




HOUSING COMPANY TSHWANE
affordable housing solutions

2021/2022 MID-YEAR REPORT (JULY – DECEMBER 2021)

HOUSING COMPANY TSHWANE
NON PROFIT COMPANY
Registration No: 2001/029821/08
(In terms of Section 88 of the
Municipal Finance Management Act, 2003)

SIGN OFF	
CHIEF EXECUTIVE OFFICER: Ms. O. Nyundu	
DATE:	05 January 2022



**HOUSING COMPANY TSHWANE
NON PROFIT COMPANY**

COMPANY INFORMATION:

Registration number: 2001/029821/08

Registered Address: 1st Floor SKG Tower Building (ABSA Building)
310 Pretorius Street
Pretoria
0001

Postal Address: P O Box 11586
The Tramshed
0126

Telephone number : (012) 358 4469

Bankers : Absa Bank

Auditors : Auditor-General

Vision: *An excellent social housing provider of choice in the City of Tshwane*

Mission: *To sustainably deliver and manage affordable social housing in the City of Tshwane*

TABLE OF CONTENTS

CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

- Section 1: Corporate Profile and Overview of the entity
- Section 2: Strategic Objectives
- Section 3: Salient Features
- Section 4: High-level organisational structure
- Section 5: Foreword by Member of the Mayoral Committee (e.g. MMC Human Settlement)
- Section 6: Chairperson's Foreword
- Section 7: Chief Executive Officer's Report
- Section 8: Chief Financial Officer's Report

CHAPTER TWO: GOVERNANCE

- Section 1: Corporate Governance Statement
- Section 2: Board of Directors
- Section 3: Board Committees
- Section 4: Director's Remuneration
- Section 5: Company Secretarial Function
- Section 6: Risk Management and Internal controls
- Section 7: Internal Audit Function
- Section 8: Corporate Ethics and Organisational Integrity
- Section 9: Sustainability Report
- Section 10: Corporate Social Responsibility Report
- Section 11: Anticorruption and Fraud
- Section 12: Information and Communications Technology Governance
- Section 13: Supply Chain Management and Black Economic Empowerment

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

- Section 1: Highlights and Achievements
- Section 2: Financial Performance
- Section 3: Capital Projects
- Section 4: Performance against IDP and City Scorecard
- Section 5: Assessment of Arrears on Municipal Taxes and Service Charges
- Section 6: Statement on amounts owed by Government Departments and public entities
- Section 7: Recommendations and Plans for the next Financial Year.

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

- Section 1: Human Resource Management
- Section 2: Employment Equity
- Section 3: Skills Development and Training
- Section 4: Performance Management
- Section 5: HIV/AIDS on the Workplace
- Section 6: Employee Benefits

CHAPTER FIVE: FINANCIAL PERFORMANCE

- Section 1: Statement of Financial Performance
- Section 2: Statement of Financial Position
- Section 3: Statement of Capital Expenditure
- Section 4: Cash Flow Statement
- Section 5: Report in Irregular, Fruitless and Wasteful Expenditure and Legal Processes

CHAPTER SIX: AUDITOR-GENERAL FINDINGS

- Section 1: Auditor-General's Report for the Current year
- Section 2: Historical Audit Findings and Remedial Action
- Section 3: Commitment by the Board of Directors

Section 1: Corporate Profile / Overview of the entity

The Housing Company Tshwane (HCT), was established by the City of Tshwane Metropolitan Municipality (CoT) in 2001. It is a municipal entity as envisaged in section 9 (2) of the Municipal Systems Amendment Act, 2000 (Act No. 32 of 2000), under the exclusive jurisdiction and ownership control of the CoT and is duly registered in terms of the Companies Act, (Act 71 of 2008).

The City of Tshwane (COT), its sole shareholder, established the HCT to develop and manage social housing, which is recognised as a pivotal tool in restructuring the CoT. It is mandated to act as a long-term institutional platform through which the CoT would promote the business of procuring, developing, owning, letting, maintaining and managing residential accommodation (primarily for the low and middle income brackets in terms of the National Housing Code).

In terms of Section 86 (c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the CoT must assist the HCT to achieve the aforesaid affordable housing development goals through HCT undertaking affordable housing developments, and making available to qualifying households affordable housing units and supporting infrastructure within the CoT's area of jurisdiction.

The CoT acknowledges that the HCT is a business entity, and as such requires a maximum degree of autonomy, to allow it to fulfill its business operations (subject to the checks and balances of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). To this end the parties agree that all financial obligations to the HCT by the CoT will be transferred within sixty (60) days of approval of the annual budget of the CoT.

The HCT also represents the vehicle that ensures the City stays focused on its agenda to offer accommodation to poorer communities who have been historically marginalised from the inner-city precincts, and business development districts, that have grown within the city. The overall objectives of the entity and assessment of its ability to deliver on its promises, the vision, mission and the organizational structure of the entity needs to be understood.

This document outlines the planning that will guide the growth and development trajectory of the HCT over the 2021/2022 Medium-Term Revenue and Expenditure Framework (MTREF). Moreover, it analyses the strategic context within which the HCT operates, and articulates a strategic focus that is aligned to perform on its mandate. It is also alive to, and recognizes the opportunities that currently exist towards making the HCT the leading affordable rental housing institution within the CoT.

Section 2: Strategic Objectives

The strategic goals and focus areas have been informed by a thorough analysis of the internal and external environments of the organisation and has taken into account the sustainability and financial viability of the organisation:

Strategic Objective One

Strengthen and rebuild an effective and realistic social housing plan for the City of Tshwane;

Strategic Objective Two

The delivery of good property and tenant management services and facilitating and supporting community development initiatives;

Strategic Objective Three

Continuously strive to promote and practice sound governance principles and ethics in the execution of the HCT mandate;

Strategic Objective Four

Create a client to brand-experience orientation that aims to build relationships with key stakeholders that can support HCT in achieving its objectives;

Strategic Objective Five

Enhanced financial sustainability; and

Strategic Objective Six

Redesign, reposition, restructure and resource the organisation, ensuring that there is competent and solid capacity to manage and execute financial and operational requirements for a sustainable HCT.

The HCT strategic objectives contribute to the attainment of the CoT's strategic objectives and associated service delivery performance areas:

Table 1: Strategic Pillars Alignment

Strategic Pillar	Priority	Action	HCT's contribution
Pillar 1: A City that facilitates economic growth	Priority 4: Revitalizing and supporting Tshwane's entrepreneurs	Action 1: Supporting small and micro business to have longer life-spans and increased turnover	40% of HCT's expenditure is to be spent on the procurement of goods and services from BBBEE compliant entity's and SMME
Pillar 1: A City that facilitates economic growth	Priority 4: Infrastructure-led growth as a catalyst and to revitalize existing nodal economies	Action 2: Address infrastructure and service delivery inadequacies which are preventing existing or fledgling industries from growing and/or threatening their survival	Providing affordable rental housing across Tshwane through the construction of Greenfield projects and Brownfield projects. Selected developments are within economic nodes and restriction zones.
Pillar 2: A City that cares for residents and promotes inclusivity	Priority 8: Building integrated communities	Action 1: Creating spaces and housing opportunities that bring people together	Provision of affordable rental housing within economic nodes, which aim to address spatial indifferences.
Pillar 3: A City that delivers excellent services and protects the environment	Priority 11: Delivering high quality services	Action1: Delivering high quality and sustainable basic services	Maintenance and refurbishment of property under the management of HCT. Provision of on time services to tenants of the HCT.
Pillar 5: A City that is open, honest and responsive	Priority 16: Building a capable city government	Action 1: Establishing professional and effective city government processes	Organisational structure has been redesigned to effectively implement the entity's five year strategic plan. Modernising business processes to ensure that they are effective and efficient. Fair and transparent Supply chain management processes.

Section 3: Salient Features

3.1 Property Management

The Housing Company Tshwane (HCT) has **1847 units** under management. The reporting is still based on **693 units** that are currently in the Entity's books . The units that have been transferred from the CoT to the Entity are also still in the process of being processed and registered on the Entity's asset register. These units will be included in the budget adjustment period or/ as soon as the process is finalised.

The entity has managed to maintain the 95% occupancy ratio to date, 100% of the complaint's resolution and 32% budget spending against a 30% spending on the repairs and maintenance budget mainly to bring the units under management to compliance levels.

3.2 Human Resources

Progression of Staff Compliment:

Financial Year	Total number of staff
2018-2019	53
2019-2020	62
2020-2021	100
2021-2022 as at end December 2021	100

3.3 Revenue Collection:

HCT's revenue collection target for the six months period (July 2021 – December 2021) for Eloff building was 95% of the billing. For the period under review, the collection level achieved was 99, 58%, thereby exceeding the target by 4.58%.

Revenue collection target for the six months period (July 2021 – December 2021) for Self Sufficient Elderly (SSE's) buildings, Silwerkroon, Oosmoot, Capital Park, Claremont and Danville was 96% of the billing. For the period under review, the collection level achieved was 101, 34%, thereby exceeding the target by 5, 34%.

3.4 Levies Collection:

HCT's levies collection target for the six months period (July 2021 – December 2021) for Clarina was 15% of the billing. For the period under review, the collection level achieved was 7, 72%, which is below the targeted collection by 7, 28%.

3.5 Financial Management:

The following analysis is drawn from the financial performance report for the period ended 31 December 2021. The summary is provided from different income and expenditure categories:

Housing Company Tshwane - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December								
Description	2020/21	Current Year 2021/22						
	Pre-audit outcome	Original Budget	Monthly actual	Year-TD actual	Year-TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Rental of facilities and equipment	9,152	48,414	755	4,599	24,207	(19,608)	-81.0%	48,414
Interest earned - external investments	487	503	18	110	252	(142)	-56.4%	503
Interest earned - outstanding debtors	126	409	13	63	204	(142)	-69.3%	409
Transfers and subsidies	33,452	34,823	(4,421)	17,412	17,412	(0)	0.0%	34,823
Other revenue	374	112	23	151	56	95	169.3%	112
Total Revenue (excluding capital transfers and contributions)	43,590	84,261	(3,612)	22,334	42,130	(19,796)	-47.0%	84,261

Expenditure By Type								
Employee related costs	33,524	51,959	2,936	18,230	25,979	(7,749)	-29.8%	51,959
Remuneration of Directors	2,203	3,373	244	1,070	1,686	(616)	-36.5%	3,373
Depreciation & asset impairment	1,345	1,313	309	640	656	(17)	-2.5%	1,313
Other materials	3,250	1,000	1,843	1,851	500	1,351	270.2%	1,000
Contracted services	20,165	16,252	246	2,685	8,126	(5,441)	-67.0%	16,252
Other expenditure	5,720	10,364	561	2,838	5,182	(2,345)	-45.2%	10,364
Total Expenditure	66,207	84,261	6,139	27,314	42,130	(14,816)	-35.2%	84,261
Surplus/(Deficit)	(22,616)	-	(9,751)	(4,980)	-	(4,980)	0.0%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36,179	-	73,895	73,895	-	73,895	0.0%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	138,073	462,211	(53,684)	68,418	231,106	(162,688)	-70.4%	462,211
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation	151,636	462,211	10,460	137,333	231,106	(93,772)	-40.6%	462,211
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	151,636	462,211	10,460	137,333	231,106	(93,772)	-40.6%	462,211

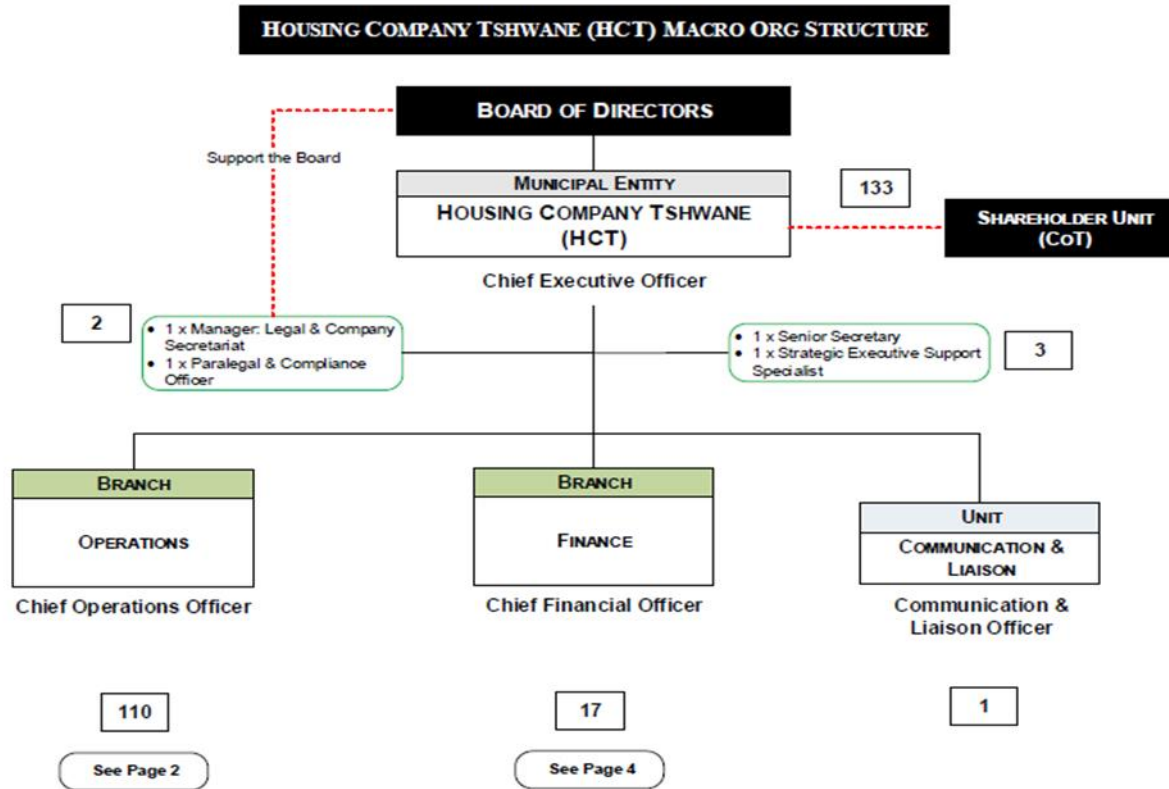
3.6 Capital Expenditure:

As at the end of December 2021, the entity's performance on operating capital reflected an actual expenditure of R142, 3 million against a budget of R279, 3 million. This translated to a percentage achievement of 51%. On the capital project for Townlands, Chantelle and Timberlands projects, the entity has spent 142, 3 million against the budget of R277, 1 million which translated to percentage achievement of 51%.

3.7 Solvency ratio:

As at the end of December 2021, the entity continued to operate as a going concern for the foreseeable future. The going concern of HCT over the short term (12 months) was demonstrated considering the positive support from the City of Tshwane and it was also supported by the current ratio which showed the liquidity of the entity as 1.35:1 (current assets to current liabilities).

Section 4: High-level organisational structure



Section 5: Foreword by Member of the Mayoral Committee



Section 26 of the Constitution of the Republic of South Africa establishes that citizens' right have access to adequate housing is incontrovertible and in order to achieve this, government has to put in place legislative and other efforts within the government's resources constraints, to ensure the attainment of this right. The emergence of the so called "missing-middle" has opened up debate around where the limit to government's assistance should be in acquiring basic services such as housing, transport or education and all social amenities. Simply put, the missing middle are those who do not earn enough to be assisted by financial institutions but also exceed the income category for low cost state subsidised housing.

Within the Social Housing Act, 2008 (Act 16 of 2008) framework, social housing grants can only be accessed through recognised social housing institutions. As an agency of the city, the Housing Company Tshwane (HCT) plays a critical role in the provision and management of social housing in the City of Tshwane (CoT). The City's role is to ensure there is a conducive environment for the social housing delivery agents such as HCT to deliver affordable rental housing opportunities. The performance under review reflects an achievement on only 67.5% against the set target. This demonstrates improvements versus the 19/20 mid-year performance. The turnaround strategy includes sound improvement measures that have already been implemented. Those measures, along with the filling of vacancies for key senior positions, will assist the HCT in achieving a better performance against its set priorities and targets.

The CoT reaffirms its faith in the HCT with regards to the management of the city owned rental stock by transferring rental stock currently being managed by the Group Property Department to the HCT. This process currently awaits council approval. I am pleased that the Marabastad Townlands Housing Project is now close to completion. It is the biggest social housing project currently being built in Gauteng.

Continuous and meaningful engagements are also taking place between the CoT and the HCT concerning catalytic and mega projects that will, in turn, increase the entity's rental stock and the ability to facilitate and provide affordable rental housing as a whole to the residents of the CoT.

Cllr Mpho Mehlaphe-Zimu
MMC: Human Settlements

Section 6: Chairperson's Foreword



Housing Company Tshwane (HCT) has demonstrated significant growth and improved performance over the years and has shown commitment in ensuring that its primary mandate is being realised. The entity is currently operating in full capacity within its management structure. The entity has maintained over 90% achievement on its performance objectives and the board is determined to increase the performance rating. Furthermore, the entity has sustained its Conditional Accreditation status with Social Housing Regulatory Authority (SHRA). The company is positioning itself to achieve full accreditation in the coming years. It is my gratitude as the Chairperson of the board to provide oversight of the Governing Body. The journey has been challenging due to financial constraints however the board and management have ensured that services delivery is provided to our tenants, and the improvement to living conditions in our properties has remain one of our priorities.

A new board was appointed on the 1st July 2021 and took office in August 2021 and I immediately configured the respective Committees of the Board so that proper oversight on financial, property, governance, and human resource management can be provided. HCT is in the process of completing its flagship project named Townlands envisioned to deliver 1200 units by June 2022. The application process received a great turn out of over 5000 applicants, The tenanting process where vetting and training of tenants are currently underway. The entity has also commenced with phase 1 of the Chantelle x39 project with 600 units in Orchards.

Furthermore, the entity is in the process of receiving existing council stock for both ownership and management. Council has approved the transfer of 214 units from the Group Property stock to the entity and the transfer process is underway. The balance of the 886 Human Settlements stock is in the process of being transferred. The focus of the board is to ensure financial sustainability for HCT and more growth to expand its mandate to other avenues such as student accommodation once its initial capital projects are running successfully.

On behalf of the Board, and as a Chairperson I believe that HCT will achieve its financial independency once Townlands is fully tenanted out. This will help in fulfilling the mandate of the shareholder of providing affordable and sustainable rental accommodation within peripheral of the City.

HCT: Board Chairperson

Dr. Elias Monhla

Section 7: Chief Executive Officer's Report



The Housing Company Tshwane's (HCT) performance for the mid-term of the (2021/22) financial year improved by 3,5% in comparison to the performance of the previous period (2020/21) of 85%. The appointment of the new board was concluded in June 2021 and the Non-Executive Directors resumed their fiduciary duties as at 1st of July 2021. Management and the Board of Directors adopted 6 (Six) strategic objectives/ focus areas that the entity will focus on in ensuring that there is continuous stability, sustainability and growth. These objectives have been translated to key performance area which are vigorously monitored by the shareholder, being City of Tshwane (COT).

As a social housing institution HCT is required to be accredited by the Social Housing Regulatory Authority (SHRA). Upon the renewal process, HCT sustained the conditional accreditation with the SHRA until 2024. Management is anticipating obtaining a full accreditation status upon the next renewal process.

The entity has an accumulated surplus of R137 million. This is due to under expenditure in the following areas:

1. The employee related costs were R7, 7 million underspent due vacant positions within the organogram. The organisational structure will be reviewed in quarter 3 to align to the approved SHRA sustainability requirements.
2. The Remuneration of Directors was underspent by R616, 079 due to the fact that the new the Board had the first meeting only in September 2021;
3. Contracted services budget was underspent by R5, 4 million, mainly due the following expenditure items not yet incurred by the entity during the mid-term period: marketing costs, building conditions assessment, other building's repairs and maintenance:
4. Other expenditure was underspent by R2, 3 million due to less expenditure on operating expenses on items such as uniforms, travel and accommodation, printing and stationery, advertising and promotion. The budget has been revised during the budget adjustment process;

5. Other material budget of R1 million for the mid-term period was fully utilised as the entity procured plumbing and electrical consumables for repairs and maintenance of the buildings.

Overall performance

The entity's mid-term performance represents **88 %**. This indicates an increment as compared to previous mid-term ended 31 December 2020. The entity applied a proactive approach on the repairs and maintenance of building despite the limited budget and work executed on buildings owned and managed by the Entity to ensure OHS Compliance. Management is determined to ensure a sustained and improved performance going forward.

During the mid-term period, the revenue and expenditure of the entity improved due to enhanced procurement planning and revenue collection mechanisms. The rental collection on average including Clarina was **88,63%** and the expenditure from the Capex projects increased by over 100% attributable to Townlands Phase 1 and Phase 2.

We ensured that we made ourselves available to our tenants throughout the holiday season and we were encountered an palatable and undesirable situation where one of our tenants in Bosbok passed on and the corpse had already decomposed. The experience left the employees traumatised and psychologically disturbed. Management is in the process of accelerating the implementation of a wellness programme that will support all employees faced with difficulties endured in their working environment.

As presented during the APC in December 2021, the HCT received clean report on the AOPO and unqualified audit opinion on the Financial Statements audited by the AGSA with non-compliance on SCM processes. Management is in the process of developing an internal control framework that will ensure compliance going forward.

Update on Covid-19

The HCT management and employees endured the new normal way of doing things. This included office evacuation, provision of personal protective clothing, deep cleaning of offices, rotational work-plans; and compliance to Covid- 19 protocols in order to manage the transmission of the pandemic. These precautionary measures resulted in the reduction of Covid-19 positive cases. However, the recent Delta and Omnicron variants continued to pose a challenge. As much as this was the case, the HCT reports five positive cases and zero deaths.

Ms O Nyundu
Chief Executive Officer

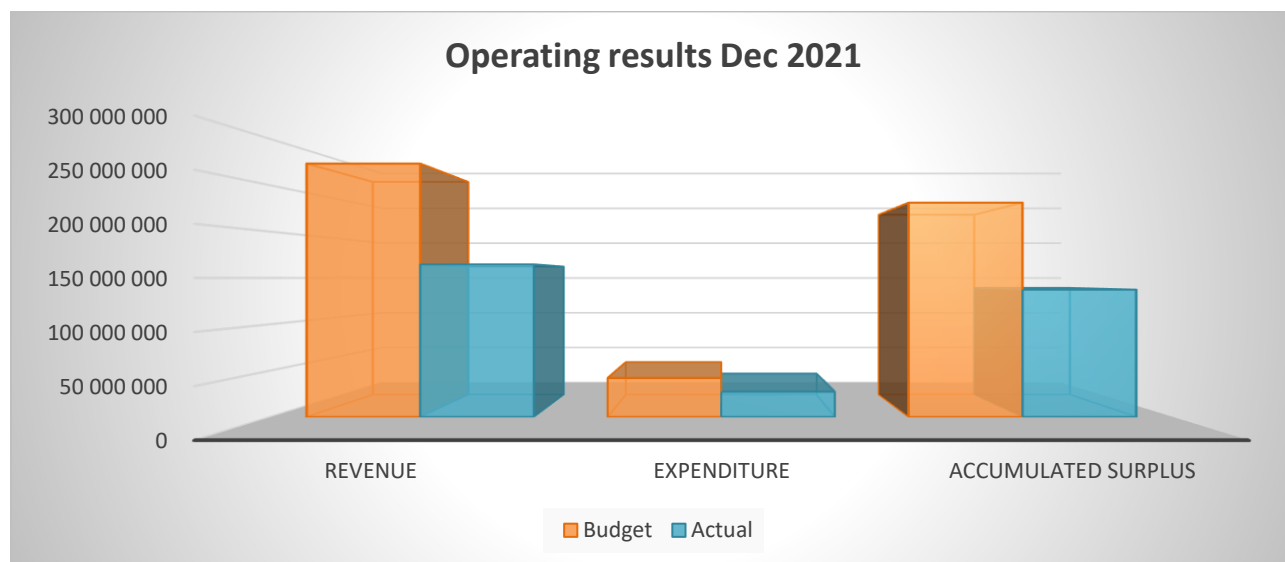
Section 8: Chief Financial Officer's Report



1. Review of Operating results

1.1 Summary of financial operating results

The financial performance of the entity for the year (July 2020 - Dec 2020) resulted in an accumulated surplus of R137, 3 million. This was attributed to the capital grant revenue recognized on Townlands, Chantelle projects for development of 340 and 50 social housing units respectively. Below is the graphical presentation of operating results:



Recorded variances from the budget were from revenue categories such as rental revenue, operational grant, interest income, and other revenue and capital grant transfers. The variances can be explained as follows:

Item	Budget	Actual	Variance
Income	273,236,133	164,647,285	108,588,848
Expenditure	42,130,491	27,314,132	14,816,359
Surplus	231,105,642	137,333,154	93,772,489

1.2.1 Rental income

For the period under review, the entity realized revenue of R4, 9 million from the rental of stock as compared to the budgeted amount of R24, 2 million. The variance of R19, 3 million was due to the fact that the entity has not invoiced the transfers from COT (Group property & Human Settlement) as tenant listing has not been received from COT. The transfer agreements were approved and COT is still in a process of transferring group property stock to HCT through conveyancing process.

1.2.3 Operational grant

For the period under review, the Company recognized an operational grant of R17, 4 million as compared to the budgeted amount of R17, 4 million, all the operational grant was claimed and the second tranche will be received in January 2022 from the City of Tshwane.

1.2.4 Interest Income

For the period under review, the Company earned interest income of R172, 311 as compared to the budgeted figure of R455, 949. The variance of R283, 4638 was attributed to interest on the investment call account as well as interest charged to Clarina tenants on outstanding levies payment. The interest on an investment and Clarina tenants was lower as invested amount and debtor's book at Clarina reduced due to write off at the end of financial year (June 2021). Clarina building is a complex transferred to Housing Company Tshwane by the City. The complex is utilized to provide alternative accommodation to ex-Schubart Park residents.

1.2.5 Other Income

The Company realized revenue of R151, 288 as compared to the budget figure of R56, 185. The variance of R95, 103 was due to lease admin fees, electricity recovery and bad debts recovered.

1.2.6 Capital Grant Transfers

The Company realized capital grant revenue of R142, 3 million as compared to the budget figure of R231, 1 million. The variance of R88, 8 million was attributable to the delay in receiving the invoices from the contractors for Townlands phase 1 and 2. The capital grant recognised from SHRA amounts to R73, 8 million and R68, 4 million from COT for the period under review.

1.3 Operating expenses

1.3.1 Expenditure

Major expenditure variances were recorded from broad expenditure categories such as employee related costs, remuneration of directors, finance charges, contracted services and other expenditures.

1.3.2 Employee related costs

The Company has spent R18, 2 million as compared to the budgeted figure of R25, 9 million. The variance of R7, 7 million was due vacant positions within the organogram. The Property Management department has not filled securities and general workers positions for Townlands project.

1.3.3 Remuneration of Directors

The Company has spent R1 million on Directors' remuneration as compared to the budgeted amount of R1, 6 million. The variance of R600, 000 was due to the fact that the new the Board had the first meeting only in September 2021.

1.3.4 Depreciation

For the period under review, the entity recorded depreciation of R639, 705 as compared to the budget amount of R656, 268. The variance of R16, 563 was due to assets that were only bought in June 2021.

1.3.5 Contracted Services

The Company has spent R2, 7 million on contracted services as compared to the budgeted amount of R8, 1 million. The variance of R5, 4 million was mainly due the following expenditure items not yet incurred by the entity during the period under review: marketing costs, building conditions assessment, other building's repairs and maintenance.

1.3.6 Other Expenditures

The Company has spent R2, 8 million on other expenditures as compared to the budgeted amount of R5, 1 million. The variance of R2, 3 million was attributable to non-spending on operating expenses on items such as uniforms, travel and accommodation, printing and stationery, advertising and promotion. The budget has been revised during the budget adjustment process.

1.3.7 Other Materials

The Other material budget of R1 million for the period under review was fully utilised as the entity procured plumbing and electrical consumables for repairs and maintenance of the buildings.

1.4 CASH FLOW

The entity received both the operational and capital grant from the COT and SHRA to the value of R96, 1 million (COT) and R73, 8 million (SHRA). The entity ended the quarter in a favourable cash position with cash on hand being R25, 1 million.

1.5 STATEMENT OF FINANCIAL POSITION

The financial position reflects that the entity is capable of meeting its financial obligations given that the total assets exceed total liabilities by R 682 million. This is a reflection that the company could be not be plunged into insolvency as long as it receives the necessary support from the shareholder. Current assets exceed current liabilities by R31, 3 million which indicates that the entity is liquid. The current ratio is currently 1, 35:1 versus standard norm of 2:1. This is due to the unspent conditional grants on the Chantelle and Timberlands projects.

1.6 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

1.6.1 Irregular Expenditure

The entity did not incur irregular expenditure during the period 1 July 2021 until 31 December 2021.

1.6.2 Fruitless and wasteful expenditure

The entity did not incur Fruitless and wasteful expenditure during the period 1 July 2021 until 31 December 2021

Mr. J Thamaga
Chief Financial Officer

CHAPTER TWO: GOVERNANCE

Section 1: Corporate Governance Statement

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. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA, be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Board and matters relating to administrative structures, throughout a financial year.

Ethical Leadership:

The Board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short-term 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 Governance:

Housing Company Tshwane applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King IV Code on Corporate Governance. 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 Code on Corporate Governance forms part of the mandate of the audit committee. The entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol in its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole shareholder and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 20016 (King IV). The Company steadfastly consolidated its position in respect of adherence to the King IV report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King IV Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act and the Municipal Finance Management Act (MFMA). The annual report for the previous year was effectively completed in accordance with the terms of section 121 of the Municipal Finance Management Act.

Corporate Citizenship:

The Board and management recognise that the entity 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 entity protects, enhances and invests in the well-being of the economy, society and natural environment, and pursues its 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.

Section 2: Board of Directors

The Housing Company Tshwane has a unitary board, which consist of seven (7) non-executive directors. The Board meets regularly, at least once every quarter and retains full control over the company. The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole Shareholder. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the City of Tshwane. The Board provides Monthly, Quarterly, Bi-Annually 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 roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them. The Chairperson has no executive functions. Members of the Board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees

on matters including compliance with company rules and procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. An annual director and peer review is undertaken, as well as a Board evaluation.

A performance evaluation of the Board is conducted at the end of the financial year. Any shortcomings are addressed, and areas of strength consolidated. The performance of Board Committees is evaluated against the terms of reference.

Attendance at meetings held during the six months period was as follows:

Directors	Board	Finance Risk	Development & Projects	Human Resources and Remuneration	Social & Ethics	Strategic Session	AGM
Dr. E. Monhla	7	-	-	-	-	1	1
Mr. D. Matamela	7	-	3	-	1	1	1
Mr. S. Sebola	7	-	3	2	-	1	1
Mr. T. Dlamini	7	3	-	2	1	1	1
Ms. B. Mdyesha	7	3	-	2	-	1	1
Ms. Z. Pikashe	7	3	-	-	1	1	1
Ms.P.Tau-Sekati	7	-	3	-	-	1	1
TOTAL	7	3	3	2	1	1	1

The Board of Directors has adopted the Board Charter which encapsulates the City of Tshwane Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. 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 Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

Section 3: Board Committees

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

- Finance and Risk Committee
- Human Resources and Remuneration Committee
- Development and Projects Committee
- Social and Ethics Committee

Finance and Risk Committee

The Finance and Risk Committee of HCT is an advisory body to assist the Board with discharging its oversight responsibility in ensuring the establishment and implementation of effective corporate governance

systems and policies. It also includes the development of risk, financial and organizational performance management policies.

The execution of these functions must be in accordance with relevant legislation, best practices and applicable codes, including:

- The Local Government: Municipal Finance Management Act;
- The Companies Act;
- Report on Corporate Governance for South Africa, November 2016 (King IV); and
- Relevant National Treasury Guidelines

Human Resources and Remuneration Committee

The Committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its specific terms of reference also include recommendations to the board on matters relating inter alia, general staff policy, remuneration, profit bonuses, executive remuneration, director's remuneration and retirement funds.

Development and Projects Committee

The function of the committee is to monitor the adherence to internal control procedures and compliance plans of project development and property management. It is further responsible for the development and monitoring of projects approved by the Board for the purposes of ensuring that the Board fulfils its mandate and achieves its strategic goals as per its strategic plan and service level agreement with its Shareholder.

Social and Ethics Committee

The Ethics committee's mandate is to promote and advise on matters of equality, prevention of unfair discrimination and the reduction of corruption. Its specific terms of reference also include the oversight of governance of the entity with specific reference to compliance and legislation.

Section 4: Director's Remuneration

Entity's Remuneration Policy

Housing Company Tshwane adopted and implemented the approved City of Tshwane's Policy on Remuneration of Chief Executive and Non-Executive Directors of Municipal Entities, which is also in line with the South African Institute for Chartered Accountants and in accordance with the size of the entity.

Below is the reflection of Non-Executive Director's remuneration for the period under review:

No.	Name	Designation	Q1 Meeting Fee	Q2 Meeting Fee	Total
1	Dr. E. Monhla	Chairperson	124,148	0	124,148
2	Mr. D. Matamela	Non-executive	48,448	128,690	177,138
3	Mr. S. Sebola	Non-executive	48,448	81,756	130,204
4	Mr. T. Dlamini	Non-executive	48,448	84,784	133,232
5	Ms. B. Mdyesha	Non-executive	18,168	158,970	177,138
6	Ms. Z. Pikashe	Non-executive	18,168	122,634	140,802
7	Ms. P. Tau-Sekati	Non-executive	48,448	39,364	87,812
TOTAL			354,276	616,198	970,474

Section 5: Company Secretarial Function

The Company Secretary manages the processes that ensure that the organization complies with the company legislation and regulations and keeps Board members informed of their legal responsibilities. The Company Secretary is responsible for calling Board meetings and ensuring the implementation of their decisions. It is also the responsibility of the Company Secretary to communicate with the shareholder on matters dealing with governance and shareholder reporting. A Company Secretary's work covers a wide variety of functions, including but not limited to:

- ✓ Organising, preparing agendas, and taking minutes of meetings;
- ✓ Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people;
- ✓ Contributing to meeting discussions, as and when required; and
- ✓ Arranging the Annual General meetings.

Section 6: Risk Management and Internal Controls

HCT Board monitors risk through the Finance and Risk and Committee as well as Development and Projects committees. The committees monitor finance risks and project risks and make recommendations to HCT Board. Moreover, the committees are accountable for ensuring that there is an effective risk management system within HCT. The entity adopted the Enterprise Risk Management (ERM) strategy of the stakeholder, CoT. The HCT Board is accountable and responsible for ensuring that an adequate and effective risk management system is in place. The Board is expected to exercise the duty of care, skill and diligence in identifying, assessing and monitoring risks as presented by Finance and Risk committee and Development and Projects committee.

HCT embeds risk management in all its operations. All identified risk areas are managed at departmental level. HCT has a risk register where risks identified are constantly recorded and monitored. HCT provides its risk register to CoT Internal Audit Risk Management Unit. HCT maintains a strategic and operational risk register for monitoring and evaluating the implementation and efficiency of controls and actions identified to improve current controls in the risk register. HCT is in the process of developing an internal controls framework to ensure compliance with MFMA and HCT policies and procedures.

Section 7: Internal Audit Function

The Entity relies on the City of Tshwane Internal Audit Department. It has a specific mandate from the Audit and Performance Committee and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to the Audit and Performance Committee and HCT Board. The Internal Audit coverage plan is based on risk assessment performed at each operating unit. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

Section 8: Corporate Ethics and Organisational Integrity

The company has developed a Code of Conduct ("the Code") which is under review and will be approved in quarter 3 and will be applicable to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism. In summary the Code requires that at all times, all company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and company policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly, as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

Section 9: Sustainability Report

Housing Company Tshwane has constructed a strategic pathway that will systematically build the organisation into a capable and sustainable institution within the social housing sector. The pathway creates a good relationship between the property management and property development components of the company. It plots a trajectory that seeks to establish and entrench HCT as a key player in the social housing market place within the Tshwane region.

The sustainability pathway for the next five years will be built around the following principles:

- HCT operates as a Social Housing Regulatory Authority (SHRA) accredited social housing institution SHI;
- The capacity of HCT is systematically strengthened and built in the short and medium term through a mixture of insourcing, outsourcing, appointments of staff and structured partnerships;
- Committed programme of transfer of rental stock from CoT to HCT;
- Current and future social housing development initiatives will be lead and managed by HCT on behalf of CoT;
- HCT will increasingly target new opportunities for partnership that push it beyond the focus on simply managing.

The storyline underpinning the HCT sustainability-approach is as follows and could be thought of as unfolding in phases that happens in sequence and in parallel.

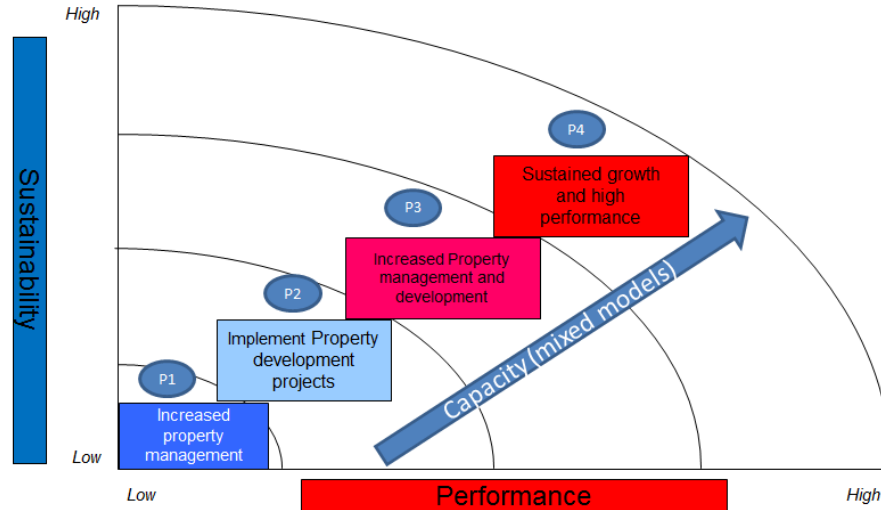
These phases take cognisance of where HCT is currently and where it would like to be in the future. The phases recognise that in order to perform against its mandate, HCT must start by focusing first on property management while building on its property development capability. Thus, **Phase 1** has been characterised as property management. This is primarily because the '*quick wins*' for the company reside in property management and also that viability is more easily achieved if there is a focus on achieving the break-even number of rental units in the property management portfolio of an SHI. According to research, this is calculated to be 2000 units with a staff to unit ratio of 1:50 which are revenue generating.

However, given the opportunities that the shareholder has identified, **Phase 2** will almost unfold in parallel to the phase 1 with HCT tackling a property development projects.

Phase 3 will focus on extending the Property Management and Development portfolios of HCT. During this phase, there will be stronger emphasis on integrating proactively and systematically within the restructuring zones of the City and transport orientated spatial restructuring that the CoT is embarking on. This proactive approach will be based on more systematic planning informed by demand and supply based information and closer analysis of the planned activity in the restructuring zones. HCT will focus on developing a social housing master plan. Phase 3 will also look at some opportunities for partnerships in terms of both Development and Property Management.

Phase 4 – will focus on a more structured and intense focus on sustaining and extending the growth of HCT where newly-developed is continuously managed within.

The diagram below outlines the phased approach to how the HCT strategy will be rolled out over the next five years.



Section 10: Corporate Social Responsibility Report

The Company does not have any Corporate Social Investment function at this stage.

Section 11: Anti-corruption and Anti-Fraud Framework

HCT has put in place strategies to prevent corruption, fraud and theft. The risk areas are around supply chain and sub-letting. The Separation of Duties Policy is in place to mitigate such risks. The CoT Internal Audit reviews internal control processes of HCT including our supply chain processes. Fruitless, Wasteful Expenditure are reported to the HCT Board quarterly. HCT Board has established a Disciplinary Committee to take disciplinary action against employees who commit fraud, corruption or theft.

Anti-Corruption and Ant-Corruption Policy have been developed. This is complemented by the Anti-Corruption and Fraud Prevention Plan. This is as a result of the expressed commitment of Government to fight corruption. It is also an important contribution to the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy. Those who report incidents of fraud of corruption are protected by the Whistleblowing Policy.

The approach in preventing fraud and corruption is focused into 3 areas, namely:

- Structural Strategies;
- Operational Strategies; and
- Maintenance Strategies.

Section 12: Information and Communications Technology

The entity is entirely part of the City of Tshwane ICT Governance and infrastructure and its policies on ICT are monitored by management to be compliant with those of the parent-municipality in terms of all relevant legislations i.e. the MFMA, Personal Information Protection Act.

Section 13: Supply Chain Management and Black Economic Empowerment

Supply Chain Processes

During the current financial 2021/22, the Entity has updated the Supply Chain Policy that is aligned with the provisions of the MFMA and the National Treasury: Municipal Supply Chain Management Regulations, 2011. The entity's SCM policy provides for the exclusion of awards to persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time. The entity has started implementing bidding processes with separate Bid specification, Bid evaluation and Bid Adjudication committees have been set up.

Table 1- Deviations:

Deviation Ref No	Description	Contractors	Reason	Period	Award Amount	Department	Recommended by BAC	Approved by AO
Pastel Call-out	Call-out for Pastel installation.	Theknoloji (Pty) Ltd.	It would have been impossible/ impractical to request for quotations from other service providers due to that they are not contracted by PASTEL SA.	Once-off	R 3,958.40	Finance Department	N/A	Yes
Clarina Deviation	Deviation for Power Failure at Clarina Estate.	Fuad Construction Projects.	It was an emergency.	Once-off	R 81,868.50	Property Management	N/A	Yes

The Board has ensured that the procurement policy embraced the objectives of broad-based Black Economic Empowerment and the CEO, as the Accounting Officer of the Company, was tasked as the custodian for effective implementation. The Capital projects implemented during this period served as valuable foundations for ensuring community participation in our BEE programmes. This pace will be enhanced and the Company will continue to be sensitive to the financial constraints facing emerging black businesses.

The entity has made a number of quotation-based awards for property maintenance and management projects that the entity undertakes from time to time. HCT is committed to the development of BEE SMME's. No unsolicited bids were made by the company in the period under review. In instances where there are deviations from the Supply Chain processes, irregular, wasteful and fruitless expenditure, management report these to the board.

BEE SMME Spend

HCT procures mainly from BEE companies and all major contracts have a sub-contracting clause of 30% of the value of the contract to BEE SMME's in line with one of HCT's strategic objectives. HCT has achieved an 82.06% BEE SMME spend against the target 35%.

BEE SMME Summary:

Table 4: Capex and Opex BEE SMME Spend

CAPEX	Quarter 1	Quarter 2	TOTAL
Actual Capex spent	92,108,821.49	50,206,050.56	142,314,872
Actual Capex spent on BEE SMME's	92,108,821.49	50,206,050.56	142,314,872
% Actual Capex spent on BEE SMME's	100.00%	100.00%	100.00%
OPEX			
Actual Opex spent	2,264,070.16	7,374,011.37	9,638,081.53
Actual Opex spent on BEE SMME's	1,286,532.44	2,308,543.88	3,595,076.32
% Actual Opex spent on BEE SMME's	56.82%	31.31%	37.30%
TOTAL SPENT OVERALL	94,372,891.65	57,580,061.93	151,952,953.58
TOTAL SPENT ON BEE SMME's	93,395,353.93	52,514,594.44	145,909,948.37
TOTAL BUDGET ON BEE SMME	143,396,095.27	149,741,040.27	293,137,135.55
% SPENT ON BEE SMME's AS COMPARED TO THE BUDGET	65.13%	35.07%	49.78%

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

Section 1: Highlights and Achievements

Highlights		Narrative
1.	Securing of R 70 Million Rands from the City internal funding.	The City managed to make available R 34 Million for Townlands and R 36 Million for Chantelle x39
2.	Retention of Conditional Accreditation with SHRA	HCT retained its conditional accreditation with SHRA until 2024, enabling the entity to access grant funding for its social housing projects.
3.	Implementation of Organizational Performance Management System	HCT now has a Balanced Scorecard dashboard to monitor its operations every month
4.	Townlands project progress for Phase 1 and 2.	<p>To date, all of Phase 1 have reached practical completion stage, bulk infrastructure upgrade for the project is completed, including the widening of Cowie Street and the energizing of the electrical cable. The project is expected to be finalized and ready for occupation by end of February 2022 for the first 8 blocks and a final completion for the remaining blocks by end of May 2022.</p> <p>A contractor has been appointed for the construction of 509 units for Phase 2. Current progress on site is 65% and a total of 379 units having reached practical completion. This phase is expected to be completed by end of June 2022.</p> <p>The tenant management plan has been approved and the implementation process has commenced. Townlands received over 5000 applications.</p>

Section 2: Financial Performance

Table 3.3 below reflected the total unit projections on the capital projects to be implemented by the entity during the outer years.

2.1.1 Revenue

The Company posted revenue of R 164 million for the six months period, an increase of 14% as compared to the previous year Mid-Year. The operational and capital grant from the Shareholder contributed 96% of the total revenue received, this being an increase of 14% as compared to the previous year. Rental revenue increased by 1% to R 4, 6 million (2020: R4, 5 million). Other income decreased by 43% as compared to the previous year, R 151, 288 (2020: R208, 957).

2.1.2 Results of Operations

Operational costs amounted to R27, 3 million compared to R27, 3 million in previous financial period. This represents 35% of the of budgeted amount due to less expenditure on contracted services, other expenses and other materials..

The financial performance of the entity for the period (July 2021 - Dec 2021) resulted in an accumulated surplus of R137, 3 million. This was attributed to the capital grant revenue recognized on Townlands, Chantelle projects for development of 340 and 50 social housing units respectively.

2.1.3 Cash Flow

The entity has received R170 million grant from the City of Tshwane and SHRA for the implementation of projects and to sustain its operations. The operational grant contributed 64% of operational costs. The rental income increased by 1% (R4, 6 million) as compared to prior year (2020: R4, 5 million). The company ended the period in a favourable cash position with cash on hand being R25, 1 million (2020: R45, 7 million). The decrease in cash balance is a result of the construction of 609 units in Townlands and 50 units in Chantelle project.

2.1.4 Statement of Financial Position

The ability of the company to meet its financial obligations declined as compared to the previous year, with the current ratio test increasing to 1, 35:1 (2020 = 5, 89:1).

The increase in the Trade and Other Receivables was as a result of higher bad debts provision for Clarina tenants, the estate that was declared as rental-free accommodation for ex-Schubert and Kruger Park residents as per the 2012 Constitutional Court ruling against the COT. The company bills Clarina tenants only R546 for levies and not residential rentals. However, during the current financial year the collection rate has declined. 68% of the tenants are unemployed.

There has been a significant decrease in Trade and Payables due to spending on grant from the City of Tshwane. The entity is spending the grant according to the budget.

Section 3: Capital Projects

The entity had 4 Capital projects within its 2021/22 Business Plan. These were:

1. Chantelle x39 (1098 units);
2. Sunnyside Erf 708 and 709 (264 units);
3. Timberlands (609 units); and
4. Townlands (1200 units).

Chantelle: Work package 3 – Phase 1 (600 Units)

Phase 1 is an 18 months project. The contractor's construction schedule has been delayed and suspended due to town-planning challenges that have delayed the project. Management is currently hands-on to assist the project team to acquire the necessary approvals in order for the issuance of the section 7(6) to be concluded in a shorter

time than normal. Activities on site have been suspended (with the progress at 10%) pending the finalization of the town planning matters.

There has been a lot of challenges to have the SDP signed-off while working in the uncertainty time of COVID-19. The SDP is now completely signed and the application for Section 7(6) is now underway. An RFQ for appointment of a conveyancer to finalise the town-planning matters has been issued. This process will assist with the finalization of the rezoning application.

Sunnyside (264 units)

Procurement processes were concluded but the contract was not awarded due to unavailability of budget and commitment from both CoT and SHRA.

Timberlands (609 Units)

The tender process for the project has been completed and awarded in July 2020. Public participation was done, the project was introduced to the community through a public meeting and the Project Steering Committee (PSC) was established during the same public meeting. Site hand over was delayed due to the taxi association who were occupying at the time of contractor appointment. The process to relocate the taxi association took almost 12 months to conclude. The contractor subsequently indicated their intention to terminate.

The site will be fenced off until the termination process is finalised and ultimately, until the procurement process for a new contractor is concluded.

Townlands: Phase 1 (691 units)

This phase was delayed by four months due to OHS compliance and non-payments, which negatively impacted completion of the project. The physical progress on site is recorded as 90%. The contractor is currently has finalised the widening of Cowie Street and bulk electrical infrastructure upgrade and is concluding external works, BICs, other internal finishes etc. The bulk electrical cable was installed and energised with the contractor left with internal reticulation so that the site could be effectively energised.

The Contractor is dedicated to complete the project in the shortest time as possible. This project will now be completed in 2 phases where the first 8 blocks will be 100% complete at the end of February 2022 and the last blocks will be completed at the end of May 2022. This phase is currently closely monitored.

Townlands: Phase 2 (509 units)

This phase has also suffered three months delays due to non-payment. The contractor has since resumed works on site at the beginning of October 2021 and their productivity levels are close to pre -suspension levels. The contractor is now currently busy with brickwork, installing doors and windows, painting, BICs, electrical work and plumbing.

The physical progress on site is 65%. Completion is now end of June 2022, where all the units will be ready for occupation.

Section 4: Performance against IDP and City Scorecard (SDBIP)

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2021/2022 as set out in the City's IDP scorecard.

As will be seen, significant progress against the set targets has been made. This indicates important success by the entity, and our partner-departments in enhancing the performance and capability of the entity. The following also demonstrates the developing entity's business model in delivering on the mandate by the CoT to develop sustainable social housing and institutional housing within the city.

PERFORMANCE AGAINST THE BUSINESS PLAN AS AT 31 DECEMBER 2021

THE SCORECARD

Entity's scorecard

Division	Focus Area	Key Performance Indicator	2021/22 Target	Baseline	Project Name	Budget	Quarter 2 Target	Quarter 2 Actual	YTD Mid-Term Target	YTD Mid-Term Actual	Comments Work done / Reasons for non-performance	Mitigation plan
Property Development	Strengthen and rebuild an effective and realistic social housing plan for the City of Tshwane	Number of new social housing units constructed – Townlands (Phase 2)	509 units	691 Units (Phase 1)	Townlands	R174,560,128	192 Units	245 Units	379 Units	379 units	Achieved	N/A
		Number of new social housing units constructed – Chantelle	306 units	0 Units	Chantelle	R126,898,889	96 Units	0 Units	96 Units	0 Units	Not Achieved The contractor's construction schedule has been delayed due to town-planning challenges that have delayed the project.	Management is currently hands-on to assist the project team to acquire the necessary approvals in order for the issuance of the section 7(6) to be concluded in a shorter time than normal.
Property Management	Deliver good property and tenant management services and facilitating and supporting community development initiatives	Occupancy rate as a % of housing units under management	95%	95%	All stock under property management	R48,413,605 (Rental revenue)	95%	95%	95%	95%	Achieved	N/A
		% of repairs and maintenance budget spent at all buildings under management.	90% of annual budget	90% of annual budget	All stock under management	R12,248,074	30%	32%	30%	33%	Achieved	N/A
	Deliver good property and tenant management services and facilitating and supporting community development initiatives	Complaint resolutions: % of complaints resolved within the turnaround time in accordance with the HCT Property Management policy.	90%	80%	All stock under property management	1,422,958 Employee cost	90%	100%	90%	95%	Achieved	N/A

THE SCORECARD Entity's scorecard												
Division	Focus Area	Key Performance Indicator	2021/22 Target	Baseline	Project Name	Budget	Quarter 2 Target	Quarter 2 Actual	YTD Mid-Term Target	YTD Mid-Term Actual	Comments Work done / Reasons for non-performance	Mitigation plan
Stakeholder Management		%Customer Satisfaction rating	85% Customer Satisfaction rating	85% Customer Satisfaction rating (annual target)	Customer Satisfaction Survey	773,510	0	0	0	0	No target for the quarter	
Finance & SCM	Revitalize Urban growth/dismantling poverty and inequality	% of goods and services procured from BBBEE compliant entity's and SMMEs	40% of total expenditure	31%	Goods and services	219,351,597	35%	35,07%	35%	49,78%	Achieved Capex contributed significantly	N/A
	Enhance our financial sustainability	% of Capital budget spent	95% of the Capital budget spent	90%	Budget management	419,950,156	50%	35,15%	50%	50,95%	Achieved Projects expenditure attributed to the achievement	N/A
		% of Operational budget spent	95% of the Operational budget spent	90%	Budget management	75,834,884	50%	77, 76%	50%	64, 83%	Achieved Procurement implemented	N/A
		Rental revenue collected as a percentage of amount billed	95%	90%	Eloff	3,991,551	95%	98, 61%	95%	99, 58%	Achieved Effectiveness of the credit controls	N/A

THE SCORECARD
Entity's scorecard

Division	Focus Area	Key Performance Indicator	2021/22 Target	Baseline	Project Name	Budget	Quarter 2 Target	Quarter 2 Actual	YTD Mid-Term Target	YTD Mid-Term Actual	Comments Work done / Reasons for non-performance	Mitigation plan
Finance & SCM	Enhance our financial sustainability	Rental revenue collected as a percentage of amount billed	96%	89%	Silwerkroon, Oosmoot (Villeria), Capital Park, BeterWag (Claremont 50) & Danville S & D and Danville Flats	44,422,054	96%	104,45%	96%	101,55%	Achieved Effectiveness of the credit controls	N/A
		Liquidity ratio achieved in line with NT norms	2 : 1	2.5: 1	Working capital management	1,185,443 Employee costs	2 : 1	1,35:1	2:1	1,35:1	Not Achieved The assets exceeded the liabilities even though the target was not achieved. The major liability contributor is the unspent conditional grant and retention (provision).	
		Solvency ratio achieved in line with NT norms	1: 1	(New KPI)	Gearing management	1,185,443 Employee costs	1 : 1	8,57:1	1:1	8,57:1	Achieved The assets exceed liabilities	N/A
		% implementation of approved Audit Action Plan	100% Implementation of corrective action against audit findings.	100% Implementation of corrective action against audit findings.		1,056,496 Employee costs	25% implementation of corrective action against audit findings	55,6% implementation of corrective action against audit findings.	25% implementation of corrective action against audit findings	55,6% implementation of corrective action against audit findings	Achieved The 5 audit findings were resolved, and 4 findings are on-going from the 2020 financial year audit cycle.	N/A
		% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt		1,307,067 Employee costs	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	Achieved The disputed register implemented as a control to adequate monitor and follow up invoices	N/A

THE SCORECARD
Entity's scorecard

Division	Focus Area	Key Performance Indicator	2021/22 Target	Baseline	Project Name	Budget	Quarter 2 Target	Quarter 2 Actual	YTD Mid-Term Target	YTD Mid-Term Actual	Comments Work done / Reasons for non-performance	Mitigation plan
Governance	Promote effective and efficient management of HCT and Social Housing portfolio	Internal Governance Structures and Processes reviewed and approved	Revised strategic plan and reviewed	1	Strategic review	782,806 Employee costs	1	1	1	1	Achieved	N/A
		Number of Reviewed and approved policies.	8 Policies reviewed and Approved by the Board.	6	Policy Review & approval	745,296 Employee costs	0	0	0	0	No target for the quarter	
Stakeholder & Communication	Create a client brand experienced orientation to build relationships with the key stakeholders	% Implementation of a stakeholder engagement plan activities and communication activities	10% Implementation of a stakeholder engagement plan activities and communication activities	Draft Stakeholder Engagement Plan and Communication Plan	Marketing and Communication	687,081 Employee costs.	0	0	0	0	No target for the quarter	

THE SCORECARD
Entity's scorecard

Division	Focus Area	Key Performance Indicator	2021/22 Target	Baseline	Project Name	Budget	Quarter 2 Target	Quarter 2 Actual	YTD Mid-Term Target	YTD Mid-Term Actual	Comments Work done / Reasons for non-performance	Mitigation plan
Corporate HR	Redesign, reposition, restructure and resource the organisation, ensuring that there is competent and solid capacity to manage and execute financial and operational requirements for a sustainable HCT	% implementation of a HR Strategy	30% implementation of HR Strategy activities	25% implementation of HR Strategy activities	Corporate HR	586,512 Employee costs	15% Implementation of the strategy	25%	15%	25%	<p>Achieved</p> <p>EE committee training EE committee elections completed Community Development Officer appointed HRM budget finalised Bursaries: 1 x employee completed her Honours degree. Other employees will proceed to their second year of study. Employees who registered in July 2021 will complete their studies in July 2022.</p>	

Section 5: Assessment of Arrears on rental revenue

5.1 Assessment of Debtor book of the entity

Detail	0-30 days	31-60 days	61-90 days	91-180 days	181& over	Total
Debtor's Age Analysis by income source	221,696	72,509,960	130,683	117,354	23,499,092	96,478,785

The total debtor's amount to R 2,164,760.41 managed by entity. The accumulated provision for bad debts amounts to R 1,802,676.03

5.2 Amounts owed by entity for service charges

Name of Entity	Amount Owed	Status	Comments
Housing Company Tshwane	R0.00	No amount owed.	No amount owed.

5.3 Assessment of Directors' and senior managers' municipal accounts

Name of Director/Senior Managers	Designation	Name of Municipality	Comments
Dr E. Monhla	Director (Chairperson)	City of Tshwane	Up to date
Mr. D. Matamela	Director		Up to date
Mr. S. Sebola	Director		Up to date
Mr. T. Dlamini	Director		Up to date
Ms. B. Mdyesha	Director		Up to date
Ms. Z. Pikashe	Director		Up to date
Ms. P. Tau-Sekati	Director		Up to date
Mr. J Thamaga	Chief Financial Officer	City of JHB	Up to date
Adv. C. Mhlungu	Head: Legal & Company Secretariat	City of JHB	Up to date
Ms. O Nyundu	Chief Executive Officer	City of JHB	Up to date
Ms. L. Makibinyane	Finance Manager	City of Tshwane	
Mr. K.W Ramotshela	Property Manager	City of JHB	Up to date

Section 6: Statement on amounts owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
SHRA	R0 million	Up to date	Capital grant payment
COT	R94 million	Outstanding	Capital grant payment

Section 7: Recommendation and Plans for next six months

HCT will prioritize the following:

- Deliver the Townlands Project (1200 units);
- Commence with the Timberlands development;
- Finalisation of the Town planning process;
- Development of the website

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Section 1: Human Resource Management

The entity's overall objective as set out in its employment policy is to ensure that the company's employment practices and remuneration policies motivate and retain talented employees; and create an attractive environment for all employees. The employment policy is reviewed periodically to ensure that it remains relevant and practical for the changing needs of current and potential employees. Our vision is to be the employer of choice in the provision of social housing. We aim to be at the top end of compliance in our working practices. In prior years, the HCT's limited social housing portfolio hindered its expansion in terms of human resources or skills/capacity to effectively carry out its mandate. In the light of new developments around additional social housing units to be managed by HCT, as well as the accreditation of the company by the Social Housing Regulatory Authority (SHRA); the HCT Board of Directors approved the implementation of a human resources (HR) workforce plan. The implementation of the workforce plan enabled the company to carry out its social housing development and management mandate. During the transition to implementing an optimal and best-fit organisational structure, the HCT will utilise a combination of in-sourcing (targeted expertise) and leverage institutional resources from the broader City. It will also implement a targeted recruitment strategy in parallel to these other resourcing initiatives.

Human Resources Head Count per UNIT

Units	Number of posts as per the amended structure that was approved by the Board for 2021/2022	Number of filled posts	Number of vacancies	Vacancies %
Office of the Chief Executive Officer (CEO)	6	4	2	33 %
Office of the Chief Operations Officer (COO)	17	14	3	17.65 %
Office of the Chief Financial Officer (CFO)	110	82	28	25.45%
TOTAL	133	100	33	24.81%

- The conditions or opportunities for previously disadvantaged individuals (esp. women) to progress through the HCT.

Human Resources Gender and Race: Actuals

Indicator	Baseline 2017/18	2018/19 Target	2019/20 Actual	2020/21 Actual	2021/22 Actual	Challenges	Comments
African staff % of total staff	97%	0	98%	99%	99%	N/A	N/A
Female staff as % of total staff	57%	0	53%	47%	49%	N/A	N/A
African Female managers % of senior management	33%	0	50%	67%	70%	COO position was vacant for 3 years. The CEO positions was vacant for 13 months.	The CEO and COO positions were filled as at 1 October 2020.
Staff turnover as % of total staff	5.7%	0%	1.9%	3 %	0%	None	1 employee resigned to the CoT and 2 involuntary exits as a result of death.

Human Resources Gender and Race: Percentage/s

	Baseline (Actual numbers as at December 2017)	December 2018	December 2019	December 2020	December 2021
Total number of staff	35	42	53	100	100
Total African staff	34	41	52	47	99
Total number of female staff	20	22	28	48	49
Total number of female managers as opposed to males	1 of 3 (1 female vs 2 males)	1 of 3 (1 female vs 2 males)	2 of 4 (2 female vs 2 males)	6 of 9 (3 males vs 6 females)	10 (3 males vs 7 females)
Terminations including employees who passed on between Jan and December of each year	2	2	1	3	0

- **Change management**

- Mechanisms to create a culture of high performance comprise a coherent, integrated approach to managing change within the HCT. This approach covers organisational systems, processes and the people management aspects.
- To reinforce the value of diversity in the workplace and the municipal entity's related progress and performance includes the design and implementation of a diversity management programme, customer care, emotional intelligence, employee engagement and other key supervisory and management training interventions.

- **Age analysis**

- The average age at the HCT is 35 years across all levels. Only two female Managers are above the age of 50 and below 55. As a result, the design and implementation of career and succession planning, mentoring and coaching is vital for purposes of life-long learning and availability of skills as we adopt the principle of a learning organisation.

- **Total employee expenditure**

- Trends on total personnel expenditure in the last year/ 2 Quarters is reflected in the table below:

	Q1	Q2	TOTAL
Total Salary Cost	R 7,984,114.63	R 10,245,902.98	R 18,230,017.61 (Finance)

- The HCT finalised and approved the human resource strategy. A budget has been allocated for all training interventions planned for the 2021/22 financial year.

Arrear outstanding monies owed to the entity or City by staff or Non –Executive Directors

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Account Name/ Number	Account Status as at June 2005	Comments
None	N/A	City of Tshwane	N/A	N/A	N/A

Section 2: Employment Equity (EE)

The Employment Equity policy was approved by the Board in May 2020. As a result, HCT established its first EE forum in July 2020. Equal employment opportunities are offered to all employees. We firmly endorse the four key areas of employment equity identified by the Employment Equity Act:

- Consultation with all employees to identify barriers to transformation
- Elimination of discrimination in decision-making;
- Promotion of workplace diversity;
- Reduction of barriers to advancement of the disadvantaged; and
- Design and implementation of affirmative action measures to achieve transformation.

The HCT conducted an EE committee training session in November 2021 as stipulated in the Act. Corporate Human Resources continues to guide the HCT throughout the EE implementation process as we prepare to submit the first HCT Employment Equity Report to the Department of Employment and Labour before or on the 15 January 2022.

The following were re-emphasised:

- Issues and barriers identified during the EE sessions will be addressed particularly those relating to:
 - a. Employment contracts;
 - b. Induction;
 - c. Code of conduct & ethics;
 - d. Training and development;
 - e. Job descriptions;
 - f. Performance contracts/agreements;
 - g. Management of employees (ill/harsh treatment);
 - h. Organisational culture;
 - i. Bursaries;
 - j. Managing diversity;
 - k. Toxicity (e.g. reduce entropy score);
 - l. Employee wellness;
 - m. Review of all policies to remove any discriminatory issues/clauses etc;
 - n. Reasonable accommodation for people with disabilities;
 - o. Women development;
 - p. Remuneration matters; and
 - q. Change management amongst others.

As shared during the EE sessions, it is a legislative requirement that the HCT should have a budget to implement employment equity; a budget has been approved.

- EE immediate term deliverables

The following will be implemented with immediate effect:

- a. Employee contracts
- b. Learnership programme
- c. Induction
- d. Job descriptions
- e. Performance agreements
- f. Skills audit

The employment equity profile is reflected in the table below:

Current Employment Equity Profile:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top management	1	0	0	0	2	0	0	0	0	0	3
Senior management	2	0	0	0	5	0	0	0	0	0	7
Professionally qualified and experienced specialists and mid-management	6	0	0	0	3	0	0	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P8 to P9)	5	0	0	0	3	0	0	1	1	0	10
Semi-skilled and discretionary decision making (P10, to P13)	9	0	0	0	9	0	0	0	0	0	18
Unskilled and defined decision making (P15 to P18)	27	0	0	0	26	0	0	0	0	0	53
TOTAL PERMANENT	50	0	0	0	48	0	0	1	1	0	100
TEMPORARY/CONTRACT	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	50	0	0	0	48	0	0	1	1	0	100

The Entity's employment equity programme was extremely progressive and we exceeded the targets set. Our conviction to ensure material participation of previously disadvantaged companies and individuals is demonstrated by the degree of procurement spent on the designated companies and individuals.

Section 3: Skills Development and Training

The Entity is committed to the maintenance of standards by supporting and training staff through its world-class skills development programme. The skills audit and anticipated programmes will be aimed at requisite technical and people skills. Our skills development programmes will be in line with the requirements of the Skills Development Act and our workplace plan (WSP) is aligned to our business plan and focus is placed on occupational specific programmes, management development and legally required training.

Section 4: Performance Management

Performance Management was implemented for all management levels on the organisational structure. The balanced scorecard is the tool being used for measurement. The policy will be tabled to REMCO in January 2022 for review and approval. The performance indicators are linked to the Company's objectives in order to have an immediate tracking of objective achievements. Additional objectives are included to reinforce the culture of governance and risk management among managers.

The Company will begin the rollout process upon approval of the policy to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials will be introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management will be adopted as a positive management strategy rather than a punitive process; as a result employees would feel comfortable to be part of the process.

The entity will continue to set new standards of service delivery and our customer relationship programme will serve as a pillar for our on-going success. We remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities. We will, however, continue to strive for operational effectiveness and, with our customers and stakeholders, we will collectively focus on improving the environmental well-being of our society.

Section 5: Employee Wellness

5.1 HIV/AIDS on the Workplace

The management of HIV/Aids is an important challenge facing every organisation in our country. The entity has determined that HIV/Aids will have an impact on the following risk areas: operations, target market risk, supplier risk, legal risk and health risk. Whilst all these risk are under further investigation, and has adopted the following core principles as a basis for its HIV/ Aids policy:

- Continuously assess the risks posed by HIV/Aids on the business;
- Limit the number of new infections among employees;
- Ensure employees living with HIV/ Aids are aware of their rights and that their rights are respected and protected;

HIV/AIDS education initiatives provide care and support to employees living with HIV/Aids. To build on the awareness programme, an on-going education programme has been instituted. The first place of this programme was to train peer educators who will then provide HIV/Aids education to all staff on an on-going basis. Peer educators received training on lay counselling, grief management, company benefits, first aid and treatment of workplace injuries.

5.2 Disaster Management

All employees are aware of the Covid-19 pandemic and the importance of compliance to the regulations as stipulated in the Disaster Management Act. A work-from-home draft policy will be presented to REMCO in January 2022.

5.3 Other wellness interventions

The HCT intends to incorporate other wellness interventions to empower employees in the workplace. The details thereof are reflected in the detailed Human Resource plan.

Section 6: Employee Benefits

Management has commenced with the implementation of employee benefits. The remaining applicable benefits have been budgeted for and will be implemented before the end of the financial year.

- The pension fund and 13th cheque forms part of the employee benefits and has been implemented;
- The medical aid was implemented in February 2021;
- Other employee benefits such as housing allowances were implemented in 2021;
- The annual increase was not implemented due to the CoT's decision. This matter was put on hold until further notice.

CHAPTER FIVE: FINANCIAL PERFORMANCE
Section 1: Statement of Financial Performance

Housing Company Tshwane - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06								
December								
Description	2020/21	Current Year 2021/22						
	Pre-audit outcome	Original Budget	Monthly actual	Year-TD actual	Year-TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Rental of facilities and equipment	9,152	48,414	755	4,599	24,207	(19,608)	-81.0%	48,414
Interest earned - external investments	487	503	18	110	252	(142)	-56.4%	503
Interest earned - outstanding debtors	126	409	13	63	204	(142)	-69.3%	409
Transfers and subsidies	33,452	34,823	(4,421)	17,412	17,412	(0)	0.0%	34,823
Other revenue	374	112	23	151	56	95	169.3%	112
Total Revenue (excluding capital transfers and contributions)	43,590	84,261	(3,612)	22,334	42,130	(19,796)	-47.0%	84,261
Expenditure By Type								
Employee related costs	33,524	51,959	2,936	18,230	25,979	(7,749)	-29.8%	51,959
Remuneration of Directors	2,203	3,373	244	1,070	1,686	(616)	-36.5%	3,373
Depreciation & asset impairment	1,345	1,313	309	640	656	(17)	-2.5%	1,313
Other materials	3,250	1,000	1,843	1,851	500	1,351	270.2%	1,000
Contracted services	20,165	16,252	246	2,685	8,126	(5,441)	-67.0%	16,252
Other expenditure	5,720	10,364	561	2,838	5,182	(2,345)	-45.2%	10,364
Total Expenditure	66,207	84,261	6,139	27,314	42,130	(14,816)	-35.2%	84,261
Surplus/(Deficit)	(22,616)	-	(9,751)	(4,980)	-	(4,980)	0.0%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36,179		73,895	73,895	-	73,895	0.0%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	138,073	462,211	(53,684)	68,418	231,106	(162,688)	-70.4%	462,211
Transfers and subsidies - capital (in-kind - all)	-		-	-	-	-		-
Surplus/(Deficit) before taxation	151,636	462,211	10,460	137,333	231,106	(93,772)	-40.6%	462,211
Taxation	-		-	-	-	-		-
Surplus/(Deficit) for the year	151,636	462,211	10,460	137,333	231,106	(93,772)	-40.6%	462,211

Section 2: Statement of Financial Position

Housing Company Tshwane - Table F4 Monthly Budget Statement - Financial Position - M06 December				
Vote Description	2020/21	Current Year 2021/22		
	Pre-audit outcome	Original Budget	Year-TD actual	Full Year Forecast
R thousands				
ASSETS				
Current assets				
Cash	6,279	44,626	17,541	44,626
Call investment deposits	15,496		7,587	-
Consumer debtors	266	2,230	362	2,230
Other debtors	50,453	298	96,019	298
Total current assets	72,494	47,155	121,509	47,155
Non-current assets				
Property, plant and equipment	513,685	1,032,568	650,574	1,032,568
Intangible	338	379	358	379
Total non-current assets	514,022	1,032,947	650,931	1,032,947
TOTAL ASSETS	586,516	1,080,102	772,440	1,080,102
LIABILITIES				
Current liabilities				
Consumer deposits	989	2,000	995	2,000
Trade and other payables	21,350	7,093	74,281	7,093
Provisions	9,876	7,793	14,855	7,793
Total current liabilities	32,215	16,886	90,131	16,886
Non-current liabilities				
Borrowing				-
Total non-current liabilities	-	-	-	-
TOTAL LIABILITIES	32,215	16,886	90,131	16,886
NET ASSETS	554,302	1,063,216	682,310	1,063,216
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	540,956	1,049,870	8,579	1,049,870
Reserves	13,346	13,346	673,730	13,346
Share capital				-
TOTAL COMMUNITY WEALTH/EQUITY	554,302	1,063,216	682,310	1,063,216

Section 3: Statement of Capital Expenditure

Housing Company Tshwane - Table F3 Monthly Budget Statement - Capital Expenditure - M06 December								
Description	2020/21	Current Year 2021/22						
	Pre-audit outcome	Original Budget	Monthly actual	Year-TD actual	Year-TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure by Asset Class/Sub-class								
-							48.7%	
Other assets	170,403	463,211	26,107	142,313	277,629	135,316		-
Operational Buildings	789	1,000	-	-	500	500	100.0%	-
<i>Municipal Offices</i>	789	1,000	-	-	500	500	100.0%	-
<i>Pay/Enquiry Points</i>	-	-	-	-	-	-	48.6%	-
Housing	169,614	462,211	26,107	142,313	277,129	134,816		-
<i>Staff Housing</i>	-	-	-	-	-	-	48.6%	-
<i>Social Housing</i>	169,614	462,211	26,107	142,313	277,129	134,816		-
<i>Capital Spares</i>	-	-	-	-	-	-	99.3%	-
Computer Equipment	870	500	-	2	250	248		-
Computer Equipment	870	500	-	2	250	248	99.3%	-
Furniture and Office Equipment	85	1,400	-	-	700	700		-
Furniture and Office Equipment	85	1,400	-	-	700	700	100.0%	-
Machinery and Equipment	1,817	1,500	-	-	750	750		-
Machinery and Equipment	1,817	1,500	-	-	750	750	100.0%	-
Total Capital Expenditure	173,174	466,611	26,107	142,315	279,329	137,014	49.1%	-
Funded by:								
National Government	-		-	-	-	-	55.1%	-
Provincial Government	33,259	274,733	5,897	73,895	164,419	90,524		274,733
SHRA	33,259	274,733	5,897	73,895	164,419	90,524	55.1%	274,733
RCG	-	-	-	-	-	-		-
Parent Municipality	137,059	187,478	20,211	68,418	112,710	44,292	39.3%	187,478
District Municipality	-		-	-	-	-		-
Transfers recognised - capital	170,318	462,211	26,107	142,313	277,129	134,816	0	462,211
Public contributions & donations	-	-	-	-	-	-		-
Borrowing	-	-	-	-	-	-		-
Internally generated funds	3,832	4,400	-	2	2,200	2,198	99.9%	4,400
Total Capital Funding	174,150	466,611	26,107	142,315	279,329	137,014	0	466,611

Section 4: Cash Flow Statement

Housing Company Tshwane - Table F5 Monthly Budget Statement - Cash Flows - M06 December								
Description	2020/21	Current Year 2021/22						
	Pre-audit outcome	Original Budget	Monthly actual	Year-TD actual	Year-TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Other revenue	8,255	41,321	738	7,272	20,660	(13,388)	-64.8%	41,321
Government - operating	33,452	34,823	–	8,706	17,412	(8,706)	-50.0%	34,823
Government - capital	144,271	462,211	34,398	161,316	231,106	(69,790)	-30.2%	462,211
Interest	613	912	20	111	456	(344)	-75.6%	912
Payments								
Suppliers and employees	(50,602)	(78,700)	(6,711)	(36,622)	(39,350)	2,728	-6.9%	(78,700)
NET CASH FROM/(USED) OPERATING ACTIVITIES	135,989	460,567	28,445	140,783	230,283	(94,957)	-41.2%	460,567
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			–	–	–	–		–
Payments								
Capital assets	(173,770)	(466,611)	(23,679)	(137,431)	(233,306)	95,875	-41.1%	(466,611)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(173,770)	(466,611)	(23,679)	(137,431)	(233,306)	(95,875)	41.1%	(466,611)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing			–	–	–	–		–
Payments								
Repayment of borrowing	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD	(37,781)	(6,045)	4,766	3,353	(3,022)	6,375	-210.9%	(6,045)
Cash/cash equivalents at the year begin:	21,775	50,671	20,362	21,775	25,335	(3,561)		50,671
Cash/cash equivalents at the year end:	(16,006)	44,626	25,128	25,128	22,313	2,815	12.6%	44,626

Section 5: Report on Irregular Fruitless and Wasteful Expenditure and Legal Processes

In Quarter 1 and Quarter 2 of this period under review, there were no irregular, fruitless and wasteful expenditure.

CHAPTER SIX: AUDITOR-GENERAL FINDINGS

Section 1: Auditor-General's Report for the Current Year

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes 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.

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.

Include a comparison of the previous audit opinions and share a narrative that analyses the reasons for the outcome of the opinion. This should be at a high-level to assist the reader in understanding the reasons for the audit outcomes.

	2015/2016	2016/17	2017/18	2018/19	2019/20	2020/21
Audit Opinion	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

Section 2: Historical Audit Findings and Remedial Action

ANALYSIS OF 2020/21

	NEW IN 2020/21	REPEAT FINDINGS	AG FINDINGS RESOLVED
Total	3	3	3

During the 2020/2021 financial year, the Auditor General raised 6 findings, 3 out of these were resolved and 3 are in progress.

Section 3: Commitment by the Board of Directors

The HCT Board noted, considered and approved the management action plans/remedial actions at its special meeting as recommended by the Finance and Risk Committee.

In order to achieve compliance with the Auditor-General directive, the performance assessment (as per section 121(4)(c) compare the actual performance against the measurable performance objectives set in the SDAs and other agreements between the entities and the COT. The practice has been to compare performance against the City's IDP and scorecard. The final result may be the same, but it is prudent to mention the fact that the performance is compared to the SDA's objectives (as contained in the IDP and scorecard).

Further a short discussion of internal controls and system descriptions should be included in the assessment. This should be followed by a short discussion on the objectives, with regards to the measurability (specific, measurable and time bound) and consistency thereof.

The performance must be stated and compared to the objectives. The practice of doing this under the heading of KPA's and thereafter by considering the performance against individual KPI's would most likely be compliant.