

ANNUAL REPORT 2020/2021



COGHSTA

COOPERATIVE GOVERNANCE, HUMAN
SETTLEMENTS & TRADITIONAL AFFAIRS

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PART A

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS:	Larry Moleko Louw Building 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
WEBSITE ADDRESS:	www.ncpg.gov.za



2. LIST OF ABBREVIATIONS/ACRONYMS

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

3. FOREWORD BY THE MEC

The devastating effect of COVID 19 derailed our work as a Department. Nonetheless, we vigorously fought against COVID 19, which unfortunately, resulted in trauma generated by illness and death of family members, loss of jobs, business and income.

The effect of COVID 19 was exacerbated by floods resulting from the heavy, summer rains and tropical cyclone Eloise, that led to the destruction of homes, roads, schools, and other infrastructure especially within the villages and towns of John Taolo Gaetsewe and ZF Mgcawu Districts. The culmination was the declaration of the National Disaster by the President of the Republic, His Excellency, Mr. Cyril Ramaphosa.

These climate related disasters (such as drought and floods) are causing enormous humanitarian calamities across the world - affecting mostly the poor communities. I have been humbled by the dedication of the officials, community members, faith-based organisations and provincial leadership for joining hands to support these victims across our province and communities. As a service to our people, we partnered with the **Church of Jesus Christ of Latter Day Saints**, who donated and distributed **10 000 food parcels, 10 000 Covid-19 hygiene parcels, 5 000 winter blankets and 3 000 mattresses** to the 5 district municipalities **to the value of R15,9 million**. The Premier and I appreciate the role of the church in serving and assisting our people to deal with the triple challenges of inequality, unemployment and poverty. We thank our stakeholders and the President for support provided in this regard.

In the spirit of **Thuma Mina, National Development Plan 2030**, and **Medium-Term Strategic Framework 2019/2024**, as well as our Constitutional and prescribing legislations, we worked tirelessly towards improving our audit performance, housing delivery, delivery of services (including basic services), monitoring and supporting municipalities to attain sound governance, financial sustainability, and improved audit performance within all our 31 municipalities.

We are aware that our communities are running out of patience because they have been waiting for their government to provide services, which they are desperately in need of. Against all odds, we shall never fail to live up to our promises as documented in our Service Delivery Agreement. Hence, we acknowledge that attaining all our service delivery targets is a long and an arduous journey that leads to freedom, equality, and human rights for all. Hence, we appeal for calm as we affirm our commitment towards resolving housing backlogs, speeding up delivery of quality services and supporting accountable, responsible and democratic governance within our municipalities.

It is our pledge that our communities march with us to reach our goal of radically improving their socio-economic conditions.




Mr. Bentley Nass
MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs
Date: 31 July 2021

4. REPORT OF THE ACCOUNTING OFFICER

4.1 Overview of the operations of the Department

Covid-19 indeed affected the performance of the Department negatively with staff under quarantine; the periodic closing of the offices for sanitising purposes all contributed to non-performance. The relocation of certain units to new offices (BP Jones) with no network and telephone connections for an extended period further compacted the non-performance. Months after the onset of COVID-19, people continue to suffer. The economic and social disruption caused by the pandemic negatively affects the Department, and all its stakeholders - this is evident in the Department's performance in this report.

Capacity constraints continue to prevail since the 2019/20 financial year with specific reference to Programme 2 and Programme 3. As these are managerial positions it has an inevitable impact on the management and oversight functions. The poor performance of these programmes can thus be attributed to this.

A further reduction on the COE with R 10 493 million will impact negatively on the current filling of vacancies. Critical shortage of skills such as Town Planners and Engineers has not been addressed in the last 3 years. With the reduction in the budget of R44 934 million various plans and targets have been adjusted with the resultant impact on service delivery with specific reference to housing delivery. This has implications for the initial target announced by the Premier to address the housing backlog in the province as the targets have been reduced for the MTSP period.

The working environment has been adjusted to manage the COVID 19 circumstances. With rotational working schedules and remote working, performance has been impacted on due to the lack of required resources to support remote working. The performance of Programme 2 and Programme 3 has been impacted on by the COVID 19 regulations with specific reference to programmes aimed at improving public participation and monitoring of municipalities.

Lack of suitable building material, intermittent breaks in water supply, capacity of service providers and protests continue to hamper the delivery of houses and completion of service sites. These are recurring challenges and requires strategic administrative and political intervention.

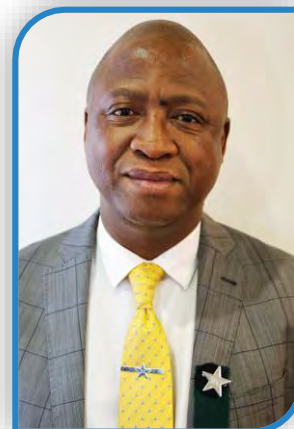
The Department received an extra R 200 million for National Human Settlements as part of the reallocation from underspending provinces. A Provincial Emergency Grant of R 70,8 million was allocated to build 1 100 temporary residential units (TRUs) of which 200 is in Tsantsabane, 500 for Ivory Park, 200 for Lerato Park and 200 for Promise Land - all in Sol Plaatje Local Municipality.

Three thousand two hundred and seventy-two (3 272) serviced sites were delivered against a target of one thousand five hundred (1 500), whilst two hundred and forty-eight jobs opportunities were created through EPWP. The Department also made payment for 16 FLISP applications.

A Project Management Unit (PMU) was established through a Memorandum of Understanding (MOU) signed off between the Department and DBSA. Five (5) 1st generation District One Plans were finalised. Some municipalities optimally used the services of Municipal Infrastructure Support Agency (MISA).

The Department assisted municipalities with the following senior management appointments in municipalities:

1. Nama Khoi
 - Director – Corporate Services
 - Chief Financial Officer
2. Kamiesberg
 - Director – Technical
 - Director – Corporate Services



3. Namakwa
 - Director – Municipal support
4. ZF Mgcawu
 - Director – Development and planning
5. Tsantsabane
 - Director – Technical Services
6. Dawid Kruiper
 - Director – Civil Engineering
 - Director – Development and planning
7. Pixley ka Seme
 - Director – Technical Services
8. Emthanjeni
 - Director – Technical Services
9. John Taolo Gaetsewe
 - Director - Basic service and infrastructure
 - Director - LED
10. Gamagara
 - Chief Financial Officer

The Department had to also intervene in two municipalities (Section 139(1)(c) of the Constitution):

1. Phokwane

- Council Stabilized and service delivery machinery acquired
- Elected new municipal council

2. Renosterberg

- Council is stabilized
- New Municipal council elected
- Support with senior managers
- Successfully completed the re-determination of wards for the 2021 local government elections

Coming into operation is the Traditional Khoisan Leadership Act (TKLA) on 1 April 2021. This will now prepare the process for the recognition of Khoisan traditional leadership. The Department already conducted information sessions on the TKLA to Khoi-San communities.

The institution of traditional leadership supported government in this unprecedented outbreak of the COVID-19 pandemic, through dissemination of Covid-19 safety protocols through awareness campaigns, through radio interviews and communication of government information on lockdown regulations. Council meetings, community meetings and engagements were prohibited and Traditional leaders ensured implementation thereof.

Traditional leaders purchased personal protective equipment, received donations from mining companies operating around the John Taolo Gaetsewe (JTG) District, food parcels and same were distributed to the vulnerable traditional communities during the past year. All these measures proved the manifestation of social cohesion within the traditional leadership structures which is an important task embraced competently by the institution.

Loudhailers to all 8 Traditional councils in JTG were donated. These ensured that Traditional councils could be communicated to their communities on COVID-19 safety protocols.

Construction of two (2) Kgotla and administrative offices of Kgosi at Batlhaping Ba-ga Jantjie and Batlharo Ba-ga Motlhwane Traditional councils was started with and will be completed within the following financial year.

Though a further moratorium on the prohibition of initiation as published in the Regulations in the Disaster Management Act is contemplated by the Provincial House of Traditional leaders, our office is still inundated with calls for the holding of the initiation in the other Districts in the Province, namely: Frances Baard, Pixley Ka Seme and ZF Mgcawu.

The relationship between Traditional leaders and Municipal councils is still not sound and based on mutual respect, despite measures put in place to ensure meaningful participation of Traditional leaders in municipal programmes.

Overview of Performance Information

The performance in Quarter 1 suffered tremendously under the effects of the Alert Level 5 lockdown and accompanying Covid-19 protocols which took effect at the start of Quarter 1. Responding to the Covid-19 pandemic became Government's central priority, and spending priorities had to change significantly due to the emergence and spread of the virus.

Responding to COVID-19 had required a special budget, which revised government's spending plans for the 2020/21 financial year in line with the fiscal relief package announced by the President in April 2020. The province had to reprioritise an amount of R529.130 million from the equitable share baselines of departments, while an amount of R294.904 million was suspended from provincial conditional grants, which necessitated a suspension of baseline allocations.

Furthermore, the nationwide lockdown that was imposed in March 2020 placed restrictions on economic activities and resulted in the province revising its revenue targets downwards from the original estimates tabled in the main budget.

The special adjustment budget tabled in June 2020 required departments to recognise that certain spending commitments of the 2020 budget could no longer be accommodated in the then economic context. Therefore, certain projects and programmes were postponed, which invariably required departments to review strategic and Annual Performance Plan targets.

The Department's Strategic Plan and the Annual Performance Plan were subsequently amended to accommodate these budget cuts. The Department consequently tabled an amended Strategic Plan and Annual Performance Plan on 5 August 2020, with a decreased budget, and decreases in targets.

For the rest of the financial year, the effect of the Covid-19 pandemic continued to negatively impact service delivery - with regular closing of offices, personnel in quarantine, losing colleagues both on provincial and local government levels.

4.2 Overview of the financial results of the Department

4.2.1 Departmental receipts

Departmental receipts	2020/2021			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	519	439	80	469	447	22
Interest, dividends and rent on land	34	0	34	26	1	25
Financial transactions in assets and liabilities	106	254	(148)	129	65	64
Total	659	693	(34)	624	513	111

Determination of tariffs

The Department is not a significant revenue contributor and generate its revenue primarily from sales of goods and services and other services other than capital assets and financial transactions in assets and liabilities.

Tariffs utilised within the department is prescribed by National Treasury i.e. Persal – service rent commission garnishees is 5% and insurance 2, 5% respectively. Parking fees as prescribed by Provincial Treasury is R80-00. Rental of dwellings is determined by the Department of Public Works.

Under/Over Collection

Projections are based on historical trends and cannot be accurately projected since it is not a constant inflow of income.

4.2.2 Programme Expenditure

Departmental receipts	2020/2021			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	144 663	143 018	1 645	161 390	161 378	12
Human Settlements	644 160	452 929	191 231	512 540	511 824	716
Cooperative Governance	132 874	132 476	398	155 606	154 298	1 308
Traditional Affairs	19 352	17 942	1 410	23 237	21 902	1 335
Total	941 049	746 365	194 684	852 773	849 402	3 371

Under/(Over) Expenditure

Programme 1: Administration

The actual expenditure for Programme 1 against the final appropriation **reflects a 1.1% or R1 654 million under spending. The lower spending is mainly because of savings realised on Compensation of Employees.** The savings relate to the non-filling of vacancies due to the moratorium placed on the filling of vacancies.

Programme 2: Human Settlements

The department received an allocation of R319 m for HSDG projects for the 2020/21 financial year and managed to spend it by year end. Based on the Department's performance during the year, National Department of Human Settlements allocated an additional R200 m to the province. These monies were re-directed from other under-performing provinces during the adjustment budget process. The actual transfers of these funds only happened in March 2021 towards the end of the financial year. A roll over request has been made to Treasury, due to the savings incurred of R119 m, from the R200 m, indicating that funds have been committed on existing running projects.

Programme 3: Cooperative Governance

The actual expenditure for Programme 3 against the final appropriation reflects a 0.3% or R398 thousand under spending. The current under spending trend is the same as the 2019/2020 financial year, but the impact of COVID-19 had a negative impact on the departmental operations, such as support to municipalities and Traditional Councils. There has been a reduction in travelling and accommodation costs, due to the virtual platforms we used to have engagements on service delivery issues.

Programme 4: Traditional Affairs

The actual expenditure for Programme 4 against the final appropriation reflects a 7.3% or R1 410 million under spending. The lower spending is mainly because of savings realised on goods and services. There has been a reduction in travelling and accommodation costs, due to the virtual platforms we used to have engagements on pertinent service delivery issues.

4.2.3 Virements/roll overs

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	(2 565)	1 645	98,9	To offset over expenditure under Programme 3	The department has implemented expenditure control measures to ensure expenditures are necessary and cost-effective
Human Settlements	(607)	191 231	70,3	To offset over expenditure under Programme 3	
Cooperative Governance	3 172	398	99,7		
Traditional Institutional Management		1 410	92,7		
Totals	0	194 684	79,3		

Reason for the virement

Virement is the process of transferring budgeted funds from one-line item to another as per the conditions set out in Section 31(2)(f) and 43 of the PFMA. Virements amounted to reductions under one programme being used to offset excess spending in another programme and is in line with the mandate and priorities of the department.

4.3 Reasons for unauthorised, fruitless and wasteful expenditure

The department did not incur unauthorised expenditure. Fruitless and wasteful expenditure was incurred on travel and accommodation and interest/penalties for late payments. The department applies the PFMA provisions related to fruitless and wasteful expenditure.

4.4 Strategic focus over the short- and medium-term period

The high vacancy rate within the department is an area of concern. A number of strategic positions on both senior managers and technical posts, has been vacated by officials, leaving a vacuum due to early retirements, transfers and even untimely deaths, which creates serious challenges on the performance of the department.

Management is currently embarking on an exercise to fill some strategic posts. After intensive consultation with Provincial Treasury, and agreement was reached that funding will be sourced through savings from goods and services and more strict control measures will be implemented to eliminate unnecessary procurement on certain items.

Another factor would be the medium-term focus of increasing the baseline allocations, for human settlement development grant. We did commit a number of projects over longer period of time, and contractors has already being appointed for multi - year major projects in all five regions. Our performance over the past year demonstrated our capability to spend at a fast pace, in delivering services to our communities. The budget cycle for 2021-2022, starts in July 2021, and we will include all our costing on current projects of the next five years, over period of three years. This will eradicate our backlog on human settlement, of which the Minister of human settlements water and sanitation has made a commitment.

4.5 Public Private Partnerships

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

4.6 Discontinued key activities / activities to be discontinued

Programme 1: Administration

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
n/a			

Programme 2: Human Settlements

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
n/a			

Programme 3: Cooperative Governance

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
n/a			

Programme 4: Traditional Affairs

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
n/a			

4.7 New or proposed new activities

Programme 1: Administration

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
Percentage of procurement transactions in compliance with Treasury Regulation 16A and PPPFA	To ensure holistic reporting	None	None

Programme 2: Human Settlements

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
Number of municipalities supported with development of credible project pipelines	Alignment with National Human Settlements outputs in alignment with MTSF Priorities	None	None
Number of housing needs register reports produced			
Number of social housing units delivered			
Number of Community Residential Units (CRU) delivered			
Number of approved subsidy applications (FLISP)			
Number of housing units constructed			
Number of water connections provided to erven			
Number of sewer connections provided to erven			
Number of informal settlements funded for upgrading to phase 1			
Number of informal settlements funded for upgrading to phase 2			
Number of informal settlements funded for upgrading to phase 3			
Number of outstanding pre 1994 title deeds registered			
Number of outstanding post 1994 title deeds registered			
Number of outstanding post 2014 title deeds registered			
Number of new title deeds registered (post 2019)			

Programme 3: Cooperative Governance

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
Number of municipalities supported to comply with MSA and Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1)	Standardised sector indicators to align with MTSF Priorities	None	None
Number of municipalities supported to comply with MStA on the functionality of governance structures	To ensure holistic reporting	None	None
Number of municipalities supported to maintain functional MPACs			
Number of IGR fora monitored on functionality			
Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Linked to MTSF 2019 – 2024, Priority 1)	Standardised sector indicators to align with MTSF Priorities	None	None
Number of capacity building interventions conducted in municipalities (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)			
Number of municipalities supported to reduce Unauthorised, Irregular, Wasteful and Fruitless expenditure (Linked to MTSF 2019 – 2024, Priority 1)			
Number of municipalities supported to institutionalize the performance management system (PMS) (Linked to MTSF 2019 – 2024, Priority 1)			
Number of Section 47 Reports compiled as prescribed by the MSA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)			
Number of Municipalities monitored on the implementation of GBVF responsive programmes (Final M&E Plan for NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)			
Number of municipalities supported to promote participation in community based local governance processes (Priority 1: Capable, Ethical and Developmental State and Priority 6 MTEF indicator: Social Cohesion and Safer Communities)			
Number of municipalities supported to resolve community concerns			
Number of municipalities supported to maintain functional ward committees (Linked to MTSF 2019 – 2024, Priority 1)			
Number of work opportunities reported through Community Work Programme (CWP) (MTSF 2019-2024, Priority 2)			
Number of municipalities monitored on the implementation of indigent policies (Sub-outcome 1) (B2B Pillar 2)			
Number of municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1) (B2B Pillar 5)			
Number of Districts monitored on the spending of National grants			
Number of District/Metro supported to develop One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)			
Number of municipalities supported to maintain functional Disaster Management Centres			
Number of municipalities supported on Fire Brigade Services			

Programme 4: Traditional Affairs

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
Number of Traditional Councils supported to perform their functions	Standardised sector indicators to align with MTSF Priorities	None	None
Number of Anti GBVF Intervention/campaigns for traditional leadership (Final M&E Plan for the NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)			
Percentage of succession disputes/claims processed			
Number of activities of the Provincial and Local Houses of Traditional Leaders in compliance with Act 2 of 2007	To ensure holistic reporting	None	None

4.8 Supply Chain Management

- There were no unsolicited bids for the year under review.
- Controls and system are in place to prevent irregular expenditure.
- The COVID-19 pandemic has resulted in challenges of how normal operations are dealt with due to working from home and obtaining suppliers who could perform speedily during the lockdown periods. This resulted in some services being procured via deviation after testing the market.
- Another challenge encountered was in advertising the enterprise development database due to COVID-19 lockdown restrictions. However, the enterprise development database will be advertised in the 2021 financial year. This will be specifically for CIDB GB, CE grade 1 to 5 within the Northern Cape. As at 1st March 2021, the province had 87% of GB 1 in the Province, which prompts a developmental programme to be established and improve this crisis to ensure that contractors in the province are growing and assist with employment creation.

4.9 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.

4.10 Exemptions and deviations received from National Treasury

Due to the Covid-19 pandemic and declaration of a lockdown by the President, the Minister of Finance has through a government gazette, exempted the affected institutions from the provisions of PFMA relating to the reporting deadlines of financial statements and annual reports. The ultimate deadlines have been extended by two months of the applicable provisions of the PFMA.

4.11 Events after the reporting date

The Premier made a pronouncement to assist Sol Plaatje Local Municipality with service delivery shortcomings. The Department's assistance will be in the form of already planned and committed projects amounting to R321 million that will address some of the service delivery challenges.

4.12 Other

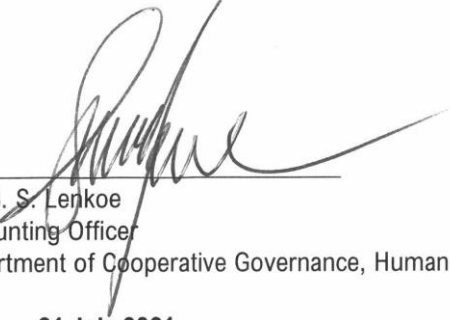
There are no other material fact or circumstances, which may have an effect on the understanding of the financial state of affairs, not addressed elsewhere in this report.

4.13 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.

4.14 Conclusion

The 2020 2021 financial year was a difficult year with Covid-19 outbreak, the stop-start of our housing projects and the negative impact it all had on our service delivery, but it taught us valuable lessons as well, that we are resilient and we can adapt to our circumstances, learn from it and come out doing better than before.



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

Date: **31 July 2021**

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

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

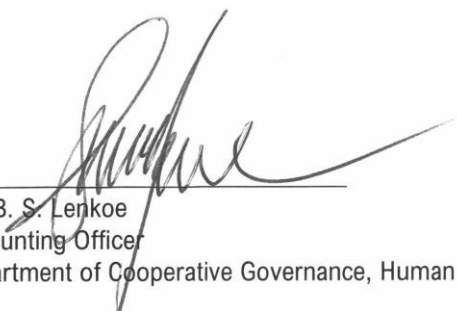
All information and amounts disclosed throughout the annual report are consistent.

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 2021.

Yours faithfully



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

Date: **31 July 2021**

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.

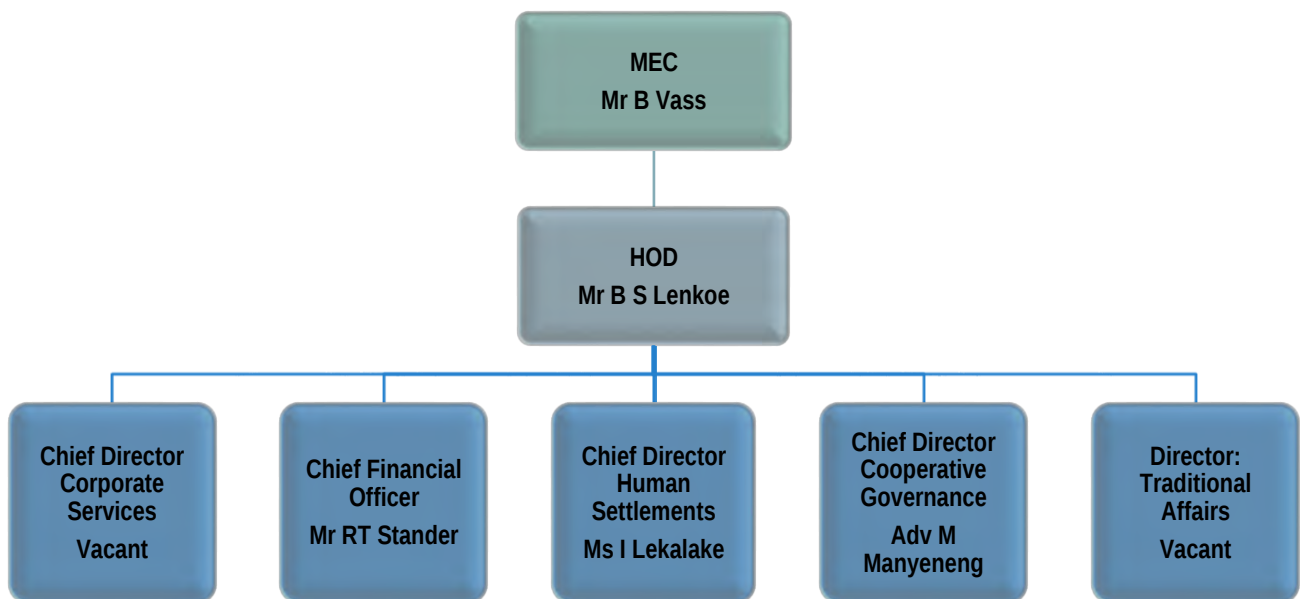
7.2 LEGISLATIVE MANDATES

- 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 (FMPPI), 2007
- National Disaster Management Framework, 2005
- National CDW Master Plan,
- Municipal Infrastructure Grant Framework, 2004
- White Paper on Traditional Leadership, 2003

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

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

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

PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 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

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 PHDAs 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.

The Title Deed Restoration Grant came to an end at the end of the 20/21 financial year. As a result of COVID 19, the budget was also cut, and the backlog could not be eradicated.

Note: National Human Settlements is currently in the process of piloting integrated implementation plans for priority development areas in Sol Plaatje Municipality. PDA indicators were included in the Strategic Plan.

Upgrading of Informal Settlements to either Phase 1, 2 or 3, are multi-year projects, hence the Department will annually report on the number of projects funded, until such time as the projects are completed.

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	0	0	0	0	1	11
Aged[#]	3 (older than 35 and younger than 60)	2 (older than 35 and younger than 60)	0	0	0	0	20	38
Youth[*]	4	7	0	0	0	0	12	26
Veterans	0	0	0	0	0	0	0	0
Total: Vulnerable	7	9	0	0	0	0	33	75

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.

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.

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.

In an effort to ensure good governance in municipalities where necessary after conducting monitoring and support to municipalities, where it emerges that a municipality fulfils the criteria of a section 139 intervention, the Department will do everything necessary to ensure that the Provincial Executive Council places such a municipality under administration.

The department will also continue to support other departments in the process of refurbishing and transforming Sol Plaatje and Kimberley in particular to be a smart city.

Notwithstanding the Covid-19 support grants provided to municipalities, the funds were not sufficient to assist municipalities who had already spend much more than the grants they received resulting in huge shortfalls. The implications of COVID -19 on local municipalities have far reaching consequences as it has unintended effect on the economy and financial sustainability of municipalities. The retrenchment of employees by some companies translate in lack of income in households which leads to failure by such households to pay for their municipal services. The process of registering communities as indigents is not commensurate to the request for payment of services.

The continued reduction in the budget of the country and the province will continue to make it difficult for the Department to provide the necessary support and assistance to municipalities.

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.

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.

2.1.1 Population distribution

The vast and arid Northern Cape is the largest province in South Africa, taking up nearly a third of the country's land area. It covers an area of 372 889km² (30% of the total area of the country) and has a population of 1 292 786², the least populous of South Africa's provinces, yet the surface area is the largest. Northern Cape, with its 1,263,875 people remains the province with the smallest share (2,2 %) of the South African population. The Northern Cape has by far the smallest population and economy of any of the provinces. It is bordered by Namibia and Botswana to

² Stats SA, Publication 0302, 20209

the north, and also by the North West, Free State, Eastern Cape and Western Cape provinces. The cold Atlantic Ocean forms the province's western boundary.

The capital city is Kimberley. Other important towns are Upington, centre of the karakul sheep and dried-fruit industries, and the most northerly winemaking region of South Africa; Springbok, in the heart of the Namaqualand spring-flower country; Kuruman and De Aar, the second most important junction of South Africa's railway network. Sutherland is host to the southern hemisphere's largest astronomical observatory, the multinational sponsored Southern African Large Telescope.

The Northern Cape is rich in minerals. Alluvial diamonds are extracted from the beaches and the sea between Alexander Bay and Port Nolloth. The Sishen Mine near Kathu is the biggest source of iron ore in South Africa, while the copper mine at Okiep is one of the oldest mines in the country. Copper is also mined at Springbok and Aggeneys. The province is rich in asbestos, manganese, fluorspar, semi-precious stones and marble.

The province has fertile agricultural land in the Orange River Valley, especially at Upington, Kakamas and Keimoes, where grapes and fruit are cultivated intensively. The interior Karoo relies on sheep farming, while the karakul-pelt industry is one of the most important in the Gordonia district of Upington. Wheat, fruit, peanuts, maize and cotton are produced at the Vaalharts Irrigation Scheme near Warrenton.

The Northern Cape is divided into five district municipalities and further subdivided into 26 local municipalities.

The **Frances Baard** District Municipality is a Category C municipality located in the far eastern portion of the Northern Cape Province. It shares its northern borders with the North West Province and its eastern border with the Free State Province. The municipality is the smallest district in the Northern Cape, making up only 3% of its geographical area. However, it accommodates the largest proportion of the province's population. It comprises the four local municipalities of Dikgatlong, Magareng, Phokwane and Sol Plaatje. Kimberley, which is where the district municipality is located, is less than 500km away from Johannesburg in the north, less than 1 000km away from Cape Town in the south, and less than 800km away from the Durban in the east.

Area:	12 836km ²
Cities/Towns:	Barkly West, Delpoortshoop, Hartswater, Jan Kempdorp, Kimberley, Pampierstat, Ritchie, Warrenton, Windsorton
Main Economic Sectors:	Community services (28%), finance (22%), trade (15%), transport (12%), mining (10%), agriculture (4%), manufacturing (4%), construction (3%), electricity (2%)

The **John Taolo Gaetsewe** District Municipality is a Category C municipality located in the north of the Northern Cape Province, bordering Botswana in the west. It comprises the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong, and 186 towns and settlements, of which the majority (80%) are villages. It has an established rail network from Sishen South and between Black Rock and Dibeng. It is characterised by a mixture of land uses, of which agriculture and mining are dominant. The district holds potential as a viable tourist destination and has numerous growth opportunities in the industrial sector.

Area:	27 322km ²
Cities/Towns:	Bankhara-Bodulong, Deben, Hotazel, Kathu, Kuruman, Mothibistad, Olifantshoek, Santoy, Van Zylsrus
Main Economic Sectors:	Agriculture, mining, retail

The **Namakwa** District Municipality is a Category C municipality located in the Northern Cape Province. It is bordered by the republic of Namibia in the north, ZF Mgcawu Local Municipality in the north-east, Cape Winelands District Municipality in the south, West Coast District Municipality in the south-west, Pixley Ka Seme District Municipality in the east, Central Karoo District Municipality in the south-east, and the Atlantic Ocean in the west. It is the largest district in the province, making up over a third of its geographical area. It is comprised of six local municipalities: Nama Khoi, Hantam, Khai-Ma, Kamiesberg, Karoo Hoogland and Richtersveld. The seat of the Namakwa District Municipality is Springbok.

Area:	126 836km ²
Cities/Towns:	Aggeneys, Alexander Bay, Brandvlei, Bulletrap, Calvinia, Carolusberg, Concordia, Eksteensfontein, Frasersburg, Garies, Hondeklip Bay, Kamieskroon, Kleinsee, Koinaas, Komaggas, Kuboes, Leliefontein/Kamiesberg, Loeriesfontein, Middelpos, Nababeep, Nieuwoudtville, O'Kiep, Onderste Doorns, Pella, Pofadder, Port Nolloth, Richtersveld, Sanddrift, Springbok, Steinkopf, Sutherland, Williston
Main Economic Sectors:	Agriculture, tourism

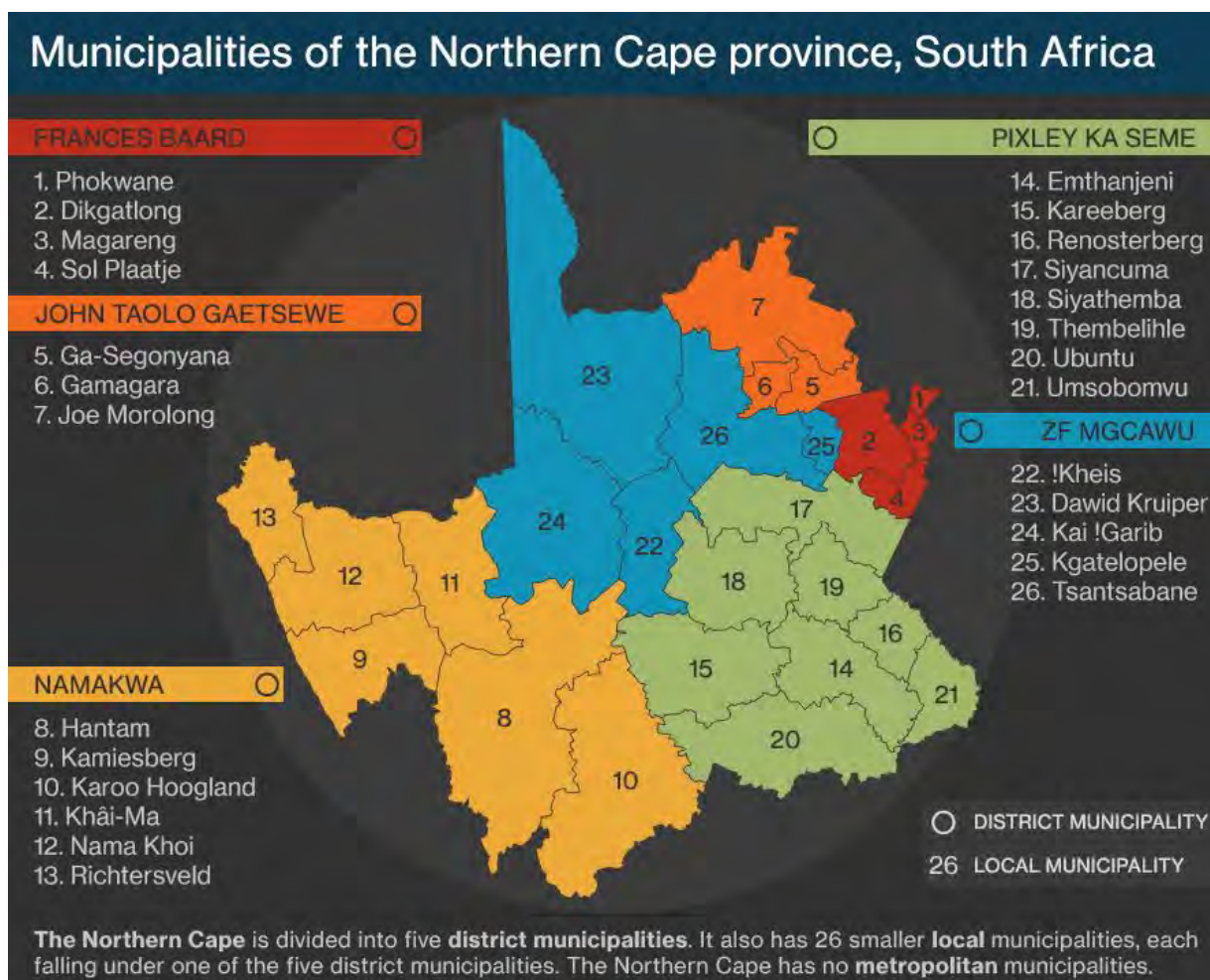
The **Pixley Ka Seme** District Municipality is a Category C municipality situated in the south-east of the Northern Cape Province. It shares its borders with three other provinces, namely the Free State to the east, the Eastern Cape to the south-east, and the Western Cape to the south-west. It is the second-largest district of the five in the province, but makes up almost a third of its geographical area. The district is comprised of eight local municipalities: Ubuntu, Umsobomvu, Emthanjeni, Kareeberg, Renosterberg, Thembelihle, Siyathemba and Siyancuma. Its main town is De Aar. Traffic flows through the region, linking the major industrial areas of the country. The area has a low rainfall, while the largest river in South Africa flows through it. Two of the major dams in South Africa, the Vanderkloof and Gariep Dams, are situated on the borders of the district municipality.

Area:	103 411km ²
Cities/Towns:	Britstown, Campbell, Carnarvon, Colesberg, Copperton, De Aar, Douglas, Griekwastad, Hanover, Hopetown, Hutchinson, Loxton, Marydale, Niekerkshoop, Norvalspont, Noupoot, Petrusville, Philipstown, Prieska, Richmond, Schmidtsdrif, Strydenburg, Van der Kloof, Vanwyksvlei, Victoria West, Vosburg
Main Economic Sectors:	Community services (26.6%), agriculture (16.6%), transport (15.1%), trade (12.9%), finance (12.8%), electricity (7.0%), construction (3.3%), manufacturing (3.2%), mining (2.6%)

The **ZF (Zwelentlanga Fatman) Mgcawu** District Municipality is a Category C municipality forming the mid-northern section of the Northern Cape Province, bordering with Botswana in the north and Namibia in the west. It makes up just under a third of the province's geographical area, of which 65 000km² comprise the vast Kalahari Desert, Kgalagadi Transfrontier Park and the former Bushmanland. This district comprises five local municipalities: Dawid Kruiper, Kai !Garib, Tsantsabane, !Kheis and Kgatelopele. Upington is the district municipal capital, where the municipal government is located.

Area:	102 484km ²
Cities/Towns:	Beeshoek, Brandboom, Danielskuil, Eksteenskuil, Groblershoop, Kakamas, Keimoes, Kenhardt, Lime Acres, Mier, Postmasburg, Rietfontein, Upington
Main Economic Sectors:	Agriculture, mining, tourism ³

³ Municipalities of South Africa (<https://municipalities.co.za/provinces/view/7/northern-cape>)



4

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
Subsidy Housing opportunities created	Housing unit consumers (qualifying persons)	601	450 Housing Units	221 Housing Units
Title Deeds registered	Home-ownership (qualifying persons)	1575	1500 Title Deeds registered	881 Title Deeds registered

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Annual information with communities of the total houses to be built and Title Deeds.	Departmental officials meet the communities.	Involvement of the communities. However, limitations were experienced due to COVID-19 restrictions.

Complaints mechanism

Current/actual arrangements	Desired arrangements	Actual achievements
Complaints by members of the community to be submitted to regional offices.	Utilization of regional offices to report complaints.	Complaints received from members of the community are resolved through the involvement of provincial and regional offices to address complaints raised..

⁴ Local government in the Northern Cape (<https://southafrica-info.com/land/infographic-local-government-municipalities-northern-cape-province-south-africa/>)

Service delivery information tool

Current/actual arrangements	Desired arrangements	Actual achievements
Teams of the regional offices and assistance of provincial office. The sending of Service Charter.	Through the communication of all officials.	The Service Charter was distributed to the Regional offices to be displayed for the public. It is also on display at the Provincial office.
The Annual Budget speech for 2020/21 financial period to be presented by the MEC.	To ensure that the respective communities are aware of the planned mandates of the department.	The Annual Budget speech for 2020/21 financial period was presented by the MEC.

2.3 Organisational environment

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. A further reduction on the COE with R 10 493 million will impact negatively on the current filling of vacancies. Critical shortage of skills such as Town Planners and Engineers has not been addressed in the last 3 years. With the reduction in the budget of R44 934 million various plans and targets have been adjusted with the resultant impact on service delivery with specific reference to housing delivery.

The audit action plan for 2020/21 financial year has been updated to indicate the strategies implemented to address all outstanding audit findings. Financial statements were submitted on time as at May 2021, with an improvement on the quality of the statements, this is based on the limited number of queries raised thus far from auditor general the department is confident is achieving another unqualified audit opinion. The positive response from the Senior Management Teams over the past financial year yielded positive results for the department. The department manage to save R3, 3 million during the past financial year on our current payments for goods and services due to adherence to cost containment. The Department will maintain this type of interventions to do things smarter, with the little funding it has. The department observes that with these trends and the absence of additional funding to baseline expenditure over the MTEF, therefore funding for possible new policy priorities will also have to come mainly from reprioritization.

2.4 Key policy developments and legislative changes

The new occupational health and safety regulations as published by the Department of Labour are applicable to the Department's functions.

Instruction Note 6 of 2020/21 – Amended dates for submission of IFS. Q1 IFS ending 30 June 2020 is extended with 60 days after end of the quarter. Submission 31 August 2020.

Notice of exemption issued 31 March 2020 granted department extension on the submission of 2019/20 AFS with two months after deadline, i.e. 31 August 2020.

King Report IV

Public Finance Management Act (PFMA) Treasury Regulations

Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Risk Management Framework

Financial Disclosure Policy

Local Government: Municipal Structures Amendment Bill, 2021

- The Bill was referred by the NCOP on 2 December 2020 to the National Assembly.
- Processed by the Portfolio Committee on CoGTA on 10 February 2021 (amendments unanimously agreed to); report adopted by the Committee on 23 February 2021 – referred to the National Assembly. Will be considered by the National Assembly on 16 March 2021.
- Amendments dealt with various governance and electoral-related amendments.

Local Government: Municipal Systems Amendment Bill, 2021

- The Bill was referred to the NCOP on 2 December 2020.
- Bill was considered by the Select Committee on 16 February 2021—referred to the Provincial Legislatures.
- Bill has implications for ensuring that the new term of local government commences with legal certainty on various matters.
- DCoG will also issue a Circular/Guideline to assist municipalities on various transition-related matters.

Independent Municipal Demarcation Authority Bill, 2021

- The Bill has been finalised and referred to OCSLA for certification – Presidency has already been engaged-on with regards to SEIAS certification.

The working group on the Review of the Remuneration of the Local Government: Senior Managers has received a preliminary report on the assessment conducted. The final outcome of the project will be tabled before the relevant forums – Technical MINMEC and MINMEC - for finalisation.

Circular 1 of 2021 has been distributed to municipalities for the development and submission of DDM draft One-Plans.

Currently the ward committee legislation is in the process of being amended in order that the amended legislation can be applied after the 2021 legislation. The province is part of the process. The Covid-19 Pandemic will in all probability force government to relook participatory democracy legislation.

Provincial House of Traditional Leaders gave inputs on the amendment of Section 25 of the Constitution. The Traditional Leaders are calling for the amendment of Section 211 (Chapter 12) of the Constitution. Customary Initiation Bill - in its final stages – 2nd reading of the debate.

Traditional Courts Bill – 2nd reading of debate.

Initiation is still prohibited.

The Traditional and Khoisan Leadership Act comes into effect on 1 April 2021. It repeals the Traditional Leadership Framework Act, Act 41 of 2003, the Framework Amendment Act, Act 23 of 2009 as well as the National House Act, Act 10 of 2009.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

PROGRAMME 1: ADMINISTRATION

Outcome: Improved audit outcome

Outcome Indicator: Reduced number of matters raised in the Audit report

There has been an improvement on certain areas such as supply chain and asset management. However, new matters have been raised this year such as provision on retention monies paid to contractors on human settlements' projects and prepayments and advances to our implementing agents. Disclosure must be done on the AFS, indicating balances of monies transferred to agencies assisting the department to implement human settlements' projects, at year end. These two areas were never disclosed in prior years but the department will embark on improved processes to ensure these matters are addressed during the 2021/2022 financial year. The Department received an **Unqualified audit opinion with emphasis of matters**.

PROGRAMME 2: HUMAN SETTLEMENTS

Outcome: Adequate Housing in improved quality living environments

Outcome Indicator: Number of informal settlements upgraded to Phase 3 of the Informal Settlements Upgrading Programme

Number of integrated implementation plans for priority development areas completed

Number of priority housing development areas invested in

- Percentage of acquired land falling within the priority development areas rezoned
3 Pieces of land acquired in the priority development areas. Rezoning still in progress:
- Erf 4877, Kimberley, Extent 11.7391ha
 - Remainder of Erf 43972, Portion of Erf 36926 Kimberley, Extent 48.69ha.
 - Erf 11839 Kimberley, Extent 0.2891ha, (12 floor building)

Outcome: Security of Tenure to households in the subsidy market

Outcome Indicator: Number of households securing ownership

The Title Deeds Restoration Grant seeks to provide all beneficiaries with ownership of their subsidy homes. Due to the current climate (Covid-19) within the country, progress was slow but steady. Although the target was not achieved, a number of properties was registered. Going forward into the new Financial Year, the Department will ensure proper oversight and management of the entire process and terminate the contracts of non-performing conveyancers.

PROGRAMME 3: COOPERATIVE GOVERNANCE

Outcome: Transformation of the Local Government sector

Outcome Indicator: Number of municipalities progressing from dysfunctional to functional

The table below presents a detailed comparative analysis of the performance of municipalities from 2017/18 FY to date in accordance with the Back to Basics analysis of performance. From the table and subject to the final audit outcomes of the outstanding municipalities, it is evident that **two (2)** municipalities have improved from dysfunctional to functional although at risk and **one (1)** municipality has regressed from functional doing well to functional but at risk. **Twenty (20)** municipalities have maintained their audit outcomes of either a disclaimer (dysfunctional), qualified (functional but at risk), financially qualified with findings (functional and doing well) or financially qualified with no findings – functional Clean Audit).

Whereas **three (3)** municipalities have moved from functional but doing well to functional clean audit and **one (1)** municipality has improved from functional at risk to functional doing well.

Audit outcomes of **four (4)** municipalities are currently outstanding namely Phokwane, Joe Morolong, Tsantsabane and Renosterberg.

The overall analysis shows a significant improvement in the performance of municipalities.

MUNICIPALITIES	2017/2018	2018/2019	2019/2020 ANTICIPATED AUDIT OPINIONS	STATUS
Frances Baard DM	Financially Unqualified with findings	Financially Unqualified with findings	Financially Unqualified with no findings	Functional / Clean Audit
Sol Plaatje LM	Qualified	Qualified	Qualified	Functional
Phokwane LM	Qualified	Qualified	Outstanding Audit	????
Magareng LM	Qualified	Qualified	Qualified	Functional
Dikgatlong LM	Disclaimer	Disclaimer	Qualified	Functional
John Taolo Gaetsewe DM	Financially Unqualified with findings	Financially Unqualified with no findings	Financially Unqualified with no findings	Functional / Clean Audit
Ga-Segonyana LM	Qualified	Qualified	Qualified	Functional
Gamagara LM	Disclaimer	Qualified	Qualified	Functional
Joe Morolong LM	Disclaimer	Disclaimer	Outstanding Audit	????
ZF Mgcawu DM	Financially Unqualified with findings	Financially Unqualified with findings	Financially Unqualified with no findings	Functional / Clean Audit
Dawid Kruiper LM	Financially Unqualified with findings	Financially Unqualified with findings	Financially Unqualified with findings	Functional / Doing well
Kai! Garib LM	Qualified	Disclaimer	Disclaimer	Dysfunctional
Kgatelopele LM	Disclaimer	Disclaimer	Disclaimer	Dysfunctional
Tsantsabane LM	Disclaimer	Qualified	Outstanding Audit	?????
!Kheis LM	Disclaimer	Disclaimer	Disclaimer	Dysfunctional

MUNICIPALITIES	2017/2018	2018/2019	2019/2020 ANTICIPATED AUDIT OPINIONS	STATUS
Pixley Ka Seme DM	Financially Unqualified with findings	Financially Unqualified with findings	Financially Unqualified with findings	Functional / Doing well
Emthanjeni LM	Financially Unqualified with findings	Qualified	Qualified	Functional / At Risk
Kareeberg LM	Financially Unqualified with findings	Financially Unqualified with findings	Financially Unqualified with findings	Functional / Doing well
Renosterberg LM	Disclaimer	Audit outstanding	Outstanding Audit	???
Siyancuma LM	Financially Unqualified with findings	Financially Unqualified with findings	Qualified	Functional / At Risk
Siyathemba LM	Qualified	Qualified	Qualified	Functional / At Risk
Umsobomvu LM	Financially Unqualified with findings	Qualified	Qualified	Functional / At Risk
Ubuntu LM	Qualified	Qualified	Qualified	Functional / At Risk
Thembelihle	Qualified	Qualified	Qualified	Functional / At Risk
Namakwa DM	Financially Unqualified with findings	Financially Unqualified with findings	Financially Unqualified with findings	Functional / Doing well
Nama-Khoi LM	Qualified	Qualified	Qualified	Functional / At Risk
Richtersveld	Qualified	Qualified	Disclaimer	Dysfunctional
Hantam	Qualified	Financially Unqualified with findings	Financially Unqualified with findings	Functional / Doing well
Khai-Ma LM	Qualified	Qualified	Qualified	Functional / At Risk
Karoo Hoogland LM	Financially Unqualified with findings	Qualified	Financially Unqualified with findings	Functional / Doing well
Kamiesberg LM	Qualified	Disclaimer	Qualified	Functional / At Risk

PROGRAMME 4: TRADITIONAL AFFAIRS

Outcome: Realizing good governance, peaceful co-existence and development within Traditional Communities

Outcome Indicator: Number of Traditional Councils with inter-sphere relationships

Since municipalities in the JTG region were notified regarding the participation of traditional leaders in municipal councils with a manual on specific roles of traditional leaders at municipal councils we have gradually witnessed the relationship blossoming to a certain extend.

We have seen the relationship solidifying at Ga-Segonyana where traditional leaders are participating and sitting, making inputs during council meetings and further being engaged in other activities of the municipality. Two traditional leaders are participating at this municipality.

4. INSTITUTIONAL PROGRAMME PERFORMANCE

4.1 Programme 1: Administration

Purpose: To provide overall management in the Department in accordance with all applicable Acts and policies

4.1.1 Sub-Programme: Office of the MEC

Purpose: To provide for the functioning of the office of the MEC

4.1.2 Sub-Programme: Corporate Services

Purpose: To provide corporate and financial support that is non-core for the Department

4.2 Programme 2: Human Settlements

Purpose: To develop sustainable human settlements in the Northern Cape in the context of transforming cities, towns and rural communities, through the building of cohesive, sustainable and caring communities with closer access to work and other critical amenities.

4.2.1 Sub-Programme: Housing Needs, Research and Planning

Purpose: To facilitate and undertake housing delivery planning

4.2.2 Sub-Programme: Housing Development

- 4.2.3** Purpose: To provide individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy
- Sub-Programme: Housing Asset Management
- Purpose: To provide for the effective management of housing

4.3 Programme 3: Cooperative Governance

- Purpose: To strengthen the capacity of 31 municipalities of the Northern Cape in order to render quality services to communities
- 4.3.1** Sub-Programme: Municipal Administration
- Purpose: To ensure legislative compliance and good governance
- 4.3.2** Sub-Programme: Municipal Performance Monitoring, Reporting and Evaluation
- Purpose: To improve and support performance management, property valuations and Back to Basics
- 4.3.3** Sub-Programme: Municipal Infrastructure
- Purpose: To promote, facilitate, coordinate and monitor infrastructure development and provision of free basic services at municipalities
- 4.3.4** Sub-Programme: Public Participation
- Purpose: To tackle poverty, provide livelihood support for poor households and maximise public participation and community involvement in matters of local government
- 4.3.5** Sub-Programme: Municipal Planning
- Purpose: To strengthen the planning capacity of 31 municipalities to perform their functions

4.4 Programme 4: Traditional Affairs

- Purpose: To coordinate the activities of the Traditional Leadership and Institutions in the Northern Cape Province and give overall strategic management
- 4.4.1** Sub-Programme: Traditional Leadership and Institutional Support
- Purpose: To provide administrative, financial & legislative support to traditional leaders, councils, communities and royal councils

4.5 Outcomes, outputs, output indicators, targets and actual achievement

Table 4.5.1 Originally tabled APP

Programme 2: Human Settlements

Programme 2: Human Settlements									
Outcome	Outputs	Output Indicators	Annual Targets						
			Audited Actual Performance		Planned Annual Target	Actual Achievement until August 2020	Deviation from planned target to Actual Achievement	Reason for deviations	Reasons for revisions to the outputs / output indicators / annual targets
			18/19	19/20	20/21	20/21	20/21		
Adequate Housing and improved quality living environments	Housing opportunities provided	Number of subsidy housing opportunities created	541	601	500	22	-478	Target for the 1 st quarter = 100. Lock-down to prevent the spread of COVID-19 and companies in the building environment were closed.	Target reduced due to budget cuts as a result of COVID-19.

Programme 3: Cooperative Governance

Programme 6: Cooperative Governance									
Outcome	Outputs	Output Indicators	Annual Targets						
			Audited Actual Performance		Planned Annual Target	Actual Achievement until August 2020	Deviation from planned target to Actual Achievement	Reason for deviations	Reasons for revisions to the outputs / output indicators / annual targets
			18/19	19/20	20/21	20/21	20/21		
	Improved public participation	Number of local municipalities with functional ward committees	31	31	26	0	-26	COVID-19 lockdown.	Replaced with a new indicator.

Table 4.5.2 Re-tabled APP

Programme 1: Administration

Programme 1: Administration								
Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
Improved audit outcome	Expenditure according to the allocated budget	Percentage expenditure in relation to the allocated budget	New	New	100%	79,3%	-20,7%	An additional R200 million and R70 885 million was received in 2020/21 special adjustment in respect of HSDG and Provincial Emergency Grant. This was not fully spent at year-end and roll over will be requested.
	All supplier invoices paid within 30 days	Percentage of invoices paid within 30 days	New	New	100%	98,8%	-1,2%	The delay was caused by the lockdown, incorrect/incomplete entity information and some SCOA related issues.
	External audit recommendations implemented	Percentage of external audit recommendations implemented	New	New	100%	31%	-69%	Most of the audit recommendations are on-going, hence only 31 % implemented, the rest are still in progress. Progress on Audit Action Plan: Recommendations implemented - 31% Recommendations not implemented - 8% Recommendations in progress - 61%
	Equal gender representation	Percentage of female employees in middle management developed	New	New	100%	6,8%	-93,2%	Out of a total of 44 females in middle management, only 3 received training - 2 x bursaries, 1 x e-learning). Due to the Covid-19 pandemic and related

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
								protocols, no training was conducted for the year.
	Corporate support services rendered	Percentage of departmental policies implemented	New	New	100%	98,3%	-1,7%	Loss and Theft policy could not be reviewed due to national lockdown.

Strategy to overcome areas of under performance

Employees will be encouraged to do e-learning instead of the normal in-person training sessions. Entities will be requested to completed their forms correct and complete as far as possible and this will be check before loading it onto the system.

Programme 2: Human Settlements

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
	Planned housing delivery	Number of approved Multi-Year Housing Development Plans (MYHDP)	1	1	1	1	0	
Adequate Housing and improved quality living environments	Housing opportunities provided	Number of subsidy housing opportunities created	541	601	450	200	-250	The challenges pertaining to the lack of material suppliers hampered delivery on site. Consistent water supply and Covid-19 are serious challenges to service delivery. Service delivery protests has negatively affected delivery. Some contractors not meeting their targets. Late commencement of work and undertaking on geotechnical service non-compliance which hampered enrolment of the project by NHBRC (Namakwa 30 individuals); Delays in appointment of contractors by Sol Plaatje; FLISP applications not approved by bank. 190 CRU units were at 98% completion at the end of the

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
								financial year, but could not be reported on as it will only be completed during May to June 2021.
Security of Tenure to households in the subsidy market	Improved home-ownership	Number of beneficiaries with home-ownership	2 333	1 575	1 500	787	-713	Target not reached due to Covid-19. Budget was spent on beneficiary admin, town planning and registration of general plans.

Strategy to overcome areas of under performance

The number of existing vacancies proves to be a major challenge as key activities cannot be undertaken by limited capacity that exists in the sub-programme, which hampers the ability of the directorate to meet the current National Development Plan and MTSF priorities. Capacity within the department to be addressed to improve management, implementation, expenditure and monitoring of programmes by doing placement of staff and abolishment of positions. The structure is not fit for purpose to monitor and oversee performance of municipalities to achieve our constitutional mandates, therefore certain lower levels will be advertised and filled within the Department and money will be shifted from G&S to CoE to cover the cost of the above.

Ensure proper oversight / management of conveyancers and implement strict corrective measures.

Programme 3: Cooperative Governance

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
Transformation of the Local Government sector	Enhanced inter-governmental relations structures	Number of functional municipal councils	31	31	31	12	-19	Covid-19 is impacting negatively on service delivery.
		Number of municipalities implementing the MSA and Regulations	New	New	31	21	-10	Underachievement as a result of repeat support to municipalities already reported on in previous quarters.
		Number of functional IGR fora	New	New	5	0	-5	Due to COVID-19 offices were closed and staff were quarantined. Meetings not taking place due to no quorum.
	Improved municipal	Number of municipalities	31	10	31	31	0	

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
	performance management	implementing PMS						
	MPRA compliance	Number of local municipalities guided to comply with the MPRA	26	26	26	26	0	
	Improved access to basic services	Number of local municipalities monitored on the implementation of infrastructure delivery	26	26	26	26	0	
		Number of local municipalities monitored on the implementation of free basic services	New	New	26	23	-3	Three municipalities did not respond to requests re indigent policies. Letters of non-compliance were issued.
	Promote participation in community based governance processes	Number of local municipalities monitored on promotion of participation in community based processes	New	New	26	26	0	
		Number of local municipalities implementing GovChat programme for community engagement and service delivery improvement	New	New	10	12	+2	More municipalities are implementing GovChat than anticipated.
	Create jobs through Job Summits, Operation Phakisa and other public sector employment programmes	Number of work opportunities reported through public employment Programmes (CWP)	New	New	21 900	21 689	-211	Lock down regulations, non-wage budget allocations, payment of IA and lack of PPE were cited by Implementing Agent as contributing factors.
	Integrated municipal planning and development	Number of municipalities with legally compliant IDPs	3	12	31	30	-1	Council dissolved (Phokwane), hence no IDP.
	Coordinated Provincial Disaster Management	Number of District Municipalities with functional DDMCs	2	1	5	0	-5	Due to COVID-19 lock-down regulations all the meetings could not take place. The focus become mainly on COVID-19 Provincial Joints. No incidents were recorded. No awareness programmes took place within

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
								municipalities due to COVID 19. Offices were closed and staff were quarantined.

Strategy to overcome areas of under performance

The underperformance will be dealt with through various mechanisms amongst which will be the appointment of internal officials into a number of vacant funded positions through internal advertisements. In addition, positions of senior managers and specialised contract workers will be advertised externally to address the uncertainties of contract employees. In the medium term the organogram of the department / chief directorate will be finalised to ensure that it is fit for purpose in ensuring that municipalities are supported as per the departments constitutional mandate.

Further to the above, at the end of every quarter a peer review of the quarterly performance will be conducted with all directors with the support and assistance of the PPME unit.

Programme 4: Traditional Affairs

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			18/19	19/20	20/21	20/21	20/21	
Realizing good governance, peaceful co-existence and development within Traditional Communities	Traditional leaderships with good governance and sound administration	Number of functional traditional leadership structures	8	8	10	10	0	

Strategy to overcome areas of under performance

None.

4.6 Institutional response to the COVID-19 Pandemic

4.6.1 Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province / District / local municipality) (Where possible)	No of Beneficiaries (Where possible)	Disaggregation of Beneficiaries (Where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the APP Outputs in the APP (Where applicable)	Immediate Outcome
	Oversight on Disaster Management Act 57 of 2002 - Provincial disaster Management Centre	District Municipalities	5 District Municipalities	John Taolo Gaetsewe, Namakwa, Frances Baard, Pixley Ka Seme, & ZF Mgcawu District Municipality	NAMAKWA FRANCES BAARD PIXLEY KA SEME ZF MGCWU SOL PLAATJE JOE MOROLONG PHOKWANE DAWID KRUIPER	Close-out report submitted Close-out report submitted Close out report submitted Close out report submitted Close out report submitted Close out report received Close out report submitted	Coordinated Provincial Disaster Management with functional District Disaster Management Centres	Ensuring that the province and district municipalities submit the Covid 19 plans for containment of the virus. Ensuring that Province and Districts submit the summer/ multi hazards preparedness plan. Ensuring that the Districts submit their business plans for Covid 19. Additional: Districts has submitted Resurgence COVID-19 contingency plans.
	Establishment of district and Local Joint Committees/- Command Councils	District Municipalities	5 Districts Municipalities	John Taolo Gaetsewe, Namakwa, Frances Baard, Pixley Ka Seme, & ZF Mgcawu District Municipality	N/A	N/A	Coordinated Provincial Disaster Management with functional District Disaster Management Centres	Curbing the spread of COVID 19 pandemic
	Administer the Disaster Relief Grants – allocated provincially	Northern Cape Province- Department of Health	Provincial Health Department	Province at Large	R6 224 000	Exhausted all allocated Funding	Coordinated Provincial Disaster Management with functional District Disaster Management Centres	Procurement of personnel protective equipment – surgical masks, N95 Respiratory Mask, Disposable gowns and Bio hazard bags

Budget Programme	Intervention	Geographic location (Province / District / local municipality) (Where possible)	No of Beneficiaries (Where possible)	Disaggregation of Beneficiaries (Where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the APP Outputs in the APP (Where applicable)	Immediate Outcome
	Monitoring of the Municipal Disaster Relief Grant allocated to the province (R3 137 000 – as per DORA)	Northern Cape Districts Municipalities	5 District Municipalities	John Taolo Gaetsewe, Namakwa, Frances Baard, Pixley Ka Seme, & ZF Mgcawu District Municipality	FB MUN R662 000 JTG MUN R518 000 PKS MUN R645 000 ZFM MUN R645 00 NAM MUN R630 000	N/A	Coordinated Provincial Disaster Management with functional District Disaster Management Centres	An amount of R3137 000 from the municipal Disaster Relief Grant is allocated to all District Municipalities across the province solely for Sanitation decontamination of specific selected municipal spaces, PPE, Hygiene packs and waste management to alleviate the spread and impact of COVID 19.
	Collaborate with DWS on distribution of water Tanks	Northern Cape Districts Municipalities	5 Districts Municipalities	John Taolo Gaetsewe, Namakwa, Frances Baard, Pixley Ka Seme, & ZF Mgcawu District Municipality	Funding for the distribution of water tanks and tankers to municipalities was sourced from the R300 million drought allocation for the Province		Coordinated Provincial Disaster Management	Provision of water and sanitation to vulnerable communities to alleviate the spread and impact of Covid 19 by allocating water tanks and tankers to all district municipalities
	Interact with SALGA - assess level of compliance to regulations relating to Local government (Spaza shops)	Northern Cape Districts Municipalities	5 Districts Municipalities	John Taolo Gaetsewe, Namakwa, Frances Baard, Pixley Ka Seme, & ZF Mgcawu District Municipality			Coordinated Provincial Disaster Management	Most none complaint tuck-shop has been provided with certificate of acceptability (COA) and number of funeral parlors including cemeteries has been submitted to the National

Budget Programme	Intervention	Geographic location (Province / District / local municipality) (Where possible)	No of Beneficiaries (Where possible)	Disaggregation of Beneficiaries (Where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (Where applicable)	Immediate Outcome
								Disaster Management Centre.
	Province emergency relief Access to sanitation, accommodation							
	Management of Shelters							

- In response to the declaration of National State of Disaster regarding COVID - 19 as per Section 27 of Disaster Management (Act no 57 of 2002). The Province established a Provincial Joint committee meeting, the purpose of the PROVJOINTS is to monitor and evaluate the prevention of the spread of the virus and to monitor general compliance of the set regulations and to share information on COVID-19. This committee work hand in hand with the Provincial Coronavirus Command Council Chaired by the Premier.
- The National State of Disaster has been extended up until 15 January 2021 and the country has moved to alert level 1 with relaxation of rules and regulations.
- Provincial Disaster Management ensured that the Province and District municipalities submit the COVID - 19 plans for containment of the virus. Provincial Disaster Management also coordinated the submission of business plans for COVID-19 Grant Funding.
- The National Treasury has approved Municipal Disaster Grant funding to mitigate the spread of COVID-19 Pandemic to the tune of R3 137 000. This grant was distributed as follows: Frances Baard R662 000, John Taolo Gaetsewe R518 000, Pixley Ka Seme- R682 000, ZF Mgcawu R645 000 and lastly Namakwa District Municipality R630 000.
 - The R3 137 000 grant was mainly used for from the Municipal Disaster Relief Grant is allocated to all local and district Municipalities across the province to assist on Sanitation, Decontamination of specific selected municipal spaces, PPE, Hygiene packs and Waste Management to alleviate the spread and impact of COVID-19 Pandemic.
- The Provincial Disaster Centre coordinated and facilitated the Provincial Disaster Relief Grant for immediate response to COVID-19 within the Health Sector and they received an amount of R6 224 000.
- Provincial Winter/Multi hazards preparedness plan has been developed and submitted to NDMC.
- The Premier declared a Provincial State of Disaster in the province: strong winds and floods due to Tropical Storm Eloise and summer seasonal rains.
- The Provincial Disaster Management plan has been tabled before the Legislature for approval and implementation.
- Fourth quarter virtual meeting of Provincial Disaster Management Advisory Forum Meeting took place on the 18 March 2021 and District Disaster Management Committee did not take due to the members not forming quorum.
- The National Department of Human Settlements has approved an amount R10 375 001.00 emergency housing grant for Ga-Segonyana local municipality for the provision of 161 Temporary Residential Units for affected household as per policy
- The National Department of Human Settlements has approved an amount R3 350 932.00 Emergency Housing Grant for Joe Morolong local municipality for the provision of 52 Temporary Residential Units for the affected households as per the policy regulations.
- The PDMC has established the Provincial Joint Flood Coordination Committee and virtual meetings are taking place on a weekly basis to engage and support the flood affected district municipalities and Sector departments.
- Provincial Disaster Management coordinated and supported the District Municipalities with business plans regarding applications of Municipal Disaster Relief Grants.
- The department has partnered with the Church of Jesus Christ of Latter – Day Saints and they will be donating the following to 5 district municipalities –

- John Taolo Gaetsewe DM will receive 2500 food parcel, 2500 COVID-19 PPE's, 800 blankets and 300 mattresses.
- Frances Baard DM will receive 2000 food parcel, 2000 COVID-19 PPE's, 800 blankets and 200 mattresses.
- ZF Mgcawu DM will receive 2000 food parcel, 2000 COVID-19 PPE's, 800 blankets and 200 mattresses.
- Pixley Ka Seme will receive 1600 food parcel, 1600 COVID-19 PPE's, 1500 blankets and 500 mattresses.
- Namakwa DM will receive 1700 food parcel, 1700 COVID-19 PPE's, 1600 blankets and 600 mattresses.
- Provincial Disaster Management Centre still struggling to get close-out report from the receiving municipalities and Provincial Health Department, letters and emails were sent to the Municipalities.
- No Covid-19 related expenditure in Q4.

4.7 Linking performance with budgets

Sub- Programme Name	2020/2021			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
Programme 1						
Office of the MEC	12 313	10 013	2 300	14 498	12 427	2 071
Corporate Services	132 350	133 005	(655)	146 892	148 951	(2 059)
Sub-Total	144 663	143 018	1 645	161 390	161 378	12
Programme 2						
Housing: Needs, Planning and Research	11 884	9 885	1 999	11 605	10 918	687
Housing: Settlements: Development	618 003	426 965	191 038	479 434	478 400	1 034
Housing: Asset Management	14 273	16 079	(1 806)	21 501	22 506	(1 005)
Sub-Total	644 160	452 929	191 231	512 540	511 824	716
Programme 3						
Local Governance	114 909	120 514	(5 605)	114 249	121 103	(6 854)
Development & Planning	17 965	11 962	6 003	41 357	33 195	8 162
Sub-Total	132 874	132 476	398	155 606	154 298	1 308
Programme 4						
Traditional Affairs	19 352	17 942	1 410	23 237	21 902	1 335
Sub-Total				23 237	21 902	1 335
TOTAL	19 352	17 942	1 410	852 773	849 402	13 289

The original allocation for households was R473 909 million, which was reduced after the adjusted budget to R333 271 million (due to Covid-19). The reduced 2020/2021 HSDG was mostly spent the end of August 2020. During the 2020/21 Special Adjusted Estimates the Department received an additional R200 million for HSDG and R70 million in respect of a DHS Provincial Emergency Housing Grant. The Department ensured that all procurement processes were concluded by end of March 2021 and contractors are currently on site to construct the temporary residential units. It should be noted that the approval of the re-allocation was only confirmed during the month of February 2021 and the actual funding was only received during March 2021, hence the savings realised under the programme of Human Settlements. All projects were committed and service providers were already on site, at the time of receiving the additional funds.

A DHS Provincial Emergency Housing Grant of R 70,8 million was received to build 1 100 temporary residential units (TRUs) of which 200 is in Tsantsabane Local Municipality, 500 for Ivory Park, 200 for Lerato Park and 200 for Promise Land - all in Sol Plaatje Local Municipality.

Three thousand two hundred and seventy-two (3 272) serviced sites were delivered against a target of one thousand five hundred (1 500), whilst two hundred and forty-eight jobs opportunities were created through EPWP. The Department also made payment for 16 FLISP applications.

The number of existing vacancies proves to be a major challenge as key activities cannot be undertaken by limited capacity that exists in the human settlements programme, which hampers the ability of the chief directorate to meet the current National Development Plan and MTSF priorities. Capacity within the department to be addressed to improve management, implementation, expenditure and monitoring of programmes by doing placement of staff and abolishment of positions. The structure is not fit for purpose to monitor and oversee performance of

municipalities to achieve our constitutional mandates, therefore certain lower levels will be advertised and filled within the Department and money will be shifted from G&S to CoE to cover the cost of the above.

The Department assisted 10 municipalities with 14 senior management appointments (2 x CFO, 4 x Director: Technical Services, 2 x Director: Corporate Services, Director: Municipal Support, 2 x Director: Development & Planning, Director: Civil Engineering, Director: Basic Services and Infrastructure, Director: LED).

Due to COVID-19 lock-down regulations all the meetings could not take place. The focus become mainly on COVID-19 Provincial Joints. No incidents was recorded. No awareness programmes took place within municipalities due to COVID 19. Offices were closed and staff were quarantined. Covid-19 is impacting negatively on service delivery. Underachievement as a result of repeat support to municipalities already reported on in previous quarters. Due to COVID-19 offices were closed and staff were quarantined. Meetings not taking place due to no quorum. Three municipalities did not respond to requests re indigent policies. Letters of non-compliance were issued. Lock down regulations, non-wage budget allocations, payment of IA and lack of PPE were cited by Implementing Agent as contributing factors.

The underperformance in the Cooperative Governance programme will be dealt with through various mechanisms amongst which will be the appointment of internal officials into a number of vacant funded positions through internal advertisements. In addition, positions of senior managers and specialised contract workers will be advertised externally to address the uncertainties of contract employees. In the medium term the organogram of the department / chief directorate will be finalised to ensure that it is fit for purpose in ensuring that municipalities are supported as per the departments constitutional mandate.

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
n/a				

5.2 Transfer payments to all organisations other than public entities

The table below reflects the **transfer payments made** for the period **1 April 2020 to 31 March 2021**

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

The table below reflects the **transfer payments budgeted** for in the period **1 April 2020 to 31 March 2021**, 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/s below describes each of the conditional grants and earmarked funds paid for the period **1 April 2020 to 31 March 2021**.

Department / municipality to whom the grant has been transferred	n/a
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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 2020 to 31 March 2021**.

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	- Number of residential units delivered in each housing programme - Number of serviced sites delivered in each housing programme - Number of finance linked subsidies approved and disbursed - Number of households in informal settlements provided with household access to services/upgraded services - Number of properties transferred and/or title deeds issued - Number of work opportunities created through related programmes
Actual outputs achieved	222 Housing Units 3 272 Sites 16 FLISP 787 Title deeds 248 Work opportunities
Amount per amended DORA (R'000)	R519 888 000
Amount received (R'000)	R519 888 000
Reasons if amount as per DORA was not received	na
Amount spent by the department (R'000)	R400 183 827.07
Reasons for the funds unspent by the entity	- The additional amount of R200 million was only transferred on 6 March 2021, which left not enough time to spend the total amount - Some of the contractors failed to spend their allocations, due to amongst others, days lost due to rain and community unrests.
Reasons for deviations on performance	The Department overachieved on its target for sites, as more and more reports of completed construction of sites were received.
Measures taken to improve performance	Contractors are appointed timeously, improved project management.
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly, quarterly DoRA Reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported. The HSS System will only allow payments to be authorized if there is an approved submission, appointment letter and certified original invoices submitted.

Conditional Grant 2: Title Deed Restoration Grant

Department who transferred the grant	Human Settlements
Purpose of the grant	To provide funding for the eradication of the pre-2014 title deeds registration backlog
Expected outputs of the grant	Number of title deeds registered in favour of beneficiaries of government subsidised housing (pre-1994 and post-1994) for projects completed by 31 March 2014 - Number of township registers opened - Number of beneficiaries confirmed as legitimate in registered townships - Number of ownership disputes resolved
Actual outputs achieved	787 beneficiaries assisted with ownership
Amount per amended DORA (R'000)	R 3,940
Amount received (R'000)	R 3,940
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R 3,940
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	Conveyancers failed to meet their targets
Measures taken to improve performance	Ensure proper oversight / management of conveyancers and implement strict corrective measures
Monitoring mechanism by the receiving department	Monthly reports

Conditional Grant 3: Extended Public Works Programme

Department who transferred the grant	Human Settlements
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 000
Amount received (R'000)	R2 000
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R1 999
Reasons for the funds unspent by the entity	None

Reasons for deviations on performance	Submission of monthly labour stats by all contracts
Measures taken to improve performance	To increase the labour intensity of government-funded infrastructure construction and maintenance projects through the use of labour-intensive methods
Monitoring mechanism by the receiving department	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

7. DONOR FUNDS

7.1 Donor Funds Received

n/a

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2020/2021			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
New and replacement assets	-	-	-	-	-	-
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	-	-	-	-	-	-
Current	-	-	-	-	-	-
Capital	6 160	5 227	933	9 365	7 771	1 594
TOTAL	6 160	5 227	933	9 365	7 771	1 594

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

Date	Matters raised	Department's response
28/08/2020	Continuously assist municipalities to improve their audit outcomes through targeted support and regular engagements.	The Department take note of the recommendation and will continue to support targeted municipalities through regular engagements in an effort to improve the audit outcomes of municipalities.
	Ensure the finalization and implementation of the Provincial Disaster Management Plan in the Province	The Provincial Disaster Management Plan has been finalised and is being implemented by the Department. Department would however, like to request a convenient date and time to make a presentation to the Portfolio Committee.
	Accelerate the issuing of title deeds with a view to restore the dignity of the mostly vulnerable such as the elderly and disable persons.	The Department take note of the recommendation and would like to highlight the fact that the baseline allocation of the title deed restoration grant was reduced by 65% to R3 940 000. This created a huge challenge to accelerate the registration of title deeds.
	Establish a system that will reduce disputes between traditional leaders and councillors in order to deepen and cement a cooperative relationship	A planned intervention is on the table to address the burning issues between traditional leaders and councillors and thereafter a system will be put in place to monitor it.
	Develop and implement a plan to assist municipalities to recover monies owed by national and provincial government departments in order for municipalities to be able to pay creditors and to provide the required basic services to the people.	The Department take note of the recommendation and will develop a plan to assist municipalities to recover monies owed by national and provincial government departments and assist them to implement it as well.
24/11/2020	Put measures in place within 30 days with the view to improve working relations with the Department of Water Affairs in order to enhance service delivery.	The department provided 15 water tanks, 10 000-litre capacity, at the Nkandla informal settlement in the Phokwane Local Municipality. The informal settlement was also supplied with 500 VIP toilets. The informal settlement consists of 466 households. While 50 temporary communal water supply were installed at

Date	Matters raised	Department's response
		the Lerato Park project in the Sol Plaatje local municipality to provide water to the community. The informal settlement consists of ±4000 households.
	Put mechanisms in place to ensure that the housing needs register is updated on a regular basis by municipalities. Municipalities must have application forms available on a regular basis	There is a total of 111 755 households registered on National Housing Needs Register for the Northern Cape. The National Department of Human Settlements manages the National Housing Needs Register while municipalities are responsible for populating information on the system. The provincial department is mainly responsible for coordination of the system and ensuring that municipal officials are capacitated to use the system. Municipalities have access to the National Housing Needs Register and update the system regularly. They print applications forms directly from the system when required.
	Continuously assist municipalities to improve their audit outcomes through targeted support and regular engagements.	The Department take note of the recommendation and would like to highlight the attached strategy between Provincial Treasury, SALGA and COGHSTA.
	Put systems and measures in place in order to assist municipalities in formalising informal settlements in order to ensure that basic human rights of individuals are realised. Furthermore, the departments must report on a quarterly basis to the committee on progress made in assisting municipalities in formalising informal settlements.	The department has developed an informal settlement strategy and upgrading plans for all informal settlements submitted by municipalities. The Upgrading of Informal Settlements Partnership Grant (UISPG) has been established to incrementally upgrade all informal settlements. The department will regularly report on progress achieved.
	Improve the working relationship with Provincial Treasury in order to ensure that spending of municipal infrastructure grant by municipalities is faster and effectively. The department must submit a report on a quarterly basis to the committee on the spending of the municipal infrastructure grant.	The Department take note of the recommendation and adhered to the request to report on a quarterly basis as this was included in the 3 rd quarterly report that was tabled on 29 January 2021.
	Develop a plan to reduce reliance on consultants and put measures in place to ensure skills transfer from consultants to municipal officials does take place. The department must report on quarterly basis to the committee on the plan to reduce the reliance on consultants by the municipalities.	The Department take note of the recommendation and will develop a plan in conjunction with Provincial Treasury to reduce the reliance of municipalities on consultants and to ensure skills transfer to municipal officials take place.
26/02/2021	Put systems in place to ensure in-year monitoring of financial statements in order to avoid misstatements	This is done on a quarterly basis by the Department and the Internal Audit Unit of Provincial Treasury also audits the Department on these interim financial statements.
	Continuously assist struggling municipalities to improve their reporting on Covid-19 expenditure and ensure that the information is audited and verified	The PDMC has engaged with all municipalities who have received Covid-19 funding to submit expenditure reports to CoGTA. Municipalities have submitted their close-out reports as required by CoGTA. The Department through the PDMC will ensure that the municipalities are supported when the audit process commences.
	Improve the working relationship with Provincial Treasury in order to ensure that spending of municipal infrastructure grant and other conditional grants by municipalities is faster and effectively and report to the Committee on a quarterly basis.	The Department is working very closely with PT to support municipalities with spending their municipal infrastructure grant, other funding and will continue to improve on the relationship. In addition, the Department through the Project Management Unit (PMU) established between COGHSTA and the Development Bank of South Africa (DBSA) is providing technical and administrative support to all municipalities to ensure an increased spending on municipal infrastructure grants and other conditional grant funding.
	Develop an effective mechanism to monitor co-funding by the private sector on municipal infrastructure projects.	A mechanism of monitoring the co-funding by the DBSA has already been developed and is tracked through the Provincial Steering Committee which is convened monthly. The participants of the meeting are the DBSA, V3 PMU, COGHSTA, PT and the affected municipalities.
	Provide the Committee with a full report quarterly on PFMA contraventions as well as actions taken to enforce consequence management.	The Department takes note of the recommendation and will adhere to it.
	Assist municipalities to embark on a recruitment and selection drive especially as it relates to	The Department is constantly engaging with municipalities through letters and meetings with respective mayors and municipal councils to ensure that they fill vacancies in

Date	Matters raised	Department's response
	positions such as Municipal Managers, CFO's and other departmental managers	municipalities. Given the period outstanding for the term of the municipal councils, some municipalities have elected not to advertise for the vacancies as they want the new municipal council to commence the process as they will be responsible for the appointments. However, other municipalities have taken the Departments advice and continued to advertise posts for Municipal managers albeit for a short period which will commence in 2021 and be operational until a year after the 2021 Local Government Elections.
26/03/2021	A detailed report on the leases the Department entered into with Ocean Eco. The report must also include the details of the directors of Ocean Eco	The only lease the department has with Ocean Echo is for the Meridian building. This was a ten-year lease which expired on 31 March 2021. Ocean Eco has two directors/owners namely Mr. Patrick Deon Simons and Ms. Glynis Millicent Aysen.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
1	Clean Audit opinion	The department must improve its systems to move from an unqualified audit report with findings to a clean audit	The Department is taking note of the recommendation and is working on the implementation thereof.	No
2	Payment of creditors	The department must pay creditors within the stipulated timeframes as required by section 38 (1)(1) of the PFMA and Treasury Regulation 8.2.3	The Department has changed its APP by including a specific indicator to address this issue and is reporting on this each quarter as from 2020 2021 financial year.	Yes
3	Consequence management	The department must institute consequence management against officials who did not follow proper procurement processes which had resulted in irregular expenditure and provide the committee with a progress report within 30 days of the adoption of this report.	The Department is taking note of the recommendation and as soon as current processes are finalised will report to SCOPA with in the stipulated timeframes.	No

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 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 Members and Attendance

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 3-year term ended 30 November 2020 and new members have been appointed with effect from 1 December 2020. The audit committee exists of five members in total. Two internal members and three external members, of which one external member and one internal member were reappointed to serve for the second term. The audit committee consisted of the members listed hereunder and met four times as per its approved meeting schedule:

Previous Audit Committee:

Name	Qualifications	Internal or external	Date appointed	Date resigned	No of Meetings attended
Mr. Kgoale Maja (chairperson)	Masters in Business Leadership (MBL)	External	01/01/2015	30/11/2020	4 out of 4
Mr. Mava Dada	CA (SA)	External	01/01/2015	30/11/2020	2 out of 4
Mr. Velile Pangwa	Bachelor of Commerce Accounting Bachelor of Commerce Honours Accounting CA (SA)	External	01/12/2017	30/11/2020	4 out of 4
Mr. Roscoe Miller	Bachelor of Commerce Honours Accounting	Internal	01/12/2017	30/11/2020	3 out of 4
Mr. Daryll Christians	Honours degree in Education	Internal	01/01/2015	30/11/2020	2 out of 4

Current Audit Committee:

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
Mr. Velile Pangwa (Promoted to Chairperson)	Bachelor of Commerce Accounting Bachelor of Commerce Honours Accounting CA (SA)	External	01/12/2017 – 31/11/2023	4 out of 4
Mr. M. Masibi	Bachelor of Commerce	External	01/12/2020 – 31/11/2023	1 out of 4
Ms. N. Jaxa	B.Com General Masters of Business Administration	External	01/12/2020 – 31/11/2023	1 out of 4
Mr. Roscoe Miller	Bachelor of Commerce Honours Accounting	Internal	01/12/2017 – 31/11/2023	3 out of 4
Mr. Ichabod Manyane	Post Graduate Diploma Public Management (2020)	Internal	01/12/2020 – 31/11/2023	1 out of 4

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

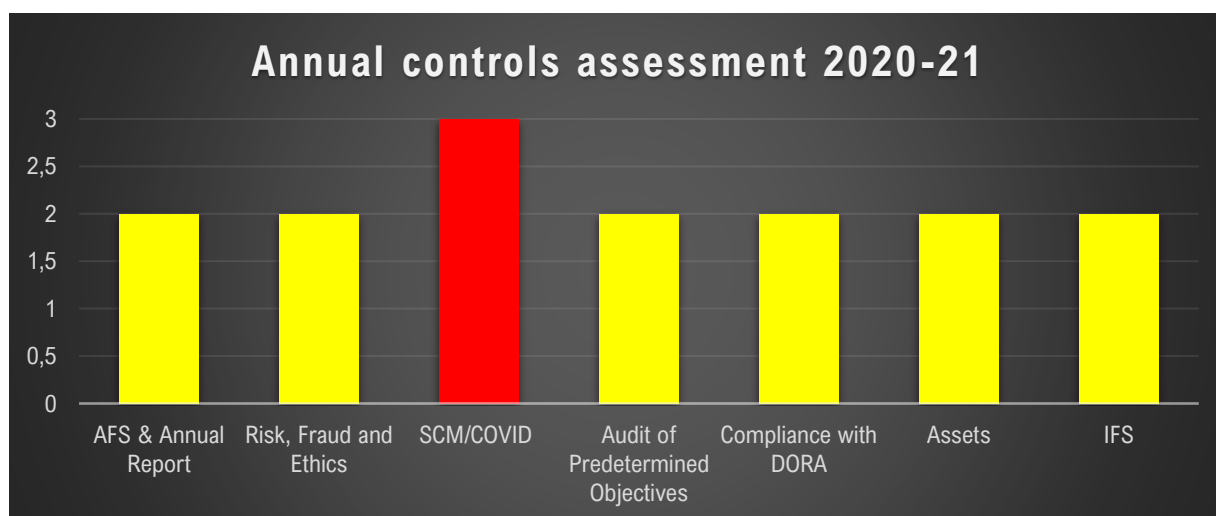
The Audit Committee is pleased to present its report for the financial year ended 31 March 2021. The Audit Committee has been functional throughout the financial year.

12.1 REPORT OF THE AUDIT COMMITTEE FOR 2020/21

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.



Areas of Concern:

- 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.
- Inventory register was not updated throughout the year.
- Risk management reports have not always been actioned.
- Risk descriptions not always well structured
- Reported performance information not always aligned with the Technical Indicator Description
- Some targets could not be verified for performance information purposes
- Insufficient capacity to investigate prior year irregular expenditure
- Some instances identified where PPE was purchased during the pandemic at prices higher than stipulated per the National Treasury Instruction notes.
- Discrepancies identified between Human Settlements Development Grant figures on the monthly and quarterly reports
- The Provincial Accreditation Gazette not published within the prescribed timeframe.

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 quarterly and audit committee meetings and implementation of its recommendations is in progress.

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

12.3 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.

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 the Accounting Officer and Executive Authority

On a quarterly basis the Audit Committee writes a report to the Executive Authority which highlights the issues that need attention or improvement within the Department'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.



Mr. V. Pangwa
Chairperson of the Audit Committee
Department of Co-operative Governance Human Settlements and Traditional Affairs
Date: 19 August 2021

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	Response Yes/No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Department does not issue licenses, concessions or other authorisations.
Developing and implementing a preferential procurement policy?	Yes	Strict compliance on procurement using the PPPFA 2017. All service providers are measured on compliance, price and B-BBEE scores.
Determining qualification criteria for the sale of state-owned enterprises?	No	The department does not sell state assets.
Developing criteria for entering into partnerships with the private sector?	Yes	The Treasury Regulations 16.1 to 16.10 are followed as a guide to implement PPP (Public Private Partnerships)
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The Department does not award incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment.

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

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.

Training and Development: The Branches are annually requested to submit training and developments needs that will assist in achieving the Annual Performance Plan (APP) and the Operational Plans (OP) and future plans. HRD planned to train 290 officials within the Department. Due to lockdown limitations, the suspension of the procurement function and the closing of the training budget item, no training was conducted. Only, 9 x officials could be trained via PSETA sponsored interventions.

Total of 10 x officials were awarded bursaries to study in 2021, total officials on bursary programme is 49.

HRD appointed 10x Interns in the Department whereby 4 x Intern's contracts have expired.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce. The department has the responsibility to attract and retain skilled capable workforce through the recruitment and selection process. However, the key challenge that has been preventing department to exercise its responsibility is the cost containment due to over-expenditure on the compensation budget. The high vacancy rate is experienced in both the senior management and technical skills levels. Furthermore, the department is charged with the management of matters relating to conditions of service, which it continues to execute with the help of capable Human Resource professionals. There is also an obligation to ensure optimal usage of PERSAL

Drafted a deviation for the HOD to deviate from presentations and allow the IRC only to review the EPMDS files, and to avoid presentations by different officials and Supervisors.

Non- compliance and Poor Performance Reports have been compiled by the EPMDS unit, report was returned with recommendations by the HOD. Investigations by Labour Relations and EPMDS are underway and final report to HOD of findings.

Conducted IRC for 2019-2020 financial year. The IRC reviewed 231 provincial offices files and 325 regional office files. Processes was concluded before 31 December 2020 as per policy, despite the limitations of Covid19.

The four functional pillars or strategic programmes of action comprise:

Occupational Health

Pillar 1: HIV, TB and STIs Management

Pillar 2: Health and Productivity Management.

Quality of Work Life (QWL)

Pillar 3: SHERQ Management

Pillar 4: Wellness Management

Cutting transversally across these four functional pillars are the four process pillars which drive implementation of the Framework:

- Capacity development initiatives
- Organisational support initiatives
- Governance initiatives
- Economic growth and development initiatives

The greatest challenge was the Covid19 pandemic and limitations that impacted almost on every planned operation. In future the use of e-learning and the use of technology would be the norm.

2. OVERVIEW OF HUMAN RESOURCES

Due to the Covid19 pandemic the operations and planned activities of Human Capital Management was severely affected to the extent that targets could not be reached. Budgets were cut and certain items like training and development was closed by Treasury. On a positive note we can confirm that all applicants that applied for a bursary, received a bursary to study in 2021, thus the bursary budget was not affected negatively.

Resources were channelled to procure PPE items. The Department was closed on numerous occasions for deep cleaning. Employee Health Wellness played a pivotal role in the planning and procurement of PPE'S as well as the distribution to all officials. Measures were put in place to limit the number of officials reporting for duty as well as ensure that officials sanitise and the wearing of masks is compulsory. It was also ensured that all officials were informed and educated about the risks of Covid19 and how to cope with the effects if tested positive. The Department also had to adapt to the technologically advanced way of having strategic meetings that relates to Human Capital Management including meetings of the Covid19 Advisory Committee that is headed by the Senior Manager for Human Capital Management.

Due to the moratorium of filling of posts the unit was unable to fill certain critical posts as well as the rest of the Department. The Head of Department gave permission for all EPMDS committees to evaluate only files and not to have officials presenting support staff in an effort to minimise the spread of Covid19 within the organisation.

The Department operates within the approved organisational structure of 2008, despite changes that occurred in the staff establishment. Changes in the staffing establishment affects the organisational structure. The organisational structure remains under review, which is further impeded by financial constraints. A draft organisational structure and business case was submitted to Office of The Premier for consultation and input on 15 March 2021.

The Department had to adapt to the new way of finalising disputes with the relevant bargaining councils through the virtual conducting of the said arbitration hearings. The Department has since experienced a decline in misconduct cases as a result of few staff members having to report for duty.

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 2020 to 31 March 2021

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	143 018	94 979	0	0	66	487
Human Settlements	452 929	45 215	0	0	10	572
Cooperative Governance	132 476	123 714	0	0	93	406
Traditional Affairs	17 942	15 828	0	0	88	116
Total as on Financial System (BAS)	746 365	279 736	0	0	37	1 581

Table 3.1.2 Personnel costs by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	2966	1.9	20	148
Skilled (Levels 3-5)	11439	4.1	50	229
Highly skilled production (Levels 6-8)	160109	57.2	429	373
Highly skilled supervision (Levels 9-12)	75515	26.9	105	719
Senior and Top management (Levels 13-16)	29707	10.6	24	1 238
Total	279 736	99.2	628	2 707

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2020 to 31 March 2021

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	86,860	92	0	0	3,357	4	4,762	5
Cooperative Governance	110,536	89	0	0	4,958	4	8,220	7
Human Settlements	41,924	93	0	0	1,179	3	2,112	5
Traditional Affairs	14,968	95	0	0	292	2	568	4
Total	254,288	91	0	0	9,786	4	15,662	6

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	2,279	94	0	0	157	7	321	13
Skilled (Levels 3-5)	10,716	102	0	0	577	6	910	9
Highly skilled production (Levels 6-8)	124,060	82	0	0	6,599	4	11,825	8
Highly skilled supervision (Levels 9-12)	65,126	98	0	0	1,500	2	2,478	4
Senior and Top management (Levels 13-16)	17,811	85	0	0	953	5	128	1
Total	202,151	72	0	0	9,786	23	15,662	34

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 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	221	195	11,8	20
Cooperative Governance	317	304	4,1	4
Human Settlement	95	79	16,8	8
Traditional Affairs	51	50	2,0	0
Total	684	628	8,2	32

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	20	20	0	1
Skilled (Levels 3-5)	53	50	6,8	8
Highly skilled production (Levels 6-8)	450	429	4,8	13
Highly skilled supervision (Levels 9-12)	127	105	19,1	8
Senior and Top management (Levels 13-16)	34	21	40	2
Total	684	628	8,2	32

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2021

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	115	100	13	7
All Artisans in the Building Metal Machinery etc., Permanent	1	0	100	0
Architects Town and Traffic Planners, Permanent	1	1	0	0
Cartographic Surveying and Related Technicians, Permanent	2	2	0	0
Cleaners in offices Workshops Hospitals etc., Permanent	25	23	8	1
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	4	3	25	0
Communication and Information Related, Permanent	1	1	0	0
Community Development Workers, Permanent	13	11	15,4	1
Engineering Sciences Related, Permanent	2	1	50	0
Engineers and Related Professionals, Permanent	3	1	66,7	1
Finance and Economics Related, Permanent	4	4	0	0
Financial and Related Professionals, Permanent	3	2	33,3	0
Financial Clerks and Credit Controllers, Permanent	35	31	11,4	1
Food Services Aids and Waiters, Permanent	4	4	0	0
General Legal Administration and Related Professionals, Permanent	1	1	0	0
Human Resources and Organisational Development and Relate Prof, Permanent	2	1	50	1
Human Resources Clerks, Permanent	1	1	0	0
Human Resources Related, Permanent	33	31	6,1	8
Information Technology Related, Permanent	2	2	0	0
Inspectors of Apprentices Works and Vehicles, Permanent	14	13	7,1	5
Legal Related, Permanent	2	1	50	0
Library Mail and Related Clerks, Permanent	8	8	0	1
Logistical Support Personnel, Permanent	5	3	40	0
Material-Recording and Transport Clerks, Permanent	3	3	0	0
Messengers Porters and Deliverers, Permanent	7	7	0	1
Other Administrative and Related Clerks and Organisers, Permanent	244	241	1,2	1
Other Administrative Policy and Related Officers, Permanent	62	56	9,7	1
Other Information Technology Personnel, Permanent	4	4	0	1
Other Occupations, Permanent	26	26	0	0
Risk Management and Security Services, Permanent	3	3	0	0
Secretaries and Other Keyboard Operating Clerks, Permanent	15	13	13,3	0
Security Officers, Permanent	2	2	0	0
Senior Managers, Permanent	34	25	26,5	2
Trade Quality Controllers, Permanent	3	3	0	0
Total	684	628	8,2	32

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 2021

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
Salary Level 16	1 (MEC)	1	100%	0	0%
Salary Level 15	1 (HOD)	1	100%	0	0%
Salary Level 14	4	3	75%	1	25%
Salary Level 13	20	13	65%	7	35%
Total	26	18	68%	8	32%

Table 3.3.2 SMS post information as on 30 September 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
Salary Level 16	1 (MEC)	1	100%	0	0%
Salary Level 15	1 (HOD)	1	100%	0	0%
Salary Level 14	4	2	50%	2	50%
Salary Level 13	20	14	70%	6	30%
Total	25	17	68%	8	32%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2020 to 31 March 2021

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

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2020 to 31 March 2021

Reasons for vacancies not advertised within six months
The department overspending on compensation budget and therefore approval not granted to advertise.
Reasons for vacancies not filled within twelve months
The department overspending on compensation budget therefore approval not granted to advertise and fill posts.

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 2020 to 31 March 2021

Reasons for vacancies not advertised within six months
n/a
Reasons for vacancies not filled within six months
n/a

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table 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 2020 to 31 March 2021

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	15	0	0%	0	0%	0	0%
Skilled (Levels 3-5)	44	0	0%	0	0%	0	0%
Highly skilled production (Levels 6-8)	433	0	0%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	115	0	0%	0	0%	0	0%
Senior Management Service Band A	19	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%
Total	632	0	0%	0	0%	0	0%

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 2020 to 31 March 2021

Total number of Employees whose salaries exceeded the grades determined by job evaluation	None
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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 2020 to 31 March 2021

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	None	None	
0	0	None	None	
Total number of employees whose salaries exceeded the level determined by job evaluation				
Percentage of total employed				

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 2020 to 31 March 2021

Total number of Employees whose salaries exceeded the grades determined by job evaluation	None
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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 2020 to 31 March 2021

Salary band	Number of employees at 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	15	5	0	0
Skilled (Levels 3-5)	50	2	3	17,3
Highly skilled production (Levels 6-8)	438	10	15	26,1
Highly skilled supervision (Levels 9-12)	109	1	3	24,6

Salary band	Number of employees at 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Management Service Bands A	18	1	0	0
Senior Management Service Bands B	3	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Total	635	19	24	3,8

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2020 to 31 March 2021

Critical occupation	Number of employees at 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, permanent	104	2	6	5,8
Architects Town and Traffic Planners, permanent	1	0	0	0
Cartographic Surveying and related Technicians, permanent	2	0	0	0
Cleaners in offices, workshops, hospitals etc., permanent	18	5	1	5,6
Client Inform Clerks (switchboard reception, inform clerks), permanent	3	0	0	0
Communication and Information related, permanent	1	0	0	0
Community Development Workers, permanent	11	1	1	9,1
Engineering Sciences related, permanent	1	0	0	0
Engineers and related Professionals, permanent	1	0	0	0
Finance and Economics related, permanent	4	0	0	0
Financial and related Professionals, permanent	2	0	0	0
Financial Clerks and Credit Controllers, permanent	33	0	2	6,1
Food Services Aids and Waiters, permanent	3	1	0	0
General Legal Administration & related Professionals, permanent	1	1	0	0
Human Resources and Organisational Development & related professions, permanent	1	0	0	0
Human Resources Clerks, permanent	1	0	0	0
Human Resources related, permanent	32	0	0	0
Information Technology related, permanent	2	0	0	0
Inspectors of Apprentices Works and Vehicles, permanent	13	3	2	15,4
Legal related, permanent	1	0	0	0
Library Mail and Related Clerks, permanent	8	0	0	0
Logistical Support personnel, permanent	3	0	0	0
Material-recording and Transport Clerks, permanent	3	0	0	0
Messengers Porters and Deliverers, permanent	7	0	0	0
Other Administrative and related Clerks and Organisers, permanent	249	0	8	3,2
Other Administrative Policy and related officers, permanent	58	1	3	5,2
Other Information Technology personnel, permanent	4	0	0	0
Other Occupations, permanent	22	4	0	0
Risk Management and Security Services, permanent	4	0	1	25
Secretaries & other Keyboard Operating Clerks, permanent	13	0	0	0
Security Officers, permanent	2	0	0	0
Senior Managers, permanent	24	1	0	0
Trade Quality Controllers, permanent	3	0	0	0
Total	635	19	24	3,8

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 2020 to 31 March 2021

Termination Type	Number	% of Total Resignations
Death	7	29,2%
Resignation	5	20,8%
Expiry of contract	7	29,2%
Discharged due to ill-health	1	4,2%
Retirement	4	16,7%
Total	24	100%
Total number of employees who left as a % of total employment		3,78%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2020 to 31 March 2021

Occupation	Employees at 1 April 2020	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	104	0	0%	78	75%
Architects Town and Traffic Planners	1	0	0%	0	0%
Cartographic Surveying and Related Technicians	2	0	0%	2	100%
Cleaners In Offices Workshops Hospitals Etc.	18	0	0%	18	100%
Client Inform Clerks (Switchboard Reception Inform Clerks)	3	0	0%	2	66,7%
Communication and Information Related	1	0	0%	1	100%
Community Development Workers	11	0	0%	11	100%
Engineering Sciences Related	1	0	0%	2	200%
Engineers and Related Professionals	1	0	0%	1	100%
Finance and Economics Related	4	0	0%	4	100%
Financial and Related Professionals	2	0	0%	2	100%
Financial Clerks and Credit Controllers	33	0	0%	24	72,7%
Food Services Aids and Waiters	3	0	0%	0	0%
General Legal Administration and Related Professionals	1	0	0%	0	0%
Human Resources and Organisational Development and Related Prof	1	0	0%	1	100%
Human Resources Clerks	1	0	0%	0	0%
Human Resources Related	32	0	0%	29	90,6%
Information Technology Related	2	0	0%	2	100%
Inspectors of Apprentices Works and Vehicles	13	0	0%	8	61,5%
Legal Related	1	0	0%	1	100%
Library Mail and Related Clerks	8	0	0%	6	75%
Logistical Support Personnel	3	0	0%	2	66,7%
Material-Recording and Transport Clerks	3	0	0%	1	33,3%
Messengers Porters and Deliverers	7	0	0%	6	85,7%
Other Administrative and Related Clerks and Organisers	249	0	0%	183	73,5%
Other Administrative Policy and Related Officers	58	0	0%	48	82,8%
Other Information Technology Personnel.	4	0	0%	3	75%
Other Occupations	22	0	0%	0	0%
Risk Management and Security Services	4	0	0%	3	75%
Secretaries and Other Keyboard Operating Clerks	13	0	0%	12	92,3%
Security Officers	2	0	0%	1	50%
Senior Managers	24	1	4,2%	13	54,2%
Trade Quality Controllers	3	0	0%	3	100%
Total	635	1	0,2%	467	73,5%

Table 3.5.5 Promotions by salary band for the period 1 April 2020 to 31 March 2021

Salary Band	Employees at 1 April 2020	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower Skilled (Levels 1-2)	15	0	0%	15	100%
Skilled (Levels 3-5)	50	0	0%	37	74%
Highly Skilled Production (Levels 6-8)	438	0	0%	319	72,8%
Highly Skilled Supervision (Levels 9-12)	109	0	0%	82	75,2%
Senior Management (Levels 13-16)	23	1	6,7%	14	60,8%
Total	635	1	0,2%	467	73,5%

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 2021

Occupational category	Male					Female				Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	2	0	0	0	3	1	0	1	15
Professionals	37	12	0	3	1	22	14	0	5	94
Technicians and associate professionals	106	62	1	2	0	157	80	0	4	412
Clerks	20	2	0	0	0	14	4	0	1	41
Service and sales workers	3	1	0	0	0	3	8	0	0	15
Total	174	79	1	0	1	199	107	0	11	577
Employees with disabilities	6	5	0	5	0	6	0	0	0	17

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2021

Occupational band	Male					Female				Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	0	1
Senior Management	8	2	0	0	0	3	1	0	1	15
Professionally qualified and experienced specialists and mid-management	37	12	0	3	1	22	14	0	5	94
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	106	62	1	2	0	157	80	0	4	412
Semi-skilled and discretionary decision making	20	2	0	0	0	14	4	0	1	41
Unskilled and defined decision making	3	1	0	0	0	3	8	0	0	15
Total	174	79	1	5	1	199	107	0	11	577

Table 3.6.3 Recruitment for the period 1 April 2020 to 31 March 2021

Occupational band	Male					Female				Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	1	0	0	0	0	4
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	0	2
Unskilled and defined decision making	3	0	0	0	1	1	0	0	0	5
Total	3	0	0	0	1	2	0	0	0	6
Employees with disabilities	10	0	0	0	5	4	0	0	0	19

Table 3.6.4 Promotions for the period 1 April 2020 to 31 March 2021

Occupational band	Male					Female				Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0	0
Senior Management	7	0	0	0	3	1	0	1	1	12
Professionally qualified and experienced specialists and mid-management	29	10	0	2	20	13	0	5	5	79
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	63	48	2	0	121	73	0	4	4	311
Semi-skilled and discretionary decision making	16	2	0	0	11	3	0	0	0	32

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making	3	1	0	0	3	8	0	0	15
Contract Senior Managers	1	1	0	1	0	0	0	0	3
Professional qualified contract	1	0	0	0	2	0	0	0	3
Contract skilled technical	5	0	0	0	2	1	0	0	8
Contract semi-skilled	3	1	0	0	1	0	0	0	5
Total	128	63	2	2	163	99	0	10	468
Employees with disabilities	3	4	0	0	2	0	0	0	9

Table 3.6.5 Terminations for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	2	0	0	0	1	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	3	1	0	2	4	0	0	11
Semi-skilled and discretionary decision making	0	0	0	0	1	1	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract professionally qualified	1	1	0	0	1	0	0	0	3
Contract skilled technical	2	1	0	0	0	1	0	0	4
Contract semi-skilled	0	0	0	0	1	0	0	0	1
Total	3	5	1	0	6	6	0	0	24
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2020 to 31 March 2021

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	1	0	0	0	1	0	0	0	2
Written warning	3	1	0	0	1	0	0	0	5
Verbal warning	1	1	0	0	0	1	0	0	3
Counselling, final written warning with three months suspension without salary	0	0	0	0	0	0	0	0	0
Demotion, final written with three months suspension without salary	0	0	0	0	0	0	0	0	0
Suspension without salary	0	0	0	0	0	0	0	0	0
Dismissal	0	0	0	0	0	0	0	0	0
Final written warning & reimbursing the department	0	0	0	0	0	0	0	0	0
No disciplinary measures instituted against official due to lack of evidence.	0	0	0	0	0	0	0	0	0
Final written warning with two month's suspension without salary	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2020 to 31 March 2021

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1	0	0	0	0	2	0	0	3
Technicians and associate professionals	1	1	0	0	0	3	0	0	5
Clerks	0	0	0	0	0	1	0	0	1
Employees with disabilities									9

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 2020

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General / Head of Department	1	1	1	100%
Salary Level 16	1	0	0	0%
Salary Level 15	1	0	0	0%
Salary Level 14	4	3	3	75%
Salary Level 13	17	13	12	71%
Total	24	17	16	94,11%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2020

Reasons
One (1) SMS member did not comply with the PMDS Policy.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2020

Reasons
The one (1) SMS member was subjected to a disciplinary hearing and issued with a warning.

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 2020 to 31 March 2021

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Female	37	206	18%	749	20 254
Male	31	195	15,9%	756	24 378
Asian					
Female	0	0	0%	0	0
Male	1	1	100%	19	19 419
Coloured					
Female	32	111	28,8%	494	15 428
Male	19	80	23,8%	334	17 601
White					
Female	5	11	45,5%	174	34 851
Male	3	7	42,9%	95	31 615
Total	131	628	20,9%	2 653	20 255

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2020 to 31 March 2021

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Lower Skilled (Levels 1-2)	4	15	26,7%	21	5 274
Skilled (Levels 3-5)	10	41	24,4%	70	6 956
Highly Skilled Production (Levels 6-8)	69	412	16,7%	813	11 783

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Highly Skilled Supervision (Levels 9-12)	33	93	35,5%	877	26 587
Total	116	604	19,2%	1 781	15 354

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2020 to 31 March 2021

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	11	31	35,5%	165	14 962
Human Resources Clerks	0	1	0%	0	0
Security Officers	1	2	50%	8	7 645
Messengers Porters and Deliverers	1	7	14,3%	8	8 431
Human Resources and Organisational Development and Related Professions	0	1	0%	0	0
Risk Management and Security Services	2	3	66,7%	88	43 835
Finance and Economics Related	3	4	75%	57	19 133
Logistical Support Personnel	1	3	33,3%	4	3 687
Other Administrative and Related Clerks and Organisers	30	241	12,4%	227	7 576
Other Occupations	0	26	0%	0	0
Legal Related	1	1	100%	42	41 727
Financial and Related Professionals	1	2	50%	31	31 052
Architects Town and Traffic Planners	1	1	100%	50	49 522
Administrative Related	24	100	24%	566	23 604
Communication and Information Related	1	1	100%	23	22 781
Secretaries and Other Keyboard Operating Clerks	8	13	61,5%	112	13 991
Cleaners in Offices, Workshops, Hospitals etc.	5	23	21,7%	24	4 884
Library Mail and Related Clerks	2	8	25%	20	9 996
Human Resources Related	12	31	38,7%	184	15 305
General Legal Administration and Related Professionals	0	1	0%	0	0
Cartographic Surveying and Related Technicians	0	2	0%	0	0
Material-Recording and Transport Clerks	0	3	0%	0	0
Other Administrative Policy and Related Officers	10	56	17,9%	128	12 793
Inspectors of Apprentices Works and Vehicles	1	13	7,7%	25	24 612
Senior Managers	14	25	56%	850	60 687
Client Inform Clerks (Switchboard Reception Information Clerks)	0	3	0%	0	0
Engineers and Related Professionals	0	1	0%	0	0
Other Information Technology Personnel	0	4	0%	0	0
Trade Quality Controllers	0	3	0%	0	0
Engineering Sciences Related	1	1	100%	24	24 000
Food Services Aids and Waiters	0	4	0%	0	0
Community Development Workers	0	11	0%	0	0
Information Technology Related	1	2	50%	19	19 004
Total	131	628	20,9%	2 653	20 255

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2020 to 31 March 2021

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	12	18	66,7%	631	52 614	2,9%
Band B	3	4	75%	241	80 347	5%
Band C	0	1	0%	0	0	0%
Band D	0	1	0%	0	0	0%
Total	15	24	62,5%	872	58 160	2,9%

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 2020 to 31 March 2021

Salary band	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Contract (level 9-12)	1	100%	1	100%	0	0%
Total	1	100%	1	100%	0	0%

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2020 to 31 March 2021

Major occupation	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100%	1	100%	0	0%
Total	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 2020 to 31 December 2020

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skilled (Levels 1-2)	55	87,2%	11	3,9%	8	31
Skilled (Levels 3-5)	151	83,4%	31	11,2%	8	134
Highly Skilled Production (Levels 6-8)	866	76,1%	171	61,7%	9	1 302
Highly Skilled Supervision (Levels 9-12)	266	69,5%	57	20,5%	9	694
Top and Senior Management (Levels 13-16)	44	77,2%	7	2,5%	10	215
Total	1 382	76,2%	277	100%	5	2 376

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2020 to 31 December 2020

Salary band	Total days	% Days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	3	100%	1	12,5%	3	3
Highly Skilled Production (Levels 6-8)	313	100%	7	87,5%	45	477
Total	316	100%	8	100%	40	480

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 2020 to 31 December 2020

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower Skilled (Levels 1-2)	309	20	24
Skilled (Levels 3-5)	860,76	53	25
Highly Skilled Production (Levels 6-8)	7226	385	30
Highly Skilled Supervision (Levels 9-12)	2074	108	32
Top and Senior Management (Levels 13-16)	428	22	37
Total	10 897,76	588	19

Table 3.10.4 Capped leave for the period 1 January 2020 to 31 December 2020

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 2021
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	17
Highly Skilled Production (Levels 6-8)	0	0	0	23
Highly Skilled Supervision (Levels 9-12)	0	0	0	12

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 2021
Top and Senior Management (Levels 13-16)	0	0	0	38
Total	0	0	0	21

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 2020 to 31 March 2021

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2019/20 due to non-utilisation of leave for the previous cycle	81	2	40 500
Capped leave pay-outs on termination of service for 2020/21	240	3	80 000
Current leave pay-out on termination of service for 2020/21	536	13	83 306
Total	858	16	53 625

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms. Donna Boboko: Senior Manager Human Capital Management
2 Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		There are 3 females and 2 males. Manager x 1, Assistant Manager x2, SAO x 1 and AO x 1. R100 000.00 budget is allocated for all programmes in Employee Health and Wellness.
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.	✓		There are four pillars: HIV/TB Management, OHS, Wellness Management and Health and Productivity Management
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		The Employment Equity discusses the Gender, Disability and HIV/AIDS issues: Ms. D. Boboko - HCM Mr. P. Mpotsang - Policy and Planning Ms. N. Julingalo - EHW Ms. W. Isaacs - EHW Mr. M. Seleke – HOUSING FINANCE Mr. I. Modise UNION Ms. S. Mgoma Makhele - HSS Ms. D. Mjandana - (PIXLEY Regional) Ms. P. Thebe - (JTG Regional) Mr. L. Kopa – PUBLIC PARTICIPATION Ms. M. Joseph-Karsten - (Namakwa Regional) Mr. H. Vass – (ZFM Regional)
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.	✓		The policy was reviewed and approved in April 2021.
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.	✓		Policy has been Approved in April 2021.
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	✓		HCT done by Gems.

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.		✓	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2020 to 31 March 2021

Collective Agreements	Number
Total number of Collective agreements	None

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2020 to 31 March 2021

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	3	30%
Written warning	5	50%
Final written warning	2	20%
Total	10	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2020 to 31 March 2021

Types of misconduct	Number	% of total
Possible security breach	1	7.7%
EPMDS non-compliance	1	7.7%
Gross negligence	1	7.7%
Dishonesty / Corruption	1	7.7%
Fraud on HSS system	1	7.7%
Dereliction of duties	3	23%
Insolence	2	15%
AWOL	2	15%
Victimisation	1	7.7%
Total	13	100%

Table 3.12.4 Grievances logged for the period 1 April 2020 to 31 March 2021

Grievances	Number	% of Total
Number of grievances resolved	19	100%
Number of grievances not resolved	0	0%
Total number of grievances lodged	19	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2020 to 31 March 2021

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	0	0

Table 3.12.6 Strike actions for the period 1 April 2020 to 31 March 2021

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 2020 to 31 March 2021

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	R 172, 731.02

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 2020 to 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	12	0	Disaster Management Policy Development	0	12
	Female	18	0	Financial Management Computer Training Project Management (advanced) Public Management Report Writing Communication Training Conflict Management Presentation & facilitation skill	0	18
Technicians and associate professionals	Male	87	0	Communication Skills Labour Relation	0	87
	Female	113	0	Office Management Computer Training Project Management (basic) Disaster Management Conflict Management Minute Taking Report Writing Training Presentation & facilitation Training	0	133
Clerks	Male	27	0	Computer training Project Management (basic)	0	27
	Female	33	0	Public Management Conflict Management Transport & Logistic management Supervisory Training Finance for none financial managers Financial Management Records Management Minute Taking	0	33
Sub-Total	Male	126	0		0	126
	Female	164	0		0	164
Total		290				290

Table 3.13.2 Training provided for the period 1 April 2020 to 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	1	0	Change Management Change Management	0	1
	Female	2	0	Public Service Pre-Entry programme	0	2
Technicians and associate professionals	Male	2	0	Change Management	0	2
	Female	3	0		0	3
Clerks	Male	0	0	Ethics in the Public Service	0	0
	Female	1	0		0	1
Sub-Total	Male	4	0		0	4
	Female	5	0		0	5
Total		9	0		0	9

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 2020 to 31 March 2021

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	0	0%

3.15 Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2020 to 31 March 2021

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Housing Fund : Compilation of Annual Financial Statements and audit file for the Northern Cape Housing Development Fund for the year ended 31 March 2020	1 Chattered Accountant	3 months	R47 150.00
IFS Training and Skills Transfer	1	6 months	R210 000.00
Appointment of an Attorney: x2 Matters Phokwane & Richtersveld	Attorney and Senior Council	1 week	R544 020.82
Appointment of an Attorney: Section 106 Investigation	Attorney	1 month	R99 475.00
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
4	5	Maximum 6 months	R900 645.82

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 to 31 March 2021

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 2020 to 31 March 2021

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 to 31 March 2021

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

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2020 to 31 March 2021

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly Skilled Production (Levels 6-8)	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

PART E

FINANCIAL INFORMATION



5. 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 set out on pages **79 to 127**, which comprise the appropriation statement, statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in equity 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 as at 31 March 2021, 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, 2020 (Act No. 4 of 2020) (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 my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Underspending of corresponding figures

7. As disclosed in the note 34 to the financial statements, the department materially underspent on the Housing Human Settlements Development grant (HSDG) amounting to R119 371 000 as well as the Provincial Emergency grant amounting to R70 885 000. Furthermore in note 13, the HSDG and Provincial Emergency Grant was received through a special adjustment budget in 2020/2021. The funding are committed and the department will be requesting roll over from Northern Cape Provincial Treasury. The underspending were as a result of re-allocation of funds from underperforming provinces during the adjusted budget with the actual funds only received during March 2021.

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

8. As disclosed in note 29 of the financial statement of the department, there was a pronouncement made by the Premier to assist Sol Plaatje local municipality with service delivery shortcomings. CoGHSTA's assistance will be in the form of already planned and committed projects amounting to R321 million that will address some of these service delivery shortcomings.

Other matters

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 **128 to 135** 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 2021:

Programmes	Pages in the annual performance report
Programme 2 - Human Settlements	31, 33 - 34

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 **31 and 33 to 34** 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 R20 488 000 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 SCM process not followed.

Procurement and contract management

26. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.
27. In some instances the prices of COVID 19 Personal Protective Equipment items were higher than prescribed prices on Annexure A of National Treasury instruction note 5 of 2020/21 in contravention of paragraph 4.3 of same instruction note.
28. In some instances the suppliers of COVID 19 Personal Protective Equipment items were not registered with the Department of Small Business Development as required by paragraph 4.6(d) of National Treasury instruction note 5 of 2020/21.

Consequence management

29. 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

30. 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.
31. 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.
32. 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.
33. 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

34. 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.
35. The leadership of the department did not exercise oversight responsibility to ensure that proper internal control procedures were developed and implemented that would have enabled the department to produce accurate and complete financial reports. The preparation and review of the financial statements was not adequately planned, to ensure a comprehensive review takes place.

36. Leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management unit, resulting in the identification and correction of material misstatements and compliance issues.
37. Effective financial systems of internal controls had not been implemented to ensure accurate and complete financial statements. In addition, the accounting officer and senior management did not create an effective and control environment to promote financial disciplines.

Auditor General

Kimberley
13 August 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

6. ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT for the year ended 31 March 2021

Appropriation per programme									
Voted funds and Direct charges	2020/21							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
Programme									
1. Administration	147,228	-	(2,565)	144,663	143,018	1,645	98.9%	161,390	161,378
2. Human Settlements	644,767	-	(607)	644,160	452,929	191,231	70.3%	512,540	511,824
3. Cooperative Governance	129,702	-	3,172	132,874	132,476	398	99.7%	155,606	154,298
Traditional Institutional	19,352	-	-	19,352	17,942	1,410	92.7%	23,237	21,902
4. Management									
TOTAL	941,049	-	-	941,049	746,365	194,684	79.3%	852,773	849,402
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				34				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				941,083				852,773	
Add: Aid assistance					-				-
Actual amounts per Statement of Financial Performance Expenditure					746,365				849,402

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Appropriation per economic classification									
	2020/21							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
Current payments	334,821	-	-	334,821	332,005	2,815	99.2%	356,328	355,022
Compensation of employees	281,796	-	-	281,796	279,736	2,060	99.3%	277,211	281,247
Salaries and wages	238,879	-	-	238,879	240,825	(1,946)	100.8%	237,482	242,704
Social contributions	42,917	-	-	42,917	38,911	4,006	90.7%	39,729	38,543
Goods and services	53,025	-	-	53,025	52,270	755	98.6%	79,117	73,774
Administrative fees	2,004	-	-	2,004	718	1,286	35.8%	3,378	841
Advertising	331	-	-	331	3	328	1.0%	650	290
Minor assets	178	-	-	178	393	(215)	220.7%	752	255
Audit costs: External	5,352	-	-	5,352	5,255	97	98.2%	5,031	6,853
Bursaries: Employees	868	-	-	868	580	288	66.9%	800	570
Catering: Departmental activities	75	-	-	75	284	(209)	379.0%	1,295	326
Communication (G&S)	1,699	-	-	1,699	1,463	236	86.1%	740	632
Computer services	5,187	-	-	5,187	3,313	1,874	63.9%	5,458	5,437
Consultants: Business and advisory services	276	-	-	276	678	(402)	245.6%	1,128	11,069
Legal services	4,091	-	-	4,091	3,345	745	81.8%	364	753
Contractors	806	-	-	806	857	(51)	106.3%	2,587	2,902
Agency and support/outsourced services	-	-	-	-	249	(249)	-	5,963	-
Entertainment	-	-	-	-	32	(32)	-	200	218
Fleet services (including government motor transport)	2,528	-	-	2,528	1,530	998	60.5%	-	4,246
Housing	-	-	-	-	-	-	-	-	48
Inventory: Clothing material and accessories	-	-	-	-	30	(30)	-	13	35
Consumable supplies	2,114	-	-	2,114	1,604	510	75.9%	1,107	978

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Appropriation per economic classification									
	2020/21							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	1,917	-	-	1,917	791	1,126	41.3%	2,122	924
Operating leases	8,767	-	-	8,767	13,562	(4,795)	154.7%	12,421	13,098
Property payments	8,793	-	-	8,793	13,139	(4,346)	149.4%	14,410	12,614
Transport provided:	535	-	-	535	-	535	-	-	-
Departmental activity									
Travel and subsistence	6,372	-	-	6,372	3,566	2,806	56.0%	18,086	9,742
Training and development	-	-	-	-	-	-	-	1,342	666
Operating payments	1,062	-	-	1,062	862	199	81.2%	979	1,106
Venues and facilities	70	-	-	70	14	57	18.2%	291	171
Rental and hiring	-	-	-	-	1	(1)	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	1
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	1
Transfers and subsidies	600,068	-	-	600,068	408,598	191,470	68.1%	486,480	486,486
Provinces and municipalities	-	-	-	-	-	-	-	21,231	21,231
Municipalities	-	-	-	-	-	-	-	21,231	21,231
Municipal bank accounts	-	-	-	-	-	-	-	21,231	21,231
Non-profit institutions	1,341	-	-	1,341	1,341	-	100.0%	913	913
Households	598,727	-	-	598,727	407,257	191,470	68.0%	464,336	464,342
Social benefits	2,014	-	-	2,014	781	1,233	38.8%	441	441
Other transfers to households	596,713	-	-	596,713	406,476	190,237	68.1%	463,895	463,901
Payments for capital assets	6,160	-	-	6,160	5,227	933	84.8%	9,965	7,894
Buildings and other fixed structures	-	-	-	-	-	-	-	-	123
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	123
Machinery and equipment	6,160	-	-	6,160	5,227	933	84.8%	9,365	7,771

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Appropriation per economic classification									
	2020/21							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
Transport equipment	2,394	-	577	2,971	3,865	(894)	130.1%	4,284	5,224
Other machinery and equipment	3,766	-	(577)	3,189	1,361	1,828	42.7%	5,081	2,547
Software and other intangible assets	-	-	-	-	-	-	-	600	-
Payment for financial assets	-	-	-	-	535	(535)	-	-	-
	941,049	-	-	941,049	746,365	194,684	79.3%	852,773	849,402

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Programme 1: Administration

	2020/21							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	13,313	-	(1,000)	12,313	10,013	2,300	81.3%	14,498	12,427
2. Corporate Services	133,915	-	(1,565)	132,350	133,005	(655)	100.5%	146,892	148,951
	147,228	-	(2,565)	144,663	143,018	1,645	98.9%	161,390	161,378
Appropriation per economic classification									
	2020/21							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
Current payments	144,223	-	(2,595)	141,628	140,110	1,518	98.9%	158,260	158,242
Compensation of employees	101,798	-	(2,595)	99,203	94,978	4,225	95.7%	98,958	96,058
Salaries and wages	88,587	-	(2,595)	85,992	82,263	3,729	95.7%	86,134	83,450
Social contributions	13,211	-	-	13,211	12,716	495	96.3%	12,824	12,608
Goods and services	42,425	-	-	42,425	45,131	(2,706)	106.4%	59,302	62,183
Administrative fees	351	-	-	351	104	247	29.5%	491	363
Advertising	161	-	-	161	-	161	-	452	163
Minor assets	138	-	-	138	302	(164)	219.0%	323	97
Audit costs: External	5,302	-	-	5,302	5,255	47	99.1%	5,031	6,852
Bursaries: Employees	868	-	-	868	592	276	68.2%	800	570
Catering: Departmental activities	55	-	-	55	180	(125)	328.0%	391	127
Communication (G&S)	1,688	-	-	1,688	1,452	236	86.0%	40	243
Computer services	5,187	-	-	5,187	3,225	1,962	62.2%	5,458	4,806
Consultants: Business and advisory services	26	-	-	26	277	(251)	1065.0%	1,002	10,235
Legal services	45	-	-	45	541	(496)	1203.0%	139	548

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Appropriation per economic classification									
	2020/21							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
Contractors	735	-	-	735	813	(78)	110.6%	1,116	1,258
Agency and support / outsourced services	-	-	-	-	6	(6)	-	5,960	-
Entertainment	-	-	-	-	32	(32)	-	200	218
Fleet services (including government motor transport)	2,510	-	-	2,510	1,530	980	61.0%	-	4,246
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	13	8
Consumable supplies	1,829	-	-	1,829	1,381	448	75.5%	521	736
Consumable: Stationery, printing and office supplies	1,055	-	-	1,055	354	701	33.5%	857	394
Operating leases	8,684	-	-	8,684	13,562	(4,878)	156.2%	12,421	12,960
Property payments	8,773	-	-	8,773	13,137	(4,364)	149.7%	14,406	12,610
Travel and subsistence	4,302	-	-	4,302	1,603	2,699	37.3%	7,594	4,572
Training and development	-	-	-	-	-	-	-	1,242	656
Operating payments	666	-	-	666	787	(121)	118.2%	740	402
Venues and facilities	50	-	-	50	-	50	-	105	119
Interest and rent on land	-	-	-	-	-	-	-	-	1
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	1
Transfers and subsidies	504	-	-	504	392	112	77.8%	106	112
Households	504	-	-	504	392	112	77.8%	106	112
Social benefits	504	-	-	504	392	112	77.8%	106	106
Other transfers to households	-	-	-	-	-	-	-	-	6
Payments for capital assets	2,501	-	30	2,531	1,982	549	78.3%	3,024	3,024
Buildings and other fixed structures	-	-	-	-	-	-	-	-	123

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Appropriation per economic classification									
	2020/21							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
Other fixed structures	-	-	-	-	-	-	-	-	123
Machinery and equipment	2,501	-	30	2,531	1,982	549	78.3%	3,024	2,901
Transport equipment	-	-	-	-	1,046	(1,046)	-	653	1,593
Other machinery and equipment	2,501	-	30	2,531	936	1,595	37.0%	2,371	1,308
Payment for financial assets	-	-	-	-	535	(535)	-	-	-
	147,228	-	(2,565)	144,663	143,018	1,645	98.9%	161,390	161,378

APPROPRIATION STATEMENT for the year ended 31 March 2021

Sub-programme 1.1: Office of the MEC

Appropriation per economic classification									
	2020/21							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
Current payments	12,174	-	(1,000)	11,174	9,878	1,296	88.4%	13,896	12,421
Compensation of employees	10,550	-	(1,000)	9,550	7,860	1,690	82.3%	10,896	8,576
Goods and services	1,624	-	-	1,624	2,018	(394)	124.3%	3,000	3,845
Transfers and subsidies	504	-	-	504	73	431	14.5%	-	6
Households	504	-	-	504	73	431	14.5%	-	6
Payments for capital assets	635	-	-	635	62	573	9.8%	602	-
Machinery and equipment	635	-	-	635	62	573	9.8%	602	-
	13,313	-	(1,000)	12,313	10,013	2,300	81.3%	14,498	12,427

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Sub-programme 1.2: Corporate Services

Appropriation per economic classification

	2020/21							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
Current payments	132,049	-	(1,595)	130,454	130,232	222	99.8%	144,364	145,821
Compensation of employees	91,248	-	(1,595)	89,653	87,119	2,534	97.2%	88,062	87,482
Goods and services	40,801	-	-	40,801	43,113	(2,312)	105.7%	56,302	58,338
Interest and rent on land	-	-	-	-	-	-	-	-	1
Transfers and subsidies	-	-	-	-	319	(319)	-	106	106
Households	-	-	-	-	319	(319)	-	106	106
Payments for capital assets	1,866	-	30	1,896	1,919	(23)	101.2%	2,422	3,024
Buildings and other fixed structures	-	-	-	-	-	-	-	-	123
Machinery and equipment	1,866	-	30	1,896	1,919	(23)	101.2%	2,422	2,901
Payment for financial assets	-	-	-	-	535	(535)	-	-	-
	133,915	-	(1,565)	132,350	133,005	(655)	100.5%	146,892	148,951

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Programme 2: Human Settlements

	2020/21							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. Housing Needs, Research and Planning	12,383	-	(499)	11,884	9,886	1,998	83.2%	11,605	10,918
2. Housing Development	618,111	-	(108)	618,003	426,703	191,300	69.0%	479,434	478,400
3. Housing Asset Management	14,273	-	-	14,273	16,341	(2,068)	114.5%	21,501	22,506
	644,767	-	(607)	644,160	452,929	191,231	70.3%	512,540	511,824
Appropriation per economic classification									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	250	-	-	250	84	166	33.5%	126	166
Contractors	20	-	-	20	17	3	83.9%	41	15
Fleet services (including government motor transport)	5	-	-	5	-	5	-	-	-
Housing	-	-	-	-	-	-	-	-	48
Inventory: Clothing material and accessories	-	-	-	-	28	(28)	-	-	-
Consumable supplies	121	-	-	121	155	(34)	127.8%	113	91
Consumable: Stationery, printing and office supplies	333	-	-	333	277	56	83.0%	317	226
Operating leases	-	-	-	-	-	-	-	-	138
Transport provided: Departmental activity	535	-	-	535	-	535	-	-	-
Travel and subsistence	438	-	-	438	297	141	67.7%	2,122	1,284
Training and development	-	-	-	-	-	-	-	-	10

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Programme 2: Human Settlements

Appropriation per economic classification									
	2020/21							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
Operating payments	193	-	-	193	73	120	37.6%	220	161
Venues and facilities	-	-	-	-	-	-	-	14	40
Rental and hiring	-	-	-	-	1	(1)	-	-	-
Transfers and subsidies	597,719	-	-	597,719	406,738	190,981	68.0%	464,024	464,024
Households	597,719	-	-	597,719	406,738	190,981	68.0%	464,024	464,024
Social benefits	1,006	-	-	1,006	283	723	28.1%	129	129
Other transfers to households	596,713	-	-	596,713	406,456	190,257	68.1%	463,895	463,895
Payments for capital assets	807	-	(607)	200	-	200	-	766	50
Machinery and equipment	807	-	(607)	200	-	200	-	766	50
Other machinery and equipment	807	-	(607)	200	-	200	-	766	50
	644,767	-	(607)	644,160	452,929	191,231	70.3%	512,540	511,824

APPROPRIATION STATEMENT for the year ended 31 March 2021

Sub-programme 2.1: Housing Needs, Research and Planning

Appropriation per economic classification									
	2020/21							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
Current payments	10,878	-	-	10,878	9,836	1,042	90.4%	11,132	10,882
Compensation of employees	10,078	-	-	10,078	9,560	518	94.9%	9,916	9,884
Goods and services	800	-	-	800	276	524	34.5%	1,216	998
Transfers and subsidies	1,006	-	-	1,006	49	957	4.9%	-	-
Households	1,006	-	-	1,006	49	957	4.9%	-	-
Payments for capital assets	499	-	(499)	-	-	-	-	473	36
Machinery and equipment	499	-	(499)	-	-	-	-	473	36
	12,383	-	(499)	11,884	9,886	1,998	83.2%	11,605	10,918

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Sub-programme 2.2: Housing Development

Appropriation per economic classification									
	2020/21							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
Current payments	25,179	-	-	25,179	24,277	902	96.4%	26,049	25,182
Compensation of employees	24,086	-	-	24,086	23,652	434	98.2%	23,340	24,131
Goods and services	1,093	-	-	1,093	624	469	57.1%	2,709	1,051
Transfers and subsidies	592,773	-	-	592,773	402,688	190,085	67.9%	453,234	453,204
Households	592,773	-	-	592,773	402,688	190,085	67.9%	453,234	453,204
Payments for capital assets	159	-	(108)	51	-	51	-	151	14
Machinery and equipment	159	-	(108)	51	-	51	-	151	14
	618,111	-	(108)	618,003	426,965	191,038	69.1%	479,434	478,400

Sub-programme 2.3: Housing Asset Management

Appropriation per economic classification									
	2020/21							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
Current payments	10,184	-	-	10,184	12,078	(1,894)	118.6%	10,569	11,686
Compensation of employees	9,784	-	-	9,784	12,003	(2,219)	122.7%	9,556	11,252
Goods and services	400	-	-	400	74	326	18.6%	1,013	434
Transfers and subsidies	3,940	-	-	3,940	4,001	(61)	101.5%	10,790	10,820
Households	3,940	-	-	3,940	3,940	-	100.0%	10,790	10,820
Payments for capital assets	149	-	-	149	-	149	-	142	-
Machinery and equipment	149	-	-	149	-	149	-	142	-
	14,273	-	-	14,273	16,079	(1,806)	112.7%	21,501	22,506

APPROPRIATION STATEMENT for the year ended 31 March 2021

Programme 3: Cooperative Governance

	2020/21							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	111,737	-	3,172	114,909	120,514	(5,605)	104.9%	114,249	121,103
2. Development and Planning	17,965	-	-	17,965	11,962	6,003	66.6%	41,357	33,195
	129,702	-	3,172	132,874	132,476	398	99.7%	155,606	154,298
Appropriation per economic classification									
	2020/21							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
Current payments	126,530	-	2,595	129,125	129,124	1	100.0%	131,640	131,672
Compensation of employees	119,472	-	2,595	122,067	123,714	(1,647)	101.3%	119,188	123,841
Salaries and wages	99,850	-	2,595	102,445	104,680	(2,235)	102.2%	100,589	105,143
Social contributions	19,622	-	-	19,622	19,035	587	97.0%	18,599	18,698
Goods and services	7,058	-	-	7,058	5,410	1,648	76.7%	12,452	7,831
Administrative fees	876	-	-	876	110	766	12.5%	1,258	295
Advertising	65	-	-	65	3	62	4.5%	68	4
Minor assets	21	-	-	21	79	(58)	377.0%	69	113
Bursaries: Employees	-	-	-	-	(12)	12	-	-	-
Catering: Departmental activities	20	-	-	20	91	(71)	455.4%	522	48
Communication (G&S)	5	-	-	5	6	(1)	120.0%	700	387
Computer services	-	-	-	-	84	(84)	-	-	628
Consultants: Business and advisory services	-	-	-	-	317	(317)	-	-	668
Legal services	4,000	-	-	4,000	2,804	1,196	70.1%	-	205

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Programme 3: Cooperative Governance

Appropriation per economic classification

	2020/21							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
Contractors	51	-	-	51	16	35	32.1%	1,395	1,516
Agency and support / outsourced services	-	-	-	-	243	(243)	-	3	-
Fleet services (including government motor transport)	13	-	-	13	-	13	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	3	(3)	-	-	27
Consumable supplies	118	-	-	118	51	67	43.3%	392	124
Consumable: Stationery, printing and office supplies	478	-	-	478	88	390	18.4%	843	295
Property payments	20	-	-	20	3	17	13.1%	4	4
Travel and subsistence	1,368	-	-	1,368	1,520	(152)	111.1%	7,033	3,441
Operating payments	3	-	-	3	3	(0)	100.9%	15	64
Venues and facilities	20	-	-	20	-	20	-	150	12
Transfers and subsidies	504	-	-	504	107	397	21.2%	21,437	21,437
Provinces and municipalities	-	-	-	-	-	-	-	21,231	21,231
Municipalities	-	-	-	-	-	-	-	21,231	21,231
Municipal bank accounts	-	-	-	-	-	-	-	21,231	21,231
Households	504	-	-	504	107	397	21.2%	206	206
Social benefits	504	-	-	504	107	397	21.2%	206	206
Payments for capital assets	2,668	-	577	3,245	3,245	0	100.0%	2,529	1,189
Intangible assets	-	-	-	-	-	-	-	600	-
	129,702	-	3,172	132,874	132,476	398	99.7%	155,606	154,298

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Sub-programme 3.1: Local Governance

Appropriation per economic classification

	2020/21							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
Current payments	108,839	-	2,595	111,434	117,162	(5,728)	105.1%	111,774	119,708
Compensation of employees	102,562	-	2,595	105,157	112,225	(7,068)	106.7%	103,512	113,538
Goods and services	6,277	-	-	6,277	4,937	1,340	78.6%	8,262	6,170
Transfers and subsidies	504	-	-	504	107	397	21.2%	206	206
Households	504	-	-	504	107	397	21.2%	206	206
Payments for capital assets	2,394	-	577	2,971	3,245	(274)	109.2%	2,269	1,189
Machinery and equipment	2,394	-	577	2,971	3,245	(274)	109.2%	1,669	1,189
Intangible assets	-	-	-	-	-	-	-	600	-
	111,737	-	3,172	114,909	120,514	(5,605)	104.9%	114,249	121,103

Sub-programme 3.2: Development and Planning

Appropriation per economic classification

	2020/21							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
Current payments	17,691	-	-	17,691	11,962	5,729	67.6%	19,866	11,964
Compensation of employees	16,910	-	-	16,910	11,489	5,421	67.9%	15,676	10,303
Goods and services	781	-	-	781	474	307	60.6%	4,190	1,661
Transfers and subsidies	-	-	-	-	-	-	-	21,231	21,231
Provinces and municipalities	-	-	-	-	-	-	-	21,231	21,231
Payments for capital assets	274	-	-	274	-	274	-	260	-
Machinery and equipment	274	-	-	274	-	274	-	260	-
	17,965	-	-	17,965	11,962	6,003	66.6%	41,357	33,195

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Programme 4: Traditional Institutional Management

	2020/21							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									
Traditional Institutional	19,352	-	-	19,352	17,942	1,410	92.7%	23,237	21,902
1. Administration									
	19,352	-	-	19,352	17,942	1,410	92.7%	23,237	21,902
Appropriation per economic classification									
	2020/21							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
Current payments	17,827	-	-	17,827	16,581	1,246	93.0%	18,678	17,358
Compensation of employees	16,578	-	-	16,578	15,828	750	95.5%	16,253	16,081
Salaries and wages	13,654	-	-	13,654	14,300	(646)	104.7%	14,734	14,569
Social contributions	2,924	-	-	2,924	1,528	1,396	52.3%	1,519	1,512
Goods and services	1,249	-	-	1,249	753	496	60.3%	2,425	1,277
Administrative fees	546	-	-	546	487	59	89.2%	243	61
Advertising	10	-	-	10	-	10	-	10	-
Minor assets	3	-	-	3	-	3	-	11	-
Catering: Departmental activities	-	-	-	-	3	(3)	-	252	140
Computer services	-	-	-	-	3	(3)	-	-	3
Legal services	46	-	-	46	-	46	-	225	-
Contractors	-	-	-	-	11	(11)	-	35	113
Consumable supplies	46	-	-	46	17	29	37.4%	81	27
Consumable: Stationery, printing and office supplies	51	-	-	51	73	(22)	143.2%	105	9

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Programme 4: Traditional Institutional Management

Appropriation per economic classification

	2020/21							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
Operating leases	83	-	-	83	-	83	-	-	-
Travel and subsistence	264	-	-	264	146	118	55.4%	1,337	445
Training and development	-	-	-	-	-	-	-	100	-
Operating payments	200	-	-	200	-	200	-	4	479
Venues and facilities	-	-	-	-	13	(13)	-	22	-
Transfers and subsidies	1,341	-	-	1,341	1,361	(20)	101.5%	913	913
Non-profit institutions	1,341	-	-	1,341	1,341	-	100.0%	913	913
Households	-	-	-	-	20	(20)	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	20	(20)	-	-	-
Payments for capital assets	184	-	-	184	-	184	-	3,646	3,631
Machinery and equipment	184	-	-	184	-	184	-	3,646	3,631
Transport equipment	-	-	-	-	-	-	-	3,631	3,631
Other machinery and equipment	184	-	-	184	-	184	-	15	-
	19,352	-	-	19,352	17,942	1,410	92.7%	23,237	21,902

**APPROPRIATION STATEMENT
for the year ended 31 March 2021**

Sub-programme 4.1: Traditional Institutional Administration

Appropriation per economic classification									
	2020/21							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
Current payments	17,827	-	-	17,827	16,581	1,246	93.0%	18,678	17,358
Compensation of employees	16,578	-	-	16,578	15,828	750	95.5%	16,253	16,081
Goods and services	1,249	-	-	1,249	753	496	60.3%	2,425	1,277
Transfers and subsidies	1,341	-	-	1,341	1,361	(20)	101.5%	913	913
Non-profit institutions	1,341	-	-	1,341	1,341	-	100.0%	913	913
Households	-	-	-	-	20	(20)	-	-	-
Payments for capital assets	184	-	-	184	-	184	-	3,646	3,631
Machinery and equipment	184	-	-	184	-	184	-	3,646	3,631
	19,352	-	-	19,352	17,942	1,410	92.7%	23,237	21,902

NOTES FOR THE APPROPRIATION STATEMENT for the year ended 31 March 2021

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

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

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

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

3. Detail on payments for financial assets

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

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

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
4.1 Per Programme				
Administration	144,663	143,018	1,645	1.1%
This programme has spent R143, 018 million or 98, 9% of its final appropriation of R144, 663 million by 31 March 2021. The programme realised a saving of R1, 645 million or 1.1% on its final appropriation. Goods and Services was overspent by R2, 706 million or 6.4%. The programme overspent mainly on monthly commitments such as operating leases and property leases. Compensation of Employees was underspent by R4, 224 million or 4.3%.				
Human Settlements	644,160	452,929	191,231	29.7%
The programme has spent R452, 929 million or 70.3% of its final appropriation of R644, 160 million by 31 March 2021. The programme spent only 42.6% of its Goods and Service allocation. Compensation of Employees was overspent by R1, 267 million or 2.9%. Households was underspent by R190, 981 million. Included in this amount are transfers to households amounting to R190, 257 million. The department received R200 million and R70,885 million for Human Settlement Conditional Grants and Provincial Emergency Grant in the 2020/2021 special adjustment respectively. These funds were not fully spent at year-end and will be requesting a roll over for the 2020/2021 financial year.				
Cooperative Governance	132,874	132,476	398	0.3%
The programme has spent R132, 476 million or 99.7% of its final appropriation of R132, 874 million by 31 March 2021. Goods and Services was underspent by R1, 648 million or 23.3%. The programme received an additional R4 million during adjustment budget earmarked for interventions in Renosterberg Municipality. Compensation of Employees was overspent by R1, 647 million or 1, 3%. The programme is responsible for hands-on support and interventions in municipalities and responsible for all costs associated in this regard. Spending on Payments for Capital Assets was 100% of its final appropriation.				
Traditional Affairs	19,352	17,942	1,410	7.3%
The programme has spent R17, 942 million or 92, 7 % of its final appropriation. The programme realised a saving of R1, 410 million of its final appropriation. Goods and Services was underspent with R496 thousand and Compensation of Employees with R750 thousand.				

**NOTES FOR THE APPROPRIATION STATEMENT
for the year ended 31 March 2021**

4.2 Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payments				
Compensation of employees	281,796	279,736	2,060	0.7%
Goods and services	53,025	52,270	755	1.4%
Transfers and subsidies				
Non-profit institutions	1,341	1,341	0	0.0%
Households	598,727	407,257	191,470	32.0%
Payments for capital assets				
Machinery and equipment	6,160	5,227	933	15.2%
Payments for financial assets	-	535	(535)	

The department's total expenditure amounts to R746,365 million or 79,3% of its final appropriation of R941, 049 million as at the end of March 2021. The overall variance of R194,684 million or 20, 7% is mainly due to savings on Human Settlement Development and Provincial Emergency grants. Compensation of Employees and Goods and Services was underspent by 0, 73% and 1, 4% respectively. A once-off transfer of R1, 341 million was made to the House of Traditional Leaders. Payments of Capital Assets was underspent by R399 thousand or 6, 5%. An amount of R535 thousand was written off in respect of irrecoverable debts.

4.3 Per conditional grant	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Housing Development Grant	519,888	400,517	119,371	22.96%
Consolidation support grant (EPWP)	2,000	1,999	1	0.06%
Title Deed Restoration Grant	3,940	3,940	0	0.0%
Provincial Emergency Grant	70,885	-	70,885	100.0%

The final appropriation for conditional grants was underspent by R190, 257 million or 31, 9%. A roll over will be requested and spent in line with the revised business plan.

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

STATEMENT OF FINANCIAL PERFORMANCE

	<i>Note</i>	2020/21 R'000	2019/20 R'000
REVENUE			
Annual appropriation	1	941,049	852,773
Departmental revenue	2	34	-
TOTAL REVENUE		941,083	852,773
EXPENDITURE			
Current expenditure			
Compensation of employees	4	279,736	281,247
Goods and services	5	52,269	73,774
Total current expenditure		332,005	355,021
Transfers and subsidies			
Transfers and subsidies	7	408,598	486,486
Total transfers and subsidies		408,598	486,486
Expenditure for capital assets			
Tangible assets	8	5,227	7,895
Total expenditure for capital assets		5,227	7,895
Payments for financial assets	6	535	-
TOTAL EXPENDITURE		746,365	849,402
SURPLUS/(DEFICIT) FOR THE YEAR		194,718	3,371
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		194,684	3,371
Annual appropriation		3,214	3,371
Conditional grants		191,470	-
Departmental revenue		34	-
SURPLUS/(DEFICIT) FOR THE YEAR		194,718	3,371

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

STATEMENT OF FINANCIAL POSITION

	2020/21 R'000	2019/20 R'000
ASSETS		
Current assets	197,340	133,656
Unauthorised expenditure	9 11,713	133,279
Cash and cash equivalents	10 185,128	5
Prepayments and advances	11 -	5
Receivables	12 499	367
Non-current assets	295	773
Receivables	12 295	773
TOTAL ASSETS	197,635	134,429
LIABILITIES		
Current liabilities	197,579	134,321
Voted funds to be surrendered to the Revenue Fund	13 194,684	3,182
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14 109	40
Bank overdraft	15 -	128,344
Payables	16 2,760	2,729
Aid assistance unutilised	3 26	26
Non-current liabilities	31	6
Payables	17 31	6
TOTAL LIABILITIES	197,610	134,327
NET ASSETS	25	102
Represented by:		
Recoverable revenue	25	102

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

STATEMENT OF CHANGES IN NET ASSETS

	2020/21 R'000	2019/20 R'000
Recoverable revenue		
Opening balance	102	99
Transfers:	(77)	3
Debts recovered (included in departmental receipts)	(77)	-
Debts raised		3
Closing balance	25	102
TOTAL	25	102

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

CASH FLOW STATEMENT

	2020/21 R'000	2019/20 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	941,742	853,286
Annual appropriated funds received	1.1 941,049	852,773
Departmental revenue received	2 692	512
Interest received	2.2 1	1
Net (increase)/decrease in working capital	121,470	1,884
Surrendered to Revenue Fund	14 (3,806)	(22,714)
Current payments	(332,005)	(355,021)
Interest paid	-	-
Payments for financial assets	(535)	-
Transfers and subsidies paid	(408,598)	(486,486)
Net cash flow available from operating activities	18 318,268	(9,051)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	(5,227)	(7,895)
(Increase)/decrease in non-current receivables	478	(313)
Net cash flows from investing activities	(4,749)	(8,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in net assets	(77)	3
Increase/(decrease) in non-current payables	25	(3)
Net cash flows from financing activities	(52)	-
Net increase/(decrease) in cash and cash equivalents	313,467	(17,259)
Cash and cash equivalents at beginning of period	(128,339)	(111,080)
Cash and cash equivalents at end of period	185,128	(128,339)

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (INCLUDING POLICIES)

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

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

7.3	Accrued departmental revenue 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
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions 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.
8.2	Other expenditure 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.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable. Accruals and payables not recognised are measured at cost.
8.4	Leases
8.4.1	Operating leases 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.
8.4.2	Finance leases 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.
9	Cash and cash equivalents 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.
10	Prepayments and advances 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.

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11	Loans and receivables 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.
12	Financial assets
12.1	Financial assets (not covered elsewhere) 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.
12.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
13	Payables Loans and payables are recognised in the statement of financial position at cost, where applicable.
14	Capital Assets
14.1	Immovable capital assets Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
14.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.
14.3	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

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14.4	Project Costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance and cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
15	Provisions and Contingents
15.1	Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
15.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
15.3	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
15.4	Capital Commitments Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.
16	Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: approved by Parliament or the Provincial Legislature with funding and the related funds are received; or approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or transferred to receivables for recovery. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
17	Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
18	Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

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19	Changes in accounting estimates and errors Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
20	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
21	Principal-Agent arrangements The Department was 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 applicable.
22	Departures from the MCS requirements Management concluded that the financial statements present fairly the department's primary and secondary information. The department complied with the Modified Cash Standard in the preparation of the Annual Financial Statements.
23	Capitalisation reserve 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.
24	Recoverable revenue 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.
25	Related party transactions A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.
26	Inventories (<i>Effective from date determined in a Treasury Instruction</i>) At the date of acquisition, inventories are recorded at cost price in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value. Subsequent measurement of the cost of inventory is determined on the weighted average cost basis.
27	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

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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:

1.1 Annual Appropriation

Programme	Final Appropriation R'000	2020/21 Actual Funds Received R'000	Funds not requested/ not received R'000	Final Appropriation R'000	2019/20 Appropriation received R'000	Funds not requested/ not received R'000
Administration	144,663	144,663	-	161,390	161,390	-
Human Settlements	644,160	644,160	-	512,540	512,540	-
Cooperative Governance	132,874	132,874	-	155,606	155,606	-
Traditional Affairs	19,352	19,352	-	23,237	23,237	-
Total	941,049	941,049	-	852,773	852,773	-

1.2 Conditional Grants

	Note	2020/21 R'000	2019/20 R'000
Total grants received	34	596,713	463,895
Provincial Grants included in Total Grants received			21,231

2 Departmental revenue

	Note	2020/21 R'000	2019/20 R'000
Sales of goods and services other than capital assets	2.1	439	447
Interest, dividends and rent on land	2.2	1	1
Transactions in financial assets and liabilities	2.3	253	65
Total revenue collected		693	513
Less: Own revenue included in appropriation	14	659	513
Departmental revenue collected		34	-

2.1 Sales of goods and services other than capital assets

	Note	2020/21 R'000	2019/20 R'000
Sales of goods and services produced by the department	2		
Sales by market establishment		101	118
Other sales		338	329
Total		439	447

Other sales include income earned on commission for insurance and garnish orders.

2.2 Interest, dividends and rent on land

	Note	2020/21 R'000	2019/20 R'000
Interest	2	1	1
Total		1	1

2.3 Transactions in financial assets and liabilities

	Note	2020/21 R'000	2019/20 R'000
Receivables	2	80	-
Other Receipts including Recoverable Revenue		173	65
Total		253	65

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3	Aid assistance		2020/21 R'000	2019/20 R'000
	Opening Balance		26	26
	Prior period error			
	As restated		26	26
	Closing Balance		26	26
3.1	Analysis of balance by source	<i>Note 3</i>	2020/21 R'000	2019/20 R'000
	Aid assistance from RDP		-	-
	Aid assistance from other sources		26	26
	Closing balance		26	26
3.2	Analysis of balance	<i>Note 3</i>	2020/21 R'000	2019/20 R'000
	Aid assistance unutilised		26	26
	Closing balance		26	26
3.3	Donations received in kind (not included in the main note)	<i>Note 3</i>	2020/21 R'000	2019/20 R'000
	Computer hardware - Laptops		27	-
	Audio Visual		17	-
			44	-
4	Compensation of employees		2020/21 R'000	2020/21 R'000
4.1	Salaries and Wages			
	Basic salary		196,476	196,662
	Performance award		2,653	2,892
	Service Based		76	25,105
	Compensative/circumstantial		2,116	2,756
	Periodic payments		280	503
	Other non-pensionable allowances		39,223	14,787
	Total		240,824	242,705
4.2	Social contributions		2020/21 R'000	2020/21 R'000
	Employer contributions		22,816	23,150
	Pension		16,030	15,333
	Medical		3	
	UIF		63	59
	Bargaining council		38,912	38,542
	Total			
	Total compensation of employees		279,736	281,247
	Average number of employees		634	592

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5 Goods and services	<i>Notes</i>	2020/21 R'000	2019/20 R'000
Administrative fees		718	841
Advertising		4	291
Minor assets	5.1	393	254
Bursaries (employees)		580	571
Catering		284	325
Communication		1,462	631
Computer services	5.2	3,313	5,437
Consultants: Business and advisory services		677	11,070
Legal services		3,346	753
Contractors		855	2,901
Agency and support / outsourced services		249	-
Entertainment		32	218
Audit cost – external	5.3	5,255	6,852
Fleet services		1,531	4,246
Inventory	5.4	30	83
Consumables	5.5	2,396	1,904
Housing		-	-
Operating leases		13,561	13,098
Property payments	5.6	13,140	12,614
Rental and hiring		1	-
Travel and subsistence	5.7	3,566	9,743
Venues and facilities		13	170
Training and development		-	666
Other operating expenditure	5.8	863	1,106
Total		52,269	73,774

5.1 Minor assets	<i>Note 5</i>	2020/21 R'000	2019/20 R'000
Tangible assets		393	254
Machinery and equipment		393	254
Total		393	254

5.2 Computer services	<i>Note 5</i>	2020/21 R'000	2019/20 R'000
SITA computer services		3,209	5,437
External computer service providers		104	-
Total		3,313	5,437

5.3 Audit cost – External	<i>Note 5</i>	2020/21 R'000	2019/20 R'000
Regularity audits		5,255	6,852
Total		5,255	6,852

5.4 Inventory	<i>Notes 5</i>	2020/21 R'000	2019/20 R'000
Clothing material and accessories		30	-
Materials and supplies		-	83
Total		30	83

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5.5 Consumables	Note <u>5</u>	2020/21 R'000	2019/20 R'000
Consumable supplies		1,605	979
Uniform and clothing		143	-
Household supplies		1,297	741
Building material and supplies		-	119
IT consumables		14	64
Other consumables		151	55
Stationery, printing and office supplies		791	925
Total		2,396	1,904

Other supplies include medical supplies; gifts and awards; maintenance supplies; bags and accessories.

5.6 Property payments	Note <u>5</u>	2020/21 R'000	2019/20 R'000
Municipal services		1,881	2,043
Other		11,259	10,571
Total		13,140	12,614

Inclusive in the disclosure "Other" is expenditure relating to security services.

5.7 Travel and subsistence	Note <u>5</u>	2020/21 R'000	2019/20 R'000
Local		3,566	9,728
Foreign		-	15
Total		3,566	9,743

5.8 Other operating expenditure	Note <u>5</u>	2020/21 R'000	2019/20 R'000
Resettlement costs		518	148
Other		345	958
Total		863	1,106

Included in other operating costs are courier; printing and storage costs.

6 Payments for financial assets	Notes	2019/20 R'000	2018/19 R'000
Debts written off	6.1	535	-
Total		535	-

6.1 Debts written off	Note 6	2020/21 R'000	2019/20 R'000
Nature of debts written off			
Other debt written off			
Salary and tax debt		535	-
Total		535	-
Total debt written off		535	-

7 Transfers and subsidies	Note	2020/21 R'000	2019/20 R'000
Provinces and municipalities		-	21,231
Non-profit institutions	ANNEXURE 1A	1,341	913
Households	ANNEXURE 1B	407,257	464,342
Total		408,598	486,486

Included in Transfers and Subsidies in Households is an amount of R8,977,537 which was unspent at year-end by the implementing Agent.

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8 Expenditure for capital assets		2020/21 R'000	2019/20 R'000
	<i>Note</i>		
Tangible assets		5,227	7,895
Buildings and other fixed structures	32	19	123
Machinery and equipment	30	5,208	7,772
Total		5,227	7,895
8.1 Analysis of funds utilised to acquire capital assets –2020/21		2020/21 R'000	2019/20 R'000
	<i>Note</i>		
Tangible assets		5,227	5,227
Buildings and other fixed structures		19	19
Machinery and equipment		5,208	5,208
Total		5,227	5,227
8.2 Analysis of funds utilised to acquire capital assets –2019/20		Voted funds R'000	Total R'000
	<i>Note</i>		
Tangible assets		7,895	7,895
Buildings and other fixed structures		123	123
Heritage assets			
Machinery and equipment		7,772	7,772
Total		7,895	7,895
8.3 Finance lease expenditure included in Expenditure for capital assets		2020/21 R'000	2019/20 R'000
	<i>Note</i>		
Tangible assets		4,961	2,871
Machinery and equipment		4,961	2,871
Total		4,961	2,871
9 Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure		2020/21 R'000	2019/20 R'000
Opening balance		133,279	133,279
Prior period error		-	-
As restated		133,279	133,279
Unauthorised expenditure – discovered in current year (as restated)		-	-
Less: Amounts approved by Parliament/Legislature with funding		(121,566)	-
Closing balance		11,713	133,279
Analysis of closing balance		R'000	R'000
Unauthorised expenditure awaiting authorisation		11,713	133,279
Total		11,713	133,279
Unauthorised expenditure amounting to R121,566 million was approved by the Provincial Legislation. The unauthorised expenditure was approved with funding.			
9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification		2020/21 R'000	2019/20 R'000
Current		9,038	130,604
Transfers and subsidies		2,675	2,675
Total		11,713	133,279

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9.3	Analysis of unauthorised expenditure awaiting authorisation per type				2020/21 R'000	2019/20 R'000	
	Unauthorised expenditure relating to overspending of the vote or a main division within a vote				11,713	72,596	
	Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division				-	60,683	
	Total				11,713	133,279	
10	Cash and cash equivalents				2020/21 R'000	2019/20 R'000	
	Consolidated Paymaster General Account				185,123	-	
	Cash on hand				5	5	
	Total				185,128	5	
11	Prepayments and advances				Note	2020/21 R'000	2019/20 R'000
	Travel and subsistence				-	5	
	Total				-	5	
12	Receivables						
			2020/21			2019/20	
		Current	Non-current	Total	Current	Non-current	
		R'000	R'000	R'000	R'000	R'000	
	Note						
	12.1	44	40	84	5	211	
	12.2	447	238	685	315	462	
	12.3	8	17	25	47	100	
		499	295	794	367	773	
12.1	Claims recoverable				Note	2020/21 R'000	2019/20 R'000
	Provincial departments				12	84	216
	Total					84	216
12.2	Recoverable expenditure (disallowance accounts)				Note	2020/21 R'000	2019/20 R'000
	Sal Tax Debt				12	91	88
	Sal Reversal Control					369	488
	Sal ACB Recalls					39	9
	Sal Income Tax					183	176
	Sal Deduction Disall Acc					-	4
	Pension Rec					-	12
	Sal Pension Fund					3	-
	Total					685	777
12.3	Staff debt				Note	2020/21 R'000	2019/20 R'000
	Recoverable salaries				12	25	147
	Total					25	147
13	Voted funds to be surrendered to the Revenue Fund					2020/21 R'000	2019/20 R'000
	Opening balance					3,182	21,862
	Prior period error					-	-
	As restated					3,182	21,862
	Transfer from statement of financial performance (as restated)					194,684	3,371
	Voted funds not requested/not received					-	-
	Paid during the year					(3,182)	(22,051)
	Closing balance					194,684	3,182

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Included in the voted funds to be surrendered include an amount of R190,257 million in respect of conditional grants. The department received an additional R200 million for HSDG and R70,885 million for Provincial Emergency Grant through a special adjustment budget in 2020/2021. The funding are committed and the department will be requesting roll over from Treasury. The underspending were as a result of re-allocation from underperforming provinces during the adjusted budget with the actual funds only received during March 2021.

14	Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		2020/21 R'000	2019/20 R'000
	Opening balance		40	190
	Prior period error		-	-
	As restated		40	190
	Transfer from Statement of Financial Performance (as restated)		34	-
	Own revenue included in appropriation		659	513
	Paid during the year		(624)	(663)
	Closing balance		109	40
15	Bank Overdraft		2020/21 R'000	2019/20 R'000
	Consolidated Paymaster General Account		-	128,344
	Total		-	128,344
16	Payables – current	<i>Note</i>	2020/21 R'000	2019/20 R'000
	Clearing accounts	16.1	2,760	2,729
	Total		2,760	2,729
16.1	Clearing accounts	<i>Note</i> 16	2020/21 R'000	2019/20 R'000
	Description			
	Sal ACB Recalls		10	12
	Claims Recoverable		2,683	2,664
	Sal Income Tax		55	7
	Sal Debt		-	5
	Sal Reversal Acc		12	41
	Total		2,760	2,729
17	Non-current payables		2020/21	2019/20
			One to two years	Two to three years
			More than three years	Total
			Total	Total
			R'000	R'000
	Amounts owing to other entities			
	Advances received			
	Other payables	17.1	2	29
	Total		2	31
17.1	Other Payables	<i>Note</i> 17	2020/21 R'000	2019/20 R'000
	Income Tax		6	6
	Claims Rec		20	-
	Sal Tax Debt		5	-
	Total		31	6

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18	Net cash flow available from operating activities	2020/21 R'000	2019/20 R'000
	Net surplus/(deficit) as per Statement of Financial Performance	194,718	3,371
	Add back non cash/cash movements not deemed operating activities	123,550	(12,422)
	(Increase)/decrease in receivables	(132)	217
	(Increase)/decrease in prepayments and advances	5	-
	(Increase)/decrease in other current assets	121,566	-
	Increase/(decrease) in payables – current	31	1,667
	Expenditure on capital assets	5,227	7,895
	Surrenders to Revenue Fund	(3,806)	(22,714)
	Own revenue included in appropriation	659	513
	Other non-cash items	-	-
	Net cash flow generated by operating activities	318,268	(9,051)

19	Reconciliation of cash and cash equivalents for cash flow purposes	2020/21 R'000	2019/20 R'000
	Consolidated Paymaster General account	185,123	(128,344)
	Cash on hand	5	5
	Total	185,128	(128,339)

Included in the bank balance is voted funds still to be surrendered to Provincial Treasury.

20	Contingent liabilities and contingent assets		Note	2020/21	2019/20
20.1	Contingent liabilities			R'000	R'000
			20		
	Liable to	Nature			
	Housing loan guarantees Employees	To employees	ANNEXURE 2A	50	50
	Claims against the department		ANNEXURE 2B	10,270	9,000
	Intergovernmental payables (unconfirmed balances)		ANNEXURE 3	445	445
	Total			10,765	9,495

Provision is made for a possible contingent liability in court case matter between the department and LIMMS. LIMMS was appointed to install IT infrastructure and ZF Mgcawu District Municipality and its local municipalities. LIMMS sued the department for outstanding payments. The department will pursue the court again with regards to the settlement of remaining balance.

The Labour Appeal Court (LAC) declared the salary increases for the 2020/2021 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will be confirmed if the department will be obligated to pay the salary increases in dispute.

20.2	Contingent assets		2020/21 R'000	2019/20 R'000
	Nature of contingent asset	<i>Note</i>		
	Wiets Transport		400	-
	Total		400	-

21	Accruals and payables not recognised			
21.1	Accruals		2020/21 R'000	2019/20 R'000
	Listed by economic classification			
		30 Days	30+ Days	Total
	Goods and services	1,747	328	2,075
	Transfers and subsidies	-	-	27,346
	Total	1,747	328	2,075

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	2020/21 R'000	2019/20 R'000
Listed by programme level		
Administration	1,861	4,751
Human Settlements	17	27,366
Cooperative Governance	188	235
Traditional Institutional Management	9	73
Total	2,075	32,425

Accruals arise as a result of services rendered as at 31 March 2021 but invoices were not yet received. The accruals are mainly in relation to travel and accommodation as at year-end however the department will only have invoiced for these services after year-end.

21.2 Payables not recognised

	30 Days	30+ Days	2020/21 R'000 Total	2019/20 R'000 Total
Listed by economic classification				
Goods and services	636	-	636	2
Transfers and subsidies	375	-	375	-
Total	1,011	-	1,011	2

	2020/21 R'000	2019/20 R'000
Listed by programme level		
Administration	636	2
Human Settlements	375	-
Total	1,011	2

22 Employee benefits

	2020/21 R'000	2019/20 R'000
Leave entitlement	23,824	16,613
Service bonus	7,678	7,872
Performance awards	1,409	2,088
Capped leave	2,209	2,424
Other	62	62
Total	35,182	29,059

23 Lease commitments

23.1 Operating leases

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2020/21			
Not later than 1 year	13,298	3,466	16,764
Later than 1 year and not later than 5 years	28,545	7,184	35,729
Later than five years	24,138	-	24,138
Total lease commitments	65,981	10,650	76,631

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2019/20			
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
Total lease commitments	60,629	360	60,989

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

Buildings		
The department entered into lease contracts with various service providers through the assistance of Roads and Public Works:		
Sean Blake Building	Kuruman	
Umbra Building	Upington	Extended for 18 months until 31 August 2021
Ocean Echo	Kimberley	
ANND building	Springbok	
Sequira Brothers	De Aar	
Adistra Properties	BP Jones Building	
Included in the operating leases are the following:		
Telkom: Telephone system	Month-to-month	
Sita: Telephone system		
Bidvest Steiner: Hygiene equipment		

23.2 Finance leases

	Machinery and equipment R'000	Total R'000
2020/21		
Not later than 1 year	3,599	3,599
Later than 1 year and not later than 5 years	262	262
Total lease commitments	3,861	3,861
	Machinery and equipment R'000	Total R'000
2019/20		
Not later than 1 year	3,975	3,975
Later than 1 year and not later than 5 years	3,074	3,074
Total lease commitments	7,049	7,049

Finance leases include the following:

Copiers: RT contracts with Nashua, Konica Minolta and Bytes Technologies
Fleet: Vehicles provided by the Provincial Fleet entity under the Department of Roads and Public Works
Cell phones: RT 15 contract with Vodacom

24 Irregular expenditure

24.1 Reconciliation of irregular expenditure

	<i>Note 24</i>	2020/21 R'000	2019/20 R'000
Opening balance		963,257	938,315
Prior period error			
As restated		963,257	938,315
Add: Irregular expenditure – relating to prior year		4,242	-
Add: Irregular expenditure – relating to current year	24.2	16,246	32,335
Less: Prior year amounts condoned	24.3	-	(7,393)
Closing balance		983,745	963,257
Analysis of awaiting condonation per age classification			
Current year		16,246	32,335
Prior years		967,499	930,922
Total		983,745	963,257

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2021

It was impractical to determine the full extent of irregular expenditure relating to human settlements projects that may have resulted from non-compliance with supply chain management processes for financial years preceding 2011/2012. This is due to challenges the department faced to obtain 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 investigations made it further impractical to determine the full extent of irregular expenditure for years prior to 2011/2012.

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

Incident	Disciplinary steps taken/criminal proceedings	Note	2020/21 R'000
		24	
SCM processes not followed			16,246
SCM processes not followed- prior year			137
Housing Projects understatement of IE			4,105
Total			20,488

25 Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	Note	2020/21 R'000	2019/20 R'000
	25		
Opening balance		64,191	64,116
Prior period error			
As restated		64,191	64,116
Fruitless and wasteful expenditure – relating to current year	25.2	1,850	75
Closing balance		66,041	64,191

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

Incident	Disciplinary steps taken/criminal proceedings	Note	2020/21 R'000
		25	
LIMMS CASE			1,795
Travel and accommodation			55
Total			1,850

Details of fruitless and wasteful expenditure under investigation (not in the main note)

Fruitless and wasteful includes interest paid to LIMMS as per the summary court judgement. In the case booking cancellation, the department is held liable for invoices billed by the travel agencies. The department will embark on a recovery process once the liability is determined.

25.3 Details of fruitless and wasteful expenditure under assessment (not included in the main note) – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	Note	2020/21 R'000
		25	
Human Settlement Project	NJR Project		4,287
Total			4,287

The full extent of the fruitless and wasteful is still to be assessed.

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

26	Related party transactions	2020/21	2019/20
	Payments made	R'000	R'000
	Goods and services	281	299
	Total	281	299

Listed related parties and the nature thereof:

Housing Fund - Payment of Audit Fees
Consultancy fees

27	Key management personnel	No. of Individuals	2020/21	2019/20
			R'000	R'000
	Political office bearers	1	1,963	1,978
	Officials:			
	CFO and above	5	7,292	6,261
	Levels 13	5	5,578	6,046
	Family members of key management personnel	1	503	490
	Total		15,336	14,775

The comparative figures were split to reflect the correct salary levels. One official has been identified as a related party to key management.

28	Provisions	<i>Note</i>	2020/21	2019/20
			R'000	R'000
	Housing Retention fees		6,492	1,025
	Total		6,492	1,025

28.1 Reconciliation of movement in provisions - 2020/21

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Provision 4 R'000	Total provisions R'000
Opening balance	1,025	-	-	-	1,025
Increase in provision	6,492	-	-	-	6,492
Settlement of provision	(1,025)	-	-	-	(1,025)
Closing balance	6,492	-	-	-	6,492

Reconciliation of movement in provisions – 2019/20

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Provision 4 R'000	Total provisions R'000
Opening balance					-
Increase in provision	1,025	-	-	-	1,025
Closing balance	1,025	-	-	-	1,025

Retention money is set aside as security for the due completion of work and to enable a fund to be available to rectify defects which have not been rectified by the contractor. As per the departments business practice all retention money is released when the contractor is practical completed and the retention amounts of projects are withheld as payments are made to the supplier as per the percentage retention per contract.

There is only an exist uncertainty about the timing of the retention outflows as management expects all retention amounts to be refunded to the supplier on practical completion of the project based on past experience.

ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2021

29 Non-adjusting events after reporting date **2020/21**
Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made. **R'000**

Defensor Electronics Security (Pty) Ltd	500
Total	500

A dispute was lodged by Defensor Electronics Security PTY. The new service provider was appointed on the 1st of July 2021 and this gave rise to the dispute.

Provincial Cabinet made a pronouncement for assistance of infrastructure maintenance within the Sol Plaatje municipal area. The assistance that will be provided by COGHSTA are in the form of already existing projects amounting to R321 million that were earmarked to address service delivery needs, thus will not result in an increase or re-allocation of funds allocated from other projects. Therefore, there will be no funds transferred to Sol Plaatje local municipality.

30 Movable Tangible Capital Assets
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	32,103	-	292	-	32,395
Transport assets	7,672	-	-	-	7,672
Computer equipment	12,534	-	27	-	12,561
Furniture and office equipment	9,813	-	185	-	9,998
Other machinery and equipment	2,084	-	80	-	2,164
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	32,103	-	292	-	32,395

30.1 Additions
ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	5,208	44	(4,960)	-	292
Transport assets	3,865	-	(3,865)	-	-
Computer equipment	-	27	-	-	27
Furniture and office equipment	185	-	-	-	185
Other machinery and equipment	1,158	17	(1,095)	-	80
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5,208	44	(4,960)	-	292

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For the year ended 31 March 2021

30.2 Movement for 2019/20

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	27,874	-	4,901	672	32,103
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
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	27,874	-	4,901	672	32,103

30.3 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	810	6,579	7,389
Value adjustments	-	-	-
Additions	-	403	403
Disposals	-	-	-
TOTAL MINOR ASSETS	810	6,982	7,792

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Number of minor assets at cost		3,891	3,891
TOTAL NUMBER OF MINOR ASSETS	-	3,891	3,891

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

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	810	6,426	7,236
Value adjustments	-	-	-
Additions	-	259	259
Disposals	-	106	106
TOTAL MINOR ASSETS	810	6,579	7,389

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Number of minor assets at cost		3,785	3,785
TOTAL NUMBER OF MINOR ASSETS	-	3,785	3,785

31 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	1,362	-	-	-	1,362
Total Intangible Capital Assets	1,362	-	-	-	1,362

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31.1 Movement for 2019/20

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 2019/20

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	1,362	-	-	-	1,362
TOTAL INTANGIBLE CAPITAL ASSETS	1,362	-	-	-	1,362

32 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 2020/21

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,345	-	19	-	3,364
Non-residential buildings	-	-	-	-	-
Other fixed structures	3,345	-	19	-	3,364
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,345	-	19	-	3,364

32.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDINGS AND OTHER FIXED STRUCTURES	19	-	-	-	19
Non-residential buildings	-	-	-	-	-
Other fixed structures	19	-	-	-	19
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	19	-	-	-	19

32.2 Movement for 2019/20

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 2019/20

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,222	-	123	-	3,345
Other fixed structures	3,222	-	123	-	3,345
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,222	-	123	-	3,345

ANNUAL FINANCIAL STATEMENTS
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33	Principal-agent arrangements			
33.1	Department acting as the principal	<i>Note</i>	2020/21	2019/20
		<i>31</i>	R'000	R'000
	Housing Development Agency		-	5,053
	Bigen Africa		1,918	2,117
	Total		1,918	7,170

The Housing Development Agency (HDA) and Bigen Africa entered into an arrangement with the Department of Cooperative Governance, Human Settlements and Traditional Affairs for the implementation of the subsidised housing scheme. Bigen Africa and HDA is acting as agents and is responsible for implementing certain housing projects and undertaking transactions on behalf of the department. Agency fees are paid to them in this regard. The only resources under the custodianship of the agencies was the cash that was paid by the department for project implementation. Value of work still to be performed by HDA and Bigen Africa based on prior years' transfers is R164 million and R8,9 million respectively.

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

34 STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2019/20	
	Division of Revenue Act/ Provincial Grants R'000	Roll Overs R'000	DORA Adjustments R'000	Other Adjustments R'000	Total Available R'000	Amount received by department R'000	Amount spent by department R'000	Under / (Over-spending) R'000	% of available funds spent by department %	Division of Revenue Act R'000	Amount spent by department R'000
Housing Department Grant	319,888	-	200,000	-	519,888	519,888	400,517	119,371	77.0%	451,059	451,059
Consolidation support grant(EPWP)	2,000	-	-	-	2,000	2,000	1,999	1	100.0%	2,046	2,046
Title Deeds Restoration Grant	3,940	-	-	-	3,940	3,940	3,940	-	100.0%	10,790	10,790
PROV EMERG GRANT	-	-	-	70,885	70,885	70,885	-	70,885	0.0%	-	-
	325,828	-	200,000	70,885	596,713	596,713	406,456	190,257	-	463,895	463,895

ANNUAL FINANCIAL STATEMENTS
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35 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	2020/21				2019/20				
	GRANT ALLOCATION				TRANSFER				
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NEAR SYSTEM									
GRANT	-	-	-	-	-	-	-	246	246
Frances Baard District	-	-	-	-	-	-	-	246	246
Pixley Ka Seme District	-	-	-	-	-	-	-	246	246
John Taolo Gaetsewe District	-	-	-	-	-	-	-	247	247
Namakwa District	-	-	-	-	-	-	-	246	246
ZF Mgcawu District	-	-	-	-	-	-	-	-	-
KGOTSO PULA NALA	-	-	-	-	-	-	-	4,000	4,000
Frances Baard District	-	-	-	-	-	-	-	4,000	4,000
Pixley Ka Seme District	-	-	-	-	-	-	-	4,000	4,000
John Taolo Gaetsewe District	-	-	-	-	-	-	-	4,000	4,000
Namakwa District	-	-	-	-	-	-	-	4,000	4,000
ZF Mgcawu	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	21,231	21,231

**ANNUAL FINANCIAL STATEMENTS
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36 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.
--

37 COVID 19 Response Expenditure

	2020/21 R'000	2019/20 R'000
Goods and services	918	-
Transfers and subsidies	14,342	-
	15,260	-

The department provided water tanks, sanitisers and temporary sanitation in Phokwane Local Municipality in Nkandla informal settlement. Lerato Park in Sol Plaatje Local Municipality was serviced with standpipes. Both interventions improved the hygiene and convenient access to water and sanitation to the settlements. These projects are funded from the Human Settlement Development Grant. In order to curb the spread of Covid 19 in the department all staff, on a continuous basis, are provided with hygiene products.
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**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

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ANNEXURE 1A

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Pocket Money Households (Trad Affairs)	1,341	-	-	1,341	1,341	100%	913
TOTAL	1,341	-	-	1,341	1,341	100.00%	913

The department annually transfer funds to the House of Traditional Leaders.

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

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ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted	Roll		Total	Actual	% of	Final Appropriation
	Appropriation	Overs	Adjustments	Available	Transfer	Available funds	
	Act					Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
EMPL S/BEN: LEAVE GRATUITY		-	-	-	781	-	441
DONATIONS & GIFTS(CASH)		-	-	-	20	-	6
TITLE DEEDS RESTORATION GRANT	3,940	-	-	3,940	3,940	-	-
CONSOLIDATION SUPPORT (EPWP)	2,000	-	-	2,000	1,999	-	2,046
HUMAN SETTLEMENT REDEV PRO	319,888	-	200,000	519,888	400,124	-	461,849
TOTAL	325,828	-	200,000	525,828	407,257	-	464,342

Donations and gifts include financial assistance provided to individuals and institutions.

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ANNEXURE 1C

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21 R'000	2019/20 R'000
Made in kind		
Donations and Promotional Items	61	49
TOTAL	61	49

ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 2020/21- LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2020	Guarantees drawdowns during the year	Guaranteed repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2021	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing								
	Housing	50	50	-	-	-	50	-	-
	Total	50	50	-	-	-	50	-	-

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021

Nature of Liability	Opening Balance 01 April 2020	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2021
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
LIMMS	8,800	1,320	-	-	10,120
JJ Liebenberg	-	150	-	-	150
TOTAL	8,800	1,470	-	-	10,270

**ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 3

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Dept of Justice & Con Dev			168	168	168	168
Dept Sport Arts and Culture			277	277	277	277
Total Departments	-	-	445	445	445	445
TOTAL INTERGOVERNMENTAL PAYABLES	-	-	445	445	445	445

The Department of Sports, Arts and Culture claimed an amount of R277 thousand in respect of a former employee for outstanding performance bonuses and leave gratuity. An interdepartmental claim was lodge against Coghsta. However Coghsta disputed the matter to due insufficient supporting documentation. Several enquiries were made to Department of Justice to obtain supporting documentation. Both these matters remain unresolved due to insufficient supporting documentation.

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

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ANNEXURE 4

INVENTORIES

**INVENTORIES FOR THE YEAR ENDED 31
MARCH 2020**

<i>Note</i>	Insert major category of inventory R'000	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	-	-	-	1,307,715	1,307,715
Add/(Less): Adjustments to prior year balances				-	-
Add: Additions/Purchases - Cash				349,165	349,165
Add: Additions - Non-cash				-	-
(Less): Disposals				-	-
(Less): Issues				(51,454)	(51,454)
Add/(Less): Received current, not paid (Paid current year, received prior year)				-	-
Add/(Less): Adjustments				-	-
Closing balance	-	-	-	1,605,426	1,605,426

**INVENTORIES FOR THE YEAR ENDED 31
MARCH 2020**

<i>Note</i>	Insert major category of inventory R'000	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				-	-
Closing balance	-	-	-	1,307,715	1,307,715

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ANNEXURE 5

DEPARTMENT OF HUMAN SETTLEMENTS - HOUSING RELATED EXPENDITURE CLASSIFICATION

	31/03/2021	31/03/2020
	R'000	R'000
Inventories		
Goods and Services	404,457	-
Subtotal	404,457	-
TOTAL	404,457	-

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ANNEXURE 6

**COVID 19 RESPONSE EXPENDITURE
Per quarter and in total**

Expenditure per economic classification	Subtotal Q1	Subtotal Q2	Subtotal Q3	Subtotal Q4	2020/21 TOTAL	2019/20 TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
Goods services	3	46	867	2	918	-
CONS SUPPLIES	3	27	802	-	832	-
MINOR ASSETS	-	18	17	2	37	-
	-	1	48		49	-
Transfers and subsidies	10,668	3,187	487	-	14,342	-
HOUSEHOLDS: TRANSFERS CASH	10,668	3,187	487	-	14,342	-
TOTAL COVID 19 RESPONSE EXPENDITURE	10,671	3,233	1,354	2	15,260	-

The department provided water tanks, sanitisers and temporary sanitation in Phokwane Local Municipality in Nkandla informal settlement. Lerato Park in Sol Plaatje Local Municipality was serviced with standpipes. Both interventions improved the hygiene and convenient access to water and sanitation to the settlements. These projects are funded from the Human Settlement Development Grant. In order to curb the spread of Covid 19 in the department all staff, on a continuous basis, are provided with hygiene products

PART F

HOUSING FUND

FINANCIALS



1. 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 **142 to 149** which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, the statement of changes in net assets for the year then ended, as well as 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 2021, and its financial performance for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of Housing Fund Act of South Africa (Act No. 107 of 1997).

Basis for opinion

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

Material uncertainty related to going concern

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
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 the accounting officer for the financial statements

8. The accounting officer, is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) 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.
9. In preparing the financial statements, the accounting officer 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 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 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 and the auditor's report.
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 on it.
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.

Auditor General

Kimberley
31 July 2021

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear 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 2021

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.

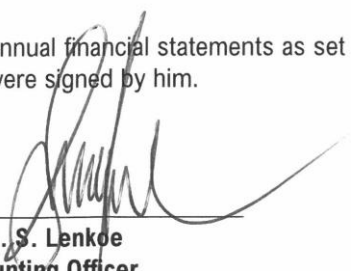
The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour 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 137 to 139.

The annual financial statements as set out on pages 142 to 149 were approved by the accounting officer on 31 July 2021 and were signed by him.



Mr. B. S. Lenkoe
Accounting Officer
Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs
31 July 2021

Accounting Officer's Report

The accounting officer presents his report for the year ended 31 March 2021.

1. Review of financial results and activities

Main business and operations

The principal activity of the fund is housing development fund. There were no major changes herein during the year.

The fund generated a loss after tax for the year ended 31 March 2021 of R46,065 (2020: R56,809).

Fund revenue decreased from R339,097 in the prior year to R280,890 for the year ended 31 March 2021.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

6. Independent Auditors

Auditor General of South Africa were the independent auditors for the year under review.

NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2021	2020 Restated
Current Assets			
Inventories : Properties held for devolution	5	10,796,000	10,796,000
Total Current Assets		10,796,000	10,796,000
TOTAL ASSETS		10,796,000	10,796,000
Net assets and liabilities			
Net Assets			
Retained Income		10,526,437	10,572,502
Liabilities			
Current Liabilities			
Payables from non-exchange transactions	6	269,563	223,498
Total liabilities		269,563	223,498
Total Net Assets And Liabilities		10,796,000	10,796,000

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2021	2020 Restated
	8		
Revenue			
Services in kind		280,890	339,097
Total Revenue		280,890	339,097
Total Expenditure		(326,955)	(395,906)
Audit Fees	9	(233,740)	(298,847)
Consulting Fees	10	(47,150)	(40,250)
Rates and Taxes	11	(46,065)	(56,809)
(Deficit)/Surplus for the period		(46,065)	(56,809)

Statement of Changes in Net Assets

Figures in Rand	Retained Income	Total
Balance as at 31 March 2020	10,572,502	10,572,502
Changes in net assets		
Deficit for the year	(46,065)	(46,065)
Deficit for the year	(46,065)	(46,065)
Balance as at 31 March 2021	10,526,437	10,526,437

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 and summary of significant accounting policies

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 IGRAP 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)
GRAP 20 - Related Party Disclosures	01 April 2020	N	N
GRAP 32 - Service Concession Arrangements: Grantor	01 April 2020	N	N
GRAP 34 - Separate Financial Statements	01 April 2020	N	N
GRAP 35 - Consolidated Financial Statements	01 April 2020	N	N
GRAP 36 - Investments in Associates and Joint Ventures	01 April 2020	N	N
GRAP 37 - Joint Arrangements	01 April 2020	N	N
GRAP 38 - Disclosure of Interests in Other Entities	01 April 2020	N	N
GRAP 108 - Statutory Receivables	01 April 2020	N	N
GRAP 109 - Accounting by Principals and Agents	01 April 2020	N	N
GRAP 110 - Living and Non-living Resources	01 April 2020	N	N

There were no changes in accounting policies and disclosures adopted in the current year.

5. Inventories: Properties held for devolution

Figures in Rand	2021	2020 Restated
Inventories comprise:		
Properties held for devolution	10,796,000	10,796,000
	10,796,000	10,796,000

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	2021	2020 Restated
Payables from non-exchange transactions comprise:		
Municipal Rates and transfer costs	269,563	223,498
Total payables from non-exchange transactions	269,563	223,498

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	2021	2020 Restated
Related Party Transactions		
NC COGHSTA - Services in kind	280,890	339,097
	280,890	339,097

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.

8. Revenue from non-exchange transactions

Figures in Rand	2021	2020 Restated
Revenue from non-exchange transactions comprise:		
NC COGHSTA - Services in kind	280,890	339,097

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	2021	2020 Restated
Audit comprises:		
Audit fees	233,740	298,847

10. Consulting Fees

Figures in Rand	2021	2020 Restated
Other expenses comprise:		
Consulting fees - preparation of AFS	47,150	40,250

11. Rates and Taxes

Figures in Rand	2021	2020 Restated
Rates and Taxes on properties held for devolution		
Rates and taxes	46,065	56,809
Total rates and taxes	46,065	56,809

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	2021	2020 Restated
Financial liabilities - held at amortised cost:		
Trade and other payables	269,563	223,498
	269,563	223,498

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	269,563	-	-

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

- a. 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

- b. Changes in the valuation roll of 2 properties held for devolution were not accounted for in the financial statements at lower of cost or net realisable value in accordance with GRAP 12, the adjustments have been made retrospectively in the financial statements in accordance with GRAP 3.

The impact is as follows:

Statement of Financial Position

Decrease in inventories - properties held for devolution	(356,900)
Decrease in net assets	356,900

[illegible]



PR 142/2021

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