

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"> Promotion of the JPC strategy, brand and value proposition with City shareholders. Empower SMMEs and communities to operate non cash generating business units (e.g. taxi ranks and public conveniences). Strict adherence to the approved and allocated annual JPC budget. Implement the approved JPC Strategy. 	<ol style="list-style-type: none"> 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. A call for proposal has been issued to empower facility users. This should be finalised in the third quarter. JPC has adhered to the allocated budget to ensure that there is no unauthorised expenditure. 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"> Secure funding for the filling of critical vacancies. Workplace skills plan informed proposed employee training and development Implementation of employee career development plans. Review and adoption of JPC organisational performance standards. 	<ol style="list-style-type: none"> 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. A workplace skills plan was approved by REMCO. There has been training on the skills gap identified. A detailed career development is still under way. 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

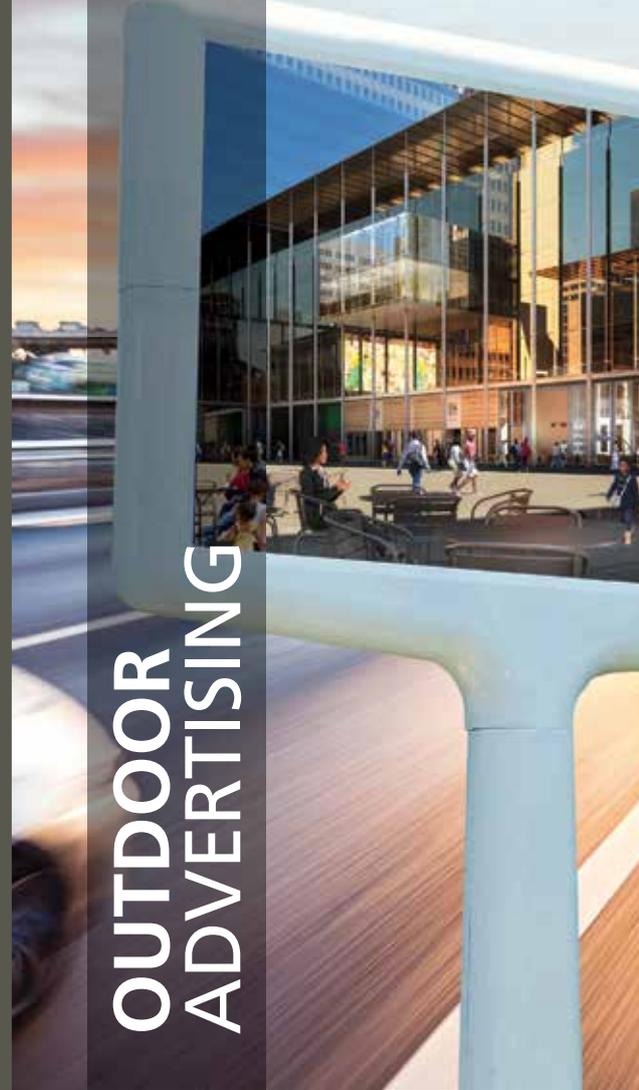
Actively engages with the property development value chain. This function involves conceptualising, designing and implementing developments on CoJ land.



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.