



"A Promise Delivered"

ANNUAL REPORT

2021-2022

Prepared in Terms of

**Section 121 of the Municipal Finance Management Act, 56 of 2003 and section 46 of
the Municipal Systems Act, 32 of 2000**



CORPORATE ADMINISTRATION

Thabatshweu Housing Company (Pty) Ltd.

Company Registration Number: 2005/012521/07

Bankers FNB

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Website:

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Auditors:

Auditor General – South Africa

Directors:

Ms. Sara Mashabela - Board Chair

Ms. Asnath Kgosana

Mr. Matsobane Gololo

Mr. Oupa Galane

Mr. Samson Vilakazi

Mr. Shimi Maimela – Chief Executive
Officer

Company Secretary

Ms. Modjadji Rampheri

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CHAPTER 1: FOREWORD BY THE EXECUTIVE MAYOR



The year under review has closed on a positive note for the PHA with their successful implementation of eviction orders granted by the High Court in Polokwane. The entity ended the 4th quarter of 2021/22 on a positive note when it comes to rental collection at Ga-Rena Rental Village. We have seen Polokwane Housing meeting yet another critical milestone of becoming MSCOA compliant.

As it looks like the COVID 19 is easing on us, and we are able to go back to business as usual, I expect the entity to focus on the following:

- closing the unqualified audit opinion chapter and ushering in the clean audit opinion chapter.
- Proceeding with development of the much needed student accommodation which is currently a national crises. The need for our student to have proper student accommodation cannot be over emphasized.
- Identifying a suitable land parcel for a development of a high rise RDP housing project is one of my expectation for the entity
- Completion of Annadale Extention 2 project successful tenanting of tenants in this project must happen without fail.

As the board term of office and the CEO's contract are coming to an end, the acceleration of the above expectation must be prioritised so that when they leave they should leave the incoming team with a positive legacy.

I look forward to seeing them putting their best in remaining compliant to pieces of legislation that governs them. This is not the time to drop the ball but this is the time to strive for higher levels of attainments on the projects that fall under their management and in the social housing space as a whole'

Cllr M.J. MPE

EXECUTIVE MAYOR

CHAPTER 2: CHAIRPERSON'S OVERVIEW



I am grateful for the opportunity to present my fourth and final annual report since our appointment as a board of directors for Thabatshweu Housing Company trading as Polokwane Housing Association (PHA), As the sun is about to set on the era of current accounting authority of this entity and that of its CEO, we will not loose focus in ensuring that the necessary preparations are in in place for welcoming of the new board of the Entity and its CEO.

Just having recovered from the worst pandemic the world had experienced in Morden times, we are looking forward to a better year in terms of meeting the challenges that lie ahead of us in meeting the priorities set before us by the Executive Mayor in his state of the City's address, which are also reiterated in his foreword above. This chapter of our life at PHA must close with the entity addressing successfully addressing all emphases of matter raised by the Auditor General in the area of unauthorised, irregular, fruitless and waist full expenditure. I expect management and the CEO as their team leader to pay attention and achieve this the without fail.

CHALLENGES:

Implementation of the following projects needs to be turned around:

- Conversion of this 240 Social housing units into high density RDP Housing units at Polokwane Ext 76
- Implementation of internal reticulation services at Polokwane Extention 107 to pave the way for the construction of 754 GAP market housing units at Polokwane Ext 107
- securing suitable private sector partners for the implementation of 456 student beds at Polokwane Ext 108

APPRECIATION:

As the PHA, we are highly indebted to our Shareholder, Polokwane Municipality, under the stern leadership of Executive Mayor, CLLR John Makoro Mpe, the MMCs for Housing Cllrs Joosef Pemma and Finance Tshepo Nkwe for continuing to provide continuous political oversight which keeps us on our toes. I also wish to thank the Board of Directors of the PHA and management for doing their part in ensuring that the entity delivers based on its mandate.

I look forward to an exciting and rewarding year ahead as we move towards successful implementation of projects heightened above.

Accordingly, I submit the PHA's Annual Report for 2021/2022 on behalf of the Board of Directors.

MS. SARAH MASHABELA Pr. PIn, MAMT, MICTC (Australia)

BOARD CHAIRPERSON

CHAPTER 3: CHIEF EXECUTIVE OFFICER'S REPORT



Polokwane Housing Association has been able to attain the following critical milestones based on its key performance areas outlined in its Annual Performance Plan (SDBIP) during the period under review. The three key performance areas PHA was focusing on are, Core Business, Financial Viability, Good Governance and organizational transformation

Core Business

One of the key highlights during 2021/2022 is the completion of Annadale Extension 2. This project is the construction of 494 Social Housing Units. This will see the number of housing units managed by the PHA increasing from 697 to 1191. The successful completion and management of this project will enable the PHA to depend less on its shareholder for operational grant that has been the case since inception.

Finally, the entity has met a progressive milestone with the successful implementation of eviction orders which has started bringing rental collections on this projection to an acceptable level.

The main challenge is now to start addressing critical long range maintenance which could not be addressed as at some point the project was influenced by criminal elements within the complex. The situation at the project has been restored and we look forward to a better year ahead of us.

Financial Viability

Rental collection increased from 26.29% to 42.60% during the period under review. Rental boycotts have contributed to the status quo however with the successful implementation of court eviction orders rental in the fourth quarter increased to 100%. Now that the entity has made progress with starting allocation of vacant housing units and regularization of sub-lets on Ga-Rena Rental Village. Management has further put action plans to turn around rental collection at the CRU projects which has dropped from 95% to 80

Transformation

In an effort to strive to obtain an improved audit report, the entity has been able to address all issues raised by the Auditor General and Internal auditors. Management also is currently looking at areas that need attention to ensure that the entity achieves the best audit opinion and the full accreditation status with the Social Housing Regulatory Authority.

Acknowledgements

I would like take this opportunity to thank the Shareholder for their continued leadership and support to PHA without which PHA would not have been able to function as an organization. I would like thank the Board of Directors for providing the much needed strategic direction and support to PHA during these times.

The support PHA receives from our stakeholders like CoGHSTA, the SHRA, etc. to enable the entity to carry out its mandate is highly appreciated

Without the commitment of management and staff who are thinly spread on the ground and yet performing their duties with drive, our work would have been even more difficult to perform. Their contributions are highly appreciated

SHIMI MAIMELA

CHIEF EXECUTIVE OFFICER

CHAPTER 4: INTRODUCTION AND CORPORATE PROFILE

Vision

To be the premier provider of innovative and sustainable living

Mission

To promote smart living for a diverse market through delivery of sustainable and affordable homes

Our Values

- Accountability
- Efficiency
- Innovation
- Honesty
- Participation

Our principles

- Improved Quality of Living
- Improved Confidence of PHA in the Social Housing Industry
- Improved administrative and governance capacity
- Improved efficiency and effectiveness of the PHA Administration
- Enhanced Revenue and Asset base

The Polokwane Housing Association (SOC) Ltd was previously registered and established as a Section 21 Company in terms of the Companies Act in 2002 and in 2005 registration was changed to Ga-Rena Rental Village (proprietary). The registration and establishment was subsequently changed and PHA is now registered as a PTY Limited company in terms of section 86 of Municipal Systems Act. The registered name is Thabatshweu Housing Company (PTY) Ltd Registration No (2005/012521/07) trading as Polokwane Housing Association.

The Mandate of PHA as per its revised MOI, is to develop and manage:

- integrated Human Settlements
- Social and Non-Social Housing
- Rental housing units within the Gap Market

As a Municipal Entity entrusted with managing rental housing units, PHA is required to comply with all the Municipal Finance Management Act, Act No. 56 of 2003, the Municipal System Act, Act 32 of 2000, the Companies Act, Act No 71 of 2008 the Housing Code, the Social Housing act of 2008 and all other relevant legislation applicable to the municipal entity.

The mandate includes amongst others, the responsibility for administrative processes, accounting and financial management, tenant liaison, policy and guideline formation, capital raising, agency role and other functions that PM may require in applying the principles of social housing in Polokwane. The mandate has been extended to include participating in the non-social housing rental space. I.e. gap market and profit making rental housing.

CHAPTER 5: DIRECTORS' REPORT AND GOVERNANCE

5.1 COMPANY SECRETARY REPORT

The entity has addressed the following compliance issues such, as amongst others during the year under review:

- Lodge the annual returns with CIPC.
- The company functioning with all appointed board and its members.
- Holding a successful Annual General Meeting with all the members and the stakeholders present in the meeting.
- Holding successful board committee and board meetings with all members present in the meetings.

5.2 BOARD OF DIRECTORS

The Board of directors continued to perform its oversight functions and provided strategic leadership and guidance to the CEO and the management team during the year under review. The Board has the responsibilities for managing the affairs of the Company, its direction, program priorities, resource allocations and both financial performance and planning the future of direction of the Company. The Board is able to execute its full responsibilities and functions with the support and corporation of staff members in the Company.

Below are the Board meetings that were planned and successfully attended for the year under review:

Date	Ms. Sara Mashabela – Chairperson of the Board	Ms. Asnath Kgosana	Mr. Matsobane Gololo	Mr. Oupa Galane	Mr. Samson Vilakazi	Mr. Hyven Kholophe	Mr. Shimi Maimela – Chief Executive Officer
05 Sept 2021	✓	✓	✓	✓	✓	✓	✓
24 Oct 2021 (special board meeting)	✓	✓	✓	✓	✓	✓	✓
31 Oct 2021	✓	✓	✓	✓	✓	✓	✓
27 Feb 2022	✓	✓	✓	✓	✓	✓	✓
08 May 2022	✓	✓	✓	✓	✓	✓	✓
Sopholis Chuene – Manager in the CEO’s office – 05 Sept 2021, 24 Oct 2021 (special board meeting), 31 Oct 2021, 27 Feb 2022 and 08 May 2022							
Modjadji Rampheri- Acting Company Secretary- 05 Sept 2021, 24 Oct 2021 (special board meeting), 31 Oct 2021, 27 Feb 2022 and 08 May 2022							
Mathaba Pheeha – Secretariat – 05 Sept 2021, 24 Oct 2021 (special board meeting), 31 Oct 2021, 27 Feb 2022 and 08 May 2022							

5.3 BOARD COMMITTEES

The Companies Act 71 of 2008 as amended, provides the board with the power to appoint board committees; and to delegate to such committees any of the authority of the board. Board Committees serve as a vital and important tool in aiding the Board. After all, a Committee’s intended mission is to support and assist the Board in carrying out its responsibilities.

All the board committees are comprised of the respective chairperson(s), members of the committees and the stakeholders together with the CEO of the company and report to the board on all the progress made, challenges experienced and milestones achieved in the execution of their duties.

Dysfunctional Committees however, can have the adverse effect, creating long-lasting negative issues for both the board and the community at large.

The explanation below gives clarity on the roles, responsibilities and performance of the various Board Committees during the term under review.

The Board is comprised of the following committees:

- **Property, Contracts and Projects, (PCP)**

The key responsibility is to provide effective and efficient oversight of the company's property, movable or immovable property. The committee provides sound directive management and measures of the projects within the company and intervention for challenges that hinder progress of projects.

- **Finance and Risk, Committee (FRC)**

The key responsibility of the committee is to provide effective financial management and serves to oversee the company's finances to ensure transparency and accountability and ensuring mitigation of risks that may result from financial negligence.

- **Human Resource & Remuneration (HR&REMCO)**

Human capital is important for the company to ensure maximum operations. The committee is responsible for equipping employees with the relevant tools of trade and skills to ensure maximum efficiency and high staff morale amongst others.

- **Social and Ethics**

Without any code of conduct in the manner of operating and or responsibilities. Ethics are a very important component of good governance. The committee is responsible for

ensuring that stakeholders relations remain an important part of the company to maintain the integrity and ensure success of the company.

5.4 PROPERTY, CONTRACTS & PROJECTS

5.4.1 MANDATE OF THE COMMITTEE

Property, Contracts and Projects Committee's primary role is to investigate any activity within its terms of reference and to obtain any:

- information required from any employee of the PHA;
- required independent professional advice; and
- Secure the attendance of any Board member, employee of PHA or independent advisers or consultants to the meeting.

The Committee is mandated to perform the following duties:

- a) To ensure effective, efficient and economic use of the rental stock.
- b) To ensure that the organization render service of high quality to client
- c) To recommend to the board that competitive designs and standards are maintained.
- d) Shall research and assist the company in keeping abreast with development in the housing environment
- e) Shall be responsible for rental and tenancy policies
- f) Shall investigate and address the complaints of the clients
- g) To consider all issues in relating to property development and management.
- h) To review policies, methodology and procedure in connection with the consideration and approval of projects and management thereof, recommendations on applications to be delegated to officials.
- i) To consider and recommend to the Board, appropriate parameters for the determination of applications to be delegated to officials.
- j) To monitor the exercise of these delegated power and the compliance of officials with the parameters set.
- k) To recommend rentals and other service charges and consider increments thereof

5.4.2 COMMITTEE STRUCTURE

The Committee is constituted by two (02) Board of Directors and two officials, namely:

- Oupa Galane – Chairperson (Non-Executive Director)
- Matsobane Gololo – Non-Executive Director
- Shimi Maimela - Chief Executive Officer (Director)
- Robert Maetisa - Property Manager
- Ms Modjadji Rampheri – The Board Secretary
- Sopholis Chuene – Manager Office in the CEO Office
- Ms Mathaba Pheeha – Secretariat

Messrs. Chuene, Maetisa and Ms Rampheri and Pheeha are permanent invitees to the Committee

5.4.3 COMMITTEE MEETINGS AND ATTENDANCE

According to the year plan, the committee is expected to have four scheduled meetings. During the period under review, the committee managed to hold three scheduled (3) meetings (1st to 4th quarter).

Names	Q1 24 October 2021	Q2 29 August 2021	Q3 13 February 2022	Q4 27 April 2022
Mr Oupa Galane – Chairperson	✓	✓	✓	✓
Mr Matsobane Gololo	✓	✓	✓	✓
Mr Shimi Maimela	✓	✓	✓	✓
Mr R Maetisa	✓	✓		✓
Ms M Rampheri	✓	✓		✓
Mr Sopholis Chuene	✓	✓	✓	✓
Ms Mathaba Pheeha	✓	✓	✓	✓

Policies

On an annual basis the committee review its policies to be in line with the changing circumstances / environment so as to meet the needs of the tenants and legislative prescripts. The following policies were reviewed by the committee and adopted by the board during the period under review:

- Housing Stock Development and Acquisition
- Property Management Policy
- Property Administration Policy
- Property, Contracts and Projects (PCP) TOR
- Tenants Committee Charter

5.4.5 Property Management Delivery Performance

The Property Management Department covers facilities management and tenant services, which includes: administration of waiting lists; allocation of tenants; lease administration; tenancing; repairs and maintenance; cleaning and gardening; safety and security; and general upkeep of communal areas.

Portfolio Managed by PHA

Seshego Community Residential Units (CRU)

Overview of the Complex

Seshego Community Residential Units (CRU) is a rental housing project targeting lower income band of the market. Qualifying beneficiaries should be earning R1 500 – R7 500. The project has 189 rental units which comprise of 13 one bedrooms, 167 two bedrooms, 09 leave and work units (ground floor retail space and bedrooms on the 1st floor) and 04 shops. The project is performing fairly well.

Performance Indicators on Quarterly basis for 2021/2022	Q1	Q2	Q3	Q4
Occupation Rate	100%	100%	100%	100%
Vacancy Rate	0%	0%	0%	0%

Ga Rena Rental Villages

Ga-Rena residential complex is constituted by 86 blocks 508 rental units. The project is meant to cater for tenants with income range of R3 500 – R22 000. Performance of the portfolio has been difficult for years due to rent boycott and protests. In May 2022, 119 illegal tenants were evicted through the court order. Thereafter, security was tightened and the complex is under control.

Performance Indicators on Quarterly basis for 2021/2022	Q1	Q2	Q3	Q4
Occupation Rate	76.57%	76.57%	76.57%	88.19%
Vacancy Rate	23.43%	23.43%	23.43%	11.81%

5.4.8 Projects

ANNADALE EXT 2 SOCIAL HOUSING PROJECT BRIEF

Background

Motheo construction group was appointed to construct 494 residential units comprising of eleven blocks at Annadale Extension 2. The project started on the 1st February 2019. Despite normal construction site challenges the project was running smooth until the site closed due to national lockdown in 20220 until the restrictions were eased in 2021.

Progress made by June 2022

- Brickwork for all the blocks was 100% complete
- Engineering services installed
- Pavement complete
- The contractor and developer busy with snag list
- The overall project completion progress is 98% as at 30 June 2022.

Local empowerment

The project has appointed (9) nine local subcontractors for different trades and a total of one hundred and forty-six (146) local labourers of which twenty-seven (27) are females and one hundred and nineteen (119) are males.

Anticipated completion date

The project is anticipated to be completed on the 30 November 2022.

5.5 FINANCE AND RISK COMMITTEE

5.5.1 The Mandate of the Committee

The Finance committee deals with finance, audit and risk matters. This committee is tasked to review all issues relating to finance, audit and risk matters of the company including the internal controls. The Committee further assists and advises the Board of Directors with overall Finance with respect to:

- Financial Management,
- Risk Management,
- Internal and External Audit, and
- Development and review of Financial and Risk Policies

5.5.2 Composition of the Committee

The Finance and Risk Committee was made up of two (2) members of the board, CEO, Finance Manager and Company Secretary as follows.

- Matsobane Gololo – Non-Executive Director and Chairperson of Committee
- Oupa Galane - Non-Executive Director,
- Shimi Maimela - Chief Executive Officer (Director)
- Malesela Masekoameng – Finance Manager
- Sopholis Chuene – Manager Office of the CEO
- Ms Mathaba Pheeha – Secretariat

Messrs. Malesela Masekoameng, Sopholis Chuene and Mathaba Pheeha are permanent invitees to the Committee

Table: Schedule of Committee Meetings

Date	Matsobane Gololo	Oupa Galane	John Maimela	Malesela Masekoameng	Sopholis Chuene	Mathaba Pheeha
29 August 2021	✓	✓	✓	✓	✓	✓
24 October 2021	✓	✓	✓	✓	✓	✓
13 February 2022	✓	✓	✓	✓	✓	✓
20 February 2022	✓	✓	✓	✓	✓	✓
24 April 2022	✓	✓	✓	✓	✓	✓

5.5.3 Highlights

- Finance policies were reviewed and amendments done.
- Management made a breakthrough with tenants at Ga-Rena regarding the Hijacking of units and the sublets were regularised,
- Risk policies were reviewed
- Risk register and risks implementation plan were approved and implemented
- Risk reports also served before Polokwane Municipality's Risk Management committee and Audit committee for quality assurance.
- The entity maintained its Unqualified audit opinion
- Increase of rental collection from 26.29% to 29%.

5.5.4 Challenges

- Rental Boycott that the entity experienced especially at Ga-Rena rental village set the entity aback.
- The protracted process of eviction(s) at Ga-Rena affected the rental collection and impacted negatively at the entity's cash flow.
- Covid 19 affected negatively the collection rate at Seshego CRU.
- Decrease of rental collection from 29.15% to 26.29%.

The support from the municipality does not go unnoticed. Through shared services secondments and grants received the financial position of the entity grows year on year.

1. RISK MANAGEMENT COMMITTEE MEETINGS

Meeting attendance by committee members in 2021/22 FY. The overall attendance percentage of the meeting is 66% and is satisfactory.

#	Designation	04 October 2021	14 January 2022	29 April 2022	10 June 2022	15 July 2022	Attendance %
1.	Independent Chairperson	✓	✓	✓	✓	✓	100%
2.	Manager: Human Resource	✓	✓	✓	✓	✓	100%
3.	Manager: Finance	✓	✓	✓	✓	✓	100%
4.	Chief Executive Officer	✓	x	✓	✓	x	60%
5.	Manager: PMS	x	✓	✓	x	✓	60%
6.	Risk Officer	x	✓	✓	x	✓	60%
7.	Manager: Internal Audit	✓	✓	R	R	✓	60%
8.	Manager: Property Management	x	✓	x	✓	x	40%
9.	Director Planning and Economic Development	✓	x	x	✓	R	40%
10.	Manager; Social & Ethics	✓	x	x	✓	x	40%
✓	Present						
x	Absent						

R	Represented		
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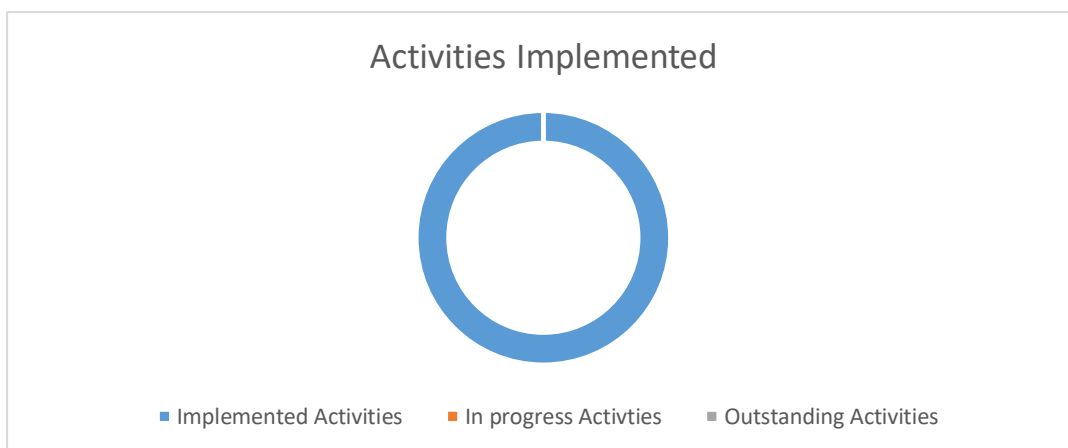
2. STATUS OF RISK MANAGEMENT COMMITTEE RESOLUTION FOR 2021/22

Total resolution	18
Resolved	18
In progress	00
Outstanding	00
Percentage	100%

3. RISK MANAGEMENT IMPLEMENTATION PLAN PROGRESS FOR 2021/22

The Risk Management implementation plan was approved at the beginning of the financial year with 13 activities to be implemented throughout the financial year. The chart below summaries progress made at the end of the financial year. All eleven (13) activities were implemented.

Illustration of implemented Activities.



Below is the summary of how activities were implemented per quarter

Quarter	Q1	Q2	Q3	Q4
Total number of activities	13	13	13	13
Implemented activities	10	11	11	13
Activities in progress	00	01	01	00
Activities not implemented	00	00	00	00
Overall implementation status	77%	84%	84%	100%

Summary of how activities were implemented per quarter.

Quarter 1	Quarter 2	Quarter 3	Quarter 4
77%	84%	84%	100%

4. STRATEGIC RISKS OVERVIEW

At the beginning of financial year 2021-22 management have adequately identified 04 risks with 09 risk mitigations.

Below is the illustration of progress made on risk mitigations throughout the year

Quarter	Q1	Q2	Q3	Q4
Total number of risk mitigations	09	09	09	09
Implemented risk mitigations	4	6	7	08
Mitigations in progress	1	1	2	01
Mitigations not implemented	4	2	0	00
Overall implementation status	44%	67%	78%	89%

5. Challenge is on revenue collection (financial sustainability).

Summary of revenue collection

Quarter 1	Quarter 2	Quarter 3	Quarter 4
33.86%	28.37%	32.39%	98.42 %

6. Risk Analysis and Advisory note

Generally, based on the reported information of risk mitigations management have adequately implemented their risk mitigations.

7. OPERATIONAL RISKS OVERVIEW

At the beginning of financial year 2021-22 management have adequately identified 09 risks with 11 risk mitigations.

Below is the illustration of progress made on risk mitigations throughout the year

Quarter	Q1	Q2	Q3	Q4
Total number of risk mitigations	11	11	11	11
Implemented risk mitigations	8	9	9	10
Mitigations in progress	2	1	1	01
Mitigations not implemented	1	1	1	0
Overall implementation status	73%	82%	82%	91%

Overall implementation status per quarter

Q1	Q2	Q3	Q4
73%	82%	82%	91%

Challenges are on financial sustainability in a form of revenue collection and inadequate maintenance of properties due budgetary constraints.

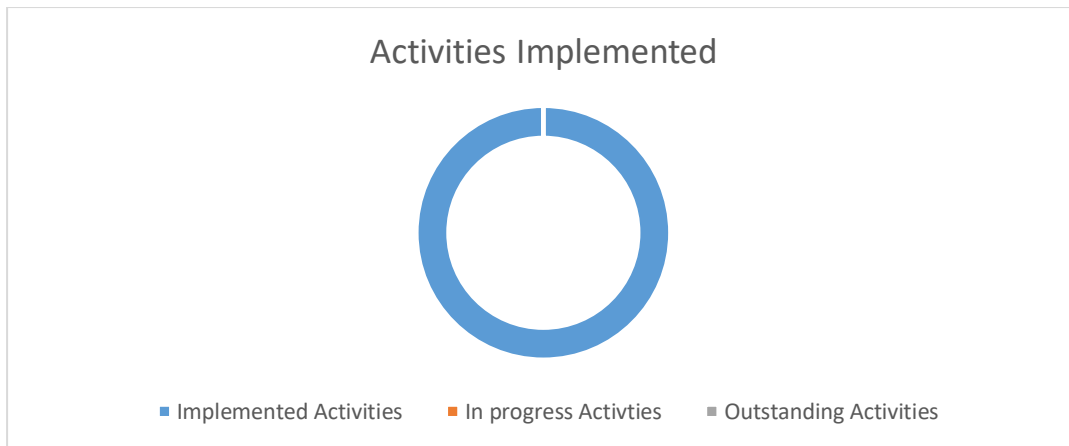
Analysis and Advisory note

Generally, based on the reported information of risk mitigations management have adequately implemented their risk mitigations.

8. FRAUD RISK MANAGEMENT PLAN PROGRESS FOR 2021/22

The Risk Management implementation plan was approved at the beginning of the financial year with 13 activities to be implemented throughout the financial year. The chart below summaries progress made at the end of the financial year. All eleven (13) activities were implemented.

Illustration of implemented Activities.



Summary of how activities were implemented per quarter.

Quarter 1	Quarter 2	Quarter 3	Quarter 4
77%	84%	84%	100%

9. FRAUD INCIDENTS REPORT

The purpose of the report is to provide statistics on alleged fraud and corruption incidents reported within the institution from 01st July 2021 to date 30th June 2022.

Office of the CEO and Risk Management unit did not receive any reports of fraud allegation during the 2021-22 financial year and even during the audit, AG could not identify any fraud and NOCLAR.

10. FRAUD AWARENESS

During the 2021-22 financial year risk management Unit conducted two fraud awareness on all staff members and tenants.

Date of awareness	Method of awareness	Number of attendees
-------------------	---------------------	---------------------

16 September 2021	Microsoft teams	11 officials and 2 Guests from other municipalities
18 November 2021	Email	All Staff members

11. RISK MANAGEMENT GOVERNANCE INTERNAL AUDIT FINDING REPORT 2021/2022

Effectiveness of Risk management process and system of internal controls were audited by Internal Audit, total number of controls tested are 9 and 8 were found to be effective and 1 ineffective.

Status per category of controls tested.

Description	Number of controls	%
Effective	8	89%
Ineffective	1	11%
Total number of controls tested	9	100%

The following is a summary of the findings:

- Inadequate inclusion of independent sources in the Risk Identification process
- The finding was resolved during the third quarter meeting.

5.6 HUMAN RESOURCE AND REMUNERATION COMMITTEE

5.6.1 Mandate of the committee

The Committee reviews the human resources management and remuneration policies and practices in the Entity and determines terms and conditions of employment of all staff levels. The committee reviews the quarterly performance and is responsible for the annual performance review.

The Human Resources and Remuneration Committee was charged with putting in place a human resources strategy that ensures proper human resources practices and remuneration philosophy. This saw the reviewing of human resources policies,

practices and procedures, introduction of best practice in respect of terms and conditions of employment, salary benchmarking, talent management and the application of a proper performance management system in line with the parent municipality.

5.6.2 Composition of The Committee

The Human Resource Committee is made up of two (2) members of the board with Conny Rasebotje, Shimi Maimela, Sopholis Chuene, Modjadji Rampheri and Mathaba Pheeha are permanent invitees to the Committee

5.6.3 Committee members

- Vilakazi Samson (Chairperson)
- Kgosana A (Member)
- Maimela J.T (CEO)
- Rasebotje MSC (HR Manager)
- Sopholis Chuene (Manager Office of the CEO)
- Mathaba Pheeha (Secretariat)
- Modjadji Rampheri (Company Secretary)

5.6.4 Table: Schedule of Committee Meetings

Date	Samson Vilakazi	Ms. Asnath Kgosana	Shimi Maimela	Ms. M.S.C Rasebotje	Sopholis Chuene	Mathaba Pheeha	Modjadji Rampheri
29 August 2021	✓	✓	✓	✓	✓	✓	✓
24 October 2021	✓	✓	✓	✓	✓	✓	✓
13 February 2022	✓	✓	✓	✓	✓	✓	✓
20 February 2022	✓	✓	✓	Apology	✓	✓	✓

Date	Samson Vilakazi	Ms. Asnath Kgosana	Shimi Maimela	Ms. M.S.C Rasebotje	Sopholis Chuene	Mathaba Pheeha	Modjadji Rampheri
24 April 2022	✓	✓	✓	✓	✓	✓	✓

The Human Resources and Remuneration Committee was charged with putting in place a human resources strategy that breath in proper human resources practices and remuneration philosophy. This saw the reviewing of human resources policies, practices and procedures, introduction of best practice in respect of terms and conditions of employment, salary benchmarking, talent management and the application of a proper performance management system in line with the parent municipality.

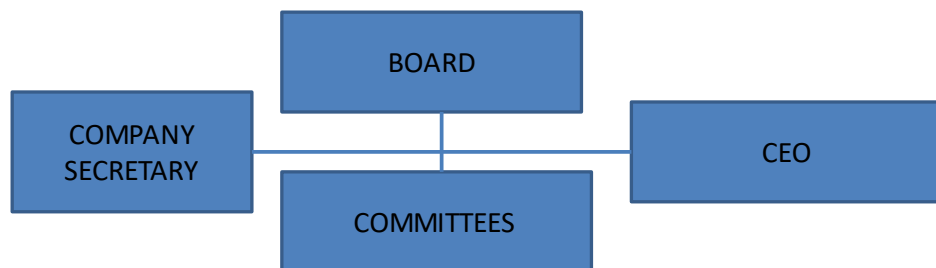
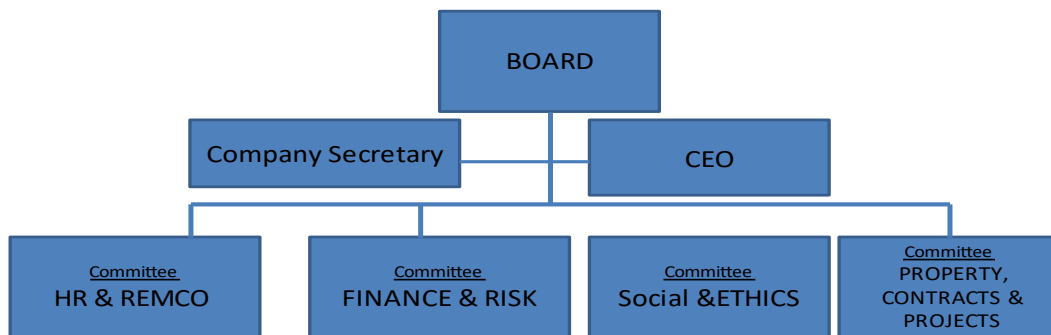
5.6.5 Highlights

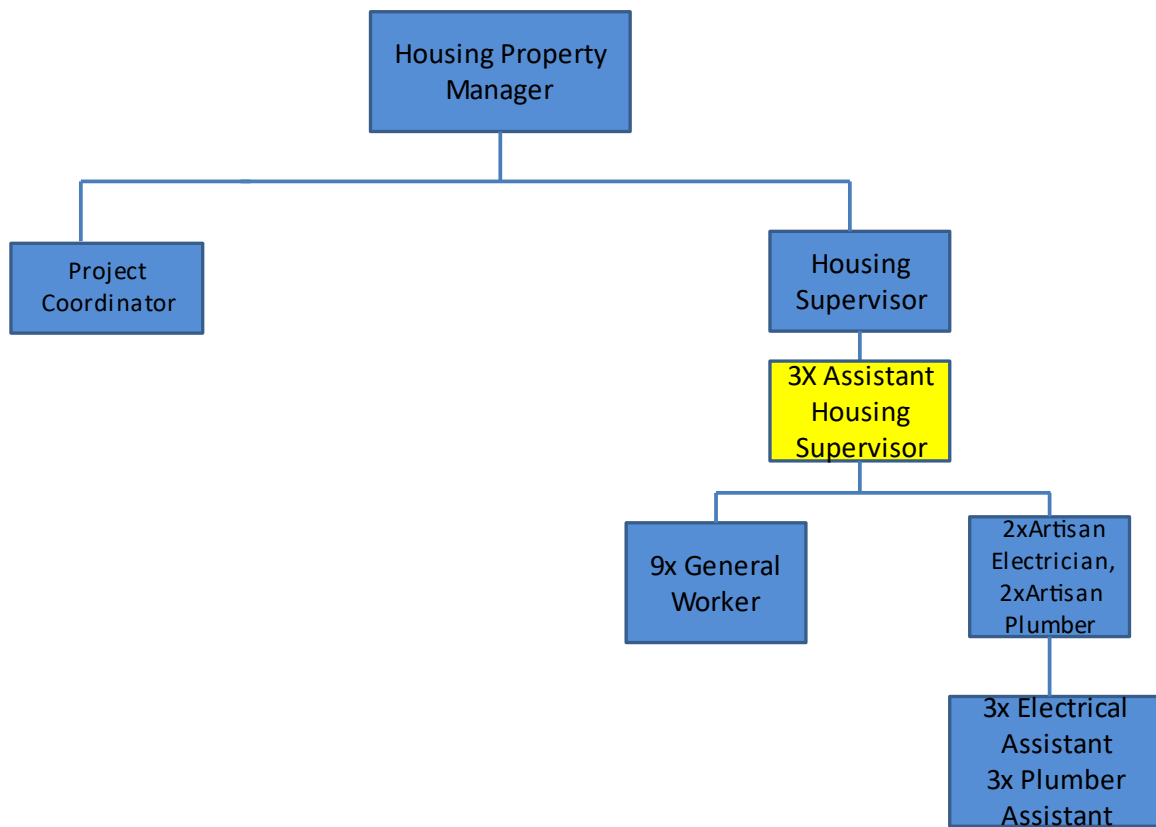
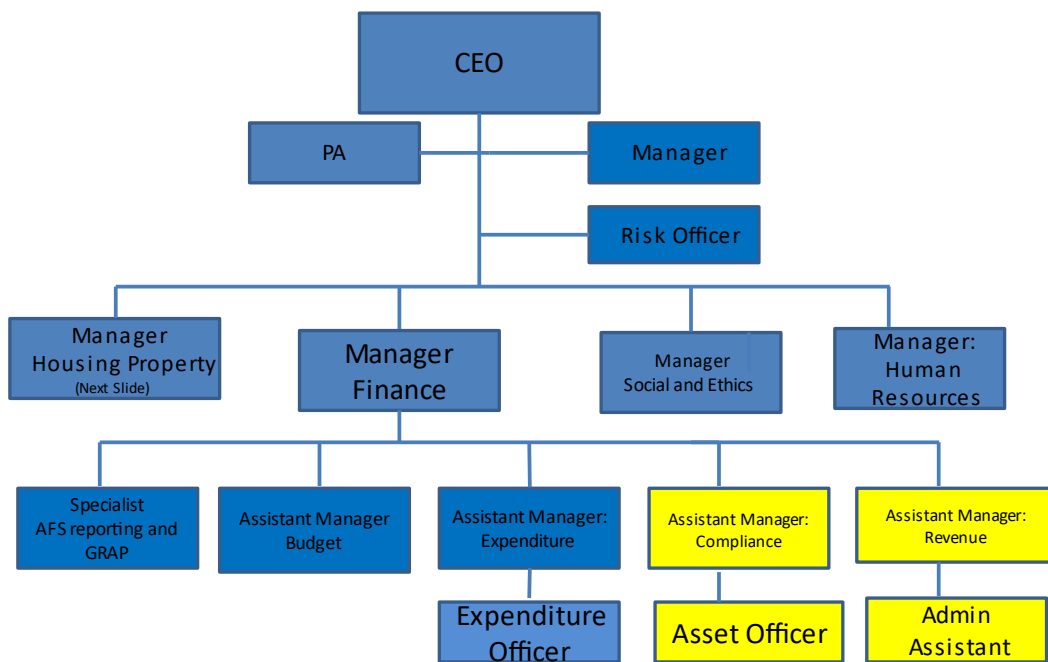
- The development and implementation of a Human Resource Strategy to guide the HR functions
- Reviewal of Human Resource policies
- Submission of WSP
- One positive covid 19 reported case.

5.6.6 Challenges

- The organization has not been able to operate at full potential due to vacancies.
- Overburdened officials.
- Insufficient funds to train and develop officials

5.6.7 Organisational Structure





5.7 SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee (Committee) is constituted as a formal Committee in terms of the Companies Act and this report is prepared in compliance with the requirements of the Companies Act. The Committee operates according to the Terms of Reference (TOR) which stipulates the composition, role, responsibilities, and duties of the Committee. The Terms of Reference is reviewed from time to time.

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

5.7.1 Mandate of the Social and Ethics Committee

In terms of the TOR the mandate of the Social & Ethics Committee is to assist the Board in, inter alia, the following:

- To monitor the organization's activities, having regard to all relevant pieces of legislation
 - the Broad-Based Black Economic Empowerment Act; and
 - the Employment Equity Act
- promotion of equality, prevention of unfair discrimination, and reduction of corruption;
- contribution to development of the communities in which its activities are predominantly marketed;
- record of sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the Organization's activities and of its products or services;
- consumer relationships, including the Organization's advertising, public relations and compliance with consumer protection laws;
 - the Organization's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and

- the Organization's employment relationships and its contribution toward the educational development of its employees;
- bring matters within its mandate to the attention of the Board as may be occasionally required; and
- to report, through one of its members, to the shareholders at the Organization's annual general meeting on the matters within its mandate.

5.7.2 Social & Ethics Committee Terms of Reference

The Social & Ethics Committee has adopted formal Terms of Reference which have been approved by the Board of Directors. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

5.7.3 Composition

- In accordance with the relevant provisions of the Companies Act and applying the recommendations of King III, the Social & Ethics Committee consists of a majority of independent non-executive directors, one of whom chairs the Committee's meetings ensure that independent judgement is brought to bear. The Chief Executive is also a member of this Committee. Members and the Chairman of this Committee are elected by the Board.
- Senior management of the Company attend meetings of the Committee as appropriate.

5.7.4 Committee Structure

The committee is constituted by three (03) Board of Directors,

- Ms. Asnath Kgosana – Chairperson - Non-Executive Director
- Mr. Oupa Galane – Non-Executive Director
- Mr. Mzwandile Vilakazi – Non-Executive Director
- Mr. Shimi Maimela - Chief Executive Officer (Director)
- Ms. Zinzi Mphahlele – Manager Social and Ethics
- Mr. Sopholis Chuene – Manager Office of the CEO
- Ms. Mathaba Pheeha – Board Committee Secretary

- Ms. Modjadji Rampheri – Company Secretary

Messrs. Sopholis Chuene and Mathaba Pheeha are permanent invitee to the Committee. The Terms of reference has been updated to add an additional Non-Executive Director.

5.7.5 Meetings

During the year under review, the Committee met four times. In accordance with the Terms of Reference, the Committee meets as frequently as the Committee considers appropriate. The following table of attendance at Social & Ethics Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members.

Date	Ms. Asnath Kgosana CHAIPERS ON	Mr. Oupa Galane	Mr Sams on Vilakazi	Mr. Shimi Maime la	Ms. Zinzi Mphahlele	Mr. Sopholis Chuene	Ms. Mathaba Pheeha	Ms. Modjadji Rampheri
24 April 2022	√	√	√	√	√	√	√	√
13 February 2022	√	√	√	√	√	√	√	√
24 October 2021	√	√	√	√	√	√	√	√
29 August 2021	√	√	x	√	√	√	√	√

5.7.6 Corporate Social Performance

The Committee measured the impact of its decisions or activities on society in the following areas:

- Unethical behaviors and practices
 - Health and Hygiene and public safety (Environmental health and public safety)
 - Environmental Sustainability Consideration (Environmental health and public safety)
 - Fair Competition and Local Economic Development
-
- **Corporate Ethics Performance**

The King Report also emphasizes the responsibility of the board of directors to ensure that the ethics of the company is governed well. The ethics management process that the board ensured is implemented in the company consists of four aspects:

1. Development and Maintenance of Risk register
2. Safety and Security in the complexes
3. Ethics Standards
4. Internal and external reporting
 - Internal reporting – Audit Team
 - External reporting – Annual report

- **Focus Areas for The Review**

During the period under review, the Committee has considered the following reports:

- Supply Chain
- Human Capital
- Customers and other stakeholders

There were no unethical issues reported.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

- **Key Focus Areas for The Year Ahead**

The key focus areas for the Committee for financial year 2023 are:

- Committee terms of reference and policy reviews
- Succession plan – Board and CEO
- Transact on MSCOA compliant financial system (MUNSOFT) as per National Treasury requirement.
- Compliance matrix
- Stakeholder relations
- Human Capital Strategy
- Clearing of Unauthorized, Irregular and Fruitless

5.7.7 Suppliers and Business Partners /Supply Chain

The Board of Directors of a municipal entity must maintain oversight over the implementation of its Supply Chain Management policy. For the purpose of such oversight, the Accounting Officer must submit a report on the implementation of the municipal entity's Supply Chain Management to the Board of Directors, who must then submit to the Accounting Officer of the parent municipality for the submission to the municipal Council.

The following awards were made during the financial year.

Name of supplier	Amount	Description of goods/ Services
Dada Hardware	R 1 946.49	Materials
Bargain House	R 1 302.00	Materials
Illiad Africa	R 93 658.53	Materials
Mazanzi Fire	R 28 980.00	Materials
Mesong Fire	R 23 983.25	Materials
Plumblink	R 10 470.70	Materials
Polokwane Chemical sup	R 4 907.80	Materials
Voltex	R 3 011.16	Materials
Total	R 168 259.93	

5.8 Human Capital

- **Training and Development**

There has been no anomaly in respect of training and development of employees. The accreditation of Social Housing Regulatory Authority saw employees being trained on the basics of SHRA and they now understand and comply with regulating authority's policy and regulation. Most training would have been attended, but budgetary constraints prohibited most training to be undertaken. The entity is registered with CETA and therefore would be receiving grants that will assist with the training and development of employees.

- **Employee Wellness**

The entity thrives on the shareholder's quarterly health screening sessions.

Health promotion awareness campaigns are conducted with the aim of raising/educating employees about social problems or illness which could affect them and ways to prevent them.

The shareholder also celebrates special events, like, women's day/month, team building, etc., as and when the budget permits, the entity piggybacks on such and allows officials to be part of the celebrations. The entity has taken precautionary measures to deal with Covid-19 in line with the disaster management act and the

Guideline for municipalities to respond to the COVID-19 pandemic. We consider ourselves lucky that we have so far not had an official testing positive to the pandemic

- **Recruitment**

The entity has promoted three officials to the positions of Assistant Manager: Revenue, Project Coordinator, and Housing supervisor respectively. The promotions will see improved relations with the tenants as well as improved service delivery to the tenants. The entity still thrives on partially seconded officials from the shareholder. This partial secondments bring in expertise to fill in identified gaps

CHAPTER 6: PAST YEAR'S ANNUAL REPORT (2020/21) AND PROGRESS ON RESOLVING PROBLEMS IDENTIFIED IN THE ANNUAL REPORT

NO	ISSUES RAISED BY THE AUDITOR	PROGRESS ON RESOLVING THE ISSUE
1	1. Material losses to the amount of R8 358 822.00 as a result of provision for trade Debtors	The entity has obtained eviction orders to evict tenants, this will go a long way in reducing the provision for doubtful debts.
2	2. Irregular Expenditure incurred for R1 892 798.00	The matter is ongoing-will be referred to Municipal Public Accounts Committee(MPAC)
3	3. Irregular ,Fruitless and wasteful expenditure not Investigated	The matter is ongoing-MPAC is currently busy with the finalisation of investigation.

CHAPTER 7. SERVICE DELIVERY PERFORMANCE

7.1 Service Delivery Performance and Challenges During The 2021/22 Financial Year

Section 46 (1) of the Local Government: Municipal Systems Act, Act 32 of 2000 requires municipalities and municipal entities to prepare the performance report that reflects the performance of the entity and that of its external service providers. Polokwane Housing Association wishes to highlight that the entity had one (1) project during the 2020/21 financial year. The said project is a multi-year project and was not due for completion in the year under review. The project completion time was revised and extended to be completed in the 2021/22 financial year due to various challenges experienced such as:

- The restrictions placed due to the global COVID 19 pandemic
- Stopping of projects by community members
- Cashflow challenges
- High-jacked units at Ga-Rena Rental Village project which led to poor rental collection
- Lack of planned maintenance of units at Ga-Rena Rental Village

Management Measures taken to improve performance

- The entity together with the parent municipality drawn up a Cashflow schedule for the project to avoid any further delays due to Cashflow
- The entity amplified its public participation process related to the projects so that the community can be involved within the project and that there were some work portions of the project that were strictly reserved for local business
- The Entity reported the matter to the Tribunal and further took the culprits to court whereby the entity obtained a court order to evict all those that are not complying with the rules of the entity
- Management through its maintenance policy has made provision for planned maintenance that will be conducted as soon as the evictions are concluded and new tenants placed in the units which will boost the rental collection

7.2 Core Business / Basic Service Delivery

Indicator Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measure to Improve Performance	Portfolio of Evidence
Core Business/ Basic Service Delivery													
CEO_01	Improve quality of living	Maintenance	No of Maintenance requests received and attended to within 2 weeks by 30 June 2022	#	01-Jul-21	30-Jun-22	20	156	200	209	More units were available due to the evictions of illegal tenants that took place at Ga-Rena Village which required maintenance	None	Maintenance request logbook and forms that will show when the request was logged and closed
CEO_02			Number of new fire hydrants purchased for Ga-Rena and C.R.U by 30 June 2022	#	01-Jul-21	30-Jun-22	20	44	44	43	1 unit dedicated as a clinic is not being utilised hence no servicing for fire hydrant	None	Purchase orders and delivery notes

Indicator Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
											was required for the unit		
CEO_03			Number of fire hydrants serviced for Ga-Rena and C.R.U by 30 June 2022	#	01-Jul-21	30-Jun-22	20	96	146	196	More units were available due to the evictions of illegal tenants that took place at Ga-Rena Village were fire hydrants required to be serviced	None	Purchase orders and proof of work done

Indicator Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_04		SHRA Compliance	Number of monthly projects progress report compiled and submitted to SHRA by 30 June 2022	#	01-Jul-21	30-Jun-22	20	12	12	12	None	None	Monthly projects reports and proof of submission to SHRA
CEO_05			Number of project reporting tools compiled and submitted to SHRA by 30 June 2022	#	01-Jul-21	30-Jun-22	20	4	4	4	4	None	None

7.3 Financial Viability

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
Financial Viability													
CEO_06	Enhance revenue and asset base	Revenue Management	% of PHA rental housing units occupied by 30 June 2022	%	01-Jul-21	30-Jun-22	20	94%	94%	91.77%	The target is not achieved. Rental units were hi-jacked and the process of eviction was instituted to evict illegal occupants.	Illegal occupants have been evicted and units will be occupied as soon as maintenance is done on the units and the process of tenanting done.	Monthly occupancy reports

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_07			% of rental collected by 30 June 2022	%	01-Jul-21	30-Jun-22	20	30%	95%	48.22%	Some tenants have illegally occupied the units and are not paying rent. The illegal tenants have been served with court order for eviction. The illegal tenants interdicted the eviction and lost the interdict.	Illegal tenants have been evicted and maintenance will be done on the units and tenants put in. Some illegal tenants have been regularised and signed commitment forms to pay outstanding debts and also pay monthly rentals.	Monthly financial reports (section 71)

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
												The process will make PHA to realise rental collection as per target	
CEO_08		Budget and Reporting	Maintain unqualified audit opinion by 30 December 2021	Date	01-Jul-21	30-Dec-21	20	Unqualified audit opinion	Maintain unqualified audit opinion	Unqualified Audit Opinion	None	None	AGSA Audit opinion report

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_09			Development of the Audit Action Plan for AG Report by 31 March 2022	Date	01-Jul-21	31-Mar-22	20	Developed Audit Action Plan	Develop Audit Action Plan by 31 March 2022	Polokwane Housing Association Audit Action Plan developed by 31 March 2022	None	None	Developed Audit Action Plan
CEO_10		Assets Management	Complete Physical Asset Verification for moveable and immovable assets by 30 August 2021	Date	01-Jul-21	30-Aug-21	20	Completed physical asset verification	Complete Physical Asset Verification for moveable and immovable assets by 30 August 2021	Physical Asset verification was conducted and report compiled by 30 August 2021	None	None	Completed physical asset verification report

7.4 Governance and Transformation

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measure to Improve Performance	Portfolio of Evidence
Governance and Transformation													
CEO_11	Improve admin and governance capacity	Budget and Reporting	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 August 2021	Date	01-Jul-21	31-Aug-21	15	31-Oct-20	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 August 2021	AFS submitted to AGSA by the 31st August 2021 as per the MFMA	None	None	Signed AFS and proof of submission to AG
CEO_12			Prepare and submit revised Budget to the Shareholder	Date	01-Jul-21	28-Feb-22	10	28-Feb-21	Prepare and submit revised Budget to the Shareholder by 28 Feb 2022	Prepared and submitted the revised budget to the	None	None	Revised budget and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
			by 28 Feb 2022							shareholder by the 11 Feb 2022			
CEO_13			Prepare and submit the final Entity Budget to the Shareholder by 30 April 2022	Date	01-Jul-21	30-Apr-22	5	30-Apr-21	Prepare and submit the final Entity Budget to the Shareholder by 30 April 2022	Final budget submitted to Shareholder on the 29 April 2022	None	None	Final budget and proof of submission
CEO_14		Performance Management	Prepare and submit the Entity Annual Report to the Shareholder by 30 December 2021	Date	01-Jul-21	30-Dec-21	5	30-Mar-21	Prepare and submit the Entity Annual Report to the Shareholder by 30 December 2021	Annual Report for the Entity was submitted to the shareholder by the 20th December 2021	None	None	Final Annual Report and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_15			Number of Institutional Quarterly Performance Report compiled by 30 June 2022	#	01-Jul-21	30-Jun-22	5	4	4 Institutional Quarterly Performance Report compiled	4 Quarterly Institutional Performance Report compiled and audited by Internal Audit	None	None	Institutional Quarterly Performance Report
CEO_16			Development and submission the Mid-Year Budget and Performance Assessment Report and submission to shareholder by 20 January 2022	Date	01-Jul-21	20-Jan-22	5	20-Jan-21	Develop and submit the Mid-Year Budget and Performance Assessment Report to shareholder by 20 January 2022	Mid-Year Budget and Performance Report compiled and sent to the shareholder by 20 Jan 2022	None	None	Mid-Year Budget and Performance Assessment Report and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_17			Make public the Mid-Year Budget and Performance Assessment Report by 31 January 2022	Date	01-Jul-21	30-Jan-22	5	30-Jan-21	Make public the Mid-Year Budget and Performance Assessment Report by 31 January 2022	Mid-Year Budget and Performance Report published on the municipal website by the 20 Jan 2022	None	None	Public notice on notice boards and municipal website
CEO_18		CIPC Compliance	Submit the Annual Returns and/or amendments to CIPC by 30 June 2022	Date	01-Jul-21	30-Jun-22	5	May-21	Submit the Annual Returns and/or amendments to CIPC by 30 June 2022	None	The CIPC Annual Returns cycle is August to August hence they were not done as per the target done in August	Annual Returns filed in the Month of August 2022	Annual Returns and/or amendments and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_19		Secretariat	Number of ordinary Board meetings scheduled and convened by 30 June 2022	#	01-Jul-21	30-Jun-22	5	4	4 ordinary Board meeting scheduled and convened	4 Board meetings convened	None	None	Meeting notices, Agenda, Minutes and Attendance registers
CEO_20			Number of ordinary Committee meetings scheduled and convened by 30 June 2022	#	01-Jul-21	30-Jun-22	5	16	16 Committee meetings scheduled and convened	16 Committee meetings convened	None	None	Meeting notices, Agenda, Minutes and Attendance registers
CEO_21				Convene AGM by 30 May 2022	Date	01-Jul-21	30-May-22	5	New	Convene AGM by 30 May 2022	AGM convened on the 31 May 2022	None	None

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_22			Convene Annual Strategic Planning Session by 30 May 2022	Date	01-Jul-21	30-May-22	5	New	Convene Annual Strategic Planning Session by 30 April 2022	None	Strategic Planning Session did not take place as per the plan as management was focused on the eviction process taking place at Ga-Rena rental village and the court processes that were taking place during the time.	To convene strategic Planning Session in the month of August 2022	Meeting notices, Agenda, Minutes and Attendance registers

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_23		Risk Management	Development of the Institutional Risk Register by 31 August 2021	Date	01-Jul-21	30-Aug-21	5	30-Aug-20	Develop Institutional Risk Register by 31 August 2021	The Institutional Risk Register Developed and approved at RMC of the 10 June 2021	None	None	Approved Institutional Risk register
CEO_24			Number of quarterly Institutional Risk Register progress reports compiled by 30 June 2022	#	01-Jul-21	30-Jun-22	5	4	4 Institutional Risk Register progress reports compiled	4 Institutional Risk Registers progress reports compiled and served at the Risk Management Committee	None	None	Institutional Risk Register progress reports

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Performance Challenges / Variance	Measures to Improve Performance	Portfolio of Evidence
CEO_25			Submission of Reviewed of WSP to LGSETA by 30 April 2022	Date	01-Jul-21	30-Apr-22	5	30-Apr-22	Submit reviewed WSP to LGSETA by 30 April 2022	WSP reviewed and submitted CETA on the 29th April 2022	None	None	Reviewed WSP and proof of submission
CEO_26			Number of training/workshops convened by 30 June 2022	#	01-Jul-21	30-Jun-22	5	2	2 trainings/workshops convened	2 Workshops conducted	None	None	Invitations and attendance registers

CHAPTER 8 – AUDITOR GENERAL AUDIT FINDINGS

8.1 Analysis of the audit opinions over the past five financial years

2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Pending	Unqualified	Unqualified	Unqualified	Unqualified	Qualified

CHAPTER 9: FINANCIAL PERFORMANCE

9.1 ANALYSIS OF REVENUE COMPONENT OF FINANCIAL STATEMENT

The entity derives its revenue from rental of housing units at Ga-Rena Village and Management fees from Seshego Community residential units (CRU) from the year ended 30 June 2022 the entity generated R11 335 132 in Revenue which consisted of R9 361 860 from Ga-Rena and R1 973 272 from Seshego CRU. The entity has Ladanna extension 2 project under construction which will be completed in the year 2023 and will enhance the entity's Revenue by R15 000 000.

The entity also received R37 197 928 as revenue from non-exchange from government subsidies and grants mainly towards the development of the afore-mentioned Ladanna extension 2

9.2 ANALYSIS OPERATING EXPENDITURE COMPONENT OF FINANCIAL STATEMENT

The entity incurred R29 mil in expenditure for the year ended 30 June 2022, however it must be noted that forty-five percent (40%)R11. mil of the expenditure consists of non-cash items, which in essence means the real total expenditure is R18 mil

9.3 ASSET AND LIABILITY MANAGEMENT COMPONENT OF FINANCIAL STATEMENT

The assets of the entity worth R309Mil in total both Non-current assets and Current assets combined, whilst the liabilities of the entity are R11 Million, included in the assets is work in progress of R219 Mil which upon completion of Ladanna extension 2 will then be transferred to Property, plant and equipment.

9.4 LIABILITY MANAGEMENT

The entity is without long term liabilities which is a good sign for the gearing of the entity, the entity only has current liabilities which are dominated by monies owed to contractors at Ladanna extension 2 which amounts to R9 mil out (this liability is guaranteed by Grants to be paid off) of R11m total of Total current liability, this is a good sign for the entity as it Shows that the entity will be able to pay off its debt and remain a going concern.

9.5 COMPLIANCE COMPONENT OF FINANCIAL STATEMENT

The financial statements of the entity comply with Standards of Generally Recognised Accounting Practice.

9.6 CASH FLOW MANAGEMENT

The entity is managing its cash flow stringently so as to be able to meet its day to day obligation, this is against the collection rate is on the lower side, however they are measures in place that the entity will be implementing in 2023 to enhance the collection rate among others being the appointment of debt collectors to ramp up collection(s)

9.7 BORROWING AND INVESTMENTS

The entity is not having any investments nor borrowings, the financial statements are attached for ease of reference.

Notice

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Document enquiries can be directed to Polokwane Housing Association:

No. 35 Landros Mare Street, Polokwane, 0700, **SOUTH AFRICA**

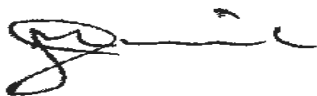
Attention : John Maimela
: Chief Executive Officer

Telephone : (015) 295 5402

Fax : (015) 295 6259

Approval

The signatories hereof, being duly authorized thereto, by their signatures hereto authorize the execution of the work detailed herein, or confirm their acceptance of the contents thereof and authorize the implementation/adoption thereof, as the case may be, for and on behalf of the parties represented by them.



Shimi Maimela

Chief Executive Officer:

**AUDIT AND PERFORMANCE AUDIT COMMITTEE ((ACPAC) REPORT
 REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE
 ON POLOKWANE HOUSING ASSOCIATION (PHA)**

We are pleased to present our report for the financial year ended 30 June 2022.

Audit and Performance Audit Committee Structure

Polokwane Housing Association has an Audit and Performance Audit Committee which is composed of three independent members and reports directly to Council. Attendance of meeting was as follows:

Initials and Surname	Position	Ordinary meeting	Special meeting
SAB Ngobeni*	Chair	1/1	1/1
P Ramutsheli	Member	4/4	2/2
R Maboe*	Member	1/1	1/1
Kekana**	Member	4/4	1/1
J Mabuza**	Member	4/4	1/1

*Appointed in May 2022

** Term ended in July 2022

Audit and Performance Audit Committee Responsibility

The Audit and Performance Audit Committee reports that it has complied with its responsibilities arising from Section 166 and 165 of the Municipal Finance Management Act and Treasury Regulation 3.1.13. The Audit and Performance Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Performance Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and the related code of conduct, policies and practices.

Stakeholder Engagement/s

The committee has been able to engage with the following stakeholders:

- National Treasury

- Limpopo Provincial Treasury
- Limpopo Department of Corporate Governance, Human Settlement and Traditional Affairs
- Limpopo SALGA
- Limpopo Provincial Auditor (AGSA)

The Effectiveness of Internal Control

Based on the results of the formal documented review of the design, implementation and effectiveness of the entity's system of internal controls conducted by the internal audit and AGSA during the financial year ended 30 June 2022, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Audit and Performance Audit Committee concluded that the entity's system of internal financial controls is partial effective and several material internal control breaches come to the Committee's attention.

Risk Management

The Audit and Performance Audit Committee reviewed the entity's policies on risk management and strategy (including IT Governance) and monitored the implementation of risk management policy and strategy and concluded that the entity's risk management maturity level is satisfactorily and improving

In-Year Management and Monthly/Quarterly Report

Based on the quarterly review of in-year monitoring systems and reports, the Audit and Performance Audit Committee is somewhat satisfied with the quality, accuracy, usefulness, reliability, appropriateness, and adequacy of the entity in-year reporting systems. However, the year-end reporting should improve to avoid adjustment of the annual financial statements after submission to the AGSA.

Internal Audit Arrangement

The Audit and Performance Audit Committee:

- Reviewed and approved the annual Internal Audit plans and evaluated the independence, effectiveness and performance of the internal audit function;

- Considered the reports of the Internal Auditors on the entity's systems of internal control;
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;

Combined assurance

The Audit and Performance Audit Committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management and concluded that these were adequate to address all significant risks facing the entity.

Compliance with the relevant laws and regulations

The Audit and Performance Audit Committee considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and concluded that the entity did not fully comply with the enabling laws and regulations as well as its entity policies and standard operating procedures, especially in the areas of addressing the quality of annual financial statement.

Evaluation of Annual Financial Statements

Following the review by the Audit and Performance Audit Committee of the draft annual financial statements for the year ended 30 June 2022 before the audit, the committee is of the view that, annual financial statements fairly present the financial performance of the entity for the year under review and can be incorporated into the annual report.

Evaluation of Annual Performance Report

Following the review by the Audit and Performance Audit Committee of the annual performance report for the year ended 30 June 2022 and after the audit, the committee is of the view that, draft annual performance report fairly presents the non-financial performance of the entity for the year under review and can be incorporated into the annual report, with exception of areas raised by AGSA.

Consideration of the Final Audit report

The Audit and Performance Audit Committee considered final audit report and concurred with the AGSA's unqualified audit opinion. Furthermore, the Audit and Performance Audit Committee commended the entity for obtain the unqualified audit opinion.



SAB Ngobeni

Chairperson of the Audit and Performance Audit Committee

Date 30 November 2022

Annexure A: 2021-2022 Annual Financial Statement

Attached Separately