



**METROPOLITAN
TECH COMPANY**



**CITY OF JOHANNESBURG
THE METROPOLITAN TECH COMPANY**

2025/26 QUARTER ONE PERFORMANCE REPORT

Business Address
33 Hoofd Street
Braampark Forum 4, 2001



a world class African city

COMPANY INFORMATION

Registration number	: Metropolitan Tech Company
Registration number	: 1999/011422/30
Registered Address	: 1 st 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

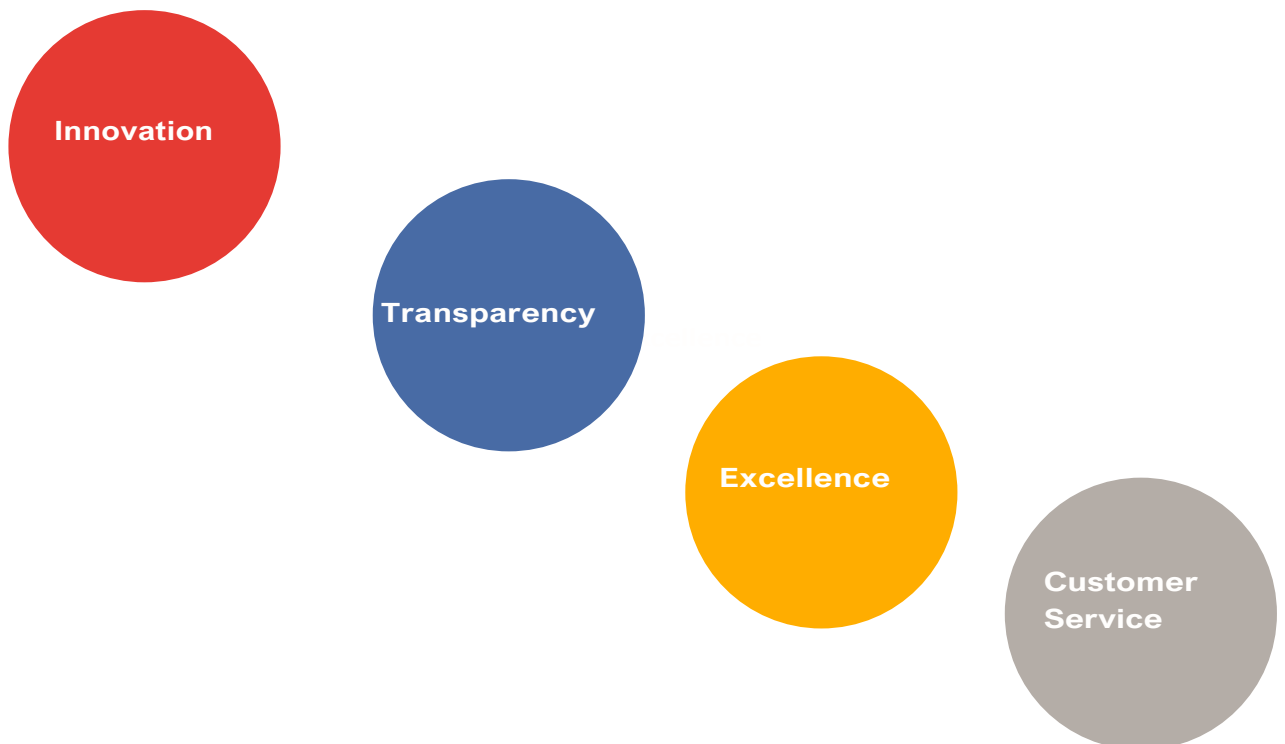
Our **Vision**

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**



APPROVALS

Name & Surname	Signature	Date
Rajen Chetty Chief Financial Officer		20 Oct 2025
Theedi Moropa Chief Executive Officer		20 Oct 2025
Makhate Jonas Nqakalatsane Chairperson of the Board		21 October 2025
Luthando Sithembele Maboza Department of Transport: Executive Director		24/10/25
Cllr Kenny Kunene Member of Mayoral Committee: Transport		27/10/2025

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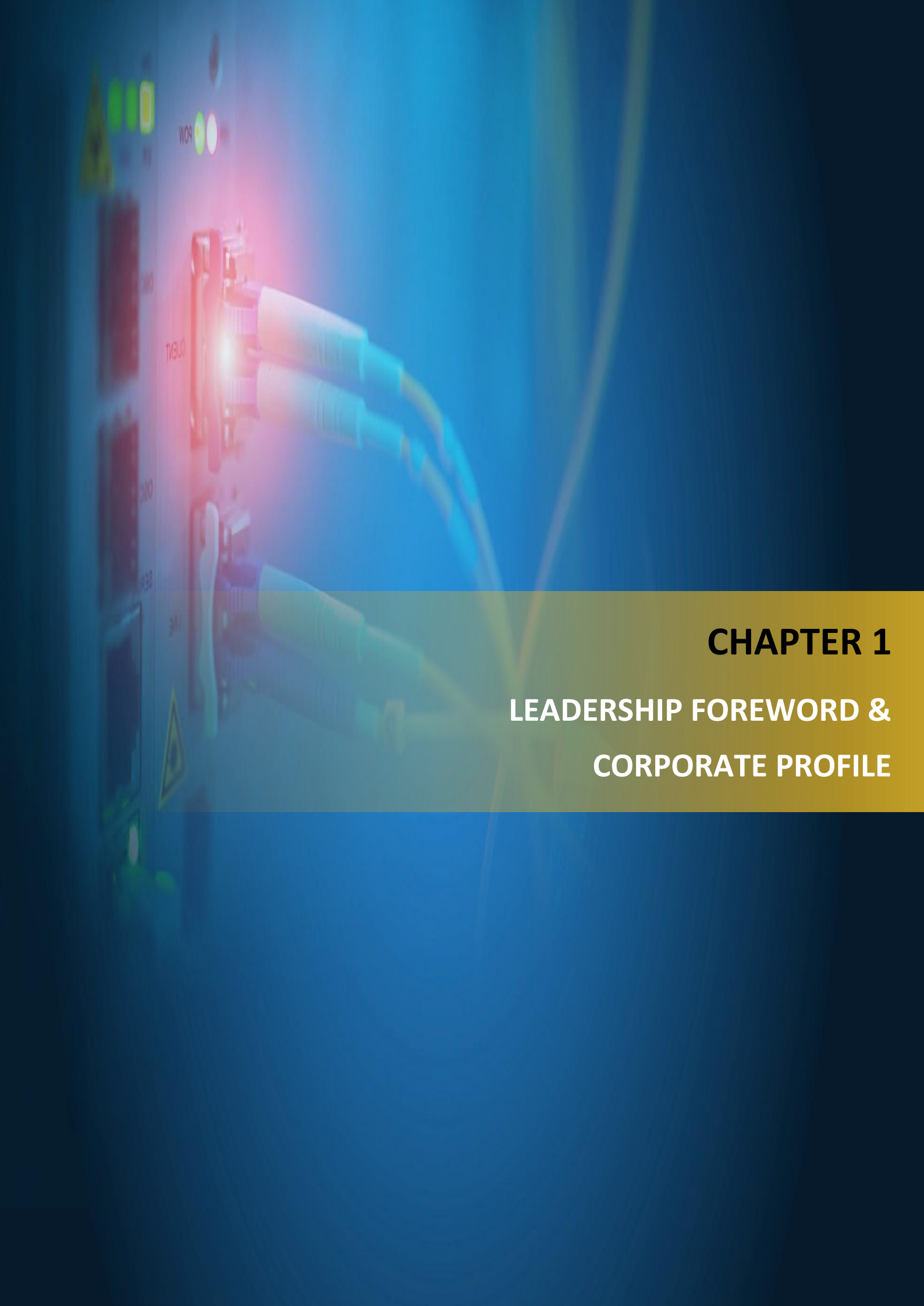
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ACRONYMS AND ABBREVIATIONS	
CEO	Chief Executive Officer
CFO	Chief Financial Officer
BBBEE	Broad-Based Black Economic Empowerment
CCTV	Closed-Circuit Television
CoJ	City of Joburg
DPSA	Department of Public Service Administration
EPWP	Extend Public Work 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

CHAPTER 1: LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWORD

Makhate Jonas Nqakalatsane Board Chairperson



It is my honour to present the Metropolitan Tech Company's first quarter performance report for the 2025/2026 financial year. This period was pivotal, characterised by commendable achievements despite persistent challenges, reflecting the entity's overarching commitment to good governance, sustainability, and operational excellence.

The Board has maintained its oversight role with a strong focus on governance, integrity, performance accountability, and strategic alignment with the City of Johannesburg's developmental objectives. During this quarter, MTC's leadership prioritized planning and internal realignment to reinforce ethical leadership, transparency, and continuous improvement.

These actions laid the groundwork to strengthen financial sustainability, optimize operational efficiency and enhance collaboration with the shareholder and City leadership in pursuit of long-term institutional stability. Governance remains a central pillar of the Board's work.

The entity continues to uphold the principles of the King IV Code on Corporate Governance and complies with key legislative frameworks, including the Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA). The Board continues to provide strategic guidance and oversight to ensure that accountability, transparency, and compliance are embedded throughout the organization. A key development during the quarter was the completion of the network infrastructure audit, which confirmed that MTC manages approximately 1 200 km of fibre network across Johannesburg. This milestone provides the strategic foundation upon which the entity's planning, investment, and operational decisions for the financial year will be based, enabling informed decision-making to enhance service delivery, connectivity, and digital inclusion.



The Board commends management for advancing initiatives aligned with the City's Smart and Safer City agenda, including the ongoing rollout of public Wi-Fi across key transport nodes and public spaces. These initiatives strengthen Johannesburg's digital infrastructure ecosystem and demonstrate MTC's commitment to bridging the digital divide. The Board further acknowledges continued engagement with the shareholder and City leadership to reinforce financial sustainability, align priorities, and support reforms aimed at ensuring long-term viability.

Human capital development remains a cornerstone of MTC's transformation. Investment in workforce planning, employee wellness, and digital skills development ensures the organisation remains agile and equipped to deliver on its strategic objectives.

In conclusion, the first quarter served as a foundation-setting period, establishing the baseline for the year's priorities and reaffirming MTC's strategic direction. The Board is encouraged by the progress achieved and remains confident in the executive leadership's ability to drive implementation effectively. We extend our appreciation to the management team, employees, and stakeholders for their dedication and continued support as we collectively advance Johannesburg's vision of a connected, inclusive, and technology-driven African City.

SECTION 2: CEO'S REPORT

Thedi Moropa

Chief Executive Officer



It gives me great pleasure to present the Chief Executive Officer's perspective on MTC's first quarter performance report for the 2025/2026 financial year. This period marked continued progress in strengthening MTC's strategic position, improving operational efficiency, and driving alignment with the City's Smart City and digital transformation priorities.

A key milestone during the quarter was the successful rebranding of the entity to the Metropolitan Tech Company (MTC). This initiative aligned the entity's corporate identity with its established mandate as a digital infrastructure enabler for the City of Johannesburg,

enhancing visibility, stakeholder confidence, and reaffirming MTC's commitment to delivering innovative connectivity solutions that advance digital inclusion and service excellence

The financial year is guided by Key Performance Indicators outlined in the approved Annual Performance Plan structured around three priorities: Financial Sustainability, Good Governance, and Smart & Safer City. Collectively, these priorities reflect MTC's commitment to strengthening revenue generation and collection, upholding sound governance and compliance, and advancing digital connectivity to support safer, more inclusive communities in line with the Integrated Development Plan (IDP) and the City's Smart City objectives.

Through its commitments, MTC continues to strengthen client and community confidence by delivering reliable, high-quality digital infrastructure services. The entity works closely with internal departments and municipal entities to ensure Smart City services reach communities effectively. During the quarter, MTC completed a network infrastructure audit, confirming that it manages approximately 1 200 km of fibre network across Johannesburg, a critical backbone enabling connectivity, public safety systems, and bridging the digital divide.

Governance remains fundamental, with proactive measures implemented to address internal audit findings and strengthen oversight. Focus has been placed on reinforcing ethical

leadership, improving internal controls, and ensuring compliance with legislative frameworks to maintain accountability and transparency. Operationally, progress was recorded in service delivery and strategic initiatives, though challenges such as ageing infrastructure and liquidity constraints required focused interventions. Engagements with the City Treasury and stakeholders remain central to implementing sustainable financial solutions and the Overdraft Turnaround Strategy.

Human capital development remains a core focus, with continued emphasis on cultivating a performance-driven culture, supporting staff wellness, and equipping employees with future-fit digital and technical skills. Financially, MTC remains resilient amidst fiscal pressures, underpinned by prudent expenditure management, improved revenue collection, and disciplined oversight aimed at long-term sustainability.

In conclusion, the first quarter of the 2025/2026 financial year has laid a strong foundation for continued transformation. MTC is strengthening from within, governed with integrity, managed with discipline, and driven by innovation as we advance Johannesburg's vision of becoming a connected, inclusive, and technology driven African City.

SECTION 3: CFO'S REPORT

Rajen Chetty

Chief Financial Officer



For the first quarter, MTC realized a deficit before taxation of R72,5m. total revenue including the subsidy from COJ as of 30 September 2025 is R187,6m which represents an increase of 79% 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 R60,1m and sales of services of R127,5m. Net interest income was recorded at Rnil due to cash balances held with Treasury being a negative R685m. 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 first quarter, MTC achieved a cash collection rate of 136%. The entity achieved revenue of R187,6m against a target of R136m. 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 slow 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 R685m as compared to a negative balance of R753m 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 136% for the quarter. The entity has paid 60% of invoices within the prescribed period. The cash flow challenges experienced by the City have resulted in 114 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 (0.85) 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 30 September 2025, the entity has commenced with the procurement processes for these items. The resolution of the Shareholder's Loan is still in progress as the Shareholder continues with its processes. MTC has not made any payments during the quarter towards the loan balance.

Annual Audit

The annual audit commenced during the quarter and is expected to be concluded by 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 2024/25 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 organization's strategic direction.

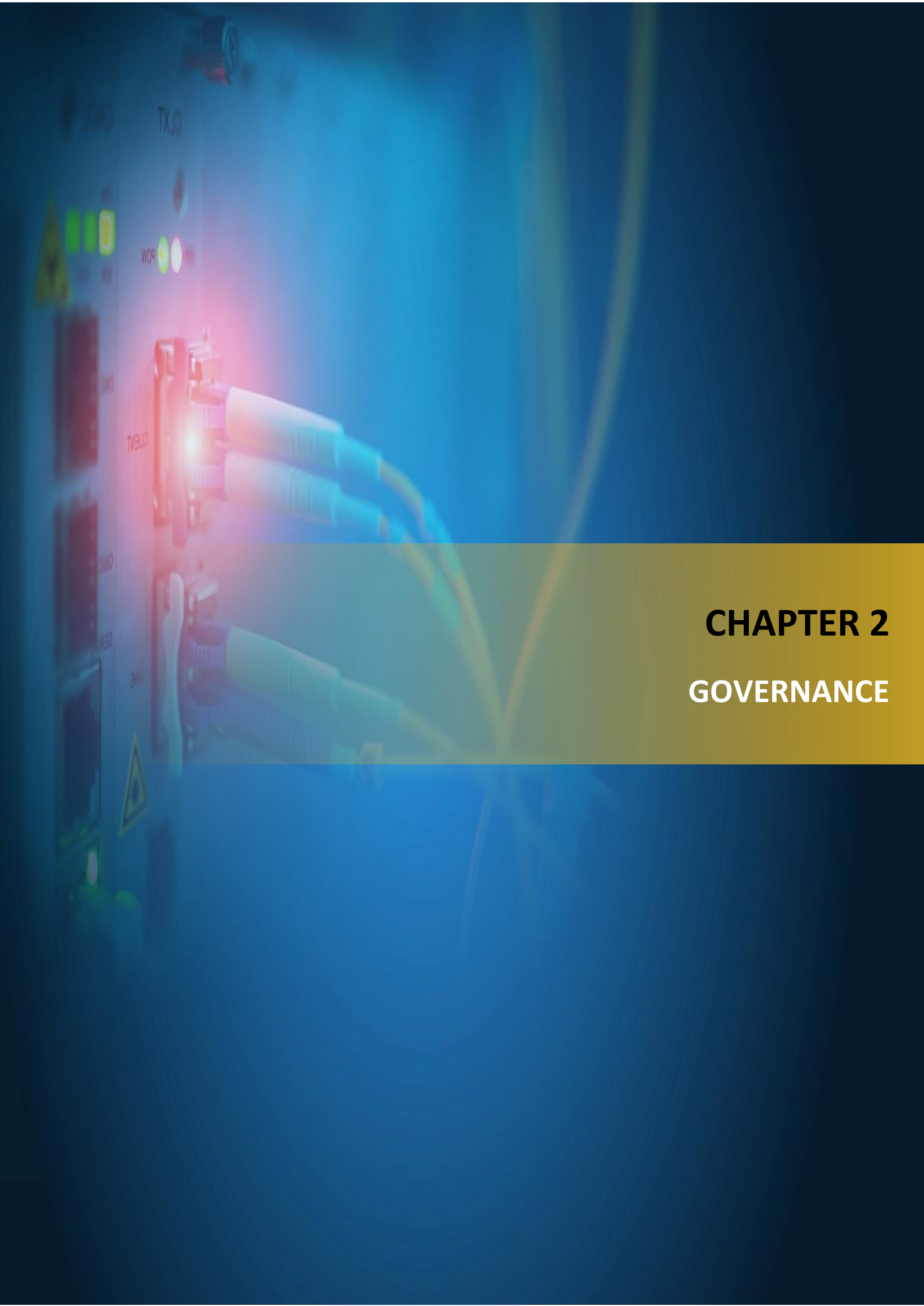
The other key focus areas will be a more targeted approach toward the collection of outstanding internal debtors to improve the working capital of the entity and the resolution of the shareholder's loan.

STRATEGIC PRIORITIES:

All these are depicted below:

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

Table 1: Strategic Priorities



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.

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.

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.

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:

BOARD OF DIRECTORS

Name	Position
1. 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

Name	Position
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 2: Board of Directors as of 30th September 2025

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

The new Board was constituted Following the end of the previous Board term on 31 July 2024. As of the 30th September 2025 (Q1 of FY 2025/26) Mr. Makhate Jonas Nqakalatsane started serving as the Board Chairperson.

Composition of the Sub Committees

The Metropolitan Tech Company Board has three sub-committees in operation: Audit and Risk Committee (ARC), Human Resources, Social and Ethics Committee (HSEC) and Service Delivery Committee (SDC).

Audit and Risk Committee (ARC)

The Audit and Risk Committee consisted of six (6) members — three (3) of whom are Independent Audit Committee (IAC) members, and three (3) are Non-Executive Directors (NEDs). Ms. Patricia Jacobs serves as the Chairperson of the committee.

Human Resources, Social and Ethics Committee (HSEC)

The HSEC remained constituted by four (4) Non-Executive Directors. Mr. Jacques Watson serves as the Chairperson of the Committee.

Service Delivery Committee (SDC)

SDC consisted of five (5) Non-Executive Directors. Ms. Myrtle Williams serves as the Chairperson of the Committee.

The tables below reflect the composition of the Board sub-committees, including Independent Audit Committee members and Non-Executive Directors, as at 30 September 2025

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

Table 3: Independent Audit Committee (ARC)

No.	ARC	HSEC	SDC
1.	Patricia Jacobs (Chairperson)	Jacques Burt Watson (Chairperson)	Myrtle Williams (Chairperson)
2.	Jacques Burt Watson (appointed on 5 June 2025)	Makhate Jonas Nqakalatsane	Maphale Victoria Mamogobo
3.	Ingle Singh	Manene Tabane (appointed on the 10 January 2025)	Manene Tabane
4.	*Taryn-Lee Roman	Maphale Victoria Mamogobo (appointed on the 10 January 2025)	Trevor Goldsmith
5.	*Deveney Rayners		Makhate Jonas Nqakalatsane (appointed on the 10 January 2025)
6.	*Althea Cluff		
Total	6	4	5

Table 4: Members of Sub-Committees (ARC, HSEC, SDC)

*Denotes Independent Audit Member

BOARD ACTIVITIES

The Board and Subcommittees’ ordinary meetings are held once every quarter and a special meeting may be called up to a maximum of three per annum when the need arises and with the City Manager’s prior written permission. Each meeting agenda includes a standing item regarding a declaration of interest. During the months under review [July – September 2025] no conflict of interests was recorded. Records of attendance registers and declarations of interest are kept in a file and available for scrutiny with the Company Secretary.

The Board held one (1) Ordinary Meeting, and one (1) Special Meeting. There was no Chairperson’s quarterly meeting during the first quarter.

Each sub-committee (ARC, HSEC, and SDC) held one (1) ordinary meeting.

The ARC held one (1) special meeting. The ARC Chairperson attended two (2) Group Audit Committee (GAC) meetings on 25 August 2025 and 26 September 2025. The ARC Chairperson also attended one (1) Group Risk and Governance Committee (GRGC) meetings on 26 August 2025.

The Board and HSEC Chairpersons participated in the shortlisting and interviews for executive positions on the following dates: 08 July 2025 – Shortlisting, 11 July 2025 – Interviews by HSEC Chair and 14 July 2025 – Interviews by Board Chair.

BOARD MEETING DESCRIPTIONS

The date and description of each meeting are reflected hereunder:

Date of Meeting	Meeting Description
25 July 2025	Ordinary Board Meeting
23 July 2025	Ordinary ARC Meeting
21 July 2025	Ordinary SDC Meeting
17 July 2025	Ordinary HSEC Meeting
27 August 2025	Special ARC Meeting

Date of Meeting	Meeting Description
29 August 2025	Special Board Meeting

Table 5: Board and Sub-Committee meeting

ATTENDANCE AT MEETINGS

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

	Designation	Board Meetings (Special meeting)		Chairperson's Quarterly
		23/07/2025	29/08/2025	
Mr. Makhate Jonas Nqakalatsane	NED and Board Chairperson	✓	✓	None
Ms. Patricia Jacobs	NED	✓	✓	None
Mr. Jacques Burt Watson	NED	✓	✓	None
Ms. Myrtle Charmaine Williams	NED	✓	✓	None
Mr. Manene Tabane	NED	✓	✓	None
Ms. Maphale Victoria Mamogobo	NED	✓	✓	None
Mr. Trevor Goldsmith	NED	✓	✓	None
Mr. Ingle Singh	NED	✓	✓	None

Table 6: Chairperson's Quarterly and Board Attendance

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, August, and September 2025				
Name	SDC	ARC	HSEC	ARC (Special meeting)
	17/07/25	23/07/25	21/07/25	27/08/2025
Makhate Jonas Nqakalatsane	✓		✓	✓
Patricia Jacobs		✓		
Jacques Burt Watson			✓	✓
Myrtle Charmaine Williams	✓			
Manene Tabane	✓		✓	✓
Vencent Blennies		✓		
Ingle Singh		✓		
Maphale Victoria Mamogobo	✓		✓	✓
Trevor Goldsmith	✓			
Taryn-Lee Roman		✓		✓
Deveney Rayners		✓		✓
Althea Cluff		✓		✓

Table 7: Attendance of Board and IAC members

BOARD FEES FOR THE QUARTER

Name	Surname	1 st Qtr.
Makhate Jonas	Nqakalatsane	R61 440
Patricia	Jacobs	R77 270
Jacques Burt	Watson	R63 800
Myrtle Charmaine	Williams	R35 080
Manene	Tabane	R41 080
Ingle	Singh	R41 800
Maphale Victoria	Mamogobo	R41 080
Trevor	Goldsmith	R33 080
Taryn-Lee	Roman	R16 720
Deveney	Rayners	R16 720
Althea	Cluff	R16 720

Table 8: Board Fees

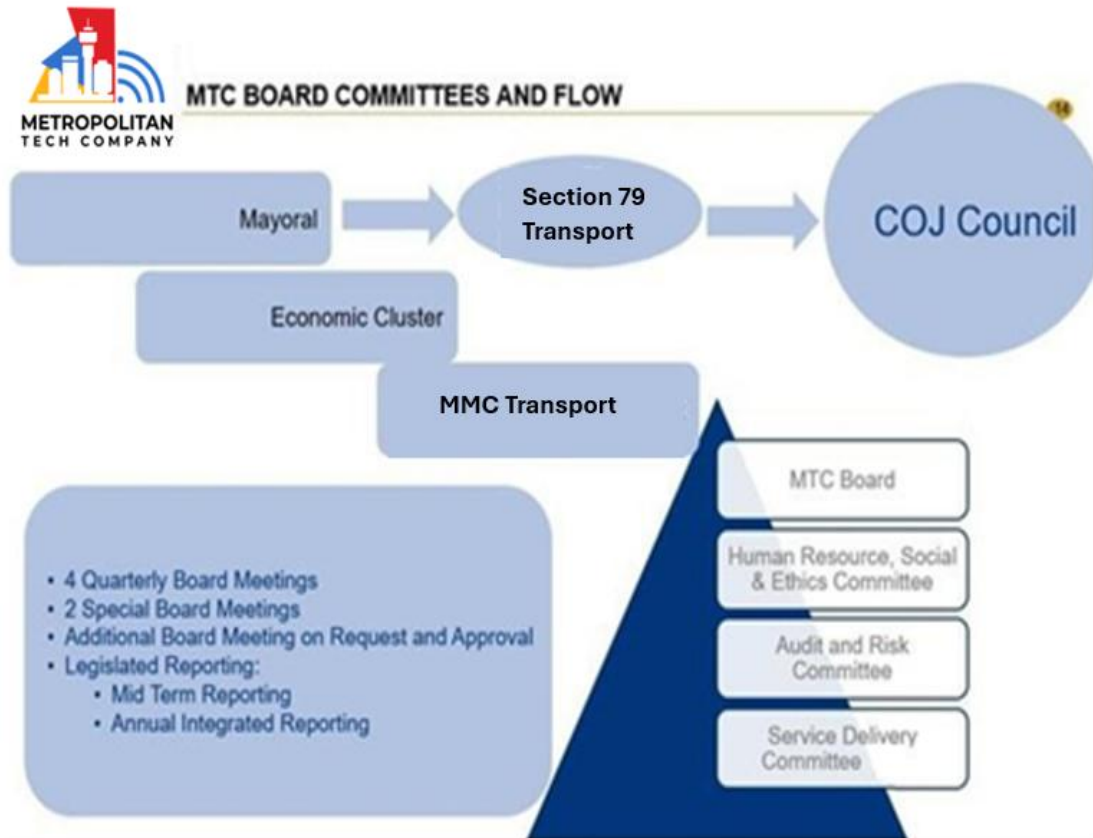


Figure 3: MTC Board Committees & Flow

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 five vacant posts, namely Head of Legal, Corporate Strategy & Reporting Executive, Chief Operating Officer and Chief Technological 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	Yellow
Vacant Positions	Red
Permanent Positions	Green
Acting	Blue

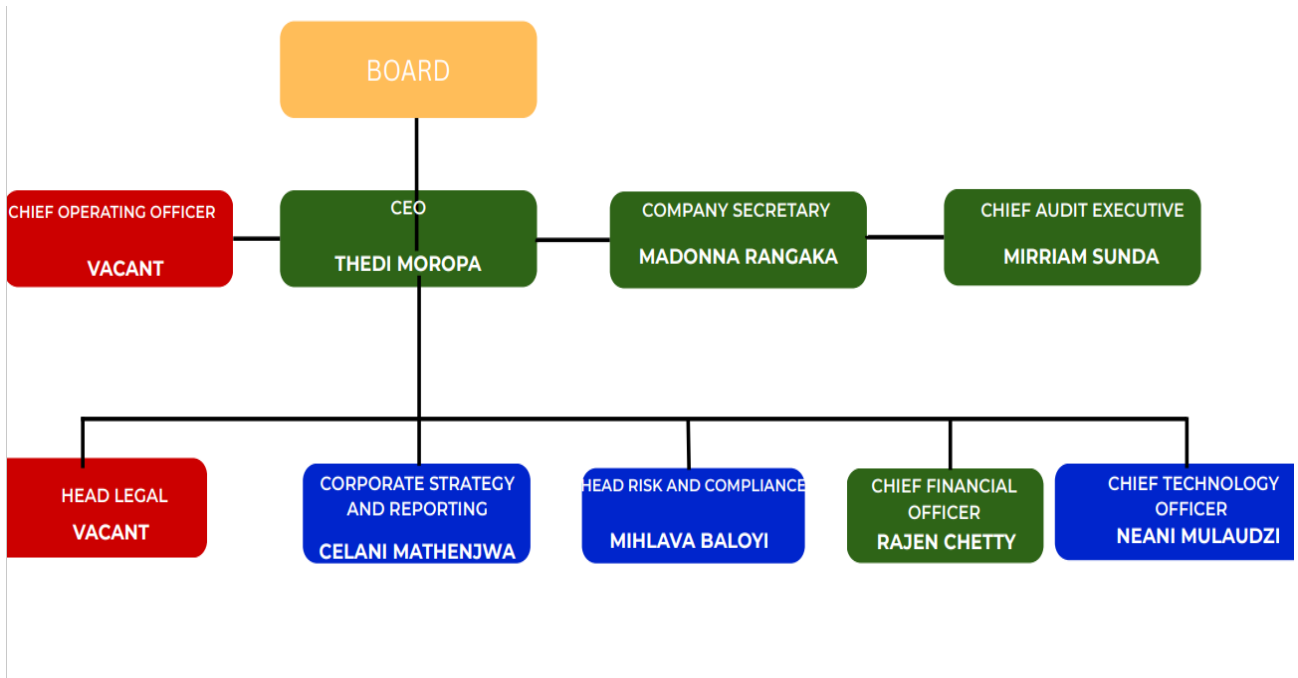


Figure 4: Company Organogram

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	12	12	0
Percentage		100%	0%

Table 9: Risk Management Implementation

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


Table 10: Risk Landscape

QUARTER 1 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>Root Causes</p> <ul style="list-style-type: none"> ▪ End of life and end of support network (Aging network equipment causes slower speeds, higher latency, and frequent outages). ▪ Lack of investment into refurbishment and maintenances of the network 	<p>Consequences:</p> <ul style="list-style-type: none"> ▪ Inability to achieve network availability KPIs ▪ Inability to achieve the COJ Smart City Objectives due to unreliable network ▪ Business Closure ▪ Inability to attract new business and retain existing business ▪ Business Interruption ▪ Reputational Damage ▪ Financial Loss ▪ Poor service delivery ▪ Large scale of disruption of digitally services
<p>Controls:</p> <p>Reactive Maintenance of the network through managed service.</p>	<p>Residual Risk Rating at Initial Assessment:</p> <p>Very High</p>
<p>Future Treatment Strategies:</p> <ul style="list-style-type: none"> ▪ Conduct full network audit (capacity, uptime, equipment status) ▪ Commission a full-market research study 	


- Request to for the entity to be exempted from the sweeping of account and channel it back into network upgrades.
- Conduct feasibility study for revenue-sharing or co-investment models
- Continue with reactive maintenance of the network

SR 2 - Business Interruptions


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

- Procurement of new office facilities
- Implementation of the MTC Incident processes (SOP and Manuals)

SR3 Ineffective Stakeholder engagement / Communication Channels


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

SR4 Solvency Risk

<p>Root Causes</p> <ul style="list-style-type: none"> ▪ Shareholders Loan ▪ Poor collection of outstanding amounts. ▪ Inability to fully enforce the entity's mandate 	<p>Consequences:</p> <ul style="list-style-type: none"> ▪ Insolvency ▪ Increasing gearing ratio. ▪ Liquidity Issues ▪ Increase In bad
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<p>Controls:</p> <ul style="list-style-type: none"> ▪ Service delivery agreement ▪ Debt Management and Write-off Policy ▪ Subsidy ▪ Discussion on the shareholders loan conversion 	<p>Residual Risk Rating at Initial Assessment:</p> <p style="text-align: center;">High</p>
<p>Future Treatment Strategies:</p> <ul style="list-style-type: none"> ▪ 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>Root Causes</p> <ul style="list-style-type: none"> ▪ Reactive approached based on the end user request. ▪ Shortage of technical skills to exploit existing resources and opportunities 	<p>Consequences:</p> <ul style="list-style-type: none"> ▪ Business Interruption ▪ Reputational Damage ▪ Financial Loss ▪ Business Continuity Risk 
<p>Controls:</p> <ul style="list-style-type: none"> ▪ Service delivery agreement 	<p>Residual Risk Rating at Initial Assessment:</p> <p style="text-align: center;">High</p>
<p>Future Treatment Strategies:</p> <ul style="list-style-type: none"> ▪ Map current ICT solutions offered and utilization across departments and communities ▪ Conduct structured needs assessments with key departments and external user segments ▪ Track digital service gaps through internal COJ usage data and resident service feedback 	

- Develop a prioritised ICT solution roadmap (quick wins + long-term tools)
- Develop solutions with stakeholders to enhance end-user.
- Innovate - Pilot solutions with feedback loops and refine before scaling
- Review the Organisational structure to add critical IT skills
- Implementation of smart city projects

SR6 Ineffective Governance structures

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

SR7 Lack of economic growth in the city

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

SR8 Inadequate organizational performance

<p>Root Causes</p> <ul style="list-style-type: none"> ▪ Manual processing of critical business processes (SCM, HR, Finance , Risk, Audit, Operations, SCM. ▪ Inadequate performance management system ▪ Inadequate organisational structure to accommodate career ladder and development ▪ Lack/insufficient human capital ▪ Inadequate integrity checks ▪ Lack of ethical risk culture 	<p>Consequences:</p> <ul style="list-style-type: none"> ▪ Poor service delivery ▪ Financial Losses ▪ Low economic growth ▪ Reputational damage ▪ Non-Compliance with Applicable Legislations ▪ Negative audit findings ▪ Under performance of the organisation <div data-bbox="901 1377 1332 1489" style="text-align: center;"> </div>
<p>Controls:</p> <ul style="list-style-type: none"> ▪ Approved Organisation Structure ▪ Performance Management Policy ▪ Fraud and corruption policy ▪ Approve talent acquisition policy, succession planning, retention strategy, and talent management strategy ▪ Training and development plan ▪ Organisational Design and Development 	<p>Residual Risk Rating at Initial Assessment:</p> <p style="text-align: center;">High</p>

<ul style="list-style-type: none"> ▪ Debt Management and Write-off Policy ▪ Recruitment policy 	
<p>Future Treatment Strategies:</p> <ul style="list-style-type: none"> ▪ Digitize Business processes ▪ Evaluation/ Assessment of Senior Management Performance ▪ Review of the organisational Structure to align with the new strategy ▪ Vetting of employees ▪ Implementation of fraud prevention plan Conduct Ethics, Fraud and Corruption Awareness workshops ▪ Signing of performance agreement 	

SUMMARY OF QUARTER 1

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 55% 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 CEO	Total num ber of Actio n Plans	Percent age (%)
Impleme nted	4	2	1	4	2	4	1	18	55%
Not Impleme nted	6	5	0	3	1	0	0	15	52%
Total	10	7	1	7	3	4	1	33	100%

Table 11: Summary of Quarter 1

ACTION PLANS DUE FOR QUARTER

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
Secure investment and refresh the MTC network through various funding avenues to be investigated.	1	Service Degradation Risk	Inability of the network to adequately provide connectivity.	End of life and end of support network (Aging network equipment causes slower speeds, higher latency, and frequent outages.)	Conduct full network audit (capacity, uptime, equipment status)	GM Network Operations	Not achieved	The network audit is currently in progress, with ongoing data collection and verification of network capacity and equipment status.	The action plan is scheduled for completion by the end of Quarter 2
					Commission a full-market research study	GM Business Development	Not achieved	The draft Market Research Plan has been developed and is currently awaiting review by the Business Development team and Corporate	"The report is scheduled for completion in Quarter 3

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
								Strategy unit.	
					Request to for the entity to be exempted from the sweeping of account and channel it back into network upgrades.	CAE	Not achieved	Request for budget re-prioritisation based on the revenue generated. The request will be made during Budget Steering committee schedule in Quarter 2.	Submit request during budget adjustment
					Conduct feasibility study for revenue-sharing or co-investment models	CFO	Not achieved	Consultant appointment	Discussions are under way with the consultants the process to be concluded in

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
									Quarter 3.
				Lack of investment into refurbishment and maintenances of the network	Continue with reactive maintenance of the network	CTO	Achieved	Maintenance of the network conducted.	None
Achieve a clean administration through good governance practices and maintaining positive institutional reputation	2	Business Interruptions	Failure to build and maintain a secure, resilient, and reliable digital services infrastructure resulting in large-scale outages threatening	Lack of Business Continuity Plans and Inadequate Disaster Recovery Plan	Convey a combined assurance forum	CAE	Achieved	Combined assurance meeting convened	None
					Testing of Disaster Recovery plan	CTO	Not Achieved	IT Disaster recovery plan testing not performed.	To perform DRP testing quarterly
				Loadshedding and Water Shedding	Implementation of the MTC Incident processes (SOP and Manuals)	CTO	Achieved	The report was implemented in June 2025.	
			Natural disasters due to Climate Change						

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
			Business Continuity	Inadequate facilities to host infrastructure (Carries grade date centre facilities with air conditioning, uninterrupted power supply, security, and site access control). Unrest					
				Legacy System and Outdated infrastructure					
Elevate MTC's brand visibility and reputation by	3	Ineffective Stakeholder engagement / Communi	Unengaged Citizens	Inadequate Brand Positioning and Marketing	Development of the branding reposition	Corporate Strategy and Reporting	Achieved	The plan was implemented 30 September 2025	

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
engaging with communities to promote active citizenry through meaningful interactions.		Information Channels		Lack of stakeholder engagement programme	Brand awareness (Implementation of Marketing Campaign and Brand repositioning)	Corporate Strategy and Reporting	Achieved	The rebranding initiative is in progress with the New Log implemented and branding material issues T-shirts and diaries.	
Anticipate and respond to the ICT needs of city departments, entities, and residents by building proactive solutions	4	Slow pace of digital transformation and cyber security vulnerabilities	Failure to quickly adopt to New emerging technology / Technological agility to enable reporting and sharing vital public safety	Reactive approached based on the end user request.	Map current ICT solutions offered and utilization across departments and communities	CTO	Not Achieved	The mapping of ICT solution has started to be implemented	The project to be completed in Quarter 4
				Shortage of technical skills to exploit existing resources	Implementation of smart city projects	CTO	Achieved	Smart City Project are being implemented	

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
			related information.	and opportunities					
To ensure financial health and long-term viability	5	Solvency Risk	Solvency Risk Financial instability to meet the obligations and continue business for the foreseeable future	Shareholders Loan	Reconciliation of all Debt owed and submit to the Group for Consideration	CFO	Not Achieved	A draft report is in place and engaged with the City consultants two weeks ago to discuss the potential conversion of the existing loan to avoid incurring further interest costs	The outcome is expected to be achieved by the end of Q2
				Poor collection of outstanding amounts.	Monitoring of the Hotline and investigation	Head of Risk and Compliance	Achieved	Monitoring of the Hotline conducted, and no	

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
				Inability to fully enforce the entity's mandate	on of reported cases			incident was reported.	
Achieve a clean administration through good governance practices and maintaining positive institutional reputation	6	Ineffective Governance structures	Failure to achieve a clean administration	Non implementation of recommendations by assurance providers	Implementing Audit Action Plan for AG Findings	All Executive	Not Achieved	11 Internal Audit Findings remains unresolved affecting the following department: <ul style="list-style-type: none"> - Finance - Operations - Corporate Strategy and Reporting 	Action plans were revised and are targeted to be implemented in Quarter 2.
				Fluidity in the City's Political Leadership	Conduct Compliance	Head of Risk and	Achieved	Compliance monitoring	

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
				Impacting on MTC governance	Monitoring	Compliance		was conducted	
				Constance changes in the regulatory requirements					
				Outdated Policy and procedure Manuals	Review Policy and procedure manual	All Executive	Not Achieved	HR Policies, Operations and Finance policies are outdated.	Review all outdated policies in Quarter 2
Creating working opportunities and development of SMMEs within the CoJ	7	Lack of economic growth in the city	Failure to create work opportunities and develop SMME's	Inadequate Enterprise development Strategy and Plan	Appointment of SMMEs on a new panel	CFO	Achieved	New panel is in place	
				Insufficient technical Capacity within SMME's	Development of SMMEs	CFO	Not achieved	Development of the SMMEs will be concluded on the 31/12/2025	Conduct training during Quarter 2

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
				Budgetary Constraints	Create EPWP Jobs	Corporate Strategy and Reporting	Not Achieved	Applications were rejected. A detailed report outlining the reasons for rejections will be shared as soon as its available by the Service provider	Corporate Department still waiting for the Service provider to provide reasons before they can implement remedial action plan
Quality of integrated Broadband Access to CoJ Entities and Departments	8	Inadequate organizational performance	Inability to retain and attract critical skills to enable MTC to achieve its mandate and strategic objective	Manual processing of critical business processes (SCM, HR, Finance, Risk, Audit, Operations, SCM.	Vetting of employees	Corporate Strategy and Reporting	Achieved	All new employees were vetted	
				Inadequate performance management system	Implementation of fraud	Head of Risk and	Achieved	Ethics, fraud, and corruption	

Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Action Status (Achieved or Not achieved)	Quarter 1 Progress	Remedial Action Plan and Action Date
				Lack/insufficient human capital	prevention plan Conduct Ethics, Fraud and Corruption Awareness workshops	Compliance		awareness was promoted through the dissemination of an awareness message to employees via Blackboard."	
				Inadequate integrity checks	Signing of performance agreement	All executives	Achieved	All Executive has signed performance agreements	
				Lack of ethical risk culture					

Table 12: Risk Action Plans Due

SUMMARY OF KEY RISKS

A summary of the current rating and changes since the initial assessment of strategic Risks including the Risk Appetite classification & Tolerance are as follows:

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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	25	↔	25			X		X	12	% of Network availability	98%	95%

FINAL DRAFT MTC QUARTER ONE REPORT 25/26

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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	Number of Unplanned Operational Disruptions	0	3
										X		X		Downtime Duration (in hours/days)	0	3
														Number of Evacuations Due to Safety Concerns	0	2

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No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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		
3	Ineffective Stakeholder engagement / Communication Channels	25	Financial Losses Uncompetitive	Almost certain	25	↔	25					X	X	19	% of activities within the sales and marketing strategy that have been completed	100%	0%	
4	Solvency Risk	25	Closure of the Entity	Almost certain	17.5	↑	20						X	X	11	Current ratio	Norm 1.5 to 2:1	1.11
			Increasing gearing ratio.															

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No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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
5	Slow pace of digital transformation and cyber security vulnerabilities	25	Business Interruption Reputational Damage	Almost certain	19	↑	20			X		X	11	% of mapped ICT projects on the COJ demand plan applicable to MTC addressed by new/adjusted solutions	1	0
														Number of new Technology introduced	1	0
6	Ineffective Governance structures	20	Negative Audit Opinion	Likely	7	↑	12							% Resolution of Internal Audit Finding	100%	77%

FINAL DRAFT MTC QUARTER ONE REPORT 25/26

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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
			Reputational damage Financial Loss				X				X	5	% of risk mitigation strategies implemented	100%	48%	
													% of combined assurance plan achieved	100%	100%	
7	Lack of economic	16	Low Economic growth	Likely	8								Number of EPWP	30	10	

FINAL DRAFT MTC QUARTER ONE REPORT 25/26

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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
	growth in the city		High employment rate				12					X	5	% of economic enterprise development activities completed	100%	Not Submitted
8	Inadequate organizational performance	25	Poor service delivery Negative audit findings	Almost Certain	15		20		X			X	11	Number of signed performance agreement	49	46
														Senior Management Vacancy	Under 20%	50%

FINAL DRAFT MTC QUARTER ONE REPORT 25/26

No	Risk Name	Risk Rating at initial Assessment				Trend	Q1 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
		High	Under performance of the organisation	Medium	High		High					High	Number of resignations by employee	0%	0%	
													Vacancy Rate		High	

Table 13: Summary of Risks

THE HEAT MAP BELOW DEPICT RESIDUAL RISK EXPOSURE IN QUARTER 1 AFTER THE IMPLEMENTATION OF RISK MITIGATION STRATEGIES:

Likelihood	Almost certain	11	16	20	23	25
	Likely	7	12	17	21	24
	Possible	4	8	13	18	22
	Unlikely	2	5	9	14	19
	Rare	1	3	6	10	15
		Insignificant	Minor	Moderate	High	Major
Consequence type						

Table 14: The Heat Map

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 ensure the entity is adequately resourced and appropriately capacitated to fulfill its mandate effectively.

EMERGING RISKS / MATERIALISED

During the quarter under review, the business continuity risk materialized due to unplanned operational disruptions. As a precautionary measure, employees were evacuated to allow for a thorough assessment of the facilities and to ensure their safety. To maintain productivity and continuity of operations, the remote working strategy was activated during the affected periods. The documented incidents are as follows:

Date	Incident Details	Pictures
11 July 2025	<p>Flooded Toilet and Storeroom</p> <p>Second flooding incident occurred, the flooding affected the Supply Chain Management storeroom, posing risk to SCM tender documents and procurement files, and damaging network equipment critical for operations</p>	
18 July 2025	<p>Power Outages: Unscheduled and prolonged power outages occur. These are exacerbated by generator failure rendering the office powerless during outages and severely hampering productivity.</p>	


Date	Incident Details	Pictures
1 September 2025	<p>Fire incident: One of the most critical incidents involved a fire in the storeroom, caused by a malfunctioning ballast that ignited. The fire resulted in the destruction of several stored files. Fortunately, due to the limited airflow within the storeroom, the fire was self-contained and did not spread further. However, the incident highlights serious safety concerns related to the building's electrical infrastructure and storage conditions.</p>	

Table 15: Emerging Risks

Mitigation Strategies

Management has initiated the process of identifying suitable facilities for potential relocation, with the aim of improving operational efficiency and staff safety.

2025/2026 FINANCIAL YEAR OPERATIONAL RISKS



The Entity continues its proactive approach to identifying, assessing, managing, and mitigating risks arising from internal operations—encompassing people, processes, systems—as well as external events. This ongoing process is integral to ensure that operational risks are effectively monitored and controlled, thereby minimizing potential adverse impacts on the organization’s strategic objectives, financial stability, and reputation.

Below are the operational risks identified for the 2025/26 Financial year:

Department	Number of Risks	Number of Action Plans
Corporate Strategy and Reporting	12	122
Finance	12	216
Operations	9	91
Company Secretary	2	21
Total		450

Table 16: Operational Risks

Performance of Top Five Operational Risks as at 30 September 2025

No	Risk Name	Description	Residual Risk Exposure	Mitigation Effectiveness	Status as at 30 September
1	Business Continuity Risk	Unplanned disruptions (e.g., fire, water cuts, power outages) affecting operation	Very High	Moderate	Materialised; remote working strategy activated
2	Revenue Collection Challenges	inability to collect debts from the City and entities, affecting liquidity	Very High	Low	Ongoing; liquidity pressure remains
3	Ageing Infrastructure Risk	Reliance on End of Life and End of Support infrastructure affecting network	Very High	Low	Persistent; availability target (98%) not achieved

No	Risk Name	Description	Residual Risk Exposure	Mitigation Effectiveness	Status as at 30 September
		availability			
4	Shareholder Loan Debt Burde	Accumulating interest increasing financial strain and Going Concern risk	Very High	Low	Unresolved; engagement with shareholder ongoing
5	Vacancy Rate / Organisational Capacity	Delayed organisational redesign limits resource capacity	Very High	Low	Structure review still pending; BIA scheduled Q2

Table 17: Performance of Operational Risk

BUSINESS CONTINUITY MANAGEMENT (BCM)

The Business Interruption Risk continued to materialize during the quarter under review, manifesting in the form of water supply interruptions, unplanned power outages, and a fire incident. A Business Impact Analysis (BIA) is scheduled to commence in the second quarter, coinciding with the finalization of the Lease Agreement for the office space.

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.

Cell phone Claims:

To date, three insurance claims have been submitted relating to the loss or theft of cellular devices:

Date	Incident type	Description	Case Number	Progress	Amount
24 July 2025	Theft of Cell phone	Samsung S24 Cell phone taken from MTC employee.	522/7/2025	Claim Approved by insurance	R10 009.00
3 August 2025	Lost of Cell phone	Samsung S23 Cell phone was stolen from MTC employee.	721812	Claim Approved by insurance	R10 099.00
20 August 2025	Theft of Cell phone	Samsung S24 Cell phone was stolen from MTC employee.	Cas: 49/8/2024	Claim Approved by insurance	R17 499.00

Table 18: Cellphone Claims

Infrastructure Claims

Two infrastructure claims were submitted during the quarter under review:

Date	Incident type	Description	Progress	Case Number	Items Claimed	Amount
12 August 2025	Network Damage	Underground fibre sleeves and ducts were dug out and exposed to fire and burnt, suspecting that there was an attempt to steal copper cables running parallel to fibre infrastructure which resulted in fire being caused by an unknown 3rd party.	Claim submitted to insurance	CAS 230/8/2025	48 fibre (G.652D) Microduct Fibre for Duct Installation	R29 037.70
					Round Joint with Gel Seal Kit Up to 144fibre	R6 479.76
					Splice protecting sleeve 1fiber, L=60 mm, (order multiple 100 pcs.)	R31.74
					7-way Heavy Duty Duct Assembly for Direct Burial Installation (12/10mm)	R497.77
					Installations services (BOS Attached)	R23 310.65
19 August 2025	Network Damage	Fibre break, Manhole opened suspect that there was an attempt to steal copper cables and fibre	Claim submitted to insurance	CAS 344/8/2025	Round Joint with Gel Seal Kit Up to 144fibre	R3 239.88

Date	Incident type	Description	Progress	Case Number	Items Claimed	Amount
		cable were cut which resulted in link failure by an unknown 3rd party.			Splice protecting sleeve 1fiber, L=60 mm, (order multiple 100 pcs.)	R15.87
					Installation services (BOS Attached)	R2843.16
						R65 456.53

Table 19: Infrastructure Claims

Previously submitted Claims paid during the quarter:

Date paid	Details	Amount
14 August 2025	Cable cut and stolen	R 145 479.63
14 August 2025	Vandalised fibre cable	R 120 356.55
		R265 836.18

Table 20: Submitted Claims

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 messages to employee on black board.

Furthermore, MTC conducts its annual review and identification of Ethics, Fraud and Corruption Risk during the quarter under review wherein eight (8) Ethics, Fraud and Corruption potential.

Risks were identified, assessed and preventative measures were developed to mitigate the impact of the risks:

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Actions to improve management of the risk
1	Asset Management	Loss, theft and damage/ vandalism of Assets	Inadequate security controls	Very High	Upgrading of security management system
			Ineffective controls for safe keeping of assets or Poor record keeping (lack of asset management tool)		Development of Loss Control Policy
			Inadequate awareness of internal policies regarding assets / Bad culture on asset management		Convey Loss Control Committee Meeting
					Conduct awareness on Asset Management
					Development of security management policy
2	Human Resource	Possible Ghost Employees	Financial gains	Low	Review of the net pay report

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Actions to improve management of the risk
	Management		Lack of employee verification		Conduct employee headcount
3	Human Resource Management	Submission of fraudulent qualifications	Inadequate verification of qualification	Low	Vetting and verifications of qualifications before appointment
4	Human Resource Management	Fraudulent timekeeping	Inadequate monitoring of normal hours worked and overtime	Medium	Pre-approval of overtime
					Confirmation of budget
					Basic condition for employment (Overtime limits at 40hrs per month per employee 910hrs per week)
					Attendance register signed by employee and line manager
5	Human Resource Management	Absence from work without permission	Delays in approval of leave application by line managers (Employees going on leave without preapproval)	Low	Awareness workshop on leave management and HR policies
			Non functionality of Leave Management system		Approval of leave inline with the policy
6	Supply Chain Management	Conflict of interest	Dishonesty	Low	Conduct ethics fraud and corruption awareness workshops

No	Focus Area	Risk Name	Root Causes	Residual Risk Exposure	Actions to improve management of the risk
					Annual declaration of interest and as when for new employees
7	Supply Chain Management	Fraud and Corruption	Dishonesty	High	Verification of supply declaration on the system
			Collusion		Completion of MDB forms declaring their interest
8	Information Technology	Cyber Crime	Inadequate information system control	Low	Monitoring of incidents /security attacks and blocking
			Hackers		

Table 21: Risk Mitigation areas

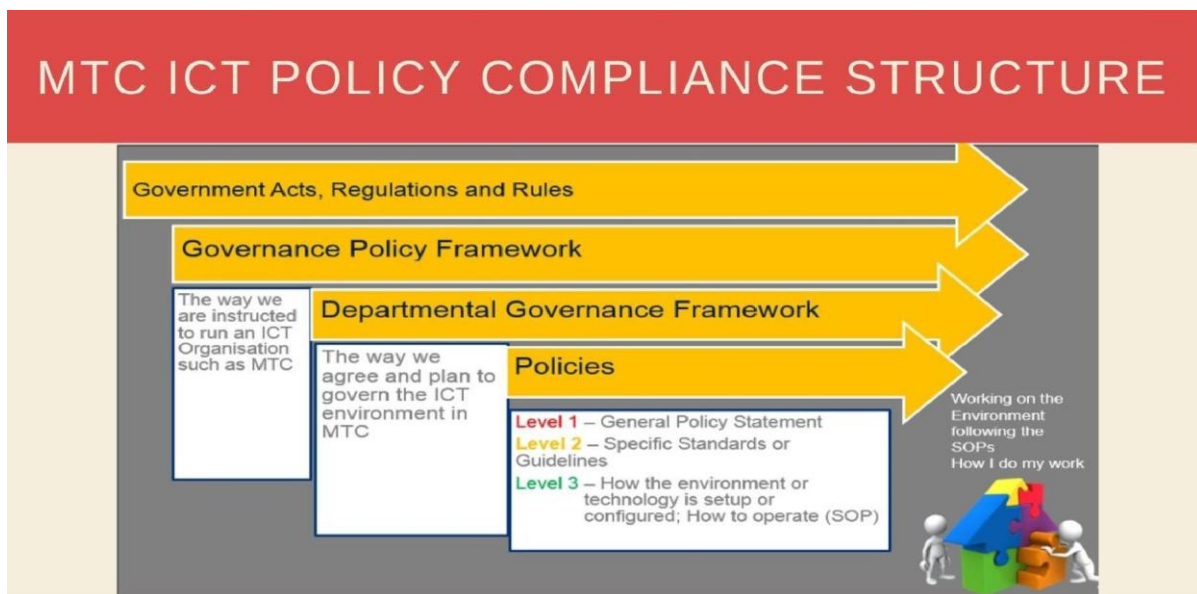


Figure 5: MTC ICT Policy Compliance structure

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 CyberSec	SCM Framework	CoJ IDP SDBIP BP MTC SDBIP BP	Shareholder Policy	CFO to Provide	CFO to Provide
COO (Core Business Ops, Project)		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
Government Risk & Compliance		ERM Framework PolicyFramework PolicyUniverse ReportingFW	Risk Strategy RiskPlan	RiskPolicy		

Table 22: MTC Policy Oversight Flow

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 23: 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 24: 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 1 Number of Planned Activities	Activities Implemented	Activities Not Implemented
Target	16	16	0
Percentage	100%	100%	0%

Table 25: Quarter 1 Compliance Plan Achievement

QUARTER 1 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS IN LINE WITH THE COMPLIANCE UNIVERSE.

Summary of compliance with applicable acts and regulations for the quarter ending 30 September 2025:

Details	Total	Complaint	Non-Complaint
Number of regulations and acts monitored	46	41	5
Percentage	100%	89%	11%

Table 26: Quarter 1 Summary of compliance with applicable acts and regulations

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

The following information consists of payments made to service providers or creditors for January, February and March 2025.

Summary of compliance with applicable acts and regulation for the quarter ending 30 September 2025:

The detailed summary of the transactions is as follows:

Month	July-2025		August-2025		September-2025		Total	
	Number	Value R	Number	Value R	Number	Value R	Number	Value (R)
Payments within 30 days	56	R27 661 174.92	64	R56 202 159.62	52	R39 200 406.77	172	R123 063 741.31
Payments made after 30 days	66	R64 160 547.62	23	R87 564 028.60	25	R18 491 282.84	114	R170 215 859.60
Total	122	R91 821 722.54	87	R143 766 188.22	77	R57 691 689.61	286	R293 279 600.37

Table 27: Quarter 1 detailed summary of the transactions

Reason for late payment:

Certain invoices were paid for within 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.

Annual Employee Declaration of Interest

All employees have submitted their annual 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

Fruitless and Wasteful Expenditure:

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

Month	July	August	September	Total
Amount	R15 778 850.00	R15 778 850.00	R17 949 691.00	R49 507 391.00
Details	Interest in Shareholders Loan	Interest on Shareholders Loan	Interest on Shareholders Loan	

Table 28: Quarter 1 fruitless and wasteful expenditure incurred

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.

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 1 Progress
1	<p><i>Section 19 of the Health and Safety Act:</i></p> <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</i></p>	<p>Functionality of Health and safety committee</p> <p>It was noted that the Entity established Health and Safety Committee but it is not functional.</p>	<p>Resolved</p> <p>The Health and Safety Committee convened its first meeting on 29 September 2025.</p>

No	Requirement of the Act	Finding	Quarter 1 Progress
	<p><i>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>		
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>First Aid Equipment is not suitable for use (expired).</p> <p>It was noted that the Entity has Three First Aid Boxes which contain expired First Aid equipment with expiry dates of 2020 and 2021 wherein one is made available for use by employees as it is placed for easy access in the main Kitchen floor.</p>	<p>Not Resolved</p> <p>Due to budget constraints, the entity was unable to procure new first aid equipment. Expired equipment has been removed, and new first aid boxes are scheduled for procurement by 30 April 2025.</p>
3	<p><i>st aid, emergency equipment and procedures:</i></p> <p><i>6) An employer shall affix a prominent notice or sign in a conspicuous place</i></p>	<p>First Aid Notices or Signs not displayed in the Entity's facility.</p>	<p>Not Resolved</p> <p>First aid signs were included in the order; however, due to</p>

No	Requirement of the Act	Finding	Quarter 1 Progress
	<p><i>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>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>budget constraints, they could not be procured.</p>
<p>4</p>	<p><i>NS 10400- T: 2011</i></p> <p><i>7 Portable fire extinguishers</i></p> <p><i>7.1 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.</i></p>	<p>Fire extinguishers are not mounted on the wall.</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>Not Resolved</p> <p>The fire extinguisher has been temporarily placed on the kitchen cabinet pending the landlord's arrangement to have it properly mounted. It is anticipated that this item will be cancelled, as the entity is currently in the process of securing new office space.</p>
<p>5</p>	<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</i></p>	<p>Inadequate maintenance of the offices.</p> <p>During the physical inspection of the offices, the following were noted:</p> <ul style="list-style-type: none"> a) A cracked wall was noted in the main kitchen. b) A damaged ceiling was observed in several offices including the company 	<p>Not Resolved</p> <p>The ceiling tiles in the offices have been repaired. However, the cracked wall remains unresolved, as the landlord has declined responsibility for the cost of repairs. This issue is not considered a significant risk factor, as the entity is in the process of</p>

No	Requirement of the Act	Finding	Quarter 1 Progress
	<p><i>in control of such building shall 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>secretary's office and storerooms.</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>	<p>securing new office space.</p>
6	<p><i>ction 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>Poor security controls.</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 not strategically located to cover</p>	<p>Not Resolved</p> <p>The installation of the security surveillance system was put on hold due to budget constraints. This item may also fall away, as the entity is in the process of finalising the occupation of new office space.</p>

No	Requirement of the Act	Finding	Quarter 1 Progress
		<p>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 unauthorised access to the facility/offices.</p>	

Table 29: findings noted against the requirements of the OHS Act

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 believes that Employment Equity goes beyond just legal compliance, 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 endeavours that are strategically aligned with the Metropolitan Tech Company’s Strategic and Business Plans. The Five-year EE 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.

Table 30: Compliance to Employment Equity Act

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	20	20	0
Percentage	100%	100%	0%

Table 31: Compliance questionnaire results

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 1 Compliance		Corrective Action
		YES	NO	
1	Does the Entity have a records management policy?		No	The policy is to be developed by 30 April 2026.
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.As the Entity is in the process of addressing the expired lease agreement.
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		

No#	Details	Quarter 1 Compliance		Corrective Action
		YES	NO	
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.
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.

Table 32: Compliance to the National Archives and Records Service of South Africa Act

Strategic Risk Management Challenges

During the reporting period, not all strategic risk mitigation strategies were fully implemented. This shortfall has impacted on the effectiveness of the organization’s risk management framework. Key contributing factors affecting the performance of risk indicators include:

1. Shareholder Loan: The ongoing financial burden of the shareholder loan continues to pose a significant risk, with associated fruitless and wasteful expenditure.

2. Aging Network Equipment: Outdated infrastructure has increased operational vulnerabilities and reduced service reliability.
3. Weak Revenue Collection: Inadequate revenue collection from the City and its entities has strained financial sustainability and affected cash flow.
4. Skills Shortages: Critical skills gaps across key operational areas have hindered effective risk mitigation and service delivery.

As a result, overall risk performance has been adversely affected. Targeted interventions and revised mitigation plans are in place and will be monitored in the upcoming quarter.

Non-Compliance with Monitored Regulatory Legislations

During the reporting period, six monitored regulatory legislations were found to be non-compliant. The following areas require attention:

1. Late Payment of Invoices: Not all invoices were settled within the prescribed timeframes, resulting in non-compliance with financial regulations.
2. Fruitless and Wasteful Expenditure: Continued expenditure on the shareholder loan has been flagged as fruitless and wasteful, indicating a need for improved financial controls.
3. Occupational Health and Safety Measures: Compliance with occupational health and safety requirements remains outstanding, pending the relocation to new office facilities.
4. Inadequate Records Management: Records management practices are still below required standards. This matter will be addressed in Quarter 3 after the move to the new premises.
5. Employment Equity Act: The entity is not compliant with the targets set out in the Employment Equity Act. This includes underrepresentation in designated groups and insufficient progress toward equity goals.



CHAPTER 3

SERVICE DELIVERY PERFORMANCE

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

ACHIEVEMENTS	NON-ACHIEVEMENT
<p>Key Achievements</p> <ul style="list-style-type: none"> - Delivery of a customer engagement solution at Metrobus - Delivery of a customer engagement solution at Pikitup - Actual sales for the year to date are above budget due to increased business during the quarter 	<p>Underperformance on Internal Debtor Collections</p> <ul style="list-style-type: none"> - Debtor days high with increase in receivables. <p>Low Revenue from External Customers</p> <ul style="list-style-type: none"> - A large proportion of revenue still stems from internal customers, with limited progress on external market penetration due to lack of capital support. <p>Fruitless and Wasteful Expenditure</p> <ul style="list-style-type: none"> - Interest on the shareholder loan continues to be incurred without a viable financial resolution yet in place.

Table 33: Quarter 1 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.
- 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.

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.

BUDGET OVERRUNS

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

UNDERPERFORMANCE ON SOME KPI'S

- For the quarter under review, MTC achieved significant improvement in its overall performance, missing only three KPIs. This reflects notable progress compared to the previous year's Q1 performance, which stood at 50%.

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.

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>(4 Outcomes)</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>Strategic Priorities</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>MTC Strategic Goals</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			

COJ's Strategic Overview		
	LONG TERM PLANNING	MEDIUM-TERM PLANNING
VISION	Growth & Development Strategy	Integrated Development
<p>The City of Johannesburg commits itself to proactive delivery and the creation of a city environment in 2040 that is liveable. It aims to achieve this through long-term 2040 plans, targeted programs</p>	<p>harnesses the potential of 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>	

Table 34: MTC 's response to strategic direction

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
A Smart City	<p>•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.</p>	<p>• A 'Smart' City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner</p>
Safer city	<p>A safe and secure city</p> <p>A city characterized by social inclusivity and enhanced social cohesion.</p>	<p>•24/7 Digital network availability to support the functioning of crime-fighting CCTV Devices and other IT systems, related</p>

MAYORAL PRIORITY	WHAT IT MEANS FOR MTC & HOW IT CONTRIBUTES	STRATEGIC PROGRAMME
		<p>communications technologies, and control rooms.</p> <ul style="list-style-type: none"> •MTC to create value-added smart crime-fighting technologies & Apps that will enable stakeholders to collaborate to monitor areas, provide alerts and share capacity.
<p>Financial Sustainable</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"> •MTC creates EPWP opportunities, jobs through SMME development, and apprenticeship programs for the youth.
<p>Good Governance</p>	<ul style="list-style-type: none"> •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. 	<ul style="list-style-type: none"> •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. •Provide a reliable network to support access to 24-hour city services, such as call centres, websites, and portals.

Table 35: MTC's response to the mayoral priorities

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	Information
1. Response to acknowledgment requests, enquiries and complaints on network and ICT services	Within 1 day of logging a call	100%	Achieved	MTC has automated the first response on the service desk, and all calls are now automatically acknowledged, and a reference number is provided within 5 minutes of receiving the email.
2. Provision of answers and/or results related to receipt of the request	Within 3 days of logging incidents or tickets	75%	Non-achieved	3347 requests were logged to the Contact Centre. 2210 requests were resolved within 3 days; 752 requests exceeded the 3-day. 75% threshold of requests received by the service desk were resolved within 3 days request received by NOC and resolved within 3 days

Service Area	Service Standard	Achievement Status	Achievement Status	Information
and inquiries regarding network services				

Table 36: MTC Q1 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.

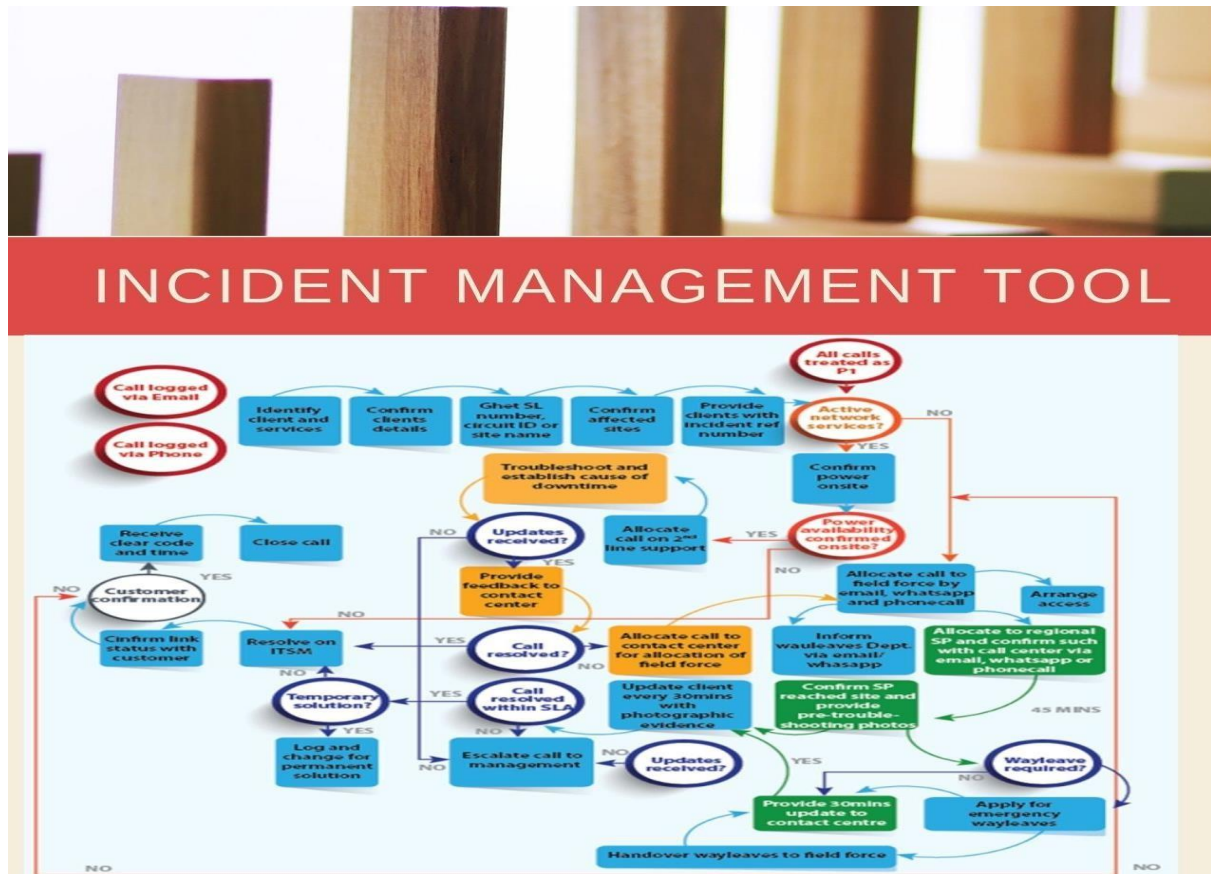


Figure 6: Incidents resolution process

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	Jul-25	Aug-25	Sept-25	Q1 2025/2026
Total Number of incidents logged	1153	1083	1111	3347
Total Number of incidents resolved	1065	890	1007	2962
Total Number of incidents resolved within SLA	829	633	748	2210
Total Number of incidents resolved out of SLA	236	257	259	752
% Incidents resolved within SLA	78%	70%	74%	75%
% Incidents resolved out of SLA	22%	30%	26%	25%

Table 37: Number of Incidents logged and resolved

KPI Description	Jul-25	Aug-25	Sept-25	Q1 2025/2026
Network Availability Target	99%	99%	99%	99%
Network Availability Achievement	95%	94%	95%	95%
KPI Description	Jul-25	Aug-25	Sept-25	Q1 2025/2026
# CCTV Cameras Connected to VMS of IIOC Target	1034	1034	1034	1034
# CCTV Cameras Connected to VMS of IIOC Access Achievement	1037	1053	1081	1081
KPI Description	Jul-25	Aug-25	Sept-25	Q1 2025/2026
Number of Connections Target	30000	30000	30000	120 000
Number of Connections Achievement	527 500	271 761	647 301	1 446 562

KPI Description	Jul-25	Aug-25	Sept-25	Q1 2025/2026
% CoJ and Entity Projects Completed Target	N/A	N/A	N/A	KPI Measured annually
% CoJ and Entity Projects Completed Achievement	N/A	N/A	N/A	N/A

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

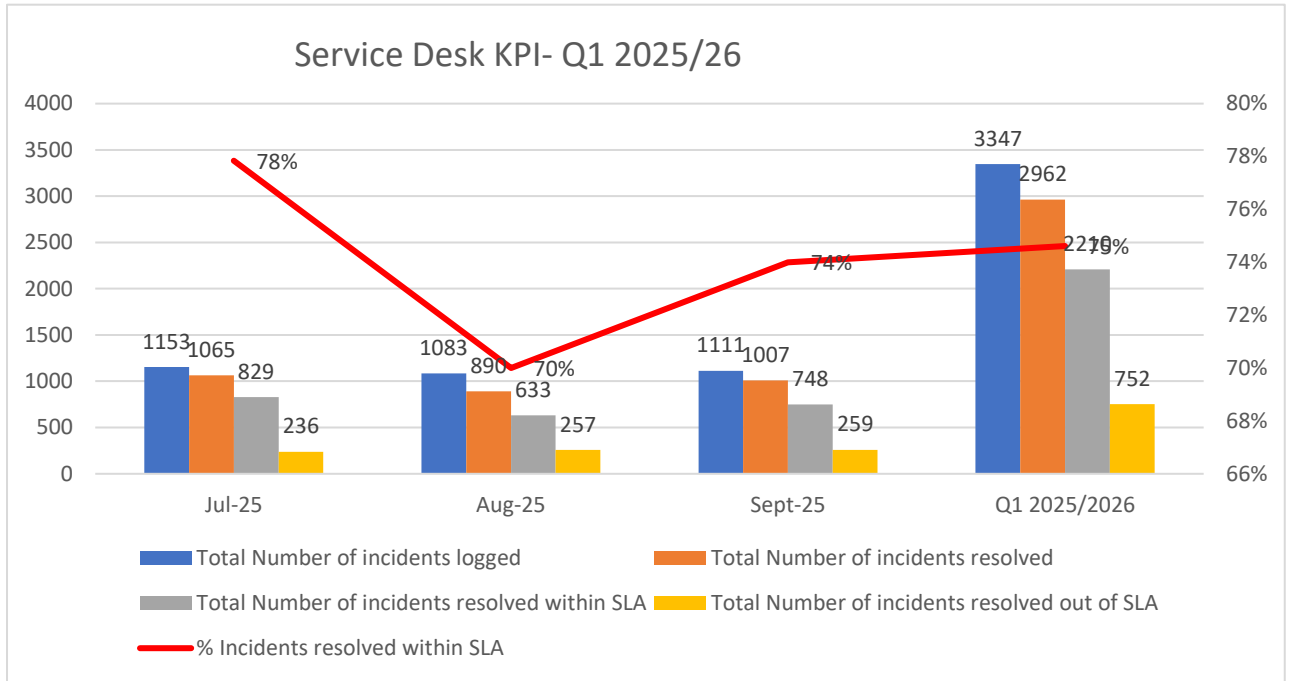


Figure 7: trend analysis for the Quarter 1 Contact Centre Performance

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

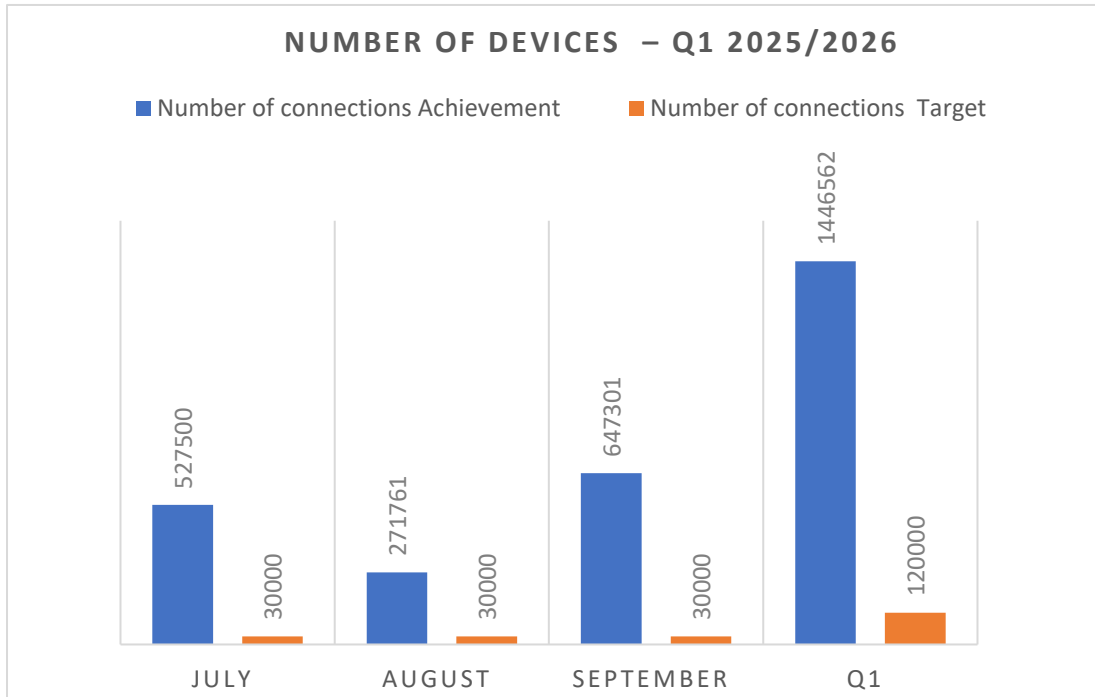


Figure 8: Q1 - Number of devices performance overview

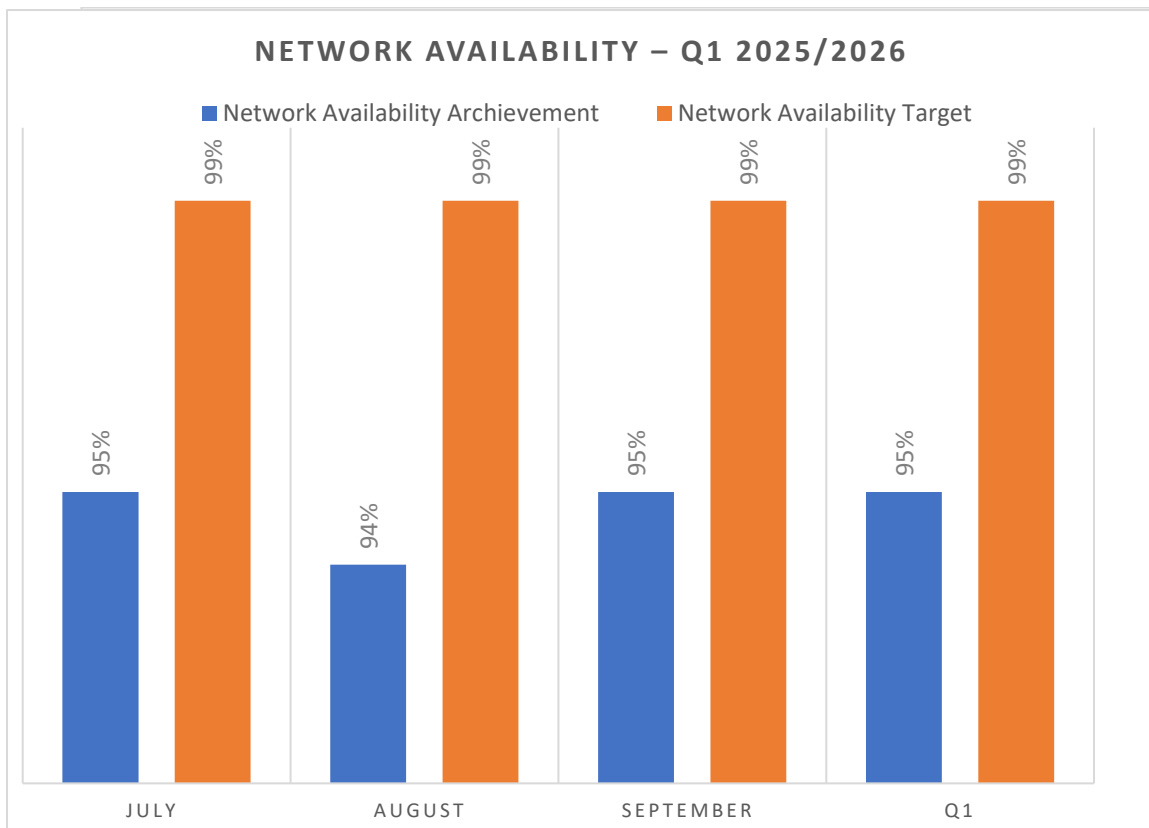


Figure 9: Q1 - Network Availability Performance Overview

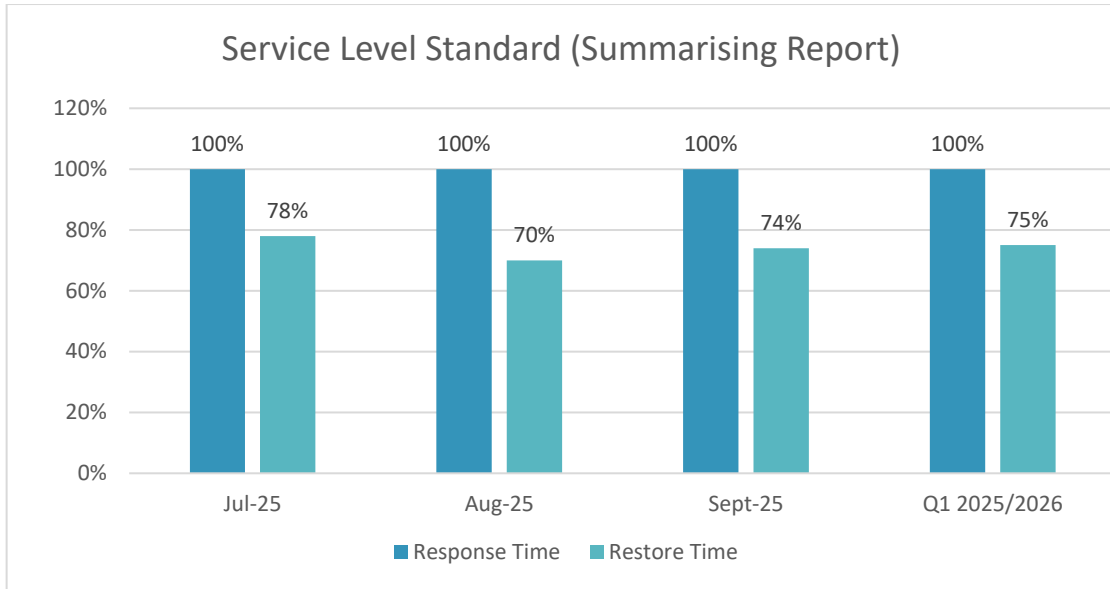


Figure 10: Q1 Service Level Standard Performance Overview

Service Level Standards (summarized reporting)	Jul-25	Aug-25	Sept-25	Q1 2025/2026
Response Time	100%	100%	100%	100%
Restore Time	78%	70%	74%	75%

Table 38: Q1 Service Level Standards Performance summarised

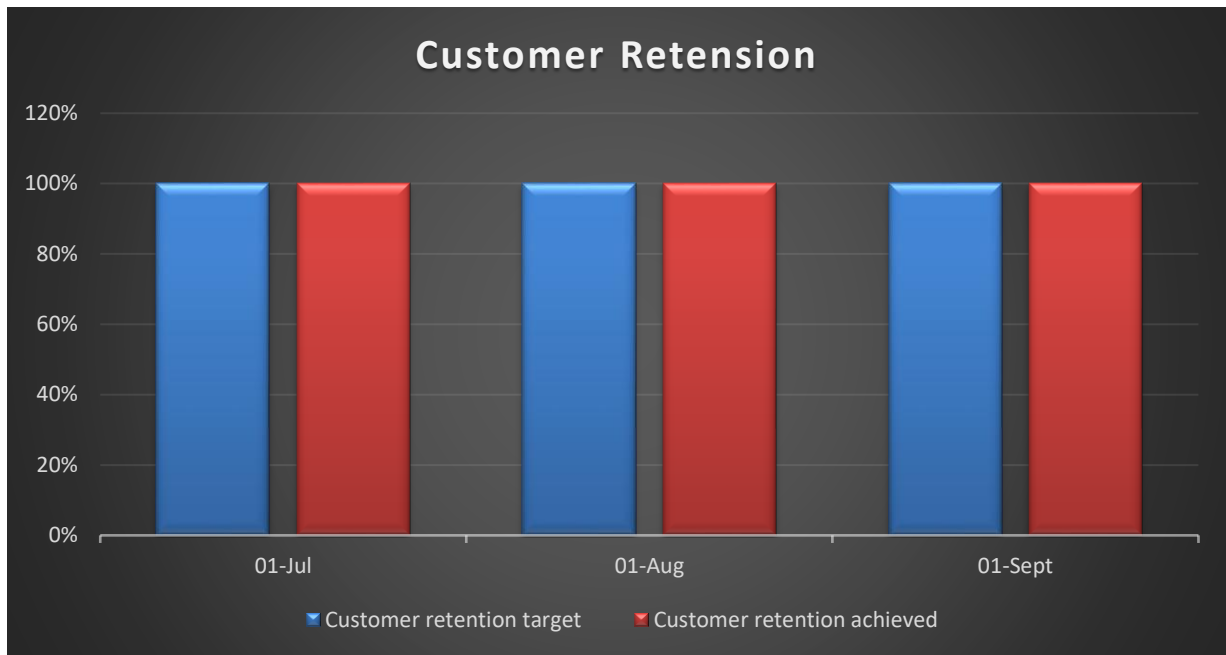


Figure 11: Q1 Customer Retention rate performance

KPI Description	Jul-25	Aug-25	Sept-25	Q1 2025/2026
Customer retention rate Target	100%	100%	100%	100%
Customer retention rate Achievement	100%	100%	100%	100%

Table 39: Q1 Customer Retention rate performance

MTC is one of the key contributors to ensuring the provision of affordable and effective ICT services to the departments within the City and MEs. Also, MTC has a role to play in making broadband more accessible and affordable for citizens of the city.

Project Status:

For the quarter under review, all projects are still ongoing, with implementation activities at various stages of progress.

PROJECT	CLIENT	START DATE	END DATE
Centralized Service Delivery Management Platform	Metrobus	5/29/2025	TBC
Centralised Service Delivery Management Platform	PIKITUP	26/06/2025	TBC
OSS/BSS	GICT	26/06/2025	TBC
Intelligent Security	Metrobus	26/06/2025	TBC
Network Audit	MTC	26/06/2025	TBC
OSS_BSS	GICT	9/26/2025	TBC
CSD	Metrobus	6/30/2025	TBC

Table 40: Q1 Projects Completed

MTC KEY PERFORMANCE INDICATOR ACHIEVEMENT AT A HIGH LEVEL

MTC KPI Summary	KPI's
Total KPI's	10
Total Measurable KPI for Quarter ¹	08
Achieved KPI's	05
Non-Achieved KPI's	03
% Achievement	63%

Table 41: MTC Key performance indicators Performance Overview

¹ The following KPI's: % of CoJ and Entity Capex Projects completed in the financial year and Unqualified Audit Opinion without Material Findings are measured annually and therefore 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.

FINAL DRAFT MTC QUARTER ONE REPORT 25/26

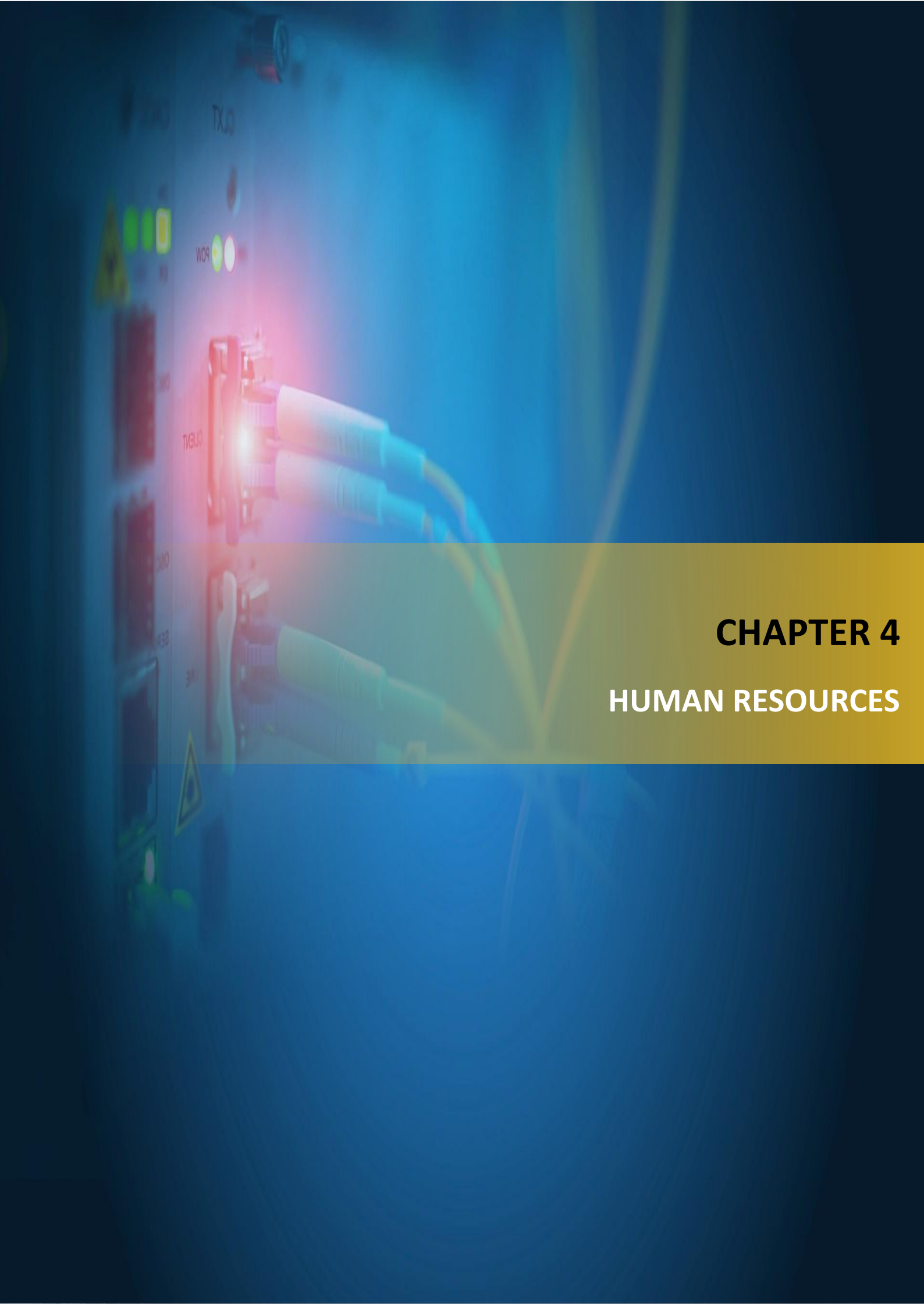
Key Performance Indicator	No	Measuring Unit	Baseline 2024/25	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q1 Actual	2025/26 Budget per Project				Means of Verification	Mitigation Actions For non-performance & Timelines	
							Q1	Q2	Q3	Q4		CAPEX	OPEX	Q 1	Q 2			Q 3
Amount of revenue achieved (in Rands)	1.	R	R 1 076 b	R 544m	R335m	R335m	R83.75 m	R167.52m	R251.25m	R335m	R187,6m	X	X	-	-	-	-	* Quarterly reports (QPR) * Financial Statements
Customer retention rate	2.	%	93%	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.	%	78%	80%	80%	80%	80%	80%	80%	80%	136%							*Collections report *QPR *Financial statements

Key Performance Indicator	No	Measuring Unit	Baseline 2024/25	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q1 Actual	2025/26 Budget per Project						Means of Verification	Mitigation Actions For non-performance & Timelines
							Q1	Q2	Q3	Q4		CAPEX	OPEX	1 Q	2 Q	3 Q	4 Q		
Network Link Availability	4.	%	75%	99%	99%	99%	99%				95%	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. Network availability has also improved due to the absence of load shedding for an extended period which assists the network availability.
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	1081	X	X	-	-	-	-	*Report of connected cameras on the Video management systems	

Key Performance Indicator	No	Measuring Unit	Baseline 2024/25	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q1 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 connections utilizing the CoJ Free WIFI services	6.	Number	New KPI	N/A	120 000	120 000	30 000	60 000	90 000	120 000	1 446 562	X	X	-	-	-	-	*Availability report and supporting evidence	
% of CoJ and Entity Capex Projects completed in the financial year	7.	%	86%	100 %	100 %	100 %	N/A	N/A	N/A	100%	Measured Annually	X	X	-	-	-	-	*Project charter *Confirmation of completion * RFQ	
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 findings	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%	55%	X	X	-	-	-	-	* Quarterly reports	Management has reviewed the risk mitigation strategies, which will be implemented and monitored on a quarterly basis.

Key Performance Indicator	No	Measuring Unit	Baseline 2024/25	2023/24 Target	2024/25 Target	2025/26 Target	2025/26 Quarterly Performance Targets				Q1 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%	89%	X	X	-	-	-	-	*Compliance reports	Management has developed action plans to address the identified non-compliance issues. The target date for achieving full compliance is set for 31 March 2026

Table 42: Corporate Scorecard 2025/26



CHAPTER 4

HUMAN RESOURCES

CHAPTER 4: HUMAN RESOURCES

MTC strives to create an environment in which the entity’s best-talented staff members can perform at the best of their ability, in turn, enabling the organization to be the best-performing organization. Accordingly, the company acknowledges that there are factors that may either push or pull employees toward optimal performance. It is recognized that there are necessary material conditions that must be met to enable employees to thrive, these include but are not limited to; certainty on the future of the company, consistent and fair people management practices, a better reputation with the customer, shareholder, and labour market, enhanced employer/employee engagement to maximize performance, determined 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

ITEM DESCRIPTION	ACTUAL AMOUNT	BUDGETED AMOUNT	VARIANCE
Skills Development	R73	R18	-R55
EJHB- Funeral Fund	R11	R12	R1
Bargaining Council	R1	R28	R27
Other Costs	R6	R0	-R6
Total	R8 996	R8 776	-R220

Table 43: Employee Remuneration 1

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

Table 44: Employee Benefits 1

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
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
Head Legal	There is a need to capacitate this position in line with the current and future MTC strategy	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

KEY POSITIONS	BACKGROUND	TARGETED CAPACITATION DATE	STATUS
Chief Operation Officer	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold
Chief Technology Officer	There is a need to capacitate this position in line with the current and future MTC strategy	01-December-2025	Recruitment in progress
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
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 45: MTC key positions identified for capacitation

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 Trading Company (PTY) Ltd								
(01 July 2025 – 30 September 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%
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 46: MTC Structure occupancy status

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 2025/09/30	Forecast Additional	Total
Top Management is level 1 and 2	6	7	13
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
Total	48	34	82

Table 47: capacity analysis of the MTC workforce

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	
TOP MANAGEMENT	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	
SENIOR MANAGEMENT (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	
PROFESSIONAL QUALIFIED (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	
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED (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	
UNSKILLED (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	
TEMPORARY	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

Table 48: breakdown the gender of MTC workforce

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 Trading 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 Trading 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 Trading Company's Strategic and Business Plans. The Five-year EE plan was approved in November 2020. This plan subscribes to the guiding principles outlined in Metropolitan Trading 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.

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 1 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.

QUARTER 1 COMPLIANCE PERFORMANCE PROGRESS

During Quarter 1 of the 2025–2026 financial year, MTC achieved an overall **93% compliance rate** in Performance Management. Notably, all departments reached **100% compliance**, apart from a few units that achieved slightly above 90%. This strong performance reflects the organisation's commitment to embedding a culture of accountability and continuous improvement.

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 1 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:	46 /49 X 100% =			94%

Table 49: Quarter 1 Performance Management compliance rate

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 Social Responsibility (CSR) Initiatives



Figure 12: Ethics & CSR

MTC has launched a CSR initiative to provide free Wi-Fi access across all Rea Vaya Bus Rapid Transit (BRT) stations. This project aims to enhance the commuting experience and promote digital inclusiveness, aligning with the City’s vision of becoming a smarter, more connected urban hub.

- **Social Inclusion:** The initiative addresses the issue of digital inequality by providing internet access to commuters who may not have affordable access to data.
- **Community Benefit:** Free Wi-Fi offers numerous benefits to commuters, including increased productivity (accessing emails, remote work), educational support (online learning, research), and enhanced social connectivity.
- **Alignment with City Goals:** This project directly contributes to the City of Johannesburg's strategic objectives for digital and economic development.

MTC views this project as a core CSR contribution, demonstrating our commitment to improving the quality of life for residents and driving digital transformation across the City.

MTC is committed to contributing to the social and economic well-being of the City of Johannesburg through various initiatives. This quarter, we highlight two key projects with significant CSR dimensions:

1. Free Wi-Fi Rollout at BRT Stations

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	30-Sept-25	30-Sept-24	Movement	% Movement
		R'000	R'000	R'000	
Current assets		2 950 070	2 565 025	385 045	13%
Receivable from exchange transaction	1	2 919 540	2 528 517	391 023	15%
Inventory		-	-	-	0%
SARS (Income tax)		26 733	26 733	-	0%
Cash and cash equivalent		-	-	-	0%
Loan to shareholder	2	-	-	-	0%
VAT Receivable	5	3 791	9 769	5 978	0%
Other Current Assets		5	5	-	0%
Non-current assets		397 366	439 904	42 538	-10%
Deferred Tax Asset		22 231	34 556	12 325	-36%
Property, Plant and Equipment	3	365 590	395 530	29 940	-8%
Intangible assets	3	9 544	9 818	274	-3%
Total assets		3 347 435	3 004 929	342 507	11%
Equity and liabilities					
Current liabilities		2 667 929	2 134 749	533 180	25%
Payables from exchange transactions	4	364 965	106 988	257 977	241%
Loan to shareholder (Overdraft)	2	684 518	752 950	68 432	-9%
SARS		-	-	-	0%
VAT payables	5	-	-	-	0%
Current portion of long term loan	6	1 538 148	1 174 366	363 782	31%
Other liabilities		60 889	83 302	22 412	0%
Operating lease liability		-	-	-	0%
Provisions		19 410	17 143	2 266	13%
Non-current liabilities		1 250 441	1 295 122	44 681	-3%
Shareholder loan	6	1 214 943	1 263 259	48 316	-4%
Deferred Tax Liability		35 498	31 863	3 635	11%
Income received in advance		-	-	-	0%
Total Liabilities		3 918 371	3 429 871	488 500	14%
Capital and reserves		570 935	424 942	145 993	34%
Share capital		-	-	-	0%
Share premiums		163 897	163 897	-	0%
Accumulated loss		734 832	588 839	145 993	25%
Total Equity and Liabilities		3 347 436	3 004 928	342 507	11%

Figure 13: Statement of Financial Position

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 15% from the comparative period (Q1 2023/24).

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, R113m for CoJ Entities, and R4m 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 Q1, the balance of R685m 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 being made to suppliers as a result of cash allocations from COJ during the quarter.

Note 5. VAT Receivable

A VAT refund is due by the entity as of 30 September 2025.

Note 6. Shareholder Loan

No payments were made during the quarter; however, the interest charge was R69m.

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 1 2025/26			Quarter 1 2024/25			Reasons for variance
	Actual '000	Budget '000	Variance	Actual '000	Budget '000	Variance	
Revenue							
Non-exchange revenue	60 075	56 967	3 107	56 360	56 154	206	
Subsidy from City of Johannesburg	60 075	56 967	3 107	56 360	56 154	206	
Exchange Revenue	127 571	86 205	41 366	48 447	72 577	- 24 130	
Sale of services	127 571	76 845	50 727	48 447	63 746	- 15 299	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.
Total revenue	187 646	143 172	44 474	104 807	128 731	- 23 924	
Expenditure							
Employee related costs	13 943	10 665	3 278	13 282	10 064	3 218	The employee cost is above budget. The budget costs to be realigned to take into account the current staff complement.
Depreciation and amortisation	8 557	39 496	- 30 939	8 853	37 931	- 29 078	The overall YTD depreciation expenditure is below the YTD budget due to Network asset values being revised at the 2017/18 year-end in terms of GRAP 105 which resulted in a lower depreciation rate than initially budgeted for.
Finance cost	80 786	47 143	33 643	55 613	44 475	11 138	Higher than budget due to interest on non-payments towards the Shareholder's Loan and interest on the overdraft.
Repairs and maintenance	9 421	6 086	3 335	7 286	4 879	2 407	Above budget due to more repair incidents that took place.
Contracted services	3 778	12 484	- 8 705	8 153	12 360	- 4 207	There has been efficient spending on consulting expenditure.
Other expenditure	143 678	21 386	122 292	73 039	22 318	50 721	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.
Total expenses	260 162	137 260	122 903	166 226	132 027	34 199	
Operating surplus/deficit	- 72 517	5 913	- 78 429	- 61 419	- 3 296	- 58 123	
Operating surplus/deficit excluding subsidy	- 132 591	- 51 055	- 81 536	- 117 779	- 59 450	- 58 329	

Figure 14: Statement of Financial Performance

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.

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 lower than 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:

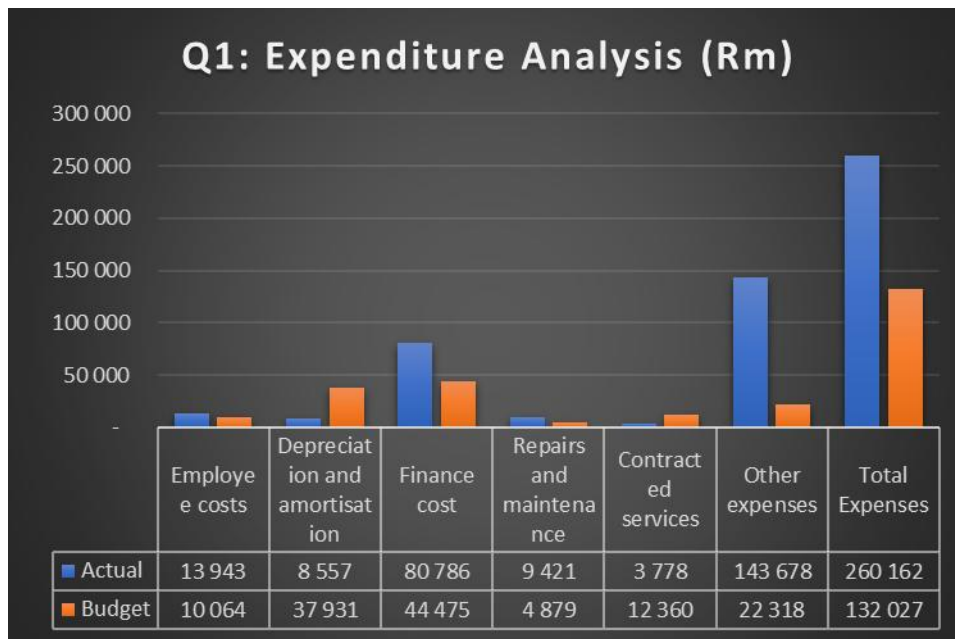


Figure 15: Quarter 1 Expenditure Analysis

Revenue: Internal vs External Customers

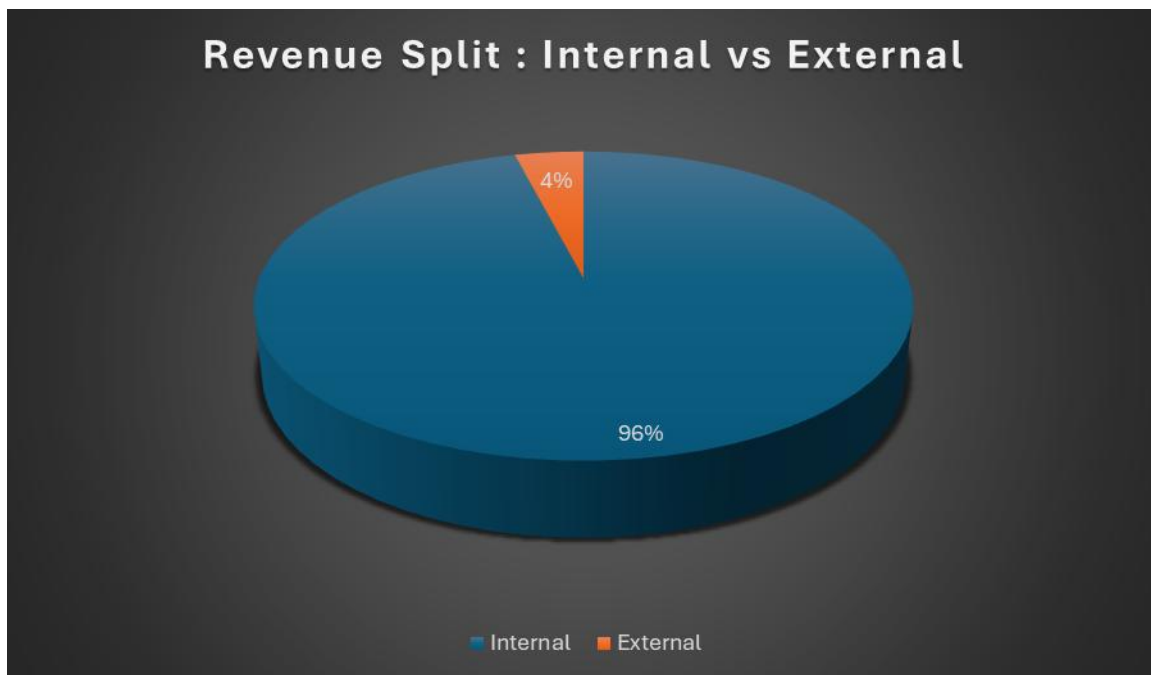


Figure 16: Revenue - Internal vs External Customers

The diagram above depicts the split between internal and external customers. External customers represented 4% of revenue whilst internal customers represented 96%. 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.

SUMMARY OF REVENUE:

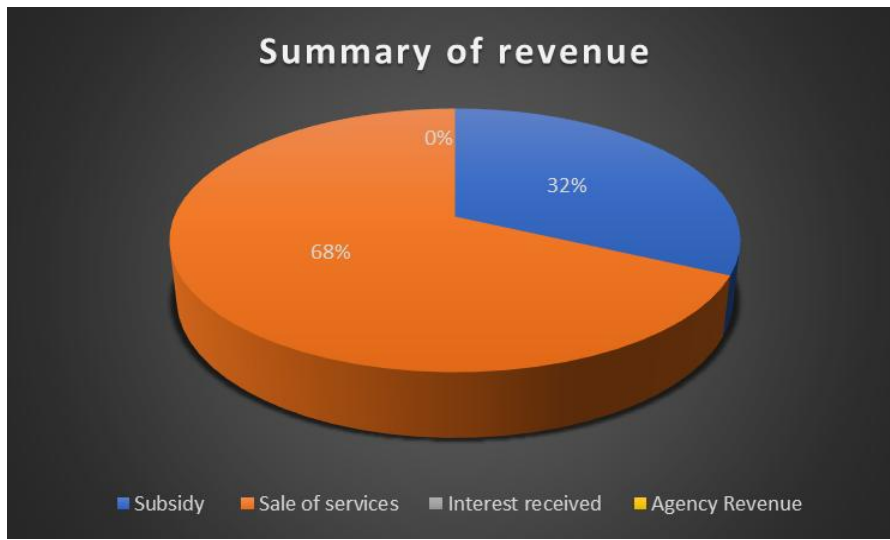


Figure 17: Summary of revenue

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 first quarter was from the sale of services.

SECTION 3: STATEMENT OF CASH FLOWS

Statement of Cash Flows for the period ended 30 September 2025		
	Quarter 1 2025/26	Quarter 1 2024/25
Cash flow from operating activities		
Receipts	(184 241)	(653 951)
Subsidy from CoJ	60 075	56 360
Cash received from customers	(244 316)	(710 311)
Interest income		-
Payments	6 371	(207 541)
Suppliers	6 371	(207 541)
Shareholder loan repayments	-	-
Net cash outflow from operating activities	(177 870)	(861 493)
Cash flows from investing activities	-	-
Purchase of PPE	-	-
Cash flows from financing activities	177 870	861 493
Loan from/(to) Shareholder	177 870	861 493
Net increase(decrease) in cash and cash equivalents	- 0	0
Cash at the beginning of the quarter/year	-	-
Cash and cash equivalents at 30 June 2025	- 0	0
Cash Flows from operating activities excluding subsidy		
Net cash outflow from operating activities	(177 870)	(861 493)
Excluding Subsidy	(60 075)	(56 360)
	(237 945)	(917 853)

Table 50: Cash Flow Statement 1

Cash utilised in operations amounted to R178 million for the period ending 30 September 2025. During the quarter there was no spending on CAPEX however the procurement processes have commenced. The net impact from investing and financing activities was an inflow of R178 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%
Total	26 700	-	-	-	-	-	-	-	-	-	0%	-	0%

Table 51: 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. SCM processes are underway for the procurement of these capital items.

SECTION 5: RATIO ANALYSIS

Ratio	Calculated ratio	Norm	Explanation
Current ratio	1,11	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	0,85	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	16 826	None	EBITDA is positive as a result of operating expenses being lower than the operating revenue when excluding the impact of finance costs.
Repairs and Maintenance as a % of PPE	3%	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	8 353	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 of R685m.
Capital cost as a % of total operating expenditure	31%	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	2088%	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	-57%	The norm is equal to or greater than 0%	The entity generated a deficit during the quarter.
Remuneration as % of Total Operating Expenditure	6%	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	1%	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 52: Ratio Analysis 1

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 will engage the services of an expert in this area.

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 1 2025/26								
	Apr-25		May-25		Jun-25		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
Paid within the 30 day period	56	27 661 174,92	64	56 202 159,62	52	39 200 406,77	172	123 063 741
Not paid within the 30 day period	66	64 160 547,62	23	87 564 028,60	25	18 491 282,84	114	170 215 859
	122	91 821 723	87	143 766 188	77	57 691 690	286	293 279 600

Table 53: Payment in 30 days

MTC has paid 60% 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 was not able to 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 37,8m during the quarter, which is the interest on the Shareholder Loan and the overdraft.

Deviations

MTC had one deviation during the quarter: the annual Pastel license renewal.

BBBEE Spend

The entity spent 72% 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 21 SMMEs which represent 58% of suppliers to MTC.

Contract management

QUARTER 1 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

Table 54: Contract management

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)

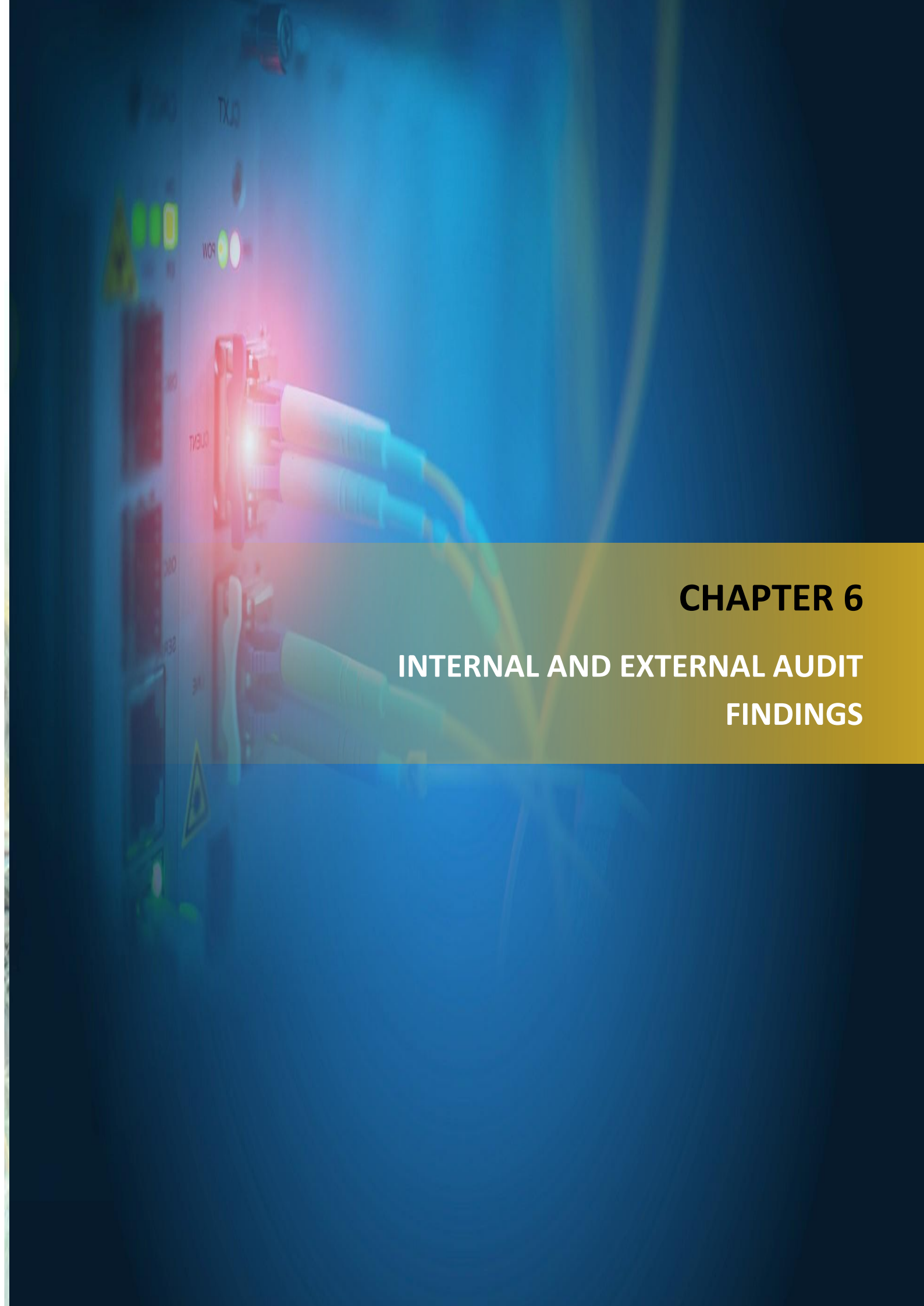
AMOUNTS OWED TO MTC				
Departments	30-Sept-25	30-Sept-24	Variance	
GCSS	609 661 932	543 777 749	65 884 183	
Subsidy	42 880 802	-	42 880 802	
Transport	195 624 520	133 791 392	61 833 128	
Public safety	234 119 044	262 437 406 -	28 318 362	
GICT	1 608 565 025	1 303 614 635	304 950 390	
Ombudsman	-	255 530 -	255 530	
Group Legal	7 222 302	7 222 302	-	
GFIS	13 579 650	48 128	13 531 522	
Revenue Shared Service Centre	72 460 975	80 933 482 -	8 472 507	
Smart City	3 270 671	3 270 671	0	
Office of the Speaker	4 148 023	9 964 644 -	5 816 621	
GRAS	11 891 247	-	11 891 247	
Health	-	-	-	
	2 803 424 192	2 345 315 939	458 108 254	
Entities				
City Power Johannesburg	9 238 955	32 826 742 -	23 587 787	
Joburg Market SOC	5 802 770	5 777 311	25 459	
Joburg Theatre	48 215	125 825 -	77 610	
Johannesburg Roads Agency Pty Ltd	25 263 874	39 532 499 -	14 268 625	
Johannesburg Social Housing Company	9 567 248	11 817 232 -	2 249 984	
Johannesburg Tourism Company	-	1 063 552 -	1 063 552	
Pikitup	52 875 700	12 420 622	40 455 078	
Metropolitan Bus Service SOC	9 694 041	53 532 964 -	43 838 923	
	112 490 803	157 096 747 -	44 605 944	
TOTAL	2 915 914 995	2 502 412 686	413 502 310	

Table 55: Amounts Owed by CoJ and Entities to the MTC



AMOUNTS OWED TO COJ AND ENTITIES (INTERCOMPANY LIABILITIES)

-MTC owes CoJ an amount of R2,7 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%

Table 56: Progress on Internal Audit Plan

SECTION 2: PROGRESS ON RESOLUTION OF AUDIT FINDINGS

The table below reflects the progress to date against the approved Internal Audit Plan for the 2025/2026 financial year. A performance of **100%** achieved against the quarter 1 targets of the 2025/26 period. For the period under review, there were five (5) audit reviews planned, and 6 audits were completed for the quarter under review. A performance has been achieved and capped at 100% in line with the set targets.

The 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	Approved Plan	Status	
3	Performance Information (AOPO) Q4 (Annual Performance Review)	Complete	
7	Stakeholder and Communication Management	Complete	
14	Probity Reviews on High Value Tenders	Complete	
15	Follow up on AG Findings Q1	Complete	
16	Consulting - AG Readiness Assessment	Complete	
28	Communication and Marketing	Complete	

Table 57: Approved Audit Plan Projects 2025/26

EXTERNAL AUDIT FINDINGS

AG Findings – AG Findings – The graph below depicts the status on progress made in addressing AG findings; A total of 35 findings was followed up during the audit of AG letter for 2023/24, and thirty-three (33) out of 35 findings were resolved translating to 94% as of 30 September 2025.

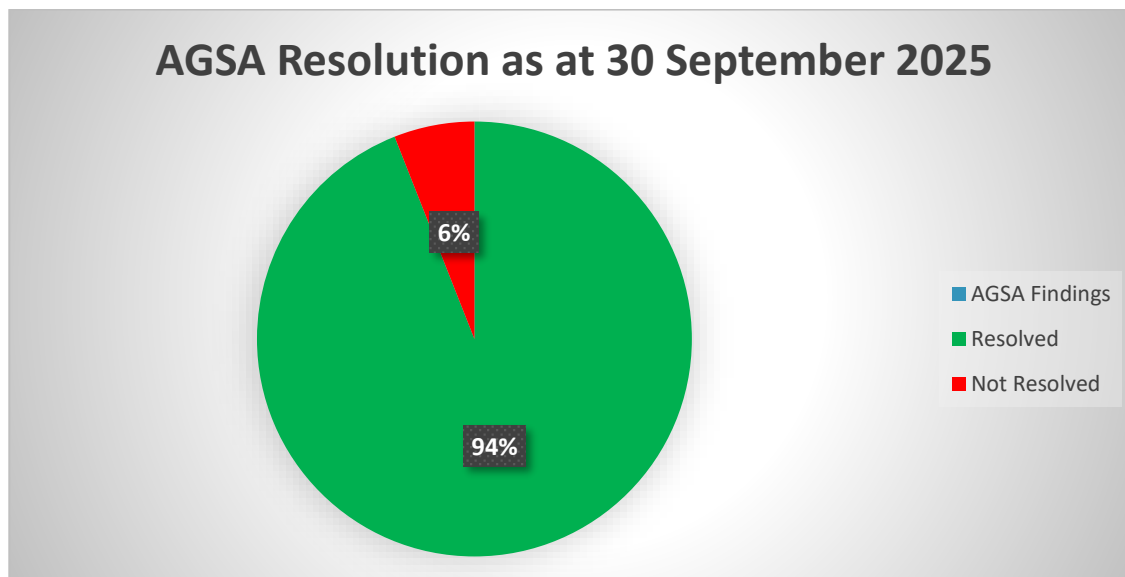


Figure 18: AGSA Resolution as at 30 September 2025

Audit Resolution Status

#	Classification of findings	Total findings raised to date	Total Findings resolved to date	Unresolved
1.	External Audit Findings	35	33	2
Total Findings		35	33	2
			94%	6%

Table 58: Audit Resolution Status as at 30 September 2025

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
1.	Expired License agreement for OpManager application	IT Governance	CTO	Other Matters	Management disagrees with the finding as the system was functional and operational during the financial period in review of the audit (2023/2024)	31-Mar-25	2	complete	verified	Resolved	Resolved, CTO provided Internal Audit with the End User License agreement which is valid until the 17th of October 2025.	N/A
2.	Limitation of scope – A list of users and user modifications on OpManager system not provided	IT Governance	CTO	Other Matters	Management accepts the finding. It must be noted that for all user creations and modifications a call must be logged on service desk and no changes were requested	30-Jun-25	2	Complete	Verified	Resolved	Resolved, Logs are pulled and archived daily by INTO IT Contact Centre.	Compensating controls in place

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					during the period in review.							
3.	Lack of password reset log on the OpManager application	IT Governance	CTO	Other Matters	Management accepts the finding with the root cause being system limitation on the required functionality	30-Dec-25	2	Not Completed	Not Verified	Resolved	Resolved, Logs are pulled and archived daily by the centre	Compensating controls
4.	Inadequate ICT Standards and procedures	IT Governance	CTO	Other Matters	Management accepts the finding. It must be noted that review of user access rights is done through monthly attestations and the attestation process in terms of physical sign offs need to	2025/12/30 and 2025/03/31	2	complete	verified	Resolved	Resolved, IT Support provided Internal Audit with the updated Draft ICT SOP.	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					be improved on. Recommendation and remedial action to be implemented.							
5.	Lack of review of system administrator activities on the OpManager	IT Governance	CTO	Other Matters	Management accepts the finding with the root cause being system limitation on the required functionality.	30-Dec-25	2	Not Completed	Not Verified	Resolved	Resolved, Activities done by the IT Specialist are delegated for review to the CTO / GM. Manual evidence to continue to be filled to support this control	Compensating control
6.	Lack of user access reviews on the OpManager	IT Governance	CTO	Other Matters	Management accepts the finding and notes that the deficiency in terms of business owners sign of	30-Dec-25	2	Not Completed	Not Verified	Resolved	The Ops Manager System Accounts review for January 2025 were reviewed by the NOC	Compensating control

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					on monthly attestations needs to be improved.						Supervisor. Manual evidence to continue to be filled to support this control	
7.	Inadequate IT Disaster recovery Plan	IT Governance	CTO	Other Matters	Management accepts the finding	30-Apr-25	2	complete	verified	Resolved	Resolved, the IT Disaster Recovery plan is currently in draft and will be presented at EXCO and Board for approval.	N/A
8.	Inadequate backup processes on the OpManager system	IT Governance	CTO	Other Matters	Management disagrees with the finding as manual backups are being done, a log of these backups is being kept, physical copies are also available	2025/06/30 and 2025/03/31	2	Not Completed	Not Verified	Resolved	Resolved, The Ops Manager system is now able to automatically backup the Database.	

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					for verification.							
9.	Disaster recovery test not performed	IT Governance	CTO	Other Matters	Management disagrees with the findings as DR testing was performed but not adequately documented prior to 30 June 2024. Evidence is also available that the DR testing was performed recently (Evidence is attached)	28-Feb-25	2	Not Completed	Not Verified	Resolved	Resolved, The IT Specialist showed me that the Disaster recovery can be performed on the Ops Manager system.	Compensating controls

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
10	Backup restorations were not performed	IT Governance	CTO	Other Matters	Management disagrees with the findings as DR testing was performed but not adequately documented prior to 30 June 2024. Evidence is also available that the DR testing was performed recently (Evidence is attached)	28-Feb-25	2	complete	verified	Resolved	Resolved, IT Support provided snapshots to Internal Audit with Manual backup's performed from December to February 2025.	N/A
11	Inadequate ICT security policy	IT Governance	CTO	Other Matters	Management accepts the finding; evidence of awareness and training has been provided for	28-Feb-25	2	complete	verified	Resolved	Resolved, CTO provided Internal Audit with the physically signed off ICT Security Policy.	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					the current financial year.							
12	Inadequate password parameter settings on OpManager	IT Governance	CTO	Other Matters	Management disagrees with the findings related to password complexity, evidence has been provided that confirms complexity is correctly configured and in place. Management accepts that password expiration is not possible due to a system limitation and accepts this finding. To be addressed	31-Mar-25	2	Not Completed	Not Verified	Resolved	Resolved, the password complexity is set to 8 characters which matches the IT SOP.	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					through implementation of AD authentication							
13	Program changes not logged on OpManager system	IT Governance	CTO	Other Matters	Management accepts the finding with the root cause being system limitation on the required functionality	30-Dec-25	2	Not Completed	Not Verified	Resolved	Resolved, Logs are pulled and archived daily by INTO IT Contact Centre.	Compensating controls
14	Network link availability - We were unable to obtain valid, accurate and complete records to confirm the reliability of the reported achievement in the annual performance report	AOPO	Acting Corporate Strategy & Reporting Celani Mathe njwa	Other Matters	Management's acknowledgment of the audit finding and its significance	31-Mar-25	1	Not Completed	verified	Resolved	Resolved, Evidence is pulled quarterly from the system, however the system does not allow to pull evidence after some time upon the end of a quarter. Evidence should be timeously	Management to continue to monitor the performance.

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
											pulled at the end of each quarter.	
15	CCTV device availability - We were unable to obtain valid, accurate and complete records to confirm the reliability of the reported achievement in the annual performance report	AOPO	Acting Corporate Strategy & Reporting Celani Mathe njwa	Other Matters	Management's acknowledgment of the audit finding and its significance	31-Mar-25	1	Not Completed	verified	Resolved	Resolved, during the AOPO Q4 review Internal Audit verified the CCTV evidence to be accurate.	N/A
16	% of COJ and Entity Capex Projects Completed - The reported actual achievement	AOPO	Acting Corporate Strategy & Reporting Celani	Other Matters	Management acknowledges the audit finding regarding the overstatement of project completion.	Immediate	1	complete	verified	Resolved	Resolved during the AGSA reporting	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
	in the annual performance report for the KPI is not accurate and is misstated (i.e. overstated). The auditor's recalculation of the reported achievement is 67% The auditor's recalculation of the % of COJ and entity capex project completed is different to management's calculation.		Mathe njwa		We recognize the seriousness of this issue and its potential impact on the accuracy of our performance reporting. The performance was corrected in the Annual performance reported in the Integrated Annual performance report							
17	Network Equipment Assets not tagged	Asset Management	Asset Manager	Other Matters	Management accepts the finding	30-Jun-25	new	Not Completed	Verified	Resolved	Resolved, Internal Audit sampled and went to verify	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
											that the Network Equipment assets are now tagged, and the asset register has been updated.	
18	Network Infrastructure Impairment & Assets not tagged	Asset Management	Asset Manager	Other Matters	Management accepts the finding	30-Jun-25	new	Not Completed	Verified	Resolved	Resolved, Internal Audit sampled and went to verify that the Network Infrastructure assets are now tagged, and the asset register has been updated.	N/A
19	Assets could not be verified	Asset Management	Asset Manager	Other Matters	Management accepts the finding	30-Jun-25	new	Not Completed	Verified	Resolved	Resolved, Internal Audit sampled and verified that the HP laptops in the office are now tagged with	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
											new tags and the asset register has been updated.	
20	SCM: Quotations – Evaluation Criteria not stipulated	SCM	SCM Manager	Other Matters	Management agrees with the finding. 1. This was an advertisement for the recruitment of a higher echelon position (Head Risk) and we needed it to be in the Sunday Times because candidates in those positions would most likely read the Sunday Times and not The Star or	Immediate	new	complete	verified	Resolved	SCM provided Internal Audit with 3 quotations received from local newspaper advertisement and they went with the lowest quotation.	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					<p>Sowetan and the reach would be greater.</p> <p>2. The RFQs did not have evaluation criteria because legislation dictates that when we advertise for a tender, that tender must be in newspapers commonly circulating locally therefore the newspapers that we requested a quotation from are the ones that we used to</p>							

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					advertise the tender, therefore we did not see a need to have evaluation criteria.							
21	SCM: PPR – Price Preference Point System Calculation	SCM	SCM Manager	Other Matters	Management agrees with the finding: Issue 1: The place of business and where the SP resides are the same place, therefore we did not see the need for them to do an affidavit for his/her place of business. The CSD and Directors	01-Mar-25	new	complete	verified	Resolved	Internal Audit received a sample of one quotation and the service provider attached an affidavit to confirm that the address of place of business is the same residing address and the winner bidder did sign the quotations, SCM provided Internal Audit	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					<p>municipal account reflect the same address. Issue 2: The RFQs did not have evaluation criteria because legislation dictates that when we advertise for a tender, that tender has to be in newspapers commonly circulating locally therefore the newspapers that we requested a quotation from are the</p>						<p>with 3 quotations received from local newspaper advertisement and they went with the lowest quotation.</p>	

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					ones that we used to advertise the tender, therefore we did not see a need to have evaluation criteria.							
22	SCM: BID-Bidders evaluated with the criteria not stipulated in the bid documents	SCM	MTC	SCM Manager	Other Matters	N/A	new	Complete	Verified	Resolved	Resolved	N/A
23	SCM: BID-Bid not advertised and evaluated	SCM	SCM Manager	Other Matters	Management disagrees with the finding. The RFQ stated that "Website hosting, security,	N/A	new	complete	Verified	Resolved	Resolved	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					maintenance, and Support (Subject to renewal if needed every after 12 Months)” This therefore means that as long as the panel was still active, SCM did not need to advertise another RFQ. Vhuna would, due to them being successful, be awarded a PO for a further 12 months.							

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
24	SCM: Quotations – Winning bidders did not submit all compulsory required documents	SCM	SCM Manager	Other Matters	Management agrees with the finding: The places of business and where the SPs reside are the same place, therefore we did not see the need for them to do affidavits for their places of business. The CSDs and Directors municipal accounts reflect the same addresses. Furthermore, the winning bidders did not sign their quotations as per the SCM	Immediate	new	Complete	Verified	Resolved	Internal Audit reviewed a sample of one quotation and the service provider attached an affidavit to confirm that the address of place of business is the same residing address and the winner bidder did sign the quotations.	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					given checklist. We will review the checklist and make sure all the requirements are addressed							
25	SCM: Bids – Contract not in accordance with General Conditions Contract	Contract Management	Contract Manager	Other Matters	Additional information was provided to for further verification and the finding was cleared MTC has got one Master services Agreement (MSA) with Broadband Infracore, the Master Services Agreement	Immediate	new	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					<p>has Schedules attached thereto, namely :-</p> <p>1. Schedule 1 - Service Order Form</p> <p>2. Schedule 2 - Service Level Agreement</p> <p>3. Schedule 3 - Operations and maintenance Procedures</p> <p>All of which are to be regarded as a singular contract. The MSA is the overarching contract and covers , inter</p>							

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					alia, general terms of the contract such as termination, dispute resolution processes. While the schedule 2 and 3 covers, inter alia, the monitoring of services. When a PO is issued the service provider and MTC conclude a service order form for the specific PO. As such, when reading the MSA and its 3 schedules, all							

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					the standard general conditions of a contract are covered therein. The MSA and its schedules are attached to this response for ease of reference.							
26	ICASA Payables misstatement	Finance	CCFO	Other Matters	Additional information of investigations was provided for further review and the findings were resolved	Immediate	2	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
27	Payments not made within 30 days as required by legislation	Finance	CFO	Other Matters	Recommendation to be implemented	Immediate	1	Not completed		Not Resolved	there are still payment that were not made within 30 days in Q1& Q2 of the 2024/25 period	Budget limitation
28	Understatement of Cash flows from investing and overstatement of Cash flows from financing.	Finance	CFO	Other Matters	Recommendations implemented	Immediate	1	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
29	Understatement of overtime	Finance	CFO	Other Matters	Additional information of investigations were provided for further review and the findings were resolved	Mar-25	1	Complete	Verified	Resolved	the Manager provided Overtime Evidence. IA to continue with the audit of overtime to monitor the status of the control environment.	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
30	Comparison of budget and actual amount spent: Overspending of the approved budget allocation	Finance	CFO	Other Matters	Management agrees with the finding on overspending but not the amount regarded as an overspending. The entity is allowed to trade and generate additional income and therefore with additional income there are additional costs. It is therefore on this basis that the overspending on expenditure should be considered	30-Jun-25	2	Not Completed	Verified	Not Resolved	there is still instance of overspending on budget for the 2024/25. Irregular expenditure investigation underway	Budget limitation

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					together with the overachievement of revenue. This would then imply that the overspending is the net of the revenue less expenditure							
31	Depreciation has been overstated as the entity has fully depreciated leasehold improvements in its first year of use rather than applying the MTC policy of depreciating it over a	Finance	CFO	Other Matters	Recommendations implemented	Immediate	1	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
	period of 3 years											
32	Differences noted between the VAT amount per the financial statements and auditor's recalculated VAT amount				Additional information of investigations was provided for further review and the findings were resolved	Immediate	2	complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
33	SCM: Deviations – Not reported to Board of directors and on the AFS	SCM	SCM Manager	Other Matters	Management agrees with the finding. The Oline items should have been classified as deviations. License renewal will be raised as a deviation and	Immediate	1	Not Completed	Verified	Resolved	Deviation report prepared and to be presented to EXCO and approval by the Board. Management to continuously ensure that all	Management to continuously monitor deviations and report

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
					will be reported to the Board						the deviation identified during the 2024/25 period are approved by the Board	
34	Reasonable steps were not taken to prevent irregular, fruitless and wasteful and unauthorised expenditure	Finance	CFO	Other Matters	Additional information of investigations was provided for further review and the findings were resolved	Immediate	2	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
35	Nature and particulars of irregular, fruitless and wasteful expenditure not disclosed	Finance	CFO	Other Matters	Additional information of investigations was provided for further review and the findings were resolved	Immediate	1	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A

Table 59: Detailed External Audit Findings

Table 45: AG Findings 1

INTERNAL AUDIT FINDINGS

Internal Audit Findings – The graph below depicts the status on progress made in addressing the Internal Audit findings that were raised up to August 2026 and resolution status: A total of forty-seven (47) findings were for followed up to date with AOPO repeated findings raised and thirty-six (36) resolved translating to 77% resolutions for the quarter under review.

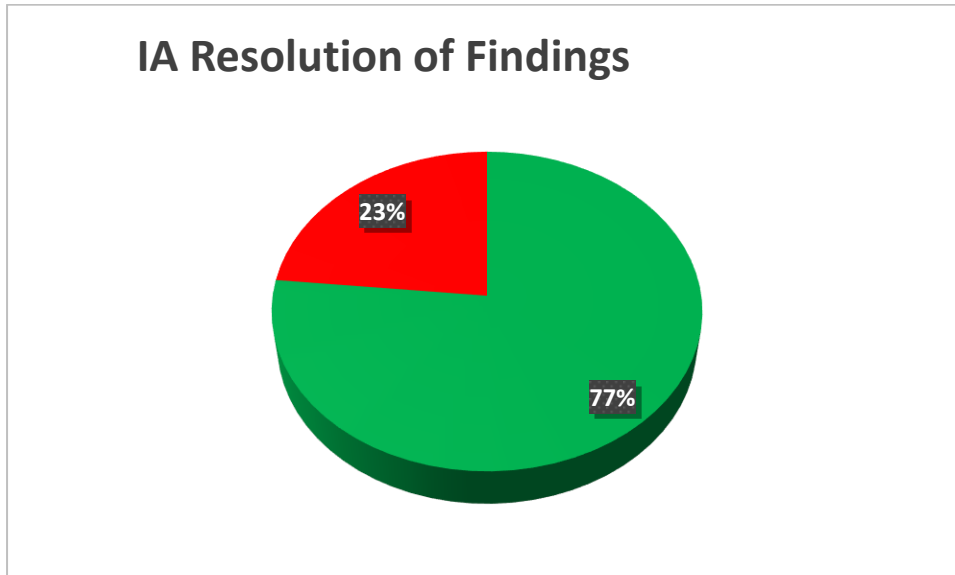


Figure 19: : IA Resolutions of Findings

Internal Audit Findings Resolution Status

#	Classification of findings	Total findings raised to date	Total Findings resolved to date	Not Resolved
	IA Findings	47	36	11
	Total Findings	47	36	11
			77%	23%

Table 60: Internal Audit Findings Resolution Status

ANNEXURE B: INTERNAL AUDIT FINDINGS

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
Organizational Structure not updated	HR	Human Resource Manager	High	28-Feb-24	2 Years	Complete	Verified	Resolved	Partially resolved, the top structure of the organisation has been approved and the low-level structure has been updated and waiting for finalisation of the OD process	N/A
HR Policies not workshoped	HR	Human Resource Manager	Low	31-Mar-24	New Finding	Not Completed	Not due for verification	Not Resolved	The HR Policy has not been workshoped.	30-Sept-25

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
Employment Equity (EE) Target not aligned to EAP	HR	Human Resource Manager	Medium	31-Mar-24	New Finding	Not Completed	Not due for verification	Not Resolved	EE targets not amended	30-Sept-25
Induction not conducted	HR	Human Resource Manager	Medium	31-Mar-24	New Finding	Complete	Verified	Resolved	The induction has been conducted during Q3 of the financial year	N/A
Scorecards not signed	Performance Management	Performance Management Specialist	High	30-Apr-24	New Finding	Complete	Verified	Resolved	Incomplete Information Provided to PMS.	N/A
Inventory Items not properly Organised	Inventory	Asset Manager	Medium	28-Feb-24	New Finding	Complete	Verified	Resolved	Delays in the Procurement process of installing the security measures in	N/A

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
									the new storeroom	
Petty cash policy ineffective	FDR	Chief Financial Officer	Medium	31-Dec-23	New Finding	Not Completed	Not due for verification	Not Resolved	The Refund Policy is not done	30-Sept-25
No proof of delivery for goods and services procured	FDR	CFO	Medium	Immediately	New Finding	Complete	Verified	Resolved	A sample of 5 invoices were selected, only 1 invoice had a job card attached as proof of delivery . The remain 4 could not be validated as delivered due to type of services rendered.	N/A

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
Long outstanding debtors	FDR	Finance Manager	High	Immediately	New Finding	Not Completed	Not Verified	in progress	Engagements with the City Manager 's on the resolution of Internal debtors has commenced during the quarter under review.	Continuous
Incapacitation of the PMO Office	Project Management	GM Network Operations	High	30-Jun-24	New Finding	Complete	Verified	Resolved	The lower structure has not been updated; OD is currently busy with the process.	N/A
Inadequate Contract Management Policy	Contract Management	PMO Project Managers	Medium	13-Mar-25	New Finding	Complete	Verified	Resolved	Management agreed with the finding and the updates will	N/A

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
									be done in the next Policy review.	
SLA's not signed by the Accounting Officer	Contract Management	PMO Project Managers	Medium	30-Jun-24	New Finding	Complete	Verified	Resolved	Management agreed with the finding and indicated that the SLA's will be sent to the previous CEO to sign them off.	N/A
SLA's not provided for audit verification purposes	Contract Management	PMO Project Managers	Medium	30-Nov-24	New Finding	Complete	Verified	Resolved	Management agreed with the finding and indicated that the delays are caused by negotiations and	N/A

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
									concluding of contracts	
No Segregation Of Duties	Contract Management	PMO Project Managers	Medium	30-Nov-24	New Finding	Complete	Verified	Resolved	The OD process has commenced for the lower level structure which factors the requirements of legal services.	N/A
Delays in concluding the Performance Monitoring Forms	Contract Management	PMO Project Managers	Medium	30-Nov-24	New Finding	Complete	Verified	Resolved	Management agreed with the finding and indicated that she receives a Service Management report and a completion	N/A

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
									Certificate from the PMO office first in order to complete the Performance Monitoring forms.	
Ineffective implementation of Quality Assurance	AOPO Q1	Acting Corporate Strategy & Reporting	High	30-Jun-24	2 Years	Complete	Verified	Resolved	The department has recruited capacity that will be responsible for Quality assurance on AOPO	N/A
Key Performance Indicators Not Allocated	AOPO Q1	Acting Corporate Strategy &	High	30-Jun-24	2 Years	Not Complete	Verified	Resolved	the process corrected via the deviation process	N/A

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
Budget Amounts		Reporting								
Inadequate document management process	Corporate Governance	Company Secretary	High	30-Jun-24	2 Years	Complete	Verified	Resolved	The Company Secretary indicated that she will appoint a Admin officer to assist with the workload.	N/A
Stakeholder Management Policy and SOP not in place	Stakeholder & Communications Management	Acting Corporate Strategy & Reporting	High	31-Mar-24	2 Years	Complete	Verified	Resolved	Management provided the Stakeholder Management Strategy planning document and the SOP which are pending approval by	N/A

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
									EXCO. Finding resolved subject approval by management	
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.	31-Jul-25
Lack of Stakeholder & Communications Management Annual Implementation Plan	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 that the Annual Implementation Plan will	31-Jul-25

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
									be put in place.	
Lack of approved budget for Stakeholder & Communications Management	Stakeholder & Communications Management	Acting Corporate Strategy & Reporting	High	31-Mar-24	2 Years	Complete	Verified	Resolved	The current budgeting process within finance allows for integrated budgeting process. Management to continue ensuring that procurement of services for this line item is within the approved budgeting process	N/A

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
Inadequate IT staff	IT GENERAL CONTROLS	Acting Corporate Strategy & Reporting	High	30-Jan-25	2 Years	Complete	Verified	Resolved	The process of Insourcing IT staff from the City is in progress and as such sufficient resources will be available to execute the responsibilities	N/A
Inadequate Physical Security and Environmental controls	IT GENERAL CONTROLS	Acting Corporate Strategy & Reporting	High	30-Dec-24	2 Years	Not Complete	Not due for verification	Not resolved	Management agrees. Due to budgetary constraints the recommendations could not be implemented	Dependent on budget availability

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
Lack of reviews on PASTEL (Purchase Order) ®	IT Application control	FM: K Makhesa CFO: R. Chetty IT: S Nkosi	High	20-Dec-24	2 Years	Complete	Verified	Resolved	To work with IT and the Pastel champion to find a solution.	N/A
Inadequate segregation of duties ®	IT Application control	SCM Manager/ IT Support Finance Manager	High	20-Dec-24	2 Years	Complete	Verified	Resolved	The SCM Policy has been approved The Finance: Revenue – Billing and Debt Collection SOP is to be resubmitted to EXCO for approval	N/A

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
User/s have an option to “edit or modify” a transaction ®	IT Application control	SCM Manager /IT Support Finance Manager /IT Support	High	20-Dec-24	2 Years	Complete	Verified	Resolved	The current system is not able to reflect the logs , as discussed with IT this process is under way and will require an upgrade on pastel and a pastel specialist who will be able to configure the system that can track the logs.	N/A

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
Inadequate data inputs validations (vendor creation) ®	IT Application control	SCM Manager /IT Support Finance Manager /IT Support	High	20-Dec-24	2 Years	Complete	Verified	Resolved	To work with IT and the Pastel champion to find a solution.	N/A
Mandatory fields not defined (vendor creation) ®	IT Application control	SCM Manager /IT Support Finance Manager /IT Support	High	20-Dec-24	2 Years	Complete	Verified	Resolved	To work with IT and the Pastel champion to find a solution.	N/A
Inadequate Standard Operating Procedures (SOPs) (R)	IT Application control	SCM Manager /IT Support Finance Manager /IT Support	High	20-Dec-24	2 Years	Complete	Verified	Resolved	SOP to be submitted for approval.	N/A

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
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	Complete	Not due for verification	Not resolved	SOP to be submitted for approval.	31 December 2025
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.	31 December 2025
SCM Policy not physically signed off by the board	SCM	SCM Manager	High	31-Mar-25	1Year	Complete	Verified	resolved	SCM Policy has been approved by the board.	N/A
SCM SOP not presented	SCM	SCM Manager	High	31-Mar-25	1Year	Complete	Verified	Resolved	Management indicated that they will	N/A

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
at EXCO for approval									submit the SOP for noting and approval.	
Incomplete approval of RFQ process	SCM	SCM Manager	High	15-Sept-24	1Year	Complete	Verified	Resolved	From the sample selected audits on for RFQ it has been noted that documentation reviewed was incomplete	N/A
Updated completed contracts list	SCM	SCM Manager	High	30-Aug-24	1Year	Complete	Verified	resolved	Evidence was sent to internal audit to indicate that the SCM list was sent to DTI.	N/A
Outdated Demand	SCM	SCM Manager	High	30-Aug-24	1Year	Complete	Verified	resolved	The 2024/25 Demand management	N/A

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
Management Plan									plan was shared with Internal Audit.	
No Code of conduct signed by SCM practitioners	SCM	SCM Manager	High	15-Sept-24	1Year	Complete	Verified	resolved	The service provider has been cancelled and currently SCM subject the RFQ for compliance review before award.	N/A
Disqualified Service Provider continues to get work from MTC	SCM	SCM Manager	High	02-Feb-24	1Year	Complete	Verified	Resolved	SCM will ensure that the services provider will not getting future work from MTC .	N/A

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
No proper record keeping of SCM documents of sharepoint	SCM	SCM Manager	High	30-Sept-24	1Year	Complete	Verified	Resolved	Documents have been saved on SharePoint. SCM to continue to ensure that updates are made on share point	N/A
Incorrect Declaration of interest	SCM	SCM Manager	High	On-going	1Year	Complete	Verified	Resolved	SCM to utilise the Group function to verify the declaration of interest	N/A
Disaster Recovery Planning deficiencies	IT general controls	GM operations	High	ongoing	1 year	Complete	Verified	Resolved	Disaster recovery plan in place	N/A
Incident Management Deficiencies	IT general controls	GM operations	High	ongoing	1 year	Complete	Verified	Resolved	The Incident Management Policy and SOP have	N/A

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
									been reviewed and updated.	
Misalignment of IT Standards, Policies, and Procedures	IT general controls	GM operations	High	ongoing	1 year	Complete	Verified	Resolved	policies reviewed has been aligned	N/A
Inadequate policy management	IT general controls	GM operations	High	ongoing	1 year	complete	Not due	Resolved	Management has initiated annual policy and process review processes.	31-Jul-25
Ineffective User Account Management	IT general controls	GM operations	High	ongoing	1 year	complete	Not due	Not Resolved	Engage Finware on resolutions and developments to ensure compliance (Ongoing)	31 December 2025

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
Inadequate and ineffective backup policy and procedure	IT general controls	GM operations	High	ongoing	1 year	complete	Not due	Not Resolved	Create policies and procedures for approval and adoption	31 December 2025

Table 61: Detailed Internal Audit Findings

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 partially effective’** 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


 Adequate, but ineffective	<ul style="list-style-type: none"> ▪ 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. ▪ Partial compliance with policies and procedures ▪ Follow up actions plans not addressed timeously and a slight improvement noted during Q4 of the 2024/25 financial year ▪ Audit of predetermine objectives controls have been improved to date. Management to continuously monitor the implementation of the controls on performance management.
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Table 62: Overall State of Internal Controls