



## **THABATSHWEU HOUSING COMPANY**

### **MID YEAR ASSESSMENT REPORT 2018-19**

#### **IN TERMS OF**

#### **SECTION 88 OF THE MUNICIPAL FINANCE MANAGEMENT ACT**



## 1. ASSESSMENT ON NON-FINANCIAL PERFORMANCE

### 1.1 Core Business/ Basic Service Delivery Scorecard 2018/2019

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
Improve quality of living	% Maintenance requests received and attended to by June 2019	Number	150	150	70	76	5	3	N/A	N/A	Maintenance reports	CEO 1
	Maintain conditional rental housing accreditation with SHRA by 31 <sup>th</sup> March 2019	Frequency	Conditional accreditation	Maintain rental housing accreditation with SHRA by 31 <sup>th</sup> March 2019	Submit Business Plan	Business Plan Submitted	5	3	N/A	N/A	Proof of Submission	CEO 2
	Secure restructuring grants, top up subsidies for the construction	date	New	Secure restructuring grants & top up subsidies for the construction	N/A	N/A	N/A	N/A	N/A	N/A	Proof of approved Funds	CEO 3

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
	of Ga-Rena Phase 2 by May 2019			of Ga-Rena Phase 2 by May 2019								
	Secure restructuring grants, top up subsidies for the construction of Bendor X 100 by June 2019	date	New	Secure restructuring grants, top up subsidies for the construction of Bendor X 100 by June 2019	N/A	N/A	N/A	N/A	N/A	N/A	Proof of approved funds	CE 4
Improve quality of living	Secure restructuring grants, top up subsidies for the construction of Polokwane extension 76 by May 2019	Date	New	Secure restructuring grants, top up subsidies for the construction of Polokwane extension 76 by May 2019	N/A	N/A	N/A	N/A	N/A	N/A	Proof of approved funds	CE O 5
	Complete	Date	New	Complete	N/A	N/A	N/A	N/A	N/A	N/A	Feasibility	CE

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
	feasibility studies and commence with request for qualification for the development of: GAP Market 480 Res 2 Town Houses/Duplex Housing units in and around the CBD, Westernburg and Nirvana by May 2019			feasibility studies and commence with request for qualification for the development of: GAP Market 480 Res 2 Town Houses/Duplex Housing units in and around the CBD, Westernburg and Nirvana by May 2019							study document	O 6
	Complete feasibility studies and commence with request for qualification for	Date	New	Complete feasibility studies and commence with request for qualification for	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
	Disteneng project by May 2019			Disteneng project by May 2019								

## 1.2 Financial Viability Scorecard 2018/2019

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
Enhance revenue and asset base	% of rental housing units occupied by June 2019	%	96%	97%	96%	94%	5	3	N/A	N/A	Rent occupation reports	CEO 7
	Complete Physical Asset Verification for Moveable assets by	No	1	1	Complete Asset Verification for Movable by August	Asset Verification Completed	5	3	N/A	N/A	Assets verification report	CEO 8

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
	August 2018				2018							
	% of rental collected by June 2019	%	33%	82%	60%	23%	5	2	Rental boycotts	Mohale Attorneys appointed to secure garnishing orders	Rent collection reports	CEO 9
	Identify land parcels to create integrated housing units(BNG, GAP & Open market housing units and business sites by Dec 18	Date	New	Identify land parcels to create integrated housing units(BNG, GAP & Open market housing units and business sites by Dec 18	Identify land parcels to create integrated housing units(BNG, GAP & Open market housing units and business sites by Dec 18	Identified land parcels to create integrated housing units(BNG, GAP & Open market housing units and business sites by Dec 18	5	3	N/A	N/A	Board/Council resolution	CEO 10
Enhance revenue and asset	Identify additional land parcels to create	Date	New	Identify additional land parcels to create	Identify additional land parcels to create	Identified additional land parcels	5	3	N/A	N/A	Board/Council resolution	CEO 11

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Challenges	Interventions	POE	REF
base	rental housing Units by Dec 2018			rental housing units by Dec 2018	rental housing units by Dec 2018	to create rental housing units by Dec 2018						
	Identify additional land parcels to create residential 1 units & social housing Units by Dec 2018	date	New	Identify additional land parcels to create residential 1 units & social housing Units by Dec 2018	Identify additional land parcels to create residential 1 units & social housing Units by Dec 2018	Identified additional land parcels to create residential 1 units & social housing Units by Dec 2018	5	3	N/A	N/A	Board/Council resolution	CEO 12

### 1.3 Governance and Transformation scorecard 2018/2019

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Notes	Intervention	POE	REF
Improve admin and governance capacity	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by August 2018	Date	Aug 17	Aug 18	Submit AFS to AG	AFS submitted	5	3	N/A	N/A	Proof of submission	CEO 13
	Prepare and submit revised Budget to the Shareholder February 2019	Date	Feb 18	Feb 19	N/A	N/A	N/A	N/A	N/A	N/A	Proof of submission	CEO 14
	Prepare and submit the final Entity Budget to the Shareholder by March 2019	Date	Mar 18	Mar 19	N/A	N/A	N/A	N/A	N/A	N/A	Proof of submission	CEO 15



Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Notes	Intervention	POE	REF
	Prepare and submit the Entity Annual Report to the Shareholder by December 18	Date	Dec 17	Dec 18	N/A	Prepare and submit Annual report	Prepared and submitted Annual report	5	3	N/A	Proof of submission	CEO 16
	Submit the Annual Returns and/or amendments to CIPC by May 19	Date	May 18	May 19	N/A	N/A	N/A	N/A	N/A	N/A	Updated CIPC records	CEO 17
Improve admin and governance capacity	Maintain unqualified audit opinion by 20th Dec 2018	Frequency	Unqualified opinion	Maintain unqualified audit opinion by 20th Dec 2018	Maintain unqualified audit opinion by 20th Dec 2018	Unqualified audit opinion	5	3	N/A	N/A	Audit report	CEO 18
Invest in human capital and retain skills	Review HR Strategy by Feb 19	Date	Feb 18	Feb 19	N/A	N/A	N/A	N/A	N/A	N/A	Board Minutes	CEO 19
	Review HR Implementation Plan by	Date	Feb 18	Feb 19	N/A	N/A	N/A	N/A	N/A	N/A	Board minutes	CEO 20

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Mid Year Target	Mid Year Actual	Rating	Rating Achieved	Notes	Intervention	POE	REF
	Feb 19											

## 2. ASSESSMENT ON FINANCIAL PERFORMANCE

### 2.1 Financial Report as at Dec 2018

	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
<b>Sales</b>	<b>1 042 540.00</b>	<b>977 496.00</b>	<b>6 255 240.00</b>	<b>5 859 576.00</b>	<b>395 664.00</b>	6.33	<b>12 518 480.00</b>
Rental Income	1 042 540.00	977 496.00	6 255 240.00	5 859 576.00	395 664.00	6.33	12 518 480.00
Ga-Rena	876 540.00	815 940.00	5 259 240.00	4 890 240.00	369 000.00	7.02	10 518 480.00
Seshego C.R.U	166 000.00	161 556.00	996 000.00	969 336.00	26 664.00	2.68	2 000 000.00
<b>Other Income</b>	<b>991 866.67</b>	<b>990 010.95</b>	<b>3 971 200.02</b>	<b>3 960 716.92</b>	<b>10 483.10</b>	<b>0.26</b>	<b>11 022 400.00</b>
Admin Income	1 800.00		10 800.00	600.00	10 200.00	<b>94.44</b>	21 600.00
Operational grant Plk Muni	990 000.00	990 000.00	3 960 000.00	3 960 000.00	-		11 000 000.00
Interest Received	66.67	10.95	400.02	116.92	283.10	<b>70.77</b>	800.00

	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
<b>Total Income</b>	<b>2 034 406.67</b>	<b>1 967 506.95</b>	<b>10 226 440.02</b>	<b>9 820 292.92</b>	<b>406 147.10</b>	3.97	<b>23 540 880.00</b>
<b>Expenses</b>	<b>957 664.25</b>	<b>1 161 474.25</b>	<b>6 866 500.17</b>	<b>6 144 750.69</b>	<b>721 749.48</b>	<b>10.51</b>	<b>25 473 881.52</b>
Advertising and Promotions			38 000.00	35 696.00	2 304.00	6.06	110 000.00
Accounting Fees			-	-	-		300 000.00
Audit fees	28 000.00	328 923.13	480 000.00	777 635.67	(297 635.67)	<b>(62.01)</b>	480 000.00
Bank Charges	5 834.00	2 246.20	35 004.00	13 347.95	21 656.05	<b>61.87</b>	70 000.00
Landscaping & Garden services			-	-	-		50 000.00
U.I.F	3 840.00	3 039.82	23 040.00	16 866.29	6 173.71	<b>26.80</b>	46 559.00
Provident fund	43 932.00	43 968.68	263 592.00	248 746.58	14 845.42	5.63	527 179.00
S.D.L	5 000.00	4 297.87	27 100.00	25 222.52	1 877.48	6.93	51 879.00
B.C Admin levy/ Workman's Compensation	64.00	62.10	384.00	372.60	11.40	2.97	765.00
Courier & Postage			-	-	-		4 500.00
Credit checks			2 500.00	-	2 500.00	<b>100.00</b>	15 000.00
Depreciation			-	-	-		4 800 000.00
Directors Remuneration			695 000.00	639 678.50	55 321.50	7.96	1 827 383.52
Directors travel, accommodation & catering			119 000.00	118 838.89	161.11	0.14	322 840.00
Conference & Workshops	50 000.00	45 540.00	71 500.00	65 262.00	6 238.00	8.72	280 000.00
Medical aid	44 415.00	27 977.80	266 490.00	140 208.40	126 281.60	<b>47.39</b>	533 000.00
Membership fees			5 000.00	4 750.00	250.00	5.00	150 000.00

	Original Budget	Monthly Actual	YTD Budget	YTD Actual	YTD Variance	Var%	Full Year Budget
Insurance	50 000.00	16 958.43	300 000.00	94 646.71	205 353.29	<b>68.45</b>	600 000.00
Legal Fees			-	-	-		300 000.00
Motor vehicle-Fuel			-	-	-		110 000.00
Motor Vehicle-Repairs & Maintenance			-	-	-		80 000.00
Printing & Stationery	1 000.00	495.00	41 001.00	21 896.18	19 104.82	<b>46.60</b>	80 000.00
Staff Welfare	4 000.00	640.20	7 500.00	2 485.11	5 014.89	<b>66.87</b>	30 000.00
Staff Development ( Bursaries)			-	-			500 000.00
Repairs and Maintenance(Contracted Services)	1 500.00	940.90	66 500.00	59 985.64	6 514.36	9.80	800 000.00
Salary	508 379.25	504 711.33	3 050 275.50	2 667 562.86	382 712.64	<b>12.55</b>	6 100 551.00
13 Cheque			-	-	-		355 615.00
Overtime			8 400.00	8 358.18	41.82	0.50	40 000.00
Housing Allowance	14 700.00	14 000.00	88 200.00	84 000.00	4 200.00	4.76	176 400.00
Travel allowance			-	-	-		
Software Licenses			35 800.00	39 787.50	(3 987.50)	(11.14)	100 000.00
Temporary staff			-	-	-		10 000.00
Debt Impairment			-	-	-		4 000 000.00
Rental external equipment	15 000.00	4 399.80	90 000.00	26 398.80	63 601.20	<b>70.67</b>	180 000.00
Security	144 000.00	143 437.89	863 213.67	860 927.34	2 286.33	0.26	1 497 210.00
Subscriptions			-	-	-		
Safety clothing			-	-	-		60 000.00
Communications: Telephone and cell phones	25 000.00	8 340.40	150 000.00	65 666.28	84 333.72	<b>56.22</b>	300 000.00
Tenant committee			-	-	-		30 000.00

	<b>Original Budget</b>	<b>Monthly Actual</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>YTD Variance</b>	<b>Var%</b>	<b>Full Year Budget</b>
workshop							
Travel- staff	13 000.00	11 494.70	139 000.00	126 410.69	12 589.31	9.06	360 000.00
Valuation			-	-			150 000.00
			-	-			
Capital Expenditure			-	-			45 000.00
<b>Surplus / Deficit</b>	<b>1 076 742.42</b>	<b>806 032.70</b>	<b>3 359 939.85</b>	<b>3 675 542.23</b>	<b>(315 602.38)</b>		<b>(1 933 001.52)</b>

## 2.2 Variance Report

### Income

Admin Income is 94.44% under billed due to non allocation of new tenants to date as anticipated.

Interest Received is 70.77% less achieved due to lower rental collection as anticipated.

### Expenses

Audit fees are overspent by 62.01% as a result of Budget being erroneously captured, the R300 000 budget for accounting fees is actually for Audit fees as Accounting fees for the entity are paid for by the Parent Municipality. The budget was arrived at after using actual figures for 2017 , if R300 000 is added to R480 000 then the audit fees are within the budget the error of misallocation of budget will be rectified during budget adjustment.

Bank Charges are under by 61.87% as a result of rental boycott which leads to under collection of rental invoiced hence low bank charges against the budgeted amount.

Unemployed Insurance fund, is under spend by 26.80% due to vacant positions

Credit Checks is 100% not spend due to the fact that no new allocations of tenants were made.

Medical aid is under spent by 47.39% as a result of employees opting not to subscribe to medical aid and utilize their benefits but it remains budgeted.

Insurance is under spent by 68.45% as a result of PHA not having produced proof of fire extinguisher service certificate, as a result of this the insurer resolved not to have GA-Rena insured for fire. This led to the premium going down heavily against the budget. Non servicing of the fire extinguisher is as a result of boycotts at the village plus lockouts and theft of fire extinguisher at the village.

Printing and Stationery is under spent by 46.60% due to entity using Municipal printing facilities due relocation of PHA offices at civic center (Municipal main Building).

Staff Welfare is under spent by 66.87% as a result of relocation of PHA offices, the entity is utilizing Municipal consumables(detergents, soaps etc) stringent spending to cut costs

Salary is under spent by 12.55% due to vacant positions

Rental external equipment is under spent by 70.67% as a result of PHA not entering into new agreement for Photocopier. The entity currently uses municipal infrastructure since relocation

Communications is 56.22% less spent due to relocation of offices where Telkom Land lines are cancelled.

## 2.3 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

<b>POLOKWANE HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018</b>	
<b>Assets</b>	
Non Current- Assets	
Property, Plant And Equipment	99 123 928
	99 123 928
Current Assets	
Trade and other receivables	5 765 838
Cash and Cash equivalents	1 967 679
	7 733 517
<b>Total Assets</b>	<b>106 857 445</b>
<b>Equity and Liabilities</b>	
<b>Equity</b>	
Share Capital	1 000
Distributable reserve	27 964 484
Non- distributable reserve(Revaluation surplus)	75 653 283
	103 618 768
<b>Current Liabilities</b>	
Trade and other payables	3 238 677
	3 238 677
<b>Total Liabilities</b>	<b>3 238 677</b>
<b>Total Equity and Liabilities</b>	<b>106 857 445</b>