



COGHSTA

Cooperative Governance,
Human Settlements &
Traditional Affairs

ANNUAL REPORT

2017/2018

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PART A

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
CDW	Community Development Worker
CFO	Chief Financial Officer
DHS	Department of Human Settlements
DMPT	District Municipal Planning Tribunal
DPME	Department of Planning, Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
EPWP	Expanded Public Works Programme
EU	European Union
FMCMM	Financial Management Capability Maturity Model
FMPPI	Framework for Managing Programme Performance Information
GIAMA	Government Immovable Asset Management Act
HDI	Historically Disadvantaged Individuals
HOA	Home Owners Allowance
HOD	Head of Department
HSDG	Human Settlements Development Grant
HR	Human Resources
HSS	Human Settlements System
LGMIM	Local Government Management Improvement Model
LOGIS	Local Government Information System
MBA	Master's in Business Administration
MBL	Master's in Business Leadership
MEC	Member of Executive Council
MPAT	Management Performance Assessment Tool
MPCV	Municipal Performance, Co-ordination and Valuations
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
MTEF	Medium Term Expenditure Framework
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NPA	National Prosecuting Authority
NYDA	National Youth Development Agency
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PHTL	Provincial House of Traditional Leaders
PMDC	Provincial Disaster Management Centre
PPPFA	Preferential Procurement Policy Framework Act (5/2000)
PSCBC	Public Service Coordinating Bargaining Council
RDP	Reconstruction and Development Programme
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SITA	State Information Technology Agency
SLP	Social Labour Plan
SMME	Small Medium and Micro Enterprises
SO	Strategic Objective
SOI	Strategic Objective Indicator
SP	Strategic Plan
TR	Treasury Regulations

3. FOREWORD BY THE MEC

The Department of Cooperative Governance, Human Settlements and Traditional Affairs is on the developmental trajectory in realising its objectives and alignment to the national imperatives. The provision of sustainable human settlement, support to municipalities to be effective and efficient in the delivery of much needed services and good governance in traditional communities is the driving compass which the Department has paced itself. This objective is the beacon of hope for the masses of our people. The skewed developmental patterns ushered by the previous regime continues to haunt the greater majority of the people in the Province, we are steadfast and concerted through our human settlements regime to align ourselves with the ideals of the freedom charter that "There shall be houses, security and comfort".



The title deed restoration program remains a highly prioritised aspect of governance which the Department has championed in restoring the dignity of our people through granting of title deeds as a form and conformation of ownership, however the successes that have been done in countering the backlog, there is always a room for improvement in this regard.

Local Government remains a critical sphere in service delivery as it is the closest the people. The support that the Department has given to fourteen municipalities in relation to back to basics is commendable precisely because the financial sustainability of municipality is critical more so if municipalities are devoid of fraud, corruption and maladministration. The healthy state of municipalities translate to accelerated service delivery. The pursuance of clean audit is an aspect that all municipalities should strive for. The filling of vacant post with qualified and competent senior managers is a non-negotiable matter. Municipalities must be profession in posture and conduct to deliver quality services to our people.

A handwritten signature in dark ink, appearing to read 'B. Vass', written over a horizontal line.

Mr. Bentley Vass
MEC of the Department of Cooperative Governance,
Human Settlements and Traditional Affairs

Date: 31 May 2018

4. REPORT OF THE ACCOUNTING OFFICER

4.1 Overview of the operations of the Department



Public institutions often encounter change especially at the face of political change and development throughout the world, and indeed in South Africa. Thus, they gear and endeavour themselves to confront socio-economic-political circumstances facing them by reprogramming organizational strategies; forging adherence with legislative and policy prescripts; implementing budget programmes, and working towards realizing goals and objectives.

However, for THE organisation to realize the above objectives, good governance, transparency, accountability; equity and participatory democracy should be at the epicentre.

Paradoxically, the department has to contend with the difficult economic and stringent budgetary circumstances facing the country, and indeed, the people of the Northern Cape, forcing it to do all it could with the inadequate resources at its disposal.

Despite limited resources did not hamstrung the department from building houses; formalizing informal settlements; providing amenities and much needed services, even at the face of growing service delivery backlogs.

Programme 1: Administration

During 2017/18 period the department managed to appoint 23 permanent officials, 7 office-bearers and 12 contract workers. 271 officials were given training in various courses consistent with the requirements of the National Qualifications Framework and in terms of their skills development plans. Six bursaries were awarded to officials to study for undergrad diplomas and degrees in different fields of inquiry. In addition, the department complied with the requirements of Employee Health and Wellness, Human Resource Plan and labour peace. The Employee Performance Management Development System (EPMDS) improved. Nonetheless, the department is yet to review its organizational structure, which did not speak to the number of personnel.

With regards to strategic planning, performance reporting and parliamentary oversight processes, the department met all compliance requirements as laid down by the Framework on the Development of Strategic Plans and Annual Performance Plans, Department of Planning, Monitoring and Evaluation (DPME), Office of the Premier and Parliamentary Portfolio Committee on COGHSTA. The Office of the Premier was satisfied with the performance of the department to such an extent that it (OTP) remarked that COGHSTA was outstandingly ahead of the rest in terms of strategic management planning, and was a sure case for emulation. Furthermore, there was also some improvement in the audit outcome of non-financial data. However, the department did not comply with the submission deadlines in terms of Service Delivery Improvement Plan and the risk register improvement plan shows a slow pace in policy management processes.

The department handled enquiries, advised and referred legal matters as required despite taking long to resolve certain litigation and legal matters due to delays at the level of the State Law Adviser and State Attorney's Office.

The department was commended by the Provincial Archives Office for its excellent records management in all its registry offices. This is due to the fact that the registry office complied with the provisions of the National Archives and Records Management Act with respect to recordkeeping and records disposition. Furthermore, the maintenance and management of buildings, facilities and fleet was done consistent with the prescribing legislative and policy prescripts. Hence, the department complied with submission dates and all statutory requirements in this regard.

The department relaunched its newsletter which published service delivery and land mark events and programmes of the department during the previous financial year. Furthermore, the website of the department was revamped and plans to publish strategic documents, annual reports, news and service delivery and developmental programmes and projects are underway.

The department managed to satisfy all MPAT requirements on ICT (Level 4 achieved for 3rd consecutive year). All Auditor General and Internal audit findings have been mitigated. Due to limited resources (both staff and budget) the ICT unit only addresses critical issues and cannot align the department's business requirements with ICT.

The department satisfied all security statutory requirements, financial e-disclosure for SMS and MMS bands as well as ensuring safe environment for employees and stakeholders.

Regarding governance, risk management and ethics, the department struggled despite complying with almost all standard requirements. Nonetheless, the audit improvement plan, risk improvement plan and ethics management system were since attended to, and ethics management was formally institutionalized.

The audit outcomes on financial and non-financial information and service delivery as well as compliance matters, were due to visionary leadership, dedicated, skilled and capable workforce, cooperative stakeholders and supportive sector departments.

The department struggled to comply with the 30-days payment of suppliers and service providers, unauthorized, irregular and wasteful expenditure according to the preliminary audit report conducted by the Provincial Treasury (Internal Audit). The previous 2016/17 Auditor General's Report and the Management Performance Assessment Tool (MPAT) 1.7 outcomes have confirmed the findings of the Internal Audit. That happened despite the department committing to putting internal controls and corrective measures in its audit improvement plan, risk management improvement plan and MPAT Improvement Plan.

Furthermore, the department was unable to fill most of its vacant funded positions including critical and technical positions. Staff was not always strategically placed in terms of the requirements of the Public Service Act and its Regulations, hence political mandate superseded standard recruitment criteria. Cost-containment measures also added to the problems of the department especially when it came to delivery of services and compliance requirements.

Programme 2: Human Settlements

In the main, the human settlements programme achieved the following targets in the year under review:

- Expedited the transfer of title deeds to beneficiaries, in compliance with the Comprehensive Plan for the Development of Sustainable Human Settlements, to unlock economic opportunities so that beneficiaries may directly participate in the real estate and/or to secure lending space.
- Diversified human settlements delivery by implementing key programmes such as the Military Veterans and Upgrade of Informal Settlements Programmes for the benefit of qualifying beneficiaries.
- Rendered town planning and implementation of bulk services (water & sanitation) and construction of top structures.
- Expenditure of the Expanded Public Works Programme Incentive Grant and creation of related job opportunities.

While the Human Settlements Development Grant (HSDG) allocation to the province increased by 5% in the previous financial year, the lack of scarce skills such as engineers, town planners, quantity surveyors and building inspectors was a major challenge to the successful delivery of human settlements.

The additional allocation of R 100 million to the province also did very little to reduce the housing backlogs taking into account the large concentration of informal settlements in secondary cities such as the Sol Plaatje municipality.

The delivery of sustainable human settlements was also challenged by delays in the delivery of building materials, vast distances, dolomitic conditions and service delivery protests.

Implementation of the Social and Rental Housing and Finance Linked Subsidy Programmes were unsuccessful due to circumstances beyond the control of the programme. The lack of sustainable social housing entities and projects to develop and manage social and rental housing stock contributed immensely to the failure of the programme to achieve this target. While the market conditions and legislation adversely impacted on the implementation of FLISP, beneficiaries failed to meet the prescribed qualification criteria.

Programme 3: Cooperative Governance

As part of its mandate to provide support and monitor all municipalities in the province, the department concentrated on the fourteen Back-To-Basics Municipalities during 2017/18. The primary objective of the department was to help salvage the ICU-category municipalities from disclaimer to improved audit state.

Furthermore, the department sought to support the municipalities which were dysfunctional to be self-sufficient, have strong revenue base and capability to render much needed services as part of the Back-to-Basics Programme.

The intervention and support by the department brought about drastic improvements in the audit circumstances of some municipalities. Whereas some moved from disclaimer to qualification, with others migrating from qualification to unqualified audit outcome, municipalities remained a concern throughout the country, with Gamagara Local Municipality being the worst performing municipality in the country according to the 2016/17 Auditor General's Report on the state of Municipal performance.

As things stand, the majority of the municipalities in the province depend on municipal infrastructure grants to pay for compensation. They struggle to pay electricity bills, and as such they are in debt. However, majority of them are now submitting financial statements.

With regard to the development and consultation of the municipal Integrated Development Plans (IDPs) of municipalities in the spirit of promoting and deepening participatory democracy, the Department worked hand in hand with the municipalities and their constituent communities towards the development of compliant IDPs. All 31 municipalities of the province adhered to the requirements as far as IDPs were concerned. The municipalities were guided to incorporate their SDBIPs into the IDPs in order to comply with the requirements of the MFMA in terms of service delivery targets for top management, by ward and through linkage with the budgets. In that regard, SDBIPs of municipalities comprised measurable clear-cut outputs and targets linked to the allocated budget.

During 2017/18, the Department was confronted with service delivery protests from disgruntled communities in all five districts. Various communities have raised and petitioned the provincial government to expedite delivery of services such as water, electricity, sanitation, roads, land, as well as eradication of corruption and maladministration across municipalities. However, the Department was able to deal with community grievances forthrightly and swiftly, by intervening and engaging aggrieved parties.

In terms of building and strengthening capacity of municipalities to be able to perform their responsibilities efficiently and effectively, the department was quick to intervene in those municipalities which had vacant senior management positions such as municipal managers, chief financial officers, directors of community services, corporate services, and technical services, among others, by seconding its qualified and competent staff to fill those vacant positions and ensure that municipal performance improve and formal recruitment process to fill such vacant positions was underway.

The department has also supported municipalities to develop participatory ward level service improvement plans (covering service delivery quality and reliability, clearing of curb-sides & vacant land, road quality), as well as design mechanisms for municipalities to make project and delivery information available and transparent, for the purpose of capacitating communities to hold municipalities accountable.

With regards to disaster risk management, the department coordinated and facilitated quarterly District Disaster management (DDMC) and Provincial Disaster Management Advisory Forum (PDMAF) meetings, which were fully constituted by stakeholders. Furthermore, the department compiled and submitted the Disaster Management Framework as well as facilitated the declaration of a provincial state of drought disaster and the gazetting thereof. Subsequent to that, the department also coordinated the drought assessment and verification with National Disaster Management Chief-directorate within the Pixley Ka Seme and Namakwa district municipalities. Moreover, the department also conducted a safety evacuation information session in Warrenton and facilitated the transfer of Disaster Management Conditional Grants to the district municipalities.

Regardless of the concerted strides made by the department to catapult municipalities from distress to clean audit and self-supportive and productive position, there was recognition that much needed to be done to realize this objective. In this regard, the department vigorously intervened as and when challenges arose in a bid to salvage the situation with very little progress.

Nonetheless, the department acknowledges that municipalities should continue to receive support and intervention that will turn their state of performance, finance, governance and service delivery capability. Equally, deployment of adequate resources is critical for municipalities to deliver quality services to the needy on time. This would require deployment of skilled and knowledgeable managers and qualified and competent staff at all levels.

Programme 4: Traditional Affairs

Chapter 12 of the Constitution of South Africa Act (Act No.108 of 1996) recognizes traditional leadership. Consistent with this constitutional obligation, the department rendered administrative and financial support to the traditional councils, provincial and local houses of traditional affairs as well as continuously cooperated with the National House of Traditional Affairs and government as a whole.

In partnership with other state institutions and NGOs, the department supported capacity building and training programmes of traditional leaders and members of houses of traditional leaders as well as administrative support staff during 2017/18.

The reconstitution of traditional councils and houses of traditional leaders; official opening of the houses of traditional leaders by the Honourable Premier of the Province; attendance of the National House of Traditional Leaders' business; resolving disputes claims and complaints as well as updating genealogies continued as scheduled during 2017/18.

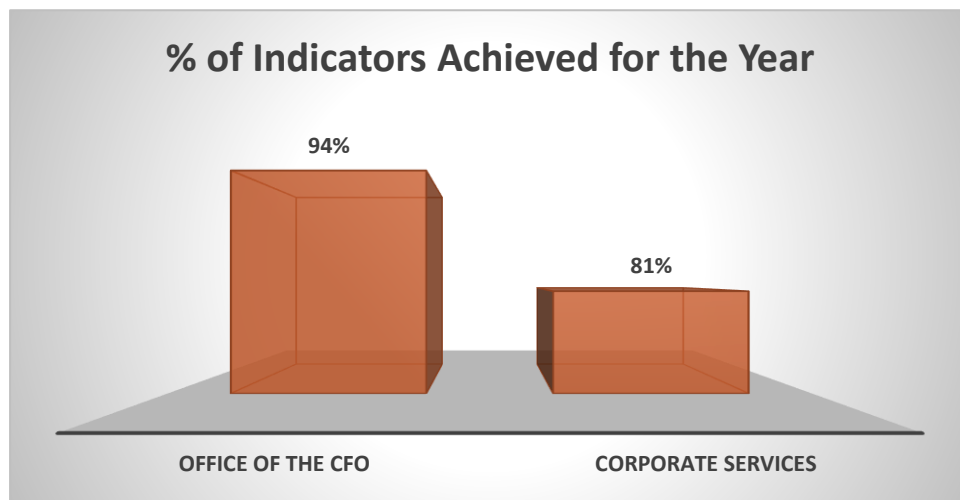
The Premier of the Province engaged with traditional leaders and key stakeholders on matters of traditions, customs and culture in 2017/18.

The MEC responsible for the department assisted the members of the House and traditional leaders on matters of importance.

4.2 Overview of Performance Information

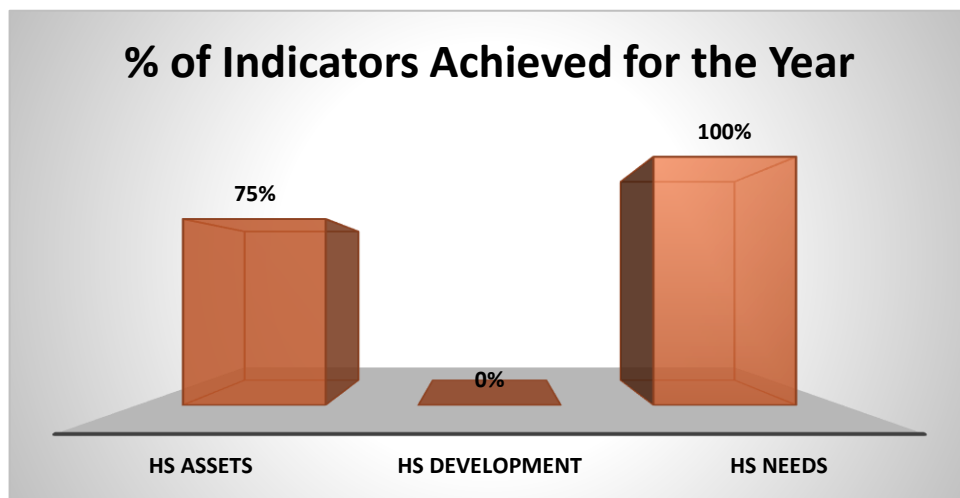
Programme 1: Administration

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Corporate Services			
Human Capital Management	11	9	82%
General Support Services	4	3	75%
Legal Services	1	0	0%
Security	1	1	100%
Planning, Performance Monitoring & Evaluation	4	4	100%
Total	21	17	81%
Financial Management (Office of the CFO)			
Risk Management	2	2	100%
Financial Administration	11	11	100%
Supply Chain Management	4	3	75%
Total	17	16	94%



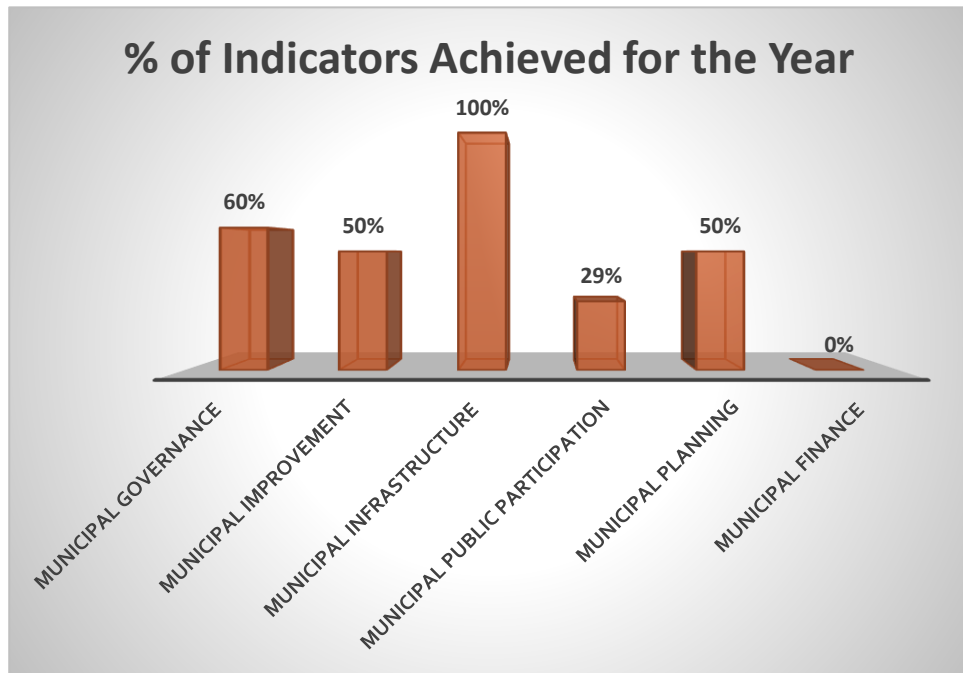
Programme 2: Human Settlements

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Human Settlement Needs, Planning and Research	8	8	100%
Human Settlement Development	2	0	0%
Human Settlement Asset Management	4	3	75%
Total	14	11	79%



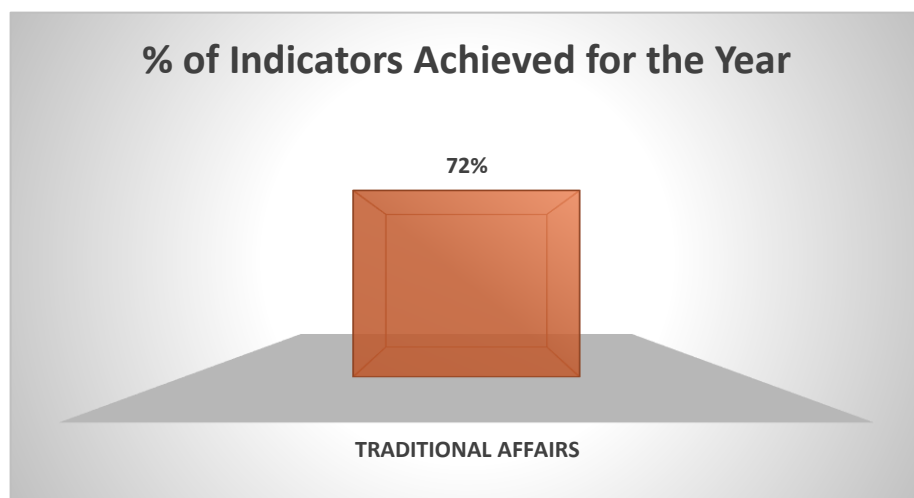
Programme 3: Cooperative Governance

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Governance and Administration	5	3	60%
Municipal Improvement coordination, Performance and Valuations	4	2	50%
Municipal Infrastructure Development	3	3	100%
Municipal Public Participation	7	2	29%
Municipal Planning	4	2	50%
Municipal Finance	3	0	0%
Total	26	12	46%



Programme 4: Traditional Affairs

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Affairs	7	5	72%
Total	7	5	72%



4.3 Overview of the financial results of the Department

4.3.1 Departmental receipts

Departmental receipts	2016/2017			2017/2018		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	417	433	-16	440	457	-17
Interest, dividends and rent on land	25	0	0	27	4	27
Sale of capital assets	0	0	0	0	0	0
Financial transactions in assets and liabilities	85	213	-128	90	320	-230
Total	527	646	-144	557	781	-240

4.3.2 Determination of tariffs

Tariffs utilized within the department is as prescribed by National Treasury i.e. Persal – service rent commission garnishees 5%, insurance, 2,5% and parking R30-00. There are no free services to report for this period under review. No bad debts were written off during this period.

4.3.3 Over – collection

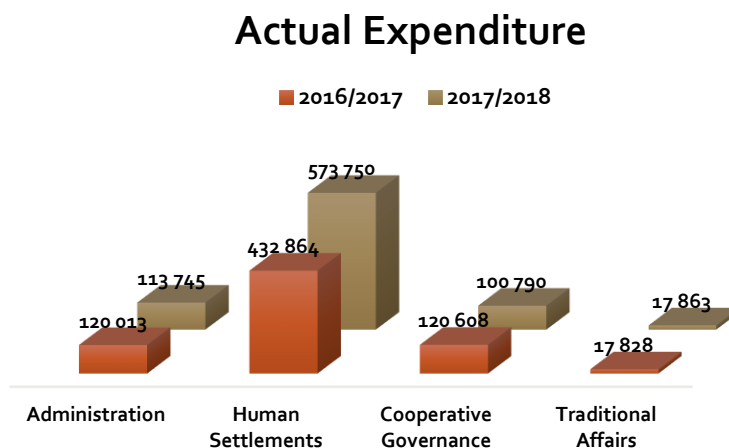
The major revenue sources of the Department, which is the sale of goods and services other than capital assets and financial transactions in assets and liabilities, contributes 79 percent and 16 percent of the total budget of the Department respectively. The department at year-end has collected 140 percent of the budget. The R240 000, is mainly due to insurance claims paid from the accident of the past financial year.

4.3.4 Programme Expenditure

Departmental receipts	2016/2017			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	120 013	120 013	-	108 306	113 745	(5 439)
Human Settlements	441 621	432 864	8 478	584 113	573 750	10 363
Cooperative Governance	124 625	120 608	4 017	123 106	100 790	22 316
Traditional Affairs	19 737	17 828	2 188	18 880	17 863	1 017
Total	705 996	691 313	14 683	834 405	806 148	28 257

The over spending can be attributed to the commitments of the department, not properly budgeted for under programme 1. The departmental accrual payments are a contributing factor to this challenge. However, more stringent control measures have been implemented to avoid re-occurrence of increased accruals.

The graph below gives a picture of the overall expenditure per programme for the 2016/2017 and 2017/2018 financial years.



4.3.5 Virements/roll overs

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	8 023	(5 439)	113		
Human Settlements	4 324	10363	99		
Cooperative Governance	(10 705)	22 316	75	To offset over expenditure in programme 1 and 2	
Traditional Institutional Management	(1 642)	1 017		To offset over expenditure in programme 2	
Totals	-	28 257	97		

4.4 Future plans of the department

The Department intent to almost double the number of title deeds completed in the 2017/18 Financial Year to transfer 9 192 properties in the 2018/2019 financial year to approved beneficiaries.

The Department funded seven municipalities that are delegated to perform certain housing functions, in terms of the Municipal Accreditation Programme, with a Capacitation Grant to municipalities for funding to perform the delegated housing functions.

The accredited municipalities that are due to benefit from the Capacitation Grant in the current financial year are Frances Baard District Municipality, ZF Mgcawu District Municipality, John Taolo Gaetsewe District Municipality, Sol Plaatje Local Municipality, Emthanjeni Local Municipality, Pixley ka Seme District Municipality and Dawid Kruiper Local Municipality. Failure to comply with the Implementation Protocols and the Municipal Accreditation Framework will result in the reallocation of funding and review of the delegated functions of non-complaint municipalities.

In terms of the proposed re-determination of provincial boundaries by the Minister of Justice and Correctional Services, the publication of the particulars of the proposed amendment to the Constitution of the Republic of South Africa, 1996 was done on the 27 November 2017. The Department has put in place mechanisms to engage its North West counterparts and the Provincial Legislature to conduct public participation processes as required by law.

The changes of the provincial boundaries will result in the inclusion of the Ba Ga-Mothibi community from Greater Taung Local Municipality (Dr. Ruth S. Mompoti District Municipality), in the North West province to Phokwane Local Municipality (Frances Baard District Municipality) within the Northern Cape Province.

For new financial year the injection of CWP into the economy of the Northern Cape will be R291 million. The outlook for the 2018-19 financial year remains a target of 21 000 work opportunities in the 5 Districts spread across the province as follows:

- Frances Baard: 4 000
- J. T. Gaetsewe: 3 000
- Namakwa: 4 000
- Pixley Ka Seme: 6 500 and
- ZF Mgcawu: 4 000

The Department will specifically monitor sites that previously underperformed in order that they reach their targets. The CWP will focus on useful work that will allow accredited skills training for participants. The Department will work together with municipalities to provide labour for IDP projects. Together with the Department of Education, the CWP programme will assist in useful work at identified underperforming schools in the province, at least 1 per district. The Department will utilise the CWP programme to procure from BBBEE small and medium enterprises in the province registered on the CSD to further boost the local economy. The CWP programme will target 7 800 job opportunities for the young people in the new financial year.

It is evident from the current allocation that the provincial MIG budget is on a decrease and the need for basic services is on the rise.

Planned Interventions for MIG:

- Monitor and verify all running projects.
- Continue with Ubuntu technical support in technical services.
- Provide hands on support in technical services at Khai Ma local municipality.
- Close monitoring of Kai Garib, Magareng, Dikgatlong, Tsantsabane, Richtersveld, Gamagara and Renosterberg municipalities;
- Convene district forums quarterly in all districts.
- Convene infrastructure planning forums in collaboration with all sectors and municipalities.
- Continue lobbying funds for municipalities with regards to bulk infrastructure.

The Department will continue collaborating with the Municipal Infrastructure Support Agency in providing municipalities with the necessary technical assistance through the “Service Delivery Capacity Support” programme. This support is primarily dealing with the infrastructure capacity challenges experienced at municipal level.

In the province the Department will concentrate on seven (7) municipalities identified namely Kareeberg, Thembelihle, Siyancuma, Renosterberg, Tsantsabane, Dawid Kruiper and Gamagara local municipalities. MISA will provide District Technical Support Teams comprising of experts in Civil and Electrical Engineering, Project and Construction Management, Town and Regional Planning, Financial Management, and Governance and Administration. These teams will work closely with officials from COGHSTA and Provincial Treasury in the province who will be addressing governance and administration and financial management related issues respectively. To this end MISA will be providing additional 4 engineers to increase the current support to the 5 that have been assisting municipalities.

The department will provide hands on support and assist Renosterberg, Kamiesberg, Richtersveld and Kgatelopele with the review of their SDFs as well as assisting Karoo Hoogland, Hantam and Kareeberg in the development of their SDFs. By the end of this financial year, at least 7 municipalities would have adopted SDFs that are aligned to the principles of National Development Plan, Spatial Planning and Land Use Management Act principles and IUDF objectives.

The department will finalise the process of the development of Provincial Disaster Management Plan together with Disaster Management Framework. This will assist with the enhancement of departmental efforts to respond speedily on disaster occurrences and risk response and recovery.

During the 2018-19 financial year the Department will extend its assessment of PMS in municipalities to the following local and district municipalities:

- Emthanjeni Local Municipality.
- Siyathemba Local Municipality.
- !Kheis Local Municipality.
- Dawid Kruiper Local Municipality.
- Ga-Segonyana Local Municipality.
- Pixley ka Seme District Municipality.
- ZF Mgcawu District Municipality.
- Frances Baard District Municipality and
- John Taolo Gaetsewe District Municipality.

The other municipalities who do not have performance management systems (PMS) will be assisted to develop policies during this year.

The capacity building programmes for the traditional leadership programmes will include:

- Induction Programme
- Visionary Leadership
- Integrated Development Programme
- Local Economic Development Programme

4.5 Public Private Partnerships

The department did not have any public private partnerships for the year under review.

4.6 Discontinued activities / activities to be discontinued

Programme 1: Administration

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
SO: A stable political administrative interface in the next five years	Replaced with one SO: <i>Provide the Department with political and strategic direction through corporate support and financial management by 2019</i> and three SOI (as per OTP instruction): <i>Setting policies and priorities for the Department by 2019; Provide corporate support services to the Department by 2019; and Ensure effective financial management and accountability by improving audit outcomes by 2019</i>	None	None
SO: A department that is a career of choice in the next five years			
SO: Translate policies and government priorities into departmental strategy for improved service delivery in the next five years.			
SO: An effective and economical support to the programmes of the department in the next five years			
SO: Minimize litigation by adhering to applicable legislation to all programs of the department in the next five years.			
SO: Sound financial management of the department in the next five years			
SO: Procurement systems and plans that deliver value for money in the next five years			
SO: Sound financial support to programmes of the department in the next five years			
Approved organizational structure	Replaced with: Number of reports submitted on the implementation of the approved organisational structure	None	None
Approved Human Resource Plan	Replaced with: Number of reports submitted on the implementation of the approved Human Resource Plan	None	None
Number of disciplinary cases finalized	Replaced with: Number of reports submitted on labour relations matters	None	None
Number of grievances resolved			
Number of anti-fraud and corruption reports compiled			
Development of the EHW 4 pillar implementation plans	Replaced with: Number of reports submitted on the implementation of the EHW 4 Pillar Plans	None	None
An approved workplace skills plan submitted	Replaced with: Number of reports submitted on the implementation of the approved Workplace Skills Plan	None	None
Workplace skills plan implemented			
Reviewed monitoring and evaluation framework	Included as an activity in the Operational Plan	None	None
An approved communication strategy	Replaced with: Number of reports submitted on the implementation of the Communication Strategy	None	None
Reviewed and implemented communication strategy			
Reviewed and implemented ICT Strategy	Replaced with: Number of reports submitted on the implementation of the ICT Strategy	None	None
Development of Gender and job access implementation plans	Replaced with: Number of reports submitted on the implementation of the Gender Equality Strategic Framework	None	None

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
	Replaced with: Number of reports submitted on the implementation of the Job Access Strategic Framework Implementation Plan		
EPMDS implemented	Replaced with: Number of reports submitted on the implementation of EPMDS	None	None
Legal compliance improvement plan completed	Replaced with: Number of reports submitted on the implementation of the approved Legal Compliance Improvement Plan	None	None
Litigation cases resolved			
Number of bi-annual tax reconciliations submitted	Replaced with: Number of mid-year tax reconciliations submitted	None	None
Approved contract management strategy	Replaced with: Number of reports on approved Contract Management Policy	None	None

Programme 2: Human Settlements

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
SO: To integrate the work of sector departments involved in Human Settlements development informed by municipal IDPs	<i>As per OPT instruction, the Department had to provide SOIs for each SO. These SOs were replaced with the following SOIs: Approved Multi-Year Housing Development Plan (MYHDP) by 2019; Subsidy housing opportunities created by 2019; and Title deeds registered by 2019</i>	None	None
SO: Transfer of property in the next five years		None	None
Number of sites planned and surveyed under all programmes in new developments	Included as an activity in the Operational Plan.	None	None
Number of title deeds issued to households	Replaced with: Number of title deeds registered	None	None
Number of municipalities supported with the development of sector plans	Included as an activity in the Operational Plan.	None	None
Number of households in informal settlements upgraded to phase 2	Replaced with: Number of households provided with access to basic infrastructure and services	None	None
Number of households in informal settlements provided with access to basic infrastructure and services (individual and shared)			
Number of households in new development provided with basic infrastructure and services			
Number of households provided with access to basic infrastructure and services under all programmes (excluding informal settlements and new developments)			

Programme 3: Cooperative Governance

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
SO: Local employment programmes created through the CWP programme in the next five years	Changed to a Performance Indicator.	None	None
Number of District Municipalities with functional IGR structures	This indicator was changed into a SOI.	None	None

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of municipal reports on cases investigated on the determination of boundaries in municipalities	This indicator was only applicable during the Local Government election period.	None	None
Number of municipalities monitored and supported with good governance	This Programme mostly has customised indicators, therefore these indicators are included as activities in the Operational Plan.	None	None
Number of municipalities supported and monitored with the implementation of the CDWP			
Number of reports on data obtained for GIS outputs			

Programme 4: Traditional Affairs

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Community authorities disestablished as per Section 28(5) of Act 41 of 2003	Legislative changes.	None	None
Number and nature of dispute or claims referred to the directorate that arises between or within traditional communities or other customary institutions on a matter arising from the implementation of Act 2 of 2007	Replaced with: Number of reports submitted on Traditional Leadership disputes or claims attended to	None	None
Number of structured engagements between ward councils and traditional councils in promoting participatory democracy and development of traditional communities	Replaced with: Number of reports on structured engagements between ward committees and traditional councils	None	None
Number of initiatives to promote social development of traditional communities	Replaced with: Number of reports on initiatives to promote social development of traditional communities	None	None
Improved financial accountability of traditional councils	The activities of this indicator was duplicated in another indicator: <i>Number of traditional councils supported on administration and financial management</i>	None	None

4.7 Supply chain management

Departmental policies and procedures introduced over the past year did show some improvements in the supply chain environment. A major contributing factor was the introduction of a departmental database for the procurement of human settlements projects, of which irregular expenditure did show a decreasing trend. Another factor was the appointment of a conveyancing panel of law firms, to assist in eradicating the title deeds backlog over the years, and such an approach, had a positive impact.

There are some challenges in the supply chain processes, due to the limitation of service providers within the province. It does happen that the grading of local service providers do not always meet our criteria. The new developments in supply chain will enable the department to assist small to medium enterprises businesses to grow at a much faster pace in the future.

4.8 Gifts and Donations received in kind from non-related parties

The Department has an approved gift policy with a populated gift and donation register which keeps record of all disclosed gifts.

4.9 Exemptions and deviations received from the National Treasury

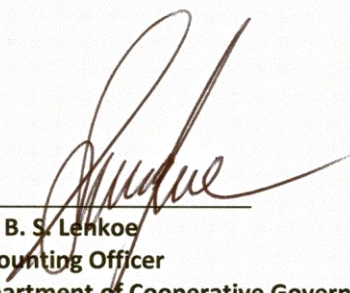
No exemptions and deviations received from National Treasury.

4.10 Events after the reporting date

No events to report on after the reporting date. The submitted financial statements recorded the departmental state of affairs.

4.11 Acknowledgement/s or Appreciation

We express appreciation for the diligence with which both the Internal Audit Committee as well as the external Auditor-General dealt with their tasks, both in giving assistance to the Department and pointing out areas where we can improve in delivering on our mandate.



Mr. B. S. Lenkoe
Accounting Officer
Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: 31 May 2018

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

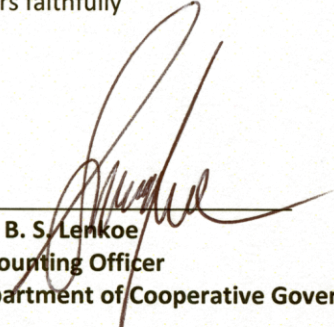
All information and amounts disclosed throughout the annual report are consistent.

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury. The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully



Mr. B. S. Lenkoe
Accounting Officer
Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: 31 May 2018

6. STRATEGIC OVERVIEW

6.1 Vision

People of the Northern Cape living in integrated sustainable human settlements, with responsive, accountable and highly effective municipalities and traditional institutions

6.2 Mission

- To ensure the efficient, effective and economic utilization of departmental resources to maximize service delivery
- To facilitate and manage integrated sustainable human settlements and infrastructure development for effective service delivery.
- To facilitate, monitor and support the consolidation and sustainability phases at municipalities for integrated and sustainable service delivery.
- To promote and support inter-sphere engagement for integrated planning and co-ordination.
- To facilitate, develop and support systems and structures to enhance traditional leadership.

6.3 Values

The Department has adopted the following set of values that will inform its conduct and approach to effective service delivery:

Equity:

- Non discrimination
- Affirmative Action
- Gender Equity
- Integration of disability issues

Team work:

- Co-operation
- Support
- Trust

Efficiency:

- Productivity
- The best work methods
- Excellent services

Accountability:

- Desire to perform well
- Accepting accountability for your behaviour
- Commitment

Development:

- Enablement and empowerment
- Faith in potential of people
- Providing opportunities for growth and facilities
- Fair treatment for all
- Fairness and equality before the law

Integrity:

- Honesty
- Disassociating themselves from all forms of corruption and unethical behaviour
- Sound business practices

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATES

The Department derive its mandate from Chapters 2; 3; 4; 5; 6; 7; 9; 12, 13; 26; 211 and 212 of the Constitution of the Republic of South Africa, 1996, herein after referred to as the Constitution

7.2 LEGISLATIVE MANDATES

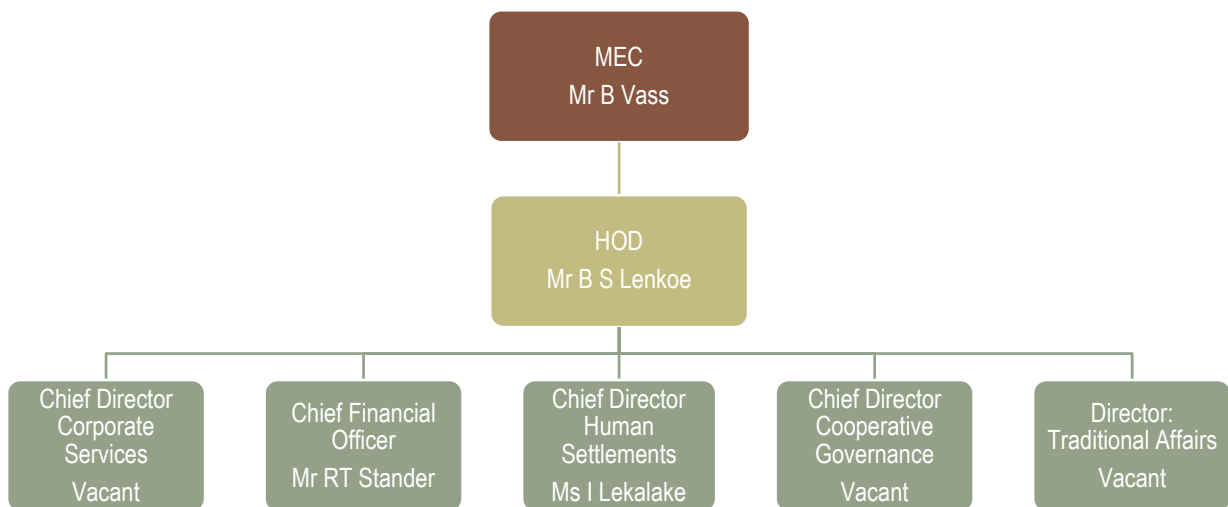
- Public Finance Management Act (Act No 1 of 1999)
- Promotion of Access to Information Act (Act No of 2000)
- Fire Brigade Services Act (Act No 99 of 1987)
- GIAMA (Act No 19 of 2007)

- National Archives and Records Services of South Africa (Act No 13 of 1996)
- Northern Cape Archives Act (Act No of 2013)
- Housing Act (Act No 107 of 1997)
- The Prevention Of Illegal Eviction From Unlawful Occupation Of Land Act of 1998
- Housing Consumer Protection Measures Act of 1998
- Rental Housing Act (Act No 50 of 1999 as amended)
- Division of Revenue Act (DORA)
- Deeds Registry Act (Act No 47 of 1937)
- Home Loan and Mortgage Disclosure Act of 2000
- Spatial Planning Land Use Management Act (Act No 16 of 2013)
- Social Housing Act (Act No 16 of 2008)
- Housing Development Act (Act No 23 of 2008)
- The Housing Code Act of 2009
- Extension of Security of Tenure Act (Act No 62 of 1997)
- Housing Consumers Protection Measures Act (Act No of 1998)
- Disestablishment of South African Trust Limited Trust (Act No 26 of 2002)
- Property Rating Act and Property Valuation Ordinance (Act No 14 of 1993)
- National Housing Code of 2000
- Northern Cape Interim Housing Act (Act No 6 of 1999)
- Disaster Management Act (Act No 57 of 2002)
- Intergovernmental Relations Framework Act (Act No 13 of 2005)
- Remuneration of Public Office Bearers Act (Act No 20 of 1998)
- Local Government: Municipal Systems Act (Act No 32 of 2000)
- Local Government: Municipal Structures Act (Act No 117 of 1998)
- Local Government: Municipal Finance Management Act (Act No 56 of 2003)
- Local Government: Municipal Property Rates Act (Act No 6 of 2004)
- Demarcation Act (Act No of 1998)
- Organized Local Government Act (No 52 of 1997)
- Local Government: Cross-Boundary Municipal Act (Act No 29 of 1998)
- Intergovernmental Fiscal Relations Act (Act No 13 of 2005)
- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act No 19 of 2002)
- Traditional Leadership and Governance Framework Act (Act No 41 of 2003)
- National House of Traditional Leaders Act (Act No 10 of 1997)
- Northern Cape Traditional Leadership Governance and Houses of Traditional Leaders Act (Act No 2 of 2007)
- Housing Act (Act No 107 of 2005)
- Preferential Procurement Policy Framework Act (Act No 5 of 2000)

7.3 Policy Mandates

- White Paper on Local Government, 1998
- National Development Plan Vision 2030
- National Local Government Turn Around Strategy, 2009
- Local Government Anti-Corruption Strategy, 2006
- Free Basic Services Policy, 2000/01
- National Public Participation Framework, 2007
- *Batho Pele* Principles
- Policy Framework for Government-Wide Monitoring and Evaluation (M&E) System, 2007
- Framework for Managing Programme Performance Information (FMPPI), 2007
- National Disaster Management Framework, 2005
- National CDW Master Plan,
- Municipal Infrastructure Grant Framework, 2004
- White Paper on Traditional Leadership, 2003

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

The MEC for the Department of Cooperative Governance, Human Settlements and Traditional Affairs does not have public entities reporting to him.¹

¹ Although the Department transfers money to the Housing Development Agency (a public entity) as stipulated on page 44, they (HDA) report directly to the National Minister of Human Settlements, and not to the MEC.

PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 78 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

Programme 1

Corporate Services

Despite limited budget the directorate succeeded in achieving most of its performance targets. The Unit is having a challenge with regards to filling of senior managers and scarce skills posts due to the moratorium on recruitment.

COGHSTA is at this stage the only Department in the Province to receive "Concurrence" from the DPSA for the submitted list for improved qualifications. Due to the aforementioned, measures were put in place to evaluate the 10 received applications for improved qualifications.

The website process still underway. An agreement was reached that The Office of the Premier will host the website and Office of the Premier offered training for some of the Officials in the Unit. Process of uploading to the website has started.

Security management ensures sound security practices and good governance by providing a sustainable, efficient and professional advisory service in respect of security threat and risk management, security systems/equipment, guidelines, measures and procedures; with the aim of protecting life, property, information and other valuable assets of the Department of Co-operative Governance, Human Settlements and Traditional Affairs through the enablement and empowerment of meaningful interaction with all stakeholders.

MPAT was rolled-out successfully - albeit later than usual. The Department maintained its average score of 3 from MPAT 1.6 to MPAT 1.7. Of the 12 Departments, only 1 improved, 3 (of which COGHSTA is 1) maintained their scores, and the rest regressed.

Financial Management

The financial position of the department remains challenging, due to limited funding received during the financial year. Cost containment mechanisms implemented from the month of July 2017, did assist in avoiding a high over expenditure trend towards end of the financial year.

The department embarked on a three-year process, with a renewal opportunity yearly, to implement a departmental database for human settlement projects. These processes was to fast track the implementation of human settlements projects, across the province, and to minimize the rate of irregular expenditure incurred by municipalities in the past. Irregular expenditure did show a reducing trend in comparison from the previous financial year. This is a clear indication that the departmental processes to procure directly on behalf of municipalities do assist in addressing historical irregular expenditure challenges.

Programme 2

The service delivery environment is not conducive to ensure optimal performance. The sub-programme experienced challenges in delivery since it consisted of only four officials functioning in three demanding and complicated environments. The built-environment requires hands-on approach and requires a lot of time in

the field, to ensure compliance, monitoring progress, evaluate and assess delivery on sites and verification of work completed. In our effort to meet our mandate it is essential that critical posts be filled with immediate effect.

Programme 3

This report indicates limited support provision to municipalities. This is premised on the fact that two (2) other departments (Economic Development and Provincial Treasury) performs five (5) of the twenty six (26) indicators. It was also due to cash flow challenges in the Department which adversely affected the effective support and monitoring of municipalities.

Programme 4

The service delivery environment was influenced by external factors such as cooperation between SALGA, traditional leaders and local municipalities in fully implementing legislation affecting traditional communities. National and provincial governments should also through legislation or other means allocate roles and functions to traditional councils and their leadership. Currently there is a good working relationship between several government department and traditional leadership; however, to formalize these arrangements will go a long way in addressing some of the shortcomings.

The reconstitution of the Provincial and Local House towards the end of July 2017, saw a change in the leadership of these structures. This led to a renewed approach in advising provincial government on issues impacting on traditional communities. However, there were some inconsistencies in the Provincial legislation and its Regulations that should be addressed to ensure legally constituted Houses. For the first time a woman (Kgosi Toto) was elected as the Chairperson of the Provincial House. Also for the first time the Provincial House have two female traditional leaders (headmen) as members of the House.

2.1.1 Population distribution

Bordering the cold Atlantic Ocean, Northern Cape is a province of extremes: the lowest and highest temperatures in the country, the lowest rainfall, the smallest population and the lowest population density. But the surface area (372 889 km²) is the largest of the nine provinces, comprising 30% of the total area of the country.

Stats SA's Mid-year population Estimates for 2017², estimates the South African population at approximately 56,52 million people. Northern Cape, with its 1,21 million people remains the province with the smallest share (2,1 %) of the South African population. The Northern Cape has by far the smallest population and economy of any of the provinces.

The Province is divided into five district municipalities, which in turn are sub-divided into 26 local municipalities.



² STATISTICAL RELEASE P0302, StatsSA

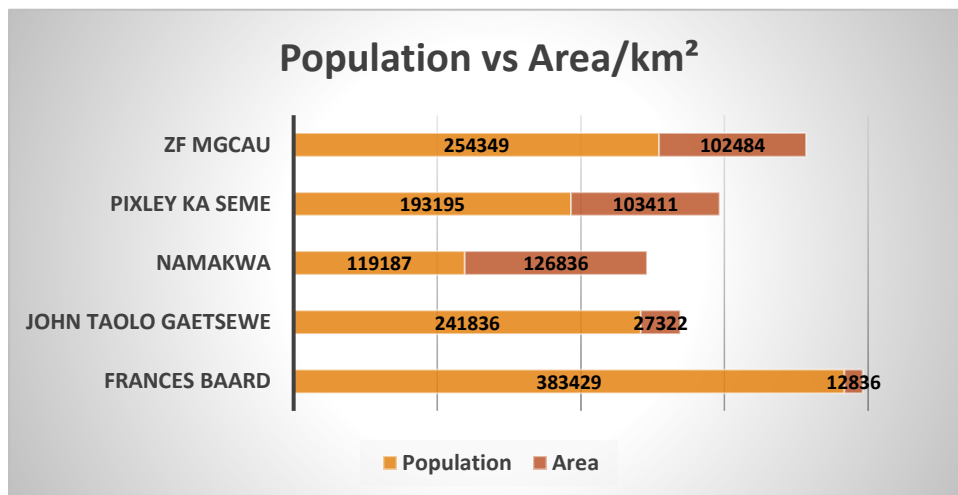
The **Namakwa** District Municipality is the largest district in the province (126 836 km²), making up over a third of its geographical area, and has an estimated population of 119 187. It comprises of six local municipalities: Nama Khoi, Hantam, Khai-Ma, Kamiesberg, Karoo Hoogland and Richtersveld.

The **John Taolo Gaetsewe** District Municipality comprises the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong (and 186 towns and settlements, of which 80% are villages) in an estimated area of 27 322 km². The population size is estimated at 241 836.

The **Pixley Ka Seme** District Municipality is the second-largest district, and makes up almost a third of the geographical area - 103 411 km². It comprises of eight local municipalities: Ubuntu, Umsobomvu, Emthanjeni, Kareeberg, Renosterberg, Thembelihle, Siyathemba and Siyancuma - with an estimated population of 193 195.

The **Frances Baard** District Municipality is the smallest district in the Northern Cape, comprising the four local municipalities of Dikgatlong, Magareng, Phokwane and Sol Plaatje in an area of only 12 836 km². The district however accommodates the largest proportion of the province's population - estimated at 383 429.

The **Zwelentlanga Fatman Mgcawu** (in short ZF Mgcawu) District Municipality at 102 484 km², makes up just under a third of the province's geographical area and includes the vast Kalahari Desert, Kgalagadi Transfrontier Park and the former Bushmanland. The estimated population of 254 349 people reside in the five local municipalities of Dawid Kruiper, Kai !Garib, Tsantsabane, !Kheis and Kgatelopele.



2.2 Service Delivery Improvement Plan

The department has completed a Service Delivery Improvement Plan. The tables below highlight the Service Delivery Plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of quality housing units	Qualifying persons	1449	1320 housing units	814 housing units completed. The completion of housing units has been a challenge with environmental hazards relating to community disruptions, vandalism, service delivery protests, contractors not being financially viable and a water shortage on sites have all negatively affected progress.
Provision of Title Deeds	Qualifying persons	3222 Title Deeds	9300 Title Deeds	4481 Title Deeds. Delays in signing of documentation by municipalities. Verification of beneficiaries is also a major challenge.

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Housing Consumer Education	Communities and beneficiaries of services provided by the department.	4945 Housing Consumer Education	3500 Housing Consumer Education	7827 participants of consumer education attended. The programme was linked to an expanded provincial title deeds restoration programme, hence the over-achievement.

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Constant visits to communities by Regional Community Liaison Officers with the reinforcement of CDW's and municipalities.	All stakeholders to have joint outreach programmes in communities.	Involvement of communities.

Service delivery information tool

Current/actual arrangements	Desired arrangements	Actual achievements
The annual Budget Vote Speech of the MEC.	Ensuring that Public Participation unit through the Provincial Public Participation Forum where SALGA, Municipalities and other departments are involved for information sharing.	The facilitation and marketing of the departmental Communication Strategy which is familiar with communities through the officials on services rendered.
Service Charter displayed in all departmental offices and Service Delivery Improvement Plan.	Officials to ensure that all information needed by communities are distributed to beneficiaries and potential beneficiaries.	Service Delivery Improvement Team are informing communities through CDW's and municipalities mentors.

Complaints mechanism

Current/actual arrangements	Desired arrangements	Actual achievements
By walking-in of residents at our different regional offices and the provincial office. Implementing of the Complaints Management Policy.	Utilization of CDW's in the visits to communities.	Beneficiaries satisfied with the services provided by the department, but the department to still has to engage communities

2.3 Organisational environment

Programme 1

The department received both political and strategic support from the Executing Authority and the Accounting Officer of the department in pursuing its responsibilities efficiently and effectively.

Programme 2

The performance of the programme was hampered by the number of vacancies that existed and could not be filled due to lack of funding. Currently, all the vacancies are at either middle management or junior management level. Therefore, projects/programme are adversely affected because of the lack of key personnel. The current organisational structure for the unit does not suffice. The assessing and approval of business plans and submissions is a time consuming process. Furthermore, challenges include the filling of Chief Town & Regional Planner and Construction Manager posts. Professional posts and the filling thereof are paramount to the success of meeting and achieving targets.

No provision was made for staff to manage the housing inventory. The critical post of Assistant Director: Asset Management is still vacant and funded.

Programme 3

There has been a realignment of functions and reassignment of responsibilities in the Chief Directorate due to the introduction of Directorate Municipal Performance, Co-ordination and Valuations (MPCV) and the merging of Community Works Programme Directorate with Public Participation (Ward Committees and Community Development Workers). The Directorate MPCV is in the process of recruiting staff for the Coordination of Back to Basics, LGMIM and Municipal Valuations.

Programme 4

The finalization of the proposed organogram will go a long way in identifying strategic positions to be created which will strengthen administrative and other support to traditional councils. The filling of vacant funded posts is also of utmost importance to ensure that the Unit is fully functional.

The biggest achievement of this year was the successful reconstitution of the Houses of Traditional Leaders during October 2017. The Houses nominated representatives to the National House of Traditional Leaders which was also successfully reconstituted on 9 November 2017.

2.4 Key policy developments and legislative changes

Programme 1

- The Northern Cape Provincial Communications Policy was approved by Cabinet Lekgotla.
- Security Policy, Security Plan and Key Control Policy have been reviewed in 2016/2017 financial year and approved on 1 April 2017.
- The Provincial Special Leave Policy was adopted by the HOD's Forum and is awaiting endorsement.
- ICT Security Guideline DPSA – 18 May 2017.
- The Provincial Social Media policy was adopted.
- The practice note on changes in supply chain management PPPFA of sub-contracting.

Programme 2

- The Community Residential Units (CRU) Programme was revised and combined with the Social Housing Programme.
- The department has developed policy guidelines for the implementation of the national housing programme in respect to the application qualification criteria

Programme 3

- The national Department of Cooperative Governance together with provincial counterparts started a consultation process in relation to the implementation of CWP, this consultation has resulted in policy changes resulting in an agreement to sign Memorandums of Understanding with Provincial departments of Cooperative Governance as it relates to the planning and coordination of CWP in provinces, communication as it relates to CWP as well as the reporting role of Provinces. The MOU will be implemented in the 2018/2019 financial year.
- **Local Government Systems**
The national department of Cooperative Governance has started a legislative review process on the amendments to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). The genesis of the amendments is to address the vacuum in the legislation that deals with the recruitment, selection, appointment and conditions of employment of senior managers in municipalities. The other proposed amendments are aimed at improving the revenue collection by municipalities; encourage culture of payment and reduce both municipal debts and costs of revenue collection. The amendments are also aimed at reducing the period of collection of revenue.
- **Local Government Structures**
The national department of Cooperative Governance has started a legislative review process on the proposed amendments to the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998) and the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).
 - a) The amendments to the LG: MDB Act, are based on proposals submitted by the Municipal Demarcation Board (MDB). These proposals are informed by the following: Inputs by the previous Boards; report of the Demarcation Process Review Task Team; litigations and legislative gaps; inputs from stakeholders and Conference on Demarcation and Spatial Transformation; case law applicable to the MDB; State Law Advisor's opinion on the independence of the MDB; and Local Government Technical Legislative Review Workshop.
 - b) Amendments to the Structures Act, mostly relate to proposals received from the IEC. These proposals are informed by challenges that have been experienced by the IEC during the administration and management of municipal elections. DCOG, SALGA, provinces and some municipalities have also proposed amendments to the Structures Act, which are, in the main, to promote certainty on some matters and to strengthen governance in municipalities.

- c) The other amendments relate to Ward Committees. A legislative review process on ward committees in consultation with provinces has commenced. This review will bring about legislative changes as it relates to the establishment of ward committees. There is still on-going consultation whether the legislative changes should be implemented immediately after it is enacted by parliament or whether the legislative changes should become effective after the next Local Government Elections in 2021.

Programme 4

- The finalization of the Initiation Bill, which is in line with the National Circumcision Initiation Bill will regulate initiation schools and ensure the effective monitoring thereof.
- The Finalization of the Traditional and Khoisan Leadership Bill is also still outstanding. This will broaden the scope of the Directorate and the issues to be dealt with. It was approved by the Portfolio Committee and it was referred to NCOP. It will deal with the recognition of Khoisan leaders and its communities.
- The finalization of the Traditional Courts Bill will formalize traditional courts and ensure its effective functioning.
- The Community Property Association Bill is at public participation stage. The finalization of this Bill will hopefully address responsibilities of traditional councils and CPA's and will minimize the conflicts and misunderstanding.
- Amendment Framework Act – deals with the timeframe challenges of the Traditional Leadership Framework Act and the reconstitution of traditional councils.
- The finalization of the Traditional Courts Bill will formalize traditional courts and ensure its effective functioning.

3. STRATEGIC OUTCOME ORIENTED GOALS

PROGRAMME 1: ADMINISTRATION	
Strategic Outcome Oriented Goal	An efficient, effective and development-oriented department
PROGRAMME 2: HUMAN SETTLEMENTS	
Strategic Outcome Oriented Goal	Sustainable Human Settlements and Improved Quality of Household Life
PROGRAMME 3: COOPERATIVE GOVERNANCE	
Strategic Outcome Oriented Goal	Responsive, accountable, effective and efficient developmental local government system
PROGRAMME 4: TRADITIONAL AFFAIRS	
Strategic Outcome Oriented Goal	An efficient and effective institution of traditional leadership that enhances sustainable development and service delivery within traditional communities

3.1 Progress on Outcome 8 for the MTSF

Since August 2014 on Outcome 8: Human Settlements, the department (COGHSTA) has been confronted with various problems that continue to hinder the achievement of the 2014-2019 MTSF delivery targets, as follows:

Inadequate Budget - Allocation of inadequate budget has not been commensurate with the Human Settlements 2014-2019 MTSF service delivery targets, culminating in the programme underperforming. Inadequate budget has made it impossible for the Department to increase the number of houses it built in the Province. The increase in the subsidy quantum, has also resulted in a decrease in the number of houses built.

Inability to fill critical vacant positions - Since August 2014, the department lost some of its critical professional staff members with scarce skills through resignation, transfer and retirement. Those officials who left the department include town planners, quantity surveyors and engineers with the result that there is lack of capacity in the Department.

Reliability of professional service providers - The department observed that some service providers have failed to deliver services as specified in the terms of the contract, making it impossible for the department to report its performance against planned target at a particular period. Service providers have time and again stated that they were unable to deliver on their commitments due to lack of building materials and other utilities in the Province making them dependent on other provinces to supply these materials.

The vastness of the Province - The department has incurred additional costs over and above the cost of materials ordered or services rendered on account of long distances between the Northern Cape towns. These long distances have prompted the service providers to charge additional costs in order to pay for long distances where services were rendered. This problem is aggravated by the fact that the quantum is not adequate to cover rural areas.

The state of the Human Settlements Development Grant (HSDG) - In the 2014/15 the department received R374 832 000. During 2015/16, an allocation of R380 408 000 with an additional R100m funding was received, and R374 929 000 in the 2016/17 financial year. In 2017/18 the allocation amounted to R511 642 000.

State of the roads in the Province - Poor state of the roads has prevented delivery of services in certain areas that require such services. Owing to poor state of roads, service providers have been impeded from rendering services in those areas that are inaccessible. As a result, people have not been able to access services intended to reach them.

Impact of challenges on the NDP goals of reducing unemployment, poverty and inequality

The inadequate funding in the form of the Human Settlements Development Grant has negatively affected the department's potential to create employment opportunities and reduce poverty and minimize inequality.

This happened against the backdrop of the HSDG requirements dictating that 30% of the grant must be allocated to women and youth. Furthermore, the department would not be able to provide training in pursuance of the Youth Brigade Programme. According to the Youth Brigade Programme, the department has an obligation to train 200 youth in construction in partnership with the National Youth Development Agency (NYDA) and the NHBRC so as to create exit opportunities for them. During 2017/18 the Annual Performance Plan introduced a dedicated performance indicator to monitor the implementation of this initiative.

Underlying factors that contribute to these key problems

Vastness of the province, ageing infrastructure, lack of reliability by service providers, inaccessibility of certain areas and limited equitable share to service the grant have been identified as key causal factors behind the department struggling to achieve its service delivery targets as articulated in the Strategic Plan 2015/2020 and successive 2015/16, 2016/17 and 2017/18 Annual Performance Plans.

MTSF Key Priorities being implemented to address the identified challenges

According to the Delivery Agreement signed between the national Minister of the Department of Human Settlements and the MEC of COGHSTA, the MTSF 2014-2019 service delivery targets included:

- Upgrading of informal settlements through provision of basic services to communities (water and sanitation)
- Restoring dignity of citizens by handing over title deeds and transferring houses to beneficiaries in such a way that they would give them dignity and allow them access to economic opportunities (rent out houses, build back rooms and secure loans from banks, etc.)
- Provision of houses to military veterans
- Implementation of the Social and Rental Housing Programme by providing houses to low and medium income earners
- Implementation of the FLISP (Finance-Linked Individual Subsidy Programme), which allows for provision of houses to the gap market. This programme involves provision of houses to beneficiaries who do not qualify for government subsidy or bond. For this category of people, the department pays deposit for people falling on a sliding scale of between R 87, 000 to R 20, 000.
- Rendering of town planning and implementation of basic services (water & sanitation) and construction of top structures

Summary of commitments made in the MTSF 2014-2019

- Adequate housing and improved quality living environments
- A functionally equitable residential property market
- Enhanced institutional capabilities for effective coordination of spatial investment decision

Key Achievements over the MTSF 2014/15- 2017/2018

MTSF Delivery	2014/15	2015/16	2016/17	2017/18	Total
Houses	2 130	1 664	1 449	814	5 893
Services	2 334	660	2 099	555	4 201
Title deeds	648	3 602	3 222	4 481	10 597
Consumer Education	3 039	4 615	4 945	7 827	18 550
Upgrading of informal settlements	2 334	660	2 696	-	2 994
Land acquisition	2	0	1	3	6

- Houses under all programmes indicated significant improvement year on year. For 2014 the performance was 2 130 against target of 1 735, in 2015, it was 1 664 against target of 1 181, and in 2016 performance was 1 449 against a target of 1 373. Unfortunately 2017 indicated a drop - 814 against a target of 1 320. This can mainly be attributed to challenges with regards to environmental hazards relating to community disruptions, vandalism, service delivery protests, contractors not being financially viable and a water shortage on sites all negatively affecting progress.
- Over performance was noted with human settlement consumer education programme on a year on year basis as can be seen from the table above.

3.2 Progress on Outcome 9 for the MTSF

In order to achieve the vision of the National Development Plan, a number of immediate barriers, constraints and challenges need to be addressed. More than R1 billion per annum is spent nationally on municipal support and capacity building. There are large numbers of credible municipal strategies, policies, guidelines and programmes available to facilitate support, monitoring and interventions within the local sphere. In addition, municipalities are governed through a complex yet robust legislative and regulatory framework. Despite all of this, in a number of instances, municipal performance is far from optimal.

Municipalities operate in a complex environment and municipal performance is impacted on the following levels: institutional capacity, enabling environment and wider macro-socio-economic context. The priority issues within each of the levels that are negatively impacting on municipal performance are reflected in the table below:

Institutional Capacity	Enabling Environment	Macro Context
<ul style="list-style-type: none"> - Weak political leadership - Technical skills gaps and lack of relevant competencies - High staff turnover and vacancy levels - Weak understanding of policies - Political deployments not always competent appointments - Lack of career progression - Poor attitudes & values of staff - Lack of professionalism & regulation thereof by professional bodies & government - Corruption at all levels with no consequences - Unclear administrative/political interface - Weak strategy – focus on compliance - Weak financial management and low budget spend 	<ul style="list-style-type: none"> - Lack of central co-ordination support, information and M&E - Financial viability of municipalities - Bulk infrastructure gaps - Lack of clarity re decentralisation of powers and functions and role of the districts - Role of DCOG unclear - Lack of planning alignment amongst the 3 spheres – IDP not taken seriously by other spheres - Local government financing system - Unstable political environment - Inconsistent, incoherent and complex local government legislative environment - Lack of customised support to municipalities, and support not impactful 	<ul style="list-style-type: none"> - Huge pressures of poverty, unemployment and inequality - Huge service delivery backlogs - Weak public participation - Huge social issues, such as crime, drug abuse, gender-based violence - Weak revenue base of municipalities with low levels of affordability - Political dynamics, including coalitions resulting in inertia - Pressures of in-migration and urbanisation - Weak education system

Institutional Capacity	Enabling Environment	Macro Context
<ul style="list-style-type: none"> - Organisational instability, including review of S 56 contracts linked to political term of office - Lack of oversight and accountability - Lack of legal compliance or regulatory support - Weak municipal systems 		

Responding to the issues above will require a proactive approach to managing the intergovernmental system, in order to address specific weaknesses in collaboration and capacity support. National and provincial departments and entities impacting on local government will have to cooperate better and act with greater synergy in providing oversight and support to the local sphere. Moreover, provincial departments of local government will need to improve the way they monitor and support local government.

Decisive leadership and a cohesive plan is crucial, as is a coherent approach to the following constraints:

- Since 2004, the level of public trust in local government has steadily declined. Municipalities for their part have not always endeavoured to be more efficient and effective, to prioritise, maintain and sustain services (including basic services) to all in support of social and economic development, or to curtail the wasting of funds on non-priority expenditure and to collect all revenue due.
- Poor governance and accountability are also of major concern, with communities often feeling alienated and disconnected from decision-making processes. Much of this stems from undue political interference in operations, weak political leadership, and poor communication with communities, lack of transparency and accountability and weak and ineffective platforms for public participation. Governments' approach to citizen participation has too often become formulaic and symbolic. Unsurprisingly, this does little to improve citizens' confidence. Public confidence and trust in local government will have to be consciously rebuilt. Municipalities will need to pay greater attention to engaging citizens in their own spaces as well as ensuring that engagement in IDP processes is deliberative, with citizens actively involved in identifying and resolving trade-offs.
- The low confidence by citizens is also partly because community expectations often exceed the administrative and financial capabilities of many municipalities. Amongst the categories and types of municipalities (from metropolitan municipalities through to small mainly rural municipalities), there is significant variation in capacities and socio-economic context, which has a direct impact on municipalities' ability to carry out their full mandate. The NDP specifies that we need to make better use of the scope for differentiation. In this regard practical actions are needed, such as to mediate agreements between district and local municipalities where there is duplication or conflict over the allocation of responsibilities and resources. There is also a need to develop different modalities for the delivery of services in less well-resourced municipalities, to name just two important issues.
- While a coherent yet flexible approach to differentiation should help to mitigate some of the effects of uneven capacity, a range of other factors will have to be simultaneously attended to for our local government system to become more effective and efficient. These include shortage of skills, undue political influence in the recruitment of senior managers, absence of a positive and focused role for provinces in building municipal capacity, intergovernmental collaboration problems, and lack of capacity to sustain service delivery through own revenue in the context of high levels of poverty and unemployment.

The sub-outcomes spread across the different chapters of the National Development Plan that are particularly important to addressing the constraints above, improving local government performance, ensuring quality service delivery and ultimately putting the local government sector on a positive path to achieving the vision are as follows:

- a) Members of society have sustainable and reliable access to basic services.
- b) Intergovernmental and democratic governance arrangements for a functional system of cooperative governance strengthened.
- c) Democratic, effective, capable and well-governed municipal institutions.
- d) Sound financial management.
- e) Local public employment programmes expanded through the Community Work Programme (CWP).

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose

The purpose of programme 1 is to put in place mechanisms and structures that can support the department in developing capacity and professional ethos by providing support to all programmes.

Description

Programme 1 renders strategic services in relation to planning, performance information reporting, Information Technology, financial management and human resources to all programmes of the department.

Programme is divided into the following two chief directorates:

Corporate Services

Office of the CFO

Sub-programmes

The Corporate Services Chief Directorate consists of the following sub-programmes:

- Human Capital Management
- General Support Services
- Legal Services
- Security
- Planning, Performance Monitoring & Evaluation

The Office of the CFO is responsible for the financial management of the department and consists of the following sub-programmes:

- Financial Management
- Supply Chain Management

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
SO: Provide the Department with political and strategic direction through corporate support and financial management by 2019						
SOI 1:	Setting policies and priorities for the Department by 2019	New	Budget Speech tabled timeously	Budget Speech tabled timeously		
SOI 2:	Provide corporate support services to the Department by 2019	New	Overall MPAT standard ≥ Level 3	Level 3		
SOI 3:	Ensure effective financial management and accountability by improving audit outcomes by 2019	New	Improved audit outcome	Audit outcome remained the same	Performance audit for Programme 3 remains a challenge.	

Performance indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Chief Directorate: Corporate Services					
Sub-Programme: Human Capital Management					
Number of reports submitted on the implementation of the approved organisational structure	0	4	4		
Number of reports submitted on the implementation of the approved Human Resource Plan	New	4	4		
Number of PERSAL activity verification reports submitted	4	4	4		
Number of conditions of employment reports submitted	4	4	4		
Number of recruitment reports submitted	4	4	4		
Number of reports submitted on labour relations matters	New	4	4		
Number of reports submitted on the implementation of the EHW 4 Pillar Plans	New	4	4		
Number of reports submitted on the implementation of the Gender Equality Strategic Framework	New	1	1		
Number of reports submitted on the implementation of the Job Access Strategic Framework Implementation Plan	New	1	1		
Number of reports submitted on the implementation of the approved Workplace Skills Plan	New	4	3	-1	In validating performance information, specific emphasis is placed on the validity, correctness and accuracy of the submitted evidence. The report for Qrt 1 was invalid, since it was not duly signed.
Number of reports submitted on the implementation of EPMDS	New	4	3	-1	In validating performance information, specific emphasis is placed on the validity, correctness and accuracy of the submitted evidence. The report for Qrt 1 was invalid, since it was not duly signed.
Sub-Programme: General Support Services					
Number of reports submitted on the implementation of the Communication Strategy	New	4	4		
Number of reports submitted on the implementation of the ICT Strategy	New	4	4		
Number of reports submitted on fleet management	4	4	3	-1	In validating performance information, specific emphasis is placed on the validity, correctness and accuracy of the submitted evidence. The report for Qrt 1

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Chief Directorate: Corporate Services					
					was invalid, since it was not duly signed.
Number of reports submitted on the implementation of approved Records Management Policy	4	4	4		
Sub-Programme: Legal Services					
Number of reports submitted on the implementation of the Legal Compliance Improvement Plan	New	4	2	-2	In validating performance information, specific emphasis is placed on the validity, correctness and accuracy of the submitted evidence. The report for Qrt 2 was invalid, since it did not speak to the Improvement Plan. In Qrt 4 the report was not official (no letterhead), not dated and not signed.
Sub-Programme: Security Services					
Number of reports submitted on Departmental Security Management in line with MISS and MPSS	New	4	4		
Sub-Programme: Policy, Planning, Monitoring & Evaluation					
Annual performance plan submitted	1	1	1		
Number of quarterly performance reports submitted	4	4	4		
Annual performance report submitted	1	1	1		
Report on the annual compliance with MPAT	New	1	1		

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Chief Directorate: Financial Management					
Sub-Programme: Internal Inspectorate					
Number of integrated risk management reports submitted	4	4	4		
Number of Audit Action Plans submitted	3	4	4		
Sub-Programme: Financial Administration					
Annual budget submitted	1	1	1		
Adjusted budget submitted	1	1	1		
Number of in-year monitoring reports submitted	12	12	12		
Compilation and submission of Annual Financial Statements	1	1	1		
Number of Interim financial statements submitted	4	3	3		
Number of fund requisitions submitted	12	12	12		
Number of certificates of compliance submitted	12	12	12		
Number of Instruction Note 34 reports submitted	12	12	12		

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Chief Directorate: Financial Management					
Number of annual tax reconciliations submitted	1	1	1		
Number of mid-year tax reconciliations submitted	New	1	1		
Number of monthly tax reconciliations submitted	New	12	12		
Sub-Programme: Supply Chain Management					
Number of reports on approved Contract Management Policy	New	4	1	-3	No reports submitted in Qrt 1, 2 and 4.
Approved supply chain management plan	1	1	1		
Number of supply chain management reports submitted	12	12	12		
Number of LOGIS reports submitted	New	4	4		

Strategy to overcome areas of under performance

A system has been put in place to ensure the **validity, correctness and accuracy** of evidence. Punitive measures will be instigated against officials who fail to comply.

Changes to planned targets

There were no changes to the planned targets.

Linking performance with budgets

Please refer to the organisational environment and service delivery environment as well as the appropriation statement for further information.

Chief Directorate expenditure

Sub- Programme Name	2016/2017			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	13 084	10 140	2 944	14 633	10 592	4 041
Corporate Services	106 651	1009 873	(3 222)	93 673	103 153	(9 480)
Total	119 734	120 013	0	108 306	113 745	(5 439)

4.2 Programme 2: Human Settlements

Purpose

The purpose of this programme is to develop sustainable human settlements in the Northern Cape within the context of transforming our cities, towns and rural areas by building cohesive, sustainable and caring communities with closer access to work and social amenities.

Description

Housing (human settlements) is a Schedule 4 A function in the Constitution of the Republic of South Africa (hereafter referred to as the Constitution), which means that it is a concurrent function shared by national and provincial government. Programme 2 derives its mandate from that Schedule of the Constitution.

The reality of housing delivery is, however, that it is an integrated function performed by all three spheres of government which each performs specific roles. The National Housing Code sets out the key functions of provincial government in housing, which includes, but is not limited to:

- Determining policy and legislation;
- Coordinating housing development in the province;
- Intervention;
- Multi-year planning of national and provincial housing programmes;

- Accreditation; and
- Monitoring accredited municipalities.

Sub-Programmes

There are three (3) sub-programmes within the Chief Directorate, namely:

- Housing Needs, Planning and Research
- Housing Development
- Housing Asset Management

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Housing Needs, Planning & Research						
SO: Enhanced institutional capability for effective coordination of spatial investment decisions by 2019						
SOI:	Approved multi-year Housing Development Plan (MYHDP) by 2019	New	1	1	1	
Sub-Programme: Housing Development						
SO: Adequate housing and improved quality living environment by 2019						
SOI:	Subsidy housing opportunities created by 2019	New	1 320	814	-506	The completion of housing units has been a challenge with environmental hazards relating to community disruptions, vandalism, service delivery protests, contractors not being financially viable and a water shortage on sites have all negatively affected progress.
Sub-Programme: Housing Asset Management						
SO: Provide human settlements with asset and inventory management by 2019						
SOI:	Title deeds registered by 2019	New	9 300 ³	4481	-4 819	Delays in signing of documentation by municipalities. Implementation of SPLUMA delayed the registration of General Plans. Verification of beneficiaries is also a major challenge.

³ The target was captured wrongly in the APP - 3 500 under the **Strategic objective annual targets for 2017/2018 to 2018/2020**, whilst it was correctly captured as 9 300 in the **Programme performance indicators and annual targets for 2017/2018 to 2018/2020** and the **Quarterly targets for 2017/18**.

Performance indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Housing Needs, Planning & Research					
Multi-Year Housing Development Plan approved	1	1	1		
Number of plans developed for the upgrading of existing informal settlements	1	1	1		
Number of policy guidelines approved	1	1	1		
Number of reports on monitoring and evaluation conducted on accredited municipalities	1	1	1		
Number of municipalities supported with development of credible project pipelines	20	20	20		
Number of local municipalities capacitated through accredited training courses	1	3	3		
Number of consumers exposed to consumer education	4 945	3 500	7 827	+4 327	The programme was linked to an expanded provincial title deeds restoration programme, hence the over-achievement.
Number of young people involved in Skills Development initiatives	New	100	100		
Sub-Programme: Housing Development					
Number of households provided with access to basic infrastructure and services	1 447	1 587	555	-1 032	Three projects were not completed.
Number of housing units completed under all programmes	1 449	1 320	814	-506	The completion of housing units has been a challenge with environmental hazards relating to community disruptions, vandalism, service delivery protests, contractors not being financially viable and a water shortage on sites have all negatively affected progress.
Sub-Programme: Housing Asset Management					
Number of title deeds registered	3 222	9 300	4 481	-4 819	Delays in signing of documentation by municipalities. Implementation of SPLUMA delayed the registration of General Plans. Verification of beneficiaries is also a major challenge.
Number of local municipalities assisted with acquisition of land	1	2	3	+1	An additional municipality was assisted - Emthanjeni LM (erf 635). The extra land became available unexpectedly, therefore the

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
					department opted to buy it, as there was an existing need for land in that municipality and it planned for this target in 2018 2019.
Number of conditional grant business plans submitted	1	1	2	+1	The target was 1, but 2 business plans were submitted and approved.
Number of monthly conditional grant reports submitted to national human settlements and other stakeholders	12	12	12		

Strategy to overcome areas of under performance

Municipalities are in the process of obtaining interdicts in cases where community unrest is interfering with housing projects. Mayoral intervention will also be requested in extreme cases. Contract management and training for municipal and departmental staff will be initiated. The department will also request the Construction Industry Development Board (CIDB) to improve the analysis of the grading of contractors in respect of project management and human capital with relevant experience.

A new title deed business plan was submitted to address title deed registrations. Conveyancers will be given specific months in which to register specific properties. If a conveyancer fails to follow the business plan, instructions will be withdrawn.

Changes to planned targets

There were no changes to the planned targets.

Linking performance with budgets

The budget in respect of registration of title deeds was reduced with 60% during the course of the year - from R25 million to R10 million. The performance for the year is indicative of this reduction - of the initial target of 9 300, only 4 481 registrations took place - amounting to 48% of the initial target, with was achieved with 40% of the initial budget.

Sub-programme expenditure:

Sub- Programme Name	2016/2017			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Human Settlement Needs, Planning and Research	32 439	32 439	(279)	31 264	37 107	(5 843)
Human Settlement Development	395 502	367 779	27 723	529 505	510 946	18 559
Human Settlement Asset Management	13 680	32 646	(18 966)	23 344	25 697	(2 353)
Total	441 621	432 864	8 478	584 113	573 750	10 363

4.3 Programme 3: Cooperative Governance

Purpose

The purpose of Programme 3 is to strengthen the capacity of municipalities in the province to perform their functions.

Description

This programme is responsible for oversight, support, monitoring and coordination of municipalities.

Sub-Programmes

The programme consists of the following five sub-programmes:

- Municipal Governance and Administration
- Municipal Improvement coordination, Performance and Valuations
- Municipal Infrastructure Development
- Municipal Public Participation
- Municipal Planning
- Municipal Finance

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Municipal Governance						
SO: Intergovernmental and democratic governance for a functional system of cooperative governance by 2019						
SOI 1:	Municipalities with functional municipal councils by 2019	New	31	31		
SOI 2:	Municipalities with functional Municipal Public Accounts Committees (MPAC) by 2019	31	31	30	-1	Tsantsabane MPAC not functional due to challenges with quorum
SOI 3:	District municipalities with functional Inter Governmental Relations Forums (IGR) by 2019	4	5	5		
Sub-Programme: Municipal Improvement coordination, Performance and Valuations						
SO: Sound administrative governance within 31 municipalities by 2019						
SOI 1:	Support and coordinate municipal management improvement plans (LGMIMs) and Back to Basics approach by 2019	New	10	4	-6	National decision to focus on the 27 nodal district municipalities in the country, hence we only supported JTG.
SOI 2:	Support and coordinate the valuation of properties in municipalities by 2019	New	31	31		
SOI 3:	Improve municipal performance monitoring, evaluation and reporting by 2019	24 with PMS in place	31	31		
Sub-Programme: Municipal Infrastructure Development						
SO: Members of the society have sustainable and reliable access to basic services by 2019						
SOI 1:	Percentage of households with access to basic water by 2019	94%	90%	96%	+6%	Projects were well-managed, resulting in more households benefitting.
SOI 2:	Percentage of households with access to basic sanitation by 2019	86%	90%	82%	-8%	Projects were not managed as expected, resulting in delays.
SOI 3:	Percentage of households with access to basic electricity by 2019	89,4%	90%	91,8%	+1,8%	Projects were well-managed, resulting in more households benefitting.
SOI 4:	Percentage of households with access to basic refuse removal by 2019	65%	72%	69%	-3%	Municipal refuse removal in rural areas is not meeting the requirements.

Sub-Programme: Municipal Public Participation						
SO: Enhanced community participation at local level to strengthen relations between local government and the community by 2019						
SOI 1:	Local municipalities implementing Community Work Programmes by 2019	24 municipalities (CWP)	18	26	+8	CWP were rolled out to all local municipalities.
SOI 2:	Municipalities with functional ward committees by 2019	9 functional ward committees	31	13	-18	Some municipalities experienced challenges establishing ward committees with ward operational plans.
Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Municipal Planning						
SO: Municipalities with development planning capacity and credible sector plans by 2019						
SOI 1:	Municipalities with legally compliant IDPs by 2019	31 municipalities with legally compliant IDPs	31	31		
Sub-Programme: Municipal Finance						
SO: Sound financial governance within 31 municipalities by 2019						
SOI 1:	Municipalities with sound financial management by 2019	31 with sound financial management	31	5	-26	Provincial Treasury preforms these functions.

Performance indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Municipal Governance					
Number of municipalities supported to comply with MSA regulations (Sub-outcome 3, Action 6)	13	14	31	+17	A large number of Employment Contracts of Municipal Managers ended in August 2017, and Municipalities were assisted with transitional arrangements. A number of Senior manager posts were filled after the Local Government Elections as well.
Number of capacity building interventions conducted in municipalities (Sub-outcome 3)	20	8	13	+5	Intensive interventions by various service providers, e.g. SALGA, Provincial Treasury, and University of Stellenbosch, resulted in the over-achievement.
Number of municipalities supported to roll-out the gender policy framework	31	8	6	-2	Two of the targeted municipalities reached their 50/50 representation and therefore did not require support.
Number of reports produced on the extent to which municipalities comply with the implementation of Anti-corruption measures (Sub-outcome 3)	4	4	3	-1	No report submitted in Qrt 1.
Number of reports on fraud, corruption and	4	4	4		

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Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
maladministration cases reported and investigated (Sub-outcome 3)					
Sub-Programme: Municipal Improvement coordination, Performance and Valuations					
Report on implementation of Back to Basics support plans by municipalities (Sub-outcome 1)	4	4	3	-1	No report submitted in Qrt 1. Reports submitted on activities performed during Qrt 3.
Number of municipalities guided to comply with MPRA by target date (Sub-outcome 3)	1	8	31	+23	Monitored all local municipalities on a continuous basis to improve on compliance with MPRA.
Number of municipal performance reports compiled as per the requirements of Section 47 of the MSA	0	1	1		
Number of municipalities supported to institutionalize performance management system (PMS)	24	14	12	-2	Although 28 municipalities were supported in total, only 12 of the targeted municipalities were achieved.
Sub-Programme: Municipal Infrastructure Development					
Number of municipalities supported with service delivery programmes	26	26	26		
Number of municipalities supported to implement indigent policies (Sub-outcome 1)	4	14	22	+8	More municipalities supported due to high non-compliance
Number of households benefiting from the provision of free basic services	823	120 h/holds	325	+205	Nama Khoi Municipality had an indigent drive and the municipality improved on their recruitment processes, hence they are now reaching more indigents.
Sub-Programme: Municipal Public Participation					
Number of municipalities supported to implement Local Economic Development projects in line with updated LED strategies (Sub-outcome 4)	13	26	8	-18	Support was provided according to the target set by Dept. of Economic Development and Tourism. Their target differs from the set APP target.
Number of municipalities supported to implement the Red Tape reduction programme (Sub-outcome 4)	19	8	0	-8	Dept. of Economic Development and Tourism performs these functions.
Number of work opportunities created through the CWP in municipalities	15179	21 000	19 358	-1 642	Obstacles during the recruitment drive due to no banking services in the rural areas and slow capturing of recruited participants on management information systems. Absenteeism of participants. Fluctuation of participants who join better paying projects/temporary jobs
Number of Employment Opportunities created for young people	New	6037	9 765	+3 728	More youths returned to the programme during the festive season.
Number of ward committees supported on implementation of ward operational plans (Sub-outcome 2)	7	56	20	-36	Although 62 ward committees were supported in total, only 20 ward committees in targeted municipalities were achieved.
Number of municipalities supported on the development	2	8	5	-3	Although 11 ward committees were supported in total, only 5

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
of ward level database with community concerns and remedial actions produced (Sub-outcome 2)					targeted municipalities were achieved.
Report on the number of community report back meetings convened by Councillors in each ward (Sub-outcome 2)	3	4	4		
Sub-Programme: Municipal Planning					
Number of municipalities supported with development of legally compliant IDP (Sub-outcome 1)	31	31	31		
Number of municipalities supported with the implementation of SPLUMA	31	31	29	-2	Kamiesberg and Richtersveld Municipalities did not attend training - possibly due to distance and/or lack of capacity.
Number of municipalities supported with functional municipal disaster management centres	5	5	5		
Provincial Fire Brigade Services established by target date	0	1	0	-1	The unit did not appoint a senior fire services officer due to budgetary constraints.
Sub-Programme: Municipal Finance					
Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	9	11	3	-8	These functions are performed by Provincial Treasury.
Number of municipalities with functional audit committees	6	14	4	-10	
Number of municipalities monitored on implementation of audit response plans based on the 2015/16 audit outcomes (Sub-outcome 3)	3	14	0	-14	

Strategy to overcome areas of under performance

Vacant posts must be filled, and employees must be provided with tools of trade.

Changes to planned targets

There were no changes to the planned targets.

Linking performance with budgets

Please refer to the organisational environment and service delivery environment as well as the appropriation statement for further information.

Sub-programme expenditure

Sub- Programme Name	2016/2017			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Local Governance	105 383	103 828	1 555	97 888	85 598	12 290
Development & Planning	19 242	16 780	2 462	25 218	15 192	10 026
Total	124 625	120 608	4 017	123 106	100 790	22 316

4.4 Programme 4: Traditional Affairs

Purpose

The purpose of Programme 4 is to manage and support traditional leadership institutions. Traditional Affairs Directorate coordinates governance within traditional institutions through implementation of appropriate policies, systems and regulatory frameworks, enhancement of organisational efficiency and effectiveness, establishment of capacity development systems and partnership models, undertaking research and development on related matters as well as monitoring and evaluation of performance of traditional structures.

Description

The main focus of the programme is to give support to traditional leadership structures in the province. All the eight recognized traditional leaders are based at John Taolo Gaetsewe district. There are two houses of traditional leaders, namely John Taolo Gaetsewe Local House of Traditional Leaders and Provincial House of Traditional Leaders, which is based in Kimberley. Traditional Leaders serve as the custodians of traditions, customs and culture of their constituent communities and communal land. Traditional councils are responsible for the overall leadership and management of affairs of individual areas of jurisdiction under traditional leaders. Traditional councils are by law constituted by sixty percent of the councillors appointed by the senior traditional leader and forty percent elected councillors by the community to represent them in these structures. Financial administration of any funds donated or allocated to the respective traditional councils is the responsibility of such a council and their administrative staffs keeps records of all transactions in this regard. The Directorate is responsible for the overall management of these funds. The mandate of the Provincial and Local Houses of Traditional Leaders is to advise the Provincial Government on customary law, traditions, customs and culture, as well as preserve and promote indigenous knowledge systems and heritage. With the Khoi-San representatives co-opted and participating fully in the Provincial House of Traditional Leaders since the 1st of April 2000, the Northern Cape has recorded a historic milestone equal to none.

Sub-programmes

- Traditional Leadership and Institutional Support
- Secretariat of Houses of Traditional Leaders and Management
- Community Development , Partnership and Capacity Building
- Research, Policy and Legislation Development

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
SO: Build good governance and sound administration within the institution of traditional leadership and its stakeholders by 2019						
SOI 1:	Functional traditional leadership structures by 2019	8	8	8		

Performance indicators

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Traditional Leadership and Institutional Support					
Number of traditional councils supported on administration and financial management	8	8	8		
Number of engagement sessions between the Provincial and Local Houses of Traditional Leaders	0	4	2	-2	Due to the non-functionality of the Houses no engagement sessions took place.

Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-Programme: Secretariat of Houses of Traditional Leaders and Management					
Number of activities of the Provincial House of Traditional Leaders in compliance with Act 2 of 2007	14	12	10	-2	Due to the reconstitution of the Local House and Provincial House no activities could take place
Number of reports on structured engagements between ward committees and traditional councils	4	4	4		
Sub-Programme: Community Development , Partnership and Capacity Building					
Number of reports on initiatives to promote social development of traditional communities	5	4	4		
Number of capacity building programmes provided to the institution of Traditional Leadership	4	4	5	+1	The Commission on Gender Equality chose to host this additional capacity building session during Women's Month
Sub-Programme: Research, Policy and Legislation Development					
Number of reports submitted on Traditional Leadership disputes or claims attended to	New	4	4		

Strategy to overcome areas of under performance

The Local and Provincial Houses were reconstituted and an annual plan was developed. The former MEC instructed the HOD to meet with the Provincial and Local Houses in Kuruman. The purpose of this meeting was to remind the Houses of their roles and functions and highlighted the importance of complying with relevant legislation. Since then the engagement sessions between the two Houses are taking place.

Changes to planned targets

There were no changes to the planned targets.

Linking performance with budgets

Traditional Affairs were allocated a budget of R18 880 000. Actual expenditure for the financial year amounted to R17 863 000 which amounts to a saving of R1 017 000. The reasons for the saving in the budget are mainly because of the delay in filling of vacant headman-ship positions and non-filling of critical posts in the Directorate.

Sub-programme expenditure

Sub- Programme Name	2016/2017			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Traditional Affairs	20 016	17 828	2 188	18 880	17 863	1 017
Total	20 016	17 828	2 188	18 880	17 863	1 017

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Property Description	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Housing Development Agency (HDA)	To acquire and release state, public and privately owned land and landed properties for sustainable human settlement development	Kalahari Gholf en Jag Landgoed 775 portions 2	R 2 720 000,00	R 2 720 000,00	Property Transferred to the Municipality. Title Deed was issued
		Erf 635 De Aar , Emthanjeni LM	R 204 000,00	R 204 000,00	Property Transferred to the H D A for holding on behalf of the municipality. Title has been issued
		Portion 12 of the farm Pensfontein 449, Tsantsabane LM	R 1 700 000,00	R 1 700 000,00	Property Transferred to the Municipality. Title Deed was issued

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period **1 April 2017 to 31 March 2018**.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity
N/A					

The table below reflects the transfer payments budgeted for in the period **1 April 2017 to 31 March 2018**, but the Department made no transfer payments.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
N/A				

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the department.

Conditional Grant: Disaster Management Grant

Department which transferred the grant	Cooperative Governance, Human Settlements and Traditional Affairs
Purpose of the grant	To enhance municipalities' capacity to deal with disasters and fire incidents
Expected outputs of the grant	Improve response time to deal with disasters, to enhance functionality of disaster units in municipality's emergency. Reduce domestic and veld fire incidents
Actual outputs achieved	Reviewing of the disaster management plans, education, training and awareness campaign plans, disaster management and fire services equipment for DDC
Amount per amended DORA	R1 750 000
Amount received (R'000)	R1 750
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R1 750
Reasons for the funds unspent by the entity	None
Reasons for deviations on performance	None
Measures taken to improve performance	Writing letters signed by the HOD to encourage municipalities to adhere to DORA and also to increase their spending capacity
Monitoring mechanism by the receiving department	Submission of business plans, expenditure reports to substantiate the request and invoices as proof of expenditure

6.2 Conditional grants and earmarked funds received

The table/s below details the conditional grants and ear marked funds received during for the period **1 April 2017 to 31 March 2018**.

Conditional Grant 1: Human Settlements Development Grant

Department which transferred the grant	Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	Number of serviced sites to be completed. Number of housing units completed. Number of title deeds issued or properties transferred.
Actual outputs achieved	Sites serviced 555 Houses Built 814
Amount per amended DORA	R502 668 000
Amount received (R'000)	R511 642
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R479 238
Reasons for the funds unspent by the entity	Invoices received after the cut-off date.
Monitoring mechanism by the receiving department	A compliance certificate signed by Municipal Manager.

Conditional Grant 2: Extended Public Works Programme

Department which transferred the grant	Public Works
Purpose of the grant	To increase the labour intensity of government-funded infrastructure construction and maintenance projects through the use of labour-intensive methods
Expected outputs of the grant	To create work for the EPWP target group; defined as: local, unemployed, low or unskilled labour and such work must comply with the stipulations in the Ministerial Determination
Actual outputs achieved	463 Work opportunities
Amount per amended DORA	R2 000 000
Amount received (R'000)	R2 000
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R2 000
Reasons for the funds unspent by the entity	None
Monitoring mechanism by the receiving department	Submission of monthly labour stats by all contractors

7. DONOR FUNDS

7.1 Donor Funds Received

The Department has not received any donor funding during the 2017/2018 financial year.

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

The Department has no capital investments or maintenance and asset management plan.

PART C

GOVERNANCE



1. INTRODUCTION

The Department of Cooperative Governance, Human Settlements and Traditional Affairs commits to upholding good corporate governance as espoused in the King III report and the Public Finance Management Act. We strive to promote good management practices in the areas of Risk Management, Fraud Prevention, Ethics, Procurement and Good Governance as well as to safeguard the department against any kind of misconduct or fraud.

2. RISK MANAGEMENT

Section 38(1)(a)(i) of the PFMA requires the Accounting Officer to ensure that the institution has and maintain effective, efficient and transparent systems of risk management. The Public Sector Risk Management Framework gives effect to this section and provide inter alia for processes of Risk Management.

The unit conducted the 2017/2018 annual risk assessment as well as quarterly risk reviews to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

Quarterly Risk Management Committee (RMC) meetings as per the RMC charter were being conducted to discuss the outcomes of the risk assessment and -reviews and to advice management on the overall system of risk management and the mitigation of unacceptable levels of risk. A risk mitigation plan has also been developed and was updated quarterly after each risk review session. All senior managers also served on the RMC, which gives them greater insight into the risks facing the department.

A functional Audit Committee serves the Department at least four times a year and a standing agenda item for the audit committee meetings is risk management. Risk management includes the changes on the Risk register and reports and they are being discussed in detail by the audit committee and management are required to report back on recommendations made by the audit committee.

Risk Management Champions has been appointed in each programme and they are adding value to the Risk Management process by providing guidance and support to manage the problematic risks and risks of traversal nature that require a multiple participant approach.

3. FRAUD AND CORRUPTION

The Department has an approved fraud and anti-corruption policy and strategy in place, which is further supplemented by a fraud and anti-corruption plan with planned action and clearly defined outcomes. The plan also provides for mechanisms to report fraud and corruption. The Department also has a whistle blowing policy in place.

The Department however does not have a dedicated unit responsible for these functions, and activities cuts across the Internal Inspectorate and Labour Relations units.

4. MINIMISING CONFLICT OF INTEREST

All officials in the Financial Management Chief Directorate are required to declare any interest on the Declaration of Financial Disclosure forms, as well as Senior Managers, Deputy Directors and OSD officials. These officials are further subjected to vetting and security clearance.

5. CODE OF CONDUCT

The need exists to provide guidelines to employees with regard to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

In order to give practical effect to Chapter 10 of the Constitution of South African, which requires a Public Service that is:

- Governed by the democratic values and principles of the Constitution;
- maintaining and promoting a high standard of professional ethics;
- promoting efficient, economic and effective use of resources;
- orientated towards development;
- delivering services impartially, fairly, equitably and without bias;
- responding to people's needs and encouraging public participation in policy matters;
- accountable for its actions;
- transparent by providing the public with timely, accessible and accurate information;
- cultivating good human resource management and career development practices to maximize human potential;
- broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past;
- the Department is adhering to the Public Service Code of Conduct.

The Code acts as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the Public Service.

The purpose of this Code of Conduct is:

- To serve as a brief description of the Department's core values - equity, integrity, development, team work, accountability and efficiency;
- To provide a framework for identifying conduct that is ethical and acceptable for the employees and officials of the Department who act as its agents at all levels.
- To create a context for the ethical use of authority, to support all efforts aimed at curbing moral degeneration.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department complies with all the regulations as per the Occupational Health and Safety Act.

7. PORTFOLIO COMMITTEES

Recommendation	Department's response
Annual Report 2016/2017	
That the Department must plan its targets in a manner that will ensure proper achievements.	<i>The Department notes the recommendation and will adhere to it in future.</i>
The Department must ensure that consequence management is implemented in cases of fruitless and wasteful, irregular or unauthorised expenditure.	<i>The financial misconduct committee has been establish and during November 2017. To date, one meeting were held during December 2017, to endorsed the terms of reference of the committee for HOD's approval. This committee consists of senior managers in the department, who will assist in implementing consequence management.</i>
The Department must plan adequately to develop a Disaster Management Plan and a functional Disaster Management Centre.	<i>The services of a provider are currently being procured for the development of a Disaster Management Plan and Framework. A functional Disaster Management Centre will be achieved once the Head of the Centre, vacant positions have been filled and the necessary equipment procured.</i>
The MEC must ensure that the Accounting Officer enters into written performance agreements with both Senior Managers and Middle Management.	<i>The Department takes note of this recommendation. During the 2016/2017 financial year nineteen (19) out of twenty four (24) SMS submitted performance Agreements. Eighteen (18) SMS were awarded cash bonuses and pay progression and one (1) SMS received pay progression only. Five (5) SMS members did not comply and warning letters were issued to two (2) SMS members for not complying. Three (3) of the five (5) SMS members are appointed on contract and did not enter into</i>

Recommendation	Department's response																																	
	<i>performance agreements, no steps were taken against them. As per the EPMDS policy, an individual automatically disqualify him or herself from the EPMDS process if a performance agreement is not received or captured on PERSAL. This means that no incentives were paid out to the non-complying individuals</i>																																	
The Department must ensure that skills are transferred to departmental staff and municipalities when consultants are hired.	<i>The Department takes note of the recommendation made by the Committee, however, it must be noted that skills can only be transferred to warm bodies and the necessary qualified officials in the Department. The PMU fills a void left by a skills gap and therefore cannot transfer skills to officials.</i>																																	
The Department must ensure that they address and implement Portfolio Committee and SCOPA Resolutions and just report back.	<i>The Department notes the recommendation and will adhere to it in future.</i>																																	
The Department must adhere to the precincts of the PFMA by ensuring service providers are paid within 30 days.	<i>The department made good progress in paying service providers within 30 days. Improved internal control systems such as a tracking system were developed to monitor it closely. A dedicated official has been task to ensure all invoices received', must be handled immediately and sent to finance for processing</i>																																	
The Department must prioritise the achievement of targets in Risk Management.	<i>The Department notes the recommendation and will adhere to it in future.</i>																																	
The Department must fill Senior Management positions in order to bring stability within the Department.	<i>The Department notes the recommendation relating to filling of Senior Management positions, however, the department has a challenge of filling all vacant posts due to the moratorium on filling of posts. The Department has previously requested approval to fill all scarce skills as well as senior management positions from Office of the Premier through Provincial Treasury, and both requests where declined due to failure to demonstrate that funds are available for such posts.</i>																																	
The Department be capacitated to effectively spent grant funding and implement water and sanitation projects.	<i>The MISA has appointed additional engineers who are experts in Civil and Electrical Engineering, Project and Construction Management, Town and Regional Planning, Financial Management and Governance and Administration to assist the municipalities with the MIG expenditure and the implementation of projects. The support of the experts will go beyond acceleration of expenditure and implementation of projects to focus on strengthening internal capacity by identifying and closing capacity gaps at individual and institutional levels. The experts will focus on the following municipalities but also assist with the other municipalities:</i> <table border="1"><tr><td rowspan="5">Northern Cape</td><td rowspan="3">Team 12</td><td>Pixley Ka Seme</td><td>Kareeberg</td><td>October</td><td rowspan="5">Mr Henri Marais Henri.marais@misa.gov.za 0720167849</td></tr><tr><td></td><td>Thembuland</td><td>May</td></tr><tr><td></td><td>Siyancuma</td><td>May</td></tr><tr><td></td><td>Renosterberg</td><td>October</td></tr><tr><td></td><td></td><td></td></tr><tr><td rowspan="3">Team 13</td><td>ZF Mgcawu</td><td>Tsoelike</td><td>October</td></tr><tr><td></td><td>Dawid Kruiper</td><td>October</td></tr><tr><td></td><td>Gamagara</td><td>May</td></tr><tr><td></td><td>Sub-total</td><td>2</td><td>7</td><td></td></tr></table>	Northern Cape	Team 12	Pixley Ka Seme	Kareeberg	October	Mr Henri Marais Henri.marais@misa.gov.za 0720167849		Thembuland	May		Siyancuma	May		Renosterberg	October				Team 13	ZF Mgcawu	Tsoelike	October		Dawid Kruiper	October		Gamagara	May		Sub-total	2	7	
Northern Cape	Team 12			Pixley Ka Seme	Kareeberg	October		Mr Henri Marais Henri.marais@misa.gov.za 0720167849																										
					Thembuland	May																												
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		Dawid Kruiper	October																															
		Gamagara	May																															
	Sub-total	2	7																															
Budget 2017/2018																																		
Together with the MEC, engage and put measures in place to have grants spent appropriately to ensure sustainability of the Department.	<i>The Department takes note of the recommendation and will in future adhere to it.</i>																																	
Ensure that commitments from policy statements are adequately planned for.	<i>The Department takes note of the recommendation and will in future adhere to it.</i>																																	
Together with relevant stakeholders, develop an integrated plan to ensure effective implementation of the development of credible project pipelines at the targeted municipalities.	<i>Programme 2: Human Settlements is in the processes of consulting all key stakeholders to develop an integrated plan to effectively implement this key planning instrument in conjunction with other important planning instruments such the Integrated Development Plans, Spatial Development Frameworks, Provincial Growth and Development Strategy and Chapter 8 of the National Development Plan. Systems and</i>																																	

Recommendation	Department's response
	<i>procedures have already been developed to this effect. The project pipeline is already utilized to influence the Housing Development Grant Business Plan, Multi-year Housing Development Plan and Project Readiness Matrix that will be submitted to the National Department of Human Settlements for approval. Project proposals will be subjected and tested against the project pipeline before consideration for inclusion in the Housing Development Grant Business Plan, Multi-year Housing Development Plan and Project Readiness Matrix. It is anticipated that the plan will be completed by the end of the second quarter.</i>
Provide the underperforming municipalities with audit recovery plans in order for them to perform optimally.	<i>This function is with Provincial Treasury and is covered in the Memorandum of Understanding between COGHSTA and PT.</i>
Develop a clear plan in the 2017 2018 financial year to capacitate women to occupy Senior Management positions.	<i>A clear plan to capacitate women was already developed by the Department. Planned sessions for the Development of Woman and Persons with Disabilities has been indicated as per the action and implementation plans of the EHW unit on Gender Equality & Job Access Strategic Frameworks. Another group of female officials could be scheduled for training if the HRD unit's budget permits due to the costly nature of this intervention.</i>
Planning should be SMART compliant when spending the Human Settlements Development Grant for acquisition of land.	<i>Municipalities, through their IDP, identify the need for Housing and indicate the area for development. By means of this process, the Department identifies their need and investigations are done to determine the ownership of the land. If privately owned or State owned, the Department negotiates with the Land Owners for the acquisition of the land for the Municipality. These acquisitions are prioritised in terms of the funding received from National. The land is eventually transferred into the name of the respective Municipality for Human Settlements development. The Housing Development Agency assists the Department with the acquisition of land.</i>
Strengthen its capacity to enable municipalities to implement Spatial Development Frameworks and IDPs.	<p><i>Spatial Planning unit has appointed two professional planners on contract basis since April 2016. The professional planners are working closely with GIS unit, which has two GIS professionals. Three admin officers support the unit. The unit is responsible for providing support and monitor the implementation of SPLUMA by all 31 Municipalities in the province.</i></p> <p><i>The Deputy Director who is also the IDP Provincial Coordinator heads the IDP unit; the provincial coordinator is currently working with two Assistant Directors and four administrative personnel. During 2016/17, the unit lost two Assistant Directors due to transfer and resignation. Currently, the two Assistant Directors as well as the Provincial coordinator are allocated to Regions. Mr. Masilo is servicing ZF Mgcau District, Mr. Molusi is servicing Frances Baard and JTG District and the Provincial Coordinator on top of her managerial duties, is servicing Pixley Ka Seme District. Namakwa District is serviced by COGHSTA regional office in Namakwa. Admin personnel are also allocated according to regions in order to provide admin support to Assistant Directors.</i></p>
1st Quarter	
That the Department must ensure that correct performance information is available to determine its set targets.	<i>The Department takes cognisance of this recommendation and has adhered to it in the setting of targets in its reviewed APP for 2018 2019.</i>
The Department must improve its coordination and monitoring with municipalities so that support	<i>The Department takes cognisance of this recommendation and will adhere to it in future.</i>

Recommendation	Department's response
services provided to municipalities are utilised effectively.	
The Department must assist the municipalities to expedite the filling of vacant funded senior management positions.	<i>The Department takes cognisance of this recommendation and has already started to implement it by incorporating it as part of the APP 2018 2019 – performance indicator 1 of Programme 3.</i>

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1.	Recurring audit findings	The Department must improve and address recurring audit findings raised by the Auditor General and work towards achieving a clean audit.	The Department notes the recommendation and has already started to address these issues to prevent it from recurring.	Yes
2.	Irregular, wasteful, fruitless and unauthorised expenditure	The Accounting Officer must investigate and hold officials accountable for irregular, wasteful, fruitless and unauthorised expenditure.	The Department notes the recommendation and has already established a Committee to deal with these matters as and when they do occur.	Yes

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
N/A		

10. INTERNAL CONTROL UNIT

A need to assess the control environment within the Department arose because of the recurring findings from the Auditor General and Internal Audit.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

11.1 Internal audit

The department's internal audit function is performed by the Shared Provincial Internal Audit Unit which fulfils an independent assurance function. The internal audit unit follows a risk-based audit approach in providing management and the audit committee with assurance on the adequacy and effectiveness of governance, risk management and internal control processes. The internal audit unit is guided by an Internal Audit Charter approved by the Audit Committee and performs its functions as provided in the Public Finance Management Act (PFMA) and the internal audit charter.

The internal audit unit compiles a rolling three year risk-based plan and prepares an annual plan after taking into consideration the risks facing the entity, strategic objectives, the entity's mandate, audit issues and inputs by management. The audit committee approves the Internal Audit Plan for implementation.

The internal audit reviews performed for the financial year under year, were all in line with the approved annual audit plan and are detailed in the Audit Committee annual report.

Internal audit findings were communicated timely and management implemented measures to mitigate the risks. Significant matters identified during the audit were reported to the Audit Committee.

11.2 Audit Committee

Throughout the year under review, the Audit Committee operated in terms of an approved Audit Committee Charter, which was the committee's approved terms of reference. The committee comprise of three external members and two internal audit committee members, all of who are not employed by the department.

The Audit Committee has, as part of its oversight responsibility on a quarterly basis, followed up on audit findings to ensure that issues raised were addressed timely.

Further information relating to the Audit Committee, as required by the PFMA and Treasury Regulations is included in the Audit Committee's Report, which is incorporated in the annual report of the entity.

The names of the members of the audit committee as well as the number of meetings attended by the members are tabulated below:

Name	Qualifications	Internal or external	If internal, position in a department	Date appointed	Date Resigned	No. of Meetings attended
Mr Zola Luxolo Fihlani	M. Comm, CA (SA)	Chairperson - External member	N/A	1/01/2015 – 30/11/2017	N/A	5 out of 5
Mr Kgoale Maja	Master's in Business Leadership (MBL)	External member	N/A	1/01/2015 – 30/11/2017	N/A	5 out of 5
Mr Mava Dada	CA (SA)	External member	N/A	1/01/2015 – 30/11/2017	N/A	2 out of 5
Ms Philia Potgieter	Advanced programme in Supply Chain Management certificate; B Administration degree	Internal member	Chief Director: Provincial Treasury	1/01/2015 – 30/11/2017	N/A	4 out of 5
Mr Darryl Christians	Master's in Business Administration (MBA)	Internal member	Chief Director: Economic Development	1/01/2015 – 30/11/2017	N/A	2 out of 5

12. AUDIT COMMITTEE REPORT

12.1 REPORT OF THE AUDIT COMMITTEE FOR 2017/18

We are pleased to present our report for the financial year ended 31 March 2018. The Audit Committee has been functional throughout the financial year. The committee's term lapsed 30 November 2017 and the new committee was appointed effective 1 December 2017.

12.2 AUDIT COMMITTEE RESPONSIBILITY

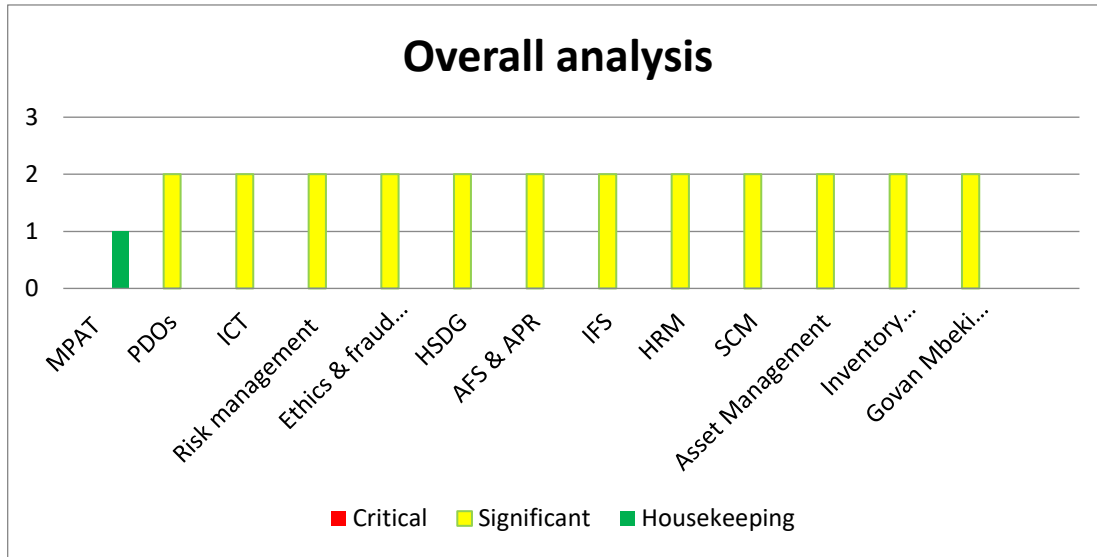
The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and has discharged all its responsibilities.

12.3 THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT

The Department has and maintains an Internal Control unit responsible for management of internal controls within the Department.

The Audit Committee is satisfied as to effectiveness of internal audit function during the year and that the internal audit activity has to a large extent addressed the risks pertinent to the Department. Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department revealed certain weaknesses, which were then raised with the Department.

12.3.1 The following internal audit work was completed during the year under review, based on the internal audit plan 2016/2017:



Human Settlement Development Grant as well as irregular expenditure remains areas of concern.

Management has however developed a pragmatic action plan to address the above issues within a reasonable time period. The Audit Committee monitored the implementation of the plan during the quarterly audit committee meetings and is partially satisfied with the implementation of its recommendations.

The Internal Audit activity also maintains combined assurance framework and plan which were developed in collaboration with the departmental risk management and Auditor General. The plan has been useful in ensuring that assurance is placed at all high risks by various assurance providers.

12.4 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Audit Committee satisfied itself of the expertise, resources and experience of the departments finance function.

The Department has been reporting monthly and quarterly to Provincial Treasury as is required by the PFMA. We had engagements with the Department's management to provide clarity on completeness and quality of the monthly and quarterly reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the Audit Committee.

12.5 EVALUATION OF FINANCIAL STATEMENTS

12.5.1 The Audit Committee reviewed the financial statements for the year ended 31 March 2018 at a meeting which took place 30 May 2018. In addition the Audit Committee reviewed the draft Annual Report of the Department.

12.5.2 The Audit Committee reviewed the Department's compliance with legal and regulatory provisions during the quarterly audit committee meetings and management was directed to implement remedial measures where instances of non-compliance are noted.

12.5.3 The Audit Committee also reviewed quarterly financial and 6 monthly Interim Financial Statements as presented to it by IA and management. It interrogated monthly IYM on expenditure as well as status of payment of accruals and commitments. Status of clearing irregular expenditure by the department was monitored throughout the year.

12.6 MEETING WITH MEMBER OF THE EXECUTIVE COUNCIL

The Audit Committee met with the MEC for Cooperative governance human settlements and traditional affairs on 23 July 2018 to discuss matters of outmost importance to the committee and department. The Committee appreciates commitment and support from the office of the MEC to ensure that the Committee as well the department fulfil its obligations.

12.7 AUDITOR-GENERAL SOUTH AFRICA

We have reviewed the Department's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The audit committee met with representatives from the Office of the Auditor-General South Africa during the year and discussed issues of mutual concern and ensured that there are no unresolved issues.

The Audit Committee reviewed the audit and management reports for the audit of 2017/18 annual financial statements in a meeting held 23 July 2018. The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



K. Maja
Chairperson of the Audit Committee
Northern Cape Department of Corporative Governance Human Settlements and Traditional Affairs

Date: 23 July 2018

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The Minister for the Public Service and Administration has prescribed the information contained in this part of the annual report for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

Content staff is productive staff. The Department wants to remain the employer of choice by taking care of their most important resource namely the staff through training, skills development, performance rewards and the provision of tools of trade.

The Department has appointed forty two (42) new officials. The breakdown thereof is 23 permanent, 12 contract and 7 politically appointed officials i.e. traditional leadership.

330 Performance Agreements were submitted by officials on levels 1-12. There were 18 Senior Managers who submitted their performance agreements, including the Head of Department. 1 warning letter was issued to the non-compliant SMS member.

A total amount of R2,96 million was paid out towards performance rewards and R650 thousand was paid for pay progression.

There were two arbitration cases that were won in favour of the department. A total of 15 grievance cases were finalised by the Department. One staff member who was dismissed took the department to the CCMA and the CCMA ruled in the department's favour.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarize the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	113 745	88 472	0	0	78	117
Cooperative Governance	100 790	87 510	0	0	87	116
Human Settlements	573 750	61 995	0	0	11	81
Traditional Affairs	17 863	15 723	0	0	88	20
Total as on Financial System (BAS)	806 148	253 700	0	0	32	334

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Abnormal Appointment	1 313	1	14	93 786
Contract (Levels 13-16)	5 098	2	4	1 274 500
Contract (Levels 3-5)	930	0	2	465 000
Contract (Levels 6-8)	1 715	1	5	343 000
Contract (Levels 9-12)	7 914	3	14	565 286
Highly skilled production (Levels 6-8)	132 865	52	421	315 594
Highly skilled supervision (Levels 9-12)	62 763	24	102	615 324

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	3 118	1	34	91 706
Periodical Remunerations	2 073	1	97	21 371
Senior management (Levels 13-16)	24 477	10	21	1 165 571
Skilled (Levels 3-5)	11 434	4	43	265 907
Total	253 700	99	757	335 139

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 to 31 March 2018

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	74 125	83	0	0	3 226	4	3 910	4
Cooperative Governance	68 156	80	0	0	3 545	4	5 657	7
Human Settlements	53 962	81	0	0	2 020	3	3 313	5
Traditional Affairs	13 678	88	0	0	259	2	529	3
Total	209 921	82	0	0	9 049	4	13 409	5

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Abnormal Appointment	1 313	100	0	0	0	0	0	0
Contract (Levels 13-16)	5 097	100	0	0	0	0	0	0
Contract (Levels 3-5)	929	100	0	0	0	0	0	0
Contract (Levels 6-8)	1 714	100	0	0	0	0	0	0
Contract (Levels 9-12)	7 842	98	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	105 807	79	0	0	5 703	4	9 816	7
Highly skilled supervision (Levels 9-12)	52 480	82	0	0	1 493	2	2 212	4
Lower skilled (Levels 1-2)	2 889	93	0	0	55	2	67	2
Senior management (Levels 13-16)	21 083	83	0	0	1 173	5	225	1
Skilled (Levels 3-5)	8 693	76	0	0	625	5	1 090	10
Total	209 921	82	0	0	9 049	4	13 409	5

3.2 Employment and Vacancies

The tables in this section summarize the position with regard to employment and vacancies.

The following tables summarize the number of posts on the establishment, the number of employees, the vacancy rate, and whether there is any staff that is additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of vacant (not filled) posts.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	225	198	12	6
Cooperative Governance	269	254	5.6	3
Human Settlement	165	146	11.5	4
Traditional Affairs	51	48	5.9	2
Total	710	646	9	15

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Contract (Levels 13-16)	4	4	0	1
Contract (Levels 3-5)	2	2	0	1
Contract (Levels 6-8)	5	5	0	3
Contract (Levels 9-12)	14	14	0	8
Highly skilled production (Levels 6-8)	446	421	5.60	1
Highly skilled supervision (Levels 9-12)	129	102	20.9	0
Lower skilled (Levels 1-2)	36	34	5.6	1
Senior and Top management (Levels 13-16)	25	21	16	0
Skilled (Levels 3-5)	49	43	12.2	0
Total	710	646	9	15

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	129	109	15.50	6
All Artisans in the Building Metal Machinery etc.	1	1	0.00	0
Appraisers-Valuers and Related Professionals	0	0	0	0
Architects Town and Traffic Planners	2	2	0.00	0
Cartographic Surveying and Related Technicians	2	2	0.00	0
Cleaners in Offices Workshops Hospitals etc.	19	19	0.00	0
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	5	4	20.00	0
Communication and Information Related	1	1	0.00	0
Community Development Workers	12	10	16.70	0
Engineering Sciences Related	1	1	0.00	0
Engineers and Related Professionals	4	2	50.00	2
Finance and Economics Related	5	4	20.00	0
Financial and Related Professionals	8	4	50.00	0
Financial Clerks and Credit Controllers	37	32	13.50	1
Food Services Aids and Waiters	3	3	0.00	0
General Legal Administration & Related Professionals	1	1	0.00	1
Human Resources & Organisational Development & Related Professionals	1	1	0.00	0
Human Resources Clerks	2	1	50.00	0
Human Resources Related	25	24	4.00	0
Information Technology Related	2	2	0.00	0
Inspectors of Apprentices Works and Vehicles	14	13	7.10	2
Legal Related	2	2	0.00	0
Library Mail and Related Clerks	10	7	30.00	0
Logistical Support Personnel	5	4	20.00	0
Material-Recording and Transport Clerks	3	3	0.00	0
Messengers Porters and Deliverers	8	7	12.50	0
Other Administrative & Related Clerks and Organisers	260	253	2.70	0
Other Administrative Policy and Related Officers	65	62	4.60	0
Other Information Technology Personnel	4	4	0.00	0
Other Occupations	28	26	7.10	2
Risk Management and Security Services	3	3	0.00	0
Secretaries & Other Keyboard Operating Clerks	18	14	22.20	0
Security Officers	1	1	0.00	0
Senior Managers	25	21	16.00	1

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Trade Quality Controllers	4	3	25.00	0
Total	710	646	9.00	15

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100%	0	0
Salary Level 15	1	1	100%	0	0
Salary Level 14	4	2	50%	2	50%
Salary Level 13	19	15	78.94%	4	21.05%
Total	25	19	76%	6	24%

Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100%	0	0
Salary Level 15	1	1	100%	0	0
Salary Level 14	4	2	50%	2	50%
Salary Level 13	19	15	78.94	4	21.05%
Total	25	19	76%	6	24%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not advertised within six months
Submission to Provincial Treasury was declined due to over-expenditure on Compensation budget, hence posts could be neither advertised, nor filled.
Reasons for vacancies not filled within twelve months
Submission to Provincial Treasury was declined due to over-expenditure on Compensation budget, hence posts could be neither advertised, nor filled.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 to 31 March 2018

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
None

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarizes the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Contracts (Band A)	4	0	0	0	0	0	0
Contracts (Levels 3-5)	2	0	0	0	0	0	0
Contracts (Levels 6-8)	5	0	0	0	0	0	0
Contracts (Levels 9-12)	14	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	446	7	1.60	14	78.57	0	0
Highly skilled supervision (Levels 9-12)	129	0	0	6	100	0	0
Lower Skilled (Levels 1-2)	36	10	27.30	0	0	0	0
Senior Management Service Band A	18	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Skilled (Levels 3-5)	49	0	0	14	100	2	100
Total	710	17	2.40	34	91.18	2	100

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

The following table summarizes the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Line function	0	0	0	0
Support function	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarizes the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of employees at 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract Band A	6	0	1	16.7
Contracts (Levels 3-5)	10	2	9	90
Contracts (Levels 6-8)	4	3	3	75
Contracts (Levels 9-12)	10	7	5	50
Highly skilled production (Levels 6-8)	344	6	11	3.2
Highly skilled supervision (Levels 9-12)	75	1	3	4
Lower skilled (Levels 1-2)	24	15	3	12.5
Senior Management Service Bands A	15	0	0	0
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	0	0	0	0
Senior Management Service Bands D	1	0	1	100
Skilled (Levels 3-5)	150	8	2	1.3
Total	644	42	38	5.9

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Number of employees at 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	107	8	6	5.60
All Artisans in the Building Metal Machinery etc.	1	0	0	0.00
Appraisers-Valuers and Related Professionals	0	0	0	0
Architects Town and Traffic Planners	2	0	1	50.00
Cartographic Surveying and Related Technicians	2	0	0	0.00
Cleaners in Offices Workshops Hospitals etc.	9	10	0	0.00
Client Inform Clerks (Switchboard/Reception/Information Clerks)	5	2	1	20.00
Communication and Information Related	1	0	0	0.00
Community Development Workers	10	0	0	0.00
Engineering Sciences Related	1	0	0	0.00
Engineers and Related Professionals	1	1	0	0.00
Finance and Economics Related	4	0	0	0.00
Financial and Related Professionals	4	0	1	25.00
Financial Clerks and Credit Controllers	31	2	2	6.50
Food Services Aids and Waiters	3	0	0	0.00
General Legal Administration & Related Professionals	1	0	1	100.00
Human Resources & Organisational Development & Related Professions	1	0	0	0.00
Human Resources Clerks	2	0	0	0.00
Human Resources Related	25	0	0	0.00
Information Technology Related	2	0	0	0.00
Inspectors of Apprentices Works and Vehicles	11	2	0	0.00
Legal Related	2	0	0	0.00
Library Mail and Related Clerks	9	0	2	22.20
Logistical Support Personnel	5	0	1	20.00

Critical occupation	Number of employees at 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Material-Recording and Transport Clerks	4	0	1	25.00
Messengers Porters and Deliverers	7	1	2	28.60
Other Administrative & Related Clerks and Organisers	254	6	6	2.40
Other Administrative Policy and Related Officers	60	0	1	1.70
Other Information Technology Personnel	6	3	5	83.30
Other Occupations	27	6	6	22.20
Risk Management and Security Services	3	0	0	0.00
Secretaries & Other Keyboard Operating Clerks	16	0	0	0.00
Security Officer	1	0	0	0.00
Senior Managers	24	1	2	8.30
Trade Quality Controllers	3	0	0	0.00
Total	644	42	38	5.90

The table below identifies the major reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 to 31 March 2018

Termination Type	Number	% of Total Resignations
Death	1	2.6
Discharged due to ill-health	0	0
Dismissal (misconduct)	4	10.5
Expiry of contract	9	23.7
Resignation	21	55.3
Retirement	3	7.9
Total	38	100
Total number of employees who left as a % of total employment		

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employees at 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	107	1	0.90	81	75.70
All Artisans in the Building Metal Machinery etc.	1	0	0.00	1	100.00
Appraisers-Valuers and Related Professionals	0	0	0.00	0	0.00
Architects Town and Traffic Planners	2	0	0.00	0	0.00
Cartographic Surveying and Related Technicians	2	0	0.00	2	100.00
Cleaners in Offices Workshops Hospitals etc.	9	0	0.00	5	55.60
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	5	0	0.00	3	60.00
Communication and Information Related	1	0	0.00	1	100.00
Community Development Workers	10	0	0.00	9	90.00
Engineering Sciences Related	1	0	0.00	1	100.00
Engineering and Related Science	1	0	0.00	0	0.00
Finance and Economics Related	4	0	0.00	3	75.00
Financial and Related Professionals	4	0	0.00	4	100.00
Financial Clerks and Credit Controllers	31	0	0.00	25	80.60
Food Services Aids and Waiters	3	0	0.00	3	100.00
General Legal Administration & Related Professionals	1	0	0.00	0	0.00
Human Resources & Organisational Development & Related Professions	1	0	0.00	1	100.00
Human Resources Clerks	2	0	0.00	2	100.00
Human Resources Related	25	0	0.00	22	88.00
Information Technology Related	2	0	0.00	2	100.00
Inspectors of Apprentices Works and Vehicles	11	0	0.00	8	72.70
Legal Related	2	0	0.00	0	0.00
Library Mail and Related Clerks	9	0	0.00	5	55.60
Logistical Support Personnel	5	0	0.00	2	40.00

Occupation	Employees at 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Material-Recording and Transport Clerks	4	0	0.00	2	50.00
Messengers Porters and Deliverers	7	0	0.00	6	85.70
Other Administrative & Related Clerks and Organisers	254	2	0.80	192	75.60
Other Administrative Policy and Related Officers	60	1	1.70	45	75.00
Other Information Technology Personnel	6	0	0.00	0	0.00
Other Occupations	27	2	7.40	0	0.00
Risk Management and Security Services	3	0	0.00	3	100.00
Secretaries & Other Keyboard Operating Clerks	16	2	12.50	7	43.80
Security Officer	1	0	0.00	0	0.00
Senior Managers	24	1	4.20	12	50.00
Trade Quality Controllers	3	0	0.00	2	66.70
Total	644	9	1.40	449	69.70

Table 3.5.5 Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary Band	Employees at 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Contract (Levels 13-16)	6	1	16.7	1	16.7
Contract (Levels 3-5)	10	0	0	0	0
Contract (Levels 6-8)	4	0	0	1	25
Contract (Levels 9-12)	10	0	0	2	20
Highly Skilled Production (Levels 6-8)	344	5	1.5	322	93.6
Highly Skilled Supervision (Levels 9-12)	75	1	1.3	77	102.7
Lower Skilled (Levels 1-2)	24	0	0	1	4.2
Senior Management (Levels 13-16)	21	2	9.5	15	71.4
Skilled (Levels 3-5)	150	0	0	30	20
Total	644	9	1.4	449	69.7

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	82	50	1	0	102	75	0	4	314
Craft and related trades workers	5	4	0	3	3	2	0	0	17
Labourers and Related Workers	28	4	0	0	12	10	0	0	54
Professionals	10	8	0	2	29	6	0	1	56
Senior officials and managers	12	4	0	1	3	1	0	1	22
Service and sales workers	0	2	0	0	1	1	0	0	4
Technicians and associate professionals	59	19	1	4	63	24	0	6	176
Total	196	91	2	10	213	119	0	12	643

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management), Permanent	2	1	0	1	0	0	0	0	4
Contract (Professionally Qualified), Permanent	6	2	0	0	6	0	0	0	14
Contract (Skilled Technical), Permanent	2	0	0	0	2	1	0	0	5
Contract (Semi-Skilled), Permanent	1	1	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	38	12	0	7	24	16	0	5	102
Semi-skilled and discretionary decision making	19	2	0	0	16	5	0	1	43
Senior Management	11	2	0	0	3	2	0	1	19
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	96	70	2	2	159	87	0	5	421
Top Management	1	1	0	0	0	0	0	0	2
Unskilled and defined decision making	21	1	0	0	4	8	0	0	34
Total	197	92	2	10	214	119	0	12	646

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	2	0	0	3	0	0	0	12
Unskilled and defined decision making	3	0	0	0	1	6	0	0	10
Total	10	2	0	0	5	6	0	0	23
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi-skilled and discretionary decision making	2	1	0	0	3	0	0	0	6
Senior Management	1	1	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	14	6	0	0	4	2	0	0	26
Total	17	8	0	0	7	2	0	0	34
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	2	0	0	0	1	0	0	0	3
Written warning	13	1	0	0	3	0	0	0	17
Counselling and final written warning	1	0	0	0	0	1	0	0	2
Counselling and written warning	0	1	0	0	0	0	0	0	1
Dismissal	2	0	0	0	0	0	0	0	2
Final written warning & reimbursing the department	1	0	0	0	0	0	0	0	1
No disciplinary measures instituted against official due to lack of evidence	0	1	0	0	0	0	0	0	1
Final written warning and 1 month suspension without pay	1	0	0	0	0	0	0	0	1
Total	20	3	0	0	4	1	0	0	28

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	17	2	0	0	11	2	0	0	32
Legislators, senior officials and managers	24	9	0	2	16	6	0	0	57
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	94	15	3	2	45	18	0	5	182
Total	135	26	3	4	72	26	0	5	271
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2016

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 16	1	1	1	5.6%
Salary Level 15	1	1	1	5.6%
Salary Level 14	4	2	2	10.5%
Salary Level 13	19	15	14	73.6%
Total	25	19	18	94.7%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2016

Reasons
From the 24 SMS members only 5 did not submit. From the 5 SMS members 3 were appointed on contract (No Job Descriptions were assigned to these SMS members on contract), 1 was transferred from Treasury to the department and the remaining 1 SMS is permanently appointed in the EA's office. Warning letters were issued to 2 SMS Members.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2016

Reasons
Failure to comply was addressed through warning letters to SMS members. No further action was taken in this regard. Report of the non-compliance was drafted and submitted to the Head of Department for 2016-2017 financial year

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Female	59	208	28.40	929.72	15,758.00
Male	31	191	16.20	921.05	29,711.00
Asian					
Female	0	0	0	0	0
Male	2	2	100.00	25.22	12,609.00
Coloured					
Female	29	119	24.40	542.54	18,708.00
Male	19	88	21.60	357.91	18,837.00
White					
Female	8	12	66.70	260.36	32,545.00
Male	3	9	33.30	67.82	22,607.00
Employees with disability	3	17	17.60	43.78	14,594.00
Total	154	646	23.80	3,148.40	20,444.00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Highly Skilled Production (Levels 6-8)	83	421	19.70	1116.79	13455.00
Highly Skilled Supervision (Levels 9-12)	43	102	42.20	1092.67	25411.00
Lower Skilled (Levels 1-2)	2	34	5.90	8.41	4205.00
Skilled (Levels 3-5)	9	43	20.90	82.65	9184.00
Total	137	600	22.10	2,300.52	16,792.00

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	33	109	30.30	814.68	24687.00
All Artisans in the Building Metal Machinery etc.	1	1	100.00	23.21	23213.00
Architects Town and Traffic Planners	1	2	50.00	40.98	40980.00
Cartographic Surveying and Related Technicians	2	2	100.00	75.57	37784.00
Cleaners in Offices Workshops Hospitals etc.	3	19	15.80	20.89	6963.00
Client Inform Clerks (Switchboard/Reception / Information Clerks)	0	4	0	0	0
Communication and Information Related	1	1	100.00	46.30	46296.00
Community Development Workers	3	10	30.00	32.02	10673.00
Engineering Sciences Related	1	1	100.00	21.72	21,717.00
Engineers and Related Professionals	0	2	0	0	0
Finance and Economics Related	3	4	75.00	50.77	16,923.00
Financial and Related Professionals	2	4	50.00	61.43	30,717.00
Financial Clerks and Credit Controllers	16	32	50.00	205.81	12,863.00
Food Services Aids and Waiters	1	3	33.30	7.70	7,702.00
General Legal Administration & Related Professionals	0	1	0	0	0
Human Resources & Organisational Development & Related Professions	0	1	0	0	0
Human Resources Clerks	1	1	100.00	7.45	7,449.00

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Human Resources Related	13	24	54.20	214.79	16,522.00
Information Technology Related	1	2	50.00	27.82	27,815.00
Inspectors of Apprentices Works and Vehicles	1	13	7.70	16.70	16,702.00
Legal Related	1	2	50.00	29.64	29,640.00
Library Mail and Related Clerks	3	7	42.90	46.39	15,463.00
Logistical Support Personnel	1	4	25.00	17.82	17,824.00
Material-Recording and Transport Clerks	2	3	66.70	26.23	13,117.00
Messengers Porters and Deliverers	2	7	28.60	12.93	6,467.00
Other Administrative & Related Clerks and Organisers	21	253	8.30	222.69	10,604.00
Other Administrative Policy and Related Officers	21	62	33.90	327.71	15,605.00
Other Information Technology Personnel	0	4	0	0	0
Other Occupations	0	26	0	0	0
Risk Management and Security Services	1	3	33.30	31.57	31,567.00
Secretaries & Other Keyboard Operating Clerks	5	14	35.70	61.89	12,378.00
Security Officers	0	1	0	0	0
Senior Managers	14	21	66.70	703.69	50,263.00
Trade Quality Controllers	0	3	0	0	0
Total	154	646	23.80	3,148.40	20,444.00

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Total employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	14	20	70.00	674.19	48,156.80	3.00%
Band B	2	3	66.70	116.13	58,067.00	2.60%
Band C	1	1	100.00	57.56	57,558.00	4.10%
Band D	0	1	0	0	0	0.00%
Total	17	25	68.00	847.89	49,875.70	2.80%

3.9 Foreign Workers

The tables below summarises the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2017 to 31 March 2018

Salary band	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly Skilled Supervision (Levels 9-12)	0	0	1	100	1	100

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	0	0	1	100	1	100

3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	10,00	90,00	3,00	0,70	3,00	35,00
Contract (Levels 3-5)	15,00	66,70	6,00	1,40	3,00	11,00
Contract (Levels 6-8)	4,00	100,00	1,00	0,20	4,00	6,00
Contract (Levels 9-12)	26,00	69,20	7,00	1,60	4,00	54,00
Highly skilled production (Levels 6-8)	2 383,00	82,40	260,00	61,00	9,00	3 016,00
Highly skilled supervision (Levels 9-12)	754,00	76,10	91,00	21,40	8,00	1 648,00
Lower skilled (Levels 1-2)	38,00	97,40	4,00	0,90	10,00	18,00
Senior management (Levels 13-16)	60,00	76,70	14,00	3,30	4,00	232,00
Skilled (Levels 3-5)	327,00	76,80	40,00	9,40	8,00	250,00
Total	3 617,00	80,50	426,00	100,00	8,00	5 270,00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	525,00	99,60	19,00	67,90	28,00	612,00
Highly skilled supervision (Levels 9-12)	316,00	100,00	5,00	17,90	63,00	866,00
Skilled (Levels 3-5)	100,00	100,00	4,00	14,30	25,00	80,00
Total	941,00	99,80	28,00	100,00	34,00	1 558,00

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	82,00	16,00	5,00
Contract (Levels 3-5)	93,00	9,00	10,00
Contract (Levels 6-8)	90,00	11,00	8,00
Contract (Levels 9-12)	175,00	10,00	17,00
Highly skilled production (Levels 6-8)	9 697,00	23,00	420,00
Highly skilled supervision (Levels 9-12)	2 587,00	24,00	108,00
Lower skilled (Levels 1-2)	139,00	12,00	12,00
Senior management (Levels 13-16)	457,00	21,00	22,00
Skilled (Levels 3-5)	1 097,00	13,00	82,00
Total	14 417,00	21,00	684,00

Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Highly skilled production (Levels 6-8)	1	1	1	23
Highly skilled supervision (Levels 9-12)	38	3	13	4
Lower skilled (Levels 1-2)	0	0	0	78
Senior management (Levels 13-16)	0	0	0	32
Skilled (Levels 3-5)	0	0	0	17
Total	39	4	14	22

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Capped leave pay-outs on termination of service for 2016/17	871,00	10	87 100,00
Total	871,00	10	87 100,00

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

	Question	Yes	No	Details, if yes
1	Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mrs. ESD Boboko Senior Manager: Human Capital Management
2	Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Number of employees: 5 Budget included in HCM Budget = R100 000.00
3	Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Wellness Management HIV/AIDS & TB Management SHERQ Management Health and Productivity Management
4	Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms. ESD Boboko (HCM/EE) Mr. P Mpotsang (M&E) Ms. N Julingalo (Gender) Mr. G Smith (Disability) Ms. W Isaacs (EHW) Ms. M Karsten-Joseph (Namaqua) Ms. R Keetile (JTG) Ms. D Mjandana (Pixley ka Seme) Ms. S Mgoma-Makhele (Frances Baard) Ms. A Festus (ZFM) Mr. G Duiker (Union) Ms. T Majola (Local Government) Mr. L Kopa (Traditional Affairs) Ms. M Mabotsa (Legal Services) Ms. V Dibeco (OD) Ms. H Poss (Communication)
5	Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	
6	Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV/AIDS & TB Policy (Protection against discrimination)
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Annual HCT sessions presented
8	Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 to 31 March 2018

Collective Agreements	Number
Total number of Collective agreements	0

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Final written warning	3	10.71
Written warning	17	60.71
Counselling and final written warning	2	7.14
Counselling and written warning	1	3.57
Dismissal	2	7.14
Final written warning & reimbursing the department	1	3.57
No disciplinary measures instituted against official due to lack of evidence	1	3.57
Final written warning and 1 month suspension without pay	1	3.57
Total	28	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018

Types of misconduct	Number	% of total
Habitual Absenteeism	2	8.33
Intoxication on duty	2	8.33
Non-compliance	13	54.17
Insubordination	7	29.17

Table 3.12.4 Grievances logged for the period 1 April 2017 to 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	16	100
Number of grievances not resolved	0	0
Total number of grievances lodged	16	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	1	1
Number of disputes dismissed	3	3
Number of pending disputes	2	2
Total number of disputes lodged	6	6

Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018

Total number of persons working days lost	10
Total costs working days lost	2
Amount recovered as a result of no work no pay (R'000)	R 5 477.23

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 to 31 March 2018

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0

3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Male	34		Computer training Project Management (basic) Public Management Conflict Management		

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
	Female	42		Transport & Logistic management Supervisory Training Finance for none financial managers Financial Management Records Management Minute Taking		
Legislators, senior officials and managers	Male	28		Disaster Management Policy Development Financial Management Computer Training Project Management (advanced)		
	Female	21		Public Management Report Writing Communication Training Conflict Management Presentation & facilitation skill		
Technicians and associate professionals	Male	62		Communication Skills Labour Relation Office Management Computer Training Project Management (basic)		
	Female	103		Disaster Management Conflict Management Minute Taking Report Writing Training Presentation & facilitation Training		
Total		290				

Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Male	17		Report Writing Supervisory Training Financial Management Emerging management development programme Record Management Labour Relation training		
	Female	15		HIRA training Public Management HC: Management Training Driving Lessons PAIA Training Driving Instructor Session		
Legislators, senior officials and managers	Male	35		Facilitation Management Advanced CIO Professional Advanced Project Management Policy development & management Cross examination & advocacy skills Window server 2012 promo Labour Relation		

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
	Female	22		Project management (advanced) Executive Induction programme Application & Biometric Integration workshop Masters: Business Leadership Degree: LLB Evidence based, Marketing and Implementation		
Technicians and associate professionals	Male	55		Emotional Intelligence Project management (advanced) Supply chain management training Supervisory Training Computer Training Public Management Intro: SAMTRAC SAMTRAC Training HIRA Training		
	Female	127		Emerging management development programme Analyse, Interpret and communication skills Report Writing Advanced principles in labour law Office Administration		
Total		271				

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 to 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Total	2	100%

3.15 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the department. In terms of the Public Service Regulations, “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task, which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 to 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of consultants for the compilation of the AFS for the Housing Fund (Service provider: Matlotlo A Sechaba Consulting)	1	90 days	R50 500
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
N/A			

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A			

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2017 to 31 March 2018

Project title	Total Number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
N/A			

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
N/A			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A			

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 to 31 March 2018

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
N/A				

PART E

FINANCIAL INFORMATION



1. REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Department of Co-Operative Governance, Human Settlements and Traditional Affairs set out on pages 85 - 145, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Co-Operative Governance, Human Settlements and Traditional Affairs as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2018.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

9. The supplementary information set out on pages 138 – 145 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS prescribed by National Treasury and the requirements of the PFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 - Human Settlements	37 - 40
Programme 3- Co-operative Governance	40 - 44

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 2: Human Settlements

19. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 3 - Corporate Governance

Various indicators

20. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 6 of the 26 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator description	Reported achievement
Number of households benefiting from the provision of free basic services	325
Number of work opportunities created through the CWP in municipalities	19 358
Number of municipalities supported to implement Local Economic Development projects in line with updated LED strategies (Sub-outcome 4)	8
Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	3
Number of municipalities with functional audit committees	4
Number of municipalities monitored on implementation of audit response plans based on the 2015/16 audit outcomes (Sub-outcome 3)	0

Various indicators

21. The source information and evidence for achieving the following planned indicators was not clearly defined:

Indicator description	Reported achievement
Number of municipalities supported to implement Local Economic Development projects in line with updated LED strategies (Sub-outcome 4)	8
Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	3
Number of municipalities with functional audit committees	4
Number of municipalities monitored on implementation of audit response plans based on the 2015/16 audit outcomes (Sub-outcome 3)	0

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 34 - 46 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 21 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Human Settlements and Programme 3: Co-operative Governance. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

25. In accordance with the PM and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

26. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance reports and annual reports

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(a) of the PFMA. Material misstatements of the appropriation statement and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

28. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The value, as disclosed in note 24 to the financial statements, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the irregular expenditure disclosed in the financial statements was caused by municipalities who did the procurement on behalf of the department without following proper supply chain regulations. Irregular expenditure amounting to R32 818 110 was incurred on the key project: Gamagara Sesheng 1265.

29. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Strategic planning and performance management

30. Specific information systems were not established to enable the monitoring of progress made towards achieving targets, core objectives and service delivery as required by public service regulation 25(1)(e)(i) and (iii).

Procurement and contract management

- 31. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.
- 32. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.
- 33. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).
- 34. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

Consequence management

- 35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to the auditee failing to institute investigations into unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure to determine if disciplinary steps need to be taken against liable officials.

OTHER INFORMATION

- 36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 39. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

- 40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

41. Leadership did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that will enable the department to produce accurate and complete performance information.
42. Leadership did not communicate and enforce management assertions related to the disclosures in the financial statements and performance reports of the department.
43. The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This resulted in material adjustments in the financial statements and the auditors being unable to obtain all information needed to audit performance information.
44. Management did not adequately review and monitor compliance with applicable laws and regulations.

Auditor General

Kimberley

31 July 2018



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Co-Operative Governance, Human Settlements and Traditional Affairs ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

2. ANNUAL FINANCIAL STATEMENTS

Appropriation per programme									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	100 283	-	8 023	108 306	113 745	(5 439)	105.0%	120 013	120 013
2. Human Settlements	579 789	-	4 324	584 113	552 958	31 155	94.7%	441 621	432 864
3. Local Governance	133 811	-	(10 705)	123 106	121 582	1 524	98.8%	124 625	120 608
4. Traditional Institutional Management	20 522	-	(1 642)	18 880	17 863	1 017	94.6%	19 737	17 828
Subtotal	834 405	-	-	834 405	806 148	28 257	96.6%	705 996	691 313
TOTAL	834 405	-	-	834 405	806 148	28 257	96.6%	705 996	691 313

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

	2017/18			2016/17	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
TOTAL (brought forward)					
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	225			119	
NRF Receipts					
Aid assistance					
Actual amounts per statement of financial performance (total revenue)	834 630				
ADD					
Aid assistance		98			49
Prior year unauthorised expenditure approved without funding					
Actual amounts per statement of financial performance (total expenditure)		806 246			691 362

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	313 153	-	-	313 153	318 842	(5 689)	101.8%	311 105	308 399
Compensation of employees	255 560	-	-	255 560	253 700	1 860	99.3%	233 144	238 087
Salaries and wages	219 235	-	696	219 931	219 006	925	99.6%	198 803	205 204
Social contributions	36 325	-	(696)	35 629	34 694	935	97.4%	34 341	32 883
Goods and services	57 593	-	-	57 593	65 142	(7 549)	113.1%	77 961	70 312
Administrative fees	558	-	-	558	482	76	86.4%	400	391
Advertising	1 039	-	-	1 039	420	619	40.4%	797	326
Minor assets	452	-	-	452	126	326	27.9%	518	367
Audit costs: External	4 527	-	-	4 527	5 693	(1 166)	125.8%	3 908	4 909
Bursaries: Employees	600	-	-	600	349	251	58.2%	189	343
Catering: Departmental activities	890	-	-	890	290	600	32.6%	395	350
Communication	921	-	-	921	714	207	77.5%	1 198	735
Computer services	2 467	-	-	2 467	5 020	(2 553)	203.5%	2 914	2 462
Consultants: Business and advisory services	1 216	-	-	1 216	6 705	(5 489)	551.4%	24 871	25 855
Infrastructure and planning services	2	-	-	2	-	2	-	5	40
Legal services	110	-	-	110	202	(92)	183.6%	75	591
Contractors	624	-	-	624	583	41	93.4%	448	342
Agency and support / outsourced services	-	-	-	-	-	-	-	40	4
Entertainment	200	-	-	200	80	120	40.0%	325	58
Fleet services	8 545	-	-	8 545	7 820	725	91.5%	1 489	771
Housing	5	-	-	5	-	5	-	-	-
Inventory: Clothing material and supplies	88	-	-	88	47	41	53.4%	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	728	-	-	728	495	233	68.0%	1 236	1 267
Consumable: Stationery, printing and office supplies	1 776	-	-	1 776	920	856	51.8%	1 839	885

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	9 126	-	-	9 126	12 927	(3 801)	141.7%	12 884	10 313
Property payments	8 506	-	-	8 506	12 522	(4 016)	147.2%	10 050	9 307
Transport provided: Departmental activity	20	-	-	20	31	(11)	155.0%	25	-
Travel and subsistence	12 585	-	-	12 585	7 245	5 340	57.6%	11 136	8 207
Training and development	1 496	-	-	1 496	1 337	159	89.4%	2 169	1 367
Operating payments	758	-	-	758	920	(162)	121.4%	816	910
Venues and facilities	354	-	-	354	214	140	60.5%	222	512
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	516 656	-	-	516 656	485 395	31 261	93.9%	391 467	379 440
Provinces and municipalities	1 750	-	-	1 750	1 750	-	100.0%	9 332	5 638
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	1 750	-	-	1 750	1 750	-	100.0%	9 332	5 638
Municipal bank accounts	1 750	-	-	1 750	1 750	-	100.0%	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	9 332	5 638
Departmental agencies and accounts	-	-	-	-	-	-	-	-	2
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	2
Non-profit institutions	1 265	-	-	1 265	1 265	-	100.0%	-	-
Households	513 641	-	-	513 641	482 380	31 261	93.9%	382 135	373 800
Social benefits	-	-	-	-	920	(920)	-	-	565
Other transfers to households	513 641	-	-	513 641	481 460	32 181	93.7%	382 135	373 800

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	4 596	-	-	4 596	1 911	2 685	41.6%	3 424	3 474
Buildings and other fixed structures	-	-	-	-	-	-	-	-	21
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	21
Machinery and equipment	4 596	-	-	4 596	1 911	2 685	41.6%	2 282	2 714
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	4 596	-	-	4 596	1 911	2 685	41.6%	2 282	2 714
Intangible assets	-	-	-	-	-	-	-	1 142	739
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	834 405	-	-	834 405	806 148	28 257	96.6%	705 996	691 313

Programme 1: ADMINISTRATION									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. OFFICE OF THE MEC	14 633	-	-	14 633	10 592	4 041	72.4%	13 084	10 140
2. CORPORATE SERVICES	85 650	-	8 023	93 673	103 153	(9 480)	110.1%	106 929	109 873
Total for sub programmes	100 283	-	8 023	108 306	113 745	(5 439)	105.0%	120 013	120 013
Economic classification									
Current payments	98 722	-	8 023	106 745	111 860	(5 115)	104.8%	117 395	117 117
Compensation of employees	78 187	-	8 023	86 210	88 785	(2 575)	103.0%	79 179	82 431
Salaries and wages	66 979	-	8 023	75 002	77 445	(2 443)	103.3%	68 504	71 849
Social contributions	11 208	-	-	11 208	11 340	(132)	101.2%	10 675	10 582
Goods and services	20 535	-	-	20 535	23 075	(2 540)	112.4%	38 216	34 686

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 1: ADMINISTRATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Administrative fees	274	-	-	274	253	21	92.3%	217	205
Advertising	354	-	-	354	321	33	90.7%	396	129
Minor assets	138	-	-	138	39	99	28.3%	174	340
Audit costs: External	4 527	-	-	4 527	5 693	(1 166)	125.8%	3 828	4 909
Bursaries: Employees	600	-	-	600	349	251	58.2%	189	343
Catering: Departmental activities	188	-	-	188	121	67	64.4%	217	175
Communication	265	-	-	265	37	228	14.0%	158	122
Computer services	54	-	-	54	43	11	79.6%	60	302
Consultants: Business and advisory services	30	-	-	30	5 922	(5 892)	19740.0%	24 127	20 976
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Legal services	35	-	-	35	1	34	2.9%	-	151
Contractors	372	-	-	372	453	(81)	121.8%	326	287
Agency and support / outsourced services	-	-	-	-	-	-	-	40	4
Entertainment	200	-	-	200	80	120	40.0%	325	9
Fleet services	5 302	-	-	5 302	3 738	1 564	70.5%	20	13
Housing	5	-	-	5	-	5	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	4	(4)	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	480	-	-	480	354	126	73.8%	404	504
Consumable: Stationery, printing and office supplies	687	-	-	687	397	290	57.8%	829	451
Operating leases	-	-	-	-	10	(10)	-	60	24
Property payments	47	-	-	47	43	4	91.5%	44	94
Transport provided: Departmental activity	-	-	-	-	-	-	-	5	-
Travel and subsistence	5 434	-	-	5 434	3 737	1 697	68.8%	4 440	3 751
Training and development	1 262	-	-	1 262	1 204	58	95.4%	1 963	1 276
Operating payments	187	-	-	187	190	(3)	101.6%	172	212
Venues and facilities	94	-	-	94	86	8	91.5%	210	409
Rental and hiring	-	-	-	-	-	-	-	12	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 1: ADMINISTRATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Rent on land	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	727	(727)	-	-	95
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	2
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	2
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	727	(727)	-	-	93
Other transfers to households	-	-	-	-	727	(727)	-	-	93
Payments for capital assets	1 561	-	-	1 561	1 158	403	74.2%	2 618	2 801
Buildings and other fixed structures	-	-	-	-	-	-	-	-	21
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	21
Machinery and equipment	1 561	-	-	1 561	1 158	403	74.2%	1 488	2 048
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 561	-	-	1 561	1 158	403	74.2%	1 488	2 048
Intangible assets	-	-	-	-	-	-	-	1 130	732
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	100 283	-	8 023	108 306	113 745	(5 439)	105.0%	120 013	120 013

APPROPRIATION STATEMENT
for the year ended 31 March 2018

1.1 OFFICE OF THE MEC									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 095	-	-	14 095	10 484	3 611	74.4%	12 571	9 992
Compensation of employees	10 648	-	-	10 648	8 118	2 530	76.2%	10 074	7 457
Goods and services	3 447	-	-	3 447	2 366	1 081	68.6%	2 497	2 535
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	52	(52)	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	52	(52)	-	-	-
Payments for capital assets	538	-	-	538	56	482	10.4%	513	148
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	538	-	-	538	56	482	10.4%	513	148
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14 633	-	-	14 633	10 592	4 041	72.4%	13 084	10 140

1.2 CORPORATE SERVICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	84 627	-	8 023	92 650	101 376	(8 726)	109.4%	104 824	107 125
Compensation of employees	67 539	-	8 023	75 562	80 667	(5 105)	106.8%	69 105	74 974
Goods and services	17 088	-	-	17 088	20 709	(3 621)	121.2%	35 719	32 151
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	675	(675)	-	-	95
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	2

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

1.2 CORPORATE SERVICES									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	675	(675)	-	-	93
Payments for capital assets	1 023	-	-	1 023	1 102	(79)	107.7%	2 105	2 653
Buildings and other fixed structures									21
Machinery and equipment	1 023	-	-	1 023	1 102	(79)	107.7%	975	1 900
Intangible assets	-	-	-	-	-	-	-	1 130	732
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	85 650	-	8 023	93 673	103 153	(9 480)	110.1%	106 929	109 873

Programme 2: HUMAN SETTLEMENTS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. HOUSING NEEDS, RESEARCH AND PLANNING	31 264	-	-	31 264	36 919	(5 655)	118.7%	32 439	32 439
2. HOUSING DEVELOPMENT	525 181	-	4 324	529 505	360 027	169 478	68.0%	395 502	367 779
3. HOUSING ASSET MANAGEMENT	23 344	-	-	23 344	156 012	(132 668)	668.3%	13 680	32 646
Total for sub programmes	579 789	-	4 324	584 113	552 958	31 155	94.7%	441 621	432 864
Economic classification									
Current payments	65 490	-	4 324	69 814	71 399	(1 585)	102.3%	64 350	64 349
Compensation of employees	42 737	-	4 324	47 061	41 391	5 670	88.0%	35 819	36 232
Salaries and wages	36 763	-	4 324	41 087	33 019	8 068	80.4%	30 370	31 181
Social contributions	5 974	-	-	5 974	8 372	(2 398)	140.1%	5 449	5 051
Goods and services	22 753	-	-	22 753	30 008	(7 255)	131.9%	28 531	28 117
Administrative fees	106	-	-	106	97	9	91.5%	56	48
Advertising	265	-	-	265	93	172	35.1%	310	182

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 2: HUMAN SETTLEMENTS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Minor assets	89	-	-	89	78	11	87.6%	241	14
Audit costs: External	-	-	-	-	-	-	-	80	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	64	-	-	64	22	42	34.4%	15	55
Communication	620	-	-	620	668	(48)	107.7%	1 025	608
Computer services	30	-	-	30	763	(733)	2543.3%	-	1 463
Consultants: Business and advisory services	175	-	-	175	203	(28)	116.0%	130	4 028
Infrastructure and planning services	2	-	-	2	-	2	-	5	40
Legal services	-	-	-	-	-	-	-	-	-
Contractors	192	-	-	192	124	68	64.6%	83	6
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	49
Fleet services	4	-	-	4	26	(22)	650.0%	1	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	68	-	-	68	28	40	41.2%	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	111	-	-	111	75	36	67.6%	107	55
Consumable: Stationery, printing and office supplies	389	-	-	389	241	148	62.0%	460	208
Operating leases	9 060	-	-	9 060	12 869	(3 809)	144.1%	12 758	10258
Property payments	8 412	-	-	8 412	12 420	(4 008)	147.6%	9 990	9 133
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	2 677	-	-	2 677	1 794	883	67.0%	2 925	1 682
Training and development	234	-	-	234	133	101	56.8%	201	91
Operating payments	125	-	-	125	262	(137)	209.6%	135	100
Venues and facilities	130	-	-	130	112	18	86.2%	9	97
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

Programme 2: HUMAN SETTLEMENTS									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	513 641	-	-	513 641	481 275	32 366	93.7%	376 930	368 285
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	513 641	-	-	513 641	481 275	32 366	93.7%	376 930	368 285
Social benefits	-	-	-	-	36	(36)	-	-	331
Other transfers to households	513 641	-	-	513 641	481 239	32 402	93.7%	376 930	367 954
Payments for capital assets	658	-	-	658	284	374	43.2%	341	230
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	658	-	-	658	284	374	43.2%	329	230
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	658	-	-	658	284	374	43.2%	329	230
Intangible assets	-	-	-	-	-	-	-	12	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	579 789	-	4 324	584 113	552 958	10 363	98.2%	441 621	432 864

2.1 HOUSING NEEDS, RESEARCH AND PLANNING									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	30 840	-	-	30 840	36 693	(5 853)	119.0%	32 214	32 214
Compensation of employees	10 665	-	-	10 665	8 507	2 158	79.8%	5 994	5 671

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

Goods and services	20 175	-	-	20 175	28 186	(8 011)	139.7%	26 220	26 543
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	424	-	-	424	226	198	53.3%	225	225
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	424	-	-	424	226	198	53.3%	225	225
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	31 264	-	-	31 264	36 919	(5 655)	118.1%	32 439	32 439

2.2 HOUSING DEVELOPMENT									
Economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24 735	-	4 324	29 059	23 739	5 320	81.7%	22 699	18 046
Compensation of employees	22 662	-	4 324	26 986	22 324	4 662	82.7%	20 911	16 861
Goods and services	2 073	-	-	2 073	1 415	658	68.3%	1 788	1 185
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	500 329	-	-	500 329	336 270	164 059	67.2%	372 798	349 729
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	500 329	-	-	500 329	336 270	164 059	67.2%	372 798	349 729
Payments for capital assets	117	-	-	117	18	99	15.4%	5	4
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	117	-	-	117	18	99	15.4%	5	4
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.2 HOUSING DEVELOPMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Total	525 181	-	4 324	529 505	360 027	169 478	68.0%	395 502	367 779

2.3 HOUSING ASSET MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 915	-	-	9 915	10 967	(1 052)	110.6%	9 437	14 089
Compensation of employees	9 410	-	-	9 410	10 560	(1 150)	112.2%	8 914	13 700
Goods and services	505	-	-	505	407	98	80.6%	523	389
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	13 312	-	-	13 312	145 005	(131 693)	1089.3%	4 132	18 556
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	13 312	-	-	13 312	145 005	(131 693)	1089.3%	4 132	18 556
Payments for capital assets	117	-	-	117	40	77	34.2%	111	1
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	117	-	-	117	40	77	34.2%	99	1
Intangible assets	-	-	-	-	-	-	-	12	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	23 344	-	-	23 344	156 012	(132 668)	668.3%	13 680	32 646

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: CO-OPERATIVE GOVERNANCE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. LOCAL GOVERNANCE	108 593	-	(10 705)	97 888	106 390	(8 502)	108.7%	105 383	103 828
2. DEVELOPMENT AND PLANNING	25 218	-	-	25 218	15 192	10 026	60.2%	19 242	16 780
Total for sub programmes	133 811	-	(10 705)	123 106	121 582	1 524	98.8%	124 625	120 608
Economic classification									
Current payments	129 813	-	(10 705)	119 108	119 108	-	100.0%	110 950	110 262
Compensation of employees	117 271	-	(10 705)	106 566	108 114	(1 548)	101.5%	101 873	104 979
Salaries and wages	100 609	-	(10 705)	89 904	94 604	(4 700)	105.2%	86 019	89 114
Social contributions	16 662	-	-	16 662	13 510	3 152	81.1%	15 854	15 865
Goods and services	12 542	-	-	12 542	10 994	1 548	86.2%	9 077	5 283
Administrative fees	113	-	-	113	101	12	89.4%	61	54
Advertising	413	-	-	413	6	407	1.5%	85	15
Minor assets	225	-	-	225	9	216	4.0%	92	13
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	393	-	-	393	88	305	22.4%	3	17
Communication	36	-	-	36	9	27	25.0%	15	5
Computer services	2 383	-	-	2 383	4 212	(1 829)	176.8%	2 854	695
Consultants: Business and advisory services	1 011	-	-	1 011	392	619	38.8%	614	851
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	182	(182)	-	-	-
Contractors	40	-	-	40	6	34	15.0%	23	13
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	3 018	-	-	3 018	4 013	(995)	133.0%	1 468	758
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	20	-	-	20	15	5	75.0%	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	119	-	-	119	63	56	52.9%	54	2
Consumable: Stationery, printing and office supplies	624	-	-	624	233	391	37.3%	464	197

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: CO-OPERATIVE GOVERNANCE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	-	-	-	-	13	(13)	-	-	14
Property payments	37	-	-	37	53	(16)	143.2%	6	72
Transport provided: Departmental activity	-	-	-	-	31	(31)	-	-	-
Travel and subsistence	3 604	-	-	3 604	1 232	2 372	34.2%	3 041	2 278
Training and development	-	-	-	-	-	-	-	5	-
Operating payments	396	-	-	396	132	264	33.3%	289	293
Venues and facilities	110	-	-	110	16	94	14.5%	3	6
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 750	-	-	1 750	2 128	(378)	121.6%	13 332	9 996
Provinces and municipalities	1 750	-	-	1 750	1 750	-	100.0%	9 332	5 638
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	1 750	-	-	1 750	1 750	-	100.0%	9 332	5 638
Municipal bank accounts	1 750	-	-	1 750	1 750	-	100.0%	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	9 332	5 638
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	378	(378)	-	4 000	4 358
Social benefits	-	-	-	-	157	(157)	-	-	141
Other transfers to households	-	-	-	-	221	(221)	-	4 000	4 217
Payments for capital assets	2 248	-	-	2 248	346	1 902	15.4%	343	350
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 248	-	-	2 248	346	1 902	15.4%	343	350
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	2 248	-	-	2 248	346	1 902	15.4%	343	350
Intangible assets	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

Programme 3: CO-OPERATIVE GOVERNANCE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	133 811	-	(10 705)	123 106	121 582	1 524	98.8%	124 625	120 608

3.1 LOCAL GOVERNANCE									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	108 577	-	(10 705)	95 872	105 734	(9 862)	110.3%	95 208	95 232
Compensation of employees	95 237	-	(10 705)	84 532	95 446	(10 914)	112.9%	87 725	90 830
Goods and services	11 340	-	-	11 340	10 288	1 052	90.7%	7 483	4 402
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	310	(310)	-	9 832	8 246
Provinces and municipalities	-	-	-	-	-	-	-	5 832	3 888
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	310	(310)	-	4 000	4 358
Payments for capital assets	2 016	-	-	2 016	346	1 670	17.2%	343	350
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 016	-	-	2 016	346	1 670	17.2%	343	350
Intangible assets	-	-	-	-	-	-	-	-	7
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	108 593	-	(10 705)	97 888	106 390	(8 502)	108.7%	105 383	103 828

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

3.2 DEVELOPMENT AND PLANNING									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	23 236	-	-	23 236	13 374	9 862	57.6%	15 742	15 030
Compensation of employees	22 034	-	-	22 034	12 668	9 366	57.5%	14 148	14 149
Goods and services	1 202	-	-	1 202	706	496	58.7%	1 594	881
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 750	-	-	1 750	1 818	(68)	103.9%	3 500	1 750
Provinces and municipalities	1 750	-	-	1 750	1 818	-	100.0%	3 500	1 750
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	68	(68)	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	232	-	-	232	-	232	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	232	-	-	232	-	232	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	25 218	-	-	25 218	15 192	10 026	60.2%	19 242	16 780

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. TRADITIONAL INSTITUTIONAL ADMINISTRATION	20 522	-	(1 642)	18 880	17 863	1 017	94.6%	19 737	17 828
Total for sub programmes	20 522	-	(1 642)	18 880	17 863	1 017	94.6%	19 737	17 828
Economic classification									

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 128	-	(1 642)	17 486	16 475	1 011	94.2%	18 410	16 671
Compensation of employees	17 365	-	(1 642)	15 723	15 410	313	98.0%	16 273	14 445
Salaries and wages	14 884	-	(946)	13 938	13 938	-	100.0%	13 910	13 060
Social contributions	2 481	-	(696)	1 785	1 472	313	82.5%	2 363	1 385
Goods and services	1 763	-	-	1 763	1 065	698	60.4%	2 137	2 226
Administrative fees	65	-	-	65	31	34	47.7%	66	84
Advertising	7	-	-	7	-	7	-	6	-
Minor assets	-	-	-	-	-	-	-	11	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	245	-	-	245	59	186	24.1%	160	103
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	2	(2)	-	-	2
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Legal services	75	-	-	75	19	56	25.3%	75	440
Contractors	20	-	-	20	-	20	-	16	36
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	221	-	-	221	43	178	19.5%	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	18	-	-	18	3	15	16.7%	671	706
Consumable: Stationery, printing and office supplies	76	-	-	76	49	27	64.5%	86	29
Operating leases	66	-	-	66	35	31	53.0%	66	17
Property payments	10	-	-	10	6	4	60.0%	10	8
Transport provided: Departmental activity	20	-	-	20	-	20	-	20	-
Travel and subsistence	870	-	-	870	482	388	55.4%	730	496
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	50	-	-	50	336	(286)	672.0%	220	305
Venues and facilities	20	-	-	20	-	20	-	-	-

**APPROPRIATION STATEMENT
for the year ended 31 March 2018**

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 265	-	-	1 265	1 265	-	100.0%	1 205	1 064
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Non-profit institutions	1 265	-	-	1 265	1 265	-	100.0%	-	-
Households	-	-	-	-	-	-	-	1 205	1 064
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	1 205	1 064
Payments for capital assets	129	-	-	129	123	6	95.3%	122	93
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	129	-	-	129	123	6	95.3%	122	93
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	129	-	-	129	123	6	95.3%	122	93
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	20 522	-	(1 642)	18 880	17 863	1 017	94.6%	19 737	17 828

APPROPRIATION STATEMENT
for the year ended 31 March 2018

4.1 TRADITIONAL INSTITUTIONAL ADMINISTRATION									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 128	-	(1 642)	17 486	16 475	1 011	94.2%	18 410	16 671
Compensation of employees	17 365	-	(1 642)	15 723	15 410	313	98.0%	16 273	14 445
Goods and services	1 763	-	-	1 763	1 065	698	60.4%	2 137	2 226
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 265	-	-	1 265	1 265	-	100.0%	1 205	1 084
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	1 265	-	-	1 265	1 265	-	100.0%	-	-
Households	-	-	-	-	-	-	-	1 205	1 064
Payments for capital assets	129	-	-	129	123	6	95.3%	122	93
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	129	-	-	129	123	6	95.3%	122	93
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	20 522	-	(1 642)	18 880	17 863	1 017	94.6%	19 737	17 828

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2018

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	108 306	113 745	(5 439)	105%
Human Settlements	584 113	573 750	10 363	98%
Corporative Governance	123 106	100 790	22 316	82%
Traditional Institutional Management	18 880	17 863	1 017	95%

Department total expenditure amounts to R806 148 000 which indicates 96% percentage spent.

Programme 1: Administration	108 306	113 745	(5 439)	105%
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The variance of R5 115 000 under current payments is made up of secondments to municipalities, audit fees and consultants. There is an amount of R727 000 which is due to early retirements of officials in this Programme which were not budgeted for.

Programme 2: Human Settlements	584 603	573 750	10 853	98%
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The variance of R574 000 is made up of operating lease paid from this Programme. There was slow spending on the Human settlement development grant as a result there is savings of R32 402 000. An amount of R32 402 000 is to be requested as a rollover to 2018/19 financial years. The total roll over of R32 402 000 will be utilised for the same purpose. There is an amount of R378 000 which is due to early retirements of officials which was not budgeted for.

Programme 3: Cooperative Governance	123 106	100 790	22 316	82%
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In this programme the total expenditure amounts R121 582 000 which indicates an under expenditure of R1 524 000 of the total adjusted budget of R123 106 000. An amount of R1 524 000 is to be requested as roll over to the financial year 2018/19.

Programme 4: Traditional Institutional Management	18 880	17 863	1 017	95%
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This programme indicates the expenditure of R18 874 000 or 100% of the total adjusted budget of R18 880 000.

4.2 Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Current payments				
Compensation of employees	255 560	253 700	1 860	99%
Goods and services	57 593	65 142	(7 549)	113.11%

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2018

Interest and rent on land

Transfers and subsidies

Provinces and municipalities	1 750	1 750	0	100%
Departmental agencies and accounts				
Higher education institutions				
Non-profit institutions				
Households				

Payments for capital assets

Buildings and other fixed structures				
Machinery and equipment	4 596	1 911	2 685	42%
Intangible assets				

Payments for financial assets

Explanation of variance:

Current Payments: The total expenditure amounts to R318 842 000 which indicates an over expenditure of R5 689 000 of the total adjusted budget of R313 153 000. Transfer payments expenditure amounts to R485 395 000 which indicates 94% spending of the total adjusted budget of R516 656 000. An amount of R32 402 000 is to be requested as a roll over to 2018/19 financial year.

Payments for capital assets: There is an underspending of R2 685 000, this amount was committed for the procurement of computers and software licenses for the department. The procurement of this was done through SITA and due to the challenges with G Commerce system of SITA, the procurement was not finalised as at year end. A roll over of R2 685 000 will be requested from Provincial Treasury and it will be utilised for the Procurement of computers and software licenses.

4.3 Per conditional grant

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
R'000	R'000	R'000	R'000
516 656	485 395	31 261	93%

Explanation of variance The amount voted for conditional grants is R513 641 000 and the expenditure amounts to R481 239 000 and material variance is 6 % (R32 402 000). An amount of R 32 402 000 is to be requested as roll over to the financial year 2018/19.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	<u>1</u>	834 405	705 996
Statutory appropriation		-	-
Departmental revenue	<u>2</u>	225	119
NRF Receipts		-	-
Aid assistance	<u>3</u>	-	-
TOTAL REVENUE		834 630	706 115
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	253 700	238 086
Goods and services	<u>5</u>	65 142	70 312
Interest and rent on land		-	-
Aid assistance	<u>3</u>	98	49
Total current expenditure		318 940	308 447
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	485 395	379 440
Aid assistance	<u>3</u>	-	-
Total transfers and subsidies		485 395	379 440
Expenditure for capital assets			
Tangible assets	<u>7</u>	1 911	2 735
Intangible assets	<u>7</u>	-	740
Total expenditure for capital assets		1 911	3 475
Unauthorised expenditure approved without funding	<u>8</u>	-	-
Payments for financial assets	<u>8</u>	-	-
TOTAL EXPENDITURE		806 246	691 362
SURPLUS/(DEFICIT) FOR THE YEAR		28 384	14 753
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		28 257	14 683
Annual appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF Receipts	<u>13</u>	225	119
Aid assistance	<u>3</u>	(98)	(49)
SURPLUS/(DEFICIT) FOR THE YEAR		28 384	14 753

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		130 047	121 877
Unauthorised expenditure	<u>8</u>	129 407	121 566
Cash and cash equivalents	<u>9</u>	5	5
Other financial assets		-	-
Prepayments and advances	<u>10</u>	5	21
Receivables	<u>11</u>	630	285
Loans		-	-
Aid assistance prepayments	<u>3</u>	-	-
Aid assistance receivable	<u>3</u>	-	-
Non-current assets		262	480
Investments		-	-
Receivables	<u>11</u>	262	480
Loans		-	-
Other financial assets		-	-
TOTAL ASSETS		130 309	122 357
LIABILITIES			
Current liabilities		130 164	122 222
Voted funds to be surrendered to the Revenue Fund	<u>12</u>	35 966	14 683
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>13</u>	123	40
Bank overdraft	<u>14</u>	93 009	104 029
Payables	<u>15</u>	1 040	3 346
Aid assistance repayable	<u>3</u>	-	-
Aid assistance unutilised	<u>3</u>	26	124
Non-current liabilities			
Payables	<u>16</u>	45	6
TOTAL LIABILITIES		130 209	122 228
NET ASSETS		100	129
	<i>Note</i>	2017/18 R'000	2016/17 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		100	129
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		100	129

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Recoverable revenue		129	198
Opening balance		(29)	(69)
Transfers:			
Irrecoverable amounts written off	<u>8.3</u>	-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		-29	-69
Debts raised		-	-
Closing balance		100	129
TOTAL		100	129

CASH FLOW STATEMENT
for the year ended 31 March 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		835 187	706 642
Annual appropriated funds received	<u>1.1</u>	834 405	705 996
Statutory appropriated funds received		-	-
Departmental revenue received	<u>2</u>	782	646
Interest received		-	-
NRF Receipts		-	-
Aid assistance received	<u>3</u>	-	-
Net (increase)/decrease in working capital		(10 258)	(94)
Surrendered to Revenue Fund		(15 514)	(71 701)
Surrendered to RDP Fund/Donor		-	-
Current payments		(311 099)	(308 447)
Interest paid		-	-
Payments for financial assets		-	-
Transfers and subsidies paid		(485 395)	(379 440)
Net cash flow available from operating activities	<u>17</u>	<u>12 921</u>	<u>(53 040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>7</u>	(1 911)	(3 475)
Proceeds from sale of capital assets		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities		<u>(1 911)</u>	<u>(3 475)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(29)	(69)
Increase/(decrease) in non-current payables		39	6
Net cash flows from financing activities		<u>10</u>	<u>(63)</u>
Net increase/(decrease) in cash and cash equivalents		11 020	(56 578)
Cash and cash equivalents at beginning of period		(104 024)	(47 446)
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	<u>17</u>	<u>(93 004)</u>	<u>(104 024)</u>

ACCOUNTING POLICIES
for the year ended 31 March 2018

Summary of significant accounting policies	
<p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.

ACCOUNTING POLICIES
for the year ended 31 March 2018

8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p><Indicate when prepayments are expensed and under what circumstances.></p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	Financial assets
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>

ACCOUNTING POLICIES
for the year ended 31 March 2018

14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15	Payables Payables recognised in the statement of financial position are recognised at cost.
16	Capital Assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4	Project Costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
17	Provisions and Contingents
17.1	Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

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for the year ended 31 March 2018

17.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>[Insert information on the following: that management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.]</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>

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for the year ended 31 March 2018

26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	Final Appropriation	2017/18 Actual Funds Received	Funds not requested/not received	2016/17 Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Programme 1	100 283	100 283	-	120 013	120 013
Programme 2	579 789	579 789	-	441 342	441 342
Programme 3	133 811	133 811	-	124 625	124 625
Programme 4	20 522	20 522	-	20 016	20 016
Total	834 405	834 405	-	705 996	705 996

1.2 Conditional grants

	Note	2017/18 R'000	2016/17 R'000
Total grants received	32	513 641	376 930
Provincial grants received		1 750	11 582

2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	455	433
Fines, penalties and forfeits	2.2	-	-
Interest, dividends and rent on land	2.3	-	-
Sales of capital assets	2.4	-	-
Transactions in financial assets and liabilities	2.5	327	213
Transfer received	2.6	-	-
Total revenue collected		782	646
Less: Own revenue included in appropriation	19	557	527
Departmental revenue collected		225	119

2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services produced by the department	2	455	433
Sales by market establishment		455	433
Administrative fees		-	-
Other sales		-	-
Sales of scrap, waste and other used current goods		-	-
Total		455	433

2.2 Transactions in financial assets and liabilities

	Note	2017/18 R'000	2016/17 R'000
Loans and advances	2	-	-
Receivables		-	-
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		327	213
Gains on GFECRA		-	-
Total		327	213

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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3. Aid assistance

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening Balance		124	173
Prior period error			
As restated		124	173
Transferred from statement of financial performance		(98)	(49)
Transfers to or from retained funds		-	-
Paid during the year		-	-
Closing Balance		26	124

3.1 Analysis of balance by source

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Aid assistance from RDP	3	-	-
Aid assistance from other sources		26	124
CARA		-	-
Closing balance		26	124

3.2 Analysis of balance

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Aid assistance unutilised	3	26	124
Closing balance		26	124
Aid assistance not requested/not received			

3.3 Aid assistance expenditure per economic classification

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Current		98	-
Capital		-	-
Transfers and subsidies		-	-
Total aid assistance expenditure		98	-

4. Compensation of employees

4.1 Salaries and Wages

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Basic salary		175 617	165 005
Performance award		3 396	2 467
Service Based		25 331	23 924
Compensative/circumstantial		-	-
Periodic payments		2 111	1 270
Other non-pensionable allowances		12 551	12 537
Total		219 006	205 203

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

4.2 Social contributions

	Note	2017/18 R'000	2016/17 R'000
Employer contributions			
Pension		21 239	20 148
Medical		13 405	12 689
UIF		-	-
Bargaining council		50	46
Official unions and associations		-	-
Insurance		-	-
Total		34 694	32 883
Total compensation of employees		253 700	238 086
Average number of employees		760	750

5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		482	391
Advertising		420	326
Minor assets	<u>5.1</u>	125	365
Bursaries (employees)		349	343
Catering		290	350
Communication		715	735
Computer services	<u>5.2</u>	5 020	2 463
Consultants: Business and advisory services		6 517	25 855
Infrastructure and planning services		-	40
Legal services		202	591
Contractors		585	342
Agency and support / outsourced services		-	4
Entertainment		80	57
Audit cost – external	5.3	5 693	4 909
Fleet services		7 820	772
Inventory	5.4	47	-
Consumables	5.5	1 414	2 155
Housing		-	-
Operating leases		13 116	10 312
Property payments	5.6	12 520	9 307
Transport provided as part of the departmental activities		31	-
Travel and subsistence	<u>5.7</u>	7 245	8 206
Venues and facilities		214	513
Training and development		1 337	1 367
Other operating expenditure	<u>5.8</u>	920	909
Total		65 142	70 312

5.1 Minor assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets	<u>5</u>	125	80
Buildings and other fixed structures		-	-
Machinery and equipment		125	80
Transport assets		-	-
Intangible assets			
Software		-	285
Total		125	365

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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5.2 Computer services

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
SITA computer services		5 020	2 463
External computer service providers		-	-
Total		5 020	2 463

5.3 Audit cost – External

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
Regularity audits		5 693	4 909
Total		5 693	4 909

5.4 Inventory

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
Materials and supplies		47	-
Total		47	-

5.5 Consumables

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
Consumable supplies		494	1 270
Uniform and clothing		-	39
Household supplies		390	100
Building material and supplies		83	189
Communication accessories		-	-
IT consumables		7	43
Other consumables		14	899
Stationery, printing and office supplies		920	885
Total		1 414	2 155

5.6 Property payments

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
Municipal services		2 124	2 315
Property management fees		-	-
Property maintenance and repairs		-	-
Other		10 396	6 992
Total		12 520	9 307

5.7 Travel and subsistence

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
Local		7 177	8 204
Foreign		68	2
Total		7 245	8 206

5.8 Other operating expenditure

	Note <u>5</u>	2017/18 R'000	2016/17 R'000
Other		920	909
Total		920	909

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

6. Transfers and subsidies

		2017/18 R'000	2016/17 R'000
	<i>Note</i>		
Provinces and municipalities	<u>32, 33</u>	1 750	9 638
Departmental agencies and accounts	<u>Annex 1B</u>	-	2
Households	<u>Annex 1G</u>	483 645	369 800
Total		485 395	379 440

7. Expenditure for capital assets

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Tangible assets		1 911	2 735
Buildings and other fixed structures		-	-
Heritage assets		-	-
Machinery and equipment	<u>28</u>	1 911	2 714
Intangible assets		-	740
Software	<u>29</u>	-	740
Total		1 911	3 475

7.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	1 911	-	1 911
Buildings and other fixed structures	-	-	-
Machinery and equipment	1 911	-	1 911
Intangible assets	-	-	-
Software	-	-	-
Total	1 911	-	1 911

7.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	2 735	-	2 735
Buildings and other fixed structures	21	-	21
Machinery and equipment	2 714	-	2 714
Intangible assets	740	-	740
Software	740	-	740
Total	3 475	-	3 475

7.3 Finance lease expenditure included in Expenditure for capital assets

	<i>Note</i>	2017/18 R'000
Tangible assets		
Buildings and other fixed structures		-
Machinery and equipment		1 117
Total		1 117

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		121 566	121 566
Prior period error			
As restated		121 566	121 566
Unauthorised expenditure – discovered in current year (as restated)		7 841	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery	<u>11</u>	-	-
Closing balance		129 407	121 566
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		129 407	121 566
Unauthorised expenditure approved without funding and not derecognised		-	-
Total		129 407	121 566

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2017/18 R'000	2016/17 R'000
Capital	-	-
Current	126 732	120 032
Transfers and subsidies	2 675	1 534
Total	129 407	121 566

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2017/18 R'000	2016/17 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	68 724	60 883
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	60 683	60 683
Total	129 407	121 566

8.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Overspending		7 841
Total		7 841

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

8.5 Unauthorised expenditure split into current and non-current asset

Details	2017/18			2016/17		
	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
	129 407	-	129 407	121 566	-	121 566
Total	129 407	-	129 407	121 566	-	121 566

9. Cash and cash equivalents

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Total		5	5

10. Prepayments and advances

	Note	2017/18 R'000	2016/17 R'000
Staff advances		-	-
Travel and subsistence		5	21
Prepayments (Not expensed)		-	-
Total		5	21

11. Receivables

	Note	2017/18			2016/17		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	<u>11.1</u>	-	198	198	1	204	205
Trade receivables	<u>11.2</u>	-	-	-	-	-	-
Recoverable expenditure	<u>11.3</u>	544	19	563	220	179	399
Staff debt	<u>11.4</u>	86	45	131	64	97	161
Fruitless and wasteful expenditure		-	-	-	-	-	-
Other debtors		-	-	-	-	-	-
Total		630	262	892	285	480	765

11.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
National departments	<u>11 and Annex 4</u>	-	-
Provincial departments		198	205
Households and non-profit institutions		-	-
Local governments		-	-
Total		198	205

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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11.2 Recoverable expenditure (disallowance accounts)

	Note <u>11</u>	2017/18 R'000	2016/17 R'000
Sal Tax Debt		52	24
Sal Reversal Control		378	274
Sal ACB Recalls		-	-
Sal Income Tax		133	38
Sal Deduct Disall Acc		-	1
Claims Rec		-	62
		-	-
Total		563	399

11.3 Staff debt

	Note <u>11</u>	2017/18 R'000	2016/17 R'000
Bursary Debt		131	161
Total		131	161

12. Voted funds to be surrendered to the Revenue Fund

	Note	2017/18 R'000	2016/17 R'000
Opening balance		14 683	71 001
Prior period error		-	-
As restated		14 683	71 001
Transfer from statement of financial performance		28 257	14 683
Add: Unauthorised expenditure for current year	<u>8</u>	7 841	-
Voted funds not requested/not received	<u>1.1</u>	-	-
Paid during the year		(14 815)	(71 001)
Closing balance		35 966	14 83

13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2017/18 R'000	2016/17 R'000
Opening balance		40	94
Prior period error		-	-
As restated		40	94
Transfer from Statement of Financial Performance		225	119
Own revenue included in appropriation		557	527
Transfer from aid assistance	<u>3</u>	-	-
Paid during the year		(699)	(700)
Closing balance		123	40

14. Bank Overdraft

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account		93 009	104 029
Fund requisition account		-	-
Overdraft with commercial banks (Local)		-	-
Total		93 009	104 029

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

15. Payables – current

	Note	2017/18 R'000	2016/17 R'000
Clearing accounts	<u>15.1</u>	1 040	59
Other payables	<u>15.2</u>	-	3 287
Total		1 040	3 346

15.1 Clearing accounts

	Note	2017/18 R'000	2016/17 R'000
Description	<u>15</u>		
Sal ACB Recalls		1 038	1
Claims Recoverable		-	12
Sal Income Tax		-	42
Sal Debt		2	4
Sal Reversal Acc		-	-
Total		1 040	59

15.2 Other payables

	Note	2017/18 R'000	2016/17 R'000
Housing fund	<u>15</u>	-	3 287
(Identify major categories, but list material amounts)			
Total		-	3 287

16. Payables – non-current

	Note	R'000 One to two years	R'000 Two to three years	R'000 More than three years	R'000 Total	2016/17 R'000 Total
Amounts owing to other entities		-	-	-	-	-
Advances received		-	-	-	-	-
Other payables	<u>16.1</u>	3	42	-	45	6
Total		3	42	-	45	6

16.1 Other payables

	Note	2017/18 R'000	2016/17 R'000
Description	<u>16</u>		
Sal Tax Debt		3	6
Sal Income Tax		42	-
(Identify major categories, but list material amounts)			
Total		45	6

17. Net cash flow available from operating activities

	Note	2017/18 R'000	2016/17 R'000
Net surplus/(deficit) as per Statement of Financial Performance		28 384	14 753
Add back non cash/cash movements not deemed operating activities		(15 463)	(67 793)
(Increase)/decrease in receivables – current		(127)	(76)
(Increase)/decrease in prepayments and advances		16	(16)
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		(2 306)	(2)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		1 911	3 475
Surrenders to Revenue Fund		(15 514)	(71 701)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		557	527
Other non-cash items		-	-
Net cash flow generated by operating activities		12 921	(53 040)

18. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General account		(93 009)	(104 029)
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Cash with commercial banks (Local)		-	-
Total		(93 004)	(104 024)

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

	Note	2017/18 R'000	2016/17 R'000
Liable to	Nature		
Motor vehicle guarantees	Employees	-	-
Housing loan guarantees	Employees	-	-
Other guarantees		-	-
Claims against the department		507	5 301
Intergovernmental payables (unconfirmed balances)		1 936	908
Total		2 443	6 209

19.2 Contingent assets

	Note	2017/18 R'000	2016/17 R'000
Nature of contingent asset			
Komanisie Developers		-	3 500
S. Kies		246	246
S. Makubalu		30	30
Debtors that derive from losses		162	174
Ubuntu Municipality		-	77
Total		438	4 027

The uncertainty arises as to when the matter will be heard in Court. Some of these claims are old and relate mainly to counterclaims where the Department has been sued. As the plaintiff is Dominus Litis the delay could be that they do not wish to proceed with the matter because they either do not have the money to continue litigation or are afraid of the outcome. It is also uncertain when the amounts owing will be paid.

There is a possibility that there may be a reimbursement. However there is always the problem that the defaulting parties do not have the resources to repay the money or go bankrupt.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

20. Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		17 698	23 821
Approved but not yet contracted		-	-
		<u>17 698</u>	<u>23 821</u>
Capital expenditure			
Approved and contracted		-	-
Approved but not yet contracted		-	-
		<u>-</u>	<u>-</u>
Total Commitments		<u>17 698</u>	<u>23 821</u>

Eternal Security services contract starts on 15/03/2017 and finishes 31/10/2019

21. Accruals and payables not recognised

21.1 Accruals

			2017/18 R'000	2016/17 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 406	102	1 508	4 002
Total	<u>1 406</u>	<u>102</u>	<u>1 508</u>	<u>4 002</u>

	Note	2017/18 R'000	2016/17 R'000
Listed by programme level			
Administration		979	719
Human Settlements		147	1 774
Co-Operative Governance		380	1 369
Traditional Institutional Management		2	140
Total		<u>1 508</u>	<u>4 002</u>

21.2 Payables not recognised

			2017/18 R'000	2016/17 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 591	10	1 601	7 467
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	181
Capital assets	-	-	-	-
Other	-	-	-	-
Total	<u>1 591</u>	<u>10</u>	<u>1 601</u>	<u>7 648</u>

	Note	2017/18 R'000	2016/17 R'000
Listed by programme level			
Administration		1 033	4 067
Human Settlements		187	3 165
Co-Operative Governance		341	318
Traditional Institutional Management		40	98
Total		<u>1 601</u>	<u>7 648</u>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018**

	Note	2017/18 R'000	2016/17 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	<u>Annex 5</u>	177	-
Confirmed balances with other government entities	<u>Annex 5</u>	-	-
Total		177	-

22. Employee benefits

	Note	2017/18 R'000	2016/17 R'000
Leave entitlement		12 846	12 568
Service bonus (Thirteenth cheque)		7 300	6 779
Performance awards		3 833	3 597
Capped leave commitments		2 340	2 777
Other		28	186
Total		26 347	25 907

Negative leave credits amounts to R225 798. The Persal system allows officials to apply for leave, although not accrued or entitled to.
There is a long term portion of the long service award. The provision on the long service awards was disclosed above under Other includes the long term portion of the long service awards.
At this stage the department is not able to reliably measure the long term portion of the long service.

23. Lease commitments

23.1 Operating leases

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18					
Not later than 1 year	-	-	5 292	321	5 613
Later than 1 year and not later than 5 years	-	-	8 143	-	8 143
Later than five years	-	-	-	-	-
Total lease commitments	-	-	13 435	321	13 756
2016/17					
Not later than 1 year	-	-	7 736	1 364	9 100
Later than 1 year and not later than 5 years	-	-	14 401	-	14 401
Later than five years	-	-	-	-	-
Total lease commitments	-	-	22 137	1 364	23 501

Buildings:

The Department entered into lease contracts with various service providers for all its district offices and for part of its provincial office:

Pixley Ka Seme (De Aar) - SEQUIRA BROTHERS
ZF Mgqawu (Upington) - USENTRA UPINGTON
JTG (Kuruman) – Northwest Development Corporation
Francis Baard (Kimberley) – Ocean Echo
Provincial Office Staff – Abrina
Namaqua (Springbok) – ANND Eiendomme

Operating Leases:

The amounts under operating leases include a hygiene contract (She Bins) with Bidvest Steiner and Telkom

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

23.2 Finance leases

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18					
Not later than 1 year	-	-	-	3 548	3 548
Later than 1 year and not later than 5 years	-	-	-	6 419	6 419
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	9 967	9 967
2016/17					
Not later than 1 year	-	-	-	1 596	1 596
Later than 1 year and not later than 5 years	-	-	-	2 995	2 995
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	4 591	4 591

The amount on Finance leases include:

*Copiers- 17 Copiers contracted from Konika Minolta, two from Bytes Document Solution and one from Kopano Xerox.
Mobile Phone and Data: Department participate in the RT15 contract that was nationally awarded to Vodacom
Fleet: The department are provided with vehicles from the Provincial Fleet Entity*

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		767 545	531 771
Prior period error			-
As restated		767 545	531 771
Add: Irregular expenditure – relating to prior year		29 892	115 826
Add: Irregular expenditure – relating to current year		129 937	119 948
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		-	-
Closing balance		927 374	767 545

Analysis of awaiting condonation per age classification

Current year	159 829	119 948
Prior years	767 545	647 597
Total	927 374	767 545

24.2 Details of irregular expenditure – added current year (relating to current and prior years)

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Current year		
Housing Projects	Still under investigation. Hence no disciplinary steps yes taken	133 984
SCM Processes not followed	Still under investigation. Hence no disciplinary steps yes taken	25 845
Total		159 829

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

24.3 Details of irregular expenditures under investigation (not included in the main note)

Incident	2017/18 R'000
Goods & Services – Quotations	28 182
Tenders – Housing projects	87 431
Total	115 613

It was impractical to determine the full extent of irregular expenditure relating to human settlement projects that may have resulted from non-compliance with supply chain management processes for financial years preceding the 2011/2012 financial year. This is due to challenges that the department faced to obtain the procurement records from the municipalities that were responsible for the implementation of these projects. The cost incurred by the department to date to obtain procurement records from municipalities and the potential future cost made it furthermore impractical to determine the full extent of irregular expenditure for years prior to the 2011/2012 financial year.

24.4 Details of the non-compliance where an institution was not represented in a bid committee for contracts arranged by other institutions

Incident	2017/18 R'000
Municipalities did the procurement for Human Settlements Projects and the department did not form part of the bid committee	514 566
Total	514 566

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		64 100	63 893
Prior period error			-
As restated		64 100	63 893
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		4	207
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery	15.6	-	-
Closing balance		64 104	64 100

25.2 Analysis of awaiting resolution per economic classification

	2017/18 R'000	2016/17 R'000
Current	257	253
Capital	-	-
Transfers and subsidies	63 847	63 847
Total	64 104	64 100

25.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Cancellation fees - Travelling		4
Total		4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

26. Related party transactions

	Note	2017/18 R'000	2016/17 R'000
Payments made			
Goods and services		452	479
Interest and rent on land		-	-
Expenditure for capital assets		-	-
Payments for financial assets		-	-
Transfers		-	-
Total		452	479

Expenditure relates to Goods and services expenditure on behalf of the Housing Fund.

*List of related party relationships
Northern Cape Provincial Treasury
Office of the Premier
Dept of Sport, Arts and Culture
Rural Development and Land Reform*

27. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)			
Officials:			
Level 15 to 16	<u>2</u>	3 394	3 064
Level 14 (incl. CFO if at a lower level)	<u>2</u>	6 944	7 118
Family members of key management personnel		-	-
Total		10 338	10 182

28. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	25 296		851	477	25 670
Transport assets	4 439	-	-	-	4 439
Computer equipment	10 645	-	-	470	10 175
Furniture and office equipment	8 217	-	793	7	9 003
Other machinery and equipment	1 995	-	58	-	2 053
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	25 296	-	851	477	25 670

28.1 Additions

	Cash R'000	Non-cash R'000	Total R'000
MACHINERY AND EQUIPMENT	778	73	851
Transport assets	-	-	-
Computer equipment	-	-	-
Furniture and office equipment	720	73	793
Other machinery and equipment	58	-	58
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	778	73	851

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

28.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	477	477	-
Transport assets	-	-	-	-
Computer equipment	-	470	470	-
Furniture and office equipment	-	7	7	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	477	477	-

28.3 Movement for 2016/17

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	25 563	-	1 547	1 814	25 296
Transport assets	5 827	-	-	1 388	4 439
Computer equipment	10 005	-	1 058	418	10 645
Furniture and office equipment	7 798	-	419	-	8 217
Other machinery and equipment	1 933	-	70	8	1 995
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	25 563	-	1 547	1 814	25 296

28.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1 532	-	6 151	-	7 683
Additions	-	4	-	117	-	121
Disposals	-	726	-	32	-	758
TOTAL MINOR ASSETS	-	810	-	6 236	-	7 046

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1 247	-	6 119	-	7 366
Additions	-	285	-	82	-	367
Disposals	-	-	-	50	-	50
TOTAL MINOR ASSETS	-	1 532	-	6 151	-	7 683

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	634	-	3 675	-	4 309
TOTAL NUMBER OF MINOR ASSETS	-	634	-	3 675	-	4 309

28.5 Movable assets written off

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	-	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	-	-	-

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	1 814	-	1 814
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	1 814	-	1 814

MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2017

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
No. of Assets				2		2
Value of the assets (R'000)				1 388		1 388

29. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	1 393	-	11	641	763
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	1 393	-	11	641	763

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

29.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-Cash R'000	Total R'000
SOFTWARE	-	11	11
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	-	11	11

29.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
SOFTWARE	-	641	641	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	641	641	-

29.3 Movement for 2016/17

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	849	-	544	-	1 393
TOTAL INTANGIBLE CAPITAL ASSETS	849		544		1 393

30. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3 035	-	34	-	3 069
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	3 035	-	34	-	3 069
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3 035	-	34	-	3 069

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

30.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	34	-	34
Dwellings	-	-	-
Other fixed structures	34	-	34
LAND AND SUBSOIL ASSETS	-	-	-
Land	-	-	-
Mineral and similar non-regenerative resources	-	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	34	-	34

30.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

30.3 Movement for 2016/17

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	2 941	-	94	-	3 035
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	2 941	-	94	-	3 035
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	2 941	-	94	-	3 035

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

31. Principal-agent arrangements
31.1 Department acting as the principal

	Fee paid	
	2017/18 R'000	2016/17 R'000
Housing Development agency (HDA)	3 173	4 650
Bigen Africa	3 827	5 211
Total	7 000	9 861

DA and Bigen Africa entered into an arrangement with the Department of Co-operative governance Human Settlements and Traditional Affairs for the implementation of the subsidised housing scheme on behalf of the department. Agency fees are paid to HDA and Bigen Africa as disclosed above.

In addition some Local Municipalities in the province act as agents for the Department of Co-operative governance Human Settlements and Traditional Affairs for the implementation of the subsidised housing scheme. No fees are paid as compensation to the local municipalities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2016/17	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjust-ments	Total Available	Amount received by department	Amount spent by department	Under / (Over-spending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Housing Subsidy Grant	402 668	8 973	-	100 000	511 641	511 641	479 239	32 402	94%	374 930	365 954
Consolidation Support Grant (EPWP)	2 000	-	-	-	2 000	2 000	2 000	-	100%	2 000	2 000
	404 668	8 973	-	100 000	513 641	513 641	481 239	32 402		376 930	367 954

33. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
NEAR SYSTEM GRANT							
Frances Baard Dist.	350	-	-	350	350	-	-
Pixley Ka Seme	350	-	-	350	350	-	-
John Taolo Gaetsewe	350	-	-	350	350	-	-
Namakwa Dist.	350	-	-	350	350	-	-
ZF Mgcawu	350	-	-	350	350	-	-
GURP							
TOTAL	1 750	-	-	1 750	1 750	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

34. Prior period errors

34.1 Correction of prior period errors

	<i>Note</i>	Amount bef error correction 2016/17 R'000	Prior period error 2016/17 R'000	Restated Amount 2016/17 R'000
Principal-agent arrangements	0			
! Kai! Garib LM		6 975	-6 975	-
!Kheis LM		710	-710	-
Dikgatlong LM		1 191	-1 191	-
Emthanjeni LM		102	-102	-
Gamagara LM		1 523	-1 523	-
Ga-Segonyana LM		5 842	-5 842	-
Joe Morolong LM		9 010	-9 010	-
John Taolo Gaetsewe LM		2 618	-2 618	-
Kareeberg LM		2 094	-2 094	-
Khai-Ma LM		230	-230	-
Khara Hais LM		4 027	-4 027	-
Magareng LM		971	-971	-
Nama Khoi LM		97	-97	-
Phokwane LM		31 998	-31 998	-
Richtersveld LM		137	-137	-
Siyancuma LM		63	-63	-
Sol Plaatje LM		7 243	-7 243	-
Thembelihle LM		1 553	-1 553	-
Ubuntu LM		1 564	-1 564	-
Umsobomvu LM		37	-37	-
Housing Development agency		14 560	-9 910	4 650
Bigen Africa		-	5 211	5 211
Net effect		92 545	-82 684	9 861

The MCS chapter 16 requires the department to disclose principal-agent relationships. However the department disclosed transactions with municipalities that fall outside of the definition of a principle-agent relationship as defined by Chapter 16.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	DoRA and other transfers	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
FIRE EQUIPMENT												
ZF Mgcawu	-	-	-	-	-	-	-	-	-	-	-	4 000
NEAR SYSTEM GRANT												
Frances Baard Dist.	350	-	-	-	350	-	-	350	-	-	-	350
Pixley Ka Seme	350	-	-	-	350	-	-	350	-	-	-	350
John Taolo Gaetsewe	350	-	-	-	350	-	-	350	-	-	-	350
Namakwa Dist.	350	-	-	-	350	-	-	350	-	-	-	350
ZF Mgcawu	350	-	-	-	350	-	-	350	-	-	-	350
GURP												
Sol Plaatje	-	-	-	-	-	-	-	-	-	-	-	5 513
TOTAL	1 750	-	-	-	1 750	-	-	1 750	-	-	-	11 263

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018**

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Licenses	-	-	-	-	-	-	2
TOTAL	-	-	-	-	-	-	2

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 1C
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
H/H Empl S/Ben: Leave Grat	-	-	-	-	868		
Human Settlement Redev Prog	511 641			511 641	479 239	94%	374 930
Pocket Money Households (Stipends for Trad Houses Volunteers)	1 265	-	-	1 265	1 265	100%	5 205
Consolidation Support (EPWP)	2 000	-	-	2 000	2 000	100%	2 000
H/H Claims against State					221		
H/H Donations and Gifts	-	-	-	-	52		
	514 906	-	-	514 906	483 645	-	382 135
Subsidies							
TOTAL							

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018**

**ANNEXURE 1D
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18	2016/17
	R'000	R'000
Made in kind		
Donations and Promotional Items	29	118
TOTAL	29	118

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018**

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

NATURE OF LIABILITY	Opening Balance 1 April 2017 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2018 R'000
Claims against the department:					
Barnard JM	75	-	-	-	75
Young Alum SA	2 005	-	2 005	-	-
Komanisi Developers	2 950	-	2 950	-	-
Hantam Municipality	250	-	-	-	250
Afriforum	25	-	-	-	25
Ntefang	50	-	37	-	13
NC Fleet	2	-	2	-	-
NC Government - Fleet Services	144	-	-	-	144
Subtotal	5 501	-	4 994	-	507
TOTAL	5 501	-	4 994	-	507

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 3
CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
GOVERNMENT ENTITY								
Department								
Dept of Rural Development and Land Reform	22	-	-	-	22	-	-	-
	22	-	-	-	22	-	-	-
TOTAL	22	-	-	-	22	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

ANNEXURE 4
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2016/17*	
							Payment date up to six (6) working days before year end	Amount
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017		
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current	-	-	1 641	908	1 641	908		
Dept of Justice and Const Dev	-	-	-	-	-	-		
Office of the Premier	132	69	-	-	132	69		
NC Provincial Legislature	45	-	-	-	45	-		
Government Printing	-	-	13	-	13	-		
Dept National School of Government	-	-	5	-	5	-		
Dept Sport, Arts and Culture	-	-	277	-	277	-		
Subtotal	177	69	1 936	908	2 113	977		
Non-current								
Subtotal	-	-	-	-	-	-		
TOTAL	177	69	1 936	908	2 113	977		

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018**

**ANNEXURE 5
INVENTORIES**

Inventories	Note	Quantity	2017/18	Quantity	2016/17
			R'000		R'000
Opening balance		1 786	981 817	5 556	875 289
Add/(Less): Adjustments to prior year balance		-	-	-	13 875
Add: Additions/Purchases - Cash		751	280 917	593	311 611
Add: Additions - Non-cash		-	-	2	-
(Less): Disposals		-	-	-	-
(Less): Issues		-	-	-	-
Add/(Less): Adjustments		(915)	(154 293)	(1 098)	(141 595)
		(334)	(84 390)	(3 267)	(77 363)
Closing balance		1 288	1 024 051	1 786	981 817

PART F

HOUSING FUND FINANCIAL STATEMENT



1. REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE ON THE NORTHERN CAPE HOUSING DEVELOPMENT FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages 150 to 159, which comprise the statement of financial position as at 31 March 2018, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Housing Development Fund as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the requirements of the Housing Act of South Africa (Act No. 107 of 1997).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 4 to the financial statements, which indicates that there has been a national decision to de-establish the Housing Fund in all provinces. As stated in note 4, these events or conditions, indicate that the material uncertainty exist that may cast significant doubt on Housing Fund ability to continue as a going concern. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the Housing Act of South Africa (Act No. 107 of 1997), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Northern Cape Housing Development Fund ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. The entity is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is also not required in terms of the entity's specific legislation.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

13. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
14. None of the key legislation in the PAA and the general notice issued was applicable for the entity.

INTERNAL CONTROL DEFICIENCIES

15. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

Kimberley
31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concerns basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Northern Cape Housing Development Fund ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

2. ANNUAL FINANCIAL STATEMENTS

NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2018

Report by the Accounting Officer for the year ended 31 March 2018

1. General review of the state of financial affairs

The Northern Cape Housing Development Fund is dormant and received no further funding during the year. The Income and expenditure that is reflected in the statement Financial Performance are receipts received from its debtors (namely, suspensive sale, rental and individual loan debtors) and expenditure in relation to municipal rates and taxes.

2. General

The Housing Fund was setup as a conduit for national housing funding and to hold all housing assets in the province. With the introduction of the housing conditional grant, the Department received funding appropriated into the budget of the Department through the budget processes. This meant there was no longer a need for the existence of a Housing Fund to receive the funding for housing.

There has been a national decision to de-establish the Housing Fund in all Provinces; however the legislative changes to the National Housing Act have not yet been enacted to allow for the de-establishment the Northern Cape Housing Development Fund.

3. Overview of operations during the year

During the 2017 financial year the housing fund undertook an exercise of devolving all its properties to the various local authorities in the Northern Cape Province, the debtors system was finalised and closed off during the end of the 2012 financial year as a result no transactions took place on the debtor system during the 2018 financial year

As at year end of financial year the housing fund did not have any sales, rental and loan debtors.

As at year end the fund had properties amounting to R10.3 million which are in the process of being devolved to the local municipalities in the Northern Cape Province.

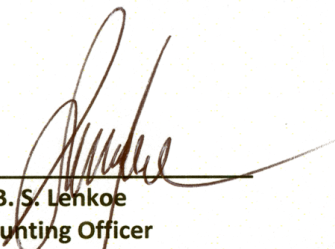
We expect to devolve all properties during the 2018/19 financial year

4. Events after the reporting date

No other material events occurred after the reporting date have occurred which may impact on the financial statements of the fund.

5. Approval

The attached financial statements set out in pages 150 to 156 have been approved by the Accounting Officer.



Mr. B. S. Lenkoe
Accounting Officer

Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs
31 May 2018

NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position

Figures in Rand	Note(s)	2018	2017
ASSETS			
Current Assets		10,330,000	10,330,000
Inventories : Properties held for devolution	2	10,330,000	10,330,000
TOTAL ASSETS		10,330,000	10,330,000
NET ASSETS AND LIABILITIES			
Net Assets		10,272,747	10,285,109
Accumulated Surplus		10,272,747	10,285,109
Current Liabilities		57,253	44,891
Trade and other payables	5	57,253	44,891
TOTAL NET ASSETS AND LIABILITIES		10,330,000	10,330,000

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Revenue		503,258	455,321
Other Income	6	503,258	455,321
Operating expenses		(515,621)	(1,024,165)
Devolution and Transfer costs		-	559,000
Rates and Taxes		95,717	44,344
Audit Fees		368,604	370,321
Consulting Fees		51,300	50,500
(Deficit) for the period		(12,363)	(568,844)

Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total
Opening Balance as at 31 March 2017	10,285,110	10,285,110
Prior period error - note 7	-	-
Restated opening balance 31 March 2017	-	-
Deficit for the period	(12,363)	(12,363)
Inventory Adjustment	-	-
(Deficit) for the period	10,272,747	10,272,747

Accounting Policies

1. Basis of preparation

The Annual Financial Statements are presented in South African Rand. They are prepared on the historical cost basis. Using the accrual basis of accounting except as stated otherwise, under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid. The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) as per Directive No 5 Issued by the Accounting Standards Board

No Cash Flow statement is prepared for the housing fund as payments and receipts of cash are being paid and received by the Department of Co-operative Governance, Human Settlements and Traditional Affairs

Changes in accounting standards and presentation of financial statements

Prior to 1 April 2009, the housing fund adopted South African Statements of Generally Accepted Accounting Practice (SA GAAP) as its reporting framework. The Housing fund has adopted where applicable the following GRAP Accounting standards and pronouncements as per Directive No 5 Issued by the Accounting Standards Board (ASB) as of 1 April 2009:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investments in Associates
- GRAP 8 Interests in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
- GRAP 101 Agriculture
- GRAP 102 Intangible Assets

Accounting Policies

The following standards were approved by the Accounting Standards Board but are not yet effective:

GRAP 105 Transfers of Functions between Entities under Common Control

GRAP 106 Transfers of Functions between Entities Not Under Common Control

GRAP 107 Mergers

We have assessed the effect of these standards and have only developed policies where the standard will be applicable to our entity.

The recognition and measurement principles in GRAP and SA GAAP Statements do not differ or result in material differences in items presented and disclosed in the Annual Financial Statements. The implementation of GRAP 1 and 3 has resulted in the following significant changes in the presentation of the Annual Financial Statements:

Standard of GRAP

Statement of Financial Position
Statement of Financial Performance
Statement of Changes in Net Assets
Net Assets
Surplus / Deficit for the period
Accumulated Surplus / Deficit
Reporting date

Standard of SA GAAP

Balance Sheet
Income Statement
Statements of Changes in Equity
Equity
Profit / Loss for the period
Retained Earnings
Balance Sheet date

1.2 Significant Accounting judgements

The preparation of the Housing fund financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Housing fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1.3 Financial Assets, and Liabilities

1.3.1 Initial Recognition

Financial instruments are recognised initially when the Housing Fund becomes a party to the contractual provisions of the instruments. The Housing Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Regular purchases of financial assets are accounted for at trade date.

1.3.2 Trade Receivables

Trade Receivables included in the statement of financial position comprises of suspensive sale debtors, individual loan debtors and debtor clearing accounts

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus and deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days Overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in the statement of financial performance within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of financial performance.

1.3.3 Trade and Other Payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade and other payables are classified as financial liabilities at amortised cost.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts received or receivable. Revenue is recognised when it is probable those future economic benefits will flow to the housing fund and that these benefits can be measured reliably.

1.5 Related Parties

The Housing Fund operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. All national departments of government and state-controlled entities are regarded as related parties in accordance with Circular 4 of 2005: Guidance on the term “state controlled entities” in context of IAS 24 (AC 126), Related Parties, issued by the South African Institute of Chartered Accountants. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

1.6 Inventories

Inventories consist of properties held for devolution, which is valued at the lower of cost or current replacement value, Inventory is held for distribution at no charge, inventories are valued at the lower of cost or current replacement value as they will be distributed through a non-exchange transaction.

The carrying amount of inventories is recognised as an expense in the period that the inventory is distributed.

Notes to the Financial Statements

Figures in Rand	2018	2017
2. Inventories – Properties held for devolution		
Land	10,330,000	10,330,000
	10,330,000	10,330,000

The fund is currently in the process of transferring the above mentioned properties to the various local authorities through a devolution process.

A register containing information on the properties owned by the Fund is available for inspection at the funds registered address.

Figures in Rand	2018	2017
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3. Related Parties

The housing fund’s operations and management decisions are controlled by the Northern Cape department of cooperative governance, Human settlements and traditional affairs.

Related Party Transactions:

NC COGHSTA – Grant for payment of expenses	503,258	455,321
	503,258	455,321

The Department which is a related party paid rates and taxes and property transfer fees, audit and consulting fees on behalf of the fund, this payment is treated as income in the accounting records of the housing fund.

4. Going Concern

There has been a national decision to de-establish the Housing Fund in all provinces; however, the legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund, the fund will probably transfer all remaining properties to local authorities during the calendar year 2018.

Figures in Rand	2018	2017
5. Trade and Other payables		
Municipal Rates and transfer costs	57,253	44,344
	57,253	44,344

6. Other Income

NC COGHSTA – Grant for payment of expenses	503,258	455,321
	503,258	455,321

The Department which is a related party paid rates and taxes and property other expenses on behalf of the fund, this payment is treated as income in the accounting records of the housing fund.

7. Prior Period Error

Figures in Rand	2018	2017
Trade and other payables		
Trade and other Payables in the previous financial year were understated with a total amount of:		
Transfer cost of	-	25,500

8. Financial Instruments and Risk Management

The fund's financial instruments consist mainly of trade and other receivables and trade and other payables. All financial instruments are measured and recognised at fair value.

Trade receivables and payables approximate their fair value due to the short term nature of these instruments. The fair values together with the carrying amounts have been determined by using available market information and are presented in the Statement of Financial Position as detailed below:

Financial assets - at carrying value

Trade and other receivables	-	-
TOTAL	-	-

Financial liabilities - at carrying value

Trade and other payables	57,253	44,891
TOTAL	57,253	44,891

Fair value of financial instruments:

Financial assets - at fair value

Trade and other receivables	-	-
TOTAL	-	-

Financial liabilities - held at amortised cost:

Trade and other payables	57,253	44,891
TOTAL	57,253	44,891

Financial Instruments

Potential concentrations of credit risk consist mainly of trade receivables from the funds related party

At 31 March 2018, the fund did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

Fair Value of Financial Instruments

The carrying amounts of the following financial instruments approximate their fair value due to the fact that these instruments are predominantly short term nature.

- Trade and Other receivables - due to the short term nature of entity's receivables, amortised cost approximates its fair value.
- Trade and other payables - are subject to normal trade credit terms and short payment cycles. The cost of other payables approximates its fair value.

No financial instrument is carried at an amount in excess of its fair value

Risk Management

Liquidity risk

Liquidity risk is the risk that the fund will be unable to meet its obligations as they become due. The fund's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the fund's reputation.

The fund manages liquidity risk through the compilation and monitoring of cash flow forecasts.

The fund is not exposed to liquidity risk, as the obligations of the fund will be met by COGHSTA, if needed.

Maturity Period	0 – 12 Months	1 - 5 Years	> 5 Years
Financial Assets			
Trade and other receivables	-	-	-
Financial Liabilities			
Trade and other payables	12,362	44,891	-

Market risk

Market risk is the risk that changes in market prices (interest rate) will affect the fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return

The fund is not exposed to any market risk as it does not enter into transactions that may affect the fund with regard to changes in market prices.

Interest rate risk

The fund does not have significant interest-bearing assets, and therefore the fund's income and operating cash flows are substantially independent of changes in market interest rates.

The fund is not exposed to interest rate risk as it does not enter into interest rate transactions.

Foreign exchange risk management

The fund is not exposed to any foreign exchange risk as it does not enter into any foreign exchange contracts.

NOTES

[illegible]



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