



**CITY OF JOHANNESBURG  
THE METROPOLITAN TECH COMPANY**

**2025/26**

**QUARTER TWO PERFORMANCE REPORT**

**Business Address:**

25 Ameshoff Street

Libridge Building, 13<sup>th</sup> Floor West

Braamfontein



a world class African city



### COMPANY INFORMATION

**Registration number** : Metropolitan Tech Company

**Registration number** : 1999/011422/30

**Registered Address** : 1<sup>st</sup> Floor, Forum IV, Braampark, Johannesburg

**Postal Address** : P.O. Box 1049, Johannesburg, South Africa, 2000

**Telephone number** : (011) 032 0250

**Fax number** : None

**Website** : <https://metrotech.co.za/>

**Bankers** : Standard Bank South Africa

**Auditors** : Auditor-General

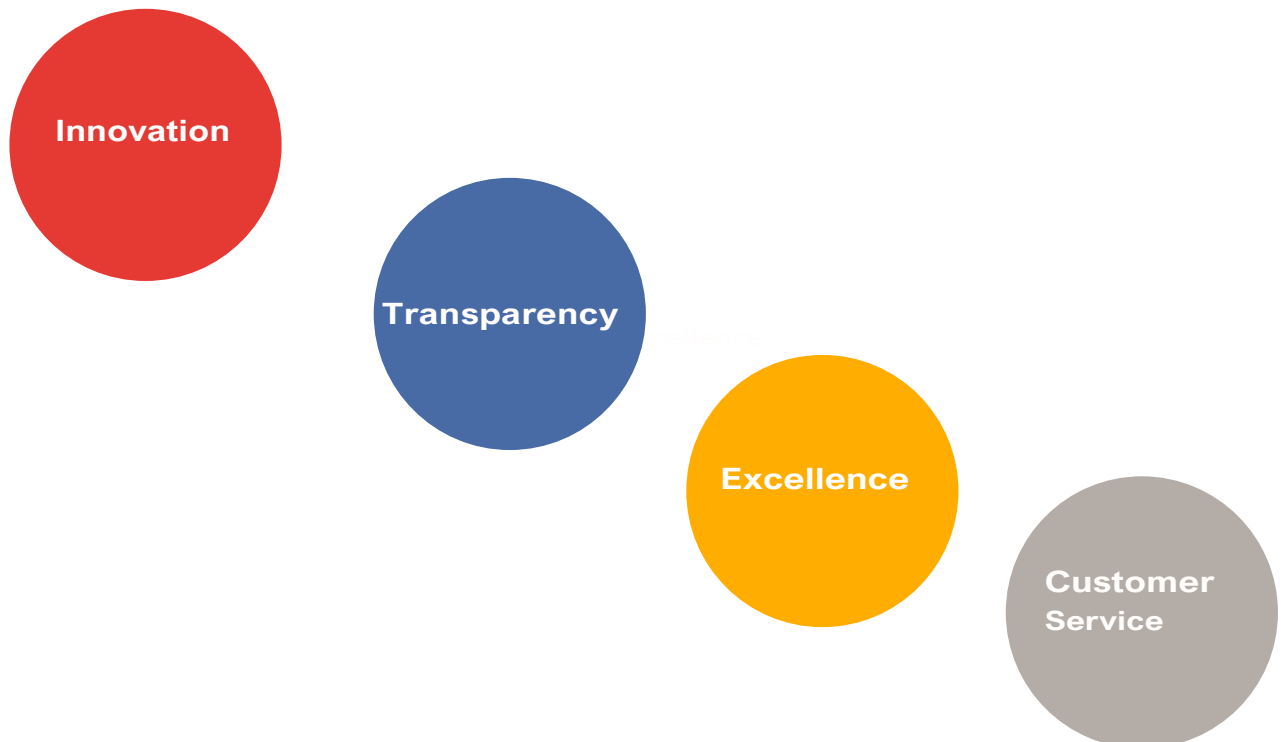
## Our **Vision**

To ensure and enable a digitally connected City

## Our **Mission**

To provide accessible and affordable digital services to stakeholders and citizens as an ICT provider. We aim to create a sustainable and harmonious environment that enhances the digital quality of life of citizens.

## Our **Values**



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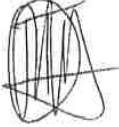
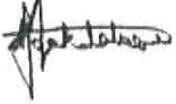




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## APPROVALS

Name and Surname	Signature	Date
<p><b>Mr. Rajen Chetty</b> Chief Financial Officer (CFO) MTC</p>		<p>15/01/2026</p>
<p><b>Mr. Thedi Moropa</b> Chief Executive Officer (CEO) MTC</p>		<p>15/01/2026</p>
<p><b>Mr. Makhate Jonas Nqakalatsane</b> Chairman of the Board MTC</p>		<p>16/01/2026</p>
<p><b>Mr. Luthando Sithembele Maboza</b> Executive Director (ED) Department of Transport</p>		<p>19/01/26</p>
<p><b>Mr. Kenny Kunene</b> Member of Mayoral Committee (MMC) Transport</p>		<p>19/01/26</p>

## ACRONYMS AND ABBREVIATIONS

CEO	Chief Executive Officer
CFO	Chief Financial Officer
BBBEE	Broad-Based Black Economic Empowerment
CCTV	Closed-Circuit Television
CoJ	City of Joburg
DPSA	Department of Public Service Administration
EPWP	Extend Public Work Program
GDS 2040	Growth and Development Strategy 2040
KPI	Key Performance Indicator
ME	Municipal Entity
MFA	Municipal Finance Management Act
MOI	Memorandum of Incorporation
MTC	Metropolitan Tech Company
NT	National Treasury
SALGA	South African Local Government Agency
SDA	Service Delivery Agreement
WIFI	Wireless Fidelity



# **CHAPTER 1**

**LEADERSHIP FOREWORD &**

**CORPORATE PROFILE**

**SECTION 1: CHAIRPERSONS FOREWORD****Makhate Jonas Nqakalatsane Board Chairperson**

I am pleased to present the Metropolitan Tech Company's Quarter Two Performance Report for the 2025/2026 financial year. This reporting period reflects steady progress in advancing the organisation's mandate as the City of Johannesburg's digital infrastructure enabler, while operating within a constrained and complex municipal environment. During the quarter under review, the Board continued to provide strategic oversight with a strong focus on governance, accountability, and alignment to the City's strategic priorities, including the Integrated Development Plan, the Growth and Development Strategy 2040, and the Smart City agenda. The Board remains committed to ensuring that the organisation delivers value through reliable, affordable, and effective ICT services to City departments, Municipal Entities, and residents. Governance remained a key area of focus during the quarter. The Auditor-General released an Unqualified Audit Opinion with findings, providing assurance on the credibility of the financial statements while highlighting areas requiring further improvement. The Board and management remain committed to addressing the identified findings through the implementation of corrective actions aimed at strengthening internal controls, enhancing compliance, and improving overall governance maturity.

Despite ongoing challenges, including financial pressures and infrastructure constraints, MTC continued to advance key service delivery initiatives aimed at improving digital access and inclusion. The rollout of public Wi-Fi infrastructure at strategic locations remains a priority, supporting the City's objective of expanding affordable broadband access and promoting socio-economic participation.

The Board acknowledges that human capital is a critical enabler of performance. Continued efforts to strengthen organisational capacity, stabilise key leadership positions, and enhance employee engagement remain essential to sustaining performance and achieving strategic objectives.

In closing, the Board is encouraged by the progress recorded during the second quarter and remains confident in management's ability to execute the approved strategy while responding effectively to emerging risks and opportunities. On behalf of the Board, I extend my appreciation to the executive management, employees, the Shareholder, and stakeholders for their continued commitment and support as we collectively advance the City's digital transformation agenda.

**SECTION 2: CEO'S REPORT****Thedi Moropa****Chief Executive Officer**

I am pleased to present the Metropolitan Tech Company's Quarter Two Performance Report for the 2025/2026 financial year. The second quarter reflects focused progress in strengthening operational performance, improving revenue-related outcomes, and advancing the organisation's strategic mandate as the City of Johannesburg's digital infrastructure enabler. During the period under review, management prioritised initiatives aimed at improving cash collection and revenue sustainability, recognising the critical role these play in stabilising the organisation's financial position. Targeted interventions to strengthen billing integrity, enhance customer engagement, and improve collections yielded positive results during the quarter, contributing to improved cash inflows and reinforcing the organisation's commitment to disciplined financial management.

In parallel, progress was recorded in expanding and stabilising the City's digital connectivity footprint. The number of active network connections increased during the quarter, reflecting continued demand for MTC's services and the organisation's role in enabling reliable connectivity for City departments and Municipal Entities. These achievements underscore the importance of MTC's network infrastructure in supporting service delivery, operational efficiency, and the broader Smart City agenda. Operational performance during the quarter was achieved within a challenging environment characterised by financial constraints, ageing infrastructure, and capacity limitations arising from critical vacancies. Despite these challenges, management remained focused on maintaining service continuity, improving response times, and addressing operational risks through targeted interventions and collaboration with key stakeholders.

Governance and compliance remained central to management's agenda. Continued progress was made in addressing internal audit findings, strengthening internal controls, and reinforcing a culture of accountability and ethical leadership. These efforts support the Board's objective of improving governance maturity and enhancing overall organisational resilience.

Human capital remains a key enabler of performance. Management continued to focus on workforce stability, performance management, and organisational redesign to ensure that the organisation is appropriately capacitated to deliver on its mandate in a sustainable manner.

Looking ahead, management will continue to prioritise revenue enhancement, cash flow stabilisation, network growth, and service reliability, while advancing initiatives that support digital inclusion and the City's Smart and Safer City objectives. These priorities will be pursued alongside ongoing efforts to strengthen governance, financial sustainability, and operational efficiency.



## **FINAL MTC QUARTER TWO REPORT 25/26**

In closing, I would like to thank the Board, employees, the Shareholder, and stakeholders for their continued support and commitment. Together, we remain focused on delivering sustainable value to the City of Johannesburg and advancing its digital transformation agenda.

**SECTION 3: CFO'S REPORT**

**Rajen Chetty**  
**Chief Financial Officer**

For the second quarter, MTC realised a deficit before taxation of R161,2m. Total revenue including the subsidy from COJ as of 31 December 2025 is R212,2m, which represents an increase of 22% from the comparative period. Revenue from the rendering of services is higher than budget due to the entity implementing higher-value projects on behalf of CoJ and Municipal Entities during the quarter. Revenue comprises of subsidy of R55,9m and sales of services of R156,3m. Net Interest income was recorded at Rnil due to cash balances held with Treasury being a negative R871m.

The main contributors towards expenditure are interest on the Shareholder Loan and Other expenditures, which include the cost of sales in relation to projects carried out.

**Financial Performance and Overview**

The Finance department is responsible for two of the entity's KPI's, which are the amount of revenue generated and the cash collection rate. In the second quarter, MTC achieved a cash collection rate of 101%. The entity achieved revenue of R156,3m against a target of R167.52m. It is important to note that from a trend perspective, the collection rates are quite high (> 100%) during the first two quarters of the financial year and tapers off during the third and fourth quarters. This is as a result of the method of calculation, as prescribed by the City, as well as the fact that billing for services starts off slowly at the beginning of the financial year and increases during the financial year, creating a higher outstanding debtors' balance at year-end. The entity endeavors to fast-track projects and ensure that a significant portion of billing is done by the end of the third quarter to enable the entity to collect the outstanding amounts by the end of the fourth quarter.

The cash balances held with the Treasury have decreased to a negative R871m as compared to a negative balance of R698m in the comparative period. The collection of debtors from other CoJ entities remains a challenge. This process remains a priority for MTC by ensuring there is continuous engagement with the various entities. MTC achieved a collection rate of 101% for the quarter. The entity has paid 60% of supplier invoices within the prescribed period. The cash flow challenges experienced by the City have resulted in 167 invoices being paid later than 30 days. The non-payment of supplier invoices within the prescribed period has also led to threats by service providers to down tools, which in turn affects service delivery.

The solvency ratio (0.83) is below the norm of 2 as a result of the Long-term Shareholder Loan increasing whilst the value of Property, Plant, and Equipment is decreasing due to depreciation. The Entity has been allocated a capital expenditure budget of R26,7m for the financial year, which will be used for WIFI commercialization and office upgrades. As of 31 December 2025, these projects are in progress and are expected to be completed in the third quarter.



The resolution of the Shareholder's Loan is still in progress, and an advanced tax ruling is being sought from SARS in respect of the conversion of the loan into equity. MTC has not made any payments during the quarter towards the loan balance.

### **Annual Audit**

The annual audit concluded on 30 November 2025. In prior year the entity achieved an Unqualified audit with findings. There was an overall improvement in the audit outcome due to fewer audit findings as well as improvements in some areas noted by the Auditor General. The entity is aiming for an improved audit outcome for the 2026/27 financial year.

### **Resolution of UIFWe (Unauthorised, Irregular, Fruitless and Wasteful Expenditure)**

The Board has approved the write-off of certain UIFW expenditures for the 2023/24 and 2024/25 financial years. Management was requested by the Board to obtain a legal opinion on these expenditures and after considering the opinion, certain UIFW expenditures were written off. Management is improving controls to reduce the amount of UIFWe that the entity incurs.

### **Future Outlook**

The sale of the network assets was cancelled on 31 December 2024 which necessitated a change in the organisation's strategic direction.

The other key focus areas will be a more targeted approach toward the collection of outstanding internal debtors to improve the working capital of the entity and the resolution of the shareholder's loan.

**SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY**

**NETWORK MODELS ACROSS THE CITY OF JOHANNESBURG**

The physical network of MTC across the CoJ, indicating core nodes, is depicted in the diagram below as per Images 1 and 2.

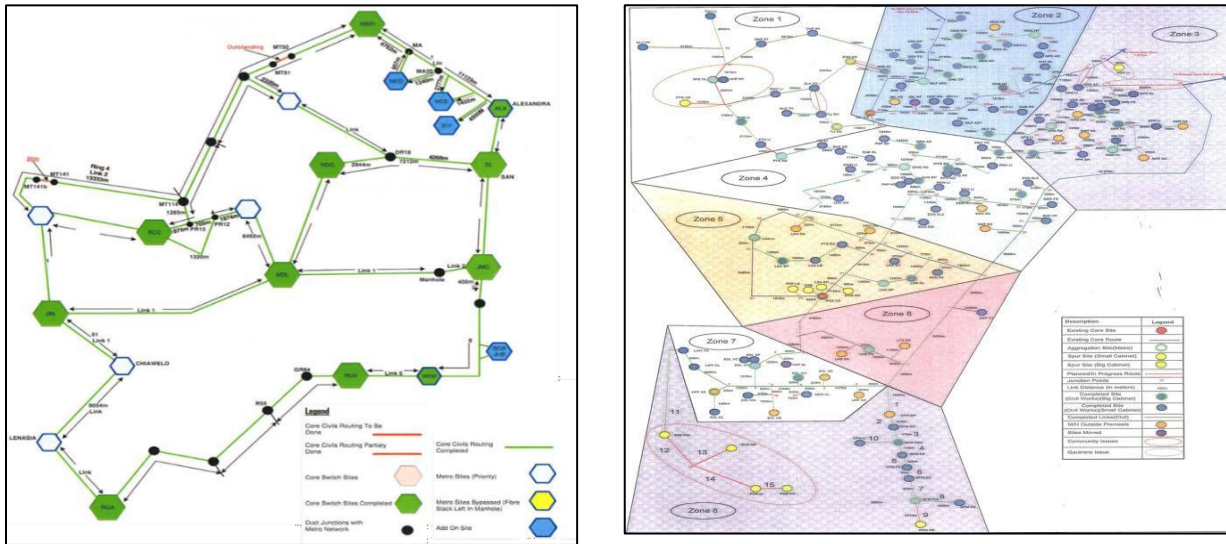


Figure 1: Core Nodes

**MTC Scope of Operation:**

The demand for MTC services and the vision to grow the network will result in the increase of the core nodes and the concentration of point of presence to accommodate the business requirements of MTC resulting in the fulfillment of the mandate to advance the Smart City initiatives and community digitalization.

**SECTION 5: STRATEGIC OBJECTIVES**

**NATIONAL OUTCOME:**

Responsive, Accountable, Effective, and Efficient Local Government

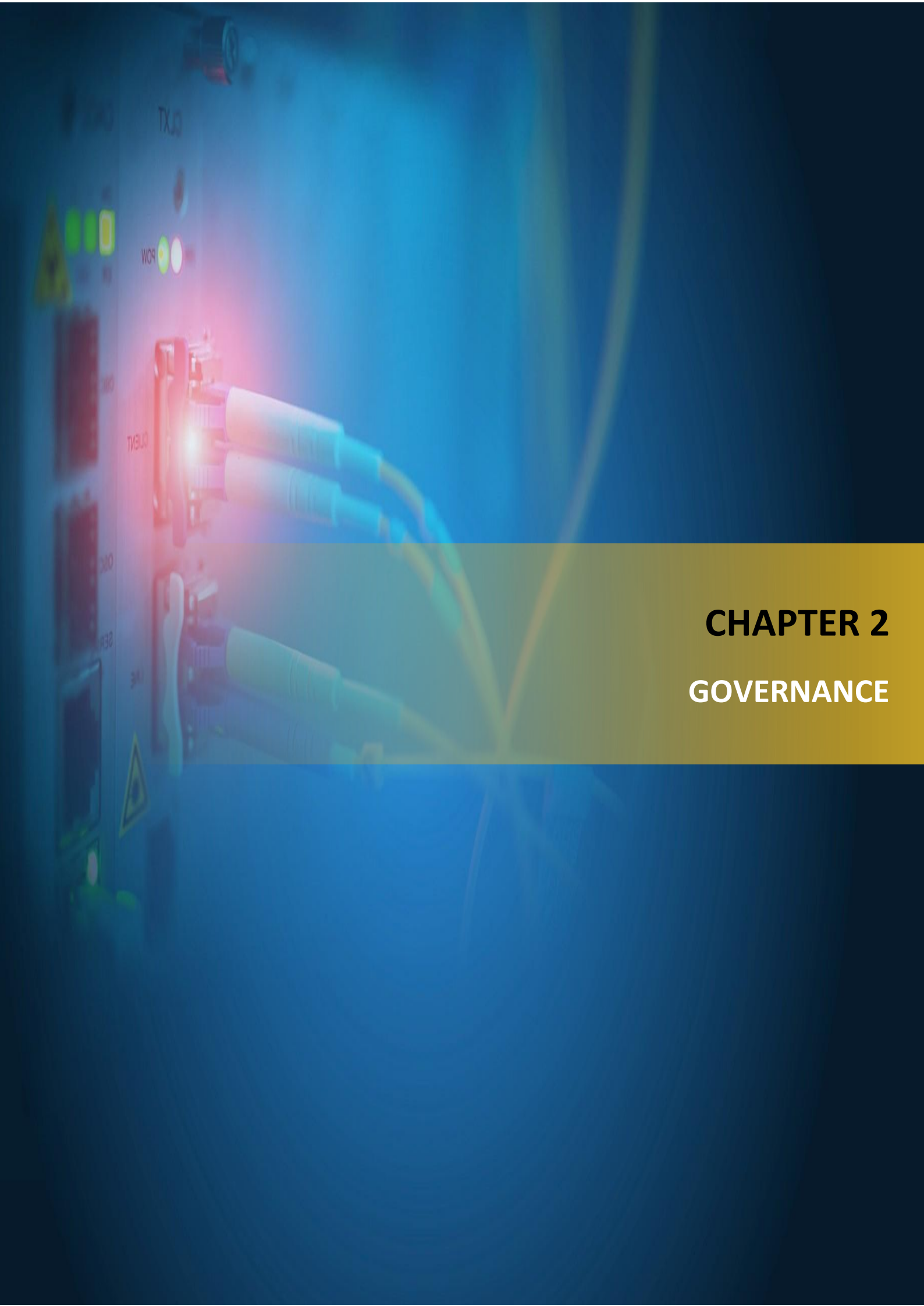
**GDS OUTCOME 4:**

A High Performing Metropolitan Government that Proactively Contributes to and Builds a Sustainable, Socially Inclusive, Locally Integrated and Globally Competitive Gauteng City Region.

STRATEGIC PRIORITIES:

All these are depicted below:

NDP 2030	GGT 2030	JOBURG 2040
<ul style="list-style-type: none"> <li>- Building an inclusive economy that creates jobs and reduces inequality</li> <li>- Investing in infrastructure to support economic growth and social development</li> </ul>	<p><b>Priority 1:</b> Economy, Jobs and Infrastructure</p> <p><b>Priority 2:</b> Safety, Social Cohesion</p>	<p><b>Outcome 1:</b> Improved quality of life and development driven resilience for all.</p> <p><b>Outcome 3:</b> An inclusive, job intensive resilient, competitive and smart economy that harnesses the potential of citizens.</p>
<b>MTC STRATEGIC GOALS</b>	<b>STRATEGIC PRIORITIES:</b>	
<ul style="list-style-type: none"> <li>▪ Financial sustainability</li> <li>▪ Smart city</li> <li>▪ Safer city</li> <li>▪ Good governance</li> <li>▪ Sustainable service delivery</li> <li>▪ Sustained economic growth</li> <li>▪ Active and engaged citizenry</li> </ul>	<ol style="list-style-type: none"> <li>1. Financial Sustainability</li> <li>2. Energy Mix</li> <li>3. Sustainable Service Delivery</li> <li>4. Job Opportunity and Creation</li> <li>5. Good Governance</li> <li>6. Infrastructure Development</li> <li>7. Safer City</li> <li>8. Active and Engaged Citizenry</li> <li>9. Sustained Economic Growth</li> <li>10. Green Economy</li> <li>11. Smart City</li> </ol>	
	<b>PRIORITY PROGRAMMES:</b>	
	<ol style="list-style-type: none"> <li>1. Financial Sustainability</li> <li>2. Good Governance</li> <li>3. A Safe City</li> <li>4. A Smart City</li> </ol>	



**CHAPTER 2**  
**GOVERNANCE**

## CHAPTER 2: GOVERNANCE

### SECTION 1: GOVERNANCE SECTOR

#### GOVERNANCE FRAMEWORK

Metropolitan Tech Company (MTC) recognizes that managing its affairs with integrity is essential to maintaining the confidence of both the City of Johannesburg Metropolitan Municipality and the public it serves. The Board of Directors and management of MTC are committed to upholding the highest standards of corporate governance.

The Board is satisfied that management has endeavored to comply with all applicable legislation. Accordingly, MTC's administration and decision-making processes adhere to the requirements of the Municipal Finance Management Act (MFMA), the Municipal Systems Act (MSA), and the Companies Act. Furthermore, MTC aligns its governance practices with the principles outlined in the King IV Report on Corporate Governance for South Africa, 2016, which sets out best practices for responsible leadership and ethical business conduct.

The Board of Directors and executive management also subscribe to the Code of Conduct for Directors, as referenced in section 93L of the MSA, MFMA Circular 63, and the King IV Code. MTC is managed ethically and within reasonably determined risk parameters, in line with its public mandate.

#### KING IV CODE OF CORPORATE GOVERNANCE

The King IV Code promotes an environment of trust, transparency, and accountability, critical elements in ensuring long-term investment, business integrity, and financial sustainability. MTC uses the King IV principles to enhance the effectiveness of its governance structures and ensure responsible corporate citizenship.

#### CODE OF CONDUCT FOR DIRECTORS AND EMPLOYEES

The conduct of directors and employees of MTC is guided by the Municipal Systems Act, which provides a framework for ethical leadership, conflict of interest management, and the proper discharge of responsibilities by individuals in public service.

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## ETHICAL LEADERSHIP

In line with the provisions of the MSA, the Board has adopted both a Code of Conduct for Directors and a Code of Conduct for Employees. These documents provide guidance on the expected standard of ethical behavior in the execution of duties across the organization.

The Board considers ethical leadership to be a cornerstone of corporate governance. It promotes these values across all levels of MTC. Directors and employees are expected to uphold high standards of business and personal ethics in all their dealings. MTC, as both a company and a municipal entity, is committed to its core values of: Customer-centrism, Reputability, Innovation, Sustainability, and Professionalism. These values guide MTC's internal culture and external stakeholder engagement.

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## BOARD CHARTER

The Board has incorporated the City of Johannesburg's Corporate Governance Protocol into its Charter. This protocol defines the relationship between the City, as the sole shareholder, and MTC, as the municipal entity. It is grounded in the principles of the King IV Code and promotes good corporate governance and ethical conduct. The Board Charter outlines the composition, powers, and responsibilities of the Board. The structure of the Board is designed to ensure a balanced mix of knowledge, skills, experience, diversity, and independence—appropriate to the strategic direction of the company.

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## THE LEGISLATIVE FRAMEWORK

The current legislative framework governing municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the enactment of the Municipal Finance Management Act (MFMA).

- Chapter 8A of the MSA came into effect on 1 August 2004, outlining provisions specific to municipal entities.
- The MFMA came into effect on 1 July 2004, with transitional arrangements based on municipal capacity.
- The MSA recognizes three types of municipal entities: Private companies (such as MTC), Service utilities, and multi-jurisdictional service utilities.

MTC has been incorporated as a private company (SOC Ltd) in terms of the Companies Act and is wholly owned by the City of Johannesburg. It is therefore subject to the provisions of the Companies Act, in addition to municipal legislation.

**KEY LEGISLATION REFERENCED**

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA), NO.56 OF 2003**

The MFMA governs the financial management of municipalities and their entities. It ensures transparency, accountability, and sound financial governance.

**CIRCULAR 63 MFMA**

Circular 63 provides guidance on the structure and content of municipal annual reports. It ensures that financial and non-financial performance is reported uniformly across all municipal entities.

**MUNICIPAL SYSTEMS ACT (MSA), NO. 32 OF 2000**

This Act provides the legal foundation for the operation, governance, and performance management of municipalities and their entities.

**SECTION 93L**

Section 93L of the MSA outlines the principles governing the ethical conduct of directors and staff in municipal entities.

**COMPOSITION, KEY ACTIVITIES, AND BOARD MEMBER REMUNERATION:**

1. Board of Directors Mr. Makhate Jonas Nqakalatsane (Appointed 31 July 2024)	Non-Executive Director, Board chairperson
2. Ms. Patricia Jacobs	Non-Executive Director
3. Mr. Jacques Burt Watson	Non-Executive Director
4. Ms. Myrtle Charmaine Williams	Non-Executive Director
5. Mr. Manene Tabane	Non-Executive Director

6. Mr. Ingle Singh	Non-Executive Director
7. Ms. Maphale Victoria Mamogobo	Non-Executive Director
8. Mr. Trevor Goldsmith	Non-Executive Director
9. Mr. Thedi Moropa	Executive Director, Chief Executive Officer
10. Mr. Rajen Chetty	Executive Director, Chief Financial Officer

**Table 1: Board members (as of 31 December 2025)**

The Board of Metropolitan Tech Company comprises both 2 Executive Directors and 8 Non-Executive Directors, all appointed by the City of Johannesburg, the sole shareholder.

### **Board Appointments:**

All Board members, including the Chairperson, Mr. Makhate Jonas Nqakalatsane, were initially appointed on 31 July 2024, when the new Board was constituted following the end of the previous Board term, and were subsequently reappointed at the Annual General Meeting on 29 October 2025, ensuring continuity for the current financial year.

### **Composition of the Sub Committees**

During the second quarter of the 2025/2026 financial year, the Metropolitan Tech Company Board operated through three duly constituted sub-committees, namely the Audit and Risk Committee (ARC), the Human Resources, Social and Ethics Committee (HSEC), and the Service Delivery Committee (SDC). All sub-committees functioned in accordance with their approved terms of reference.

No changes to the composition of the Board sub-committees occurred during Q2 2025/2026. All members, including Independent Audit Committee members, continued in office throughout the reporting period. No resignations or new appointments were recorded.

### **Audit and Risk Committee (ARC)**

The Audit and Risk Committee comprised six (6) members, consisting of three (3) Independent Audit Committee members and three (3) Non-Executive Directors.

### Human Resources, Social and Ethics Committee (HSEC)

The Human Resources, Social and Ethics Committee comprised four (4) Non-Executive Directors.

### Service Delivery Committee (SDC)

The Service Delivery Committee comprised five (5) Non-Executive Directors.

*The tables below reflect the composition of the Board sub-committees, including Independent Audit Committee members and Non-Executive Directors, as at 31 December 2025.*

#	Independent Audit and Risk Committee (ARC),
1	Ms. Taryn-Lee Roman
2	Ms. Devaney Rayners
3	Ms. Althea Cluff

**Table 2: Independent Audit Committee (IAC) members serving on Audit and Risk Committee**

No.	ARC	HSEC	SDC
1.	Patricia Jacobs (Chairperson)	Jacques Burt Watson (Chairperson)	Myrtle Williams (Chairperson)
2.	Jacques Burt Watson	Makhate Jonas Nqakalatsane	Maphale Victoria Mamogobo
3.	Ingle Singh	Manene Tabane	Manene Tabane
4.	*Taryn-Lee Roman	Maphale Victoria Mamogobo	Trevor Goldsmith
5.	*Deveney Rayners		Makhate Jonas Nqakalatsane
6.	*Althea Cluff		
<b>Total</b>	<b>6</b>	<b>4</b>	<b>5</b>

**Table 3: Members of Sub-Committees (ARC, HSEC, SDC)** \*Denotes Independent Audit Member

**BOARD ACTIVITIES**

The Board and its sub-committees hold ordinary meetings on a quarterly basis. Special meetings may be convened, up to a maximum of three per annum, where the need arises and subject to the City Manager’s prior written approval. Each meeting agenda includes a standing item for the declaration of interests to ensure transparency and adherence to governance standards.

During Q2 2025/26 (1 October – 31 December 2025), the Board convened one (1) ordinary meeting, one (1) special meeting, and one (1) Chairperson’s quarterly meeting, held on 28 October 2025.

Each sub-committee, namely the ARC, HSEC, and SDC, held one (1) ordinary meeting during the quarter. In addition, the ARC convened one (1) special meeting.

No conflicts of interest were declared during Q2 2025/26, and all attendance registers and declarations of interest are maintained by the Company Secretary and are available for inspection.

The Chairperson of the ARC attended one (1) Group Audit Committee (GAC) meeting on 29 October 2025 and one (1) Group Risk and Governance Committee (GRGC) meeting on 12 November 2025.

**BOARD MEETING DESCRIPTIONS**

The date and description of each meeting are reflected hereunder:

Date of Meeting	Meeting Description
21 October 2025	Ordinary Board Meeting
16 October 2025	Ordinary ARC Meeting
15 October 2025	Ordinary SDC Meeting
14 October 2025	Ordinary HSEC Meeting
27 November 2025	Special ARC Meeting
28 November 2025	Special Board Meeting

**Table 4: Board and Sub-Committee meetings held during the quarter.**

**ATTENDANCE AT MEETINGS**

✓ Attended; x Apology; n/a -not a member.

	Designation	Board Meetings (Special meeting)		Chairperson's Quarterly
		21/10/2025	28/11/2025	28/10/2025
Mr. Makhate Jonas Nqakalatsane	NED and Board Chairperson	✓	✓	✓
Ms. Patricia Jacobs	NED	✓	✓	
Mr. Jacques Burt Watson	NED	✓	✓	
Ms. Myrtle Charmaine Williams	NED	✓	✓	
Mr. Manene Tabane	NED	✓	✓	
Ms. Maphale Victoria Mamogobo	NED	✓	✓	
Mr. Trevor Goldsmith	NED	✓	✓	
Mr. Ingle Singh	NED	✓	✓	

**Table 5: Chairperson's Quarterly and Board Meetings attendance register**



**DIRECTOR AND PRESCRIBED OFFICER REMUNERATION**

Non-Executive Directors and Independent Audit Committee Members are remunerated per meeting attended, in accordance with the City of Johannesburg’s Group Policy on Governance. Executive Directors and prescribed officers are employees of the Metropolitan Tech Company SOC Ltd and do not receive additional remuneration.

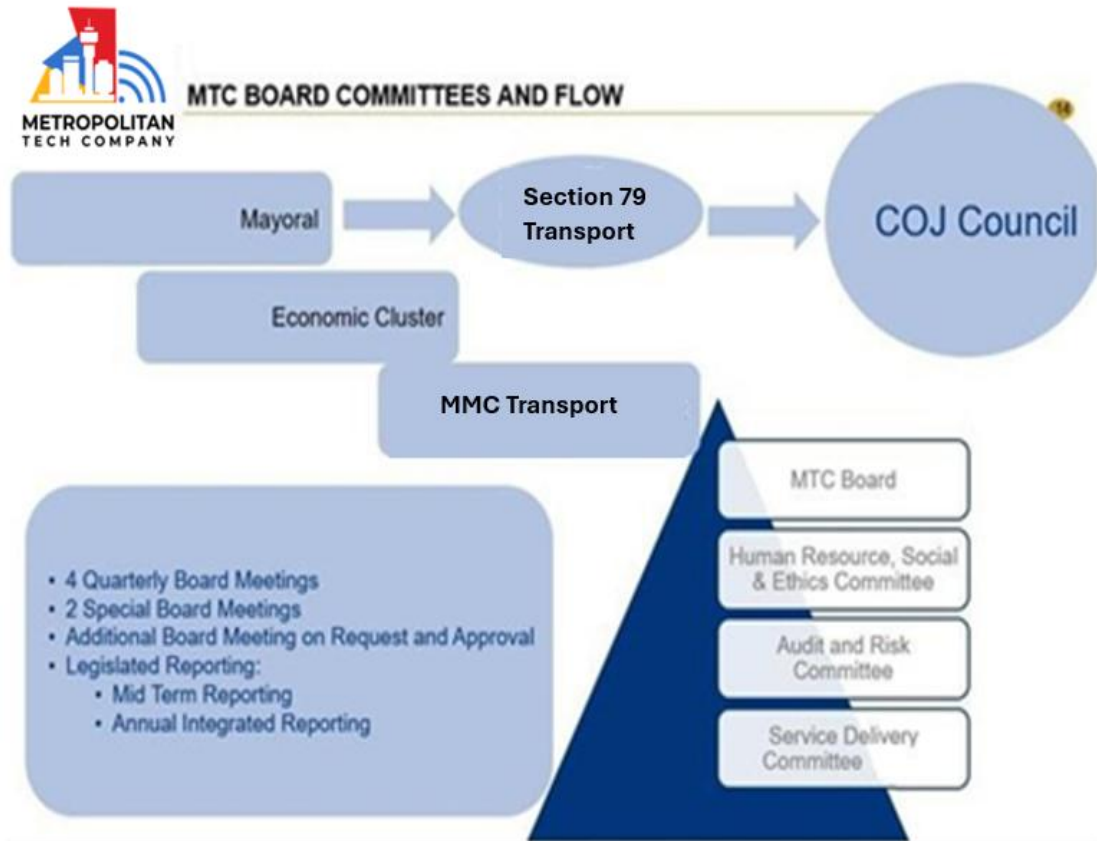
✓ Attendance of Board and IAC members appointed in July 2024 and reappointed 29 October 2025				
Name	SDC	ARC	HSEC	ARC (Special meeting)
	15/10/25	16/10/25	14/10/25	27/11/2025
Makhate Jonas Nqakalatsane	✓		✓	
Patricia Jacobs		✓		✓
Jacques Burt Watson		✓	✓	✓
Myrtle Charmaine Williams	✓			
Manene Tabane	✓		✓	
Ingle Singh		✓		✓
Maphale Victoria Mamogobo	✓		✓	
Trevor Goldsmith	✓			
Taryn-Lee Roman		✓		✓
Deveney Rayners		✓		✓
Althea Cluff		✓		✓

**Table 6: Board Sub Committee Meetings attendance register**

**BOARD FEES FOR THE QUARTER**

Name	Surname	2 <sup>nd</sup> Qtr.
Makhate Jonas	Nqakalatsane	R58 520
Patricia	Jacobs	R66 880
Jacques Burt	Watson	R52 250
Myrtle Charmaine	Williams	R35 440
Manene	Tabane	R41 800
Ingle	Singh	R41 800
Maphale Victoria	Mamogobo	R41 800
Trevor	Goldsmith	R33 440
Taryn-Lee	Roman	R16 720
Deveney	Rayners	R16 720
Althea	Cluff	R16 720

**Table 7: Board Fees**



**Figure 3: MTC Board Committees & Flow**

**MTC’S REMUNERATION POLICY**

MTC compensates its non-executive directors and independent audit committee members per meeting attended according to the CoJ Group Policy on the Governance of the Group Advisory Committees, Municipal Entities’ Boards of Directors, and Independent Audit Committees dated 5 October 2021 (CoJ Group Policy on Governance). Prescribed officers, employees of MTC or COJ, receive no additional compensation for their roles.

**Senior management remuneration**

MTC’s executives have four vacant posts, namely Head of Legal, Corporate Strategy & Reporting Executive, Chief Operating Officer and Head of Risk and Compliance. MTC did not make any of the following types of payments during the reporting period in line with the policy:

- Termination of Employment and/or Office
- Sign-on, retention, and restraint payments.

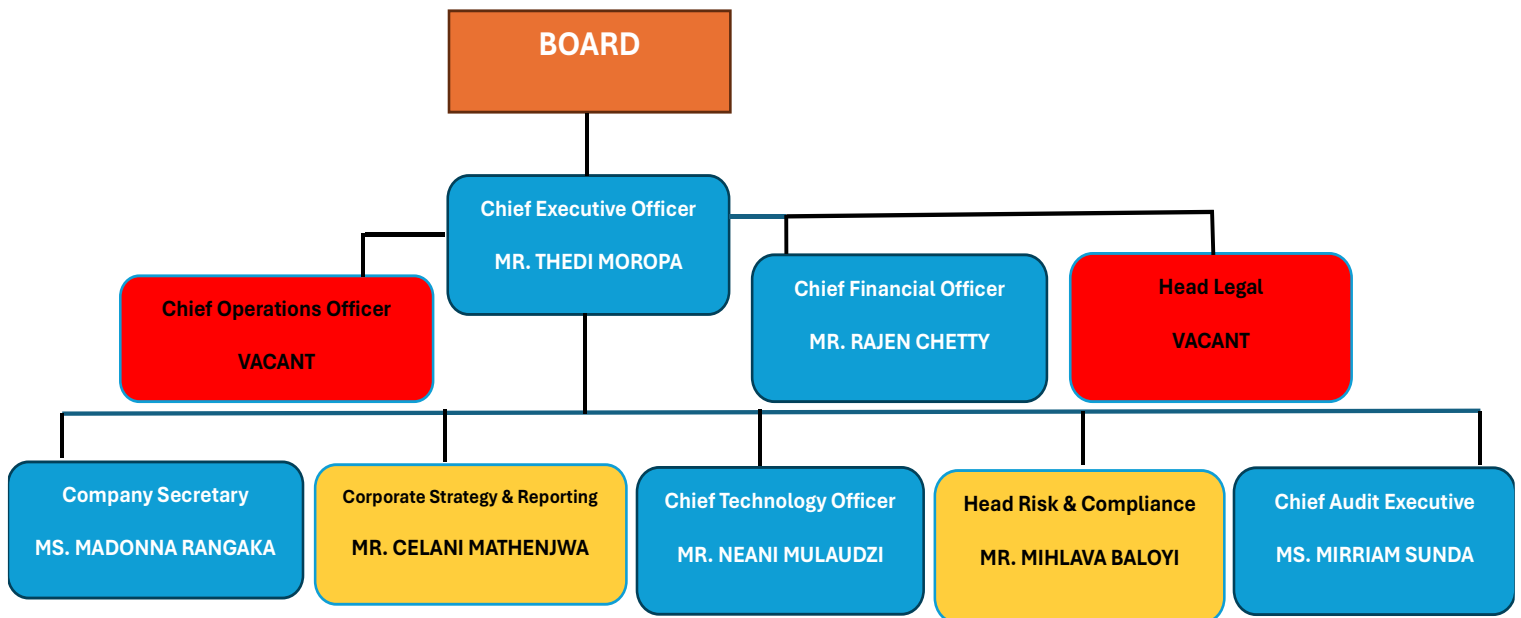
- Commissions and Allowances over and above as prescribed in the City’s Remuneration Policy
- Pre-vesting forfeiture and post-vesting forfeiture of remuneration

**SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE**

The Approved Organizational structure per line department is outlined below.

Board	
Vacant Positions	
Permanent Positions	
Acting	

Figure 4: Company Organogram



### SECTION 3: RISK MANAGEMENT

The Entity maintains and implements Enterprise Risk Management (ERM) in accordance with the provisions of Section 62(1)(c)(i) and 95(c)(i) of Municipal Finance Management Act, the King IV report on Corporate Governance and applicable risk management standards such as the ISO 31000.

**In line with ERM the Entity maintained and monitored the following risk registers during the quarter:**

- Strategic Risk Register
- Operational risk registers for all departments
- Ethics, Fraud, and Corruption Risk Register

#### RISK MANAGEMENT IMPLEMENTATION PLAN MONITORING

The Entity continues to implement the Risk Management Implementation Plan as approved by the Board. The plan outlines specific activities to be carried out by the Risk Management and Compliance Unit during the 2025/26 financial year.

For the quarter under review, the Unit achieved a performance rate of 100% against the planned risk management activities. This reflects the progress made in executing the approved initiatives and highlights areas where continued focus is required to meet annual targets:

Details	No of Activities	Activities Implemented	Activities not Implemented
Progress	7	7	0
Percentage		100%	0%

#### Risk and Compliance Challenges

- Lack of Risk Management tools (System).
- Insufficient human capacity, with a vacancy rate of 75%. A temporary resource was appointed through an acting arrangement to augment operational capacity.

**Risk Landscape**


<p><b>Financial / Fiscal Risk</b></p> <ul style="list-style-type: none"> <li>▪ Weak revenue collection: The entity struggles to collect debts owned by the City and Entities</li> <li>▪ Liquidity problems: The Entity finished the year 2024/25 with negative cash balance</li> <li>▪ Unauthorised, irregular, fruitless and wasteful expenditure: The shareholder loans continue to accumulate interest adding to fruitless and wasteful expenditure.</li> </ul>	<p><b>Governance, Accountability &amp; Leadership Risk</b></p> <p>Skills shortages &amp; capacity constraints: The entity has insufficient capacity with high vacancy rate</p>
<p><b>Service Delivery &amp; Infrastructure Risks</b></p> <p>Aging infrastructure: The Entity’s Network Infrastructure has aged and reached end of life and out of support.</p>	<p><b>External &amp; Environmental Risks</b></p> <p>Climate change / disasters: The entity is also vulnerable to floods, droughts, storms, etc. These events damage infrastructure.</p>
<p><b>Political &amp; Social Risk</b></p> <ul style="list-style-type: none"> <li>▪ Service delivery protests: When basic services fail or are perceived to be failing, communities often respond with protests, which can escalate and further strain the entity’s resources.</li> <li>▪ Political instability: Changes in political leadership, lack of alignment between governing structures, or interference in senior appointments can lead to unstable administration.</li> </ul>	<p><b>Risk of Non-compliance &amp; Legal Exposure</b></p> <ul style="list-style-type: none"> <li>▪ Non-compliance with legislation: Procurement irregularities, not observing tender regulations, failing to comply with municipal financial management framework or systems acts</li> </ul>

**QUARTER 2 2025/2026 FINANCIAL YEAR STRATEGIC RISKS MONITORING**

During the year under review, eight (8) Strategic Risks were identified through the Annual Strategic Risk Review exercise. Each risk is briefly described below and ranked according to its **residual risk level**—reflecting the remaining exposure after considering existing controls and mitigation measures.


The table below provides a summary of the identified Strategic Risks, including their descriptions and residual risk rankings:

**SR 1 - Service Degradation Risk**


<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ End of life and end of support network (Aging network equipment causes slower speeds, higher latency, and frequent outages).</li> <li>▪ Lack of investment into refurbishment and maintenances of the network</li> </ul> 	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Inability to achieve network availability KPIs</li> <li>▪ Inability to achieve the COJ Smart City Objectives due to unreliable network</li> <li>▪ Business Closure</li> <li>▪ Inability to attract new business and retain existing business</li> <li>▪ Business Interruption</li> <li>▪ Reputational Damage</li> <li>▪ Financial Loss</li> <li>▪ Poor service delivery</li> <li>▪ Large scale of disruption of digitally services</li> </ul>
<p><b>Controls:</b></p> <p>Reactive Maintenance of the network through managed service.</p>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p>Very High</p>
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Conduct full network audit (capacity, uptime, equipment status)</li> <li>▪ Commission a full-market research study</li> <li>▪ Request to for the entity to be exempted from the sweeping of account and channel it back into network upgrades.</li> </ul>	

- Conduct feasibility study for revenue-sharing or co-investment models
- Continue with reactive maintenance of the network


**SR 2 - Business Interruptions**

<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Lack of Business Continuity Plans and Inadequate Disaster Recovery Plan</li> <li>▪ Loadshedding and Water Shedding</li> <li>▪ Natural disasters due to Climate Change</li> <li>▪ Inadequate facilities to host infrastructure (Carries grade data centre facilities with air conditioning, uninterrupted power supply, security, and site access control).</li> <li>▪ Legacy System and Outdated infrastructure</li> </ul>	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Business Interruption</li> <li>▪ Reputational Damage</li> <li>▪ Financial Loss</li> <li>▪ Poor Service Delivery</li> </ul>	
<p><b>Controls:</b></p> <p>Combined Assurance Framework</p> <ul style="list-style-type: none"> <li>▪ Combined Assurance Forum</li> <li>▪ Facilities Lease Agreement</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p><b>Very High</b></p>	
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Convey a combined assurance forum</li> <li>▪ Testing of Disaster Recovery plan</li> <li>▪ Review Business Impact Analysis</li> <li>▪ Develop Business Continuity Plan</li> <li>▪ Procurement of new office facilities</li> <li>▪ Implementation of the MTC Incident processes (SOP and Manuals)</li> </ul>		

**SR3 Ineffective Stakeholder engagement / Communication Channels**

<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Inadequate Brand Positioning and Marketing</li> <li>▪ Lack of stake holder engagement programme</li> </ul> 	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Uncompetitive</li> <li>▪ Possible closure</li> <li>▪ Financial Losses</li> </ul>
<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>▪ Communication plan</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p><b>Very High</b></p>
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Development of the branding reposition</li> <li>▪ Brand awareness (Implementation of Marketing Campaign and Brand repositioning)</li> <li>▪ Developing Sales and Marketing strategy</li> </ul>	


**SR4 Solvency Risk**

<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Shareholders Loan</li> <li>▪ Poor collection of outstanding amounts.</li> <li>▪ Inability to fully enforce the entity's mandate</li> </ul> 	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Insolvency</li> <li>▪ Increasing gearing ratio.</li> <li>▪ Liquidity Issues</li> <li>▪ Increase In bad</li> </ul>
<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>▪ Service delivery agreement</li> <li>▪ Debt Management and Write-off Policy</li> <li>▪ Subsidy</li> <li>▪ Discussion on the shareholders loan conversion</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p><b>High</b></p>


**Future Treatment Strategies:**

- Evaluate All Possible Options To Address the Shareholder Loan
- Evaluate And Pursue Grant Opportunities For Network Refreshment
- Implementation of the recommendation to address the Shareholders loan.
- Reconciliation of all Debt owed and submit to the Group for Consideration
- Obtain support or endorsement from the city through a by-law or memo from the City Manager
- Monitoring of the Hotline and investigation of reported cases

***SR5 Slow pace of digital transformation and cyber security vulnerabilities***

<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Reactive approached based on the end user request.</li> <li>▪ Shortage of technical skills to exploit existing resources and opportunities</li> </ul>	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Business Interruption</li> <li>▪ Reputational Damage</li> <li>▪ Financial Loss</li> <li>▪ Business Continuity Risk</li> </ul> 
<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>▪ Service delivery agreement</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p style="text-align: center;"><b>High</b></p>
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Map current ICT solutions offered and utilization across departments and communities</li> <li>▪ Conduct structured needs assessments with key departments and external user segments</li> <li>▪ Track digital service gaps through internal COJ usage data and resident service feedback</li> <li>▪ Develop a prioritised ICT solution roadmap (quick wins + long-term tools)</li> <li>▪ Develop solutions with stakeholders to enhance end-user.</li> <li>▪ Innovate - Pilot solutions with feedback loops and refine before scaling</li> <li>▪ Review the Organisational structure to add critical IT skills</li> <li>▪ Implementation of smart city projects</li> </ul>	

**SR6 Ineffective Governance structures**


<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Non implementation of recommendations by assurance providers</li> <li>▪ Fluidity in the City’s Political Leadership Impacting on MTC governance</li> <li>▪ Constance changes in the regulatory requirements</li> <li>▪ Outdated Policy and procedure Manuals</li> </ul>	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Negative Audit Opinion</li> <li>▪ Reputational damage</li> <li>▪ Financial Loss</li> </ul> 
<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>▪ Internal Audit Methodology and Plan</li> <li>▪ Risk Management Policy and Framework</li> <li>▪ Board Charter</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p style="text-align: center;"><b>Medium</b></p>
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Implementing Audit Action Plan for AG Findings</li> <li>▪ Implementing Audit Action Plan for Internal Audit</li> <li>▪ Implementation of the work plan</li> </ul>	

**SR7 Lack of economic growth in the city**

<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Inadequate Enterprise development Strategy and Plan</li> <li>▪ Insufficient technical Capacity within SMME’s.</li> <li>▪ Budgetary Constraints</li> </ul>	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Low Economic growth</li> <li>▪ High employment rate</li> </ul>
<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>▪ SCM Policy</li> <li>▪ SMMEs database</li> <li>▪ DED Report</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p style="text-align: center;"><b>High</b></p>
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Implement a Enterprise Development Strategy and Plan</li> </ul>	

- Appointment of SMMEs on a new panel
- Development of SMMEs
- Create EPWP Jobs

**SR8 Inadequate organizational performance**

<p><b>Root Causes</b></p> <ul style="list-style-type: none"> <li>▪ Manual processing of critical business processes (SCM, HR, Finance , Risk, Audit, Operations, SCM.</li> <li>▪ Inadequate performance management system</li> <li>▪ Inadequate organisational structure to accommodate career ladder and development</li> <li>▪ Lack/insufficient human capital</li> <li>▪ Inadequate integrity checks</li> <li>▪ Lack of ethical risk culture</li> </ul>	<p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>▪ Poor service delivery</li> <li>▪ Financial Losses</li> <li>▪ Low economic growth</li> <li>▪ Reputational damage</li> <li>▪ Non-Compliance with Applicable Legislations</li> <li>▪ Negative audit findings</li> <li>▪ Under performance of the organisation</li> </ul> 
<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>▪ Approved Organisation Structure</li> <li>▪ Performance Management Policy</li> <li>▪ Fraud and corruption policy</li> <li>▪ Approve talent acquisition policy, succession planning, retention strategy, and talent management strategy</li> <li>▪ Training and development plan</li> <li>▪ Organisational Design and Development</li> <li>▪ Debt Management and Write-off Policy</li> <li>▪ Recruitment policy</li> </ul>	<p><b>Residual Risk Rating at Initial Assessment:</b></p> <p style="text-align: center;"><b>High</b></p>
<p><b>Future Treatment Strategies:</b></p> <ul style="list-style-type: none"> <li>▪ Digitize Business processes</li> <li>▪ Evaluation/ Assessment of Senior Management Performance</li> <li>▪ Review of the organisational Structure to align with the new strategy</li> <li>▪ Vetting of employees</li> </ul>	

- Implementation of fraud prevention plan Conduct Ethics, Fraud and Corruption Awareness workshops
- Signing of performance agreement

**SUMMARY OF QUARTER 2 ACTION PLANS IMPLEMENTATION TO MITIGATE STRATEGIC RISKS**

Monitoring and review activities were conducted in collaboration with Action Owners for all identified risks to assess the status of implemented risk mitigation plans. This ongoing process provides Management with reasonable assurance regarding the effectiveness of the risk mitigation strategies. Where implementation gaps or challenges are identified, timely interventions can be initiated to address and correct the situation. For the quarter under review, a performance level of 77% was achieved in executing the risk mitigation plans:

Details	Busine ss Operati ons	Finan ce	Comp any Secret ary	Corpor ate Strate gy and Report ing	Inter nal Audit	Risk and Complia nce	Offi ce of the CE O	Total num ber of Actio n Plans	Percent age (%)
Impleme nted	4	2	0	4	1	2	0	23	77%
Not Impleme nted	7	5	0	4	1	0	0	17	23%
<b>Total</b>	<b>11</b>	<b>7</b>	<b>0</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>30</b>	<b>100%</b>

**ACTION PLANS DUE FOR QUARTER**

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
1	Service Degradation Risk	End of life and end of support network (Aging network equipment causes slower speeds, higher latency, and frequent outages.)	CTO/GM Network Operations	Conduct full network audit (capacity, uptime, equipment status)	Not Achieved	Network audit is underway, and core routes have been audited. Progress is currently at 30 percent of the network.	The action plan is scheduled for completion by the end of Quarter 3
		Lack of investment into refurbishment and	CTO/GM Business Development	Commission a full-market research study	Not Achieved	Dependant on Network audit which is underway.	Start date will be in Quarter 4
		maintenances of the network	CAE	Request for budget re-prioritisation based on the revenue generated. The request will be made during Budget Steering committee schedule in Quarter 2.	Not Achieved	Due to the current City of Johannesburg Budgeting process, budget allocation is based on the basic needs per department and Group Finance always strive to ensure fair allocation of funds	Deliberations with Group Finance has highlighted that as the contract is about to elapse and COJ is about to embark in a tender process to seek a new financial service provider; part of the process will be to ensure that a sweeping

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
						however this will be resolved once the City's funding models is sufficient to cater all expenses.	account model is done away totally to allow entities to function based on their generated revenue.  Deviation Based on the responses above, it is requested that this controls/ actions are monitored in a long term as they are currently beyond the MTC control and or considered to be deleted from the operational plan
			CFO	Conduct feasibility study for revenue-sharing or co-investment models	Not Achieved	Consultant appointment	Discussions are under way with the consultants the process to be concluded in Quarter 3.
			CTO	Continue with reactive	Achieved	A Regionalise	

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
				maintenance of the network		d approach has been implemented for Maintenance on the network which will ensure both reactive and proactive maintenance is correctly implemented.	
2	Solvency Risk	Shareholders Loan	Corporate Strategy and Reporting	Evaluate And Pursue Grant Opportunities For Network Refreshment	<b>Achieved</b>	The funding application to the BFI has been completed and submitted. The entity is currently awaiting the outcome of the application.	
		Poor collection of outstanding amounts.	CFO	Reconciliation of all Debt owed and submit to the Group for Consideration	<b>Achieved</b>	Reconciliations of debtors owed by the City and other entities were	To address this, management has implemented enhanced credit control measures,

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
						conducted and discussed at the Group level; however, collection of outstanding amounts continues to present a challenge.	including regular monitoring of overdue accounts, engagement with debtor entities, stricter enforcement of payment terms, and targeted collection campaigns to improve cash inflows
3	Slow pace of digital transformation and cyber security vulnerabilities	Reactive approached based on the end user request.	CTO	Map current ICT solutions offered and utilization across departments and communities	Not Achieved	The mapping of ICT solution has started to be implemented	The project to be complemented in Quarter 4
Shortage of technical skills to exploit existing resources and opportunities		CTO	Conduct structured needs assessments with key departments and external user segments	Not Achieved	Initiated (The process of conducting the need assessment is underway	The assessment will be complemented in Quarter 4	
CTO		Implementation of smart city projects	Achieved	For Q2 3 smart projects			

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
						were successfully delivered for Pickup and Metrobus	
4	Ineffective Governance structures	Non implementation of recommendations by assurance providers	All Executives	Implementing Audit Action Plan for AG Findings	<b>Not Achieved</b>	AGSA findings are yet to be address for Operations and Finance Department	Implement the recommendations during quarter 3
		Fluidity in the City's Political Leadership Impacting on MTC governance	All Executives	Implementing Audit Action Plan for Internal Audit	<b>Not Achieved</b>	Internal Audit findings for Corporate Strategy and Reporting, Finance and Operations department are still outstanding	Implement the recommendations during Quarter 3 and Quarter 4
		Constance changes in the regulatory requirements	Head of Risk and Compliance	Conduct Compliance Monitoring	<b>Achieved</b>	Compliance monitoring was conducted as per the compliance universe.	
		Outdated Policy and procedure Manuals	All Executives	Review Policy and procedure manual	<b>Not Achieved</b>	HR Policies, Operations and Finance policies are outdated.	Submit the policies to the Board for approval during board meeting

<b>No</b>	<b>Risk Name</b>	<b>Root Causes</b>	<b>Action Owner</b>	<b>Intervention s/ Actions to improve management of the risk</b>	<b>Status Achieved / Not Achieved</b>	<b>Quarter 2 Progress</b>	<b>Remedial Action and Action Date</b>
						The review of the policies was conducted during the quarter the policies are waiting for Board approval.	scheduled for January 2026
5	Lack of economic growth in the city	Inadequate Enterprise development Strategy and Plan	CFO/SCM	Appointment of SMMEs on a new panel	<b>Achieved</b>	SMMEs panel appointed	
		Insufficient technical Capacity within SMME's	CFO/SCM	Development of SMMEs	<b>Not Achieved</b>	The development of SMMEs could not happen because of the audit	SMMEs will now be developed by 28 February 2026
		Budgetary Constraints	Corporate Strategy and Reporting	Create EPWP Jobs	<b>Not Achieved</b>	8 EPWP jobs created in the Quarter 2.	
6	Business Interruptions	Lack of Business Continuity Plans and Inadequate Disaster Recovery Plan	CAE	Convey a combined assurance forum	<b>Achieved</b>	Combined assurance forum was successfully convened	
		Loadshedding and Water Shedding	CTO	Testing of Disaster Recovery plan	<b>Achieved</b>	Disaster recover plan tested and passed.	

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
		Inadequate facilities to host infrastructure (Carries grade data centre facilities with air conditioning, uninterrupted power supply, security, and site access control). Unrest	Corporate Strategy and Reporting	Procurement of new office facilities	Achieved	The new office facilities was procured. The process of preparing the offices is underway the move is anticipated for end of January 2026.	
		Legacy System and Outdated infrastructure	CTO	Implementation of the MTC Incident processes (SOP and Manuals)	Achieved	All SOP's and policies have been updated and will be reviewed annually	
7	Ineffective Stakeholder engagement / Communication Channels	Inadequate Brand Positioning and Marketing Lack of stakeholder engagement programme	Corporate Strategy and Reporting	Brand awareness (Implementation of Marketing Campaign and Brand repositioning)	Not Achieved		
8	Inadequate organizational performance	Manual processing of critical business processes	Corporate Strategy and Reporting	Evaluation/ Assessment of Senior Management Performance	Achieved	Performance Evaluation were conducted	

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
		(SCM, HR ,Finance ,Risk, Audit, Operations, SCM.	Corporate Strategy and Reporting	Review of the organisational Structure to align with the new strategy	<b>Not Achieved</b>	The conducting of job analysis was successfully undertaken by the OD team. As part of the process, MTC's job descriptions were revised and updated to ensure alignment with organisational needs. This includes a detailed review and documentation of tasks, responsibilities, required skills and knowledge, work environment and performance standards necessary for the successful	HR has drafted a report under HR Matters to management for resolution and prioritisation.

No	Risk Name	Root Causes	Action Owner	Intervention s/ Actions to improve management of the risk	Status Achieved / Not Achieved	Quarter 2 Progress	Remedial Action and Action Date
						execution of each role.	
		Lack of ethical risk culture	Head of Risk and Compliance	Implementation of fraud prevention plan Conduct Ethics, Fraud and Corruption Awareness workshops	<b>Achieved</b>	Ethics, fraud, and corruption awareness was promoted through the dissemination of an awareness message to employees via Blackboard.	

**SUMMARY OF KEY RISKS**

A summary of the current ratings and changes since the initial assessment of strategic risks, including their alignment with the approved Risk Appetite classifications and established risk tolerances, is provided below:

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
1	Service Degradation Risk	25	Business Closure  Inability to attract new business and retain existing business	Almost certain	20	↔	20	20			X		X	12	% of Network availability	98%	94%

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
2	Business Interruptions	25	Business Interruption Reputational Damage	Almost certain	20	↓	25	12		X			X	11	Number of Unplanned Operational Disruptions	0	0
															Downtime Duration (in hours/days)	0	0
															Number of Evacuations Due to Safety	0	0

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
														Concerns			
3	Ineffective Stakeholder engagement / Communication Channels	25	Financial Losses Uncompetitive	Almost certain	25	↓	25	20			X		X	11	% of activities within the sales and marketing strategy that have been completed	100 %	40%
4	Solvency Risk	25	Closure of the Entity	Almost certain	17.5	↔	20	20			X		X	11	Gearing Ratio	45%	1934 %
															Current ratio	Norm	1,07

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
			Increasing gearing ratio.												1.5 to 2:1		
														% of collection of revenue	100 %	101 %	
														Debtors' days.	30 days	6877	
5	Slow pace of digital transformation and cyber security	25	Business Interruption  Reputational Damage	Almost certain	19	↓	20	19			X		X	11	% of mapped ICT projects on the COJ demand plan applicable to MTC address	100 %	0

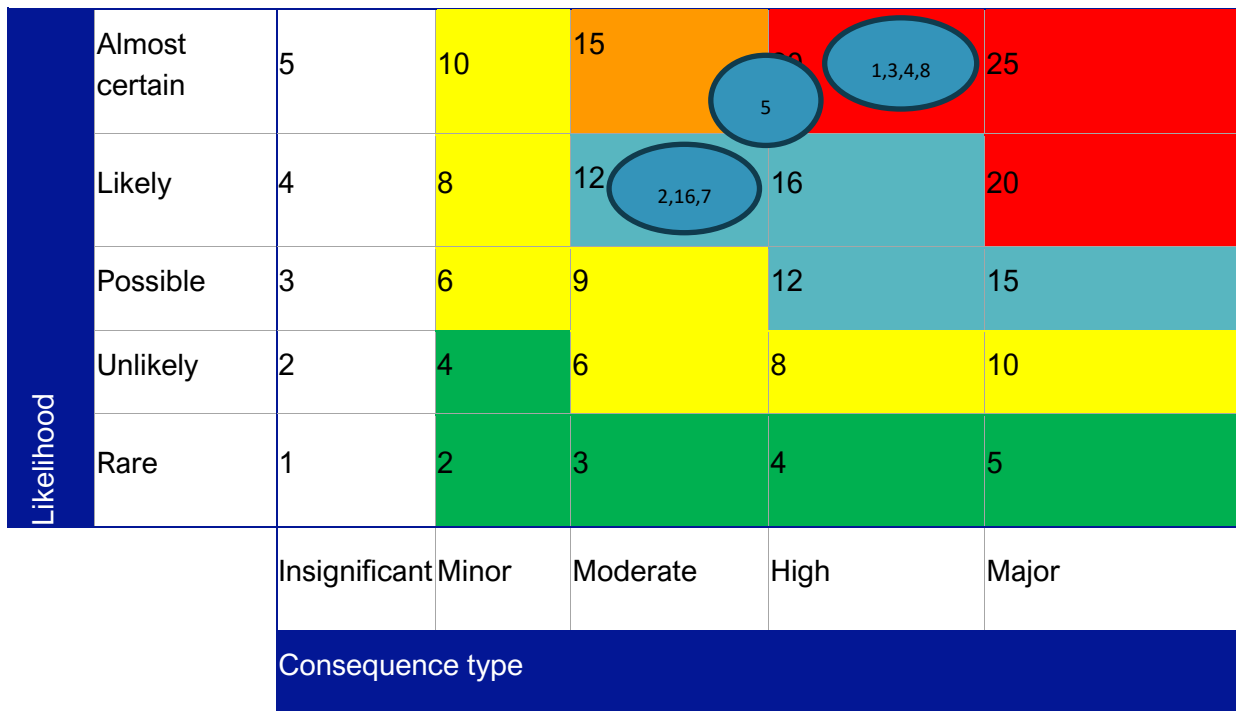
No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
	vulnerabilities														ed by new/adjusted solutions		
															Number of new Technology introduced	2	3
6	Ineffective Governance	20	Negative Audit Opinion	Likely	7	↔	12	12							% Resolution of	100 %	65%

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
	ce structures		Reputational damage Financial Loss						X			X	5	Internal Audit Finding			
														% of risk mitigation strategies implemented	100 %	77%	
														% of combined assurance plan achieved	100 %	100 %	

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
7	Lack of economic growth in the city	16	Low Economic growth High employment rate	Likely	8	↔	12	12		X			X	5	Number of EPWP	30	8
															% of economic enterprise development activities completed	100 %	0%
8	Inadequate organizational	25	Poor service delivery	Almost Certain	15	↔	20	20			X		X	11	Number of signed performance	49	48

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 Residual Risk Rating	Q2 Residual Risk Rating	Risk Appetite Classification			Within Risk Tolerance		Desired Risk Rating	Risk Indicators		
		Inherent Risk rating	Primary Consequence	Likelihood	Residual Risk Rating at assessment				Within	Potential to exceed limit	Outside limit	Yes	No		Description	Target	Results
	performance		Negative audit findings  Under performance of the organisation											agreement			
														Senior Management Vacancy	Under 20%	8%	
														Number of resignations by employee	0%	0%	
														Vacancy Rate	30%	17,6%	

**THE HEAT MAP BELOW DEPICT RESIDUAL RISK EXPOSURE IN QUARTER 2 AFTER THE IMPLEMENTATION OF RISK MITIGATION STRATEGIES:**



**FACTORS AFFECTING MITIGATION RISKS**

The entity’s risk profile performance is influenced by several key factors that affect management’s ability to effectively mitigate risks:

- **Large-Scale Interruption of Digital Services:**  
 The continued reliance on outdated and deteriorating infrastructure—specifically End-of-Life (EOL) and End-of-Support (EOS) equipment—remains a significant challenge. This situation hampers the entity’s ability to meet its network availability target of 98%. Additionally, incidents of vandalism, damage, and theft of network infrastructure further contribute to network instability and performance degradation. Insufficient Budget: The lack of adequate funding restricts the entity’s capacity to properly maintain and refurbish network assets that have reached their EOL/EOS status, further exacerbating infrastructure risks.
- **Revenue Collection Challenges:**  
 Ongoing difficulties in collecting outstanding revenue from the City and other entities continue to negatively impact liquidity management. This, in turn, constrains the entity’s ability to meet its short-term financial obligations.
- **Shareholder’s Loan:**  
 The continued accumulation of interest on the shareholder loan is increasing the entity’s debt burden, leading to fruitless and wasteful expenditure. This situation heightens the

Going Concern risk. Active and sustained engagement with the shareholder is critical to resolving this issue and ensuring long-term financial sustainability.

▪ **Organisational Redesign:**

The long-overdue review of the organizational structure remains critical to ensuring the entity is adequately resourced and appropriately capacitated to fulfill its mandate effectively.

**EMERGING RISKS / MATERIALISED**

During the quarter under review, the following emerging and materialized risks were identified based on matters raised in the External Audit Report:

Risk Name	Risk Description	Root Causes	Consequences	Current Controls	Residual Risk Rating	Management Action Plan
Regression in Audit Outcomes due to Weak Compliance, Financial Reporting, and Performance Information Controls	There is a risk that the entity may continue to experience stagnant audit outcomes, recurring material findings on performance information, and regression in the quality of financial	Inadequate monitoring of compliance with MFMA, Treasury Regulations, and related legislation	Continued regression or stagnation in audit outcomes Increased risk of qualified audit opinions	Established Audit Action Plan addressing prior-year AGSA findings	High	Strengthen compliance monitoring and legislative checklists
		Weaknesses in record-keeping and supporting documentation	Reputational damage and reduced public confidence	Monthly and quarterly financial reporting processes		Enhance quality assurance reviews for financial statements and performance reports before submission
		Insufficient review and	Increased scrutiny and	Internal Audit		Audit interim

Risk Name	Risk Description	Root Causes	Consequences	Current Controls	Residual Risk Rating	Management Action Plan
	statements.	quality assurance processes prior to submission of financial statements and performance information	intervention by oversight bodies Potential financial losses, irregular expenditure, and compliance penalties	reviews on compliance, financial reporting, and performance information Oversight by the Audit and Risk Committee		Annual Financial Statements
		Limited consequence management for repeated audit findings		Policies and procedures for financial management and performance reporting		Implement consequence management for repeat audit findings
		Capacity constraints and skills gaps in key finance and performance management functions				Implemented a <b>co-sourcing model</b> to address capacity constraints

Risk Name	Risk Description	Root Causes	Consequences	Current Controls	Residual Risk Rating	Management Action Plan
						<p>and skills gaps within the finance and performance management functions. The approach ensures continuity, compliance, and quality, while retaining accountability within management and incorporating structured skills transfer to build internal capacity over time</p>

Risk Name	Risk Description	Root Causes	Consequences	Current Controls	Residual Risk Rating	Management Action Plan
		Ineffective implementation of prior-year audit action plans				Track and report progress on audit action plan quarterly to Audit & Risk Committee

**QUARTER 2 OPERATIONAL RISK MONITORING 2025/2026 FINANCIAL YEAR**



Management conducted ongoing operational risk monitoring during the quarter under review through monthly and quarterly assessments, to ensure that identified operational risks remained within the approved risk appetite and tolerance levels.

Below are the outcomes of the top five operational risks:

No	Risk Name	Description	Residual Risk Exposure	Mitigation Effectiveness	Status as at 31 December 2025
1	Business Continuity Risk	Unplanned disruptions (e.g., fire, water cuts, power outages) affecting operation	High	Moderate	The entity continues to implement remote working arrangements as its primary strategy to ensure continuity of service delivery, while the preparation and fit-out of the new office

No	Risk Name	Description	Residual Risk Exposure	Mitigation Effectiveness	Status as at 31 December 2025
					premises remain in progress.
2	Revenue Collection Challenges	inability to collect debts from the City and entities, affecting liquidity	Very High	Low	Reconciliations of debtors owed by the City and other entities were conducted and discussed at the Group level; however, collection of outstanding amounts continues to present a challenge. To address this, management has implemented enhanced credit control measures, including regular monitoring of overdue accounts, engagement with debtor entities, stricter enforcement of payment terms, and targeted collection campaigns to improve cash inflows
3	Ageing Infrastructure Risk	Reliance on End of Life and End of Support infrastructure affecting	Very High	Low	Network maintenance is conducted in response to reported service interruptions, with incidents logged,

No	Risk Name	Description	Residual Risk Exposure	Mitigation Effectiveness	Status as at 31 December 2025
		network availability			<p>assessed, and addressed in accordance with established operational procedures to ensure the continuity and reliability of network services.</p> <p>Insurance claims were submitted in respect of the theft incident that occurred during the month of October.</p>
4	Shareholder Loan Debt Burde	Accumulating interest increasing financial strain and Going Concern risk	Very High	Low	<p>The shareholder's loan continues to pose a financial strain and liquidity risk for the entity. To address this, a service provider has been appointed to explore viable options for managing and restructuring the loan. Submissions have also been made to SARS to facilitate conversion of the loan without adverse tax</p>

No	Risk Name	Description	Residual Risk Exposure	Mitigation Effectiveness	Status as at 31 December 2025
					implications.
5	Vacancy Rate / Organisational Capacity	Delayed organisational redesign limits resource capacity	Very High	Low	The organisational redesign was concluded and is pending review and consideration to ensure alignment with the organisational strategy.

**BUSINESS CONTINUITY MANAGEMENT (BCM)**

The entity continues to implement its business continuity strategy through remote working arrangements while the preparation and fit-out of the new office facilities are in progress. These measures ensure that critical services remain uninterrupted and operational risks associated with office relocation or facility unavailability are mitigated.

A Business Impact Analysis (BIA) is scheduled to commence in the third quarter, which will include a comprehensive assessment of the new office facilities and associated operational dependencies.

Risk mitigation measures and monitoring include:

- Maintaining remote working protocols to ensure continuity of key services.
- Regular monitoring and reporting of operational performance during the transition period.
- Implementation of IT and communication systems to support remote operations.
- Contingency planning for critical functions and high-risk activities during facility preparation.
- Periodic review of BCM measures by senior management to ensure alignment with operational and strategic objectives.

These measures collectively ensure that the entity is able to sustain operations and respond effectively to potential disruptions while transitioning to the new office facilities.

**RISK FINANCING**

The Entity continues to mitigate the financial impact of risk events—including property damage, liability claims, business interruptions, and other unforeseen losses—through a comprehensive insurance portfolio:

**Infrastructure Claims**

One infrastructure claim was submitted during the quarter under review:

Date	Incident type	Description	Progress	Case Number	Amount
18 October 2025	Network Damage	Route was vandalized at several locations (845m,1,6km and 2,1km) due to copper theft	Claim submitted to insurance	CAS 157/11/2025	R327 941,92

**QUARTER 2 ETHICS, FRAUD AND CORRUPTION MONITORING**

MTC conducts its business in accordance with the principles of fairness, honesty, openness, decency, integrity, and respect. The Entity maintains a zero-tolerance stance on fraud and corruption. All allegations of fraud, corruption, and unethical conduct are thoroughly investigated. MTC encourages its employees, stakeholders, and the broader community to report improper or illegal activities. It is the Entity’s policy to fully support and investigate such disclosures in line with its commitment to transparency and accountability.

During the quarter under review, MTC raised awareness on matters related to unethical behaviour, fraud, and corruption by issuing awareness message to employee on black board through a message.

Furthermore, monitoring of the Ethics, Fraud and Corruption risk was conducted to ensure identified Ethics, Fraud and Corruption Risk are adequately managed

The table below presents the Quarter 2 progress in implementing ethics, fraud, and corruption mitigation strategies:

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
1	Asset Management	Loss, theft and damage/ vandalism of Assets	<p>Inadequate security controls</p> <p>Ineffective controls for safe keeping of assets or Poor record keeping (lack of asset management tool)</p> <p>Inadequate awareness of internal policies</p>	<b>Very High</b>	Very High	Conduct awareness on Asset Management	CFO	<p><b>Not Achieved</b></p> <p>The Asset Management Policy has not yet been uploaded to the Blackboard system. However, preparations are underway, and the policy is</p>	<p>The asset management policy has not yet been uploaded as the team has been occupied with updating and reviewing the policy to ensure it is comprehensive and aligned with current</p>

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
			regarding assets / Bad culture on asset management.					scheduled to be uploaded in the next quarter to ensure accessibility and compliance with governance requirements	regulatory and organisational requirements. The updated version will be finalised and uploaded in the next quarter.
2	Human Resource	Possible	Financial gains	Low	Low	Review of the	Corporate	Achieved	

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
	ce Management	Ghost Employees	Lack of employee verification			net pay report	Strate gy and Reporting	The review was conducted to identify anomalies in net pay report. This includes verifying that no ghost employees exist, and confirming information such as terminations, and check if they have been accurately	

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
								actioned in payroll transaction	
						Conduct employee headcount	Corporate Strategy and Reporting	<b>Achieved</b> Head count was conducted	
3	Human Resource Management	Fraudulent timekeeping	Inadequate monitoring of normal hours worked and overtime	Medium	Low	Pre-approval of overtime	All Executive	<b>Achieved</b> All overtime worked were pre-approved	
						Confirmation of budget	All Executive	<b>Achieved</b> Budget was confirmed	

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
								before the overtime is approved.	
						Basic condition for employment (Overtime limits at 40hrs per month per employee 910hrs per week)	All Executive	<b>Achieved</b> Overtime hours were capped inline with the Basic Condition of Employment.	
						Attendance register signed by employee and line	All Executive	<b>Achieved</b> Attendance register was signed by both parties	

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
						manage r			
4	Human Resource Management	Absence from work without permission	Delays in approval of leave application by line managers (Employees going on leave without preapproval)	Low	Low	Approval of leave inline with the policy	All Executive	<b>Achieved</b> Leave is approved on the ESS and manually in line with the Leave Policy.	
			Non functionality of Leave Management						

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Residual Risk Exposure	Actions to improve management of the risk	Action Owner	Quarter 2 Progress Report	Remedial Action
			system						
5	Supply Chain Management	Conflict of interest	Dishonesty	Low	Low	Conduct ethics, fraud and corruption awareness workshops	Head of Risk and Compliance	<p><b>Achieved</b></p> <p>Ethics, Fraud and Corruption Awareness conducted to all employees through of the awareness message on black board</p>	
						Annual declaration of interest and as when for new	All Executive	<p><b>Achieved</b></p> <p>All employees have submitted</p>	

N o	Focus Area	Risk Name	Root Causes	Resid ual Risk Expo sure	Resid ual Risk Expo sure	Actions to improv e manag ement of the risk	Action Owner	Quarte r 2 Progre ss Report	Remedi al Action
						employ ees		ed their declara tion of interest	
6	Supply Chain Manag ement	Fraud and Corrup tion	Dishone sty  Collusio n	High	Medi um	Comple tion of MDB forms declarin g their interest	CFO	<b>Achiev ed</b>  Declara tion were submitt ed as part of bid submis sion and verified.	
7	Informa tion Techno logy	Cyber Crime	Inadequ ate informat ion system control  Hackers	Low	Low	Monitori ng of incident s /securit y attacks and blockin g	CTO	<b>Achiev ed</b>  Monitor ing was conduc ted and no security incident were identifie d	

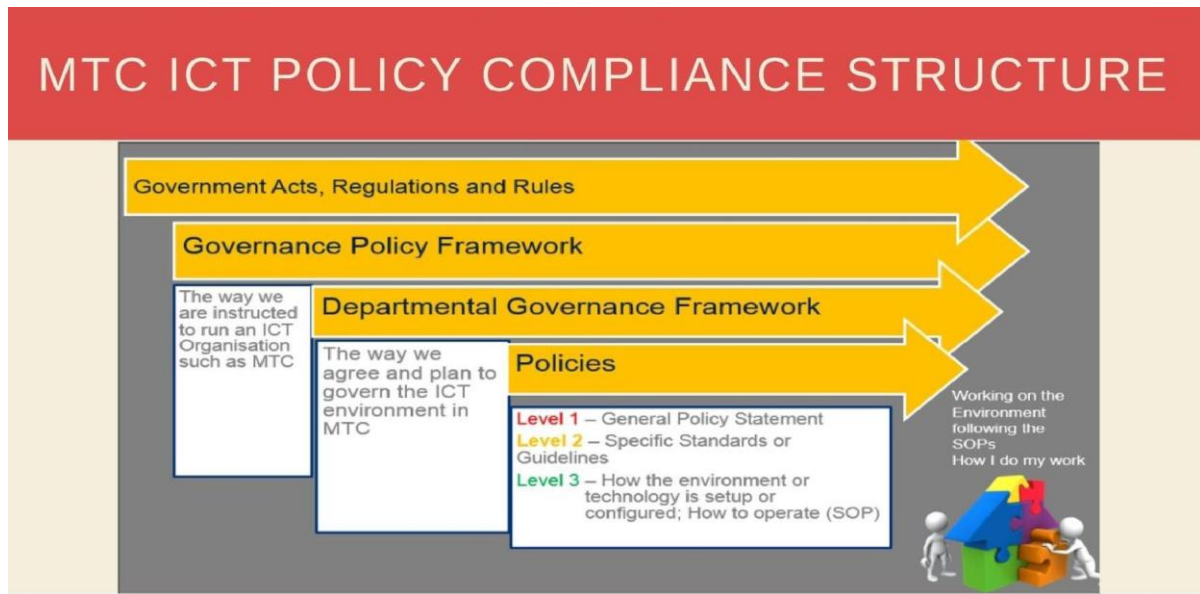


Figure 5: MTC ICT Policy Compliance structure

Business Area	Governing Act/Regulation	Government Framework	Strategy & Business Plan	Policy Level 1	Policy Level 2	Policy Level 3
Office of CEO	MFMA MSCOA BCE Company Act ICASA POPI PAIA ICASA ECT	SCM Framework	CoJ IDP SDBIP BP MTC SDBIP BP	Shareholder Policy	CFO to Provide	CFO to Provide
COO (Core Business Ops, Project)	CyberSec	CGICTPF	CGICTPF MTC ICTGF ICTStrat InfoSecPlan ICTCMPlan	Policies for DM PMO AU InfoSec ITSM M CM ICTCM Cloud	ITIL COBIT PMI TOGAF	CTO to provide
Corporate report & strategy (HR, Internal IT, Facilities, Security)		MSA	Corp Strat Facilities Plan Physical SecPlan	HR Policies Celani to provide	ICTSLA	CoC HR Forms BSSOP
Legal (Contracts)				LegalPolicy	Contract Templates	Contracts
Finance (Fin,Asset,SCM)		MFMA	Fin Strat Asset Plan	SCM Policy Asset Plan	SCM Value Chain	SCM Forms

						SCMSO Ps
<b>Government Risk &amp; Compliance</b>		ERM Framework Policy Framework Policy Universe ReportingFW	Risk Strategy Risk Plan	Risk Policy		

**Table 8: MTC Policy Oversight Flow 1**

MTC ICT policies were compiled in respect of their alignment to ICT governance and impact on ICT capability maturity. Where the need for comprehensive policy reviews and updates will be identified and applied. A summary of the policies is as follows:

MTC ICT POLICY	POLICY BRIEF
MTC ICT Governance Framework	The governance framework aligned with the Department of Public Services Administration for corporate governance of ICT
• MTC Acceptable Use Policy	A policy that governs the use of ICT tools of trade covering the hardware, software, and data assets
• MTC IT Service Management Policy	A policy that governs the management of the service to customers of MTC. The policy aligned with the Information Technology Information Library for ICT service
• MTC Change Control Policy	A policy that governs how the changes in the ICT environment should be managed to reduce the impact on the network and customer business
• MTC Incident Management Policy	A policy that governs how the incidents that occur on the network, resulting in outages or service degradation, should be handled to improve turnaround times
• MTC Information Policy	A policy that governs how the digital (ICT) data asset should be managed to ensure proper classification, security, and access by authorized people or agencies
• MTC IT Service Continuity Policy	A policy that governs how MTC should ensure that the ICT environment supporting both internal and external customers can continue functioning during a disaster
• MTC Security Policy	A policy that governs the protection of ICT assets including hardware, software, and data

**Table 9: MTC ICT policies**

With the implementation of the policies above, MTC will be able to strengthen its ICT control thereby improving the delivery service, and customer experience resulting in revenue generation.

Policies worked on this Quarter:

Name of Policy	Progress update
1. Talent Acquisition Policy	In Progress
2. MTC Payroll Policy	In Progress
3. Performance Management Policy	In Progress
4. Remuneration Policy	In Progress

**Table 10: Policies Worked on this quarter**

**SECTION 5: COMPLIANCE WITH LAWS & REGULATIONS**

The Board exercises overall oversight over the MTC and is responsible for ensuring that the MTC complies with all applicable laws and regulations, and considers adhering to non-binding rules, codes, and standards. The Risk and Compliance Unit activities are guided by the compliance plan which outlines the key compliance priorities for the financial year. For the quarter under review, a performance of 100% was achieved against the compliance plan

Details	Quarter 2 Number of Planned Activities	Activities Implemented	Activities Not Implemented
Target	15	15	0
Percentage	100%	100%	0%

**QUARTER 2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS IN LINE WITH THE COMPLIANCE UNIVERSE.**

Summary of compliance with applicable acts and regulation for the quarter ending 31 December 2025:

Details	Total	Complaint	Non-Complaint
Number of regulations and acts monitored	46	40	6
Percentage	100%	87%	13%

**MFMA Section 65(2)(e) 30-day supplier payment requirement**

The following information consists of payments made to service providers or creditors for October, November and December 2025

The detailed summary of the transactions is as follows:

Month	October-2025		November-2025		December-2025		Total	
	Number	Value ®	Number	Value ®	Number	Value ®	Number	Value (R)
Payments within 30 days	39	R21 769 007,42	9	R11 917 690,85	64	R58 607 510,95	112	R92 294 209,22
Payments made after 30 days	10	R23 839 071,98	3	R23 954 971,54	154	R253 889 956,87	167	R301 684 000,39
<b>Total</b>	<b>49</b>	<b>R45 608 079,40</b>	<b>12</b>	<b>R35 872 662,39</b>	<b>218</b>	<b>R312 497 467,82</b>	<b>279</b>	<b>R393 978 209,61</b>

**Reason for late payment:**

Certain invoices were paid beyond the 30-day period due to inadequate cash allocations, which were insufficient to cover the total amounts payable

**Corrective action:**

The entity will submit updated and dated weekly cash flow projections to the Treasury in an effort to secure sufficient funding to settle all outstanding invoices within the prescribed timeframes.

**Employee Declaration of Interest**

All employees have submitted their declarations of financial interests in accordance with the Code of Conduct for Municipal Employees and the provisions of the Municipal Systems Act, 2000.

**Status of Legislated Tax Compliance**

The entity’s tax compliance status is in good standing, with the PIN valid until 28 August 2026. This follows the successful submission of all statutory tax returns in accordance with SARS requirements.

**Unauthorized, Irregular, Fruitless, and Wasteful Expenditure**

The table below summarizes the fruitless and wasteful expenditure incurred as a result of interest charges on the Shareholder’s Loan and overdraft facility:

Details	October	November	December	Total
Overdraft	R4 100 422,34	R4 402 871,08	R4 402 871,08	R12 906 164,50
Interest on Shareholders Loan	R 24 202 972,00	R 24 202 972,00	R 24 202 972,00	R72 608 916,00
	<b>R 28 303 394,34</b>	<b>R 28 605 843,08</b>	<b>R 28 605 843,08</b>	<b>R85 515 080,50</b>

**Unauthorized Expenditure:**

The entity did not incur any unauthorized expenditure during the quarter under review.

**Irregular Expenditure:**

The entity did not incur any irregular expenditure during the quarter under review.

**Deviations**

No deviations were recorded during the quarter under review

**Legislative Compliance Requirement:**

MTC continues to monitor approved regulatory legislation in the compliance universe. During the quarter under review, the prioritized core legislations which have significant implications for non-compliance were monitored:

**Occupation Health and Safety Act No.85 of 1993**

Continuous monitoring of the Occupational Health and Safety Act is conducted through follow-up on the Physical Risk Assessment Report to assess the extent the entity went in addressing the findings to ensure compliance with the Act and Safety of Employees, Visitors, and Assets of the Entity. Below is a summary of findings noted against the requirement of the act:

No	Requirement of the Act	Finding	Quarter 2 Progress
1	<i>Section 19 of the Health and Safety Act:</i>	<b>Functionality of the Health and Safety Committee</b>  It was noted that the Entity has established a Health and	<b>Not Resolved</b>  A physical meeting was initially scheduled for December 2025; however,

No	Requirement of the Act	Finding	Quarter 2 Progress
	<p><i>An employer shall in respect of each workplace where two or more health and safety representatives have been designated, establish one or more health and safety committees and, at every meeting of such a committee as contemplated in subsection (4), consult with the committee with a view to initiating, developing, promoting, maintaining and reviewing measures to ensure the health and safety of his employees at work.</i></p> <p><i>Health and Safety Committee shall hold meetings as often as may be necessary, but at least once every three months, at a time and place determined by the committee.</i></p>	<p>Safety Committee; however, the committee is not functional, as evidenced by the absence of regular meetings, documented agendas and minutes, and monitoring of health and safety matters. This may result in inadequate oversight of occupational health and safety risks and non-compliance with applicable legislation.</p>	<p>due to ongoing office relocation processes, it was resolved that the in-person engagement be deferred to the third quarter. In the interim, preparatory work continued, including the development of draft Terms of Reference, which were benchmarked against those of the Shareholder. These will be presented to the Committee for consideration and endorsement in the next quarter</p>
2	<p><i>General Safety Regulations 3.4 and 5</i></p> <p><i>(2) Where more than five employees are employed at a workplace, the employer of such employees shall provide a first aid box or boxes at or near the workplace which shall be available and accessible for the treatment of injured persons at that workplace. (3)(a) Taking into account the type of injuries that are likely to occur at a workplace, the nature of the activities performed and the number of employees employed at such workplace, the employer shall make sure that the first aid box or boxes contemplated in sub-regulation (2) contain suitable first aid equipment which include at least the equipment listed in the Annexure hereto. (b) Such an employer shall make sure that only articles and equipment contemplated in sub-regulation (a) or other similar equipment or medicine is kept in the first aid box or boxes</i></p>	<p><b>Inadequate and Expired First Aid Equipment</b></p> <p>It was noted that the Entity has three (3) First Aid boxes containing expired First Aid equipment, with expiry dates ranging from 2020 to 2021. One of these First Aid boxes is placed in the main kitchen area and is readily accessible for use by employees, despite containing expired medical supplies.</p> <p>This condition indicates non-compliance with occupational health and safety requirements and may compromise the Entity's ability to respond effectively to workplace injuries or medical emergencies</p>	<p><b>Not Resolved</b></p> <p>Due to budgetary constraints, the office was unable to procure first aid kit boxes. The matter will be addressed through advocacy for funding during the annual budget process.</p>

No	Requirement of the Act	Finding	Quarter 2 Progress
3	<p><i>First aid, emergency equipment and procedures:</i></p> <p><i>6) An employer shall affix a prominent notice or sign in a conspicuous place at a workplace, indicating where the first aid box or boxes are kept as well as the name of the person in charge of such first aid box or boxes.</i></p>	<p><b>First Aid Notices or Signs not displayed in the Entity's facility.</b></p> <p>It was observed during the inspection that First Aid Signs are not displayed within the facility where the first aid boxes are kept.</p>	<p><b>Not Resolved.</b></p> <p>The installation of First Aid signage has been included in the scope of the space planning project for the new office facilities. The matter will be addressed upon completion of the office preparation and fit-out process.</p>
4	<p>SANS 10400- T: 2011</p> <p>4.37 Portable fire extinguishers</p> <p>4.37.1 A building that contains an occupancy given in Table 11 shall, for the relevant occupancy and floor area, be provided with portable fire extinguishers in unobstructed positions approved by the local authority.</p>	<p><b>Fire extinguishers are not mounted on the wall.</b></p> <p>During the inspection, it was noted that fire extinguishers are placed on the floor and not mounted on the wall for easy access during fire incidents.</p>	<p><b>Not Resolved</b></p> <p>Overall compliance with the Occupational Health and Safety Act (OHS Act), including the adequate placement of fire extinguishers, has been incorporated into the scope of the space planning project for the new office facilities. The matter will be fully addressed upon completion of the office preparation and fit-out process.</p>
5	<p><i>Regulation A15 of the South African Standard Code of Practice for the applicable national building regulations state that:</i></p> <p><i>Maintenance and Operations</i></p> <p><i>(a) The owner of any building shall ensure that any mechanical equipment, facility or any service installation provided in or in connection with such building, under these regulations or under any building by-law which was in operation before the coming into operation of the Act, shall be maintained in a safe and functional condition. (b) Such owner or any person appointed by such owner to be in control of such building shall</i></p>	<p><b>Inadequate maintenance of the offices.</b></p> <p>During the physical inspection of the offices, the following were noted:</p> <ul style="list-style-type: none"> <li>a) A cracked wall was noted in the main kitchen.</li> <li>b) A damaged ceiling was observed in several offices including the company secretary's office and storerooms.</li> </ul>	<p><b>Not Resolved</b></p> <p>The Entity has procured new office facilities, and the space planning work is currently underway. The new lease agreement clearly defines the responsibilities of each party with regard to maintenance. The matter will be addressed upon completion of the office preparation and fit-out process.</p>

No	Requirement of the Act	Finding	Quarter 2 Progress
	<p><i>ensure that where such equipment, facility or installation is designed to be kept operating during the times of normal occupancy of the building, it is kept operating in such a manner as to attain any standard of performance prescribed in these regulations or any by-law for such equipment or installation</i></p>	<p>c) Signs of possible roof leakages were noted in several offices and the Kitchen.</p> <p>d) Damaged lights were noted in some of the offices which need replacement of lamps.</p>	
6	<p><i>Section 95 (c) of the Municipal Finance Management Act of 2003 states that the accounting officer of a municipality entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that the entity has and maintains effective, efficient and transparent systems of finance and risk management and internal control</i></p>	<p><b>Poor security controls.</b></p> <p>During the inspection of the security environment within the entity’s main facility/offices, the following security weaknesses were noted:</p> <p>a) Inadequate Security Surveillance System. Although CCTV Cameras are installed within the facility/offices the system is unable to transmit a signal or record a set of events, the CCTV cameras are not monitored through a monitor (screen).</p> <p>b) CCTV cameras are not strategically placed.</p> <p>It is noted that the CCTV cameras are</p>	<p><b>Not Resolved</b></p> <p>The Entity has procured new office facilities, and the space planning work is currently underway. The new lease agreement clearly defines the security responsibilities, which are shared between the landlord and the Entity.</p> <p>The Entity has addressed general security controls as part of the space planning and office preparation project, which is currently in progress. The matter will be fully addressed upon completion of the project.</p>

No	Requirement of the Act	Finding	Quarter 2 Progress
		<p>not strategically located to cover all open areas within the facility.</p> <p>It was observed during the inspection that the Biometric authentication system at the main door is not functional to prevent unauthorized access to the facility/offices.</p>	

**Effect of non-compliance**

The entity remains at risk of exposure to the following non-compliance consequences:

- A fine not exceeding R50,000 and/or imprisonment for a period not exceeding 1 year for certain statutory violations.
- Any employer or user of a workplace who, through an act or omission, causes injury to a person at the workplace may be guilty of an offence. If the act or omission would have constituted culpable homicide, had it resulted in death, the employer or user may be prosecuted accordingly.
- The penalty for this offence is a fine not exceeding R100,000 and/or imprisonment for a period not exceeding 2 years.

**Employment Equity Act No 55 of 1998**

The entity recognises that Employment Equity (EE) extends beyond legal compliance. The Employment Equity Act presents a valuable opportunity to enhance service delivery by ensuring that the skills profile of business unit employees is optimally developed.

The entity’s current Five-Year Employment Equity Plan was approved in November 2020

Activity	Progress	Remedial Action
Employment Equity (EE) Target not aligned to EAP	The matter remains unresolved, as the entity is still non-compliant with its Employment Equity (EE) targets, which have not yet been amended to align with the Economically Active Population (EAP) demographics. Engagements are ongoing with the Department of Labour and the City's EE Forum to address the non-compliance and work towards alignment.	Resolve the non-compliance in line with the recommendations provided by the Department of Labour and the City EE Forum, ensuring that the entity's Employment Equity targets are amended to align with the Economically Active Population (EAP) demographics.

### Risk of noncompliance with the requirement of Employment Equity Act No 55 of 1998

- A fine not exceeding R50 000 and/or imprisonment for a period not exceeding 1 year.
- Any employer or user of a workplace who does or omits to do an act, thereby causing any person to be injured at a workplace is guilty of an offence if that employer or user would in respect of that act or omission have been guilty of the offence of culpable homicide had that act or omission caused the death of the person.
- The penalty for this offence is a fine not exceeding R100 000 and/or imprisonment for a period not exceeding 2 years.

### Companies Act

- Compliance with the requirements of the Company Act was assessed through a compliance questionnaire based on the requirements. Below are the results of wherein the entity is 95% compliant:

Details	No of Questions	Compliant Responses	Non-Compliant Responses
Results	21	20	1
Percentage	100%	95%	5%

### National Archives and Records Service of South Africa Act (Act no 43 of 1996) (NARSSA)

Compliance with the requirements of the National Archives and Records Service of South Africa Act has been highlighted as an emerging risk for the City and its Entities. The entity has developed a Checklist to assess compliance with the requirements of the Act.

No#	Details	Quarter 2 Compliance		Corrective Action
		YES	NO	
1	Does the Entity have a records management policy?		<b>No</b>	The policy is to be developed by 30 April 2026.

No#	Details	Quarter 2 Compliance		Corrective Action
		YES	NO	
2	Is the policy endorsed by the Gauteng Provincial Archives and Records Service?		No	Once the policy is developed it will be submitted to Gauteng Provincial Archives and Records Service for endorsement.
3	Is the records management policy reviewed at regular intervals?		No	The policy is to be developed by 30 April 2026.
4	Does the Entity have an approved File Plan (electronic Records system or paper-based system)		No	The file plan will be developed once the policy is in place.  30 April 2026 Financial year.
5	Does the Entity have an electronic Records system or a paper-based system?	Yes		The Entity stores its record electronically on SharePoint.
6	Does the Entity have a dedicated records management storage space?	Yes		
7	Have relationships with other key information management stakeholders (e.g.IT, Risk, Internal Audit, MNE sections) in the organisation been identified and developed?	Yes		
8	Does the Entity have a schedule for paper-based records?		No	To be covered by the Policy.
9	Does the Entity have terminated records?		No	To be covered by the Policy.
10	If yes, does it have disposal authority?		No	To be covered by the Policy.
11	Does the institution carry out the disposal authority frequently?		No	To be covered by the Policy.

No#	Details	Quarter 2 Compliance		Corrective Action
		YES	NO	
12	Does the Entity have file registers in place/system-based?		No	To be covered and directed by the Policy.
13	Is the register kept up to date?		No	To be covered and directed by the Policy.
14	Are the destruction dates of all non-archival records recorded here?		No	To be covered and directed by the Policy.
15	Is the register kept up to date?		No	To be covered and directed by the Policy.

**PROTECTION OF PERSONAL INFORMATION**

The entity is compliant with the requirements of POPIA and is continuing to implement and monitor the approved POPIA Policy and Manual.



## **CHAPTER 3**

# **SERVICE DELIVERY PERFORMANCE**

**CHAPTER 3: SERVICE DELIVERY PERFORMANCE**

**SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS**

ACHIEVEMENTS	NON-ACHIEVEMENT
<p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>- Delivery of a customer engagement solution at Metrobus (CSD app)</li> <li>- Delivery of a customer engagement solution at Pikitup (CSD app)</li> <li>- Cash collection rate is above the target</li> <li>- Actual sales for the year to date are above budget due to increased business during the quarter</li> </ul>	<p><b>Underperformance on Internal Debtor Collections</b></p> <ul style="list-style-type: none"> <li>- Debtor days high with increase in receivables.</li> </ul> <p><b>Low Revenue from External Customers</b></p> <ul style="list-style-type: none"> <li>- A large proportion of revenue still stems from internal customers, with limited progress on external market penetration due to lack of capital support.</li> </ul> <p><b>Fruitless and Wasteful Expenditure</b></p> <ul style="list-style-type: none"> <li>- <b>R85m</b> Fruitless and Wasteful Expenditure declared for Interest on Shareholders loan and Overdraft facility</li> </ul> <p><b>30-day supplier payment requirement</b></p> <ul style="list-style-type: none"> <li>- 30-day supplier payment requirement: 167 invoices paid after 30 days due to limited cashflow allocation</li> </ul>

**Table 11: Highlights and Achievements**

## SECTION 2: SERVICE DELIVERY CHALLENGES

MTC continues to face some challenges while delivering services to customers emanating from the following:

- Increased rate of vandalism
- Power outages affecting MTC services resulting in network availability targets not being achieved. The high rate of network vandalism results in downtime.
- Aged and dilapidated equipment resulting in network downtimes.
- Infrastructure Degradation
- Insufficient Capital budget allocation to MTC leads to the inability to maintain the network and equipment as well as having the ability to grow/expand the network.

## CASH FLOW AND LIQUIDITY CONSTRAINTS

- High levels of receivables due to delayed payments from internal clients continue to restrict cash availability.
- Limited cash-on-hand has impacted on the ability to promptly pay service providers and fund planned operations.
- Due to liquidity challenges at the City, MTC could not receive funds in time to ensure that all payments are made within the stipulated 30 days.

## LOW CAPITAL EXPENDITURE IMPLEMENTATION

- The entity was allocated a minimal capital budget and therefore is unable to invest adequately in capital expenditure to improve the condition and performance of the network and thereby attract external customers.

## HIGH DEBTOR DAYS

- Lack of enforcement or effective escalation mechanisms for internal customer collections worsens financial strain.
- The collection of internal debtors (CoJ departments and entities) has been a challenge for MTC. A request has been made to the office of the COO to assist the entity in collecting

these outstanding amounts. This matter has been escalated to the office of the CM. The Office of the GCFO is also assisting with the payments from internal debtors.

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#### AUDIT FINDINGS AND COMPLIANCE RISKS

- Although most findings were addressed, recurring issues such as interest on the shareholder loan continue to result in fruitless and wasteful expenditure.

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#### BUDGET OVERRUNS

- Over-expenditure on employee-related costs and repairs and maintenance places pressure on the approved budget, with limited reprioritization flexibility.

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#### UNDERPERFORMANCE ON SOME KPI'S

- The underperformance of certain KPIs is attributable to non-compliance and the delayed implementation of approved risk mitigation strategies.
- Revenue generation declined during the reporting quarter.
- Network availability challenges were experienced; however, management has implemented mitigation measures to address these issues.

**SECTION 3: RESPONSE TO STRATEGIC DIRECTION**

- With MTC’s new strategic direction, focused on refreshing and commercializing the network infrastructure, the entity aims to achieve greater operational efficiency, financial sustainability, and enhanced service delivery across the City.
- These initiatives are aligned to the strategic goals of the City, particularly those aimed at promoting economic growth, digital inclusion, sustainable infrastructure development, and improved service delivery.

**Table 12: Alignment to the New Strategic Agenda 2021 – 2026**

COJ’s Strategic Overview			
	LONG TERM PLANNING	MEDIUM-TERM PLANNING	
VISION	Growth & Development Strategy	Integrated Development	
<p><i>Johannesburg-World Class African City of the Future-a vibrant, equitable African city, strengthened through its diversity, a city that provides real quality of life; a city that provides sustainability for all its citizens; a resilient and adaptive society. Joburg. My City-Our Future</i></p>	<p><b>(4 Outcomes)</b></p> <p>1. Improved quality of life and development-driven resilience for all</p> <p>2. Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy</p> <p>3. An inclusive-job intensive, resilient, competitive, and smart economy that</p>	<p><b>Strategic Priorities</b></p> <p>1. Good Governance</p> <p>2. Financial Sustainable</p> <p>3. Safer City</p> <p>4. Job Opportunity and Creation</p> <p>5. A Smart City</p>	<p><b>MTC Strategic Goals</b></p> <p>1. MTC aims to provide fast, reliable and affordable digital network connectivity that enables the adoption of smart ICT innovation by the City</p> <p>2. Leverage state-of-the-art technology to gather real-time data and proactively address a range of incidents including fire safety, traffic management, law enforcement, and service delivery issues</p> <p>3. Enhance sound financial management, sustainability, and good governance.</p> <p>4. Strive to minimize governance failures that involve non-compliance to regulations and statutory law</p>
MISSION			
<p><i>The City of Johannesburg commits itself to proactive delivery and the creation of a city environment in</i></p>	<p>harnesses the potential of</p>		

COJ's Strategic Overview		
	LONG TERM PLANNING	MEDIUM-TERM PLANNING
VISION	Growth & Development Strategy	Integrated Development
2040 that is liveable. It aims to achieve this through long-term 2040 plans, targeted programs	<p>citizens</p> <p>4. A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region</p>	

MTC is responsible for enabling the many Smart City Programmes in the City and rendering the full spectrum of Networking services and other incidental services to the City and many of its Municipal Entities. The table below gives a view into MTC's response to the mayoral priorities

MAYORAL PRIORITY	WHAT IT MEANS FOR MTC & HOW IT CONTRIBUTES	STRATEGIC PROGRAMME
<b>A Smart City</b>	<ul style="list-style-type: none"> <li>MTC to provide fast, reliable, and affordable digital network connectivity, to enable the adoption of smart ICT innovations by the city to provide services and solve city and residents' problems.</li> </ul>	<ul style="list-style-type: none"> <li>A 'Smart' City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner</li> </ul>
<b>Safer city</b>	<p>A safe and secure city</p> <p>A city characterized by social inclusivity and enhanced social cohesion.</p>	<ul style="list-style-type: none"> <li>24/7 Digital network availability to support the functioning of crime-fighting CCTV Devices and other IT systems, related communications technologies, and control rooms.</li> </ul>

MAYORAL PRIORITY	WHAT IT MEANS FOR MTC & HOW IT CONTRIBUTES	STRATEGIC PROGRAMME
		<ul style="list-style-type: none"> <li>•MTC to create value-added smart crime-fighting technologies &amp; Apps that will enable stakeholders to collaborate to monitor areas, provide alerts and share capacity.</li> </ul>
<p><b>Financial Sustainable</b></p>	<p>A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region</p>	<ul style="list-style-type: none"> <li>•MTC creates EPWP opportunities, jobs through SMME development, and apprenticeship programs for the youth.</li> </ul>
<p><b>Good Governance</b></p>	<ul style="list-style-type: none"> <li>•MTC to provide fast, reliable, and affordable digital network connectivity, to enable the city to convert manual operations into digitally smart ways, improve the quality of customer service, reduce turnaround times, and make the city's services available 24/7 online.</li> </ul>	<ul style="list-style-type: none"> <li>•Create Applications and systems to digitize the City's services including interactive websites, smart resolution of billing queries, a live portal to report and track issues and queries, etc.</li> <li>•Provide a reliable network to support access to 24-hour city services, such as call centres, websites, and portals.</li> </ul>

Table 11: COJ's Strategic Overview

**SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS**

MTC is a Broadband Network Company designed to offer both wholesale data services to public and private entities as well as retail services and provide incidental services on behalf of the City. MTC mandate: MTC shall offer Wholesale services to the market and Internal Retail services. Spare capacity on the network will be provided to Network Operators and to ICT Resellers who will then sell directly to Enterprises, SMEs, and households. In addition, the Company shall perform any other municipal services assigned to it by COJ as defined in the Service Delivery Agreement (SDA) entered between MTC and COJ, as amended from time to time.

The Metropolitan Tech Company (MTC) is responsible for the enablement of the many Smart City Programmes of the City as well as rendering the full spectrum of Networking services and other incidental services to the City and many of its MEs.

**MTC SERVICE DELIVERY STANDARDS**

Service Area	Service Standard	Achievement Status	Achievement Status
1. Response to acknowledgements requests, enquiries and complaints on network and ICT services	Within 1 day of logging a call	100%	Achieved
2. Resolution of P1 request and enquiries regarding network	> 95% Within 4 hours of logging a call	59,20%	Non-achieved

Service Area	Service Standard	Achievement Status	Achievement Status
3. Resolution of P2 request and enquiries regarding network services	> 90% Within 8 hours of logging a call	58,37%	Not achieved
4. Resolution of P3 request and enquiries regarding network services	85% Within 3 days of logging a call	97%	Achieved
5. Resolution of P4 request and enquiries regarding network services	> 100% Within 7 – 14-day days of logging a call	83,28%	Not Achieved

**Table 12: MTC Quarter Service Level Standards**

MTC operates within industry standards, and the process of dealing with service outages is aligned with ITIL business practices. ITIL (Information Technology Infrastructure Library) prescribes detailed best practices for IT service management.

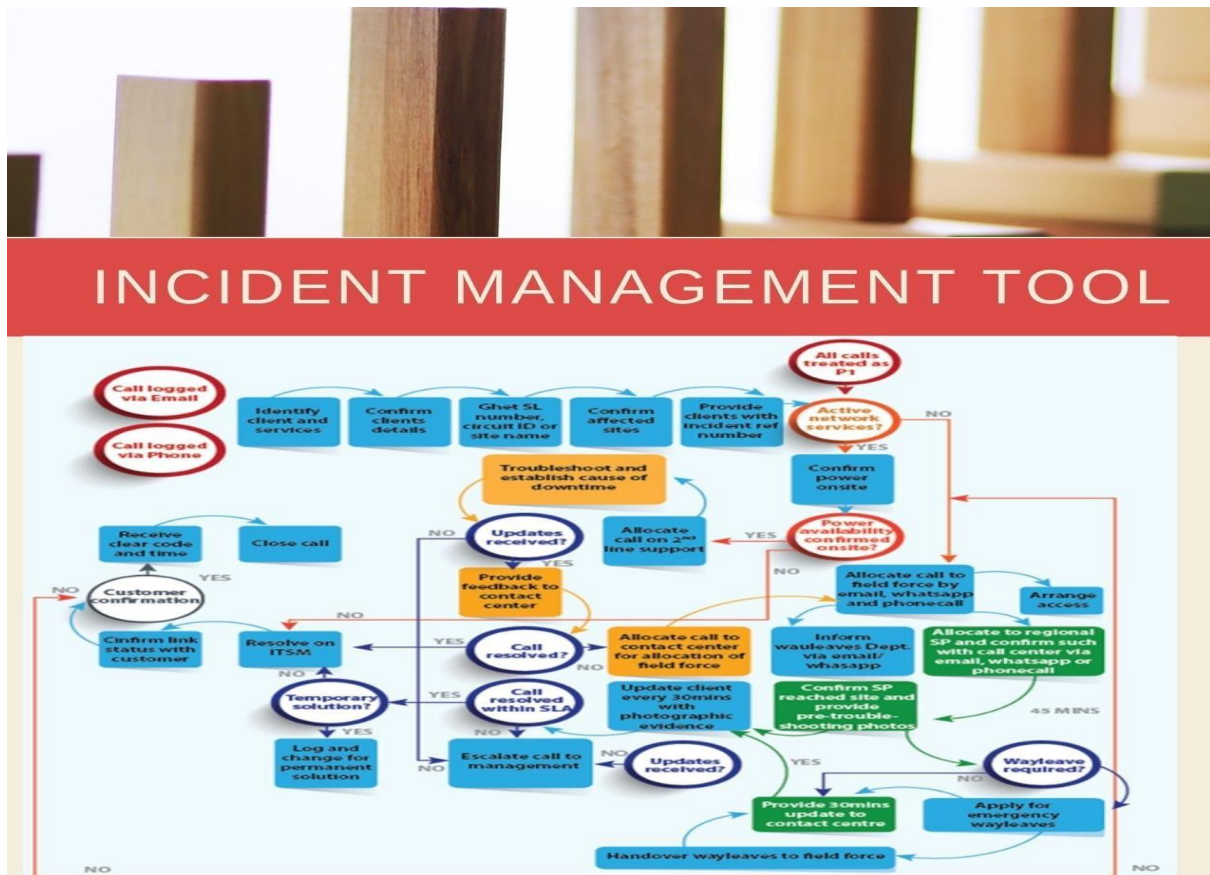


Figure 6: Incidents resolution process

The contact Centre performance is measured in terms of:

1. The time taken to attend to an incident as defined by the KPIs agreed upon within the terms of the SLA with the customer or SDA.
2. The time is taken to assign an incident to a service provider or resolver group.
3. The number of incidents logged on the service desk system.
4. The number of incidents resolved.
5. The number of incidents resolved within SLA as defined in the SLA KPI or SDA.

The service provider and internal resolver groups are measured in terms of:

- The time is taken to resolve incidents logged.
- The Mean Time to Repair (MTTR) incidents are logged against each of the customers and each of the service providers.
- Trends are analyzed, and targets have been set together with action plans to meet the performance targets.

The tables and graphs below present the performance of MTC taking into consideration calls logged and resolved across the various services:

Service Desk KPI	Oct-25	Nov-25	Dec-25	Q2 2025/2026
Total number of Incidents Logged	1632	1421	1279	4350
Total number of Incidents Resolved/closed	1411	1351	1219	3981
Number of Incidents resolved Within SLA	1064	1014	969	3047
Number of Incidents resolved Out of SLA	347	337	250	934
% Incidents resolved Within SLA	75%	75%	80%	77%
Total number of Incidents Open	73	30	24	127
Total number of Incidents On Hold	20	25	21	66

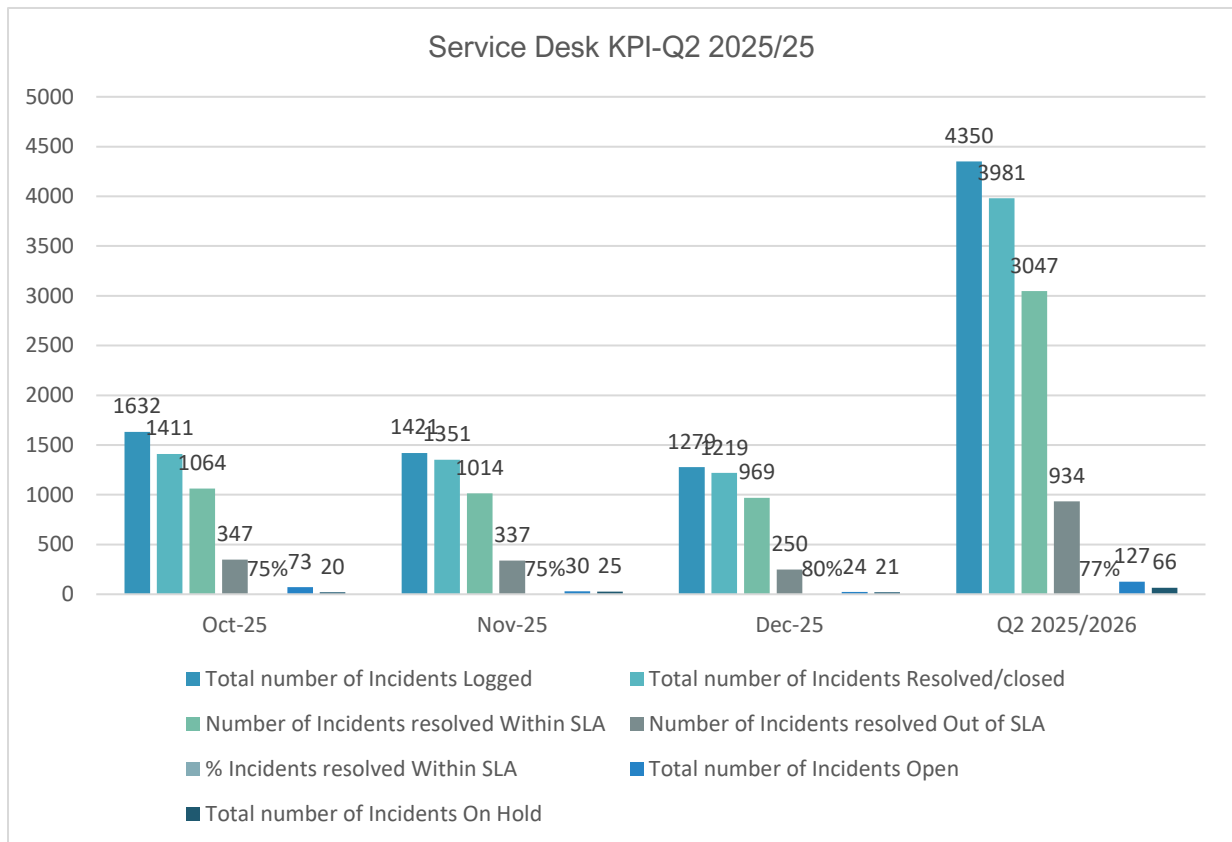
**Table 13: Number of Incidents logged and resolved.**

KPI Description	Oct-25	Nov-25	Dec-25	Q2 2025/2026
<b>Network Availability Target</b>	99%	99%	99%	99%
<b>Network Availability Achievement</b>	97%	91%	95%	94%
KPI Description	Oct-25	Nov-25	Dec-25	Q2 2025/2026
<b># CCTV Cameras Connected to VMS of IIOC Target</b>	<b>1034</b>	<b>1034</b>	<b>1034</b>	<b>1034</b>
<b># CCTV Cameras Connected to VMS of IIOC Access Achievement</b>	1072	1058	1066	1066
KPI Description	Oct-25	Nov-25	Dec-25	Q2 2025/2026
<b>Number of Connections Target</b>	20 000	20 000	20 000	60 000
<b>Number of Connections Achievement</b>	517 458	516 477	496 044	1 529 979

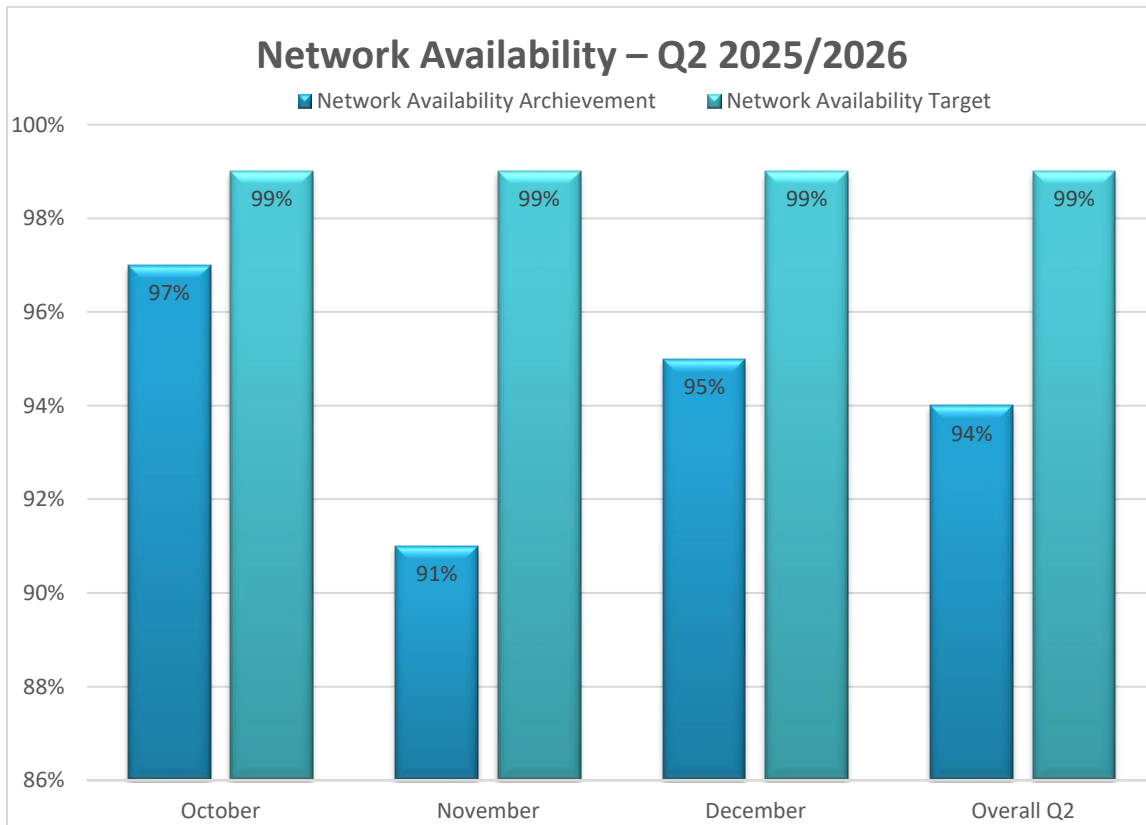
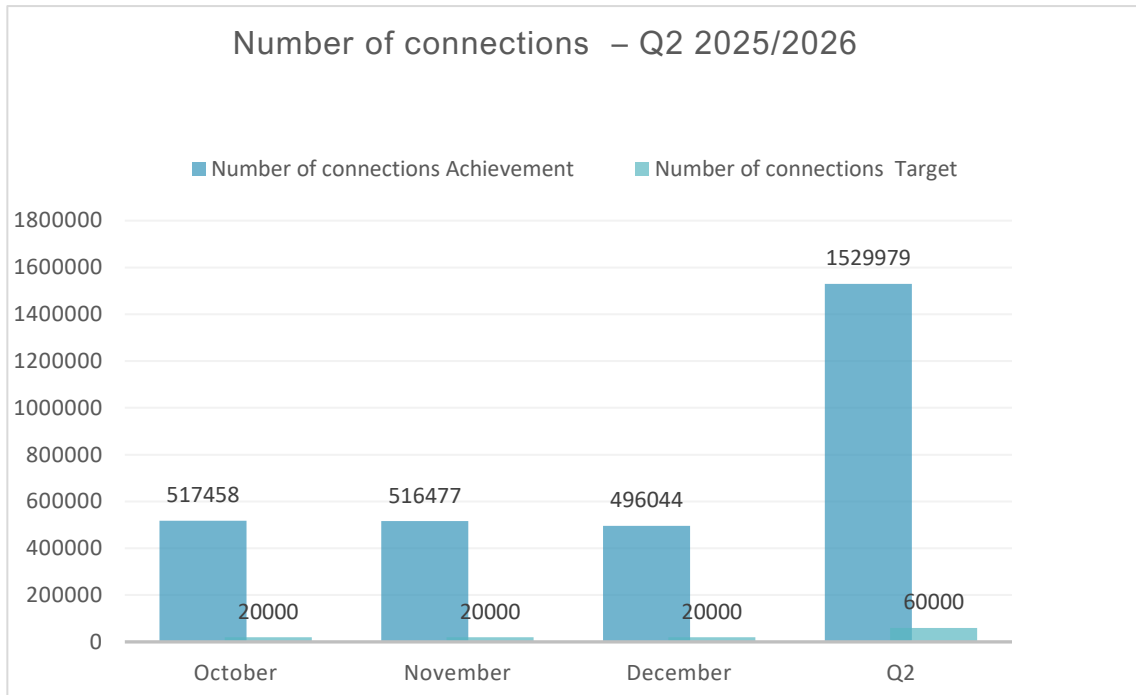
**Progress on Projects**

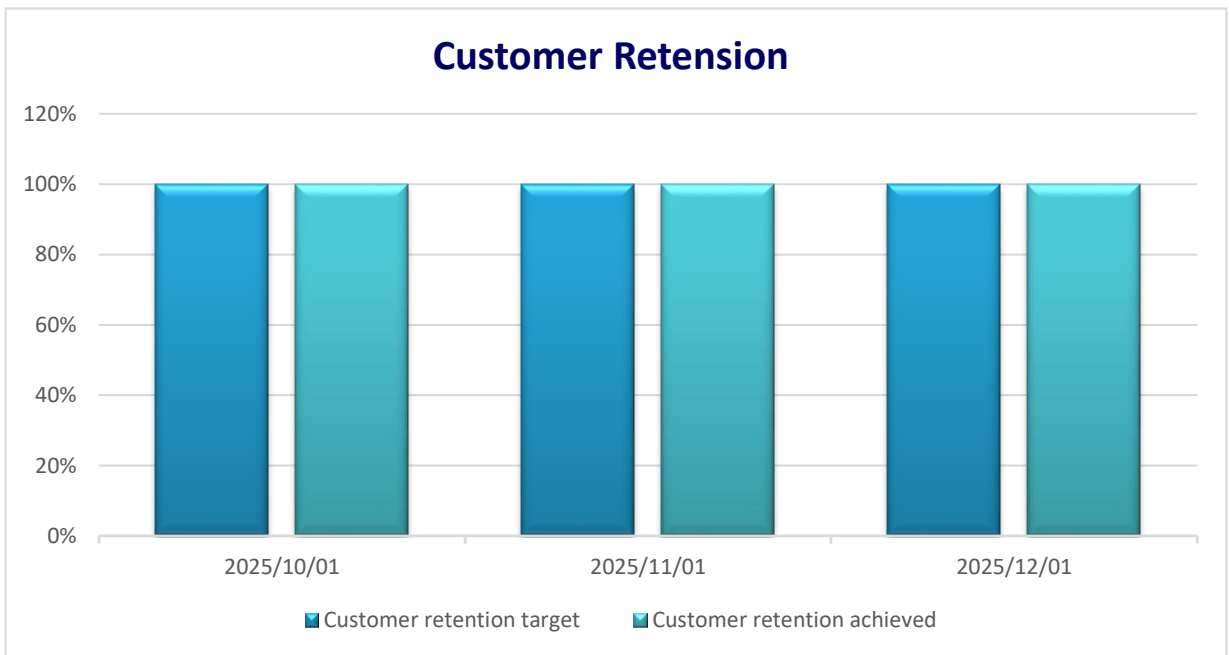
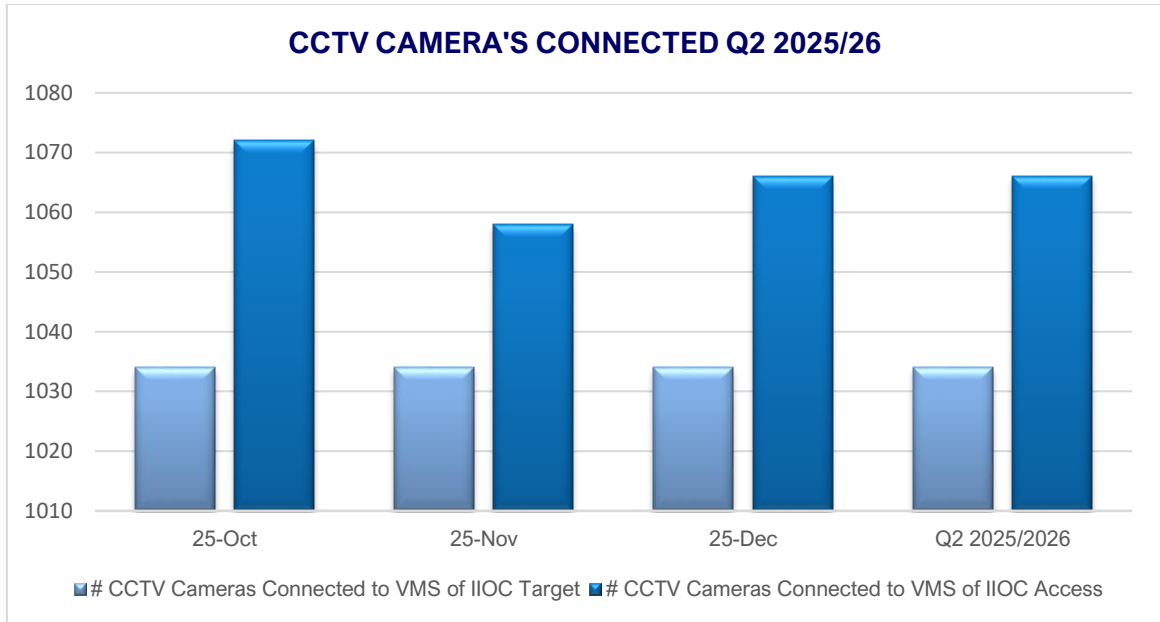
KPI Description	Oct-25	Nov-25	Dec-25	Q2 2025/2026
% CoJ and Entity Projects Completed Target	N/A	N/A	N/A	KPI Measured annually
% CoJ and Entity Projects Completed Achievement	One Project completed	N/A	N/A	One Project completed

The graph below is a trend analysis for the 2025/26 financial year Contact Centre Performance:



**SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**





KPI Description	Oct-25	Nov-25	Dec-25	Q2 2025/2026
<b>Customer retention rate Target</b>	100%	100%	100%	100%
<b>Customer retention rate Achievement</b>	100%	100%	100%	100%

MTC is a key contributor to the provision of affordable and effective ICT services to City departments and Municipal Entities. In addition, MTC plays a critical role in expanding the accessibility and affordability of broadband services for the residents of the City.

**Project Status:**

For the Quarter under review, one project that had two clients was completed

PROJECT	CLIENT	START DATE	END DATE
Centralized Service Delivery Management Platform	PIKITUP	26/06/2025	10/24/2025
Centralized Service Delivery Management Platform	Metrobus	29/05/2025	10/24/2025

MTC KEY PERFORMANCE INDICATOR ACHIEVEMENT AT A HIGH LEVEL

MTC KPI Summary	KPI's
Total KPI's	10
Total Measurable KPI for Quarter <sup>1</sup>	08
Achieved KPI's	4 KPI's
Non-Achieved KPI's	4 KPI's
% Achievement	50%

Table 14: MTC Key performance indicator achievement at a high level

<sup>1</sup> The following KPI's: % of CoJ and Entity Capex Projects completed in the financial year and Audit Opinion are measured annually and therefore they are not included in this calculation.

MTC responds to four Key priority program areas that MTC contributes as part of the GLU priorities, below are the analyses.

**Financial Sustainability** (Revenue Generation and Collections) – ICT services provided to CoJ and wholesale dark- and lit fibre services supplied to the open market to increase competition in the local market to reduce the costs of services provided to end-users. Exclusively provide CoJ and the MEs with communication services to reduce the city's costs.

### **Smart City and Safer City**

Smart City initiatives – Create a platform from which connectivity and technology solutions can be provided to residents of Johannesburg with a socio-economic objective of bridging the digital divide and enhancing municipal services. Safer City – Create a platform from which connectivity and technology solutions can be provided to residents of Johannesburg with a socio-economic objective of bridging the digital divide and enhancing municipal services.

**Socio-Economic Development Initiatives** – Stimulating the development of SMMEs in the space of Digital infrastructure while bridging the digital divide by improving access.

**Day-to-Day Operations** – Enforcing good governance, professional public service, and improved service delivery is paramount to MTC and CoJ.

Table 17: Corporate Scorecard 2025/26

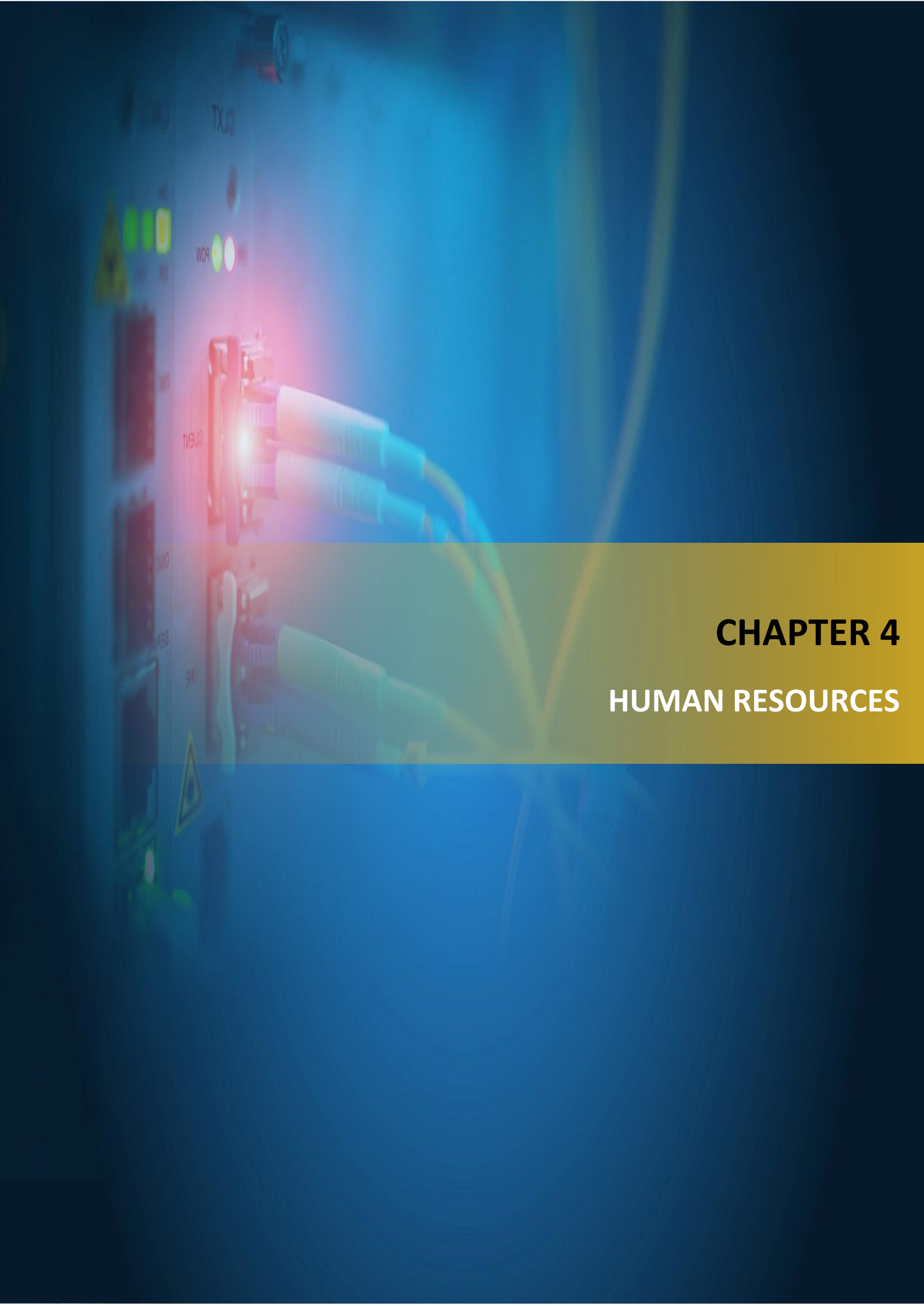
Key Performance Indicator	No	Measuring Unit	Baseline 2025/26	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q2 Actual	2025/26 Budget per Project						Means of Verification	Mitigation Actions For non-performance & Timelines
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q1	Q2	Q3	Q4		
Amount of revenue achieved in millions of Rands	1.	R	R335m	R 544m	R335m	R335m	R83.75m	R167.52m	R251.25m	R335m	R156,3m	X	X	-	-	-	-	* Quarterly reports (QPR) * Financial Statements	
Customer retention rate	2.	%	100%	N/A	90%	100%	100%	100%	100%	100%	100%							* Customer database OR CRM system reports tracking active and recurring customers * Sales & Billing records to identify returning customers	
Percentage of total sales revenue collection achieved	3.	%	56%	80%	80%	80%	80%	80%	80%	80%	101%							*Collections report *QPR *Financial statements	

Key Performance Indicator	No	Measuring Unit	Baseline 2025/26	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q2 Actual	2025/26 Budget per Project				Means of Verification	Mitigation Actions For non-performance & Timelines		
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q1	Q2			Q3	Q4
Network Link Availability	4.	%	75%	99%	99%	99%	99%	99%	99%	99%	94%	X	X	-	-	-	-	*Systems report *Ops Manager device availability reporting	Management will implement the regionalization of the network which will enable a focus on problematic areas without impacting the entire network. The availability has also improved because load shedding hasn't happened in a very long time which assists the network availability.

Key Performance Indicator	No	Measuring Unit	Baseline 2025/26	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q2 Actual	2025/26 Budget per Project						Means of Verification	Mitigation Actions For non-performance & Timelines
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q1	Q2	Q3	Q4		
Number of CCTV Cameras connected to the video-management system of the Integrated Intelligence Operation Centre	5.	Number	New KPI	N/A	1034	1034	1034	1034	1034	1034	1066	X	X	-	-	-	-	*Report of connected cameras on the Video management systems	
Number of devices utilizing the CoJ Free WIFI services	6.	Number	New KPI	N/A	120 000	120 000	30 000	60 000	90 000	120 000	1 529 979	X	X	-	-	-	-	*Availability report and supporting evidence	
% of CoJ and Entity Capex Projects completed	7.	%	86%	100 %	100 %	100 %	N/A	N/A	N/A	100%	Measured Annually	X	X	-	-	-	-	*Project charter *Confirmation of completion * RFQ	

Key Performance Indicator	No	Measuring Unit	Baseline 2025/26	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q2 Actual	2025/26 Budget per Project						Means of Verification	Mitigation Actions For non-performance & Timelines
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q1	Q2	Q3	Q4		
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q1	Q2	Q3	Q4		
Unqualified Audit Opinion with material findings	8.		Unqualified Audit Opinion with material findings	Unqualified Audit Opinion with	Unqualified Audit Opinion with	Unqualified Audit Opinion with	N/A	N/A	N/A	Unqualified Audit Opinion with material	Measured Annually	X	X	-	-	-	-	* Auditor General management letter *Audit report	
% of risk management mitigation action plans implemented	9.	%	New KPI's	N/A	100%	100%	100%	100%	100%	100%	77%	X	X	-	-	-	-	* Quarterly reports	Management has developed remedial risk strategies to ensure the effective implementation of these measures over the next two quarters.

Key Performance Indicator	No	Measuring Unit	Baseline 2025/26	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q2 Actual	2025/26 Budget per Project						Means of Verification	Mitigation Actions For non-performance & Timelines
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q1	Q2	Q3	Q4		
% of compliance with applicable laws and regulations in line with the compliance universe	10.	%	New KPI	N/A	100%	100%	100%	100%	100%	100%	87%	X	X	-	-	-	-	*Compliance reports	Management has implemented an action plan to address areas of non-compliance with the requirements of the Act, which includes escalating the matter of the Shareholder's Loan to the Group for consideration.



# CHAPTER 4

## HUMAN RESOURCES

**CHAPTER 4: HUMAN RESOURCES**

MTC strives to create an enabling environment in which highly skilled and talented employees are empowered to perform at their full potential, thereby supporting the organisation’s objective of becoming a high-performing entity. In this regard, the organisation recognises that a range of factors may either enable or constrain optimal employee performance. It is acknowledged that certain material conditions are essential to fostering employee success, including, but not limited to, certainty regarding the future of the organisation; consistent and fair people management practices; an enhanced reputation with customers, the shareholder, and the broader labour market; strengthened employer–employee engagement to maximise performance; a well-defined and sustainable recruitment pipeline; and improved employee morale.

**SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)**

The Executives’ fixed salary is competitive and based on the individual’s competencies, responsibilities, and performance. The review of the fixed salary is conducted on an annual basis for each financial year.

ITEM DESCRIPTION	ACTUAL AMOUNT	BUDGETED AMOUNT	VARIANCE
Basic	R7 257	R7 364	R107
Overtime	R70	R88	R18
Acting	R0	R0	R0
Locomotion	R259	R401	R142
Medical Aid	R318	R216	-R102
Pension Fund	R956	R393	-R563
Housing Subsidy	R14	R15	R1
13th Cheque	R0	R147	R147
Leave Pay and Encashment	R0	R88	R88
UIF	R29	R8	-R21
Skills Development	R73	R18	-R55

ITEM DESCRIPTION	ACTUAL AMOUNT	BUDGETED AMOUNT	VARIANCE
EJHB- Funeral Fund	R11	R12	R1
Bargaining Council	R1	R28	R27
Other Costs	R6	R0	-R6
Total	R8 996	R8 776	-R220

**Table 18: Employee Remuneration**
**EMPLOYEE BENEFITS**

Employee benefits of MTC mirror those of the City of Johannesburg. The table below describes employee benefits.

NAME OF BENEFIT	QUALIFICATION	RELATED AMOUNT/RANGES
<b>Housing Subsidy</b>	Permanent	R 1,066.41
<b>Ad hoc Loco</b>	The employee using his/her car to do the entity's job	Determined by KM
<b>Traveling (locomotion allowance)</b>	Permanent employees - Employees are required to submit their log sheets at six-month intervals	R 8,016.42 – R 11,095.00

**Table 19: Employee Benefits**

**MEDICAL AID**

Medical aid contributions for permanent employees are 60% Employer contribution and 40% employee contribution. Employees are offered membership in the approved schemes.

**PENSION FUND BENEFITS E-JOBURG PENSION**

MTC employees are under the E-Joburg Pension Function wherein the employer contributes 18% and employees contribute 7.5%.

**SECTION 2: KEY VACANCIES**

MTC is committed to the continuous development of its workforce. In line with this commitment, MTC has identified a number of key positions that require capacitation to ensure that the company is well-positioned to achieve its current and future strategic goals.

The following table provides an overview of the key positions that have been identified for capacitation and of which some have been filled, the background of each position, the targeted capacitation date, and the status:

KEY POSITIONS	BACKGROUND	TARGETED CAPACITATION DATE	STATUS
Company Secretary	There is a need to capacitate this position in line with the current and future MTC strategy	Interviewers were conducted and recommendation was made	The incumbent started 01 August 2025
Legal Advisor	There is a need to capacitate this position in line with the current and future MTC strategy	01-December -2025	Recruitment in progress
Chief Technology Officer	There is a need to capacitate this position in line with the current and future MTC strategy	Interviewers were conducted and recommendation was made	The incumbent started 01 December 2025

KEY POSITIONS	BACKGROUND	TARGETED CAPACITATION DATE	STATUS
Corporate Strategy and Reporting Executive.	There is a need to capacitate this position in line with the current business model and the future of the organization.	On Hold	On Hold
General Manager Corporate Services	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold
Executive Manager: Sales and Marketing	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold
Chief Operation Officer	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold

**Table 20: The status quo of the critical Positions**

**MTC Structure occupancy statistics.**

MTC has 82 positions on its approved structure, 48 positions have been filled resulting in a vacancy rate of 34%

The Metropolitan Tech Company (PTY) Ltd								
(01 October 2025– 31 December 2025)								
Business Area	No of Positions Structure	Filled	STC	Acting Secondment	Interns	Vacant	Filled Vacancies	Filled vacancies (STC and Acting Staff)
Office of the Executive	12	6	1	0	0	6	50%	58%
Internal Auditor	2	2	0	0	0	0	100%	100%

The Metropolitan Tech Company (PTY) Ltd								
(01 October 2025– 31 December 2025)								
Risk and Compliance	3	1	0	0	0	2	33%	33%
Office of the COO	2	2	0	0	0	0	100%	100%
Network Operations	38	18	3	0	0	16	47%	55%
Finance	17	13	0	0	0	4	76%	76%
Management Support	6	6	0	0	0	0	100%	100%
Legal Services	2	0	0	0	0	0	0%	0%
TOTAL	82	48	4	0	1	28	59%	63%

**Table 21: MTC Structure occupancy statistics.**

### The MTC workforce detailing the structure occupancy levels

The table below represents the actual capacity analyses of the MTC workforce detailing the structure occupancy levels.

Employee numbers	2025/26		
	Actual as at 2025/12/31	Forecast Additional	Total
Top Management is level 1 and 2	6	7	13

Employee numbers	2025/26		
	Actual as at 2025/12/31	Forecast Additional	Total
Senior Management is level 3 and 4	7	7	14
Professionally qualified and experienced specialists and mid-management level 5 and 6	14	1	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents level 7 and 8	19	12	31
Semiskilled and discretionary decision-making level 9 and 10	1	4	5
Unskilled and defined decision-making level 11	1	0	1
PWD = People living with Disabilities	0	3	3
<b>Total</b>	<b>48</b>	<b>34</b>	<b>82</b>

**Table 22: Structure occupancy levels**



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**THE GENDER BREAKDOWN OF MTC WORKFORCE**

The table below details and breakdown the gender of MTC workforce.

OCCUPATIONAL LEVELS		MALES				FEMALE				FOREIGN NATIONALS		TOTAL
		A	C	I	W	A	C	I	W	MALE	FEMALE	
<b>TOP MANAGEMENT</b>	ACTUAL	1	0	1	0	2	0	0	0	0	0	4
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	1
	ACTUAL %	17%	17%	17%	17%	17%	0%	17%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-22%	15%	15%	9%	-22%	-2%	15%	-8%	0%	0%	
	GAP	1	1	1	1	1	0	1	0	0	0	
<b>SENIOR MANAGEMENT</b> (Director & Deputy Director)	ACTUAL	6	1	0	0	1	0	0	0	0	0	8
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	18
	ACTUAL %	75%	13%	0%	0%	13%	0%	0%	0%	0%	0%	

OCCUPATIONAL LEVELS		MALES				FEMALE				FOREIGN NATIONALS		TOTAL
		A	C	I	W	A	C	I	W	MALE	FEMALE	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	36%	11%	-2%	-8%	-27%	-2%	-2%	-8%	0%	0%	
	GAP	0	1	0	0	0	0	0	0	0	0	
<b>PROFESSIONAL QUALIFIED</b> (Assistant Director & Manager)	ACTUAL	4	3	0	0	7	0	0	0	0	0	14
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	16
	ACTUAL %	29%	21%	0%	0%	50%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-10%	20%	-2%	-8%	11%	-2%	-2%	-8%	0%	0%	
	GAP	4	3	0	0	7	0	0	0	0	0	
<b>SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED</b> (Ops	ACTUAL	12	0	0	0	9	1	1	1	0	0	24
	TARGET SUBTOTAL	16	1	1	3	16	1	1	3	0	0	41

OCCUPATIONAL LEVELS		MALES				FEMALE				FOREIGN NATIONALS		TOTAL
		A	C	I	W	A	C	I	W	MALE	FEMALE	
Manager, Officer, Executive Secretary, Specialist)	ACTUAL %	50%	0%	0%	0%	38%	4%	4%	4%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	11%	-2%	-2%	-8%	-2%	3%	3%	-4%	0%	0%	
	GAP	-4	-1	-1	-3	-7	0	0	-2	0	0	
SEMI-SKILLED (Secretary, Admin Assistant, Cashiers, Ambassador, Driver)	ACTUAL	0	0	0	0	1	0	0	0	0	0	1
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	1
	ACTUAL %	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-39%	-2%	-2%	-8%	61%	-2%	-2%	-8%	0%	0,00%	
	GAP	0	0	0	0	1	0	0	0	0	0	
	ACTUAL	0	0	0	0	1	0	0	0	0	0	1

OCCUPATIONAL LEVELS		MALES				FEMALE				FOREIGN NATIONALS		TOTAL
		A	C	I	W	A	C	I	W	MALE	FEMALE	
<b>UNSKILLED</b> (General Worker, Office Ass, Marshal)	TARGET SUBTOTAL	1	0	0	0	1	0	0	0	0	0	3
	ACTUAL %	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-39%	-2%	-2%	-8%	61%	-2%	-2%	-8%	0%	0%	
	GAP	-1	0	0	0	0	0	0	0	0	0	
<b>TEMPORARY</b>	ACTUAL	4	0	0	0	2	1	0	0	0	0	7
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0
	ACTUAL %	0	0	0	0	0	0	0	0	0	0	0
	TARGET %	0	0	0	0	0	0	0	0	0	0	0
	GAP %	0	0	0	0	0	0	0	0	0	0	0
	GAP	0	0	0	0	0	0	0	0	0	0	0

### SECTION 3: EMPLOYMENT EQUITY

To achieve organizational vision, MTC needs to ensure that its human resources capacity is developed to its full potential. Considering this and in line with Metropolitan Tech Company's objective, therefore, the Entity intends to become a business unit driven by progressive Human Resource and Organisational Development strategies, policies, and practices that will assist Metropolitan Tech Company in achieving its long-term vision of becoming A World Class provider of affordable and accessible ICT service. The Entity is committed to the principles of equity, non-discrimination, and diversity as Human Resources preserved in the Constitution of the Republic of South Africa, the Employment Equity Act, 55 of 1998, and other relevant labour laws.

The Entity believes that Employment Equity goes beyond just legal compliance rather the Employment Equity Act also provides an outstanding opportunity to enhance service delivery by ensuring that the skills profile of the business unit employees is optimally developed. To this end, the Entity will ensure that its skills development process is strategically linked to its Employment Equity imperatives. Furthermore, the implementation of Employment Equity will be contextualized within the broader organizational development and workplace transformation endeavour's that are strategically aligned with Metropolitan Tech Company's Strategic and Business Plans. The Five-year EE plan was approved in November 2020. This plan subscribes to the guiding principles outline in Metropolitan Tech Company's Employment Equity (EE) Policy.

The achievement of Employment Equity goals and targets remains an important challenge for MTC. The Network Operations component is mainly a male-dominated industry compared to the enterprise. Network and Information Technology industries are generally faced with an oversupply of male employees, especially among the previously disadvantaged communities, whilst challenged to be able to attract female employees in all ethnic groups and owing to the nature and focus of the business, it is even more difficult to attract people with disabilities as well.

MTC will have to introduce a female-focused internship program to attract and retain females in the network and IT space. To achieve this initiative, MTC should implement the following strategic imperatives fundamental to achieve the targets stated in the employment equity plan.

- Achieving a representative employee profile at all occupational levels
- Creating a culture of equity, appreciation of diversity, and fairness for the benefit of all employees
- Proportionate investment in skills development

- Championing a holistic approach to transformation through optimal performance on employment equity goals and targets as well as other all aspects of the Broad-Based Black Economic Equity (B-BBEE)

The transformation agenda as pertains to Employment Equity will focus primarily on the following:

- Identification and eradication of systematic and systemic barriers to the achievement of employment equity goals.
- Management of diversity.
- Implementation of women and disabled person's advancement programs.
- Harvesting of all policy and program synergies towards the achievement of a quantitatively and qualitatively Equitable workplace.
- Conducting research and establishing from other Entities how they manage to achieve their EE Targets.

#### SECTION 4: SKILLS DEVELOPMENT AND TRAINING

Skills development and training are crucial employed interventions for several reasons, as they play a significant role in individual, organizational, and societal growth and success. In support of MTC's strategy in its Business Plan to develop and improve the skills of its workforce, all employees have submitted the skills audit questionnaire in preparation for the upcoming skills audit. When employees feel that their skills are being developed, they tend to have higher job satisfaction and morale. They are more likely to feel valued and engaged, which can reduce turnover and improve retention rates. MTC understands that skills development and training are not only important for individual career growth but also for the success and competitiveness of MTC and the overall well-being of society. By investing in the continuous development of skills, individuals and organizations can thrive in an ever-changing world.

## SECTION 5: PERFORMANCE MANAGEMENT AND SUCCESSION PLANNING

MTC will strive to recruit employees who are motivated to serve others. Our training and development will be biased towards behaviours and actions that drive customer satisfaction and a culture of service. This culture of service will be instilled and reinforced with appropriate performance management systems and incentives. MTC Human Resources Development Strategy outlines key programs and interventions regarding this strategic objective. A key strategic consideration for the entity is to ensure that a proper balance is maintained between performance management and opportunity management. While ensuring that we are able to solve today's challenges and thrive in the current operating conditions, we are cognizant of the need to prepare ourselves for future opportunities.

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### PERFORMANCE MANAGEMENT DEVELOPMENT SYSTEMS

MTC maintains and implements its Performance Management and Development Systems (PMDS) in alignment with the provisions of the following key legislation, regulations, and policy prescripts:

- The Local Government: Municipal Systems Act, 2000 (MSA)
- The Government: Municipal Finance Management Act, 56 of 2003 (MFMA)
- The Local Government: Municipal Performance Management Regulations, 2001
- Municipal Staff Regulations SEPT 2021 (MSR)

MTC operates a performance management system based on the periodic assessment of both strategic and operational indicators. Throughout Quarter 2 of the 2025–2026 financial year, this system has been consistently applied to monitor, evaluate, and drive organisational performance, ensuring alignment with set targets and overall strategic objectives.

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### QUARTER 2 COMPLIANCE PERFORMANCE PROGRESS

Metropolitan Tech Company (MTC) achieved an overall 100% performance management compliance rate in Quarter 2 of the 2025–2026 financial year, with all departments attaining full compliance. This exceptional performance demonstrates the organisation's strong commitment to fostering a culture of accountability, performance excellence, and continuous improvement.

Furthermore, MTC is the only entity within the City of Johannesburg group to have recorded a 100% compliance rate in the Quarter 1 results, reported in Quarter 2 of the 2025–2026 financial year. The organisation remains committed to sustaining this level of performance throughout the entire financial year.

As part of the compliance process, all MTC employees were required to complete and sign the following Performance Management documents:

- **Scorecards**
- **Performance Agreements**
- **Work Plans**

**5.3 The table below presents the Performance Management compliance rate for Quarter 2 of the 2025–2026 financial year:**

Departments	Number Of Signed Scorecards	Number Of Signed Performance Agreements	Number Of Signed Workplans	Compliance Status
1.Finance	12	12	12	Fully Compliant
2.Internal Audit	3	3	3	Fully Compliant
3. Company Secretary	2	2	2	Fully Compliant
4.Corporate Strategy & Reporting	8	8	8	Fully Compliant
5.Risk & Compliance	1	1	1	Fully Compliant
6.Network Operations	20	20	20	Fully Compliant
TOTALS:	49 /49 X 100% =			100%

**PAST PERFORMANCE**

MTC maintains a performance management system based on the periodic assessment in terms of both strategic and operational indicators. During the quarter under review, MTC reviewed its current Performance Management Policy and other supporting policies in line with the relevant statutes. The outcome of this review displayed that there is a need for the entity to revise its current document to ensure maximum compliance. During this quarter, the entity has reviewed its performance management policy to align with that of the City and encourage individuals to improve their performances. Over the last few years, the entity has not been able to pay performance bonuses to all its employees due to delays in the City’s finalization of its performance policies.

## **SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES**

For the period under review, there were no disciplinary matters and issues to be addressed

## **SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT**

The City of Johannesburg and its Entities are using Employee Self Service (ESS) for leave management. It is the automated leave management process that assisted in facilitating a hassle-free and more positive employee-employer work relationship.

## **SECTION 8: EMPLOYEE WELLNESS**

MTC recognizes its employees' well-being as a valued Human Capital asset within the organization. In taking care of the Human Capital, MTC undertakes to establish an accessible Employee Health and Wellness workplace program to enhance employee well-being through the promotion of healthy attitudes and behaviours to ensure optimal engagement.

MTC understands that employee health and wellness is an important strategic objective, the focus remains on preventative measures in order to promote a healthy workplace, reducing absenteeism, and increasing productivity. MTC provided Psychosocial Support and Counselling Services to three employees through the Metrobus EAP panel."

## **SECTION 9: OCCUPATIONAL HEALTH AND SAFETY**

MTC strives to provide an integrated Health and Wellness Program that promotes the employees' holistic well-being, adheres to statutory requirements, and promotes organizational sustainability. Employees must have confidential access to Wellness. This includes Primary Health Care, Occupational Health, and Employee Assistance Services while conserving human dignity, respect, and employee privacy.

SECTION 10: ETHICS AND CORPORATE SOCIAL RESPONSIBILITY



**Corporate Responsibility Initiatives**      **Social (CSR)**

MTC remains committed to advancing the social and economic well-being of the City of Johannesburg through initiatives that support digital inclusion and improved access to essential services. During the second quarter, the entity continued the implementation of one of its key strategic mandates, which also delivers significant Corporate Social Responsibility (CSR) impact:

- Free Wi-Fi Rollout at

**Rea Vaya BRT Stations**

As part of its mandate to enable digital connectivity across the City, MTC continued the rollout of free Wi-Fi at Rea Vaya Bus Rapid Transit (BRT) stations during the second quarter. This initiative is designed to enhance the daily commuting experience while promoting inclusive access to digital services, in line with the City of Johannesburg’s Smart City and digital transformation objectives.

**The project delivers the following CSR and developmental benefits:**

**Digital Inclusion and Social Equity:**

The provision of free Wi-Fi addresses digital inequality by enabling internet access for commuters who may otherwise be constrained by the cost of mobile data, thereby promoting equitable access to information and digital opportunities.

**Community and Socio-Economic Benefit:**

Free Wi-Fi at BRT stations supports productivity and socio-economic participation by enabling commuters to access work-related platforms, educational resources, online services, and social networks during transit.

**Alignment with City Strategic Priorities:**

The initiative directly supports the City of Johannesburg's strategic goals relating to digital inclusion, economic development, and the creation of a connected, smart urban environment.

MTC recognises the Free Wi-Fi rollout as both a core service delivery mandate and a key CSR intervention. Through this initiative, the entity continues to contribute meaningfully to improving quality of life for residents while advancing the City's broader digital transformation agenda.

#### e-Procurement System Implementation

MTC is also a key enabler in the City of Johannesburg's initiative to implement a cutting-edge e- Procurement system. This project aims to modernize how the City engages with suppliers and service providers, ensuring a more streamlined and accountable process.

- **Good Governance:** The e-Procurement system promotes transparency and reduces the risk of fraud and corruption in procurement processes. It enhances accountability by providing a clear audit trail of all transactions.
- **SME Development:** By creating a more accessible and transparent procurement environment, the system can help level the playing field for SMEs, enabling them to participate more effectively in City tenders.

While the e-Procurement system is also an important operational improvement for MTC and the City, we recognize its significant positive impacts on good governance and SME development, which are key aspects of our commitment to social responsibility.

This report demonstrates MTC's commitment to both its operational efficiency and its broader social responsibilities within the City of Johannesburg.



## **CHAPTER 5**

# **FINANCIAL PERFORMANCE & EXPOSURE**

CHAPTER 5: FINANCIAL PERFORMANCE & EXPOSURE

SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES

Item description	Note ref	31-Dec-25	31-Dec-24	Movement	% Movement
		R'000	R'000	R'000	
<b>Current assets</b>		<b>2 982 286</b>	<b>2 491 255</b>	<b>491 031</b>	<b>16%</b>
Receivable from exchange transaction	1	2 944 212	2 448 663	495 549	20%
Inventory		-	-	-	0%
SARS (Income tax)		26 733	26 733	-	0%
Cash and cash equivalent		-	-	-	0%
Loan to shareholder	2	-	-	-	0%
VAT Receivable	5	11 335	15 854	4 518	0%
Other Current Assets		5	5	-	0%
<b>Non-current assets</b>		<b>420 758</b>	<b>431 062</b>	<b>10 304</b>	<b>-2%</b>
Deferred Tax Asset		54 023	34 556	19 467	56%
Property, Plant and Equipment	3	357 271	386 910	29 639	-8%
Intangible assets	3	9 464	9 596	131	-1%
<b>Total assets</b>		<b>3 403 044</b>	<b>2 922 317</b>	<b>480 727</b>	<b>16%</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>		<b>2 780 112</b>	<b>2 107 203</b>	<b>672 908</b>	<b>32%</b>
Payables from exchange transactions	4	289 590	134 245	155 345	116%
Loan to shareholder (Overdraft)	2	871 472	697 701	173 771	25%
SARS		-	-	-	0%
VAT payables	5	-	-	-	0%
Current portion of long term loan	6	1 538 148	1 174 366	363 782	31%
Other liabilities		-	-	-	0%
Operating lease liability		-	-	-	0%
Provisions		80 902	100 892	19 990	-20%
<b>Non-current liabilities</b>		<b>1 324 330</b>	<b>1 332 700</b>	<b>8 370</b>	<b>-1%</b>
Shareholder loan	6	1 288 832	1 300 838	12 006	-1%
Deferred Tax Liability		35 498	31 863	3 635	11%
Income received in advance		-	-	-	0%
<b>Total Liabilities</b>		<b>4 104 442</b>	<b>3 439 904</b>	<b>664 538</b>	<b>19%</b>
<b>Capital and reserves</b>		<b>701 398</b>	<b>517 587</b>	<b>183 811</b>	<b>36%</b>
Share capital		-	-	-	0%
Share premiums		163 897	163 897	-	0%
Accumulated loss		865 295	681 484	183 811	27%
<b>Total Equity and Liabilities</b>		<b>3 403 044</b>	<b>2 922 317</b>	<b>480 727</b>	<b>16%</b>

Table 23: Statement of Financial Position and high-level notes.

## Balance Sheet variance analysis:

### Note 1. Receivable from Exchange Transactions

Debtor's balance has increased from the comparative period due to non-payment from other entities and departments. COJ owes the majority (99%) of the debtor's balance. However, the balance has increased by 20% from the comparative period (Q2 2024/25).

MTC has engaged the office of the GCFO to assist with the collection of internal debtors, and the matter has been escalated to the office of the CM. The debtor's balance comprises R2,8bn for CoJ Departments, R140m for CoJ Entities, and R8m for external debtors.

### Note 2. Loan to Shareholder

This represents the entity's cash balances that are held by the City's Treasury department. At the end of Q2, the balance of R871m was payable to the Shareholder.

### Note 3. Property, Plant, and Equipment

The decrease is due to monthly depreciation and amortization.

### Note 4. Payables from Exchange Transactions

Increase due to payments not being made within 30 days to suppliers as a result of cash challenges at the City.

### Note 5. VAT Receivable

A VAT refund is due by the entity as of 31 December 2025.

### Note 6. Shareholder Loan

No payments were made during the quarter; however, the interest charge was R85m.

**SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES**

**Table 24: Statement of Financial Performance and high-level notes**  
**Revenue Analysis**

Item Description	Quarter 2 2025/26			Quarter 2 2024/25			Reasons for variance
	Actual '000	Budget '000	Variance	Actual '000	Budget '000	Variance	
<b>Revenue</b>							
<b>Non-exchange revenue</b>	55 931	56 967	- 1 036	56 360	56 154	206	
Subsidy from City of Johannesburg	55 931	56 967	- 1 036	56 360	56 154	206	
<b>Exchange Revenue</b>	<b>156 268</b>	<b>86 205</b>	<b>70 063</b>	<b>117 377</b>	<b>72 577</b>	<b>44 800</b>	
Sale of services	156 268	76 845	79 424	117 377	63 746	53 631	Actual sales above budget due to increased business activity during the quarter, and higher than in the comparative period.
Tender Fees	-	-	-	-	-	-	
Interest received	-	9 360	- 9 360	-	8 831	- 8 831	No interest earned as the treasury balance was in overdraft.
<b>Total revenue</b>	<b>212 200</b>	<b>143 172</b>	<b>69 028</b>	<b>173 736</b>	<b>128 731</b>	<b>45 005</b>	
			-			-	
<b>Expenditure</b>							
Employee related costs	15 296	10 665	4 631	15 106	10 064	5 042	The employee cost is above budget. The budget costs to be realigned to take into account the current staff complement.
Depreciation and amortisation	8 399	39 496	- 31 096	8 842	37 931	- 29 089	The depreciation expenditure is below the budget due to Network assets being revised at the 2017/18 year-end in terms of GRAP 105 which resulted in a lower depreciation charge than initially budgeted for.
Finance cost	85 515	47 143	38 372	51 137	44 475	6 662	Higher than budget due to interest on non-payments towards the Shareholder's Loan and interest on the overdraft.
Repairs and maintenance	15 190	6 086	9 103	15 719	4 879	10 840	Above budget due to more repair incidents that took place.
Contracted services	12 483	12 484	- 0	5 177	12 360	- 7 183	There has been efficient spending on consulting expenditure.
Other expenditure	236 559	21 386	215 173	170 401	22 318	148 083	This line item is above budget due to higher cost of sales incurred through the use of service providers. These costs are recovered from internal sales.
<b>Total expenses</b>	<b>373 442</b>	<b>137 260</b>	<b>236 182</b>	<b>266 381</b>	<b>132 027</b>	<b>134 355</b>	
			-			-	
<b>Operating surplus/deficit</b>	<b>- 161 242</b>	<b>5 913</b>	<b>- 167 155</b>	<b>- 92 645</b>	<b>- 3 295</b>	<b>- 89 350</b>	
			-			-	
<b>Operating surplus/deficit excluding subsidy</b>	<b>- 217 174</b>	<b>- 51 055</b>	<b>- 166 119</b>	<b>- 149 004</b>	<b>- 59 449</b>	<b>- 89 555</b>	

**Table 28: Statement of Financial Performance and High-level Notes**

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## REVENUE ANALYSIS

- The subsidy received from the City of Johannesburg is above the budget.
- Actual sales year to date are above budget due to increased business during the quarter.
- No interest was earned as the Treasury balance was in an overdrawn position.

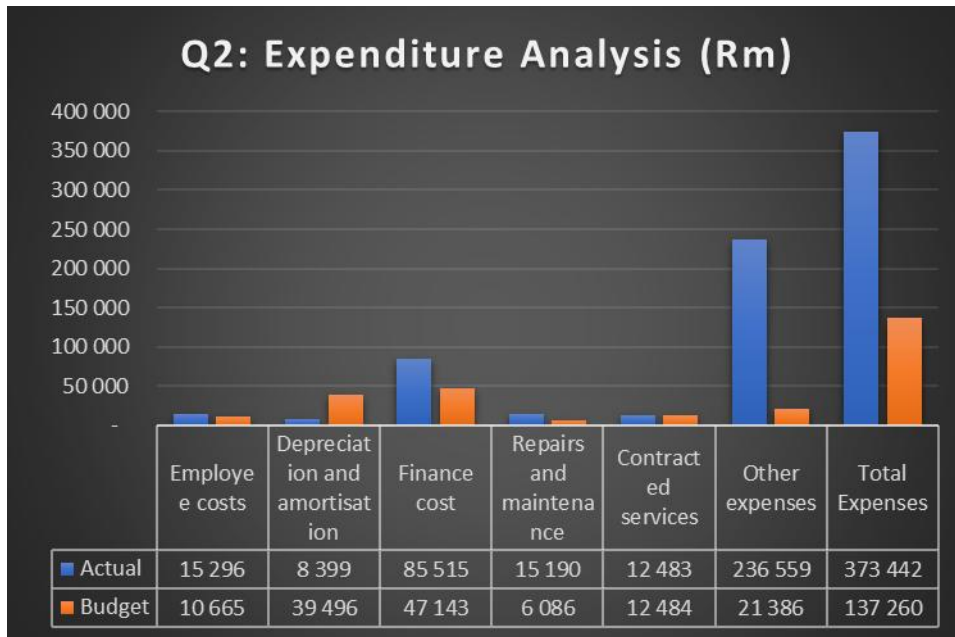
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## EXPENDITURE ANALYSIS

- Employee-related costs are above budget. The budget needs to be realigned with the current number of employees at the entity. Discussions are taking place between the Budget Office and MTC.
- The depreciation is below the budget due to network assets values being revised lower at 2017/18 year-end in accordance with GRAP 105 which resulted in a lower depreciation expense than initially budgeted for.
- Finance costs are above budget due to interest on the overdraft and shareholder's loan
- Repairs and maintenance are higher than the budget due to more incidents of repairs that were carried out.
- Consultants' costs are in line with the budget as consultants are utilised as and when required.
- Other expenditures are above budget due to the higher cost of sales incurred through the use of service providers. These costs of sales are recovered from internal sales.

**INCOME STATEMENT ANALYSIS**

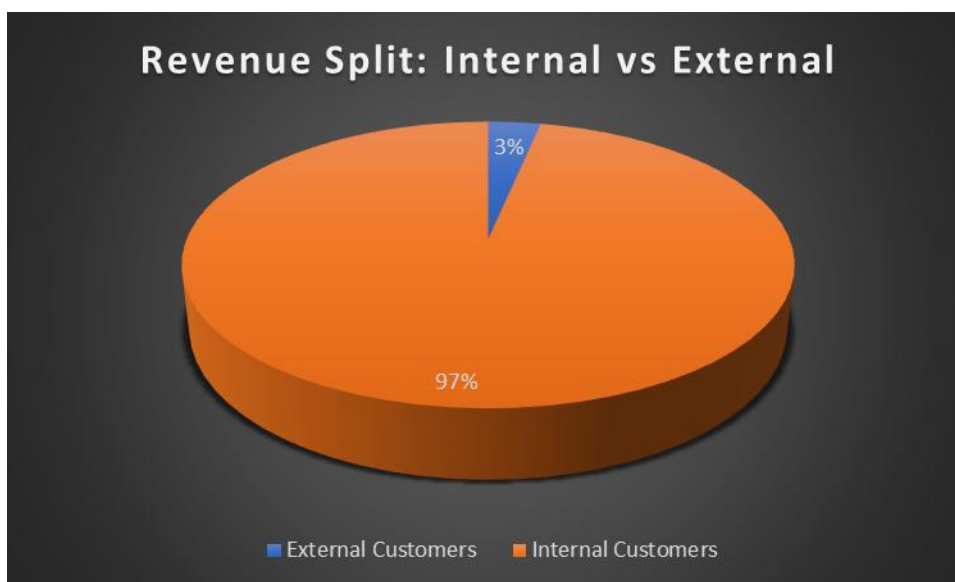
EXPENDITURE ANALYSIS:



**Figure 7: Expenditure**

The graph above depicts that Finance costs, and other expenditures are the main contributors to the entity’s expenditure. The other line items are in line with the budget. Other expenditures are above budget due to higher spending than expected for costs incurred for services rendered.

REVENUE: INTERNAL VS EXTERNAL CUSTOMERS

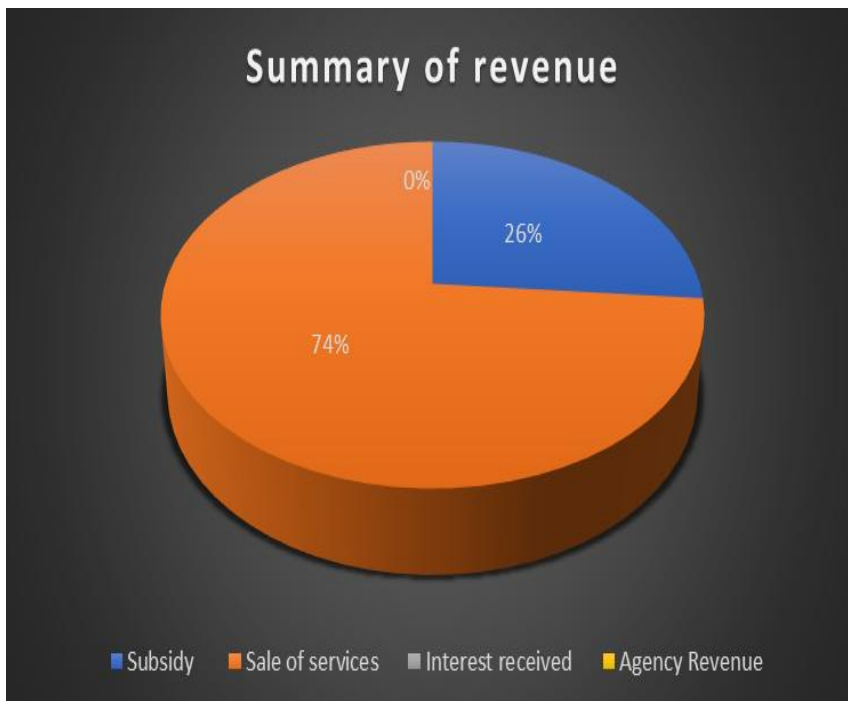


**Figure 8: Income**

The diagram above depicts the split between internal and external customers. External customers represented 3% of revenue whilst internal customers represented 97%. The entity is reliant on internal customers to generate revenue. This excludes the subsidy from COJ. The entity was allocated a minimal capital budget and, therefore is unable to invest adequately in capital expenditure to improve the condition and performance of the network and thereby attract external customers.

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**SUMMARY OF REVENUE:**



**Figure 9: Summary of revenue**

The graph above shows the types of revenue generated by the entity and the contribution to total revenue. A major part of the revenue earned during the second quarter was from the sale of services.

**SECTION 3: STATEMENT OF CASH FLOWS**

<b>Statement of Cash Flows for the period ended 31 December 2025</b>		
	<b>Quarter 2 2025/26</b>	<b>Quarter 2 2024/25</b>
<b>Cash flow from operating activities</b>		
Receipts	(259 909)	(472 479)
Subsidy from CoJ	55 931	56 360
Cash received from customers	(315 841)	(528 839)
Interest income	-	-
Payments	(209 697)	(179 063)
Suppliers	(209 697)	(179 063)
Shareholder loan repayments	-	-
<b>Net cash outflow from operating activities</b>	<b>(469 606)</b>	<b>(651 542)</b>
<b>Cash flows from investing activities</b>	-	-
Purchase of PPE	-	-
<b>Cash flows from financing activities</b>	<b>469 606</b>	<b>651 542</b>
Loan from/(to) Shareholder	469 606	651 542
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>- 0</b>	<b>(0)</b>
<b>Cash at the beginning of the quarter/year</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 30 June 2025</b>	<b>- 0</b>	<b>(0)</b>
<b>Cash Flows from operating activities excluding subsidy</b>		
Net cash outflow from operating activities	(469 606)	(651 542)
Excluding Subsidy	(55 931)	(56 360)
	<b>(525 538)</b>	<b>(707 902)</b>

**Table 29: Cash Flow Statement**

Cash utilised in operations amounted to R470 million for the period ending 31 December 2025. During the quarter there was no spending on CAPEX due to projects being in progress. It is expected that these will be invoiced during the third and fourth quarters. The net impact from investing and financing activities was an inflow of R470 million.

Cash flows from operating activities can be improved by aggressively pursuing collections from our internal debtors. In this regard, the office of the GCFO is assisting. Supporting information has been submitted for the major balances to support the payments due to MTC.



**SECTION 4: CAPITAL PROJECTS & EXPENDITURE**

CAPEX SPEND - (2025/26)													
Item Description	Budget Allocated	Q1		Q2		Q3		Q4		Total Spent	Percentage spent	Committed	Percentage with comittment
		Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget				
Office upgrade	6 700	-	-	-	-	-	-	-	-	-	0%	-	0%
WIFI Commercialisation	20 000	-	-	-	-	-	-	-	-	-	0%	-	0%
<b>Total</b>	<b>26 700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>

**Table 26: Summary of Capital Projects**

The following capital projects are planned for the year under review:

- Office upgrade
- Wi-Fi commercialisation

The entity has been allocated a capital expenditure budget of R26,7m for the year under review. These projects are in progress, and it is expected that they will be invoiced and paid for during the third and fourth quarters.

**SECTION 5: RATIO ANALYSIS**

Ratio	Calculated ratio	Norm	Explanation
Current ratio	1,07	1.5 to 2 :1	The current ratio is below the norm due to the high current liabilities balance caused by city-wide cashflow challenges.
Solvency ratio	0,83	2	The ratio is below the norm as a result of the entity being technically insolvent due to the impact of the Shareholder Loan whilst the PPE is decreasing due to depreciation.
EBITDA	- 67 328	None	EBITDA is negative as a result of operating expenses being higher than the operating revenue when excluding the impact of finance costs.
Repairs and Maintenance as a % of PPE	4%	8%	The percentage is lower than the norm. The entity is also constrained by budget. Currently the budget is not aligned to 8% of the PPE value.
Net Debtors days	6 877	30 days	This ratio is well above the general norm due to outstanding debt from the shareholder that is more than a year outstanding. The shareholder continues to receive services with no/infrequent payments made to MTC.
Cash/cost coverage ratio (days)	-	Between 1 month to 3 months.	The ratio indicates that the entity does not have cash to cover fixed monthly operational costs which is below the norm. Impacted by challenges with internal debtors and the treasury balance going into an overdrawn position.
Capital cost as a % of total operating expenditure	23%	6% to 8%	The ratio is above the norm, indicating that interest cost is the major contributor to expenditure and that the entity has a high borrowing cost. This is due to the increase in the Shareholder's Loan balance as a result of the non-payment of the capital portion of the loan.
Debt to Revenue	1934%	45%	The ratio is well above the norm indicating that the long and short-term borrowings are high in comparison to the revenue generated by the entity. This is due to the high value of the Shareholder loan which is increasing. It therefore shows that the entity is not generating sufficient revenue to repay the debt. It is also an indicator that the entity is reliant on the subsidy to be able to repay the debt.
Net Operating Surplus Margin	-103%	The norm is equal to or greater than 0%	The entity generated a deficit during the quarter.
Remuneration as % of Total Operating Expenditure	4%	The norm range between 25% and 40%	The ratio is below the norm due to a number of positions not being filled.
Contracted Services % of Total Operating Expenditure	3%	The norm range between 2% and 5%	The ratio is in line the norm as consultants are utilised on an as and when basis and in the period under review there was a low requirement of consultants.

**Table 27: Ratio Analysis**
**SECTION 6: MITIGATING ACTIONS TO IMPROVE RATIOS.**
**Solvency ratio, EBITDA, Capital Cost percentage, and Debt to Revenue ratios**

The conversion of the Shareholder's Loan balance into equity would have immediately improved these ratios. Alternative ways of dealing with the loan are being explored. MTC has been engaging the Treasury Department in this regard and the services of an expert in this area has been procured.

**Net Debtors days**

The collection of internal debtors (CoJ departments and entities) has been a challenge for MTC. A request has been made to the office of the COO to assist the entity in collecting these

outstanding amounts. This matter has been escalated to the office of the CM. The Office of the GCFO is also assisting with the payments from internal debtors.

**SECTION 7: SUPPLY CHAIN MANAGEMENT AND BBBEE**

Quarter 2 2025/26								
	Oct-25		Nov-25		Dec-25		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
Paid within the 30 day period	39	21 769 007,42	9	11 917 690,85	64	58 607 510,95	112	92 294 209
Not paid within the 30 day period	10	23 839 071,98	3	23 954 971,54	154	253 889 956,87	167	301 684 000
	49	45 608 079	12	35 872 662	218	312 497 468	279	393 978 210

**Table 28: Payment in 30 days**

MTC has paid 40% of its service providers within 30 days. The amounts relate only to external service providers and exclude any intercompany creditors. Due to liquidity challenges at the City, MTC could not receive funds in time to ensure that all payments are made within the stipulated 30 days.

**Unauthorized, Fruitless, and Wasteful Expenditure and Due Processes**

MTC incurred fruitless and wasteful expenditure of R 85m during the quarter, which is the interest on the Shareholder Loan and the overdraft.

**Deviations**

None

**BBBEE Spend**

The entity spent 94% of its total procurement on SMMEs and BBBEE-compliant service providers. This will be monitored and improved continuously as MTC has displayed its capacity in this space. MTC procured services from 27 SMMEs which represent 69% of suppliers to MTC.

**Contract management**

QUARTER 2 CONTRACT TRACKER 2025/2026			
BUSINESS DEVELOPMENT			
No. of active contracts	Contracts expiring in > 3 - 6 months	Contracts expiring in > 6 - 12 months	Contracts expiring in > 12 months
49	11	6	32
SUPPLY CHAIN MANAGEMENT			
No. of active contracts	Contracts expiring in > 3 - 6 months	Contracts expiring in > 6 - 12 months	Contracts expiring in > 12 months
31 ( Master Service Agreements)	0	0	31
28 ( Service Level Agreements)	9	2	17

**SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE**

There were no claims made by or against the entity during the quarter.

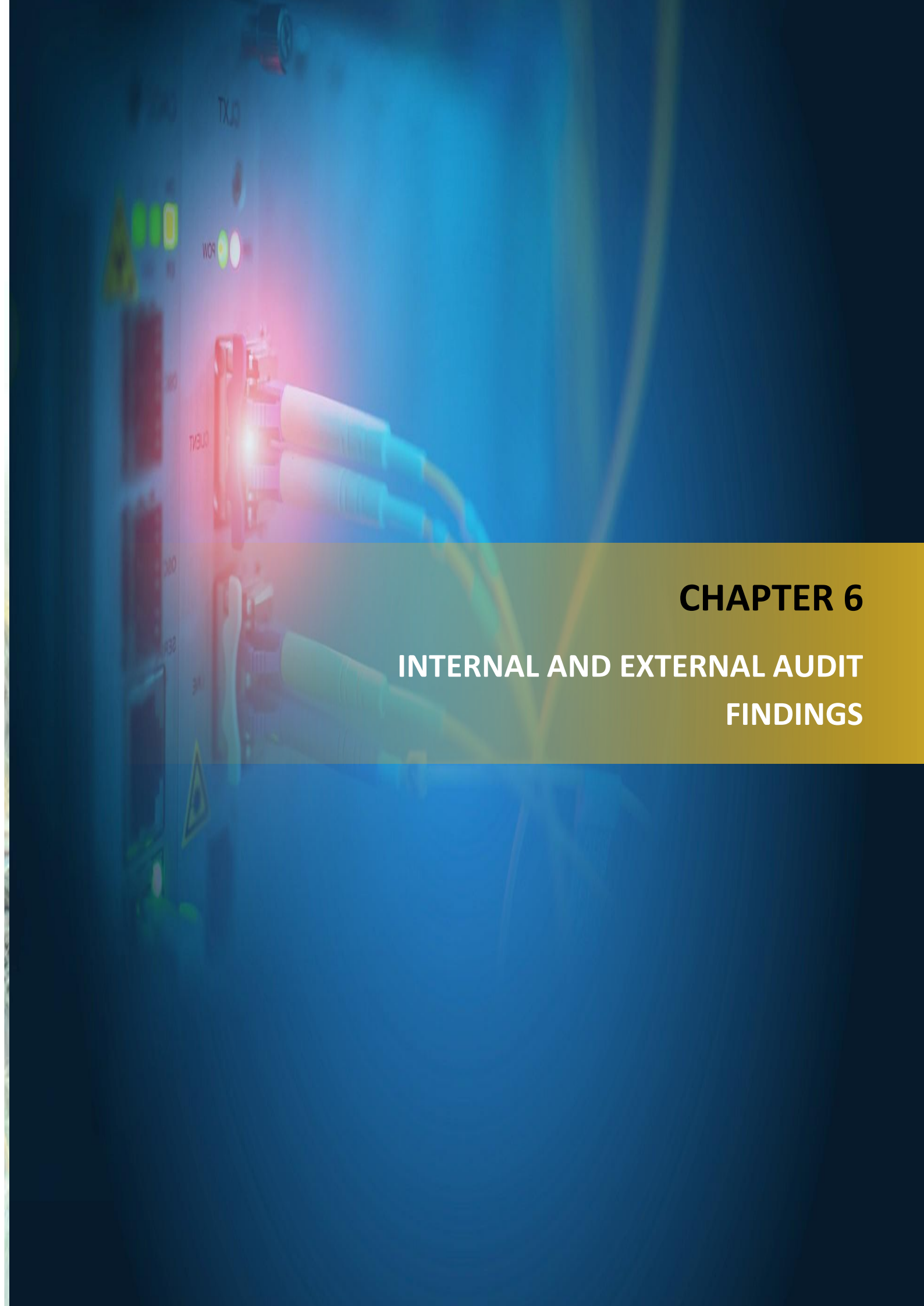
**SECTION 9: DEPARTMENTS AND PUBLIC ENTITIES**

**AMOUNTS OWED BY COJ AND ENTITIES (INTERCOMPANY ASSETS)**

<b>AMOUNTS OWED TO MTC</b>			
<b>Departments</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>Variance</b>
GCSS	626 132 978	560 248 795	65 884 183
Subsidy	21 440 401	-	21 440 401
Transport	239 240 550	51 784 228	187 456 322
Public safety	201 458 533	262 437 406 -	60 978 873
GICT	1 610 294 687	1 306 442 213	303 852 474
Ombudsman	-	-	-
Group Legal	-	7 222 302 -	7 222 302
GFIS	6 475 741	32 086	6 443 656
Revenue Shared Service Centre	72 460 975	80 933 482 -	8 472 507
Smart City	3 270 671	3 270 671	-
Office of the Speaker	4 148 023	9 964 644 -	5 816 620
GRAS	11 891 247	-	11 891 247
	<b>2 796 813 808</b>	<b>2 282 335 827</b>	<b>514 477 982</b>
<b>Entities</b>			
City Power Johannesburg	35 682 756	52 466 805 -	16 784 049
Joburg Market SOC	5 916 575	6 407 360 -	490 785
Joburg Theatre	54 500	176 591 -	122 091
Johannesburg Roads Agency Pty Ltd	25 263 874	22 325 624	2 938 250
Johannesburg Social Housing Company	9 567 248	11 817 232 -	2 249 984
Johannesburg Tourism Company	-	2 557 -	2 557
Pikitup	52 875 700	12 420 622	40 455 078
Metropolitan Bus Service SOC	10 114 976	55 289 915 -	45 174 939
	<b>139 475 630</b>	<b>160 906 706 -</b>	<b>21 431 077</b>
<b>TOTAL</b>	<b>2 936 289 438</b>	<b>2 443 242 533</b>	<b>493 046 905</b>

**AMOUNTS OWED TO COJ AND ENTITIES (INTERCOMPANY LIABILITIES)**

- MTC owes CoJ an amount of R2,8 billion in respect of the Shareholder's Loan balance.



## **CHAPTER 6**

# **INTERNAL AND EXTERNAL AUDIT FINDINGS**

## CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

### SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

#### Current Performance Status

Status	Quarterly Target	Actual Performance	% Performance Achievement for 2025/26
Project as per plan Q1	5	5	100%
Project as per plan Q2	13	11	85 %
Progress to date	18	16	89%

**Table 33: Progress against the Internal Audit Plan**

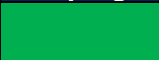


























The table above reflects the progress to date against the approved Internal Audit Plan for the 2025/2026 financial year. A performance of **89%** achieved against the coverage plan for the 2025/26 period.

### SECTION 2: PROGRESS ON RESOLUTION OF AUDIT FINDINGS

For the period under review, there were twelve (12) audit reviews and one Adhoc project that were planned, eleven (11) of the thirteen were completed which translate to 85% performance for Quarter 2 of the 2025/26 period. The performance progress achieved to date is 89% against the audit plan with two audits reviews still InProgress. According to the approved plan there are three audit reviews that has been moved from Q2 to Q4 (Project Management, Compliance review and Performance Audit) due to AGSA audit to avoid duplication and were replaced by Quality Assurance reviews on Business plan, Performance rewards and Mid-year deviation.

The table below reflect the total number of projects planned for the current financial year with the status.

In Progress  Not Started  Completed  Deferred  On hold 

No/ref	Approved Plan	Planning and Scoping	Fieldwork	Final report	Comments	Overall Rating
3	AOPO Q1				Complete	3 
20	Quality Assurance on Scorecards				Complete	3 
21	Quality Assurance on Performance rewards				Complete	3 
22	Quality Assurance on Mid-year deviation				Complete	3 
25	UIFWE				Planning	
19	Quality Assurance on Business plan				Complete	3 
29	Service Level Standard Audit				Complete	3 

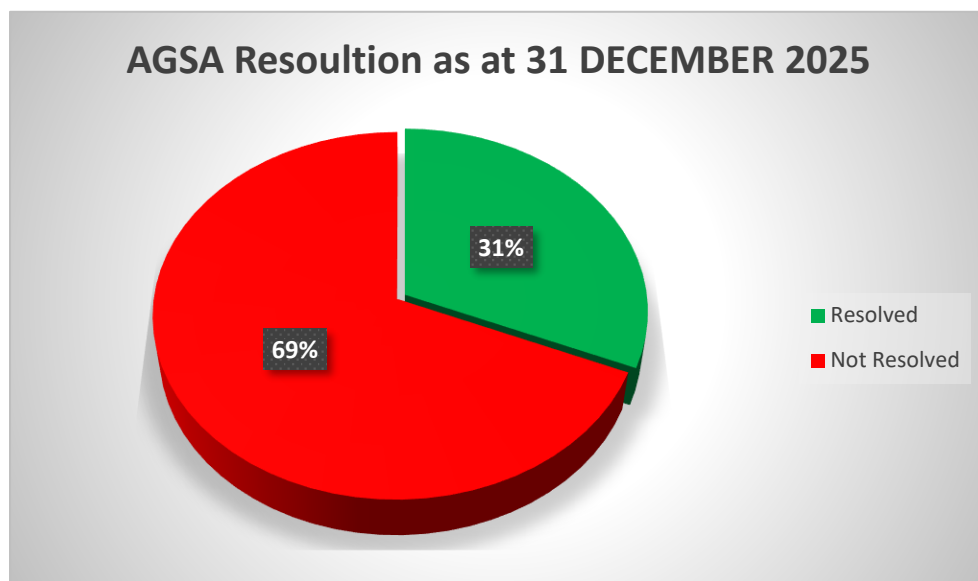
No/ref	Approved Plan	Planning and Scoping	Fieldwork	Final report	Comments	Overall Rating
32	Strategic planning, monitoring and reporting				Complete	3
30	Performance Management Review				Complete	
Adhoc	Annual Integrated Report review				Complete	
23	Corporate Governance Review	Planning			Planning	
3	Performance Information (AOPO) Q4 Annual Performance				Complete	3
7	Stakeholder and Communication Management				Complete	3
14	Probity Reviews on High Value Tenders X2				Complete	3
15	Follow up on AG Findings Q1 & Q2				Complete	4
16	Consulting - AG Readiness Assessment				Complete	3
28	Communication and Marketing				Complete	4

The work executed revealed several instances of internal control deficiencies which expose the organization the risk of ineffective governance processes:

- non-compliance with regulations, policies, and procedures.
- inadequate and/or ineffective financial management controls (Unauthorised expenditure);
- Non-compliance with the MFMA supply chain management regulations, policies and procedures.
- inadequate contract management.
- inadequate IT General Controls and Application Controls.
- ineffective controls towards ensuring usefulness and reliability of performance information.

## EXTERNAL AUDIT FINDINGS

**AG Findings** – AG Findings – The graph below depicts the status on progress made in addressing AG findings; A total of 51 findings was followed up during the audit of AG letter for 2024/25, and Sixteen (16) out of 51 findings were resolved translating to 31% as of 31 December 2025.



### External Audit Findings Resolution Status

#### Audit Resolution Status

#	Classification of findings	Total findings raised to date	Total Findings resolved to date	Unresolved
1.	Matters Affecting Audit opinion	25	9	16
2.	Other Important Matters	26	7	19
3.	Administrative Matters	-	-	-
<b>Total Findings</b>		<b>51</b>	<b>16</b>	<b>35</b>
			<b>31%</b>	<b>69%</b>

**Table 34: AG Findings**

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
1	2024/25	COAF 02	Comparison of budget and actual amount spent: Overspending of the approved budget	Finance	Finance Manager:	Matters Affecting Audit Opinion	As per the recommendations and spending will be more closely monitored to ensure spending is in line with budget.	Immediately.	Due	No	Not complete	Not resolved
2	2024/25	COAF 03	Irregular expenditure notes 33 & 35	Finance	Finance Manager	Other Important Matters	None- Management disagrees with the finding	Not indicated	Due	Yes	completed	Resolved
3	2024/25	COAF 06	Mid-year budget and performance assessment report	Finance	Management Support Executive:	Other Important Matters	We will be in contact and communicate the misalignments identified between CoJ and legislation, and their impact on the entity's governance controls.  Management comment on audit finding:  Management notes the audit finding from the auditors. The entity submits its quarterly performance reports as well as its Mid-year deviation report, in accordance with guidelines received from the City of Johannesburg (CoJ) which are in line with	31-Dec-25	Not Due	No	Not complete	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							<p>MFMA act.</p> <p>According to the Internal Memorandum that the CoJ distributed to its municipal entities, the following deadlines were communicated for submission of Quarter 2 Performance reports, which also serves as the entity's mid-year performance assessment:</p> <ul style="list-style-type: none"> <li>• Soft Closure for first draft reporting: 24 December 2024</li> <li>• Draft 1 submission date: 06 January 2025</li> <li>• Hard Close for final reporting: 31 December 2024</li> <li>• Final Report Submission date: 24 January 2024</li> </ul> <p>The entity acknowledges that it was late in their submission of the Quarter 2 performance report due to capacity constraints.</p> <p>Management has been striving to meet internal deadlines of the CoJ, but we have</p>					

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							also noted that there is misalignment between the CoJ deadlines and legislated deadlines.  Based on the above, management agrees with the finding that it has not complied with the requirements of MFMA section 88(1)(b)(i)(ii). However, we hereby request the auditor to indicate on the impact of the finding whether this non-compliance is a material non-compliance that will be reported on the auditor's report or management report					
4	2024/25	COAF 05	Understatement of the Taxation Amount	Finance	Finance Manager	Matters Affecting Audit Opinion	Management agrees with the finding Management will correct the calculation	15-Nov-25	Due	Yes	completed	Resolved
5	2024/25	COAF	Payments not made within 30 days as required by legislation – General expenditure	Finance	CFO: Rajen Chetty	Matters Affecting Audit Opinion	Management response was not received	Not indicated on the AG management report	Due	Yes	Not completed	Not resolved
6	2024/25	COAF 16	Casting difference on the Segment information note	Finance	Finance Manager	Other Important Matters	Management agrees with the finding Management will correct the misstatement	Immediately	Due	Yes	Completed	Resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
7	2024/25	COAF 01	Reasonable steps were not taken to prevent irregular, fruitless and wasteful	Finance	CFO/CEO	Other Important Matters	Management agrees with finding raised. Management will ensure compliance with regulations affecting the entity.	Immediately	Due	No	Not completed	Not resolved
8	2024/25	COAF 24	Reassessment of long outstanding receivables	Finance	Finance Manager	Other Important Matters	Management will adjust the annual financial statements. Management agrees with finding, however, the restatement/misstatement is because of a prior period error not a write off of an amount	Immediately	Due	No	completed	Resolved
9	2024/25	COAF	Incorrect Inclusion of Financial liabilities in the financial Risk Management Note	Finance	Finance Manager	Matters Affecting Audit Opinion	Management notes the finding. There were deliberations between the entity (MTC) and the shareholder (COJ) to clarify the content of the SDA. As at 30 June 2022 these deliberations were still in progress which resulted in MTC signing the SDA on 25 July 2022. The SDA was sent to the shareholder for signature and despite numerous followups the SDA has not yet been received with the signature of the City Manager. MTC did sign the SDA as acceptance of the	Ongoing	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							terms and conditions of the SDA and we were awaiting signature of the City Manager					
10	2024/25	COAF	Misstatement noted on the indicator: % of CoJ and entity Capex projects completed in the financial year	Project Management	GM: Network Operations – Anlyn Seafield	Matters Affecting Audit Opinion	<p>Management notes and accepts the audit finding. It should be noted that the E-procurement tender is a project that was initiated by the City of Johannesburg (CoJ) in their response to address issues surrounding lack of controls with the manual SCM System.</p> <p>The project was initiated on 23 March 2023. The way the project was structured upon initiation, it was going to be phased in per module, with the first module being completed on 24/07/2024. It should, however, be noted that all modules are integral to the client's expected use of the project. Therefore, MTC has not delivered on all aspects of the project, that is, all the modules completed, for the system to operate in the manner</p>	30-Dec-25	Due	Yes	completed	resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							<p>and condition as intended by management. Therefore, the project was not to be completed by the end of the 2025 financial year.</p> <p>Management acknowledges that the Project Charter was vague in the manner in which the project was to be completed, especially in detailing each specific module completion dates, which would have shed more detailed information on how the client's system was to be completed.</p> <p>Management requests to adjust the reported achieved target to the re-calculated percentage of 89% (88.89% rounded up) and to adjust the project cover to correctly reflect the number of projects completed (numerator) as 8 and number of projects to be completed (denominator) as 9.</p> <p>Management will then</p>					

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							<p>amend the Project Charter, through an approved Project Change Control document, which details agreed upon amendments to the completion date, as agreed upon, by both the client and MTC.</p> <p>A change control for the E-procurement Project will be provided, and quarterly sessions will be scheduled for Project register review.</p>					
11	2024/25	COAF 20	Incomplete disclosure of standards and interpretations not yet effective (GRAP 3.32)	Finance	Finance Manager	Matters Affecting Audit Opinion	Management agrees with the finding however, the correct amount was disclosed in the irregular expenditure note, it was just not included in the summary. Management agrees with finding. Management will adjust the AFS.	Immediately	Due	No	Completed	Resolved
12	2024/25	COAF	Irregular expenditure not complete	Finance	Finance Manager	Matters Affecting Audit Opinion	Management agrees with the finding however, the correct amount was disclosed in the irregular expenditure note, it was just not included in the summary. Management agrees with finding.	Immediately	Due	No	completed	Resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							Management will adjust the afs.					
13	2024/25	COAF	Misstatement of Financial instruments per note 32 – Risk Assessment	Finance	Finance Manager	Matters Affecting Audit Opinion	Management agrees with finding. Management will adjust the afs.	Immediately	Due	No	completed	Resolved
14	2024/25	COAF	Non-submission of the Mid-year budget and performance assessment report	Finance		Matters Affecting Audit Opinion	N/a	Not indicated on the AG management report	Due	No	Not completed	Not resolved
15	2024/25	COAF	Accounting by Principals and agents – Difference between AFS disclosure note and supporting schedule	Finance	Finance Manager	Matters Affecting Audit Opinion	Management agrees with the finding. Management will correct the reported amount.	15-Nov-25	Due	No	completed	Resolved
16	2024/25	COAF 10	Casting discrepancies on the face of the 2024/25 Cashflow Statement	Finance	Finance Manager	Matters Affecting Audit Opinion	Management agrees with the finding. Management will improve controls on formula driven calculations.	20-Nov-2025.	Due	Yes	completed	Resolved
17	2024/25	COAF	Asset register not in line with the GRAP 17 guidelines	Finance	Asset Manager: Mlando Mhlanga	Matters Affecting Audit Opinion	Management disagrees with the finding:  1. The asset register does have barcodes for assets and is therefore GRAP compliant however, only the ones noted	N/a	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							<p>did not have barcodes. This internal control deficiency is accepted and will be correct.</p> <p>2. The wifi commercialization has an intangible asset (software) and a tangible asset.</p> <p>3. The laptops were delivered on 27 June 2025 and were only distributed to employees after year end, therefore these assets were recorded because they have been delivered and paid for and are assets however, they were not yet tagged because they were not yet distributed to employees, hence the current recording on the assets register.</p> <p>4. There is no location for intangible assets because these include software that is usually on machines/laptops.</p> <p>5. The laptops were delivered on 27 June 2025 hence there was no depreciation for the 2025 financial year. The other items that you selected have an indefinite useful life.</p> <p>6. The condition of assets is determined</p>					

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							during verifications and those that have to be written off are disposed. The nature of most of our assets cannot be regarded as being safeguarded by a specific person, for example a link from one location e.g. Soweto to Midrand cannot be safeguarded by a specific person. Management will address agreed on internal control issues.					
18	2024/25	COAF	Incorrect Classification of Non-Cash Transactions in Cash Flow Statement	Finance	Finance Manager	Matters Affecting Audit Opinion	Management will remove the non-cash investment from the cashflow statement.	20-Nov-25	Due	No	completed	Resolved
19	2024/25	COAF	PPE Completeness (Assets not found on the asset register)	Finance	Finance Manager	Matters Affecting Audit Opinion	Management disagrees with the finding, the network locations that were mentioned on the tender document were critical because those are third party locations where the MTC network is built into. The MTC network will not work without these facilities as critical MTC equipment is already inside these facilities terminating the fibre network. If we did a	Immediately	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							tender without mentioning these locations it would have resulted in the market not being able to respond to the tender as they would have zero information. There is no other way to advertise the tender without making the market aware of where the MTC network is located.					
20	2024/25	COAF	Inaccurate cash paid to suppliers	Finance	Finance Manager	Matters Affecting Audit Opinion	This project included specialised IP equipment and shelters and professional services hence the absence of mandatory subcontracting. On the specification, the bidder is also required to provide an authorization from the OEM authorizing the bidder to provide the proposed solution to MTC. The authorization from the OEM is provided to bidders at a certain level (bidder must have their staff trained etc) and subcontracting suppliers that have not gone through the process would have placed MTC at risk	Immediately	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							with the OEM. The equipment was also pre-packed and only an OEM authorized service provider could do the installation or else MTC stood to lose the warranty and maintenance had a service provider without the necessary authorization had worked on the solution.					
21	2024/25	COAF	Supply chain management policy – does not include SCM regulation 17	SCM	Supply Chain Manager	Matters Affecting Audit Opinion	Controls will be improved to ensure compliance to the CIDB Act	Immediately	Due	No	Not completed	Not resolved
22	2024/25	COAF	ICT Governance Framework was not approved.	IT	CTO	Matters Affecting Audit Opinion	The tender was advertised in 2020 and the finding was raised in the 2020/21 audit. The tender included form MBD 6.2 that all bidders had to complete and state the percentage of products/services that would be imported and, in this case, no products would be imported which means that 100% would be local content. Since the previous audit, MTC has been sending the local content memo with all	N/A	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							the RFPs/RFQs. Management is of the view that internal controls are adequate					
23	2024/25	COAF	ICT SLAs signed after commencement dates of the contracts.	Contract Management	Contract Manager	Matters Affecting Audit Opinion	Management agrees with the finding, but the supply of smart meters and licenses does not require monthly monitoring as this is not applicable to such projects. Controls around contract management will be strengthened	Immediately	Due	No	Not completed	Not resolved
24	2024/25	COAF	OpManager user list did not include creation dates.	IT	CTO	Matters Affecting Audit Opinion	Management agrees with the finding as it relates to difference in amounts.  Adequate reviews will be conducted	Immediately	Due	No	Not completed	Not resolved
25	2024/25	COAF	Lack of evidence to confirm that user access modifications were performed after approval on the OpManager.	IT	CTO	Matters Affecting Audit Opinion	Management will improve internal controls on related parties	Immediately	Due	No	Not completed	Not resolved
26	2024/25	COAF	Lack of password reset log on OpManager	IT	CTO	Matters Affecting Audit Opinion	Management agrees with the finding, the note will be adjusted to include the GRAP requirements. Management has	Immediately	Due	Yes	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							reviewed the PPE note and effected the adjustment.					
27	2024/25	COAF	System administrator activities on OpManager were not reviewed.	IT	CTO	Matters Affecting Audit Opinion	Internal controls will be improved.	Immediately	Due	Yes	Not completed	Not resolved
28	2024/25	COAF	AxxonOne users did not have accurate creation dates	IT	CTO	Matters Affecting Audit Opinion	Management will implement sufficient reviews.	Immediately	Due	No	Not completed	Not resolved
29	2024/25	COAF	Lack of user access modifications logs on AxxonOne	IT	CTO	Other Important Matters	Changes have since been applied to the APR	N/A	Due	No	Not completed	Not Resolved
30	2024/25	COAF	lack of password reset log on AxxonOne	IT	CTO	Other Important Matters	All service providers are vetted by way of MBD forms before on boarded by MTC as vendors	N/A	Due	No	Not completed	Not resolved
31	2024/25	COAF	User Access rights on AxxonOne were not reviewed	IT	CTO	Other Important Matters	MTC needed storage to store equipment that was received from Ericsson from the purchase of the entity by CoJ. The equipment is used by service providers to do maintenance of the network from time to time. The entity had estimated that the equipment would be used up in 6 months hence the	Immediately	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							<p>RFQ that was done for 6 months and the entity would therefore have no need for storage as material is bought by service providers to do maintenance. The equipment was not depleted in the 6 estimated months and a further RFQ for 6 months was done. It could not be ascertained that the equipment would not be depleted by the first 6 months and doing an RFP for a longer period had a possibility of having an empty storage while MTC would still be liable to pay the rental costs. In addition, MTC wanted to ensure that we avoid fruitless and wasteful expenditure. Splitting of quotes occurs when, at a point in time (usually on the same date), two or more quotes are issued for the same services or goods to intentionally avoid a competitive tendering process. However, in this case, as at the date of</p>					

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							issuing the RFQ, management was informed that it will take 6 months for the inventory to be used up in the provision of services, therefore there was no splitting of quotes as at the date of issuing the RFQ.					
32	2024/25	COAF	System administrator activities on AxxonOne were not reviewed	IT	CTO	Other Important Matters	Management agrees with the finding regarding the registers but SCM managed to forward the signed BEC report and minutes to the AG. Management will implement recommendations to avoid further internal control deficiencies.	Immediate	Due	No	Not completed	Not resolved
33	2024/25	COAF	System administrator activities on HSNM were not reviewed.	IT	CTO	Other Important Matters	Management agrees with the finding, however, during the current financial year there were queries in respect of supplier invoices and supporting documentation received from the suppliers which resulted in late payments to suppliers.	Immediately	Due	No	Not completed	Not resolved
34	2024/25	COAF	Lack of unique user accounts on	IT	CTO	Other Important Matters	Agree, we will share the updated schedule that includes opening balances.	Immediately	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
			AxxonOne and HSNM				The updated register will be updated which shows the correct calculation of the interest in arrears.					
35	2024/25	COAF	Lack of change logs on OpManager application	IT	CTO	Other Important Matters	The financial statements will be amended to include the requirements of Segment reporting standard.	Immediately	Due	No	Not completed	Not resolved
36	2024/25	COAF	Lack of change logs on AxxonOne application	IT	CTO	Other Important Matters	The note will be updated to include the sentence regarding the method of accounting for inventory movements.	Immediately	Due	No	Not completed	Not resolved
37	2024/25	COAF	Lack of change logs on HSNM application.	IT	CTO	Other Important Matters	The note will be adjusted for the medical expenses	Immediately	Due	No	Not completed	Not resolved
38	2024/25	COAF	Inadequately designed IT Security Policy	IT	CTO	Other Important Matters	Management agrees to the finding. Management will ensure more detailed reviews are regularly conducted	Immediately	Due	Yes	Not completed	Not resolved
39	2024/25	COAF	Inadequate password parameter settings on OpManager	IT	CTO	Other Important Matters	The fruitless expenditure amount will be disclosed	Immediately	Due	Yes	Not completed	Not resolved
40	2024/25	COAF	Inadequate password parameter settings on HSNM	IT	CTO	Other Important Matters	Management agrees with the finding. Management will use the adjusted percentage to calculate the provision	Immediately	Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
41	2024/25	COAF	Password parameter settings not configured on AxxonOne	IT	CTO	Other Important Matters	Controls will be improved to ensure prior period adjustments pull through accurately on CaseWare.	Immediately	Due	No	Not Completed	Not Resolved
42	2024/25	COAF	Lack of testing of the Disaster Recovery Plan	IT	CTO	Other Important Matters	Management agrees with the finding raised. Reviews will be increased	Immediately	Due	Yes	Not completed	Not resolved
43	2024/25	COAF	Lack of offsite storage of AxxonOne backups	IT	CTO	Other Important Matters	Management agrees with the finding, the misstatement was caused by the late receipt of the loan schedule from treasury.	Immediately	Due	No	Not completed	Not resolved
44	2024/25	COAF 14	Incorrect Classification of Non-Cash Transactions in Cash Flow Statement	Finance	Finance Manager	Other Important Matters	Management will remove the non-cash investment from the cashflow statement Management understands the principle applied by the auditor however, the entity intended on providing a better understanding of what happened on investing activities	20-Nov-25	Due	No	completed	Resolved
45	2024/25	COAF 25	Financial Risk Management Disclosure Note	Finance	Finance Manager	Other Important Matters	Management has adjusted the afs in line with the auditor's requirement	Immediately	Due	No	completed	Resolved
46	2024/25	COAF 13	Expenditure management - Payments not made within 30	Finance	CFO	Matters Affecting Audit Opinion	Management agrees with the findings. Management will continue discussions with treasury.	Continuously	Due	Yes	completed	Not resolved

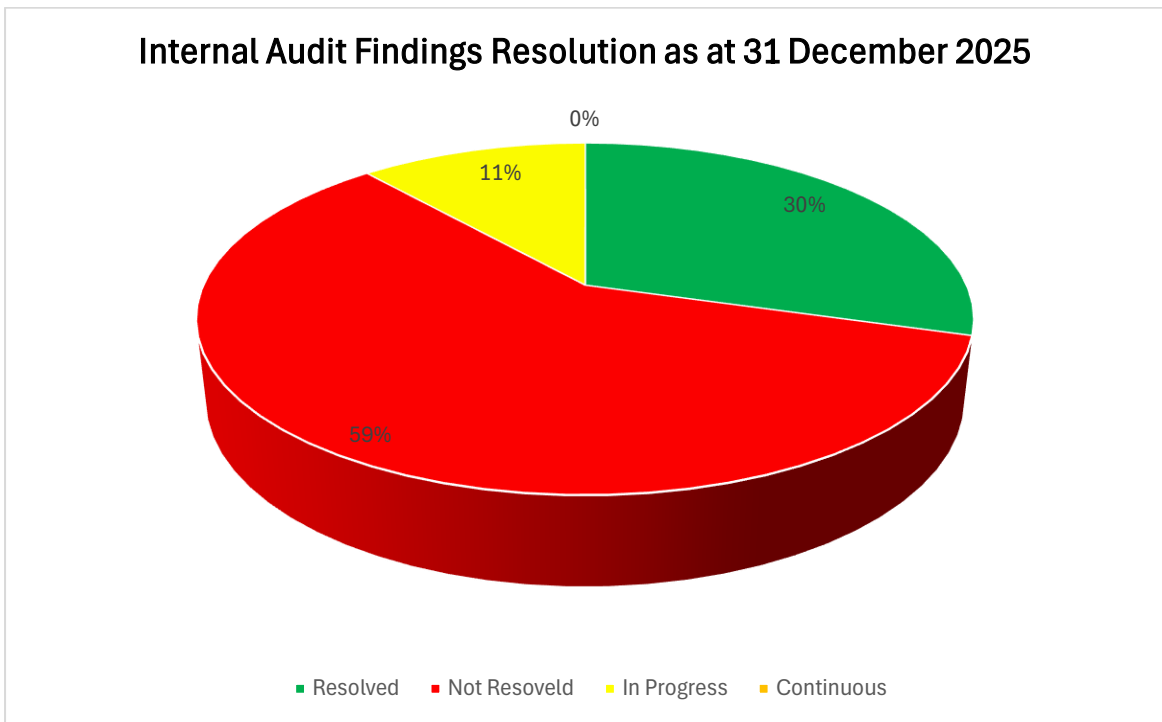
No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
			days as required by legislation									
47	2024/25	COAF 13	Provision for leave not calculated accurately	Finance	Finance Manager	Matters Affecting Audit Opinion	Management notes the finding; however, the amounts are immaterial and might be due to minor calculation errors on the side of the auditor.	Not indicated on the AG management report	Not Due	No	completed	Resolved
48	2024/25	COAF	PPE Completeness (Assets not found on the asset register)	Finance	Asset Manager	Other Important Matters	Management does not agree with the significant part of this finding. Management agrees with the finding and will update the asset register for this asset	Not indicated on the AG management report	Not Due	No	Not completed	Not resolved
49	2024/25	COAF 23	Awards to close family members not disclosed in the AFS	Finance	Finance Manager	Other Important Matters	Management agrees with audit finding. Management will adjust the afs.	Immediately	Due	No	completed	Resolved
50	2024/25	COAF 28	Noncompliance with SCM - Deviations	SCM	Supply Chain Manager	Other Important Matters	Management disagrees with the finding. For training fees, the attendee chooses the training they need to remain abreast of industry changes and the organization pays. For example, if SAICA is conducting a training and I want to go there for CPD I will submit the report requesting to attend and the entity will pay, it is therefore not possible to obtain three quotations for	Not indicated on the AG management report	Not Due	No	completed	Resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							training because it is based on the candidate's choice.					
51	2024/25	COAF 27	Audit of Performance information: Network Link Availability	AOPO	CTO	Other Important Matters	<p>Management notes the finding from the auditors and accepts the finding. The entity in the process of engaging with the OpManager service provider to obtain solutions in addressing these repeat findings. The entity is further evaluating the cost-benefit analysis of continuing with the service provider or sourcing a new system that will address all issues that have been identified over the years.</p> <p>These information systems issues will be prioritised, included in the Action Plan and closely monitored to ensure that they are addressed, and their impact is reduced on the audit outcomes of predetermined objectives.</p> <p>Engage the service provider in addressing the identified issues on the system. Evaluate the cost-benefit</p>	01-Dec-25	Not Due	No	Not completed	Not resolved

No	Audited Period	AGSA Finding Ref	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Action Plan	Implementation Date	Implementation Date	Repeat Finding (Number of Years)	Management Finding Status	IA Resolution Status
							analysis of continuing with the OpMannager system and consult the board on this analysis. The Performance Management team will monitor the progress on the action plan in addressing these internal control deficiencies to ensure that the integrity of performance information used for performance reporting is not compromised.					

**INTERNAL AUDIT FINDINGS**

**Internal Audit Findings** – The graph below depicts the status on progress made in addressing the Internal Audit findings that were raised during Q2 of the 2025/26 and resolution status: A total of forty-four (44) findings were followed up to date with ten (10) carried over finding in Q1 of the 2025/26 period and thirteen findings has been resolved translating to 30% resolutions for the quarter under review.



**Internal Audit Findings Resolution Status**

#	Classification of findings	Total findings raised to date	Total Findings resolved to date	Not Resolved	% Resolution
	IA Findings balance in Quarter Q1 of 2025/26	10	13	31	30%
	IA Findings added during Q2	34			

**ANNEXURE B: INTERNAL AUDIT FINDINGS**

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
1	HR Policies not workshopped	HR	Human Resource Manager	Low	31-Mar-24	New Finding	<b>Not Complete</b>	<b>Not due for verification</b>	<b>Not Resolved</b>	The HR Policy has not been workshopped .	30-Jan-26	Not Resolved, capacity constraints remain a challenge within the HR units. Critical policies will be workshopped .
2	Employment Equity (EE) Target not aligned to EAP	HR	Human Resource Manager	Medium	31-Mar-24	New Finding	<b>Not Complete</b>	<b>Not due for verification</b>	<b>Not Resolved</b>	EE targets not amended	30-Jan-26	Not Resolved, the EE target is due to end in this current year. A committee will be appointed to work on the new plan.
3	Outdated Leave Management Policy	Leave Management	Human Resource Manager	Medium	HR Manager	Repeat	<b>Not Complete</b>	<b>Not due for verification</b>	<b>Not Resolved</b>	Updates to be done on Leave Management Policy	30-Jan-26	The finding remains unresolved
4	Incomplete Leave Management Report	Leave Management	Human Resource Manager	Medium	HR Manager	<b>New Finding</b>	<b>Not Complete</b>	<b>Not Verified</b>	<b>Not Resolved</b>	Not Verified	30-Jan-26	Internal Audit verified and the finding is not yet resolved.
5	Incomplete Leave Balance Days	Leave Management	Human Resource Manager	Medium	HR Manager	<b>New Finding</b>	<b>Complete</b>	<b>Verified</b>	<b>Resolved</b>	N/A	N/A	The official has since left the entity.

No.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding (Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
6	Incomplete employees on the ESS system	Leave Management	Human Resource Manager	Medium	HR Manager	Repeat	Complete	Verified	Resolved	N/a	N/A	All officials have access to the ESS system.
7	No register kept for all the manual leave forms submitted to HR	Leave Management	Human Resource Manager	Medium	HR Manager	Medium	Not Complete	Not Verified	Not Resolved	Not Verified	30-Jan-26	Management to keep a record of all the manual forms submitted and they will share with each department.
8	Long outstanding debtors	FDR	Finance Manager	High	Immediately	New Finding	Not Complete	Not Verified	in progress	Engagements with the City Manager's on the resolution of Internal debtors has commenced during the quarter under review.	Continuous	Not resolved, entity has a significant number of internal debtors.
9	Inadequate Communications Policy	Stakeholder & Communications Management	Acting Corporate Strategy & Reporting	High	31-Mar-24	2 Years	Not Complete	Not due for verification	Not resolved	Management indicated that the Communication Policy is due for review.	30-Jan-26	Not resolved, IA has not received the updated adequate Communications Policy
10	Lack of Stakeholder & Communications Management Annual	Stakeholder & Communications Management	Acting Corporate Strategy & Reporting	High	31-Mar-24	2 Years	Not Complete	Not due for verification	Not resolved	The Stakeholder Management Policy will be documented first and subsequent	30-Jan-26	Not resolved, IA has not received the Stakeholder Management Annual

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
	Implementation Plan									that the Annual Implementation Plan will be put in place.		Implementation on plan.
11	Errors on the data extracted from PASTEL - Supplier Master Data	IT Application control	SCM Manager /IT Support Finance Manager /IT Support	High	20-Dec-24	1Year	Not Complete	Not due for verification	Not resolved	SOP to be submitted for approval.	30-Jan-26	Not resolved
12	Inadequate Cyber Security controls	Cyber Security	SCM Manager /IT Support Finance Manager /IT Support	High	20-Dec-24	1Year	Not Complete	Not due for verification	Not resolved	SOP to be submitted for approval.	30-Jan-26	Not resolved
13	Ineffective User Account Management	IT general controls	GM operations	High	ongoing	1 year	Not Complete	Not due	Not Resolved	Engage Finware on resolutions and developments to ensure compliance (Ongoing)	30-Jan-26	Not Resolved,
14	Inadequate and ineffective backup policy and procedure	IT general controls	GM operations	High	ongoing	1 year	Not Complete	Not due	Not Resolved	Create policies and procedures for approval and adoption	30-Jan-26	Not Resolved, backup policy and procedure have not been created.

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
15	Incomplete deliverables on a completed project	Performance on Projects	Acting General Manager	High	31-Oct-25	New Finding	Not completed	New Finding	Not Resolved	Management will follow-up with the relevant service provider to ensure that the warranty is extended and the 2 other laptop bags are delivered to MTC.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.
16	Inadequate PMO Policy and Standard Operating Procedures	Project Management	Project Manager	High	31-Oct-25	Repeat Finding	Not Complete	Repeat Finding	Not Resolved	Management stated the Policy and SOP will be updated and submitted to EXCO for approval.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.
17	Incomplete Project Register	Project Management	Project Manager	Medium	30-Sept-25	Repeat Finding	complete	Verified	Resolved	Management stated the PMO Register will be updated.	N/A	Internal Audit verified the Project register, and it is now complete.
18	Lack of Service Completion Certificates	Project Management	Project Manager	Medium	30-Sept-25	New Finding	Not complete	Verified	Resolved	Management disagreed stated that MTC projects will only have a delivery note and not a completion certificate and further stated that All	N/A	Internal Audit verified and the completion certificate was submitted.

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
										capex services rendered should be reported as capex completed projects even the ones for MTC as advised by AG. They only agreed to provide the Computer and Storage project Completion certificate.		
19	Incorrect Reporting of a completed Project	Project Management	Project Manager	Medium	30-Jun-25	New Finding	Complete	Verified	Resolved	Project Manager removed the specific project under completed projects. The evidence was provided.	N/A	Verified and resolved
20	Incomplete Project Charter's	Project Management	Project Manager	Medium	30-Sept-25	Repeat Finding	Not Complete	Not Due	Not Resolved	Management stated that the signed Project Charter's will be provided but the MTC Projects will not have a charter in place.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
21	No proper record keeping of project documents on SharePoint	Project Management	Project Manager	Medium	Continuous Process	New Finding	Complete	New Finding	in progress	Management stated that they will upload project documents on SharePoint at the different stages of each project.	Continuous	Internal Audit verified and the finding is not yet resolved.
22	Inadequate Asset Management Policy and SOP	Asset Management	Asset Manager	High	31-Mar-25	Repeat Finding	Not complete	Verified	in progress	Management agreed with the finding.	30-Jan-26	The Asset SOP has not been presented at EXCO; however, the Policy was presented to the board level.
23	Un-updated Asset tracking tool in place	Asset Management	Asset Manager	High	31-Mar-25	Repeat Finding	Not complete	Verified	Not Resolved	Asset tracking tool being finalised.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.
24	Asset tag numbers not corresponding to the asset register tag numbers	Asset Management	Asset Manager	High	31-Mar-25	Repeat Finding	Not complete	Verified	Not Resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.
25	Assets not physically verified	Asset Management	Asset Manager	High	31-Mar-25	Repeat Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
26	Valuable assets not stored in a locked storeroom	Asset Management	Asset Manager	High	30-Jun-25	Repeat Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not yet resolved.
27	Inadequate Annual Returns Certificated for 2024/25	Corporate Governance	Company Secretary	Medium	N/A	New Finding	Complete	Verified	Resolved	Resolved	N/A	Internal Audit verified and the finding is resolved
28	Outdated Terms of Reference for EXCO	Corporate Governance	Company Secretary	Medium	31-Mar-25	New Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not resolved
29	Inadequate Terms of Reference for EXCO	Corporate Governance	Company Secretary	Medium	31-Mar-25	New Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not resolved
30	Lack of adequate customized Code of Conduct for board members	Corporate Governance	Company Secretary	Medium	31-Mar-25	New Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not resolved
31	Inadequate Document Management Process	Corporate Governance	Company Secretary	Medium	31-Mar-25	New Finding	Not complete	Verified	in progress	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not resolved
32	Lack of Board Member's Gift Register in place	Corporate Governance	Company Secretary	Medium	31-Mar-25	New Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not resolved
33	EXCO and Board Minutes not signed off by	Corporate Governance	Company Secretary	Medium	31-Mar-25	New Finding	Not complete	Verified	Not resolved	Management agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is not resolved

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
	the Chairpersons											
34	Incomplete Performance Management Policy	Performance Management	Performance Management Specialist	Medium	30-May-25	New Finding	Complete	Verified	Resolved	PMS to correct the grammatical errors. The updated PMS Policy will be taken to the board for sign off.	N/A	Internal Audit verified the updated PMS Policy
35	Misalignment of Performance Management SOP to the Current Approved Policy.	Performance Management	Performance Management Specialist	Medium	30-May-25	New Finding	Complete	Verified	Resolved	PMS will align the Policy to the SOP.	N/A	Internal Audit verified the SOP, and it is now aligned to the PMS Policy.
36	Lack of coaching conducted.	Performance Management	Performance Management Specialist	Medium	Continuous Process	New Finding	Complete	Verified	Resolved	PMS indicated that it is the employees and the manager's responsibility to submit coaching & review notes according to the new template. PMS sends out reminders and conducts departmental	N/A	Internal Audit verified and the finding is resolved

N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
										meetings and trainings.		
37	Lack of quarterly reports submitted to the COJ.	Performance Management	Performance Management Specialist	Medium	30-Apr-25	New Finding	Complete	New Finding	Resolved	PMS agreed with the finding.	N/A	Internal Audit verified the Quarterly reports that they are now being submitted to the City.
38	Inadequate Document Management Process	Performance Management	Performance Management Specialist	Medium	30-Mar-25	New Finding	Not complete	Verified	In progress	PMS agreed with the finding.	30-Jan-26	Internal Audit verified and the finding is in progress
39	Inadequate Moderation Committee in place	Performance Management	Performance Management Specialist	Medium	30-Apr-25	New Finding	Not complete	Verified	Resolved	PMS agreed with the finding.	N/A	Internal Audit verified and the finding is resolved
40	Lack of SOP in place	Strategy Planning, Monitoring and Reporting	Management Support Knowledge Management Officer	Medium	31-Dec-25	New Finding	Not complete	Verified	Resolved	Management stated that an SOP will be in place by end of Q2	N/A	Strategy Planning, Monitoring and Reporting SOP has been developed.
41	No existing Service level agreements in place	Service Level Standards	Management Support Knowledge	High	30-Dec-25	New Finding	Not complete	Verified	Resolved	Management agrees with the finding and will implement	N/A	Internal Audit verified and the finding is resolved


N o.	Finding heading	Audit Review Area	Person Responsible	Finding Rating	Implementation Date	Repeat Finding ( Number of Years)	Management Finding status	Finding Verified	IA Resolution Status	Revised Management Comments	Revised Implementation Date	Internal Audit Comments
			Management Officer							Internal Audit's recommendation		
42	Petty cash policy ineffective	Financial Discipline Review	Finance Manager	Medium	30-Aug-25	Repeat Finding	Complete	Not due	Not resolved	Management will remove the Petty cash Policy from the Policy register, upon approval from EXCO and the Board	30-Jan-26	Internal Audit verified and the finding remains not resolved
43	Payments made after 30 days of receiving the relevant invoice	Financial Discipline Review	Finance Manager	High	Ongoing	Repeat Finding	Complete	Verified	Not resolved	Management agrees with the finding which is dependent upon cash allocation from COJ	Ongoing	Internal Audit verified and the finding remains not resolved
44	No conformation of budget availability	Financial Discipline Review	Management Support Knowledge Management Officer	High	Ongoing	Repeat Finding	Complete	Repeat Finding	Not resolved	Management agrees with the finding and will implement Internal Audit's recommendation	Ongoing	Internal Audit verified and the finding remains not resolved

## SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

Sufficient and appropriate audit procedures were conducted, and evidence gathered to support the accuracy of the conclusions reached. The conclusions were based on a comparison of the situations, as they existed at the time against the audit criteria. The conclusions are only applicable for the scope of audit work undertaken. The evidence gathered meets the standards for the professional practice of Internal Auditing and is sufficient to provide senior management with proof on the conclusions derived from the Internal Audit.

In our opinion, the control environment in ensuring that corrective action is implemented over previously reported audit findings is considered to be **‘Partially Adequate and ineffective’** in providing reasonable assurance that the inherent risks are appropriately managed and that the business objectives will be attained. The current internal controls are in our opinion are partially adequate and needs continuous improvement to effectively address the internal control weaknesses raised particularly in the Audit of predetermined objectives, human resource management and performance management. Limitation controls also exist within the security management (cyber security and disaster recovery management areas which seek management to proactively intervene to improve the status of governance. Recommendations have been made to achieve a better audit outcome for the organisation and will be continuously monitored for implementation.

### Overall Status of Control

 <b>Adequate, but ineffective</b>	<ul style="list-style-type: none"> <li>▪ Control design found to be partially adequate, however a specific weaknesses were noted which requires improvement in order to be planned and organized in a manner that provides reasonable assurance that the MTC's risks will be managed and that the related goals and objectives will be achieved efficiently.</li> <li>▪ Partial compliance with policies and procedures</li> <li>▪ Follow up actions plans not addressed timeously and a slight improvement noted during Q4 of the 2024/25 financial year</li> <li>▪ Audit of predetermine objectives controls have been improved to date. Management to continuously monitor the implementation of the controls on performance management.</li> </ul>
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