABODILA

Non-Executive Director

Expertise and experience

Mr Moeketsi Rabodila is the former Municipal Manager of Merafong City Local Municipality as well as the former Director-General of Mpumalanga Provincial Government. He has strong executive management experience with a track record of success in both the public and private sector. He is strategically oriented and has an ability to initiate, integrate and implement complex programmes for the attainment of business objectives.

Qualifications

Bachelor of Arts and MBA

Board Committees

The following committees have been formed, each of which is chaired by a Non-Executive Director:

- Audit and Risk Committee;
- Remuneration and Human Resources Committee (REMCO);
- Transactions Committee;
- Social and Ethics Committee; and
- Transformation Committee.

Audit and Risk Committee

The Audit and Risk Committee consists of the following three Independent Committee members:

- Mr V Mokwena;
- Mr G Mufana; and
- Mr Y Gordhan.

Three Non-Executive Directors:

- Advocate Mogale;
- Mr M Rabodila; and
- M L Mabuza.

The role of the Audit and Risk Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The Committee exercises its functions through close liaison and communication with Management and the internal and external auditors.

The Committee has been delegated the task of overseeing the quality, integrity, and reliability of the Company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed.

The role of the Audit and Risk Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The Committee exercises its functions through close liaison and communication with management and the internal and external auditors.

The Committee has been delegated the task of overseeing the quality, integrity and reliability of the Company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed.

The Audit and Risk Committee operates in accordance with written terms of reference approved by the Board, as well as the legislative framework of the Municipal Finance Management Act, No 56 of 2003 (MFMA), the Companies Act No 71 of 2008, as well as various other applicable acts and regulations, and provides assistance to the Board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/approval of external audit plans, findings, problems, reports and fees;
- Risk Management;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

The Audit and Risk Committee addressed its responsibilities in line with the terms of reference and the MFMA during the year under review. Management has reviewed the financial statements with the Audit and Risk Committee.

The Committee met seven times during the period under review.

Remuneration and Human Resource Committee

Remuneration and Human Resource Committee (REMCO) consists of the following Non-Executive Directors:

- Ms M Mojabelo (Chairperson)
- Prof A Nevhutanda
- Mr F Ntombela; and
- Pastor C Kai.

The Remuneration and Human Resources Committee advises the Board on Remuneration Policies, Remuneration Packages, and other terms of employment for Senior Management. Its specific Terms of Reference also include recommendations to the Board on matters relating inter alia, Human Resources policies, Executive Remuneration, and other Human Resources and Remuneration affairs of the Company.

The Committee met five times in the period under review and discussed issues in line with its approved Terms of References.

Transactions and Service Delivery Committee

The Transactions and Service Delivery consists of the following Non-Executive Directors:

- Prof A Nevhutanda (Chairperson);
- Mr M Rabodila;
- Mr L Mabuza;
- Adv M Mogale; and
- Mr M Morojele.

All property transactions are considered by the Transactions Committee that makes recommendations to the Board or the Shareholder. The Committee has delegated powers from the Board to deal effectively with certain operational issues relating to the Property Portfolio of the Shareholder and operates within the Terms and Reference as approved by the Board

The Committee met five times in the period under review and discussed issues in line with its approved Terms of References.

Social and Ethics Committee

The Social and Ethics Committee consists of the following Non-Executive Directors:

- Pastor C Kai (Chairperson);
- Prof A Nevhutanda; and
- Mr F Ntombela.

The purpose of the Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into social and economic development, including the Company's standing in terms of the goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws and labour and employment.

The Committee met three times in the period under review.

Board Committees continued

Transformation Committee

The Transformation Committee consists of the following Non-Executive Directors:

- Mr F Ntombela (Chairperson);
- Pastor C Kai;
- Mr M Rabodila; and
- Mr L Mabuza.

The purpose of the Committee is to produce a ground breaking intervention in transformative programs led by the JPC; to ensure the alignment of Transformation with the proposed JPC Corporate Strategy; to define how JPC will transform the property industry; to develop the Transformation Policy, Strategy and Implementation Plan; and to support the Transformation Strategic Framework through monitoring the development of detailed plans that ensures that every department within the Company delivers on transformation.

The Committee met three times in the period under review.

Directors Remuneration

Entity Remuneration policy

The directors of the JPC Board are appropriately rewarded for their valuable contribution to the Company. In line with King III the Remuneration Committee governs the remuneration process and recommends amounts to be paid to the Board.

As required by the Companies Act and other applicable municipal laws, directors' remuneration is approved by the shareholder. Non-Executive Director fees comprise a base and an attendance fee component.

Name of Director	Meetings Attended YTD	YTD Directors Payments as at 30 June 2016		
		Emoluments	Retainer charge	Total
Ms A Mabizela	16	171 120.00	45 626.00	216 746.00
Prof. AN Nevhutanda	21	118 658.00	22 816.00	141 474.00
Mr T Hickman	18	132 344.00	22 816.00	155 160.00
Ms PP Msweli	14	74 166.00	22 816.00	96 982.00
Mr JM Rabodila	24	133 491.00	22 816.00	156 307.00
Mr DF Ntombela	29	158 600.00	22 816.00	181 416.00
Mr M Mojerele	17	95 836.00	22 816.00	118 652.00
Mr C Kai	33	173 441.00	22 816.00	196 257.00
Dr. N Mabuya	12	65 034.00	22 816.00	87 850.00
Mr L Mabuza	9	50 198.00	-	50 198.00
Adv M Mogale	10	66 172.00	-	66 172.00
Ms M Mojapelo	5	30 802.00	-	30 802.00
Total		1 401 054.00	296 602.00	1 697 656.00

Independent Audit Committee Members' Remuneration

YTD Independent Members Payments as at 30 June 2016				
Name of Director	Meetings attended YTD	Emoluments	Retainer charge	Total
Mr G Mufana	8	45 632.00	22 816.00	68 448.00
Mr Y Gordan	8	45 632.00	13 309.33	68 448.00
Mr V Mokwena	7	39 928.00	22 816.00	62 744.00
Total		131 192.00	68 448.00	199 640.00

Executive Management Remunerations

YTD Executive Salaries as at 30 June 2016										
Employee No	Name	Basic salary YTD	Back Pay	Subsistence Allowance	Travel Allowance	Leave Pay	13th Cheque	Performance Bonus	Company Contributions	Total
109	MS. H.M Botes	1 484 533.77	769 565.79		249 999.96	-	-	280 000.00	29 125.63	2 813 225.15
247	Mr. I.M Bhamjee	1 371 503.53	-	1 765.00	96 000.00	-	-	193 461.88	290 681.09	1 953 411.50
103	Mr. M.V Tisani	1 245 334.19	-	-	-	-	-	-	268 284.50	1 513 618.69
104	Mrs. K. Padayachee	891 253.72	-	1 059.00	30 000.00	-	-	-	189 203.58	1 111 516.30
545	Mr. F. Sardonos	1 499 571.42	-	1 059.00	-	36 609.79	-	183 299.33	318 652.04	2 039 191.58
601	Mr. S.Z Mntungwa	1 499 570.24	-	-	-	38 335.69	-	191 677.61	318 752.87	2 048 336.41
000469	Mr. M.M Makhunga	998 850.78	-	-	96 000.00	-	50 885.67	-	218 461.65	1 364 198.10
Total		8 990 617.65	769 565.79	3 883.00	471 999.96	74 945.48	50 885.67	848 438.82	1 633 161.36	12 843 497.73

Executive and Senior Management

During the period under review, the following individuals constituted the management team under the leadership of the Chief Executive Officer.



HELEN BOTES
(Chief Executive Officer)
Executive Director

Expertise and experience

Helen Botes brings expertise and experience in treasury and banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ. She is an expert in economic development, property development and management.

Qualifications

Diploma in Treasury Management and Executive Leadership Development Programme; MBA

IMRAAN BHAMJEE
(Chief Financial Officer)
Executive Director

Expertise and experience

Imraan brings vast experience in financial management; auditing; risk; process and control mapping; management consulting; product management; relationship management.

Qualifications

Compt Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA

STEMBISO MNTUNGWA
Executive Manager:
Property Development

Expertise and experience

New business opportunities, innovative finance structuring skills, knowledge of property portfolio of various municipalities and stakeholder liaison.

Qualifications

Bachelor of Commerce; Postgraduate Diploma in Business Management; Property Development Programme (PDP)

FANIS SARDIANOS
Executive Manager: Property Management: Acquisitions, Social and Municipal Portfolios

Expertise and experience

Fanis was a member of the task team that established the JPC. He also implemented the JPC's client service and applications system. Janis has also been involved in the following: Strategic and operational property management planning and support, monitoring and reporting of performance management, co-ordination and monitoring of strategic projects and implementation of operational plans, development, monitoring and reporting on budget.

Qualifications

IAC (Institute of Administration and Commerce – Local Government); IMFO (Institute of Municipal Finance Officers); BMA (Board for Municipal Accountants)

MAKHOSI TISANI
Executive Manager:
Corporate Services

Expertise and experience

Makhosi has experience in Human resources, organisational development, change and transformation management, ICT policy, strategy and governance, programme management, and contract management.

Qualifications

BA (Hons) Rhodes University



**MUSAH
MAKHUNGA**

Head of Department:
Strategic Support

**Expertise and
experience**

Musah's experience includes business plan development, implementing corporate strategy, strategic and operational risk assessment, reporting and disclosure, management of transformation initiatives, company-wide monitoring and evaluation.

Qualifications

BCom (Hons); SA Government Procurement and Law Practice; IFRS; PFM; MFMA

**VERUSHA
MORGAN**

General Manager:
Property Asset Management,
Compliance Officer and Company Secretary

**Expertise and
experience**

Verusha has wide- ranging experience in corporate governance, legal advice, compliance, the legal field, executive management, property asset management and local government, member of IODSA and Compliance Institute.

Qualifications

MBA; LLB (Hons); Admitted Attorney; Management Advancement Programme; Immoveable Asset Management Programme; National Treasury Training

**MALA
PADAYACHEE**

Senior Manager:
Information Technology

**Expertise and
experience**

Mala has experience in IT Strategy Development, Development of IT Policies and governances, Align IT services with the needs of business. Mitigate and maintain IT Risk and Security, System Development, System Design, Hardware/software and testing. Manage, maintain, monitor and evaluate IT systems.

Qualifications

Public Administration and Management (Diploma); Business Information Systems (Honours); National certificates in Project Management, Business Engineering (Certificate); System Development and Customer Complaints, (Certificate); Leadership Skills Development, (Certificate); Knowledge Management (Certificate); Auditing and Service Level Agreements (Certificate)

**SIPHO
MBETHE**

Senior Manager: Outdoor Advertising

**Expertise and
experience**

Sipho served in the Office of the Executive Mayor, the City of Johannesburg Municipality-Department of Development Planning, and the Department of Environmental Affairs: Gauteng Provincial Government. He has experience in a range of business development and public policy operational methodologies, project management, business planning, regulation, compliance and by-law enforcement.

Qualifications

Bachelor of Paedonomiae; Senior Secondary School Diploma

**TSHEPO
MOKATAKA**

Senior Manager: Legal

**Expertise and
experience**

Tshepo is an Admitted Attorney of the High Court of South Africa, providing strategic legal advice, operational transitional compliance, vetting of strategic agreements and legal documentation, managing legal advisors, managing legal risks, managing the legal budget, legal depts budget, deputy information officer, conducting internal investigations of alleged fraud and corruption.

Qualifications

BA; LLB; Post Graduate Certificate in Provincial and Local Government Law; Postgraduate Diploma in Labour Law

Rissik Street Post Office



Company Secretarial Function

The Company Secretary is an independent, competent, qualified, and experienced individual who has proven competencies and experience in the relevant laws. The Company Secretary's performance is assessed by the Board as part of its annual performance assessment process.

The Company Secretary provides appropriate guidance, advice, orientation, induction, and training to Directors and Public Officers on their roles, duties, and responsibilities and ensures compliance with laws in the interests of good governance. All Directors have access to the advice and services of the Company Secretary and external legal advice as and when required.

Some of the key responsibilities included:

- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the Company and ensuring that statutory deadlines are complied with;
- Preparing and/or reviewing the shareholder compact; delegations of authority; terms of reference of the Board and Board committees; work plan and schedules as well as the agenda for Board and committee meetings in conjunction with the chairperson; and
- Maintaining statutory records, registers, minute books and related documents.

Risk Management and Internal Controls

Effective risk management is integral to the Company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes, and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring, and financial and managerial reporting. Financial risk management is dealt with in the financial statements as set out in chapter 5.

In order to meet its responsibility of providing reliable financial information, JPC maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

The system includes a documented organisational structure, visions of responsibility and established policies and procedures, including a code of ethics to foster a strong ethical climate. These aspects are communicated to the parent municipality. The entity also carefully selects, trains, and develops its Employees in this regard. Internal auditors monitor the operation of the internal control systems and report findings and recommendations to Management and the Board of Directors. Corrective action is taken to address control deficiencies and other opportunities for improving the system as they are defined. The Board, operating through its Audit and Risk Committee, provides supervision of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. There are no undue, unexpected or unusual risks to be disclosed in the reporting period.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A documented and tested business continuity plan exists to ensure the continuity of business-critical activities. JPC assessed its internal control systems as at 30 June 2016 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual.

Risk Management and Internal Controls continued

The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the Company believes that, as at 30 June 2016, its system of internal control over financial reporting and the safeguarding of assets against unauthorised acquisitions, use or disposition met that criteria.

JPC's Risk Register – 30 June 2016

The risk profile of JPC for the financial year ending 30 June 2016. The risk profile also looks at the opportunities that the entity faces in delivering against its mandate as set out in the signed SDA.

Risk No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Actions to Improve Management of the Risk	Progress
1	Erosion of the City owned land and property asset base	Very High 25	Low 5	<ol style="list-style-type: none"> 1. Link staff and facilities management into the property portfolios. 2. Develop and implement performance standards for portfolio categories. 3. Develop and Implement the comprehensive land strategy. 4. Develop and implement a Citywide facilities management strategy. 5. Employ and develop the necessary skills and resources for the portfolios (subject to City providing funding for the employment of additional resources). 	<ol style="list-style-type: none"> 1. The property categorisation has been completed with staff allocated to the portfolio of properties. 2. The performance standards have been developed and implemented. 3. The land strategy is still underway. The land strategy principles have been approved at Mayoral. Consultation with user departments has been undertaken. 4. A comprehensive FM strategy is currently being developed. 5. The placement of the staff to the respective portfolios has been completed. This exercise has shown that there are still critical vacancies that need to be filled. Budget has been requested for the critical vacancies. Training on property skills has started.

Risk No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Actions to Improve Management of the Risk	Progress
2	Insufficient funding for JPC operations	Very High 25	High 13	<ol style="list-style-type: none"> 1. Promotion of the JPC strategy, brand and value proposition with City shareholders. 2. Empower SMMs and communities to operate non cash generating business units (e.g. taxi ranks and public conveniences). 3. Strict adherence to the approved and allocated annual JPC budget. 4. Implement the approved JPC Strategy. 	<ol style="list-style-type: none"> 1. A number of the stakeholder meetings were held. A marketing strategy is in place. JPC will be embarking on an aggressive marketing campaign both internally and externally to improve reputation. 2. A call for proposal has been issued to empower facility users. This should be finalised in the third quarter. 3. JPC has adhered to the allocated budget to ensure that there is no unauthorised expenditure. 4. The entity has implemented some key elements of the strategy including the key elements relating to the financial model.
3	Insufficient HR capacity and skills	Very High 25	High 13	<ol style="list-style-type: none"> 1. Secure funding for the filling of critical vacancies. 2. Workplace skills plan informed proposed employee training and development 3. Implementation of employee career development plans. 4. Review and adoption of JPC organisational performance standards. 	<ol style="list-style-type: none"> 1. A budget request was made in the midyear review and JPC secured funding for 34 positions but this is short of the number of vacancies identified. 2. A workplace skills plan was approved by REMCO. 3. There has been training on the skills gap identified. A detailed career development is still under way. 4. The performance standards setting for the organisation has not been finalised.



PROPERTY ASSET MANAGEMENT

Provides strategic advice relating to activities of capital investment, portfolio planning, disposal of assets and identification of possible scenarios for the positioning of the portfolio. These opportunities enable the City to achieve their land transformation goals.



PROPERTY MANAGEMENT

Obtaining and maintaining value from the property portfolio by effectively administering and leasing, acquiring and selling and lastly ensuring maintenance of the property. The portfolio comprises commercial, social, residential, industrial and municipal property.



PROPERTY DEVELOPMENT

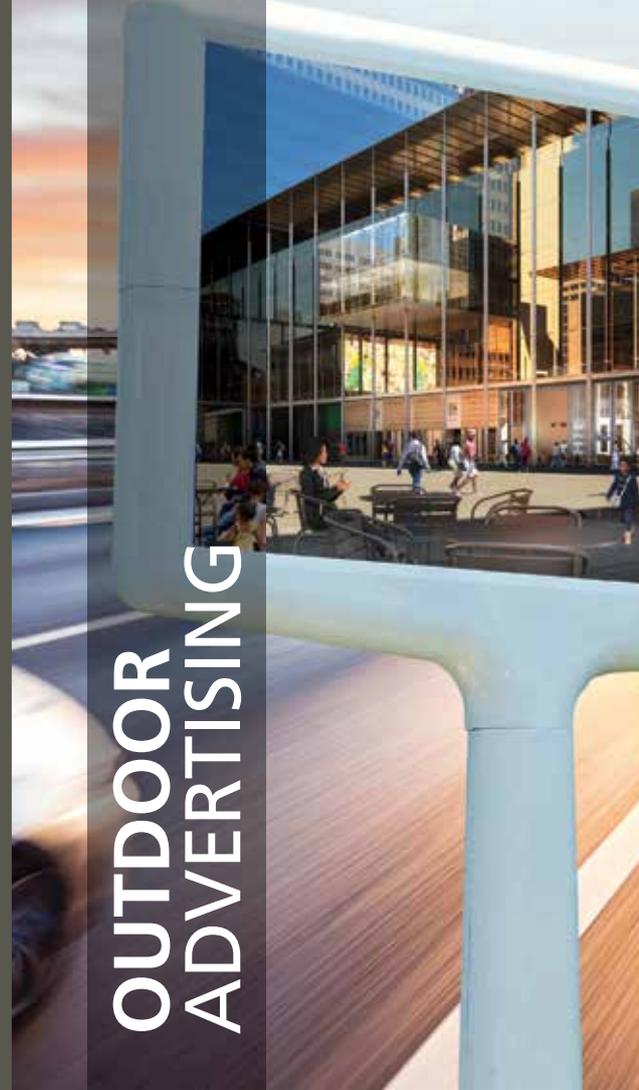
Actively engages with the property development value chain. This function involves conceptualising, designing and implementing developments on CoJ land.



a world class African city



JOBURG
PROPERTY COMPANY



FACILITIES MANAGEMENT

OUTDOOR ADVERTISING

Corporate building management and maintenance of public facilities. The OSO Programme is set to create a launch pad to elevate service delivery, raise living standards and quality of life.

A wide range of advertising mediums that reach consumers out of home. Monitoring of structures on council land.

Risk No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Actions to Improve Management of the Risk	Progress
4	Inadequate property development project management	High 16	High 8	<ol style="list-style-type: none"> 1. Establishment of the Project Management Office (PMO). 2. Appointment of the skilled project managers. 3. Establishment of the contract management system. 	<ol style="list-style-type: none"> 1. The establishment of the PMO has been delayed due to the budget constraints. A budget request was put to the shareholder but JPC has not been allocated funds. 2. The budget constraints have halted the appointment of skilled project managers in-house. For each project awarded, a skilled project manager is appointed as part of the professional services.
5	Inadequate internal and external stakeholder management	High 16	Low 3.2	<ol style="list-style-type: none"> 1. Mapping of business processes to link the JPC Call Centre to improve the tracking and monitoring of stakeholder and client enquiries. 2. Full implementation of the marketing and communications strategy. 3. Implementation of an integrated JPC Call Centre. 4. Periodic monitoring of the stakeholder enquiry turnaround times and resolution rate, as well as ascertaining the level JPC stakeholder satisfaction. 	<ol style="list-style-type: none"> 1. The mapping of the business processes has been completed. 2. The strategy has been implemented although not fully implemented. 3. The implementation of the call centre is due in the first quarter of the next financial year but the preparations are well under way. 4. There has been monitored closely and the stats reflect that the turnaround times have reduced significantly.

Risk No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Actions to Improve Management of the Risk	Progress
6	Insufficient ICT governance (Business Continuity Plan)	High 12	Low 2.4	<ol style="list-style-type: none"> 1. Obtain approval for the ICT Governance Framework, ICT policy and the BCM Plan. 2. Installation of a back-up power source for business continuity. 3. Obtaining funding for vacant ICT posts and recruitment of required ICT personnel. 4. Systems integration through SAP via CoJ platform. 	<ol style="list-style-type: none"> 1. The ICT Governance framework and the BCM Plan have been approved. 2. The procurement of the back-up power source is currently in progress. 3. Two critical positions were filled and the additional two critical posts have been requested through s budget process. 4. This is progressing well. The implementation is only due beginning of March. SAP trainings are underway.
7	Non-compliance with laws and regulations	High 12	Moderate 6	<ol style="list-style-type: none"> 1. Introduce an employee awareness campaign for the relevant laws, regulations and policies. 2. Review policies for legal and regulatory completeness. 3. Keep abreast of legislative and regulatory changes. 4. Develop and implement JPC Compliance Management Framework that is aligned to the City Wide Compliance Management Framework. 	<ol style="list-style-type: none"> 1. Internal roadshows were undertaken to create awareness to employees. 2. Policies are reviewed on a continuous basis for legal and regulatory completeness. 3. This is being done as and when there are updates. 4. The JPC compliance management framework is in place and is currently being used as a compliance tool.
8	Fraud and corruption (both internal and external)	High 12	Low 2	<ol style="list-style-type: none"> 1. Continue the promotion of fraud prevention and fraud hotline awareness campaigns. 2. Full implementation of the Fraud Prevention Plan. 	<ol style="list-style-type: none"> 1. Internal roadshows were undertaken to promote the use of the fraud and hotline. A more aggressive marketing campaign is being developed for the other stakeholders. 2. The fraud prevention plan has been fully implemented.

Internal Audit Function

The Internal Audit Function of JPC subscribes to the definition of internal audit as defined by the International Standards for the Professional Practicing of Internal Auditing (ISPPA), that defines internal audit as “an independent, objective, assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation achieve its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.”

JPC’s Internal Audit Function has been outsourced to the independent firm Nexia SAB&T for a period of three years. Nexia SAB&T reports directly to the Audit & Risk Committee of the Board on a quarterly basis. The effectiveness of the Internal Audit Function is evaluated by the committee annually to ensure that it is able to deliver the quality services in line with the standards.

The Risk & Compliance unit identified all potential events that might affect the achievement of JPC’s business objective. Internal Audit Unit assessed the identified risk and prepared a risk based three year rolling internal audit plan. The rolling plan was prepared after taking into consideration the needs of both internal and external stakeholders. The Audit and Risk Committee approved the three-year rolling plan, which includes the annual plan for 2015/16 cycle in a meeting held in July 2015.

The table below indicates the outcome of the audits concluded in terms of the approved annual plan for the 2015/2016 cycle:

No.	Audit area	Conclusion on internal control
1.	Anti-Fraud and Corruption	Adequate and Effective
2.	Compliance with Legislation	Adequate and Effective
3.	Audit of Pre-determined Objectives	Adequate and Effective
4.	Finance	Adequate and Effective
5.	Fixed Assets Management	Adequate and Effective
6.	Supply Chain Management / Procurement	Adequate and Effective
7.	Contract Management	Adequate and Effective
8.	Human Resources and Payroll	Adequate and Effective
9.	Supply Chain Management/Procurement	Adequate and Effective
10.	Information Technology	Adequate and Effective
11.	Review AFS	Adequate and Effective

Resolving Internal Audit Findings

There are no unresolved internal audit findings.

Resolving Auditor-General’s Findings

The Audit General issued an unqualified audit opinion in the 2014/15 cycle, with two findings. JPC obtained a “clean audit” for the first time as a result of improved control measures. All the previous findings raised by AG with respect to prior audit periods were also resolved. There are no unresolved audit findings.

Corporate Ethics and Organisational Integrity

JPC wishes to contribute to sustainable social development and to responsible business practices. JPC has defined a set of basic corporate values, ethical guidelines, and corporate social responsibilities principles for the entity to achieve this. The ethical guidelines and other policy documents of JPC have been drafted on the basis of these basic corporate values.

An ethics risk profile was conducted in July 2014, with the intention of identifying the ethical risks for the organisation and coming up with practical mitigation measures for abating these risks. The results of the ethics risk profile were used for purposes of compiling a comprehensive ethics management plan. The plan was also reviewed as part of the consolidation process.

Sustainability Report

Health and Safety

JPC performs Facilities Management for the CoJ and, as a result, issues of public safety are high on the organisation's priority list. The Committee monitored the OHASA reports detailing the conditions of the public facilities under the management of JPC. The Committee considered some of the challenges faced by the Company in so far as implementing its Facilities Management plans are concerned.

Corporate Social Responsibility Report

The Company's Corporate Social Investment philosophy and function have, over the years, been broadly underpinned by the concept of sustainable development. The policy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors are attracted, and formerly disadvantaged communities are empowered. The Non-Governmental Organisations are a major national initiative through which business and government have joined hands to support the following strategic interventions:

- Health care initiatives;
- Education;
- Skills training and job creation; and
- Small business development.

Anti-Corruption and Fraud

JPC subscribes to the letter and spirit of the Prevention and Combating of Corrupt Activities Act and as such has adopted a zero tolerance approach to fraud and corruption.

JPC has a Fraud and Corruption Committee (FRACC) comprising six members tasked with advising on, and launching investigations into, allegations of breaches of the Anti-Fraud, Corruption and Associated Irregularities Policy (Fraud Policy), principles of ethics, laws, and regulations and all relevant policies that have been reported to JPC, either through the City's Group Fraud Hotline or other means.

Reports are received from the City's Fraud Hotline service provider on a regular basis. Incidents of fraud are investigated by FRACC and feedback is constantly provided to the Audit and Risk Committee and the Board. All fraud cases are further disclosed to the City as one of the Company's key stakeholders.

ICT Governance

King III and ISO 38500 recommend that ICT should be governed and managed at a political leadership and executive management level. This ensures that the delivery of ICT services is aligned with the Company's strategic goals.

ISO 38500 is an international standard for the corporate governance of ICT that provides a framework of principles for the executive authority and Management to govern and manage ICT.

The corporate governance of ICT is a continuous function that is embedded in all operations of the JPC, from executive authority and management level, to business and ICT service delivery. JPC's executive authority and Management need to extend corporate governance to ICT, providing the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms, controls, and ethical culture. A comprehensive COJ ICT Governance Maturity Assessment was conducted and the results indicated serious paucities in relation to compliance with the following leading ICT frameworks, standards, and guidelines:

- Control Objectives for Information and related Technology (COBIT);
- Information Technology Infrastructure Library (ITIL); and
- King III.

JPC acknowledges ICT as a strategic asset that forms an integral part of the delivery of its strategic business objectives. JPC's commitment to sound ICT governance is supported by ongoing efforts and activities to embed the King III Code of Governance Principles and recommendations. The focus in ICT governance is the establishment of various responsibilities, processes and supporting governance structures. The Company appointed an experienced IT professional to lead the IT business unit.

The Company endeavours to align its ICT resources and structures with performance and sustainability objectives. Following JPC's merger with the FMM and MTC the Company needs to focus on developing a sound ICT Governance Framework for the integrated Company to ensure its overall vision and strategy is attainable. It is essential that the framework is comprehensive, providing and addressing both demand and supply of the ICT Governance imperatives. The main objective of this framework is to ensure that ICT goals and investments are aligned to the JPC's business objectives and also supports the City's business objectives as outlined in the GDS 2040 and its overall transformation agenda.

JPC’s ICT Governance approach is founded on the following set of principles:

- Establish clearly understood responsibilities for ICT;
- Plan ICT to best support the needs of the Company;
- Acquire ICT validly. Ensure that ICT acquisitions are made for the right reasons in the right way, on the basis of appropriate and ongoing analysis;
- Ensure ICT performs well whenever required;
- Ensure ICT conforms to all external regulations and complies with all external regulations and internal policies and practices; and
- Ensure ICT use recognises and respects human factors. ICT must meet the current and evolving needs of all of the people in the process. In addition, the City Management acknowledges that to become a high performing Local Government Entity, JPC needs to enforce rigorous ICT Governance to:
 - Ensure that the business and ICT stakeholders are driving towards the same strategic objectives of the City;
 - Establish reliable financial and performance processes and metrics enabled by relevant IT systems and applications that support business decision making;
 - Actively manage the ICT Portfolio against business benefits and ensuring that the ICT budgets are a collaborative exercise between the business and ICT stakeholders;
 - Optimise the City’s existing ICT functions in order to obtain “true” value from ICT investments;
 - Seek continuous improvement around the use of ICT in the JPC; and
 - Ensure compliance with the ICT Regulatory Frameworks and Legislation.

Oversight of the entity’s ICT function was delegated to the ARC and the Committee kept this item as a standing Agenda item in the year under review. The Board will monitor and evaluate the entity’s IT investments and expenditure taking into account the best interest of the entity.

Supply Chain Management and Black Economic Empowerment

The Supply Chain Management Policy for goods and services for JPC was approved by the Board. It is aligned with the City’s Group Supply Chain Management Policy as well as the Municipal Finance Management Act and its Regulations, and the National Treasury Guidelines and Practice Notices. Supply Chain Management Committees such as Bid Specification and Evaluation and Adjudication Committees are fully functional and operate within the framework of the Supply Chain Management Policy, Municipal Finance Management Act and the Regulations. In the year under review Supply Chain Management has accelerated transformation.

In addition, contracts were awarded to co-operatives who comprise communities and women.

B-BBEE Spent as a percentage of the CoJ Portfolio 2015/2016 Financial Year **In the 2015/2016 financial year the Company recorded the following expenditures:**

	Q1	Q2	Q3	Q4
BEE as % of OPEX	82%	93%	99%	94%
BEE as % of CAPEX	0%	0%	100%	100%