

OFFICE OF THE EXECUTIVE MAYOR

**1 TABLING OF THE 2013/14 CITY OF
 JOHANNESBURG INTEGRATED ANNUAL
 REPORT AND ANNUAL REPORTS OF ALL
 COJ MUNICIPAL ENTITIES FOR THE YEAR
 ENDED 30 JUNE 2014****1 STRATEGIC THRUST**

Well Governed and Managed City.

2 OBJECTIVE

The purpose of this report is to table the 2013/14 City of Johannesburg Integrated Annual Report for the period ended 30 June 2014, as per the Municipal Finance Management Act, 56 of 2003 (MFMA). The 2013/14 Integrated Annual Report and 2013/14 Annual Reports of all Entities of the City of Johannesburg are attached hereto as annexures to the 2013/1413 Integrated Annual Report.

The 2013/14 Annual Reports of the fifteen Municipal Entities are presented in compliance with Section 121(1) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and Section 46 of the Municipal Systems Act, 32 of 2000 (MSA) for consideration in accordance with Section 129 of the MFMA. In terms of section 121(1) of the MFMA, every municipality and municipal entity must prepare an Annual Report for each financial year. The purpose of the Annual Report is to provide a record of activities, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.

3 SUMMARY**(1) Introduction and Purpose of the Annual Report**

In terms of section 121(1) of the MFMA, every municipality and municipal entity must prepare an Annual Report for each financial year. The purpose of the Annual Report is to provide a record of activities, report on performance against the budget and promote accountability to the local community for the decisions made throughout the year.

The Executive Mayor must submit the Annual Report within 7 months after the end of the financial year. Thereafter, Council is required to consider the Annual Report and the oversight report on the Annual Report within 9 months after the end of the financial year, i.e. before the end of March 2014.

The 2013/14 Integrated Annual Report, is therefore compiled in terms of the MFMA and the Municipal Systems Act, 32 of 2000 (MSA), MFMA National Treasury Circular 63 read in conjunction with MFMA National Treasury Circular 11, and National Treasury Revised Annual Reporting Template requirements. It

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reflects the financial and non-financial performance of City of Johannesburg and its entities for the period 1 July 2013 to 30 June 2014 against the approved 2013/14 Service Delivery and Budget Implementation Plan (including in year amendments as approved by Council).

(2) Context and Structure of the 2013/14 Integrated Annual Report

In July 2012, National Treasury issued a Revised Annual Report Template. The purpose of the revised Annual Report Template is to address the preparation and development of improved content and quality of Municipal Annual Reports. The template together with Circular 63 update MFMA Circular No. 11, issued in January 2005. The revised template links with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. In particular it allows for the presentation of financial and non-financial performance information in a single report. The 2013/14 Integrated Annual Report complies with the requirements of National Treasury Revised Annual Report Template Guidelines and all other legislative requirements cited above.

The 2013/14 City of Johannesburg Integrated Annual Report is presented in two components namely, an abridged version and unabridged version of 2013/14 Integrated Annual Report.

- The unabridged version of 2013/14 Integrated Annual Report contains the consolidated performance report and consolidated (group) financial statements of the City and its entities.
- The Abridged Version of the 2013/14 Integrated Annual Report is produced to facilitate effective communication with all City's critical stakeholders on its annual performance. Legislatively prescribed financial and non-financial performance against SDBIP and the City's financial performance are not altered but summarised.

Structure and components of the 2013/14 Integrated Annual Report

In terms of the Circular 63 and National Treasury Guidelines on the Annual Report the 2013/14 Integrated Annual Report includes the following components:

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	Components of the annual report	Comments
1	Mayor's Foreword and Executive Summary: Provides an introduction and overview of the municipality and its entities to the reader. This chapter provides the key decision-makers – both on political and administrative level – with the opportunity to provide an overview of the functions, geographical area and performance of the specific municipality and its entities.	Completed – Awaiting Sign-off
2	Governance: 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 contains 4 components: Governance Structures; Intergovernmental Relations; Public Accountability and Participation and; Corporate Governance	Completed – Awaiting Enterprise Risk Management Section
3	Service Delivery Performance: focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on community needs and resource deployment. The service delivery issues must be structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP. The purpose of the chapter is to demonstrate to the reader, in terms of service delivery, what is being achieved and what remains outstanding.	Completed
4	Organisational Development Performance: This chapter addresses information pertaining to the implementation of an effective performance management system, organisational development and performance of a municipality / municipal entity. Such information is required to identify skills gaps and plans for the development of such skills.	Completed
5	Financial Performance Annual Performance Report: The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity through measuring of results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs.	Completed – Awaiting Group Chief Finance Officer Report
6	Auditor General's Findings: This chapter provides an overview of the Auditor-General's Report of the previous financial year. Specifically it should include: Details on issues raised during the previous financial year; and remedial action taken to address the above and preventative measures.	Completed
	Appendices	Completed
	Volume II: AFS: Section 67(1)(a)(iv) states that audited financial statements for the financial year must be reported on.	Completed

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2013/14 Abridged Integrated Annual Report

To enable effective communication with its critical stakeholders the City has also developed an Abridged Version of the 2013/14 Integrated report in which financial and non-financial performance have been summarized but not altered. The structure of the Abridged Integrated Report is as follows;

- City of Johannesburg at a glance;
- Executive Mayor's foreword;
- City Manager's Executive Summary;
- Operating model and management frameworks (Governance);
- Service delivery performance review;
- Chief Financial Officer's summary;
- Organisational development performance;
- Future outlook; and
- Stakeholder Responsiveness Framework (Reveals how the City is responding to its stakeholders);
- Appendices.

(3) The Annual Report Auditing Process

As per the MFMA requirements, the Annual Performance Report and the Consolidated Financial Statements were submitted to the Auditor General by 31 August and 30 September 2014, respectively for auditing. Both components were audited by the Auditor-General. Furthermore, the Integrated Annual Report is prepared in terms of Section 121(3)(c) of the MFMA and is consistent with MFMA Circular No. 63, read in conjunction with Circular 11 and the Revised Annual Report template all issued by the National Treasury.

The Auditor General issued a draft management letter for the year ended 30 June 2013 in November 2014 and the City's management responded to all the issues that were raised with action plans to deal with other issues that needed longer lead times to rectify the issues raised. The Audit report of the CoJ for the Year ended 30 June 2013 as received from the Auditor General is Chapter 6 Annexure B, the responses and action plans for both the management and audit reports are included as Appendices to the report.

Final audit outcome is an Unqualified Audit Opinion which is an improvement from the Qualified Audit Opinion with key findings of the previous financial year.

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Below is the process plan in the development, oversight, approval and communication of the City's 2013/14 Integrated Annual Report.

2013/14 Integrated Annual Report Process Plan

Activity	Provision	Responsible Department	Key Dates
Submission of Integrated Annual Report to Auditor General for Auditing	MFMA Section 126(1)(a)	GSPCR	31 August and 30 September 2014
Receipt of Auditor General's Regularity Audit of the CoJ for the Year Ended 30 June 2011	MFMA Section 126(3)(b)	Finance	December 2014
Consideration of Annual Report by Group Performance Audit committee and Group Audit Committee		GSPCR	14 January 2015
Submission of Annual Report to Mayoral Committee	MFMA Section 127(2)	City Manager	20 January 2015
Tabling of Group Annual Report to Council	MFMA Section 127(2)	Executive Mayor	29 January 2015
Submission of tabled Annual Report to Auditor-General, Provincial Treasury and Gauteng Department of Local Government and Housing	MFMA Section 127(5)(b)	City Manager	30 January 2015

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Activity	Provision	Responsible Department	Key Dates
Submission of Annual Report to the Municipal Public Accounts Committee for oversight and public participation	MFMA Section 127(5)(a)	Speaker of Council (Legislature)	29 January 2015
Oversight of the 2013/14 Integrated Annual Report <ul style="list-style-type: none"> • Call for public comments on Integrated Annual Report; • Consideration of public comments and; • Formulation of Oversight Report on 2013/14 Integrated Annual Report of the City 	MFMA Section 127(5)(a)	Legislature Municipal Public Accounts Committee (MPAC)	1 February 2015 to End of March 2015
Development of a community version of 2013/14 integrated Annual Report to support public consultation		Group Communications	February 2015
Consideration and adoption of Integrated Annual Report and Oversight Report	MFMA Section 129(1)	Council	26 March 2015
Submission of Integrated Annual Report and Oversight Report to Auditor General, Provincial Treasury and Gauteng Department of Local Government and Housing	MFMA Section 129(2)(b)	City Manager	26 March 2015
Submission of Integrated Annual Report and Oversight Report to the Gauteng Provincial Legislature	MFMA Section 132(1) and (2)	City Manager	26 March 2015
Media Briefing and Publication of final Annual Report (website and other media)	MFMA Section 129(3)	Group Communications	26 March 2015

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4 POLICY IMPLICATIONS

None.

5 LEGAL AND CONSTITUTIONAL IMPLICATIONS

The 2013/14 Integrated Annual Report has been prepared in compliance with the provisions of the Municipal Systems Act and the Municipal Finance Management Act.

6 FINANCIAL IMPLICATIONS

The process plan for 2013/14 Integrated Annual Report entails costs relating to production, publications and publicity which have been budgeted for in the 2013/14 Budget.

7 COMMUNICATION IMPLICATIONS

The full text of the 2013/14 Integrated Annual Report will be distributed to the Gauteng Department of Local Government and Housing, National and Provincial Treasuries, the Auditor-General, and other National and Provincial Government departments. The full text will also be published on the City of Johannesburg's website. The City will also undertake a public sensitisation drive through the media, posting of the report on the City's website and strategic locations including as Council buildings, Regional Offices as well as direct participation through Ward Committee structures. The City will also undertake investor roadshows and round-tables to further communicate the report

8 OTHER DEPARTMENTS CONSULTED

The 2013/14 Integrated Annual Report was compiled with the consultation of all CoJ Departments and entities. The Group Performance Audit Committee and Group Audit Committee were also consulted on the City's financial and non-financial performance. Externally, the Auditor General was consulted in the process of compiling the report.

IT IS RECOMMENDED

1. **That the 2013/14 Integrated Annual Report of the City of Johannesburg, and the Annual Reports of MEs be tabled in Council in terms of Section 127(2) of the Municipal Finance Management Act.**
2. **That the 2013/14 Integrated Annual Report of the City of Johannesburg including the Annual Reports of MEs be referred to the Municipal Public Accounts Committee (MPAC) for oversight purposes and feedback to Council.**
3. **That the 2013/14 Integrated Annual Report of the City of Johannesburg including the Annual Reports of MEs, be made available to the public and local community for comment in accordance with Section 127(5)(a) of the Municipal Finance Management Act.**
4. **That the 2013/14 Integrated Annual Report of the City of Johannesburg including the Annual Reports of MEs, in accordance with Section 127(5)(b) of the Municipal Finance Management Act, be submitted to the Auditor-General,**

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Gauteng Department of Local Government and Housing, Provincial Treasury and National Treasury.

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ANNEXURES TO THIS ITEM IS ATTACHED ON THE ACCOMPANYING CD

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ATTACHED ON CD:

- ANNEXURE A : 2013/14 Integrated Annual Report (Abridged Version)**
- ANNEXURE B : 2013/14 Integrated Annual Report**
- ANNEXURE C : 2013/14 Annual Reports of Municipal Entities**
- ANNEXURE D : Report of Group Performance Audit Committee (To be updated)**
- ANNEXURE E : Remedial Action Plan**