



Mid-Year Budget and Performance Assessment Report 1st July 2021 – 31st December 2021



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1. Purpose of the Mid-Year Report

The purpose of this report is to comply with Section 88 of the Municipal Finance Management Act 56 of 2003 and Section 33 of the Municipal Budget and Reporting Regulations as promulgated in the Government Gazette No 32, 141 of April 2009, which requires that the municipal entity must by 20 January of each year-assess the performance of the entity during the first half of the financial year.

2. Legislative Background

Section 88 of the Municipal Finance Management Act, 56 of 2003 provides that the accounting officer of a municipal entity must by 20th January of each year assess the performance of the entity during the first half of the financial year taking into account-

- the monthly statements referred to in section 87 for the first half of the financial year and the targets set in the service delivery, business plan or other agreement with the entity's parent municipality; and
- the entity's annual report for the past year, and progress on resolving problems identified in the annual report

3. Past Year's Annual Report (2020/21) and Progress on Resolving Problems Identified in the Annual Report

Polokwane Housing Association Annual Report has been compiled in terms of section 121 of the Municipal Financial Management Act, 56 of 2003 and section 46 of the Municipal Systems Act, 32 of 2000. The entity further compiled and submitted the 2020-2021 Annual Financial Statement to the Auditor General for auditing as required by the law. The Auditor General has since issued out the audit opinion on the AFS and Annual Report of the entity.

The Audit opinion of the entity for the year ended 2021 is an Unqualified Opinion with few matters of emphasis on the financial component and no issues on pre-determined objectives.

The following issues were raised in the Annual Report of the year ended 2021:

No	Issues Raised	Progress on Resolving the Issues
1	Low rental collection at Ga-Rena	Tenants that are illegally occupying units have been taken to court and evictions orders obtained
2	Material misstatements corrected	Misstatements were corrected and audited
3	Understatement of WIP – PHA did not capitalised professional fees to WIP for certain months.	Misstatements corrected and audited
4	Overstatement of WIP – PHA capitalised the amount of construction fees that was capitalised in the 2020 financial year in the current year.	Misstatements corrected and audited
5	Understatement of WIP – PHA capitalised less amount as compared to the payment certificate.	Misstatements corrected and audited
6	Overstatement of Payables relating to work in progress	Misstatements corrected and audited
7	Understatement of revenue from non-exchange transactions	Misstatements corrected and audited

4. Budget Performance analysis

4.1 Revenue

Rental Revenue - Rental revenue is underperforming against the budget which is attributable to the rental boycott happening at Ga-Rena village the matter is receiving attention. The entity is also yet to be handed over Ga-Rena phase 2 project as it is not yet complete as anticipated

5. Expenditure

5.1 Employee related cost

Employee related costs – Employee related costs spending is at par with the budget. All vacant positions have been filled.

5.2 Remuneration of Directors

Under performance due to most of the meetings to be held in the remainder of the financial year.

5.3 General Expenditure

Under performance due to stringent spending by the entity due to low level of rental collection.

6. Financial Report Dec 2021

	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
Sales	1,313,206.00	931,131.00	7,879,236.00	5,677,686.00	2,201,550.00	27.94	15,850,000.00
Rental Income	1,313,206.00	931,131.00	7,879,236.00	5,677,686.00	2,201,550.00	27.94	15,850,000.00
Ga-Rena	876,540.00	769,575.00	5,259,240.00	4,708,350.00	550,890.00	10.47	10,518,480
Seshego C.R.U	166,666.00	161,556.00	999,996.00	969,336.00	30,660.00	3.07	2,000,000.00
Annadale Ext 2	270,000.00		1,620,000.00	-	1,620,000.00	100.00	3,331,520.00

			-	-			
Other Income	13,224,446. 38	13,224,446. 38	24,363,050. 39	24,362,250. 39	800.00	0.00	39,022,480. 00
Subsidies from SHRA	10,000,000. 00	10,000,000. 00	15,800,000. 00	15,800,000. 00	-		28,000,000. 00
Admin Income	1,800.00	1,800.00	11,600.00	10,800.00	800.00	6.90	21,600.00
	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
Operational grant Plk Muni	3,222,646.3 8	3,222,646.3 8	8,551,450.3 9	8,551,450.3 9	-	-	11,000,000. 00
Interest Received							880.00
Total Income	14,537,652. 38	14,155,577. 38	32,242,286. 39	30,039,936. 39	2,202,350.00		54,872,480. 00

Expenses	1,641,182.86	1,647,026.59	8,514,729.16	7,917,313.42	601,410.09	7.06	32,469,425.00
Advertising and Promotions			7,000.00	6,375.90	624.10	8.92	73,500.00
Accounting Fees			-	-	-		157,500.00
Audit fees	550,000.00	554,947	991,000.00	969,529.54	21,470.46	2.17	1,575,000.00
Bank Charges	6,125.00	3,132	36,750.00	16,388.18	20,361.82	55.41	73,500.00
Landscaping & Garden services			-	-			52,500.00
U.I.F	4,976.50	4,744	29,859.00	27,419.82	2,439.18	8.17	59,718.00
	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
Provident fund	80,151.58	81,671	480,909.48	480,236.98	672.50	0.14	961,819.00

S.D.L	5,800.00	6,802	33,732.00	34,522.70	(790.70)	(2.34)	65,328.00
B.C Admin levy/ Workmans Compensation	69.00	69	414.00	414.00	-	-	828.00
Courier & Postage			-	-			5,250.00
Depreciation			-	-			5,027,000.0 0
Directors Remuneration			632,500.00	583,767.47	48,732.53	7.70	1,983,920.0 0
Directors travel, accommodation & catering			15,500.00	14,765.94	734.06	4.74	383,318.00
Conference & Workshops			-	-	-		73,500.00
Medical aid	44,416.00	33,749.00	266,496.00	201,888.00	64,608.00	24.24	533,000.00
Membership fees			3,400.00	3,175.00	225.00	6.62	105,000.00

Insurance	35,000.00	16,851.90	210,000.00	101,111.39	108,888.61	51.85	420,000.00
Legal Fees			280,000.00	267,024.00	12,976.00	4.63	420,000.00
Motor vehicle-Fuel			-	-			21,000.00
Motor Vehicle-Repairs & Maintenance			-	-			84,000.00
	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
Printing & Stationery			11,800.00	10,845.00	955.00	8.09	84,000.00
Staff Welfare			-	-			13,125.00
Staff Development (Bursaries)			-	-			52,500.00
Repairs and Maintenance(Contracted Services)	2,200.00	2,199.38	52,200.00	48,382.64	3,817.36	7.31	800,000.00

Salary	660,904.58	728,302.77	3,965,427.48	3,867,951.07	97,476.41	2.46	7,930,855.00
13 Cheque			-	-			393,014.00
Overtime			-	-			60,000.00
Housing Allowance	19,290.20	19,290.20	115,741.20	115,741.20	-	-	168,000.00
Software Licenses	10,000.00	10,051.00	48,500.00	47,014.50	1,485.50	3.06	105,000.00
Temporary staff			-	-			10,000.00
Debt Impairment			-	-			8,000,000.00
Security	192,500.00	175,328.80	1,155,000.00	1,051,972.80	103,027.20	8.92	2,310,000.00
Safety clothing			-	3,994.35			78,750.00

Communications: Telephone and cellphones	14,000.00	9,889.33	84,000.00	49,571.58	34,428.42	40.99	168,000.00
	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
Tenant committee workshop			-	-	-		31,500.00
Travel- staff	15,750.00		94,500.00	15,221.36	79,278.64	83.89	189,000.00
Valuation			-	-			
Capital Expenditure							
Surplus / Deficit	12,896,469.52	12,508,550.79	23,727,557.23	22,122,622.97	1,600,939.91		22,403,055.00

7. Statement of Financial Position as at 31 December 2021

Polokwane Housing Association		
Statement of Financial Position as at 31 December 2021		
	Notes	
Assets		
Non-Current Assets		
Property, Plant And Equipment	2	86 798 625
Investments		220 271 763
		307 070 388
Current Assets		
Trade and other receivables	3	4 718 338
Cash and Cash equivalents	4	2 274 329
		6 992 667
Total Assets		314 063 055
Equity and Liabilities		
Equity		
Share Capital	5	1 000
Distributable reserve		209 401 420
Non- distributable reserve(Revaluation surplus)		78 317 795
		287 720 215
Liabilities		
Current Liabilities		
National housing finance Corporation loan		-
Trade and other payables	9	26 342 840
		26 342 840
Total Liabilities		26 342 840
Total Equity and Liabilities		314 063 055

8. None Financial Performance

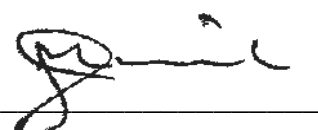
8.1 Summary of Overall Performance per Key Performance Indicators:

KPA	No of targets as per APP	No of targets applicable for mid-year	# Targets achieved	# Targets not achieved
Service Delivery	05	05	03	02
Financial Viability	05	04	02	02
Governance and Transformation	16	08	08	0
Total	26	17	13	04
Total in percentage	100%	100%	76%	24%

9. Recommendations of the Accounting officer

After having assessed the Financial and Non-financial performance of the entity for the first half of the year (ended 31 December 2021) the following is recommended

- That the projections as contained (attached) in this report inform the downward adjustment of the budget



TJ MAIMELA

CHIEF FINANCIAL OFFICER

10. Detailed Non-Financial Performance Per Key Performance Area and Key Performance Indicators

10.1 Core Business/Basic Service Delivery

Indicator or Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_01	Improve quality of living	Maintenance	No of Maintenance requests received and attended to within 2 weeks by 30 June 2022	#	156	200	100	109 maintenance requests received and attended to within 2 weeks of request	None	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	#	44	80	40	0	The entity could not procure new fire hydrants due to cashflow	Make budget provision for procuring of fire hydrants	Purchase orders and delivery notes

Indicator Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
			30 June 2022						challenges		
CEO_03			Number of fire hydrants serviced for Ga-Rena and C.R.U by 30 June 2022	#	96	291	145	0	The entity could not procure new fire hydrants due to cashflow challenges	Make budget provision for procuring of fire hydrants	Purchase orders and proof of work done
CEO_04		SHRA Compliance	Number of monthly projects progress report compiled and submitted to SHRA by 30 June 2022	#	12	12	6	6 monthly project progress reports compiled and sent to SHRA	None	None	Monthly projects reports and proof of submission to SHRA

Indicator or Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_05			Number of project reporting tools compiled and submitted to SHRA by 30 June 2022	#	4	4 Project Reporting Tools compiled and submitted to HRA	2	2 project reporting tools compiled and submitted to SHRA	None	None	Project Reporting Tools and proof of submission

10.2 Financial Viability

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_06	Enhance revenue and asset base	Revenue Management	% of PHA rental housing units occupied by 30 June 2022	%	94%	95%	94%	91.30%	The target is not achieved . PHA is currently in the process of evicting illegal tenants	Illegal tenants have been served with court orders to regularize their stay or vacate the units	Monthly occupancy reports
CEO_07			% of rental collected by 30 June 2022	%	30%	95%	95%	28.30%	Some tenants have illegally occupied the units and are not paying rent	PHA took illegal tenants to court and they have been served with court orders to regularize their stay and that	Monthly financial reports (section 71)

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
										they vacate the units	
CEO_08		Budget and Reporting	Maintain unqualified audit opinion by 30 December 2021	Date	Unqualified audit opinion	Maintain unqualified audit opinion	Maintain unqualified audit opinion by 30 December 2021	Unqualified audit opinion maintained by 30 December 2021	N/A	N/A	AGSA Audit opinion report
CEO_09	Development of the Audit Action Plan for AG Report by 31 January 2022		Date	Developed Audit Action Plan	Develop Audit Action Plan by 31 January 2022	N/A	N/A	N/A	N/A	Developed Audit Action Plan	
CEO_10		Assets Management	Complete Physical Asset Verification for moveable	Date	Completed physical asset verification	Complete Physical Asset Verification for	Complete Physical Asset Verification for	Physical Asset verification was conducted and report	None	None	Completed physical asset verification

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
			and immovable assets by 30 August 2021			moveable and immovable assets by 30 August 2021	moveable and immovable assets by 30 August 2021	compiled by 30 August 2021			on report

10.3 Governance and Transformation

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
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	31-Oct-20	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 August 2021	Submit AFS to Auditor General 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 by 28 Feb 2022	Date	28-Feb-21	Prepare and submit revised Budget to the Shareholder by 28 Feb 2022	N/A	N/A	N/A	N/A	Revised budget and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_13			Prepare and submit the final Entity Budget to the Shareholder by 30 April 2022	Date	30-Apr-21	Prepare and submit the final Entity Budget to the Shareholder by 30 April 2022	N/A	N/A	N/A	N/A	Final budget and proof of submission
CEO_14		Performance Management	Prepare and submit the Entity Annual Report to the Shareholder by 20 December 2021	Date	30-Mar-21	Prepare and submit the Entity Annual Report to the Shareholder by 20 December 2021	Submit the entity Annual Report to the shareholder by 20 December 2021	The entities annual report compiled and submitted to the shareholder on the 20 th December 2021	None	None	Final Annual Report and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_15			Number of Institutional Quarterly Performance Report compiled by 30 June 2022	#	4	4 Institutional Quarterly Performance Report compiled	2 Institutional Quarterly Performance Report compiled	2 - The 4th Quarter and 1 st Quarter Institutional Performance Reports compiled and audited by the Internal Auditor and final reports issued	None	None	Institutional Quarterly Performance Report
CEO_16			Development and submission the Mid-Year Budget and Performance	Date	20-Jan-21	Develop and submit the Mid-Year Budget and Performance Assessment Report to shareholder	N/A	N/A	N/A	N/A	Mid-Year Budget and Performance Assessment

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
			Assessment Report and submission to shareholder by 20 January 2022			by January 2022					Report and proof of submission
CEO_17			Make public the Mid-Year Budget and Performance Assessment Report by 31 January 2022	Date	30-Jan-21	Make public the Mid-Year Budget and Performance Assessment Report by 31 January 2022	N/A	N/A	N/A	N/A	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	May-21	Submit the Annual Returns and/or amendments to CIPC by 30 June 2022	N/A	N/A	N/A	N/A	Annual Returns and/or amendments and proof of submission

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_19		Secretariat	Number of ordinary Board meetings scheduled and convened by 30 June 2022	#	4	4 ordinary Board meeting scheduled and convened	2	2 Board meeting scheduled and held	None	None	Meeting notices, Agenda, Minutes and Attendance registers
CEO_20	Number of ordinary Committee meetings scheduled and convened by 30 June 2021		#	16	16 Committee meetings scheduled and convened	8	8 Committee meetings scheduled and held	None	None	Meeting notices, Agenda, Minutes and Attendance registers	
CEO_21	Convene AGM by 30 May 2022		Date	New	Convene AGM by 30 May 2022	N/A	N/A	N/A	N/A	N/A	Meeting notices, Agenda, Minutes and Attendance registers

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_22			Convene Annual Strategic Planning Session by 30 May 2022	Date	New	Convene Annual Strategic Planning Session by 30 April 2021	N/A	N/A	N/A	N/A	Meeting notices, Agenda, Minutes and Attendance registers
CEO_23		Risk Management	Development of the Institutional Risk Register by 31 August 2021	Date	30-Aug-20	Develop Institutional Risk Register by 31 August 2021	31-Aug-21	The Institutional Risk Register Developed and approved by the Risk Management Committee	None	None	Approved Institutional Risk register

Indicator Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid-Year Target	Actual Achievement	Challenges	Measures to Improve Performance	Portfolio of Evidence
CEO_24			Number of quarterly Institutional Risk Register progress reports compiled by 30 June 2022	#	4	4 Institutional Risk Register progress reports compiled	2	2 Institutional Risk Register progress reports compiled and served at the Risk Management Committee	None	None	Institutional Risk Register progress reports
CEO_25			Submission of Reviewed of WSP to LGSETA by 30 April 2022	Date	30-Apr-22	Submit reviewed WSP to LGSETA by 30 April 2022	N/A	N/A	N/A	N/A	Reviewed WSP and proof of submission
CEO_26			Number of training/workshops convened by 30 June 2022	#	2	2 trainings/workshops convened	1	1 online risk and fraud awareness campaign	None	None	Invitations and attendance registers

