

**COGHSTA**

CO-OPERATIVE GOVERNANCE

HUMAN SETTLEMENTS & TRADITIONAL AFFAIRS



2015/16

# Annual Report

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## **PART A: GENERAL INFORMATION**

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## 1. DEPARTMENT GENERAL INFORMATION

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## **2. LIST OF ABBREVIATIONS/ACRONYMS**

AGSA	Auditor General of South Africa
AO	Accounting Officer
BBEE	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	Masters in Business Administration
MBL	Masters in Business Leadership
MEC	Member of Executive Council
MPAT	Management Performance Assessment Tool
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
PSCBC	Public Service Co-ordinating 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
TR	Treasury Regulations

### 3. FOREWORD BY THE MEC



**Name: Mr Alvin Botes**

**Title: Member of the Executive Council**

The Department is firmly grounded around its vision of People of the Northern Cape living in integrated human settlements; with responsive, accountable and highly effective municipalities and traditional institutions has been rated second in the Province for improved service delivery by the Department of Public Service and Administration. This is as a result of strategic leadership provided by the African National Congress.

We have been resolute in implementing the Title Deeds Restoration Project which is directed at dealing with the backlog of 21 160 for Post-1994 properties. Pre-1994 stock is estimated at 3 705 but this figure might increase due to many “older” areas currently being formalized post-1994. The backlog presented to the National Department of Human Settlements in the Implementation Plan is 24 865.

The Human Settlements Development Grant (HSDG) was reduced at the beginning of the financial year due to budget constraints in the National Budget Cut. However, the Department received an additional re-allocation from under spending provinces. With this total budget we achieved the following:

- 66 houses rectified
- 1337 houses built
- 660 households provided with basic infrastructure and
- 2621 properties transferred

Provision of sustainable human settlements restores the dignity and affirms a sense of belonging, security, identity and ultimately a place called home.

We have further embarked on an extensive Asbestos Rectification programme for the entire province. The first leg has been completed wherein thirty one thousand (31 000) apartheid-build houses has been examined and confirmed to have been constructed with contaminated asbestos material.

In fasttracking the provision of sustainable to the masses of our people, we have funded seven municipalities that are delegated to perform certain housing functions, in terms of the Municipal Accreditation Programme. The funding was used to augment municipalities’ operational funding to perform their delegated housing functions. The municipalities are Frances Baard District Municipality, ZF Mgcawu District Municipality, John Taolo Gaetsewe District Municipality, Sol Plaatje Municipality, Emthanjeni Municipality, Pixley ka Seme District Municipality and Khara //Hais Municipality.

The Back-to-Basics approach remains a strategic intervention meant to enable municipalities to respond effectively and efficiently to the plight of people. The Back-to-Basic Approach is informed and driven by phases and deliverables. To date twenty-eight municipalities have adopted Action Plans, which is a good indication, and affirmation that Municipalities are adhering to the developmental process that is set out in phases. Seventy Percent (70%) of municipalities are

reporting on Back-to-Basics Indicators. In terms of showcasing best practices municipalities, 2 are doing well and 9 improved municipalities are identified for showcasing as per B2B deliverables.

The Municipal Finance Management Act Audit Outcomes remains critical in evaluating the financial performance and viability of municipalities. For the 2014/2015 Financial Year, we have:

- 2 Financially qualified with no matters
- 9 Financially Qualified with matters
- 13 Qualified
- 6 Disclaimers
- 2 Outstanding

Our top financially performing municipalities is the District Municipalities of Frances Baard and Zwelentlanga Fatman Mgcawu. Municipalities where the narrative of good governance is within reach are municipalities of John Taolo Gaetsewe, Pixley ka Seme, Namakwa, Umsobomvu, Khai Ma, Emthanjeni, Sol Plaatje, //Khara Hais and Kareeberg - this is municipalities which received unqualified reports, with findings (or emphasis on matters which must be corrected).

The Department of Cooperative Governance, Human Settlements and Traditional Affairs remains committed under the strategic leadership ANC to the Medium Term Strategic Framework's Outcomes 8 and 9. The implementation of policy directives is sacrosanct, it is aimed at bettering the lives of ordinary South Africans.



**Mr Alvin Botes**  
**MEC of the Department of Cooperative Governance,**  
**Human Settlements and Traditional Affairs**

**Date: 31 May 2016**



#### **4. REPORT OF THE ACCOUNTING OFFICER**



**Name:** Mr Denver van Heerden  
**Title:** Accounting Officer

##### **Overview of the operations of the Department**

When I was laterally transferred as the Head of Department (HOD) seven months ago, I had set out an action plan geared towards improving the way the department operates. There was undoubtedly lack of urgency in few critical areas of service delivery. The area of quality housing delivery by municipalities or example still requires much attention. Poor workmanship and non compliance with supply chain management (SCM) processes is common in some of the municipalities and need urgent attention in the new financial year. In presenting this Annual Report I would like to provide you with a sense of how we have fared in 2015/16. The overall performance of the department is not a particularly satisfactory one. The insufficient budget allocation received made it difficult to provide the services needed by the community at large and thus leading to unplanned community protests in some areas. Despite the challenges we faced we have managed to make achievements in many areas of our Strategic Plan. But the tide has been turning and the department has responded positively to the challenges. It is my intention that by the end of the 2016/2017 financial year I will present the annual review that says we have performed above expectation.

Our performance is results driven and underpinned by the government's outcome based approach. We have developed a system that will assist us in improving our management of performance information in line with the management performance assessment tool (MPAT). More importantly, the system will be central to how we make interventions based on sound-decisions, and how we account collectively. This means measuring performance across the board that include financial performance, good governance, human capital management, IT performance and any other work we do. For the system to be effective we have drilled down to its basic elements – data collection. The audits conducted both internally and externally have provided insight on what needs to be done to improve performance management.

Significant progress has been made in the area of human resources. During the year under review, 15 employees were recruited into the department as opposed to almost double that number who left the department for various reasons as stated elsewhere in the report. It must be taken into account however, that quite a significant number of employees were also promoted. However, our focus is not on blanket filling of vacant positions but we want to recruit committed employees. This is what should inform our recruitment and retention strategy. The Department wants to remain the employer of choice by taking care of their most important asset namely the staff through capacity building programme and performance rewards. A total amount of R 2.1 m was paid out towards performance rewards to employees that met the requirements.

Discipline had to be instilled where necessary. No working days were lost through for example strike action, and senior management led from the front in that no disciplinary action had to be taken against any one of them. However, disciplinary hearings were held for the lower category and 4 staff members had to be dismissed. Two disputes were lodged with the councils, one was upheld and one dismissed. All grievances that were lodged were successfully resolved.

Two motor vehicle accidents were registered and in one, the Department unfortunately lost a staff member.

At the beginning of the 2015/16 financial year on 15 May 2016 the National Department of Human Settlements Minister issued directives on programmes that are not to be funded from the Human Settlements Development Grant. These directives had an impact on programmes that had already been included in the 2015/16 performance plan of the Human Settlements programme. This impacted mainly on the following Human Settlements programmes:

- Rectification RDP stock 1994 – 2002
- Rectification of Housing Stock (pre 1994)
- Project Linked Subsidies
- Emergency Housing Assistance
- Community Residential Units (CRU)

The above programmes had to be removed or reduced in the conditional grant business plan in order to meet the directives, and where necessary a request for deviation had to be approved by the Minister where the Department was contractually bound prior to the directive.

The Department in the 2015/16 financial year approved the housing allocation policy, which is derived from the National Human Settlements allocation policy. This has affected the service delivery environment as the vulnerable and first come basis preference is applied.

From the service delivery and addressing the public perspective, the Department has experienced challenges with the identification of beneficiaries and allocation of houses, simultaneously this has affected the issuing of title deeds. The development and maintenance of the Housing Needs Register and the eradication of the title deeds backlog programme will address this.

In 2008 the Government of South Africa banned the use of asbestos and asbestos fibre in any product. This ban was a reflection of the commitment of the Government to creating better lives for the people of South Africa. As a component of this commitment the Northern Cape Provincial Government acknowledges that a large number of houses, schools, hostels and flats delivered by the government of the past were roofed with asbestos roof sheets.

It was on the basis of these health risk issues, the department found it compelling to make a business case for a comprehensive assessment/ audit and costing of the problem, that relates to housing stock roofed and/or built with asbestos / products containing asbestos fibre. The audit assisted us to quantify the entire stock in the Province, which will enable us to devise a plan and cost to eradicate asbestos and guarantee the citizens of Northern Cape healthier livelihoods and an improved quality of life.

There are several external factors that impact on the service delivery processes that the Department have no control over. These factors can be attributed to different variables like the slow economic growth as well as contested socio-political space.

The Province is experiencing slow economic growth that impacts on the prices of building material and transportation. Most emerging contractors have no buying power and others cannot access credit to buy material. This affects the speed that the department has set itself to deliver quality houses in an efficient and effective manner.

There seems to be a competition amongst councillors, community development workers as well as ward committees and concern groups that claim to be the representatives of some communities. We have witness the changing and replacement of approved beneficiaries on a housing beneficiary list by either individual councillors or some community development workers and concern groups. This has lead to several community protests and withdrawal of labour by workers working in housing projects. This has affected negatively the schedule of delivery of houses in most housing projects.

The Department is mandated to monitor and support municipalities so that they can perform their functions properly. Municipalities operate in complex environment and municipal performance is impacted negatively. Most municipalities do not have resources to appoint suitable qualified workforce. The department efforts to capacitate and support municipalities fall short because of shortage of municipal personnel to carry on with the functions of the municipalities.

During the State of the Nation Address, the President called for the recognition and establishment of traditional communities for Khoi San people. The current legislative framework does not make provision for that. National government has ever since started the process of reviewing process and the Deputy Minister Honourable Obed Pabela during his visit to the province has indicated that the new Traditional Affair Bill will be finalised before the end of 2015 financial year. This did not materialise during the financial year and will be carried through to the next financial year to be hopefully finalised.

Service delivery is influenced by external factors such as cooperation between SALGA, traditional leaders and local municipalities in fully implementing legislation affecting traditional communities. Other factors such as the review and the amendment of legislation will assist traditional communities to fully participate and support local initiatives such as compilation and development of IDP programmes

Irregular expenditure remains a challenge within the department due to the legacy issues of procurement at municipal level. The provincial department visited a number of municipalities to discuss issues of tenders and processes followed, but documentation could not be provided and reasons for appointing a particular service provider without procedures, could not be justified. Consequently the irregular expenditure has been accumulating on a yearly basis due to deficiency in internal controls at municipal level. Initial irregular expenditure disclosed as from 2004/05 financial year were R392m, but increased to R836m as at end of March 2015, due to non-compliance at municipal level.

However, the department procured the services of V3 consulting engineers to assit in analysing the extent of irregular expenditure, in order to reduce the occurrence thereof. The consultants were mainly appointed for period of five months in order to to express an independent view to determine the extent of irregularities, and whether such expenditure can be condoned or not. The total value determined were R357m or about 62% from the total population, during the assessment. Such expenditure were identified on the basis of valid, invalid or impractical irregular expenditure, to determine the exact amounts over the past number of years. The department will now embark on an exercise of condoning this irregular expenditure, with the approval of the necessary executing authority, as per the treasury guidelines.

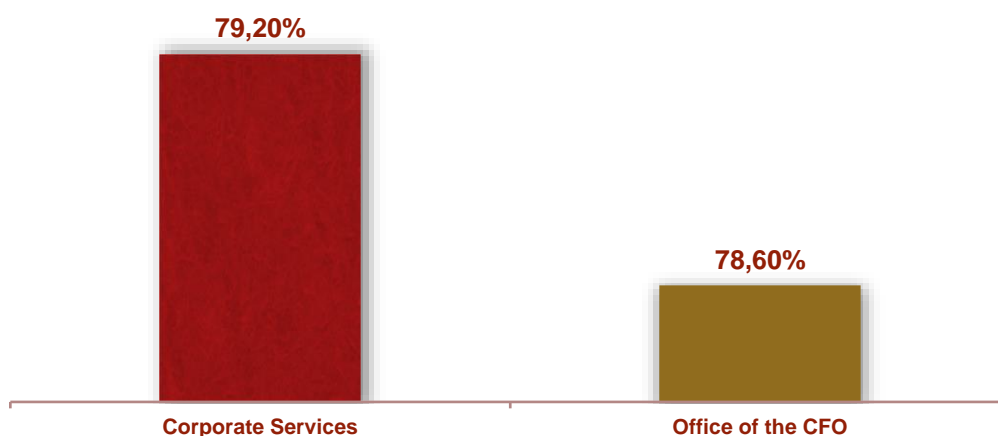
Another major issue were the disclosure notes on commitments. The department disclose human settlelemts projects as outstanding commitments at end of a particular financial year, thus having high values on the face of the annual financial statements. Based on the new guidelines from national treasury issued during januaryt 2016 in terms of paragraph 58 to 67, commitments that relate to transfer payments, as with human settlements projects, must be excluded from the note on the annual financial statements.

## Overview of Performance Information

### Programme 1: Administration

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
<b>Corporate Services</b>			
Human Capital Management	11	7	63.6%
Legal Services	2	2	100%
Planning, Performance Monitoring & Evaluation	6	5	83.3%
General Support Services	5	5	100%
<b>Total</b>	<b>24</b>	<b>19</b>	<b>79.2%</b>
<b>Office of the CFO</b>			
Financial Management	9	8	88.9%
Supply Chain Management	5	3	60%
<b>Total</b>	<b>14</b>	<b>11</b>	<b>78.6%</b>

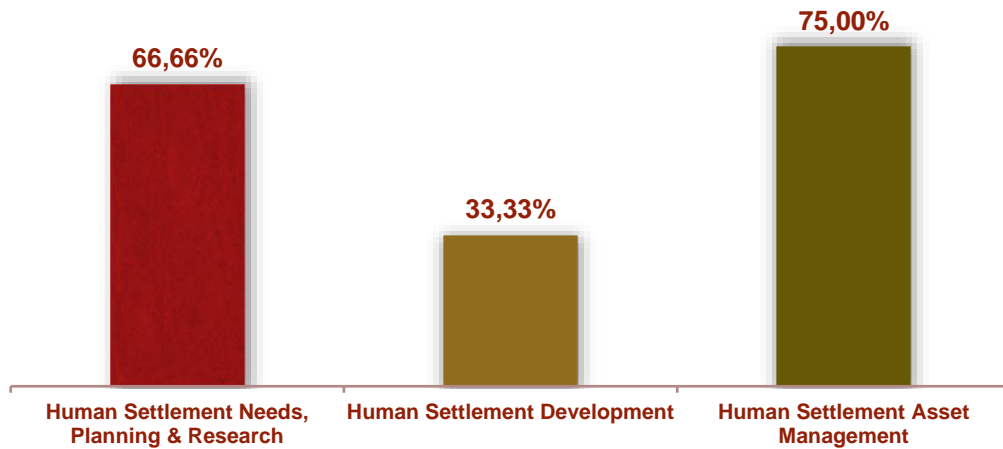
### Programme 1: Administration % of Indicators Achieved



### 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	3	2	66.66%
Human Settlement Development	3	1	33.33%
Human Settlement Asset Management	4	3	75%
<b>Total</b>	<b>10</b>	<b>6</b>	<b>60%</b>

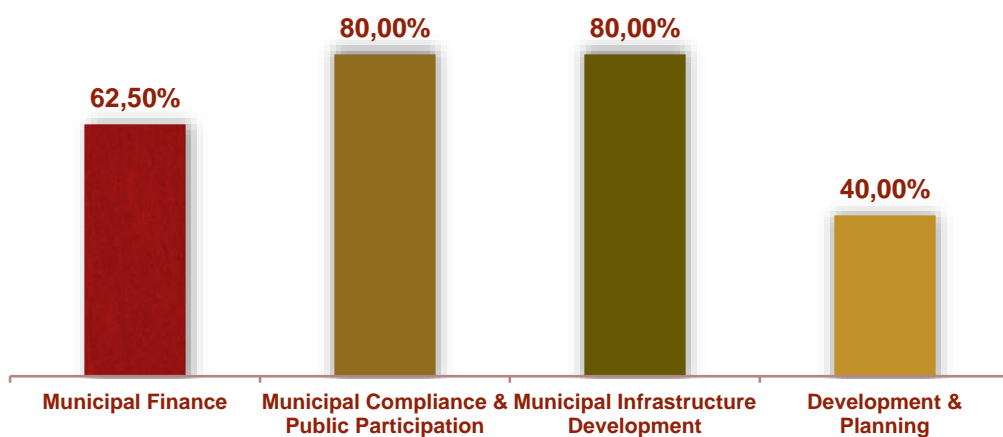
### Programme 2: Human Settlements % of Indicators Achieved



### Programme 3: Cooperative Governance

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
<b>Corporate Services</b>			
Municipal Finance	8	5	62.5%
Municipal Compliance & Public Participation	5	4	80%
Municipal Infrastructure Development	5	4	80%
Development & Planning	5	2	40%
<b>Total</b>	<b>23</b>	<b>15</b>	<b>65.2%</b>

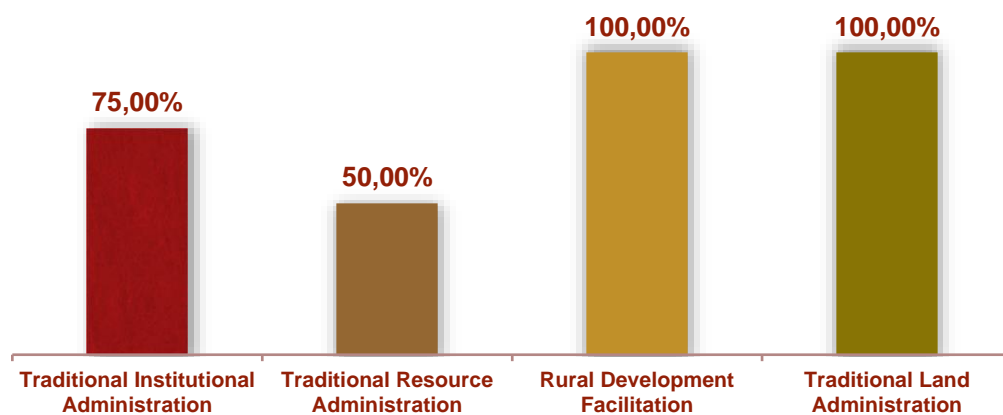
### Programme 3: Cooperative Governance % of Indicators Achieved



#### Programme 4: Traditional Affairs

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Institutional Administration	4	3	75%
Traditional Resource Administration	4	2	50%
Rural Development Facilitation	2	2	100%
Traditional Land Administration	1	1	100%
<b>Total</b>	<b>11</b>	<b>8</b>	<b>72.7%</b>

#### Programme 4: Traditional Affairs % of Indicators Achieved



#### Overview of the financial results of the Department

##### Departmental receipts

Departmental receipts	2015/2016			2014/2015		
	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	396	424	-28	363	435	-72
Interest, dividends and rent on land	24	40	-16	23	9	14
Sale of capital assets	0	0	0	0	150	-150
Financial transactions in assets and liabilities	81	744	-663	94	371	-277
<b>Total</b>	<b>501</b>	<b>1208</b>	<b>-707</b>	<b>480</b>	<b>965</b>	<b>-540</b>

##### Determination of tariffs:

Tariffs utilised 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 be reported for this period under review. No bad debts written off during this period.

### Over – collection

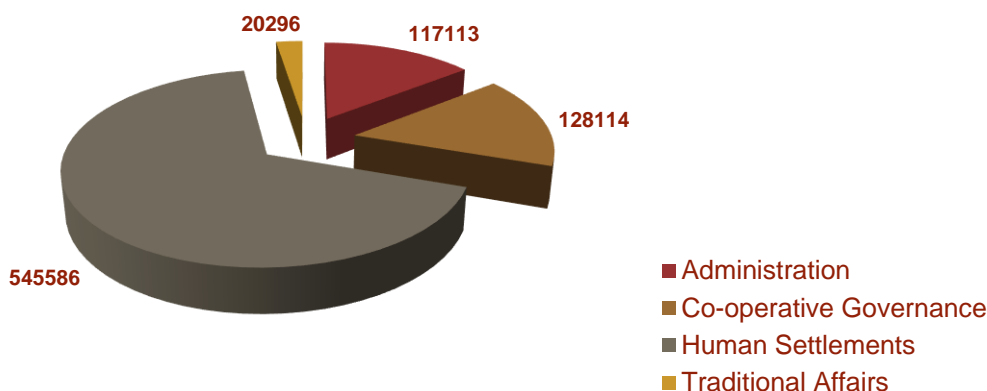
The R663, 00.00 over collected is mainly due to insurance claims paid, sale of capital assets due to disposals made over the past financial year and general collection of interest for garnishee orders implemented.

### Programme Expenditure

Programme Name	2015/2016			2014/2015		
	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	115 518	117 113	(1 595)	88 594	89 373	(599)
Human Settlements	551 039	545 586	5 453	424 907	422 391	2 336
Cooperative Governance	129 618	128 114	1 504	118 965	120 603	(1 638)
Traditional Affairs	20 297	20 296	1	19 508	19 508	0
<b>Total</b>	<b>816 472</b>	<b>811 109</b>	<b>5 363</b>	<b>651 974</b>	<b>651 875</b>	<b>99</b>

The graph below gives a picture of the overall expenditure per programme for the 2015 2016 financial year.

### 2015/2016 Actual Expenditure per Programme



The overall expenditure of the Department amounts to R811 109m from an allocated budget of R816 472m. This gives a saving of R5 363m in total. This saving can be attributed to the HSDG grant and the EPWP grant. In relation to the HSDG, the Department received an additional allocation of R100m, only in the month of March 2016 and had to roll over certain projects into the new financial year, but they are all at various stages of construction as at end of March 2016. The percentage spending within this grant is actually 99,3% deriving from an allocation of R478 634m and spending of R475 460m resulting in a R3 174m saving.

On the other hand, the administration programme overspent by R599 000, 00 and Cooperative Governance overspent by R1,638m. Factors attributing to this is the over commitments paid by the Department to service providers on issues such as lease payments, security services, consultants and telephone systems, etc. not properly budgeted for under each programme. Accrual payments of the previous year also contributed to this.

Processes to avoid such occurrences in future are to ensure proper budgeting, costed per activity, and implementing a system of budget blocking on LOGIS and BAS. This will automatically be brought under the attention of the accounting officer through a report, generated by both accounting systems, which are controlled by National and Provincial Treasury. In addition, the Department commits to follow all cost containment circulars as introduced regularly by Treasury, in an effort to control costs.



○ **Virements/roll overs**

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	5363	(1595)	101.4%		The commitments within the department remains a concern. Contracts such as security services and accommodation services will expire in the 2016/17 financial year. National treasury processes to ensure cost containment will assist in replacing these services with the national transversal contract to save cost.
Human Settlements	(5220)	5453	99.0%	The utilisation of these savings were shifted to programme 1, to offset pressures under current expenditure.	
Co-Operative Governance	-	1 504	98,8%	The overall percentage spending amounts to 99% the savings is due to under expenditure on Galeshewe Urban Renewal Grant.	Communication will be sent out much earlier to the SPLM to submit its business plan for their projects to be implemented.
Traditional Institutional Management	(143)	-	100.0%	The savings were utilised to offset other pressures within programme 1.	
<b>Totals</b>	<b>-</b>	<b>5 362</b>	<b>99.3%</b>		

- **A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence.**

Consultation sessions on budget allocations were held during the months of February and March, informing Managers about the budget cuts implemented in order to address the unauthorised expenditures of previous years.

Treasury has now instituted punitive measures to all Departments to pay off their unauthorised expenditure against first charge of respective votes. The Department was directly affected and received a reduced budget of R5 409m, thus, a cut in goods and services over the MTEF period started in the 2016/17 financial year.

- **Future plans of the department**

The human settlements planned targets for next financial year is to transfer 8173 properties, plan and survey 5663 sites, service 3320 sites with civil engineering services and build 1152 houses to qualifying beneficiaries. The delivery of houses to Military Veterans is a phenomenal quest and the construction of 50 houses will be completed in the 2016/17 financial year to all eligible candidates.



The Department is mindful of the fact that municipalities are having different planning capacities; one size fit all approach will defeat the efforts of the department. In an effort to support municipalities, a differentiated approach will be used. Therefore, during 2016/17 financial year, in order to understand the planning needs of each municipality a study will be commissioned. The department will use internal capacity to conduct the study as it is filling all most of its vacant positions in Development & Planning sub-programme with registered professional planners. The outcomes of the study will help the Department structure its support to municipalities to be in line with planning needs of individual municipalities.

The Community Work Programme (CWP) is on track to ensure that a meaningful contribution to the national target of providing a million work opportunities by the end of 2019. The Province's contribution will be 30 000 job opportunities. The CWP has been expatiated to 10 Municipalities in the Northern Cape for the 2016/ 2017 financial year. The following municipalities will be beneficiaries of the CWP:

- |                  |                |
|------------------|----------------|
| • Ga-Segonyana   | • Siyathemba   |
| • Hantam         | • Thembelihle  |
| • Kamiesberg     | • Kheis        |
| • Karoo Hoogland | • Khara //Hais |
| • Nama Khoi      | • Tsantsabane  |

The Traditional and Khoi San Bill is in its the final stages of promulgation and soon public hearing in line with section 76 Bill process through the National Council Of Provinces will commence. This will repeal the current Traditional Leadership and Framework Act 41 of 2003 and incorporate the Khoi San Traditional leadership.

A substantive agreement regarding 'Tools of Trade' with the Chairperson and Deputy Chairperson of Northern Cape House of Traditional Leaders was agreed upon with an intention of enabling the traditional leadership to perform their functions optimally. More work will be done with our traditional leadership to ensure all are capable and able to dispense with their community responsibility.

- **Public Private Partnerships**

The Department started a process of procuring services for the establishment of a Public Private Partnership (PPP), for the construction of a new office block at the Provincial office in Kimberley. Processes started with the involvement of National as well as Provincial treasury, to assists the Department in paving the way for a PPP agreement procurement.

Reason for such a process were due to the fact that the number of staff members will increase over the next three to five years and the current conditions in which employees work is not conducive. The actual number of staff in the Kimberley area is approximately 260 including Frances Baard Regional Office. The projected number of staff members is to increase to 350 over the next three to five years.

To date, the transaction advisor has been appointed to assist in the feasibility study process and to do the actual costing proposals for the construction of a new building.

- Discontinued activities / activities to be discontinued**

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 not disestablished as per Section 28 (5) of Act 41 of 2003	The Annual Performance Plan 2015-16 was finalized at the time when the national Department of Traditional Affairs was involved in the process of developing sector performance indicators. It was highly anticipated that the proposed sector performance indicators for Traditional Affairs were likely to be adopted by cabinet and approved for implementation. However, when that did not happen, the Department reverted back to only eight performance indicators it was familiar and capable to report on.		
Number of structured engagements between Ward Councils and Traditional Councils in promoting participatory democracy and development of traditional communities			
Improved financial accountability by Traditional Councils with uniform norms and standards for financial management within Traditional Councils approved			

- Supply chain management**

- The Department did not conclude any unsolicited bid proposals.
- The Department has an approved SCM policy, Treasury regulations and procedures in place to manage SCM processes and systems in order to prevent irregular expenditure.

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

- The Department has a gift register which keeps record of all disclosed gifts.

- Exemptions and deviations received from the National Treasury**

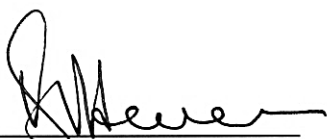
- No exemptions and deviations received from National Treasury.

- Events after the reporting date**

- No events to report on after the reporting date. The departmental state of affairs has been recorded as per the financial statements submitted.

- 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. Denver van Heerden**  
Accounting Officer  
Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: 31 May 2016

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

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

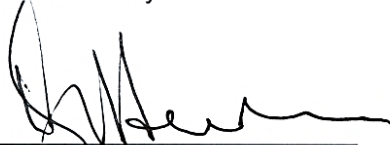
All information and amounts disclosed throughout the annual report are consistent.

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 2016.

Yours faithfully



**Name: Denver van Heerden**

**Accounting Officer**

**Department of Cooperative Governance, Human Settlements & Traditional Affairs**

**Date: 31 May 2016**

## 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

☐ *Integrity:*

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

☐ *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.

☐ *Team work:*

- Co-operation
- Support
- Trust

☐ *Accountability:*

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

☐ *Efficiency:*

- Productivity
- The best work methods
- Excellent services

## **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**

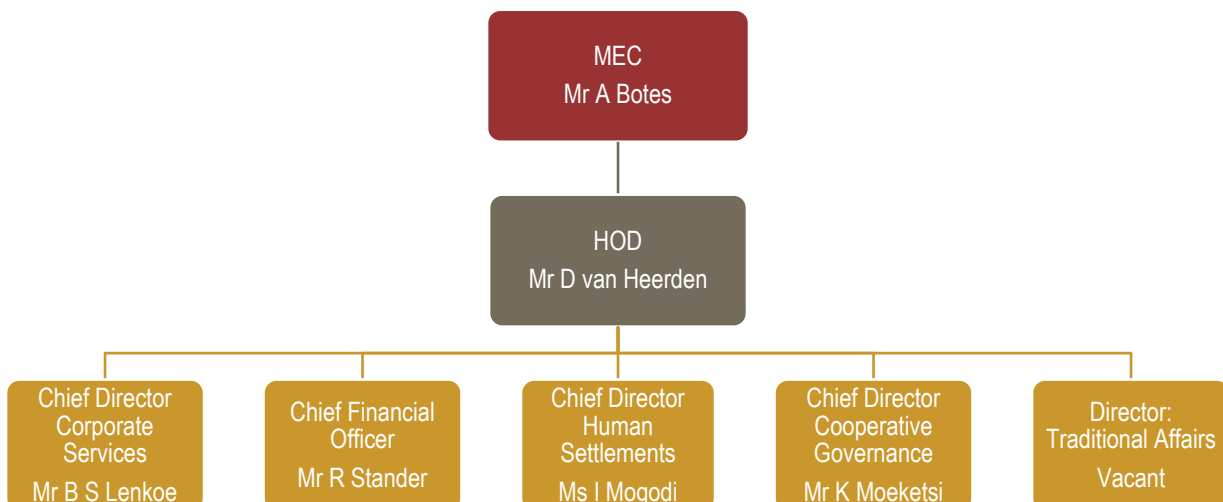
- Public Finance Management Act (Act No 1 of 1999)
- Promotion of Access to Information Act (Act No of 2000)
- Fire Brigade Services Act (Act No 99 of 1987)
- GIAMA (Act No 19 of 2007)
- National Archives and Records Services of South Africa (Act No 13 of 1996)
- Northern Cape Archives Act (Act No of 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)

### 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
- Traditional Affairs Bill
- White Paper on Traditional Leadership, 2003

## 8. ORGANISATIONAL STRUCTURE



## **9. ENTITIES REPORTING TO THE MEC**

The Department of Cooperative Governance, Human Settlements and Traditional Affairs does not have public entities reporting to it.

## **PART B: PERFORMANCE INFORMATION**

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## **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 92 of the Report of the Auditor General, published as Part E: Financial Information.

## **2. OVERVIEW OF DEPARTMENTAL PERFORMANCE**

### **2.1 Service Delivery Environment**

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.

During the year under review, 15 employees were recruited into the department as opposed to almost double that number who left the department for various reasons as stated elsewhere in the report. It must be taken into account however, that quite a significant number of employees were also promoted.

A total amount of R2.1m was paid out towards performance rewards to about 600 employees. More than half of all the employees underwent training.

Discipline had to be instilled where necessary. No working days were lost through for example strike action, and senior management led from the front in that no disciplinary action had to be taken against any one of them. However, disciplinary hearings were held for the lower category and 4 staff members had to be dismissed. Two disputes were lodged with the councils, one was upheld and one dismissed. All grievances that were lodged were successfully resolved.

Two motor vehicle accidents were registered and in one, the Department unfortunately lost a staff member.

It poses still a challenge to deliver all necessary documents timeously for the department, especially within the confines of tight schedules and busy working schedules of all officials. This can only be achieved with the cooperation, teamwork and close working relationships of all relevant officials.

In order to address the non-availability of certain important performance information the establishment of a central registry needs to be finalised in the new financial year. A memorandum will be presented to the Head of Department (HOD) for the transfer of the Human Resources and Human Settlements registries respectively to the sub-directorate General support services so that there could be proper and effective coordination based on provincial and national mandates on registry and archives.

The staffing in the Fleet Management unit needs attention now that the fleet of Dikgosi resorts under Corporate Services. Hence in the last quarter there will be an incumbent assuming duty and with her financial expertise she will enhance performance of the unit.

Acquisition of office space/accommodation remains a challenge due to shortage of conducive office blocks complying with the Occupational Health and Safety Act (OHS Act) prescripts both provincially and regionally, but in consultation with the Department of Roads and Public Works, we hope to overcome this challenge.

It has been very difficult to operate without the approved Human resources (HR) delegations and now that they are approved, it will ease the pressure from both MEC and HOD respectively. The Legal Services unit thus far has overachieved in some of their key performance indicators.

In order for the Strategic Planning, Monitoring and Evaluation sub-directorate to perform above average there is a need to add more warm bodies to it, but also there is need to identify contact persons per branch that will assist the unit with consolidation and preparations of the performance information reports before tabling to the portfolio committee or senior management meetings.

At the beginning of the 2015/16 financial year on 15 May 2016 the National Department of Human Settlements Minister issued directives on programmes that are not to be funded from the Human Settlements Development Grant. These directives had an impact on programmes already included in the 2015/16 performance plan of the Human Settlements programme. This impacted mainly on Human Settlements programmes not to be funded from the Human Settlements Development Grant:

- Rectification RDP stock 1994 – 2002
- Rectification of Housing Stock (pre 1994)
- Project Linked Subsidies
- Emergency Housing Assistance
- Community Residential Units (CRU)

The above programmes had to be minimised or reduced in the conditional grant business plan in order to meet the directives, and where necessary a request for deviation had to be approved by the Minister where the Department was contractually bound prior to the directive.

The Department in the 2015/16 financial year approved the housing allocation policy, which is derived from the National Human Settlements allocation policy. This has affected the service delivery environment as the vulnerable and first come basis preference is applied.

From the service delivery and addressing the public perspective, the Department has experienced challenges with the identification of beneficiaries and allocation of houses, simultaneously this has affected the issuing of title deeds. The development and maintenance of the Housing Needs Register and the eradication of the title deeds backlog programme will address this.

There are several external factors that impact on the service delivery processes that department have no control over. These factors can be attributed to different variables like the slow economic growth as well as contested socio-political space.

The Province is experiencing slow economic growth that Impact on the prices of building material and transportation. Most emerging contractors have no buying power and others cannot access credit to buy material. This affects the speed that the department has set itself to deliver quality houses in an efficient and effective manner.

There seems to be a competition amongst councillors, community development workers as well as ward committees and concern groups that claim to be the representatives of some communities. We have witness the changing and replacement of approved beneficiaries on a housing beneficiary list by either individual councillors or some community development workers and concern groups. This has lead to several community protests and withdrawal of labour by workers working in housing projects. This has affected negatively the schedule of delivery of houses in most housing projects.

Furthermore, the Department is mandated to monitor and support municipalities so that they can perform their functions properly. Municipalities operate in complex environment and municipal performance is impacted negatively. Most municipalities do not have resources to appoint suitable qualified workforce. The Department's efforts to capacitate and support municipalities fall short because of shortage of municipal personnel to carry on with the functions of the municipalities.

Service delivery is influenced by external factors such as cooperation between SALGA, traditional leaders and local municipalities in fully implementing legislation affecting traditional communities. Other factors such as the review and the amendment of legislation will assist traditional communities to fully participate and support local initiatives such as compilation and development of IDP programmes.

During the State of the Nation Address, the President called for the recognition and establishment of traditional communities for Khoi San people. The current legislative framework does not make provision for that. National government has ever since started the process of reviewing process and the Deputy Minister Honourable Obed Pabela during his visit to the province has indicated that the new Traditional Affairs Bill will be finalised before the end of 2015 financial year. The department will move with speed with the Inclusion of Khoi san people as soon as Traditional Affairs Bill is finalised and enacted.

#### a) Population distribution

The Northern Cape Province has a land surface of 372 889 km and population of 1 145 861, according to census 2011. The Province is divided into five district municipalities, which are sub-divided into 27 local municipalities.

While 85.6% of the provincial population live in formal dwellings 11.5% live in informal dwellings and 2.9% live in traditional ones.

The spread of Northern Cape population across the province reflects high proportion of population that is urbanized Frances Baard District, which is a home to Kimberley, the provincial capital of Northern Cape Province accounts for 33.3% of the whole population of Northern Cape Province. It is followed by ZF Mgcawu district, which accounts for 20.66% of the population of the Northern Cape Province. The third largest district is JT Gaetsewe District, which accounts for 19.61% followed by Pixley ka Seme District that accounts for 16.26%. Namakwa Districts are the smallest in the provinces, it accounts for 10.10% of the whole population of the Northern Cape Province.

## 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 low cost housing units	Communities	1763 beneficiaries have access to low cost housing units	1181 housing units.	1337 beneficiaries of housing units.
Provision of title deeds	Communities	1500 beneficiaries are issued with title deeds	1500 beneficiaries are issued with title deeds	2621 beneficiaries issued with title deeds.
Housing Consumer Education	Communities	3000 beneficiaries receive consumer education	3000 beneficiaries receive consumer education	4474 beneficiaries received housing consumer education

*Batho Pele arrangements with beneficiaries (Consultation access etc.)*

Current/actual arrangements	Desired arrangements	Actual achievements
Annual meetings with communities in the Northern Cape province to conduct needs analysis	Bi-Annual meetings with communities in the Northern Cape province to conduct needs analysis	

*Service delivery information tool*

Current/actual information tools	Desired information tools	Actual achievements
Offices are open from 07:30 to 16:00 from Monday to Friday and contact telephone numbers are adequately made available and accessible to members of communities	Accessible and functional offices with contact details	Accessible and functional offices with contact details
Housing Help Desk to respond to queries within 21 days	Dedicated Help Desk officials to handle queries	Dedicated Help Desk officials to handle queries
Inform communities of the total budget allocation and number of houses to be built by end of the financial year	Communities that are aware of the department's total budget and number of houses to be built	Communities that are aware of the department's total budget and number of houses to be built
Distribution of pamphlets with criteria to qualify for housing subsidies to all areas in the province continuously through public hearings, Imbizo's, government exhibition events and the utilization of community development workers	Make criteria to qualify for housing subsidies available to members of communities through public participation meetings; public hearings; Imbizo's; government exhibition events and CDWs	Make criteria to qualify for housing subsidies available to members of communities through public participation meetings; public hearings; Imbizo's; government exhibition events and CDWs
80% of complaints received on housing defects will be addressed within reasonable time through application.	Deployment of building inspectors and technical professionals to verify information given by complainants.	Deployment of building inspectors and technical professionals to verify information given by complainants
Housing inspection to verify quality on completion of each phase of the building of houses. Involvement of the national Department of Human Settlements to conduct monitoring of projects quarterly as well as internal monitoring and evaluation unit with the assistance of the CDWs	Housing inspection to verify quality on completion of each phase of the building of houses. Involvement of the national Department of Human Settlements to conduct monitoring of projects quarterly as well as internal monitoring and evaluation unit with the assistance of the CDWs	Housing inspection to verify quality on completion of each phase of the building of houses. Involvement of the national Department of Human Settlements to conduct monitoring of projects quarterly as well as internal monitoring and evaluation unit with the assistance of the CDWs

*Complaints mechanism*

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
80% of complaints received on housing defects for currently running projects will be addressed within reasonable time when reported to the local municipality of project inspectors	80% of complaints received on housing defects will be addressed within reasonable time	

## 2.3 Organisational environment

The current organizational structure of the department was approved in 2008. However, a number of vacant posts could not be filled. This has reflected a high vacancy rate and in 2012 a decision was taken to remove all the posts that have been vacant for more than a financial year.

The department has benefited immensely from the generic organisational structure developed by DPSA in consultation with the provincial and national department with similar mandates of COGHSTA. Hence the re-engineering process is at an advance stage and was recently strengthened with the appointment of a consulting company to assist the organisational development (OD) unit. The realigned structure is intended to decentralise some of the function

and responsibilities to the five regional offices to deal with the day to day challenges faced by the municipalities and traditional institutions at large.

During the finalisation of the organisational structure, the recognised unions will be consulted, however the vacant and critical posts on the approved 2008 structure will be prioritised and filled on or before end of the fiscal year. We envisage that the organisational re-engineering processes be completed on or before end of March 2016 and the DALTIM HR Consulting company was appointed to strengthen the organisational development (OD) unit to deliver reviewed organisational structure.

There are internal factors that impact both positively and negatively on the organizational environment. Most of the staff in the department has the corporate memory and are suitably qualified in their respective fields. They contribute positively to the attainment of the departmental goals and service delivery at large. The department has also experienced the cut of its equitable share budget; this has forced the department to reprioritise within the minus 1% baseline budget.

Capacity challenges to address segregation of duties relating to Information Technology are receiving attention. The replacement of obsolete XP machines is under way. The departure of managers in Records Management and Communication units left critical vacancies that require incumbents urgently.

The lack of adequate human and financial resources remains a challenge in the implementation of departmental programmes. There is a large turnover of staff and the process of replacing them is cumbersome and protracted. However, the Housing Development Agency (HOA) and the Programme Management Unit (PMU) are assisting in the implementation of some of the Department's programmes. The alignment of the equitable share with the Human Settlements Development Grant (HSDG) will assist in expediting the implementation of the programme. The meagre equitable share allocated to the programme remains a challenge because it impacts adversely on the expenditure of the HSDG. The National Department of Human Settlements (DHS) in line with the 1.5 million housing opportunities has increased the MTSF targets of the programme without any additional funding. That means that the programme will have to reprioritise the implementation of all its programmes to ensure all available funding is channelled towards meeting the revised MTSF targets. The finalization of the organizational structure will alleviate the department from scarcity of personnel.

Human capacity is still problematic, but this will hopefully be addressed in the new financial year with lateral transfer request that was approved. The finalization of the development of the organizational structure will go a long way in identifying strategic positions to be created which will strengthen administrative support to Traditional Councils.

#### **2.4 Key policy developments and legislative changes**

The promulgation of SPLUMA will impact on land and service delivery issues within traditional communities. The department is geared towards forging collaboration between elected municipal councillors and traditional authorities in order to facilitate delivery of basic services.

The Department has complied with the directives on cost containment measures effected in the Province. This has resulted in the freezing of vacancies in the department and will have an impact on service delivery with regards to the Human Settlements programme. The servicing and management of the Human Settlements Grant is reliant on the equitable share and human capital to be in place. This will ensure effect monitoring and evaluation of the grant throughout the vast and sparsely located Province.

Both the Labour Relations Act and the Employment Equity Act have been amended. Further the department will have to ensure compliance with the changes alluded to.

The National Department of Human Settlements is in the process of reviewing the White Paper on Human Settlements and the programme will submit its provincial comments on the document.

The communication strategy and the monitoring and evaluation framework were reviewed during the year under review after inputs were solicited from all the relevant role players both internally and externally.

The Province has received directives from the National Department of Human Settlements, which emphasises programmes that are no longer to be funded from the Human Settlements Development Grant. From these directives, the most important to highlight would be: Rectification of housing stock pre and post 1994; Blocked projects; Emergency housing assistance and Conversion of the community residential units.

The province is in the process of finalizing of the traditional affairs hand book on enabling tools of trade for traditional leaders. The New Traditional Affairs Bill has not be finalised yet, though it was promised to be done before the end of the financial year. The Directorate for Traditional Affairs is awaiting finalization of the Initiation Bill from the Department of Health.

### 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.

#### **PROGRESS ON OUTCOME 8 FOR THE MTSF**

- Human Settlements has been able to deliver 3 470 houses in the current MTSF period, and provided 3 685 households with basic services.
- The transfer of properties took off at a slow rate however significant improvement has been made and 3 269 title deeds have been transferred in the MTSF.
- The total number of consumers trained on their newly acquired assests is a total of 7149.
- The mining towns' revitalisation programme has been attended to through the development of informal settlements development plans for Ga-Segonyana municipality.
- The upgrading of Snake Park in Sol Plaatje Municipality was concluded in 2014/15 financial year.



**PROGRESS ON OUTCOME 9 FOR THE MTSF**

- A Provincial Infrastructure Planning Forum and District Infrastructure Coordinating Forums were established in all 5 district municipalities.
- An overachievement was recorded relating to municipalities supported with service delivery programmes.
- All municipalities have been assessed against service delivery benchmarks.
- All 32 municipalities were supported with the development of integrated Development Plans.
- Support was given to all municipalities with the implementation of SPLUMA and it was recorded that Gamagara, Thembelihle and Nama Khoi was assisted with gazetting of by-laws and Hantam, Phokwane, Joe Morolong and ZF Mgcawu with the establishment of MPT's.
- All 5 district disaster management centers are functional and are assisted with disaster grant funding for the procurement of disaster, fire and rescue equipment and capacity building
- The provincial Fire brigade was not established as targeted for in the 4th quarter. The PDMC (Provincial Disaster Management Centre) is performing a dual coordinating function for both disaster and the provincial fire brigade services.
- A Terms of Reference was developed for the Outcome 9 Implementation Forum.
- An assessment was done on the performance of IGR structures and the findings were that all 5 IGR structures are functional in the province.
- Support to ward committees with compliance to policies and legislation during the preparation of the budget and development of SDBIPs has improved. All ward committees were supported. Ward committees are also used as oversight committees on service delivery challenges in municipalities.
- LGMIM training was conducted by DPME in the second quarter in the following municipalities: Sol Plaatje, Kai Garib, Joe Morolong, Siyathemba and Khai-Ma. The moderation phase for implementation of the improvement plans was completed in Joe Morolong, Siyathemba, Sol Plaatje and Kai Garib by DPME and Sector Departments.
- Assessment of LGMIM pilot municipalities to LGMIM and FMCMM score cards have been completed in the 4th quarter for Joe Morolong, Sol Plaatje, Siyathemba, Kai-Gariep.
- A Consolidated progress report on misconduct cases was compiled and submitted to National COGTA.
- An Anti corruption and fraud prevention risk committee was established. In quarter 4 a Provincial Technical Committee was held on 21 January 2016 where all outstanding misconduct cases were presented.
- A functional CWP unit and systems in the department was established and a senior manager appointed on contract to coordinate and managed the CWP Unit.
- Six municipalities, i.e Karoo Hoogland, Emthanjeni, Sol Plaatje, Kheis, Kamiesberg and Thembelihle have improved audit outcomes for the 2014/15 financial year, as recorded by the end of 2015/16 financial year.

## 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
- Legal Services
- Planning, Performance Monitoring & Evaluation
- General Support Services

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**

The Chief Directorate: Corporate Services has achieved most of its targets for the 2015/2016 financial year. However, the legal services sub programme has over achieved on its key penabet iancacterse. Overall the sub-programmes have achieved on their planned targets but there is still room for improvement in the new financial year 2016/2017. We need to ensure that the reviewed organisational structure gets approved so that all the critical positions can be filled in line with the national and provincial legislative framework.

The human resource development unit has fully implemented the workplace skills plan and majority of staff received needs based training and the HRD reports submitted can attest to that. The over-achievement is due to the effective implementation of the approved training and development and successful annual needs assessment conducted by the HRD manager.

#### **Strategic objectives:**

Programme Name: Administration					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Chief Directorate: Corporate Services					
A stable political-administrative interface in the next five years	1	1	1	0	



Programme Name: Administration					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
A department that is a career of choice in the next five years	1	1	1	0	
Translate policies and government priorities into departmental strategy for improved service delivery	2	1 Strategic Plan	1 Strategic Plan	0	
		1 Annual Performance Plan	1 Annual Performance Plan		
An effective and economical support to the programmes of the department	New	5	5	0	
Legal advisory support services to all programs of the department	New	8	8	0	
Chief Directorate: Office of the Chief Financial Officer					
Sound financial management of department finances	1	1	1	0	
Procurement systems and plans that deliver value for money	2	2	2	0	

**Performance indicators:**

PROGRAMME 1: ADMINISTRATION					
Chief Directorate: Corporate Services					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-Programme: Human Capital Management					
Improved adherence to delegation principles	New	4	0	-4	HR delegation still resides with the MEC and the DPSA template will be completed in the new financial year for MEC to approve.
An approved organizational structure	1	1	0	-1	The review of the structure could not be finalised due to the development of generic model that impacted severely on provinces causing delay.
An approved Human Resource Plan	1	1	1	0	
Number of PERSAL Activity Verification reports submitted	New	4	4	0	
Number of conditions of employment reports submitted	New	4	2	-2	
Number of recruitment reports submitted	New	4	2	-2	

PROGRAMME 1: ADMINISTRATION					
Chief Directorate: Corporate Services					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of disciplinary cases finalized	New	12	14	+2	Received more cases than anticipated
Number of grievances resolved	New	12	18	+6	Long outstanding cases were also resolved
Number of employee Health & Wellness manual approved	1	1	1	0	
Number of Employee Health & Wellness Programmes implemented	4	4	4	0	
An approved Work Skills Plan	1	1	1	0	

Chief Directorate: Corporate Services					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-Programme: Legal Services					
Number of departmental programmes supported with legal advice	4	4	81	+77	Received more requests than anticipated
Number of external stakeholders assisted with legal support	9	9	23	+11	Received more requests than anticipated
Sub-Programme: Planning, Performance Monitoring & Evaluation					
An Annual Performance Plan submitted	1	1	1	0	
Number of quarterly performance reports submitted	4	4	4	0	
Annual Performance Report submitted	1	1	1	0	
Reviewed Monitoring and Evaluation Framework	1	1	2	+1	Framework was reviewed twice in the financial year
Executive Council and Makgotla reports submitted	New	4	2	-2	No reports were submitted during July Lekgotla
MPAT Compliance report submitted	New	1	1	0	
Sub-Programme: General Support Services					
Number of reports on the implementation of the approved records management policy and procedures manual submitted	New	4	4	0	
Approved communication strategy submitted	1	1	1	0	
Information Communication Technology status reports submitted	1	4	4	0	
Number of reports on Occupational Health and Safety Compliance compiled	4	4	4	0	
Number of Fleet management reports submitted	New	4	4	0	

<b>PROGRAMME 1: ADMINISTRATION</b>					
<b>Chief Directorate: Office of the Chief Financial Officer</b>					
<b>Performance Indicator</b>	<b>Actual Achievement 2014/2015</b>	<b>Planned Target 2015/2016</b>	<b>Actual Achievement 2015/2016</b>	<b>Deviation from planned target to Actual Achievement for 2015/2016</b>	<b>Comment on deviations</b>
<b>Sub-Programme: Financial Management</b>					
Annual budget submitted	1	1	1	0	
Adjusted budget submitted	1	1	1	0	
In-Year Monitoring reports submitted	12	12	12	0	
Annual financial statements submitted	1	1	1	0	
Number of interim financial statements submitted	4	4	4	0	
Number of fund requisitions submitted	0	4	4	0	
Number of Certificate of Compliance submitted	12	12	12	0	
Number of Instruction Note 34 reports submitted	12	12	12	0	
Approved contract management strategy	1	1	0	-1	A draft has been compiled for approval by Head of Department.
<b>Sub-Programme: Supply Chain Management</b>					
Approved supply chain management plan	1	1	0	-1	An updated plan has been compiled to include all cost containment measures.
Number of accurate supply chain management reports submitted	0	12	12	0	
Number of quarterly integrated risk management reports compiled	0	4	4	0	
Number of annual and biannual tax reconciliations submitted	0	3	3	0	
Number of anti-fraud and corruption reports compiled	0	4	2	-2	

### **Strategy to overcome areas of under performance**

The issues of irregular expenditure incurred at municipal level have been addressed and the register updated as per requirement monthly. The commitments are updated monthly through the implementation of a spreadsheet indicating expenditures incurred from the start of a project until March 2015. Current running projects are also monitored thus indicating what balance remains on the HSS and what has been captured on BAS. Reconciliations between BAS and HSS happen now monthly and discrepancies are resolved immediately to ensure accuracy.

The assistance of V3 Consulting firm will help with the improvement of supply chain processes at municipalities and it will reduce the occurrence of irregularities at municipal level.

The audit action plan has been updated and issues raised by Auditor General have been addressed. This will show improvement on the financial management control highlighted as weaknesses in the AG report. All risk assessment processes have been reviewed during the year and all programmes did review their major risk areas, which needs urgent attention.

We need to speed up the approval of the reviewed organisational structure and align the job descriptions of affected employees accordingly. In addition the job evaluation for each and every new post needs to be done based on the equate system to ensure the principle of equal work of work of

equal value. Furthermore we need to comply with OSD requirements not to disadvantage qualifying employees and will consult with DPSA in this regard to address this long outstanding matter.

The department has to improve on the overall MPAT ratings by implementing the improvement plan in conjunction with MPAT convenors and M & E unit located in the OTP. To improve the level of compliance the legal services unit will have to generate a CIP (compliance improvement plan) so that all the units can be monitored monthly and to improve on the audit rectification plan. The reporting on outcome 12 must improve during the G & A cluster sittings in terms of the approved template and provincial M & E frameworks.

### **Changes to planned targets**

No major changes were experienced on the planned targets under the programme administration, except the appointment of the DALTIM HR consulting company aimed at strengthening the OD unit in delivering organisational structure in the new financial year.

### **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	2015/2016			2014/2015		
	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
<b>Office of the MEC</b>						
Office of the MEC	12 218	9 235	2 983	12 000	9 045	2 955
<b>Corporate Services</b>						
Human Capital Management	103 300	107 878	(4 578)	76 774	80 328	(3 554)
Legal Services						
Planning, Performance Monitoring & Evaluation						
General Support Services						
Financial Management						
Supply Chain Management						
<b>Total</b>	<b>115 518</b>	<b>117 113</b>	<b>(1 595)</b>	<b>88 774</b>	<b>89 373</b>	<b>(599)</b>

## **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:

- Human Settlements Needs, Planning and Research
- Human Settlements Development
- Human Settlements Asset Management

### **Strategic objectives, performance indicators, planned targets and actual achievements**

The Chief Directorate Human Settlements has achieved most of the targets for the 2015 2016 financial year. However, the servicing sites of were slower than expected because of the fact that the Department took time to award the tenders, main network connection challenges, slow geotechnical investigations and service delivery protests.

The National Department of Human Settlements (DHS) in line with the 1.5 million housing opportunities has increased the MTSF targets of the programme without any additional funding. That means that the programme will have to reprioritise the implementation of all its programmes to ensure all available funding is channelled towards meeting the revised MTSF targets.

The capacity development unit exceeded their Annual target of 2500 beneficiaries with provision of consumer education. 4615 Beneficiaries received consumer education. The over-achievement is due to the joint approach between the department and district municipalities in coordinating the programmes in the targeted communities.

**Strategic objectives:**

PROGRAMME 2: HUMAN SETTLEMENTS					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-Programme: Human Settlements Needs, Planning and Research					
Adequate housing and improved quality living environment	2130	1181 houses constructed under all programmes	1664	+483	Additional funding received
	5818	861 sites planned and surveyed under all programmes	0	-861	Delays in project implementation as well as slow SCM processes.
	2332	2345 sites serviced under all programmes	660	-1685	Slow Supply Chain Management processes. Main network connection challenges Slow geotechnical investigations Service delivery protests.

PROGRAMME 2: HUMAN SETTLEMENTS					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-Programme: Human Settlements Development					
To integrate the work of sector departments involved in human settlements development informed by municipal IDP's	32	32 Municipalities capacitated through training and support	32	0	
	8	8	8	0	
	New	32 municipalities supported with development credible pipelines	32	0	
Sub-Programme: Human Settlements Asset Management					
Provide human settlements with grant management support, coordinate and manage housing subsidy system, human settlements registry, assets and property management in an economical, effective and efficient manner	648	1500	3602	+2102	The department appointed a conveyancer to expedite the process of transfers

**Performance indicators:**

PROGRAMME 2: HUMAN SETTLEMENTS					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<b>Sub-programme: Human Settlements Needs, Planning and Research</b>					
Multi-Year Housing Development Plan approved	1	1	1	0	
Number of municipalities capacitated and supported with regards to Human Settlements development planning	30	8	6	-2	The same municipalities were supported more than once with regards to different activities
Number of Acts passed and /or policy guidelines approved	1	1	1	0	
<b>Sub-programme: Human Settlements Development</b>					
Number of sites planned and surveyed under all programmes	5818	861	0	-861	Delays in project implementation as well as slow SCM processes
Number of serviced sites to be completed	2332	2345	660	-1685	Slow SCM processes Main network connection challenges Slow geotechnical investigations. Service delivery protests.
Number of housing units completed	2130	1181	1664	+483	Additional funding received
<b>Sub-programme: Human Settlements Asset Management</b>					
Number of monthly conditional grant reports submitted to National Department of Human Settlements and other stakeholders	12	12	12	0	
Number of conditional grants business plans submitted	1	1	1	0	
Number of Local municipalities assisted with acquisition of land	1	1	0	-1	The necessary approval to acquire the land for Khâi-Ma Municipality was delayed
Number of residential properties transferred to beneficiaries	New	1500	3602	+2102	This was priority for current MTSF, which is to eradicate title deeds backlogs. The appointed conveyancer expedited the registration .

### **Strategy to overcome areas of under performance**

- The procurement process has been taken over by the provincial department from municipalities to avoid under performance for planning, surveying, servicing of sites and construction of top structures.
- A project management team will be established to facilitate the development process through vociferous monitoring and evaluation.
- The procurement of EPWP service provider will be concluded in the fourth quarter to avoid delays.

### **Changes to planned targets**

The department received additional funding of R100 000 000.00 during the financial year. The targets increased by 563 houses due to the additional funding, however, an investigation was commissioned to study the global impact of the usage of asbestos material in housing and other public amenities, including schools, clinics, churches and community centres. The cost of the study was phenomenal and hugely impacted the ability of meeting the target of constructing 563 houses.

### **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	2014/2015			2015/2016		
	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	26 957	37 405	(10 448)	17 246	18 368	(1 122)
Human Settlement Development	514 577	486 861	27 716	398 811	398 522	289
Human Settlement Asset Management	9 505	21 320	(11 815)	8 670	5 501	3 169
<b>Total</b>	<b>551 039</b>	<b>545 586</b>	<b>5 453</b>	<b>424 727</b>	<b>422 391</b>	<b>2 336</b>



## 4.3 Programme 3: Cooperative Governance

### Purpose

The purpose of Programme 3 is to strengthen the capacity of 32 municipalities in the province to perform their functions.

### Description

This programme is responsible for oversight, support, monitoring and coordination of 32 municipalities.

### Sub-Programmes

The programme consists of the following four sub-programmes:

- Municipal Finance
- Municipal Compliance and Public Participation
- Municipal Infrastructure Development
- Development and Planning

### Strategic objectives, performance indicators, planned targets and actual achievements

The Chief Directorate had 23 performance indicators for the financial year and achieved 18 of its targets. Of the eighteen, nine were over-achieved and they were in respect of the following areas of performance:

- The municipalities that were assisted to comply with the Municipal Systems Act
- The capacity building interventions conducted in municipalities
- Municipalities supported to improve revenue management and debt collection.
- Municipalities with functional audit committees in place
- Municipalities were monitored different activities on the implementation of Audit Response Plan based on the 2014/15 audit outcomes, some were monitored more than once per year
- Municipalities supported to institutionalize performance management system
- Municipalities assessed against service delivery benchmarks
- Municipalities supported with service delivery programmes
- The due date for the implementation of SPLUMA of 1 July 2015 necessitated that the readiness of all 32 municipalities be assessed and the necessary support provided to all of them instead of the anticipated 25 municipalities.

### Strategic objectives:

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-Programme: Municipal Infrastructure Development					
Members of society have sustainable and reliable access to basic services	New	80% of households with access to basic water	97,4% of households with access to basic water	+17,7%	More water projects completed and households were provided with water.
	New	84% of households with access to basic sanitation	86% of households with access to basic sanitation	+2%	More sanitation projects were implemented slightly above

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					the targets number thereby increasing sanitation accessibility
	New	90% of households with access to basic electricity	88% of households with access to basic electricity	-2%	Most municipalities could not fund bulk projects to increase capacities which led to less households being connected
	New	75% of households with access to basic refuse removal	64% of households with access to basic refuse removal	-11%	Lack of funding for waste facilities and refurbishment of the existing ones. Most rural municipalities do not provide waste services to their rural areas
Local public employment programmes expanded through the community work programme	New	Monitor creation of 1000 employment opportunities at municipalities implementing CWP	2000	+1000	More participants were register per site

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-Programme: Municipal Finance					
Sound financial and administrative support within 32 municipalities over the period of 5 years	New	32 municipalities with credit control policy	22	10	Targeted support was mostly on the municipalities with low revenue collection rates
	New	32 municipalities with revenue management policy	22	10	Targeted support was mostly on the municipalities with low revenue collection rates
	New	5 district municipalities with shared audit committees	5	0	

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<b>Sub-Programme: Municipal Compliance and Public Participation</b>					
Intergovernmental and democratic governance arrangements for a functional system of cooperative governance and participatory democracy	New	5	5	0	
	New	198 functional ward committees	198 functional ward committees	0	
<b>Sub-Programme: Development and Planning</b>					
Municipalities with development planning capacity and credible sector plans	New	32 municipalities with legally compliant IDPs	32	0	
		32 municipalities with capacity to implement SPLUMA	66	+34	Planned on assisting only 25 local municipalities with no planning capacity. However, assisted all local and district municipalities - some more than once.

### Performance indicators

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<b>Sub-programme: Municipal Finance</b>					
Number of municipalities guided to comply with MPRA by target date (Sub-outcome 3, Action 1)	4	16	10	-6	Less municipalities implemented general and supplementary rolls
Number of municipalities supported to improve revenue management and debit collection (Sub-outcome 3, Action 1)	New	16	8	-8	The same municipalities were supported but with different activities like credit and debt collection, policies and procedures
Number of municipalities with functional audit committees	New	16	16	0	
Number of municipalities monitored on implementation of Audit Response Plan based on the 2014/15 audit outcomes monitored (Sub-outcome 3, Action 4)	New	9	13	+4	More municipalities were monitored on the implementation of audit action plans for 2013/14

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Report on functional provincial anti-corruption technical working groups developed (Sub-outcome 3, Action 8)	New	4	3	-1	Provincial anti-corruption technical working group did not meet in the 3 <sup>rd</sup> quarter
Number of reports on fraud, corruption and maladministration cases reported and investigated (Sub-outcome 3, Action 8)	New	4	4	0	
Number of Municipalities supported to institutionalize performance management system (PMS)	New	16	17	+1	More municipalities were supported and advised on PMS
Number of municipal performance reports compiled as per the requirements of Section 47 of the Municipal Structures Act (MSA)	1	1	1	0	
<b>Sub-programme: Municipal Compliance &amp; Public Participation</b>					
Number of municipalities supported to comply with Municipal Systems Act Regulations	New	16	14	-2	The same municipalities were supported more than once with regards to different activities
Number of ward committees supported on implementation of operational plans (Sub-outcome 2, Action 5)	New	4	4	0	
Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (Sub-outcome 2, Action 5)	New	16	16	0	
Reports on the number of community report back meetings convened by Councillors in each ward (Sub-outcome 2, Action 7)	New	4	4	0	
<b>Sub-programme: Municipal Compliance &amp; Public Participation</b>					
Number of capacity building interventions conducted in municipalities (Sub-outcome 3, Action 7)	New	10	17	+7	Different service providers provided capacity training initiatives which could only be reported at the end of the financial year
<b>Sub-programme: Municipal Infrastructure Development</b>					
Number of reports on work opportunities created through Community Work Programme in municipalities	New	4	4	0	
Number of functional coordinating structures for infrastructure development and service delivery	New	5	5	0	
Number of municipalities assessed against service delivery benchmarks	New	16	27	+11	All local municipalities assessed in order to analyse the pace at which the province is

PROGRAMME 3: COOPERATIVE GOVERNANCE					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					providing basic services at as compared to national benchmarks
Number of municipalities supported with service delivery programmes	New	16	19	+3	More municipalities requested assistance
Number of municipalities supported to implement indigent policies (Sub-outcome 1, Action 6)	New	16	8	-8	Non-response to the monthly monitoring tools and other legislative guidelines on FBS restricted the unit in providing effective support to municipalities as the unit had limitation of data
Sub-programme: Development & Planning					
Number of municipalities supported with the implementation of SPLUMA	New	25	22	-3	All municipalities were invited to quarterly training sessions, but not all attended
Number of functional Municipal Disaster Management Centres	New	5	5	0	
Provincial Fire Brigade Services established by target date	New	5	0	-5	The APP target should have been 1 Provincial Fire Brigade Services established, but was recorded as 5 district Fire Brigade Services. The Fire Brigade Services at Provincial level was not established. The PDMC (Provincial Disaster Management Centre) is performing a dual coordinating function for both disaster and the provincial fire brigade services.
Number of municipalities supported with development of legally compliant IDP (Sub-outcome 1, Action 2)	31	32	32	0	
Number of municipalities supported to roll-out gender policy framework	New	8	0	-8	Function was not dedicated to a specific unit/person

### **Strategy to overcome areas of under performance**

- Importantly we need to improve the level of reporting of performance information and its portfolio of evidence (POE) for verification and validation thereof.
- Back to Basics (B2B) approved implementation plan per municipality needs to be fully implemented in so that progress could be gauged based on the pillars.
- All municipalities to implement phase 2 of the B2B based on the approved ten point plan and that must find expression on the municipal service delivery budget improvement plan (SDBIP).
- Encourage the municipalities to intensify the provision of basic services to all indigents as per statistics South Africa reports to improve access to equitable share.
- Close monitoring and evaluation of the expenditure of the MIG to circumvent under expenditure.
- The approved audit rectification plan of the municipality be monitored and evaluated quarterly by council, audit committee and AG's office.
- All MPAT committees to be active to carry out its oversight responsibilities as legislated.
- Improve on the coordination and consolidation of the section 47 reports presented to legislature.
- The provincial and national task teams respectively dealing with eskom debt should be pro-active in assisting municipalities with management and control of the eskom debt.
- The MOU regarding the transfer of the municipal finance to provincial treasury and capacity building of the governance function at COGHSTA to be fully implemented.
- Recruitment and selection of Municipal managers, CFO's, senior managers and critical posts at municipal level be in accordance with MSA, its regulations and existing collective agreements.
- The long outstanding debt owed by government departments to be duly settled to improve cash flow in municipalities with assistance of provincial treasury.
- The incorporation of the Mier Municipality into //Khara Hais Municipality be resolved in line with applicable legislation.
- Compliance with SPLUMA cannot be overemphasised.
- We need to increase job/work opportunities by increasing the current number of CWP sites in the province.
- There is need to intensify existing relationship with MISA and other sector departments at provincial level.
- Facilitate the development and implementation of the disaster management plan, and
- The reporting on outcome 9 must improve during the G & A cluster sittings in terms of the approved template and provincial M & E frameworks.

### **Changes to planned targets**

There were no planned targets changed during the financial year under review. However in the 2016/2017 financial year the approved ten point plan will find expression in the APP and operational plan of the department, IDP's and SDBIP's of the municipalities.

### **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	2014/2015			2015/2016		
	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
<b>Local Governance</b>						
Municipal Finance						
Municipal Compliance & Public Participation	104 686	96 063	8 623	86 032	89 329	(3 297)
<b>Development &amp; Planning</b>						
Development & Planning						
Municipal Infrastructure Development	24 932	32 051	(7 119)	22 028	13 287	8 741
<b>Total</b>	<b>129 618</b>	<b>128 114</b>	<b>1 504</b>	<b>108 060</b>	<b>102 616</b>	<b>5 444</b>

## **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 organizational 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 1<sup>st</sup> of April 2000, the Northern Cape has recorded a historic milestone equal to none.

### **Sub-programmes**

- Traditional Institutional Administration
- Traditional Resource Administration
- Rural Development Facilitation
- Traditional Land Administration

### **Strategic objectives, performance indicators, planned targets and actual achievements**

The Programme over achieved with the training of Traditional Councils as well as the support with regards to financial management to the Traditional Councils. There were over achievements with regards to the number of initiatives by the Provincial House in promoting social development of traditional communities and the Provincial social development plan in cooperation with the National House of Traditional Leaders. The programme of support to the Provincial House of Traditional Leaders in compliance with Act No. 2 of the Northern Cape was also exceeded.

Overachievement of some of the performance indicators was due to an increased number of initiatives by the National House of Traditional Leaders, which was implemented by the Provincial House. Another factor that led to the overachievement of some performance indicators was the increased number of complaints by Traditional Leaders disputing their status or members of the community claiming leadership positions. The Local House of Traditional Leaders is more functional after the appointment of the secretary; more activities took place at Local House level.

Although it is not currently part of the indicators of the programme, the Local House had engagements with municipalities with regards to Integrated Development Planning. The purpose thereof was to arrange for contact sessions during the next financial year so that traditional



leaders understand their roles and responsibilities with regards to the development in their area and to ensure that these development issues are considered by municipalities.

During a meeting, the secretariat of the PHTL was encouraged to take up the issue of SPLUMA with traditional leaders because it seems that traditional leaders are under the impression that SPLUMA is depriving them of their land. The secretariat was requested to ensure that traditional leaders are well informed as SPLUMA is about development and not taking over of land.

The directorate has also responded to initiatives by the National department for example the Traditional Affairs Technical Governance Forum. The purpose of the Forum is to coordinate the structures that deal with traditional leadership issues. It is also a platform for sharing information, benchmarking on best practices and processing traditional leadership issues. The aim is to create synergy and linkage on traditional leadership matters as well as with all traditional leadership structures and most importantly to speak with one voice on traditional leadership matters.

The directorate also had more engagements between traditional leaders and stakeholders such as SASSA, NPA and Kumba Iron Ore in an effort to promote social development in the traditional communities.

#### **Strategic objectives:**

Programme 4: TRADITIONAL AFFAIRS					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Good governance and sound administration	New	8 Traditional Councillors	8	0	
		1 Provincial House	1	0	
		1 Local House	1	0	
Community stability	New	4 Community report back meetings	0	-4	Discontinued
Building institutions of traditional leadership	New	4 x training sessions for traditional leaders	4	0	
Harmonizing relations and facilitating partnerships between traditional councils and government, business community and civic organizations	New	4 x stakeholder engagements	1	-3	

#### **Performance indicators**

PROGRAMME 4: TRADITIONAL AFFAIRS					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Sub-programme: Traditional Institutional Administration					
Programme of support to the Provincial House of traditional Leaders in compliance with Act No. 2 of the Northern Cape	New	2	7	+5	

PROGRAMME 4: TRADITIONAL AFFAIRS					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of initiatives by the Provincial House in promoting social development of traditional communities and the Provincial social development plan in cooperation with the National House of Traditional Leaders	New	8	12	+4	There were more than planned initiatives from both National and Provincial Houses of Traditional Leaders
Number of engagement sessions between the Provincial House of Traditional Leaders and the Local House of Traditional Leaders	New	4	1	-3	
Number and nature of dispute or claim referred to the Provincial Houses that arise between or within traditional communities or other customary institutions on a matter arising from the implementation of Act 41 of 2003	New	2	8	+6	The number of disputes cannot be anticipated.
Sub-programme: Traditional Resource Administration					
Number of Traditional Councils reconstituted in terms of applicable legislation, Section 3 (2) of the Traditional Governance Framework Act of 2003	New	4	0	-4	This indicator takes place once after every electoral cycle.
Capacity building programmes provided to the institution of Traditional Leadership	New	4	4	0	
Number of personnel of Traditional Councils trained in administration and financial management practices	New	8	6	-2	Due to the activities in traditional council offices not all staff was available during the training sessions
Improved financial accountability by Traditional Councils with uniform norms and standards for financial management within Traditional Councils approved	0	1	0	-1	Discontinued
Number of traditional Councils supported on sound financial management	New	8	23	+15	Planned to support 8 Councils for the year. However supported some Councils more than once.
Sub-programme: Rural Development Facilitation					
Number of signed and implemented Partnership agreements allocating roles and functions to Traditional Council or traditional leaders in respect of Section 20 of the Traditional Leadership Governance Framework Act of 2003	New	1	1	0	

PROGRAMME 4: TRADITIONAL AFFAIRS					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number and nature of Partnership agreements entered into between the institution of Traditional leadership and non-governmental organization	New	1	1	0	
<b>Sub-programme: Traditional Land Administration</b>					
Community Authorities not disestablished as per Section 28 (5) of Act 41 of 2003	New	8	0	-8	Discontinued
Existence and implementation of a national programme of support to land use management and other land issues	New	1	1	0	
Number of structured engagements between Ward Councils and Traditional Councils in promoting participatory democracy and development of traditional communities	New	4	0	-4	Discontinued

#### **Strategy to overcome areas of under performance**

A closer working relationship should be developed between Traditional Affairs and the Municipal Compliance & Public Participation unit.

A meeting was held with the Provincial House and Local House to ensure that proper planning is done for the next financial year to ensure that these engagements take place.

#### **Changes to planned targets**

The Annual Performance Plan 2015-16 was finalized at the time when the national Department of Traditional Affairs was involved in the process of developing sector performance indicators. It was highly anticipated that the proposed sector performance indicators for Traditional Affairs were likely to be adopted by cabinet and approved for implementation. However, when that did not happen, the Department reverted back to only ten performance indicators it was familiar and capable to report on.

Programme of support to the Provincial House of Traditional Leaders in compliance with Act No. 2 of the Northern Cape
Number of initiatives by the Provincial House in promoting social development of traditional communities and the Provincial social development plan in cooperation with the National House of Traditional Leaders.
Number of engagement sessions between the Provincial House and the Local House.
Number and nature of dispute or claim referred to the Provincial House that arise between or within traditional communities or other customary institutions on a matter arising from the implementation of Act 41 of 2003.
Capacity building programmes provided to the institution of Traditional Leadership
Number of personnel of Traditional Councils trained in administration and financial management practices
Number of signed and implemented Partnership agreements allocating roles and functions to Traditional Council or traditional leaders in respect of Section 20 of the Traditional Leadership Governance Framework Act of 2003
Number and nature of Partnership agreements entered into between the institution of Traditional leadership and non-governmental organization
Existence and implementation of a national programme of support to land use management and other land issues
Number of traditional Councils supported on sound financial management

### **Linking performance with budgets**

The programme's performance was in line with the budget, however some underspending was encountered at district level. Measures will be put in place to ensure that this trend will not be experienced during the next financial year.

### **Sub-programme expenditure**

Sub- Programme Name	2015/2016			2014/2015		
	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	20 297	20 296	1	17 466	14 968	2 498
<b>Total</b>	20 297	20 296	1	17 466	14 968	2 498

## 5. TRANSFER PAYMENTS

### 5.1. Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
National Home Builders Registration Council (NHBRC)	To ensure compliance by the registered home builders with their obligation to housing consumers and NHBRC under the terms of the housing consumers protection act of 1998	R212 647	R212 647	Enrolment of subsidised houses: Ikhutseng 1000 Buffer zone 220 Kingston 685 Keurtjieskloof 50
Housing Development Agency (HAD)	To acquire and release state, public and privately owned land and landed properties for sustainable human settlement development	R4 500 000	R4 500 000	Kgatelopele Mining towns informal settlements upgrading: formalisation i.e. Engineering designs, Town Planning and Surveying

### 5.2. Transfer payments to all organisations other than public entities

Human Settlements Chief Directorate has made no transfer payments to any organisations.

The table below reflects the transfer payments made for the period 1 April 2015 to 31 March 2016.

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	Reasons for the funds unspent by the entity
N/A						

Refer to Annexure 1A of the Annual Financial Statements

The table below reflects the transfer payments, which were budgeted for in the period 1 April 2015 to 31 March 2016, but no transfer payments were made.

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 who 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	R 3 500 000
Amount received (R'000)	R 3 500 000
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R 3 500 000
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 2015 to 31 March 2016.

**Conditional Grant 1: Human Settlements Development Grant**

Department who 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 660. Houses Built 1337.
Amount per amended DORA	R480 408 000.00
Amount transferred (R'000)	R480 408 000.00
Reasons if amount as per DORA not transferred	None
Amount spent by the department/ municipality (R'000)	R476 608 000.00
Reasons for the funds unspent by the entity	Invoices received after the cut-off date.
Monitoring mechanism by the transferring department	A compliance certificate signed by Municipal Manager.

**Conditional Grant 2: Extended Public Works Programme**

Department who 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	15 109 Work opportunities
Amount per amended DORA	R2 153 0000
Amount transferred (R'000)	None
Reasons if amount as per DORA not transferred	Delays in the procurement of a service provider to train the youth, by our delivery partners' i.e. National Home Builders Registration Council (NHBRC) and National Youth Development Agency (NYDA).
Amount spent by the department/ municipality (R'000)	R409
Reasons for the funds unspent by the entity	The National Department of Public Works didn't release the second and third tranche payment to the province, due to a miscommunication between the Provincial Treasury and National Department of Public Works
Monitoring mechanism by the transferring department	Submission of monthly labour stats by all contracts

## **7. DONOR FUNDS**

### **7.1. Donor Funds Received**

The Department has not received any donor funding during the 2015/2016 financial year.

## **8. CAPITAL INVESTMENT**

### **8.1. Capital investment, maintenance and asset management plan**

The Department has not capital investments, maintenance and asset management plan.



## **PART C: GOVERNANCE**

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## **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**

The Department has a functional risk management unit in place that is responsible for all risk related function as well as providing internal inspection functions to the Department. Both the Accounting Officer and the Risk Management Committee approved all governance documents relating to risk such as the risk management policy and strategy.

The unit conducted the 2015/2016 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 are being conducted to discuss the outcomes of the risk assessment and -reviews and to advise 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 is being updated quarterly after each risk review session.

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 registers and reports that are being discussed in detail by the audit committee and management are required to report back on recommendations made by the audit committee.

The maturity level of the Department is still very low and there is still stagnation in certain risks. In order to remedy this situation the risk management unit will recommend that Risk Champions be appointed in each programme to manage the risks on behalf of the programme. All senior managers also serve on the RMC, which gives them greater inside into the risks facing the department. The unit will also facilitate a separate strategic risk assessment with senior managers and will recommend that risk assessments be conducted parallel with the strategic session and performance evaluations of programmes.

## **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 Supply Chain Management Unit are required to declare any interest on the Declaration of Financial Disclosure forms. Senior Managers are subjected to the same process. 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**

The Portfolio Committee on Cooperative Governance, Human Settlements and Traditional Affairs met with the Department on 5 occasions during the financial year, they raised matters as stated below, and the department addressed these matters as followed:

- To present the APP for the 2015 2016 financial year on 16 April 2015
  - Facilitate proper coordination between municipalities and mining houses in mining areas with regard to Social Labour Plan (SLP) engagements and implementation.
    - Attempts were made between this Department and the Department of Economic Development to coordinate between municipalities and mining houses with regards with SLPs, municipalities were also requested to first have the SLP been adopted by their Council before sign off, but implementation is not very successful.
  - Ensure that Disaster Management Units as district municipalities are adequately equipped with the necessary resources and equipment
    - An amount of R 3,5 m has been allocated for Disaster Management, of which R1,75 m is for fire services and R 1,75 m is for disaster management. This will be divided between the five Districts, each district will get R 350 000 for fire services and R 350 000 for disaster management. Districts are expected to submit a business plan to indicate how they will spend the money. The above mentioned amounts are gazetted in the DORA that Provincial Treasury publish to indicated to municipalities what their allocations will be for the financial year.

- Properly monitor implementation of IDPs by municipalities
  - This still remains a challenge with the capacity constraints within the department.
- To present the Q1 report on 11 August 2015
  - Strive to remain within the 25% spending norm throughout the quarters
    - The Department take note of this recommendation and will adhere to it.
  - At all times, when reporting on the contracting objectives, clearly outlines support rendered by the Department
    - The Department take note of this recommendation and will adhere to it.
  - Speedily ensure that the policy dealing with protests is developed, adopted and implemented with specific timeframes
    - The draft policy on protests has been developed and will have to be shared with municipalities for their inputs. This will happen in Q3 and implementation will probably commence towards the end of Q4 given the political structures that will have to endorse it.
  - Ensure that targets are met and also ensure synergy and alignment with the Back to Basics Programme
    - The alignment of targets with Back to Basics approach will be dealt with during the strategic planning session and other planning forums as an on-going process until it is fully addressed
- To present the Annual Report 2015 2016 jointly to the Portfolio Committee and SCOPA on 18 November 2015
  - Ensure that indicators as per the approved Annual Performance Plan should be reflected and reported on in the Annual Report.
    - The Department takes note of this recommendation and will ensure that in future the indicators reflected in the APP are also reflected and reported on in the Annual Report.
  - Fast track the issuing of title deeds to the number of households as reported in their targets.
    - One conveyancer was appointed by COGHSTA to fast track title deeds, whilst seven conveyancers were appointed by municipalities to do the same. A detailed handing over plan is in the process of being drafted for the MEC to hand over the 2 475 title deeds that have already been transferred to the relevant owners.

Progress to date

	PROGRESS ending Q3		
	TOTAL	TARGET	DEVIATION
Pre-1994 properties	358	1500	585
Post 1994 properties	1449		
New home owners (1 April 2014 onwards)	278		
<b>TOTAL</b>	<b>2085</b>		

- Support and assist municipal ward committees with ward level improvement plans in order to be effective.
  - In the Department's APP for 2016/2017 a new performance indicator has been brought in to address this issue.
- Reorganise and strengthen the Monitoring and Evaluation Unit in the Department with immediate effect to optimally measure and evaluate services rendered.
  - The Department acknowledges that this was a weakness and took immediate steps by reorganising SMS personnel internally as well as transferring middle management personnel within to strengthen the M&E Unit. The Department is also busy with an efficiency study of the

organisation and during this process the Unit's capacity will also be addressed.

- To present the Q2 report on 19 November 2015
  - Steadfastly implement plans to assist municipalities in spending MIG funding.
    - The Department assists municipalities with the following to ensure that they spend their MIG funding:

MIG Project Registration – general

      1. Evaluation of submitted projects done and anticipated problems sorted out before submitting to sector departments for evaluation (where relevant);
      2. Meetings with municipal officials and consultants to discuss projects to clarify issues or to get more information, even site visit of proposed project if necessary.
      3. Assisting with the capturing of project application forms (MIG 1's) on electronic system (MIS) where municipalities lack capacity or connectivity problems exist. (Currently done for most municipalities, but there were training sessions facilitated by National MIG office to capacitate officials. Impact to be monitored.)
      4. Attends sector department evaluation and appraisal meetings to make sure that proposed projects are recommended for registration / problems sorted out to fast track registration.
      5. Between July 2014 and June 2015, three MIG Business Plan Appraisal Meetings took place where 35 projects from 13 municipalities were discussed. 31 projects were registered as MIG projects. (Municipalities withdrew 2 projects and 2 projects did not meet all MIG criteria and needed to be revised.)

#### Impact

At July 2014 municipalities were 93% committed for 2015/16 and 69% committed for 2016/17. At end of June 2015 municipalities were 83% committed for 2016/17, 67% for 2017/18. Therefore municipalities are in better position to plan for their future projects and to have projects ready for implementation when the next financial year starts.

#### Support in planning and implementation readiness

Quarter 1: Intervention meetings and site visits were conducted at Kareeberg, Richtersveld, Kamiesberg, Mier & Kai !Garib Municipalities to discuss issues regarding challenges, expenditure and planning for new financial year.

The Provincial MIG Unit had meetings with Dikgatlong & Kamiesberg to discuss project registration and planning.

Quarter 2: The Provincial MIG Unit had meetings with Nama Khoi, Siyancuma, Dikgatlong, Kareeberg and Tsantsabane to discuss progress / challenges on projects, project registration and planning.

Intervention meetings continued from previous quarter: Siyancuma Meetings were held with municipal managers of municipalities which reported expenditure of less than 80% on the 2013/2014 MIG allocations (DCOG & Prov. MIG Unit) - Tsantsabane; Kareeberg; Magareng; Kgatelopele; Siyancuma; Emthanjeni; Gamagara; Thembelihle.

Quarter 3: none

Quarter 4: The Provincial MIG Unit had meetings with the following municipalities: Karoo Hoogland, Siyancuma, Ga-Segonyana and Ubuntu on project registration and planning / project management.

Intervention meetings: Nama Khoi Local Municipality; Khai-Ma Local Municipality; Mier Municipality: Possible stopping of 2014/15 allocations. District-wide planning sessions held with municipalities and sector departments.

Impact: Comparison of the expenditure at the end of 2013/14 (June 2014) and end of 2014/15 (June 2015) show improvement in most of the targeted municipalities, therefore continuous monitoring & support show positive results when municipalities are also committed to change:

Municipality	Funding stopped	% Exp. June 2014	% Exp. Roll over	% Exp. June 2015
Kgatelopele	R 5,9 mil	43%	100%	100%
Kareeberg	R 2 mil	73%	-	100%
Kamiesberg	R 4,5 mil	4%	-	96%
Mier	-	40%	100%	94%
Siyancuma	-	34%	100%	71%

(Sample - only 5 municipalities shown)

#### Monthly Expenditure Reports

Municipalities are reminded on compliance with MIG conditions: MIG reporting due dates & requirements. Monthly telephone and email follow up on outstanding reports and documents. MIG office had one-on-one sessions with municipalities, when necessary to reconcile expenditure and make sure expenditure reports are up to date.

- Put measures in place to ensure that sector Departments is optimally participating to ensure that municipalities have credible IDPs.
  - Letters were sent to all HODs requesting nominations for a dedicated person in each department to attend the IDP Support Team meetings as well as all the other meetings like IDP Rep Forum meetings in the Districts. The issue at the Rep Forum meetings is that departments would send personnel to attend just for the sake of attending. Officials with decision-making powers do not attend and these pose problems were officials have to revert back to their superiors before information is disseminated to municipalities. The non-attendance of sector departments was also escalated to the Clusters in an effort to get departments to attend.
- Ensure that critical technically skilled positions are made available and suitably qualified incumbents be appointed through the requisite recruitment and selection process.
  - The Department takes note of this recommendation and will adhere to it.
- Assist municipalities, especially the poorest eight performing municipalities, with their business plans in order to ensure optimal spending of the funds for EPWP projects.
  - The Department takes note of this recommendation and will adhere to it.
- To present the Q3 report on 9 March 2016
  - Ensure that information reported on the Quarterly report is consistent with the presentation.
    - The Department takes note of the recommendation and will adhere to it in future.
  - Ensure that they report on the available budget for a specific quarter and also the specific percentages spent during the quarter to ensure that the Committee has optimal oversight over the spending of a quarter.
    - The Department takes note of the recommendation and will report accordingly.

- Strengthen their support to struggling municipalities with the spending of MIG funds.
  - The Department takes note of the recommendation and will report accordingly.

## 8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
18 November 2015	Report on the Auditor General on the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs (Vote 9) for the year ended March 2015	That supply chain management policy be strengthened and enforced, where officials are found to disregard laws and regulations corrective steps must be taken	The Department took note of this recommendation and will adhere to it.	Yes
		The Accounting Officer should ensure that conditional grant funds transferred to municipalities are used effectively and efficiently and entirely for the purpose for which they were granted to avoid a negative impact on service delivery	The Department took note of this recommendation and will adhere to it.	Yes
		Ensure that proper and accurate financial statements submitted for auditing are in line with the requirements of section 40 (1) (a) and (b) of the PFMA.	The Department took note of this recommendation and will adhere to it.	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
Irregular Expenditure: Completeness of Irregular expenditure at municipalities	2009/10	62% of the population has been verified, as at end of January 2016. This amounted to R357m assessed from the initial R617m. Reports are available detailing the processes were followed in determining the exact amount of Irregular expenditure.  The other 38% has been attended to in order to do a complete exercise on legacy issues of the irregular expenditure.  This exercise was done in conjunction with v3 and the department.
Commitments inaccurately disclosed	2014/15	Commitments has been recorded and updated on a monthly basis. The human settlements projects listed as commitments will be removed from the annual financial statements. This is based on the practise note issued during January 2016.



## **10. INTERNAL CONTROL UNIT**

A need to assess the control environment within the Department was realised because of the reoccurring findings from the Auditor General and Internal Audit. An exercise to assess the control environment including the regions was executed. The outcome did not only assist on control matters but also assisted to identify risks within the control environment which were not identified during the risk assessment process.

## **11. INTERNAL AUDIT AND AUDIT COMMITTEES**

### **Internal audit**

The Department's internal audit function is performed by the 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 department, strategic objectives, the department'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.

### **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 comprised of three external members and two internal audit committee member, all of whom are not employed by the department. One internal audit committee member did not attend the last two Audit Committee meetings of the 2015/16 financial as indicated in the Audit Committee annual report and apology letters were provided.

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 department.

In terms of PFMA, section 77(b), an audit committee must meet at least twice a year. In addition, Treasury Regulations, section 3.1.16, provides that an audit committee must meet at least annually with the Auditor-General. The audit committee met four times during the year in compliance with the PFMA and also met with the Auditor General.

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 the 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	Masters 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	4 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	Masters 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**

### **1. REPORT OF THE AUDIT COMMITTEE FOR 2015/16**

We are pleased to present our report for the financial year ended 31 March 2016. The Audit Committee has been functional throughout the financial year. The Audit Committee acknowledges the attendance and participation of the Accounting Officer and senior management in the Audit Committee meetings.

### **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.

### **3. IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT**

The Audit Committee has satisfied itself of the expertise, resources and experience of the departments finance function as required in the King III report on corporate governance.

The department has been reporting monthly and quarterly to the 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.

### **4. EVALUATION OF FINANCIAL STATEMENTS**

4.1 The Audit Committee has reviewed the financial statements for the year ended 31 March 2016 on the meeting which took place 23 May 2016. In addition the Audit Committee reviewed the draft Annual Report of the department.

4.2 The Audit Committee has reviewed the accounting policies applied in the compilation of the annual financial statements and is satisfied that the policies are consistent with those of prior year, have been consistently applied and are in accordance with the National Treasury guidelines.

4.3 The Audit Committee has reviewed the department's compliance with legal and regulatory provisions during the quarterly audit committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.

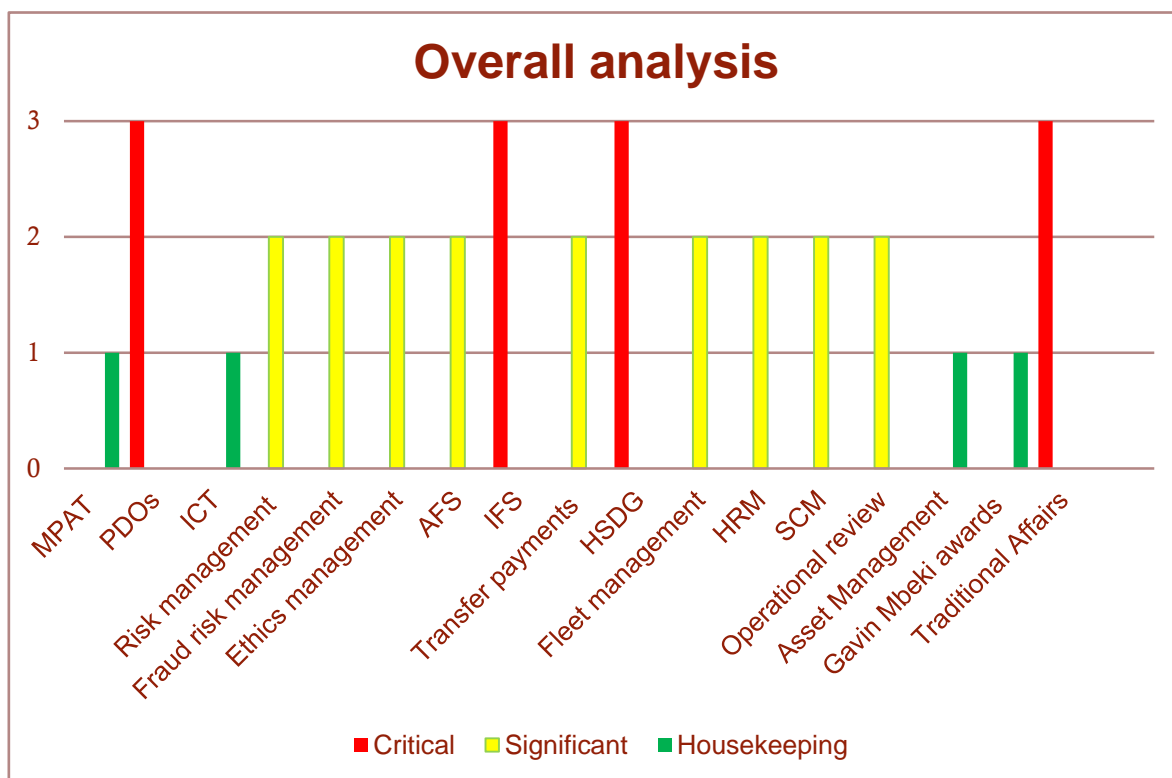
### **5. THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT**

The department has and maintains the Internal Inspectorate unit responsible for management of internal controls within the department.

The Audit Committee is satisfied as to the 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.

**5.1 The following internal audit work was completed during the year under review:**



**5.2 The following were areas of concern:**

- 5.2.1 Delays in addressing qualification areas resulting to same negative results during Interim Financial Statements audit
- 5.2.2 Management of performance information
- 5.2.3 Risk management practices
- 5.2.4 Management of transfers to municipalities and compliance with the Division of Revenue Act
- 5.2.5 Management of the Traditional Affairs programme.

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.

**6. 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 except for restatement of corresponding figures.

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 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.

**7. CLOSING**

The Audit Committee wishes to congratulate the department for an improved audit outcome.



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Z. Fihlani

Chairperson of the Audit Committee

Northern Cape Department of Corporative Governance Human Settlements and Traditional Affairs.

11 August 2016

## **PART D: HUMAN RESOURCE MANAGEMENT**

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## 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.

During the year under review, 15 employees were recruited into the department as opposed to almost double that number who left the department for various reasons as stated elsewhere in the report. It must be taken into account however, that quite a significant number of employees were also promoted.

A total amount of R2.1m was paid out towards performance rewards to about 600 employees. More than half of all the employees underwent training.

Discipline had to be instilled where necessary. No working days were lost through for example strike action, and senior management led from the front in that no disciplinary action had to be taken against any one of them. However, disciplinary hearings were held for the lower category and 4 staff members had to be dismissed. Two disputes were lodged with the councils, one was upheld and one dismissed. All grievances that were lodged were successfully resolved.

Two motor vehicle accidents were registered and in one, the Department unfortunately lost a staff member.

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1. Personnel related expenditure

The following tables summarises 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 2015 and 31 March 2016*

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	117 113	71 984	0	0	60.1	618
Cooperative Governance	545 586	102 101	0	0	79.5	618
Human Settlements	128 114	34 590	0	0	6.3	618
Traditional Affairs	20 297	13 635	0	0	77.2	618
<b>Total as on Financial System (BAS)</b>	<b>811 110</b>	<b>222 310</b>	<b>0</b>	<b>0</b>	<b>27.4</b>	<b>618</b>

**Table 3.1.2: Personnel costs by salary band for the period 1 April 2015 and 31 March 2016**

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)	340	0.2	5	68 000
Skilled (level 3-5)	7 698	3.5	41	187 756
Highly skilled production (levels 6-8)	114 844	51.6	419	274 091
Highly skilled supervision (levels 9-12)	59 146	26.6	109	542 624
Senior and Top management (levels 13-16)	23 013	10.3	21	1 095 857
Contract (Levels 1-2)	17	0	0	0
Contract (Levels 3-5)	1 382	0.6	8	172 750
Contract (Levels 6-8)	618	0.3	2	309 000
Contract (Levels 9-12)	3 224	1.4	5	644 800
Contract (Levels 13-16)	5 805	2.6	8	725 625
Periodical Remuneration	604	0.3	115	5 252
Abnormal Appointment	5619	1.8	37	106 432
<b>Total</b>	<b>222 310</b>	<b>99</b>	<b>770</b>	<b>2865 31</b>

**Table 3.1.3: Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 and 31 March 2016**

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	54201	75.2	0	0	2964	4.1	2505	3.5
Cooperative Governance	74954	73.8	5	0	4500	4.4	5000	4.9
Human Settlements	25710	73.1	0	0	1107	3.1	1382	3.9
Traditional Affairs	10895	77.8	0	0	251	1.8	301	2.2
<b>Total</b>	<b>165760</b>	<b>74.4</b>	<b>5</b>	<b>0</b>	<b>8822</b>	<b>4</b>	<b>9188</b>	<b>4.1</b>

**Table 3.1.4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016**

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
Lower skilled (Levels 1-2)	247	72.6	0	0	28	8.2	20	5.9
Skilled (Levels 3-5)	5276	68.4	0	0	553	7.2	654	8.5
Highly skilled production (Levels 6-8)	83271	72.3	5	0	5363	4.7	6596	5.7
Highly skilled supervision (Levels 9-12)	44634	74.1	0	0	1521	2.5	1705	2.8
Senior management (Levels 13-16)	17958	76	0	0	1107	4.7	214	0.9

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
Contract (Levels 1-2)	17	100	0	0	0	0	0	0
Contract (Levels 3-5)	1381	99.9	0	0	0	0	0	0
Contract (Levels 6-8)	603	97.6	0	0	0	0	0	0
Contract (Levels 9-12)	2924	88.5	0	0	0	0	0	0
Contract (Levels 13-16)	5555	94.6	0	0	249	4.2	0	0
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	3893	98.9	0	0	0	0	0	0
<b>TOTAL</b>	<b>165759</b>	<b>74.4</b>	<b>5</b>	<b>0</b>	<b>8821</b>	<b>4</b>	<b>9189</b>	<b>4.1</b>

### 3.2. Employment and Vacancies

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

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are 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 posts that are not filled.

*Table 3.2.1: Employment and vacancies by programme as on 31 March 2016*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	200	176	12	2
Cooperative Governance	346	336	2.9	4
Human Settlement	99	82	17.2	1
Traditional Affairs	30	24	20	1
<b>Total</b>	<b>675</b>	<b>618</b>	<b>8.4</b>	<b>8</b>



**Table 3.2.2: Employment and vacancies by salary band as on 31 March 2016**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	5	5	0	0
Skilled(3-5)	43	41	4.7	0
Highly skilled production (6-8)	453	419	7.5	0
Highly skilled supervision (9-12)	128	109	14.8	0
Senior management (13-16)	23	21	8.7	0
Contracts (Levels 3-5)	8	8	0	4
Contracts (Levels 6-8)	2	2	0	0
Contracts (Levels 9-12)	5	5	0	0
Contracts (Levels 13-16)	8	8	0	4
<b>Total</b>	<b>675</b>	<b>618</b>	<b>8.4</b>	<b>8</b>

**Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2016**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related	119	103	13.4	1
All artisan in the building machinery	1	1	0	0
Appraiser-valuers and related professional	3	1	66.7	0
Architect & town planner	2	1	50	0
Cartographic surveying & related	2	1	50	0
Cleaners	9	9	0	0
Switch Board	5	4	20	0
Communication & info related	1	1	0	0
CDW's	12	11	8.3	0
Engineering science related	1	1	0	0
Engineering related professions	3	0	100	0
Finance & Economic related	7	6	14.3	0
Financial & related Professions	5	5	0	0
Financial clerks	35	31	11.4	1
Food Service Aid	3	3	0	0
HR & Org Dev.	1	1	0	0
HR Clerks	2	2	0	0
HR related	28	22	21.4	0
Info Tech related	2	2	0	0
Inspectors of apprentice	15	11	26.7	0
Legal related	2	2	0	0
Library mail & related	13	10	23.1	0
Logistical support	5	4	20	0
Material recording & transport	4	4	0	0
Messenger, Porters & deliveries	8	8	0	0
Other administrative & related clerks	266	263	1.1	2
Other information tech	4	3	25	0
Other occupation	4	4	0	0
Risk management and security	3	3	0	0
Secretaries and other	13	11	15.4	0
Senior Managers	28	26	7.1	4
Trade quality controllers	3	3	0	0
<b>Total</b>	<b>675</b>	<b>618</b>	<b>8.4</b>	<b>8</b>

### 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 2016*

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 / Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	17	15	88.2	2	11.8
<b>Total</b>	<b>24</b>	<b>22</b>	<b>92</b>	<b>2</b>	<b>8</b>

*Table 3.3.2: SMS post information as on 30 September 2016*

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 / Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	17	13	76.5	4	23.5
<b>Total</b>	<b>24</b>	<b>20</b>	<b>83.3</b>	<b>3</b>	<b>16.7</b>

*Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016*

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 / Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	17	15	88.2	2	11.8
<b>Total</b>	<b>24</b>	<b>22</b>	<b>92</b>	<b>2</b>	<b>8</b>

*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 2015 and 31 March 2016*

Reasons for vacancies not advertised within six months
1 contract appointee is placed against the Director post and;
The 2 <sup>nd</sup> post only became vacant from January 2016
Reasons for vacancies not filled within six months
N/A

**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 2015 and 31 March 2016**

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within six months
N/A

### 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 summarises 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 2015 and 31 March 2016**

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
Lower Skilled (Levels 1-2)	5	0	0	0	0	0	0
Contracts (Levels 3-5)	8	0	0	0	0	0	0
Contracts (Levels 6-8)	2	0	0	0	0	0	0
Contracts (Band A)	5	0	0	0	0	0	0
Skilled (Levels 3-5)	43	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	453	1	0.2	1	100	0	0
Highly skilled supervision (Levels 9-12)	128	0	0	1	0	0	0
Senior Management Service Band A	16	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
<b>Total</b>	<b>675</b>	<b>1</b>	<b>0.2</b>	<b>2</b>	<b>100</b>	<b>0</b>	<b>0</b>

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 also be vacant.

*Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016*

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees with a disability</b>					<b>0</b>

The following table summarises 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 2015 and 31 March 2016*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Level 7	1	7	8	Benchmarked against same positions in other Departments
Level 9	2	9	10	
Level 11	1	11	12	
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				
<b>Percentage of total employed</b>				

The following table summarises 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 2015 and 31 March 2016*

Gender	African	Asian	Coloured	White	Total
Female	2	0	1	0	0
Male	1	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Employees with a disability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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 2015 and 31 March 2016*

Salary band	Number of employees at beginning of period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	2	2	0	0
Skilled (Levels 3-5)	41	2	0	0
Highly skilled production (Levels 6-8)	443	5	21	4.7
Highly skilled supervision (Levels 9-12)	112	1	9	8

Salary band	Number of employees at beginning of period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Management Service Bands A	15	2	2	13.3
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	16	8	2	36.7
<b>Total</b>	<b>636</b>	<b>18</b>	<b>34</b>	<b>5.3</b>

**Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016**

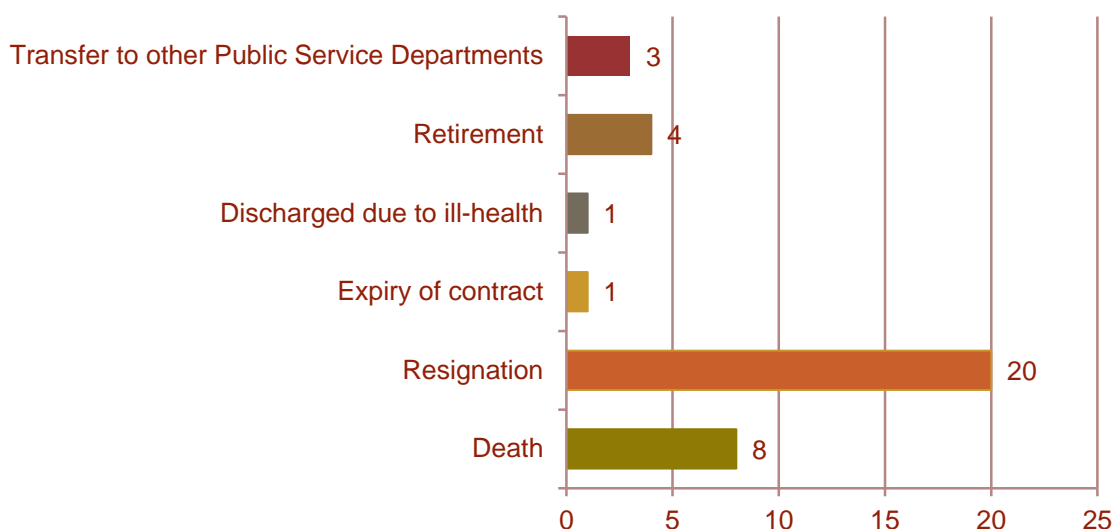
Critical occupation	Number of employees at beginning of period – 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	110	4	9	8.2
All artisan in the building machinery	1	0	0	0
Appraiser-valuers and related professional	3	0	2	6.7
Architect & town planner	1	1	1	100
Cartographic surveying & related	2	0	1	50
Cleaners	7	2	0	0
Switch Board	4	0	0	0
Communication & info related	1	0	0	0
CDW's	11	0	0	0
Engineering Related professions	1	0	0	0
Finance & Economic related	6	0	0	0
Financial & related Professions	5	0	0	0
Financial clerks	33	1	0	0
Food Service Aid	3	0	0	0
HR & Org Dev.	1	0	0	0
HR Clerks	3	0	0	0
HR related	25	1	4	16
Info Tech related	1	0	0	0
Inspectors of apprentice	13	0	1	7.7
Legal related	2	0	0	0
Library mail & related	10	0	2	20
Logistical support	4	1	1	25
Material recording & transport	4	0	0	0
Messenger, Porters & deliveries	8	0	0	0
Other administrative & related clerks	272	1	8	2.9
Other administrative policy & related	61	2	3	4.9
Other information tech	4	0	0	0
Other occupations	4	0	0	0
Risk management and security	2	0	0	0
Secretaries and other	11	0	0	0
Senior Managers	21	5	2	9.5
Trade quality controllers	2	0	0	0
<b>Total</b>	<b>636</b>	<b>18</b>	<b>34</b>	<b>5.3</b>

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 2015 and 31 March 2016*

Termination Type	Number	% of Total Resignations
Death	8	1.2
Resignation	20	3.1
Expiry of contract	1	0.2
Discharged due to ill-health	1	0.2
Retirement	4	0.6
Transfer to other Public Service Departments	3	0.5
<b>Total</b>	<b>37</b>	<b>5.8%</b>
<b>Total number of employees who left as a % of total employment</b>	<b>636</b>	<b>5.8%</b>

## Reasons why staff left the Department



*Table 3.5.4: Promotions by critical occupation for the period 1 April 2015 and 31 March 2016*

Occupation	Employees 1 April 2015	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
Architect and planners	1	0	0	1	100
Engineers & related professionals	1	0	0	0	0
Information technology related	1	1	100	1	100
Risk management and security	2	0	0	3	150
Senior Managers	21	0	0	19	90.5
<b>Total</b>	<b>26</b>	<b>1</b>	<b>100</b>	<b>24</b>	<b>110</b>

**Table 3.5.5: Promotions by salary band for the period 1 April 2015 and 31 March 2016**

Salary Band	Employees 1 April 2015	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
Lower skilled ( Levels 1-2)	2	0	0	0	0
Skilled (Levels3-5)	41	0	0	25	61
Highly skilled production (Levels 6-8)	443	7	1.6	226	51
Highly skilled supervision (Levels 9-12)	112	6	5.4	61	54.5
Senior Management (Level 13-16)	22	1	4.5	18	81.8
<b>Total</b>	<b>620</b>	<b>14</b>	<b>11.5</b>	<b>330</b>	<b>53.2</b>

### 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 2016**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	5	0	1	3	1	0	1	27
Professionals	7	9	0	2	28	8	0	1	55
Technicians and associate professionals	55	21	1	5	57	23	0	8	170
Clerks	81	56	1	0	110	74	0	3	325
Service and sales workers	0	1	0	0	1	1	0	0	3
Craft and related trades workers	4	5	0	3	2	1	0	0	15
Elementary occupations	6	3	0	0	9	5	0	0	23
<b>Total</b>	<b>169</b>	<b>100</b>	<b>2</b>	<b>11</b>	<b>210</b>	<b>113</b>	<b>0</b>	<b>13</b>	<b>618</b>
<b>Employees with disabilities</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>

**Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	2	0	0	0	0	0	0	2
Senior Management	11	2	0	0	3	2	0	1	19
Professionally qualified and experienced specialists and mid-management	39	15	0	8	25	17	0	5	109

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	89	75	2	2	162	84	0	5	419
Semi-skilled and discretionary decision making	14	3	0		15	8	0	1	41
Unskilled and defined decision making	0	1	0	0	2	2	0	0	5
<b>Total</b>	<b>153</b>	<b>98</b>	<b>2</b>	<b>10</b>	<b>207</b>	<b>113</b>	<b>0</b>	<b>12</b>	<b>595</b>

*Table 3.6.3: Recruitment for the period 1 April 2015 to 31 March 2016*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	3	1	0	1	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	1	0	0	3	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	2	0	0	0	2
Unskilled and defined decision making	0	1	0	0	0	1	0	0	2
<b>Total</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>15</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 3.6.4: Promotions for the period 1 April 2015 to 31 March 2016*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	1	0	0	1
Senior Management	10	3	0	0	1	0	0	1	15
Professionally qualified and experienced specialists and mid-management	20	9	0	6	17	10	0	5	67



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	40	44	1	1	100	43	0	4	233
Semi-skilled and discretionary decision making	7	2	0	0	9	6	0	1	25
<b>Total</b>	<b>77</b>	<b>58</b>	<b>1</b>	<b>7</b>	<b>127</b>	<b>60</b>	<b>0</b>	<b>11</b>	<b>344</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 3.6.5: Terminations for the period 1 April 2015 to 31 March 2016*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1	1	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	4	1	0	0	3	0	0	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	3	0	0	4	5	0	1	21
<b>Total</b>	<b>13</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>32</b>
<b>Employees with Disabilities</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

*Table 3.6.6: Disciplinary action for the period 1 April 2015 to 31 March 2016*

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Correctional counselling	0	0	0	0	0	0	0	1	1
Written warning	1	1	0	0	1	1	0	0	4
Final written warning	1	1	0	0	0	1	0	0	3
Suspended without pay	0	0	0	0	0	1	0	0	1
Fine	0	0	0	0	1	0	0	0	1
Dismissal	2	0	0	0	0	2	0	0	4
<b>Total</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>14</b>

**Table 3.6.7: Skills development for the period 1 April 2015 to 31 March 2016**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	12	0	0	1	6	1	1	1	22
Professionals	21	12	0	1	25	18	0	7	84
Technicians and associate professionals	32	24	6	0	58	22	0	0	142
Clerks	21	13	0	0	31	22	0	0	87
<b>Total</b>	<b>86</b>	<b>50</b>	<b>6</b>	<b>3</b>	<b>121</b>	<b>63</b>	<b>1</b>	<b>8</b>	<b>338</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

### 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 2015**

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
Director-General/ Head of Department / Salary Level 16	1	1	0	0%
Salary Level 15	1	1	0	0%
Salary Level 14	5	5	1	20%
Salary Level 13	21	21	4	19%
<b>Total</b>	<b>28</b>	<b>28</b>	<b>5</b>	<b>17,9%</b>

**Table 3.7.2: Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2015**

Reasons
This process is often overtaken by more pressing activities, and is not prioritised enough.

**Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2015**

Reasons
No disciplinary steps taken against SMS members.

### 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 2015 to 31 March 2016**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	22	165	13.3%	578	26,262
Female	44	204	21.1%	502	11,667
<b>Asian</b>					
Male	1	2	50%	12	12,089
Female	0	0	0	0	0
<b>Coloured</b>					
Male	20	96	20.8%	374	18,678
Female	24	113	21.2%	267	11,118
<b>White</b>					
Male	6	10	60%	164	27,325
Female	8	13	61.5%	137	17,107
<b>Total</b>	<b>125</b>	<b>603</b>	<b>20.7%</b>	<b>2,034</b>	<b>124,246</b>

**Table 3.8.2: Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	5	0%	0	0	0
Skilled (level 3-5)	4	41	9,75%	29	7,250	9.8%
Highly skilled production (level 6-8)	85	419	20,29%	870	10,235	20.3%
Highly skilled supervision (level 9-12)	33	109	30.28%	701	21,242	30.3%
<b>Total</b>	<b>122</b>	<b>574</b>	<b>21.3%</b>	<b>1600</b>	<b>38727</b>	<b>21.3%</b>

**Table 3.8.3: Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016**

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	22	103	21.4	443	20,136
All artisans in the building metal machinery etc.	0	1	0	0	0
Appraisers-valuers and related professionals	0	1	0	0	0
Architects town and traffic planners	1	1	100	48	48,000
Cartographic surveying and related technicians	1	1	100	17	17,000
Cleaners in offices workshops hospitals etc.	1	9	11.1	10	10,000
Client inform clerks (switchboard reception information clerks)	1	4	25	6	6,000
Communication and information related	0	1	0	0	0
Community development workers	2	11	18.2	19	9,500
Engineering sciences related	0	1	0	0	0
Engineers and related professionals	1	0	0	37	37,000
Finance and economics related	1	6	16.7	15	15,000
Financial and related professionals	1	5	20	13	13,000

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial clerks and credit controllers	6	31	19.4	61	10,167
Food services aids and waiters	0	3	0	0	0
Human resources & organisational development & related professions	0	1	0	0	0
Human resources clerks	0	2	0	0	0
Human resources related	9	22	40.9	101	11,222
Information technology related	1	2	50	45	45,000
Inspectors of apprentices works and vehicles	5	11	45.5	65	13,000
Legal related	1	2	50	50	50,000
Library mail and related clerks	1	10	10	9	9,000
Logistical support personnel	2	4	50	22	11,000
Material-recording and transport clerks	1	4	25	12	12,000
Messengers porters and deliverers	1	8	12.5	8	8,000
Other administrative & related clerks and organisers	33	263	12.5	288	8,727
Other administrative policy and related officers	25	61	41	283	11,320
Other information technology personnel	0	3	0	0	0
Other occupations	1	4	25	12	12,000
Risk management and security services	1	3	33.3	21	21,000
Secretaries & other keyboard operating clerks	5	11	45.5	62	12,400
Senior managers	8	26	30.8	490	61,250
Trade quality controllers	0	3	0	0	0
<b>Total</b>	<b>131</b>	<b>618</b>	<b>21.2</b>	<b>2137</b>	<b>16313</b>

*Table 3.8.4: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016*

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	5	22	22.7	214	42.800	22.7%
Band B	2	5	40	154	77,000	40%
Band C	1	1	100	122	122,000	100%
Band D	0	1	0	0	0	0
<b>Total</b>	<b>8</b>	<b>29</b>	<b>27.6</b>	<b>490</b>	<b>61250</b>	<b>27.6%</b>

### 3.9. Foreign Workers

The tables below summarise 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 2015 and 31 March 2016*

Salary band	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 3.9.2: Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016*

Major occupation	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A	0	0	0	0	0	0

### 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 2015 to 31 December 2015*

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)
Lower Skills (Level 1-2)	25	84	2	0.6	13	10
Skilled (levels 3-5)	265	78.1	30	8.9	9	169
Highly skilled production (levels 6-8)	1559	79.3	191	56.7	8	1686
Highly skilled supervision (levels 9-12)	631	77.2	86	25.5	7	1143
Top and Senior management (levels 13-16)	159	87.4	16	4.7	10	557
<b>Total</b>	<b>2639</b>	<b>81.2</b>	<b>325</b>	<b>96.4</b>	<b>47</b>	<b>3565</b>

*Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015*

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)
Skilled (Levels 3-5)	85	100	4	8.7	21	55
Highly skilled production (Levels 6-8)	675	99.4	31	67.4	22	746
Highly skilled supervision (Levels 9-12)	109	100	8	17.4	14	213
<b>Total</b>	<b>869</b>	<b>99.8</b>	<b>43</b>	<b>93.5</b>	<b>57</b>	<b>1014</b>

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 2015 to 31 December 2015*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	42	14	3
Skilled Levels 3-5)	880	21	41
Highly skilled production (Levels 6-8)	8695	19	451
Highly skilled supervision (Levels 9-12)	2681	23	116
Senior management (Levels 13-16)	630	27	23
<b>Total</b>	<b>12928</b>	<b>104</b>	<b>634</b>

**Table 3.10.4: Capped leave for the period 1 January 2015 to 31 December 2015**

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 2016
Skilled Levels 3-5)	28	1	28	13
Highly skilled production (Levels 6-8)	8	3	3	27
Highly skilled supervision (Levels 9-12)	46	2	23	22
Senior management (Levels 13-16)	1	1	10	33
<b>Total</b>	<b>83</b>	<b>7</b>	<b>64</b>	<b>95</b>

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

**Table 3.10.5: Leave payouts for the period 1 April 2015 and 31 March 2016**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2015/16 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2015/16	674	20	33700
Current leave pay-out on termination of service for 2015/16	130	12	10833
<b>Total</b>	<b>804</b>	<b>32</b>	<b>25125</b>

### 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
N/A	N/A

**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		Ms 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		4 Employees Annual Budget: R50 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 Health & Productivity HIV/AIDS & TB 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		List attached
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		Reviewed policy for all provincial departments to be implemented in the near future.

	Question	Yes	No	Details, if yes
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 Policy
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Department presented seven opportunities to employees to be tested
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 2015 and 31 March 2016*

Subject matter	Date
Total number of Collective agreements	None

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

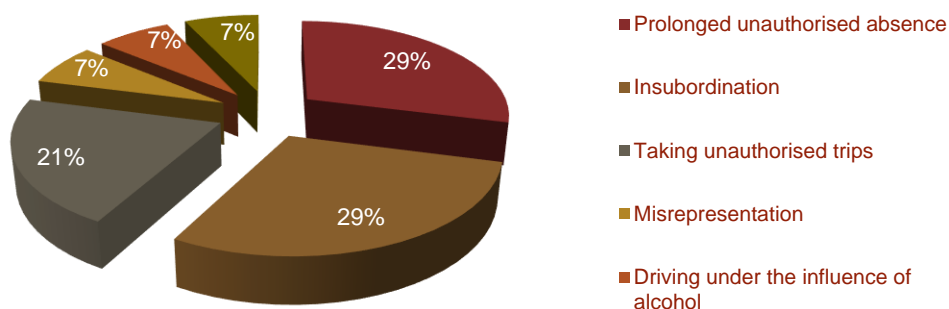
*Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2015 and 31 March 2016*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	7,14%
Written warning	4	28,57%
Final written warning	3	21,43%
Suspended without pay	1	7,14%
Fine	1	7,14%
Dismissal	4	28,57%
<b>Total</b>	<b>14</b>	<b>100%</b>

*Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016*

	Number	% of total
Prolonged unauthorised absence	4	28,57%
Insubordination	4	28,57%
Taking unauthorised trips	3	21,43%
Misrepresentation	1	7,14%
Being under the influence of alcohol	1	7,14%
Failure to comply with SCM procedures	1	7,14%

## Misconduct



*Table 3.12.4: Grievances logged for the period 1 April 2015 and 31 March 2016*

Grievances	Number	% of Total
Number of grievances resolved	23	100%
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>23</b>	<b>100%</b>

*Table 3.12.5: Disputes logged with Councils for the period 1 April 2015 and 31 March 2016*

Disputes	Number	% of Total
Number of disputes upheld	1	14,3%
Number of disputes dismissed	1	14,3%
<b>Total number of disputes lodged</b>	<b>7</b>	<b>100%</b>

*Table 3.12.6: Strike actions for the period 1 April 2015 and 31 March 2016*

<b>Total number of persons working days lost</b>	0
<b>Total costs working days lost</b>	0
<b>Amount recovered as a result of no work no pay (R'000)</b>	0

*Table 3.12.7: Precautionary suspensions for the period 1 April 2015 and 31 March 2016*

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 2015 and 31 March 2016*

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	5	N/A	<ul style="list-style-type: none"> <li>Strategic capability and leadership.</li> <li>People Management and Empowerment.</li> <li>Programme and Project Management</li> <li>Financial Management.</li> <li>Change Management.</li> <li>Computer Literacy.</li> </ul>	N/A	9
	Male	22	N/A		N/A	13
Professionals	Female	37	N/A	<ul style="list-style-type: none"> <li>Supervisory Skills Training</li> <li>Monitoring and Evaluation training</li> <li>Project Management skills</li> <li>Finance for none Finance Managers</li> <li>Computer skills</li> </ul>	N/A	50
	Male	18	N/A		N/A	36



Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	88	N/A	<ul style="list-style-type: none"> <li>Supervisory Skills Training</li> <li>Leave administration training</li> <li>Project Management skills</li> <li>Supply Chain Management skills</li> <li>Computer skills</li> <li>Records Management training</li> </ul>	N/A	80
	Male	82	N/A		N/A	62
Clerks	Female	187	N/A	<ul style="list-style-type: none"> <li>Records Management training</li> <li>Presentation, Facilitation and Report Writing skills</li> <li>Computer skills</li> </ul>	N/A	54
	Male	138	N/A		N/A	34
<b>Total</b>		<b>577</b>				<b>338</b>

*Table 3.13.2: Training provided for the period 1 April 2015 and 31 March 2016*

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	9	0	9
	Male	0	0	13	0	13
Professionals	Female	0	0	50	0	50
	Male	0	0	36	0	34
Technicians and associate professionals	Female	0	0	80	0	80
	Male	0	0	62	0	62
Clerks	Female	0	0	54	0	53
	Male	0	0	34	0	34
Employees with disabilities	Female	0	0	0	0	1
	Male	0	0	0	0	2
<b>Total</b>		<b>0</b>	<b>0</b>	<b>338</b>	<b>0</b>	<b>338</b>

### 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 2015 and 31 March 2016*

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	1	50%
Permanent Disablement	0	0
Fatal	1	50%
<b>Total</b>	<b>2</b>	<b>100%</b>

### 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:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) 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 2015 and 31 March 2016**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Organisation review	1	151	R280 000
AFS: Housing Fund Andisa Chartered Accountants	1	15	R55 198.80
Project Management Unit – V3 Consulting	8	200	R41 441 582.54
<ul style="list-style-type: none"> <li>HSS clean up</li> <li>Inventory</li> <li>Irregular expenditure</li> </ul>	1	100	R18 379 982.54

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
1	1	151	R280 000
4	8	200	R41 441 582.54
1	1	15	R55 198.80
3	2	100	R18 379 982.54

**Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Organisational review	100%	100%	2
Project Management Unit – V3 Consulting		Level 1 BBBEE company	8
Andisa Chartered Accountant	100 % black owned	100 % black	1
<ul style="list-style-type: none"> <li>HSS clean up</li> <li>Inventory</li> <li>Irregular expenditure</li> </ul>	60 % Black owned	Level 1 BBBEE company	2

**Table 3.15.3: Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016**

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 2015 and 31 March 2016**

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 2015 and 31 March 2016*

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
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **PART E: FINANCIAL INFORMATION**

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

### **Introduction**

1. I have audited the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs set out on pages 94 to 173, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, 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, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting Officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard 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, 2015 (Act No. 1 of 2015) (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.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Cooperative Governance, Human Settlements and Traditional Affairs as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard prescribed by National Treasury and the requirements of the PFMA and DoRA.

## **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Restatement of corresponding figures**

8. As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of a change in the accounting policy during 31 March 2016 in the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs at, and for the year ended, 31 March 2015.
9. As disclosed in note 23.4 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs at, and for the year ended, 31 March 2015.

## **Additional matter**

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

## **Unaudited supplementary schedules**

11. The supplementary information set out on pages 68 to 90 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 thereon.

## **Report on other legal and regulatory requirements**

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## **Predetermined objectives**

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
- Programme 2: Human Settlements on pages 35 to 39
  - Programme 3: Cooperative Governance on pages 39 to 45
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to

determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings in respect of the selected programmes are as follows:

## **Programme 2: Human Settlements**

### **Reliability of reported performance information**

17. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of important indicators.

## **Programme 3: Cooperative Governance**

### **Usefulness of reported performance information**

18. I was unable to obtain sufficient appropriate audit evidence to support the reasons provided for the variance between planned targets and actual achievements.
19. The processes and systems that produced the indicators should be verifiable, as required by the FMPPI. A total of 26% of the indicators were not verifiable.

### **Reliability of reported performance information**

20. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of important indicators.

### **Additional matters**

21. I draw attention to the following matters:

### **Achievement of planned targets**

22. Refer to the annual performance report on pages 11 and 12 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 – 20 of this report.

### **Adjustment of material misstatements**

23. 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: Cooperative Governance. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

### **Compliance with legislation**

24. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

### **Budgets**

25. Remedial measures imposed by the Provincial Treasury to prevent overspending of the budget were not complied with, as required by section 39(2)(c) of the PFMA.
26. Effective steps were not taken to prevent unauthorised expenditure, amounting to R65 964 000 as disclosed in note 8 of the AFS, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation (TR) 9.1.1.

### **Financial statements, performance 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) and (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Procurement and contract management**

28. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by TR 16A6.1.

### **Expenditure management**

29. Effective steps were not taken to prevent irregular expenditure, amounting to R147 069 000 as disclosed in note 23 of the AFS, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

### **Conditional grants received**

30. The Human Settlements Development Grant was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of the DoRA.



## **Consequence management**

31. Allegations of financial misconduct against the accounting officer were not investigated, as required by TR 4.1.3.

## **Internal control**

32. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual of performance report and the findings on compliance with legislation included in this report.

## **Leadership**

33. The leadership of the department did not exercise oversight responsibility to ensure that proper internal control procedures are developed and implemented that will enable the department to produce accurate and complete annual financial statements.
34. The leadership does not exercise oversight responsibility on performance reporting and compliance with laws and regulations and internal control.
35. Leadership did not communicate and enforce management assertions (completeness, accuracy, quality) related to the disclosures in the financial statements and performance reports of the department.

## **Financial and performance management**

36. 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 management.
37. Reviewing and monitoring compliance with applicable laws and regulations are not done adequately by the department. The department does have a delegated employee to address and monitor new legislative changes affecting the department; however this did not have an impact on the outcomes of compliance.

*Auditor General*

Auditor-General  
Kimberley  
29 July 2016



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION STATEMENT for the year ended 31 March 2016

Appropriation per programme									
	2015/16							2014/15	
	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
<b>Programme</b>									
1. Administration	110 155	-	5 363	115 518	117 113	(1 595)	101.4%	88 594	89 373
2. Human Settlements	556 259	-	(5 220)	551 039	545 586	5 453	99.0%	424 907	422 391
3. Co-Operative Governance	129 618	-	-	129 618	128 114	1 504	98.8%	118 965	120 603
4. Traditional Institutional Management	20 440	-	(143)	20 297	20 297	-	100.0%	19 508	19 508
<b>Subtotal</b>	<b>816 472</b>	-	-	<b>816 472</b>	<b>811 110</b>	<b>5 362</b>	<b>99.3%</b>	<b>651 974</b>	<b>651 875</b>
<b>TOTAL</b>	<b>816 472</b>	-	-	<b>816 472</b>	<b>811 110</b>	<b>5 362</b>	<b>99.3%</b>	<b>651 974</b>	<b>651 875</b>

	2015/16			2014/15	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
<b>Reconciliation with statement of financial performance</b>					
<b>ADD</b>					
Departmental receipts	707			393	
NRF Receipts	-			-	
Aid assistance	-			-	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>817 179</b>			<b>652 367</b>	
<b>ADD</b>					
Aid assistance		206			487
Prior year unauthorised expenditure approved without funding					
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>811 316</b>			<b>652 362</b>

Appropriation per economic classification									
	2015/16							2014/15	
	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
<b>Current payments</b>	<b>302 539</b>	-	(9)	<b>302 530</b>	<b>307 372</b>	<b>(4 842)</b>	<b>101.6%</b>	<b>260 792</b>	<b>264 364</b>
<b>Compensation of employees</b>	<b>223 634</b>	-	(9)	<b>223 625</b>	<b>222 310</b>	<b>1 315</b>	<b>99.4%</b>	<b>211 858</b>	<b>211 663</b>
Salaries and wages	188 666	-	(9)	188 657	191 101	(2 444)	101.3%	182 301	182 983
Social contributions	34 968	-	-	34 968	31 209	3 759	89.3%	29 557	28 680
<b>Goods and services</b>	<b>78 905</b>	-	-	<b>78 905</b>	<b>85 062</b>	<b>(6 157)</b>	<b>107.8%</b>	<b>48 934</b>	<b>52 701</b>
Administrative fees	485	-	-	485	213	272	43.9%	389	338
Advertising	706	-	-	706	378	328	53.5%	792	583
Minor assets	395	-	-	395	121	274	30.6%	338	716
Audit costs: External	3 681	-	-	3 681	5 384	(1 703)	146.3%	4 086	4 403
Bursaries: Employees	444	-	-	444	356	88	80.2%	190	143

Appropriation per economic classification									
	2015/16							2014/15	
	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
Catering: Departmental activities	659	-	-	659	256	403	38.8%	789	647
Communication	301	-	-	301	1 717	(1 416)	570.4%	303	629
Computer services	2 029	-	-	2 029	2 657	(628)	131.0%	2 120	1 470
Consultants: Business and advisory services	34 768	-	-	34 768	38 317	(3 549)	110.2%	3 455	7 240
Infrastructure and planning services	3	-	-	3	7	(4)	233.3%	30	8
Legal services	196	-	-	196	40	156	20.4%	-	199
Contractors	1 649	-	-	1 649	1 350	299	81.9%	246	476
Agency and support / outsourced services	20	-	-	20	27	(7)	135.0%	55	-
Entertainment	252	-	-	252	193	59	76.6%	363	1 044
Fleet services	2 903	-	-	2 903	3 740	(837)	128.8%	2 853	3 146
Housing	-	-	-	-	3	(3)	-	-	-
Inventory: Clothing material and supplies	24	-	-	24	6	18	25.0%	255	225
Inventory: Farming supplies	-	-	-	-	-	-	-	2	-
Inventory: Food and food supplies	21	-	-	21	-	21	-	51	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	200	2
Inventory: Learner and teacher support material	229	-	-	229	30	199	13.1%	-	-
Inventory: Materials and supplies	18	-	-	18	4	14	22.2%	-	-
Consumable supplies	1 524	-	-	1 524	1 464	60	96.1%	738	1 732
Consumable: Stationery, printing and office supplies	2 656	-	-	2 656	1 449	1 207	54.6%	1 582	1 167
Operating leases	3 135	-	-	3 135	8 127	(4 992)	259.2%	8 232	8 730
Property payments	6 838	-	-	6 838	8 370	(1 532)	122.4%	6 600	6 828

Appropriation per economic classification									
	2015/16							2014/15	
	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
Transport provided:	267	-	-	267	46	221	17.2%	60	176
Departmental activity									
Travel and subsistence	11 903	-	-	11 903	7 590	4 313	63.8%	11 299	9 239
Training and development	1 810	-	-	1 810	1 657	153	91.5%	2 055	1 316
Operating payments	705	-	-	705	972	(267)	137.9%	952	741
Venues and facilities	1 234	-	-	1 234	588	646	47.6%	849	1 479
Rental and hiring	50	-	-	50	-	50	-	50	24
<b>Transfers and subsidies</b>	<b>507 160</b>	<b>-</b>	<b>9</b>	<b>507 169</b>	<b>497 082</b>	<b>10 087</b>	<b>98.0%</b>	<b>384 212</b>	<b>381 814</b>
Provinces and municipalities	23 013	-	-	23 013	18 424	4 589	80.1%	4 837	4 837
Provinces	19 513	-	-	19 513	875	18 638	4.5%	-	-
Provincial agencies and funds	19 513	-	-	19 513	875	18 638	4.5%	-	-
Municipalities	3 500	-	-	3 500	17 549	(14 049)	501.4%	4 837	4 837
Municipal agencies and funds	3 500	-	-	3 500	17 549	(14 049)	501.4%	4 837	4 837
Non-profit institutions	500	-	-	500	-	500	-	500	-
Households	483 647	-	9	483 656	478 658	4 998	99.0%	378 875	376 948
Social benefits	-	-	9	9	783	(774)	8700.0%	121	150
Other transfers to households	483 647	-	-	483 647	477 875	5 772	98.8%	378 754	376 798
<b>Payments for capital assets</b>	<b>6 773</b>		<b>6 773</b>	<b>6 773</b>	<b>6 656</b>	<b>117</b>	<b>98.3%</b>	<b>6 970</b>	<b>5 697</b>
Machinery and equipment	6 773	-	-	6 773	6 650	123	98.2%	6 970	5 697
Transport equipment	936	-	(54)	882	882	-	100.0%	320	2 584
Other machinery and equipment	5 837	-	54	5 891	5 768	123	97.9%	6 650	3 113
Intangible assets	-	-	-	-	6	(6)	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>816 472</b>	<b>-</b>	<b>-</b>	<b>816 472</b>	<b>811 110</b>	<b>5 362</b>	<b>99.3%</b>	<b>651 974</b>	<b>651 875</b>

Programme 1: ADMINISTRATION									
	2015/16							2014/15	
	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
<b>Sub programme</b>									
1. Office of the MEC	12 218	-	-	12 218	9 235	2 983	75.6%	12 000	9 045
2. Corporate Services	97 937	-	5 363	103 300	107 878	(4 578)	104.4%	76 594	80 328
<b>Total for sub programmes</b>	<b>110 155</b>	<b>-</b>	<b>5 363</b>	<b>115 518</b>	<b>117 113</b>	<b>(1 595)</b>	<b>101.4%</b>	<b>88 594</b>	<b>89 373</b>
<b>Current payments</b>	<b>106 295</b>	<b>-</b>	<b>4 616</b>	<b>110 911</b>	<b>112 105</b>	<b>(1 194)</b>	<b>101.1%</b>	<b>85 805</b>	<b>87 532</b>
<b>Compensation of employees</b>	<b>65 515</b>	<b>-</b>	<b>4 616</b>	<b>70 131</b>	<b>71 984</b>	<b>(1 853)</b>	<b>102.6%</b>	<b>68 293</b>	<b>67 521</b>
Salaries and wages	54 268	-	4 616	58 884	62 652	(3 768)	106.4%	58 769	58 858
Social contributions	11 247	-	-	11 247	9 332	1 915	83.0%	9 524	8 663
<b>Goods and services</b>	<b>40 780</b>	<b>-</b>	<b>-</b>	<b>40 780</b>	<b>40 121</b>	<b>659</b>	<b>98.4%</b>	<b>17 512</b>	<b>20 011</b>
Administrative fees	184	-	-	184	114	70	62.0%	71	156
Advertising	395	-	-	395	339	56	85.8%	144	353
Minor assets	202	-	-	202	41	161	20.3%	34	361
Audit costs: External	3 681	-	-	3 681	2 755	926	74.8%	2 793	1 820
Bursaries: Employees	444	-	-	444	356	88	80.2%	190	143
Catering: Departmental activities	178	-	-	178	81	97	45.5%	160	158
Communication	215	-	-	215	105	110	48.8%	139	159
Computer services	379	-	-	379	362	17	95.5%	724	268
Consultants: Business and advisory services	24 110	-	-	24 110	25 603	(1 493)	106.2%	-	3 205
Contractors	273	-	-	273	289	(16)	105.9%	12	232
Agency and support / outsourced services	20	-	-	20	27	(7)	135.0%	-	-
Entertainment	252	-	-	252	193	59	76.6%	202	1 044
Fleet services	1 698	-	-	1 698	3 143	(1 445)	185.1%	602	7

Appropriation per economic classification									
	2015/16							2014/15	
	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
Inventory: Clothing material and supplies	12	-	-	12	2	10	16.7%	-	-
Inventory: Food and food supplies	20	-	-	20	-	20	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	200	-
Inventory: Materials and supplies	12	-	-	12	4	8	33.3%	-	-
Consumable supplies	535	-	-	535	428	107	80.0%	494	1 066
Consumable: Stationery, printing and office supplies	919	-	-	919	654	265	71.2%	590	576
Operating leases	108	-	-	108	27	81	25.0%	2 743	2 600
Property payments	241	-	-	241	374	(133)	155.2%	1 820	2 371
Transport provided: Departmental activity	127	-	-	127	8	119	6.3%	-	54
Travel and subsistence	4 749	-	-	4 749	3 264	1 485	68.7%	4 141	4 006
Training and development	1 516	-	-	1 516	1 595	(79)	105.2%	2 014	1 116
Operating payments	216	-	-	216	248	(32)	114.8%	335	224
Venues and facilities	284	-	-	284	109	175	38.4%	104	92
Rental and hiring	10	-	-	10	-	10	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	<b>181</b>	<b>(181)</b>	-	-	<b>92</b>
Households	-	-	-	-	181	(181)	-	-	92
Social benefits	-	-	-	-	181	(181)	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	92
<b>Payments for capital assets</b>	<b>3 860</b>	-	<b>747</b>	<b>4 607</b>	<b>4 827</b>	<b>(220)</b>	<b>104.8%</b>	<b>2 789</b>	<b>1 749</b>
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 860	-	747	4 607	4 821	(214)	104.6%	2 789	1 749
Other machinery and equipment	3 860	-	747	4 607	4 821	(214)	104.6%	2 789	1 749

Appropriation per economic classification									
	2015/16							2014/15	
	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
Intangible assets	-	-	-	-	6	(6)	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>110 155</b>	<b>-</b>	<b>5 363</b>	<b>115 518</b>	<b>117 113</b>	<b>(1 595)</b>	<b>101.4%</b>	<b>88 594</b>	<b>89 373</b>

1.1 OFFICE OF THE MEC									
	2015/16							2014/15	
	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
<b>Current payments</b>	<b>11 860</b>	<b>-</b>	<b>-</b>	<b>11 860</b>	<b>9 048</b>	<b>2 812</b>	<b>76.3%</b>	<b>11 620</b>	<b>8 886</b>
Compensation of employees	8 950	-	-	8 950	6 843	2 107	76.5%	8 620	6 212
Goods and services	2 910	-	-	2 910	2 205	705	75.8%	3 000	2 674
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>358</b>	<b>-</b>	<b>-</b>	<b>358</b>	<b>187</b>	<b>171</b>	<b>52.2%</b>	<b>380</b>	<b>159</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	358	-	-	358	187	171	52.2%	380	159
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12 218</b>	<b>-</b>	<b>-</b>	<b>12 218</b>	<b>9 235</b>	<b>2 983</b>	<b>75.6%</b>	<b>12 000</b>	<b>9 045</b>



1.2 CORPORATE SERVICES									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>94 435</b>	-	<b>4 616</b>	<b>99 051</b>	<b>103 057</b>	<b>(4 006)</b>	<b>104.0%</b>	<b>74 185</b>	<b>78 646</b>
Compensation of employees	56 565	-	4 616	61 181	65 141	(3 960)	106.5%	59 673	61 309
Goods and services	37 870	-	-	37 870	37 916	(46)	100.1%	14 512	17 337
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>3 502</b>	-	<b>747</b>	<b>4 249</b>	<b>4 640</b>	<b>(391)</b>	<b>109.2%</b>	<b>2 409</b>	<b>1 590</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 502	-	747	4 249	4 634	(385)	109.1%	2 409	1 590
Intangible assets	-	-	-	-	6	(6)	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>97 937</b>	-	<b>5 363</b>	<b>103 300</b>	<b>107 878</b>	<b>(4 578)</b>	<b>104.4%</b>	<b>76 594</b>	<b>80 328</b>

Programme 2: HUMAN SETTLEMENT									
	2015/16							2014/15	
	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
<b>Sub programme</b>									
1. Housing Needs, Research and Planning	31 552	-	(4 595)	26 957	37 405	(10 448)	138.8%	17 426	18 368
2. Housing Development	515 099	-	(522)	514 577	486 861	27 716	94.6%	398 811	398 522
3. Housing Asset Management	9 608	-	(103)	9 505	21 320	(11 815)	224.3%	8 670	5 501
<b>Total for sub programmes</b>	<b>556 259</b>	<b>-</b>	<b>(5 220)</b>	<b>551 039</b>	<b>545 586</b>	<b>5 453</b>	<b>99.0%</b>	<b>424 907</b>	<b>422 391</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>72 902</b>	<b>-</b>	<b>(4 616)</b>	<b>68 286</b>	<b>68 286</b>	<b>-</b>	<b>100.0%</b>	<b>46 564</b>	<b>46 386</b>
<b>Compensation of employees</b>	<b>46 088</b>	<b>-</b>	<b>(4 616)</b>	<b>41 472</b>	<b>34 590</b>	<b>6 882</b>	<b>83.4%</b>	<b>34 686</b>	<b>33 119</b>
Salaries and wages	39 346	-	(4 616)	34 730	29 716	5 014	85.6%	30 801	28 613
Social contributions	6 742	-	-	6 742	4 874	1 868	72.3%	3 885	4 506
<b>Goods and services</b>	<b>26 814</b>	<b>-</b>	<b>-</b>	<b>26 814</b>	<b>33 696</b>	<b>(6 882)</b>	<b>125.7%</b>	<b>11 878</b>	<b>13 267</b>
Administrative fees	91	-	-	91	37	54	40.7%	104	66
Advertising	224	-	-	224	30	194	13.4%	433	222
Minor assets	126	-	-	126	7	119	5.6%	133	134
Audit costs: External	-	-	-	-	-	-	-	-	1 291
Catering: Departmental activities	135	-	-	135	38	97	28.1%	316	213
Communication	24	-	-	24	1 538	(1 514)	6408.3%	68	54
Computer services	1 200	-	-	1 200	1 932	(732)	161.0%	623	515
Consultants: Business and advisory services	10 603	-	-	10 603	12 662	(2 059)	119.4%	100	87
Infrastructure and planning services	3	-	-	3	7	(4)	233.3%	30	8
Legal services	70	-	-	70	-	70	-	-	27

Programme 2: HUMAN SETTLEMENT									
2015/16								2014/15	
	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
Contractors	-	-	-	-	19	(19)	-	128	118
Fleet services	-	-	-	-	-	-	-	832	1 023
Housing	-	-	-	-	3	(3)	-	-	-
Inventory: Clothing material and supplies	12	-	-	12	4	8	33.3%	255	225
Inventory: Farming supplies	-	-	-	-	-	-	-	2	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	15	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	2
Inventory: Learner and teacher support material	229	-	-	229	30	199	13.1%	-	-
Inventory: Materials and supplies	4	-	-	4	-	4	-	-	-
Consumable supplies	96	-	-	96	38	58	39.6%	106	73
Consumable: Stationery, printing and office supplies	543	-	-	543	247	296	45.5%	310	166
Operating leases	2 961	-	-	2 961	6 506	(3 545)	219.7%	2 747	3 183
Property payments	6 466	-	-	6 466	7 918	(1 452)	122.5%	2 390	2 087
Transport provided: Departmental activity	125	-	-	125	24	101	19.2%	55	52
Travel and subsistence	3 029	-	-	3 029	2 104	925	69.5%	2 408	2 138
Training and development	294	-	-	294	62	232	21.1%	41	200
Operating payments	33	-	-	33	211	(178)	639.4%	330	158
Venues and facilities	506	-	-	506	279	227	55.1%	452	1 209
Rental and hiring	40	-	-	40	-	40	-	-	16
<b>Transfers and subsidies</b>	<b>482 561</b>	-	-	<b>482 561</b>	<b>477 108</b>	<b>5 453</b>	<b>98.9%</b>	<b>377 668</b>	<b>375 570</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-

Programme 2: HUMAN SETTLEMENT									
2015/16								2014/15	
	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
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	482 561	-	-	482 561	477 108	5 453	98.9%	377 668	375 570
Social benefits	-	-	-	-	59	(59)	-	-	-
Other transfers to households	482 561	-	-	482 561	477 049	5 512	98.9%	377 668	375 570
<b>Payments for capital assets</b>	<b>796</b>	<b>-</b>	<b>(604)</b>	<b>192</b>	<b>192</b>	<b>-</b>	<b>100.0%</b>	<b>675</b>	<b>435</b>
Machinery and equipment	796	-	(604)	192	192	-	100.0%	675	435
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>556 259</b>	<b>-</b>	<b>(5 220)</b>	<b>551 039</b>	<b>545 586</b>	<b>5 453</b>	<b>99.0%</b>	<b>424 907</b>	<b>422 391</b>

2.1 HOUSING NEEDS, RESEARCH AND PLANNING									
2015/16								2014/15	
	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
<b>Current payments</b>	<b>31 169</b>	<b>-</b>	<b>(4 391)</b>	<b>26 778</b>	<b>37 190</b>	<b>(10 412)</b>	<b>138.9%</b>	<b>17 139</b>	<b>18 039</b>
Compensation of employees	17 388	-	(4 391)	12 997	6 225	6 772	47.9%	7 694	6 644
Goods and services	13 781	-	-	13 781	30 965	(17 184)	224.7%	9 445	11 395
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>(36)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	36	(36)	-	-	-
<b>Payments for capital assets</b>	<b>383</b>	<b>-</b>	<b>(204)</b>	<b>179</b>	<b>179</b>	<b>-</b>	<b>100.0%</b>	<b>287</b>	<b>329</b>
Machinery and equipment	383	-	(204)	179	179	-	100.0%	287	329

2.1 HOUSING NEEDS, RESEARCH AND PLANNING									
Economic classification	2015/16							2014/15	
	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31 552</b>	<b>-</b>	<b>(4 595)</b>	<b>26 957</b>	<b>37 405</b>	<b>(10 448)</b>	<b>138.8%</b>	<b>17 426</b>	<b>18 368</b>

2.2 HOUSING DEVELOPMENT									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>36 157</b>	<b>-</b>	<b>(225)</b>	<b>35 932</b>	<b>11 390</b>	<b>24 542</b>	<b>31.7%</b>	<b>24 696</b>	<b>23 437</b>
Compensation of employees	23 500	-	(225)	23 275	9 216	14 059	39.6%	22 762	22 071
Goods and services	12 657	-	-	12 657	2 174	10 483	17.2%	1 934	1 366
<b>Transfers and subsidies</b>	<b>478 634</b>	<b>-</b>	<b>-</b>	<b>478 634</b>	<b>475 460</b>	<b>3 174</b>	<b>99.3%</b>	<b>373 752</b>	<b>374 996</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	478 634	-	-	478 634	475 460	3 174	99.3%	373 752	374 996
<b>Payments for capital assets</b>	<b>308</b>	<b>-</b>	<b>(297)</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>100.0%</b>	<b>363</b>	<b>89</b>
Machinery and equipment	308	-	(297)	11	11	-	100.0%	363	89
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>515 099</b>	<b>-</b>	<b>(522)</b>	<b>514 577</b>	<b>486 861</b>	<b>27 716</b>	<b>94.6%</b>	<b>398 811</b>	<b>398 522</b>

2.3 HOUSING ASSET MANAGEMENT									
2015/16								2014/15	
Economic classification	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
<b>Current payments</b>	<b>5 576</b>	-	-	<b>5 576</b>	<b>19 706</b>	<b>(14 130)</b>	<b>353.4%</b>	<b>4 729</b>	<b>4 910</b>
Compensation of employees	5 200	-	-	5 200	19 149	(13 949)	368.3%	4 230	4 404
Goods and services	376	-	-	376	557	(181)	148.1%	499	506
<b>Transfers and subsidies</b>	<b>3 927</b>	-	-	<b>3 927</b>	<b>1 612</b>	<b>2 315</b>	<b>41.0%</b>	<b>3 916</b>	<b>574</b>
Households	3 927	-	-	3 927	1 612	2 315	41.0%	3 916	574
<b>Payments for capital assets</b>	<b>105</b>	-	<b>(103)</b>	<b>2</b>	<b>2</b>	-	<b>100.0%</b>	<b>25</b>	<b>17</b>
Machinery and equipment	105	-	(103)	2	2	-	100.0%	25	17
<b>Payments for financial assets</b>	<b>-</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9 608</b>	-	<b>(103)</b>	<b>9 505</b>	<b>21 320</b>	<b>(11 815)</b>	<b>224.3%</b>	<b>8 670</b>	<b>5 501</b>

Programme 3: CO-OPERATIVE GOVERNANCE									
2015/16								2014/15	
	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
<b>Sub programme</b>									
1. Local Governance	104 686	-	-	104 686	96 063	8 623	91.8%	93 112	818
2. Development and Planning	24 932	-	-	24 932	32 051	(7 119)	128.6%	25 853	16 785
<b>Total for sub programmes</b>	<b>129 618</b>	-	-	<b>129 618</b>	<b>128 114</b>	<b>1 504</b>	<b>98.8%</b>	<b>118 965</b>	<b>120 603</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>105 034</b>	-	-	<b>105 034</b>	<b>108 683</b>	<b>(3 649)</b>	<b>103.5%</b>	<b>112 756</b>	<b>114 779</b>
Compensation of employees	96 235	-	-	96 235	102 101	(5 866)	106.1%	94 832	96 976
Salaries and wages	81 876	-	-	81 876	86 417	(4 541)	105.5%	79 885	82 723

Programme 3: CO-OPERATIVE GOVERNANCE									
2015/16								2014/15	
	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
Social contributions	14 359	-	-	14 359	15 684	(1 325)	109.2%	14 947	14 253
<b>Goods and services</b>	<b>8 799</b>	<b>-</b>	<b>-</b>	<b>8 799</b>	<b>6 582</b>	<b>2 217</b>	<b>74.8%</b>	<b>17 924</b>	<b>17 803</b>
Administrative fees	147	-	-	147	35	112	23.8%	129	85
Advertising	79	-	-	79	9	70	11.4%	186	-
Minor assets	46	-	-	46	72	(26)	156.5%	171	221
Audit costs: External	-	-	-	-	-	-	-	1 293	1 292
Catering: Departmental activities	197	-	-	197	71	126	36.0%	217	180
Communication	62	-	-	62	74	(12)	119.4%	59	410
Computer services	450	-	-	450	363	87	80.7%	773	687
Consultants: Business and advisory services	55	-	-	55	52	3	94.5%	3 355	3 948
Legal services	-	-	-	-	-	-	-	-	146
Contractors	1 320	-	-	1 320	1 000	320	75.8%	10	111
Fleet services	1 205	-	-	1 205	597	608	49.5%	1 038	2 116
Inventory: Food and food supplies	1	-	-	1	-	1	-	10	-
Inventory: Materials and supplies	2	-	-	2	-	2	-	-	-
Consumable supplies	124	-	-	124	12	112	9.7%	138	86
Consumable: Stationery, printing and office supplies	1 087	-	-	1 087	472	615	43.4%	622	335
Operating leases	-	-	-	-	1 549	(1 549)	-	2 742	2 872
Property payments	99	-	-	99	70	29	70.7%	2 390	2 361
Transport provided: Departmental activity	15	-	-	15	-	15	-	5	70
Travel and subsistence	3 298	-	-	3 298	1 724	1 574	52.3%	4 193	2 538
Training and development	-	-	-	-	-	-	-	-	-

Programme 3: CO-OPERATIVE GOVERNANCE									
	2015/16							2014/15	
	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 payments	222	-	-	222	288	(66)	129.7%	271	183
Venues and facilities	390	-	-	390	194	196	49.7%	272	161
Rental and hiring	-	-	-	-	-	-	-	50	1
<b>Transfers and subsidies</b>	<b>23 513</b>	<b>-</b>	<b>-</b>	<b>23 513</b>	<b>18 697</b>	<b>4 816</b>	<b>79.5%</b>	<b>5 337</b>	<b>4 945</b>
Provinces and municipalities	23 013	-	-	23 013	18 424	4 589	80.1%	4 837	4 866
Provinces	19 513	-	-	19 513	875	18 638	4.5%	-	-
Provincial agencies and funds	19 513	-	-	19 513	875	18 638	4.5%	-	-
Municipalities	3 500	-	-	3 500	17 549	(14 049)	501.4%	4 837	4 866
Municipal bank accounts	-	-	-	-	-	-	-	4 837	4 866
Municipal agencies and funds	3 500	-	-	3 500	17 549	(14 049)	501.4%	-	-
Non-profit institutions	500	-	-	500	-	500	-	500	-
Households	-	-	-	-	273	(273)	-	-	79
Social benefits	-	-	-	-	273	(273)	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	79
<b>Payments for capital assets</b>	<b>1 071</b>	<b>-</b>	<b>-</b>	<b>1 071</b>	<b>734</b>	<b>337</b>	<b>68.5%</b>	<b>872</b>	<b>879</b>
Machinery and equipment	1 071	-	-	1 071	734	337	68.5%	872	879
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 071	-	-	1 071	734	337	68.5%	872	879
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>129 618</b>	<b>-</b>	<b>-</b>	<b>129 618</b>	<b>128 114</b>	<b>1 504</b>	<b>98.8%</b>	<b>118 965</b>	<b>120 603</b>



3.1 LOCAL GOVERNANCE									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>84 137</b>	-	-	<b>84 137</b>	<b>94 685</b>	<b>(10 548)</b>	<b>112.5%</b>	<b>90 376</b>	<b>101 496</b>
Compensation of employees	76 898	-	-	76 898	89 195	(12 297)	116.0%	74 188	84 807
Goods and services	7 239	-	-	7 239	5 490	1 749	75.8%	16 188	16 689
<b>Transfers and subsidies</b>	<b>20 013</b>	-	-	<b>20 013</b>	<b>1 148</b>	<b>18 865</b>	<b>5.7%</b>	<b>2 187</b>	<b>1 766</b>
Provinces and municipalities	19 513	-	-	19 513	875	18 638	4.5%	1 687	1 687
Non-profit institutions	500	-	-	500	500	-	-	500	-
Households	-	-	-	273	(273)	-	-	-	-
<b>Payments for capital assets</b>	<b>536</b>	-	-	<b>536</b>	<b>230</b>	<b>306</b>	<b>42.9%</b>	<b>549</b>	<b>556</b>
Machinery and equipment	536	-	-	536	230	306	42.9%	549	556
<b>Payments for financial assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>104 686</b>	-	-	<b>104 686</b>	<b>96 063</b>	<b>8 623</b>	<b>91.8%</b>	<b>93 112</b>	<b>103 818</b>

3.2 DEVELOPMENT AND PLANNING									
Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	<b>20 897</b>	-	-	<b>20 897</b>	<b>13 998</b>	<b>6 899</b>	<b>67.0%</b>	<b>22 380</b>	<b>13 283</b>
Compensation of employees	19 337	-	-	19 337	12 906	6 431	66.7%	20 644	12 169
Goods and services	1 560	-	-	1 560	1 092	468	70.0%	1 736	1 114
<b>Transfers and subsidies</b>	<b>3 500</b>	-	-	<b>3 500</b>	<b>17 549</b>	<b>(14 049)</b>	<b>501.4%</b>	<b>3 150</b>	<b>3 179</b>
Provinces and municipalities	3 500	-	-	3 500	17 549	(14 049)	501.4%	3 150	3 179
<b>Payments for capital assets</b>	<b>535</b>	-	-	<b>535</b>	<b>504</b>	<b>31</b>	<b>94.2%</b>	<b>323</b>	<b>323</b>

3.2 DEVELOPMENT AND PLANNING									
2015/16								2014/15	
	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
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	535	-	-	535	504	31	94.2%	323	323
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24 932</b>	<b>-</b>	<b>-</b>	<b>24 932</b>	<b>32 051</b>	<b>(7 119)</b>	<b>128.6%</b>	<b>25 853</b>	<b>16 785</b>

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
2015/16								2014/15	
	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
<b>Sub programme</b>									
1. Traditional Institutional Administration	20 440	-	(143)	20 297	20 297	-	100.0%	19 508	19 508
Total for sub programmes	20 440	-	(143)	20 297	20 297	-	100.0%	19 508	19 508
<b>Economic classification</b>									
<b>Current payments</b>	<b>18 308</b>	<b>-</b>	<b>(9)</b>	<b>18 299</b>	<b>18 298</b>	<b>1</b>	<b>100.0%</b>	<b>15 667</b>	<b>15 667</b>
<b>Compensation of employees</b>	<b>15 796</b>	<b>-</b>	<b>(9)</b>	<b>15 787</b>	<b>13 635</b>	<b>2 152</b>	<b>86.4%</b>	<b>14 047</b>	<b>14 047</b>
Salaries and wages	13 176	-	(9)	13 167	12 316	851	93.5%	12 846	12 789
Social contributions	2 620	-	-	2 620	1 319	1 301	50.3%	1 201	1 258
<b>Goods and services</b>	<b>2 512</b>	<b>-</b>	<b>-</b>	<b>2 512</b>	<b>4 663</b>	<b>(2 151)</b>	<b>185.6%</b>	<b>1 620</b>	<b>1 620</b>
Administrative fees	63	-	-	63	27	36	42.9%	85	31
Advertising	8	-	-	8	-	8	-	29	8
Minor assets	21	-	-	21	1	20	4.8%	-	-

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2015/16							2014/15	
	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
Audit costs: External	-	-	-	-	2 629	(2 629)	-	-	-
Catering: Departmental activities	149	-	-	149	66	83	44.3%	96	96
Communication	-	-	-	-	-	-	-	37	6
Legal services	126	-	-	126	40	86	31.7%	-	26
Contractors	56	-	-	56	42	14	75.0%	96	15
Agency and support / outsourced services	-	-	-	-	-	-	-	55	-
Entertainment	-	-	-	-	-	-	-	161	-
Fleet services	-	-	-	-	-	-	-	381	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	26	-
Consumable supplies	769	-	-	769	986	(217)	128.2%	-	507
Consumable: Stationery, printing and office supplies	107	-	-	107	76	31	71.0%	60	90
Operating leases	66	-	-	66	45	21	68.2%	-	75
Property payments	32	-	-	32	8	24	25.0%	-	9
Transport provided: Departmental activity	-	-	-	-	14	(14)	-	-	-
Travel and subsistence	827	-	-	827	498	329	60.2%	557	557
Operating payments	234	-	-	234	225	9	96.2%	16	176
Venues and facilities	54	-	-	54	6	48	11.1%	21	17
Rental and hiring	-	-	-	-	-	-	-	-	7
Transfers and subsidies	1 086	-	9	1 095	1 096	(1)	100.1%	1 207	1 207
Households	1 086	-	9	1 095	1 096	(1)	100.1%	1 207	1 207
Social benefits	-	-	9	9	270	(261)	3000.0%	121	150
Other transfers to households	1 086	-	-	1 086	826	260	76.1%	1 086	1 057

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
2015/16								2014/15	
	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
<b>Payments for capital assets</b>	<b>1 046</b>	-	<b>(143)</b>	<b>903</b>	<b>903</b>	-	<b>100.0%</b>	<b>2 634</b>	<b>2 634</b>
Machinery and equipment	1 046	-	(143)	903	903	-	100.0%	2 634	2 634
Transport equipment	936	-	(54)	882	882	-	100.0%	320	2 584
Other machinery and equipment	110	-	(89)	21	21	-	100.0%	2 314	50
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20 440</b>	-	<b>(143)</b>	<b>20 297</b>	<b>20 297</b>	-	<b>100.0%</b>	<b>19 508</b>	<b>19 508</b>

4.1 TRADITIONAL INSTITUTIONAL ADMINISTRATION									
2015/16								2014/15	
	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
<b>Current payments</b>	<b>18 308</b>	-	<b>(9)</b>	<b>18 299</b>	<b>18 298</b>	<b>1</b>	<b>100.0%</b>	<b>15 667</b>	<b>15 667</b>
Compensation of employees	15 796	-	(9)	15 787	13 635	2 152	86.4%	14 047	14 047
Goods and services	2 512	-	-	2 512	4 663	(2 151)	185.6%	1 620	1 620
<b>Transfers and subsidies</b>	<b>1 086</b>	-	<b>9</b>	<b>1 095</b>	<b>1 096</b>	<b>(1)</b>	<b>100.1%</b>	<b>1 207</b>	<b>1 207</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	1 086	-	9	1 095	1 096	(1)	100.1%	1 207	1 207
<b>Payments for capital assets</b>	<b>1 046</b>	-	<b>(143)</b>	<b>903</b>	<b>903</b>	-	<b>100.0%</b>	<b>2 634</b>	<b>2 634</b>
Machinery and equipment	1 046	-	(143)	903	903	-	100.0%	2 634	2 634
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20 440</b>	-	<b>(143)</b>	<b>20 297</b>	<b>20 297</b>	-	<b>100.0%</b>	<b>19 508</b>	<b>19 508</b>

## NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2016

**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  R'000	Actual Expenditure  R'000	Variance  R'000	Variance as a % of Final Appropriation R'000
Administration	115 518	117 113	(1 595)	1%
Human Settlement	551 039	545 586	5 453	(1)%
Co -Operative Governance	129 618	128 114	1 504	(1)%
Traditional Institutional Management	20 297	20 297	-	0%

The overall percentage spending amounts to 99.3%; this resulted in a variance of R5 363 000.

Programme name				
Administration	115 518	117 113	(1 595)	1%

The over expenditure on this programme is due to monthly fixed commitments (operating leases, the appointment of consultants and the payment to the Auditor General. Telecommunication system also contributed to the over expenditure

Programme name				
Human Settlement	551 039	545 586	5 453	(1)%

The overall percentage spending amounts to 99% of which gives a variance of R5 453 000. The savings is due to the underspending on EPWP and Human settlement development grant (R100m additional funding was only received in March 2016). The department have applied for roll over from National department of Human Settlements.

Programme name				
Co Operative Governance	129 618	128 114	1 504	(1)%

The overall percentage spending amounts to 99% the savings is due to under expenditure on Galeshewe Urban Renewal Grant for which a Roll-Over will be requested.

Programme name				
Traditional Institutional Management	20 297	20 296	1	0%

This programme had a break-even on its budget v/s expenditure.

4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	<b>Current payments</b>				
	Compensation of employees	223 625	222 310	1 315	(1)%
	Goods and services	78 905	85 062	(6 157)	8%
	Interest and rent on land	-	-	-	-
	<b>Transfers and subsidies</b>				
	Provinces and municipalities	23 013	18 425	4 588	(20)%
	Departmental agencies and accounts	-	-	-	-
	Higher education institutions	-	-	-	-
	Public corporations and private enterprises	-	-	-	-
	Foreign governments and international organisations	-	-	-	-
	Non-profit institutions	500	-	500	-
	Households	483 656	478 657	4 999	(1)%
	<b>Payments for capital assets</b>				
	Buildings and other fixed structures	-	-	-	-
	Machinery and equipment	6 773	6 655	118	(2)%
	Heritage assets	-	-	-	-
	Specialised military assets	-	-	-	-
	Biological assets	-	-	-	-
	Land and subsoil assets	-	-	-	-
	Intangible assets	-	6	(6)	-

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
<b>REVENUE</b>			
Annual appropriation	1	816 472	651 974
Departmental revenue	2	707	393
<b>TOTAL REVENUE</b>		<b>817 179</b>	<b>652 367</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	222 310	211 664
Goods and services	5	85 063	52 703
Aid assistance	3	206	487
<b>Total current expenditure</b>		<b>307 579</b>	<b>264 854</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	497 081	381 812
<b>Total transfers and subsidies</b>		<b>497 081</b>	<b>381 812</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	6 650	5 690
Intangible assets	7	6	6
<b>Total expenditure for capital assets</b>		<b>6 656</b>	<b>5 696</b>
<b>TOTAL EXPENDITURE</b>		<b>811 316</b>	<b>652 362</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>5 863</b>	<b>5</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		5 362	99
Annual appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF Receipts	13	707	393
Aid assistance	3	(206)	(487)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>5 863</b>	<b>5</b>

### STATEMENT OF FINANCIAL POSITION as at 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>121 795</b>	<b>56 106</b>
Unauthorised expenditure	8	121 566	55 602
Cash and cash equivalents	9	5	5
Prepayments and advances	10	5	5
Receivables	11	219	494
<b>Non-current assets</b>		<b>470</b>	<b>306</b>
Receivables	11	470	306
<b>TOTAL ASSETS</b>		<b>122 265</b>	<b>56 412</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>122 067</b>	<b>56 412</b>
Voted funds to be surrendered to the Revenue Fund	12	71 001	4 046
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	94	327
Bank overdraft	14	47 451	48 001
Payables	15	3 348	3 659
Aid assistance unutilised	3	173	379
<b>TOTAL LIABILITIES</b>		<b>122 067</b>	<b>56 412</b>
<b>NET ASSETS</b>		<b>198</b>	<b>--</b>

	Note	2015/16 R'000	2014/15 R'000
<b>Represented by:</b>			
Recoverable revenue		198	-
<b>TOTAL</b>		<b>198</b>	<b>-</b>

### STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
<b>Recoverable revenue</b>			
Debts revised		198	-
Closing balance		198	-
Retained funds			
<b>TOTAL</b>		<b>198</b>	<b>-</b>



### CASH FLOW STATEMENT for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>817 680</b>	<b>652 789</b>
Annual appropriated funds received	1.1	816 472	651 974
Departmental revenue received	2	1 208	815
Net (increase)/decrease in working capital		(66 164)	(4 185)
Surrendered to Revenue Fund		(5 812)	(35 111)
Surrendered to RDP Fund/Donor		-	
Current payments		(241 615)	(260 907)
Transfers and subsidies paid		(497 081)	(381 812)
<b>Net cash flow available from operating activities</b>	<b>16</b>	<b>7 008</b>	<b>(29 226)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(6 656)	(5 696)
Proceeds from sale of capital assets	2.3	150	
<b>Net cash flows from investing activities</b>		<b>(6 656)</b>	<b>(5 546)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		198	-
<b>Net cash flows from financing activities</b>		<b>198</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		550	(34 772)
Cash and cash equivalents at beginning of period		(47 996)	(13 224)
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>(47 446)</b>	<b>(47 996)</b>

## ACCOUNTING POLICIES for the year ended 31 March 2016

<b>Summary of significant accounting policies</b>	
<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>	
<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard. Management concludes that the financial statements present fairly the department primary and secondary information.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> 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.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> 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.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> 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.
<b>7.2</b>	<b>Departmental revenue</b> 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.
<b>7.3</b>	<b>Accrued departmental revenue</b> Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: 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.
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>

<b>8.1.1</b>	<b>Salaries and wages</b> Salaries and wages are recognised in the statement of financial performance on the date of payment.
<b>8.1.2</b>	<b>Social contributions</b> Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. 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.
<b>8.2</b>	<b>Other expenditure</b> 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 and the expense meets the requirements of a capital asset as per the reporting standards.
<b>8.3</b>	<b>Accrued expenditure payable</b> Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department and the payment for goods or services has not taken place as at year end or in the case of transfers and subsidies when they are due and payable. Accrued expenditure payable is measured at cost.
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<b>Operating leases</b> Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
<b>8.4.2</b>	<b>Finance leases</b> Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: 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.
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<b>Aid assistance received</b> 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. 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.
<b>9.2</b>	<b>Aid assistance paid</b> 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.
<b>10</b>	<b>Cash and cash equivalents</b> Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. 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.
<b>11</b>	<b>Prepayments and advances</b> Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
<b>12</b>	<b>Loans and receivables</b> 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.
<b>13</b>	<b>Investments</b> Investments are recognised in the statement of financial position at cost.
<b>14</b>	<b>Financial assets</b>

<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></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.</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>
<b>14.2</b>	<p><b>Impairment of financial assets</b></p> <p>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.</p>
<b>15</b>	<p><b>Payables</b></p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></p> <p>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. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>16.3</b>	<p><b>Intangible assets</b></p> <p>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.</p> <p>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.</p> <p>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 that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p>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.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>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.</p>

17.3	<p><b>Contingent assets</b></p> <p>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.</p>
17.4	<p><b>Commitments</b></p> <p>Commitments 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. Salary commitments relating to employment contracts or social security benefit commitments and transfer and subsidies commitments are excluded.</p>
18	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: 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. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p><b>Fruitless and wasteful expenditure</b></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. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. 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><b>Irregular expenditure</b></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. 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. 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><b>Changes in accounting policies, accounting estimates and errors</b></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. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. 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><b>Events after the reporting date</b></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><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for municipalities. In terms of the arrangement the department is the principal and is responsible for transferring of funds for housing development. 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><b>Departures from the MCS requirements</b></p> <p>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>

<b>25</b>	<p><b>Capitalisation reserve</b></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 Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26</b>	<p><b>Recoverable revenue</b></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 Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>27</b>	<p><b>Related party transactions</b></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'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>
<b>28</b>	<p><b>Inventories</b> <i>(Effective from 1 April 2017)</i></p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements. Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p>
<b>29</b>	<p><b>Public-Private Partnerships</b></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>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

### 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:

	2015/16			2014/15	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	115 518	115 518	-	88 594	88 594
Human Settlements	551 039	551 039	-	424 907	424 907
Local Governance	129 618	129 618	-	118 965	118 965
Traditional Institutional Management	20 297	20 297	-	19 508	19 508
<b>Total</b>	<b>816 472</b>	<b>816 472</b>	<b>-</b>	<b>651 974</b>	<b>651 974</b>

#### 1.2 Conditional grants

	Note	2015/16 R'000	2014/15 R'000
Total grants received	32	482 561	377 668
Provincial grants included in Total Grants received		23 013	8 400

### 2. Departmental revenue

	Note	2015/16 R'000	2014/15 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	424	435
Interest, dividends and rent on land	2.2	40	9
Sales of capital assets	2.3		150
Transactions in financial assets and liabilities	2.4	744	371
Total revenue collected		1 208	965
Less: Own revenue included in appropriation	13	501	572
<b>Departmental revenue collected</b>		<b>707</b>	<b>393</b>

#### 2.1 Sales of goods and services other than capital assets

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services produced by the department	2	422	435
Sales by market establishment		422	435
Administrative fees		-	-
Other sales		-	-
Sales of scrap, waste and other used current goods		2	-
<b>Total</b>		<b>424</b>	<b>435</b>

#### 2.2 Interest, dividends and rent on land

	Note	2015/16 R'000	2014/15 R'000
Interest	2	-	-
Dividends		-	-
Rent on land		40	9
<b>Total</b>		<b>40</b>	<b>9</b>



### 2.3 Sale of capital assets

	Note	2015/16 R'000	2014/15 R'000
Tangible assets	2	-	150
Buildings and other fixed structures	41	-	-
Machinery and equipment	39	-	150
<b>Total</b>		<b>-</b>	<b>150</b>

### 2.4 Transactions in financial assets and liabilities

	Note	2015/16 R'000	2014/15 R'000
Other Receipts including Recoverable Revenue	2	744	371
Gains on GFECRA		-	-
<b>Total</b>		<b>744</b>	<b>371</b>

### 3. Aid assistance

	Note	2015/16 R'000	2014/15 R'000
Opening Balance		379	866
Prior period error		-	-
As restated		379	866
Transferred from statement of financial performance		(206)	(487)
<b>Closing Balance</b>		<b>173</b>	<b>379</b>

#### 3.1 Analysis of balance by source

	Note	2015/16 R'000	2014/15 R'000
Aid assistance from RDP	3	173	379
Aid assistance from other sources		-	-
CARA		-	-
<b>Closing balance</b>		<b>173</b>	<b>379</b>

#### 3.2 Analysis of balance

	Note	2015/16 R'000	2014/15 R'000
Aid assistance unutilised	3	173	379
<b>Closing balance</b>		<b>173</b>	<b>379</b>

### 4. Compensation of employees

#### 4.1 Salaries and Wages

	Note	2015/16 R'000	2014/15 R'000
Basic salary		151 976	146 782
Performance award		2 159	1 680
Service Based		36 965	34 520
<b>Total</b>		<b>191 100</b>	<b>182 982</b>

#### 4.2 Social contributions

	Note	2015/16 R'000	2014/15 R'000
<b>Employer contributions</b>			
Pension		19 073	18 724
Medical		12 094	9 916
Bargaining council		43	42
<b>Total</b>		<b>31 210</b>	<b>28 682</b>
<b>Total compensation of employees</b>		<b>222 310</b>	<b>211 664</b>

Average number of employees	764	788
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## 5. Goods and services

	Note	2015/16 R'000	2014/15 R'000
Administrative fees		214	338
Advertising		381	581
Minor assets	5.1	124	717
Bursaries (employees)		356	143
Catering		260	647
Communication		1 718	1 298
Computer services	5.2	2 646	1 470
Consultants: Business and advisory services		38 325	7 249
Legal services		40	199
Contractors		1 380	477
Agency and support / outsourced services		28	-
Entertainment		194	128
Audit cost – external	5.3	5 384	4 404
Fleet services		3 744	4 061
Consumables	5.4	2 915	3 128
Operating leases		8 129	8 043
Property payments	5.5	8 371	6 796
Rental and hiring		-	24
Transport provided as part of the departmental activities		46	176
Travel and subsistence	5.6	7 590	9 237
Venues and facilities		589	1 480
Training and development		1 657	1 316
Other operating expenditure	5.7	972	791
<b>Total</b>		<b>85 063</b>	<b>52 703</b>

### 5.1 Minor assets

	Note	2015/16 R'000	2014/15 R'000
<b>Tangible assets</b>	5	<b>74</b>	<b>247</b>
Machinery and equipment		74	247
<b>Intangible assets</b>		<b>50</b>	<b>470</b>
Software		50	470
<b>Total</b>		<b>124</b>	<b>717</b>

### 5.2 Computer services

	Note	2015/16 R'000	2014/15 R'000
SITA computer services	5	2 646	1 470
External computer service providers		-	-
<b>Total</b>		<b>2 646</b>	<b>1 470</b>

### 5.3 Audit cost – External

	Note	2015/16 R'000	2014/15 R'000
Regularity audits	5	5 384	4 404
<b>Total</b>		<b>5 384</b>	<b>4 404</b>

#### 5.4 Consumables

	Note 5	2015/16 R'000	2014/15 R'000
Consumable supplies		1 468	1 952
Uniform and clothing		22	266
Household supplies		120	155
Building material and supplies		36	478
IT consumables		28	103
Other consumables		1 262	950
Stationery, printing and office supplies		1 447	1 176
<b>Total</b>		<b>2 915</b>	<b>3 128</b>

#### 5.5 Property payments

	Note 5	2015/16 R'000	2014/15 R'000
Other		8 371	6 796
<b>Total</b>		<b>8 371</b>	<b>6 796</b>

#### 5.6 Travel and subsistence

	Note 5	2015/16 R'000	2014/15 R'000
Local		7 287	8 954
Foreign		303	283
<b>Total</b>		<b>7 590</b>	<b>9 237</b>

#### 5.7 Other operating expenditure

	Note 5	2015/16 R'000	2014/15 R'000
Other		972	791
<b>Total</b>		<b>972</b>	<b>791</b>

#### 6. Transfers and subsidies

	Note	2015/16 R'000	2014/15 R'000
Provinces and municipalities	Annex 1A	18 424	4 837
Households	Annex 1G	478 657	376 975
<b>Total</b>		<b>497 081</b>	<b>381 812</b>

#### 7. Expenditure for capital assets

	Note	2015/16 R'000	2014/15 R'000
<b>Tangible assets</b>		<b>6 650</b>	<b>5 690</b>
Buildings and other fixed structures		2 106	-
Machinery and equipment	27	4 544	5 690
<b>Intangible assets</b>		<b>6</b>	<b>6</b>
Software	28.1	6	6
<b>Total</b>		<b>6 656</b>	<b>5 696</b>

**7.1 Analysis of funds utilised to acquire capital assets – 2015/16**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>6 650</b>	<b>-</b>	<b>6 650</b>
Buildings and other fixed structures	2 106	-	2 106
Machinery and equipment	4 544	-	4 544
<b>Intangible assets</b>	<b>6</b>	<b>-</b>	<b>6</b>
Software	6	-	6
<b>Total</b>	<b>6 656</b>	<b>-</b>	<b>6 656</b>

**7.2 Analysis of funds utilised to acquire capital assets – 2014/15**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>5 690</b>	<b>-</b>	<b>5 690</b>
Machinery and equipment	5 690	-	5 690
<b>Intangible assets</b>	<b>6</b>	<b>-</b>	<b>6</b>
Software	6	-	6
<b>Total</b>	<b>5 696</b>	<b>-</b>	<b>5 696</b>

**7.3 Finance lease expenditure included in Expenditure for capital assets**

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>		<b>420</b>	<b>732</b>
Machinery and equipment		420	732
<b>Total</b>		<b>420</b>	<b>732</b>

**8. Unauthorised expenditure**

**8.1 Reconciliation of unauthorised expenditure**

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		55 602	51 655
As restated		55 602	51 655
Unauthorised expenditure – discovered in current year (as restated)		65 964	3 947
<b>Closing balance</b>		<b>121 566</b>	<b>55 602</b>

**Analysis of awaiting authorisation per economic classification**

		<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
Capital			
Current		120 032	54 068
Transfers and subsidies		1 534	1 534
<b>Total</b>		<b>121 566</b>	<b>55 602</b>

**8.2 Analysis of unauthorised expenditure awaiting authorisation per type**

	<b>2015/16</b>	<b>2014/15</b>
	<b>R'000</b>	<b>R'000</b>
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	60 883	55 602
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	60 683	-
<b>Total</b>	<b>121 566</b>	<b>55 602</b>

**8.3 Details of unauthorised expenditure – current year**

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Asbestos Project		60 683
Over-expenditure on Goods and Serv		5 281
<b>Total</b>		<b>65 964</b>

**9. Cash and cash equivalents**

	Note	2015/16 R'000	2014/15 R'000
Cash on hand		5	5
<b>Total</b>		<b>5</b>	<b>5</b>

**10. Prepayments and advances**

	Note	2015/16 R'000	2014/15 R'000
Travel and subsistence		5	5
<b>Total</b>		<b>5</b>	<b>5</b>

**11. Receivables**

		Current	2015/16 Non-current	Total	Current	2014/15 Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	14	241	255	19	266	285
Recoverable expenditure	11.2	56	149	205	175	-	175
Staff debt	11.3	149	80	229	300	40	340
<b>Total</b>		<b>219</b>	<b>470</b>	<b>689</b>	<b>494</b>	<b>306</b>	<b>800</b>

**11.1 Claims recoverable**

	Note	2015/16 R'000	2014/15 R'000
Provincial departments	11 and Annex 5	255	285
<b>Total</b>		<b>255</b>	<b>285</b>

**11.2 Recoverable expenditure (disallowance accounts)**

	Note	2015/16 R'000	2014/15 R'000
Sal Tax Debt	11	17	12
Sal Reversal Control		173	149
Sal ACB Recalls		-	1
Sal Income Tax		15	13
<b>Total</b>		<b>205</b>	<b>175</b>

**11.3 Staff debt**

	Note	2015/16 R'000	2014/15 R'000
Bursary Debt	11	229	340
<b>Total</b>		<b>229</b>	<b>340</b>

**12. Voted funds to be surrendered to the Revenue Fund**

	Note	2015/16 R'000	2014/15 R'000
Opening balance		4 046	34 116
Prior period error		-	-
As restated		4 046	34 116
Transfer from statement of financial performance (as restated)		5 362	99
Add: Unauthorised expenditure for current year	8	65 964	3 947
Paid during the year		(4 371)	(34 116)
<b>Closing balance</b>		<b>71 001</b>	<b>4 046</b>

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

	Note	2015/16 R'000	2014/15 R'000
Opening balance		327	357
Prior period error		-	-
As restated		327	357
Transfer from Statement of Financial Performance (as restated)		707	393
Own revenue included in appropriation		501	572
Paid during the year		(1441)	(995)
<b>Closing balance</b>		<b>94</b>	<b>327</b>

**14. Bank Overdraft**

	Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General Account		47 451	48 001
<b>Total</b>		<b>47 451</b>	<b>48 001</b>

**15. Payables – current**

	Note	2015/16 R'000	2014/15 R'000
Amounts owing to other entities			
Advances received			
Clearing accounts	15.1	61	22
Other payables	15.2	3 287	3 637
<b>Total</b>		<b>3 348</b>	<b>3 659</b>

**15.1 Clearing accounts**

	Note	2015/16 R'000	2014/15 R'000
Description	15		
Sal ACB Recalls		1	3
Claims Recoverable		18	19
Sal Income Tax		42	-
<b>Total</b>		<b>61</b>	<b>22</b>

**15.2 Other payables**

	Note	2015/16 R'000	2014/15 R'000
Description	15		
Housing Development Funds		3 287	3 287
Other		-	350
<b>Total</b>		<b>3 287</b>	<b>3 637</b>

**16. Net cash flow available from operating activities**

	Note 15	2015/16 R'000	2014/15 R'000
Net surplus/(deficit) as per Statement of Financial Performance		5 863	5
Add back non cash/cash movements not deemed operating activities		1 145	(29 231)
(Increase)/decrease in receivables – current		111	(234)
Increase/(decrease) in payables – current		(311)	(4)
Proceeds from sale of capital assets		-	(150)
Expenditure on capital assets		6 656	5 696
Surrenders to Revenue Fund		(5 812)	(35 111)
Own revenue included in appropriation		501	572
<b>Net cash flow generated by operating activities</b>		<b>7 008</b>	<b>(29 226)</b>

**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General account		(47 451)	(48 001)
Cash on hand		5	5
<b>Total</b>		<b>(47 446)</b>	<b>(47 996)</b>

**18. Contingent liabilities and contingent assets**

**0.1 Contingent liabilities**

		Note	2015/16 R'000	2014/15 R'000
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	Annex 3A	-	40
Claims against the department		Annex 3B	8 458	8 709
Intergovernmental payables (unconfirmed balances)		Annex 5	908	-
<b>Total</b>			<b>9 366</b>	<b>8 749</b>

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.

**0.2 Contingent assets**

	Note	2015/16 R'000	2014/15 R'000
<b>Nature of contingent asset</b>			
Counter claim against contractor for defaulting		-	1 441
Lawsuit against defaulting contractor i.r.o housing Projects		1 925	1 925
S. Kies		148	148
Possible debtors that derive from losses		103	138
<b>Total</b>		<b>2 176</b>	<b>3 652</b>

**19. Commitments**

	Note	2015/16 R'000	2014/15 R'000
<b>Current expenditure</b>			
Approved and contracted		15 081	17 608
Approved but not yet contracted		-	118
		<u>15 081</u>	<u>17 726</u>
<b>Capital expenditure</b>			
Approved and contracted		-	-
		<u>-</u>	<u>-</u>
<b>Total Commitments</b>		<u><u>15 081</u></u>	<u><u>17 726</u></u>

During the current financial year the policy for commitments changed whereas transfers and subsidy payments are now excluded from the commitment disclosure. The adjustment to the corresponding figure amounted to R897 857 000.

**20. Accruals and payables not recognised**

**20.1 Accruals**

			2015/16 R'000	2014/15 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 171	249	1 420	6 293
Transfers and subsidies		296	296	
Capital assets	-	-		217
Other	-	-	-	8
<b>Total</b>	<u>1 171</u>	<u>545</u>	<u>1 716</u>	<u>6 518</u>

	Note	2015/16 R'000	2014/15 R'000
Listed by programme level			
Administration		833	4 387
Human Settlements		661	699
Co-Operative Governance		88	1 340
Traditional Affairs		134	92
<b>Total</b>		<u>1 716</u>	<u>6 518</u>

Delay of submitting invoices from suppliers

**20.2 Payables not recognised**

			2015/16 R'000	2014/15 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	4 192	1 557	5 749	-
Interest and rent on land			-	-
Transfers and subsidies	2 696	3 441	6 137	-
Capital assets	59		59	-
Other	196		196	-
<b>Total</b>	<u>7 143</u>	<u>4 998</u>	<u>12 141</u>	<u>-</u>

	Note	2015/16 R'000	2014/15 R'000
Listed by programme level			
Administration		3 439	-
Human Settlements		3 838	-
Co-Operative Governance		4 495	-
Traditional Affairs		369	-
<b>Total</b>		<u>12 141</u>	<u>-</u>

Both the Accruals and Payable not recognised were previously combined in the prior year and have now been split into sub notes 20.1 and 20.2 for Accruals and Payable not recognised respectively for the current year and beyond.

	Note	2015/16 R'000	2014/15 R'000
<b>Included in the above totals are the following:</b>			
Confirmed balances with other departments	Annex 5	4	-
<b>Total</b>		<b>4</b>	<b>-</b>

## 21. Employee benefits

	Note	2015/16 R'000	2014/15 R'000
Leave entitlement - Accrual		9 425	7 623
Service bonus (Thirteenth cheque) - Provision		6 434	6 378
Performance awards - Provision		3 354	3 178
Capped leave commitments Provision		2 911	3 114
Other - Provision		186	-
<b>Total</b>		<b>22 310</b>	<b>20 293</b>

Negative leave credits amounts to R182 165.81. 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 provision disclosed above under other does not include 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 awards.

## 22. Lease commitments

### 22.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2015/16</b>					
Not later than 1 year			7 927	1 597	9 524
Later than 1 year and not later than 5 years			22 044	1 511	23 555
Later than five years			-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>29 971</b>	<b>3 108</b>	<b>33 079</b>
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2014/15</b>					
Not later than 1 year	-	-	7 095	258	7 353
Later than 1 year and not later than 5 years	-	-	28 414	-	28 414
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>35 509</b>	<b>258</b>	<b>35 767</b>

The department leases buildings for office accommodation; we currently lease buildings from 6 lessors. Three of the service providers leases at a yearly escalation of 10%, two lessors at a yearly escalation of 8% and 1 lessor at a yearly escalation of 7%. Two of the contracts are for the period of 10 years, three for the period of 5 years and one for the period of three years.

Operating leases non-infrastructure – The department leases three year period photocopy machines contracted through the IRT03 of 2009 and 2015 respectively. We are currently lease 11 copiers from Minolco and from Bytes Solutions (Xerox). The department is also in a contractual agreement with TELKOM for a period of three years.



## 22.2 Finance leases expenditure\*\*

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2015/16</b>					
Not later than 1 year	-	-	-	477	477
Later than 1 year and not later than 5 years	-	-	-	271	271
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>748</b>	<b>748</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2014/15</b>					
Not later than 1 year	-	-	-	2 444	2 444
Later than 1 year and not later than 5 years	-	-	-	471	471
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 915</b>	<b>2 915</b>

The department currently leases cars from the Northern Cape Fleet entity, escalation is determined by the fleet entity on an annual basis. Finance lease also consist of cellular phones and 3 G-modems

## 23. Irregular expenditureReconciliation of irregular expenditure

	Note	2015/16 R'000	2014/15 R'000
Opening balance		384 702	613 566
Prior period error			(343 336)
As restated		384 702	270 230
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		147 069	114 472
<b>Closing balance</b>		<b>531 771</b>	<b>384 702</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		147 069	114 472
Prior years		384 702	270 230
<b>Total</b>		<b>531 771</b>	<b>384 702</b>

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 in an attempt to obtain procurement records from municipalities and the potential future cost made it furthermore impractical to determine the full extent of irregular expenditure for financial years prior to the 2011/2012 financial year

As a result, the irregular expenditure disclosed above may not be a complete reflection of the irregular incurred by the department.

## 23.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Housing Projects		102 955
SCM Processes not followed		44 114
<b>Total</b>		<b>147 069</b>

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

Incident	2015/16 R'000
Possible deficient tender procedures for housing projects	80 238
Possible deficient SCM procedures	4 767
<b>Total</b>	<b>85 006</b>

**23.4 Prior period error**

Nature of prior period error	2015/16 R'000
Relating to 2013/14	(343 336)
Transfers to municipalities regarded as non-irregular because of lack of source documents and projects already finalised and impractical to obtain.	(343 336)
Relating to 2014/15	(108 249)
Transfers to municipalities regarded as non-irregular because of lack of source documents and projects already finalised and impractical to obtain.	(108 249)
<b>Total prior period errors</b>	<b>(451 585)</b>

**24. Fruitless and wasteful expenditure**

**24.1 Reconciliation of fruitless and wasteful expenditure**

	2015/16 R'000	2014/15 R'000
Opening balance	63 893	62 371
Prior period error	-	-
As restated	63 893	62 371
Fruitless and wasteful expenditure – relating to prior year	-	-
Fruitless and wasteful expenditure – relating to current year	-	1 522
<b>Closing balance</b>	<b>63 893</b>	<b>63 893</b>

**24.2 Analysis of awaiting resolution per economic classification**

	2015/16 R'000	2014/15 R'000
Current	15 198	15 198
Capital	-	-
Transfers and subsidies	48 695	48 695
<b>Total</b>	<b>63 893</b>	<b>63 893</b>

**25. Related party transactions**

	2015/16 R'000	2014/15 R'000
Payments made	517	270
Goods and services	517	270
<b>Total</b>	<b>517</b>	<b>270</b>

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

**26. Key management personnel**

	No. of Individuals	2015/16 R'000	2014/15 R'000
Political office bearers (provide detail below)			
Officials:			
Level 15 to 16	3	3 337	3 181
Level 14 (incl. CFO if at a lower level)	5	5 369	5 289
Family members of key management personnel		-	-
<b>Total</b>		<b>8 706</b>	<b>8 470</b>

**27. Movable Tangible Capital Assets**

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>23 955</b>	<b>-</b>	<b>4 029</b>	<b>2 421</b>	<b>25 563</b>
Transport assets	4 369	-	1 827	369	5 827
Computer equipment	10 238	-	1 673	1 906	10 005
Furniture and office equipment	7 369	-	529	100	7 798
Other machinery and equipment	1 979	-	-	46	1 933
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>23 955</b>	<b>-</b>	<b>4 029</b>	<b>2 421</b>	<b>25 563</b>

**Movable Tangible Capital Assets under investigation**

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	2	43

Computer assets, Laptop U-00601 and K-04271 were lost, but the loss investigation is still in progress.

**27.1 Additions**

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>4 123</b>	<b>65</b>	<b>-</b>	<b>(159)</b>	<b>4 029</b>
Transport assets	1 827	-	-	-	1 827
Computer equipment	1 767	65	-	(159)	1 673
Furniture and office equipment	529	-	-	-	529
Biological assets	-	-	-	-	-
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>4 123</b>	<b>65</b>	<b>-</b>	<b>(159)</b>	<b>4 029</b>

Non cash amount consist out of 1 laptop transfer from DENC-R13;4\* Laptop transfers from Human Settlements and 2\* laptop replacements. Received current not paid - R59 (Paid current year, received prior year) - (R218).

**27.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	-	2 421	2 421	
Transport assets	-	369	369	-
Computer equipment	-	1 906	1 906	-
Furniture and office equipment	-	100	100	-
Other machinery and equipment	-	46	46	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	2 421	2 421	-

**27.3 Movement for 2014/15**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	20 182		4 903	1 130	23 955
Transport assets	2 903	-	2 584	1 118	4 369
Computer equipment	8 652	-	1 586	-	10 238
Furniture and office equipment	7 119	-	255	5	7 369
Other machinery and equipment	1 508	-	478	7	1 979
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	20 182		4 903	1 130	23 955

**27.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016**

	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	-	1 197	-	6 336	-	7 533
Additions	-	50	-	96	-	146
Disposals	-	-	-	313	-	313
<b>TOTAL MINOR ASSETS</b>	-	1 247	-	6 119	-	7 366

	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
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	480	-	3 858	-	4 338
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	480	-	3 858	-	4 338

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015**

	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
Opening balance	-	727	-	6 136	-	6 863
Additions	-	470	-	385	-	855
Disposals	-	-	-	185	-	185
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1 197</b>	<b>-</b>	<b>6 336</b>	<b>-</b>	<b>7 533</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	159	-	-	-	159
Number of minor assets at cost	-	317	-	-	-	317
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476</b>

**27.5 Movable Assets Written Off for the Year Ended As At 31 March 2015**

	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	-	-	-	212	-	212
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212</b>	<b>-</b>	<b>212</b>

**28. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	647	-	202	-	849
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>647</b>	<b>-</b>	<b>202</b>	<b>-</b>	<b>849</b>

**28.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Cash R'000	Non-Cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
SOFTWARE	6	-	-	196	202
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>202</b>

**28.2 Movement for 2014/15**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	641	-	6	-	647
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>641</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>647</b>

**29. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>827</b>	<b>-</b>	<b>2 114</b>	<b>-</b>	<b>2 941</b>
Other fixed structures	827	-	2 114	-	2 941
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>827</b>	<b>-</b>	<b>2 114</b>	<b>-</b>	<b>2 941</b>

**29.1 Additions**

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>2 107</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2 114</b>
Other fixed structures	2 107	-	-	7	2 114
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2 107</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2 114</b>

R7 000 are part of the retention payment of R10 000 that must still be paid.

**29.2 Movement for 2014/15**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>866</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>827</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	866	-	-	39	827
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>866</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>827</b>

**29.3 S42 Immovable assets**

**Assets subjected to transfer in terms of S42 of the PFMA – 2015/16**

	Number of assets R'000	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>136</b>	<b>2 940</b>
Other fixed structures	136	2 940
<b>TOTAL</b>	<b>136</b>	<b>2 940</b>

**Assets subjected to transfer in terms of S42 of the PFMA – 2014/15**

	Number of assets R'000	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>103</b>	<b>827</b>
Other fixed structures	103	827
<b>TOTAL</b>	<b>103</b>	<b>827</b>

**30. Principal-agent arrangements**

**30.1 Department acting as the principal**

	2015/16 R'000	2014/15 R'000
!Kai! Garib LM	1 884	1 626
!Kheis LM	1 560	10 038
Dikgatlong LM	20 985	19 714
Emthanjeni LM	1 332	11 426
Frances Baard District	-	621
Gamagara LM	4 162	7 924
Ga-Segonyane LM	8 663	32 350
Joe Morolong LM	13 929	2 657
John Taole Gaetsewe	12 597	6 767
Kareeberg LM	2 709	4 797
Kgatelopele LM	1 385	1
Khai-Ma LM	707	9 096
Khara Hais LM	25 335	48
Magareng LM	1 217	8 622
Mier LM	664	-
Nama Khoi LM	3 340	30 624
Phokwane LM	25 756	28 555
Renosterberg LM	642	1 459
Richtersveld LM	95	891
Siyancuma LM	2 247	25 087
Siyathemba LM	8 342	13 828
Sol Plaatje LM	40 216	83 169
Thembelihle LM	1 283	1 863
Tsantsabane LM	16 763	648
Ubuntu LM	4 688	4 545
Umsobomvu LM	2 263	18 481
<b>Total</b>	<b>202 764</b>	<b>324 837</b>

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. The above note is a list of transfers made to local municipalities for the scheme. No fees are paid as compensation to the local municipalities.

### 31. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					Amount received by department	SPENT			2014/15	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available		Amount spent by department	Under / (Overspending)	% 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 Consolidation Support Grant	380 408	-	-	100 000	480 408	480 408	476 559	3 849	99%	374 832	374 832
	2 153	-	-	-	2 153	2 153	490	1 663	23%	2 836	638
	<b>382 561</b>	<b>-</b>	<b>-</b>	<b>100 000</b>	<b>482 561</b>	<b>482 561</b>	<b>477 049</b>	<b>5 512</b>		<b>377 668</b>	<b>375 470</b>

The Department certifies that all transfers in terms of this Act were deposited into the primary bank account of the province or, where appropriate, into the CPD account of the province.



**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2014/15
	Division of Revenue Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by munici-pality	Amount spent by municipality	% 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
<b>FIRE EQUIPMENT</b>											
Frances Baardt Distr	350	-	-	350	350	-	-	350	350	100.0%	315
Pixley Ka Seme Distr	350	-	-	350	350	-	-	350	350	100.0%	315
Kgalagadi District	350	-	-	350	350	-	-	350	350	100.0%	315
Namakwa District	350	-	-	350	350	-	-	350	350	100.0%	315
Siyanda District	350	-	-	350	350	-	-	375	375	107.0%	315
<b>NEAR SYSTEM GRANT</b>											
Frances Baardt Distr	350	-	-	350	350	-	-	350	350	100.0%	315
Pixley Ka Seme Distr	350	-	-	350	350	-	-	350	350	100.0%	315
Kgalagadi District	350	-	-	350	350	-	-	350	350	100.0%	315
Namakwa District	350	-	-	350	350	-	-	350	350	100.0%	315
Siyanda District	350	-	-	350	350	-	-	375	375	107.0%	315
<b>GURP</b>											
Sol Plaatje	5 513	-	-	5 513	5 513	-	-	875	875	15.87%	5 250
Pula Nala Grant	14 000	-	-	14 000	14 000	-	-	14 000	14 000	100.0%	
<b>TOTAL</b>	<b>23 013</b>	<b>-</b>	<b>-</b>	<b>23 013</b>	<b>23 013</b>	<b>-</b>	<b>-</b>	<b>18 375</b>	<b>18 425</b>	<b>-</b>	<b>8 400</b>

**ANNEXURE 1B  
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
SALGA	500	-	-	500	-	-	500
<b>TOTAL</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>

**ANNEXURE 1G  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
H/H Empl S/Ben: Leave Grat	-	-	-	-	685	-	-
Human Settlement Redev Pro	380 408	-	100 000	480 408	476 559	99%	374 832
Pocket Money							
Housholds (Stipends for Trad Houses Volunteers)	1 086	-	-	1 086	826	76%	1 086
Consolidation Support (EPWP)	2 153	-	-	2 153	490	23%	2 836
H/H Claims against State	-	-	-	-	97	-	-
<b>TOTAL</b>	<b>383 647</b>	<b>-</b>	<b>100 000</b>	<b>483 647</b>	<b>478 657</b>	<b>-</b>	<b>378 754</b>

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

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2015/16	2014/15
	R'000	R'000
Made in kind		
Donations and promotional items	83	206
<b>TOTAL</b>	<b>83</b>	<b>206</b>

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles								
	Subtotal								
	Housing	40	40		40		-		
	Subtotal	40	40		40		-		
	Other								
	Subtotal								
	<b>TOTAL</b>	<b>40</b>	<b>40</b>		<b>40</b>		<b>-</b>		

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016**

Nature of Liability	Opening Balance 1 April 2015 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/re duced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2016 R'000
Claims against the department					
Building Contractor - New Way Development	1 906	-	1 906	-	-
Barnard JM	42	-	-	-	42
Young Alum SA	862	-	-	-	862
Komanisi Developers	1 410	-	-	-	1 410
Hantam Municipality	3 564	-	-	-	3 564
IEC/D Jonas	1 250	-	-	-	1 250
J. Van Heerden	150	-	-	-	150
Ubuntu Municipality	50	-	-	-	50
Nico Gouws	25	-	25	-	-
Kgosi Phetlu	25	-	-	-	25
Ntefang	250	-	-	-	250
Gaseemelwe	80	-	-	-	80
Nama Khoi Municipality	-	150	-	-	150
SWB Lubbe	-	150	-	-	150
PSA OBO Joseph	-	150	-	-	150
Ga Segonyana	-	150	-	-	150
Peme vs Toto (CoGHSTA)	-	150	-	-	150
Kgosi Jantje	25	-	-	-	25
<b>Subtotal</b>	<b>9 639</b>	<b>750</b>	<b>1 931</b>	<b>-</b>	<b>8 458</b>
<b>TOTAL</b>	<b>9 639</b>	<b>750</b>	<b>1 931</b>	<b>-</b>	<b>8 458</b>

**ANNEXURE 4  
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16 *	
							Receipt date up to six (6) working days after year end	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015		Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
Department of Agriculture,	-	5	-	-	5	-	-	-
<b>Subtotal</b>	-	5	-	-	5	-	-	-
<b>TOTAL</b>	-	5	-	-	5	-	-	-

**ANNEXURE 5  
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2015/16 *	
							Payment date up to six (6) working days before year end	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015		Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
Dept of Justice & Constitutional Development	-	-	908	-	908	-	-	-
NC Provincial Legislature	4	-	-	-	4	-	-	-
<b>Subtotal</b>	4	-	908	-	912	-	-	-
<b>TOTAL</b>	4	-	908	-	912			

**ANNEXURE 6  
INVENTORIES**

Inventory	Note	Quantity	2015/16	Quantity	2014/15
			R'000		R'000
Opening balance		30 824	1 308	7 472	955 775
Add/(Less): Adjustments to prior year balance		(27 316)	587 749	(7 472)	(955 775)
Add: Additions/Purchases - Cash		2 483	336 415	-	-
Add: Additions - Non-cash		112	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(547)	(50 183)	30 824	1 308
Add/(Less): Adjustments		-	-	-	-
<b>Closing balance</b>		<b>5 556</b>	<b>875 289</b>	<b>30 824</b>	<b>1 308</b>

## **PART F: HOUSING FUND FINANCIAL STATEMENT**

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## **1. REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE NORTHERN CAPE HOUSING DEVELOPMENT FUND**

### **Introduction**

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages 154 to 164, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Housing Act of South Africa, 1997 (Act No.107 of 1997) 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.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

6. 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 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the Housing Act of South Africa, 1997 (Act No.107 of 1997).



### **Emphasis of matters**

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

### **Going concern**

8. As disclosed in note 4 to the financial statements, the fund is in the process of de-establishing and will be in the process of transferring the land to the local authorities during the calendar year 2017.

### **Restatement of corresponding figures**

9. As disclosed in note 7 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during the year ended 31 March 2016 in the financial statements of the Northern Cape Housing Development Fund at, and for the year ended, 31 March 2015.

### **Report on other legal and regulatory requirements**

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### **Predetermined objectives**

11. I did not audit performance against predetermined objectives, as the entity is not required to prepare a report on its performance against predetermined objectives. The entity does not fall within the ambit of the PFMA and the Housing Act of South Africa, 1997 (Act No. 107 of 1997) does not require reporting on the performance against predetermined objectives.

### **Compliance with legislation**

12. I performed procedures to obtain evidence that the fund had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that were identified in the financial statements.

## Leadership

14. The leadership of the entity did not exercise oversight responsibility to ensure that proper internal control procedures are developed and implemented that will enable the fund to produce accurate and complete financial statements.

## Financial and performance management

15. The entity 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.

*Auditor General*

Auditor-General

Kimberley

29 July 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **2. ANNUAL FINANCIAL STATEMENTS**

### **Northern Cape Housing Development Fund**

#### **Annual Financial Statements for the year ended 31 March 2016**

##### **Report by the Accounting Officer for the year ended 31 March 2016**

##### **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 2016 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 2016 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 R10.7 million which are in the process of being devolved to the local municipalities in the Northern Cape Province.

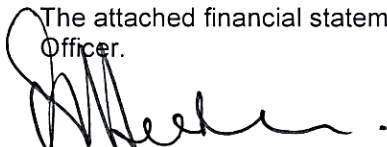
We expect to devolve all properties during the 2017 financial year

##### **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 5 to 19 have been approved by the Accounting Officer.



Mr D Van Heerden  
Accounting Officer

Northern Cape Department of Co-operative Governance, Human Settlements and Traditional Affairs  
(Northern Cape Department Coghta)

31 May 2016

## Northern Cape Housing Development Fund

### Annual Financial Statements for the year ended 31 March 2016

#### Statement of Financial Position

Figures in Rand	Note(s)	2016	Restated 2015
<b>ASSETS</b>			
<b>Current Assets</b>		<b>10,875,428</b>	<b>11,892,188</b>
Inventories : Properties held for devolution	2	10,875,428	11,892,188
<b>TOTAL ASSETS</b>		<b>10,875,428</b>	<b>11,892,188</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>10,874,881</b>	<b>11,827,715</b>
Accumulated Surplus		10,874,881	11,827,715
<b>Current Liabilities</b>		<b>547</b>	<b>64,473</b>
Trade and other payables	5	547	64,473
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>10,875,428</b>	<b>11,892,188</b>

#### Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
<b>Revenue</b>		<b>509,089</b>	<b>269'998</b>
Other Income	6	509,089	269'998
<b>Operating expenses</b>		<b>(1,461,923)</b>	<b>(304,890)</b>
Devolution and Transfer costs		1,019,460	27,916
Rates and Taxes		28,355	28,773
Audit Fees		358,907	184,413
Consulting Fees		55,201	63,788
<b>(Deficit) for the period</b>		<b>(952,834)</b>	<b>(4,145,346)</b>

#### Statements of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total
<b>Opening Balance as at 31 March 2015</b>	<b>11,669,715</b>	<b>11,669,715</b>
Prior period error – note 7	158'000	158'000
Restated Opening balance as at 31 March 2015	11,827,715	11,827,715
Deficit for the period	(952,834)	(952,834)
<b>Balance as at 31 March 2016</b>	<b>10,874,881</b>	<b>10,874,881</b>

## Accounting Policies

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### 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

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

GRAP 25	Employee benefits
GRAP 104	Financial instruments
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:

### **Allowance for doubtful debt**

The Housing fund assesses at each reporting date whether there is any objective evidence that a debtor is impaired. A debtor is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the debtor (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows that are recoverable from the debtor. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and debtor amounts outstanding are older than 120 days.

## 1.3 Property, Plant and Equipment

Property, plant and equipment consists of land and buildings

Properties owned by the housing fund are held at historical cost, the fund does not depreciate its property, or annually perform an assessment of useful lives as it is impracticable and the associated cost thereof would exceed the benefit of such an exercise for financial reporting purposes

## 1.4 Financial Assets, and Liabilities

### 1.4.1 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.

### 1.4.2 Trade Receivables

Trade Receivables included in the statement of financial position comprises of suspense 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.

#### **1.4.3 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.

### **1.5 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.

### **1.6 Interest Income**

Interest income is accrued on a time proportioned basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

The *Induplum* rule is applied and therefore interest will be levied up to the point where the total interest levied on an account balance equal the capital amount of the loan. *Induplum* interest is written off against the accumulated surplus.

### **1.7 Rental Income**

Rental Income is recognised in accordance with the relevant lease terms of the lease agreement

### **1.8 Non-Current Assets Held for Sale**

Non-current assets held for sale are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than continuing use

The following conditions must be met for an asset to be classified as held for sale:

- management is committed to a plan to sell
- the asset is available for immediate sale
- an active programme to locate a buyer is initiated
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

**1.9 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.

**1.10 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 and 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	2016	2015
<b>2. Inventories – Properties held for devolution</b>		
Land	10,875,428	11,892'188
	<b>10,875,428</b>	<b>11,892'188</b>

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	2016	2015
<b>3. Related Parties</b>		
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 Coghta – Grant for payment of expenses	509,089	269,998
	<b>509,089</b>	<b>269,998</b>

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 2017

Figures in Rand	2016	2015
<b>5. Trade and Other payables</b>		
Municipal Rates and transfer costs	547	64,473
	<b>547</b>	<b>64,473</b>

**6. Other Income**

NC Coghta – Grant for payment of expenses	509,089	269,998
	<b>509,089</b>	<b>269,998</b>

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

**7. Prior Period Error**

A property belonging to the fund was initially recorded by management at R392 000 in the accounting records of the fund instead of R550 000 as per the valuation, the financial statements have been retrospectively restated in accordance with GRAP 3

The effect of the error is as follows:

Inventory – Before Restatement	11,734,188
Inventory – After Restatement	11,892,188
Difference	158,000
Decrease in Retained Earnings	158,000
Decrease in Inventory	158,000

**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	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**Financial liabilities - at carrying value**

Trade and other payables	547	64,473
<b>TOTAL</b>	<b>547</b>	<b>64,473</b>

**Fair value of financial instruments:**

**Financial assets - at fair value**

Trade and other receivables	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**Financial liabilities - held at amortised cost:**

Trade and other payables	547	64,473
<b>TOTAL</b>	<b>547</b>	<b>64,473</b>

## Financial Instruments

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

At 31 March 2016, 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 ensures it has sufficient access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters

The fund manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities

Maturity Period	0 – 12 Months	1 - 5 Years	> 5 Years
<b>Financial Assets</b>			
Trade and other receivables	-	-	-
<b>Financial Liabilities</b>			
Trade and other payables	547	-	-

### 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

### 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.

### Foreign exchange risk management

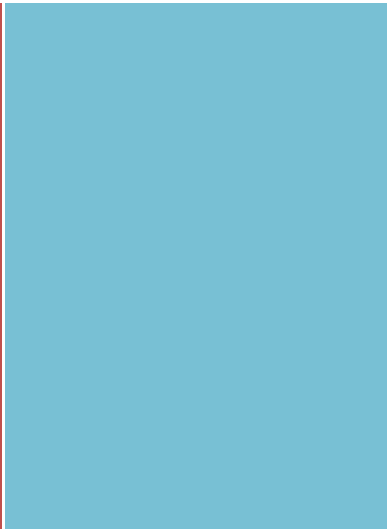
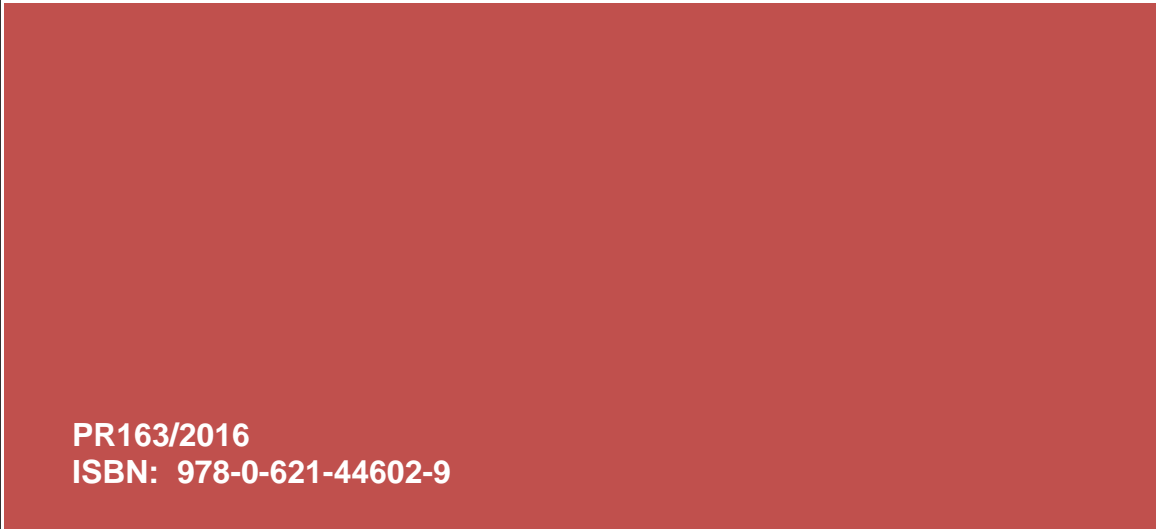
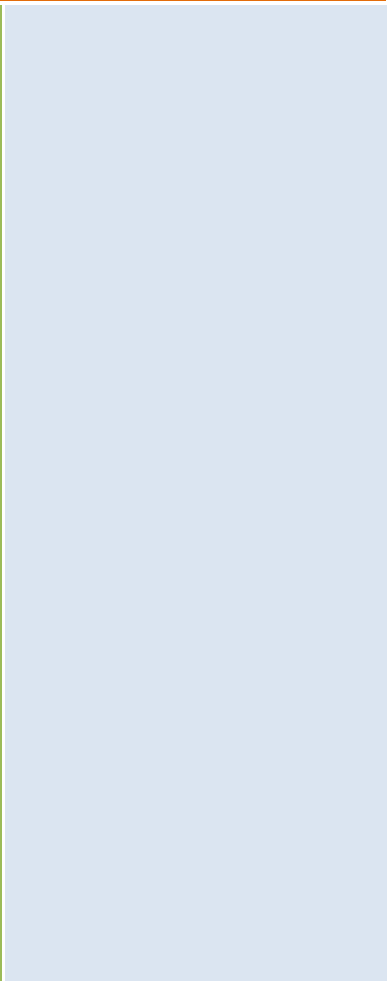
The fund is not exposed to any foreign exchange risk as it does not enter into any foreign exchange contracts.

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## NOTES

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## NOTES



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