

# ANNUAL REPORT

2018/2019



## COGHSTA

COOPERATIVE GOVERNANCE,  
HUMAN SETTLEMENTS &  
TRADITIONAL AFFAIRS



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# PART A

## GENERAL INFORMATION



## 1. DEPARTMENT GENERAL INFORMATION

**PHYSICAL ADDRESS:** 9 Cecil Sussman Road  
Kimberley 8300

**POSTAL ADDRESS:** Private Bag X5005  
Kimberley  
8300

**TELEPHONE NUMBER/S:** +27 53 830 9400

**FAX NUMBER:** +27 53 831 2904

**EMAIL ADDRESS:** [info@coghsta.gov.za](mailto:info@coghsta.gov.za)

**WEBSITE ADDRESS:** [www.ncpg.gov.za](http://www.ncpg.gov.za)

## 2. LIST OF ABBREVIATIONS/ACRONYMS

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



### 3. FOREWORD BY THE MEC

This Annual Performance Report gives expression to the Annual Performance Plan 2018/19 as developed against the backdrop of the National Development Plan (NDP) 2030 and the policy priorities espoused in the Medium Term Strategic Framework (MTSF) 2014/2019. The previous financial year, 2017/18, saw the department collaborating with stakeholders and communities in pursuit of sustainable human settlements through building of quality houses; delivery of basic municipal services (water, electricity, sanitation, refuse removal); participatory democracy and improved municipal performance; economic and job opportunities as well as good governance within traditional and indigenous communities of the Northern Cape.



The service delivery goals of the department were to be realized against the backdrop of service delivery concerns raised by communities; huge housing backlogs versus housing demands; large number of both struggling and dysfunctional municipalities; high levels of unemployment; poverty; capacity constraints; inequality and traditional leadership disputes, among other challenges.

It is our resolve as a service delivery department to champion the developmental trajectory aligned to the relentless onslaught of changing the lives of ordinary people in the province, a task that we do not take lightly. It is in this premise that we have a structured implementation approach such as the Annual Performance Plan aimed at gauging and monitoring progress because ours is to at all material times serve the people.

Accordingly, underpinned and informed by the government's goal of transforming and changing the lives of the people for the better, the department made use of scarce intellectual, financial and physical resources at its disposal in the execution of its mandate. These included enhancement of better livelihoods, economic opportunities and jobs in a manner akin to transformation of the marginalized and the poor. Most importantly, transfer of housing ownership, creation of contractors and jobs, as well as empowerment of beneficiaries through consumer education alleviate socio-economic challenges in support of the government programme of radical economic transformation.

However, the department acknowledges the crude reality that the socio-economic challenges facing the province and its people adversely affected its annual performance especially in areas where planned objectives were not realized. Therefore, it is incumbent that the department vigorously make available resources, build capacity particularly development and recruitment of technically skilled and capable personnel to ensure that it positively implements the programme of government.

A stylized, handwritten signature in black ink, appearing to read 'B. Vass'.

Mr. Bentley Vass

MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs

Date: **31 May 2019**



## 4. REPORT OF THE ACCOUNTING OFFICER

### 4.1 Overview of the operations of the Department

Over the past five years, the Northern Cape Province experienced a wave of protest action across all its five regions. Dissatisfied communities raised delivery of basic municipal services such as:

- Clean running water
- Electricity
- Sanitation
- Refuse removal and toilets especially in informal settlements
- Housing needs
- Jobs
- Equal opportunities, etc.



Those protests came at the wake of political promises during the election period that all concerns must be resolved once the new government was in place. However, the Department of Cooperative Department, Human Settlements & Traditional Affairs recognized the community service delivery concerns and as per its mandate, intervened and provided monitoring and support to municipalities that experience service delivery concerns. Cognisant of the socio-economic crisis of poorest of the poor communities, the department put people first, ensured stability and harmony; continued with the execution of their service delivery programmes and projects in the spirit of its strategies; forging adherence with legislative and policy prescripts; implementing budget programmes, and working towards realizing its goals and objectives.

Realizing organizational strategic key deliverables of the department, such as unqualified audit outcome, skilled and capable workforce, responsive and capable local government, functional traditional leadership system as well as sustainable human settlements, requires all hands on the deck and adequate resources.

However, the department was able to realize the majority of its key strategic objectives and programme performance indicators despite some challenges. The department has also put a remedial audit improvement strategy in place to address the financial management challenges raised by the Auditor General.

#### **Programme 1: Administration**

The officials of the department identified for specific skills development and capacity-building programmes went through training as per their individual skills development plans. Eight study bursaries were awarded to officials to finance education programmes of diplomas and degrees at low and higher levels.

The department also complied with the Human Resource Plan; Strategic Plan; Annual Report, MPAT processes, EPMDs, registry and facilities management, and financial requirements amongst other support services. In addition, the department complied with the requirements of fleet management, records management, communication and legislative compliance as well as labour relations.

The department met successfully good governance standard requirements on procurement and ICT. In addition, the department satisfied all security statutory requirements and financial e-disclosures for SMS, MMS and OSD bands.

Moreover, the Employee Health and Wellness has successfully subjected employees to voluntary TB, HIV-Aids as well as intellectual intelligence testing programmes.

#### **Programme 2: Human Settlements**

Human Settlements implemented the Housing Development Business Plan with the aim of realizing the programme's strategic objectives.

The Programme continued with its mission of conducting town planning and environmental assessment towards implementation of bulk services (water and sanitation); prepare for the development of housing units, transforming informal human settlements, adherence with National Comprehensive Plan for Development of Sustainable Human Settlements and handover of title deeds to beneficiaries, as well as provision of consumer education for beneficiaries. The department has also open opportunities for economic development for the beneficiaries and successfully created job creation opportunities.

The allocated Human Settlements Development Grant (HSDG) to the province for the 2018/19 period remains a drop in the ocean as compared to other provinces with large human population since the allocation is based on equitable share. Half way towards the end of the 2018/19 year, the department was able to secure one building inspector. Housing and title deeds backlogs continue to affect the upliftment of citizens negatively.

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

Implementation of the Social Rental Housing and Finance Linked Subsidy Programmes did not yield expected results due to factors beyond the department's control. The lack of sustainable social housing entities and projects to develop and manage social and rental housing stock contributed immensely to the failure of the Programme to achieve this target. Whilst the market conditions and legislation adversely affected the implementation of FLISP, beneficiaries also failed to meet the prescribed qualification criteria.

It needs to be mentioned that in the 2017 2018 financial year, the Department could not report on the basic infrastructure and services for Jacksonville and Hopetown as these projects were not completed, but in the financial year under review these two projects were completed to the tune of 223 basic infrastructure and services at Jacksonville and 201 basic infrastructure and services at Hopetown.

### **Programme 3: Cooperative Governance**

Regular engagements and intervention measures were directed at all municipalities, to transform dysfunctional municipalities into self-sustainable and functional institutions with strong revenue base and capacity to deal with municipal service delivery challenges.

Currently, the majority of the municipalities in the province overspend their budget thereby depending on municipal infrastructure grants to pay for compensation. They struggle to pay for electricity, and as such, they are in debt.

During 2018/19, the department experienced service delivery protests arising from community concerns in all five districts. Concerned communities raised and petitioned the provincial government to expedite delivery of services such as water, electricity, sanitation, roads, land, as well as eradication of corruption and maladministration across municipalities. However, the department was able to deal with community grievances forthrightly and swiftly, by intervening and engaging aggrieved parties.

In terms of building and strengthening capacity of municipalities, the department was quick to intervene in those municipalities that had vacant senior management positions such as municipal managers, and chief financial officers, among others, by seconding its qualified, competent staff to ensure that municipal performance improve, and formal recruitment processes to fill such vacant positions were underway.

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

### **Programme 4: Traditional Affairs**

Traditional leadership remains a relevant and progressive co-driver of responsive and cooperative governance within traditional communities. Chapter 12 of the Constitution of the Republic of South Africa Act (108 of 1996) recognizes traditional leadership as a monument of traditions, customs and culture. Traditional Affairs continues to serve as reservoir of indigenous and archaic knowledge and wisdom from which contemporary generations of leaders can draw good practices in any sphere of life.

Since 2010 when Traditional Affairs became part of COGHSTA, the department provided overall strategic and administrative support to the recognized traditional leaders; communities; royal families; traditional councils; as well as the provincial and local houses of traditional affairs. Furthermore, the department has also continuously collaborated with national Department of Traditional Affairs, National and Provincial Houses Traditional Leaders, Chapter 9 institutions and private sector, in ensuring service delivery within traditional communities.



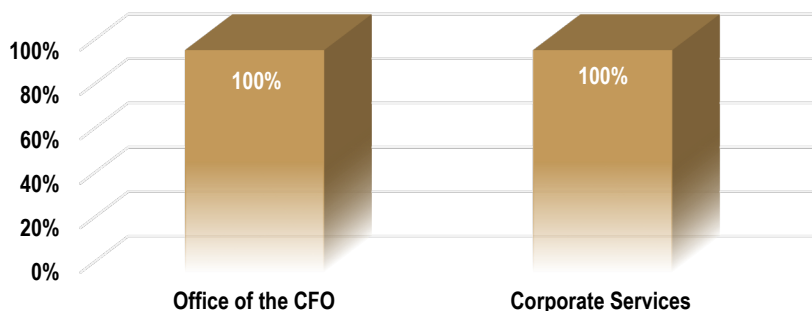
The Premier, MEC for COGHSTA and other stakeholders provided overall administrative support. Capacity building and skills development to custodians of customs, culture and traditions namely, traditional leaders, Houses of Traditional Leaders and support staff during 2018/19 period culminating in the success of its institutional mandates.

## 4.2 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	11	100%
General Support Services	4	4	100%
Legal Services	1	1	100%
Security	1	1	100%
Planning, Performance Monitoring & Evaluation	5	5	100%
<b>Total</b>	<b>22</b>	<b>22</b>	<b>100%</b>
<b>Financial Management (Office of the CFO)</b>			
Internal Inspectorate	2	2	100%
Financial Administration	11	11	100%
Supply Chain Management	3	3	100%
<b>Total</b>	<b>16</b>	<b>16</b>	<b>100%</b>

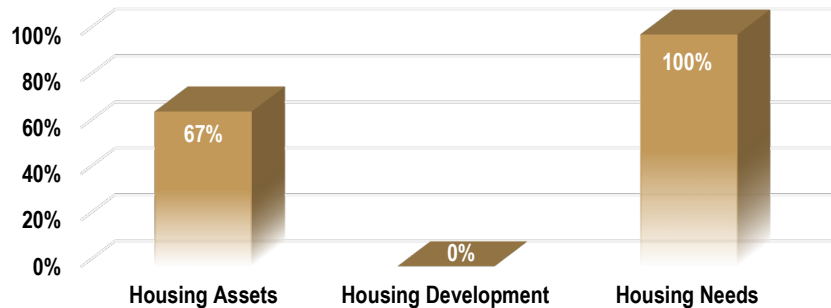
## % OF INDICATORS ACHIEVED FOR THE YEAR



### Programme 2: Human Settlements

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Housing Needs, Planning and Research	4	4	100%
Housing Development	2	0	0%
Housing Asset Management	3	2	66,7%
<b>Total</b>	<b>9</b>	<b>6</b>	<b>66,7%</b>

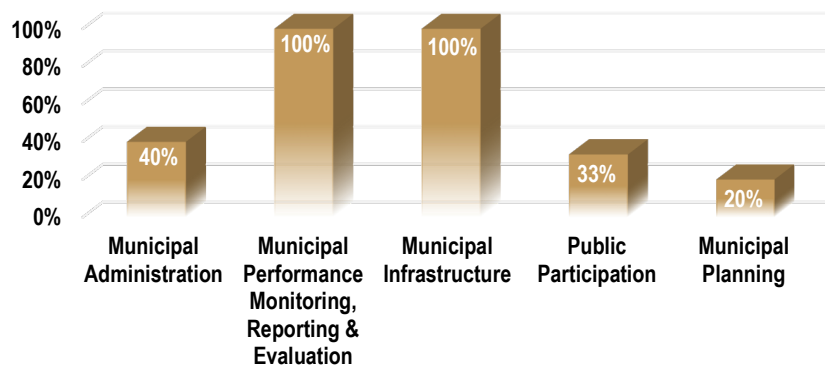
## % OF INDICATORS ACHIEVED FOR THE YEAR



### Programme 3: Cooperative Governance

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Administration	5	2	40%
Municipal Performance Monitoring, Reporting and Evaluation	4	4	100%
Municipal Infrastructure	2	2	100%
Public Participation	3	1	33,3%
Municipal Planning	5	1	20%
<b>Total</b>	<b>19</b>	<b>10</b>	<b>52,6%</b>

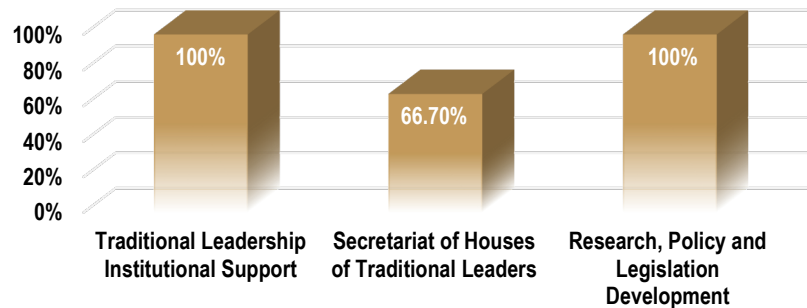
## % OF INDICATORS ACHIEVED FOR THE YEAR



### Programme 4: Traditional Affairs

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Leadership Institutional Support	2	2	100%
Secretariat of Houses of Traditional Leaders	3	2	66,7%
Research, Policy and Legislation Development	1	1	100%
<b>Total</b>	<b>6</b>	<b>5</b>	<b>83,3%</b>

## % OF INDICATORS ACHIEVED FOR THE YEAR



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

#### 4.3.1 Departmental receipts

Departmental receipts	2017/2018			2018/2019		
	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	440	455	-15	465	486	-21
Interest, dividends and rent on land	27	0	27	30	0	30
Sale of capital assets	0	0	0	0	0	0
Financial transactions in assets and liabilities	90	327	-237	95	20	75
<b>Total</b>	<b>557</b>	<b>782</b>	<b>-225</b>	<b>590</b>	<b>506</b>	<b>84</b>

#### 4.3.2 Determination of tariffs

Tariffs utilized within the department is as prescribed by National Treasury i.e. Persal – service rent commission garnishees 5%, insurance 2, 5%. Parking fees as prescribed by Provincial Treasury is R80-00. Rental of dwellings is determined by Public Works. There are no free services to report for this period under review. No bad debts were written off during this period.

#### 4.3.3 Over – collection

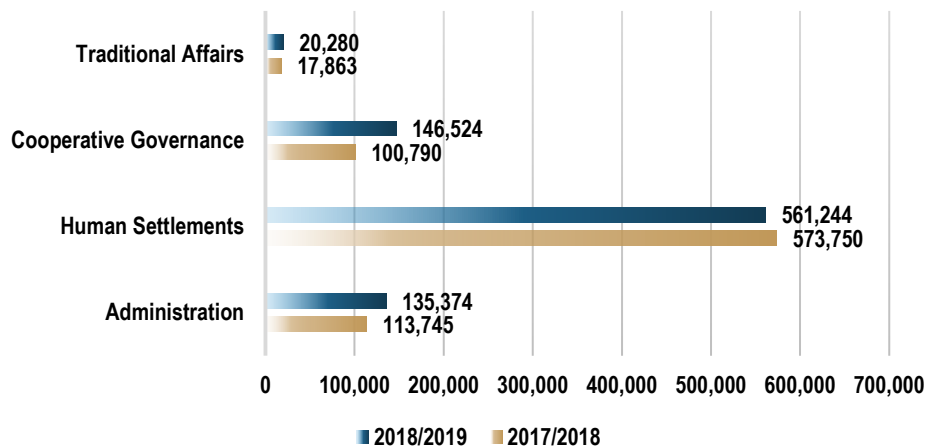
The major revenue sources of the Department, which is the sale of goods and services other than capital assets and financial transactions in assets and liabilities, contributes 79 percent and 16 percent of the total budget of the Department respectively. The department at year-end has collected 85 percent of the total budget.

#### 4.3.4 Programme Expenditure

Departmental receipts	2017/2018			2018/2019		
	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	108 306	113 745	(5 439)	31 443	135 374	(3 931)
Human Settlements	584 113	552 958	31 155	578 889	561 244	17 645
Cooperative Governance	123 106	121 582	1 524	146 524	146 524	0
Traditional Affairs	18 880	17 863	1 017	24 425	20 280	4 145
<b>Total</b>	<b>834 405</b>	<b>806 148</b>	<b>33 696</b>	<b>881 281</b>	<b>863 422</b>	<b>17 859</b>

The graph below gives a picture of the overall expenditure per programme for the 2017/2018 and 2018/2019 financial years.

## ACTUAL EXPENDITURE



### 4.3.5 Virements/roll overs

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	4 359	(3 931)	103%		
Human Settlements	(1 211)	17 645	97%	To offset over expenditure under Programme 1	
Cooperative Governance	(1 323)	0	100%	To offset over expenditure under Programme 1	
Traditional Institutional Management	(1 825)	4 145	83%	To offset over expenditure under Programme 1	
<b>Totals</b>	<b>0</b>	<b>17 859</b>	<b>98%</b>		

## 4.4 Future plans of the department

### 4.4.1 Human Settlements

In the next five years the key objective is to lay a foundation for the transformation of human settlements where measurable progress towards breaking down apartheid spatial patterns through spatial targeting and realisation of liveable neighbourhoods.

- Sustainable Human and Settlements Improved quality of household life.
- Liveable neighbourhoods
- Access to adequate housing for all
- A Functional residential property market.

### 4.4.2 Cooperative Governance

Municipalities require capacity to improve governance. Capacity building measures are likely to enable councillors to exercise their oversight responsibilities in the municipalities, ensure coordination of harmony between political and administrative staff. In addition, municipal council committees including the MPACs require enforcement in order to discharge their oversight roles efficiently and effectively. Hence, the department plans to continuously monitor and support municipalities in this regard.

The department plans to encourage speakers of local municipalities to provide reports on public participation in their municipalities, including the legislative meetings that councillors hold in their wards and coordination of an interface between council and ward committees. A feedback of service delivery protests should form part of these reports. The department needs to reinforce its monitoring and support of public participation processes.

The department will interact with underperforming sites in the CWP Programme and reduce their allocated targets to ensure that municipalities increase targets owing to people's keenness to participate in the CWP programme.

The department endeavours to assist municipalities to improve delivery of services. This includes spending of conditional grants to improve services to previously disadvantaged areas and maintenance of infrastructure within the serviced areas.

During the 2019-2024 MTSF period, the department gears itself towards strengthening integration of basic service delivery across all spheres and sectors of government. This includes addressing misalignment particularly (but not exclusively) within municipalities where there are high levels of unemployment and poverty.

Furthermore, the department plans to introduce a viable provincial framework that incentivises and supports municipalities to plan and ensure adequate funding for the maintenance and refurbishment of infrastructure. The department will collaborate with the relevant sector department to ensure the refurbishment of the wastewater treatment works that have become dysfunctional in the province. It is also incumbent upon the department to drive and monitor improvement of operational and functional performance of water authorities and municipalities that have the capacity to distribute electricity.

#### 4.4.3 Traditional Affairs

The institution plans to work in collaboration with the Khoi-San and all other communities that still require recognition. The National government passed the Khoi-San Bill, which is a subject of discussion in South Africa today. The Traditional Courts Bill is still yet to exhaust parliamentary consultative process.

So far, traditional affairs continue to receive government support. Traditional leaders receive commensurate remuneration as determined in terms of the Commission for the Remuneration of Public Office-Bearers Act.

#### 4.5 Public Private Partnerships

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

#### 4.6 Discontinued activities / activities to be discontinued

##### Programme 1: Administration

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of PERSAL activity reports submitted	Replaced with "Number of PERSAL reports submitted".	None	None
Approved supply chain management plan	Incorporated in "Number of supply chain management reports submitted" - the plan now forms the basis of the reports.	None	None

##### Programme 2: Human Settlements

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Multi-Year Housing Development Plan (MYHDP) approved	Moved to Annual Operational Plan.	None	None
Number of plans developed for the upgrading of existing informal settlements	Moved to Annual Operational Plan.	None	None
Number of municipalities supported with development of credible project pipelines	Moved to Annual Operational Plan.	None	None
Number of municipalities capacitated through accredited training courses	Moved to Annual Operational Plan.	None	None
Number of households provided with access to basic infrastructure and services	Changed to: "Number of households provided with access to basic engineering services" - AG requested better defined terms for "basic infrastructure and services".	None	None
Number of housing units completed under all programmes	Changed to: "Number of housing units at practical completion under all programmes" - AG requested better defined term for "completed".	None	None



List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of local municipalities assisted with acquisition of land	Moved to Annual Operational Plan.	None	None

### Programme 3: Cooperative Governance

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of municipalities supported to comply with MSA regulations (Sub-outcome 3, Action 6)	Replaced with customised indicator: <i>Number of municipalities supported to comply with MSA regulations on the appointment of senior managers (Outcome 9, Sub-outcome 4)(B2B Pillar 5)</i>	None	None
Number of capacity building interventions conducted in municipalities (Sub-outcome 3)	Replaced with customised indicator: <i>Number of capacity building interventions conducted in municipalities (Outcome 9, Sub-outcome 3) (B2B Pillar 5)</i>	None	None
Number of municipalities supported to roll-out the gender policy framework	Replaced with customised indicator: <i>Number of municipalities supported to achieve the 50/50 representation of women in section 56 posts (B2B Pillar 5)</i>	None	None
Number of reports produced on the extent to which municipalities comply with the implementation of Anti-corruption measures (Sub-outcome 3)	Replaced with customised indicator: <i>Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Outcome 9, Sub-outcome 4) (B2B Pillar 3)</i>	None	None
Number of reports on fraud, corruption and maladministration cases reported and investigated (Sub-outcome 3)	Removed as Customised Indicator by DPSA.	None	None
Report on implementation of Back to Basics support plans by municipalities (Sub-outcome 1)	Replaced with customised indicator: <i>Report on implementation of Back to Basics action plans by municipalities (Outcome 9, Sub-outcome 4) (B2B Pillar 5)</i>	None	None
Number of municipalities guided to comply with MPRA by target date (Sub-outcome 3)	Replaced with customised indicator: <i>Number of municipalities guided to comply with the MPRA (Outcome 9, Sub-outcome 4) (B2B Pillar 4)</i>	None	None
Number of municipal performance reports compiled as per the requirements of Section 47 of the MSA	Replaced with customised indicator: <i>Number of Section 47 reports compiled as prescribed by the MSA (Outcome 9, Sub-outcome 4) (B2B Pillar 5)</i>	None	None
Number of municipalities supported to institutionalize performance management system (PMS)	Replaced with customised indicator: <i>Number of municipalities supported to institutionalize the performance management system (PMS) (Outcome 9, Sub-outcome 4) (B2B Pillar 5)</i>	None	None
Number of municipalities supported with service delivery programmes	<i>Number of municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1)(B2B Pillar 5)</i>	None	None
Number of municipalities supported to implement indigent policies (Sub-outcome 1)	<i>Number of municipalities supported to implement indigent policies (Outcome 9, Sub-outcome 1)(B2B Pillar 2)</i>	None	None
Number of households benefiting from the provision of free basic services	Moved to Annual Operational Plan.	None	None
Number of municipalities supported to implement Local Economic Development projects in line with updated LED strategies (Sub-outcome 4)	Functions performed by Department of Economic Development.	None	None
Number of municipalities supported to implement the Red Tape reduction programme (Sub-outcome 4)			
Number of work opportunities created through the CWP in municipalities	Removed as Customised Indicator by DPSA.	None	None

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of ward committees supported on implementation of ward operational plans (Sub-outcome 2)	Replaced with customised indicator: <i>Number of municipalities supported to maintain functional ward committees Outcome 9, Sub-outcome 2) (B2B Pillar 1)</i>	None	None
Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (Sub-outcome 2)	Replaced with customised indicator: <i>Number of municipalities supported to respond to community concerns (Outcome 9, Sub-outcome 2)(B2B Pillar 1)</i>	None	None
Report on the number of community report back meetings convened by Councillors in each ward (Sub-outcome 2)	Incorporated into new customised indicator: <i>Number of municipalities supported to maintain functional ward committees Outcome 9, Sub-outcome 2) (B2B Pillar 1)</i>		
Number of municipalities supported with development of legally compliant IDP (Sub-outcome 1)	Replaced with customised indicator: <i>Number of municipalities supported with development of IDP (Outcome 9, Sub-outcome 1)</i>	None	None
Number of municipalities supported with functional municipal disaster management centres	Replaced with customised indicator: <i>Number of municipalities supported to maintain functional Disaster Management Centres</i>	None	None
Provincial Fire Brigade Services established by target date	Replaced with customised indicator: <i>Number of municipalities supported on Fire Brigade Services</i>		
Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	Functions performed by Provincial Treasury.	None	None
Number of municipalities with functional audit committees			
Number of municipalities monitored on implementation of audit response plans based on the 2015/16 audit outcomes (Sub-outcome 3)			

#### 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
Number of engagement sessions between the Provincial and Local Houses of Traditional Leaders	Incorporated in Indicator 3.	None	None
Number of reports submitted on Traditional Leadership disputes or claims attended to	Replaced with customised indicator <i>Percentage of succession claims/disputes processed</i>	None	None
Number of traditional councils supported on administration and financial management	Replaced with customised indicator <i>Number of traditional councils supported to perform their functions</i>	None	None

#### 4.7 Supply chain management

Appointment of two service providers in June 2018 related to traveling is assisting the department with bookings and travel related requests. This process addressed the challenges the department faced with irregular expenditure on emergency procurement. The database process for human settlement project procurement did assist to comply with SCM practices. There are some challenges in the supply chain processes, due to the limitation of service providers within the province. It does happen, that the grading of local service providers do not always meet our criteria. The new developments in supply chain will enable the department to assist small to medium enterprises businesses to grow at a much faster pace in the future.

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

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

#### **4.9 Exemptions and deviations received from the National Treasury**

No exemptions and deviations received from National Treasury.

#### **4.10 Events after the reporting date**

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

#### **4.11 Acknowledgement/s or Appreciation**

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



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

Date: **31 May 2019**

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

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

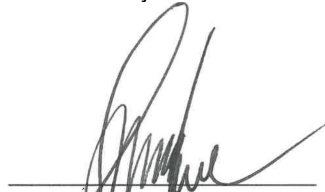
All information and amounts disclosed throughout the annual report are consistent.

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 2019.

Yours faithfully



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

Date: **31 May 2019**

## 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

#### **Efficiency:**

- Productivity
- The best work methods
- Excellent services

#### **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

#### **Integrity:**

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

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 CONSTITUTIONAL MANDATES

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



## 7.2 LEGISLATIVE MANDATES

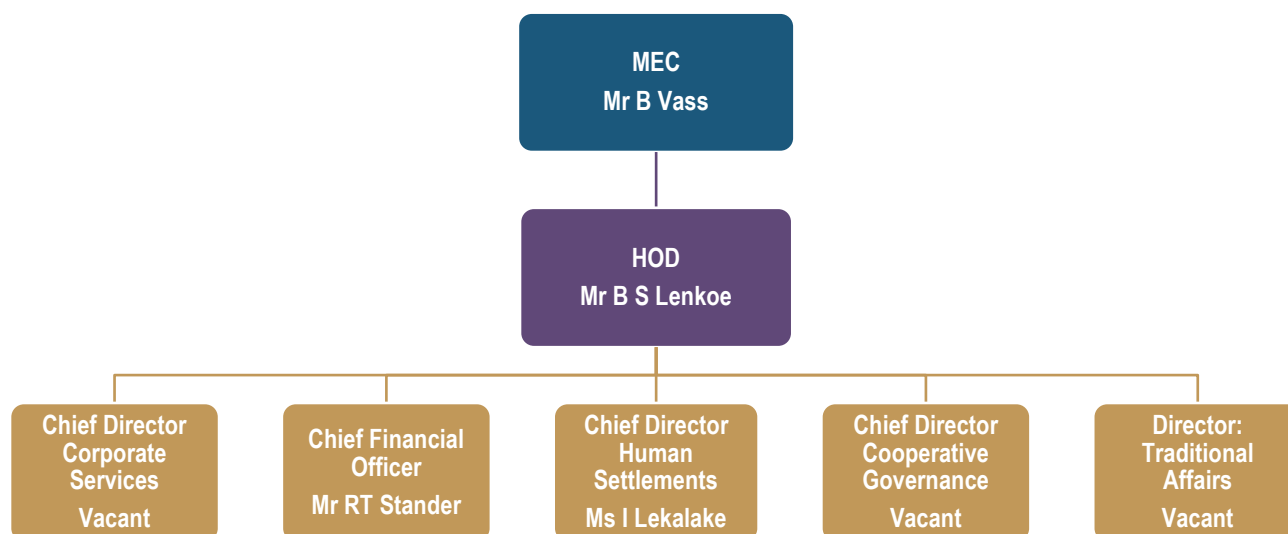
- Public Finance Management Act (Act No 1 of 1999)
- Promotion of Access to Information Act (Act No of 2000)
- Fire Brigade Services Act (Act No 99 of 1987)
- GIAMA (Act No 19 of 2007)
- National Archives and Records Services of South Africa (Act No 13 of 1996)
- Northern Cape Archives Act (Act No of 2013)
- Housing Act (Act No 107 of 1997)
- The Prevention Of Illegal Eviction From Unlawful Occupation Of Land Act of 1998
- Housing Consumer Protection Measures Act of 1998
- Rental Housing Act (Act No 50 of 1999 as amended)
- Division of Revenue Act (DORA)
- Deeds Registry Act (Act No 47 of 1937)
- Home Loan and Mortgage Disclosure Act of 2000
- Spatial Planning and Land Use Management Act (Act No 16 of 2013)
- Social Housing Act (Act No 16 of 2008)
- Housing Development Act (Act No 23 of 2008)
- The Housing Code Act of 2009
- Extension of Security of Tenure Act (Act No 62 of 1997)
- Housing Consumers Protection Measures Act (Act No of 1998)
- Disestablishment of South African Trust Limited Trust (Act No 26 of 2002)
- Property Rating Act and Property Valuation Ordinance (Act No 14 of 1993)
- National Housing Code of 2000
- Northern Cape Interim Housing Act (Act No 6 of 1999)
- Disaster Management Act (Act No 57 of 2002)
- Intergovernmental Relations Framework Act (Act No 13 of 2005)
- Remuneration of Public Office Bearers Act (Act No 20 of 1998)
- Local Government: Municipal Systems Act (Act No 32 of 2000)
- Local Government: Municipal Structures Act (Act No 117 of 1998)
- Local Government: Municipal Finance Management Act (Act No 56 of 2003)
- Local Government: Municipal Property Rates Act (Act No 6 of 2004)
- Demarcation Act (Act No of 1998)
- Organized Local Government Act (No 52 of 1997)
- Local Government: Cross-Boundary Municipal Act (Act No 29 of 1998)
- Intergovernmental Fiscal Relations Act (Act No 13 of 2005)
- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act No 19 of 2002)
- Traditional Leadership and Governance Framework Act (Act No 41 of 2003)
- National House of Traditional Leaders Act (Act No 10 of 1997)
- Northern Cape Traditional Leadership Governance and Houses of Traditional Leaders Act (Act No 2 of 2007)
- Housing Act (Act No 107 of 2005)
- Preferential Procurement Policy Framework Act (Act No 5 of 2000)

## 7.3 Policy Mandates

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



## 8. ORGANISATIONAL STRUCTURE



## 9. ENTITIES REPORTING TO THE MEC

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

<sup>1</sup> Although the Department transfers money to the Housing Development Agency (a public entity) as stipulated on page 38, they (HDA) report directly to the National Minister of Human Settlements, and not to the MEC.



# PART B

## PERFORMANCE INFORMATION



## 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 72 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

Programme 2 (Human Settlements), Programme 3 (Cooperative Governance) and Programme 4 (Traditional Affairs) are the primary services delivery programmes of the Department.

Programme 2 achieved 6 of their 9 indicators for the year, bringing their annual achievement also to 66,7%. The service delivery environment remains challenging due to the lack of capacity and resources at municipal level to comply and implement key policy and legislative prescripts. The Housing Development sub-programme experiences challenges in delivery due to capacity constraints; environmental hazards relating to community disruptions; vandalism; service delivery protests; contractors not being financially viable; water shortages on sites; scaling down of housing projects due to lack of beneficiaries; poor project and cash flow management by contractors; slow beneficiary administration; slow contractor performance on site; and court order to halt project on site. Furthermore, one project has work in progress of 148 units, whilst one project was scaled down from 650 to 300 units for the year. A business forum also disrupted projects for 30% local contractors in projects under R30 million, which also affected the delivery of houses negatively.

In the Housing Asset Management sub-programme, a new grant for the title deed restoration project was introduced with effect from 1 April 2018. The drawdowns from the Title Deed Restoration Grant was late and only received by the end of May 2018. No staff have been identified or appointed to manage the inventory. The expenditure on HSDG and TRG was very slow - 38% and 64% respectively, though grant support was provided. Signing-off clearance certificates by local municipalities delayed the process of transfers and confirmation of beneficiaries. The deviation in terms of title deeds registered were due to beneficiary administration problems (divorce, deceased estates, interdicts, etc.), delays by municipalities (taking long to sign documents, stopping registration, etc.) and some town planning delays (opening of township register and registering of General Plan outstanding). Conveyancers also failed to reach their targets and municipal managers did not sign the deeds of sale timeously.

Programme 3 achieved 10 of their 19 indicators for the year, bringing their annual achievement to 52,6%.

The Programme operates in a challenging environment where municipalities are faced with increasing demands for their services whilst the resources are constrained. The level of outstanding creditors, for example Eskom, Water Boards and Auditor General audit fees are continuously increasing whilst the level of revenue collection by municipalities is diminishing. A number of municipalities were issued with notices by Eskom that threatened to start cutting their electricity supply for outstanding bulk services accounts. Sedibeng Water Board is still owed by most of the municipalities in which it continues to provide water services. The Office of the Auditor General is also threatening legal action against some of the municipalities owing audit fees. All these are affecting the ability of municipalities to continue service delivery to their communities. Eskom also has started the process of reducing supply of electricity to some of the municipalities due to non-payment for bulk services.

Some of the municipalities are utilising Conditional Grants for purposes not intended and may result in these being off-set against their Equitable Share when they are unable to pay it back. Most of the municipalities continue to experience challenges in performing their constitutional responsibilities because of the deteriorating economic situation and hence majority of their residents not paying for services. Because of this, most municipalities are facing financial challenges. This then requires that the programme provide more support to the municipalities to perform their mandates for which they have been established. The Department continued monitoring and supporting these municipalities to exercise their constitutional mandate to their communities. In the case of the Community Works Programme (CWP) the National Department of CoGTA has appointed an implementing agent. A lot of protest action was experienced in the Dikgatlong Municipality. The Premier and MEC were forced to visit the municipality on two different occasions to address community concerns. The municipality continues to be unstable.

There also were protest actions in the Magareng Municipal area resulting in the burning of the entrance to the municipal buildings.

Programme 4 achieved 5 of their 6 indicators for the year, bringing their annual achievement to 83%.

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

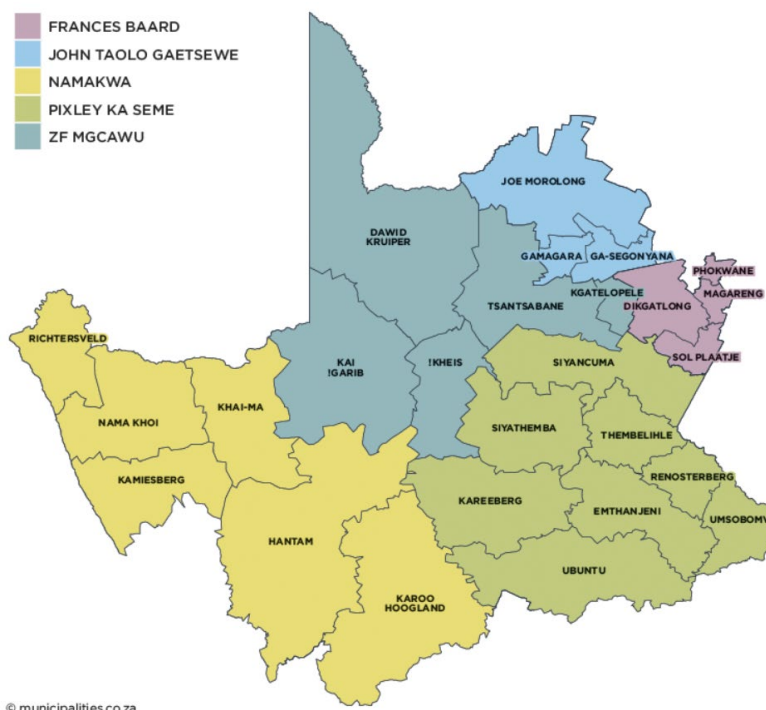
The unit also experienced problems due to the lack of relationship between ward councillors and traditional leaders. These two structures are at loggerheads. Traditional leaders feel that it is their areas of jurisdiction and councillors are their subjects, whilst councillors feel that they are politically appointed to deal with development in the same areas.

### 2.1.1 Population distribution

Bordering the cold Atlantic Ocean, Northern Cape is a province of extremes: the lowest and highest temperatures in the country, the lowest rainfall, the smallest population and the lowest population density. But the surface area (372 889 km<sup>2</sup>) is the largest of the nine provinces, comprising 30% of the total area of the country.

Stats SA's Mid-year population Estimates for 2017<sup>2</sup>, estimates the South African population at approximately 56,52 million people. Northern Cape, with its 1,21 million people remains the province with the smallest share (2,1 %) of the South African population. The Northern Cape has by far the smallest population and economy of any of the provinces.

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



The **Namakwa** District Municipality is the largest district in the province (126 836 km<sup>2</sup>), making up over a third of its geographical area, and has an estimated population of 119 187. It comprises of six local municipalities: Nama Khoi, Hantam, Khai-Ma, Kamiesberg, Karoo Hoogland and Richtersveld.

<sup>2</sup> STATISTICAL RELEASE P0302, StatsSA

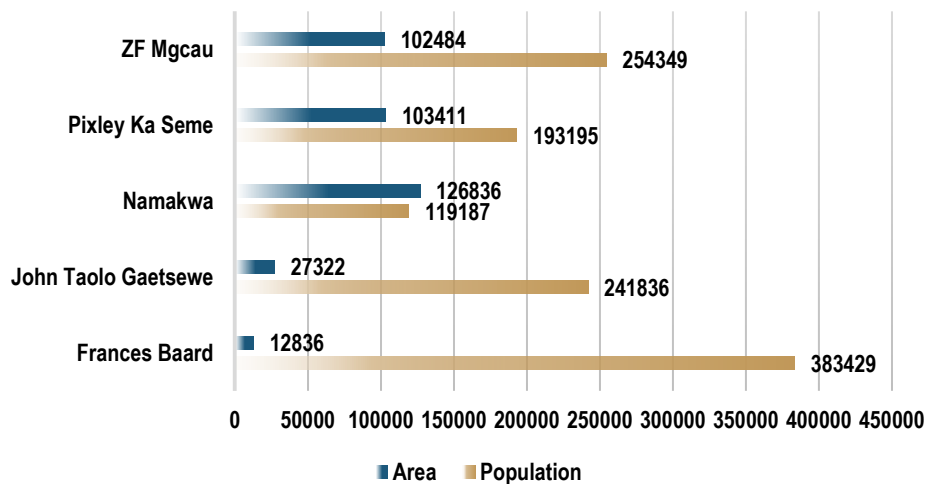
The **John Taolo Gaetsewe** District Municipality comprises the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong (and 186 towns and settlements, of which 80% are villages) in an estimated area of 27 322 km<sup>2</sup>. The population size is estimated at 241 836.

The **Pixley Ka Seme** District Municipality is the second-largest district, and makes up almost a third of the geographical area - 103 411 km<sup>2</sup>. It comprises of eight local municipalities: Ubuntu, Umsobomvu, Emthanjeni, Kareeberg, Renosterberg, Thembelihle, Siyathemba and Siyancuma - with an estimated population of 193 195.

The **Frances Baard** District Municipality is the smallest district in the Northern Cape, comprising the four local municipalities of Dikgatlong, Magareng, Phokwane and Sol Plaatje in an area of only 12 836 km<sup>2</sup>. The district however accommodates the largest proportion of the province's population - estimated at 383 429.

The **Zwelentlanga Fatman Mgcawu** (in short ZF Mgcawu) District Municipality at 102 484 km<sup>2</sup>, makes up just under a third of the province's geographical area and includes the vast Kalahari Desert, Kgalagadi Transfrontier Park and the former Bushmanland. The estimated population of 254 349 people reside in the five local municipalities of Dawid Kruiper, Kai !Garib, Tsantsabane, !Kheis and Kgatelopele.

## POPULATION vs AREA/KM<sup>2</sup>



### 2.2 Service Delivery Improvement Plan

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

#### Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of quality housing units	Qualifying persons	814 Housing units	1933 housing units	541 housing units completed. The desired completion of housing units could not be achieved due to slow performance of contractors, service delivery protests, contractors not being financially viable and a water shortage on sites, which all had a negative effect on progress.
Provision of Title Deeds	Qualifying persons	4481 title deeds	9192 title deeds	2333 Title deeds registered. Delays in signing of documentation by municipalities and the approval of General Plans by the Surveyor General negatively affected progress. Verification of beneficiaries is also a major challenged.

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

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

**Service delivery information tool**

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

**Complaints mechanism**

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

## 2.3 Organisational environment

On the approved organisational structure, some posts were abolished due to the time-lapse of filling posts and some posts became obsolete due to changes in *inter alia* legislation. The approved organisational structure is currently under review in order to align it with the strategic plan and the Department's mandate. Vacant positions in the Department continue to be an impediment to service delivery. There is a need to assess areas that needs strengthening to ensure that programmes perform the legislative mandate of the Department. Programmes also need to re-align to perform their functions effectively.

## 2.4 Key policy developments and legislative changes

- ICT Security Guideline DPSA – 18 May 2017
- Cybersecurity Framework for COGHSTA
- Proclamation of the new Title Deed Restoration Grant

# 3. STRATEGIC OUTCOME ORIENTED GOALS

### PROGRAMME 1: ADMINISTRATION

Strategic Outcome Oriented Goal	An efficient, effective and development-oriented department
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### PROGRAMME 2: HUMAN SETTLEMENTS

Strategic Outcome Oriented Goal	Sustainable Human Settlements and Improved Quality of Household Life
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### PROGRAMME 3: COOPERATIVE GOVERNANCE

Strategic Outcome Oriented Goal	Responsive, accountable, effective and efficient developmental local government system
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### 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
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## 3.1 Progress on Outcome 8 for the MTSF

### Sub Outcome 1: Adequate housing and improved quality living environments

The target for the year was one thousand nine hundred and thirty three (1933), but only five hundred and forty one (541) housing units were delivered to beneficiaries; due to one project that was scaled down from 650 housing units to 300 as a result of dolomitic soil conditions; environmental hazards relating to community disruptions; vandalism; service delivery



protests; contractors not being financially viable; water shortages on sites; scaling down of housing projects due to lack of beneficiaries; poor project and cash flow management by contractors; slow beneficiary administration; slow contractor performance on site; and court order to halt project on site.

#### **Sub Outcome 2: A functionally equitable residential property market**

The number of consumers exposed to consumer education target was over-achieved by 1007. Five thousand and seven (5007) consumers were trained during the period under review. Two thousand three hundred and thirty three (2333) title deeds were registered for the year, this target was not achieved due to beneficiary administration problems (divorce, deceased estates, interdicts, etc.); delays by municipalities (taking long to sign documents, stopping registration, etc.) and some town planning delays (opening of township register and registering of General Plan outstanding). Conveyancers also failed to reach their targets and municipal managers do not sign the deeds of sale timeously. One hundred and fifty six (156) young people were capacitated during the year in skills development. The target was over-achieved by six (6) due to Dawid Kruiper Municipality doing more training than areas.

#### **Sub Outcome 3: Enhanced institutional capability for effective coordination of spatial investment decisions**

The monitoring and evaluation conducted on accredited municipalities target was achieved for the year.

### **3.2 Progress on Outcome 9 for the MTSF**

#### **Sub Outcome 1: Members of society have sustainable and reliable access to basic services**

Nine (9) municipalities (Emthanjeni LM, Siyathemba LM, Siyancuma LM, Tsantsabane LM, Kgatelopele LM, Dawid Kruiper LM, ZF Mgcawu DM, Ga-Segonyana LM, Gamagara LM and John Taolo Gaetsewe DM) were supported with the development of their IDPs for the period. The department is experiencing challenges with municipalities not responding to requests and attendance of workshops and/or meetings. The regional offices have now been roped in to assist in overcoming this challenge, whilst seventeen (17) municipalities were monitored for the implementation of their SDBIPs for the period. These were Kamiesberg LM, Hantam LM, Karoo Hoogland LM, Khai-Ma LM, Emthanjeni LM, Siyathemba LM, Siyancuma LM, Tsantsabane LM, Kgatelopele LM, Dawid Kruiper LM, ZF Mgcawu DM, Dikgatlong LM, Magareng LM, Joe Morolong LM, Ga-Segonyana LM, Gamagara LM and John Taolo Gaetsewe DM.

All 26 local municipalities were assisted with reporting on their MIG allocations for the period under review. The following municipalities' MIG allocations for 2018/19 Financial Year were reduced due to under-performance on the grant and additional allocations were given to three (3) municipalities. These were Richtersveld LM, Nama Khoi LM, Kamiesberg LM, Hantam LM, Umsobomvu LM, Emthanjeni LM, Renosterberg LM, Siyancuma LM, Kai !Garib LM, !Kheis LM, Tsantsabane LM, Dawid Kruiper LM, Dikgatlong LM, Magareng LM, Phokwane LM, Joe Morolong LM, Ga-Segonyana LM and Gamagara LM. The municipalities that were allocated additional funding were Karoo Hoogland LM, Siyathemba LM and Kgatelopele LM because of their performance.

The Department supported all 26 local municipalities in the Province with the implementation of their indigent policies due to high non-compliance during the year under review.

Two (2) district municipalities were supported with the functional municipal disaster management centres, namely Namakwa and Pixley Ka Seme District Municipalities. Since this target requires support to the same 5 district municipalities every quarter, the annual target only reflects those district municipalities that were supported in all 4 quarters.

The Fire Brigade services function is very crucial. For the year under review, only four district municipalities were supported. The province still relies on the National Disaster Management Centre for this function. The province lacks capacity on this function. ZF Mgcawu District Municipality was not been supported during the year.

#### **Sub Outcome 2: Intergovernmental and democratic governance arrangements for a functional system of cooperative governance and participatory democracy strengthened**

During the year, various municipalities were supported to maintain functional ward committees, but since this target requires support to 26 municipalities every quarter, the annual target for the year is zero and it reflects those municipalities that were indeed supported in all 4 quarters.

Municipalities were supported to respond to community concerns, but due to the Department not giving written feedback to municipalities, this target was not achieved.

One report on the implementation of the District IGR Fora was produced. The target was not reached due to AG determined that content of reports that were submitted, were not on the implementation of District IGR Fora recommendations, as per TID. Annual performance adjusted according to AG finding.

The Outcome 9 Implementation Forum is not functional, this Forum will be revived in the new financial year.

#### **Sub Outcome 3: Sound financial and administrative management**

All local municipalities were guided to comply with MPRA during the year under review. All thirty-one (31) municipalities in the Province were supported to institutionalise performance management systems by communicating assessments done of performance agreements. All thirty-one (31) municipalities were supported to roll out the achievement of 50/50 representation for the year under review.

All thirty-one (31) municipalities were monitored and supported to comply with MSA Regulations as well as competent and suitably qualified senior managers appointed during the period under review. The target was achieved for the financial year.

Two (2) interventions were conducted in municipalities to build capacity in municipalities by both COGHSTA and Provincial Treasury. The target has not been achieved for the financial year, due to the fact that there was no capacity building strategy in place as per TID and hence the achievement could not be counted. The annual performance was therefor adjusted to zero.

Eighteen (18) municipalities were monitored on the extent to which they comply with the implementation of anti-corruption and mal-administration cases reported and investigated during the year. The area needs strengthening by beefing this up in the new financial year, by allocation of additional resources. The target was not achieved for the financial year due to municipalities who did not comply as per request for submission of information to enable the unit to do monitoring. The 18 municipalities were: Frances Baard, Dikgatlong, Magareng, Phokwane, John Taolo Gaetsewe, Ga-Segonyana, Namakwa, Hantam, Kamiesberg, Karoo Hoogland, Pixley Ka Seme, Emthanjeni, Renosterberg, Siyancuma, Thembelihle, Umsobomvu, Kgatelopele and Tsantsabane.

#### **Sub Outcome 4: Promotion of Social and Economic Development**

The implementation of the Integrated Urban Development Framework (IUDF) is to be rolled out through the Intermediate Cities Support Programme by CoGTA in partnership with the Swiss State for Economic Affairs and the World Bank. Seven municipalities in the country, including Sol Plaatje LM, have been identified for implementation. Sol Plaatje LM has compiled its draft Capital Expenditure Framework and 3-year capital programme. This has been circulated to role-players for comment after the end of the reporting period.

The department in partnership with National Human Settlements is implementing the Revitalization of Distressed Mining Towns programme with mining houses in the province. The municipalities that are part of this initiative are Kgatelopele LM, Khai-Ma LM, Gamagara LM, Tsantsabane LM, Ga-Segonyana LM and Joe Morolong LM.

Four (4) municipalities were supported with the implementation of SPLUMA during the year. Since this target requires support to the same 10 targeted municipalities every quarter, the annual target only reflects those targeted municipalities that were supported in all 4 quarters. The four municipalities were: Hantam, Richtersveld, Kareeberg, and Kgatelopele.

#### **Sub Outcome 5: Local Public employment programmes expanded through the Community Works Programme**

The actual work opportunities created for young people through CWP in municipalities for the period under review was nine thousand two hundred and one (9201) against a target of 7 800, exceeding the target by one thousand four hundred and one (1401) work opportunities during the period under review.

## **4. PERFORMANCE INFORMATION BY PROGRAMME**

### **4.1 Programme 1: Administration**

#### **Purpose**

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



### Description

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

Programme is divided into the following two chief directorates:

- Corporate Services
- Office of the CFO

### Sub-programmes

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

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

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

- Financial Management
- Supply Chain Management

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

#### Strategic objectives

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

#### Performance indicators

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Chief Directorate: Corporate Services</b>					
<b>Sub-Programme: Human Capital Management</b>					
Number of reports submitted on the implementation of the approved organisational structure	4	4	4		
Number of reports submitted on the implementation of the approved Human Resource Plan	4	4	4		
Number of PERSAL reports submitted	4	4	4		
Number of conditions of employment reports submitted	4	4	4		
Number of recruitment reports submitted	4	4	4		
Number of reports submitted on labour relations matters	4	4	4		
Number of reports submitted on the implementation of the EHW 4 Pillar Plans	4	4	4		

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Chief Directorate: Corporate Services</b>					
<b>Sub-Programme: Human Capital Management</b>					
Number of reports submitted on the implementation of the Gender Equality Strategic Framework	1	1	1		
Number of reports submitted on the implementation of the Job Access Strategic Framework Implementation Plan	1	1	1		
Number of reports submitted on the implementation of the approved Workplace Skills Plan	3	4	4		
Number of reports submitted on the implementation of EPMDS	3	4	4		
<b>Sub-Programme: General Support Services</b>					
Number of reports submitted on the implementation of the Communication Strategy	4	4	4		
Number of reports submitted on the implementation of the ICT Strategy	4	4	4		
Number of reports submitted on fleet management	3	4	4		
Number of reports submitted on the implementation of approved Records Management Policy	4	4	4		
<b>Sub-Programme: Security</b>					
Number of reports submitted on Departmental Security Management in line with MISS and MPSS	4	4	4		
<b>Sub-Programme: Legal Services</b>					
Number of reports submitted on the implementation of the Legal Compliance Improvement Plan	2	4	4		
<b>Sub-Programme: Policy, Planning, Monitoring &amp; Evaluation</b>					
Annual performance plan submitted	1	1	1		
Number of quarterly performance reports submitted	4	4	4		
Annual performance report submitted	1	1	1		
Report on the annual compliance with MPAT	1	1	1		
Number of reports submitted on the implementation of the SDIP	New	4	4		

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Chief Directorate: Financial Management</b>					
<b>Sub-Programme: Internal Inspectorate</b>					
Number of integrated risk management reports submitted	4	4	4		
Number of Audit Action Plans submitted	4	4	4		
<b>Sub-Programme: Financial Administration</b>					
Annual budget submitted	1	1	1		
Adjusted budget submitted	1	1	1		
Number of in-year monitoring reports submitted	12	12	12		
Compilation and submission of Annual Financial Statements	1	1	1		
Number of Interim financial statements submitted	3	3	3		
Number of fund requisitions submitted	12	12	12		
Number of certificates of compliance submitted	12	12	12		

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Chief Directorate: Financial Management</b>					
<b>Sub-Programme: Financial Administration</b>					
Number of Instruction Note 34 reports submitted	12	12	12		
Number of annual tax reconciliations submitted	1	1	1		
Number of mid-year tax reconciliations submitted	1	1	1		
Number of monthly tax reconciliations submitted	12	12	12		
<b>Sub-Programme: Supply Chain Management</b>					
Number of reports on approved Procurement Plan	New	4	4		
Number of supply chain management reports submitted	12	12	12		
Number of LOGIS reports submitted	4	4	4		

#### Strategy to overcome areas of under performance

The Programme achieved all of their indicators for the year, bringing their annual achievement to 100%.

#### Changes to planned targets

There were no changes to the planned targets.

#### Linking performance with budgets

The Programme's performance was 100%, though they overspent their budget by 3%. The over expenditure was mainly on the monthly commitments centralized under this programme. Compared to the 2017/2018 financial year, the Programme has curbed their over-expenditure by 1%.

#### Chief Directorate expenditure

Sub- Programme Name	2017/2018			2018/2019		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Office of the MEC	14 633	10 592	4 041	13 220	13 079	141
Corporate Services	93 673	103 153	(9 480)	118 223	122 295	(4 072)
<b>Total</b>	<b>108 306</b>	<b>113 745</b>	<b>(5 439)</b>	<b>131 443</b>	<b>135 374</b>	<b>(3 931)</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:

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

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

#### Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Sub-Programme: Housing Needs, Planning &amp; Research</b>						
<b>SO: Enhanced institutional capability for effective coordination of spatial investment decisions by 2019</b>						
SOI:	Approved multi-year Housing Development Plan (MYHDP) by 2019	1	1	1		
<b>Sub-Programme: Housing Development</b>						
<b>SO: Adequate housing and improved quality living environment by 2019</b>						
SOI:	Subsidy housing opportunities created by 2019	814	1933	541	-1392	The target was not achieved due to: ~ environmental hazards relating to community disruptions; ~ vandalism; ~ service delivery protests; ~ contractors not being financially viable; ~ water shortages on sites; ~ scaling down of housing projects due to lack of beneficiaries; ~ poor project and cash flow management by contractors; ~ slow beneficiary administration; ~ slow contractor performance on site; and ~ court order to halt project on site. ~ One project has work in progress of 148 units, whilst one project was scaled down from 650 units to 300 units for the year.
<b>Sub-Programme: Housing Asset Management</b>						
<b>SO: Provide human settlement with asset and inventory management by 2019</b>						
SOI:	Improved home-ownership for beneficiaries by 2019	New	9192	2333	-6859	Deviation due to beneficiary administration problems (divorce, deceased estates, interdicts, etc.), delays by municipalities (taking long to sign documents, stopping registration, etc.) and some town planning delays (opening of township register and registering of General Plan outstanding). Conveyancers also failed to reach their targets and municipal

Strategic Objective (SO) / Strategic Objective Indicators (SOI)	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
					managers do not sign the deeds of sale timeously.

#### Performance indicators

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Sub-Programme: Housing Needs, Planning &amp; Research</b>					
Number of policy guidelines approved	1	1	1		
Number of reports on M&E conducted on accredited municipalities	1	1	1		
Number of consumers exposed to consumer education	7 827	4 000	5 007	+1 007	Municipalities in the Pixley Ka Seme region exceeded their targets.
Number of youth involved in Skills Development Initiatives	100	150	156	+6	Dawid Kruiper did more training than the rest of the regions.
<b>Sub-Programme: Housing Development</b>					
Number of households provided with access to basic engineering services	New	2 587	2144	-443	Some projects did not deliver on their targets, due to studies not being completed and some projects were scaled down.
Number of housing units at practical completion under all programmes	814	1 933	541	-1392	The target was not achieved due to: ~ environmental hazards relating to community disruptions; ~ vandalism; ~ service delivery protests; ~ contractors not being financially viable; ~ water shortages on sites; ~ scaling down of housing projects due to lack of beneficiaries; ~ poor project and cash flow management by contractors; ~ slow beneficiary administration; ~ slow contractor performance on site; and ~ court order to halt project on site. ~ One project has work in progress of 148 units, whilst one project was scaled down from 650 units to 300 units for the year.
<b>Sub-Programme: Housing Asset Management</b>					
Number of title deeds registered	4 481	9 192	2 333	-6859	Deviation due to beneficiary administration problems (divorce, deceased estates, interdicts, etc.), delays by municipalities (taking long to sign documents, stopping registration, etc.)

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
					and some town planning delays (opening of township register and registering of General Plan outstanding). Conveyancers also failed to reach their targets and municipal managers do not sign the deeds of sale timeously.
Number of conditional grant business plans submitted	2	1	1		
Number of monthly conditional grant reports submitted to national human settlements and other stakeholders	12	12	12		

#### Strategy to overcome areas of under performance

The re-alignment and finalization of the organisational structure will assist in the filling of critical vacancies. Improved public participation within communities should limit environmental hazards relating to community disruptions, vandalism and service delivery protests. Capacity building and training of contractors through the NHBRC and Construction Industry Development Board (CIDB) should alleviate some of the challenges experienced, e.g. contractors not being financially viable, poor project and cash flow management by contractors, and slow contractor performance on site. The Department and municipalities should work together to streamline beneficiary identification and administration. The availability of bulk infrastructure has impacted negatively on the performance of the programme, therefore the availability of bulk infrastructure should be verified prior to project approval and procurement.

#### Changes to planned targets

There were no changes to the planned targets.

#### Linking performance with budgets

The Programme's performance was 66,7%, and they underspent their budget by 2%. On the HSDG the underperformance on the budget was due to the targets on top structures which was due to the legal dispute and beneficiary administration. The underperformance on the budget for title deeds restoration was due to slow registrations by conveyancers not meeting targets. Compared to the 2017/2018 financial year, the Programme's under-expenditure increased from 2% to 3%.

#### Sub-programme expenditure:

Sub- Programme Name	2017/2018			2018/2019		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Human Settlement Needs, Planning and Research	31 264	36 919	(5 655)	13 451	13 457	(6)
Human Settlement Development	529 505	360 027	169 478	529 476	527 077	2 399
Human Settlement Asset Management	23 344	156 012	(132 668)	35 962	20 710	15 252
<b>Total</b>	<b>584 113</b>	<b>552 958</b>	<b>31 155</b>	<b>578 889</b>	<b>561 244</b>	<b>17 645</b>

### 4.3 Programme 3: Cooperative Governance

#### Purpose

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

#### Description

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

#### Sub-Programmes

The programme consists of the following five sub-programmes:

- Municipal Governance and Administration

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

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

#### Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Sub-Programme: Municipal Administration</b>						
<b>SO: Intergovernmental and democratic governance for a functional system of cooperative governance by 2019</b>						
SOI 1:	Municipalities with functional municipal councils by 2019	31	31	31		
SOI 2:	Municipalities with functional Municipal Public Accounts Committees (MPAC) by 2019	30	31	31		
<b>Sub-Programme: Municipal Performance Monitoring, Reporting and Evaluation</b>						
<b>SO: Sound administrative governance within 31 municipalities by 2019</b>						
SOI 1:	Support and coordinate municipal management improvement plans (LGMIMs) by 2019	4	8	1	-7	TID prescribes that department should support, coordinate and monitor the implementation of LGMIM, the department did not support, coordinate and monitor all implementation.
<b>Sub-Programme: Municipal Infrastructure</b>						
<b>SO: Members of the society have sustainable and reliable access to basic services by 2019</b>						
SOI 1:	Percentage of households with access to water by 2019	96%	95%	95,3%	+0,3%	Used StatsSA data of General Household Survey 2018
SOI 2:	Percentage of households with access to sanitation by 2019	82%	95%	90%	-5%	Used StatsSA data of General Household Survey 2018
SOI 3:	Percentage of households with access to electricity by 2019	91,8%	95%	91,7%	-3,3%	Used StatsSA data of General Household Survey 2018
SOI 4:	Percentage of households with access to refuse removal by 2019	69%	75%	65,4%	-9,6%	Used StatsSA data of General Household Survey 2018
<b>Sub-Programme: Public Participation</b>						
<b>SO: Enhanced community participation at local level to strengthen relations between local government and the community by 2019</b>						
SOI 1:	Local municipalities implementing Community Work Programmes by 2019	26	26	26		
<b>Sub-Programme: Municipal Planning</b>						
<b>SO: Municipalities with development planning capacity and sector plans by 2019</b>						
SOI 1:	Municipalities with legally compliant IDPs by 2019	31	31	3	-28	TID prescribes that department should support all 31 municipalities in the development implementable IDPs through IDP Analysis and engagements and provide a provincial IDP Assessment Report, which was not provided.

#### Performance indicators



Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Sub-Programme: Municipal Administration</b>					
Number of municipalities supported to comply with MSA regulations on the appointment of senior managers (Outcome 9, Sub-outcome 4)(B2B Pillar 5)	31	31	31		
Number of capacity building interventions conducted in municipalities (Outcome 9, Sub-outcome 3) (B2B Pillar 5)	13	10	0	-10	TID prescribes that a capacity building strategy should be in place according to which interventions should be planned, this strategy was not in place.
Number of municipalities supported to achieve the 50/50 representation of women in section 56 posts (B2B Pillar 5)	New	31	31		
Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Outcome 9, Sub-outcome 4) (B2B Pillar 3)	New	31	18	-13	Municipalities did not comply as per request for submission of information to enable the unit to do monitoring.
Number of reports on the implementation of District IGR Fora recommendations	New	4	1	-3	AG determined that content of reports was not on the implementation of District IGR Fora recommendation, as per TID. Unit managed to correct Q4 report. Annual performance adjusted according to AG finding.
<b>Sub-Programme: Municipal Performance Monitoring, Reporting and Evaluation</b>					
Report on implementation of Back to Basics action plans by municipalities (Outcome 9, Sub-outcome 4) (B2B Pillar 5)	3	4	4		
Number of municipalities supported to institutionalize the performance management system (PMS) (Outcome 9, Sub-outcome 4) (B2B Pillar 5)	12	31	31		
Number of Section 47 reports compiled as prescribed by the MSA (Outcome 9, Sub-outcome 4) (B2B Pillar 5)	1	1	1		
Number of municipalities guided to comply with the MPRA (Outcome 9, Sub-outcome 4) (B2B Pillar 4)	31	26	26		
<b>Sub-Programme: Municipal Infrastructure</b>					
Number of municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1)(B2B Pillar 5)	New	26	26		
Number of municipalities supported to implement indigent policies (Outcome 9, Sub-outcome 1)(B2B Pillar 2)	22	26	26		
<b>Sub-Programme: Public Participation</b>					
Number of municipalities supported to maintain functional ward committees Outcome 9, Sub-outcome 2) (B2B Pillar 1)	New	26	0	-26	Since this target requires support to 26 municipalities every quarter, the annual target only reflects those municipalities that were indeed supported in all 4 quarters.
Number of municipalities supported to respond to community concerns (Outcome 9, Sub-outcome 2)(B2B Pillar 1)	New	26	1	-25	TID prescribes that department should give feedback on the outcome of assessments that were done, but these feedbacks were not given to municipalities in writing, therefore not adhering to TID.

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of Employment Opportunities created for young people in municipalities	9 765	7 800	9 201	+1 401	The number of youths increased due to the ongoing recruitment drive. The shortened approval time on the CWP MIS assisted as well.
<b>Sub-Programme: Municipal Planning</b>					
Number of municipalities supported with development of IDP (Outcome 9, Sub-outcome 1)	31	31	9	-22	The Department experienced challenges with municipalities not responding to requests and attending workshops / meetings.
Number of municipalities supported with the implementation of SPLUMA	29	10	4	-6	Since this target requires support to the same 10 targeted municipalities every quarter, the annual target only reflects those targeted municipalities that were supported in all 4 quarters.
Number of reports on data obtained for GIS outputs	New	4	4		
Number of municipalities supported to maintain functional Disaster Management Centres	5	5	2	-3	Since this target requires support to the same 5 district municipalities every quarter, the annual target only reflects those district municipalities that were supported in all 4 quarters.
Number of municipalities supported on Fire Brigade Services	New	5	4	-1	Despite numerous requests, no feedback engagement on the assessment of fire brigade services could be held with ZF Mgcawu.

#### Strategy to overcome areas of under performance

The re-alignment and finalization of the organisational structure will assist in the filling of critical vacancies. Improved management of performance at sub-programme level should alleviate some of the underperformance.

#### Changes to planned targets

There were no changes to the planned targets.

#### Linking performance with budgets

The Programme's performance was 52,6%, yet they spent their total budget. The total expenditure was because of transfers to municipalities. During the 2017/2018 financial year, the Programme under-spent 1% of their budget, whilst they have 100% expenditure for the year under review.

#### Sub-programme expenditure

Sub- Programme Name	2017/2018			2018/2019		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Local Governance	97 888	106 390	(8 502)	109 430	109 744	(314)
Development & Planning	25 218	15 192	10 026	37 094	36 780	314
<b>Total</b>	<b>123 106</b>	<b>121 582</b>	<b>1 524</b>	<b>146 524</b>	<b>146 524</b>	<b>0</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 organisational efficiency and effectiveness, establishment of capacity development systems and partnership models, undertaking research and development on related matters as well as monitoring and evaluation of performance of traditional structures.

#### Description

The 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 April 1, 2000, the Northern Cape has recorded a historic milestone equal to none.

### Sub-programmes

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

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

#### Strategic objectives

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

#### Performance indicators

Performance Indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<b>Sub-Programme: Traditional Leadership Institutional Support</b>					
Number of traditional councils supported to perform their functions	New	8	8		
Number of capacity building programmes provided to the institution of Traditional Leadership	5	4	5	+1	The World Vision Capacity building was a directive from DTA. It was requested in the previous year, but only took place in the 2018/2019 financial year.
<b>Sub-Programme: Secretariat of Houses of Traditional Leaders</b>					
Number of activities of the Provincial and Local Houses of Traditional Leaders in compliance with Act 2 of 2007	10	16	14	-2	Heritage Day celebrations was planned, but not well coordinated. It was therefore postponed, but never took place. The minutes of the House Sitting was not signed by die Chairperson before the due date for submitting of quarterly reports.
Number of reports on initiatives to promote social development of traditional communities	4	4	4		
Number of reports on structured engagements between ward committees and traditional councils	4	4	4		
<b>Sub-Programme: Research, Policy and Legislation Development</b>					
Percentage of succession claims/disputes processed	New	100%	100%		

### Strategy to overcome areas of under performance

The re-alignment and finalization of the organisational structure will assist in the filling of critical vacancies. Improved management of performance at sub-programme level should alleviate some of the underperformance.

### Changes to planned targets

There were no changes to the planned targets.

### Linking performance with budgets

The Programme's performance and expenditure are on par - both at 83%. However, compared to the 2017/2018 financial year, the Programme's under-expenditure increased from 5% to 17%. The underspending in 2018/19 was due to savings realized under Capital Assets.

### Sub-programme expenditure

Sub- Programme Name	2017/2018			2018/2019		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Traditional Affairs	18 880	17 863	1 017	24 425	20 280	4 145
<b>Total</b>	<b>18 880</b>	<b>17 863</b>	<b>1 017</b>	<b>24 425</b>	<b>20 280</b>	<b>4 145</b>

## 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
Housing Development Agency (HDA)	To acquire and release state, public and privately owned land and landed properties for sustainable human settlement development	920 312,40	920 312,40	Emthanjeni ACQ Erf 635
		10 098 663,19	10 098 663,19	Ga Segonyana Promised land 2100
		37 299 366,48	37 299 366,48	Ga Segonyana Wrenchville 200/244
		46 452 785,90	46 452 785,90	Gamagara Sesheng 1265
		6 200 000,00	6 200 000,00	OPS/CAP
		9 996 000,00	9 996 000,00	Kuilsville/Tlhakalatlou ACQ
		19 420 062,02	19 420 062,02	Khai Ma Pofadder Bulk
		20 994 897,77	20 994 897,77	Siyathemba Prieska 200
		13 028 305,13	13 028 305,13	Sol Plaatje Greenpoint 500
		19 290 953,20	19 290 953,20	Sol Plaatje Snake Park 1660
NHBRC		9 490 757	9 490 757	Project enrolment & Home enrolment
Deeds Account		349 440,00	349 440,00	TRG Budget
Council of Geosciences		6 611 036,68	6 611 036,68	CGS

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

The table below reflects the transfer payments made for the period **1 April 2018 to 31 March 2019**

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

The table below reflects the transfer payments budgeted for in the period **1 April 2018 to 31 March 2019**, but the Department made no transfer payments.

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

## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

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

### Conditional Grant: Disaster Management Grant

Department which transferred the grant	Cooperative Governance, Human Settlements and Traditional Affairs
Purpose of the grant	To enhance municipalities' capacity to deal with disasters and fire incidents
Expected outputs of the grant	Improve response time to deal with disasters, to enhance functionality of disaster units in municipality's emergency. Reduce domestic and veld fire incidents
Actual outputs achieved	Reviewing of the disaster management plans, education, training and awareness campaign plans, disaster management and fire services equipment for DDC
Amount per amended DORA (R'000)	R1 944
Amount received (R'000)	R1 944
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R1 944
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 2018 to 31 March 2019**.

### Conditional Grant 1: Human Settlements Development Grant

Department which transferred the grant	Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	Number of serviced sites to be completed. Number of housing units completed. Number of title deeds issued or properties transferred.
Actual outputs achieved	Sites serviced 2 179 Houses Built 541
Amount per amended DORA (R'000)	R507 193
Amount received (R'000)	R507 193
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R500 066
Reasons for the funds unspent by the entity	Invoices received after the cut-off date.
Monitoring mechanism by the receiving department	A compliance certificate signed by Municipal Manager.

### Conditional Grant 2: Title Deed Restoration Grant

Department which transferred the grant	The National Department of Human Settlements.
Purpose of the grant	To provide funding for the eradication of the Title Deeds registration backlog and the professional fees associated with it, including beneficiary verification
Expected outputs of the grant	Number of title deeds registered in favour of approved subsidy housing beneficiaries. Number of title deeds issued to beneficiaries of government-subsidized housing (pre 1994, post 1994 up to 31 march 2014). Township proclaimed and register opened. Social Facilitation and beneficiary confirmation (Dispute resolution/Beneficiary tracking). Institutional enhancement to municipalities and provinces in respect of property registration.
Actual outputs achieved	Title Deeds = 2 333 Beneficiary Verifications = 2 102
Amount per amended DORA (R'000)	R20 364
Amount received (R'000)	R20 364
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R10 197
Reasons for the funds unspent by the entity	Delays in signing of the registration documents by all Municipalities. Due to the historic nature of these transactions, beneficiary verification takes longer. Many beneficiaries were not occupying the houses as per the approved HSS lists. Municipalities requested us to delay the registration process until the matter is resolved. Deceased Estates. Untraceable beneficiaries.
Monitoring mechanism by the receiving department	Submission of monthly DORA Reports

### Conditional Grant 3: Extended Public Works Programme

Department which transferred the grant	Public Works
Purpose of the grant	To increase the labour intensity of government-funded infrastructure construction and maintenance projects through the use of labour-intensive methods
Expected outputs of the grant	To create work for the EPWP target group; defined as: local, unemployed, low or unskilled labour and such work must comply with the stipulations in the Ministerial Determination
Actual outputs achieved	290 Work opportunities
Amount per amended DORA (R'000)	R2 002

Amount received (R'000)	R2 002
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R1 710
Reasons for the funds unspent by the entity	None
Monitoring mechanism by the receiving 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 2018/2019 financial year.

## 8. CAPITAL INVESTMENT

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

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



# PART C

## GOVERNANCE



## 1. INTRODUCTION

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

## 2. RISK MANAGEMENT

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

The unit conducted the 2018/2019 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 advice management on the overall system of risk management and the mitigation of unacceptable levels of risk. A risk mitigation plan has also been developed and is being updated quarterly after each risk review session. All senior managers also serve on the RMC, which gives them greater insight into the risks facing the department.

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

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

## 3. FRAUD AND CORRUPTION

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

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

## 4. MINIMISING CONFLICT OF INTEREST

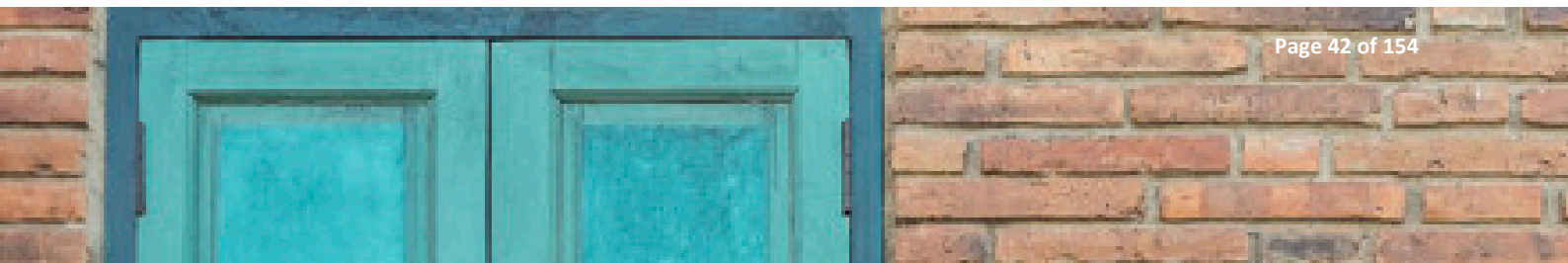
All officials in the Financial Management Chief Directorate are required to declare any interest on the Declaration of Financial Disclosure forms, as well as Senior Managers, Deputy Directors and OSD officials. These officials are further subjected to vetting and security clearance.

## 5. CODE OF CONDUCT

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

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

- Governed by the democratic values and principles of the Constitution;



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

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

The purpose of this Code of Conduct is:

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

## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

## 7. PORTFOLIO COMMITTEES

Recommendation	Department's response
<b>APP and Budget 2018/2019</b>	
Is the department currently 100% compliant with the National Housing Code and, if not, to what extent is it being implemented?	The department is implementing and complaint to all the housing programmes in the National Housing Code 2009 that are applicable to human settlements development in the province. However, it should be noted that some of the programmes and policies in the National Housing Code have been revised and are not yet documented in the National Housing Code
With regards to the official housing backlog in the province, please explain why you don't take the pre 1994 stock of 3705 into consideration and present the provincial housing backlog as 21160 and present the provincial housing backlog as 21 160, while the National Department does take it into consideration and presents the provincial housing backlog as 24 865?	The information under Human Settlements (page 12) refers to a backlog of properties and not to a housing backlog. The housing backlog is 53 097 (as per Stats SA). The title deed backlog is 24 865. This includes 3705 pre 1994 and 21 160 post 1994
How does the department plan to speed up the completion of housing units from very slow performance of 284 houses completed last financial year to 1993 housing units completed by end of this financial year?	The total housing units delivered in the financial year 2017/18 was 806. The implementation of housing projects will be enhanced if municipalities do make use of the needs register. If there are no beneficiaries then projects will not be successful. This will also reduce the manipulation of beneficiary lists.
At present, what is the average cost of completing a single housing unit, from start to finish?	The average total cost of building a RDP house in the Northern Cape Province is R123 829-00
At the current rate, by when do you envisage that the housing backlog will be eliminated?	Not in the foreseeable future
Every year, building costs go up. Exactly what impact has the VAT increase had on building costs for 2018/19 and, realistically speaking, how will this impact on the department's performance?	The housing grant is zero-rated. In terms of a ruling by the Commissioner of Inland Revenue, housing subsidies fall within the definition of "transfer payments" as Contemplated in the Value Added Tax Act, 1991 (Act 22 of 1991) and is subject to VAT at a rate of zero percent (0%). The increase in Vat will therefore have no impact on the department's performance.

Recommendation	Department's response
With regards to the R20.364 million allocation for Title Deed Restoration project, is this the new grant money?	Yes
In addition to the R20 million, will the department also still allocate funds from the Human Settlements Grant, and if so, what is the allocation for title deed restoration for 2018/19?	An amount of R600 000 has been allocated towards current property registrations from the Human Settlements Development Grant (HSDG). This amount is not part of the Title Deed Restoration Grant. The total allocation for the Title Deed Restoration Grant is R20 364 million
Has the department already appointed conveyancers to speed up the title deed restoration and if so, who are they and what will their services cost the department?	Yes, the department has appointed a panel of 29 conveyancers. The department is presently in the process to request quotations from the conveyancers to render the service. What the cost will be will depend on the quotes received. As list of the panel of conveyancers is attached.
What rates is the department paying with regards to transfer duties?	With current transfers, the framework provides for a maximum of R1000-00 per transfer. With regard to the Title Deed Restoration Project a guideline was given of R2 787-33 per transfer.
In conjunction with the added assistance of the conveyancers, is it realistic to aim to register 9192 title deeds, given that you only registered 820 residential properties last financial year?	The target of 9192 was set in the Annual Performance Plan and we will try our level best to reach the target. During the 2010/18 financial year the department registered 4492 properties.
<b>1<sup>st</sup> Quarter</b>	
On page 4 of the 1 <sup>st</sup> Quarterly Report it is stated inter alia that communication staff are utilizing personal equipment and software for official duties. The absence of tools of trade might impact on the morale of the staff. How will the Department address this challenge?	The reason for delay in procuring the necessary tools of trade was based on the SITA g-commerce requirement that all IT related goods must be procured via SITA approved service providers. This has been raised with SITA on several occasions. The matter has now being resolved and we managed to address it.
35% of the total budget for Compensation of Employees was spent during the 1 <sup>st</sup> quarter. However, the Department reports that the service delivery environment is challenging due to a lack of inter alia personnel to implement the APP. Yet, there has been an over-expenditure on Compensation of Employees. Can the Department explain?	There has been a shortage of funds on the personnel budget over the years. This matter was discussed during PMTEC with Treasury. The issue of wrong allocations remains a challenge to the department. The APP targets will be implemented, and the overall spending on compensation did show a 24% spending rate for quarter one.
During the APP presentation, it was reported that COGHSTA was challenged with issues relating to the abuse of the fleet and petrol cards. How has this issue been dealt with in the 1 <sup>st</sup> Quarter? Has there been any reported abuse of the fleet and petrol cards? If so, what has been the outcome of the reports?	This matter was addressed with all staff, indicating to them that the submission of petrol slips need to accompany the trip authority. The fleet services report do indicate details of trips undertaken by a particular vehicle such as time of filling the vehicle, the driver of the vehicle as per trip authorisation, kilometres travelled by the vehicle before it can be refuelled, speedometer readings from beginning to the end were recorded accordingly. Based on the analysis report from fleet services, the department could not detect any abuse of petrol cards over the 1 <sup>st</sup> quarter
1 415 consumers were exposed to education (pg. 15). What did the training entail? What impact did the training make on the development of consumers in their understanding of the role, functions and responsibilities of municipalities?	Consumers or rather housing beneficiaries are educated on their responsibilities as homeowners, how to take care of their title deeds, their new homes, etc. The said consumer education does not pertain to the roles, functions or responsibilities of municipalities.
As part of the proposed corrective action to ensure that the target for completion of housing units is reached, the Department should assist contractors who want to source water from outside the project area with funds so that water shortage on site should not negatively affect housing delivery (pg. 16). What will the financial implications of such assistance be?	Cost of water supply: the costs vary per project. For Ikhseng cost per house for water is at R 1 135.64
Department has no control over the number of capacity building interventions conducted by LGSETA and other training providers in municipalities (pg. 20). If this Department does not have control over the training that is provided, why is this part of the APP?	This is a customised indicator that was agreed upon by the national Department of Cooperative Governance and all 9 provinces, hence the reporting against it as per our APP.
The Department was unable to achieve the target set for the number of municipalities monitored on the extent to which anti-corruption measures are implemented. This under-performance is due to capacity constraints in the unit (pg. 21). If positions are not filled in the Department, how will the Department ensure that the target is met during the financial year?	The unit has only one official and the said official was unfortunately for most of the period under review hospitalised. She is back at work and meetings were held with her to sensitise her about the backlog that needs to be addressed during the year in an effort to reach the target



Recommendation	Department's response
No expenditure was incurred for Provincial and Local Governments under programmes 4 (pg. 32). An amount for R165 000 is budgeted for the 2018/2019 financial year. What is the intention of this allocation?	The R165 000 was budgeted for Machinery and Equipment. The department procured computers and expenditure will reflect going forward

## 8. SCOPA RESOLUTIONS

Resolution No.	Question 1
Subject	Restatement of corresponding figures
Details	Accounting officer, on paragraph 7 of the AG's report, the AG reported that the corresponding figures for 31 March 2017 have been restated because of an error discovered in the financial statements of the department at, and for the year ended 31 March 2018. a) Why did the accounting officer fail to ensure that the officials correct the errors of the 2017/18 financial year before submission to the Auditor General? b) What action has the accounting officer taken against the officials?
Response by department	a) The department disclosed transactions with municipalities that fall outside the definition of a principle-agent relationship as defined by Chapter 16 of Modified Cash Standard. The interpretation of the disclosure note of agent-principle differed in the current financial year, to what was consistently applied in the previous financial years. The discovery of the error was during the audit, i.e. after submission of the 2017/18 Annual Financial Statements, hence the restatement of the corresponding figure of 2016/17. b) In light of the above, there was no reason for the Accounting Officer to take action against the officials.
Resolved (Yes/No)	a) The financial statements as at 31 March 2018 were prepared in accordance with the prescribed financial reporting framework stipulated in the PMFA. b) No action was taken against officials because the information presented was reflected in the financial status of the department in line with the supporting documentation.

Resolution No.	Question 2
Subject	Annual financial statements, performance and annual report
Details	Accounting officer, on paragraph 27 of the AG's report, the AG reported the financial statement 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. Furthermore in paragraph 34 the AG reports that material misstatements identified by the auditors in the submitted financial statements were not corrected, which resulted in the financial statements receiving a qualified audit opinion. <i>This matter was raised in the previous financial years.</i> a) Why did the accounting officer allow the accounting officer to submit financial statements that were not prepared in accordance with prescribed financial reporting framework and or supported by the full and proper records as required by section 40(1)(a)(b) of the PFMA? b) Why did the accounting officer allow the accounting officer to provide inadequate supporting records for financial statements? c) What action has been taken against the officials?
Response by department	a) The financial statements present fairly, in all material respects, the financial position of the department as at the 31 March 2018 and its financial performance and cash flows for the year ended in accordance with the Modified Cash Standard prescribed by National Treasury and the requirements of the Public Finance Management Act and DoRA. <b>THE FINANCIAL STATEMENT RECEIVED AN UNQUALIFIED AUDIT OPINION. (refer to page 81 of AR)</b> b) Material misstatements were corrected subsequent to submission of the AFS and was substantiated by adequate supporting documentation c) No action required against any official.
Resolved (Yes/No)	a) The financial statements as at 31 March 2018 were prepared in accordance with the prescribed financial reporting framework stipulated in the PMFA. b) The supporting records substantiate the disclosure of figures in the AFS and it is a true reflection of the financial position as at 31 March 2018. Due to the sampling the AG can request secondary information to substantiate their conclusion. c) No action was taken against officials because the information presented was reflected in the financial status of the department in line with the supporting documentation.

Resolution No.	Question 3
Subject	Expenditure management
Details	Accounting officer, on paragraph 28 of the AG's report, the AG reported that, effective steps were not taken to prevent irregular expenditure amounting to R32 818 110 as disclosed in note 24 to the annual financial statements, as required

	<p>by section 38(1)(c)(ii) of the PFMA treasury regulation 9.1.1.8.2.3. <b>Irregular expenditure is a recurring matter which was also a finding in the 2016/17 financial year.</b></p> <p>a) Why did the accounting officer fail to ensure that the officials take steps to ensure that money owed by the department is settled within 30 days, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3?</p> <p>b) Why did the accounting officer fail to take effective steps to prevent irregular expenditure as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1?</p> <p>c) Provide the breakdown of what constituted the irregular expenditure in both financial years? And provide detailed information from when the tender was advertised, the procurement process embarked on, with the names of companies, directors and the cost.</p> <p>d) Who are the responsible officials? Provide their names, positions and details on how long have they been working in the SCM unit?</p> <p>e) What action has been taken against the responsible officials?</p>																																							
Response by department	a) The department could not settle its suppliers within 30 days due to cash flow constraints.																																							
	b) Gamagara Sesheng 1265 was disclosed as valid irregular expenditure. During the investigation in 2018/19 it was discovered that the project was not irregular. The project was not a municipal procurement but Housing Development Agency correctly procured it.																																							
	<table><tr><th rowspan="2">No.</th><th rowspan="2">Date of discovery</th><th colspan="3">Transaction details</th><th rowspan="2">Identified amount</th></tr><tr><th>Date of Payment</th><th>Payment Number</th><th>Incident</th></tr><tr><td>229</td><td>30/06/2017</td><td>30/06/2017</td><td>2401197</td><td>Municipal procurement</td><td>5 072 769,50</td></tr><tr><td>230</td><td>05/12/2017</td><td>05/12/2017</td><td>2403405</td><td>Municipal procurement</td><td>10 753 851,85</td></tr><tr><td>231</td><td>08/12/2017</td><td>08/12/2017</td><td>2403505</td><td>Municipal procurement</td><td>1 614 000,85</td></tr><tr><td>232</td><td>20/03/2018</td><td>20/03/2018</td><td>2404751</td><td>Municipal procurement</td><td>15 377 488,00</td></tr><tr><td colspan="5">Total</td><td>32 818 110,20</td></tr></table>	No.	Date of discovery	Transaction details			Identified amount	Date of Payment	Payment Number	Incident	229	30/06/2017	30/06/2017	2401197	Municipal procurement	5 072 769,50	230	05/12/2017	05/12/2017	2403405	Municipal procurement	10 753 851,85	231	08/12/2017	08/12/2017	2403505	Municipal procurement	1 614 000,85	232	20/03/2018	20/03/2018	2404751	Municipal procurement	15 377 488,00	Total					32 818 110,20
	No.			Date of discovery	Transaction details			Identified amount																																
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	232	20/03/2018	20/03/2018	2404751	Municipal procurement	15 377 488,00																																		
	Total					32 818 110,20																																		
c) Procurement was done by Housing Development Agency. The successful bidder was Cebekhulu Construction PTY LTD which is currently on-site.																																								
d) Procurement was done by Housing Development Agency																																								
e) No action required against any official.																																								
Resolved (Yes/No)	a) The payment to suppliers within 30 days reduced drastically in the 2018/19 FY. It is evident that the controls the department have in place in yielding the desired results.																																							
	b) The majority of the irregular expenditure relate to prior years, as a result of municipal procurement for housing projects.																																							
	c) Irregular expenditure as at 31 March 2019 - R53 008 million Irregular expenditure as at 31 March 2018 - R117 762 million																																							
	d) Yes																																							
	e) Yes																																							

Resolution No.	Question 4
Subject	Strategic planning and performance management
Details	<p>Accounting officer, on paragraph 30 of the AG's report, the AG reported that specific information systems were not implemented (established) to enable the monitoring of progress made towards achieving targets, core objectives and service delivery as required by public service regulation 25 (1) (e) (i) and (iii) and quarterly reports were not submitted to the executive authority, as required by treasury regulations 5.3.1</p> <p>a) Why did the accounting officer fail to ensure that the officials implement the specific information system to enable the monitoring of progress made toward achieving targets, core business and service delivery as required by public service regulation 25 (1) (e) (i) and (iii)?</p> <p>b) Why did the accounting officer fail to ensure that the officials take effective steps?</p> <p>c) Who are the responsible officials that failed to implement the system? Provide their names, positions and details of how long have they been working in the monitory and evaluation unit.</p>
Response by department	<p>a) The Department has liaised with the AG on this paragraph and it refers specifically to the indicators that received material findings. Six indicators in Programme 3 received material findings due to various reasons. Four of those indicators were with other departments or institutions, and two with the Department. The number of households benefiting from free basic services was an issue due to the AG not being able to verify the households, as it is information that the Department received from municipalities, duly signed off by the relevant MM. Number of work opportunities created through the CWP in municipalities also posed a challenge as the AG could not verify work opportunities, though we gave the definition of a work opportunity and the AG even tried to get their national office involved to get clarity on the issue, but nationally it could not be sorted out as there was no MIS system</p>



	<p>they could access to verify the work opportunities. The three indicators that Provincial Treasury were responsible for were different from the three in our APP. The customised indicators measured the number of municipalities, whilst Provincial Treasury measured the number of reports submitted. The same was with the Department of Economic Development and Tourism, they measured the number of municipalities assisted to prepare valid LED component for the IDP, whilst we measured the number of municipalities supported to implement local economic development projects in line with updated LED strategies. Moving forward, the Department has not included these two indicators in its APP again, both these indicators are now part of the operational plan for the Department. The other four indicators are not customised indicators anymore; hence they are not part of the departmental APP. Systems are in place to monitor and manage progress. Electronic reporting system (EQPRS) for quarterly reports were developed by DPME for all departments to adhere to. OTP also requires the Departments to generate a spreadsheet from the EQPRS and thereafter the narrative report is generated that is submitted to OTP, Treasury and the Legislature. Each indicator has a file for the evidence per quarter, each quarter's evidence is verified by PPME and Internal Audit, a verification report is developed per programme and circulated to all SMS members highlighting areas of concern.</p>
	b) It is difficult to monitor and verify information received from other institutions. If one received a report on a letterhead, duly signed by the MM or accounting officer, then one has to believe the content of the report.
	c) No one has failed, as there is a system in place, though some of the indicators due to the nature of being customised, was not in the ambit of control of this Department, hence it was difficult to monitor progress. Numerous attempts were done to get information from the different institutions but to no avail. This difficulty was also raised in all the meetings with Audit Committee as well as the Portfolio Committee.
Resolved (Yes/No)	a) Yes
	b) Yes
	c) Yes

Resolution No.	Question 5
Subject	Procurement and contract management
Details	<p>Accounting officer, on paragraphs 31 - 34 of the AG's report, the AG reported that some of the good and service with a transaction below R500 000 were procured without obtaining the required price quotation, as required by treasury regulations 16A6.1 and furthermore some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the stated or connected to any person employed by the state which is prescribed in order to comply with treasury regulation 16A8.3. Auditor also realized that some of the quotations were awarded to suppliers whose tax matters had not been declared by South African Revenue Services to be in order as required by treasury regulation 16A9.1 lastly some of the contacts were extended or modified without the approval of properly delegated officials as required by section 44 of the PFMA and Treasury regulations 8.1. Similar non-compliance was also reported in the prior year (2016/17).</p> <p>a) Why did the accounting officer fail to ensure that the officials monitor the awarding of contracts to bidders?</p> <p>b) What action has been taken against the officials?</p>
Response by department	<p>a) Paragraph 31 Due to the non-responsiveness of travel agencies, the department could not obtain the required number of quotations within a reasonable timeframe. However, this has been disclosed as irregular as it was beyond the control of the department.</p> <p>Paragraph 32 This was an incident identified by the AG, through their CAATS system, which was not picked up by CSD. The value was under R10 000 and the Treasury Regulation thresholds does not require anything less than R10 000 for declaration form to be submitted.</p> <p>Paragraph 33 At the time of award tax compliance was verified on CSD, however CSD is a live system and it change from time to time and it is possible when the payment is done, the company's status have change to not being tax compliant. Payments cannot be withhold if services were rendered.</p> <p>Paragraph 34 A lease agreement was entered into between Public Works, as the custodian of government buildings, and NWDC for office buildings in JTG. The lease expired however, a suitable accommodation has not been procured yet.</p> <p>b) The department is fully utilising CSD and have appointed two travel agencies, through competitive bidding process, for the next three years to remedy the situation.</p>
Resolved (Yes/No)	a) No
	b) No

Resolution No.	Question 6																				
Subject	Consequence management																				
Details	<p>Accounting officer, on paragraphs 35 of the AG's report, the AG reported was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised, irregular and fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA.</p> <p>a) Why did the accounting officer fail to take effective steps against officials who had incurred unauthorised, irregular and fruitless and wasteful expenditure as disclosed in note 8, 24 and 25 to the annual financial statements, as required by section 38(1)(h)(iii) of the PFMA and treasury regulation 9.1.1?</p> <p>b) Who are the responsible officials? Provide their names, positions and details of how long they have been working in the SCM unit.</p> <p>c) What action has been taken against the responsible officials?</p>																				
Response by department	<p>Letters were sent to all relevant MMs requesting supporting documentation for all procurement done dating back to 2011/2012. All municipalities were also visited in an effort to obtain the relevant documentation but to no avail, henceforth this procurement function has reverted to the department as from 2014/2015.</p> <p>Effective and appropriate steps are taken to proactively prevent irregular expenditure. The following processes are in place:</p> <ul style="list-style-type: none"><li>• UIF policy approved</li><li>• Internal Review Committee was established to monitor whether relevant controls are implemented in preventing irregular expenditure.</li><li>• On discovery of possible IR the department record it in the IR register.</li><li>• Detailed investigations are conducted to determine whether irregular expenditure meets the definition</li><li>• Appropriate steps to be taken, i.e. recovery, write-off or condonation</li></ul> <p><b>Four years trend analysis</b></p> <table><tr><th>2014/15</th><th>2015/16</th><th>2016/17</th><th>2017/18</th></tr><tr><th>R'000</th><th>R'000</th><th>R'000</th><th>R'000</th></tr><tr><td>114 472</td><td>147 069</td><td>119 948</td><td>129 937</td></tr><tr><td></td><td>Increased with R32 576 million or 22% compared to 2014/15.</td><td>Decreased with R27 121 million or 23% compared to 2015/16.</td><td>Increased with R9 989 million or 8% compared to 2016/ 2017.</td></tr><tr><td></td><td>Partial housing procurement by the Department</td><td>First year of housing procurement by the Department</td><td>Additional Projects implemented by Municipalities identified in 2017/18, which was identified as valid IR.</td></tr></table> <p><i>* Irregular for 2017/18 was amended in the 2018/19 financial year's Annual Financial Statements to R 117 762 m</i></p> <p><b>Discrepancies on the annual report and differences with the Auditor General</b></p> <p>Irregular expenditure – relating to prior year, i.e. R29 892 m was discovered in the current year (2017/18) and disclosed as such.</p> <p>The disclosure note is correct. National Treasury were visited accompanied by Provincial Accountant General, Provincial AG to address legacy issue on irregular expenditure.</p>	2014/15	2015/16	2016/17	2017/18	R'000	R'000	R'000	R'000	114 472	147 069	119 948	129 937		Increased with R32 576 million or 22% compared to 2014/15.	Decreased with R27 121 million or 23% compared to 2015/16.	Increased with R9 989 million or 8% compared to 2016/ 2017.		Partial housing procurement by the Department	First year of housing procurement by the Department	Additional Projects implemented by Municipalities identified in 2017/18, which was identified as valid IR.
2014/15	2015/16	2016/17	2017/18																		
R'000	R'000	R'000	R'000																		
114 472	147 069	119 948	129 937																		
	Increased with R32 576 million or 22% compared to 2014/15.	Decreased with R27 121 million or 23% compared to 2015/16.	Increased with R9 989 million or 8% compared to 2016/ 2017.																		
	Partial housing procurement by the Department	First year of housing procurement by the Department	Additional Projects implemented by Municipalities identified in 2017/18, which was identified as valid IR.																		
Resolved (Yes/No)	<p>a) No</p> <p>b) No</p> <p>c) No</p>																				

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

## 10. INTERNAL CONTROL UNIT

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

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Internal audit

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

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

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

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

### 11.2 Audit Committee

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

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

Further information relating to the Audit Committee, as required by the PFMA and Treasury Regulations is included in the Audit Committee's Report, which is incorporated in the annual report of the 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 five times during the year in compliance with the PFMA and also met with the Auditor General.

Name	Qualifications	Internal or external	If internal, position in a department	Date appointed	Date Resigned	No. of Meetings attended
Mr Kgoale Maja	Master's in Business Leadership (MBL)	Chairperson, External member	N/A	1/01/2015-30/11/2020	N/A	5 out of 5
Mr Mava Dada	CA (SA)	External member	N/A	1/01/2015-30/11/2020	N/A	4 out of 5
Mr. Velile Pangwa	CA (SA)	External member	N/A	1/12/2017-30/11/2020	N/A	5 out of 5
Mr. Roscoe Miller	Bachelor of Commerce Honours Accounting	Internal member	Chief Financial Officer: NC Tourism Authority	1/12/2017-30/11/2020	N/A	5 out of 5
Mr Darryl Christians	Master's in Business Administration (MBA)	Internal member	Chief Director: Economic Development	1/01/2015-30/11/2020	N/A	3 out of 5

## 12. AUDIT COMMITTEE REPORT

### 12.1 REPORT OF THE AUDIT COMMITTEE FOR 2018/19

The Audit Committee is pleased to present its report for the financial year ended 31 March 2019. The Audit Committee has been functional throughout the financial year.

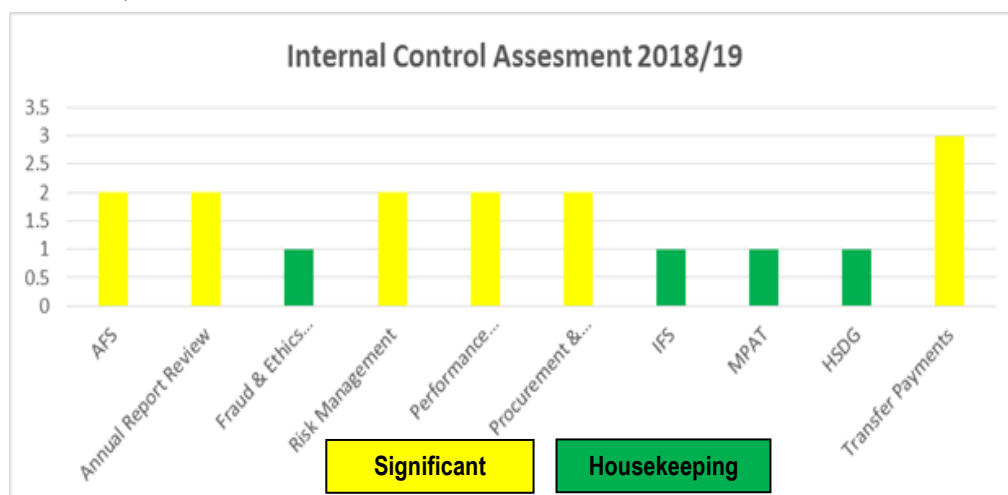
### 12.2 AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has adopted formal terms of reference, as its Audit Committee Charter. The audit committee has discharged its responsibilities in terms of its charter as contained therein, in line with the requirements of section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and has discharged all its responsibilities.

### 12.3 THE EFFECTIVENESS OF INTERNAL CONTROL

The Department has an Internal Control Unit responsible for the management of internal controls within the Department.

The Audit Committee is satisfied as to the effectiveness of the 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.



**The following were areas of concern:**

- Unauthorized Expenditure incurred,
- Human Settlement Development Grants underspending, and
- Procurement and Contract Management remains due to Irregular expenditure incurred at the Department.

Management has however developed a pragmatic action plan to address the issues over a period of time. The Audit Committee monitored the implementation of the plan during the quarterly and audit committee meetings and implementation of its recommendations is in progress.

The internal audit activity also maintains combined assurance framework and plan, which were developed in collaboration with the departmental risk management unit and the Auditor General. The plan has been useful in ensuring that assurance is placed at all identified high-risk areas, by the service providers.

#### **12.4 In-Year Management and Monthly/Quarterly Report**

The Audit Committee takes note of the expertise, resources and experience of the entity's finance function.

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

#### **12.5 Evaluation of Financial Statements**

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements prepared by the department with the AGSA and the Accounting Officer for inclusion in the Annual Report;
- Reviewed the AGSA Audit Report;
- Reviewed the AGSA's Management Report and management's responses thereto;
- Reviewed the Department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

#### **12.6 Report to Executive Authority**

On a quarterly basis, the audit committee writes a report to the Executive Authority, which highlights the issues that needs his attention or improvement within the departmental performance. The Audit Committee provides quarterly written reports to the MEC.

#### **12.7 Auditor's General Report**

The Audit Committee concurs and accepts the conclusion of the Auditor General Report on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

#### **12.8 Conclusion**

The Audit Committee wishes to express its appreciation to the management of the Department, AGSA and Provincial Internal Audit for the co-operation and information they have provided to fulfil our mandate and enable us to compile this report.



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Mr. K Maja  
Chairperson of the Audit Committee  
Northern Cape Department of Agriculture, Land Reform and Rural Development  
Date: **31 July 2019**



# PART D

## HUMAN RESOURCE MANAGEMENT





## 1. INTRODUCTION

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

## 2. OVERVIEW OF HUMAN RESOURCES

The Department intend to remain the employer of choice by taking care of the most important resource, namely staff, by means of interventions such as skills development, employee health, wellness assistance and provisioning of tools of trade.

The Department was the first Department in the Province to obtain concurrence from the DPSA for the submission of qualifications in recognition of improved qualifications. Eleven officials were paid a once-off cash bonus for obtaining their improved qualifications.

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1 Personnel related expenditure

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

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

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 to 31 March 2019**

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	135 374	86 919	-	-	64	425
Human Settlements	561 244	44 876	-	-	8	511
Cooperative Governance	146 524	121 890	-	-	83	396
Traditional Affairs	20 280	16 667	-	-	82	122
<b>Total as on Financial System (BAS)</b>	<b>863 422</b>	<b>270 352</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>367</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Abnormal Appointment	1 423	0.5	12	118 583
Contract (Levels 13-16)	4 083	1.5	4	1 020 750
Contract (Levels 3-5)	455	0.2	2	227 500
Contract (Levels 6-8)	2 300	0.8	6	383 333
Contract (Levels 9-12)	9 124	3.3	14	651 714
Highly skilled production (Levels 6-8)	147 944	54	432	342 463
Highly skilled supervision (Levels 9-12)	67 176	24.6	100	671 760
Lower skilled (Levels 1-2)	2 078	0.8	15	138 533
Periodical Remunerations	2 169		89	24 371
Senior management (Levels 13-16)	23 662	8.7	19	1 245 368
Skilled (Levels 3-5)	10 112	3.7	43	235 163
<b>Total</b>	<b>270 352</b>	<b>98.9</b>	<b>737</b>	<b>367 076</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 to 31 March 2019**

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	78 859	82	-	-	3 291	3	4 369	5
Cooperative Governance	87 927	79	-	-	4 372	4	7 180	7
Human Settlements	41 830	83	-	-	1 389	3	2 404	5
Traditional Affairs	15 062	88	-	-	270	2	551	3
<b>Total</b>	<b>223 679</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>9 321</b>	<b>3</b>	<b>14 505</b>	<b>5</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Abnormal Appointment	1 422	100	-	-	-	-	-	-
Contract (Levels 13-16)	4 083	96	-	-	-	-	-	-
Contract (Levels 3-5)	455	100	-	-	-	-	-	-
Contract (Levels 6-8)	2 300	100	-	-	-	-	-	-
Contract (Levels 9-12)	9 048	95	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	117 424	79	-	-	6 050	4	10 766	7
Highly skilled supervision (Levels 9-12)	57 043	84	-	-	1 524	2	2 407	4
Lower skilled (Levels 1-2)	1 568	75	-	-	103	5	216	10
Senior management (Levels 13-16)	20 409	82	-	-	1 125	5	194	1
Skilled (Levels 3-5)	7 750	76	-	-	519	5	922	9
<b>Total</b>	<b>223 67</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>9 321</b>	<b>3</b>	<b>14 505</b>	<b>5</b>

## 3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

**Table 3.2.1 Employment and vacancies by programme as on 31 March 2019**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	219	195	11	8
Cooperative Governance	325	308	5.20	4
Human Settlement	102	83	18.60	6
Traditional Affairs	53	50	5.70	3
<b>Total</b>	<b>699</b>	<b>636</b>	<b>9.00</b>	<b>21</b>

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

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Contracts (Levels 13-16)	4	4	0	2
Contracts (Level 1-2)	1	1	0	1
Contracts (Levels 3-5)	2	2	0	1
Contracts (Levels 6-8)	6	6	0	5
Contracts (Levels 9-12)	14	14	0	10
Highly skilled production (Levels 6-8)	453	432	4.60	2
Highly skilled supervision (Levels 9-12)	131	100	23.70	0
Lower skilled (Levels 1-2)	16	15	6.30	0
Senior and Top management (Levels 13-16)	24	19	20.80	0
Skilled (Levels 3-5)	48	43	10.40	0
<b>Total</b>	<b>699</b>	<b>636</b>	<b>9</b>	<b>21</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	134	109	18.7	8
All Artisans in the Building Metal Machinery etc.	1	1	0	0
Appraisers-Valuers and Related Professionals	-	-	-	-
Architects Town and Traffic Planners	1	1	0	0
Cartographic Surveying and Related Technicians	2	2	0	0
Cleaners in Offices Workshops Hospitals etc.	19	19	0	0
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	6	5	16.7	1
Communication and Information Related	1	1	0	0
Community Development Workers	11	10	9.1	0
Engineering Sciences Related	2	1	50	0
Engineers and Related Professionals	5	2	60	2
Finance and Economics Related	4	4	0	0
Financial and Related Professionals	5	4	20	0
Financial Clerks and Credit Controllers	38	32	15.8	1
Food Services Aids and Waiters	3	3	0	0
General Legal Administration & Related Professionals	1	1	0	1
Human Resources & Organisational Development & Related Professionals	1	0	100	0
Human Resources Clerks	2	1	50	0
Human Resources Related	25	23	8	0
Information Technology Related	2	2	0	0
Inspectors of Apprentices Works and Vehicles	15	11	26	3
Legal Related	2	1	50	0
Library Mail and Related Clerks	7	7	0	0
Logistical Support Personnel	5	4	20	0
Material-Recording and Transport Clerks	2	2	0	0
Messengers Porters and Deliverers	7	7	0	0
Other Administrative & Related Clerks and Organisers	254	251	1.2	1
Other Administrative Policy and Related Officers	64	62	3.1	0
Other Information Technology Personnel	5	4	20	0
Other Occupations	25	25	0	2
Risk Management and Security Services	3	3	0	0
Secretaries & Other Keyboard Operating Clerks	15	13	13.3	0
Security Officers	2	1	50	0
Senior Managers	26	21	19.2	2
Trade Quality Controllers	4	3	25	0
<b>Total</b>	<b>699</b>	<b>636</b>	<b>9</b>	<b>21</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 2019**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	1	1	100%	0	0
Salary Level 14	4	2	50%	2	50%
Salary Level 13	19	15	78.94%	4	21.05%
<b>Total</b>	<b>24</b>	<b>18</b>	<b>75%</b>	<b>6</b>	<b>24%</b>

**Table 3.3.2 SMS post information as on 30 September 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	1	1	100%	0	0
Salary Level 14	4	2	50%	2	50%
Salary Level 13	19	15	78.94%	4	21.05%
<b>Total</b>	<b>24</b>	<b>18</b>	<b>75%</b>	<b>6</b>	<b>24%</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019**

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</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 2018 to 31 March 2019**

<b>Reasons for vacancies not advertised within six months</b>
The department is overspending on compensation budget, and therefore submission to advertise critical posts has been declined by Provincial Treasury.
<b>Reasons for vacancies not filled within twelve months</b>
The department is overspending on compensation budget, and therefore submission to advertise critical posts has been declined by Provincial Treasury.

**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 2018 to 31 March 2019**

<b>Reasons for vacancies not advertised within six months</b>
No disciplinary action was taken.
<b>Reasons for vacancies not filled within six months</b>
No disciplinary action was taken.

### 3.4 Job Evaluation

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

**Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Contracts (Band A)	4	0	0	0	0	0	0
Contracts (Level 1-2)	1	0	0	0	0	0	0

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Contracts (Levels 3-5)	2	0	0	0	0	0	0
Contracts (Levels 6-8)	6	0	0	0	0	0	0
Contracts (Levels 9-12)	14	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	453	5	1,10	12	75	0	0
Highly skilled supervision (Levels 9-12)	131	0	0	6	100	0	0
Lower Skilled (Levels 1-2)	16	10	62,50	0	0	0	0
Senior Management Service Band A	17	0	0	0	0	0	0
Senior Management Service Band B	5	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Skilled (Levels 3-5)	48	0	0	14	100	2	100
<b>Total</b>	<b>699</b>	<b>15</b>	<b>2,10</b>	<b>32</b>	<b>90,63</b>	<b>2</b>	<b>100</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 be vacant.

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019**

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

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

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 to 31 March 2019**

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

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

**Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 to 31 March 2019**

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

### 3.5 Employment Changes

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

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Number of employees at 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract Band A	4	0	0	0
Contracts (Levels 3-5)	2	1	1	50
Contracts (Levels 6-8)	5	3	2	40
Contracts (Levels 9-12)	13	2	1	7.7
Highly skilled production (Levels 6-8)	442	2	12	2.7
Highly skilled supervision (Levels 9-12)	103	0	4	3.9
Lower skilled (Levels 1-2)	15	0	0	0
Senior Management Service Bands A	14	0	0	0
Senior Management Service Bands B	3	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Skilled (Levels 3-5)	43	1	0	0
<b>Total</b>	<b>646</b>	<b>10</b>	<b>20</b>	<b>3.1</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019**

Critical occupation	Number of employees at 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	108	2	2	1.9
All Artisans in the Building Metal Machinery etc.	1	0	0	0
Appraisers-Valuers and Related Professionals	0	0	0	0
Architects Town and Traffic Planners	2	0	1	50
Cartographic Surveying and Related Technicians	2	0	0	0
Cleaners in Offices Workshops Hospitals etc.	19	0	0	0
Client Inform Clerks (Switchboard/Reception/Information Clerks)	4	1	0	0
Communication and Information Related	1	0	0	0
Community Development Workers	10	0	0	0
Engineering Sciences Related	1	0	0	0
Engineers and Related Professionals	2	0	0	0
Finance and Economics Related	4	0	0	0
Financial and Related Professionals	4	0	0	0
Financial Clerks and Credit Controllers	32	2	1	3.1
Food Services Aids and Waiters	3	0	0	0
General Legal Administration & Related Professionals	1	0	0	0
Human Resources & Organisational Development & Related Professions	1	0	0	0
Human Resources Clerks	1	0	0	0
Human Resources Related	24	0	1	4.2
Information Technology Related	2	0	0	0
Inspectors of Apprentices Works and Vehicles	13	3	4	30.8
Legal Related	2	0	0	0
Library Mail and Related Clerks	7	0	0	0
Logistical Support Personnel	4	0	0	0
Material-Recording and Transport Clerks	3	0	1	33.3
Messengers Porters and Deliverers	7	0	0	0
Other Administrative & Related Clerks and Organisers	253	0	4	1.6
Other Administrative Policy and Related Officers	62	0	0	0
Other Information Technology Personnel	4	0	0	0
Other Occupations	27	2	4	14.8
Risk Management and Security Services	3	0	0	0
Secretaries & Other Keyboard Operating Clerks	14	0	0	0
Security Officer	1	0	0	0
Senior Managers	21	0	0	0
Trade Quality Controllers	3	0	0	0
<b>Total</b>	<b>646</b>	<b>10</b>	<b>20</b>	<b>3.1</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 2018 to 31 March 2019**

Termination Type	Number	% of Total Resignations
Death	7	35
Discharged due to ill-health	2	10
Dismissal (misconduct)	1	5
Expiry of contract	4	20
Resignation	3	15
Retirement	3	15
<b>Total</b>	<b>20</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>		<b>20%</b>

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 to 31 March 2019**

Occupation	Employees at 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	108	0	0	80	74.1
All Artisans in the Building Metal Machinery etc.	1	0	0	1	100
Appraisers-Valuers and Related Professionals	0	0	0	0	0
Architects Town and Traffic Planners	2	0	0	2	100
Cartographic Surveying and Related Technicians	2	0	0	2	100
Cleaners in Offices Workshops Hospitals etc.	19	0	0	8	42.1
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	4	0	0	3	75
Communication and Information Related	1	0	0	1	100
Community Development Workers	10	0	0	10	100
Engineering Sciences Related	1	0	0	1	100
Engineering and Related Science	2	0	0	0	0
Finance and Economics Related	4	0	0	3	75
Financial and Related Professionals	4	0	0	4	100
Financial Clerks and Credit Controllers	32	0	0	24	75
Food Services Aids and Waiters	3	0	0	2	66.7
General Legal Administration & Related Professionals	1	0	0	0	0
Human Resources & Organisational Development & Related Professions	1	0	0	0	0
Human Resources Clerks	1	0	0	1	100
Human Resources Related	24	0	0	22	91.7
Information Technology Related	2	0	0	2	100
Inspectors of Apprentices Works and Vehicles	13	0	0	7	53.8
Legal Related	2	0	0	5	250
Library Mail and Related Clerks	7	0	0	5	71.4
Logistical Support Personnel	4	0	0	3	75
Material-Recording and Transport Clerks	3	0	0	2	66.7
Messengers Porters and Deliverers	7	0	0	5	71.4
Other Administrative & Related Clerks and Organisers	253	1	0.40	208	82.2
Other Administrative Policy and Related Officers	62	0	0	50	80.6
Other Information Technology Personnel	4	0	0	0	0
Other Occupations	27	0	0	0	0
Risk Management and Security Services	3	0	0	3	100
Secretaries & Other Keyboard Operating Clerks	14	0	0	8	57.1
Security Officer	1	0	0	0	0
Senior Managers	21	0	0	12	57.1
Trade Quality Controllers	3	0	0	3	100
<b>Total</b>	<b>646</b>	<b>1</b>	<b>0.20</b>	<b>477</b>	<b>73.8</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2018 to 31 March 2019**

Salary Band	Employees at 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Contract (Levels 13-16)	4	0	0	0	0
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	5	0	0	1	20
Contract (Levels 9-12)	13	0	0	1	7.7
Highly Skilled Production (Levels 6-8)	442	1	0.20	342	77.4
Highly Skilled Supervision (Levels 9-12)	103	0	0	85	82.5
Lower Skilled (Levels 1-2)	15	0	0	4	26.7
Senior Management (Levels 13-16)	19	0	0	15	78.9
Skilled (Levels 3-5)	43	0	0	29	67.4
<b>Total</b>	<b>646</b>	<b>1</b>	<b>0.20</b>	<b>477</b>	<b>73.8</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 2019**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	80	50	1	0	101	75	0	4	311
Craft and related trades workers	3	4	0	3	3	2	0	0	15
Labourers and Related Workers	27	4	0	0	12	10	0	0	53
Professionals	10	7	0	1	29	6	0	1	54
Senior officials and managers	12	4	0	1	3	1	0	1	22
Service and sales workers	0	2	0	0	1	1	0	0	4
Technicians and associate professionals	59	20	1	3	64	24	0	6	177
<b>Total</b>	<b>191</b>	<b>91</b>	<b>2</b>	<b>8</b>	<b>213</b>	<b>119</b>	<b>0</b>	<b>12</b>	<b>636</b>

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management), Permanent	2	1	0	1	0	0	0	0	4
Contract (Professionally Qualified), Permanent	6	2	0	0	6	0	0	0	14
Contract (Skilled Technical), Permanent	2	1	0	0	2	1	0	0	6
Contract (Semi-Skilled), Permanent	1	1	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	38	12	0	5	24	16	0	5	100
Semi-skilled and discretionary decision making	20	2	0	0	15	5	0	1	43
Senior Management	9	2	0	0	3	2	0	1	17
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	109	67	2	2	160	87	0	5	432
Top Management	1	1	0	0	0	0	0	0	2
Unskilled and defined decision making	3	1	0	0	3	8	0	0	15
<b>Total</b>	<b>191</b>	<b>91</b>	<b>2</b>	<b>8</b>	<b>213</b>	<b>119</b>	<b>0</b>	<b>12</b>	<b>636</b>

**Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making, Permanent	1	0	0	0	0	0	0	0	1
Contract (Professionally Qualified), Permanent	0	1	0	0	1	0	0	0	2
Contract (Skilled Technical), Permanent	1	1	0	0	0	1	0	0	3
Contract (Semi-Skilled), Permanent	1	0	0	0	0	0	0	0	1
Contract (Unskilled), Permanent	0	1	0	0	0	0	0	0	1
<b>Total</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>10</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 2018 to 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	7	2	0	0	3	2	0	1	15
Professionally qualified and experienced specialists and mid-management, Permanent	28	9	0	7	24	13	0	4	85
Skilled technical and academically qualified workers, junior management, supervisors, foreman, Permanent	65	59	2	1	137	76	0	3	343
Semi-skilled and discretionary decision making, Permanent	9	2	0	0	12	5	0	1	29
Unskilled and defined decision making, Permanent	0	1	0	0	2	1	0	0	4
Contract (Professionally Qualified), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled Technical), Permanent	0	1	0	0	0	0	0	0	1
<b>Total</b>	<b>109</b>	<b>74</b>	<b>2</b>	<b>8</b>	<b>179</b>	<b>97</b>	<b>0</b>	<b>9</b>	<b>478</b>
<b>Employees with disabilities</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>

**Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	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>	<b>0</b>	<b>0</b>	<b>0</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 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	5	2	0	0	1	0	0	0	8
Written warning	4	0	0	0	0	1	0	0	5
Counselling and final written warning	0	0	0	0	2	0	0	0	2
Counselling and written warning	0	0	0	0	0	0	0	0	0
Dismissal	1	0	0	0	0	0	0	0	1
Final written warning & reimbursing the department	0	0	0	0	0	0	0	0	0
No disciplinary measures instituted against official due to lack of evidence	1	0	0	0	0	0	0	0	1
Final written warning and 1 month suspension without pay	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>18</b>

**Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	19	2	0	0	40	3	0	0	64
Legislators, senior officials and managers	23	8	0	2	17	5	1	3	59
Technicians and associate professionals	65	18	4	0	79	37	3	0	206
<b>Total</b>	<b>107</b>	<b>28</b>	<b>4</b>	<b>2</b>	<b>136</b>	<b>45</b>	<b>4</b>	<b>3</b>	<b>329</b>
Employees with disabilities									0

### 3.7 Signing of Performance Agreements by SMS Members

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

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 16	1	1	1	100%
Salary Level 15	1	1	1	100%
Salary Level 14	4	3	3	100%
Salary Level 13	19	17	15	88.2%
<b>Total</b>	<b>25</b>	<b>22</b>	<b>20</b>	<b>100%</b>

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2018**

Reasons
The two SMS members on contract did not submitted Performance Agreements. All other SMS members submitted. Reason for their non-compliance unknown.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2018**

Reasons
Warning letters have been issued to the two contract 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 2018 to 31 March 2019**

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>					
Female	83	207	40.1%	1 593.01	19 193.00
Male	42	185	22.7%	1 026.61	24 443.00
<b>Asian</b>					
Female	0	0	0	0	0
Male	2	2	100%	37.70	18 849.00
<b>Coloured</b>					
Female	43	119	36.1%	868.53	20 198.00
Male	29	86	33.7%	589.07	20 313.00
<b>White</b>					
Female	8	12	66.7%	251.77	31 471.00
Male	5	8	62.5%	224.46	44 892.00
<b>Employees with disability</b>	5	17	29.4%	182.93	36 586.00
<b>Total</b>	<b>217</b>	<b>636</b>	<b>34.1%</b>	<b>4 774.08</b>	<b>22 000.00</b>

**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019**

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Highly Skilled Production (Levels 6-8)	137,00	432,00	31,70	2 181.18	15 921.00
Highly Skilled Supervision (Levels 9-12)	54,00	100,00	54,00	1 821.47	33 731.00
Lower Skilled (Levels 1-2)	2,00	15,00	13,30	11.73	5 865.00
Skilled (Levels 3-5)	13,00	43,00	30,20	131.13	10 087.00
<b>Total</b>	<b>206</b>	<b>613</b>	<b>33.6%</b>	<b>4 145.51</b>	<b>20 124.00</b>

**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019**

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	43	109	39.4%	1 212.92	28 208.00
All Artisans in the Building Metal Machinery etc.	0	1	0%	0.00	0.00
Architects Town and Traffic Planners	1	1	100%	49.47	49 468.00
Cartographic Surveying and Related Technicians	0	2	0%	0.00	0.00
Cleaners in Offices Workshops Hospitals etc.	4	19	21.1%	29.87	7 467.00
Client Inform Clerks (Switchboard/Reception / Information Clerks)	1	5	20%	10.65	10 652.00
Communication and Information Related	0	1	0%	0.00	0.00
Community Development Workers	4	10	40%	51.93	12 982.00
Engineering Sciences Related	1	1	100%	29.56	29 564.00
Engineers and Related Professionals	0	2	0%	0.00	0.00
Finance and Economics Related	3	4	75%	89.09	29 696.00
Financial and Related Professionals	3	4	75%	109.47	36 489.00
Financial Clerks and Credit Controllers	20	32	62.5%	334.17	16 708.00
Food Services Aids and Waiters	1	3	33.3%	9.79	9 787.00
General Legal Administration & Related Professionals	0	1	0%	0.00	0.00
Human Resources & Organisational Development & Related Professions	0	0	0%	0.00	0.00
Human Resources Clerks	0	1	0%	0.00	0.00
Human Resources Related	20	23	87%	344.80	17 240.00
Information Technology Related	2	2	100%	121.12	60 560.00
Inspectors of Apprentices Works and Vehicles	3	11	27.3%	80.35	26 784.00
Legal Related	2	1	200%	192.53	96 266.00
Library Mail and Related Clerks	4	7	57.1%	58.44	14 611.00
Logistical Support Personnel	3	4	75%	60.21	20 069.00
Material-Recording and Transport Clerks	1	2	50%	21.86	21 863.00
Messengers Porters and Deliverers	3	7	42.9%	25.59	8 529.00
Other Administrative & Related Clerks and Organisers	47	251	18.7%	590.79	12 570.00
Other Administrative Policy and Related Officers	31	62	50%	542.77	17 509.00

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Other Information Technology Personnel	0	4	0%	0.00	0.00
Other Occupations	0	25	0%	0.00	0.00
Risk Management and Security Services	1	3	33.3%	41.26	41 256.00
Secretaries & Other Keyboard Operating Clerks	9	13	69.2%	187.72	20 857.00
Security Officers	0	1	0%	0.00	0.00
Senior Managers	10	21	47.6%	579.71	57 971.00
Trade Quality Controllers	0	3	0%	0.00	0.00
<b>Total</b>	<b>217</b>	<b>636</b>	<b>34.1%</b>	<b>4 774.06</b>	<b>22 000.00</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Total employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	9	18	50%	491.11	54 568.10	20 941.55
Band B	2	3	66.7%	137.44	68 721.10	4 436.83
Band C	0	1	0	0.00	0.00	1 778.49
Band D	0	1	0	0.00	0.00	1 922.03
<b>Total</b>	<b>11</b>	<b>23</b>	<b>47.8%</b>	<b>628.56</b>	<b>57 141.40</b>	<b>29 078.90</b>

### 3.9 Foreign Workers

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

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly Skilled Supervision (Levels 9-12)	1	100%	1	100%	1	0

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 to 31 March 2019**

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100%	1	100%	1	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 2017 to 31 December 2017**

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	7	85.7	2	0.50	4	26
Contract (Levels 3-5)	21	76.2	3	0.80	7	17
Contract (Levels 6-8)	25	72	5	1.3	5	34
Contract (Levels 9-12)	63	79.4	10	2.6	6	141
Highly skilled production (Levels 6-8)	1765	78.2	229	59.2	8	2371
Highly skilled supervision (Levels 9-12)	538	62.5	74	19.1	7	1233
Lower skilled (Levels 1-2)	79	84.8	12	3.1	7	39
Senior management (Levels 13-16)	97	78.4	17	4.4	6	388
Skilled (Levels 3-5)	244	73.4	35	9	7	195
<b>Total</b>	<b>2839</b>	<b>75</b>	<b>387</b>	<b>100</b>	<b>7</b>	<b>4444</b>



**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017**

Salary band	Total days	% Days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	809	100	26	68.4	31	1120
Highly skilled supervision (Levels 9-12)	132	100	8	21.1	17	359
Skilled (Levels 3-5)	113	100	4	10.5	28	94
<b>Total</b>	<b>1054</b>	<b>100</b>	<b>38</b>	<b>100</b>	<b>28</b>	<b>1573</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 2017 to 31 December 2017**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	79	4	20
Contract (Levels 3-5)	41	3	14
Contract (Levels 6-8)	96	6	16
Contract (Levels 9-12)	197	16	12
Highly skilled production (Levels 6-8)	9 193.75	385	24
Highly skilled supervision (Levels 9-12)	2543	99	26
Lower skilled (Levels 1-2)	238	15	16
Senior management (Levels 13-16)	441	19	23
Skilled (Levels 3-5)	889.76	44	20
<b>Total</b>	<b>13 718.15</b>	<b>591</b>	<b>23</b>

**Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017**

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Highly skilled production (Levels 6-8)	0	0	0	25
Highly skilled supervision (Levels 9-12)	3	2	2	12
Lower skilled (Levels 1-2)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	33
Skilled (Levels 3-5)	0	0	0	17
<b>Total</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>21.75</b>

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

**Table 3.10.5 Leave pay-outs for the period 1 April 2018 to 31 March 2019**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Capped leave pay-outs on termination of service for 2017/18	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</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
None	

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

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Ms. ESD Boboko Senior Manager: HCM
2 Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your	x		Number of employees: 5 Annual budget: R100 000.00

Question		Yes	No	Details, if yes
	employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.			
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		Pillar 1: Wellness Management Pillar 2: HIV/AIDS & TB Management Pillar 3: Health & Safety 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		ESD Boboko (Chairperson) Percy Mpotsang (Deputy Chair) Nandipha Julingalo (GFP/ Secretary) Wilma Isaacs (EHW) Helen Poss (Communication) Tumi Majola ( Corporate Governance) London Kopa (Traditional Affairs) Vida Dibeco (OD) Molefe Seleke ( Human Settlements) Shireen Makhele ( Francis Baard) Dineo Mjandana ( Pixley ka Seme) Pabi Vakele ( JTG) Anna Festus ( ZFM) Marycka Joseph-Karsten ( Namaqua) Geoff Smith ( Disability) Mpho Mabotsa ( Legal Services) Itumeleng Modise ( Union)
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		EE Policy reviewed and approved
6	Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		HIV/AIDS & TB Management Policy in place Diversity sessions focus on prevention of any form of discrimination.
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		5 HCT sessions were conducted
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 2018 to 31 March 2019**

Collective Agreements	Number
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 2018 to 31 March 2019**

Outcomes of disciplinary hearings	Number	% of total
Final written warning	8	44.4%
Written warning	5	27.8%
Counselling and final written warning	2	11.1%
Counselling and written warning	0	0
Dismissal	1	5.6%
Final written warning & reimbursing the department	0	0
No disciplinary measures instituted against official due to lack of evidence	1	5.6%
Final written warning and 1 month suspension without pay	1	5.6%
<b>Total</b>	<b>18</b>	

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 to 31 March 2019**

Types of misconduct	Number	% of total
Habitual Absenteeism	6	37.5%
Intoxication on duty	1	6.3%
Non-compliance	0	0
Insubordination	9	56.2%
<b>Total</b>	<b>16</b>	

**Table 3.12.4 Grievances logged for the period 1 April 2018 to 31 March 2019**

Grievances	Number	% of Total
Number of grievances resolved	36	100%
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>36</b>	

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 to 31 March 2019**

Disputes	Number	% of Total
Number of disputes upheld	1	16.7%
Number of disputes dismissed	4	66.6%
Number of pending disputes	1	16.7%
<b>Total number of disputes lodged</b>	<b>6</b>	

**Table 3.12.6 Strike actions for the period 1 April 2018 to 31 March 2019**

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

**Table 3.12.7 Precautionary suspensions for the period 1 April 2018 to 31 March 2019**

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	60
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 2018 to 31 March 2019**

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Male	15		Computer training Project Management (basic) Public Management Conflict Management Transport & Logistic management		
	Female	17		Supervisory Training Finance for none financial managers Financial Management Records Management Minute Taking		
Legislators, senior officials and managers	Male	45		Disaster Management Policy Development Financial Management Computer Training Project Management (advanced)		
	Female	25		Public Management Report Writing Communication Training Conflict Management Presentation & facilitation skill		
Technicians and associate professionals	Male	82		Communication Skills Labour Relation Office Management Computer Training Project Management (basic)		
	Female	106		Disaster Management Conflict Management Minute Taking Report Writing Training Presentation & facilitation Training		
<b>Total</b>		<b>290</b>				

**Table 3.13.2 Training provided for the period 1 April 2018 to 31 March 2019**

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Male	21		Report Writing Supervisory Training Financial Management Emerging management development programme Record Management Labour Relation training		
	Female	43		HIRA training Public Management HC: Management Training Driving Lessons PAIA Training Driving Instructor Session		
Legislators, senior officials and managers	Male	33		Facilitation Management Advanced CIO Professional Advanced Project Management Policy development & management Cross examination & advocacy skills Window server 2012 promo Labour Relation Project management (advanced)		
	Female	26		Executive Induction programme Application & Biometric Integration workshop Masters: Business Leadership Degree: LLB Evidence based, Marketing and Implementation		
Technicians and associate professionals	Male	87		Emotional Intelligence Project management (advanced) Supply chain management training Supervisory Training Computer Training Public Management Intro: SAMTRAC SAMTRAC Training		
	Female	119		HIRA Training Emerging management development programme Analyse, Interpret and communication skills Report Writing Advanced principles in labour law Office Administration		
<b>Total</b>		<b>329</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 2018 to 31 March 2019**

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	0.3%
<b>Total</b>	<b>2</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:

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

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Evaluation of Air conditioners	1	1 month	9 035.00
Preparation of Housing Fund Financials	1	3 months	50 500.00

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

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 to 31 March 2019**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Evaluation of Air conditioners	100% black female owned		1

**Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 to 31 March 2019**

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 2018 to 31 March 2019**

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 2018 to 31 March 2019**

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

# PART E

## FINANCIAL INFORMATION





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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

#### Opinion

1. I have audited the financial statements of the Department of Co-operative Governance, Human Settlements and Traditional Affairs set out on pages **77 to 130**, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Co-operative Governance, Human Settlements and Traditional Affairs as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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

#### Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2019.

#### Material underspending on programme

8. As disclosed in the appropriation statement, the department materially underspent the budget by R17 645 000 on programme 2: human settlements.

#### Other matter

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

#### Unaudited supplementary schedules

10. The supplementary information set out on pages **131 to 137** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## Responsibilities of the accounting officer for the financial statements

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

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

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

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 - Human Settlements	30 - 33
Programme 3 - Cooperative Governance	33 - 36

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant,

and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

### Programme 2 - Human Settlements

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.
20. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

### Programme 3 - Cooperative Governance

#### Various indicators

21. I was unable to obtain sufficient appropriate audit evidence for the variances and the reported achievements in the annual performance report of the indicators listed below. This was due to a lack of proper performance management systems and processes with formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm that the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reasons for variances and to the reported achievements in the annual performance report.

Indicator description	Reported achievement
Percentage of households with access to water by 2019	95,3%
Percentage of households with access to sanitation by 2019	90,0%
Percentage of households with access to electricity by 2019	91,7%
Percentage of households with access to refuse removal by 2019	65,4%

#### Various indicators

22. The source information and method of calculation for the achievement of the planned indicator was not clearly defined. The systems and processes that enable reliable reporting of the achievement against these targets was also not adequately designed. As a result, I was unable to obtain sufficient appropriate audit evidence for the reported achievements. Limitations were placed on the scope of my work as I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report.

Indicator description	Reported achievement
Municipalities with functional municipal councils by 2019	31
Municipalities with functional Municipal Public Accounts Committee (MPAC) by 2019	31

#### Other matters

23. I draw attention to the matters below.

#### Achievement of planned targets

24. Refer to the annual performance report on pages **30 to 33; 33 to 36** for information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets. This information should be considered in the context of the material findings raised on the usefulness and reliability of the reported performance information in paragraphs 21 - 22 of this report.

### Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: human settlements and programme 3: co-operative governance. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
27. The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statement

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

### Expenditure management

29. Effective and appropriate steps were not taken to prevent unauthorised expenditure amounting to R3 872 000, as disclosed in note 8 to the annual financial statements and as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
30. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R53 008 000, as disclosed in note 24 to the annual financial statements and as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statements was caused by the procurement of housing projects.

### Strategic planning and performance management

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

### Procurement and contract management

32. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.
33. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

### Consequence management

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure as required by



section 38(1)(h)(iii) of the PFMA. This was due to the auditee failing to institute investigations into unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure to determine if disciplinary steps need to be taken against liable officials.

## OTHER INFORMATION

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

## INTERNAL CONTROL DEFICIENCIES

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
40. Leadership did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that will enable the department to produce accurate and complete annual financial statements and performance reports.
41. The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This resulted in material adjustments in the financial statements and the auditors being unable to obtain all information needed to audit performance information.
42. Management did not adequately review and monitor compliance with applicable laws and regulations.

*Auditor General*

Kimberley  
31 July 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure - Auditor-general's responsibility for the audit**

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

### **Financial statements**

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

### **Communication with those charged with governance**

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





**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

**2. ANNUAL FINANCIAL STATEMENTS**

Appropriation per programme									
2018/19								2017/18	
	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	127 084	-	4 359	131 443	135 374	(3 931)	103.0%	108 306	113 745
2. Human Settlements	580 100	-	(1 211)	578 889	561 244	17 645	97.0%	584 113	552 958
3. Co-Operative Governance	147 847	-	(1 323)	146 524	146 524	-	100.0%	123 106	121 582
4. Traditional Institutional Management	26 250	-	(1 825)	24 425	20 280	4 145	83.0%	18 880	17 863
<b>Subtotal</b>	<b>881 281</b>	<b>-</b>	<b>-</b>	<b>881 281</b>	<b>863 422</b>	<b>17 859</b>	<b>98.0%</b>	<b>834 405</b>	<b>806 148</b>
<b>TOTAL</b>	<b>881 281</b>	<b>-</b>	<b>-</b>	<b>881 281</b>	<b>863 422</b>	<b>17 859</b>	<b>98.0%</b>	<b>834 405</b>	<b>806 148</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

	2018/19		2017/18	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
ADD				
Departmental receipts			225	
NRF Receipts				98
Aid assistance				
Actual amounts per statement of financial performance (total revenue)	881 281		834 630	
ADD				
Aid assistance				
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		863 422		806 246

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Appropriation per economic classification</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Economic classification									
Current payments	326 411	-	(443)	325 968	329 942	(3 974)	101.2%	313 153	318 842
Compensation of employees	268 601	-	(443)	268 158	270 352	(2 194)	100.8%	255 560	253 700
Salaries and wages	230 078	-	(443)	229 635	233 295	(3 660)	101.6%	219 931	219 006
Social contributions	38 523	-	-	38 523	37 057	1 466	96.2%	35 629	34 694
Goods and services	57 810	-	-	57 810	59 590	(1 780)	103.1%	57 593	65 142
Administrative fees	734	-	-	734	559	175	76.2%	558	482
Advertising	790	-	-	790	263	527	33.3%	1 039	420
Minor assets	1 108	-	-	1 108	57	1 051	5.1%	452	126
Audit costs: External	4 764	-	-	4 764	5 444	(680)	114.3%	4 527	5 693
Bursaries: Employees	700	-	-	700	451	249	64.4%	600	349
Catering: Departmental activities	532	-	-	532	423	109	79.5%	890	290
Communication	705	-	-	705	1 970	(1 265)	279.4%	921	714
Computer services	4 514	-	-	4 514	3 371	1 143	74.7%	2 467	5 020
Consultants: Business and advisory services	275	-	-	275	257	18	93.5%	1 216	6 517
Infrastructure and planning services	-	-	-	-	-	-	-	2	-
Legal services	495	-	-	495	1 690	(1 195)	341.4%	110	202
Contractors	603	-	-	603	601	2	99.7%	624	583
Agency and support / outsourced services	-	-	-	-	3	(3)			
Entertainment	200	-	-	200	149	51	74.5%	200	80
Fleet services	3 865	-	-	3 865	6 447	(2 582)	166.8%	8 545	7 820
Housing	-	-	-	-				5	
Inventory: Clothing material and supplies	104	-	-	104	89	15	85.7%	88	47
Consumable supplies	1 115	-	-	1 115	561	554	50.3%	728	495

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Appropriation per economic classification</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Consumable: Stationery, printing and office supplies	1 780	-	-	1 780	1 092	688	61.4%	1 776	920
Operating leases	10 635	-	-	10 635	11 739	(1 104)	110.4%	9 126	13 115
Property payments	10 469	-	-	10 469	12 892	(2 423)	123.1%	8 506	12 522
Transport provided: Departmental activity	5	-	-	5	-	5	-	20	31
Travel and subsistence	10 195	-	-	10 195	9 470	725	92.9%	12 585	7 245
Training and development	2 644	-	-	2 644	1 136	1 508	43.0%	1 496	1 337
Operating payments	1 366	-	-	1 366	674	692	49.3%	758	920
Venues and facilities	212	-	-	212	250	(38)	118.0%	354	214
		-							
Transfers and subsidies	545 941	-	443	546 384	528 787	17 598	96.8%	516 656	485 395
Provinces and municipalities	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Municipalities	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Municipal bank accounts	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Non-profit institutions	-	-	-	-	-	-	-	1 265	1 265
Households	530 997	-	443	531 440	513 842	17 598	96.7%	513 641	482 380
Social benefits	-	-	443	443	531	(88)	119.9%	-	920
Other transfers to households	530 997	-	-	530 997	513 312	17 685	96.7%	513 641	481 460
Payments for capital assets	8 929	-	-	8 929	4 693	4 236	52.6%	4 596	1 911
Machinery and equipment	7 871	-	-	7 871	3 654	4 217	46.4%	4 596	1 911
Transport equipment	3 980	-	-	3 980		3 980	-	-	-
Other machinery and equipment	3 891	-	-	3 891	3 654	237	93.9%	4 596	1 911
Intangible assets	1 058	-	-	1 058	1 039	19	98.2%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>881 281</b>	<b>-</b>	<b>-</b>	<b>881 281</b>	<b>863 422</b>	<b>17 859</b>	<b>98.0%</b>	<b>834 405</b>	<b>806 148</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 1: ADMINISTRATION</b>									
<b>2018/19</b>								<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Sub programme									
1. Office of the MEC	13 220	-	-	13 220	13 079	141	98.9%	14 633	10 592
2. Corporate Services	113 864	-	4 359	118 223	122 295	(4 072)	103.4%	93 673	103 153
<b>Total for sub programmes</b>	<b>127 084</b>	<b>-</b>	<b>4 359</b>	<b>131 443</b>	<b>135 374</b>	<b>(3 931)</b>	<b>103.0%</b>	<b>108 306</b>	<b>113 745</b>
Economic classification									
Current payments	125 306	-	4 044	129 350	133 324	(3 974)	103.1%	106 745	111 860
Compensation of employees	82 177	-	4 044	86 221	86 920	(699)	100.8%	86 210	88 785
Salaries and wages	70 318	-	4 044	74 362	74 607	(245)	100.3%	75 002	77 445
Social contributions	11 859	-	-	11 859	12 313	(454)	103.8%	11 208	11 340
Goods and services	43 129	-	-	43 129	46 405	(3 276)	107.6%	20 535	23 075
Administrative fees	335	-	-	335	281	54	83.9%	274	253
Advertising	394	-	-	394	197	197	49.9%	354	321
Minor assets	223	-	-	223	36	187	16.1%	138	39
Audit costs: External	4 764	-	-	4 764	5 444	(680)	114.3%	4 527	5 693
Bursaries: Employees	700	-	-	700	451	249	64.5%	600	349
Catering: Departmental activities	168	-	-	168	293	(125)	174.4%	188	121
Communication	675	-	-	675	1 961	(1 286)	290.5%	265	37
Computer services	3 001	-	-	3 001	2 952	49	98.4%	54	43
Consultants: Business and advisory services	55	-	-	55	29	26	52.0%	30	5 922
Legal services	80	-	-	80	1 588	(1 508)	1983.8%	35	1
Contractors	433	-	-	433	403	30	93.3%	372	453
Agency and support / outsourced services	-	-	-	-	3	(3)	-	-	-
Entertainment	200	-	-	200	149	51	74.5%	200	80
Fleet services	3 856	-	-	3 856	5 418	(1 562)	140.5%	5 302	3 738

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 1: ADMINISTRATION</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Housing	-	-	-	-	-	-	-	5	-
Inventory: Clothing material and supplies	19	-	-	19	19	-	97.5%	-	4
Consumable supplies	413	-	-	413	421	(8)	102.0%	480	354
Consumable: Stationery, printing and office supplies	779	-	-	779	459	320	58.9%	687	397
Operating leases	10 565	-	-	10 565	11 683	(1 118)	110.6%	-	10
Property payments	10 021	-	-	10 021	8 251	1 770	82.3%	47	43
Travel and subsistence	4 917	-	-	4 917	4 869	48	99.0%	5 434	3 737
Training and development	1 193	-	-	1 193	1 136	57	95.2%	1 262	1 204
Operating payments	260	-	-	260	295	(35)	113.5%	187	190
Venues and facilities	78	-	-	78	69	9	88.3%	94	86
Transfers and subsidies	100	-	315	415	403	12	97.0%	-	727
Households	100	-	315	415	403	12	97.0%	-	727
Social benefits	-	-	315	315	403	(88)	127.9%	-	727
Other transfers to households	100	-	-	100	-	100	-	-	-
Payments for capital assets	1 678	-	-	1 678	1 647	31	98.1%	1 561	1 158
Machinery and equipment	1 219	-	-	1 219	1 207	12	99.0%	1 561	1 158
Other machinery and equipment	1 219	-	-	1 219	1 207	12	99.0%	1 561	1 158
Intangible assets	459	-	-	459	440	19	95.9%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
	<b>127 084</b>	<b>-</b>	<b>4 359</b>	<b>131 443</b>	<b>135 374</b>	<b>(3 931)</b>	<b>103.0%</b>	<b>108 306</b>	<b>113 745</b>



**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>1.1 OFFICE OF THE MEC</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	12 550	-	-	12 550	12 551	(1)	100.0%	14 095	10 484
Compensation of employees	9 765	-	-	9 765	9 440	325	96.7%	10 648	8 118
Goods and services	2 785	-	-	2 785	3 110	(326)	111.7%	3 447	2 366
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	100	-	-	100	88	12	88.2%	-	52
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	100	-	-	100	88	12	88.2%	-	52
Payments for capital assets	570	-	-	570	440	130	77.2%	538	56
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	111	-	-	111	-	111	-	538	56
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	459	-	-	459	440	19	95.9%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13 220</b>	<b>-</b>	<b>-</b>	<b>13 220</b>	<b>13 079</b>	<b>141</b>	<b>98.9%</b>	<b>14 633</b>	<b>10 592</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>1.2 CORPORATE SERVICES</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	112 756	-	4 044	116 800	120 774	(3 974)	103.4%	92 650	101 376
Compensation of employees	72 412	-	4 044	76 456	77 480	(1 024)	101.3%	75 562	80 667
Goods and services	40 344	-	-	40 344	43 294	(2 950)	107.3%	17 088	20 709
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	315	315	315	-	99.8%	-	675
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	315	315	315	-	100.0%	-	675
Payments for capital assets	1 108	-	-	1 108	1 207	(99)	108.9%	1 023	1 102
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 108	-	-	1 108	1 207	(99)	108.9%	1 023	1 102
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>113 864</b>	<b>-</b>	<b>4 359</b>	<b>118 223</b>	<b>122 295</b>	<b>(4 072)</b>	<b>103.4%</b>	<b>93 673</b>	<b>103 153</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 2: HUMAN SETTLEMENTS</b>									
<b>2018/19</b>								<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Sub programme									
1. Housing Needs, Research and Planning	14 061	-	(610)	13 451	13 457	(6)	100.0%	31 264	36 919
2. Housing Development	529 983	-	(507)	529 476	527 077	2 399	99.5%	529 505	360 027
3. Housing Asset Management	36 056	-	(94)	35 962	20 710	15 253	57.6%	23 344	156 012
<b>Total for sub programmes</b>	<b>580 100</b>	<b>-</b>	<b>(1 211)</b>	<b>578 889</b>	<b>561 244</b>	<b>17 645</b>	<b>97.0%</b>	<b>584 113</b>	<b>552 958</b>
Economic classification									
Current payments	49 816	-	(1 263)	48 553	48 553	-	100.0%	69 814	71 399
Compensation of employees	45 277	-	(1 263)	44 014	44 876	(862)	102.0%	47 061	41 391
Salaries and wages	38 850	-	(1 263)	37 587	38 464	(877)	102.3%	41 087	33 019
Social contributions	6 427	-	-	6 427	6 412	15	99.8%	5 974	8 372
Goods and services	4 539	-	-	4 539	3 677	862	81.0%	22 753	30 008
Administrative fees	184	-	-	184	97	87	52.6%	106	97
Advertising	212	-	-	212	53	159	25.2%	265	93
Minor assets	225	-	-	225	6	219	2.6%	89	78
Catering: Departmental activities	52	-	-	52	8	44	15.5%	64	22
Communication	6	-	-	6	2	4	37.5%	620	668
Computer services	-	-	-	-	-	-	-	30	763
Consultants: Business and advisory services	220	-	-	220	228	(8)	103.9%	175	203
Infrastructure and planning services	-	-	-	-	-	-	-	2	-
Legal services	55	-	-	55	-	55	-	-	-
Contractors	123	-	-	123	150	(27)	122.1%	192	124
Fleet services	2	-	-	2	1	1	53.0%	4	26

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 2: HUMAN SETTLEMENTS</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Inventory: Clothing material and supplies	45	-	-	45	38	7	83.4%	68	28
Consumable supplies	51	-	-	51	48	3	94.6%	111	75
Consumable: Stationery, printing and office supplies	351	-	-	351	303	48	86.2%	389	241
Operating leases	-	-	-	-	53	(53)	-	9 060	12 869
Property payments	235	-	-	235	725	(490)	308.6%	8 412	12 420
Travel and subsistence	1 212	-	-	1 212	1 713	(501)	141.3%	2 677	1 794
Training and development	1 428	-	-	1 428	-	1 428	-	234	133
Operating payments	128	-	-	128	100	28	77.8%	125	262
Venues and facilities	10	-	-	10	152	(142)	1524.9%	130	112
Transfers and subsidies	529 559	-	52	529 611	512 026	17 585	96.7%	513 641	481 275
Households	529 559	-	52	529 611	512 026	17 585	96.7%	513 641	481 275
Social benefits	-	-	52	52	52	-	100.0%	-	36
Other transfers to households	529 559	-	-	529 559	511 974	17 585	96.7%	513 641	481 239
Payments for capital assets	725	-	-	725	665	60	91.7%	658	284
Machinery and equipment	725	-	-	725	665	60	91.7%	658	284
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	725	-	-	725	665	60	91.7%	658	284
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>580 100</b>	<b>-</b>	<b>(1 211)</b>	<b>578 889</b>	<b>561 244</b>	<b>17 645</b>	<b>97.0%</b>	<b>584 113</b>	<b>552 958</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>2.1 HOUSING NEEDS, RESEARCH AND PLANNING</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	13 613	-	(610)	13 003	13 003	-	100.0%	30 840	36 693
Compensation of employees	11 284	-	(610)	10 674	10 935	(261)	102.4%	10 665	8 507
Goods and services	2 329	-	-	2 329	2 068	261	88.8%	20 175	28 186
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	448	-	-	448	454	(6)	101.3%	424	226
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	448	-	-	448	454	(6)	101.3%	424	226
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14 061</b>	<b>-</b>	<b>(610)</b>	<b>13 451</b>	<b>13 457</b>	<b>(6)</b>	<b>100.0%</b>	<b>31 264</b>	<b>36 919</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>2.2 HOUSING DEVELOPMENT</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	25 669	-	(527)	25 142	25 142	-	100.0%	29 059	23 739
Compensation of employees	23 997	-	(527)	23 470	24 004	(534)	102.3%	26 986	22 324
Goods and services	1 672	-	-	1 672	1 138	534	68.1%	2 073	1 415
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	504 171	-	20	504 191	501 837	2 354	99.5%	500 329	336 270
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	504 171	-	20	504 191	501 837	2 354	99.5%	500 329	336 270
Payments for capital assets	143	-	-	143	98	45	68.7%	117	18
Buildings and other fixed structures									
Machinery and equipment	143	-	-	143	98	45	68.7%	117	18
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets									
<b>Total</b>	<b>529 983</b>	<b>-</b>	<b>(507)</b>	<b>529 476</b>	<b>527 077</b>	<b>2 399</b>	<b>99.5%</b>	<b>529 505</b>	<b>360 027</b>



**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>2.3 HOUSING ASSET MANAGEMENT</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	10 534	-	(126)	10 408	10 408	-	100.0%	9 915	10 967
Compensation of employees	9 996	-	(126)	9 870	9 937	(67)	100.7%	9 410	10 560
Goods and services	538	-	-	538	471	67	87.5%	505	407
Interest and rent on land									
Transfers and subsidies	25 388	-	32	25 420	10 189	15 231	40.1%	13 312	145 005
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	25 388	-	32	25 420	10 189	15 231	40.1%	13 312	145 005
Payments for capital assets	134	-	-	134	113	21	84.3%	117	40
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	134	-	-	134	113	21	84.3%	117	40
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>36 056</b>	<b>-</b>	<b>(94)</b>	<b>35 962</b>	<b>20 709</b>	<b>15 253</b>	<b>57.6%</b>	<b>23 344</b>	<b>156 012</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 3: CO-OPERATIVE GOVERNANCE</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Sub programme									
4. Local Governance	109 445	-	(15)	109 430	109 744	(314)	100.3%	97 888	106 390
5. Development and Planning	38 402	-	(1 308)	37 094	36 779	315	99.2%	25 218	15 192
<b>Total for sub programmes</b>	<b>147 847</b>	<b>-</b>	<b>(1 323)</b>	<b>146 524</b>	<b>146 524</b>	<b>-</b>	<b>100.0%</b>	<b>123 106</b>	<b>121 582</b>
Economic classification									
Current payments	130 522	-	(1 399)	129 123	129 123	-	100.0%	119 108	119 108
Compensation of employees	122 675	-	(1 399)	121 276	121 890	(614)	100.5%	106 566	108 114
Salaries and wages	105 063	-	(1 399)	103 664	105 057	(1 393)	101.3%	89 904	94 604
Social contributions	17 612	-	-	17 612	16 832	780	95.6%	16 662	13 510
Goods and services	7 847	-	-	7 847	7 233	614	92.2%	12 542	10 994
Administrative fees	166	-	-	166	136	30	81.6%	113	101
Advertising	124	-	-	124	7	117	6.0%	413	6
Minor assets	660	-	-	660	15	645	2.3%	225	9
Catering: Departmental activities	112	-	-	112	53	59	47.3%	393	88
Communication	24	-	-	24	7	17	28.5%	36	9
Computer services	1 513	-	-	1 513	417	1 096	27.6%	2 383	4 212
Consultants: Business and advisory services	-	-	-	-	-	-	-	1 011	392
Legal services	160	-	-	160	-	160	-	-	182
Contractors	27	-	-	27	47	(20)	175.2%	40	6
Fleet services	7	-	-	7	51	(44)	731.8%	3 018	4 013
Inventory: Clothing material and supplies	40	-	-	40	33	7	82.5%	20	15
Consumable supplies	582	-	-	582	74	508	12.7%	119	63
Consumable: Stationery, printing and office supplies	500	-	-	500	282	218	56.3%	624	233

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 3: CO-OPERATIVE GOVERNANCE</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Operating leases	-	-	-	-	-	-	-	-	201
Property payments	213	-	-	213	3 914	(3 701)	1837.4%	37	53
Transport provided: Departmental activity	5	-	-	5	-	5	-	-	31
Travel and subsistence	3 456	-	-	3 456	2 129	1 327	61.6%	3 604	1 232
Training and development	23	-	-	23	-	23	-	-	-
Operating payments	126	-	-	126	39	87	31.3%	396	132
Venues and facilities	109	-	-	109	29	80	26.4%	110	16
Transfers and subsidies	14 944	-	76	15 020	15 020	-	100.0%	1 750	2 128
Provinces and municipalities	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Municipalities	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Municipal bank accounts	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Households	-	-	76	76	76	-	100.0%	-	378
Social benefits	-	-	76	76	76	-	100.0%	-	157
Other transfers to households	-	-	-	-	-	-	-	-	221
Payments for capital assets	2 381	-	-	2 381	2 381	-	100.0%	2 248	346
Machinery and equipment	1 782	-	-	1 782	1 782	-	100.0%	2 248	346
Other machinery and equipment	1 782	-	-	1 782	1 782	-	100.0%	2 248	346
Intangible assets	599	-	-	599	599	-	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>147 847</b>	<b>-</b>	<b>(1 323)</b>	<b>146 524</b>	<b>146 524</b>	<b>-</b>	<b>100.0%</b>	<b>123 106</b>	<b>121 582</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>3.1 LOCAL GOVERNANCE</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	107 310	-	(15)	107 295	107 295	-	100.0%	95 872	105 734
Compensation of employees	100 863	-	(15)	100 848	100 955	(107)	100.1%	84 532	95 446
Goods and services	6 447	-	-	6 447	6 341	106	98.4%	11 340	10 288
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	68	(68)	-	-	310
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	68	(68)	-	-	310
Payments for capital assets	2 135	-	-	2 135	2 381	(246)	111.5%	2 016	346
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 536	-	-	1 536	1 782	(246)	116.0%	2 016	346
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	599	-	-	599	599	-	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>109 445</b>	<b>-</b>	<b>(15)</b>	<b>109 430</b>	<b>109 744</b>	<b>(314)</b>	<b>100.3%</b>	<b>97 888</b>	<b>106 390</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>3.2 DEVELOPMENT AND PLANNING</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	23 212	-	(1 384)	21 828	21 827		100.0%	23 236	13 374
Compensation of employees	21 812	-	(1 384)	20 428	20 935	(507)	102.5%	22 034	12 668
Goods and services	1 400	-	-	1 400	892	508	63.7%	1 202	706
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	14 944	-	76	15 020	14 952	68	99.5%	1 750	1 818
Provinces and municipalities	14 944	-	-	14 944	14 944	-	100.0%	1 750	1 750
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	76	76	8	68	10.5%	-	68
Payments for capital assets	246	-	-	246	-	246	-	232	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	246	-	-	246	-	246	-	232	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38 402</b>	<b>-</b>	<b>(1 308)</b>	<b>37 094</b>	<b>36 779</b>	<b>315</b>	<b>99.2%</b>	<b>25 218</b>	<b>15 192</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Sub programme									
4.1 Traditional Institutional Administration	26 250	-	(1 825)	24 425	20 280	4 145	83.0%	18 880	17 863
<b>Total for sub programmes</b>	<b>26 250</b>	<b>-</b>	<b>(1 825)</b>	<b>24 425</b>	<b>20 280</b>	<b>4 145</b>	<b>83.0%</b>	<b>18 880</b>	<b>17 863</b>
Economic classification									
Current payments	20 767	-	(1 825)	18 942	18 942		100.0%	17 486	16 475
Compensation of employees	18 472	-	(1 825)	16 647	16 667	(20)	100.1%	15 723	15 410
Salaries and wages	15 847	-	(1 825)	14 022	15 167	(1 145)	108.2%	13 938	13 938
Social contributions	2 625	-	-	2 625	1 500	1 125	57.1%	1 785	1 472
Goods and services	2 295	-	-	2 295	2 275	20	99.1%	1 763	1 065
Administrative fees	49	-	-	49	46	3	93.9%	65	31
Advertising	60	-	-	60	5	55	83.6%	7	-
Catering: Departmental activities	200	-	-	200	69	131	34.7%	245	59
Computer services	-	-	-	-	2	(2)	-	-	2
Legal services	200	-	-	200	103	97	51.3%	75	19
Contractors	20	-	-	20	-	20	-	20	-
Fleet services	-	-	-	-	977	(977)	-	221	43
Consumable supplies	69	-	-	69	17	52	24.6%	18	3
Consumable: Stationery, printing and office supplies	150	-	-	150	50	100	33.3%	76	49
Operating leases	70	-	-	70	4	66	5.7%	66	35
Property payments	-	-	-	-	2	(2)	-	10	6
Transport provided: Departmental activity	-	-	-	-	-	-	-	20	-
Travel and subsistence	610	-	-	610	760	(150)	124.6%	870	482
Training and development	-	-	-	-	-	-	-	-	-



**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

<b>Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Operating payments	852	-	-	852	240	612	28.2%	50	336
Venues and facilities	15	-	-	15	-	15	-	20	-
Transfers and subsidies	1 338	-	-	1 338	1 338	-	100.0%	1 265	1 265
Non-profit institutions	-	-	-	-	-	-	-	1 265	1 265
Households	1 338	-	-	1 338	1 338	-	100.0%	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	1 338	-	-	1 338	1 338	-	100.0%	-	-
Payments for capital assets	4 145	-	-	4 145	-	4 145	-	129	123
Machinery and equipment	4 145	-	-	4 145	-	4 145	-	129	123
Transport equipment	3 980	-	-	3 980	-	3 980	-	-	-
Other machinery and equipment	165	-	-	165	-	165	-	129	123
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26 250</b>	<b>-</b>	<b>(1 825)</b>	<b>24 425</b>	<b>20 280</b>	<b>4 145</b>	<b>83.0%</b>	<b>18 880</b>	<b>17 863</b>

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

<b>4.1 TRADITIONAL INSTITUTIONAL ADMINISTRATION</b>									
<b>Economic classification</b>	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	20 767	-	(1 825)	18 942	18 942		100.0%	17 486	16 475
Compensation of employees	18 472	-	(1 825)	16 647	16 667	(20)	100.1%	15 723	15 410
Goods and services	2 295	-	-	2 295	2 275	20	99.1%	1 763	1 065
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 338	-	-	1 338	1 338	-	100.0%	1 265	1 265
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	1 265	1 265
Households	1 338	-	-	1 338	1 338	-	100.0%	-	-
Payments for capital assets	4 145	-	-	4 145	-	4 145	-	129	123
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 145	-	-	4 145	-	4 145	-	129	123
Transport equipment	3 980	-	-	3 980	-	3 980	-	-	-
Other machinery and equipment	165	-	-	165	-	165	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26 250</b>	<b>-</b>	<b>(1 825)</b>	<b>24 425</b>	<b>20 280</b>	<b>4 145</b>	<b>83.0%</b>	<b>18 880</b>	<b>17 863</b>

## NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2019

### 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-C) to the Annual Financial Statements.

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

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

### 3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1 Administration	131 443	135 374	(3 931)	-3%
Programme 2 Human Settlement	578 889	561 244	17 645	3%
Programme 3 Corporative Governance	146 524	146 524	0	0%
Programme 4 Traditional Affairs	24 425	20 280	4 145	17%

The total departmental expenditure amounts to R863, 442 million which indicates 98% spent by the 31 March 2019. The overall expenditure is still within the total adjusted budget. Programme 1 (Administration) was the only programme that overspent at year-end, i.e. with R3, 931 million or 3% of its final adjusted allocation.

Programme 1 Administration	131 443	135 374	(3 931)	-3%
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This Programme has spent R135,374 million of its adjusted allocation of R131,443 million result in a variance of R3, 931 million. The variance of R3, 931 million is made up of R1, 023 million on Compensation of Employees and R 2, 950 million on Goods and Services. The over expenditure on COE is mainly as a result of secondments of officials to municipalities. Legal fees were not budgeted for however expenditure was incurred during the year. Monthly commitments such as fleet services, Communication and Audit Fees are amongst the main cost driver under Goods and Services

Programme 2 Human Settlement	578 889	561 244	17 645	3%
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Programme 2 total expenditure amounts to R561, 244 million or 97% of the adjusted budget of R578, 889 million. A R32, 402 million iro HSDG was requested as a roll over to the 2018/19 Financial year. The programme spent R512, 504 million or 96,7 % of the final adjusted budget by 31 March 2019. A total amount of R17,585 million will be requested for roll over to the 2019-20 financial year. The roll over will be utilized for the same purpose.

Programme 3 Corporative Governance	146 524	146 524	0	0%
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The Programme has spent 100% of its total adjusted allocation of R146,524 million.

Programme 4 Traditional Affairs	24 425	20 280	4 145	17%
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The programme did not overspent its final adjusted budget. The material variance for this Programme is 17 % of the adjusted budget of R24,425 million. An amount of R4,145 million i.ro. capital assets was unspent at year-end and a rollover will be requested as to the 2019-20 financial year. This amount is for the procurement of Traditional leaders vehicle. Though the commitment was raised before 31 March 2019, the payment could not be made due to non-delivery of vehicles by year-end. The roll over amount will be utilised for the same purpose.

**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

4.2 Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Current payments				
Compensation of employees	268 158	270 352	-2194	-1%
Goods and services	57 810	59 590	-1780	-3%
Interest and rent on land				
Transfers and subsidies				
Provinces and municipalities	14 944	14 944	0	0%
Departmental agencies and accounts				
Higher education institutions				
Public corporations and private enterprises				
Foreign governments and international organisations				
Non-profit institutions				
Households	531 440	513 843	17 597	3%
Payments for capital assets				
Buildings and other fixed structures	7 871	3 654	4 217	54%
Machinery and equipment				
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Intangible assets	1 058	1 039	19	2%
Payments for financial assets				

The Department's total expenditure amounts to R863, 420 million which indicates 98% spent. This is within the allocated annual budget. There is an over expenditure of R 3,974 million on current payments under Programme 1.

4.3 Per conditional grant	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Housing development grant	507 193	500 066	7 127	1%
Expanded public works grant	2 002	1 710	292	15%
Title Deeds Restoration Grant	20 364	10 198	10 166	50%

The amount voted for conditional grants is R529, 559 million and the expenditure amounts to R511, 974 million. The material variance is 3 % (R17, 585 million). An amount of R 17,585 million is to be requested as roll over to the financial year 2019/20. The roll over will be utilised for same purpose.

**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 March 2019**

	Note	2018/19 R'000	2017/18 R'000
<b>REVENUE</b>			
Annual appropriation	<a href="#">1</a>	881 281	834 405
Statutory appropriation		-	-
Departmental revenue	<a href="#">2</a>	-	225
NRF Receipts		-	-
Aid assistance	<a href="#">3</a>	-	-
<b>TOTAL REVENUE</b>		<b>881 281</b>	<b>834 630</b>
<b>EXPENDITURE</b>			
Current expenditure			
Compensation of employees	<a href="#">4</a>	270 352	253 700
Goods and services	<a href="#">5</a>	59 590	65 142
Interest and rent on land		-	-
Aid assistance	<a href="#">3</a>	-	98
Total current expenditure		329 942	318 940
Transfers and subsidies			
Transfers and subsidies	<a href="#">6</a>	528 787	485 395
Aid assistance	<a href="#">3</a>	-	-
Total transfers and subsidies		528 787	485 395
Expenditure for capital assets			
Tangible assets	<a href="#">7</a>	3 654	1 911
Intangible assets	<a href="#">7</a>	1 039	-
Total expenditure for capital assets		4 693	1 911
Unauthorised expenditure approved without funding	<a href="#">8</a>	-	-
Payments for financial assets		-	-
<b>TOTAL EXPENDITURE</b>		<b>863 422</b>	<b>806 246</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17 859</b>	<b>28 384</b>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		17 859	28 257
Annual appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF Receipts	<a href="#">13</a>	-	225
Aid assistance	<a href="#">3</a>	-	(98)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17 859</b>	<b>28 384</b>

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2019**

	Note	2018/19 R'000	2017/18 R'000
<b>ASSETS</b>			
Current assets		133 873	130 047
Unauthorised expenditure	<a href="#">8</a>	133 279	129 407
Cash and cash equivalents	<a href="#">9</a>	5	5
Other financial assets		-	-
Prepayments and advances	<a href="#">10</a>	5	5
Receivables	<a href="#">11</a>	584	630
Loans		-	-
Aid assistance prepayments	<a href="#">3</a>	-	-
Aid assistance receivable	<a href="#">3</a>	-	-
Non-current assets		460	262
Investments		-	-
Receivables	<a href="#">11</a>	460	262
Loans		-	-
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<b>134 333</b>	<b>130 309</b>
<b>LIABILITIES</b>			
Current liabilities		134 225	130 164
Voted funds to be surrendered to the Revenue Fund	<a href="#">12</a>	21 862	35 966
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<a href="#">13</a>	190	123
Bank overdraft	<a href="#">14</a>	111 085	93 009
Payables	<a href="#">15</a>	1 062	1 040
Aid assistance repayable	<a href="#">3</a>	-	-
Aid assistance unutilised	<a href="#">3</a>	26	26
Non-current liabilities			
Payables	<a href="#">16</a>	9	45
<b>TOTAL LIABILITIES</b>		<b>134 234</b>	<b>130 209</b>
<b>NET ASSETS</b>		<b>99</b>	<b>100</b>
Capitalisation reserve		-	-
Recoverable revenue		99	100
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>99</b>	<b>100</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2019**

	Note	2018/19 R'000	2017/18 R'000
Capitalisation Reserves		-	-
Opening balance		-	-
Transfers:		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		-	-
Recoverable revenue			
Opening balance		100	129
Transfers:		(1)	(29)
Irrecoverable amounts written off		-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		(1)	(29)
Debts raised		-	-
Closing balance		99	100
Retained funds		-	-
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)		-	-
Utilised during the year		-	-
Other transfers		-	-
Closing balance		-	-
Revaluation Reserve		-	-
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		-	-
<b>TOTAL</b>		<b>99</b>	<b>100</b>

**CASH FLOW STATEMENT**  
**for the year ended 31 March 2019**

	Note	2018/19 R'000	2017/18 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		881 787	835 187
Annual appropriated funds received	<a href="#">1.1</a>	881 281	834 405
Statutory appropriated funds received		-	-
Departmental revenue received	<a href="#">2</a>	506	782
Interest received	<a href="#">2.3</a>	-	-
NRF Receipts		-	-
Aid assistance received	<a href="#">3</a>	-	-
Net (increase)/decrease in working capital		(4 002)	(10 258)
Surrendered to Revenue Fund		(36 274)	(15 514)
Surrendered to RDP Fund/Donor		-	-
Current payments		(326 070)	(311 099)
Interest paid		-	-
Payments for financial assets		-	-
Transfers and subsidies paid		(528 787)	(485 395)
Net cash flow available from operating activities	<a href="#">17</a>	<u>(13 346)</u>	<u>12 921</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received		-	-
Payments for capital assets	<a href="#">7</a>	(4 693)	(1 911)
Proceeds from sale of capital assets	<a href="#">2.4</a>	-	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities		<u>(4 693)</u>	<u>(1 911)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(1)	(29)
Increase/(decrease) in non-current payables		(36)	39
Net cash flows from financing activities		<u>(37)</u>	<u>10</u>
Net increase/(decrease) in cash and cash equivalents		(18 076)	11 020
Cash and cash equivalents at beginning of period		(93 004)	(104 024)
Unrealised gains and losses within cash and cash equivalents			
Cash and cash equivalents at end of period	<a href="#">18</a>	<u>(111 080)</u>	<u>(93 004)</u>

### ACCOUNTING POLICIES for the year ended 31 March 2019

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

**ACCOUNTING POLICIES  
for the year ended 31 March 2019**

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

**ACCOUNTING POLICIES  
for the year ended 31 March 2019**

	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.
14.2	<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>
15	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<b>Capital Assets</b>
16.1	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
16.2	<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.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<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.</p> <p>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.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<p><b>Project Costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	<b>Provisions and Contingents</b>
17.1	<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>
17.2	<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</p>

**ACCOUNTING POLICIES  
for the year ended 31 March 2019**

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



**ACCOUNTING POLICIES  
for the year ended 31 March 2019**

	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.]
25	<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 National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<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 the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<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/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p><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>
30	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2019**

**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:

	2018/19			2017/18	
	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	131 443	131 443	-	100 283	100 283
Human Settlement	578 889	578 889	-	579 789	579 789
Co-operative Governance	146 524	146 524	-	133 811	133 811
Traditional Institutional Management	24 425	24 425	-	20 522	20 522
<b>Total</b>	<b>881 281</b>	<b>881 281</b>	<b>-</b>	<b>834 405</b>	<b>834 405</b>

**1.2 Conditional grants**

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Total grants received	47	529 559	513 641
Provincial grants included in Total Grants received		14 944	1 750

**2. Departmental revenue**

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	486	455
Fines, penalties and forfeits	2.2	-	-
Interest, dividends and rent on land	2.3	-	-
Sales of capital assets	2.4	-	-
Transactions in financial assets and liabilities	2.5	20	327
Transfer received	2.6	-	-
Total revenue collected		506	782
Less: Own revenue included in appropriation	<a href="#">13</a>	506	557
Departmental revenue collected		-	225

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

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Sales of goods and services produced by the department	<a href="#">2</a>	486	455
Sales by market establishment		486	455
Administrative fees		-	-
Other sales		-	-
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<b>486</b>	<b>455</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

### 2.2 Interest, dividends and rent on land

	Note <u>2</u>	2018/19 R'000	2017/18 R'000
Interest		-	-
Dividends		-	-
Rent on land		-	-
<b>Total</b>		<u>-</u>	<u>-</u>

### 2.3 Sale of capital assets

	Note <u>2</u>	2018/19 R'000	2017/18 R'000
Tangible assets		-	-
Buildings and other fixed structures	41	-	-
Machinery and equipment	39	-	-
Specialised military assets	39	-	-
Land and subsoil assets	41	-	-
Biological assets	39	-	-
Intangible assets		-	-
Software	40	-	-
Mastheads and publishing titles	40	-	-
Patents, licences, copyright, brand names, trademarks	40	-	-
Recipes, formulae, prototypes, designs, models	40	-	-
Services and operating rights	40	-	-
<b>Total</b>		<u>-</u>	<u>-</u>

### 2.4 Transactions in financial assets and liabilities

	Note <u>2</u>	2018/19 R'000	2017/18 R'000
Loans and advances		-	-
Receivables		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		20	327
<b>Total</b>		<u>20</u>	<u>327</u>

### 3. Aid assistance

	Note	2018/19 R'000	2017/18 R'000
Opening Balance		26	124
Prior period error		-	-
As restated		26	124
Transferred from statement of financial performance		-	(98)
Transfers to or from retained funds		-	-
Paid during the year		-	-
<b>Closing Balance</b>		<u>26</u>	<u>26</u>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**3.1 Analysis of balance by source**

	Note	2018/19 R'000	2017/18 R'000
Aid assistance from RDP	3	-	-
Aid assistance from other sources		26	26
CARA		-	-
<b>Closing balance</b>		<b>26</b>	<b>26</b>

**3.2 Analysis of balance**

	Note	2018/19 R'000	2017/18 R'000
Aid assistance receivable	3	-	-
Aid assistance prepayments (not expensed)	3	-	-
Aid assistance unutilised	3	26	26
Aid assistance repayable	3	-	-
<b>Closing balance</b>		<b>26</b>	<b>26</b>

Aid assistance not requested/not received

**3.3 Aid assistance expenditure per economic classification**

	Note	2018/19 R'000	2017/18 R'000
Current		-	98
Capital		-	-
Transfers and subsidies		-	-
<b>Total aid assistance expenditure</b>		<b>-</b>	<b>98</b>

**4. Compensation of employees**

**4.1 Salaries and Wages**

	Note	2018/19 R'000	2017/18 R'000
Basic salary		186 902	175 617
Performance award		4 752	3 396
Service Based		26 683	25 331
Compensative/circumstantial		-	-
Periodic payments		2 220	2 111
Other non-pensionable allowances		12 738	12 551
<b>Total</b>		<b>233 295</b>	<b>219 006</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**4.2 Social contributions**

	Note	2018/19 R'000	2017/18 R'000
Employer contributions			
Pension		22 495	21 239
Medical		14 505	13 405
UIF		2	-
Bargaining council		55	50
Official unions and associations		-	-
Insurance		-	-
<b>Total</b>		<b>37 057</b>	<b>34 694</b>
<b>Total compensation of employees</b>		<b>270 352</b>	<b>253 700</b>
Average number of employees		729	760

**5. Goods and services**

	Note	2018/19 R'000	2017/18 R'000
Administrative fees		559	482
Advertising		263	420
Minor assets	<a href="#">5.1</a>	57	125
Bursaries (employees)		451	349
Catering		423	290
Communication		1 970	715
Computer services	<a href="#">5.2</a>	3 371	5 020
Consultants: Business and advisory services		257	6 517
Infrastructure and planning services		-	-
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		1 690	202
Contractors		601	585
Agency and support / outsourced services		3	-
Entertainment		149	80
Audit cost – external	5.3	5 444	5 693
Fleet services		6 447	7 820
Inventory	5.4	89	47
Consumables	5.5	1 654	1 414
Housing		-	-
Operating leases		11 739	13 116
Property payments	5.6	12 893	12 520
Rental and hiring		-	-
Transport provided as part of the departmental activities		-	31
Travel and subsistence	5.7	9 470	7 245
Venues and facilities		250	214
Training and development		1 136	1 337
Other operating expenditure	5.8	674	920
<b>Total</b>		<b>59 590</b>	<b>65 142</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5.1 Minor assets**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Tangible assets		57	125
Buildings and other fixed structures		-	-
Machinery and equipment		57	125
Transport assets		-	-
Intangible assets		-	-
Software		-	-
<b>Total</b>		<b>57</b>	<b>125</b>

**5.2 Computer services**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
SITA computer services		3 371	5 020
External computer service providers		-	-
<b>Total</b>		<b>3 371</b>	<b>5 020</b>

**5.3 Audit cost – External**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Regularity audits		5 444	5 693
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Computer audits		-	-
<b>Total</b>		<b>5 444</b>	<b>5 693</b>

**5.4 Inventory**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Materials and supplies		89	47
Other supplies	5.4.1	-	-
<b>Total</b>		<b>89</b>	<b>47</b>

**5.5 Consumables**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Consumable supplies		561	494
Uniform and clothing		-	-
Household supplies		318	390
Building material and supplies		53	83
Communication accessories		-	-
IT consumables		184	7
Other consumables		6	14
Stationery, printing and office supplies		1 093	920
<b>Total</b>		<b>1 654</b>	<b>1 414</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5.6 Property payments**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Municipal services		1 868	2 124
Property management fees		-	-
Property maintenance and repairs		-	-
Other		11 025	10 396
<b>Total</b>		<b>12 893</b>	<b>12 520</b>

**5.7 Travel and subsistence**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Local		9 380	7 177
Foreign		90	68
<b>Total</b>		<b>9 470</b>	<b>7 245</b>

**5.8 Other operating expenditure**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Professional bodies, membership and subscription fees		-	-
Resettlement costs		-	-
Other		674	920
<b>Total</b>		<b>674</b>	<b>920</b>

**6. Transfers and subsidies**

		2018/19 R'000	2017/18 R'000
Provinces and municipalities	Note 48, 49	14 944	1 750
Departmental agencies and accounts	Annex 1B	-	-
Households	Annex 1B	513 843	483 645
<b>Total</b>		<b>528 787</b>	<b>485 395</b>

**7. Expenditure for capital assets**

	Note	2018/19 R'000	2017/18 R'000
Tangible assets		3 654	1 911
Buildings and other fixed structures	40	154	-
Machinery and equipment	39	3 500	1 911
Intangible assets		1 039	-
Software	40	1 039	-
<b>Total</b>		<b>4 693</b>	<b>1 911</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**7.1 Analysis of funds utilised to acquire capital assets – 2018/19**

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	3 654	-	3 654
Buildings and other fixed structures	154	-	154
Machinery and equipment	3 500	-	3 500
Intangible assets	1 039	-	1 039
Software	1 039	-	1 039
<b>Total</b>	<b>4 693</b>	<b>-</b>	<b>4 693</b>

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

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

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

	Note	2018/19 R'000	2017/18 R'000
Tangible assets		-	-
Buildings and other fixed structures		-	-
Machinery and equipment		999	1 117
<b>Total</b>		<b>999</b>	<b>1 117</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**8. Unauthorised expenditure**

**8.1 Reconciliation of unauthorised expenditure**

	Note	2018/19 R'000	2017/18 R'000
Opening balance		129 407	121 566
Prior period error		-	-
As restated		129 407	121 566
Unauthorised expenditure – discovered in current year (as restated)		3 872	7 841
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery	11	-	-
Closing balance		133 279	129 407
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		133 279	129 407
Unauthorised expenditure approved without funding and not derecognised		-	-
<b>Total</b>		<b>133 279</b>	<b>129 407</b>

**8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification**

	2018/19 R'000	2017/18 R'000
Capital		
Current	130 604	126 732
Transfers and subsidies	2 675	2 675
<b>Total</b>	<b>133 279</b>	<b>129 407</b>

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

	2018/19 R'000	2017/18 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	72 596	68 724
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	60 683	60 683
<b>Total</b>	<b>133 279</b>	<b>129 407</b>

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

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
		3 872
<b>Total</b>		<b>3 872</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**9. Cash and cash equivalents**

	Note	2018/19 R'000	2017/18 R'000
<b>Consolidated Paymaster General Account</b>		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Investments (Domestic)		-	-
Investments (Foreign)		-	-
<b>Total</b>		<u>5</u>	<u>5</u>

**10. Prepayments and advances**

	Note	2018/19 R'000	2017/18 R'000
Staff advances		-	-
Travel and subsistence		5	5
<b>Total</b>		<u>5</u>	<u>5</u>

**11. Receivables**

	Note	Current R'000	2018/19 Non-current R'000	Total R'000	Current R'000	2017/18 Non-current R'000	Total R'000
Claims recoverable	<a href="#">15.1</a>	5	211	216	-	198	198
Trade receivables	<a href="#">15.2</a>	-	-	-	-	-	-
Recoverable expenditure	<a href="#">15.3</a>	550	149	699	544	19	563
Staff debt	<a href="#">15.4</a>	29	100	129	86	45	131
Fruitless and wasteful expenditure	15.6	-	-	-	-	-	-
Other debtors	<a href="#">15.5</a>	-	-	-	-	-	-
<b>Total</b>		<u>584</u>	<u>460</u>	<u>1 044</u>	<u>630</u>	<u>262</u>	<u>892</u>

**11.1 Claims recoverable**

	Note 11 and Annex 4	2018/19 R'000	2017/18 R'000
National departments		-	-
Provincial departments		216	198
Foreign governments		-	-
Public entities		-	-
Private enterprises		-	-
Higher education institutions		-	-
Households and non-profit institutions		-	-
Local governments		-	-
<b>Total</b>		<u>216</u>	<u>198</u>

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

	Note 11	2018/19 R'000	2017/18 R'000
Sal Tax Debt		85	52
Sal Reversal Control		441	378
Sal ACB Recalls		6	-
Sal Income Tax		167	133
<b>Total</b>		<b>699</b>	<b>563</b>

**11.3 Staff debt**

	Note 11	2018/19 R'000	2017/18 R'000
Staff Debt		129	131
<b>Total</b>		<b>129</b>	<b>131</b>

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

	Note	2018/19 R'000	2017/18 R'000
Opening balance		35 966	
Prior period error	12.2	-	14 683
As restated		35 966	14 683
Transfer from statement of financial performance (as restated)		17 859	28 257
Add: Unauthorised expenditure for current year	8	3 872	7 841
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)	12.1	-	-
Paid during the year		(35 835)	(14 815)
<b>Closing balance</b>		<b>21 862</b>	<b>35 966</b>

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

	Note	2018/19 R'000	2017/18 R'000
Opening balance		123	40
Prior period error	13.1	-	-
As restated		123	40
Transfer from Statement of Financial Performance (as restated)		-	225
Own revenue included in appropriation		506	557
Transfer from aid assistance	3	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)	12.1	-	-
Paid during the year		(439)	(699)
<b>Closing balance</b>		<b>190</b>	<b>123</b>

**14. Bank Overdraft**

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		111 085	93 009
Fund requisition account		-	-
Overdraft with commercial banks (Local)		-	-
Overdraft with commercial banks (Foreign)		-	-
<b>Total</b>		<b>111 085</b>	<b>93 009</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**15. Payables – current**

	Note	2018/19 R'000	2017/18 R'000
Amounts owing to other entities		-	-
Advances received		-	-
Clearing accounts	<a href="#">15.1</a>	1 062	1 040
Other payables	<a href="#">15.3</a>	-	-
<b>Total</b>		<b>1 062</b>	<b>1 040</b>

**15.1 Clearing accounts**

	Note 15	2018/19 R'000	2017/18 R'000
Sal ACB Recalls		10	1 038
Claims Recoverable		1 043	-
Sal Income Tax		7	-
Sal Debt		2	2
		-	-
<b>Total</b>		<b>1 062</b>	<b>1 040</b>

**15.2 Other payables**

	Note 15	2018/19 R'000	2017/18 R'000
Description (Identify major categories, but list material amounts)		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

**16. Payables – non-current**

	Note	R'000 One to two years	R'000 Two to three years	2018/19 R'000 More than three years	R'000 Total	2017/18 R'000 Total
Amounts owing to other entities						
Advances received	<a href="#">16.1</a>	-	-	-	-	-
Other payables	<a href="#">16.2</a>	9	-	-	9	45
<b>Total</b>		<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>45</b>

**16.1 Other payables**

	Note 16	2018/19 R'000	2017/18 R'000
Description (Identify major categories, but list material amounts)			
Sal Tax Debt		3	3
Income Tax		6	42
<b>Total</b>		<b>9</b>	<b>45</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**17. Net cash flow available from operating activities**

	Note	2018/19 R'000	2017/18 R'000
Net surplus/(deficit) as per Statement of Financial Performance		17 859	28 384
Add back non-cash / cash movements not deemed operating activities		(31 205)	(15 463)
(Increase)/decrease in receivables		(152)	(127)
(Increase)/decrease in prepayments and advances		-	16
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		22	(2 306)
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		4 693	1 911
Surrenders to Revenue Fund		(36 274)	(15 514)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		506	557
Other non-cash items		-	-
Net cash flow generated by operating activities		<u>(13 346)</u>	<u>12 921</u>

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

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General account		(111 085)	(93 009)
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Cash with commercial banks (Local)		-	-
<b>Total</b>		<u><u>(111 080)</u></u>	<u><u>(93 004)</u></u>

**19. Contingent liabilities and contingent assets**

**19.1 Contingent liabilities**

	Note	2018/19 R'000	2017/18 R'000
Liable to Nature			
Claims against the department	Annex 2	1 205	507
Intergovernmental payables (unconfirmed balances)	Annex 4	445	1 936
<b>Total</b>		<u><u>1 650</u></u>	<u><u>2 443</u></u>

**19.2 Contingent assets**

	Note	2018/19 R'000	2017/18 R'000
Nature of contingent asset			
S. Kies		246	246
S. Makubalu		30	30
Debtors that derive from losses		162	162
<b>Total</b>		<u><u>438</u></u>	<u><u>438</u></u>

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.

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**20. Commitments**

	Note	2018/19 R'000	2017/18 R'000
Current expenditure			
Approved and contracted		6 779	17 698
Approved but not yet contracted		3	-
		6 782	17 698
Capital expenditure			
Approved and contracted		-	-
Approved but not yet contracted		-	-
		-	-
<b>Total Commitments</b>		<b>6 782</b>	<b>17 698</b>

The department has one commitment for more than a year to Batsumi Travel.

**21. Accruals and payables not recognised**

**21.1 Accruals**

			2018/19 R'000	2017/18 R'000
Listed by economic classification				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	3 212	2 665	5 877	2 722
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Capital assets	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>3 212</b>	<b>2 665</b>	<b>5 877</b>	<b>2 722</b>

	Note	2018/19 R'000	2017/18 R'000
Listed by programme level			
Administration		5 310	2 193
Human Settlements		287	147
Co-Operative Governance		190	380
Traditional Institutional Management		90	2
<b>Total</b>		<b>5 877</b>	<b>2 722</b>

Delay of receiving invoices from suppliers.



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**21.2 Payables not recognised**

			2018/19 R'000	2017/18 R'000
Listed by economic classification				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	1 095	-	1 095	2 008
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Capital assets	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1 095</b>	<b>-</b>	<b>1 095</b>	<b>2 008</b>

	Note	2018/19 R'000	2017/18 R'000
Listed by programme level			
Administration		338	1 440
Human Settlements		56	187
Co-Operative Governance		404	341
Traditional Institutional Management		296	40
<b>Total</b>		<b>1 095</b>	<b>2 008</b>

	Note	2018/19 R'000	2017/18 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 4	-	177
Confirmed balances with other government entities	Annex 5	-	-
<b>Total</b>		<b>-</b>	<b>177</b>

**22. Employee benefits**

	Note	2018/19 R'000	2017/18 R'000
Leave entitlement		8 040	12 846
Service bonus		7 678	7 300
Performance awards		4 029	3 833
Capped leave commitments		2 287	2 340
Other		52	28
<b>Total</b>		<b>22 086</b>	<b>26 347</b>

Negative leave credits amounts to R248 393.55. The Persal system allows officials to apply for leave, although not accrued or entitled to. There is a long-term portion of the long service award. The provision on the long service awards was disclosed above under Other. At this stage the department is not able to reliably measure the long-term portion of the long service

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**23. Lease commitments**

**23.1 Operating leases**

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	5 423	335	5 758
Later than 1 year and not later than 5 years	-	-	3 082	50	3 132
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>8 505</b>	<b>385</b>	<b>8 890</b>

2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	5 292	321	5 613
Later than 1 year and not later than 5 years	-	-	8 143	-	8 143
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>13 435</b>	<b>321</b>	<b>13 756</b>

**Buildings:**

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

Pixley Ka Seme (De Aar)- Sequira Brothers

ZF Mgcawu (Upington) – Umbra Upington

JTG (Kuruman) – North west Development Cooperation (month-to- month)

Frances Baard (Kimberley) – Ocean Echo

Provincial Office: Midas – Abrina (month-to-month)

Namakwa (Springbok) – ANND Properties

The escalation clause for the above varies between 8% -10%. Any improvement related to the ANND building will be an expense to the Department with approval of the owner. For the remainder of the buildings the improvements, repairs will be at the owner's expense.

The amounts under operating leases include the following:

**Operating Leases:**

TELKOM (month-to-month)

Bidvest Steiner (she bins)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**23.2 Finance leases \*\***

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	4 522	4 522
Later than 1 year and not later than 5 years	-	-	-	4 638	4 638
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 160</b>	<b>9 160</b>

2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	3 548	3 548
Later than 1 year and not later than 5 years	-	-	-	6 419	6 419
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 967</b>	<b>9 967</b>

The amounts under finance leases include:

Copiers – 23 Copiers contracted with from Minolco, Xerox and Nashua Kopano.

Mobile Phones and data: the Department participate in the RT15 contract that was nationally awarded to Vodacom

Fleet: The department are provided with vehicles from Provincial Fleet entity

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

	Note	2018/19 R'000	2017/18 R'000
Opening balance		885 307	767 545
Prior period error		-	-
As restated		885 307	767 545
Add: Irregular expenditure – relating to prior year		-	29 892
Add: Irregular expenditure – relating to current year		53 008	87 870
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable	15	-	-
Less: Amounts not condoned and not recoverable		-	-
<b>Closing balance</b>		<b>938 315</b>	<b>885 307</b>
Analysis of awaiting condonation per age classification			
Current year		53 008	117 762
Prior years		885 307	767 545
<b>Total</b>		<b>938 315</b>	<b>885 307</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 proceeding the 2011/2012 financial year. This is due to challenges that the department faced to obtain the procurement records from the municipalities that were responsible for the implementation of these projects. The cost incurred by the department to date to obtain procurement records from municipalities and the potential future cost to obtain procurement records for investigation made it further impractical to determine the full extent of irregular expenditure for years prior to the 2011/2012 financial year.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2019**

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

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2018/19 R'000</b>
Housing Projects	No disciplinary steps taken	46 203
SCM processes not followed	No disciplinary steps taken	6 805
<b>Total</b>		<b>53 008</b>

**25. Fruitless and wasteful expenditure**

**25.1 Reconciliation of fruitless and wasteful expenditure**

	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance		64 104	64 100
Prior period error		-	-
As restated		64 104	64 100
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		12	4
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery	11.6	-	-
<b>Closing balance</b>		<b>64 116</b>	<b>64 104</b>

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

	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Current	269	257
Capital	-	-
Transfers and subsidies	63 847	63 847
<b>Total</b>	<b>64 116</b>	<b>64 104</b>

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

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2018/19 R'000</b>
Accommodation – cancellation fees		12
<b>Total</b>		<b>12</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**26. Related party transactions**

Revenue received	Note	2018/19 R'000	2017/18 R'000
Tax revenue			
Sales of goods and services other than capital assets			
Fines, penalties and forfeits			
Interest, dividends and rent on land			
Sales of capital assets			
Transactions in financial assets and liabilities			
Transfers received			
<b>Total</b>			
Payments made	Note	2018/19 R'000	2017/18 R'000
Goods and services		248	452
Interest and rent on land			
Expenditure for capital assets			
Payments for financial assets			
Transfers			
<b>Total</b>		<b>248</b>	<b>452</b>

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

**27. Key management personnel**

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	2	3 552	3 394
Officials:	7	7 521	6 944
Family members of key management personnel	1	454	
<b>Total</b>		<b>11 527</b>	<b>10 338</b>

**28. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	25 670	-	2 194	-	27 864
Transport assets	4 439	-	-	-	4 439
Computer equipment	10 968	-	1 247	-	12 215
Furniture and office equipment	8 268	-	920	-	9 188
Other machinery and equipment	1 995	-	27	-	2 022
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>25 670</b>	<b>-</b>	<b>2 194</b>	<b>-</b>	<b>27 864</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**28.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	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
MACHINERY AND EQUIPMENT	2 194	-	-	-	2 194
Transport assets	-	-	-	-	-
Computer equipment	1 247	-	-	-	1 247
Furniture and office equipment	920	-	-	-	920
Other machinery and equipment	27	-	-	-	27
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2 194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 194</b>

**28.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

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

Include discussion here where deemed relevant.

**28.3 Movement for 2017/18**

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets					
MACHINERY AND EQUIPMENT	25 296	-	851	477	25 670
Transport assets	4 439	-	-	-	4 439
Computer equipment	10 645	793	-	-	10 968
Furniture and office equipment	8 217	(735)	793	470	8 268
Other machinery and equipment	1 995	(58)	58	7	1 995
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>25 296</b>	<b>-</b>	<b>851</b>	<b>477</b>	<b>25 670</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**28.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019**

	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	-	810	-	6 236	-	7 046
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	192	-	192
Disposals	-	-	-	2	-	2
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>810</b>	<b>-</b>	<b>6 426</b>	<b>-</b>	<b>7 236</b>

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

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

**29. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	763	-	599	-	1 362
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>763</b>	<b>-</b>	<b>599</b>	<b>-</b>	<b>1 362</b>

**29.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	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	599	-	-	-	599
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>599</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**29.2 Movement for 2017/18**

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1 393	-	11	641	763
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1 393</b>	<b>-</b>	<b>11</b>	<b>641</b>	<b>763</b>

**30. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3 069	-	153	-	3 222
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	3 069	-	153	-	3 222
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 069</b>	<b>-</b>	<b>153</b>	<b>-</b>	<b>3 222</b>

**30.1 Additions**

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	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
BUILDING AND OTHER FIXED STRUCTURES	153	-	-	-	153
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	153	-	-	-	153
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>

**30.2 Movement for 2017/18**

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3 035	-	34	-	3 069
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	3 035	-	34	-	3 069
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 035</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>3 069</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**31. Principal-agent arrangements**  
**31.2 Department acting as the principal**

	2018/19 R'000	Fee paid 2017/18 R'000
Housing Development Agency	29 579	3 173
Bigen Africa	1 180	3 827
V3 Consulting Eng	770	-
<b>Total</b>	<b>31 529</b>	<b>7 000</b>

V3, Housing Development Agency and Bigen Africa entered into an arrangement with the Department of Co-operative Governance, Human Settlements and Traditional Affairs for implementation of the subsidised housing scheme on behalf of the Department. Agency Fees are paid to V3, Housing Development Agency and Bigen Africa as disclosed above  
In addition, some Local Municipalities in the Province act as agents for the Department of Co-operative Governance, Human Settlements and Traditional Affairs for the implementation of subsidised housing scheme. No fees are paid as compensation to local municipalities for implementing subsidised housing scheme on behalf of the department.

**32. Prior period errors**  
**32.1 Correction of prior period errors**

	Note	Amount bef error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated Amount 2017/18 R'000
Liabilities:				
Accruals		1 508	1 214	2 722
Payables not recognised		1 601	407	2 008
Net effect		3 109	1 621	4 730

	Note	Amount bef error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated Amount 2017/18 R'000
Other:				
Irregular expenditure		927 374	(42 067)	885 307
Net effect		927 374	(42 067)	885 307

Prior period irregular expenditure incurred did not meet the definition of irregular expenditure.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**33. STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2017/18	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	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 Sub Grant	474 791	32 402	-	-	507 193	507 193	500 066	7 127	99%	511 641	479 239
Consolidation Support Grant (EPWP)	2 002	-	-	-	2 002	2 002	1 710	292	85%	2 000	2 000
Title Deeds Restoration Grant	20 364	-	-	-	20 364	20 364	10 198	10 166	50%		
	<b>497 157</b>	<b>32 402</b>	<b>-</b>	<b>-</b>	<b>529 559</b>	<b>529 559</b>	<b>511 974</b>	<b>17 585</b>	<b>-</b>	<b>513 641</b>	<b>481 239</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
FIRE EQUIPMENT													
Frances Baard District	-	-	-	-	-	-	-	-	-	-	-	-	-
Pixley Ka Seme District	-	-	-	-	-	-	-	-	-	-	-	-	-
John Taolo Gaetsewe District	-	-	-	-	-	-	-	-	-	-	-	-	-
Namakwa District	-	-	-	-	-	-	-	-	-	-	-	-	-
ZF Mgcawu	-	-	-	-	-	-	-	-	-	-	-	-	-
NEAR SYSTEM GRANT													
Frances Baard District	-	-	-	-	-	-	-	-	-	-	-	350	-
Pixley Ka Seme District	13 000	-	-	13 000	13 000	-	-	13 000	13 000	-	-	350	-
John Taolo Gaetsewe District	-	-	-	-	-	-	-	-	-	-	-	350	-
Namakwa District	-	-	-	-	-	-	-	-	-	-	-	350	-
ZF Mgcawu	1 944	-	-	1 944	1 944	-	-	1 944	1 944	-	100%	350	-
<b>TOTAL</b>	<b>14 944</b>	<b>-</b>	<b>-</b>	<b>14 944</b>	<b>14 944</b>	<b>-</b>	<b>-</b>	<b>14 944</b>	<b>14 944</b>	<b>-</b>	<b>-</b>	<b>1 750</b>	<b>-</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

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

	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>HOUSEHOLDS</b>							
Transfers							
H/H Empl S/Ben\; Leave Grat	-	-	-	-	418	-	-
Human Settlement Redev Pro	495 155	32 402	-	527 557	510 265	97%	511 641
Pocket Money Households							1 265
(Stipends for Trad Houses Volunteers)	1 338	-	-	1 338	1 338	100%	-
Consolidation Support (EPWP)	2 002	-	-	2 002	1 710	85%	2 000
H/H Claims against the State					24		
H/:Donations and Gifts	100	-	-	100	88	88%	-
	498 595	32 402	-	530 997	513 843	-	514 906
Subsidies							
<b>TOTAL</b>	<b>498 595</b>	<b>-</b>	<b>-</b>	<b>530 997</b>	<b>513 843</b>	<b>-</b>	<b>514 906</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

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

<b>NATURE OF GIFT, DONATION OR SPONSORSHIP</b> <b>(Group major categories but list material items including name of organisation)</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>R'000</b>	<b>R'000</b>
Made in kind		
Donations and Promotional Items	57	29
<b>TOTAL</b>	<b>57</b>	<b>29</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**ANNEXURE 2**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019**

<b>Nature of Liability</b>	<b>Opening Balance  1 April 2018 R'000</b>	<b>Liabilities incurred during the year  R'000</b>	<b>Liabilities paid/cancelled/ reduced during the year  R'000</b>	<b>Liabilities recoverable (Provide details hereunder) R'000</b>	<b>Closing Balance  31 March 2019 R'000</b>
Claims against the department					
Barnard JM	75	-	-	-	75
Hantam Municipality	250	-	-	-	250
Afriforum	25	-	-	-	25
Ntefang	13	-	-	-	13
NC Government Fleet Services	144	-	-	-	144
Hamba Nathi	-	698	-	-	698
Subtotal	507	698	-	-	1 205
<b>TOTAL</b>	<b>507</b>	<b>698</b>	<b>-</b>	<b>-</b>	<b>1 205</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**ANNEXURE 3**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19*	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Dept of Rural Dev and Land Ref	-	22	-	-	-	22	-	-
Northern Cape Provincial Treasury	2	-	-	-	2	-	-	-
	2	22	-	-	2	22	-	-
<b>TOTAL</b>	<b>2</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>22</b>	<b>-</b>	<b>-</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**ANNEXURE 4**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Dept of Justice & Con Dev	-	-	168	1 641	168	1 641	-	-
Office of the Premier	-	132	-	-	-	132	-	-
NC Prov Legislature	-	45	-	-	-	45	-	-
Government Printing	-	-	-	13	-	13	-	-
Dept Nat School of Gov	-	-	-	5	-	5	-	-
Dept Sport, Arts and Culture	-	-	277	277	277	277	-	-
<b>Subtotal</b>	-	177	445	1 936	445	2 113	-	-
Non-current								
<b>Subtotal</b>								
<b>TOTAL</b>	-	177	445	1 936	445	2 113	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**ANNEXURE 5**  
**INVENTORIES**

Inventories	Note	Quantity	2018/19	Quantity	2017/18
			R'000		R'000
Opening balance		1 289	1 024 051	1 786	981 817
Add/(Less): Adjustments to prior year balance					
Add: Additions/Purchases – Cash		152	237 200	751	280 917
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues		(88)	(128 548)	(915)	(154 293)
Add/(Less): Received current, not paid (Paid current year, received prior year)					
Add/(Less): Adjustments		(10)	(29 184)	(333)	(84 390)
<b>Closing balance</b>		<b>1 343</b>	<b>1 103 519</b>	<b>1 289</b>	<b>1 024 051</b>

# PART F

## HOUSING FUND FINANCIAL STATEMENT



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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages **143 to 150**, which comprise the statement of financial position as at 31 March 2019, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Housing Development Fund as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the requirements of the Housing Act of South Africa (Act No. 107 of 1997).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### Material uncertainty relating to going concern

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

#### Emphasis of matter

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

#### Restatement of corresponding figures

9. As disclosed in note 8 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2019.

#### Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the Housing Act of South Africa (Act No. 107 of 1997), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting authority is responsible for assessing the Northern Cape Housing Development Fund ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

#### **REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

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

#### **REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**

##### **Introduction and scope**

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

#### **INTERNAL CONTROL DEFICIENCIES**

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

*Auditor-General*

Kimberley  
31 July 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

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

### Financial statements

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

### Communication with those charged with governance

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



## 2. ANNUAL FINANCIAL STATEMENTS

### NORTHERN CAPE HOUSING DEVELOPMENT FUND

#### Annual Financial Statements for the year ended 31 March 2019

##### Report by the Accounting Officer for the year ended 31 March 2019

**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 is other income relating to services in kind and expenditure relating to audit and consulting fees and municipal rates and taxes.

**2. General**

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

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

**3. Overview of operations during the year**

During the 2017 financial year the housing fund undertook an exercise of devolving all its properties to the various local authorities in the Northern Cape Province, the debtors system was finalised and closed off during the end of the 2012 financial year as a result no transactions took place on the debtor system during the 2019 financial year.

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

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

We expect to devolve all properties during the 2019/20 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.

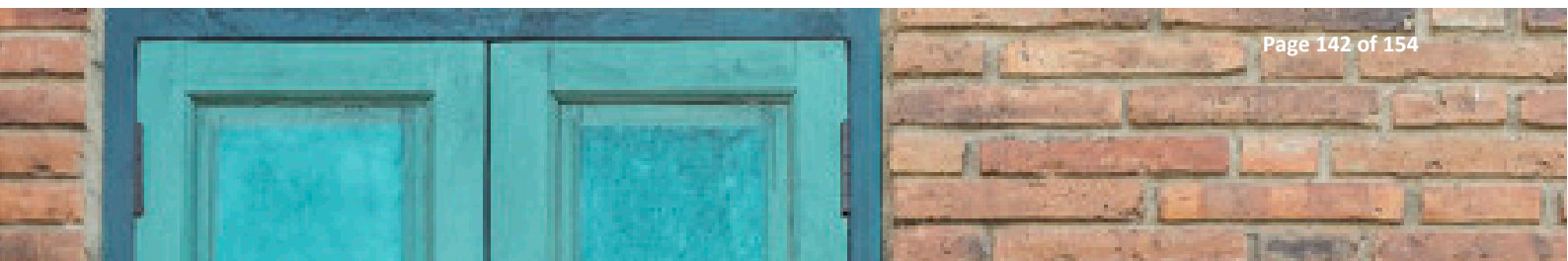
**5. Approval**

The attached financial statements set out in pages **143 to 150** have been approved by the Accounting Officer.



Mr. B. S. Lenkoe  
Accounting Officer

Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs  
31 May 2019



## NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2019

### Statement of Financial Position

Figures in Rand	Note(s)	2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>		<b>10,743,900</b>	<b>10,743,900</b>
Inventories : Properties held for devolution	2	10,743,900	10,743,900
<b>TOTAL ASSETS</b>		<b>10,743,900</b>	<b>10,743,900</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>10,607,346</b>	<b>10,650,002</b>
Accumulated Surplus		10,607,346	10,650,002
<b>Current Liabilities</b>		<b>136,554</b>	<b>93,898</b>
Trade and other payables	3	136,554	93,898
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>10,743,900</b>	<b>10,743,900</b>

### Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
<b>Revenue</b>		<b>247,245</b>	<b>503,258</b>
Services in kind	4	247,245	503,258
<b>Expenditure</b>		<b>(289,900)</b>	<b>(462,103)</b>
General expenses	5	(289,900)	(462,103)
<b>(Deficit)/Surplus for the period</b>		<b>(42,655)</b>	<b>41,155</b>

## Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total
<b>Opening Balance as at 31 March 2017</b>	<b>10,285,109</b>	<b>10,285,109</b>
Rates and taxes not recognised	(26,595)	(26,595)
Rates and taxes recognised in the incorrect period	(63,568)	(63,568)
Inventory not recognised	413,900	413,900
<b>Restated opening balance as at 31 March 2017</b>	<b>10,608,846</b>	<b>10,608,846</b>
Surplus for the period	41,155	41,115
<b>Restated opening balance as at 31 March 2018</b>	<b>10,650,001</b>	<b>10,650,001</b>
Deficit for the period	(42,655)	(42,655)
<b>Balance as at 31 March 2019</b>	<b>10,607,346</b>	<b>10,607,346</b>

## Accounting Policies

### 1. Basis of preparation

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

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

### Changes in accounting standards and presentation of financial statements

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

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

### Accounting Policies

The following standards were approved by the Accounting Standards Board but are not yet effective:  
GRAP 104 Financial instruments

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

## 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 suspensive sale debtors, individual loan debtors and debtor clearing accounts

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

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



#### 1.4.3 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	2019	2018
<b>2. Inventories – Properties held for devolution</b>		
Land	10,743,900	10,743,900
	<b>10,743,900</b>	<b>10,743,900</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	2019	2018
<b>3. Trade and other payables</b>		
Municipal Rates and transfer costs	136,554	93,898
	<b>136,554</b>	<b>93,989</b>

Figures in Rand	2019	2018
<b>4. Other income</b>		
NC COGHSTA - Services in kind	247,245	503,258
	<b>247,245</b>	<b>503,258</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.

Figures in Rand	2019	2018
<b>5. General Expenses</b>		
Audit fees	196,745	368,604
Consulting fees	50,500	51,300
Rates and taxes	42,655	42,199
	<b>289,900</b>	<b>462,103</b>

Figures in Rand	2019	2018
<b>6. 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 COGHSTA - Services in kind	247,245	503,258
	<b>247,245</b>	<b>503,258</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.

## 7. 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 2019.

**8. Prior year adjustments**

**Statement of financial position**

AFS Item	Note	Previously reported	Correction of error	Restated
Inventories	2	10,330,000	413,900	10,743,900
Trade and other payables	3	57,253	36,645	93,898
Accumulated surplus / (deficit)		10,272,747	377,254	10,650,001

**Statement of financial performance**

AFS Item	Note	Previously reported	Correction of error	Restated
General expenses	5	95,717	53,518	42,199

**Errors**

Inventories – Inventory not recognised (Loeriesfontein).

Trade and other payables – Rates and taxes not recognised (Loeriesfontein).

Accumulated surplus – Adjustments to account for inventory and expenditure not recognised.

General expenses – Rates and taxes not recognised (Loeriesfontein).

**9. 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	136,554	93,898
<b>TOTAL</b>	<b>136,554</b>	<b>93,898</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	136,554	93,898
<b>TOTAL</b>	<b>136,554</b>	<b>93,898</b>

## Financial Instruments

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

At 31 March 2019, 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	136,554	93,898	-

### Market risk

Market risk is the risk that changes in market prices (interest rate) will affect the fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The fund does not receive any grant funding, expenditure incurred i.e. rates and taxes, audit and consulting fees, by the fund is paid by COGHSTA and this is treated as income in the accounting records of the housing fund. The payment made by COGHSTA is treated as services in kind and there is no market related risks associated with it.

### Interest rate risk

The fund does not have significant interest-bearing assets, and therefore the fund's income and operating cash flows are substantially independent of changes in market interest rates. The fund did not receive grant funding; it does not have any call deposits; notice deposits; finance lease obligations; long-term loans and a bank overdraft. There were no interest rate related risks.

### **Foreign exchange risk management**

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

## NOTES

[illegible]

## NOTES

[illegible]







**PR 118/2019**

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