

# ANNUAL REPORT

## 2019/2020

**COGHSTA**

COOPERATIVE  
GOVERNANCE, HUMAN  
SETTLEMENTS &  
TRADITIONAL AFFAIRS



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# PART A

## GENERAL INFORMATION



## I. 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>FMCM</b>	Financial Management Capability Maturity Model
<b>FMPI</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>PPFA</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

Section 26 of the Constitution of the Republic of South Africa (Act 108 of 1996) states “Everyone has a right to have access to adequate housing”. Chapter Eight (8) of the National Development Plan 2030 bears a dream of “Transforming human settlement and the national space economy”. It also aims to ensure the achievement of “decent standard of living” for all South Africans by 2030 by way of providing housing, electricity and sanitation as the core elements.

However, for decent standard of living to be achieved, the NDP proposes “A reduction in the number of people who live in households with a monthly income below R419 per person from 39 percent to zero”, as one of its objectives. Provision of housing is very pertinent because it provides shelter, a place to eat, sleep, relax and raise a family.

Housing also enables people to enjoy physical and mental health and live in a safe place in peace and dignity. However, housing remains inseparable from other rights such as sanitation and water. Furthermore, housing is also linked to broader developments in the economy, labour markets, migration, etc., which affect access to housing. Failure to realize these rights and provide socio-economic goods and amenities in turn compromise the progressive realization of the right to housing.

In a bid towards achieving this Constitutional instruction and NDP 2030 objectives, we realized that 2019/2020 was a watershed year as we reflect on our planned objectives, re-evaluate our priorities, ways of working, and mobilized new responses towards access to service delivery challenges.

During 2019/2020, we set out to change and improve the lives of our people within their communities by ensuring the development of quality houses, provision of services, hand-over of title deeds, driving efficient, democratic and sustainable municipalities with improved audit outcomes, as well as render support to traditional leadership institution. We mobilized and utilized scarce resources at our disposal.

Through our efforts we managed to deliver **601** houses, registered **1 575** title deeds and provided services (water and sanitation) to **979** erven. In addition, consistent with our vision to ensure that municipalities (as the coalface of service delivery) are efficient, capable of ensuring a deepening participatory democracy, and improving their audit outcomes, accountability and good governance, we supported and guided municipalities in collaboration with sector departments and private sector as partners. Furthermore, we also continued to give support to the institution of traditional leadership and rural communities. In this regard, we endeavoured to support any developments that arose from new legislation.

Our experiences during 2019/2020 taught us valuable lessons of working with limited resources, interacting with communities that continue to look upon us and local government for services, and our sector stakeholders and partners, who continuously support our efforts. Furthermore, we learned to content ourselves with service delivery demands in our constant engagements with communities.

In ensuring harmony between our actions and inputs, we implemented our Annual Performance Plan towards realizing strategic objectives and planned targets as part of our mandate. Importantly, we made strides as we build towards realizing Chapter 13 of the NDP 2030, which is “Building a capable and developmental state”, by encouraging strong leadership, collaboration and partnership within municipalities and traditional communities in our province. However, we realized that this vision is not realizable without supporting and guiding municipalities to work towards embracing good governance principles, accountable and participatory democracy, which are ingredients for improved audit outcome and service delivery.

The outbreak of the Covid-19 pandemic during the last quarter of 2019/2020 tested our disaster management system and readiness programme. Our response was magnanimous as we repositioned our plans and mobilized our resources towards combating the pandemic while simultaneously spreading awareness and making information available to our personnel and clients. In this regard, we have as the delivery department, participated and led by example, in the initiatives of the Provincial Government towards reducing the surge of the pandemic. Our resolve to fight this scourge continues until there is vaccination in this regard.

Mr. Bentley Vass

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

Date: **31 July 2020**



## 4. REPORT OF THE ACCOUNTING OFFICER

### 4.1 Overview of the operations of the Department

The Department of Cooperative Governance, Human Settlements & Traditional Affairs is required to implement and coordinate interventions aimed at achieving an efficient, effective and development-oriented state, as envisioned in the National Development Plan (NDP) 2030 through achievement of good governance; integrated and sustainable human settlements; as well as accountable, responsive and participatory democracy within 31 municipalities of the province. This includes supporting and promoting traditional leadership institutions, traditions, customs and culture, through implementing regulations of Section 81 and a co-ordinated District Development Model.



The Department strives to achieve sustainable human settlements and improved quality of household life that will culminate in the establishment of viable, socially and economically integrated communities that are located in areas that allow convenient access to economic opportunities as well as health, educational and social amenities.

It does so by:

- upgrading informal settlements through the provisioning of bulk services to communities (water & sanitation);
- restoring dignity of citizens by handing over title deeds and transferring houses to beneficiaries and allowing them access to economic opportunities (renting out houses, build back-rooms and use houses as guarantees to secure bank loans);
- giving houses to military veterans;
- provisioning of low and medium cost houses to low income earners through the Social and Rental Housing Programme;
- provisioning of houses to the gap market through the Finance-Linked Individual Subsidy Programme (FLISP);
- rendering town planning services; and
- the construction of top structures.

The Department remains committed to rendering support and guiding the 31 municipalities of the Northern Cape towards achieving sound governance structures, improved audit outcomes, efficient and effective delivery of services, as well as deepening participatory democracy within communities. Phokwane Local Municipality was put under Section 139 administration and that had a negative impact on the Department's budget as well as service delivery. The amount of ±R5.6 million had to be sourced from Programme 3's budget and this had a knock-on effect on the Programme's performance as budget re-prioritisation had to be done.

In as far as Traditional Affairs is concerned, the Department continues to give support to traditional leadership institutions as a whole. In pursuance of preservation and promotion of traditions, customs and culture within the recognized traditional communities, the Department provides financial, legal and human capital support.

#### Administration

The Department operates within the approved organizational structure of 2008, despite new posts having been created and filled. To ameliorate this challenge, the Department has developed a draft organizational structure, which was submitted to the Office of the Premier for input. A business case study was conducted in this regard as a requirement, and consultation with the Department of Public Service and Administration is on course. A letter was written to the CFO requesting the Assurance letter for proposed posts ensure that funds are available for the proposed posts. The DPSA and Office of the Premier need the Assurance Letter as part of evidence for proposed structure to be approved.

Although the Department's budget has seen a decline over the years, the Department has made serious strides in the areas of MPAT, human resource plan, management of diversity, employee health and wellness, as well as skills development and capacity building. So far, the Department has been meeting reporting compliance requirements in the areas of annual performance plans, performance monitoring and evaluation of internal service delivery projects. The Auditor-General's 2018/19 report has shown improvement on both financial and non-financial information. Programme 2 received an unqualified opinion on performance information for the 2<sup>nd</sup> consecutive year.



The administration is responsible for management practices based on norms and standards, as well as local and international best practice models. The departmental performance is measured by the quantity and quality of the management and administrative practices as well as performance against service delivery to citizens.

Ongoing research and analysis within administration is therefore required to assist decision making by measuring the effectiveness and efficiency of policies, plans, operations and practices through evidence based methods in order to benchmark and baseline organizational functionality and provide alternative delivery models.

The National Development Plan 2030 asserts that improved Human Resource capacity in departments is critical for the effective implementation of the steps identified above as well as the broader professionalism of individual departments. The Department has since appointed officials in different capacities to support its mandates. However, the Department needs to equip human resource professionals to enforce rules and implement administrative processes, but also to advise senior management on aspects of strategic human resource management and development.

The NDP has identified a number of areas that require urgent and focused attention to ensure that the Public Service becomes a career of choice, has the required skills and has the capacity to deliver on the objectives of government. It is also important that there is public confidence in the competence of public officials to serve the citizens according to the principles adopted in Chapter 10 of the Constitution of South Africa.

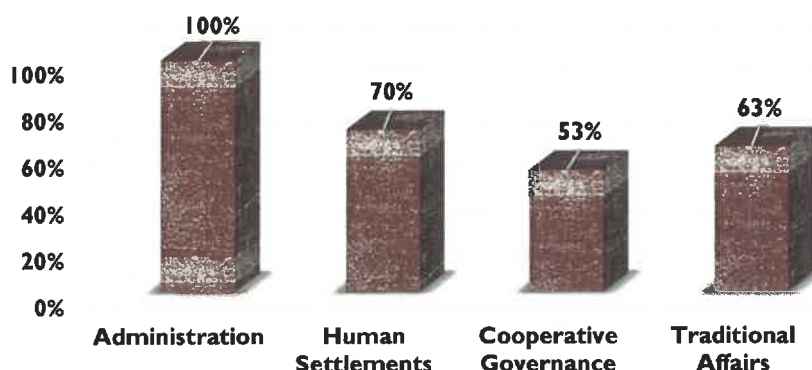
The Department received an unqualified with matters audit opinion - for the 3rd consecutive year. Matters raised in the AGSA Report were included in the departmental Audit Action Plan.

Given the changing legislative landscape, and the need to strategically position the Department, the organizational structure was reviewed to support delivery of integrated sustainable human settlements, enhance support for municipalities and Traditional Leadership institution. Once approved, the reviewed organizational structure will better position the Department to respond to the changes that may be required. The review of the approved structure is on-going. Posts are created and abolished as required within the ambit of legislation/directives/approved submission – this is recorded on PERSAL. Vacant posts are advertised – following the recruitment and selection policy of the Department. Service terminations, transfers, and appointments are also recorded on PERSAL. The availability or non-availability of funds also affects the structure. Added to this, it is increasingly difficult to fill vacant positions according to the PT prescripts, as each critical service delivery post must be motivated for separately.

In the view of the evolving environment and the challenges facing traditional affairs, it is imperative to review the organisational structure. Cost containment measures declared by Provincial Treasury, and Government as a whole, makes it difficult for the Department to fill critical vacant funded positions that are crucial for service delivery. The incorporation of Ba-Ga Mothibi from North West will also add pressure to the organisational structure and financial resources of the Department.

## 4.2 Overview of Performance Information

### OVERVIEW: Annual Performance



**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%
Security, Risk Management and Internal Controls	3	3	100%
Legal Services	1	1	100%
Planning, Performance Monitoring & Evaluation	4	4	100%
<b>Total</b>	<b>23</b>	<b>23</b>	<b>100%</b>
<b>Financial Management (Office of the CFO)</b>			
Financial Administration	7	7	100%
Supply Chain Management	3	3	100%
<b>Total</b>	<b>10</b>	<b>10</b>	<b>100%</b>

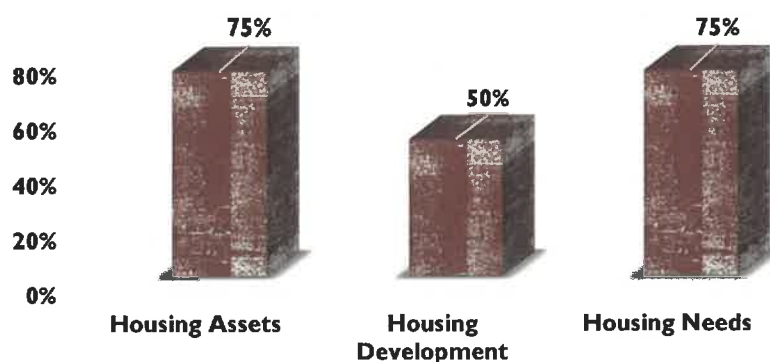
**% of Indicators Achieved for the Year**



**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	3	75%
Housing Development	2	1	50%
Housing Asset Management	4	3	75%
<b>Total</b>	<b>10</b>	<b>7</b>	<b>70%</b>

**% of Indicators Achieved for the Year**

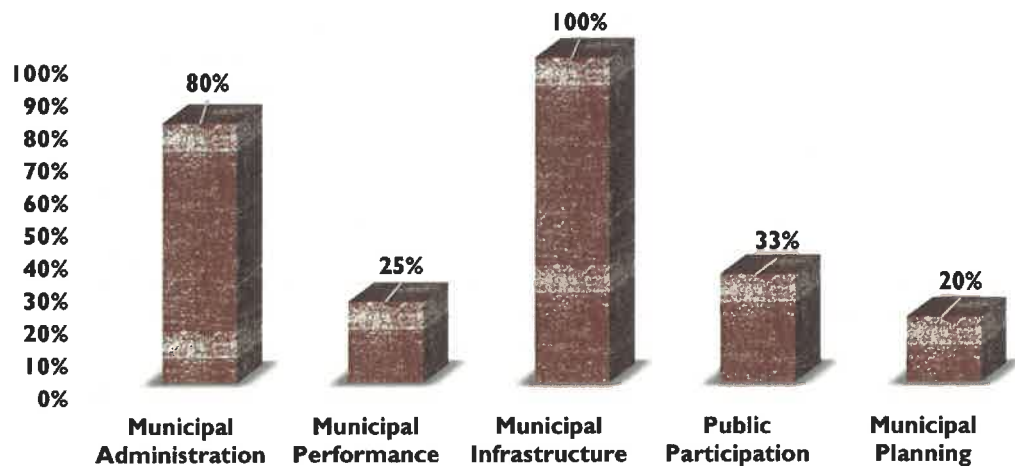




**Programme 3: Cooperative Governance**

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Administration	5	4	80%
Municipal Performance Monitoring, Reporting and Evaluation	4	1	25%
Municipal Infrastructure	2	1	50%
Public Participation	3	2	66,73%
Municipal Planning	5	2	40%
<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	5	3	60%
Research, Policy and Legislation Development	1	0	0%
<b>Total</b>	<b>8</b>	<b>5</b>	<b>62,5%</b>

**% of Indicators Achieved for the Year**



## 4.3 Overview of the financial results of the Department

### 4.3.1 Departmental receipts

Departmental receipts	2018/2019			2019/2020		
	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	465	486	-21	469	447	22
Interest, dividends and rent on land	30	0	30	26	1	25
Sale of capital assets	0	0	0			
Financial transactions in assets and liabilities	95	20	75	129	65	64
<b>Total</b>	<b>590</b>	<b>506</b>	<b>84</b>	<b>624</b>	<b>513</b>	<b>111</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 75 percent and 21 percent of the total budget of the Department respectively. The department at year-end has collected 82 percent of the total budget.

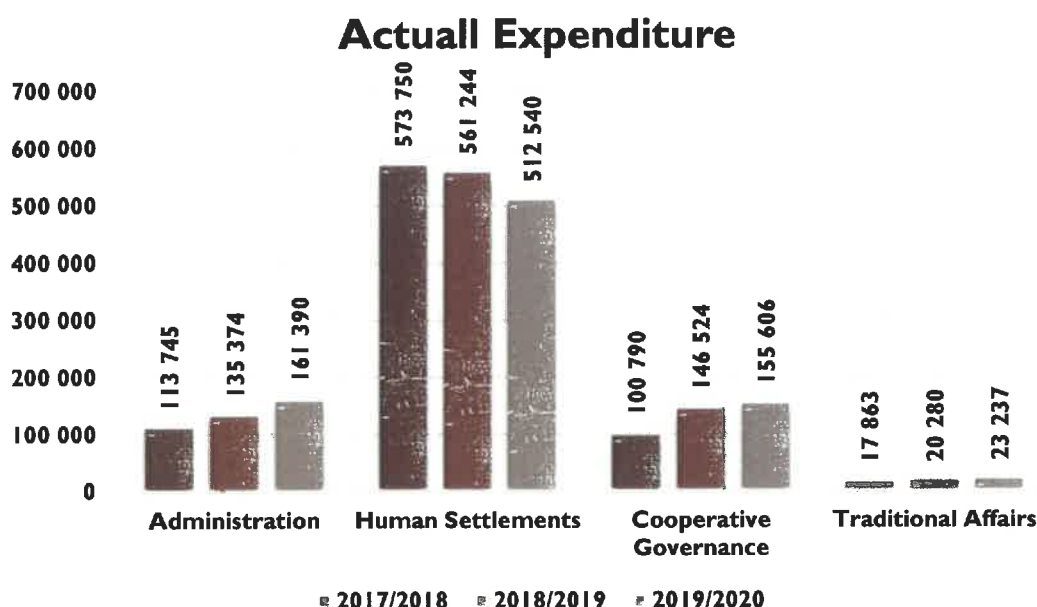
### 4.3.4 Programme Expenditure

Departmental receipts	2018/2019			2019/2020		
	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	31 443	135 374	(3 931)	161 390	161 378	12
Human Settlements	578 889	561 244	17 645	512 540	511 824	716
Cooperative Governance	146 524	146 524	0	155 606	154 298	1 308
Traditional Affairs	24 425	20 280	4 145	23 237	21 902	1 335
<b>Total</b>	<b>881 281</b>	<b>863 422</b>	<b>17 859</b>	<b>852 773</b>	<b>849 402</b>	<b>3 371</b>

The graph below gives a picture of the overall expenditure per programme for the 2018/2019 and 2019/2020 financial years.







#### 4.3.5 Virements/roll overs

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	1 715	12	100%		
Human Settlements	(1 375)	716	99,9	To offset over expenditure under Programme 3	Adherence to budget control measures
Cooperative Governance	1 566	1 308	99,2		
Traditional Institutional Management	(1 906)	1 335	94,3	To offset over expenditure under Programme 1 and 3	Adherence to budget control measures
<b>Totals</b>	<b>0</b>	<b>3 371</b>	<b>99,6</b>		

#### 4.4 Future plans of the department

##### 4.4.1 Human Settlements

The Department strives to achieve sustainable human settlements and improved quality of household life that will culminate in the establishment of viable, socially and economically integrated communities that are located in areas that allow convenient access to economic opportunities as well as health, educational and social amenities. It does so by:

- upgrading informal settlements through the provisioning of internal services to communities;
- restoring dignity of citizens by handing over title deeds and transferring houses to beneficiaries and allowing them access to economic opportunities (renting out houses, build back-rooms and use houses as guarantees to secure bank loans);
- provisioning of houses to low- and middle-income earners through the Social and Rental Housing Programme;
- provisioning of houses to the gap market through the Finance-Linked Individual Subsidy Programme (FLISP);
- rendering town planning services; and
- the construction of top structures.



The history of planning and design of human settlements in South Africa is still characterised by biased spatial planning that largely benefits the minority. Spatial planning was based on a political ideology that promoted separate development. The majority of the South African population was condemned to the periphery of major economic centres without access to basic services, amenities and employment opportunities. While ground-breaking policy documents and legislation were developed and promulgated in post-apartheid South Africa, the legacy of apartheid spatial planning and design of human settlements still stubbornly persist twenty-five years into our democracy.

In the main, the planned performance for the MTSF is based on this reality and it is strongly aligned to Chapter 8 of the NDP in seeking to reverse the effects of apartheid spatial planning that still persists in the democratic South Africa. Priority will specifically be given to human settlements projects in the approved Priority Housing Developments Areas with the potential to spatial transformation our cities and towns. The department will also ensure that all the land previously acquired, in the 2014-19 MTSF, within the PHDA's are completely rezoned towards total spatial transformation.

Outcomes are based on the following four key strategic pillars in order to achieving spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities:

- a) Liveable neighbourhoods;
- b) Facilitate access to well-located land;
- c) Access to adequate housing; and
- d) Residential property market.

In order to achieve the outcomes, the following key strategic enablers will be utilised:

- a) Provide inputs to the National Department of Human Settlements in developing responsive policies and programmes. Key programmes such as the Integrated Residential Development Programme and Social and Economic Amenities programmes will be enhanced with a special focus on public spaces; Informal Settlements Upgrading Programme; Peoples Housing Process and Social Housing;
- b) Strengthen the implementation of policies and programmes by participating in the development of requisite capacity and capabilities for human settlements, strengthening data driven policy and programme implementation, strengthening intergovernmental cooperation and alignment, strengthening the participation of stakeholders;
- c) Adopt an outcomes-oriented finance and funding model by directing funding towards PHDA developments and leveraging private sector investment. Through the Housing Bank, the department will facilitate affordable housing finance;
- d) Improve monitoring, reporting and evaluation on area based planning, spatial transformation and subsidy and gap market; and
- e) Re-align the organisational structure to support the new approach or outcomes.

In implementing outcomes and reaching the desired impact in human settlements delivery, compliance with key empowerment initiatives for women, youth and vulnerable groups is paramount. The department will ensure that they meet these empowerment targets without any compromise.

#### 4.4.2 Cooperative Governance

The outcome "Transformation of the Local Government sector" contributes towards chapter 13 (Building a capable state) and 14 (promoting accountability) of the NDP. Municipalities need to ensure good governance for effective use of public resources and create conditions for investment promotion, economic growth, job creation, the elimination of poverty and inequality and to achieve citizen satisfaction as well as to create attractive conditions for investment flows. These investments will grow municipal revenue and individual income and create sustainable communities.

Special focus will be given to the following dysfunctional municipalities:

Dikgatlong, Magareng, Phokwane, Ga-Segonyana, Joe Morolong, Nama Khoi, Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Ubuntu, Kai Garib, Kgatelopele, Tsantsabane



Improvement in the functionality of municipalities will create an open, responsive and accountable public service as envisaged by the NDP and strengthen government's engagement with citizens. Community leaders, traditional leaders, religious leaders, business, labour, youth, women and civil society must be mobilised to create a harmonious existence of all South Africans, everyone contributing to the success of the municipality and its people.

#### 4.4.3 Traditional Affairs

The outcome "Realising good governance, peaceful co-existence and development within Traditional Committees" aims to address issues of capacity, and strengthen inter-governmental relations in service delivery. Implementing the Regulations of Section 81 will close the gap in terms of collaboration between Traditional Leaders and Elected Municipal Councillors, and will impact greatly on community development.

Implementation of Legislation and policies will enable strict adherence to the rule of law and fiscal discipline. IGR Structures are important as it creates an environment for coordination of services to communities. Availability of resources will sustain the monitoring and implementation of these priority projects and programmes and the implementation of the Regulations of Section 81, and ensure a co-ordinated District Development Model.

#### 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
Report on the annual compliance with MPAT	MPAT no longer implemented	None	None
Number of fund requisitions submitted	Moved to Annual Operational Plan	None	None
Number of certificates of compliance submitted	Moved to Annual Operational Plan	None	None
Number of mid-year tax reconciliations submitted	Moved to Annual Operational Plan	None	None
Number of monthly tax reconciliations submitted	Moved to Annual Operational Plan	None	None

##### 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 reports an initiatives to promote social development of traditional communities	Replaced by: <i>Number of awareness campaigns conducted in traditional communities to sensitize vulnerable groups on their Rights</i>	None	None
Number of reports on structured engagements between ward committees and traditional councils	Replaced by: <i>Number of traditional leaders supported to participate in municipal councils</i> and <i>Number of Traditional Authorities supported to participate in the IDP processes</i>	None	None



#### **4.7 Supply chain management**

The department has signed its enterprise development programme with National Housing Finance Corporation (NHFC) to train and grow their women, youth and people with disabilities contractors of the province who are on CIDB grade 1 to 5. The implementation of the project was delayed by financial limitations but had been budgeted for in the next financial year.

The database of construction has assisted greatly in fast tracking the procurement processes without degrading compliance. It has also assisted in identifying a shortage faced by the province on high CIDB grade contractors, which lead to the agreement between the department and NHFC.

#### **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**

The Department procured goods and services after the announcement by the President that all public sector and businesses must close immediately to ensure that the impact of COVID-19 is not that severe to the citizens of South Africa.

The National Treasury Instruction Note N0.8 of 2019/20 on Emergency Procurement were used as a guideline to do procurement for most critical goods and services for both the departmental staff and some municipalities. The main reason for using the guidelines on procurement was to ensure that no irregular expenditure will be incurred or any goods or services provided will be based on exorbitant prices or inflated pricing on items. This did have an impact on the state of financial affairs of the department after reporting date as at end of March 2020.

The Department did not embark on new programmes, but rather focused on programmes that were already in the pipeline. This made it easier to engage the local authorities on the interventions and projects already in their IDP. The department provided water tanks, sanitisers and temporary sanitation in Phokwane Nkandla informal settlement, which at the time were identified as the epicentre. Sol Plaatje Lerato Park was serviced with standpipes. Both interventions improved the hygiene and convenient access to water and sanitation to the settlements.

##### **SOL PLAATJE MUNICIPALITY - LERATO PARK:**

- 58 stand pipes erected at 200m radius, of which they are all commissioned

##### **PHOKWANE MUNICIPALITY - NKANDLA:**

- Nkandla Sanitation VIP (Excavation 436, Bottom 282 and top 117)
- Water tanks delivered and operational.
- Sanitisers delivered per household for 500.

##### **KHAI-MA MUNICIPALITY - WITBANK:**

- Sanitation (VIP) to 14 households – the contractor has been appointed.
- The other 76 households have access to sanitation.

It is important to note that the Department is mainly funded from conditional grants, which constitutes 47% of the total budget, while equitable share represents 53% of the budget. The reductions are effected against both the equitable share and the conditional grant allocations of the Department. The Department budgeted an amount of R18,5m in its current baseline for response to COVID-19 in the 'Province, of which R14 350 510,16 were spent.



Details of expenditure incurred are as follows:

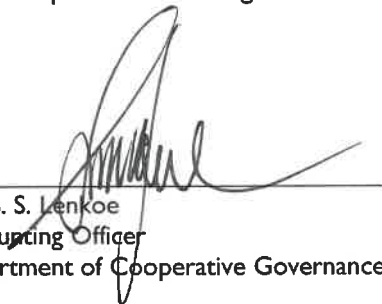
The Department also spent an amount of R580 000 for the procurement of sanitizers and disinfectants for officials, to ensure compliance in line with COVID-19 regulations.

Service providers appointed for human settlements projects were:

- KML45 Trading (PTY) LTD – R 1 140 123 for 15 x 10 000 Litre water tanks and 500 hand sanitizers in Phokwane Local Municipality
- Matela Construction R 9 801 519 for supply of sanitation for 500 households in Phokwane Local Municipality
- Thap3lom General Trading – R2 495 741,60 for communal water taps for 3000 households in Sol Plaatje Local Municipality

#### **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 July 2020**



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

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

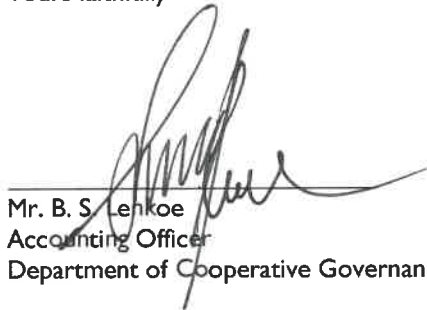
All information and amounts disclosed throughout the annual report are consistent.

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 2020.

Yours faithfully



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

Date: **31 July 2020**





## 6. STRATEGIC OVERVIEW

### 6.1 Vision

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

### 6.2 Mission

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

### 6.3 Values

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

#### **Equity:**

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

#### **Team work:**

- Co-operation
- Support
- Trust

#### **Efficiency:**

- Productivity
- The best work methods
- Excellent services

#### **Accountability:**

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

#### **Development:**

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

#### **Integrity:**

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

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 CONSTITUTIONAL MANDATES

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



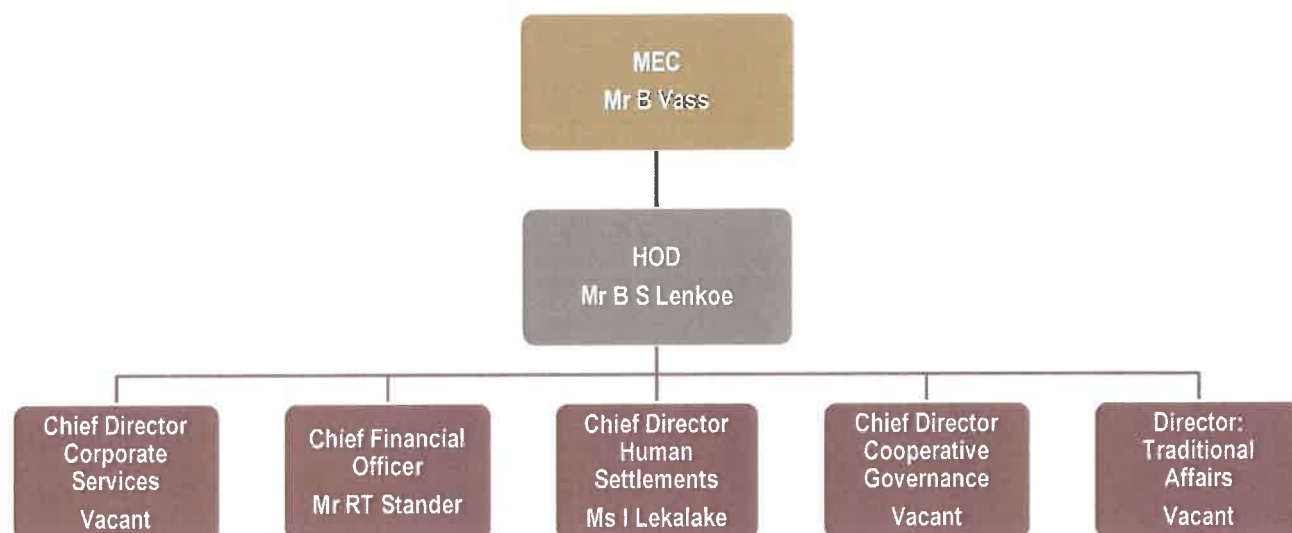
## 7.2 LEGISLATIVE MANDATES

- Public Finance Management Act (Act No 1 of 1999)
- Promotion of Access to Information Act (Act No of 2000)
- Fire Brigade Services Act (Act No 99 of 1987)
- GIAMA (Act No 19 of 2007)
- National Archives and Records Services of South Africa (Act No 13 of 1996)
- Northern Cape Archives Act (Act No of 2013)
- Housing Act (Act No 107 of 1997)
- The Prevention Of Illegal Eviction From Unlawful Occupation Of Land Act of 1998
- Housing Consumer Protection Measures Act of 1998
- Rental Housing Act (Act No 50 of 1999 as amended)
- Division of Revenue Act (DORA)
- Deeds Registry Act (Act No 47 of 1937)
- Home Loan and Mortgage Disclosure Act of 2000
- Spatial Planning 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 (FMPI), 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

## I. 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 73 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

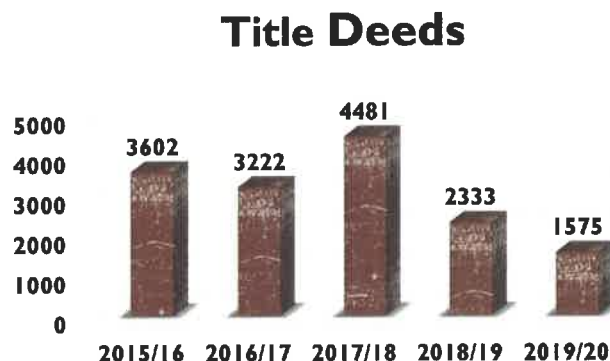
### 2.1 Service Delivery Environment

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

#### Human Settlements

Recent reports from the Housing Subsidy System (HSS) indicate that the Department has a backlog of 21 160 for post-1994 properties. Pre-1994 stock is estimated at 3 705. However, this figure might increase due to many "older" areas currently being formalised post-1994. The backlog which was presented to the National Department of Human Settlements in the Implementation Plan is 24 865. In order to address these challenges, through the Title Deed Restoration Project, the Department has appointed dedicated conveyancers.

To date, the Department has made the following substantial progress with respect to the transfer of properties:



Challenges such as inadequate budget for goods & services, delay in the delivery of building materials, loss of rare technical personnel as well as increment of prices of materials due to transportation costs, among others, continue to beset the Department.

The Department implemented all policies and plans such as the National Housing Code, 2009, which aims at simplifying the implementation of housing projects by being less prescriptive, while providing clear guidelines to ensure adequate housing and better living conditions in the Province. The Housing Code, furthermore, sets out the underlying principles, guidelines, norms and standards, which apply to Government's various Housing Assistance Programmes introduced since 1994, and subsequently updated. The most important part of the Housing Code relevant to informal settlements is Part 3: Upgrading Informal Settlements. Part 2 of the Housing Code is setting out the Policy Context for the upgrading of informal settlements. It states that upgrading will take place on a progressive basis in a phased development approach that is flexible, needs-orientated, optimised use of existing land and infrastructure; and facilitates community participation in all aspects of development.

In addition, the Comprehensive Plan for Sustainable Human Settlements (BNG) (2004) remains an important document that gives effect to the National Human Settlement Department's mandate in terms of the provision of adequate housing to all, with reference to Section 26 of the Constitution. This plan endeavours to improve the quality of housing and housing environments by integrating communities and settlements, while retaining the basic

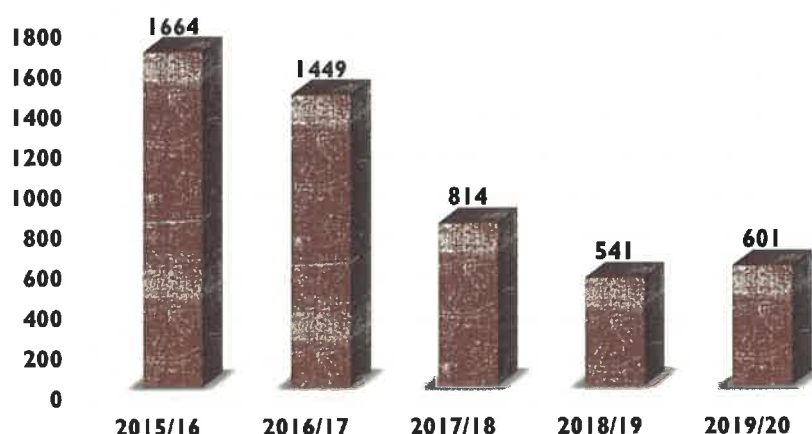




principles of the Housing White Paper. The plan provides for a shift in focus from providing housing to creating sustainable human settlements.

During the past almost five years, the Department has delivered 70% of its target for housing delivery. This slow delivery of houses can be attributed to various reasons - the main being contractors struggling to meet contractual obligations and not being financially viable, environmental hazards relating to community disruptions, vandalism and service delivery protests, as well as slow beneficiary administration.

## Housing Units



Disaggregated information on housing recipients within vulnerable groups

	FLISP		Individual Housing Subsidy		Institutional Subsidy		Project Linked Subsidy	
	Male	Female	Male	Female	Male	Female	Male	Female
Disabled	0	0	1	3	0	0	18	22
Aged <sup>#</sup>	1	0	11	29	0	0	265	355
Youth	15	21	2	14	6	4	248	530
Veterans	0	0	0	0	0	0	75	11
<b>Total: Vulnerable</b>	<b>16</b>	<b>21</b>	<b>14</b>	<b>46</b>	<b>6</b>	<b>4</b>	<b>606</b>	<b>918</b>

# Aged = older than 60

\*Youth = younger than 35

### Cooperative Governance

The Department monitors and supports 31 municipalities of the Northern Cape with the aim of improving audit outcomes, service delivery, and deepening participatory democracy through the establishment of functional structures and systems that support development and prosperity. However, the Department is conscious that such an ideal is difficult to realise if municipalities do not address the challenges of inadequate budget, lack of good governance, poor financial management and irregular appointments. Despite this difficult background, the Department focuses on those municipalities that are at risk and dysfunctional municipalities, with the aim of turning around their situation as far as lack of good governance, poor audit outcomes and failure to adhere to the legislative and regulatory frameworks are concerned. The core services that local government renders, include, clean drinking water, sanitation, electricity, shelter, waste removal and roads. All these services are basic human rights, which are essential components of the right to dignity as enshrined in the Constitution and the Bill of Rights. Most citizens interface with government at local government level; hence, its fundamental ethos must be about serving people. Since 1994, Local Government has been the primary site of service delivery. Local Government has made tremendous progress in delivering water, sanitation and refuse removal at all levels within municipalities.





The structural position of the programme does not find full expression at regional offices and it puts more pressure on the limited resources that provincial office has in order to monitor and provide support to municipalities. The programme's performance is influenced by external factors like lack of cooperation by municipalities, service delivery protests, etc. The autonomy of municipalities makes it even more difficult to enforce certain interventions to monitor and strengthen the capacity of municipalities.

The Back-to-Basics initiative, as a vehicle to drive municipalities to return to basic norms, standards and practices of good governance and progress, resonates well with the aims and objectives of the Department. Furthermore, the National Development Plan identified the Free Basic Services (FBS) Programme as one of the most critical social security services targeting poor people / indigent households to improve quality of life.

#### *The Context for the Back to Basics Concept and Approach*

The White Paper on Local Government and the Municipal Structures Act requires that district municipalities should fulfil the following developmental mandates:

- Ensuring integrated development planning for the district as a whole;
- Providing district-wide bulk infrastructural development and services;
- Building capacity of local municipalities in its area to perform their functions and exercise their powers, where such capacity is lacking; and
- Promoting equitable distribution of resources between local municipalities to ensure appropriate levels of municipal services.

Developmental local government remains the visionary foundation for the continuing reconstruction and development of our country. The Local Government White Paper developed a vision of local government as a key component of the developmental state. In pursuit of that vision, the Department ensured that they dispense basic services, social services, and civil and political rights (which includes participatory governance) progressively to an increased number of citizens. Although the Department realised most of its delivery targets, we still need to do a lot in order to improve the performance of local government.

The Department entered into a Memorandum of Understanding with Provincial Treasury to deal with Municipal Finance (municipal audit outcomes, audit committees, credit control, revenue management and debt collection).

#### **Traditional Affairs**

The service delivery environment is influenced by external factors such as cooperation between SALGA, traditional leaders and local municipalities in the full implementation of legislation affecting traditional communities. National and provincial governments should also, through legislation or other means, allocate roles and functions to traditional councils and their traditional leaders. Currently, there is a good working relationship between several government departments and traditional leaders. However, the formalization of the cooperation and collaboration between government departments and traditional leaders will go a long way in addressing some of the shortcomings.

The service delivery environment is experiencing challenges due to the relationship between ward councillors and traditional leaders. It is important for service delivery to have these two structures work in synergy to ensure development of the rural communities. The fact that there are Community Property Associations within areas of jurisdiction of traditional leaders creates conflict due to management structures with different roles and responsibilities within the area of jurisdiction of traditional leaders.

#### **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.

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



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.

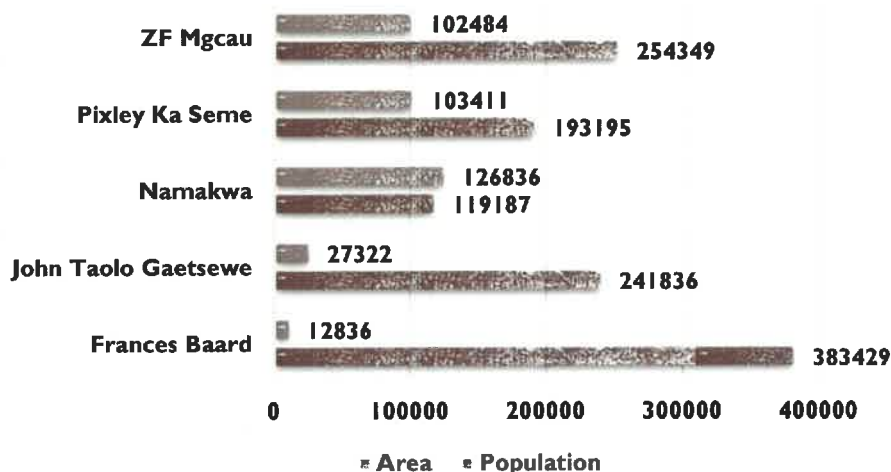
The **John Taolo Gaetsewe** District Municipality comprises the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong (and 186 towns and settlements, of which 80% are villages) in an estimated area of 27 322 km<sup>2</sup>. The population size is estimated at 241 836.

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 Mgcau** (in short ZF Mgcau) 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	541 Housing units	1206 housing units	<b>601</b> housing units completed. The desired completion of housing units could not be achieved due to: <ul style="list-style-type: none"> <li>delays in beneficiary administration;</li> <li>community unrest;</li> <li>slow SCM processes; no material on site;</li> <li>poor workmanship;</li> </ul>

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
				<ul style="list-style-type: none"> <li>contractor has financial challenges, does not adhere to non-compliance issued by the NHBRC, and is not listening to instructions from inspectors;</li> <li>delay in delivery of materials; outstanding snag list;</li> <li>water challenges/ shortages;</li> <li>Municipalities do not send beneficiary lists for future projects;</li> <li>bulk infrastructure is a serious problem in housing delivery; and</li> <li>dolomitic areas pose a serious challenge in housing delivery.</li> </ul>
Provision of Title Deeds	Qualifying persons	2333 title deeds	6100 title deeds	<p><b>1575</b> Title deeds registered.</p> <ul style="list-style-type: none"> <li>Delays in signing of the registration documents by all municipalities.</li> <li>Conveyancers slow in delivery.</li> <li>Untraceable beneficiaries.</li> <li>Department had 13 General Plans to register. The outstanding pre-94 and post-94 title deeds were ±5 000. All these properties were locked up in the 13 General Plans.</li> </ul>

**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
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 CDWs and municipal 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 CDWs 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

The Department operates within the approved organizational structure of 2008, despite new posts having been created and filled. To ameliorate this challenge, the Department has developed a draft organizational structure, which was submitted to the Office of the Premier for input. A business case study was conducted in this regard as a requirement, and consultation with the Department of Public Service and Administration is on course. A letter was written to the CFO requesting the Assurance letter for proposed posts ensure that funds are available for the proposed posts. The DPSA and Office of the Premier need the Assurance Letter as part of evidence for proposed structure to be approved.

Although the Department's budget has seen a decline over the years, the Department has made serious strides in the areas of MPAT, human resource plan, management of diversity, employee health and wellness, as well as skills development and capacity building. So far, the Department has been meeting reporting compliance requirements in the areas of annual performance plans, performance monitoring and evaluation of internal service delivery projects. The Auditor-General's 2018/19 report has shown improvement on both financial and non-financial information. Programme 2 received an unqualified opinion on performance information for the 2nd consecutive year.



The administration is responsible for management practices based on norms and standards, as well as local and international best practice models. The departmental performance is measured by the quantity and quality of the management and administrative practices as well as performance against service delivery to citizens.

Ongoing research and analysis within administration is therefore required to assist decision making by measuring the effectiveness and efficiency of policies, plans, operations and practices through evidence based methods in order to benchmark and baseline organizational functionality and provide alternative delivery models.

The National Development Plan 2030 asserts that improved Human Resource capacity in departments is critical for the effective implementation of the steps identified above as well as the broader professionalism of individual departments. The Department has since appointed officials in different capacities to support its mandates. However, the Department needs to equip human resource professionals to enforce rules and implement administrative processes, but also to advise senior management on aspects of strategic human resource management and development.

The NDP has identified a number of areas that require urgent and focused attention to ensure that the Public Service becomes a career of choice, has the required skills and has the capacity to deliver on the objectives of government. It is also important that there is public confidence in the competence of public officials to serve the citizens according to the principles adopted in Chapter 10 of the Constitution of South Africa.

In the view of the evolving environment and the challenges facing traditional affairs, it is imperative to review the organisational structure. Cost containment measures declared by Provincial Treasury, and Government as a whole, makes it difficult for the Department to fill critical vacant funded positions that are crucial for service delivery. The incorporation of Ba-Ga Mothibi from North West will also add pressure to the organisational structure and financial resources of the Department.

## 2.4 Key policy developments and legislative changes

- Traditional and Khoisan Leadership Bill
- the National Circumcision Initiation Bill

## 3. STRATEGIC OUTCOME ORIENTED GOALS

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

## 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 I 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 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>SO: Provide the Department with political and strategic direction through corporate support and financial management by 2020</b>						
SOI 1:	Setting policies and priorities for the Department by 2020	Budget Speech tabled timeously	Budget Speech tabled timeously	Budget Speech tabled timeously		
SOI 2:	Provide corporate support services to the Department by 2020	Level 3	Overall MPAT standard ≥ Level 3	MPAT discontinued		
SOI 3:	Ensure effective financial management and accountability by improving audit outcomes by 2020	Audit outcome remained the same	Strive towards Unqualified audit with no matters of emphasis	Audit outcome remained Unqualified		Though there was a reduction in the matters of emphasis, the Department still received an audit outcome of unqualified with matters

### Performance indicators

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	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	1	1		
Number of reports submitted on the implementation of the approved Human Resource Plan	4	1	1		
Number of PERSAL reports submitted	4	4	4		
Number of conditions of employment reports submitted	4	4	4		

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>Chief Directorate: Corporate Services</b>					
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		
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	4	4	4		
Number of reports submitted on the implementation of EPMDS	4	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	4	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		
Number of Integrated risk management reports submitted	4	4	4		
Number of Audit Action Plans submitted	4	4	4		
<b>Sub-Programme: Legal Services</b>					
Number of reports submitted on the implementation of the Legal Compliance Improvement Plan	4	4	4		
<b>Sub-Programme: Policy, Planning, Monitoring &amp; Evaluation</b>					
Number of Annual performance plan submitted	1	1	1		
Number of quarterly performance reports submitted	4	4	4		
Number of Annual performance reports submitted	1	1	1		
Number of reports submitted on the implementation of the SDIP	4	4	4		

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>Chief Directorate: Financial Management</b>					
<b>Sub-Programme: Financial Administration</b>					
Annual budget submitted	1	1	1		
Adjusted budget submitted	1	1	1		



Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>Chief Directorate: Financial Management</b>					
Number of in-year monitoring reports submitted	12	12	12		
Number of Annual Financial Statements submitted	1	1	1		
Number of Interim financial statements submitted	3	3	3		
Number of Instruction Note 34 reports submitted	12	12	12		
Number of annual tax reconciliations submitted	1	1	1		
<b>Sub-Programme: Supply Chain Management</b>					
Number of reports on approved Procurement Plan	4	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

This Programme has spent R161 378 million of its final allocation of R162 265 million which gives variance of R887 thousand. The variance of R887 thousand is made up of savings on Compensation of Employees and Capital Assets. The over expenditure on Good and Services is mainly as a result of overspending on legal fees, audit costs and fleet services.

#### Chief Directorate expenditure

Sub-Programme Name	2018/2019			2019/2020		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	13 220	13 079	141	14 498	12 427	2 071
Corporate Services	118 223	122 295	(4 072)	146 892	148 951	(2 059)
<b>Total</b>	<b>131 443</b>	<b>135 374</b>	<b>(3 931)</b>	<b>161 390</b>	<b>161 378</b>	<b>12</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 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	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 2020</b>						
SOI:	Approved multi-year Housing Development Plan (MYHDP) by 2020	1	1	1		
<b>Sub-Programme: Housing Development</b>						
<b>SO: Adequate housing and improved quality living environment by 2020</b>						
SOI:	Subsidy housing opportunities created by 2020	541	1 206	601	-605	<p>The target was not achieved due to:</p> <ul style="list-style-type: none"> <li>• delays in beneficiary administration;</li> <li>• community unrest;</li> <li>• slow SCM processes;</li> <li>• no material on site;</li> <li>• poor workmanship;</li> <li>• contractor has financial challenges, does not adhere to non-compliance issued by the NHBRC, and is not listening to instructions from inspectors;</li> <li>• delay in delivery of materials;</li> <li>• outstanding snag list;</li> <li>• water challenges/shortages;</li> <li>• Municipalities do not send beneficiary lists for future projects;</li> <li>• bulk infrastructure is a serious problem in housing delivery; and</li> <li>• dolomitic areas pose a serious challenge in housing delivery.</li> </ul>
<b>Sub-Programme: Housing Asset Management</b>						
<b>SO: Provide human settlement with asset and inventory management by 2020</b>						
SOI:	Improved home-ownership for beneficiaries by 2020	2 333	6 100	1575	-4525	<ul style="list-style-type: none"> <li>• Delays in signing of the registration documents by all municipalities.</li> <li>• Conveyancers slow in delivery.</li> <li>• Untraceable beneficiaries.</li> <li>• Department had 13 General Plans to</li> </ul>

Strategic Objective (SO) / Strategic Objective Indicators (SOI)	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
					register. The outstanding pre-94 and post-94 title deeds were ±5 000. All these properties were locked up in the 13 General Plans.

### Performance indicators

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	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	5 007	4 500	5643	+1143	The JTG district put in a concerted effort to rollout consumer education in the District.
Number of youth involved in Skills Development Initiatives	156	200	163	-37	Training scheduled in March 2020, in partnership with the National Youth Development Agency, did not materialise due the COVID 19 lockdown.
<b>Sub-Programme: Housing Development</b>					
Number of households provided with access to basic engineering services	2 144	830	979	+149	Over-achievement as a result of re-allocation of funds to services.
Number of housing units at practical completion under all programmes	541	1 206	601	-605	<p>The target was not achieved due to:</p> <ul style="list-style-type: none"> <li>• delays in beneficiary administration;</li> <li>• community unrest;</li> <li>• slow SCM processes;</li> <li>• no material on site;</li> <li>• poor workmanship;</li> <li>• contractor has financial challenges, does not adhere to non-compliance issued by the NHBRC, and is not listening to instructions from inspectors;</li> <li>• delay in delivery of materials;</li> <li>• outstanding snag list;</li> <li>• water challenges/shortages;</li> <li>• Municipalities do not send beneficiary lists for future projects;</li> <li>• bulk infrastructure is a serious problem in housing delivery; and</li> <li>• dolomitic areas pose a serious challenge in housing delivery.</li> </ul>



Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>Sub-Programme: Housing Asset Management</b>					
Number of title deeds registered	2 333	6 100	1575	-4525	<ul style="list-style-type: none"> <li>Delays in signing of the registration documents by all municipalities.</li> <li>Conveyancers slow in delivery.</li> <li>Untraceable beneficiaries.</li> <li>Department had 13 General Plans to register. The outstanding pre-94 and post-94 title deeds were ±5 000. All these properties were locked up in the 13 General Plans.</li> </ul>
Number of conditional grant business plans submitted (HSDG)	1	1	1		
Number of conditional grant business plans submitted (TRG)	New	1	1		
Number of monthly conditional grant reports submitted to national human settlements and other stakeholders (HSDG and TRG)	12	24	24		

#### 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 influenced the performance of the programme negatively, 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

Programme 2's total expenditure amounts to R511 824 million or 99,9% of its final allocation of R512 540 million. The programme has spent 99,9 % of the final budget by 31 March 2020. The conditional grants were 100% spent and no rollovers will be requested.

#### Sub-programme expenditure:

Sub- Programme Name	2018/2019			2019/2020		
	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	13 451	13 457	(6)	11 605	10 918	687
Human Settlement Development	529 476	527 077	2 399	479 434	478 400	1 034
Human Settlement Asset Management	35 962	20 710	15 252	21 501	22 506	(1 005)
<b>Total</b>	<b>578 889</b>	<b>561 244</b>	<b>17 645</b>	<b>512 540</b>	<b>511 824</b>	<b>716</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 Administration
- Municipal Performance, Monitoring, Reporting and Evaluation
- Municipal Infrastructure Development
- Public Participation
- Municipal Planning

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

##### Strategic objectives

Strategic Objective (SO) / Strategic Objective Indicators (SOI)		Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>Sub-Programme: Municipal Administration</b>						
<b>SO: Intergovernmental and democratic governance for a functional system of cooperative governance by 2020</b>						
SOI 1:	Municipalities with functional municipal councils by 2020	31	31	31		
SOI 2:	Municipalities with functional Municipal Public Accounts Committees (MPAC) by 2020	31	31	8	-23	Non-reporting by municipalities to be addressed.
<b>Sub-Programme: Municipal Performance Monitoring, Reporting and Evaluation</b>						
<b>SO: Sound administrative governance within 31 municipalities by 2020</b>						
SOI 1:	Support and coordinate municipal management improvement plans (LGMIMs) by 2020	1	8	8	-23	Non-reporting by municipalities to be addressed.
<b>Sub-Programme: Municipal Infrastructure</b>						
<b>SO: Members of the society have sustainable and reliable access to basic services by 2020</b>						
SOI 1:	Percentage of households with access to water by 2020	95,3%	95%	95,3% <sup>3</sup>	+0,3%	Used StatsSA data of General Household Survey 2018
SOI 2:	Percentage of households with access to sanitation by 2020	90%	95%	90% <sup>4</sup>	-5%	Used StatsSA data of General Household Survey 2018
SOI 3:	Percentage of households with access to electricity by 2020	91,7%	95%	91,7% <sup>5</sup>	-3,3%	Used StatsSA data of General Household Survey 2018
SOI 4:	Percentage of households with access to refuse removal by 2020	65,4%	75%	65,4% <sup>6</sup>	-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 2020</b>						

<sup>3</sup> General Household Survey 2018 information used, as StatsSA has not published 2019 information.

<sup>4</sup> General Household Survey 2018 information used, as StatsSA has not published 2019 information.

<sup>5</sup> General Household Survey 2018 information used, as StatsSA has not published 2019 information.

<sup>6</sup> General Household Survey 2018 information used, as StatsSA has not published 2019 information.

SOI 1:	Local municipalities implementing Community Work Programmes by 2020	26	26	26		
<b>Sub-Programme: Municipal Planning</b>						
<b>SO: Municipalities with development planning capacity and sector plans by 2020</b>						
SOI 1:	Municipalities with legally compliant IDPs by 2020	3	31	12	-19	Only 12 municipalities submitted adoption dates of Final 2019/20 IDPs

### Performance indicators

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	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)	0	10	13	+3	Over achieved to remedy under-performance
Number of municipalities supported to achieve the 50/50 representation of women in section 56 posts (B2B Pillar 5)	31	31	31		
Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Outcome 9, Sub-outcome 4) (B2B Pillar 3)	18	31	28	-3	No reply by municipalities caused that 3 municipalities could not be assessed.
Number of reports on the implementation of District IGR Fora recommendations	1	4	4		
<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)	4	4	0	-4	Reports submitted not addressing implementation of municipal action plans as per TID.
Number of municipalities supported to institutionalize the performance management system (PMS) (Outcome 9, Sub-outcome 4) (B2B Pillar 5)	31	31	10	-21	There is a need to implement a system to track performance of municipalities.
Number of Section 47 reports compiled as prescribed by the MSA (Outcome 9, Sub-outcome 4) (B2B Pillar 5)	1	1	0	-1	Report must be fast-tracked in future to ensure compliance with due dates.
Number of municipalities guided to comply with the MPRA (Outcome 9, Sub-outcome 4) (B2B Pillar 4)	26	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)	26	26	26		
Number of municipalities supported to implement indigent policies (Outcome 9, Sub-outcome 1) (B2B Pillar 2)	26	26	24	-2	Although both Joe Morolong and Sol Plaatje Municipalities were assessed, the National COVID-19 lockdown hampered the feedback meetings.
<b>Sub-Programme: Public Participation</b>					



Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of municipalities supported to maintain functional ward committees Outcome 9, Sub-outcome 2) (B2B Pillar 1)	0	26	1	-25	Only counting those municipalities that were supported in all 4 the quarters as determined by the TID.
Number of municipalities supported to respond to community concerns (Outcome 9, Sub-outcome 2)(B2B Pillar 1)	1	26	26		
Number of Employment Opportunities created for young people in municipalities	9 201	7 800	9523	+1723	Training of local reference committee members assisted in the registering process of beneficiaries.
<b>Sub-Programme: Municipal Planning</b>					
Number of municipalities supported with development of IDP (Outcome 9, Sub-outcome 1)	9	31	21	-10	5 Municipalities received feedback on assessments too late. 5 Municipalities were not assessed.
Number of municipalities supported with the implementation of SPLUMA	4	12	7	-5	Only counting those targeted municipalities that were supported in all 4 the quarters as determined by the TID.
Number of reports on data obtained for GIS outputs	4	4	4		
Number of municipalities supported to maintain functional Disaster Management Centres	2	5	1	-4	Only counting those municipalities that were supported in all 4 the quarters as determined by the TID.
Number of municipalities supported on Fire Brigade Services	4	5	5		

#### 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 has spent R154 298 million of its final allocation of R154 746 million as at 31 March 2020. Compensation of Employees was overspend due to secondments to municipalities.

#### Sub-programme expenditure

Sub-Programme Name	2018/2019			2019/2020		
	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	109 430	109 744	(314)	114 249	121 103	(6 854)
Development & Planning	37 094	36 780	314	41 357	33 195	8 162
<b>Total</b>	<b>146 524</b>	<b>146 524</b>	<b>0</b>	<b>155 606</b>	<b>154 298</b>	<b>1 308</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
- 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 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>SO: Build good governance and sound administration within the institution of traditional leadership and its stakeholders by 2020</b>					
SOI 1: Functional traditional leadership structures by 2020	8	8	8		

#### Performance indicators

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<b>Sub-Programme: Traditional Leadership Institutional Support</b>					
Number of traditional councils supported to perform their functions	8	8	8		
Number of capacity building programmes provided to the institution of Traditional Leadership	5	4	4		
<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	14	16	15	-1	Due to Covid-19 lockdown, opening of the House could not take place.
Number of awareness campaigns conducted in traditional communities to sensitize vulnerable groups on their Rights	New	1	0	-1	Due to a full schedule for the quarter an awareness campaign was planned for March, however COVID-19 regulations limited the gathering of people.

Performance Indicator	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of initiation schools complying with the National Initiation schools guidelines	New	1	1		
Number of traditional leaders supported to participate in municipal councils	New	8	8		
Number of Traditional Authorities supported to participate in the IDP processes	New	4	10	+6	In an attempt to limit costs, all the secretaries of the Traditional Authorities were trained.
<b>Sub-Programme: Research, Policy and Legislation Development</b>					
Percentage of succession claims/disputes processed	100%	100%	87,5%	-12,5%	One dispute is still under litigation.

### Strategy to overcome areas of under performance

Given the changing legislative landscape, and the need to strategically position the Department, the organizational structure was reviewed to support delivery of integrated sustainable human settlements, enhance support for municipalities and Traditional Leadership institution. Once approved, the reviewed organizational structure will better position the Department to respond to the changes that may be required. The review of the approved structure is on-going. Posts are created and abolished as required within the ambit of legislation/directives/approved submission – this is recorded on PERSAL. Vacant posts are advertised – following the recruitment and selection policy of the Department. Service terminations, transfers, and appointments are also recorded on PERSAL. The availability or non-availability of funds also affects the structure. Added to this, it is increasingly difficult to fill vacant positions according to the PT prescripts, as each critical service delivery post must be motivated for separately.

### Changes to planned targets

There were no changes to the planned targets.

### Linking performance with budgets

The programme did not overspend its final adjusted budget. The material variance for this Programme is 5.7 % of the final budget of R23 333 million. The programme realised savings on Goods and Services (R1,148 million) and Compensation of Employees (R174 thousand).

### Sub-programme expenditure

Sub- Programme Name	2018/2019			2019/2020		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Traditional Affairs	24 425	20 280	4 145	23 237	21 902	1 335
<b>Total</b>	<b>24 425</b>	<b>20 280</b>	<b>4 145</b>	<b>23 237</b>	<b>21 902</b>	<b>1 335</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
Council of Geoscience	Dolomite & Geotech Investigations	R6 454 607.75	R6 454 607.75	CGS
Housing Development Agency	Project Management Support	R84 302 819.57	R72 086 061.00	Town Planning, Civil Services and Top Structures
National Home Builders Registration Council	Enrolment fees/Forensic Assessments	R7 395 368.84	R7 395 368.84	Project enrolment & Home enrolment

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

The table below reflects the transfer payments made for the period 1 April 2019 to 31 March 2020





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
Frances Baard	District Municipality	Kgotso Pula Nala – Labour intensive projects at Municipalities to create job opportunities in communities	Yes	4 000	4 000
Pixley Ka Seme	District Municipality		Yes	4 000	4 000
ZF Mgcawu	District Municipality		Yes	4 000	4 000
John Taolo Gaetsewe	District Municipality		Yes	4 000	4 000
Namakwa	District Municipality		Yes	4 000	4 000
Dawid Kruiper	Local Municipality	Accreditation	Yes	650	650
Emthanjeni	Local Municipality		Yes	680	680
John Taolo Gaetsewe	District Municipality		Yes	900	900
Nama Khoi	Local Municipality		Yes	800	800
Namakwa	District Municipality		Yes	800	800
Pixley Ka Seme	District Municipality		Yes	720	720
ZFM Mgcawu	District Municipality		Yes	750	750
Sol Plaatje	Local Municipality		Yes	700	700
Siyathemba	Local Municipality	Subsidy Administration	Yes	30	30

The table below reflects the transfer payments budgeted for in the period **1 April 2019 to 31 March 2020**, 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	<b>Cooperative Governance, Human Settlements and Traditional Affairs</b>
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)	R 1 231
Amount received (R'000)	R 1 231
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R 1 231
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 2019 to 31 March 2020**.

#### Conditional Grant 1: Human Settlements Development Grant

Department which transferred the grant	<b>Human Settlements</b>
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	979 sites, 601 housing units & 171 title deeds
Amount per amended DORA (R'000)	451 059
Amount received (R'000)	451 059
Reasons if amount as per DORA was not received	Underspending
Amount spent by the department (R'000)	451 059
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.
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#### Conditional Grant 2: Title Deed Restoration Grant

Department which transferred the grant	<b>The National Department of Human Settlements.</b>
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	1 404
Amount per amended DORA (R'000)	10 790
Amount received (R'000)	10 790
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	10 790
Reasons for the funds unspent by the entity	None
Monitoring mechanism by the receiving department	Submission of monthly DORA Reports

#### Conditional Grant 3: Extended Public Works Programme

Department which transferred the grant	<b>Public Works</b>
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	316
Amount per amended DORA (R'000)	R2 046 000
Amount received (R'000)	R2 046 000
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R2 046 000
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 2019/2020 financial year.

## 8. CAPITAL INVESTMENT

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

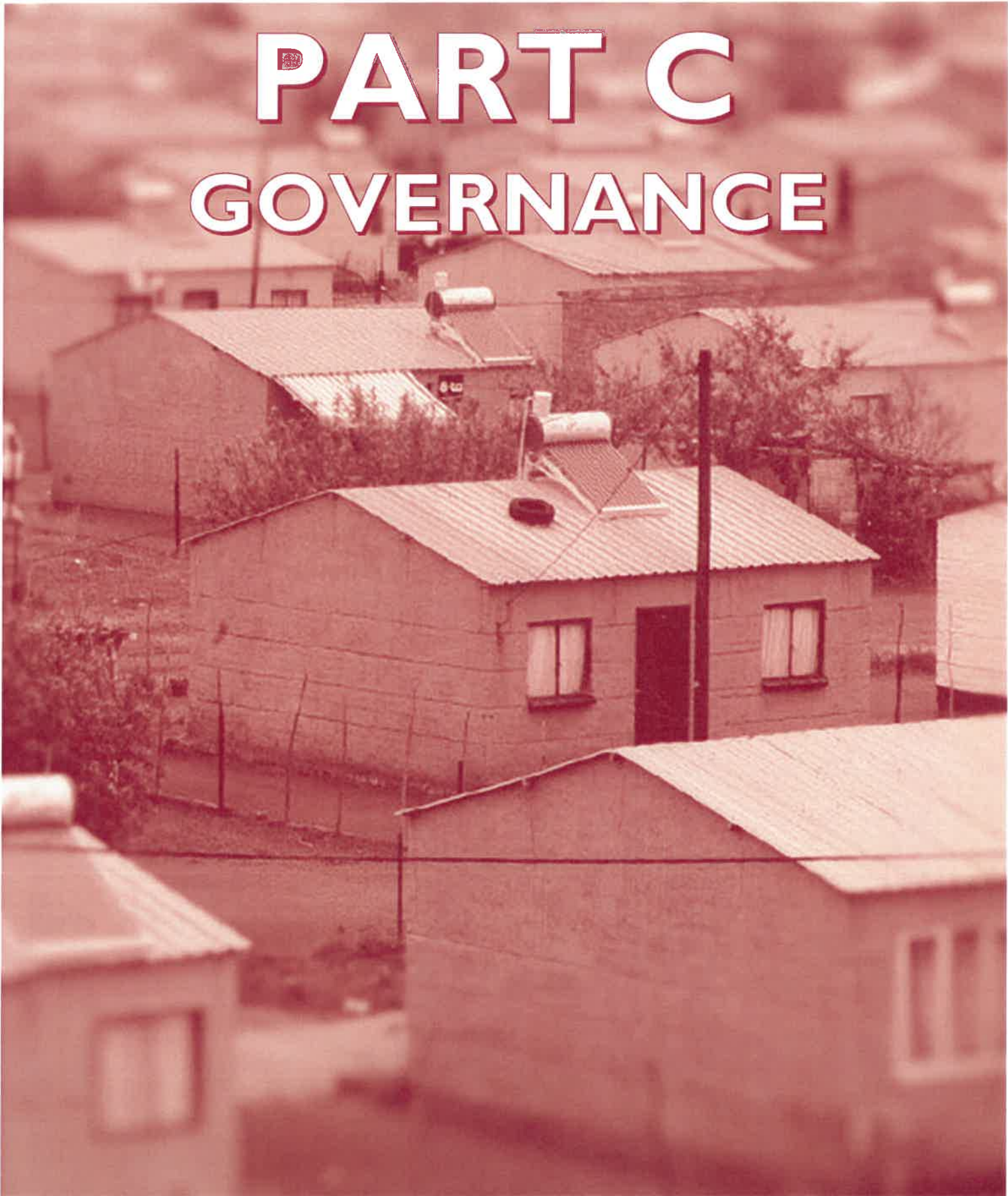
The Department has no capital investments or maintenance and asset management plan.





# 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 2019/2020 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 2019/2020</b>	
<b>Accelerate the roll-out of the title deed restoration programme</b>	<p>The need is to address the slow progress with conveyancers. Historically, two firms received 80% of all instructions. To improve the rate of registrations the following has been done:</p> <ul style="list-style-type: none"> <li>• Letters sent to the two firms</li> <li>• Meetings held with the two firms</li> <li>• Meeting held with the HOD and two firms</li> <li>• 54 conveyancers appointed to the panel</li> </ul> <p>Supply chain process underway to hand out new instructions to firms on the panel, excluding the two firms mentioned above.</p> <p>If the two firms mentioned above, fail to make drastic in roads to the registrations, HOD indicated to terminate the appointments.</p>
<b>Review the system used in allocating and distributing government-built houses and also put mechanisms in place to address the housing back log in the province.</b>	<p>In February 2016, the department adopted Guidelines for the Allocation of housing opportunities created through the National Housing Programmes to facilitate a fair, equitable, transparent and inclusive selection and housing subsidy application approval process.</p> <p>The guideline is the policy framework to manage an existing electronic system known as the National Housing Needs Register. The National Housing Needs Register replaces and nullifies all the waiting list systems that were widely implemented by municipalities through South Africa. It is a reliable, fair and transparent web-based system that captures the different housing needs in all municipalities. Once captured on the system, information is electronically communicated to beneficiaries through the short message service (SMS).</p> <p>The system is key to the allocation process of housing opportunities to qualifying beneficiaries. Municipalities are required to allocate housing opportunities only from the National Housing Needs Register. No other system may be used to allocate housing opportunities.</p>

Recommendation	Department's response
	<p>The system is not a waiting list at all. It only registers and manages housing demand. Registration on the system does not necessarily equate to qualification for any housing opportunities. It allows Government to determine and manage housing needs.</p> <p>Beneficiaries only graduate to Housing Subsidy System (HSS) upon approval of a specific housing opportunity and through a detailed process as per the Guidelines for the Allocation of housing opportunities created through the National Housing Programmes.</p> <p>Currently, there is no need for review or revision of the system as it is successfully implemented. The key challenge is implementation of the system in municipalities. However, the department does not approve projects or housing opportunities without compliance with the Guidelines for the Allocation of housing opportunities created through the National Housing Programmes and National Housing Needs Register.</p>
<p><b>Put measures in place to ensure compliance to House Resolutions</b></p>	<p>Once these are communicated to the Programme, responses will be provided in order to comply. It is also important that the resolutions be communicated once taken to allow the programme sufficient time to include these in the work plans of the different directorates. The challenge is that if these are not communicated on time, these cannot be included in work plans and present a challenge to report against these</p>
<p><b>Intervene and assist municipalities that are struggling to spend their Municipal Infrastructure Grant allocations, especially on areas of financial reporting and technical skill such as engineers</b></p>	<p>Department supported 8 municipalities with project management including planning, reporting and technical support. The municipalities that were supported are: Ubuntu Municipality, Thembelihle Municipality, Siyancuma Municipality, Kai !Garib Municipality, Tsantsabane Municipality, Kgatelopele Municipality, Dawid Kruiper Municipality, and Dikgatlong Municipality.</p> <p>Richtersveld, Tsantsabane and Magareng Municipalities are placed on cost re-imbursement plan due to issues such as use of grants for operations, poor planning and technical issues. This is a continuous arrangement until the transferring officer (National CoGTA) is satisfied with the performance and grant management of these municipalities.</p> <p>Furthermore, the department is currently assisting Magareng Municipality to resolve the water crisis in Ikhutseng by ensuring that the current allocation is channelled to activities that are contributing towards the resolution.</p> <p>District Infrastructure Forums were convened in the following districts: Frances Baard District Infrastructure Forum, John Taolo Gaetsewe District Infrastructure Forum, Namakwa District Infrastructure Forum, Pixley ka Seme District Infrastructure Forum, and ZF Mgcawu District Infrastructure Forum</p> <p>These objectives of the forums are to assess, analyse and assist municipalities with technical and project management issues collaboratively. The forum is inclusive of all service delivery role players, including MISA and DWS. The Provincial MIG also convened Management Information System with all municipalities in order to address project capturing, monitoring and reporting challenges during October 2019.</p> <p>MIG expenditure is compliance and quality based, and municipal performance or expenditure changes drastically within limited space of time. Municipalities that were doing well in the past three months or year can become the worst performing in a snap due to non-compliance.</p> <p>The Infrastructure directorate in the department is under capacitated and cannot assist or support all municipalities at once due to limited resources, including human capacity. The cost containment measures are worsening the situation since it cannot provide hands-on support to municipalities and verify work done. MISA is only assisting 15 municipalities out of the 26.</p>



Recommendation	Department's response
<p><b>Support and supervise municipalities in intensifying intergovernmental relations with all relevant stakeholder departments in order to respond to the proliferation of informal settlements in the province</b></p>	<p>There is a challenge with municipalities complying with MIG conditions. They are not adhering to the planning and reporting timelines, changing of priority lists and poor or late response to comments on projects registration processes. All these delayed the project readiness and implementation, which contribute to poor expenditures and service delivery. Specific support will be given to municipalities that are currently spending under 60% of their transferred allocations to minimize the risks of them losing allocations during the re-allocation process.</p> <p>The proliferation of informal settlements in the province has a direct link to the fact that: Municipalities do not have Town Planners in their employ, Municipalities have been advised by the department that their Spatial Development Frameworks (SDF's) and Spatial Development Plans (SDP's) are either outdated or not in place. SDF and SDP of a municipality will earmark future developments approved by Council. These should become bylaws of the municipalities and these spaces should be communicated to the community via Ward Meetings, Ward Committees, etc. The Housing administration at the municipality should then facilitate a process whereby citizens come and apply for an erf to occupy in line with the housing needs register. This will ensure that the criteria for receiving a BNG house is applied. The municipality can then allocate applicants serviced erven if they are available. If serviced erven are not available, the municipality will be able to provide the basic services like mobile toilets and possibly JoJo tanks water. This will go a long way in assisting municipalities in planning for township establishment. Council can then decide on a monthly fee to cover the logistics for removal of the buckets and provision of water for these settlements, thereby registering owners on municipal database for payment of the services. Those that occupy land outside the SDP can be removed as it was gazetted utilising its bylaws. Then can then be requested to apply for an erf.</p> <p>The roll out of shared services like town planning, legal services and internal audit by District Municipalities will assist local municipalities who do not have the capacity to perform these.</p> <p>This matter should be addressed in the roll out of the new district development model</p>
<p><b>Continuously assist municipalities to improve their audit outcomes through targeted support and regular engagements</b></p>	<p>Support will be provided, but the municipalities must implement recommendations made to address matters identified by the AG. Municipalities must address findings from the prior year as part of the implementation of their Audit Action Plans. The Accounting Officers of municipalities must be held accountable for the audit outcomes of the municipalities, by Councils including the following:</p> <ul style="list-style-type: none"> <li>• Reviewing information submitted to the AG to avoid misstatements in their AFS,</li> <li>• Compliance with regulatory requirements, including predetermined objectives,</li> <li>• Build municipal capacity to reduce reliance on consultants</li> </ul> <p>Once these measures are in place can we see an improvement in the audit outcomes. Councils must also ensure that consequence management are implemented to turn the situation around in municipalities.</p>
<p><b>Forge a relationship with Provincial Treasury to facilitate integrated planning in terms of support rendered to municipalities with poor audit outcomes, with an intervention plan in place for each municipality towards assisting with a clean audit outcome</b></p>	<p>The two departments have concluded a MoU to cooperate. The Office of the DG in the province has revived the Operation Clean Audit Committee to look at how to assist all District Municipalities and municipalities in the main towns in the districts to move towards clean audit. The success of this will depend on the municipalities implementing recommendations made and Councils holding them accountable. It is also important that Councils play their oversight role effectively, including filling vacant posts of Municipal Managers (MMs) and Managers accountable to the MMs</p>
<p><b>In respect of the Provincial Disaster Management Plan the department is required to develop a project plan with all relevant stakeholders for submission to the Legislature so that progress in respect thereof can be monitored and evaluated</b></p>	<p>A detailed report on the implementation of the Provincial Disaster Management Plan was submitted.</p>
<p><b>Promote equal opportunities and fair treatment in employment through elimination of unfair discrimination in order to ensure equitable representation especially at senior management level</b></p>	<p>The department is utilising the Provincial Recruitment and Selection Policy. The policy only outlines the framework that departments in the Northern Cape Provincial Administration must adhere and follow to ensure fair and equitable recruitment, selection and appointment of potential candidates. The policy is also encouraging that advertising vacant posts should reach as far as possible the entire pool of potential applicants, especially persons historically disadvantaged and persons with disability. The policy also provides for the selection committee to make a recommendation on the suitability of a candidate after considering information based on valid</p>

Recommendation	Department's response
	<p>methods that are free from any bias and discrimination, as well as considering the department's employment equity plan. The department has also decided to ensure that the equity representative is always part of the selection committee.</p> <p>The Department is applying reasonable accommodation measures for people from designated groups.</p> <p>Reasonable accommodation policy in draft format</p> <p>Development and training of designated staff (including skills development)</p> <p>In the process of finalizing consultations so as to submit the EE Plan for 2020-2022</p> <p>Affirmative action measures included in EE Plan and Policy</p> <p>EE Policy in place</p> <p>Implementing the HOD'S 8 Principles</p> <p>Diversity Management is included in HOD'S Performance Agreement</p>
<b>Develop a project management plan to ensure that targets set are achievable, both in Co-operative Governance and Human Settlements</b>	<p>Due to lack of internal capacity, the function has been centralized reporting to Head Office with regular meetings on Mondays to manage poor performing contractors. This has assisted greatly with coordination and implementation of the Recovery Plan to such an extent that grant expenditure and progress has significantly improved.</p>
<b>Put mechanisms in place to address the poor administration of the housing beneficiary lists by municipalities</b>	<p>In February 2016, the department adopted Guidelines for the Allocation of housing opportunities created through the National Housing Programmes to facilitate a fair, equitable, transparent and inclusive selection and housing subsidy application approval process.</p> <p>The guideline is the policy framework to manage an existing electronic system known as the National Housing Needs Register. The National Housing Needs Register replaces and nullifies all the waiting list systems that were widely implemented by municipalities through South Africa. It is a reliable, fair and transparent web-based system that captures the different housing needs in all municipalities. Once captured on the system, information is electronically communicated to beneficiaries through the short message service (SMS).</p> <p>The system is key to the allocation process of housing opportunities to qualifying beneficiaries. Municipalities are required to allocate housing opportunities only from the National Housing Needs Register. No other system may be used to allocate housing opportunities.</p> <p>The system is not a waiting list at all. It only registers and manages housing demand. Registration on the system does not necessarily equate to qualification for any housing opportunities. It allows Government to determine and manage housing needs.</p> <p>Beneficiaries only graduate to Housing Subsidy System (HSS) upon approval of a specific housing opportunity and through a detailed process as per the Guidelines for the Allocation of housing opportunities created through the National Housing Programmes.</p> <p>Currently, there is no need for review or revision of the system as it is successfully implemented. The key challenge is implementation of the system in municipalities. However, the department does not approve projects or housing opportunities without compliance with the Guidelines for the Allocation of housing opportunities created through the National Housing Programmes and National Housing Needs Register.</p>

## 8. SCOPA RESOLUTIONS

Resolution No.	I
Subject	Annual Report 2018/19
Details	Develop a project management plan to ensure that targets set are achievable, both in Co-operative Governance and Human Settlements
Response by department	Due to lack of internal capacity, the function has been centralized reporting to Head Office with regular meetings on Mondays to manage poor performing contractors. This has assisted greatly with coordination and implementation of the Recovery Plan to such an extent that grant expenditure and progress has significantly improved.
Resolved (Yes/No)	Partially achieved against planned target to date

Resolution No.	2
Subject	Annual Report 2018/19
Details	Put mechanisms in place to address the poor administration of the housing beneficiary lists by municipalities
Response by department	<p>In February 2016, the department adopted Guidelines for the Allocation of housing opportunities created through the National Housing Programmes to facilitate a fair, equitable, transparent and inclusive selection and housing subsidy application approval process.</p> <p>The guideline is the policy framework to manage an existing electronic system known as the National Housing Needs Register. The National Housing Needs Register replaces and nullifies all the waiting list systems that were widely implemented by municipalities through South Africa. It is a reliable, fair and transparent web-based system that captures the different housing needs in all municipalities. Once captured on the system, information is electronically communicated to beneficiaries through the short message service (SMS).</p> <p>The system is key to the allocation process of housing opportunities to qualifying beneficiaries. Municipalities are required to allocate housing opportunities only from the National Housing Needs Register. No other system may be used to allocate housing opportunities.</p> <p>The system is not a waiting list at all. It only registers and manages housing demand. Registration on the system does not necessarily equate to qualification for any housing opportunities. It allows Government to determine and manage housing needs.</p> <p>Beneficiaries only graduate to Housing Subsidy System (HSS) upon approval of a specific housing opportunity and through a detailed process as per the Guidelines for the Allocation of housing opportunities created through the National Housing Programmes.</p> <p>Currently, there is no need for review or revision of the system as it is successfully implemented. The key challenge is implementation of the system in municipalities. However, the department does not approve projects or housing opportunities without compliance with the Guidelines for the Allocation of housing opportunities created through the National Housing Programmes and National Housing Needs Register.</p>
Resolved (Yes/No)	Partially achieved against planned target to date

Resolution No.	3
Subject	Annual Report 2018/19
Details	Develop a project plan with an implementation plan that depicts all relevant stakeholders in terms of MIG spending on municipal level and factor into the plan monitoring and evaluation
Response by department	<p>The department has established District Infrastructure Fora in all the 5 districts, which comprise of the District Municipalities, local municipalities, National CoGTA, National Public Works, Roads and Public Works, CoGHSTA and Provincial Treasury. At the fora challenges faced by municipalities are discussed and some advice provided to municipalities.</p> <p>National CoGTA has deployed engineers in the province to support municipalities. These District Technical Support Teams to strengthen the capacity of identified low and medium capacity municipalities. Municipalities supported by MISA are: Kareeberg, Thembelihle, Siyancuma, Renosterberg, Tsantsabane, Dawid Kruiper and Gamagara. MISA further assist municipalities on an ad-hoc basis.</p> <p>The department has entered into a Memorandum of Agreement with DBSA on 10 September 2019, whereby the DBSA is to support the department with the establishment of the PMU for a period of 5 years. DBSA has committed to procure and contract suitable technical resources and deploy them to the PMU. CoGHSTA must take full ownership for the establishment and management of the PMU and become administratively accountable for the municipal capital programmes where DBSA will be providing funding and non-funding support. The Programme Steering Committee (PSC) was established on 11 December 2019 to oversee the PMU. This comprise of CoGHSTA, DBSA, Office of the Premier, Provincial Treasury, Department of Water and Sanitation, Department of Environmental Affairs, National Public Works, Roads and Public Works, Sol Plaatje Municipality and District Municipalities.</p>
Resolved (Yes/No)	No

Resolution No.	4
Subject	Annual Report 2018/19
Details	Promote equal opportunities and fair treatment in employment through elimination of unfair discrimination in order to ensure equitable representation especially at senior management level in all municipalities in the province
Response by department	Municipalities are continually advised on the filling of senior management posts and the requirement to implement the 50:50 representation of women in section 56 posts. Furthermore, this is one of the KPA against which the department is implementing its APP. However, the prerogative of appointing senior managers at municipalities is that of the municipalities.
Resolved (Yes/No)	Partially achieved against planned target to date



Resolution No.	5
Subject	Annual Report 2018/19
Details	Establish an integrated planning forum with relevant stakeholders facilitating Inter-Governmental Relations and policy development around planning of bulk services and delivery toward integrated human settlements
Response by department	The Department regularly engages with the Department of Water and Sanitation and Department of Environmental and Nature Conservation to align all our planning efforts with regards to infrastructure and environmental authorizations. However, the Department will resuscitate the Planning and Alignment Forum, in partnership that was established previously to deal with all the built environment challenges that impact on the delivery of human settlements.
Resolved (Yes/No)	No

Resolution No.	6
Subject	Annual Report 2018/19
Details	The department must develop and implement proper systems of record management which would provide for the maintenance of information and the consistent collection of information from other entities and submit quarterly progress reports to the committee
Response by department	The department has an approved File Plan and been circulated to all officials. The Records Manager has on numerous occasions requested officials to send through documentation for proper filing, safekeeping and maintenance thereof. The Records Manager will concentrate in the next quarter on all programmes as they make use of empire registries in their offices.
Resolved (Yes/No)	No

Resolution No.	7
Subject	Annual Report 2018/19
Details	The department must submit a comprehensive report on reasons for its lack of consequence management on poor performance and transgressions, provide reasons why no investigations were done on unauthorized and irregular expenditure and provide the committee with a plan to ensure accountability and implement consequence management for non-compliance with key legislation
Response by department	The internal investigation report on irregular expenditure was forwarded to the Auditor General doing the audit of 2018/2019, but was not accepted, the reasons cited by the Auditor General was independency of investigation due to fact that the Department appointed the consultancy firm. The Department has started the condonation process of irregular expenditure and reports will be submitted to Treasury for condonation.
Resolved (Yes/No)	No

Resolution No.	8
Subject	Annual Report 2018/19
Details	The department must use reports of the internal audit function and external audit committee to identify controls that are not operating effectively and implement its recommendations to prevent material misstatements.
Response by department	The Department prepares the Annual Financial Statements as per the modified cash standard guidelines on an annual basis with clear intensions of no material misstatements. The challenge with the Auditor General is the issue of differences in the interpretation of the guidelines. The implementation strategy that the Department applied during 2019/2020 was to compile more qualitative quarterly interim financial statements.
Resolved (Yes/No)	Yes

Resolution No.	9
Subject	Annual Report 2018/19
Details	The department must monitor the implementation of its audit action plan and submit quarterly reports to the committee
Response by department	The Department does comply with the implementation of the Audit Action Plan and reports are submitted to the Audit Committee on a quarterly basis for discussion.
Resolved (Yes/No)	Partially achieved against planned target to date

Resolution No.	10
Subject	Annual Report 2018/19
Details	The department must submit all progress reports within 30 days after tabling of this report
Response by department	Duly noted by the Department and will adhere to this in future.
Resolved (Yes/No)	Yes

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

## 10. INTERNAL CONTROL UNIT

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

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Internal audit

The Internal Audit service has been performed by the Northern Cape Provincial Treasury's "Provincial Internal Audit Service". The function was setup under section 38(1)a()(i) and section 76(4)(e) of the PFMA as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3 of the Treasury Regulations. The unit fulfills an independent assurance function. The Northern Cape Provincial Treasury contracted PwC to execute the internal audit service for the period 1 April 2019 to 31 March 2020.

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 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 consideration of 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 review, 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 year were reported to the Audit Committee.

### 11.2 Audit Committee

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

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

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

The Audit Committee members have been appointed with effect from 1 December 2017. The Audit Committee exists of five members in total. Two internal members and three external members, of which two external members were reappointed to serve for the second term. The Audit Committee consisted of the members listed hereunder and met five times as per its approved meeting schedule:

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
Mr. Kgoale Maja	Master in Business Leadership (MBL)	External	01/01/2015-30/11/2020	5 out of 5

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
Mr. Mava Dada	CA (SA)	External	01/01/2015-30/11/2020	3 out of 5
Mr. Velile Pangwa	CA (SA)	External	01/12/2017-30/11/2020	4 out of 5
Mr. Roscoe Miller Northern Cape Tourism Authority	Bachelor of Commerce Honours Accounting	Internal	01/12/2017-30/11/2020	3 out of 5
Mr. Daryll Christians NC Department of Economic Development and Tourism	Honours degree in Education	Internal	01/01/2015-30/11/2020	3 out of 5

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

## 12. AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2020. The Audit Committee has been functional throughout the financial year.

### 12.1 REPORT OF THE AUDIT COMMITTEE FOR 2019/20

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..

### 12.2 THE EFFECTIVENESS OF INTERNAL CONTROL

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.

- Some information regarding the functionality of ward committees held, job creation opportunities for the youth, and the number of municipalities supported to respond to community concerns was not provided during the audit of municipal public participation.
- The system description or standard operating procedures were not developed for Municipal Performance and Monitoring.
- Risk management reports have not always been actioned.
- Information reported on Programme 3 – Cooperative Governance, was not always valid, accurate and complete.
- Human Settlement Development grants as well as Procurement and Contract Management remains a concern at the Department, due to irregular expenditure incurred at the Department.

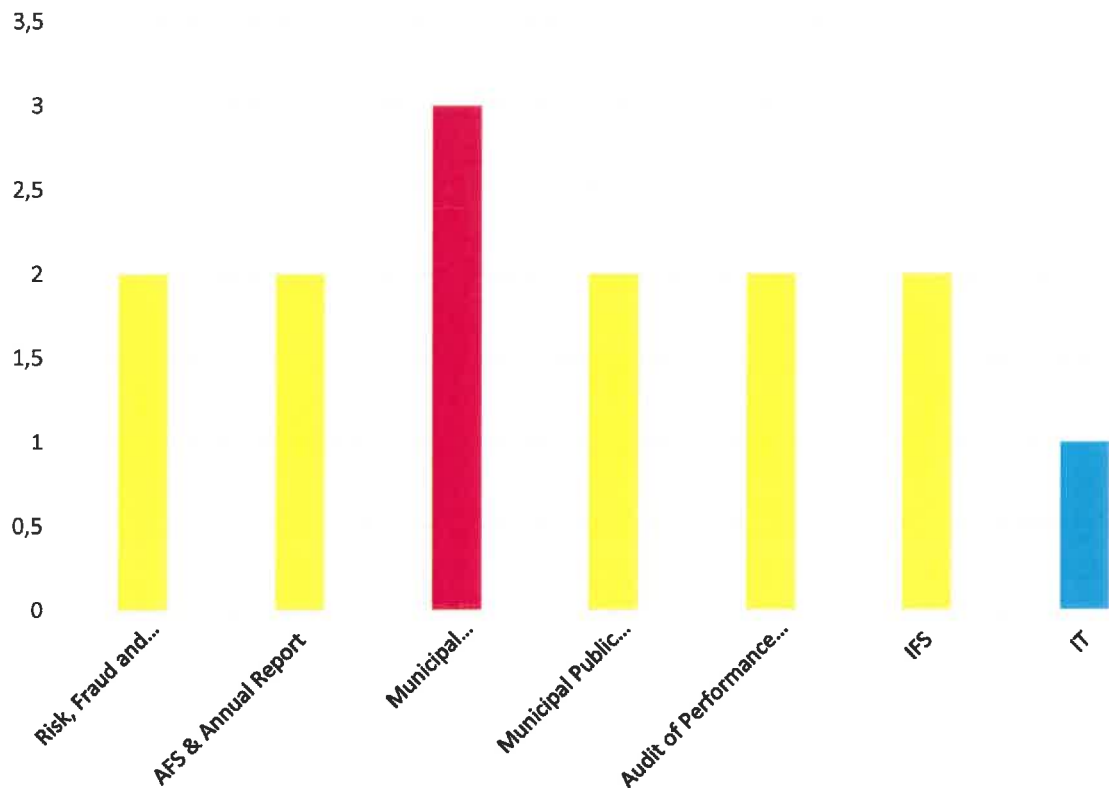
Management has however developed an action plan to address the issues over a period of time. The Audit Committee monitored the implementation of the plan during the audit committee meetings.

The internal audit activity also maintains a 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.





### Internal Control Assessment 2019/2020



#### 12.3 In-Year Management and 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.

The Department also consistently reported a need for additional funding.

#### 12.4 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;
- Reviewed significant adjustments resulting from the audit; and
- Reviewed the outcome of the evaluation of the AFS.

#### 12.5 Report to Executive Authority

On a quarterly basis the Audit Committee writes a report to the Executive Authority which highlights the issues that needs attention or improvement within the entity's performance.



The Audit Committee met with the Executive Council of the province during the year.

#### **12.6 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.

#### **12.7 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 Co-operative Governance Human Settlements and Traditional Affairs**

**Date: 31 July 2020**



# 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. Competent staff members to deliver outstanding performance.

**Employee performance management:** The Department implemented Performance Management System for all staff members on salary levels 1-16 for the 2019/20 financial year. The EPMDS unit compiled non-compliance and poor performance reports. The HOD made recommendation on the report. Investigations by Labour Relations and EPMDS are underway, and a final report on the findings will be submitted to HOD. During the assessment process, nine (9) members of the Senior Management Service (SMS) classified as "critical occupation", received cash bonuses. Seven (7) received pay progression only. One (1) SMS member is on last notch and did not received pay progression or cash bonus. One (1) SMS member was disqualified due to non-compliance.

**Training and Development:** Annually, Branches are requested to submit training and development needs that will assist in achieving the Annual Performance Plan (APP) and the Operational Plans (OP) and future plans. The Department, in the context of the submitted developmental needs, managed to train one hundred and eighty (180) officials. Cost containment is a major hampering factor concerning Training & Development.

20 Officials were awarded bursaries to study in 2020. The total officials on the bursary programme is 53. HRD concluded processes to pay Intern Stipends that are in-line with the Determination on Interns, from 1 April 2020.

**Workforce planning and key strategies to attract and recruit a skilled and capable workforce:** The Department is challenged to increase capacity due to financial constraints. Posts are only filled when the incumbent vacates, resigns or is transferred to another Department. The Department aligns the staff establishment with the organisational structure, monitor the implementation of the HRP, and submitted the HRP. Filling of vacant posts is the biggest challenge in the Department due to non-availability of funds.

**Employee wellness programmes:** The sub-programme, through its programme Diversity and Employee Health and Wellness, provided employee health and wellness support such as health screening, health education, financial wellness and HIV and AIDS voluntary testing and counselling. The programme also partnered with the South African Blood Services (SANBS), Government Employees Medical Scheme (GEMS) and other health care providers to provide quality wellness service to employees.

## 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 2019 to 31 March 2020**

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	161 377	96 058	0	0	59	485
Human Settlements	511 824	45267	0	0	8	520
Cooperative Governance	154 298	123841	0	0	80	399
Traditional Affairs	21 902	6 082	0	0	73	146
<b>Total as on Financial System (BAS)</b>	<b>849 402</b>	<b>281 248</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>399</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 to 31 March 2020**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Abnormal Appointment	1287	0.5	3	429000
Contract (Levels 13-16)	8474	3	8	1059250
Contract (Levels 3-5)	867	0.3	13	66 692
Contract (Levels 6-8)	3862	1.4	12	321 833
Contract (Levels 9-12)	9628	3.4	14	687 714
Highly skilled production (Levels 6-8)	153 972	54	423	365 322
Highly skilled supervision (Levels 9-12)	67 440	28.7	95	709 895
Lower skilled (Levels 1-2)	2316	0.8	15	154 400
Periodical Remunerations	449	0.2	64	7016
Senior management (Levels 13-16)	22 157	8	15	1 477 133
Skilled (Levels 3-5)	10 795	4	43	251 047
<b>Total</b>	<b>281 248</b>	<b>99</b>	<b>705</b>	<b>399 726</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2019 to 31 March 2020**

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	80 179	82	0	0	3333	3	4 643	5
Cooperative Governance	99 760	8	0	0	4902	4	8 029	6
Human Settlements	38 321	84	0	0	1 221	3	2 121	5
Traditional Affairs	14 287	88	0	0	283	2	540	3
<b>Total</b>	<b>232 547</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>9 740</b>	<b>3</b>	<b>15 333</b>	<b>5</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 to 31 March 2020**

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	1 286	100	0	0	0	0	0	0
Contract (Levels 13-16)	8 473	980	0	0	0	0	0	0
Contract (Levels 3-5)	867	100	0	0	0	0	0	0
Contract (Levels 6-8)	3 861	0	0	0	0	0	0	0
Contract (Levels 9-12)	9 607	95	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	121 767	79	0	0	6 575	4	11 532	8
Highly skilled supervision (Levels 9-12)	57 128	84	0	0	1 505	2	2 461	4
Lower skilled (Levels 1-2)	1 712	74	0	0	119	5	281	12
Senior management (Levels 13-16)	19 056	83	0	0	998	4	154	0.7
Skilled (Levels 3-5)	8 342	77	0	0	543	5	905	8
<b>Total</b>	<b>232 547</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>9 740</b>	<b>3</b>	<b>15 333</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	5.2	4
Human Settlement	101	83	17.8	6
Traditional Affairs	53	50	5.7	3
<b>Total</b>	<b>698</b>	<b>636</b>	<b>8.9</b>	<b>21</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019**

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)	0	0	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)	452	432	4.4	2
Highly skilled supervision (Levels 9-12)	131	100	23.7	0
Lower skilled (Levels 1-2)	16	15	6.3	0
Senior and Top management (Levels 13-16)	24	19	20.8	0
Skilled (Levels 3-5)	48	43	10.4	0
<b>Total</b>	<b>698</b>	<b>636</b>	<b>8.9</b>	<b>21</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2020**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	130	104	20	12
All Artisans in the Building Metal Machinery etc.	1	0	100	0
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)	5	3	40	0
Communication and Information Related	1	1	0	0
Community Development Workers	15	11	26.7	1
Engineering Sciences Related	2	1	50	0
Engineers and Related Professionals	4	1	75	1
Finance and Economics Related	4	4	0	0
Financial and Related Professionals	3	2	33.3	0
Financial Clerks and Credit Controllers	38	33	13.2	2
Food Services Aids and Waiters	3	3	0	0
General Legal Administration & Related Professionals	1	1	0	0
Human Resources & Organisational Development & Related Professionals	2	1	50	1



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Human Resources Clerks	2	1	50	0
Human Resources Related	34	32	5.9	8
Information Technology Related	2	2	0	0
Inspectors of Apprentices Works and Vehicles	16	13	18.8	5
Legal Related	2	1	50	0
Library Mail and Related Clerks	8	8	0	0
Logistical Support Personnel	5	3	40	0
Material-Recording and Transport Clerks	3	3	0	0
Messengers Porters and Deliverers	7	7	0	1
Other Administrative & Related Clerks and Organisers	255	250	2	4
Other Administrative Policy and Related Officers	62	58	6.5	0
Other Information Technology Personnel	4	4	0	1
Other Occupations	24	23	48	1
Risk Management and Security Services	4	4	0	0
Secretaries & Other Keyboard Operating Clerks	14	13	7.1	0
Security Officers	2	2	0	1
Senior Managers	33	24	27.3	6
Trade Quality Controllers	4	3	25	0
<b>Total</b>	<b>712</b>	<b>638</b>	<b>10.4</b>	<b>45</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 2020**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	4	2	50	2	50
Salary Level 13	20	12	60	8	40
<b>Total</b>	<b>26</b>	<b>16</b>	<b>61.5</b>	<b>10</b>	<b>38.5</b>

**Table 3.3.2 SMS post information as on 30 September 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	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	4	2	50	2	50
Salary Level 13	20	13	65	7	35
<b>Total</b>	<b>26</b>	<b>17</b>	<b>65</b>	<b>9</b>	<b>35</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 to 31 March 2020**

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
None			

**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 2019 to 31 March 2020**

<b>Reasons for vacancies not advertised within six months</b>
Moratorium on filling of vacancies relating to budget constraints in the department
<b>Reasons for vacancies not filled within twelve months</b>
Moratorium on filling of vacancies relating to budget constraints in the department

**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 2019 to 31 March 2020**

<b>Reasons for vacancies not advertised within six months</b>
Moratorium on filling of vacancies relating to budget constraints in the department
<b>Reasons for vacancies not filled within six months</b>
Moratorium on filling of vacancies relating to budget constraints in the department

### 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 2019 to 31 March 2020**

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)	7	0	0	0	0	0	0
Contracts (Level 1-2)	1	0	0	0	0	0	0
Contracts (Levels 3-5)	13	0	0	0	0	0	0
Contracts (Levels 6-8)	12	0	0	0	100	0	0
Contracts (Levels 9-12)	14	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	449	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	128	0	0	0	0	0	0
Lower Skilled (Levels 1-2)	15	0	0	0	0	0	0
Senior Management Service Band A	18	0	0	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Skilled (Levels 3-5)	49	0	0	0	0	0	0
<b>Total</b>	<b>712</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 to 31 March 2020**

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					

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 2019 to 31 March 2020**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Line function	0	0	0	
Support function	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 2019 to 31 March 2020**

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					

### 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 2019 to 31 March 2020**

Salary band	Number of employees at 1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract Band A	4	3	0	8
Contracts (Levels 3-5)	2	11	0	0
Contracts (Levels 6-8)	7	9	2	28.6
Contracts (Levels 9-12)	14	9	9	64.3
Highly skilled production (Levels 6-8)	432	2	11	2.5
Highly skilled supervision (Levels 9-12)	100	0	4	4
Lower skilled (Levels 1-2)	15	0	0	0
Senior Management Service Bands A	14	0	3	21.4
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	0	0	0
<b>Total</b>	<b>637</b>	<b>35</b>	<b>30</b>	<b>4.7</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 to 31 March 2020**

Critical occupation	Number of employees at 1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	109	6	10	9.2
All Artisans in the Building Metal Machinery etc.	1	0	1	100
Architects Town and Traffic Planners	1	0	0	0
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)	5	0	2	40
Communication and Information Related	1	0	0	0
Community Development Workers	10	1	0	0
Engineering Sciences Related	1	0	0	0
Engineers and Related Professionals	2	2	3	150
Finance and Economics Related	4	0	0	0
Financial and Related Professionals	4	0	0	0



Critical occupation	Number of employees at 1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Financial Clerks and Credit Controllers	32	1	0	0
Food Services Aids and Waiters	3	0	0	0
General Legal Administration & Related Professionals	1	0	0	0
Human Resources Clerks	1	0	0	0
Human Resources Related	23	8	0	0
Information Technology Related	2	0	0	0
Inspectors of Apprentices Works and Vehicles	12	4	1	8.3
Legal Related	1	0	0	0
Library Mail and Related Clerks	7	1	0	0
Logistical Support Personnel	4	0	0	0
Material-Recording and Transport Clerks	2	0	0	0
Messengers Porters and Deliverers	7	1	0	0
Other Administrative & Related Clerks and Organisers	251	4	4	1.6
Other Administrative Policy and Related Officers	62	0	3	4.8
Other Information Technology Personnel	4	0	0	0
Other Occupations	25	1	3	12
Risk Management and Security Services	3	0	0	0
Secretaries & Other Keyboard Operating Clerks	13	0	0	0
Security Officer	1	0	0	0
Senior Managers	21	5	3	14.3
Trade Quality Controllers	3	0	0	0
<b>Total</b>	<b>637</b>	<b>35</b>	<b>30</b>	<b>4.7</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 2019 to 31 March 2020**

Termination Type	Number	% of Total Resignations
Death	3	10
Discharged due to ill-health	1	3.3
Dismissal (misconduct)	1	3.3
Expiry of contract	13	43.3
Resignation	10	33.3
Retirement	2	6.7
<b>Total</b>	<b>30</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>		

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 to 31 March 2020**

Occupation	Employees at 1 April 2019	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	109	0	0	79	72.5
All Artisans in the Building Metal Machinery etc.	1	0	0	0	0
Appraisers-Valuers and Related Professionals	1	0	0	2	200
Cartographic Surveying and Related Technicians	2	0	0	2	100
Cleaners in Offices Workshops Hospitals etc.	19	0	0	18	94.7
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	5	0	0	5	100
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	1	50
Finance and Economics Related	4	0	0	3	75
Financial and Related Professionals	4	0	0	2	50
Financial Clerks and Credit Controllers	32	0	0	26	81.3
Food Services Aids and Waiters	3	0	0	2	66.7
General Legal Administration & Related Professionals	1	0	0	0	0
Human Resources Clerks	1	0	0	0	0
Human Resources Related	23	0	0	22	95.7

Occupation	Employees at 1 April 2019	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
Information Technology Related	2	0	0	2	100
Inspectors of Apprentices Works and Vehicles	12	0	0	7	58.3
Legal Related	1	0	0	1	100
Library Mail and Related Clerks	7	0	0	5	71.4
Logistical Support Personnel	4	0	0	2	50
Material-Recording and Transport Clerks	2	0	0	2	100
Messengers Porters and Deliverers	7	0	0	6	85.7
Other Administrative & Related Clerks and Organisers	251	0	0	160	63.7
Other Administrative Policy and Related Officers	62	0	0	48	77.4
Other Information Technology Personnel	4	0	0	2	50
Other Occupations	25	0	0	0	0
Risk Management and Security Services	3	0	0	4	133.3
Secretaries & Other Keyboard Operating Clerks	13	0	0	13	100
Security Officer	1	0	0	1	100
Senior Managers	21	0	0	15	71.4
Trade Quality Controllers	3	0	0	3	100
<b>Total</b>	<b>637</b>	<b>0</b>	<b>0</b>	<b>445</b>	<b>69.9</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2019 to 31 March 2020**

Salary Band	Employees at 1 April 2019	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	3	0
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	7	0	0	1	14.3
Contract (Levels 9-12)	14	0	0	1	7.10
Highly Skilled Production (Levels 6-8)	432	0	0	295	68.3
Highly Skilled Supervision (Levels 9-12)	100	0	0	83	83
Lower Skilled (Levels 1-2)	15	0	0	14	93.3
Senior Management (Levels 13-16)	19	0	0	13	68.4
Skilled (Levels 3-5)	43	0	0	35	81.4
<b>Total</b>	<b>637</b>	<b>0</b>	<b>0</b>	<b>445</b>	<b>69.9</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 2020**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	79	51	1	0	104	72	0	4	311
Craft and related trades workers	5	3	0	2	4	2	0	0	16
Labourers and Related Workers	26	4	0	0	11	10	0	0	51
Professionals	16	8	0	1	30	6	0	1	62
Senior officials and managers	15	3	0	1	4	1	0	1	25
Service and sales workers	0	3	0	0	2	1	0	0	6
Technicians and associate professionals	59	18	1	3	60	21	0	5	167
<b>Total</b>	<b>200</b>	<b>90</b>	<b>2</b>	<b>7</b>	<b>215</b>	<b>113</b>	<b>0</b>	<b>11</b>	<b>638</b>

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2020**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management), Permanent	6	1	0	1	0	0	0	0	8
Contract (Professionally Qualified), Permanent	6	3	0	1	4	0	0	0	14
Contract (Skilled Technical), Permanent	5	2	0	0	4	1	0	0	12
Contract (Semi-Skilled), Permanent	7	2	0	0	4	0	0	0	13
Professionally qualified and experienced specialists and mid-management	38	12	0	3	23	14	0	5	95
Semi-skilled and discretionary decision making	20	2	0	0	15	5	0	1	43
Senior Management	7	1	0	0	3	1	0	1	13
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	107	65	2	2	159	84	0	4	423
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>200</b>	<b>90</b>	<b>2</b>	<b>7</b>	<b>215</b>	<b>113</b>	<b>0</b>	<b>11</b>	<b>638</b>

**Table 3.6.3 Recruitment for the period 1 April 2019 to 31 March 2020**

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	0	0	0	0	0	0	0	0	0
Contract (Professionally Qualified), Permanent	4	3	0	1	1	0	0	0	9
Contract (Skilled Technical), Permanent	3	2	0	0	4	0	0	0	9
Contract (Semi-Skilled), Permanent	6	1	0	0	4	0	0	0	11
Contract (Unskilled), Permanent	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</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 2019 to 31 March 2020**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	6	2	0	0	3	1	0	1	13
Professionally qualified and experienced specialists and mid-management, Permanent	27	11	0	3	23	14	0	5	83
Skilled technical and academically qualified workers, junior management, supervisors, foreman, Permanent	56	15	2	0	120	64	0	3	295
Semi-skilled and discretionary decision making, Permanent	14	2	0	0	13	4	0	2	35
Unskilled and defined decision making, Permanent	3	1	0	0	3	7	0	0	14
Contract (Professionally Qualified), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled Technical), Permanent	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>106</b>	<b>66</b>	<b>2</b>	<b>3</b>	<b>164</b>	<b>90</b>	<b>0</b>	<b>11</b>	<b>442</b>
<b>Employees with disabilities</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>



**Table 3.6.5 Terminations for the period 1 April 2019 to 31 March 2020**

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	1	1	0	0	0	1	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	2	0	0	2	3	0	1	11
<b>Total</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>14</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 2019 to 31 March 2020**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	2	1			1	1			5
Written warning	5					1			6
Verbal Warning	5	1				1			7
Counselling, final written warning with one month's suspension without salary	1								1
Counselling, final written warning with three months' suspension without salary	1								1
Demotion, final written warning with three months' suspension without salary						1			1
Suspension without salary						1			1
Dismissal		1							1
Final written warning & reimbursing the department		1							1
No disciplinary measures instituted against official due to lack of evidence						1			1
Final written warning with one month's suspension without salary	1								1
<b>Total</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>26</b>

**Table 3.6.7 Skills development for the period 1 April 2019 to 31 March 2020**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	4	0	0	0	7	1	0	0	12
Legislators, senior officials and managers	6	1	0	0	3	2	0	0	12
Technicians and associate professionals	47	19	1	0	62	27	0	0	156
<b>Total</b>									<b>180</b>
<b>Employees with disabilities</b>									

### 3.7 Signing of Performance Agreements by SMS Members

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

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2019**

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	2	2	100%
Salary Level 13	18	15	12	80%
<b>Total</b>	<b>24</b>	<b>19</b>	<b>16</b>	<b>84%</b>

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2019**

Reasons
No reason indicated by the three SMS members. Early notification was given to them.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2019**

Reasons
Matter was reported to labour relations and investigations are in process.

### 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 2019 to 31 March 2020**

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	53,00	209,00	25,40	886,88	16 734,00
Male	29,00	194,00	14,90	718,01	24 759,00
<b>Asian</b>					
Female	0,00	0,00	0,00	0,00	0,00
Male	1,00	2,00	50,00	18,01	18 015,00
<b>Coloured</b>					
Female	29,00	113,00	25,70	599,97	20 689,00
Male	14,00	85,00	16,50	290,41	20 744,00
<b>White</b>					
Female	8,00	11,00	72,70	260,69	32 587,00
Male	2,00	7,00	28,60	38,78	19 391,00
<b>Employees with disability</b>	3,00	17,00	17,60	45,60	15 200,00
<b>Total</b>	<b>139,00</b>	<b>638,00</b>	<b>21,80</b>	<b>2 858,36</b>	<b>20 564,00</b>

**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 to 31 March 2020**

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)	71,00	423,00	16,80	1 028,28	14 483,00
Highly Skilled Supervision (Levels 9-12)	45,00	95,00	47,40	1 216,30	27 029,00
Lower Skilled (Levels 1-2)	3,00	15,00	20,00	20,58	6 860,00
Skilled (Levels 3-5)	9,00	43,00	20,90	91,69	10 187,00
<b>Total</b>	<b>128,00</b>	<b>576,00</b>	<b>105,10</b>	<b>2 356,84</b>	<b>18 413,00</b>

**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2019 to 31 March 2020**

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	33,00	104,00	31,70	879,82	26 661,00
All Artisans in the Building Metal Machinery etc.	0,00	0,00	0,00	0,00	0,00
Architects Town and Traffic Planners	1,00	1,00	100,00	29,71	29 708,00
Cartographic Surveying and Related Technicians	1,00	2,00	50,00	37,91	37 912,00
Cleaners in Offices Workshops Hospitals etc.	3,00	19,00	15,80	20,58	6 860,00
Client Inform Clerks (Switchboard/Reception / Information Clerks)	1,00	3,00	33,30	2,74	2 736,00
Communication and Information Related	0,00	1,00	0,00	0,00	0,00
Community Development Workers	0,00	11,00	0,00	0,00	0,00
Engineering Sciences Related	1,00	1,00	100,00	15,98	15 979,00
Engineers and Related Professionals	0,00	1,00	0,00	0,00	0,00
Finance and Economics Related	3,00	4,00	75,00	82,47	27 489,00
Financial and Related Professionals	2,00	2,00	100,00	37,25	18 627,00
Financial Clerks and Credit Controllers	14,00	33,00	42,40	211,30	15 093,00
Food Services Aids and Waiters	0,00	3,00	0,00	0,00	0,00
General Legal Administration & Related Professionals	1,00	1,00	100,00	13,67	13 665,00
Human Resources & Organisational Development & Related Professions	0,00	1,00	0,00	0,00	0,00
Human Resources Clerks	0,00	1,00	0,00	0,00	0,00
Human Resources Related	9,00	32,00	28,10	174,18	19 354,00
Information Technology Related	1,00	2,00	50,00	17,80	17 798,00
Inspectors of Apprentices Works and Vehicles	2,00	13,00	15,40	22,38	11 190,00
Legal Related	1,00	1,00	100,00	15,63	15 631,00
Library Mail and Related Clerks	3,00	8,00	37,50	34,22	11 405,00
Logistical Support Personnel	1,00	3,00	33,30	25,18	25 181,00
Material-Recording and Transport Clerks	0,00	3,00	0,00	0,00	0,00
Messengers Porters and Deliverers	1,00	7,00	14,30	3,13	3 128,00
Other Administrative & Related Clerks and Organisers	23,00	250,00	9,20	261,39	11 365,00
Other Administrative Policy and Related Officers	17,00	58,00	29,30	254,33	14 960,00
Other Information Technology Personnel	0,00	4,00	0,00	0,00	0,00
Other Occupations	0,00	23,00	0,00	0,00	0,00
Risk Management and Security Services	1,00	4,00	25,00	51,79	51 785,00
Secretaries & Other Keyboard Operating Clerks	10,00	13,00	76,90	171,94	17 194,00
Security Officers	1,00	2,00	50,00	24,94	24 940,00
Senior Managers	9,00	24,00	37,50	470,04	52 226,00
Trade Quality Controllers	0,00	3,00	0,00	0,00	0,00
<b>Total</b>	<b>139,00</b>	<b>638,00</b>	<b>21,80</b>	<b>2 858,36</b>	<b>20 564,00</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 to 31 March 2020**

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	7,00	18,00	38,90	374,74	53 534,20	1,60
Band B	2,00	3,00	66,70	95,30	47 648,30	2,00
Band C	0,00	1,00	0,00	0,00	0,00	0,00
Band D	0,00	1,00	0,00	0,00	0,00	0,00
<b>Total</b>	<b>9,00</b>	<b>23,00</b>	<b>39,10</b>	<b>470,04</b>	<b>52 226,30</b>	<b>1,50</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 2019 to 31 March 2020**

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



**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 to 31 March 2020**

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100	1	100	0	0

### 3.10 Leave Utilisation

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

**Table 3.10.1 Sick leave for the period 1 January 2019 to 31 December 2019**

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)	8	75	2	0.5	4	31
Contract (Levels 3-5)	14	92.9	2	0.5	7	12
Contract (Levels 6-8)	32	68.8	7	1.7	5	52
Contract (Levels 9-12)	53	71.7	9	2.2	6	133
Highly skilled production (Levels 6-8)	2774	82.1	244	58.8	11	4081
Highly skilled supervision (Levels 9-12)	776	75.6	87	21	9	1968
Lower skilled (Levels 1-2)	85	85.9	13	3.1	7	46
Senior management (Levels 13-16)	110	82.7	14	3.4	8	476
Skilled (Levels 3-5)	375.5	75.4	37	8.9	10	334
<b>Total</b>	<b>4227.5</b>	<b>80.2</b>	<b>415</b>	<b>100</b>	<b>10</b>	<b>7133</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019**

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)	455	100	7	53.8	65	754
Highly skilled supervision (Levels 9-12)	27	100	2	15.4	14	80
Skilled (Levels 3-5)	139	100	3	23.10	46	129
<b>Total</b>	<b>621</b>	<b>100</b>	<b>12</b>	<b>92.3</b>	<b>51.75</b>	<b>963</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 2019 to 31 December 2019**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	100	13	8
Contract (Levels 3-5)	45	11	4
Contract (Levels 6-8)	150	14	11
Contract (Levels 9-12)	222	13	17
Highly skilled production (Levels 6-8)	8568	22	382
Highly skilled supervision (Levels 9-12)	2491	26	97
Lower skilled (Levels 1-2)	276	18	15
Senior management (Levels 13-16)	414	23	18
Skilled (Levels 3-5)	1024.92	24	49
<b>Total</b>	<b>13308.92</b>	<b>22</b>	<b>595</b>

**Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2019**

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 2019
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</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 2019 to 31 March 2020**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Capped leave pay-outs on termination of service for 2018/19	40	1	40 000
<b>Total</b>	<b>40</b>	<b>1</b>	<b>40 000</b>

### 3.1.1 HIV/AIDS & Health Promotion Programmes

**Table 3.1.1.1 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 3.1.1.2 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 employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		5 Employees Annual budget: R100 000.00
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		Wellness Management Health and Productivity Management HIV/AIDS Management SHERQ Management
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	x		Ms. ESD Boboko Mr. P. Mpontsang Ms. N. Julingalo Ms. W. Isaacs Ms. V Dibeco Mr. M. Batshe Mr. M. Seleke Mr. I. Modise Ms. S. Mgoma-Makhele Ms. M. Joseph-Karsten Mr. L. Kopa Mr. R. Vass Ms. Mjandana Ms. P. Thebe
5 Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		x	
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		HIV Policy
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		The Department presented six opportunities to employees to be tested.

Question	Yes	No	Details, if yes
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 2019 to 31 March 2020**

Collective Agreements	Number
Total number of Collective agreements	0

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

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 to 31 March 2020**

Outcomes of disciplinary hearings	Number	% of total
Final written warning	5	19%
Written warning	6	23%
Verbal Warning	7	27%
Counselling, final written warning with one month's suspension without salary	1	4%
Counselling, final written warning with three months' suspension without salary	1	4%
Demotion, final written warning with three months' suspension without salary	1	4%
Suspension without salary	1	4%
Dismissal	1	4%
Final written warning & reimbursing the department	1	4%
No disciplinary measures instituted against official due to lack of evidence	1	4%
Final written warning with one month's suspension without salary	1	4%
<b>Total</b>	<b>26</b>	

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 to 31 March 2020**

Types of misconduct	Number	% of total
Prolonged Absenteeism	1	3%
Intoxication and assault	1	3%
Absenteeism	7	23%
Fraudulent S&T claims	1	3%
Insolence	1	3%
Dereliction of duties	7	23%
Insubordination	1	3%
AWOL	1	3%
Missing EPMDS file	1	3%
Misuse of state vehicle	2	7%
Dereliction of duties and insubordination	2	7%
Intoxication, assault and insolence	1	3%
Disclosure of confidential information	1	3%
Dereliction of duties and disregard of authority	1	3%
Insolence and business on state property	1	3%
Petrol fraud	1	3%
<b>Total</b>	<b>30</b>	

**Table 3.12.4 Grievances logged for the period 1 April 2019 to 31 March 2020**

Grievances	Number	% of Total
Number of grievances resolved	31	97%
Number of grievances not resolved	1	3%
<b>Total number of grievances lodged</b>	<b>32</b>	

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2019 to 31 March 2020**

Disputes	Number	% of Total
Number of disputes upheld	1	10%
Number of disputes dismissed	3	30%
Number of pending disputes	6	60%
<b>Total number of disputes lodged</b>	<b>10</b>	



**Table 3.12.6 Strike actions for the period 1 April 2019 to 31 March 2020**

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 2019 to 31 March 2020**

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

### 3.13 Skills development

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

**Table 3.13.1 Training needs identified for the period 1 April 2019 to 31 March 2020**

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	1		Computer training Project Management (basic) Public Management Conflict Management Transport & Logistic management		
	Female	2		Supervisory Training Finance for none financial managers Financial Management Records Management Minute Taking		
Legislators, senior officials and managers	Male	6		Disaster Management Policy Development Financial Management Computer Training Project Management (advanced)		
	Female	10		Public Management Report Writing Communication Training Conflict Management Presentation & facilitation skill		
Technicians and associate professionals	Male	92		Communication Skills Labour Relation Office Management Computer Training Project Management (basic)		
	Female	179		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 2019 to 31 March 2020**

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	7		Report Writing Supervisory Training Financial Management Emerging management development programme		
	Female	5		Record Management Labour Relation training Public Management HC: Management Training Driving Lessons		

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
Legislators, senior officials and managers	Male	4		Facilitation Management Advanced CIO Professional Policy development & management Project management (advanced)		
	Female	8		Masters: Business Leadership Degree: LLB Evidence based, Marketing and Implementation		
Technicians and associate professionals	Male	64		Project management (advanced) Supply chain management training Supervisory Training Computer Training		
	Female	92		Public Management Report Writing Office Administration		
<b>Total</b>		<b>180</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 2019 to 31 March 2020**

Nature of injury on duty	Number	% of total
None		

### 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 2019 to 31 March 2020**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Preparation of Housing Fund Financials	1	± 15	R40 250
Compilation of the Provincial Disaster Management Framework	1	9 months	R968 576

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

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 to 31 March 2020**

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

**Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2019 to 31 March 2020**

Project title	Total Number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand

**Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 to 31 March 2020**

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

### 3.16 Severance Packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2019 to 31 March 2020**

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
None				





# PART E

## FINANCIAL INFORMATION

## **I. 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 79 to 155, which comprise the appropriation statement, statement of financial position as at 31 March 2020, 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 2020, 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, 2019 (Act No. 16 of 2019) (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 33 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2020.

#### **A significant subsequent event that occurred between the date of the financial statements and the date of the auditor's report**

8. I draw attention to note 28 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the department's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

#### **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 156 to 163 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 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's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the 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) (PM) 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 2020:

Programmes	Pages in the annual performance report
Programme 2 - Human Settlements	30 - 33



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 the following programme:
- Programme 2 - Human Settlements

#### **Other matters**

20. I draw attention to the matters below.

#### **Achievement of planned targets**

21. Refer to the annual performance report on pages 30 to 33 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

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

#### **Introduction and scope**

22. 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.
23. The material findings on compliance with specific matters in key legislations are as follows:

#### **Annual financial statement**

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by the section 40(1)(a) and (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

#### **Expenditure management**

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R32 335 000 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. The majority of the irregular expenditure was caused by the non-compliance to SCM regulations.
26. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by Treasury Regulation 8.2.3.

#### **Procurement and contract management**

27. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1 and 16A6.4.



28. Sufficient appropriate audit evidence could not be obtained that some of the bid documentation for procurement of commodities designated for local content and production, stipulated the minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(2). Similar limitation was also reported in the prior year.
29. Some of the commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).
30. Some of the major infrastructure projects were not reviewed by a gateway review team in accordance with the Framework for Infrastructure Delivery and Procurement Management.

### Consequence management

31. 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 proper and complete records that were not maintained as evidence to support the investigations into unauthorised expenditure, irregular and fruitless and wasteful expenditure.

## OTHER INFORMATION

32. 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.
33. 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.
34. 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.
35. 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

36. 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.
37. 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. The annual financial statement was not sufficiently reviewed against applicable standards to ensure that errors are detected and corrected before submission for audit. This resulted in material adjustments in the financial statements.



38. Management did not adequately review and monitor compliance with applicable laws and regulations.

*Auditor General*

**Kimberley**  
**30 September 2020**



**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 the selected programme 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 relating to events or conditions that may cast significant doubt on the ability of the Department of Co-operative Governance, Human Settlements and Traditional Affairs 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 my 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 operating as a going concern;
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, actions taken to eliminate threats or safeguards applied.

## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION STATEMENT for the year ended 31 March 2020

Appropriation per programme										
2019/20										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2018/19		
	R'000	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation	Actual Expenditure	
Programme										
1. Administration	159 675	-	1 715	161 390	161 378	12	99.5%	131 443	135 374	
2. Human Settlement	513 915	-	(1 375)	512 540	511 824	716	99.9%	578 889	561 244	
3. Co-Operative Governance	154 040	-	1 566	155 606	154 298	1 308	99.7%	146 524	146 524	
4. Traditional Institutional Management	25 143	-	(1 906)	23 237	21 902	1 335	94.3%	24 425	20 280	
Subtotal	852 773	-	-	852 773	849 402	3 371	99.6%	881 281	863 422	
Statutory Appropriation										
TOTAL	852 773	-	-	852 773	849 402	3 371	99.6%	881 281	863 422	

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

	2019/20		2018/19	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>				
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts				
NRF Receipts				
Aid assistance				
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>852 773</b>		<b>881 281</b>	
<b>ADD</b>				
Aid assistance				
Prior year unauthorised expenditure approved without funding				
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>849 402</b>		<b>863 422</b>



**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

Appropriation per economic classification									
2019/20									
	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>Economic classification</b>									
Current payments	356 769	-	(461)	356 308	355 022	1 286	99.6%	325 968	329 942
Compensation of employees	278 464	-	(1 253)	277 211	281 247	(4 036)	101.5%	268 158	270 352
Salaries and wages	237 482	-	-	237 482	242 704	(5 222)	102.2%	229 635	233 295
Social contributions	40 982	-	(1 253)	39 729	38 543	1 186	97.0%	38 523	37 057
Goods and services	78 305	-	792	79 117	73 774	5 343	93.2%	57 810	59 590
Administrative fees	3 378	-	-	3 378	841	2 537	24.9%	734	559
Advertising	650	-	-	650	290	360	44.6%	790	263
Minor assets	752	-	-	752	255	497	33.9%	1 108	57
Audit costs: External	5 031	-	-	5 031	6 853	(1 822)	136.2%	4 764	5 444
Bursaries: Employees	800	-	-	800	570	230	71.3%	700	451
Catering: Departmental activities	1 295	-	-	1 295	326	969	25.2%	532	423
Communication	740	-	-	740	632	108	85.4%	705	1 970
Computer services	5 458	-	-	5 458	5 437	21	99.6%	4 514	3 371
Consultants: Business and advisory services	596	-	532	1 128	1 1069	(9941)	981.3%	275	257
Legal services	364	-	-	364	753	(389)	206.9%	495	1 690
Contractors	1 338	-	1 249	2 587	2 902	(315)	112.2%	603	601
Agency and support / outsourced services	5 963	-	-	5 963	-	5 963	-	-	3
Entertainment	200	-	-	200	218	(18)	109.0%	200	149
Fleet services	-	-	-	-	4 246	(4 246)	-	3 865	6 447
Housing	-	-	-	-	48	(48)	-	-	-
Inventory: Clothing material and supplies	13	-	-	13	35	(22)	269.2%	104	89
Consumable supplies	1 107	-	-	1 107	978	129	88.3%	1 115	561

## APPROPRIATION STATEMENT for the year ended 31 March 2020

Appropriation per economic classification									
2019/20									
	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
Consumable: Stationery, printing and office supplies	2 122	-	-	2 122	924	1 198	43.5%	1 780	1 092
Operating leases	12 421	-	-	12 421	13 098	(677)	105.5%	10 635	11 739
Property payments	14 410	-	-	14 410	12 614	1 796	87.5%	10 469	12 892
Transport provided: Departmental activity	-	-	-	-	-	-	-	5	-
Travel and subsistence	18 914	-	(828)	18 086	9 742	8 344	53.9%	10 195	9 470
Training and development	1 452	-	(110)	1 342	666	676	49.6%	2 644	1 136
Operating payments	884	-	95	979	1 106	(127)	113.0%	1 366	674
Venues and facilities	417	-	(126)	291	171	120	58.8%	212	250
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	1	(1)	-	-	-
Interest	-	-	-	-	1	(1)	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	486 039	-	441	486 480	486 486	(6)	100.0%	546 384	528 786
Provinces and municipalities	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Municipal bank accounts	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	913	-	-	913	913	-	100.0%	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

Appropriation per economic classification									
	2019/20					2018/19			
	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
Households	463 895	-	441	464 336	464 342	(6)	100.0%	531 440	513 842
Social benefits	-	-	441	441	441	-	100.0%	443	531
Other transfers to households	463 895	-	-	463 895	463 901	(6)	100.0%	530 997	513 312
Payments for capital assets	9 965	-	-	9 965	7 894	2 071	79.2%	8 929	4 693
Buildings and other fixed structures	-	-	-	-	123	(123)	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	123	-	-	-	-
Machinery and equipment	9 365	-	-	9 365	7 771	1 594	83.0%	7 871	3 654
Transport equipment	4 125	-	159	4 284	5 224	(940)	121.9%	3 980	-
Other machinery and equipment	5 240	-	(159)	5 081	2 547	2 411	50.1%	3 891	3 654
Intangible assets	600	-	-	600	-	600	-	1 058	1 039
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>852 773</b>	<b>-</b>	<b>-</b>	<b>852 773</b>	<b>849 402</b>	<b>3 371</b>	<b>99.6%</b>	<b>881 281</b>	<b>863 472</b>



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2020

Programme 1: ADMINISTRATION									
2019/20									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. OFFICE OF THE MEC	14 498	-	-	14 498	12 427	2 071	85.7%	13 220	13 079
2. CORPORATE SERVICES	145 177	-	1 715	146 892	148 951	(2 059)	100.8%	118 223	122 295
Total for sub programmes	159 675	-	1 715	161 390	161 378	12	100.0%	131 443	135 374
Economic classification									
Current payments	157 304	-	956	158 260	158 242	18	100.0%	129 350	133 324
Compensation of employees	98 958	-	-	98 958	96 058	2 900	97.1%	86 221	86 920
Salaries and wages	86 134	-	-	86 134	83 450	2 684	96.9%	74 362	74 607
Social contributions	12 824	-	-	12 824	12 608	216	98.3%	11 859	12 313
Goods and services	58 346	-	956	59 302	62 183	(2 881)	104.9%	43 129	46 405
Administrative fees	491	-	-	491	363	128	73.9%	335	281
Advertising	452	-	-	452	163	289	36.1%	394	197
Minor assets	323	-	-	323	97	226	30.0%	223	36
Audit costs: External	5 031	-	-	5 031	6 852	(1 821)	136.2%	4 764	5 444
Bursaries: Employees	800	-	-	800	570	230	71.3%	700	451
Catering: Departmental activities	391	-	-	391	127	264	32.5%	168	293
Communication	40	-	-	40	243	(203)	607.5%	675	1 961
Computer services	5 458	-	-	5 458	4 806	652	88.1%	3 001	2 952
Consultants: Business and advisory services	46	-	956	1 002	10235	(9233)	1021.5%	55	29
Legal services	139	-	-	139	548	(409)	394.2%	80	1 588
Contractors	1 116	-	-	1 116	1 258	(142)	112.7%	433	403
Agency and support / outsourced services	5 960	-	-	5 960	-	5 960	-	-	3
Entertainment	200	-	-	200	218	(18)	109.0%	200	149

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2020

Programme 1: ADMINISTRATION									
2019/20									
	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
Fleet services	-	-	-	-	4 246	(4 246)		3 856	5 418
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	13	-	-	13	8	5	61.5%	19	19
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	521	-	-	521	736	(215)	141.3%	413	421
Consumable: Stationery, printing and office supplies	857	-	-	857	394	463	46.0%	779	459
Operating leases	12 421	-	-	12 421	12 960	(539)	104.3%	10 565	11 683
Property payments	14 406	-	-	14 406	12 610	1 796	87.5%	10 021	8 251
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	7 594	-	-	7 594	4 572	3 022	60.2%	4 917	4 869
Training and development	1 242	-	-	1 242	656	586	52.8%	1 193	1 136
Operating payments	740	-	-	740	402	338	54.3%	260	295
Venues and facilities	105	-	-	105	119	(14)	113.3%	78	69
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	1	(1)	-	-	-
Interest	-	-	-	-	1	(1)	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	106	106	112	(6)	105.7%	415	403
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

<b>Programme I: ADMINISTRATION</b>		<b>2019/20</b>					<b>2018/19</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>
Households	-	-	106	106	112	(6)	105.7%	415	403
Social benefits	-	-	106	106	106	-	100.0%	315	403
Other transfers to households	-	-	-	-	6	(6)	-	100	-
<b>Payments for capital assets</b>	<b>2 371</b>	-	<b>653</b>	<b>3 024</b>	<b>3 024</b>	-	<b>100.0%</b>	<b>1 678</b>	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	123	-	-	-	-
Machinery and equipment	2 371	-	653	3 024	2 901	-	95.9%	1 219	1 207
Transport equipment	-	-	653	653	1 593	(940)	244.0%	-	-
Other machinery and equipment	2 371	-	-	2 371	1 431	940	56.2%	1 219	1 207
Intangible assets	-	-	-	-	-	-	-	459	440
<b>Payments for financial assets</b>	<b>-</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159 675</b>	<b>-</b>	<b>1 715</b>	<b>161 390</b>	<b>161 378</b>	<b>12</b>	<b>100.0%</b>	<b>131 443</b>	<b>135 374</b>



**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

I.1 OFFICE OF THE MEC									
2019/20									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2018/19	
	R'000	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation	Actual expenditure
<b>Current payments</b>	<b>13 896</b>	-	-	<b>13 896</b>	<b>12 421</b>	<b>1 475</b>	<b>89.4%</b>	<b>12 550</b>	<b>12 551</b>
Compensation of employees	10 896	-	-	10 896	8 576	2 320	78.7%	9 765	9 440
Goods and services	3 000	-	-	3 000	3 845	(845)	128.2%	2 785	3 110
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>(6)</b>	<b>-</b>	<b>100</b>	<b>88</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	6	(6)	-	100	88
<b>Payments for capital assets</b>	<b>602</b>	<b>-</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>570</b>	<b>440</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	602	-	-	602	-	602	-	111	-
Intangible assets	-	-	-	-	-	-	-	459	440
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>14 498</b>	<b>-</b>	<b>-</b>	<b>14 498</b>	<b>12 427</b>	<b>2 071</b>	<b>85.7%</b>	<b>13 220</b>	<b>13 079</b>

# **APPROPRIATION STATEMENT** **for the year ended 31 March 2020**

I.2 CORPORATE SERVICES									
2019/20									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2018/19	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation	
<b>Current payments</b>	<b>143 408</b>	-	<b>956</b>	<b>144 364</b>	<b>145 821</b>	<b>(1 457)</b>	<b>101.0%</b>	<b>R'000</b>	<b>R'000</b>
Compensation of employees	88 062	-	-	88 062	87 482	580	99.3%		120 774
Goods and services	55 346	-	956	56 302	58 338	(2 036)	103.7%		77 480
Interest and rent on land	-	-	-	-	-	-	-		43 294
<b>Transfers and subsidies</b>	-	-	<b>106</b>	<b>106</b>	<b>106</b>	-	<b>100.0%</b>	<b>315</b>	<b>315</b>
Provinces and municipalities	-	-	-	-	-	-	-		-
Non-profit institutions	-	-	-	-	-	-	-		-
Households	-	-	106	106	106	-	100.0%	315	315
<b>Payments for capital assets</b>	<b>1 769</b>	-	<b>653</b>	<b>2 422</b>	<b>3 024</b>	<b>(602)</b>	<b>124.9%</b>	<b>1 108</b>	<b>1 207</b>
Buildings and other fixed structures	-	-	-	-	123	-	-		-
Machinery and equipment	1 769	-	653	2 422	2 901	(602)	119.8%	1 108	1 207
Heritage assets	-	-	-	-	-	-	-		-
Intangible assets	-	-	-	-	-	-	-		-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>145 177</b>	-	<b>1 715</b>	<b>146 892</b>	<b>148 951</b>	<b>(2 059)</b>	<b>101.4%</b>	<b>118 223</b>	<b>122 295</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

Programme 2: HUMAN SETTLEMENT		2019/20						2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. HOUSING NEEDS, RESEARCH AND PLANNING	13 075	-	(1 470)	11 605	10 918	687	94.1%	13 451	13 457
2. HOUSING DEVELOPMENT	479 434	-	-	479 434	478 400	1 034	99.8%	529 476	527 077
3. HOUSING ASSET MANAGEMENT	21 406	-	95	21 501	22 506	(1 005)	104.7%	35 962	20 709
<b>Total for sub programmes</b>	<b>513 915</b>	<b>-</b>	<b>(1 375)</b>	<b>512 540</b>	<b>511 824</b>	<b>716</b>	<b>99.9%</b>	<b>578 889</b>	<b>561 244</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>49 254</b>	<b>-</b>	<b>(1 504)</b>	<b>47 750</b>	<b>47 750</b>	<b>-</b>	<b>100.0%</b>	<b>48 553</b>	<b>48 553</b>
Compensation of employees	42 812	-	-	42 812	45 267	(2 455)	105.7%	44 014	44 876
Salaries and wages	36 025	-	-	36 025	39 542	(3 517)	109.8%	37 587	38 464
Social contributions	6 787	-	-	6 787	5 725	1 062	84.4%	6 427	6 412
Goods and services	6 442	-	(1 504)	4 938	2 483	2 455	50.3%	4 539	3 677
Administrative fees	1 386	-	-	1 386	122	1 264	8.8%	184	97
Advertising	120	-	-	120	123	(3)	102.5%	212	53
Minor assets	349	-	-	349	45	304	12.9%	225	6
Audit costs: External	-	-	-	-	1	(1)	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	130	-	-	130	11	119	8.5%	52	8
Communication	-	-	-	-	2	(2)	-	6	2
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	550	-	(424)	126	166	(40)	131.7%	220	228
Legal services	-	-	-	-	-	-	-	55	-



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2020

Programme 2: HUMAN SETTLEMENT				2019/20				2018/19			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Contractors	152	-	(111)	41	15	26	36.6%	123	150		
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-		
Entertainment	-	-	-	-	-	-	-	-	-		
Fleet services	-	-	-	-	-	-	-	2	1		
Housing	-	-	-	-	48	(48)	-	-	-		
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	45	38		
Inventory: Other supplies	-	-	-	-	-	-	-	-	-		
Consumable supplies	113	-	-	113	91	22	80.5%	51	48		
Consumable: Stationery, printing and office supplies	37	-	-	317	226	91	71.3%	351	303		
Operating leases	-	-	-	-	138	(138)	-	-	53		
Property payments	-	-	-	-	-	-	-	235	725		
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-		
Travel and subsistence	2 950	-	(828)	2 122	1 284	838	60.5%	1 212	1 713		
Training and development	110	-	(110)	-	10	(10)	-	1 428	-		
Operating payments	125	-	95	220	161	59	73.2%	128	100		
Venues and facilities	140	-	(126)	14	40	(26)	285.7%	10	152		
<b>Transfers and subsidies</b>	<b>463 895</b>	<b>-</b>	<b>129</b>	<b>464 024</b>	<b>464 024</b>	<b>-</b>	<b>100.0%</b>	<b>529 611</b>	<b>512 026</b>		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Provinces	-	-	-	-	-	-	-	-	-		
Social security funds	-	-	-	-	-	-	-	-	-		
Departmental agencies	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	463 895	-	129	464 024	464 024	-	100.0%	529 611	512 026		

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

<b>Programme 2: HUMAN SETTLEMENT</b>		<b>2019/20</b>					<b>2018/19</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>
Social benefits	-	-	129	129	129	-	100.0%	52	52
Other transfers to households	463 895	-	-	463 895	463 895	-	100.0%	529 559	511 974
<b>Payments for capital assets</b>	<b>766</b>	<b>-</b>	<b>-</b>	<b>766</b>	<b>50</b>	<b>716</b>	<b>6.5%</b>	<b>725</b>	<b>665</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	766	-	-	766	50	716	6.5%	725	665
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	766	-	-	766	50	716	6.5%	725	665
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>513 915</b>	<b>-</b>	<b>(1 375)</b>	<b>512 540</b>	<b>511 824</b>	<b>716</b>	<b>99.9%</b>	<b>578 889</b>	<b>561 244</b>

## APPROPRIATION STATEMENT for the year ended 31 March 2020

2.1 HOUSING NEEDS, RESEARCH AND PLANNING									
2019/20									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2018/19 Final Appropriation	2018/19 Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>12 602</b>	-	<b>(1 470)</b>	<b>11 132</b>	<b>10 882</b>	<b>250</b>	<b>97.8%</b>	<b>13 003</b>	<b>13 003</b>
Compensation of employees	9 916	-	-	9 916	9 884	32	99.7%	10 674	10 935
Goods and services	2 686	-	(1 470)	1 216	998	218	82.1%	2 329	2 068
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>473</b>	-	-	<b>473</b>	<b>36</b>	<b>437</b>	<b>7.6%</b>	<b>448</b>	<b>454</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	473	-	-	473	36	437	7.6%	448	454
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13 075</b>	-	<b>(1 470)</b>	<b>11 605</b>	<b>10 918</b>	<b>687</b>	<b>94.1%</b>	<b>13 451</b>	<b>13 457</b>



## APPROPRIATION STATEMENT for the year ended 31 March 2020

2.2 HOUSING DEVELOPMENT		2019/20					2018/19		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>26 178</b>	-	(129)	<b>26 049</b>	<b>25 182</b>	<b>867</b>	<b>96.7%</b>	<b>25 142</b>	<b>25 142</b>
Compensation of employees	23 340	-	-	23 340	24 131	(791)	103.4%	23 470	24 004
Goods and services	2 838	-	(129)	2 709	1 051	1 658	38.8%	1 672	1 138
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>453 105</b>	-	<b>129</b>	<b>453 234</b>	<b>453 204</b>	<b>30</b>	<b>100.0%</b>	<b>504 191</b>	<b>501 837</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	453 105	-	129	453 234	453 204	30	100.0%	504 191	501 837
<b>Payments for capital assets</b>	<b>151</b>	-	-	<b>151</b>	<b>14</b>	<b>137</b>	<b>9.3%</b>	<b>143</b>	<b>98</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	151	-	-	151	14	137	9.3%	143	98
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>479 434</b>	<b>-</b>	<b>-</b>	<b>479 434</b>	<b>478 400</b>	<b>1 034</b>	<b>99.8%</b>	<b>529 476</b>	<b>527 077</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

<b>2.3 HOUSING ASSET MANAGEMENT</b>							<b>2018/19</b>		
<b>2019/20</b>							<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
<b>Economic classification</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>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>10 474</b>	<b>-</b>	<b>95</b>	<b>10 569</b>	<b>11 686</b>	<b>(1 117)</b>	<b>110.6%</b>	<b>10 408</b>	<b>10 408</b>
Compensation of employees	9 556	-	-	9 556	11 252	(1 696)	117.7%	9 870	9 937
Goods and services	918	-	95	1 013	434	579	42.8%	538	471
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>10 790</b>	<b>-</b>	<b>-</b>	<b>10 790</b>	<b>10 820</b>	<b>(30)</b>	<b>100.3%</b>	<b>25 420</b>	<b>10 189</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	10 790	-	-	10 790	10 820	(30)	100.3%	25 420	10 189
<b>Payments for capital assets</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	142	-	-	142	-	142	-	134	113
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>21 406</b>	<b>-</b>	<b>95</b>	<b>21 501</b>	<b>22 506</b>	<b>(1 005)</b>	<b>104.7%</b>	<b>35 962</b>	<b>20 709</b>

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2020

Programme 3: CO-OPERATIVE GOVERNANCE										
2019/20										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
1. LOCAL GOVERNANCE	112 683	-	1 566	114 249	121 103	(6 854)	106.6%	109 430	109 744	
2. DEVELOPMENT AND PLANNING	41 357	-		41 357	33 195	8 162	80.3%	37 094	36 779	
Total for sub programmes	154 040	-	1 566	155 606	154 298	1 308	99.2%	146 524	146 524	
Economic classification										
Current payments	130 280	-	1 360	131 640	131 672	(32)	100.0%	129 123	129 123	
Compensation of employees	119 188	-	-	119 188	123 841	(4 653)	103.9%	121 276	121 890	
Salaries and wages	100 589	-	-	100 589	105 143	(4 554)	104.5%	103 664	105 057	
Social contributions	18 599	-	-	18 599	18 698	(99)	100.5%	17 612	16 832	
Goods and services	11 092	-	1 360	12 452	7 831	4 621	62.9%	7 847	7 233	
Administrative fees	1 258	-	-	1 258	295	963	23.4%	166	136	
Advertising	68	-	-	68	4	64	5.9%	124	7	
Minor assets	69	-	-	69	113	(44)	163.8%	660	15	
Audit costs: External	-	-	-	-	-	-	-	-	-	
Bursaries: Employees	-	-	-	-	-	-	-	-	-	
Catering: Departmental activities	522	-	-	522	48	474	9.2%	112	53	
Communication	700	-	-	700	387	313	55.3%	24	7	
Computer services	-	-	-	-	628	(628)	-	1 513	417	
Consultants: Business and advisory services	-	-	-	-	668	(668)	-	-	-	
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	
Legal services	-	-	-	-	205	(205)	-	160	-	
Contractors	35	-	1 360	1 395	1 516	(121)	108.7%	27	47	



**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

Programme 3: CO-OPERATIVE GOVERNANCE									
	2019/20					2018/19			
	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
Agency and support / outsourced services	3	-	-	3	-	3	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	7	51
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	27	(27)	-	40	33
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	392	-	-	392	124	268	31.6%	582	74
Consumable: Stationery, printing and office supplies	843	-	-	843	295	548	35.0%	500	282
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	4	-	-	4	4	-	100.0%	213	3 914
Transport provided: Departmental activity	-	-	-	-	-	-	-	5	-
Travel and subsistence	7 033	-	-	7 033	3 441	3 592	48.9%	3 456	2 129
Training and development	-	-	-	-	-	-	-	23	-
Operating payments	15	-	-	15	64	(49)	426.7%	126	39
Venues and facilities	150	-	-	150	12	138	8.0%	109	29
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2020

Programme 3: CO-OPERATIVE GOVERNANCE				2019/20			2018/19		
	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>Transfers and subsidies</b>									
Provinces and municipalities	21 231	-	206	21 437	21 437	-	100.0%	15 020	15 020
Provinces	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Municipal bank accounts	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	206	206	206	-	100.0%	76	76
Social benefits	-	-	206	206	206	-	100.0%	76	76
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	2 529	-	-	2 529	1 189	1 340	47.0%	2 381	2 381
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 929	-	-	1 929	1 189	740	61.6%	1 782	1 782
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 929	-	-	1 929	1 189	740	61.6%	1 782	1 782
Intangible assets	600	-	-	600	-	600	-	599	599
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	154 040	-	1 566	155 606	154 298	1 308	99.2%	146 524	146 524

### APPROPRIATION STATEMENT for the year ended 31 March 2020

3.1 LOCAL GOVERNANCE									
2019/20									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2018/19	
	R'000	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation	Actual expenditure
<b>Current payments</b>	110 414	-	1 360	111 774	119 708	(7 934)	107.1%	107 295	107 295
Compensation of employees	103 512	-	-	103 512	113 838	(10 026)	109.7%	100 848	100 955
Goods and services	6 902	-	1 360	8 262	6 170	2 092	74.7%	6 447	6 341
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	206	206	206	-	100.0%	-	68
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	206	206	206	-	100.0%	-	68
<b>Payments for capital assets</b>	2 269	-	-	2 269	1 189	1 080	52.4%	2 135	2 381
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 669	-	-	1 669	1 189	480	71.2%	1 536	1 782
Intangible assets	600	-	-	600	-	600	-	599	599
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	112 683	-	1 566	114 249	121 103	(6 854)	106.0%	109 430	109 744



### APPROPRIATION STATEMENT for the year ended 31 March 2020

3.2 DEVELOPMENT AND PLANNING									
Economic classification	2019/20					2018/19			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>19 866</b>	-	-	<b>19 866</b>	<b>11 964</b>	<b>7 902</b>	<b>60.2%</b>	<b>21 828</b>	<b>21 827</b>
Compensation of employees	15 676	-	-	15 676	10 303	5 373	65.7%	20 428	20 935
Goods and services	4 190	-	-	4 190	1 661	2 529	39.6%	1 400	892
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>21 231</b>	-	-	<b>21 231</b>	<b>21 231</b>	-	<b>100.0%</b>	<b>15 020</b>	<b>14 952</b>
Provinces and municipalities	21 231	-	-	21 231	21 231	-	100.0%	14 944	14 944
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	76	8
<b>Payments for capital assets</b>	<b>260</b>	-	-	<b>260</b>	-	<b>260</b>	-	<b>246</b>	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	260	-	-	260	-	260	-	246	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>41 357</b>	-	-	<b>41 357</b>	<b>33 195</b>	<b>8 162</b>	<b>80.3%</b>	<b>37 094</b>	<b>36 779</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

<b>Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT</b>									
<b>2019/20</b>									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. TRADITIONAL INSTITUTIONAL ADMINISTRATION	25 143	-	(1 906)	23 237	21 902	1 335	94.3%	24 425	20 280
<b>Total for sub programmes</b>	<b>25 143</b>	<b>-</b>	<b>(1 906)</b>	<b>23 237</b>	<b>21 902</b>	<b>1 335</b>	<b>94.3%</b>	<b>24 425</b>	<b>20 280</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>19 931</b>	<b>-</b>	<b>(1 253)</b>	<b>18 678</b>	<b>17 358</b>	<b>1 320</b>	<b>92.9%</b>	<b>18 942</b>	<b>18 942</b>
Compensation of employees	17 506	-	(1 253)	16 253	16 081	172	98.9%	16 647	16 667
Salaries and wages	14 734	-	-	14 734	14 569	165	98.9%	14 022	15 167
Social contributions	2 772	-	(1 253)	1 519	1 512	7	99.5%	2 625	1 500
Goods and services	2 425	-	-	2 425	1 277	1 148	52.7%	2 295	2 275
Administrative fees	243	-	-	243	61	182	25.1%	49	46
Advertising	10	-	-	10	-	10	-	60	5
Minor assets	11	-	-	11	-	11	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	252	-	-	252	140	112	55.6%	200	69
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	3	(3)	-	-	2
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Legal services	225	-	-	225	-	225	-	200	103
Contractors	35	-	-	35	113	(78)	322.9%	20	-

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

<b>Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT</b>									
	<b>2019/20</b>					<b>2018/19</b>			
	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
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	977
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	81	-	-	81	27	54	33.3%	69	17
Consumable: Stationery, printing and office supplies	105	-	-	105	9	96	8.6%	150	49
Operating leases	-	-	-	-	-	-	-	70	4
Property payments	-	-	-	-	-	-	-	-	2
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	1 337	-	-	1 337	445	892	33.3%	610	760
Training and development	100	-	-	100	-	100	-	-	-
Operating payments	4	-	-	4	479	(475)	11975.0%	852	240
Venues and facilities	22	-	-	22	-	22	-	15	-
<b>Transfers and subsidies</b>	<b>913</b>	<b>-</b>	<b>-</b>	<b>913</b>	<b>913</b>	<b>-</b>	<b>100.0%</b>	<b>1 338</b>	<b>1 338</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	913	-	-	913	913	-	100.0%	-	-
Social benefits	-	-	-	-	-	-	-	1 338	1 338
Other transfers to households	-	-	-	-	-	-	-	1 338	1 338



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2020

<b>Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT</b>									
	<b>2019/20</b>					<b>2018/19</b>			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>4 299</b>	-	(653)	<b>3 646</b>	<b>3 631</b>	<b>15</b>	<b>100.0%</b>	<b>4 145</b>	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 299	-	(653)	3 646	3 631	15	99.6%	4 145	-
Transport equipment	4 125	-	(494)	3 631	3 631	-	100.0%	3 980	-
Other machinery and equipment	174	-	(159)	15	-	15	-	165	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>25 143</b>	<b>-</b>	<b>(1 906)</b>	<b>23 237</b>	<b>21 902</b>	<b>1 335</b>	<b>94.3%</b>	<b>24 425</b>	<b>20 280</b>

**APPROPRIATION STATEMENT  
for the year ended 31 March 2020**

<b>4.1 TRADITIONAL INSTITUTIONAL ADMINISTRATION</b>									
<b>Economic classification</b>	<b>2019/20</b>					<b>2018/19</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>
<b>Current payments</b>	<b>19 931</b>	-	<b>(1 253)</b>	<b>18 678</b>	<b>17 358</b>	<b>1 320</b>	<b>92.9%</b>	<b>18 942</b>	<b>18 942</b>
Compensation of employees	17 506	-	(1 253)	16 253	16 081	172	98.9%	16 647	16 667
Goods and services	2 425	-	-	2 425	1 277	1 148	52.7%	2 295	2 275
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>913</b>	-	-	<b>913</b>	<b>913</b>	-	<b>100.0%</b>	<b>1 338</b>	<b>1 338</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	913	-	-	913	913	-	100.0%	1 338	1 338
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>4 299</b>	-	<b>(653)</b>	<b>3 646</b>	<b>3 631</b>	<b>15</b>	<b>99.6%</b>	<b>4 145</b>	<b>-</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 299	-	(653)	3 646	3 631	15	100.0%	4 145	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>25 143</b>	<b>-</b>	<b>(1 906)</b>	<b>23 237</b>	<b>21 902</b>	<b>1 335</b>	<b>94.3%</b>	<b>24 425</b>	<b>20 280</b>

## NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2020

### 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 I (A-H) to the Annual Financial Statements.

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

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

### 3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Programme 1 Administration	161 390	161 378	12	0.0%
Programme 2 Human Settlement	512 540	511 824	716	0.1%
Programme 3 Co-Operative Governance	155 606	154 298	1 308	0.3%
Programme 4 Traditional Institutional Management	23 237	21 902	1 335	5.7%

<b>Programme 1 Administration</b>	<b>161 390</b>	<b>161 378</b>	<b>12</b>	<b>0.0%</b>
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This Programme has spent R161,378 million or 100% of its final appropriation of R161,390 million by 31 March 2020. The programme realised a saving of R12 thousand on its final appropriation. Spending on Compensation of Employees is within the allocated budget. Monthly commitments such as fleet services, communication, audit fees and operating leases are amongst the main cost drivers in this programme.

<b>Programme 2 Human Settlement</b>	<b>512 540</b>	<b>511 824</b>	<b>716</b>	<b>0.1%</b>
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Programme 2 has spent R511,824 million or 99.9% of its final appropriation of R512,540 million by 31 March 2020. The Programme spend only 50.3% of its Goods and Services allocation. Compensation of Employees was overspent by 5.7%. A R6,797 million in respect of the Human Settlement Development Grant was approved as a roll over to the 2019/2020 financial year. The Housing Development Grant was reduced with an amount of R26 million and redirected to other Provinces. The programme spent 100% of its conditional grant and no roll over will be requested for the 2020/2021 financial year.

<b>Programme 3 Co-Operative Governance</b>	<b>154 746</b>	<b>154 298</b>	<b>448</b>	<b>0.3%</b>
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Programme 3 has spent R154,289 million or 99.7% of its final appropriation of R154,746 million by the 31 March 2020. The programme received an additional R9 million in the 2019/2020 adjustment budget for secondments and interventions in municipalities. The programme overspent its Compensation of Employees by 3% and Goods and Services was underspend by 37.4%

<b>Programme 4 Traditional Institutional Management</b>	<b>23 237</b>	<b>21 902</b>	<b>1 335</b>	<b>5.7%</b>
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Programme 4 has spent R21,902 million or 94.3% of its final appropriation of R23,237 million by the 31 March 2020. The 5.7% underspending is due to a saving of 49.3% on Goods and Services and 1.1% on Compensation of Employees.



## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2020

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Current payments</b>				
Compensation of employees	277 211	281 247	(4 036)	(1.5%)
Goods and services	79 117	73 774	5 343	6.8%
Interest and rent on land				
<b>Transfers and subsidies</b>				
Provinces and municipalities	21 231	21 231	-	0.0%
Departmental agencies and accounts				
Higher education institutions				
Public corporations and private enterprises				
Foreign governments and international organisations				
Non-profit institutions	913	913	-	0%
Households	464 336	464 342	(6)	0%
<b>Payments for capital assets</b>				
Buildings and other fixed structures		123	(123)	-
Machinery and equipment	9 365	7 771	1 594	17.0%
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Intangible assets	600	0	600	100%

### Payments for financial assets

The departments total expenditure amounts to R849,402 million or 99,6% of the final appropriation of R852,773 million as at 31 March 2020. The overall variance is R3,371 million or 0,4% is as a result of cost containment measures implemented and adhered to especially on Goods and Services. Compensation of Employees is overspend by 1,5% of the final appropriation. This is due to secondments to municipalities and contract appointments. R21,231 million or 100% of transfers to municipalities were done at year-end. A once-off transfer of R913 thousand to the Traditional House for Traditional leaders was incurred. Only 79.2% or R7,894 million was spent on a final appropriation of R9,665 million for capital assets. The department did not procure software during the financial year.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Human Settlements Development Grant</b>	451 059	451 059		0%
<b>Title Deeds Restoration Grant</b>	10 790	10 790		0%
<b>Expanded Public Works Programme</b>	2 046	2 046		0%
<b>Integrated Grant for Provinces</b>				

The adjusted appropriation for conditional grants for 2019/2020 is R 463,895 million. 100% of the conditional grants was spent at year-end and no roll over will be requested.

## STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2020

	Note	2019/20 R'000	2018/19 R'000
<b>REVENUE</b>			
Annual appropriation	1	852 773	881 281
Statutory appropriation		-	-
Departmental revenue	2	-	-
NRF Receipts		-	-
Aid assistance		-	-
<b>TOTAL REVENUE</b>		<b>852 773</b>	<b>881 281</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	281 247	270 352
Goods and services	5	73 774	59 590
Interest and rent on land		-	-
Aid assistance	3	-	-
<b>Total current expenditure</b>		<b>355 021</b>	<b>329 942</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	486 486	528 787
Aid assistance	3	-	-
<b>Total transfers and subsidies</b>		<b>486 486</b>	<b>528 787</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	7 895	3 654
Intangible assets	7	-	1 039
<b>Total expenditure for capital assets</b>		<b>7 895</b>	<b>4 693</b>
Unauthorised expenditure approved without funding	8	-	-
<b>Payments for financial assets</b>		-	-
<b>TOTAL EXPENDITURE</b>		<b>849 402</b>	<b>863 422</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 371</b>	<b>17 859</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		3 371	17 859
Annual appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF Receipts	13	-	-
Aid assistance	3	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 371</b>	<b>17 859</b>

## STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

	Note	2019/20 R'000	2018/19 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>133 656</b>	<b>133 873</b>
Unauthorised expenditure	<u>8</u>	133 279	133 279
Cash and cash equivalents	<u>9</u>	5	5
Other financial assets		-	-
Prepayments and advances	<u>10</u>	5	5
Receivables	<u>11</u>	367	584
Loans		-	-
Aid assistance prepayments	<u>3</u>	-	-
Aid assistance receivable	<u>3</u>	-	-
<b>Non-current assets</b>		<b>773</b>	<b>460</b>
Investments		-	-
Receivables	<u>11</u>	773	460
Loans		-	-
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<b>134 429</b>	<b>134 333</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>134 321</b>	<b>134 225</b>
Voted funds to be surrendered to the Revenue Fund	<u>12</u>	3 182	21 862
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>13</u>	40	190
Bank overdraft	<u>14</u>	128 344	111 085
Payables	<u>15</u>	2 729	1 062
Aid assistance repayable	<u>3</u>	-	-
Aid assistance unutilised	<u>3</u>	26	26
<b>Non-current liabilities</b>			
Payables	<u>16</u>	6	9
<b>TOTAL LIABILITIES</b>		<b>134 327</b>	<b>134 234</b>
<b>NET ASSETS</b>		<b>102</b>	<b>99</b>
<b>Represented by:</b>			
Capitalisation reserve		-	-
Recoverable revenue		102	99
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>102</b>	<b>99</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2020**

	Note	2019/20 R'000	2018/19 R'000
<b>Capitalisation Reserves</b>		-	-
Opening balance		-	-
Transfers:		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		-	-
<b>Recoverable revenue</b>			
Opening balance		99	100
Transfers:		3	(1)
Irrecoverable amounts written off	<u>8.3</u>	-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		-	(1)
Debts raised		3	-
Closing balance		102	99
<b>Retained funds</b>		-	-
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)		-	-
Utilised during the year		-	-
Other transfers		-	-
Closing balance		-	-
<b>Revaluation Reserve</b>		-	-
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		-	-
<b>TOTAL</b>		<b>102</b>	<b>99</b>

### CASH FLOW STATEMENT for the year ended 31 March 2020

	Note	2019/20 R'000	2018/19 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>853 286</b>	<b>881 787</b>
Annual appropriated funds received	<u>1.1</u>	852 773	881 281
Statutory appropriated funds received		-	-
Departmental revenue received	<u>2</u>	512	506
Interest received	<u>2.3</u>	1	-
NRF Receipts		-	-
Aid assistance received	<u>3</u>	-	-
Net (increase)/decrease in working capital		1 884	(4 002)
Surrendered to Revenue Fund		(227 14)	(36 274)
Surrendered to RDP Fund/Donor		-	-
Current payments		(355 021)	(326 070)
Interest paid		-	-
Payments for financial assets		-	-
Transfers and subsidies paid		(486 486)	(528 787)
<b>Net cash flow available from operating activities</b>	<u>17</u>	<u><b>(9 051)</b></u>	<u><b>(13 346)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received		-	-
Payments for capital assets	<u>1</u>	(7 895)	(4 693)
Proceeds from sale of capital assets		-	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
(Increase)/decrease in non-current receivables	<u>11</u>	(313)	-
<b>Net cash flows from investing activities</b>		<u><b>(8 208)</b></u>	<u><b>(4 693)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		3	(1)
Increase/(decrease) in non-current payables		(3)	(36)
<b>Net cash flows from financing activities</b>		<u><b>-</b></u>	<u><b>(37)</b></u>
Net increase/(decrease) in cash and cash equivalents		(17 259)	(18 076)
Cash and cash equivalents at beginning of period		(111 080)	(93 004)
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<u>18</u>	<u><b>(128 339)</b></u>	<u><b>(111 080)</b></u>

## ACCOUNTING POLICIES for the year ended 31 March 2020

<b>Summary of significant accounting policies</b>	
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.	
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.	
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.	
<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
<b>7.2</b>	<b>Departmental revenue</b> Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.



### ACCOUNTING POLICIES for the year ended 31 March 2020

<b>7.3</b>	<b>Accrued departmental revenue</b> Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<b>Salaries and wages</b> Salaries and wages are recognised in the statement of financial performance on the date of payment.
<b>8.1.2</b>	<b>Social contributions</b> Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
<b>8.2</b>	<b>Other expenditure</b> Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
<b>8.3</b>	<b>Accruals and payables not recognised</b> Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<b>Operating leases</b> Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
<b>8.4.2</b>	<b>Finance leases</b> Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<b>Aid assistance received</b> Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
<b>9.2</b>	<b>Aid assistance paid</b> Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
<b>10</b>	<b>Cash and cash equivalents</b> Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

### ACCOUNTING POLICIES for the year ended 31 March 2020

<b>11</b>	<b>Prepayments and advances</b> Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
<b>12</b>	<b>Loans and receivables</b> Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
<b>13</b>	<b>Investments</b> Investments are recognised in the statement of financial position at cost.
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<b>Financial assets (not covered elsewhere)</b> 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. 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.
<b>14.2</b>	<b>Impairment of financial assets</b> 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.
<b>15</b>	<b>Payables</b> Payables recognised in the statement of financial position are recognised at cost.
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<b>Immovable capital assets</b> Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
<b>16.2</b>	<b>Movable capital assets</b> Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
<b>16.3</b>	<b>Intangible assets</b> Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### ACCOUNTING POLICIES for the year ended 31 March 2020

<b>16.4</b>	<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>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
<b>17.4</b>	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</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>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.</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>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</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>
<b>21</b>	<p><b>Changes in accounting estimates and errors</b></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>



### ACCOUNTING POLICIES for the year ended 31 March 2020

<b>22</b>	<p><b>Events after the reporting date</b></p> <p>The department did procure goods and services after the announcement of the President that all public sector and business must close immediately to ensure the impact of COVID19 is not that severe to the citizens of South Africa.</p> <p>The National Treasury instruction note N0.8 of 2019/20 on Emergency Procurement were used as a guideline to do procurement for most critical goods and services for both the departmental staff and some municipalities. The main reason for using the guidelines on procurement, was to ensure no irregular expenditure will be incurred or any goods or services provided will be based on exorbitant prices or inflated pricing on items. The department is mainly funded from conditional grant, which constitutes 47 per cent of the total budget, while equitable share represents 53 per of the budget. The reductions against both the equitable share and the conditional grants allocations of the department and subsequent reallocation to fund Covid-19 response plan do have an impact on the state of financial affairs of the department after reporting date as at end of March 2020.</p> <p>The Department did not embark on new programmes but rather focused on programmes that were already in the pipeline. This made it easier to engage the local authority on the interventions and projects already in their IDP.</p> <p>The department provided water tanks, sanitisers and temporary sanitation in Phokwane Nkandla informal settlement, which at the time were identified as the EPIC Centre. Sol Plaatje Lerato Park was serviced with standpipes. Both interventions improved the hygiene and convenient access to water and sanitation to the settlements</p>
<b>23</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for construction of houses. In terms of the arrangement the department is the principal and is responsible for building of houses for beneficiaries. 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>
<b>24</b>	<p><b>Departures from the MCS requirements</b></p> <p><i>Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standards.</i></p>
<b>25</b>	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>27</b>	<p><b>Related party transactions</b></p> <p>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>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
<b>28</b>	<p><b>Inventories (Effective from date determined in a Treasury Instruction)</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>

### ACCOUNTING POLICIES for the year ended 31 March 2020

<b>29</b>	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
<b>30</b>	<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>
<b>31</b>	<p><b>Transfers of functions</b></p> <p>Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
<b>32</b>	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 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:

	2019/20	2018/19	
	Actual Funds Received	Appropriation received	Funds not requested /not received
Final Appropriation R'000	R'000	R'000	
Administration	161 390	131 443	-
Human Settlement	512 540	578 889	-
Co-Operative Governance	155 606	146 524	-
Traditional Institutional Management	23 237	24 425	-
<b>Total</b>	<b>852 773</b>	<b>881 281</b>	<b>-</b>

### 1.2 Conditional grants

	Note	2019/20 R'000	2018/19 R'000
Total grants received	33	463 895	529 559
Provincial grants included in Total Grants received		21 231	14 944

*Include discussion here where deemed relevant*





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 2. Departmental revenue

	Note	2019/20 R'000	2018/19 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	447	486
Fines, penalties and forfeits	2.2	-	-
Interest, dividends and rent on land	2.3	1	-
Sales of capital assets	2.4	-	-
Transactions in financial assets and liabilities	2.5	65	20
Transfer received	2.6	-	-
Total revenue collected		513	506
Less: Own revenue included in appropriation	19	513	506
Departmental revenue collected		-	-

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

	Note	2019/20 R'000	2018/19 R'000
Sales of goods and services produced by the department		447	486
Sales by market establishment	2	118	486
Administrative fees		-	-
Other sales		329	-
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<b>447</b>	<b>486</b>

### 2.2 Fines, penalties and forfeits

	Note	2019/20 R'000	2018/19 R'000
Fines		-	-
Penalties		-	-
Forfeits		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 2.3 Interest, dividends and rent on land

	Note	2019/20 R'000	2018/19 R'000
Interest	3	1	-
Dividends		-	-
Rent on land		-	-
<b>Total</b>		<b>1</b>	<b>-</b>

### 2.4 Sale of capital assets

	Note	2019/20 R'000	2018/19 R'000
<b>Tangible assets</b>			
Buildings and other fixed structures	41	-	-
Machinery and equipment	39	-	-
Heritage assets	39,41	-	-
Specialised military assets	39	-	-
Land and subsoil assets	41	-	-
Biological assets	39	-	-
<b>Intangible assets</b>			
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>		<b>-</b>	<b>-</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 2.5 Transactions in financial assets and liabilities

	Note	2019/20	2018/19
	3	R'000	R'000
Loans and advances		-	-
Receivables		-	-
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		65	20
Gains on GFECRA		-	-
<b>Total</b>		<b>65</b>	<b>20</b>

### 3. Aid assistance

	Note	2019/20	2018/19
		R'000	R'000
Opening Balance		26	26
Prior period error		-	-
As restated		26	26
Transferred from statement of financial performance		-	-
Transfers to or from retained funds		-	-
Paid during the year		-	-
<b>Closing Balance</b>		<b>26</b>	<b>26</b>

### 3.1 Analysis of balance by source

	Note	2019/20	2018/19
		R'000	R'000
Aid assistance from RDP		-	-
Aid assistance from other sources		26	26
CARA		-	-
<b>Closing balance</b>	4	<b>26</b>	<b>26</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 3.2 Analysis of balance

	Note	2019/20 R'000	2018/19 R'000
Aid assistance receivable		-	-
Aid assistance prepayments (not expensed)		-	-
Aid assistance unutilised		26	26
Aid assistance repayable		-	-
<b>Closing balance</b>	4	<b>26</b>	<b>26</b>

Aid assistance not requested/not received

### 4. Compensation of employees

#### 4.1 Salaries and Wages

	Note	2019/20 R'000	2018/19 R'000
Basic salary		196 662	186 902
Performance award		2 892	4 752
Service Based		25 105	26 683
Compensative/circumstantial		2 756	-
Periodic payments		503	2 220
Other non-pensionable allowances		14 787	12 738
<b>Total</b>		<b>242 705</b>	<b>295</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 4.2 Social contributions

	Note	2019/20 R'000	2018/19 R'000
Employer contributions			
Pension		23 150	22 495
Medical		15 333	14 505
UIF		-	2
Bargaining council		59	55
Official unions and associations		-	-
Insurance		-	-
Total		38 542	37 057
Total compensation of employees		281 247	270 352
Average number of employees		592	729

### 5. Goods and services

	Note	2019/20 R'000	2018/19 R'000
Administrative fees		841	559
Advertising		291	263
Minor assets	5.1	254	57
Bursaries (employees)		571	451
Catering		325	423
Communication		631	1 970
Computer services		5 437	3 371
Consultants: Business and advisory services	5.2	11 070	257
Infrastructure and planning services		-	-
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		753	1 690
Contractors		2 901	601
Agency and support / outsourced services		-	3
Entertainment		218	149
Audit cost – external	5.3	6 852	5 444

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

Fleet services			
Inventory	5.4	4 246	6 447
Consumables	5.5	83	89
Housing		1 904	1 654
Operating leases		-	-
Property payments	5.6	13 098	11 739
Rental and hiring		12 614	12 893
Transport provided as part of the departmental activities		-	-
Travel and subsistence	5.7	-	-
Venues and facilities		9 743	9 470
Training and development		170	250
Other operating expenditure	5.8	666	1 136
<b>Total</b>		<b>73 774</b>	<b>59 590</b>

The Consultants: Business and advisory services increased to R11 070 million due to a summary judgement issued to COGHSTA in favour of LIMMS for work done by the latter (LIMMS). The amount incurred as per the summary judgement was R10 191 973 million.

### 5.1 Minor assets

	Note	2019/20 R'000	2018/19 R'000
<b>Tangible assets</b>		<b>254</b>	<b>57</b>
Buildings and other fixed structures		-	-
Biological assets		-	-
Heritage assets		-	-
Machinery and equipment		254	57
Transport assets		-	-
Specialised military assets		-	-
<b>Intangible assets</b>		<b>-</b>	<b>-</b>
Software		-	-
Mastheads and publishing titles		-	-
Patents, licences, copyright, brand names, trademarks		-	-
Recipes, formulae, prototypes, designs, models		-	-
Services and operating rights		-	-
<b>Total</b>		<b>254</b>	<b>57</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 5.2 Computer services

	Note	2019/20	2018/19
	5	R'000	R'000
SITA computer services		5 437	3 371
External computer service providers		-	-
<b>Total</b>		<b>5 437</b>	<b>3 371</b>

### 5.3 Audit cost – External

	Note	2019/20	2018/19
	5	R'000	R'000
Regularity audits		6 852	5 444
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Computer audits		-	-
<b>Total</b>		<b>6 852</b>	<b>5 444</b>

### 5.4 Inventory

	Note	2019/20	2018/19
	5	R'000	R'000
Clothing material and accessories		-	-
Farming supplies		-	-
Food and food supplies		-	-
Fuel, oil and gas		-	-
Learning, teaching and support material		-	-
Materials and supplies		83	89
Other supplies	5.4.1	-	-
<b>Total</b>		<b>83</b>	<b>89</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 5.5 Consumables

	Note	2019/20 R'000	2018/19 R'000
Consumable supplies	5	979	561
Uniform and clothing		-	-
Household supplies		741	318
Building material and supplies		119	53
Communication accessories		-	-
IT consumables		64	184
Other consumables		55	6
Stationery, printing and office supplies		925	1 093
<b>Total</b>		<b>1 904</b>	<b>1 654</b>

### 5.6 Property payments

	Note	2019/20 R'000	2018/19 R'000
Municipal services	5	2 043	1 868
Property management fees		-	-
Property maintenance and repairs		-	-
Other		10 571	11 025
<b>Total</b>		<b>12 614</b>	<b>12 893</b>

### 5.7 Travel and subsistence

	Note	2019/20 R'000	2018/19 R'000
Local	5	9 728	9 380
Foreign		15	90
<b>Total</b>		<b>9 743</b>	<b>9 470</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 5.8 Other operating expenditure

	Note	2019/20 R'000	2018/19 R'000
Professional bodies, membership and subscription fees	5	-	-
Resettlement costs		148	-
Other		958	674
<b>Total</b>		<b>1 106</b>	<b>674</b>

### 6. Transfers and subsidies

	Note	2019/20 R'000	2018/19 R'000
Provinces and municipalities	Annexure I A	21 231	14 944
Non-profit institutions	Annexure I F	913	-
Households	Annexure I G	464 342	513 843
<b>Total</b>		<b>486 486</b>	<b>528 787</b>

### 7. Expenditure for capital assets

	Note	2019/20 R'000	2018/19 R'000
Tangible assets		7 895	3 654
Buildings and other fixed structures	40	123	154
Machinery and equipment	39	7 772	3 500
Intangible assets		-	1 039
Software	40	-	1 039
<b>Total</b>		<b>7 895</b>	<b>4 693</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 7.1 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	7 895	-	7 895
Buildings and other fixed structures	123	-	123
Heritage assets	-	-	-
Machinery and equipment	7 772	-	7 772
<b>Intangible assets</b>	-	-	-
Software	-	-	-
<b>Total</b>	<b>7 895</b>	<b>-</b>	<b>7 895</b>

### 7.2 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	3 654	-	3 654
Buildings and other fixed structures	154	-	154
Heritage assets	-	-	-
Machinery and equipment	3 500	-	3 500
Specialised military assets	-	-	-
Land and subsoil assets	-	-	-
Biological assets	-	-	-
<b>Intangible assets</b>	1 039	-	1 039
Software	1 039	-	1 039
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
<b>Total</b>	<b>4 693</b>	<b>-</b>	<b>4 693</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

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

	Note	2019/20 R'000	2018/19 R'000
<b>Tangible assets</b>		2 871	999
Buildings and other fixed structures		-	-
Machinery and equipment		2 871	999
<b>Total</b>		<b>2 871</b>	<b>999</b>

### 8. Unauthorised expenditure

#### 8.1 Reconciliation of unauthorised expenditure

	Note	2019/20 R'000	2018/19 R'000
Opening balance		133 279	129 407
Prior period error		-	-
As restated		133 279	3 872
Unauthorised expenditure – discovered in current year (as restated)		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding and derecognised		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts recoverable		-	-
Less: Amounts written off		-	-
<b>Closing balance</b>		<b>133 279</b>	<b>133 279</b>

#### Analysis of closing balance

Unauthorised expenditure awaiting authorisation	133 279	133 279
Unauthorised expenditure approved without funding and not derecognised	-	-
<b>Total</b>	<b>133 279</b>	<b>133 279</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

	2019/20 R'000	2018/19 R'000
Capital	-	-
Current	130 604	130 604
Transfers and subsidies	2 675	2 675
<b>Total</b>	<b>133 279</b>	<b>279</b>

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

	2019/20 R'000	2018/19 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	72 596	72 596
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>279</b>

### 8.4 Details of unauthorised expenditure – current year Incident

#### Disciplinary steps taken/criminal proceedings

2019/20  
R'000

**Total**



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 9. Cash and cash equivalents

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General Account			
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Investments (Domestic)		-	-
Investments (Foreign)		-	-
Total		5	5

### 10. Prepayments and advances

	Note	2019/20 R'000	2018/19 R'000
Staff advances		-	-
Travel and subsistence		5	5
Prepayments (Not expensed)	14.2	-	-
Advances paid (Not expensed)	14.1	-	-
SOCOPEN advances		-	-
Total		5	5

### 11. Receivables

	Note	2019/20		2018/19	
		Current R'000	Non-current R'000	Current R'000	Non-current R'000
Claims recoverable	11.1	5	211	5	216
Recoverable expenditure	11.2	315	462	550	699
Staff debt	11.3	47	100	29	129
Fruitless and wasteful expenditure		-	-	-	-
Other receivables		-	-	-	-
Total		367	773	584	1 044

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 11.1 Claims recoverable

	Note 11 and Annex 4	2019/20 R'000	2018/19 R'000
National departments		-	-
Provincial departments		216	216
Foreign governments		-	-
Public entities		-	-
Private enterprises		-	-
Higher education institutions		-	-
Households and non-profit institutions		-	-
Local governments		-	-
<b>Total</b>		<b>216</b>	<b>216</b>

### 11.2 Recoverable expenditure (disallowance accounts)

	Note 11	2019/20 R'000	2018/19 R'000
Sal Tax Debt		88	85
Sal Reversal Control		488	441
Sal ACB Recalls		9	6
Sal Income Tax		176	167
Sal Deduction Disall Acc		4	-
Claims Rec		-	-
Pension Rec		12	-
Sal GEHS Refund		-	-
(Group major categories, but list material items)			
<b>Total</b>		<b>777</b>	<b>699</b>

The reason for accounts not decreasing is mainly due to GEPF allocating refunds to COGSTA's previous bank account. The department has contacted GEPF and provided the correct banking details.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 11.3 Staff debt

	Note	2019/20 R'000	2018/19 R'000
Staff Debt	11	147	129
(Group major categories, but list material items)			
<b>Total</b>		<b>147</b>	<b>129</b>

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

	Note	2019/20 R'000	2018/19 R'000
Opening balance		21 862	35 966
Prior period error	18.2	-	-
As restated		21 862	35 966
Transfer from statement of financial performance (as restated)		3 371	17 859
Add: Unauthorised expenditure for current year	11	-	3 872
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)	18.1	-	-
Paid during the year		(22 051)	(35 835)
<b>Closing balance</b>		<b>3 182</b>	<b>21 862</b>

In the financial year 2019/2020 too much revenue was surrendered under Voted Funds to be surrendered R22 051 i.s.o R21 862. A difference of R189 which were under Note 19 Revenue to be surrendered for financial year 2018/2019 was surrendered also under Voted Funds to be surrendered. The amount of R3182 000 agreed to the surplus amount reflected on the Appropriation statement to the amount of R3 371 000 – R189 000 = R3182 000 as it reflects on the TB of 2019/2020



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

	Note	2019/20 R'000	2018/19 R'000
Opening balance		190	123
Prior period error	13.1	-	-
As restated		190	123
Transfer from Statement of Financial Performance (as restated)		-	-
Own revenue included in appropriation		513	506
Transfer from aid assistance	3	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)	18.1	-	-
Paid during the year		(663)	(439)
<b>Closing balance</b>		<b>40</b>	<b>190</b>

### 14. Bank Overdraft

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General Account		128 344	111 085
Fund requisition account		-	-
Overdraft with commercial banks (Local)		-	-
Overdraft with commercial banks (Foreign)		-	-
<b>Total</b>		<b>128 344</b>	<b>111 085</b>

### 15. Payables – current

	Note	2019/20 R'000	2018/19 R'000
Amounts owing to other entities		-	-
Advances received		-	-
Clearing accounts	15.1	2 729	1 062
Other payables	15.2	-	-
<b>Total</b>		<b>2 729</b>	<b>1 062</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 15.1 Clearing accounts

Description	Note	2019/20 R'000	2018/19 R'000
Sal ACB Recalls	15	12	10
Claims Rec		2 664	1 043
Sal Income Tax		7	7
Sal Debt		5	2
Sal Reversal Acc		41	-
<b>Total</b>		<b>2 729</b>	<b>1 062</b>

### 16. Payables – non-current

		2019/20			2018/19
		One to two years	Two to three years	More than three years	Total
		R'000	R'000	R'000	R'000
Amounts owing to other entities	Note	-	-	-	-
Advances received	16.1	-	-	-	-
Other payables	16.2	-	-	6	9
<b>Total</b>		<b>-</b>	<b>-</b>	<b>6</b>	<b>9</b>

### 16.1 Other payables

Description	Note	2019/20 R'000	2018/19 R'000
Sal Tax Debt	16	-	3
Income Tax		6	6
<b>Total</b>		<b>6</b>	<b>9</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 17. Net cash flow available from operating activities

Note	2019/20 R'000	2018/19 R'000
Net surplus/(deficit) as per Statement of Financial Performance	3 371	17 859
Add back non cash/cash movements not deemed operating activities	(12 422)	(31 205)
(Increase)/decrease in receivables	217	(152)
(Increase)/decrease in prepayments and advances	-	-
(Increase)/decrease in other current assets	-	-
Increase/(decrease) in payables – current	1 667	22
Proceeds from sale of capital assets	-	-
Proceeds from sale of investments	-	-
(Increase)/decrease in other financial assets	-	-
Expenditure on capital assets	7 895	4 693
Surrenders to Revenue Fund	(22 714)	(36 274)
Surrenders to RDP Fund/Donor	-	-
Voted funds not requested/not received	-	-
Own revenue included in appropriation	-	-
Other non-cash items	513	506
<b>Net cash flow generated by operating activities</b>	<b>(9 051)</b>	<b>(13 346)</b>

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

Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General account	(128 344)	(111 085)
Fund requisition account	-	-
Cash receipts	-	-
Disbursements	-	-
Cash on hand	5	5
Cash with commercial banks (Local)	-	-
Cash with commercial banks (Foreign)	-	-
<b>Total</b>	<b>(128 339)</b>	<b>(111 080)</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 19. Contingent liabilities and contingent assets 19.1 Contingent liabilities

	Note	2019/20 R'000	2018/19 R'000
<b>Liability to</b>			
Housing loan guarantees	Annex 3A	50	-
Claims against the department	Annex 3B	9 000	11 397
Intergovernmental payables (unconfirmed balances)	Annex 5	445	445
<b>Total</b>		<b>9 495</b>	<b>11 842</b>

The uncertainty arises as to when the matter will be heard in court. Provision is made for a possible contingent liability in the court case matter between the department and LIMMS. LIMMS was appointed to install IT infrastructure and software in ZF Mgcawu District Municipality and its local municipalities. LIMMS sue the department for outstanding payments.

### 19.2 Contingent assets

	Note	2019/20 R'000	2018/19 R'000
<b>Nature of contingent asset</b>			
S. Kies		-	246
S. Makubalu		-	30
Debtors to derive from losses		-	162
<b>Total</b>		<b>-</b>	<b>438</b>

Correspondence was made with these debtors over a number of years. It was uncertain when these amounts owed will be paid to the department. There was always the problem that the defaulting parties do not have the resources to repay the money or go bankrupt which makes it irrecoverable. All the litigation debtors have been removed by the Office of the State Attorney, Kimberley, because they do not fall under review. These claims has prescribed.

### 20. Capital commitments

	Note	2019/20 R'000	2018/19 R'000
<b>Specify class of asset</b>			
<b>Total</b>			

The department did not have capital commitments at year-end

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 21. Accruals and payables not recognised 21.1 Accruals

#### Listed by economic classification

	30 Days	30+ Days	2019/20 R'000	2018/19 R'000
Goods and services	5 010	69	5 079	5 877
Interest and rent on land	-	-	-	-
Transfers and subsidies	27 346	-	27 346	-
Capital assets	-	-	-	-
<b>Total</b>	<b>32 356</b>	<b>69</b>	<b>32 425</b>	<b>5 877</b>

#### Listed by programme level

	Note	2019/20 R'000	2018/19 R'000
Administration		4 751	5 310
Human Settlements		27 366	287
Co-Operative Governance		235	190
Traditional Institutional Management		73	90
<b>Total</b>		<b>32 425</b>	<b>5 877</b>

The R26,4 million of the Housing Development Grant was redirected to other Provinces by the National Department of Human Settlements. These funds were already committed and services was rendered by the 31 March 2020. This resulted in accruals.

### 21.2 Payables not recognised

#### Listed by economic classification

	30 Days	30+ Days	2019/20 R'000	2018/19 R'000
Goods and services	2	-	2	1 095
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Capital assets	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>1 095</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

Note

### Listed by programme level

	2019/20 R'000	2018/19 R'000
Administration	2	338
Human Settlements	-	56
Co-Operative Governance	-	404
Traditional Institutional Management	-	297
<b>Total</b>	<b>2</b>	<b>1 095</b>

### Included in the above totals are the following:

Confirmed balances with other departments  
Confirmed balances with other government entities  
**Total**

Note

Annex 5

Annex 5

### 22. Employee benefits

	2019/20 R'000	2018/19 R'000
Leave entitlement	16 613	8 040
Service bonus	7 872	7 678
Performance awards	2 088	4 029
Capped leave	2 424	2 287
Other	62	52
<b>Total</b>	<b>29 059</b>	<b>22 086</b>

Note

Negative leave credits amounts to R186 424.79. 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 for the year ended 31 March 2020

### 23. Lease commitments 23.1 Operating leases

2019/20

	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	-	-	10 358	335	10 693
Later than 1 year and not later than 5 years	-	-	26 133	25	26 158
Later than five years	-	-	24 138	-	24 138
<b>Total lease commitments</b>	-	-	<b>60 629</b>	<b>360</b>	<b>60 989</b>

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>8 505</b>	<b>385</b>	<b>8 890</b>

#### Buildings:

The department entered into lease contracts with various service providers through the assistance of Department of Roads and Public Works:

#### NWDC:

Gemvest / Abrina:	John Taolo Gaetsewe	Month to Month
Ocean Echo:	Midas building	Month to month
Sequeira Brothers:	Frances Baard Regional offices	
Umbra:	Prestige building, De Aar	
ANND Eiendomme:	Upington	
Adistra Properties:	Springbok	
	BP Jones Building	

The escalation clause of the above varies between 8%-10%. Any improvements related to the ANND building will be an expense to the department with approval of the owner. All other buildings, the repairs are at the owner's expense.

Included in the operating leases are the following:

TELKOM: Telephone System

Bidvest Steiner: She-bins



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

23.2 Finance leases <sup>**</sup>	2019/20	Specialised military equipment				Buildings and other fixed structures				Machinery and equipment				Total
		Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000					
Not later than 1 year		-	-	-	-	-	-	-	-	-	-	-	3 975	3 975
Later than 1 year and not later than 5 years		-	-	-	-	-	-	-	-	-	-	-	3 074	3 074
Later than five years		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total lease commitments</b>		-	-	-	-	-	-	-	-	-	-	-	<b>7 049</b>	<b>7 049</b>

2018/19	Specialised military equipment				Buildings and other fixed structures				Machinery and equipment				Total	
	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment 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>9 160</b>	<b>9 160</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 24. Irregular expenditure

#### 24.1 Reconciliation of irregular expenditure

	Note	2019/20 R'000	2018/19 R'000
Opening balance		938 315	885 307
Prior period error		-	-
As restated		938 315	885 307
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		32 335	53 008
Less: Prior year amounts condoned		(7 393)	-
Less: Current year amounts condoned		-	-
Less: Prior year amounts not condoned and removed		-	-
Less: Current year amounts not condoned and removed		-	-
Less: Amounts recoverable (current and prior year)	15	-	-
Less: Amounts written off		-	-
<b>Closing balance</b>		<b>963 257</b>	<b>938 315</b>

#### Analysis of awaiting condonation per age classification

Current year	32 335	53 008
Prior years	930 922	885 307
<b>Total</b>	<b>963 257</b>	<b>938 315</b>

It was impractical to determine the full extent of irregular expenditure relating to human settlement projects that may have resulted from non-compliance with supply chain management processes for financial years preceding the 2011/2012 financial year. This is due to challenges that the department faced to obtain the procurement records from the municipalities that were responsible for the implementation of these projects. The cost incurred by the department to date 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 2020

### 24.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation) Incident

	2019/20
	R'000
Housing Project	2 601
SCM processes not followed	29 734
<b>Total</b>	<b>32 335</b>

*The irregular expenditure incurred is due to procurement done by third parties (DPRW, Sita, Municipalities)*

### 24.3 Details of irregular expenditure condoned Incident

	2019/20
	R'000
Operating leases	7 393
<b>Total</b>	<b>7 393</b>

Provincial Treasury

### 25. Fruitless and wasteful expenditure

#### 25.1 Reconciliation of fruitless and wasteful expenditure

	Note	2019/20 R'000	2018/19 R'000
Opening balance		64 116	64 104
Prior period error		-	-
As restated		64 116	64 104
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		75	12
Less: Amounts recoverable	15.6	-	-
Less: Amounts written off		-	-
<b>Closing balance</b>		<b>64 191</b>	<b>116</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 25.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Disciplinary steps taken/criminal proceedings

2019/20  
R'000

Accommodation and cancellation fees 75

#### Total

75

Meetings were cancelled on short notice and not sufficient time could be given to the travel agencies to cancel bookings. The department is held liable for paying the cancellation fees in this regard.

### 25.3 Details of fruitless and wasteful expenditures under assessment (not included in the main note)

Incident

2019/20  
R'000

Human Settlement Project 3 677

#### Total

3 677

Human Settlement Project – Ga-Segonyana Bankhara Bodulong identified as possible fruitless and wasteful will be investigated in the 2020/21 financial year.

### 26. Related party transactions

#### Revenue received

Note

2019/20  
R'000

2018/19  
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

#### Total



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

	Note	2019/20 R'000	2018/19 R'000
<b>Payments made</b>			
Goods and services		299	248
Interest and rent on land		-	-
Expenditure for capital assets		-	-
Payments for financial assets		-	-
Transfers and subsidies		-	-
<b>Total</b>		<b>299</b>	<b>248</b>

List related party relationships and the nature thereof  
Provincial Treasury - pay progression; Housing Fund - Payment of Audit Fees

### 27. Key management personnel

	No. of Individuals	2019/20 R'000	2018/19 R'000
Political office bearers (provide detail below)			
Officials:	1	1 978	3 552
	11	12 307	7 521
Family members of key management personnel	1	490	454
<b>Total</b>		<b>14 775</b>	<b>11 527</b>

The amount that reflects under POB reduced due to HOD that has been removed and added to the Officials disclosure. One official has been identified as a related party to key management.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### 28. Non-adjusting events after reporting date

	2019/20 R'000
Kemoagile Construction and Projects - Hygiene products for officials	176
JPD Business Enterprises - Fabric Face Masks	48
DNS Supplies - Non-contact Thermometers	35
<b>Human Settlements Projects</b>	
KML 45 Trading (Pty) Ltd - 15 X 10 000 litre water tanks and 500 hand sanitisers	1,140
Matela Construction - Sanitation for 500 households in Phokwane Local Municipality	9,802
Thap3Lom General Trading - Communal Taps for 3 000 households in Sol Plaatje Municipality	2,496
<b>Total</b>	<b>13 697</b>

The department did procure goods and services after the announcement of the President that all public sector and business must close immediately to ensure the impact of COVID-19 is not that severe to the citizens of South Africa.

The National Treasury instruction note N0.8 of 2019/20 on Emergency Procurement were used as a guideline to do procurement for most critical goods and services for both the departmental staff and some municipalities.

The department provided water tanks, sanitisers and temporary sanitation in Phokwane Nkandla informal settlement, which at the time were identified as the EPIC Centre. Sol Plaatje Lerato Park was serviced with standpipes. Both interventions improved the hygiene and convenient access to water and sanitation to the settlements. The department is mainly funded from conditional grant, which takes 47 per cent of the total budget, while equitable share represents 53 per cent of the budget. The reductions are effected against both the equitable share and the conditional grants allocations of the department.

The total departmental budget for 2020/ 2021 amounts to R719 577 million which now indicates a decrease of R44 934 million, thus the new allocation will be R 674 643 million.

Goods and services budget, as well as Human Settlement projects budgets, were reduced and the department had to reprioritize an amount of R13 697m, to ensure the impact of COVID-19, does not have a severe impact on the department. This implies that the original targets of the different programmes need to be reduced, based on the fact that no additional funding was received.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### Management plan to deal with the current situation of COVID-19 transactions

Given the fact that the Department's budget has reduced significantly over the 2019 MTEF the Department must effectively utilise the regional offices to monitor and support municipal programmes and activities so as to drastically adapt to the implications of a reduced budget for travelling and accommodation. Information technology, media platforms and technology gadgets will have to be used to enable distant support and engagement – moving forward.

Staff movements were monitored to ensure the spread of COVID-19 is manageable to avoid any serious cases within the department. All officials and the public entering the building had to be scanned to ensure their health status were fine with an attendance register updated on a daily basis for all.

### 29. Movable Tangible Capital Assets

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>					
Heritage assets	-	-	-	-	-
	27 874	-	4 901	672	32 103
<b>MACHINERY AND EQUIPMENT</b>					
Transport assets	4 439	-	3 631	398	7 672
Computer equipment	12 215	-	547	228	12 534
Furniture and office equipment	9 188	-	663	38	9 813
Other machinery and equipment	2 032	-	60	8	2 084
<b>SPECIALISED MILITARY ASSETS</b>					
Specialised military assets	-	-	-	-	-
	-	-	-	-	-
<b>BIOLOGICAL ASSETS</b>					
Biological assets	-	-	-	-	-
	-	-	-	-	-
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>27 874</b>	<b>-</b>	<b>4 901</b>	<b>672</b>	<b>32 103</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

**29.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>4 901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 901</b>
Transport assets	3 631	-	-	-	3 631
Computer equipment	547	-	-	-	547
Furniture and office equipment	663	-	-	-	663
Other machinery and equipment	60	-	-	-	60
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>4 901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 901</b>

**29.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>398</b>	<b>274</b>	<b>672</b>	<b>-</b>
Transport assets	398	-	398	-
Computer equipment	-	228	228	-
Furniture and office equipment	-	38	38	-
Other machinery and equipment	-	8	8	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>398</b>	<b>274</b>	<b>672</b>	<b>-</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 29.3 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>25 670</b>	<b>10</b>	<b>2 194</b>	<b>-</b>	<b>27 874</b>
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	10	27	-	2 032
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>25 670</b>	<b>10</b>	<b>2 194</b>	<b>-</b>	<b>27 874</b>

### 29.3.1 Prior period error

Nature of prior period error  
Relating to 2018/19

Note

2018/19  
R'000

10

### Total prior period errors

10

### 29.4 Minor assets

#### MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	810	-	6 426	-	7 236
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	259	-	259
Disposals	-	-	-	106	-	106
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>810</b>	<b>-</b>	<b>6 579</b>	<b>-</b>	<b>7 389</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 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>810</b>	-	<b>6 426</b>	-	<b>7 236</b>

### 30. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	1 362	-	-	-	1 362
Mastheads and publishing titles	-	-	-	-	-
Patents, licenses, copyright, brand names, trademarks	-	-	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-	-	-
Services and operating rights	-	-	-	-	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1 362</b>	-	-	-	<b>1 362</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 30.1 Additions

#### ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash R'000	Non-Cash R'000	(Development work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
--	---------------	-------------------	---	--	----------------

Software  
Mastheads and publishing titles  
Patents, licenses, copyright, brand names,  
trademarks  
Recipes, formulae, prototypes, designs,  
models  
Services and operating rights

#### TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS

### 30.2 Disposals

#### DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
--	------------------------	-------------------------------	--------------------------	----------------------------------

Software  
Mastheads and publishing titles  
Patents, licenses, copyright, brand names,  
trademarks  
Recipes, formulae, prototypes, designs, models  
Services and operating rights

#### TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 30.3 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	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>

### 31. Immovable Tangible Capital Assets

#### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>3 222</b>	<b>-</b>	<b>123</b>	<b>-</b>	<b>3 345</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	3 222	-	123	-	3 345
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 222</b>	<b>-</b>	<b>123</b>	<b>-</b>	<b>3 345</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 31.1 Additions

#### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	123	-	-	-	123
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123</b>

### 31.2 Disposals

#### DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>				
Dwellings				
Non-residential buildings				
Other fixed structures				
<b>TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>				

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 31.3 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>3 069</b>	<b>-</b>	<b>153</b>	<b>-</b>	<b>3 222</b>
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>

### 32. Principal-agent arrangements

#### 32.1 Department acting as the principal

Include a list of the entities acting as agents for the department, the fee paid as compensation to the agent and any other transactions undertaken

	2019/20	2018/19
	R'000	R'000
Housing Development Agency	5 053	29 579
Bigen Africa	2 117	1 180
<b>Total</b>	<b>7 170</b>	<b>31 529</b>

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. Bigen Africa and Housing Development Agency is acting as agents and is responsible for the implementation of certain housing projects and facilitating transactions with third parties on behalf of the department. Agency fees are paid to Bigen and HDA in this regard.

The value of works still to be performed by HDA based on the 2019/20 transfers is R59 921 million and Bigen Africa is R421 928 thousand. This is the assets under the custody of HDA and Bigen Africa by 31 March 2020.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2020**

### 33. Prior period errors

### 33.1 Correction of prior period errors

	Note	Amount before error correction	Prior period error	Restated Amount
		2018/19 R'000	2018/19 R'000	2019/20 R'000
<b>Other:</b>				
Contingent Liabilities –Claims against the department - LIMMS		1 205	10 192	11 397
<b>Net effect</b>		<b>1 205</b>	<b>10 192</b>	<b>11 397</b>

LIMMS made a claim against the department in May 2018 relating to financial system for municipalities. The department then disputed the claim. The claim was taken to court, however it was not disclosed in prior year financial statements.

**34.**

## STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT			2018/19		
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by department	Amount spent by depart-ment	Under / (Overspend ing)	% of available funds spent by depart-ment	Division of Revenue Act	Amount spent by depart-ment
Housing Subsidy Grant	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consolidation	451 059	-	-	-	451 059	451 059	451 059	-	100%	507 193	500 066
Support Grant	2 046	-	-	-	2 046	2 046	2 046	-	100%	2 002	1 710
Title Deeds Restoration Grant	10 790	-	-	-	10 790	10 790	10 790	-	100%	20 364	10 198
	463 895	-	-	-	463 895	463 895	463 895	-		529 559	511 974

Departments are reminded of the requirement to certify that all transfers in terms of this Act were deposited into the primary bank account of the province or, where appropriate, into the CPD account of the province.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

### 35. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

#### ANNEXURE 1A

#### STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2018/19		
	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	
NEAR SYSTEM GRANT														
Frances Baard District	246	-	-	246	246	-	100%	-	-	-	-	-	-	
Pixley Ka Seme District	246	-	-	246	246	-	100%	-	-	-	-	13 000	13 000	
John Taolo Gaetsewe District	246	-	-	246	246	-	100%	-	-	-	-	-	-	
Namakwa District	247	-	-	247	247	-	100%	-	-	-	-	-	-	
ZF Mgcawu District	246	-	-	246	246	-	100%	-	-	-	-	1 944	1 944	



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2018/19	
	DoRA and other transfers	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	
KGOTSO PULA NALA														
Frances Baard District	4 000	-	-	4 000	4 000	-	100%	-	-	-	-	-	-	
Pixley Ka Seme District	4 000	-	-	4 000	4 000	-	100%	-	-	-	-	-	-	
John Taolo Gaetsewe District	4 000	-	-	4 000	4 000	-	100%	-	-	-	-	-	-	
Namakwa District	4 000	-	-	4 000	4 000	-	100%	-	-	-	-	-	-	
ZF Mgcawu District	4 000	-	-	4 000	4 000	-	100%	-	-	-	-	-	-	
TOTAL	21 231	-	-	21 231	21 231	-	-	-	-	-	-	14 944	14 944	

National Departments are reminded of the DORA requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

**ANNEXURE IF  
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2018/19 Final Appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>NON-PROFIT INSTITUTIONS</b>							
<b>Transfers</b>							
Pocket Money Households (Trad Affairs)	913	-	-	913	913	100%	-
	<b>913</b>	<b>-</b>	<b>-</b>	<b>913</b>	<b>913</b>	<b>100%</b>	<b>-</b>
<b>Subsidies</b>							
<b>TOTAL</b>	<b>913</b>	<b>-</b>	<b>-</b>	<b>913</b>	<b>913</b>	<b>100%</b>	<b>-</b>

The comparative figure for Pocket Money Households was previously disclosed under Annexure 1G.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

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

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2018/19 Final Appropriation
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
H/H Empl S/Ben:Leave Grat	-	-	-	-	441	-	-
Human Settlement Redev Pro	461,849	-	-	461 849	461 849	100%	527 557
Pocket Money Households	-	-	-	-	-	-	1338
(Stipends for Trad Houses Volunteers)	-	-	-	-	-	-	-
Consolidation Support (EPWP)	2,046	-	-	2 046	2 046	100%	2002
H/H Claims against the State	-	-	-	-	-	-	-
H/H: Donations and Gifts	-	-	-	-	6	-	100
	<b>463 895</b>	<b>-</b>	<b>-</b>	<b>463 895</b>	<b>464 342</b>	<b>-</b>	<b>530 997</b>
<b>Subsidies</b>							
<b>TOTAL</b>	<b>463 895</b>	<b>-</b>	<b>-</b>	<b>463 895</b>	<b>464 342</b>	<b>-</b>	<b>530 997</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

**ANNEXURE IJ**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2019/20	2018/19
	R'000	R'000
Made in kind		
Donations and Promotional Items	49	57
<b>TOTAL</b>	<b>49</b>	<b>57</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2019	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2020	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Subtotal								
	Housing	50	-	50	-	-	50	-	-
	Housing	50	-	50	-	-	50	-	-
	Subtotal								
	Other	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Subtotal								
		50	-	50	-	-	50	-	-
	<b>TOTAL</b>								

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020**

Nature of Liability	Opening Balance 1 April 2019 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/r educd during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2020 R'000
<b>Claims against the department</b>					
Barnard JM	-	-	-	-	-
Hantam Municipality	-	-	-	-	-
Afriforum	-	-	-	-	-
Ntefang	13	-	13	-	-
NC Government Fleet Services	144	-	144	-	-
Hamba Nathi	-	-	-	-	-
LIMMS	10 192	9 000	10 192	-	9 000
<b>Subtotal</b>	<b>10 349</b>	<b>9 000</b>	<b>10 349</b>	<b>-</b>	<b>9 000</b>
<b>Environmental Liability</b>					
<b>Subtotal</b>					
<b>Other</b>					
<b>Subtotal</b>					
<b>TOTAL</b>	<b>10 349</b>	<b>9 000</b>	<b>10 349</b>	<b>-</b>	<b>9 000</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	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
<b>Department</b>								
Northern Cape Provincial Treasury	-	2	-	-	-	2	-	-
	-	2	-	-	-	2	-	-
<b>Other Government Entities</b>								
	-	2	-	-	-	2	-	-
<b>TOTAL</b>	-	2	-	-	-	2	-	-

An interdepartmental claim was received from Provincial Treasury in respect of pay progression paid to a former employee. An amount of R2 thousand was reimbursed by the Department of COGHSTA

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### ANNEXURE 5 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	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
<b>DEPARTMENTS</b>								
Current								
Dept of Justice & Con Dev	-	-	168	168	168	168	-	-
Dept Sport Arts and Culture	-	-	277	277	277	277	-	-
<b>Subtotal</b>	-	-	445	445	445	445	-	-
<b>Non-current</b>								
<b>Subtotal</b>								
<b>TOTAL</b>	-	-	445	445	445	445	-	-

The department of Sports, Arts and Culture claim an amount of R277 thousand to a former employee of Coghsta for outstanding performance bonuses and leave gratuity. An interdepartmental claim was lodge against Coghsta. The matter was disputed by Coghsta due to insufficient supporting documentation and it remain unresolved. The interdepartmental claim of Justice is unresolved due to insufficient supporting documentation. Several enquiries were made to obtain the documentation however it is still outstanding.



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2020

### ANNEXURE 6 INVENTORIES

#### Inventories for the year ended 31 March 2020

	Insert major category of inventory R'000	Insert major category of inventory R'000	Insert major category of inventory R'000	TOTAL R'000
Opening balance	-	-	1 103 519	1 103 519
Add/(Less): Adjustments to prior year balances	-	-	174 671	174 671
Add: Additions/Purchases – Cash	-	-	77 624	77 624
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	-	-	(48 099)	(48 099)
Add/(Less): Received current, not paid	-	-	-	-
(Paid current year, received prior year)	-	-	-	-
Add/(Less): Adjustments	-	-	-	-
<b>Closing balance</b>	-	-	<b>1 307 715</b>	<b>1 307 715</b>

#### Inventories for the year ended 31 March 2019

	Insert major category of inventory R'000	Insert major category of inventory R'000	Insert major category of inventory R'000	TOTAL R'000
Opening balance	-	-	1 024 051	1 024 051
Add/(Less): Adjustments to prior year balances	-	-	-	-
Add: Additions/Purchases – Cash	-	237 200	237 200	237 200
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	-	(128 548)	(128 548)	(128 548)
Add/(Less): Received current, not paid	-	-	-	-
(Paid current year, received prior year)	-	-	-	-
Add/(Less): Adjustments	-	(29 184)	(29 184)	(29 184)
<b>Closing balance</b>	-	<b>1 103 519</b>	<b>1 103 519</b>	<b>1 103 519</b>



# PART F

## HOUSING FUND

### FINANCIAL

### STATEMENTS

## I. Report of the auditor-general to Northern Cape Provincial Legislature: 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 170 to 178, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, 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 2020 and financial performance for the year then ended in accordance with Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Housing Fund Act of South Africa (Act No. 107 of 1997).

#### Context for the 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 my 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* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as 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.

#### Material uncertainty related 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 12 to the financial statement which indicates that there has been a national decision de-establish the Housing Fund in all provinces. As stated in note 12, these events or conditions indicate that material uncertainty exist that may cast significant doubt on the ability for Housing Fund to continue as a going concern. My opinion is not modified in respect of this matter.

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

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





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

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

### Performance information reporting

12. As the entity was dormant for the year under review, no work was performed on the audit of performance information.

### Audit of compliance with legislation

13. As the entity was dormant for the year under review, no work was performed on the audit of compliance with legislation.

### Other information

14. The Northern Cape Housing Development Fund accounting authority is responsible for the other information. The other information does not include the financial statements and the auditor's report thereon.
15. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
16. 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, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

### Internal control deficiencies

17. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, included in this report.
18. Leadership did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that will enable the entity to produce accurate and complete annual financial statements reporting. This resulted in material adjustments in the financial statements.

*Auditor - General*

KIMBERLEY  
30 September 2020



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 the 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 those responsible for the financial statements
  - conclude on the appropriateness of the accounting authority'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 relating to events or conditions that may cast significant doubt on the ability of the Northern Cape 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, actions taken to eliminate threats or safeguards applied.



## 2. ANNUAL FINANCIAL STATEMENTS

### NORTHERN CAPE HOUSING DEVELOPMENT FUND

#### Annual Financial Statements for the year ended 31 March 2020

##### Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Public Finance Management Act to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and cash flows of the entity, and explain the transactions and financial position of the operations of the entity at the end of the financial year.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the entity and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's operations are conducted in a manner that in all reasonable circumstances are above reproach.

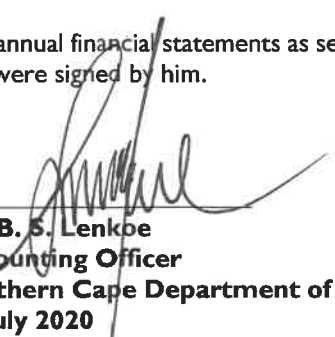
The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources for the year up to 31 March 2021, the accounting officer has no reason to believe that the entity will not be a going concern in the foreseeable future. The annual financial statements support the viability of the entity.

The annual financial statements have been audited by the independent external auditing firm, Auditor General of South Africa, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the accounting officer and committees. The accounting officer believes that all representations made to the independent external auditors during the audit were valid and appropriate. The external auditor's audit report is presented on pages 170 to 178.

The annual financial statements as set out on pages 170 to 178 were approved by the accounting officer on **31 July 2020** and were signed by him.

  
**Mr. B. S. Lenkoe**  
**Accounting Officer**

**Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs**  
**31 July 2020**

## Accounting Officer's Report

The accounting officer presents his report for the year ended 31 March 2020.

### 1. Review of activities

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.

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.

The operating results and statement of financial position of the fund are fully set out in the attached financial statements and do not in my opinion require further comment.

The fund did not trade during the year under review.

### 2. Overview of operations during the year

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.

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 2020 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 R11.1 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 2020/21 financial year.

### 3. Events after the reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the fund.

### 4. Accounting Officer's interest in contracts

To my knowledge, I had no interest in any contracts entered into during the year under review.

### 5. Accounting Officer

The Accounting Officer of the fund during the year and up to the date of this report is as follows:

**Mr. B. S. Lenkoe**  
**Northern Cape Department COGHSTA**



## NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2020

### STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2020	2019
<b>Current Assets</b>			
Inventories : Properties held for devolution	5	11,152,900	11,152,900
<b>Total Current Assets</b>		<b>11,152,900</b>	<b>11,152,900</b>
<b>TOTAL ASSETS</b>		<b>11,152,900</b>	<b>11,152,900</b>
<b>Net assets and liabilities</b>			
<b>Net Assets</b>			
Retained Income		10,929,401	10,986,210
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from non-exchange transactions	6	223,499	166,690
<b>Total liabilities</b>		<b>223,499</b>	<b>166,690</b>
<b>Total Net Assets And Liabilities</b>		<b>11,152,900</b>	<b>11,152,900</b>

### STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2019	2018
	8		
<b>Revenue</b>			
Services in kind		339,097	247,245
<b>Total Revenue</b>		<b>339,097</b>	<b>247,245</b>
<b>Total Expenditure</b>		<b>(395,906)</b>	<b>(289,901)</b>
Audit Fees	9	(298,847)	(196,745)
Consulting Fees	10	(40,250)	(50,500)
Rates and Taxes	11	(56,809)	(42,656)
<b>(Deficit)/Surplus for the period</b>		<b>(56,809)</b>	<b>(42,656)</b>



## Statement of Changes in Net Assets

Figures in Rand	Retained Income	Total
<b>Balance as at 31 March 2018 as previously reported</b>	10,607,345	10,607,345
Increase (decrease) due to corrections of prior period	421,521	421,521
<b>Balance as at 1 April 2018 as restated</b>	<u>11,028,866</u>	<u>11,028,866</u>
<b>Changes in net assets</b>		
Deficit for the year	(42,656)	(42,656)
Deficit for the year	(42,656)	(42,656)
<b>Balance as at 31 March 2019 as restated</b>	<u>10,986,210</u>	<u>10,986,210</u>
<b>Balance at 1 April 2019 as previously reported</b>	10,607,345	10,607,345
Increase (decrease) due to corrections of prior period	378,865	378,865
<b>Balance as at 1 April 2019 as restated</b>	<u>10,986,210</u>	<u>10,986,210</u>
<b>Changes in net assets</b>		
Deficit for the year	(56,809)	(56,809)
Deficit for the year	(56,809)	(56,809)
<b>Balance as at 31 March 2020 as restated</b>	<u>10,929,401</u>	<u>10,929,401</u>

## Accounting Policies

### 1. General Information

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.

No Cash Flow statement is prepared for the housing fund as the fund does not operate a bank account, payments and receipts of cash are being paid and received by the Northern Cape Department of Co-operative Governance, Human Settlements and Traditional Affairs.

### 2. Basis of preparation

The financial statements of Northern Cape Housing Development Fund have been prepared in accordance with Standards of Generally Recognised Accounting Practice and the Public Finance Management Act. The financial statements have been prepared on the accrual basis of accounting under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. They are presented in South African Rand.

The preparation of financial statements in conformity with Standards of Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Inventories

##### Definition

Inventories are assets:

- in the form of materials or supplies to be consumed in the production process;
- in the form of materials or supplies to be consumed or distributed in the rendering of services;
- held for sale or distribution in the ordinary course of operations; or
- in the process of production for sale or distribution.

##### Recognition

Inventories are recognised as an asset when

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

##### Measurement

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value at the date of the acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.



Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## **2.2 Revenue from exchange transactions**

## **2.3 Revenue from Non-Exchange Transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Revenue from non-exchange transactions consists primarily of grants from National - and Provincial Government, Property rates and Fines revenue.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in GRAP 1.

### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



#### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

#### **Services in-kind**

Services in-kind that are significant to the operations and/or service delivery objectives are recognised as assets and related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

#### **Conditional grants and receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **2.4 Related parties**

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
  - ~ has control or joint control of the reporting entity;
  - ~ has significant influence over the reporting entity; or
  - ~ is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - ~ The entity and the reporting entity are members of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - ~ One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - ~ Both entities are joint ventures of the same third party;
  - ~ One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - ~ The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - ~ The entity is controlled or jointly controlled by a person identified as a related party;
  - ~ A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the management of the entity (or its controlling entity).
  - ~ The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the controlling entity of the reporting entity;

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

### **3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.1 Critical accounting estimates and assumptions**

The fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.



### 3.1.1 Allowance for slow moving, damaged and obsolete stock

An allowance is made for slowing, damaged and obsolete inventory to write this inventory down of stock to the lower of cost or net realisable value. Management have made estimates of the selling price, costs of completion as well as costs to make the sale, exchange or distribution. The write down is included in the statement of financial performance.

### 3.1.2 Estimation of the amount of inventory to be written off due to obsolescence

Add details as required (refer to GRAP 12 on Inventories), e.g. An allowance is made for slow moving, damaged an obsolete inventory to write this inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

## 4. New standards and interpretations not yet adopted

The fund has not applied the following new, revised or amended pronouncements that have been approved by the ASB as they are not yet effective for the annual financial year beginning 1 April 2019. The accounting officer anticipates that the new standards, amendments and interpretations will be adopted in the fund's financial statements when they become effective. The fund has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Standard	Standard effective date	Adopted in the current year (Y/N)	Future adopted (Y/N)	Expected implementation date (where applicable)
GRAP 20 - Related Party Disclosures	01 April 2020	N	N	No Impact
GRAP 32 - Service Concession Arrangements: Grantor	01 April 2020	N	N	No Impact
GRAP 34 - Separate Financial Statements	01 April 2020	N	N	No Impact
GRAP 35 - Consolidated Financial Statements	01 April 2020	N	N	No Impact
GRAP 36 - Investments in Associates and Joint Ventures	01 April 2020	N	N	No Impact
GRAP 37 - Joint Arrangements	01 April 2020	N	N	No Impact
GRAP 38 - Disclosure of Interests in Other Entities	01 April 2020	N	N	No Impact
GRAP 108 - Statutory Receivables	01 April 2020	N	N	No Impact
GRAP 109 - Accounting by Principals and Agents	01 April 2020	N	N	No Impact
GRAP 110 - Living and Non-living Resources	01 April 2020	N	N	No Impact

## 5. Inventories: Properties held for devolution

Figures in Rand	2020	2019 Restated
<b>Inventories comprise:</b>		
Properties held for devolution	11,152,900	11,152,900
	<b>11,152,900</b>	<b>11,152,900</b>

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

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

**6. Payables from non-exchange transactions**

Figures in Rand	2020	2019 Restated
<b>Payables from non-exchange transactions comprise:</b>		
Municipal Rates and transfer costs	223,499	166,690
<b>Total payables from non-exchange transactions</b>	<b>223,499</b>	<b>166,690</b>

**7. Related Parties**

The housing fund's operations and management decisions are controlled by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs.

Figures in Rand	2020	2019 Restated
<b>Related Party Transactions</b>		
NC COGHSTA - Services in kind	339,097	247,245
	<b>339,097</b>	<b>247,245</b>

**8. Revenue from non-exchange transactions**

Figures in Rand	2020	2019 Restated
<b>Revenue from non-exchange transactions comprise:</b>		
NC COGHSTA - Services in kind	339,097	247,245

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

**9. Audit Fees**

Figures in Rand	2020	2019 Restated
<b>Audit comprises:</b>		
Audit fees	298,847	196,745

**10. Consulting Fees**

Figures in Rand	2020	2019 Restated
<b>Other expenses comprise:</b>		
Consulting fees - preparation of AFS	40,250	50,500

**11. Rates and Taxes**

Figures in Rand	2020	2019 Restated
<b>Rates and Taxes on properties held for devolution</b>		
Rates and taxes	56,809	42,656
<b>Total rates and taxes</b>	<b>56,809</b>	<b>42,656</b>

**12. 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 2021.

### 13. Financial risk management

#### 13.1 Financial risk factors

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:

Figures in Rand	2020	2019 Restated
<b>Financial liabilities - held at amortised cost:</b>		
Trade and other payables	186,797	136,554
	<b>186,797</b>	<b>136,554</b>

#### 13.2 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 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.

#### 13.2.1 Risk Management

#### 13.2.2 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 support facilities from the department.

Maturity Period	0 – 12 Months	1 - 5 Years	> 5 Years
Trade and other payables	186,797	-	-

#### 13.2.3 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 interest-bearing assets, and therefore the fund's income and operating cash flows are substantially independent of changes in market interest rates. The fund only received 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.

**14. Prior period error**

During the financial year 2 properties were identified belonging to the fund which were not previously recorded in the financial statements ,The adjustments have been made retrospectively in the financial statements in accordance with GRAP 3.

The impact is as follows:

**Statement of Financial Position**

Increase in inventories - properties held for devolution	409,000
Increase in accounts payable - rates and taxes	(30,135)
Increase in net assets	378,865





**NOTES:**



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