

VOTE NO. 11

ANNUAL REPORT

2020/21

FINANCIAL YEAR

CONTENTS

PART A: GENERAL INFORMATION	3
1. DEPARTMENT GENERAL INFORMATION	4
2. LIST OF ABBREVIATIONS/ACRONYMS	5
3. FOREWORD BY THE MEC	7
4. REPORT OF THE ACCOUNTING OFFICER	9
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	16
6. STRATEGIC OVERVIEW	17
6.1 Vision	17
6.2 Mission	17
6.3 Values	17
7. LEGISLATIVE AND OTHER MANDATES	17
8. ORGANISATIONAL STRUCTURE	19
9. ENTITIES REPORTING TO THE MEC	20
PART B: PERFORMANCE INFORMATION	21
1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	22
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	22
2.1 Service Delivery Environment	22
2.2 Service Delivery Improvement Plan	25
2.3 Organisational environment	27
2.4 Key policy developments and legislative changes	27
3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES	33
4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	37
4.1 PROGRAMME 1: ADMINISTRATION	37
4.2 PROGRAMME 2: HUMAN SETTLEMENTS DELIVERY PLANNING AND PERFORMANCE	43
4.3 PROGRAMME 3: HOUSING DEVELOPMENT	49
4.4 PROGRAMME 4: HUMAN SETTLEMENTS PROPERTY AND ASSETS MANAGEMENT	61
5. TRANSFER PAYMENTS: NA	70
5.1. Transfer payments to public entities: NA	70
6. CONDITIONAL GRANTS	70
6.1 Conditional grants and earmarked funds paid: NA	70
6.2 Conditional grants and earmarked funds received	70
7. DONOR FUNDS	82
7.1 Donor Funds Received	82
8. CAPITAL INVESTMENT	82
PART C: GOVERNANCE	84
1. INTRODUCTION	85
2. RISK MANAGEMENT	85
3. FRAUD AND CORRUPTION	86
4. MINIMISING CONFLICT OF INTEREST	86
5. CODE OF CONDUCT	87
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	88
7. PORTFOLIO COMMITTEES	89
8. SCOPA RESOLUTIONS	92
9. PRIOR MODIFICATIONS TO AUDIT REPORTS	93
10. INTERNAL CONTROL UNIT	93
11. INTERNAL AUDIT AND AUDIT COMMITTEES	94
12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	103
PART D: HUMAN RESOURCE MANAGEMENT	104
1. INTRODUCTION	105
2. OVERVIEW ON HUMAN RESOURCES	105
3. HUMAN RESOURCES STATISTICS	107
PART E: FINANCIAL INFORMATION	129
1. REPORT OF THE AUDITOR GENERAL	130
2. ANNUAL FINANCIAL STATEMENTS	131

A *Part*

GENERAL INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor General of South Africa	KM	Knowledge Management
AFS	Annual Financial Statements	LAA	Land Availability Agreement
APP	Annual Performance Plan	LAN	Local Area Network
AOP	Annual Operational Plan	LOGIS	Logistical Information System
BAC	Bid Adjudication Committee	LED	Local Economic Development
BAS	Basic Accounting System	MEC	Member of the Executive Council
BBBEE	Broad Based Black Economic Empowerment	MFMA	Municipal Finance Management Act
BCM	Buffalo City Municipality	MHSP	Municipal Housing Sector Plans
BEC	Bid Evaluation Committee	MIG	Municipal Infrastructure Grant
BEE	Black Economic Empowerment	MMC	Member of the Municipal Council
BNG	Breaking New Ground	MINMEC	Ministers and Member of Executive Council
BSC	Bid Specification Committee	MIS	Management Information System
CFO	Chief Financial Officer	MISP	Master Information Systems Plan
CID	Corporate Identity	MPCC	Multi-purpose Community Centre
CMS	Case Management System	MTEF	Medium Term Expenditure Framework
COIDA	Compensation for Occupational Injuries and Disease Act	MUNIMEC	Municipalities and Members of Executive Council
CRUP	Community Residential Units Programme	MYHDP	Multi Year Housing Development Plan
CRU	Community Residential Units	NHBRC	National Home Builders Registration Council
DBSA	Development Bank of Southern Africa	NHFC	National Housing Finance Corporation
DORA	Division of Revenue Act	NMIR	National Minimum Information Requirements
DPSA	Department of Public Service and Administration	NMBM	Nelson Mandela Bay Municipality
DRDLR	Department of Rural Development and Land Reform	NSDF	National Spatial Development Framework
DRPW	Department of Road and Public Works	NYDA	National Youth Development Agency
ECATU	Eastern Cape Appropriate Technology Unit	NSDP	National Spatial Development Perspective
eCMS	Electronic Construction Management System	NUSP	National Upgrading Support Programme
EDMS	Electronic Document Management System	NURCHA	National Urban Reconstruction and Housing Agency
EE	Employment Equity	OAG	Office of the Auditor General
EEDBS	Enhanced Extended Discount Benefit Scheme	OPS/CAP	Operational Capital Budget
EEP	Employment Equity Plan	OTP	Office of the Premier
EHW	Employment Health and Wellness	PDMS	Performance Development Management System
EIA	Environmental Impact Assessment	PACom	Project Assessment Committee
EPHP	Enhanced Peoples Housing Process	Persal	Personnel and Salary System
EPWP	Expanded Public Works Programme	PFMA	Public Finance Management Act
EXCO	Executive Council	PGDP	Provincial Growth and Development Plan
FET	Further Education and Training	PGDS	Provincial Growth and Development Strategy
FLISP	Finance Linked Individual Subsidy Programme	PHDP	People Housing Development Programme
GIS	Geographical Information System	PILIR	Procedure on Incapacity Leave and Ill Health Retirement
HDA	Housing Development Agency	PMDS	Performance Management and Development System
HIV	Human Immune Virus	PMO	Project Management Office
HOD	Head of Department	PMS	Performance Management System
HR Plan	Human Resource Plan	PMU	Project Management Unit
HRD	Human Resource Development	PMQA	Project Management & Quality Assurance
HRM	Human Resources Management	PPPFMA	Preferential Procurement Policy Framework Act
HSS	Housing Subsidy System	PR	Public Relations
HSRC	Human Science Research Council	PSC	Project Steering Committee
IAR	Immovable Asset Register	PSDP	Provincial Spatial Development Plan
ICT	Information and Communication Technology	PSLVDC	Provincial State Land Vesting and Disposal Committee
IDP	Integrated Development Plan	PVAS	Payment Voucher Administration System
IGR	Intergovernmental Relations	QPMS	Quarterly Performance Management System
IOD	Injury on Duty	QPR	Quarterly Performance Report
IPAPE	Institutional Performance Assessment and Programme Evaluation	RHLF	Rural Housing Loan Fund
IT	Information Technology	RMU	Revenue Management Unit
ISS	Institute for Social Studies		
JE	Job Evaluation		

RULIV	Eastern Cape Rural Livelihoods Programme
SANMVA	South African National Military Veterans Association
SDIP	Service Delivery Improvement Plan
SCM	Supply Chain Management
SCMU	Supply Chain Management Unit
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
UNDP	United Nations Development Programme
USDG	Urban Settlements Development Grant
WAN	Wide Area Network
PSR	Public Service Regulation
PSETA	Public Service Sector Education and Training Authority
WSP	Workplace Skills Plan

3. FOREWORD BY THE MEC



- **Introduction**

The 2020/21 Annual Report is the second in the sixth term of government and its tabling gives effect to Section 26 of the South African Constitution (Act 108 of 1996), which in turn is expressed through both the implementation of the National Development Plan (2030) and Provincial Development Plan (PDP).

The Department is guided by the programme of the ruling African National Congress (ANC) as outlined in its 2014 manifesto and will continue to reference the Freedom Charter in the pursuit of its declarations, in particular the one that says, "There Shall be Houses, Security and Comfort". The creation of housing opportunities is the foremost amongst other deliverables this government has committed itself to, during this term of government and human and financial resources will be mobilised to address the imbalances created by the Apartheid separate development agenda.

- **Achievements in relation to policy directives, 2019-24 Medium Term Strategic Framework and department's outcomes**

As the Department reflects on the year under review, the Ministry wishes to highlight key activities that it has embarked upon in the course of providing political leadership in pursuance of strategic priorities that are aligned to the National Development Plan (NDP) and Provincial Development Plan (PDP). Furthermore to execute the Departments' mandate which calls for the Sustainable and Improved quality of household life.

The Destitute and Vulnerable Groups Programme is an intervention which rescues helpless people from the trenches of poverty and homelessness, in that context, the Department prioritises the elderly, disabled, child headed families and military veterans, by restoring their dignity through the provision of decent quality houses. Under the Destitute and Vulnerable Groups Programme, the Department assessed and verified 1 187 and 53 military veterans for housing opportunities.

Issuing of title deeds is one of the Department's priorities which places emphasis on restoring South African citizens' dignity by building for them sustainable houses. The Title Deeds Restoration Project was initiated to deal with the backlog and thus ensuring access to adequate housing and full homeownership. For several years, the issuing of title deeds has been moving at an unacceptable pace due to a number of challenges such as untraceable beneficiaries, misallocation of title deeds, illegal occupation, selling of houses and deceased beneficiaries. A title deed is an important legal document ensuring not only security of tenure, but also that poor households can use their house as an asset to build wealth. It also consists of pre-emptive rights that protect the owner from breaches like building obstructions and encroachment because these can affect the value of the property. In ensuring security of tenure as pronounced in the 2020/21 Policy Speech, the Department has ensured that 600 title deeds have been issued and 1 450 transferred which helped rigorously addressing and reducing the title deeds backlog.

To contribute towards transforming the property market and promote access to urban opportunity and social integration through access to well-located, affordable housing and decent shelter, thereby reversing urban fragmentation and highly inefficient sprawl, the social housing programme has delivered 494 units and 132 housing units delivered through Finance Linked Individual Subsidies (FLISP).

On strengthening community education and awareness on various housing instruments, the Consumer Education

and Social Facilitation programme has reached 4 245 beneficiaries, thereby exceeding the planned target of 4 226. The benefit of this programme extends beyond the handing over of a completed house, to ensuring that through care and maintenance, the product retains its growth value as well as affording consumer protection.

The Department has developed a 20-year Human Settlements Master Plan which is ready to be rolled out in 2021/22 financial year and is harmonized with the District Development Model (DDM) to ensure a shift from alignment of plans to joint planning and full utilization of IGR mechanisms.

- **Challenges for the financial year under review**

- o Covid-19 Pandemic impacted negatively to the construction sector and Human Settlements is amongst those departments that have under-performed on planned deliverables due to the total shutdown during pandemic. Shut down also affected the material suppliers of the Province to the detriment of the local contractors which slowed down their performance on the re-establishment of their sites.
- o Due to the challenges outline above, the department underspent in most programmes and that resulted in the National Department withholding R338 million from the Human Settlements Development Grant (HSDG) budget.
- o Micro and macro planning as well as procurement related inadequacies remain a challenge.

- **The strategic focus over the medium to long term period**

The long-term delivery strategy of the department remains anchored on the national outputs encompassed in outcome 8 as well as Provincial Medium-Term Strategic Framework and are aligned to the National Development Plan. The key considerations are:

- Upscaling the housing opportunities with special focus and prioritization of Destitute, Vulnerable Groups and Military veterans;
- Systematic unblocking of historically blocked projects;
- Accelerated Registration and Issuance of Title Deeds to Homeowners;
- Increase empowerment opportunities for SMMEs including women and youth;
- Upgrading of informal settlements and provision of social and economic amenities; and
- Continuous use and application of Innovative and Sustainable Building Technologies (ISBT)

- **Acknowledgement/Appreciation**

Appreciation goes to the Premier of our Province and my colleagues in the Executive Council for their continued support as well as the Portfolio Committee on Human Settlements for their robust oversight over the Department. A word of thanks goes to the Head of Department, Management and all staff of the Department for the commitment they continue to demonstrate in serving all our communities for the betterment of the lives of the people of the Eastern Cape.

A word of appreciation goes to all our Stakeholders in supporting the Department in its efforts of creating better communities and enriching the lives of our people, together moving South Africa forward.

- **Conclusion**

As a member of the Executive Council responsible for Human Settlements, I hereby present the 2020/21 Annual Report of the sixth administration, in line with our accountability prescripts which gives an account of the policy speech directives as contained in the Annual Performance Plan as well as National and Provincial Medium Term Strategic Frameworks.

I thank you.



Nonceba Kontsiwe
Member of Executive Council
MEC of the Department of Human Settlements

Date: 31 July 2021

4. REPORT OF THE ACCOUNTING OFFICER



• Overview of the operations of the department:

The Eastern Cape Department of Human Settlements hereby submits the 2020/2021 Annual Report as part of its constitutional, legislative and civil responsibility to account on its performance against the resources allocated to provide services for the improvement of the lives of the citizens of the Province.

The Annual Report will reflect the Departments performance against targets set out in the MEC's Policy speech and the Annual Performance Plan that have been aligned to priorities espoused in the State of the Nation Address, the State of the Province Address and the National Development Plan. The programmes of the Department are informed by Goal 2 of the Provincial Development Plan to create an enabling infrastructure network for the province. This will be done with a focus on;

- o eradicating informal settlements;
- o building an integrated settlements;
- o fast-tracking housing provision;
- o unlocking various housing products and finance options; and
- o strengthening urban and rural settlement planning capacities.

Overview of the results and challenges for the department

o Achievements for the Year

The Department has obtained unqualified Audit outcome for 2020/21 financial year on financials.

Contributing to accelerated delivery of housing opportunities, the Department has successfully delivered 5 338 housing units, serviced 4 800 sites against a target of 6 807 and 3 760 respectively. Construction pipeline on milestones attained include;

- o 3 862 Foundations
- o 2 171 Wall Plates
- o 3 719 Roofs
- o 1 064 Finishes

Through housing construction, 6 491 jobs were created in the following categories;

Categories	Statistics
Adult Women	598
Adult Men	1 224
Female youth	2 651
Male youth	2 014
Disabled persons	4
Total	6 491

o Challenges for the Year

Inadequate and decaying bulk infrastructure in secondary and small towns has a negative impact in unlocking new projects. The Department will continue to negotiate with municipalities to utilize Municipal Infrastructure Grant (MIG) & Urban Settlements Development Grant (USDG) to unlock bulk infrastructure challenges.

Poor land-use management practices in municipalities are leading to land invasion and increased number of informal settlements. The Department has and will continue to interact with those affected Municipalities to implement strategies on illegal land occupation.

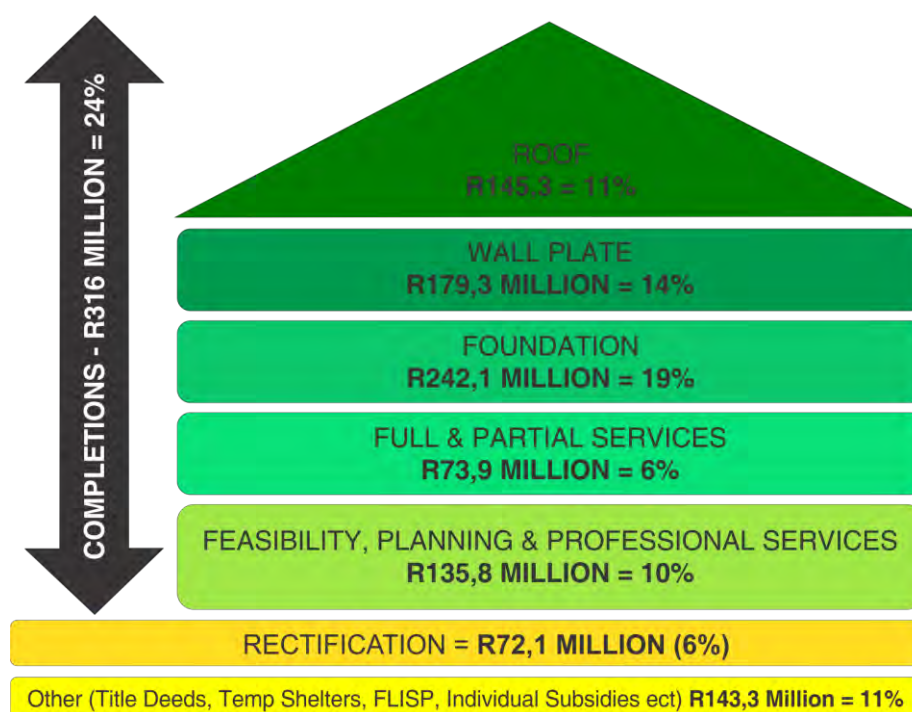
Lack of integrated planning between the Department, other sector departments, municipalities, private sector and donor institutions resulting in the misalignment of planning and implementation of the Municipal Infrastructure Grant and the Urban Settlements Development Grant. The Department has optimised its participation on IGR structures and Cluster system and is in the process of developing a long-term credible Provincial Project Pipelining.

Lack of technical capacity for human settlements projects and non-existence of Housing Units in some municipalities, however the department working with COGTA will support all municipalities to ensure that there is necessary capacity on projects related issues.

• Overview of the financial results of the department:

The total adjusted allocation for the 2020/2021 financial year is R 2,034 billion which decreased by 24,36% from R2.689 billion in the 2019/2020 financial year. The department has spent 82% of the allocated budget in the current financial year compared to 86% spent in the previous financial year.

MILESTONES	AMOUNT	PERCENTAGES
Pre-Planning	R135 826 717,20	10%
Service	R73 901 170,30	6%
Foundation	R242 146 646,13	19%
Wallplate	R179 314 772,50	14%
Roof	R145 384 028,33	11%
Finishes	R316 088 073,52	24%
Rectification	R72 105 772,27	6%
Other	R143 361 312,84	11%
Total	R1 308 128 493,09	100%



Equitable Share

The equitable share allocation for 2020/2021 was R406.782 million which has decreased by 4.12% compared to R423.556 million in 2019/2020 financial year.

Compensation of Employees

For the 2020/2021 financial year the department allocated R345.232 million for compensation of employees which decreased by 3.63% from R357.768 million in the 2019/2020 financial year. The department spent 98.5% of the allocation in the current financial year.

Goods and Services

The Goods and Services allocation for 2020/2021 financial year was R49.653 million which decreased by 5.24% as compared to R52.255 million allocated for 2019/2020 financial year. The department has spent 94.9% of the allocation in the current financial year.

Included within the goods and services allocation, is the EPWP grant of which funding for the 2020/2021 financial year was R2.723 million which increased by 8.26% compared to R2.498 million in the previous financial year. The department has spent 94.56% of the allocation in the current financial year.

Capital Assets

The budget for capital assets allocated for 2020/2021 financial year is R11.897 million which decreased by 13.75% compared to R13.533 million in the 2019/2020 financial year. The department spent 49.7% and a roll over application has been submitted to Provincial Treasury for the procurement of a telephone system, laptops and projectors.

Transfers and households

The total allocation for Human Settlements Development Grant for the 2020/2021 financial year was R1.479 billion which decreased by 39.19% from R2.059 billion in the 2019/2020 financial year. The department spent 81.14% compared to 89.94% in the previous financial year.

The allocation for the Title Deed Restoration Grant for the 2020/21 financial year was R 54.749 million which decreased by 108.55% from R 114.178 million in the 2019/20 financial year. The department spent 34.30% compared to 38.51% in the previous financial year.

The allocation for the Provincial Emergency Housing Grant for the 2020/21 financial year was R90.153 million which was the same as the allocation in the 2019/20 financial year. The department spent 59.47% compared to 0% in the previous financial year.

- 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
Tax Receipts						
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	520	327	193	595	413	182
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	451	1 072	(621)	522	146	376
Sale of capital assets	312		312	391	286	105
Financial transactions in assets and liabilities	-	10	(10)	-	(1 390)	(1 390)
Total	1 283	1 409	(126)	1 508	2 235	(727)

The department over collected revenue by R126 000 for the 2020/2021 financial year. Over collection is mainly due to payment of debts relating to previous financial year.

- Tariff Register

The Department has an approved Tariff Policy, which mainly addresses the rental stock of the Housing Board and they are predominantly allocated to low income earning citizens of the Province. This has influenced the Departments decision to remain with the same tariff structure to accommodate the low-income tenants.

- Programme Expenditure

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
Administration	166 441	154 894	11 547	169 767	163 004	6 763
Housing Needs Planning & Research	20 424	18 461	1 963	19 178	19 166	12
Housing Development	1 778 897	1 462 956	315 941	2 486 856	2 120 761	366 095
Housing Asset Management	67 995	31 587	36 408	13 208	12 932	276
Total	2 033 757	1 667 89	365 859	2 689 009	2 315 863	373 146

Programme 1: Administration has spent 93.1% of its adjusted budget on the year under review. Included in the Programme 1 appropriation and expenditure is the Statutory Appropriation of the Member of Executive Council

Programme 2: Housing Needs, Research and Planning has spent 90.4% of its adjusted budget.

Programme 3: Housing Development has spent 82.2% of its adjusted budget.

Programme 4: Housing Asset Management has spent 46.5% of its adjusted budget.

- **Virements / roll overs**

Transferring Programme: Programme 1: Administration

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	116 163	(36)	(760)	115 367
Goods & Services	39 730	-	(1 396)	38 334
Households	807	36	-	843
Machinery & Equipment	11 897	-	-	11 897
Total	168 597	-	(2 156)	166 441

Transferring Programme: Programme 1: Administration

A virement of R 2,156million was made from Programme 1 to Programme 3 to fund cost pressures under compensation of employees and goods & services.

Receiving Programme: Programme 3: Housing Development

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	196 933	-	760	197 693
Goods & Services	8 883	-	1 396	10 279
Households	1 608	-	-	1 608
Households capital	1 569 317	-	-	1 569 317
Total	1 776 741	-	2 156	1 778 897

- **Unauthorized, fruitless and wasteful expenditure**

Irregular expenditure of R137 159 000 has been identified and disclosed for the year under review. The expenditure is due to the assessment criteria not stipulated in terms of reference, bids not awarded to tenderer with highest point, participation in National Human Settlements contracts without Treasury approval and the variation order not approved by Provincial Treasury. Fruitless and wasteful expenditure of R 264 000 has been identified and disclosed. The expenditure is mainly due to changes and cancellations of travel bookings, traffic fines and loss of profit claimed by a contractor due to termination of contract. The expenditure disclosed is still under investigation and where negligence is found, the responsible officials will be charged with the recovery thereof.

- **Strategic focus over the short to medium term period**

The Departmental focus for the 2021/22 financial year is as follows;

- o Construction, inspection and handover of 7 442 low-cost housing units
- o Provision of 190 Finance Linked Individual Subsidies (FLISP)
- o Provision of 3 Social and Economic Amenities
- o Provision of 200 affordable Rental Accommodation
- o Delivery 7 505 serviced sites
- o Creation of 7 500 job opportunities
- o Registration of 2 200 Post-1994 Title Deeds backlog, 1 500 post-2014 Title Deeds and 403 new title deeds to beneficiaries
- o Rectify 1 287 defective houses.
- o Verification of 100 Military Veterans for housing opportunities

- **Public Private Partnerships**

The Department has maintained its Research Partnerships with the following Eastern Cape Universities since Memoranda of Understanding were concluded in 2014. These MOUs will expire in 2026;

- o University of Fort Hare
- o Rhodes University
- o Walter Sisulu University
- o Nelson Mandela University

- **Discontinued key activities / activities to be discontinued**

- o No discontinued activities or activities to be discontinued in the year under review

- **New or proposed key activities**

- o None

- **Supply chain management**

- o The Department did not conclude any unsolicited bid proposals during the financial year under review.
- o Processes and procedures and internal controls were executed and monitored to ensure compliance with the Supply chain management prescripts and prevent irregular expenditure. The Base Control Self-Assessment (BCSA) tool is not fully utilized to detect irregular expenditure in the procurement process due to staff compliment.

- **Challenges experienced in SCM and how they were resolved**

Challenges in SCM	How they were resolved
o The department faced a challenge of non-responsive bids	- o The Department advertised an invitation for the panel of contractors to fast track the process of procurement and appointment of competent contractors. - o The Department is the process of finalising standard terms of references.

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

This financial year, Govan Mbeki Housing Awards Ceremony could not be hosted and there were no gifts and donation received, however household furniture and linen were received from contractors for handover to some destitute and vulnerable groups houses.

- **Exemptions and deviations received from the National Treasury**

There were no exemptions from financial reporting requirements received from National Treasury for the financial year 2020/21

- **Events after the reporting date**

There are no events after the reporting date that are to be disclosed.

- **Other**

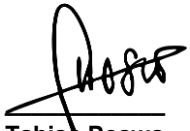
None

- **Acknowledgement/s or Appreciation**

I would like to express a word of gratitude to the Executive Authority for her leadership, the Portfolio Committee for their judicious oversight, our strategic partners for their continuous support and the entire Human Settlements family for their contribution to this noble cause.

- **Conclusion**

As the Accounting Officer of the Eastern Cape Department of Human Settlements, I have the pleasure and honour of submitting the Annual Report for the 2020/21 Financial Year.



Tabisa Poswa
Accounting Officer
Department of Human Settlements

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.

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.

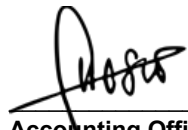
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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


Accounting Officer
Tabisa Poswa

31 July 2021

6. STRATEGIC OVERVIEW

6.1 Vision

Integrated sustainable Human Settlements with improved quality of household lives by 2030, for residence of Eastern Cape

6.2 Mission

Provision of quality integrated and sustainable Human Settlements that offer our communities a better living environment.

6.3 Values

Core Values / Principles – Department of Human Settlements	
Transparency and accountability	Good governance and clear communication
Respect and courtesy	Acknowledge the centrality of human dignity in all that we do
Professionalism and integrity	Ethical conduct that upholds a client oriented public service ethos
Commitment and Teamwork	Achieving more and better together
Service Standards	High quality service delivery through client-oriented approaches

7. LEGISLATIVE AND OTHER MANDATES

The mandate of the Department emanates from Section 26 of the RSA Constitution which provides that everyone has the right to have access to adequate housing, the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right and no one may be evicted from their home, or have their home demolished, without an order of court.

The Mandate of the National Department is also embedded in Section 3 of the Housing Act of 1997 as amended which provides that the National government acting through Minister should determine national Policy. Such policy should, include norms and standards in respect of housing Development. The National government should amongst other functions set broad national housing delivery goals and facilitate the setting of provincial and where appropriate, local government housing delivery goals.

General Proclamation Notice No. 1570 of 2009 as signed off by the President of the Republic of South Africa then created the Department of Human Settlements as a successor to Department of Housing. This notice together with the Comprehensive Plan for the Creation of sustainable human settlements adopted by Cabinet in 2004 presents a shift in mandate from providing housing to providing sustainable and integrated human settlements. Chapter eight of the National Development Plan, 2011 further controlled housing to work towards transforming human settlements to eliminate the apartheid spatial geography to create settlements where people can work, pray, play and have access to social and economic amenities.

The Department's mandate is derived from Chapter 2, the Bill of Rights, Chapters 3 and 6 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). In terms of Section 26 of the Bill of Rights:

- Everyone has the right to have access to adequate housing.
- The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right.
- No one may be evicted from their home, or have their home demolished, without an order of court being made after consideration of all the relevant circumstances. No legislation may permit arbitrary eviction.

The following sections of the Constitution provide the legislative framework for the institutional arrangements used in the development of sustainable human settlements:

- Part A of Schedule 4, Chapter 14 lists housing, urban and rural development and regional planning and development as functional areas of concurrent national and provincial legislative competence.
- Section 154(4) further provides for the delegation of powers and functions to local government, by agreement, if municipalities have the necessary capacity and are regarded as the most effective site from which these powers can be exercised.
- Section 125(3) provides that, by legislative and other measures, national government must assist provinces to develop their administrative capacity, which is required for the effective exercise of their powers and the performance of their human settlements functions.

The table below [provides a list of key policies and legislation that supports the implementation of the Mandate of the Department of Human Settlements

Legislative Mandate	Brief Description
The Housing Act, 1997 (Act No. 107 of 1997)	This act creates the provision for the granting of housing subsidies for low income earners
Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 1998	This act repeals the Prevention of illegal squatting act (Act 52 of 1951) and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes. The Act makes it an offence to evict without following the due process of law.
The Housing Consumer Protection Measures Act, 1998	Provides for the establishment of a statutory regulating body for homebuilders. The National Home Builders Registration Council registers builders engaged in certain categories of housing construction, and regulates the home building industry by formulating and enforcing a code of conduct
The Rental Housing Act, 1999 as Amended	The Rental Housing Act repeals the Rent Control Act (1976) and defines government responsibilities in respect of rental housing property. It creates mechanisms to promote relations between landlords and tenants.
Social Housing Act, No.16 of (2008)	The Act provides for the establishment of affordable rental accommodation for low to medium income households in designated restructuring zones i.e. places of economic opportunities, enabling spatial and social integration.
Home Loan and Mortgage Disclosure Act, 2000	This Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities
Promotion of Access to Information Act 2 of 2000 (as amended)	The Act underlines the importance of access to information for an open, democratic, transparent society. The Act gives legislative form to Section 32 of the Bill of Rights of the Constitution and should be interpreted as legislation giving effect to a constitutional right.
Housing Development Agency Act [Act No. 23 of 2008]	The Act serves to establish the Housing Development Agency and to provide for its functions and powers. It also outlines the roles of the Agency which is to facilitate the acquisition of land and landed property, in a way that complements the capacities of Government across all spheres, and to fast-track land acquisition and housing development services for the purpose of creating sustainable human settlements.
Community Scheme Ombud Service Act [Act No. 9 of 2011]	The Act serves to provide for the establishment of the Community Schemes Ombud Service and to provide for its mandate and functions. The Act also provides for a dispute resolution mechanism in community schemes.
Sectional Titles Management Act [Act No. 8 of 2011]	The Act provides for the establishment of bodies corporate to manage and regulate sections and common property in sectional titles schemes and for that purpose to apply rules applicable to such schemes. It further requires the bodies corporate to establish a sectional titles schemes management advisory council.

Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ORGANISATIONAL
STRUCTURE



▶ **Ms. Nonceba Kontsiwe**
MEC for Human Settlements



▶ **Ms. Tabisa Poswa**
Head of Department



▶ **Ms. G. Diutlwileng**
CD: Financial
Management Services



▶ **Mr S Galahitiyawa**
CD: District
Coordination &
Project Management



▶ **Mr D Mpendu**
CD: Human Settlements
Facilitation Programme



▶ **Mr E Venn**
CD: Human Settlements
Incremental Programs



▶ **Mr Y Njikelana**
CD: Corporate Services



▶ **Mrs. B Gobe**
CD: Strategy &
Systems



▶ **Ms. T Tindleni**
CD: Human Settlements
Property & Assets
Management



▶ **Ms. M Koyana**
CD: Human Settlements
Delivery Planning
& Performance

9. ENTITIES REPORTING TO THE MEC

- There are no entities reporting to the MEC.

9.1 Additional information

9.1.1 Membership of Cabinet Committees and Cluster

- Leader of Government Business
- Member of Social Transformation Cabinet Committee
- Member of the Governance and Administration Cabinet Committee
- Member of the Budget Cabinet Committee

B *Part*



PERFORMANCE INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

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 129 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department has in 2020/21 financial year reviewed the Service Delivery Model. Consultation was conducted with the various district offices and head office employees. This included all employees irrespective of the salary level and the functions. The stakeholders i.e. Labour Unions of the Department were also consulted.

The Department currently has a draft Service Delivery Model which recommends a hybrid service delivery model which includes decentralised, centralised and outsourced Service Delivery Model.

There are three options to be considered as potential SDMs for the department and these are following:

- The department assigns the developer status to the municipalities within the province through the accreditation process.
- The sharing of the service delivery responsibilities with the Human Settlements Agencies such as HDA, SHRA.
- Decentralise the functions to the Departmental District offices.

The Department can choose 1 or 2 or all delivery modes fused together. All the delivery models are based on the Value Chain of the Department. This process was not finalised due to the Covid 19 pandemic.

Budget

The expenditure analysis as at 31st of March 2021 is 82% (Equitable Share expenditure at 96.51% and Conditional Grant Expenditure is 78.38%) of the adjusted budget. The main contributors to the underspending are:

- The under expenditure on HSDG resulted from claims for value created that were due to BCMM, KSD, OR Tambo District Municipality and Ntabankulu Municipality that were deselected by Provincial Treasury when stopping ISUP transfers at the bank.
- Underspending is due to inadequate capacity of contractors which resulted in poor performance. The department issued notice of default to contractors; however, some are slightly improving their performance as they entered into Cession Agreements
- Beneficiary verification process delayed title deeds transfers due to COVID pandemic and untraceable mother title deeds also delayed the process of title deeds registration
- Underspending is due to Komga funding of fifty (50) participants training which is misaligned to the OPSCAP

Progress on Key Deliverables:

The table below provides a snapshot of progress against key delivery targets as depicted in the Departmental Annual Performance Plan for the 2020/21 financial year.

KEY DELIVERY OUTPUTS	2020/21 ANNUAL TARGET	ACTUAL OUTPUT
Housing Subsidies (low cost housing)	6 807 houses	5 338
Individual Housing Subsidies Units (facilitated for payment)	32	44

KEY DELIVERY OUTPUTS	2020/21 ANNUAL TARGET	ACTUAL OUTPUT
FLISP (housing units)	200	132
Social Housing (units)	200	494
Social and economic facilities	2	2
Informal Settlements Plans (upgraded) to phase 1-3	115	0
Title Deeds (Pre- 2014) (Post- 2014)	3 328 5 000	1 450 0
Job Opportunities	9 300	6 491
Youth empowerment opportunities	200	190
SMME contractors empowerment opportunities	88	115
Rectification	1 051	531
Access to Basic Services	3 760	4 800
Closing of historical projects	50	7
Projects supported on innovative and sustainable buildings technologies	20	6

Regional Performance

The District Co-ordination and Project Management Programme's main purpose to manage and oversee an effective and efficient district coordination and project management through District teams. The Programme further oversees implementation of sound project management principles across the delivery spectrum of the construction activity in the department and co-ordinates the execution and control environment of all the projects as per the approved Business Plan.

Performance for the year under review has been exceeded in site serviced (126.7%), but Units delivered (78.4%) and Rectifications (50.5%) fell short. Under performance in Units delivered has come about due to acute shortfall in the NMBM Region (2.95% of target) followed by Amathole and BCMM at 14.71% and 39.27% respectively. Covid 19 lockdown and restrictions impacted negatively and resulted to delays in the re-establishing of site by contractors and mobilizing of Human resources, Occupational, Health and Safety requirements where human resources have been reduced to ensure social distancing and Material Supply as manufacturers were not at full scale due. However, the Department has continued to engage with services providers in order to come up with new strategies that will mitigate the same in the next financial year.

The table below provides an overview of performance against planned outputs on key delivery indicators.

REGIONS	UNITS			SERVICES			RECTIFICATION		
	Plan	Actual	% Progress	Plan	Actual	% Progress	Plan	Actual	% Progress
Amathole	510	75	14,71%	177	0	0,00%	-	7	-
Alfred Nzo	1 335	744	55,73%	1 402	744	53,07%	128	0	-
BCMM	1 253	492	39,27%	54	178	329,63%	126	29	23,02%
Chris Hani	822	2 307	280,66%	552	2 185	395,83%	148	153	103,38%
Joe Gqabi	460	280	60,87%	238	185	77,73%	-	-	-
NMBM	915	27	2,95%	-	-	-	383	-	-
OR Tambo	1 137	1 252	110,11%	1 137	1 193	104,93%	124	337	271,77%
Sarah Baartman	375	161	42,93%	200	315	157,50%	142	5	3,52%
TOTAL	6 807	5 338	78,42%	3 760	4 800	127,66%	1 051	531	50,52%

Title Deeds Restoration Project

The Department has delivered a significantly high number of houses, however research based on an assessment of National Deeds Register has revealed that a significant number of occupants of state subsidized houses have not received their title deeds. The findings of this assessment have brought to the fore the need to prioritize the issue of title deeds as it constitutes the apex of the housing delivery value chain which is security of tenure and homeownership.

The restoration programme aims at addressing the issuance of title deed to the rightful owners and the department has discovered the blockages in the registration process that needed to be resolved for progress to take place. Challenge such as deceased beneficiaries, missing and untraceable beneficiaries, illegal occupation, ownership of disputed families & divorces, encroachment over boundaries, expired or undone township establishment and township registrations contributed to the slow delivery of title deeds. The department is attending to these pre – conveyancing activities and had came up with Nexus Leftus from National Department to monitor conveyancing activities so that the programme can perform as expected.

Declaration of Restructuring Zones and new social housing projects

The program had two (2) projects under construction in the 2020/21 financial year that were at different stages of construction. The projects under construction are as follows:

- Steve Biko Social Housing Project by Qhama Social Housing Institute an emerging black owned social housing institution led by a woman for development of (220) Two Hundred and Twenty affordable rental units in Port Elizabeth. The project has completed a total of (109) one hundred and nine affordable rentals for the low to middle income earners with a tenancy occupation rate of 62%.
- John Street Social Housing project by Imizi Housing Utility for the development of (385) Three Hundred and Eighty-Five affordable rental units in Uitenhage, Nelson Mandela Bay Metropolitan Municipality. The projects has been changed to Ikhwezi Social Housing Project. This project was realized through the Nelson Mandela Metropolitan Municipality's initiatives by availing land to the social housing institution on a long lease. The project is the first social housing project on that part of the Nelson Mandela Bay Metropolitan Municipality since the declaration of restructuring zones in Uitenhage. The project has been completed and a total of (385) three hundred and eighty-five affordable rental units have been completed. The projects has not yet commenced with tenancing but the volume of applications far exceeds the available number of units.

Future projects

The Springfields Social Housing project for development of (385) three hundred and eighty-five units in Westbank, East London has been approved and the project is likely to commence in the fourth quarter of 2021/22 financial year. This project will be a mixed mode development comprising of social housing and affordable middle income housing units.

The Fairwest Social Housing development that will yield (500) five hundred affordable rental units is at an advanced planning stage. The developer, Imizi Housing Utility that was awarded the land parcels has submitted land use applications to the municipality. The project is expected to commence with construction in the fourth quarter of 2021/22 financial year.

The Kouga Municipality has appointed Own Haven Housing Association Social Housing Association as a developer for the development of a mixed-use housing development in Jeffreys Bay for development of (1500) one thousand five hundred affordable rental accommodation and middle -income housing units.

Creation of social housing awareness in secondary towns

The program has embarked on a drive to encourage local municipalities in the eastern part of the province to submit motivations for declaration of Restructuring Zones in their respective municipalities. The declaration of Restructuring Zones would enable municipalities to attract social housing development opportunities for the low to middle income earners earning between R1500 – R15000 per month. The social housing awareness sessions were held at the following local municipalities:

- Senqu Local Municipality.
- Elundini Local Municipality; and
- Sakhisizwe Local Municipality.

The declaration of restructuring zones in other local municipalities with the potential for social housing development is continuing.

Allocation of Finance Linked Individual Subsidies to approved beneficiaries

The intervention has been the delivery of housing units through Finance Linked Individual Subsidies to qualifying beneficiaries with a gross household income of between R3501 and R22 000 per month. In the 2020/21 financial year a total (132) One Hundred and Thirty-Two subsidies were approved to qualifying beneficiaries. These achievements have been made possible by the awareness session that were held in both private and public sector departments and the current arrangement between the Department and the National Housing Finance Corporation that has approved and paid subsidies for qualifying beneficiaries.

The departments initiative together with private developers has seen the completion of phase one of the Fairview Sectional Title, Fairview in Port Elizabeth. The first phase has yielded a total of (20) affordable middle income ownership units for first time property owners. The second phase of the development is at advanced stage of planning with as the developer has submitted land use application to the Nelson Mandela Bay Metropolitan Municipality.

2.2 Service Delivery Improvement Plan

The department has consolidated a service delivery improvement plan implementation report for 2020/21 financial year. This service delivery improvement plan implementation report was initially prepared at the end of March 2020 in line with the actual annual delivery of the Department.

The tables below highlight the service delivery plan and the achievements to date.

First service: Allocation of quality houses to qualifying Beneficiaries

Main services	Beneficiaries	Current/Actual standard of service 2019/20	Desired standard of service 2020/21	Actual achievement 2020/21
Allocation of quality houses to qualifying Beneficiaries	Eastern Cape Communities.	4 476 approved beneficiaries.	1 372 destitute beneficiaries approved.	970 destitute Beneficiaries has been approved. Underperformance was due to Covid 19 lockdown and HSS system server that was down during quarter 4. The department will ensure that all outstanding potential beneficiaries are captured by the end of quarter 1 of 2021/22 financial year.
Second service: Issuing Title Deeds for ownership of property (house) handed over to qualifying beneficiaries	Eastern Cape Communities.	1 873 Title Deeds issued to beneficiaries.	3 328 for Pre-2014 Title Deeds issued to beneficiaries. 5 000 Post-2014 title deeds issued	1 450 Title Deeds issued to beneficiaries. Underperformance was due to delays in payment of service providers who had to conduct beneficiary verification before transfer could be done. Conveyancers will apply for lost holding title deeds and engagement with Municipalities is in progress. 0 title deeds issued to beneficiaries. Underperformance was due to projects that could not be allocated to conveyancers because of non-readiness. The Department will fast-track opening of township establishment registration.

Batho Pele arrangements with beneficiaries (Consultation access etc.): Beneficiaries approved

Current/Actual arrangements 2019/20	Desired arrangements 2020/21	Actual achievements 2020/21
9 439 consulted housing beneficiaries before the project starts, during and after completion of the projects. Stakeholders were consulted through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bi-monthly district forums, general interaction with beneficiaries and quarterly bilateral with individual local municipalities.	Consult 4 226 housing beneficiaries before the projects starts, during and after completion of the project.	4 245 beneficiaries have been consulted before the projects starts, during and after completion of the project. Over performance was due to additional request from the office of the Minister to conduct information sharing sessions with the community.
18 PSC have been established and supported and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications have been provided to the community.	Establishment of PSC at project level and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications will be provided to the community.	11 PSC have been established and supported and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications have been provided to the community
4 Communication Strategy Programmes implemented i.e., Event, Newsletter, Media, Marketing The department has been revamped to allow communities to check the type of services that the department offers; departmental plans and progress on delivery of services through the annual Reports.	4 Communication Strategy Programmes implemented.	4 Communication Strategy Programmes implemented i.e., Event, Newsletter, Media, Marketing. - The departmental plans and reports have been made available in the departmental website to allow the communities to identify the type of services that the department offers; departmental plans and progress on delivery of services through the annual reports.
613 cases were received and resolved within 30 days.	The Department will effectively manage grievances and complaints and provide corrective action for identified problems and complains. Investigate the complaint and provide a written explanation with remedial action.	148 cases were received and resolved within 30 days.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Information sessions	Consultation of stakeholders through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bi-monthly districts forums and quarterly bilateral with individual local municipalities. Issuing of Pamphlets, Newspapers and Brochures were issued in Xhosa, English and Afrikaans. A toll-free number is issued to report Corruption.	Establishment of 11 PSC at project level and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications was provided to the community.
Brochures	Issuing of Pamphlets, Newspapers and Brochures were issued in Xhosa, English and Afrikaans. A toll-free number is issued to report Corruption.	Beneficiaries were issued with brochures (English and Xhosa) about the departmental products. The department is planning to translate the documents into Afrikaans and Sesotho to cater the majority of the Eastern Cape community. Moreover, Provincial Newsletter (Masicokole) was used as a platform to communicate departmental project handovers

Current/actual information tools	Desired information tools	Actual achievements
PSC	Consultation of stakeholders through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bi-monthly districts forums and quarterly bilateral with individual local municipalities	11 consultative meetings with stakeholders through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bi-monthly districts forums, general interaction with beneficiaries and quarterly bilateral with individual local municipalities was conducted. Sharing departmental information to beneficiaries through radio station.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Beneficiary Management	The Department will effectively manage grievances and complaints and provide corrective action for identified problems and complains. Investigate the complaint and provide a written explanation with remedial action.	148 cases were received and resolved within 30 days. The following has been established to allow beneficiaries to lodge grievances and complains: A toll-free number (0800 701 701) has been issued to report corruption Short message to 43619 on a mobile phone, our Customer Care team respond within 72 hours (During normal operating hours) E-mail address: info@ecdhs.gov.za Switchboard for Head Office: 086 000 0039

2.3 Organisational environment

The Department had a total of 571 posts including the MEC's post at the beginning of the financial year 2020/21. There was no change in the Organogram of the Department during 2020/21 financial year. The Department had contracted 41 interns in the previous year i.e. 2019/20 whose contracts ended at 24 months on the 31 March 2021. These will be replaced in the following financial year 2021/22. In November 2020, the Department advertised for 7 Interns that left the Department before their contracts ended.

2.4 Key policy developments and legislative changes

According to the National Development Plan output priorities, for the National Department of Human Settlements to achieve its vision of sustainable human settlement and improved quality of household life, it needs to drive effective programme to achieve the following sub outcomes:

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

The Department of Human Settlements has developed a policy to ensure that it improves its scope, scale and fast-track provision of housing opportunities to destitute persons and other vulnerable groups. Furthermore, three research studies were carried out.

2.4.1 Policy on Allocation of housing opportunities to Destitute Persons and Other Vulnerable Groups in the Eastern Cape

The Policy seeks to address the socio-economic and housing needs delivery on destitute persons and other vulnerable groups.

Objective

The main objective of the policy is to reprioritize the speedy provision of housing opportunities for destitute persons and other vulnerable groups.

Impact

To ensure that the Department of Human Settlements reprioritizes the elderly, disabled, and child headed families by restoring their dignity through the provision of decent quality houses.

2.4.2 RESEARCH STUDIES IN 2020/21 FINANCIAL YEAR

2.4.2.1 Investigating the extent to which the Destitute Programme reaches the intended beneficiaries in the Eastern Cape Province

The main purpose of the study was to investigate the extent to which the Destitute Programme reaches the intended beneficiaries in the Province.

Research objectives of the study

The study was guided by the following research objectives:

- To determine how the Destitute Programme implementation adheres to the Departmental Implementation Guidelines.
- To establish how the destitute programme reaches the intended beneficiaries.
- To ascertain the failures and successes in relation to the implementation of the Destitute Programme by the Department.

Findings of the Study

The study revealed that:

- The Department is adhering to the Programme Implementation Guidelines.
- Military veterans, elderly person, child headed households, people with disabilities, domestic abused women, homeless -persons-and also- people affected- by the disasters are prioritized as the main target beneficiaries of the Destitute Program.
- The Department does not have a Policy on housing allocation for destitute persons and other vulnerable groups to ensure uniformity in the implementation of the Programme within the Province.
- The Department has a responsibility of receiving the list of names of destitute persons and other vulnerable households from the municipalities for verification, and screening through Housing Subsidy System for projects consideration.
- In all eight Human Settlements Regional offices, it was established that there is no official responsible for implementation of the Destitute Programme.
- Alfred Nzo District Municipality does not have Human Settlements section responsible for human settlements related issues.
- Metropolitan Municipalities such Buffalo City Municipality are responsible to availing suitable land for building houses of the identified destitute persons.
- There is a slow delivery of human settlements for the Destitute individuals in the Province.

Recommendations

The study recommends the following:

- Development of policy on the allocation of housing opportunities to destitute person and other vulnerable groups in the Province
- The Department should work jointly with the municipalities to conduct a verification process of the applicants as a way of addressing the shortage of both personnel and financial resources it is currently faced with, thus promoting intergovernmental relations.
- Appointment of the regional officials who will be responsible for assisting in the implementation of the Destitute Programme.

- Once the Departmental policy on destitute persons and other vulnerable is in place, the municipalities should be encouraged to customise their own policies to assist them in the proper implementation of the programme.
- The Department should assist the District and Local Municipalities such as Alfred Nzo to establish housing unit so as to ensure that there is effectively participation in the delivery of houses in their areas of jurisdiction.
- Municipalities should be encouraged through their Integrated Development Plans to prioritise the procurement of suitable land parcels and serviced sites for human settlements development for the approved applicants of the destitute program.
- The Department should collaborate with strategic partners, and sector departments such as Social Development, South African Social Security Agency, Home Affairs, Healthy Education and Eskom in terms of addressing the poor living conditions of the marginalized and vulnerable groups in the Province.
- All the municipalities should be responsible to compile and submit the list of destitute persons accompanied by the council resolutions to the Department for verification and projects consideration.
- Municipalities have a responsibility to include a certain percentage of the destitute people in their human settlements' projects.

2.4.2.2 Study to investigate the extent to which Building Material Supply Industry is transformed in the Eastern Cape Province and factors that inhibit participation of Emerging Material Suppliers in the Industry

The main purpose of the study was to investigate the extent to which the Building Material Supply Industry is transformed in the Eastern Cape Province and factors that inhibit local emerging building material suppliers from participating in the industry. The study was guided by the following objectives.

- To establish the material supply experiences faced by the local emerging material suppliers in low-cost housing development projects in the Province.
- To determine the role the Department has to play in transforming the local emerging material supply industry in low-cost housing development projects in the Province.
- To investigate the effects of the transformation of local emerging building material supply industry in low-cost housing development projects in the Province.

Findings of the study

- Some of the established and emerging contractors do not find it ideal to work with local Emerging Material Suppliers due to perceived non-compliance with registration processes, quality standards, limited experience as well as lack of capacity to deliver on time.
- Some of the local emerging material suppliers are not registered with Registration Bodies such as the South African Bureau of Standards (SABS) and CIPRO.
- Lack of collaborative arrangements between the Department, emerging material suppliers and contractors to ensure that emerging material suppliers are fairly considered and benefit eventually.
- Some contractors (both emerging and established) expressed that they could not find emerging local material suppliers at the point of need because there is no database both local and provincial.
- The study revealed that exploitation also exists in the Building Material Supply Industry. Some of the established Material Suppliers buy material from the local unregistered emerging suppliers at a lower price and sell the products at higher prices; for an example in Port Elizabeth.
- The Material Supply Industry is untransformed and predominately white. Some established contractors even go to the extent of reporting emerging material suppliers to Regulatory Bodies taking advantage of the fact that they are not registered and with the intention to exclude them from the market.

Recommendations

The study recommends the following.

- Development of procurement regulations/policies that are specific to and targeting the Building Material Supply Sector to ensure equity and transformation.
- Development of local and Provincial database on emerging material suppliers and explore mechanisms that are relevant to get them empowered.
- Establishment of collaborative arrangements between the Department, Building Material Suppliers and contractors targeting emerging building material suppliers to ensure their participation in the industry.

- Comprehensive study to investigate the extent to which local emerging building material suppliers is transformed in the Province and the factors that inhibit their participation in the Industry should be further conducted.

2.4.2.3 Study on the impacts of Corona Virus Disease 19 in the delivery of human settlements by the Eastern Cape Department of Human Settlements.

The purpose of the study was to assess the impacts of Covid 19 pandemic in human settlements in the Eastern Cape Province. The study was guided by the following objectives:

- To determine the effects of Covid19 pandemic on human settlements Business Plan
- To ascertain the effects of Covid19 pandemic on Human Settlements projects in the Province.
- To establish the effects of Covid19 pandemic on Human Settlements Budget allocation in the Province.
- To ascertain the effects of Covid 19 health and safety on the efficiency of the Department in delivering services in the Province.

Key findings

The study revealed that:

- The Department has not been able to achieve the planned target for providing housing units to the qualifying beneficiaries during the April to September of 2020/21 Financial Year.
- The Department was allocated the annual total budget of 1. 6 billion Rands, out of this total budget 3.4 million Rands (22%) was spent during the April to September of 2020/21.
- The total of R1 264 906 billion (78%) of the budget was still remaining.
- The Human Settlements Contractors suffered the extra financial costs and difficulties during the temporary closure of the human settlements sites since they were expected to hire extra security personnel to protect and look after their equipment.
- Out of more than 510 Departmental employees, 37 of them tested positive for the virus and one employee died from the illnesses related to the virus.
- 40% of the respondents stated that employees-were not given enough necessary working tools to be effective from home.
- 40% of the respondents were dissatisfied with the safety measures put in place to prevent the spread of the virus in the working environment.
- 70% of the research participants stated that the working arrangement to combat the spread the of virus had not yielded any negative impacts on the productivity and daily activities of the Department.
- The Department provided temporal housing solutions and facilitated the provision of other basic services to overcrowded communities in Alfred Nzo, OR Tambo, Buffalo City Municipality, Joe Gqabi and Nelson Mandela Bay Municipality in order to promote social and fight the spread of virus.

Recommendations

The study recommends that:

- The development of a Recovery Plan to avoid underperformance and non-performance in the current financial year, and the Plan should be communicated to all key relevant stakeholders who are actively involved in the process of human settlement delivery chain in the Province.
- Partnership with the Housing Development Agency should be strengthened to fast track-the delivery of the outstanding housing units for the previous half of 2020/21.
- The employees with comorbidities and those who are more than 60 years of age should be provided with the necessary working tools to effectively work from home.
- Safety measures be enforced in order protect the employees from contracting the virus. These include amongst others:
 - o Decontaminating of the Government Motor Vehicles.
 - o Provision of the adequately office space for social distancing
 - o Provision of permanent Covid19 Health official to monitor the Workplace Readiness Plan in the Head Office and Regional Offices.

- Development of a Provincial De-densification Plan to fast track the delivery of permanent housing interventions to qualifying beneficiaries in order to eradicate overcrowding settlements and promote social distancing.
- Proposed comprehensive study to assess the effects of the Covid 19 pandemic in-the human settlements' projects.

Scale up Informal Settlements Upgrading

The Upgrading of Informal Settlements programme is run across the 3 spheres of government with the local municipalities at the centre and with assistance from NUSP, sector governments, private and professional sectors. The Municipalities remain the primary role-player of the programme and custodians of the products and opportunities.

For this reason, the Provincial-Wide Upgrading of Informal settlements Forum was established utilising the Intergovernmental Relations Framework to ensure that Municipalities plans for implementation of the Upgrading Programme were given a new and rejuvenated approach and importance.

In 2019 new funding mechanisms for upgrading of informal settlements in the Human Settlements Development Grant and the Urban Settlements Development Grant were introduced. It had new requirements such as to develop province-wide informal settlement upgrading strategies that need to strengthen the implementation frameworks and relationships. This resulted in the introduction of a separate Upgrading of Informal Settlement Partnership component Grant (UISPG).

The emphasis is that the Upgrading of Informal settlements should be accelerated and implemented through community based/participatory planning 'as an emergency'. Households should also be enabled to formalize their own structures through the provision of the funding for services and technical support.

The Upgrading of Informal Settlement is a priority programme for the Department of Human Settlements, Nationally, Provincially and at the Municipality levels and classified as an emergency intervention. The Department has committed to the incremental upgrading of 115 Informal Settlements (Phases 1-3) in the Province

Social Economic Amenities

In 2020/21, the department constructed and completed 2 MPCC's as follows:

- The Uitenhage MPCC was at practical completion with a new contractor and was completed and handed over to the NMBM during this year.
- The Reeston MPCC was completed in March 2021 having satisfactory performed within the budget scope and contracted period at satisfactory levels.

The following MPCC's were initiated in the previous financial years and experience challenges as follows:

- The Nkantolo MPCC contract elapsed, and the project is blocked before the appointment could complete and will have to be unblocked.
- The Tsomo MPCC Project contractor was terminated at wall plate stage of the main building at 65% due to poor performance and the procurement. A professional services Service-provider was appointed to prepare for the management of the completion construction within 2021.

Transforming the Economy to create Jobs and Sustainable Livelihoods

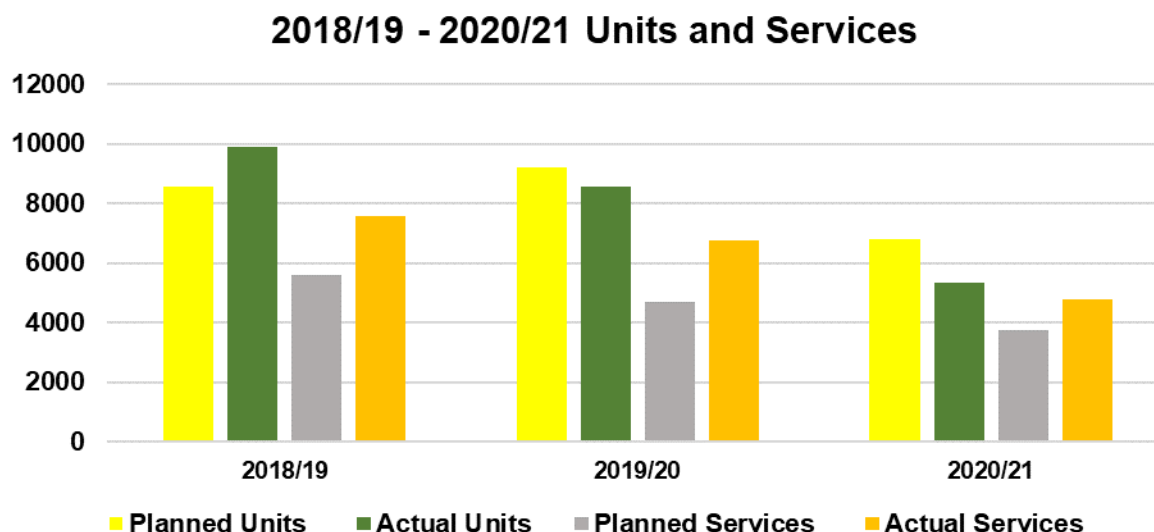
Aligned to the National Development Plan (NDP), Provincial Development Plan (PDP) and Policy Priorities, the Department continues to use EPWP programme as an indispensable weapon in the fight against unemployment. A total of 6 491 jobs were created through 62 EPWP compliant running projects in the following categories: 598 adult women, 2014 adult men, 1224 female youth, 2651 male youth and 4 disabled persons.

The Department empowered 190 youth through Youth brigade Programme in the following regions and projects:

REGION	PROJECT NAME	PARTICIPANTS
Buffalo City Metropolitan Municipality	Orange Groove 3500 project	90
Chris Hani	Cala 1393 Project	50
Amathole	Komga 570 Project	50
TOTAL		190

Participants in the above projects were empowered in construction, project management and Supply Chain Management.

The graph below shows three-year perspective on houses delivered and site serviced



The graph illustrates the three-years performance of units and services from 2018/19 to 2020/21 financial years. In 2018/19 the department has successfully completed 9881 housing units and installed 7 598 services against a target of 8 567 and 5 608 respectively. However, construction of houses under performed in 2019/20 and 2020/21 financial years due to total shutdown during Covid-19 pandemic which impacted negatively to the construction paralysis and this also affected the material suppliers of the Province to the detriment of the local contractors which slowed down their performance on the re-establishment of their sites. The department has since put a recovery plan to ensure performance is improving in the next financial year.

- **Strengthen integrated spatial planning for human settlements**

The Comprehensive Policy for Human Settlements development remains the guiding directive for integrating communities, providing free descent housing for the indigent and affordable housing for low-cost income earners. The Provincial Dept of Human Settlements always take into cognizance Local, Provincial and National priorities, as articulated in the PGDP, PSDP, SDFs and IDPs to advance integrated planning for the development of sustainable human settlements. The Department continues to intensify housing delivery annually albeit major challenges that include disintegrated spatial patterns inherited from the Apartheid regime, shrinking fiscal envelope and uncoordinated planning and implementation processes that relegate housing delivery to the periphery of towns and cities.

To achieve integration and spatial restructuring of towns and cities, the National Department of Human Settlements has developed a spatial transformation approach to build new integrated, functional, and inclusive settlements. The approach accentuates cooperation and collaboration within the Public Sector with a view to leverage private investment against defined targets and objectives within a designated geographical area.

The new approach towards achieving integration has culminated to gazetting of 136 designated geographic areas referred to as Prioritised Human Settlements and Housing Development Areas (PHS&HDA's) by the National Department of Human Settlements. The Eastern Cape Province has twelve (12) gazetted Prioritised Human Settlements and Housing Development Areas.

Municipalities are provided with support to develop plans for integrated projects that will be implemented in each of the PHS&HDA's during the MTSF 2019 – 2024. The development plan for PHS&HDA in Ingquza Local Municipality has been submitted to the National Department of Human Settlements for assessment and evaluation.

The Integrated Development Plan of each Municipality that contains the Housing Chapter is the main anchor to human settlements planning and development. Municipalities are provided with technical support to develop and review Housing Chapters of IDP's every Financial Year. However, 2020/21 has been a difficult year due to the COVID-19 pandemic. Direct support to Municipalities could not take place as planned and as a result not much has been done in this area in the past year.

All human settlements projects have been spatially referenced for verification of location and to ensure a spatial development and land use management approach that is informed and inclusive. There have been regular engagements and participation in Local; District and Provincial platforms that are in place for coordination and integration of development programmes from Sector Departments. The platform includes Provincial Clusters; IDP Forums, and District Planning Forums. The Department has also embarked on processes to streamline micro and macro planning internally for purposes of aligning strategic planning, budget planning, procurement planning and also Programme/Project planning.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact statement	Sustainable Human Settlements and improved quality living environment through spatial integration		
Outcome	Outcome indicator	Five-year Target	Progress made towards achievement of the targets
Good governance	Unqualified audit opinion with no matters of emphasis	Unqualified audit opinion	The Department attained unqualified audit opinion in the 2019/20 financial year with matters of emphasis however it is working to improve the audit opinion for 2020/21 audit
	Percentage of invoices paid within 30 days from date of invoices received	100% of payment of creditors within 30 days of invoice receipt	91% of payment of creditors within 30 days of invoice receipt
	Number of Human Resources Plan priorities implemented	5 Human Resource Plan priorities implemented	3 Human Resource Plan priorities implemented
	Number of policy frameworks implemented	5	5 policy frameworks implemented
Evidence based integrated plans and Policies in line with the District Development Model	Number of evidence-based research, policies and implementation guidelines approved	8	1 evidence-based research, policies and implementation guidelines approved Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of integrated Human Settlements Plans developed in line with Municipal integrated Development Plans	10	Prioritized Human Settlements Development Areas were only gazetted in 2020 hence only 1 Integrated Human Settlements Plan was achieved for the year under review
	Number of Municipalities capacitated to perform Human Settlement function as per the Housing Code	39	24 Municipalities capacitated to perform Human Settlement function as per the Housing Code
Empowered and integrated sustainable communities	Percentage of HSDG construction budget allocated to women, youth, Youth SMME's contractors	30% of HSDG construction budget allocated to women, youth, Youth SMME's contractors	0% of HSDG construction budget allocated to women, youth, Youth SMME's contractors Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of community members accessing consumer education tailored for human settlements	46 074	4 245 community members accessed consumer education tailored for human settlements Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of beneficiaries approved to access adequate housing	69 000	970 destitute beneficiaries approved

Outcome	Outcome indicator	Five-year Target	Progress made towards achievement of the targets
	opportunities		Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of beneficiaries accessing empowerment opportunities through training & work opportunities	680 (training & work opportunities)	115 beneficiaries accessed empowerment opportunities through training & work opportunities Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of incremental subsidies programmes implemented	8	8 incremental subsidies programmes implemented
	Number of new units completed in the Province across all housing programmes excluding individual housing, FLISP and Social Housing Rental units	52 251	5 338 units Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of serviced sites delivered through a range of programme in the Housing Code	14 341	4 800 serviced sites delivered through a range of programme in the Housing Code
	Number of job opportunities reported through EPWP compliant Projects	54 950	6 491 job opportunities reported Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of empowerment opportunities created for youth through youth brigade programme	1 400	190 empowerment opportunities created for youth through youth brigade programme Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of historical projects closed	250	8 historical projects closed Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of Projects supported on innovative and sustainable building Technologies	100	6 Projects supported on innovative and sustainable building Technologies Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of projects accessed for quality standards	320	54 projects accessed for quality standards Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
Security of land tenure and affordable residential and rental services	Number of subsidised properties transferred to qualifying Beneficiaries	60 000	1 450 Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
		32 000	0 subsidised properties transferred to qualifying Beneficiaries Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of states subsidised rental units transferred for security of tenure to qualifying Beneficiaries	48	1 state subsidised rental units transferred for security of tenure to qualifying Beneficiaries Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread

Outcome	Outcome indicator	Five-year Target	Progress made towards achievement of the targets
			throughout the MTSF period
	Number of social rental housing units accessed by qualifying Beneficiaries	1 400	494 social rental housing units accessed by qualifying Beneficiaries Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of community residential units accessed by qualifying Beneficiaries	550	0 community residential units accessed by qualifying Beneficiaries Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period
	Number of qualifying beneficiaries accessing stated subsidised housing units through Finance Linked Individual Programme	1 420	132 qualifying beneficiaries accessing stated subsidised housing units through Finance Linked Individual Programme Lockdown led to the reduction of 2020/21 planned targets. The remaining targets will be spread throughout the MTSF period



1

Programme **ADMINISTRATION**



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The annual report programme performance information section was compiled based on the revised adjusted annual performance plan for 2020/21. This was because, on the 15th of March, the President of the Republic of South Africa announced the National lockdown due to COVID 19 national state of disaster in terms of section 27 (1) and (2) of the Disaster Management Act (No. 57 of 2002). Furthermore Provincial Treasury issued a communication about budget cut for Covid 19 pandemic, and this resulted to revision and re-tabling of departmental plans specifically output indicators and targets across all programmes.

4.1 PROGRAMME 1: ADMINISTRATION

Purpose: To Provide Administrative function to core programmes to enhance service delivery

Sub-programmes: All programme 1 sub-programmes and their purposes are available in the Annual Operational Plan

Outcome: Good governance

Outcomes, outputs, output indicators, targets and actual achievements

- Internal Audit as an oversight body, continues to perform and exceed its planned targets thereby contributing to the improvement of governance, risk management and internal control processes.
- The Chief Directorate Financial management services managed to pay 91% (602/661) of invoices received within 30 days.
- The Chief Directorate Strategy and systems reinforced 11 IGR forums and implemented 4 corporate governance on Internal Communication Technology. In addition, all communication strategy elements were implemented, and this include Events Management, Marketing Campaigns, Media Programmes and Newsletter.
- The Chief Directorate Corporate Services managed to maintain of low infection rate due to effective implementation of Covid 19 protocols and have reviewed the safety HRD policies.

PROGRAMME 1:

Outcomes, outputs, outputs indicators, targets and actual achievements table
Table 2.4.4.2

ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of retabelling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Good Governance	Vacant funded posts filled	Turnaround time to fill vacant funded posts from closure of advert (days)	138	155	180	292	(112)	Underperformance was due to administrative issues/ and the Covid 19 national lockdown
	HRP Priorities Implemented	Number of HRP priorities Implemented	-	-	5	3	(2)	Underperformance was due to the national pandemic and lockdown of the institution that affected the implementation of the following: - Meeting equity targets - Full implementation of the Wellness programme
	Invoices paid within 30 days from date of invoice receipt	Percentage of invoices paid within 30 days from date of invoice receipt	-	90% invoices processed within 30 days (1 764 out of 1 954 invoices)	100% payment of creditors within 30 days of invoice receipt	91% payment of creditors within 30 days of invoice receipt	(9%)	Problematic invoices: Invoices could not be processed on time due to the following reasons: - Budget constraints - Delays in the preparation of new expenditure approval and commitment register - Submission of multiple invoices by the supplier for the same service with one order and one quantity
	HSDG construction budget allocated to women, youth SMME's contractors	Percentage of HSDG construction budget allocated to women, youth SMME's contractors	-	-	30%	0%	(30%)	Under performance was as the result of non-reviewal of SCM policy that led to different interpretations. Inaccuracy of terms of reference also contributed to under performance.
	Internal audits conducted	Number of internal audits conducted	16	16	10	11	1	Over performance was due to Supply Chain Management (SCM) Audit which was split into two projects due to the compliance requirement to audit Covid 19 procurement.

ADMINISTRATION									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of retabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
	Corporate governance of ICT initiatives implemented	Number of initiatives implemented on Corporate Governance of ICT	-	-	3	4	1	Over performance was due to mitigation efforts on risks identified in view of the impact of Covid-19.	
	ICT systems supported and maintained	Percentage of ICT systems supported and maintained	60%	57%	55%	55%	-	The remote working arrangement warranted that ICT provides necessary measures to ensure availability of ICT services so that, Departmental employees are able to work remotely during lockdown-period.	
	IGR forums reinforced	Number of IGR forums reinforced	14	12	11	11	-	None	
	Communication strategy elements implemented	Number of communication strategy elements implemented	4	4	4	4	-	None	
	Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury	Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury	-	-	31 March 2021	24 March 2021	7 days	Over performance was due to early tabling of Strategic Documents by the Provincial Legislature	
	Monitoring & Evaluation elements implemented	Number of Monitoring & Evaluation elements implemented	-	-	3	2	(1)	Underperformance was due to project level monitoring element that could not be implemented	

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2020/2021	Actual Achievement 2020/2021	Comment On underperformance	Strategy to overcome areas of under performance
Turnaround time to fill vacant funded posts from closure of advert (days)	180	292	Under performance was due to administrative issues and the Covid-19 national lockdown	The easing of the lockdown to level 1 has allowed the department to fast-track the recruitment process. In the fourth quarter, the department took 88 days to fill vacant funded post
Number of HRP priorities Implemented	5	3	Underperformance was due to the national pandemic and lockdown of the institution that affected the implementation of the following: - Meeting equity targets - Full implementation of the Wellness programme	- The department will implement the HRP 2021/22, meeting equity targets and full implementation Wellness Programmes by the 2nd quarter. - The department continues to strive to give effect to meet the Employment Equity needs during the recruitment processes at all levels.
Percentage of invoices paid within 30 days from date of invoice receipt	100%	91%	Problematic invoices: Invoices could not be processed on time due to the following reasons: - Budget constraints - Delays in the preparation of new expenditure approval and commitment register - Submission of multiple invoices by the supplier for the same service with one order and one quantity	This was resolved through shifting of funds and new orders were developed for all unpaid invoices for travelling and these will be paid during the first quarter of 2021/22 financial year.
Percentage of HSDG construction budget allocated to women, youth SMME's contractors	30%	0%	Under performance was as the result of non-reviewal of SCM policy that led to different interpretations. Inaccuracy of terms of reference also contributed to under performance.	The department is in the process of reviewing the SCM policy for 2021/22 and will be finalized by end of December 2021. The policy has addressed all the issues on designated groups. Furthermore the department has started a process of standardizing all terms of reference to eliminate the errors and will be completed by end of September 2021.
Number of Monitoring & Evaluation elements implemented	3	2	Underperformance was due to project level monitoring element that could not implemented	Project information desktop analysis will be conducted and reported in the quarter 1 of 2021/22 financial year

Linking performance with budgets

Programme 1: has an overall achievement of 93.1% of its planned outputs as compared to 95.97% of the previous financial year. Underspending is due to compensation of employees due to vacant funded posts, legal fees due to delays by Department of Justice to submit invoices, consumable supplies, travel & subsistence due to limited trips undertaken to comply with lockdown restrictions and venues and facilities and machinery & equipment (obsolete telephone system) due to additional funding received towards the end of third quarter. A rollover application has been submitted to Provincial Treasury.

Sub-programme expenditure

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
Office of the MEC	9 333	8 884	449	11 969	11 879	90
Corporate Services	157 108	146 010	11 098	157 798	151 125	6 673
Total	166 441	154 894	11 547	169 767	163 004	6 763

Included in the Programme 1 appropriation and expenditure is the Statutory Appropriation of the Member of Executive Council



2 *Programme*

**HUMAN SETTLEMENTS
DELIVERY PLANNING
AND PERFORMANCE**



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4.2 PROGRAMME 2: HUMAN SETTLEMENTS DELIVERY PLANNING AND PERFORMANCE

Purpose: To manage Human Settlements Planning and Performance Management

The programme consists of three (3) sub-programmes, namely:

- **Human Settlements Research and Policy Development:** To manage human settlements Research and the Development of policies
- **Human Settlements Delivery Planning:** To manage, Review and Develop Integrated Human Settlements Plans
- **Capacity Building and Municipal Support:** To Capacitate and Support Municipalities with regard to Human Settlements Development

Outcome: Evidence based integrated plans and Policies in line with District Development Model

Outcomes, outputs, output indicators, targets and actual achievements

- A Policy implementation Guideline was approved, four (4) Research Proposals for research studies and three (3) Research Studies were also approved for publication towards the provision of a Regulatory Framework for housing.
- 18 Municipalities were supported on the implementation of human settlement programmes and 6 Municipalities were supported on the establishment of the Housing Needs Register in collaboration with NDOHS as a national priority.

PROGRAMME 2:

Outcomes, outputs, outputs indicators, targets and actual achievements table

HUMAN SETTLEMENTS RESEARCH AND POLICY DEVELOPMENT									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
Evidence based integrated plans and Policies in line with the District Development Model	Projects approvals for research studies approved	Number of project proposal for research studies approved	-	-	2	4	2	Overperformance was due to the following: • The department requested the directorate to conduct a Rapid Assessment Survey on the impact of Covid-19 Pandemic on Human Settlements delivery • Housing Programmes Facilitation and Administration requested the directorate to investigate challenges faced by small medium micro enterprise's in participating in building material supply in the Eastern Cape	
	Research studies report approved and published	Number of reports developed in terms of approved research studies and approved for publication	-	-	1	3	2	Over performance was due to additional reports that had to be developed on investigation of challenges faced by SMMIE's in the Building Material Supply Sector and a Rapid Survey in Impact of Covid 19 in Human Settlements	
	Policies and implementation guidelines approved	Number of policies and implementation guidelines approved	-	-	1	1	-	None	

HUMAN SETTLEMENTS DELIVERY PLANNING								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Human Settlements projects contained in the IDP Chapter approved	Number of approved Human Settlements projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing National and Provincial priorities	-	-	200	21	(179)	Under performance was due to limited Pacom seatings to recommend projects approval due to Covid 19 lockdown
	Municipalities provided with technical support	Number of Municipalities provided with technical support to produce development plans for Human Settlements projects	-	-	5	2	(3)	Under performance was due to non-responsiveness of targeted municipalities for provision of technical support for preparation of the Development Plans
CAPACITY BUILDING AND MUNICIPAL SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Municipalities supported on human settlements programs	Number of municipalities supported on human settlement programs	38	36	8	18	10	Over performance was due to high number of response to municipalities requesting support with non-formal training
	Short Learning Programs implemented	Number of short Learning Programs implemented for Councilors, Traditional Leader and Municipal officials	4	0	4	0	(4)	Under performance was due to delays in the evaluation of bids for the short learning program because seatings were disrupted by the lockdown caused by Covid 19

CAPACITY BUILDING AND MUNICIPAL SUPPORT									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
	Municipalities supported with establishment of Housing Needs register	Number of municipalities supported with establishment of Housing Needs register	17	20	6	6	-	The Short Learning Programmes will be rolled out by July 2021/22	None

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2020/2021	Actual Achievement 2020/2021	Comment On underperformance	Strategy to overcome areas of under performance
Number of approved Human Settlements projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing national and provincial priorities	200	21	Under performance was due to limited Pacom seatings to recommend projects approval due to Covid 19 lockdown	The shortfall of Human Settlements projects contained in the IDP Chapter will be done by October 2021/22
Number of Municipalities provided with technical support to produce development plans for Human Settlements projects	5	2	Under performance was due to non-responsiveness of targeted municipalities for provision of technical support for preparation of the Development Plans	The Department will continue to engage with identified municipalities to ensure readiness for provision of technical support to produce the required Development Plans
Number of short Learning Programs implemented for Councilors, Traditional Leader and Municipal officials	4	0	Under performance was due to delays in the evaluation of bids for the short learning program because seatings were disrupted by the lockdown caused by Covid 19	The Short Learning Programmes will be rolled out by July 2021/22

Linking performance with budgets:

Programme 2: This programme has spent 90.4% of its allocated budget. The under expenditure is due vacancies in the programme and limited travel during the COVID-19 pandemic resulting in an under expenditure in the travel & subsistence budget, specifically planned consultations with municipalities that were held virtually, and no expenses were incurred.

Sub-programme expenditure

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
Administration	2 077	1 730	347	2 661	2 655	6
Policy	4 713	4 393	320	4 998	4 998	-
Planning	6 870	5 574	1 296	4 950	4 944	6
Research	6 764	6 764	-	6 569	6 569	-
TOTAL	20 424	18 461	1 963	19 178	19 166	12



3 *Programme*

**HOUSING
DEVELOPMENT**



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4.3 PROGRAMME 3: HOUSING DEVELOPMENT

3.1 HUMAN SETTLEMENTS FACILITATION PROGRAMME

Purpose: To manage effective and efficient Human Settlements facilitation programme

The programme consists of three (3) Sub-programmes namely:

- **Beneficiary Management:** To administer Beneficiary Management and Corporate Secretariat Services
- **Social Facilitation and Customer Care:** To provide social facilitation and customer care to human settlements beneficiaries
- **Emerging Contractor Development:** To provide support services to emerging contractor's development

Outcome: Empowered and integrated sustainable communities

3.2. HUMAN SETTLEMENTS INCREMENTAL PROGRAMS

Purpose: To manage effective and efficient human settlements programmes

The programme consists of four (4) Sub-programmes namely:

- **Emergency Housing and EPHP:** To facilitate emergency housing and EPHP
- **Informal Settlement Upgrading:** To provide informal settlements and upgrading services
- **Destitute and Vulnerable group and SPU:** To facilitate housing opportunities for the destitute and vulnerable groups
- **Special Projects and Remedial Works:** To manage special projects and remedial works

Outcome: Empowered and integrated sustainable communities

3.3 DISTRICT COORDINATION AND PROJECT MANAGEMENT

Purpose: To manage and oversee an effective and efficient district coordination and project management

The programme consists of two (2) Sub-programmes namely:

- **District Support:** Rendering of strategic coordination and facilitation on the functioning districts offices
- **Project Management Unit:** To provide project management technical support services

Outcome: Empowered and integrated sustainable communities

Outcomes, output, output indicators, targets and actual achievements

- The Consumer Education and Social Facilitation programme has reached 4 245 beneficiaries, thereby exceeding the planned target of 4 226 and 11 PSC were audited, trained, and re-established. The benefit of this programme extends beyond the handing over of a completed house, to ensuring that through care and maintenance, the product retains its growth value as well as affording consumer protection.
- Towards creation of work opportunities for emerging contractors, 115 Small Micro and Medium Enterprises (SMME) were provided with training and subcontracting. In addition, 116 youth were supported through provision of construction related skills artisan development programme.
- 1 035 Temporary shelters were provided to beneficiaries who find themselves in need of emerging housing across the province.
- Towards Policy Priority achievements include assessment and verification of 1 187 subsidies for Destitute and Vulnerable against targets of 1 000.
- District Coordination has constructed 5 338 new units out of the targeted 6 807 and furthermore 4 800 sites have been serviced out of the 3 760. Despite the challenges faced by the sector, some of the regions have performed exceptionally well and they are predominantly in the rural areas where access to these projects is extremely difficult.

PROGRAMME 3:

Outcomes, outputs, output indicators, targets and actual achievements table

3.1 HUMAN SETTLEMENTS FACILITATION PROGRAMME

3.1.1 BENEFICIARY MANAGEMENT

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Empowered and integrated sustainable communities	Destitute beneficiaries approved	Number of destitute beneficiaries approved	-	-	1 372	970	(402)	Underperformance was due to the following: - Covid 19 national lockdown hindered on-site visit and consultation with beneficiaries - HSS system server was down during quarter 4 and searches could not go through to different databases in order to verify potential beneficiary information prior approval
	Municipalities supported on beneficiary administration	Number of municipalities supported on beneficiary administration	-	-	20	18	(2)	Underperformance was due to the fact that the unit focused in providing different intervention to the same municipalities because of the need identified during engagements sessions
	Beneficiaries on HSS audited for re-prioritisation (Backlog)	Number of beneficiaries on HSS audited for re-prioritisation	-	-	7 600	10 620	3 020	Overperformance was due to the focus to fast-track backlog on HSS of beneficiaries that are approved but have not received their houses

3.1.1 BENEFICIARY MANAGEMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
	Individual subsidies facilitated for payment	Number of individual subsidies facilitated for payment	-	-	32	44	12	Overperformance was due to the fact that the programme received additional funding to fast-track payments towards the reduction of the backlog

3.1.2 SOCIAL FACILITATION AND CUSTOMER CARE								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Empowered and integrated sustainable communities	Housing beneficiaries Educated	Number of Housing beneficiaries Educated	10 845	9 439	4 226	4 245	19	Overperformance was due to additional request from the office of the Minister to conduct information sharing session with the communities
	Project steering committees supported	Number of project steering committees supported	18	18	11	11	-	None

3.1.3 EMERGING CONTRACTOR DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Empowered and integrated sustainable communities	SMME Contractors supported towards sustainable Business	Number of empowerment opportunities facilitated for SMME Contractors	76	58	88	115	27	Over performance was due to the additional training request received from the BCMM forum as

3.1.3 EMERGING CONTRACTOR DEVELOPMENT									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
	enterprises							well as positive response by SEDA to conduct training for SMMEs	
	Youth supported for the artisan development programme	Number of Youth enrolled for artisan development programme (apprenticeship and learnership)	100	100	100	116	16	Overperformance was due to the new intake of learners for the CETA artisan-sponsored programme	

3.2 HUMAN SETTLEMENTS INCREMENTAL PROGRAMS

3.2.1 EMERGENCY HOUSING AND EPHP									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
Empowered and integrated sustainable communities	EPHP projects supported	Number of ePHP projects supported	10	10	10	10	-	None	
	Temporary shelters erected	Number of temporary shelters erected for emergency housing cases	100	128	242	1 035	793	Over performance was due to Disaster Grant Funding and response to Covid 19 special cases	

3.2.2 INFORMAL SETTLEMENTS UPGRADING									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
Empowered and integrated sustainable communities	Informal Settlements upgraded	Number of Informal Settlements upgraded to Phase 1- 3	-	-	115	0	(115)	Underperformance was due to non-responsiveness of bids for appointment of professionals to kick-off the upgrading projects	

3.2.2 INFORMAL SETTLEMENTS UPGRADING								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
	Socio-economic facilities provided	Number of Socio-economic facilities provided	0	0	2	2	-	None
	Households benefited from Informal Settlement Upgrading	Number of Households benefited from informal settlement upgrading	-	-	5 300	0	(5300)	Underperformance was due to non-responsiveness of bids for appointment of professionals to kick-off the upgrading projects
3.2.3 DESTITUTE & VULNERABLE GROUPS AND SPU								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Create integrated sustainable communities	Destitute and other Vulnerable Groups verified	Number of Destitute and other Vulnerable Groups verified	-	1 467	1 000	1 187	187	Over performance was due to widespread disaster incidents within the O.R. Tambo District.
	Military Veterans verified	Number of military veterans verified	-	286	115	53	(62)	Under performance was due to lesser number of military veterans that were received from SANMVA for verification by the National Department of Military Veterans
	Gender mainstreaming reports	Number of Gender mainstreaming opportunities created for Youth, Women and Military Veterans, Persons with disabilities compliance reports	4	4	4	3	(1)	Under performance was due to the closure of departmental offices as a result of Covid-19 lockdown

3.2.4 SPECIAL PROJECTS AND REMEDIAL WORKS								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Empowered and integrated sustainable communities	Catalytic Projects supported	Number of Catalytic Projects supported	-	4	6	6	-	None
	Reports on Special Projects submitted	Number of reports on Special Projects submitted	5	4	4	4	-	None

3.3 DISTRICT COORDINATION AND PROJECT MANAGEMENT

3.3.1 DISTRICT SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Empowered and integrated sustainable communities	New housing units delivered	Number of houses (units) delivered through subsidy programme	9 881	8 582	6 807	5 338	(1 469)	Under performance was due to a significant effect on commencement of construction due to material supply delays and shortages, capital/credit of contractors affected and the labour restrictions due to COVID Regulations on construction and meeting targets. Construction has also affected by new safety regulations and limitation of workforce.
	Site serviced	Number of serviced sites delivered through a range of programme in the housing code	7 598	6 754	3 760	4 800	1 040	Over performance was due to increased productivity in Chris Hani, OR Tambo and Alfred Nzo

3.3.1 DISTRICT SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
	Defective houses rectified [Pre and Post]	Number of defective houses rectified [Pre and Post]	1 018	871	1 051	531	(520)	Underperformance was mainly due to poor performance in OR Tambo at Maydene Farm, Mqanduli and Zimbande Valley, where the contractors have re-established site after the Lockdown

3.3.2 PROJECT MANAGEMENT UNIT								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Empowered and integrated sustainable communities	Historical projects closed	Number of historical projects closed	0	11	50	7	(43)	Under performance was due to the fact that some projects had outstanding scope of work (transfers) which prevented project close out
	Projects utilising ISBT	Number of projects supported on innovative and sustainable building technologies	-	-	20	6	(14)	Under performance was because social facilitation for acceptance of the product by the community could not be done due to covid 19 restrictions
	Projects identified from the Business Plan	Number of projects assessed for quality standards	32	27	54	54	-	None
	Jobs opportunities created	Number of job opportunities reported	17 926	9 753	9 300	6 491	(2 809)	Under performance was due to delay in the

3.3.2 PROJECT MANAGEMENT UNIT									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
		through EPWP compliant projects						introduction of service providers on site in Nelson Mandela and Amatole regions by the implementing agent and this has caused a major delay in the commencement of construction	
	Youth Empowered	Number of empowerment opportunities created for youth through youth brigade programme	100	150	200	190	(10)	Under performance was due to delays in implementation of Somerset East project due to non-responsiveness of the bid	

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2020/2021	Actual Achievement 2020/2021	Comment On underperformance	Strategy to overcome areas of under performance
Number of destitute beneficiaries approved	1 372	970	Underperformance was due to the following: - Covid 19 national lockdown hindered on-site visit and consultation with beneficiaries - HSS system server was down during quarter 4 and searches could not go through to different databases in order to verify potential beneficiary information prior approval	The department will ensure that all outstanding potential beneficiaries are captured by the end of quarter 1 of 2021/22 financial year
Number of municipalities supported on beneficiary administration	20	18	Underperformance was due to the fact that the Department focused in providing different intervention to the same municipalities because of the need identified during engagements sessions	The Department will fast-track support of outstanding municipalities during quarter 1 of 2021/22 financial year.
Number of Informal Settlements upgraded to Phase 1-3	115	0	Underperformance was due to non-responsiveness of bids for appointment of professionals to kick-off the upgrading projects	The department has appointed 11 municipalities and the HDA to be Implementing Agents for Informal Settlements to be upgraded and phase 1 will be concluded by October 2021.
Number of Households benefitted from informal settlement upgrading	5 300	0	Underperformance was due to non-responsiveness of bids for appointment of professionals to kick-off the upgrading projects	The department has appointed 11 municipalities and the HDA to be Implementing Agents for Informal Settlements to be upgraded and phase 1 will be concluded by October 2021.
Number of military veterans verified	115	53	Under performance was due to lessor number of military veterans that were received from SANMVA for verification by the National Department of Military Veterans	Continuous engagements with SANMVA for timeous verification submission of military veterans
Number of Gender mainstreaming opportunities created for Youth, Women and Military Veterans, Persons with disabilities compliance reports	4	3	Under performance was due to the closure of departmental offices as a result of Covid 19 lockdown	The Department will continue to monitor gender mainstreaming and report in all platforms on a quarterly basis
Number of houses (units) delivered through subsidy programme	6 807	5 338	Under performance was due to a significant effect on commencement of construction due to material supply delays and shortages, capital/credit of contractors affected and the labour restrictions due to COVID Regulations on construction and meeting targets. Construction has also been affected by new safety regulations and limitations of workforce	- The Department will continue to engage with the contractors to assist in mitigating the issues raised. - The contractors and role players have familiarized themselves with the COVID-19 Regulations and this can be witnessed by the production delivery momentum they gained after resuming with works on sites. - Department has strengthened the risk management processes to ensure that all potential risks are identified in advance and mitigating controls are in place to avoid disruptions to service delivery.

AREA OF UNDER PERFORMANCE	Planned Target 2020/2021	Actual Achievement 2020/2021	Comment On underperformance	Strategy to overcome areas of under performance
				- The contractors who are unable to deliver as planned, notice of defaults will be issued and eventually their contracts will be terminated - The Department has concluded a panel of contractors, which will assist to replace non-performing contractors. - The Department also developed recovery plan to maximise performance and expenditure and there is regular monitoring on performance.
Number of defective houses rectified [Pre and Post]	1 051	531	Under performance was mainly due to poor performance in OR Tambo at Maydene Farm, Mqanduli and Zimbande Valley, where the contractors have re-established site after the Lockdown	- Contractors are encouraged to maximize performance - There are contractors who are unable to deliver as planned and the Department will issue notice of defaults and eventually their contracts will be terminated - The Department has concluded a panel of contractors, which will assist to replace non-performing contractors.
Number of historical projects closed	50	7	Underperformance was because some projects had outstanding scope of work (transfers) which prevented project close out	- The Department will fast track outstanding transfers to prevent more delays in project close out processes. - The Department has developed terms of reference to establish Panel of Conveyancers to fast-track transfers.
Number of projects supported on innovative and sustainable building technologies	20	6	Under performance was because social facilitation for acceptance of the product by the community could not be done due to covid 19 restrictions	Department will embark on creation of ISBT Innovation Hubs/Demonstration Houses to initiate ISBT projects in different Regions and to make sure the stakeholders/ beneficiaries accept the product by the end of quarter 3.
Number of job opportunities reported through EPWP compliant projects	9 300	6 491	Under performance was due to delay in the introduction of service providers on site in Nelson Mandela by the implementing agent and Amathole Regions and this has caused a major delay in the commencement of construction	The Department has initiated compilation of Standard Terms of Reference that will be utilised to avoid non-responsiveness of bids which caused delays in appointment/introduction of Service Providers by the end of the second quarter
Number of empowerment opportunities created for youth through youth brigade programme	200	190	Under performance was due to delays in implementation of Somerset East project due to non-responsiveness of the bid	The Department has initiated compilation of Standard Terms of Reference that will be utilised to avoid the non-responsiveness of bids which caused delays in appointment/introduction of Service Providers by the end of second quarter.

Linking performance with budgets:

Programme 3: Housing Development has spent 82.2% of its final budget, an underspending of R315.941 million. Underspending is mostly under Transfers & Subsidies (conditional grant) and is due to:

HSDG

The under expenditure on HSDG resulted from claims for value created that were due to BCMM, KSD, OR Tambo District Municipality and Ntabankulu Municipality that were deselected by Provincial Treasury when stopping ISUP transfers at the bank.

PROVINCIAL EMERGENCY HOUSING GRANT

Underspending was due to inadequate capacity of contractors which resulted in poor performance. The department issued notice of default to contractors; however, some are slightly improving their performance as they entered into Cession Agreements.

EPWP

Underspending was due to Komga funding of fifty (50) participants training which was misaligned to the OPSCAP.

Sub-programme expenditure

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
Administration	2 130	2 130	-	2 285	2 285	-
Financial Interventions	184 688	184 688	-	357 216	320 299	36 917
Incremental Interventions	527 660	341 855	185 805	1 086 125	659 698	426 427
Social and Rental Interventions	12 557	12 137	420	139 591	13 114	126 477
Rural Interventions	1 051 862	922 146	129 716	901 639	1 125 365	(223 726)
TOTAL	1 778 897	1 462 956	315 941	2 486 856	2 120 761	366 095



4

Programme

HUMAN SETTLEMENTS PROPERTY AND ASSETS MANAGEMENT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4.4 PROGRAMME 4: HUMAN SETTLEMENTS PROPERTY AND ASSETS MANAGEMENT

Purpose: To Oversee efficient and effective management of Human Settlements Properties and assets.

The programme consists of three (3) Sub-programmes namely:

- **Sales, Transfers and Assets:** To manage Housing sales and transfer of Assets
- **Land Acquisition and Tenure services:** To facilitate and coordinate land acquisition & tenure services
- **Social and Rental Housing:** To facilitate and coordinate the implementation of the social and rental housing

Outcome: Security of land tenure and affordable residential and rental services

Outcomes, outputs, outputs indicators, targets and actual achievements

- Completion of 494 social housing units out of a target of 200, this programme is aimed to provide affordable rental accommodation to the targeted market.

PROGRAMME 4:

Outcomes, outputs, output indicators, targets and actual achievements table

4.1 SALES, TRANSFERS AND ASSETS								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tableting	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Rental units transferred	Number of rental units transferred	7	5	5	1	(4)	Under performance was due to the misplaced Holding Title for Uitenhage erven at the Deeds Office. The originally Certified Item 28 (1) Certificate for the Wells Estate has not been forwarded by the DRDLR
	Rental units sold	Number of rental units sold to beneficiaries	6	11	4	0	(4)	Under performance was due to the misplaced Holding Title for Uitenhage erven at the Deeds Office. The originally Certified Item 28 (1) Certificate for the Wells Estate has not been forwarded by the DRDLR
	Debtors reduced	Number of debtors reduced per financial year	13	16	9	1	(8)	Under performance was due to the outstanding documents expected from the Deeds Office and DRDLR

4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tableting	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Security of land tenure and affordable	Land parcels devolved to Municipalities	Number of land parcels devolved to Municipalities in terms of section 15 of the	12	98	10	0	(10)	Under performance was due to the fact that there were no land parcel requests from

4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
residential and rental Services		Housing Act 107, 1997						Municipalities
	Pre-2014 title deeds registered	Number of title deeds registered to eradicate Pre-2014 backlog per year	-	-	3 328	1 450	(1 878)	Under performance was due to the delays in payment of service providers who had to conduct beneficiary verification before transfers could be done. There was also lack of support of service providers from Municipalities. Most projects did not have holding title deeds.
	Post-2014 title deeds registered	Number of title deeds registered for new (post-2014) developments per year	-	-	5 000	0	(5000)	Under performance was due to projects that could not be allocated to conveyancers because of non-readiness. Non opening of township establishment registers

4.3 SOCIAL AND RENTAL HOUSING								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Completed social rental unit	Number of Social Houses/rental units delivered	300	420	200	494	294	Over performance was due to the dedication of the developer who was able to yield units earlier than anticipated as there were no unnecessary delays to the project.

4.3 SOCIAL AND RENTAL HOUSING									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual target 2020/2021	Actual Achievement 2020/2021 Until date of re-tabling	Deviation from planned targets to Actual Achievement 2020/2021	Reasons for deviations	
	Completed community residential units	Number of community residential units delivered	-	-	-	-	-	None	
	FLISP subsidies allocated to approved beneficiaries	Number of Housing units delivered through Finance Linked Individual Subsidy Programme (FLISP)	-	-	200	132	(68)	Under performance was due to delays by conveyancers to submit the necessary documentation in order to effect payments	

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2020/2021	Actual Achievement 2020/2021	Comment On underperformance	Strategy to overcome areas of under performance
Number of rental units transferred	5	1	Under performance was due to the misplaced Holding Title for Uitenhage erven at the Deeds Office. The originally Certified Item 28 (1) Certificate for the Wells Estate has not been forwarded by the DRDLR	The Department will follow up with the Department of Rural Development and Land Reform to process item 28(1) Certificate that will assist with the way forward on the misplaced Holding Title deed.
Number of rental units sold to beneficiaries	4	0	Under performance was due to the misplaced Holding Title for Uitenhage erven at the Deeds Office. The originally Certified Item 28 (1) Certificate for the Wells Estate has not been forwarded by the DRDLR	The Department will follow up with the Department of Rural Development and Land Reform to process item 28(1) Certificate that will assist with the way forward on the misplaced Holding Title deed.
Number of debtors reduced per financial year	9	1	Under performance was due to the outstanding documents expected from the Deeds Office and DRDLR	Outstanding documents from DRDLR and Deeds Office to be closely followed up for submission.
Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	10	0	Under performance was because there were no land parcel requests from Municipalities	All outstanding land parcels will be devolved in the new financial year
Number of title deeds registered to eradicate Pre-2014 backlog per year	3 328	1 450	Under performance was due to the delays in payment of service providers who had to conduct beneficiary verification before transfers could be done and also lack of support of these service providers from Municipalities. Most projects did not have holding title deeds.	Conveyancers will apply for lost holding title deeds and engagement with Municipalities is in progress.
Number of title deeds registered for new (post-2014) developments per year	5 000	0	Under performance was due to projects that could not be allocated to conveyancers because of non-readiness. Non opening of township establishment registers	The Department will fast-track opening of township establishment registration.
Number of Housing units delivered through Financed Linked Individual Subsidy Programme (FLISP)	200	132	Under performance was due to the delays by conveyancers to submit the necessary documentation in order to effect payments	Conveyancers are engaged on a continuous basis to comply in order to avoid delays for payment of subsidies.

Linking performance with budgets:

Programme 4: Housing Asset Management has spent 46.5% of its allocated budget. Under expenditure of R 35.968million under transfers and subsidies is as a result of Covid-19 resurgence which made it difficult to verify beneficiaries before transfers are made and untraceable mother title deeds.

Sub-programme expenditure

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
Administration	1 070	927	143	2 334	2 264	70
Sale and Transfer of Housing Properties	6 086	6 070	16	5 933	5 933	-
Devolution of Housing Properties	60 839	24 590	36 249	4 941	4 735	206
TOTAL	67 995	31 587	36 408	13 208	12 932	276

Performance in relation to Standardized Output and Output indicators for sector with concurrent functions

The National Department of Human Settlements Director General has issued a circular in 2020/21 financial year to provincial Department of Human Settlements to incorporate standardised sector output performance indicators in the annual performance plan. These standardised sector output performance indicators have been carried over from the previous financial year (2019/20) for inclusion in the 2020/21 financial year. It is worth noting that all the standardised sector output performance indicators as per the circular has been incorporated in the 2020/21 annual performance plan and the actual achievements are reflected in different programmes under performance information section of the annual report.

Below is the table to show sector standardised indicators and programme responsible

OUTPUT	SECTOR STANDARDISED OUTPUT PERFORMANCE INDICATOR	PROGRAMME	SUB PROGRAMME
Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury	Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury	Programme 1 Administration	Strategic Planning
Projects approvals for research studies approved	Number of project proposals for research studies approved	Programme 2 Human Settlements Delivery Planning and Performance	Human Settlements Research and Policy Development
Research studies report approved and published	Number of reports developed in terms of approved research studies And approved for publication	Programme 2 Human Settlements Delivery Planning and Performance	
Policies and implementation guidelines approved	Number of policies and implementation guidelines approved	Programme 2 Human Settlements Delivery Planning and Performance	
Human Settlements projects contained in the IDP Chapter approved	Number of approved Human Settlements projects contained in the IDP Chapter based on the objectives of outcome 8 and representing National and Provincial priorities	Programme 2 Human Settlements Delivery Planning and Performance	Human Settlements Delivery Planning
Municipalities provided with technical support	Number of Municipalities provided with technical support to produce development plans for Human Settlements projects	Programme 2 Human Settlements Delivery Planning and Performance	
Sites serviced	Number of serviced sites delivered through a range of programmes in the housing code	Programme 3 District coordination and project management	District Support
Defective houses rectified [pre and post]	Number of defective houses rectified [pre and post]	Programme 3 district coordination and project management	

OUTPUT	SECTOR STANDARDISED OUTPUT PERFORMANCE INDICATOR	PROGRAMME	SUB PROGRAMME
Land parcels devolved to Municipalities	Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	Programme 4 Human Settlements Property and Assets Managements	Land acquisition and tenure services
Pre– 2014 title deeds registered	Number of title deeds registered to eradicate Pre-2014 backlog per year	Programme 4 Human Settlements Property and Assets Managements	
Post– 2014 title deeds registered	Number of title deeds registered for new (post-2014) developments per year	Programme 4 Human Settlements Property and Assets Managements	
Completed social rental unit	Number of social houses/rental units delivered	Programme 4 Human Settlements Property and Assets Managements	Social and Rental Housing (Budget falls under programme 3)
Completed community residential units	Number of community residential units delivered	Programme 4 Human Settlements Property and Assets Managements	
FLISP subsidies allocated to approved beneficiaries	Number of Housing units delivered through Finance Linked Individual Subsidy Programme (FLISP)	Programme 4 Human Settlements Property and Assets Managements	

Reporting on the institutional Response to the COVID-19 Pandemic

Table 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 output in the APP (where applicable)	Immediate outcomes
Asset Management	Procurement of COVID-19 Personal Protective Equipment	EC Human Settlements staff in the EC Province	630	Head Office - 365 BCM- 27 Amathole- 30 NMB- 38 Sarah Baartman- 33 Alfred Nzo- 30 OR Tambo- 43 Chris Hani- 37 Joe Gqabi - 27	-	R312 838.02	Addressing COVID-19 in the workplace	Measures in place to prevent the spread of the Corona virus in the workplace
Asset Management	Procurement of COVID-19 Personal Protective Equipment	EC Human Settlements staff in the EC Province	684	Head Office- 457 BCM - 26 Amathole-24 NMB-30 Sarah Baartman-31 Alfred Nzo- 24 OR Tambo-40 Chris Hani-31 Joe Gqabi-21	-	R191 909.00	Addressing COVID-19 in the workplace	Measures in place to prevent the spread of the Corona virus in the workplace
Asset Management	Monthly disinfecting of all offices and pool vehicles. Procurement of Surface Sanitisers, Disinfectant Wipes for state vehicle, Cloth Masks, Disposable Gloves, Foot operated sanitisers, Disposable Aprons, Surgical Masks	Eastern Cape Department of Human Settlements (inclusive of all regional offices)	9 office accommodations, buildings, 59 state vehicles, and 630 officials	-	2 599 000	2 358 000.00	-	Disinfected offices and pool vehicles Procured Surface Sanitisers

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 output in the APP (where applicable)	Immediate outcomes
Informal Settlements Upgrading Programme (ISUP)	The Densely populated Informal Settlement were considered a high risk for the pandemic and the "Dedensification" strategy was activated to relocate some households.	• Amahlathi LM (Bongolethu/Isidenge)	700	70	Relocation budget managed by the individual LM's	None for UISPG	N/a	Land identification will be included as an extension of the Upgrading of the respective Informal Settlements
		• Amahlathi LM (Upper Izele)	1238	150	Budget for Temporal Shelters under the Emergency Programme			
		• Enoch Mgijima LM (Mlungisi Cementry cluster)	700	50				
		• Great Kei LM (Konga)	1500	150				
		• Ingquza LM (Nkululekweni)	956	70				
		• KSD LM (Chris Hani)	3436	150				
		• KSD LM (Zone14)	882	50				

The department complied with general Occupational Health and Safety (OHS) act requirements to address COVID-19 in the workplace by having an approved Occupational Health and Safety Policy with an addendum addressing COVID-19 Occupational Health and Safety guidelines for the workplace. The department has an appointed Occupational Health and Safety Committee and has appointed and trained Occupational Health and Safety representatives.

Compliance with specific COVID-19 requirements included an approved COVID-19 Workplace Plan addressing the prevention of COVID-19 in the workplace, a COVID-19 Risk Assessment, guidelines to assist staff infected with COVID-19, a 24-hour counselling service available for staff and immediate family members and continuous electronic staff communication (circulars) and awareness (articles) with regards to COVID-19. The department had to continuously balance performance and safety of staff whilst ensuring that all essential services are taking place throughout the various adjusted levels as announced in accordance with National Disaster Management Act.

5. TRANSFER PAYMENTS: NA

5.1. Transfer payments to public entities: **NA**

5.2 Transfer payments to all organisations other than public entities: **NA**

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid: **NA**

6.2 Conditional grants and earmarked funds received

The table below details the conditional grant and earmarked funds received for the period 1 April 2020 to 31 March 2021.

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Human Settlements (Vote11)
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	• 6 807 residential units delivered in various housing programmes • 32 Individual housing subsidies to be facilitated for payments • 200 housing units delivered through FLISP • Provision of 200 Social Rental Housing Units • 3 760 serviced sites delivered in various housing programmes
Actual outputs achieved	• 5 338 residential units delivered in various housing programmes • 44 Individual housing opportunities facilitated for payments • 132 Individual finance linked housing opportunities • 494 Social Rental housing units completed. • 4 800 serviced sites delivered in various housing programmes
Amount per amended DORA	R 1 479 164
Amount received (R'000)	Not applicable
Reasons if amount as per DORA was not received	Not applicable
Amount spent by the department (R'000)	R1 200 180
Reasons for the funds unspent by the entity	Not applicable
Reasons for deviation on performance	The Department has been negatively affected by the construction paralysis due to the total shutdown during the pandemic and that resulted to under achievements on the planned deliverables
Measures taken to improve performance	The department has put a recovery plan to recover on the lost momentum by maximizing performance on the running contracts, as well as reinforcing concurrent functions on agency basis between these two spheres of government to ensure improved service delivery
Monitoring mechanism by the receiving department	Monthly and quarterly performance reports are submitted by all affected programmes through the In Year Monitoring and reporting process. Report are consolidated in terms of the PFMA requirement and submitted to the Executive Authority, Portfolio committee, Head Of Department, Top Management, Provincial Treasury and National Department of Human Settlements.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021													
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions	
1. Financial Intervention													
1.1 a Individual Housing Subsidies (R0 - R3 500)									-				
1.1b Individual Housing Subsidies (R0 - R3 500) Non-credit linked	-	-	200	46	-	-	8 550	6 720	1 830	79%	Under expenditure was due to delays in the clearing rates accounts by the NMBM for Hlano beneficiaries which were targeted for the 4th quarter . Payment was done for individual subsidy backlog in Nelson Mandela	The Department will continue to engage with the NMBM so as to fast-track the clearing of rates accounts for Hlano beneficiaries.	Once the backlog is cleared, expenditure will be aligned to output reported
1.2 Housing Finance Linked Individual Subsidies (R3 501 - R7 000)	-	-	165	133	-	-	8 847	8 680	167	98%	The programme has achieved 98% expenditure resulting in immaterial under expenditure for the year. Subsidy allocation approved differs from one beneficiary or another as it is based on income		

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
1.3 Enhanced Extended Discount Benefit Scheme	-	-	-	-	-	-	1 938	-	1 938	0%	Provision has been made for this programme within the TDRG and therefore no expenditure is reported on the HSDG. Any expenditure incurred is reported on TDRG.	
1.4 State Asset Maintenance Programme	-	-	-	-	-	-	11 000	10 859	141	99%	The programme has achieved 99 % expenditure resulting in immaterial under expenditure for the year.	
1.5a Rectification of RDP Stock 1994-2002	130	0	-	-	528	557	74 399	86 566	(12 167)	116%	Over expenditure was due to the increased pace of construction by contractors in BCM, Sarah Baartman, OR Tambo and Chris Hani regions. Nelson Mandela Metro's plans could not be implemented due to challenges faced within the Metro.	Close monitoring to ensure that the various stages constructed are converted to completions according to the plans. The department has escalated the NMBM challenge to the political heads for intervention.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
1.5b Rectification of housing Stock (pre 1994)	-	-	-	-	-	-	1 465	0	1 465	0%	Nelson Mandela Metro's plans could not be implemented due to challenges faced within the Metro.	The department has escalated the NMBM challenge to the political heads for intervention.
1.6 Social and Economic Facilities	-	-	-	-	-	-	20 174	16 886	3 288	84%	Under expenditure was due to the delays in the procurement process for 2 MPCC's (Ntabankulu & Blue Crane MPCC's) as well as slow performance by contractors at (Burgersdorp Sports field).	The procurement to be fast tracked.
1.7 Accreditation of Municipalities (1&2)	-	-	-	-	-	-	7 630	4 685	2 944	61%	Under expenditure was due to the lack of adequate supporting documents for the claims related to hands on support in the Various municipalities.	Guidance provided to municipalities to improve on the submission of the required documentation.
1.8 Accredited Municipalities (level 1 & 2): housing programmes to be approved and funded	-	-	-	-	-	-	-	-	-	-		

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
1.8 Operational Capital Budget	-	-	-	-	-	-	26 489	24 509	1 980	93%	Under expenditure was due to the fact that some professional service providers did not submitting their invoices for work done and the reduction in the number of professionals due to contracts ending in previous quarter.	Service providers requested to submit invoices for work done timeously.
1.9 Unblocking of blocked projects	-	-	-	-	-	-	-	-	-	-		
1.10 NHBRC Enrolment Fees	-	-	-	-	-	-	10 815	7 058	3 757	65%	Under expenditure was due to delays in the finalization of the enrolments by NHBRC for projects planned for implementation in this year.	The department is interacting with NHBRC to resolve enrolment delays.
1.11 Land parcels procured (IHAHSD grant)	-	-	-	-	-	-	1 500	26	1 474	2%	Under expenditure was due to the delays in the valuations of properties.	The department to follow up on the outstanding property evaluations.
1.12 Housing chapters of IDP's	-	-	-	-	-	-	100	0	100	0%	Under expenditure was due to the delays in the finalization of the procurement of the service providers.	The department to fast-track the procurement process.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
Sub-total: Financial Intervention	130	-	365	179	528	557	172 906	165 989	6 917	96%		
2. Incremental Housing Programmes												
2.1 Project Linked Subsidies (current commitments approved up to 31/03/07)	-	-	-	-	-	-	-	-	-	-		
2.2a Integrated Residential Development Programme: Phase 1 Planning and Services	250	255	11	5	-	-	18 089	6 122	11 967	34%	Under performance on the instrument was due to the outstanding pre planning issues affecting Sarah Baartman and Joe Gqabi Regions.	The department to Fastrack the outstanding pre planning activities.
2.2b Integrated Residential Development Programme: Phase 1: Planning and Services <u>INFORMAL SETTLEMENTS</u>	38	60	0	12	-	-	2 090	1 009	1 081	48%	Under expenditure was due to the delays in the procurement of service providers to initiate the planning activities (ADM, BCM and Alfred Nzo).	The department to address the outstanding procurement of service providers to ensure that the projects can continue in the next financial year.
2.2c Integrated Residential Development Programme: Phase 2: Top Structure Construction	49	0	1154	148	-	-	74 113	61 254	12 859	83%	Under performance on the instrument was due to the outstanding procurement and pre planning issues affecting Sarah Baartman and	The department must ensure that outstanding pre-planning issues are resolved to ensure that the projects can continue. Issues experienced in the

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
2.2d Integrated Residential Development Programme: Phase 2: Top Structure Construction <u>INFORMAL SETTLEMENTS</u>	236		907	541	-	-	163 431	159 365	4 066	98%	Amathole regions). There were also delays in the submission of information for the enrolment and contracting in projects implemented in NMBM	NMBM has been escalated.
2.2e Integrated Residential Development Programme: Phase 4: Top Structure Construction: Informal Settlements	-	-	-	-	-	-	-	-	-	-	Underperformance was due to pre-planning issues in BCMM and NMBM where there was outstanding information to finalise the funding agreements.	The department to address the outstanding pre-planning issues to ensure that the projects continue.
2.3a Enhanced People's Housing process	62	36	48	36	-	-	15 507	8 650	6 857	56%	The progress at Walmer Gqeberha was negatively affected due to shortage of funds resulting from price escalations. The implementation of the planned projects in	Funding application was compiled and submitted for approval. The tender for the ADM projects closed in March and appointments are expected in 1st Quarter of 2021/2022.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
2.3b People's Housing Process INFORMAL SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	ADM region (Katberg and Readsdale) did not start due to the delays in the procurement process.	
2.4 Informal Settlement Upgrading	-	-	-	-	-	-	-	-	-	-		
2.5a Consolidation Subsidies (Excluding Blocked Projects)	4	0	13	43	-	-	3 089	3 353	(264)	109%	Over expenditure was due to the over performance of the contractor in Ilinge Project in Chris Hani Region	The department to monitor the progress of the contractor.
2.5b Consolidation Subsidies (Blocked Projects)	0		0		0		0	0	-	-		
2.6 Emergency Housing Assistance (temporal structure)	-	-	-	-	-	-	23 656	19 278	4 378	81%	There is value created on site, however the contractor has delayed submitting the claims.	The claims were received and will be processed as accruals in the next financial year.
Sub-total: Incremental	639	351	2 133	785	-	-	299 975	259 031	40 944	86%		
3. Social and Rental Housing												
3.1 Institutional Subsidies	-	-	-	-	-	-	368	507	(139)	138%	Over Expenditure was due to increase in the construction pace of	

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
3.2a Social housing: operational support	-	-	-	-	-	-	4 987	4 662	325	93%	the contractor working on PE City Mission foster home. (the project was schedule to be complete in the previous year but was initially delayed by expired contracts)	
3.2b Social Housing: Capital Grants for rental housing (Funded by NDoH)	-	-	-	-	-	-	-	-	-	-	The RHT reduced their expenditure on kilometres travelled, as they made use of shared transport when travelling to the points of complaint.	
3.3a Community residential units (CRU) Converted/Upgraded	-	-	-	-	-	-	200	-	200	0%	There was no expenditure because the department could not initiate the appointment of the professionals for the implementation of the programme due to limited funding.	Process of applying for additional funding to appoint the service providers will be done.
3.3b Community residential units (CRU) Constructed	-	-	-	-	-	-	-	-	-	-		

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
Sub-total: Social and Rental Housing	-	-	-	-	-	-	5 555	5 168	386	93%		
4. Rural Housing Programmes												
4.1 Farm Worker Housing Assistance	-	-	-	-	-	-	2 333	0	2 333	0%	The cash Flow relates to one phase of Ebenezer project that was incorrectly classified in the Business Plan under Farm Worker Housing.	This has been addressed and will be corrected in next Financial Year.
4.2 Rural Housing Communal rights	2937	4448	4022	4552	-	-	722 019	765 599	(43 580)	106%	Over expenditure was due to the fact that all the regions focused on the implementation of their recovery plans to make up for lost ground across programmes. Focus was on the construction of various stages in all regions.	The department will monitor the progress of the projects to ensure that the completions are achieved in the 1st quarter of 2021/2022.
Sub-total: Rural Housing Programmes	2 937	4 448	4 022	4 552	-	-	724 352	765 599	(41 247)	106%		
5.Priority Projects	-	-	-	-	-	-	-	-	-	-		
6. Provincial Specific Programmes	-	-	-	-	-	-	-	-	-	-		

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
7. Title Deeds												
7.1 Title Deeds (post 1 April 2014) Current and New	-	-	-	-	1 716	0	1 307	0	1 307	0%	The transfer process was delayed due to the delays in the appointment of the conveyancers as well as some of the outstanding pre conveyancing issues.	The department is fast-tracking the appointment of the conveyancers to address the transfers and pre- conveyancing issues.
Sub-total: Title Deeds	-	-	-	-	1 716	-	1 307	-	1 307	0%		
8. Military Veterans	55	1	125	1	-	-	4 576	4 393	183	96%	Under performance was due to the delays in the finalization of funding for cooperatives by HDA (Chatty Project). Delays in the NHBRC enrolment and community unrest at Mbizana Project in Ward 23. Expenditure incurred relates to accruals from previous financial year in Queenstown Military Veterans projects	The department is engaging HDA and NHBRC to fast-track the process of funding of cooperatives and enrolment of projects The Department is working on reducing accruals

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2020-MARCH 2021													
Housing Programmes		Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated&Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Remedial Actions
9. UISP Window	Ring-Fenced Amount R'000												
Eastern Cape:	270 000	-	-	-	-	-	-	270 494	0	270 494	0%	Bid documents were declared non-responsive for the appointment of service providers to initiate the programme.	The department has initiated a process to appoint Municipalities as Implementation Agents to support the implementation of the programme. Contracts have been concluded with various Municipalities at the end of March.
Total: UISP Window	2 433 000	-	-	-	-	-	-	270 494	0	270 494	0%		
10. Informal Settlements in Mining Towns	Ring-Fenced Amount R'000	-	-	-	-	-	-	-	-	-	-		
GRANT TOTAL		3 761	4 800	6 645	5 517	2 244	557	1 479 164	1 200 180	278 984	81%		

7. DONOR FUNDS

7.1 Donor Funds Received

All donor funds received were spent as the Department requests sponsors only when there is a particular need and all funds are utilised for that particular purpose. These requests are usually done through the Stakeholder Engagement Directorate however for 2020/21 there were no donors received by the Department.

Donor Fund for 2020/21: Stakeholder Engagements

Name of donor	None
Full amount of the funding	None
Period of the commitment	None
Purpose of the funding	None
Expected outputs	None
Actual outputs achieved	None
Amount received (R'000)	None
Amount spent by the department (R'000)	None
Reasons for the funds unspent	None
Monitoring mechanism by the donor	None

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

- **Progress made on implementing the capital, investment, and asset management plan.**

The Department of Public Works does the implementation of the Capital, investment and Asset Management Plans. The Department of Human Settlements does the assessment of the leased assets and report its findings to Department of Public Works which takes up actions to be implemented.

A User Asset Management Plan was drafted and completed on Immovable User Assets where the Department is a user on assets leased by the Department of Public Works.

- **Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances (2% variance)**

At the end of 2020/21, there were 500 properties on the Asset Register i.e. 419 Vacant Land, 16 sectional title flats, 25 individual standing dwellings, 30 garages, 4 farms and 6 other properties such as businesses and churches.

- **Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed:**

- There are no infrastructure projects handled by the Department of Human Settlements

- **Plans to close or down-grade any current facilities,**

DPW has a responsibility to close or down grade current facilities. The 6 Regional offices of the department are functioning in upgraded premises. The 7th office still needs to be upgraded. Plans to move the Alfred Nzo Region had been communicated by DPW to the department of Human Settlements from many years ago, but no movement has taken place yet.

- **Progress made on the maintenance of infrastructure**

This is DPW's responsibility as in the first response, due to that the facilities are leased by DPW on behalf of the Departments. Plans to maintain infrastructure are concluded between the Department of Public Works and the Landlord.

- **Developments relating to the above that are expected to impact on the department's current expenditure.**

All plans are completed and executed by the custodian department – Department of Public Works.

- **Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft**
 - o At the beginning of 2020/21 financial year, the department had 5645 assets from those received from Department of Public Works, 23 were dwellings that were transferred to beneficiaries in Nelson Mandela Bay Metro - Greenbushes. At the end of the year there were 5622 Immovable Assets
- **Measures taken to ensure that the department's asset register remained up to date during the period under review**
 - o Immovable assets were verified. The assets register was updated with movements each time they occur.
- **The current state of the department's capital assets, for example what percentage is in good, fair, or bad condition**
 - o Assets from the ex-housing board are in a "good" state as they are maintained based on requests by the tenants.
- **Major maintenance projects that have been undertaken during the period under review**
 - o None
- **Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why, and what measures were taken to keep on track**
 - o The department has embarked on a sales campaign to transfer Own Title dwellings in addition to the Sectional Title Units to beneficiaries. Therefore, maintenance that was reported by the tenants on the properties was performed. The backlog on maintenance has decreased over the years.

Infrastructure projects	2020/2021			2019/2020		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	-	-	-	-	-	-
Existing infrastructure assets	-	-	-	-	-	-
- Upgrades and additions	-	-	-	-	-	-
- Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
- Rates, Maintenance and repairs	10 000 000	12 000 000	2 000 000	4 500 000	12 500 000	(8 000 000)
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
Total	10 000 000	12 000 000	2 000 000	4 500 000	12 500 000	(8 000 000)

It should be noted that the budget given above is only for the maintenance of rental units and payment of rates for the former Housing Board assets/inventory. There is no budget to pay Rates and Taxes for the immovable assets purchased by the department for Human Settlements development

C *Part*



GOVERNANCE



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. INTRODUCTION

The Department remains committed to the principles of good governance as one of its four outcomes. It is the main outcome driver across all programmes to ensure provision of the strategic direction and leadership to support core programmes. It embraces the provision of executive, administrative and leadership support that ensures a well-managed, effective, efficient pro-poor and citizen centric Department evidenced by an unqualified audit report.

2. RISK MANAGEMENT

Enterprise Risk Management (ERM) objectives are set to ensure statements and commitments in the ERM Policy to provide reasonable assurance that the department's objectives will be met. In this regard the following have been achieved.

- o The department has an approved Risk Framework that is reviewed after three years and comprises of the Policy, Strategy and Charter.
- o Assessment of both strategic and operational risks are done annually. The risk assessment for the department was conducted by the departmental risk management unit. Strategic Risk and Operational risk Registers are aligned with the approved Risk Appetite and Tolerance statement of the department.
- o Risk Management Committee sits quarterly to monitor progress and advise the Department on risk matters especially those that need urgent attention. The externally appointed Chairperson reports directly to the Audit Committee in terms of the Risk management charter.
- o The Risk Chairperson reports to the Audit Committee on a quarterly basis and recommendations by the Audit Committee are implemented. Risk management becomes part of the agenda for the Audit committee and has a special sitting with the Audit Committee on quarterly basis.
- o A successful Risk Awareness campaign was conducted through sittings with the Chief Directors of the Department and during the induction for the newly appointed employees.

- **Whether the department has a risk management policy and strategy.**

Yes, The Department has a risk management policy and strategy in place which forms part of Risk management framework which is reviewed on annually basis to accommodate the latest developments in risk management environment e.g. King IV on Corporate Governance and the latest principles in COSO.

- **Whether the department conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks.**

The department conducts regular risk assessments to identify priority (strategic) risks as well as operational risk (Business) risks and any emerging risks.

- **Whether there is a Risk Management Committee that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.**

There is a risk management committee that sits on quarterly basis to advice management on the overall risk management

- **Whether the Audit Committee advises the department on risk management and independently monitors the effectiveness of the system of risk management.**

The Chairperson of the Risk Management Committee is an independent external person who reports to the Audit committee in terms of the risk management committee charter and the audit committee in turn independently monitors the effectiveness of risk management through the internal audit reports issued by internal audit. Items pertaining to risk management become part of the agenda for the Audit Committee Meetings. The Chairperson of the Risk Management Committee also has a special sitting with the Audit Committee to discuss any matters pertaining to risks. The chairperson also invites the Chief Risk Officer to be part of the discussions for implementation. The audit committee has its own audit committee member represented in the risk management committee intended to monitor risk implementation and to provide guidance.

- **Whether the department sees progress in the management of risks, whether this has transmitted into improvements in the department's performance, and if not, what it plans on doing to address this problem**

Yes it contributed positively as there is an improved embedding of risk management on the day to day decision making of the department. This in turn ensured the meeting of business objectives and targets. The table below show issues of concern and resolutions taken:

ISSUES OF CONCERN	RESOLUTION
Emerging Risk	This item in the Risk Report has been included to reflect identified emerging of all programmes.
Automation of Risk Management:	The department has engaged with PWC on Team Risk and this is still a work in progress as there will be a second presentation by PWC to the department.
Annual Training:	Annual Training Plan has been developed in consultation with the Provincial Treasury since most of the training is sponsored by the Provincial Treasury.

3. FRAUD AND CORRUPTION

- **Department's fraud prevention plan and the progress made in implementing the fraud prevention plan**
 - o 7 awareness sessions were conducted during 2020/21 on Fraud Prevention Plan
 - o Approved Implementation Plan in place.
 - o Reviewed and approved Fraud Prevention Plan.
 - o Quarterly reports submitted to Office of the Premier, Audit and Risk Management Committees
 - o Approved Investigation Policy
 - o Approved Whistle Blowing Policy
- **Mechanisms in place to report fraud and corruption and how these operate. e.g: Whistle blowing – The need for officials to make confidential disclosure about suspect fraud and corruption**
 - o National Anti – Corruption Hotline (0800701701)
 - o Walk-ins (Internal and External)
 - o Anonymous submission to the office of the ethics officer/MEC/HOD etc.
- **How these cases are reported and what action is taken**
 - o Cases are reported through the Hotline number and referred to the Department for further investigation
 - o The Department records incoming cases on the database
 - o The Department conducts an investigation and report its findings to the relevant stakeholders
 - o After preliminary investigation, findings with recommendations are sent to the Office of the Premier (DG) for submission to the Office of the Public Service Commission
 - o Cases are referred to Law Enforcement Agencies in terms of departmental fraud and corruption prevention and response plan

4. MINIMISING CONFLICT OF INTEREST

- o SMS members have disclosed their financial interests (100% compliance) for 2020/21 financial year.
- o 7 Awareness Sessions on Fraud and Corruption were conducted during 2020/21 financial year.
- o OSD, MMS and Other Officials from SCM, Finance have submitted their e-Disclosures (100% compliance) during 2020/21 financial year.
- o Identified officials by AG and Provincial Treasury with potential conflict of interest have been advised to de-register or resign from Identified Companies as per PSR 2016.

5. CODE OF CONDUCT

Brief description and nature of code of conduct/ethics

The Code of Conduct for Public Service lays a framework through which public servants must conduct themselves. It clearly stipulates rules and regulations of what is acceptable and non-acceptable behavior. Chapter 2 of the Code specifically addresses conduct as an employee of the public service. When the provision(s) of this code are transgressed, that behavior or act is tantamount to misconduct which can be viewed in a very serious light by the Department.

What effect it has on the Department and if the Department is adhering to:

The Department is adhering to the Code of Conduct such that during 2020/21 Financial Year there were no reported cases of breach of the Code. The effect that this has on the Department, it has resulted in improved employee/employer relations, and improved staff morale. It also mirrors the role to which awareness campaigns plays in educating both employer and employees in resolving their matters amicably.

Process followed in breach of Code of Conduct

When the Code of Conduct is breached the employer has a prerogative to take disciplinary action against the offender. The steps to be followed must adhere to the disciplinary code and procedures contained in PSCBC Resolution 1 of 2003 for levels 1-12 and the Chapter 7 of the SMS Handbook for levels 13 upwards.

The steps can be summarized as follows:

- The supervisor/relevant section submits a written report to Labour Relations outlining the allegations/what transpired with recommendations to invoke disciplinary hearing against employee(s).
- Labour Relations then formulates a memorandum, attaching the report from the supervisor, to seek approval of the Head of Department to institute disciplinary hearing against alleged employee(s).
- The Head of Department writes a letter to the alleged employee informing her/him about the intention to invoke charges of misconduct and request to give reasons why he/she should not be charged for misconduct. The employee is given five (5) days to respond.
- The Head of Department considers the reasons submitted by the employee and make decision whether to charge or not to charge the alleged employee.
- The Head of Department appoints an investigator who must investigate the allegations and submit an investigation report to the Head of department with recommendations supported with prim facie evidence. The investigator may also initiate the disciplinary hearing.
- The Head of department may suspend the employee on full pay or transfer the employee as per provisions of paragraph 7.2 of the PSCBC Resolution 1 of 2003
- The Head of Department appoint the Chairperson and the Employer Representative. The chairperson must be a level higher than the Employer Representative.
- The employee must then be provided with the charge sheet at least five (5) days before the date of the hearing

The charge sheet must provide:

- Details of the employee
- A description of the allegations of misconduct and the main evidence on which the employer will rely
- Details of the time, place and venue of the hearing
- Information on the rights of the employee to representation by fellow employee or a representative or official of a recognized trade union.
- Bring witnesses to the hearing and to cross examine witnesses of the employer.
- Right to an interpreter during the disciplinary hearing
- The disciplinary hearing must be held within ten (10) working days after the charge sheet has been served to the employee.

- If the employee fails to attend the hearing and the chair concludes that the employee did not have a valid reason, the hearing may continue in the employee's absence.
- The chairperson must convene the disciplinary hearing, and both parties will be given a chance to state their case
- On conclusion of the hearing, the employee must submit mitigating circumstances, and the employer aggravating factors for consideration of sanction by the chairperson
- The chairperson of the Disciplinary hearing must submit a report to the Head of Department detailing proceedings of the hearing, findings on guilt, and the appropriate sanction.
- Paragraph 7.4 of PSCBC Resolution 1 of 2003 provides the list of sanctions as follows:
 - i. Counselling;
 - ii. Written warning valid for six months;
 - iii. Final written warning valid for six months;
 - iv. Suspension without pay, for no longer than three months;
 - v. Demotion;
 - vi. A combination of the above; or
 - vii. Dismissal
- The Head of Department through Labour relations must communicate the outcome of the hearing to the employee within five (5) working days after the conclusion of the hearing
- Labour Relations must advise the employee of his/her right to lodge an appeal within five (5) working days against the outcome of the disciplinary hearing to the Executive Authority in terms of paragraph 8 of PSCBC Resolution 1 of 2003. NB: SMS members do not have the right to appeal
- The employer must not implement the outcome of the disciplinary hearing pending the appeal outcome. The appeal must be dealt with within 30 working days.
- In terms of paragraph 8.6 of PSCBC Resolution 1 of 2003, The Executive Authority may uphold the appeal, reduce the sanction, or confirm the outcome of the disciplinary proceedings.
- The Executive Authority must communicate the outcome of the appeal through Labour Relations to the employee, and thereafter implement the outcome immediately.
- Labour Relations must advise the employee about dispute resolution process provided under the Labour Relations Act if the employee is not satisfied with outcome of the appeal.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Health, Safety and Environmental issues are, in terms of the health and safety act jointly the responsibility of both the employer and the employee. The employer is charged with the duty of making sure that he provides and maintains a working environment that is safe and without risk to the health and safety of employees.

In making sure that the mandate of the employer is carried out, health and safety representatives, first aiders and Fire Marshalls are appointed and trained in their respective duties. Their appointment is for a period of three years. According to the act, health and safety representatives meet quarterly to discuss health and safety matters and make recommendations on such matters.

The department complies with the abovementioned standards in that it has trained health and safety representatives who meet every quarter to discuss health and safety matters. They are also charged with the responsibility of inspecting their respective worksites for hazards and risks which may be detrimental to the health and safety of employees. Trained first aiders are provided with first aid boxes to provide first aid to injured employees. Fire extinguishers and hose reels, on which training has been provided to health and safety representatives, are serviced annually.

The COVID-19 pandemic is still declared a National Disaster and country wide measures are still in place to minimize the effect of the virus in South Africa. The department will continue to adhere to detailed health and safety protocols to protect their employees and prevent the spread of infection in the workplace.

The department ensures emergency evacuation drills take place at 6-month intervals at half of the department's office sites. Annually more office sites are prepared and activated to ensure employees know how to safely evacuate offices in case of an emergency. Due to the COVID-19 pandemic and associated strict measures (social distancing/ staff rotation), evacuation drills have been postponed until it is safe to do so.

Awareness campaigns on health and safety issues are done in the department by means of staff information sessions, distribution of awareness pamphlets and articles published in the departmental newsletter. Risk reports on all departmental buildings are also updated on a quarterly basis. Monthly checklists from all health and safety representatives are collected and checked for risks which are mitigated with the assistance of the various landlords, Public Works or Asset Management.

To mitigate all incidents, each injury on duty is investigated and recommendations brought before the health and safety committee, which then endorses or makes further recommendations thereby contributing to the overall management and mitigation of risks.

7. PORTFOLIO COMMITTEES

Date of the Meeting: 18 February 2021

Programme 1: Administration

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Bid Adjudication Committee (BAC) did not meet its target of evaluating within 90 days.	The BAC in the Department is scheduled to sit every Thursday at 10:00 and subsequently there be an urgent matter the BAC does sit on an Adhoc basis. The Accounting Officer has appointed two (2) additional members to the BAC to avoid quorum issues.
The Department made a commitment to fill the Director of Supply Chain Management post by the 01 March 2021 which was vacant for a year.	Ms Nolundi Platyi was appointed as the new Director of Supply Chain Management and assumed her duties on 3rd of May 2021.
Some of the indicators for Strategic objectives of programme 1 and reasons for deviation are the same	There is a departmental schedule that ensures that all bid committees must have weekly sittings. In the 2020/25 Revised Planning Framework, strategic objectives have been replaced by outcomes and all departmental indicators are linked and will respond to the outcomes for each programme. In the 2020/2021 APP, programme 1 has reduced their indicators to 11 indicators, to mainly focus on key indicators which are the main drivers for the programme and this will mitigate any duplications noted for reason for deviation and indicators developed.

Programme 2: Human Settlements Delivery Planning and Performance

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department indicated that it provided support for 36 municipalities after targeting 18 with regard to the Human Settlement Programme based on: - Provincial priorities in the Provincial Development Plan - Request from municipalities - Prioritised Human Settlement and Housing Development Programme	The Department planned to support 8 Municipalities and effectively supported 18 Municipalities in the 2020/21 financial year.

Programme 3: Housing Development

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The incremental subsidy – programme has experienced an under – expenditure because of under performance in the rectification project in Nelson Mandela Bay region.	The department has engaged with the Nelson Mandela Bay Municipality with the view to resolve all outstanding issues to ensure that the projects can commence. The Department is supporting NMBM to ensure that performance improves in the first quarter of 2021/22 financial year.

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department reported that it provided hands – on – support for the Nelson Mandela Bay Metropolitan Municipality to assist the municipality to turn around the housing delivery.	The Department has regular engagement with the Municipality in order to resolve the risks and issues on a project level and all issues related to the housing delivery in the Region to ensure imminent improvement.
The two Multi-Purpose Centres in Tsomo and Uitenhage is yet to be completed because of the delays in appointment of service providers	The appointments of the service provider for the Tsomo MPCC were finalized on April 2021 and construction will commence in June 2021. The appointment for the Nkantolo MPCC is delayed due to the legal dispute between the Department and the Terminated Service Provider.

Programme 4: Human Settlement Property and Assets Management

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department must provide the Committee with a plan on how it intends to significantly increase its pace to transfer title deeds to qualifying beneficiaries.	The Department drafted a plan and submitted it to the Committee on how the Department will increase its effectiveness on issuing of title deeds.

General finding

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department must ensure that it utilise all the funds appropriately that is allocated to it.	The Department implemented the appropriate controls to ensure that funds appropriated will be utilized for the intended purpose.
The Department must ensure that it improves its targeting of indicators to avert overachievement.	The Department has aligned its plans with allocated budget
The Department must ensure that all responsibilities are performed to achieve a clean audit in the next financial year.	The Department drafted an Audit Intervention Plan that was workshopped with the programmes and drafted a clear plan to ensure all audit findings are attended to. The Department is also strengthening internal control measures in order to improve the Audit outcomes
The MEC must interact with the Minister of the Defence and Military Veterans urgently to address all the identified bottlenecks with regard to beneficiary administration for military veterans.	The Department continuously engage with the Ministry of Defence and Military Veterans to complete the database of the approved beneficiaries (military veterans).

Date of Meeting: 18 February 2021

1. Programme 1: Administration

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department is in the process of overhauling its control environment of the Financial and Supply Chain Management (SCM) sections matters to prevent irregularities and further regression in the audit finding.	The overall control environment has been reviewed and gaps that were found in the SCM Policy and the Standard Operating Procedure (SOP). The Department is finalising the review of the Supply Chain Policy and the draft is available and will be completed by the end of the third quarter. The Internal Control Framework for the Department was approved on 31st March 2020 with the intention to prevent irregularities and improve Audit outcomes. The Department will provide quarterly reports on the implementation of the Audit intervention plan to the committee. The Department reviewed the Terms of References and finalised the draft Standard Terms of References for Professional Consultants and Contractors.
The Department plans to implement a procurement recovery plan to improve performance processes.	The Department received an approval of the 2021/22 Procurement Plan from the Department of Provincial Treasury.

Matters raised by the Portfolio Committee	How did the Department address the matters raised
	The Department appointed Implementing Agents and presented the Gazetting of the accredited and non-accredited municipalities for good fiscal governance.
Issues of non – compliance in Supply Chain Management (SCM) section had significantly contributed to the obtainment of an unqualified audit opinion with areas of qualifications.	The Department reviewed and prepared a draft SCM Policy and draft standard Terms of References to be approved by the end of quarter three and further enhanced the control environment. The root cause analysis has been done on all the non-compliance issues raised by the Auditor General. The actions to address the root causes are in the Audit Improvement Plan which is monitored monthly and submitted to Accounting Officer, Provincial Treasury and the Audit Committee.
The Special Investigation Unit is currently investigating possible irregularities in the procurement of Personnel Protective Equipment (PPE).	The Department presented all the relevant information to SIU and all staff that had to respond to the matter have done so.

2. Programme 2: Human Settlements Delivery Planning and Performance

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department has reported to the Committee of no improvement with regard to the implementation of projects in the Nelson Mandela Bay Metropolitan Municipality (NMBMM).	The department has engaged with the Nelson Mandela Bay Municipality with the view to resolve all outstanding issues to ensure that the projects can commence. The Department aims to support NMBM to ensure performance to improve in the first quarter of 2021/22 financial year.
The Department will support 20 municipalities during this financial year with beneficiary administration.	The Department targeted 15 municipalities to be supported during the 2021/22 financial year and will extend its support to other Municipalities through the establishment of beneficiary allocation committees, roll out of the beneficiary correct occupation program as well as development of the relevant policies.

3. Programme 3: Housing Development

Matters raised by the Portfolio Committee	How did the Department address the matters raised
There is a reduction of R191m in the Human Settlement Development Grant (HSDG), which resulted in the reduction in budget in a number of regions except those with small budgets	The Department received a reduction of R191 million during the lockdown period for the COVID response. This effectively impacted all the Regions except for Joe Gqabi and Sarah Baartman whose budgets was already limited for the responses by the Regions.
The Department plans to reprioritise, within the approved beneficiary lists, the elderly, elderly women, child – headed homes, people living with disabilities and military veterans.	The department is consistently reprioritising and will ensure that the process of re-prioritisation does not affect Service Delivery.
The delays in the remuneration of contractors resulted in delay in the housing construction progress in some of the regions.	The Department pays its service providers within 30 days. In case of delays the Department engage service providers concerned in an attempt to resolve matters swiftly.
The Department will utilise the rollover of R90m for the disasters of the previous financial year in OR Tambo and Alfred Nzo.	The department spent all the funds in providing temporary shelters for all affected and approved beneficiaries. In anticipation for the underspending on the Disaster grant for OR Tambo and Alfred Nzo District Municipality projects, the Department has appointed the two District Municipalities as Implementing Agent to implement and close out the projects funded from the roll over.
Approximately R270m is ring-fenced for the upgrading of informal settlements and Department is currently busy with the appointment of professional service providers	The Department requested for the approval of the rollover of the R270 million to the 2021/22 financial year. The Procurement Plan 2021/22 for the Department was approved by Provincial Treasury. The Department appointed Implementing Agents and presented the Gazetting of the accredited and non-accredited municipalities for good fiscal governance.
Department plans to reinstate the contract for the Tsomo Multi-Purpose Centre and has taken the Nkantolo MPC contractor to court for specific performance.	The appointments of the service provider for the Tsomo MPCC were finalized on April 2021 and construction will commence in June 2021.

Matters raised by the Portfolio Committee	How did the Department address the matters raised
	The appointment for the Nkantolo MPCC is delayed due to the legal dispute between the Department and the Terminated Service Provider.
The Department has a funding and a monitoring role in the catalytic projects while the HDA will be the project and programme manager	The department do have an approved Implementation Protocol with The HDA and will monitor the performance of the Programme

4. Programme 4: Human Settlements Property and Assets Management

Matters raised by the Portfolio Committee	How did the Department address the matters raised
A rollover of R32m was approved for the Title Deeds Restoration Grant which will be utilised to procure services for conveyancing related matters.	The Department will provide progress quarterly reports to the committee.

General findings

Matters raised by the Portfolio Committee	How did the Department address the matters raised
The Department had only spent 26.89% at this stage of the financial year compared to the 50.21% of the previous financial year	Department has commenced with the Turn Around Strategy 2021/22 that will ensure integrated approach of all Programmes within the Department to improve spending.
There is a decrease of R374,424m in budget allocation of the Department from the previous financial year.	The Department will ensure that funds appropriated are optimally utilized for the intended purpose. This will be monitored through the budget advisory committee of the Department.
The Department had again received an unqualified opinion with matters of emphasis.	The Department is implementing the Audit Intervention Plan.
There is no improvement on the implementation of the recommendations of the Committee	The Department where necessary will apply consequence management measures.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1	Expenditure Management	Preventing the occurrence of irregular expenditure is still a major challenge within most departments and accumulated irregular expenditure for previous years is not addressed by departments	- The process to improve the internal control environment and to review the Supply Chain Policy is already underway and will be concluded on the 31st of July 2021. - Consequence Management is taking place for those that transgress legislation and/or policies	- No - Yes
2	Procurement and contract Management	Departments continue to fail to comply with procurement processes and contract management. This is evidenced by the contravention of Treasury Regulations and the fact that the flouting of procurement processes makes it susceptible to fraud.	The Supply Chain Management (SCM) Policy is under review and compliance checklists are also under review. Contracts Management and SCM are manually driven, and the department is exploring options to digitalise the processes especially document/records management.	Yes
3, 4 & 5	Material uncertainty related to audit	The Committee found that there is no due diligence on the part of departments to respond to questions raised by the Committee with	All submission to oversight bodies on financial related matters (SCOPA) are prepared by the relevant member of Top Management and quality assured by the	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		regard to audit findings and financial management in departments. - The Committee found that Audit Intervention Plans (AIP) compiled by departments are ineffective; are not implemented and monitored by some departments; and only cover findings by the Auditor-General for that particular year under review. - There is non-implementation of internal and audit committee recommendations by departments.	Chief Financial Officer and then validated by the Accounting Officer before they are submitted to oversight bodies. - The AIP will be reviewed to encapsulate all audit and pertinent risks identified. - The process of monitoring and implementing the AIP by the Office of the CFO and Internal Control must ensure that it comply with the set controls to ensure the relevant impact. Internal Audit also reviews implementation of the AIP as part of the mandatory audits in their annual Internal Audit Plan. - Internal Audit, Risk Management, Risk Committee and the Audit Committee needs to be strengthened further. - The reporting by the Risk Committee Chairperson and Audit Committee to the Executive Authority should highlight areas where consequence management should be enhanced. - The Department does implement the recommendations from AG and Internal Audit. However, we will improve on the timeous implementation of these recommendations and this will be closely monitored by the Accounting Officer.	- Yes - Yes - Yes - Yes - Yes
6	Consequence Management	Most Accounting Officers are still lacking the zeal to implement consequence management.	The process of consequence management is now being fully implemented by the Accounting Officer.	Yes

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department had an unqualified audit finding in the 2019/20 financial year.

10. INTERNAL CONTROL UNIT

During the reporting period, the Internal Control Unit (ICU) continued to assess and report on the control activities within the department to check compliance with relevant legislation with the aim to reduce the likelihood and impact of identified risks.

For the 2020/21 financial year, the Internal Control Unit performed pre-audit checks on payments that related to the operational support of the Human Settlements and Development Grant (HSDG) and subsistence and travel (S&T) claims.

The unit also during the period under review:

- Reported on non-compliance matters identified during inspections.
- Followed up on the outstanding audit findings and provided reports on these to the Chief Financial Officer (CFO), Provincial Treasury and Audit Committee.
- Assessed irregular expenditure as well as fruitless and wasteful expenditure and provided reports to the CFO on these.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

• Key activities and objectives of the internal audit

The objective of the internal audit function is to enhance and protect organizational value by providing risk based and objective assurance activities, advice and insight to management and the Audit Committee.

• Specific summary of audit work done

As per the approved annual internal audit plan by the Audit Committee, the internal audit activity conducted its reviews on the key business processes listed below:

- o Evaluation of 2019/20 draft AFS & Annual Financial Statements
- o Evaluation of 2019/20 draft Annual Report
- o Compliance Review for Covid 19 Return to Work DPSA Guidelines
- o Quarter 1 Consulting Review on Compliance with The NT (National Treasury) Circular No. 05 of 2020/2021 On Emergency Procurement in Response to Covid-19
- o Quarter 2 Consulting Review on Compliance with The NT (National Treasury) Circular No. 05 of 2020/2021 On Emergency Procurement in Response to Covid-19
- o Consulting Review on the Alignment of Planning Processes
- o Consulting Review of the 2019/20 Audit Improvement Plan (AIP)
- o Root Cause Analysis on the Increase of Irregular Expenditure Disclosed in the Audited 2019/20 Annual Financial Statements
- o Review of Occurrence of Litigations Resulting from Contracts Management
- o Follow Up Audit on Internal Audit Findings
- o Information and Communication Technology Audit Follow Up, Review, Network Vulnerability Test and Agreed Upon General Control Areas for 2020/21 Financial Year.

During the year under review the audits focused on both core business and support functions, also taking into consideration the effect of the Covid19 Pandemic on operations. Our view is that there is still a general concern regarding the effectiveness of internal controls embedded within various operations as evidenced by the number of internal and external audit repeat findings.

• Audit work that could not be completed

The following audits that were part of the approved annual internal audit plan but were swapped or replaced by the Internal Audit unit due to challenges experienced by the Unit. The table below illustrates:

#	Planned	Replaced By
1	Commitments	Compliance Review for Covid 19 Return to Work DPSA Guidelines
2	Project Management	Consulting Review on Compliance with The NT (National Treasury) Circular No. 05 of 2020/2021 On Emergency Procurement in Response to Covid-19

The adjustments above occurred due to the disruptions of internal audit and departmental operations due to the Covid19 pandemic.

Audit work that could not be covered and remained as Unassured Risks

The internal audit annual plan is risk-based and all high risks are expected to be covered so as to provide assurance to the Department that the preventative and detective controls are functioning effectively. Out of 56 fifty six risks identified in terms of the annual risk assessment by the Department, the following twenty six (26) audits could not be included in the Internal Audit annual plan due to challenges experienced by the unit relating to insufficient funding and human resources, and remained as Unassured Risks. The three-year rolling plan that incorporates the unassured risks has been presented to the Head of Department. The table below is a list of unassured risks:

List of Unassured Risks by internal audit

#	AUDITS	Risk Description
1	Integrated planning	Inadequate evidence based integrated planning due to lack of research work
2	Internal integration (planning and implementation processes)	Inability to sustain integrated sustainable communities due to lack of cross-functional planning
3		Fragmented planning and implementation plans
4		Inadequate understanding by beneficiaries of their rights and responsibilities
5		Inadequate municipal capacity to handle destitute cases
6	Performance Management Development System (PMDS)	Inadequate management of performance by managers
7	Emerging Contractor Development	Inadequate allocation of work opportunities to emerging contractors
8	Subsidy Programmes	Inadequate municipal capacity to implement subsidy programmes (emergency and EPHP)
9	Social amenities	Inconsistent project implementation approach in relation to social amenities
10	Rectification programme	Rectification backlog
11	Communication Strategy	Inadequate communication support services
12	Stakeholder management	Inconsistent stakeholder participation in integrated human settlements delivery
13	Government fleet management	Misuse of government vehicles
14	Asset Management (Stores management and movable asset register)	Loss of assets and consumables
15	Capacity Building	Inadequate capacity building and support to municipalities to perform Human Settlements functions
16	Policy development processes	Non- responsiveness of policies and guidelines to support the development of integrated human settlements
17		Misalignment of the Research Agenda
18	Title Deeds Restoration Grant	Slow pace in the issue of title deeds to qualifying and approved beneficiaries
19	Devolution of land processes	Delays in devolving land to municipalities
20		Non-adherence to the devolution agreement
21	Enhanced Extended Discount Benefit Scheme (EEDBS) Programme	Delays in the transfer of pre-1994 o houses through EEDBS policy
22	Immovable assets	Delays in transferring immovable assets/ inventory to DPW and municipalities
23	Revenue collection	Inconsistent and under collection of rental revenue
24	Rental Housing Programme	Inadequate provision of rental housing accommodation
25	Rental Tribunal process	Potential delays in resolving complex cases within 90 days
26	Rates and Taxes on ex Housing Board properties	Inability to pay rates and taxes to municipalities and maintenance costs

Legends:

Risk rating = High as per the risk register

Risk rating = Medium as per the risk register

Risk rating = Low as per the risk register

As part of Combined Assurance, the Risk Committee will review assurance reports from programme managers whilst also reviewing a consolidated assurance report from the Risk Management unit.

• Summary of Internal Audit Findings and Status of Implementation of Management Action Plans

During the past year, Internal Audit has drawn the attention of management to significant issues that have been raised in their audit reports. Management has expressed their commitment in dealing with these issues, but progress has been slow. The following represents the number of Internal Audit findings and the status of implementation of Management Action Plans.

STATUS OF IMPLEMENTATION OF INTERNAL AUDIT FINDINGS AS PER IA FINDINGS REGISTER			
#	STATUS OF IMPLEMENTATION OF AGREED MANAGEMENT ACTION PLANS	TOTAL IA FINDINGS	% TOTAL OF IA FINDINGS
1	Implemented	30	42%
2	Not Implemented	12	16%
3	Partially Implemented	30	42%
TOTAL		72	100%

Below is the summary of areas where there was a notable slow pace on implementation of Internal Audit Findings:

#	Programme / Chief Directorate	Implemented	Partially Implemented	Not Implemented	Total	Summary of High-Risk Areas Affected	Effect
1	Financial Management Services	18	10	2	30		
1.1	Supply Chain Management	1	2	1	4	Non-compliance with SCM prescripts on bid specifications, bid evaluations and use of the panel of contractors.	In the previous year escalating irregular expenditure resulting from non-compliance with SCM processes was reported
1.2	Internal Control & Systems (ICU/ISC)	1	5	-	6	Compliance review for procurement more than R500 000, Inadequate internal control framework.	
1.3	Contracts Management	7	2	-	9	Contracts Administration (durations extensions and Terminations) of, Reliability of the Contracts Register	The current register of litigations contains 189 cases. 67 of these cases were tested and there were areas where the Department was weak due to inadequate management and administration of contracts.
1.4	Financial Accounting Services	1		1	2	Misstatements on AFS, IFS,	Misstatement of Financial Statements were reported by the Auditor General in the past financial year
		8	1	-	9	Inadequate S&T Policy	For S&T related actions, there is a potential for a fruitless and wasteful expenditure as well as fraud
2	District Co-ordination & Project Management		10	3	13		
2.1	District Support	-	3	-	3	Inadequate project management, monitoring and performance reporting	In the past year, the AG issued qualified audit opinion on Performance Information relating to housing inventory

#	Programme / Chief Directorate	Implemented	Partially Implemented	Not Implemented	Total	Summary of High-Risk Areas Affected	Effect
2.2	Grant Management	-	1	-	1	Misstatement of commitments	Misstatement on Financial Statements were reported by the Auditor General in the past years. Although the disclosure of commitments is on hold for the 19/20 and 20/21 reporting periods but for 2022 this disclosure requirement will be resumed.
2.3	Project Management Unit	-	2	3	5	Delays on the implementation of e-CMS (Electronic Construction Management System).	Non utilization of e-CMS may lead to fruitless and wasteful expenditure above R20 million relating to the cost of developing the system.
		-	4	-	4	Inadequate implementation of project close-out activities	Unnecessary increase in commitments due to slow closure of projects qualifying for close out.
3	Strategy and Systems	-	4	6	10		
3.1	(IPAPE) Institutional Performance Assessment and Programme Evaluation	-	1	-	1	Inadequate review of back -end information to support reported performance	In the past year, the AG issued qualified audit opinion on performance information for Programme 3
3.2	(GICTM) Government Information & Communication Technology Management	-	3	6	9	Inadequate management of records and over-reliance on manual systems	The management report indicates poor records management and over- reliance on manual systems
4	Human Settlements Facilitation Programme	1	1	-	2	Inadequate performance information reporting	AG issued qualified audit opinion on performance information for certain sub- programmes in Programme 3 in the past year
5	Human Settlements Incremental Programs						
6	Corporate Services	1	2	2	5		
6.1	Legal Services	1	-	-	1	Litigations	The current register of litigations contains 189 cases. 67 of these cases were tested and the Department contributed to certain internal control weaknesses that resulted to litigations
6.2	Human Resource Management	-	2	2	4	Leave policy not aligned to DPSA Leave Determinations, Inaccurate leave capturing	Misstatement of leave in the Financial statements
7	Office of the HOD	10	3	1	14		
7.1	Risk Management	9	3	-	12	Risk management that is not embedded to operations.	Weaknesses on Anti-corruption, Ethics and Risk Management contribute to a declining control environment.
	Anti-corruption and Integrity Management	-	-	1	1	Employees trading with the state	
7.2	Executive Support	1		-	1	Deficiency in the review and monitoring of compliance issues	The action has since been implemented

• Summary of Auditor General Audit Findings and Status of Implementation of Audit Improvement Plan

The Auditor General has drawn the attention of management to significant issues that have been raised in the previous year audit report and management report. Management has expressed their commitment in dealing with these issues but, as per the departmental audit intervention plan (AIP), progress has been slow in certain respects while, in others, these AIP actions can only be addressed over a number of years. This is a matter of great concern, as the audit outcome within the Department has a potential to remain the same as the prior years, unless the root causes of these findings are determined and adequately addressed. The following represents the number of Auditor General Findings and the status of implementation of the Audit Improvement Plan.

#	Findings	No. of times reported in prior years	Status of Implementation
1.	Highest scoring bidder was not awarded.	2	40%
2.	SCM: Highest Scoring bidder not awarded tender: Additional items.	2	40%
3.	SCM: inconsistent allocation of points during evaluation.	1	0%
4.	SCM: Request for quotation not supporting the principles of fairness.	1	100%
5.	Suppliers awarded more than once (rotation of suppliers).	2	100%
6.	Effective steps were not taken to prevent irregular expenditure.	3	100%
7.	Names of bidders that submitted bids and details of the winning bidder not published on auditees website.	3	100%
8.	Payroll Management Policy was approved in September 2014 and should have been reviewed within 5 years or on changes in legislation.	3	80%
9.	SCM Policy was approved in June 2017 and should be reviewed within 3 years or on changes in legislation.	1	60%
10.	Inventory Management Policy was approved in April 2015 and should have been reviewed within 3 years or on changes in legislation.	2	60%
11.	subsidized Vehicle Policy was approved in April 2015 and should have been reviewed within 3 years or on changes in legislation.	2	100%
12.	SCM: Pre-qualification stage failed.	3	100%
13.	Preferential Procurement Points incorrectly added resulting in a control deficiency.	2	100%
14.	Goods and services: Interest charged not disclosed as fruitless and wasteful expenditure.	3	100%
15.	Commitment recalculation differences and Project value above resolution amount.	3	100%
16.	Suppliers were not paid within 30 days.	3	100%
17.	Contingent liabilities are misstated.	3	60%
18.	The Employee Wellness policy was approved in August 2014 and should have been reviewed every 5 years or on changes in legislation.	1	100%
19.	The Human Resource Training and Development policy was approved in October 2015 and should have been reviewed every 5 years or on changes in legislation.	1	100%
20.	Inadequate design and implementation of ICT Service Continuity controls.	3	60%
21.	The IT Steering Committee did not hold any meetings during the period under review.	3	40%
22.	ICT policy does not mention any environmental control measures and/or standards.	3	40%
23.	Maintenance records of server room environmental control equipment not available.	3	60%
24.	No valid ICT strategy in place.	3	100%
25.	Lack of annual review of IT consolidated policy.	3	n/a
26.	Performance indicator and target on APR 19/20 do not agree to APP 2019/20.	1	100%
27.	CAATs: Employees in the service.	3	100%
28.	CAATs: Employees trading with the state and suppliers with interest in the state.	3	60%
29.	The Risk Management Framework was approved April 2016 and should be reviewed annually.	1	80%
30.	Units reported not completed or serviced during the current year.	3	60%
31.	Units rectified: Unable to trace from unit to list.	3	60%
32.	Transfers and subsidies: Invoices have not been paid within 30 days from the receipt of an invoice.	3	100%
33.	Misstatement of capital commitments (Departments are not required to disclose commitments in respect of housing projects for payments made to the provinces, municipalities or private parties which are classified as transfers and subsidies).	1	n/a

#	Findings	No. of times reported in prior years	Status of Implementation
34.	Contract management: Deficiencies in project management.	3	80%
35.	Contract management: Extension of majority of contracts.	3	80%
36.	Units rectified-No unit number and house not occupied.	3	n/a
37.	IRDP: site serviced selected from the floor cannot be traced to the listing.	3	60%
38.	Commitments: Commitment recalculation differences and Project value above resolution amount.	3	60%
39.	Destitute applications not included in listing.	3	0%
40.	Number of SMME contractors supported towards sustainable business enterprises.	1	100%

• Key activities and objectives of the Audit Committee

The objectives of the audit committee are to provide independent oversight function over governance, risk management and internal control processes of the department and provides guidance and recommendations on areas of improvements to the accounting officer and management.

In line with its oversight responsibility as defined in its charter in ensuring continuous improvement of departmental operations, the audit committee interacted with management, internal & external auditors, and the Executive Authority.

During its quarterly meetings and through internal audit reports reviews, recommendations for improvement of operations were provided, discussed, and agreed with management as evidenced in the minutes.

• Attendance of audit committee meetings by audit committee members

The audit committee contracts expired in November 2020 and a new committee has since been appointed. The tables below indicate meeting attendance for both committees:

PREVIOUS AUDIT COMMITTEE APPOINTED FROM JULY 2017 TO NOVEMBER 2020						
Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr. G.M. Rich	MBA	External	N/A	1 July 2017	30 November 2020	3
Mr. Y. E Amod	CA(SA), CIA	External	N/A	1 July 2017	30 November 2020	4
Adv. S. Peter	Bachelor of Law	External	N/A	1 July 2017	30 November 2020	4
Ms. B. Sigwili	Bachelor of Accounting Sciences	External	N/A	1 July 2017	Deceased in July 2020	0

- On the newly appointed audit committee below, it should be noted that 2 (two) members are continuing from the previous term. Hence their names appear on both tables.

NEWLY APPOINTED AIT COMMITTEE FROM DECEMBER 2020 TO DECEMBER 2023						
Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr. Y. E Amod	CA(SA), CIA	External	N/A	1 December 2020	N/A	1
Adv. S. Peter	Bachelor of Law	External	N/A	1 December 2020	N/A	1
Ms. T. Cumming	CA(SA)	External	N/A	1 December 2020	N/A	1

1. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee Responsibility

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

The Effectiveness of Internal Control Systems

The review of the effectiveness of the system of internal controls by the Audit Committee is informed by reports submitted by external audit, internal audit, and management. The development and maintenance of an effective internal control system is the responsibility of management.

During the past year, the Audit Committee has drawn the attention of management to significant issues that have been raised in the previous year audit report and management report of the Auditor General, as well as matters raised in the reports of internal audit in the current financial year.

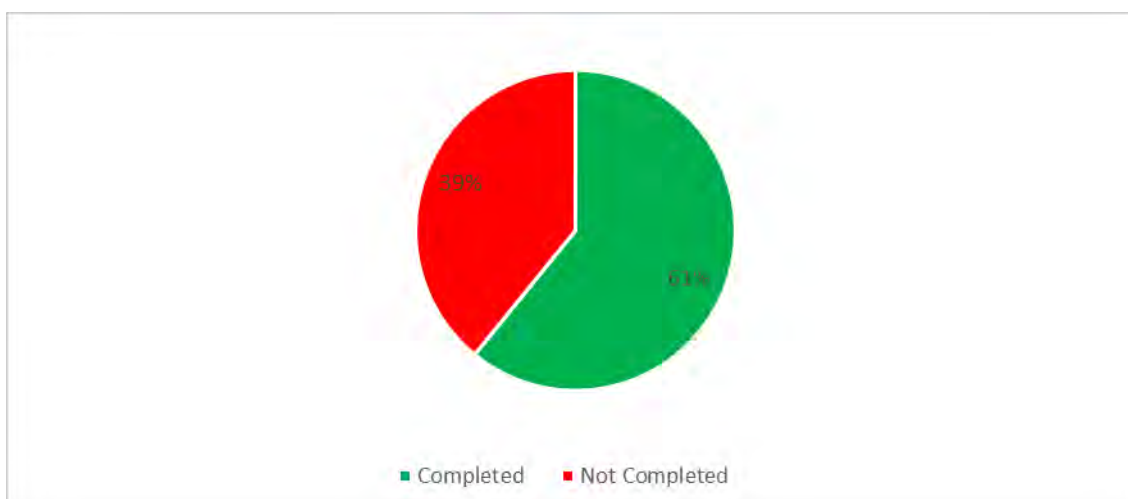
Management has expressed their commitment in dealing with these issues but, as per the departmental audit intervention plan (AIP), progress has been slow in certain respects while, in others, these AIP actions can only be addressed over a number of years. This is concerning for the Audit Committee and, having raised a number of issues with both the Executive Authority and the HOD, the audit outcome within the Department has remained the same as the prior years.

There is no doubt that, based on the oversight carried out by the Audit Committee, there are repeat findings. In cases where AIP actions could be addressed and have not been addressed, the Committee has recommended that the HOD and Management consider consequence management on the basis of inaction. Failure over the past years to initiate consequence management has led to a situation of complacency. This, the Audit Committee believes, may be the root cause of the regression within the Department in relation to audit findings.

The Committee is satisfied that a system of internal controls has been put in place by the Department and that these controls have functioned partially during the period under review.

The Audit Committee and the Department is aware that there is a need for improvement in the internal controls and the adherence to these controls and the Audit Committee is committed to assisting the department in this regard. On this basis the committee has advised management to identify whether the issue is with a departmental system or officials – if it is systems-based then the department and its management must address this. If it is an oversight, negligence, or poor performance by an official, management will have to address this through consequence management.

The department has shown significant improvement in its stance towards risk management. All scheduled risk management committee meetings were conducted and fairly attended by management. The reviews of the risk management policy and implementation plans were undertaken. There is co-operation and willingness towards the implementation of the combined assurance framework, although still at the initial stages. However, generally there are still challenges on the status of implementation of risk management action plans. Below is a summarised status where 9 out of 24 strategic risk management action plans were not implemented which translates to 39% not implemented and 61% implemented.



The Audit Committee has noted the findings of Internal Audit as per the reports summarized above and urged management to use these reports to address internal control weaknesses. The Internal Audit reports are comprehensive and detailed and provide management with all the necessary information needed to improve audit outcomes. The HOD has also been advised to keep track of these findings, and the actions implemented. Overall implementation of action plans to address internal audit findings will result in stronger controls, greater risk mitigation and better audit outcomes.

Several challenges were faced by IA e.g. the budget cuts; lack of human resources; inadequate access to the network which affects the greater use of technology and software by IA. However, the Audit Committee has escalated to the HOD and MEC for increased budget allocation without success.

The Internal Audit Component of the Department must be commended for the professional, dedicated and thorough work it has carried out in the year under review. It remains a critical part of the Department from an advisory, consulting and assurance perspective.

Based on the oversight carried out in the past financial year, the following are still areas of concern for the Audit Committee:

- There has been irregular expenditure due to non-compliance to SCM prescripts. The department has been working on this issue by revising its SCM policies and processes. In addition, it has also initiated relevant processes towards consequence management. When these are finalized within set timeframes, there may be an improvement in the reduction of irregular expenditure.
- Performance information and strategies for improving performance, deviations and rectification strategies are misaligned, which signals a bigger challenge of a complete lack of synergy and alignment planning strategies and reporting. This results in questions from the Audit Committee around departmental performance, control mechanisms and consequence management. Managers must put in more effort around alignment of planning strategies.
- Risk management and internal control systems still require improvements as per the comments above.
- On the departmental Information and Communication Technologies (ICT) governance there is a need for the revision of the ICT strategy as well as ICT plans which will guide the deployment of IT Technologies to harness internal and external service delivery and to improve efficiency and effectiveness of operations in the Department. Information security has also been a concern for the Audit Committee due to the network vulnerability and dilapidating IT infrastructure across the province.
- The foundation on Ethics management has been established. This has been supported by co-operation by management in complying with the declaration of interest processes required by DPSA. However, this area also needs a review of compliance to the framework on Managing Ethics in the Public Service, which clearly indicates how to manage Leadership commitment, Ethics structures and Ethics management processes.

- Repeat audit findings due to partial or non- implementation of prior years' management actions need to be addressed. If these are addressed department may improve in terms of its year-on-year audit findings.

In-Year Management and Monthly/Quarterly Report

The Audit Committee has noted the content and quality of the monthly/quarterly financial reports prepared and issued by the Department during the year under review, in compliance with the statutory reporting framework.

Despite the general underspending and underperformance across programmes which can be attributed to various factors including the COVID-19 pandemic, certain areas such as Title Deeds and Informal Settlements Upgrading have shown very little or no movement in the past year. This is of concern to the Audit Committee. The department has been advised to find alternative ways of addressing these challenges.

Management must be commended for the detail and quality of these reports and the fact that the spending of the Department is aligned to its service delivery mandate.

Evaluation of Financial Statements

The Audit Committee has reviewed and discussed the audited financial statements for the 2020/21 financial year with management. This process included a review of the accounting policies and practices, and any changes thereto. The Audit Committee has reviewed and discussed the audited performance information for the 2020/21 financial year with management.

Both Internal Audit and the Audit Committee highlighted certain shortcomings and weaknesses in financial statements and performance information. Although the majority of these could easily be rectified, there were others that would have a greater impact in terms of overall audit findings. In this regard management undertook to address these shortcomings and weaknesses, and then the Annual Financial Statements and performance information for the 2020/21 financial year were submitted to the Auditor-General for audit purposes.

Auditor General's Report

The Audit Committee discussed the 2020/21 audit report and management report with management and the Auditor-General. The Committee concurs with these reports and findings.

Appreciation

The Committee would like to take this opportunity of expressing its sincere appreciation to the Member of Executive Council, Head of Department, the management of the Department, Internal Audit, the Risk Committee, Provincial Treasury's Transversal Internal Audit and Transversal Risk Management Service, and the AGSA for their support and co-operation during the year under review.



Younus Amod
Chairperson of the Audit Committee
Eastern Cape Department of Human Settlements
31 July 2021

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements as required by the BBBEE Act and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	n/a	n/a
Developing and implementing a preferential procurement policy?	n/a	n/a
Determining qualification criteria for the sale of state-owned enterprises?	n/a	n/a
Developing criteria for entering into partnerships with the private sector?	n/a	n/a
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	n/a	n/a

D *Part*



HUMAN RESOURCE MANAGEMENT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

HUMAN RESOURCE MANAGEMENT

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

1. INTRODUCTION

The Department provide commentary on the following Human Resource Management areas:

- The status of human resources in the department.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by the department, as well as future human resource plans /goals.

2. OVERVIEW ON HUMAN RESOURCES

The current departmental organogram was approved at the end of the year 2017 and this structure was implemented with effect from the 1st of April 2018.

The department had at the beginning of the financial year **2020/21** a total staff establishment of **571**. As at the end of the 2020/21 financial year there was a total **504** filled permanent posts and had realised **63** vacant posts which translated to a vacancy rate of **11%**.

During the financial year 2020/21, the department filled a total of **18** posts out of the **54** advertised posts and all these posts were approved by the PCMT for recruitment. These were replacement posts that were realised due to the promotions, resignations and natural attrition within the department and budgeted for in the 2020/21 compensation of employees budget. It need to be mentioned that the department experienced challenges on recruitment as a result of covid 19 National Lockdown. The recruitment was therefore delayed in the first and second quarters, however momentum was regained in the third and fourth quarter wherein 18 posts were filled and four others were finalised for recruitment for officials who were to report for duty on the 1st of May 2021.

The department experienced certain internal challenges during the recruitment process, namely:

- Allocated budget only limited for current and existing establishment of the department. No additional funding was granted to the department on COE to activate new posts.
- The Covid Pandemic and the National Lockdown in the 2020/21 financial year caused delays in the approval and advertising of vacant funded posts.
- Changes in the political office caused a delay to the approval of the selection panels and filling of the prioritised SMS posts at the end of the 3rd quarter.

Achievements during the recruitment process:

- Once the lockdown was reduced to level 1, the department was able to get the vacant funded posts approved by the PCMT and subsequently advertised in two batches.
- Senior Management vacant posts were prioritised for advertising by the end of the financial year 4 posts were filled.
- Grievances on the recruitment processes have been reduced in the financial year.
- The department managed to fill 18 posts in the fourth quarter of the 2020/21 financial year.

Future human resource plans /goals:

- The department will continue to facilitate recruitment in line with the department ARP 2021/22 including the carrying over posts of 2020/21 which have already been approved and advertised during the previous year.
- The department will continue to implement the Wellness Programmes that will mostly use virtual systems and newsletters to encourage health and wellness for the employees during this trying time.

- Training and Development of employees will continue ensuring the protocols set by the state. The department will also recruit new intake of Interns that will be mentored in various areas within the department.
- The department continues to strive to give effect to meet the Employment Equity needs at level 11-12 during the recruitment processes in the 2021/22 financial year. The other area of focus will facilitate of achievement of targets for the employment of persons living with disabilities.

Employee Performance Management

In September 2020, the Departmental Moderation Committee convened for moderating 2019/2020 PMDS final evaluations for salary level 1-12. Each Directorate utilized 1.5% of the total compensation budget to pay performance incentives of employees within its span of control. The payment of the Performance incentives was in December 2020. In February 2021, the SMS Assessments Moderation Committee for salary level 13 convened for 2019/2020 final assessments moderations. Their Performance Incentives were paid in March 2021.

All 2020/21 PMDS documents for Performance Agreements and Quarterly reviews were captured on PERSAL. The validations of Performance Agreements were conducted, and the feedback was given to the employees during individual consultations and capacity building sessions of the directorates.

Challenges

The submission and capturing of all assessments were disrupted by the outbreak of the Covid – 19 virus. The Lockdown started on the 27 March 2020 before the end of the 4th quarter on the while the due date for the submission of the PMDS 4th quarter reviews and final assessment was the 30 April 2020 which was already during the National Lockdown period.

Employee wellness programmes

The department has implemented the Employee Health and Wellness Strategic Framework for the Public Service where four (4) strategic interventions which include Wellness Management, HIV and TB Management, Health and Productivity Management and Health and Safety Management were implemented to ensure personnel wellbeing. The intention of the implementation of the interventions assist in the maintenance of the existing staff and to facilitate the retention of competencies while promoting high performance as a result of appropriate maintenance of healthy officials.

The department has prioritised both the in-house (available office hours by internal staff) and outsourced (available during office hours and after hours and provided by an appointed service provider) counselling services to provide optimum opportunity for staff and their immediate family members in the province to access counselling and professional services with the least possible turnaround time. The outsourced counselling service has been assessed to be rendering commendable service and the department deems it necessary to continue with this service moving forward. The counselling service has shown a positive output in that there is a notable increase in the number of employees who participate in the Counselling Service and who come out of it with improved personal challenges. This service will therefore be continued with for the entire MTEF period.

The department was unable to implement an active Sport & Recreation Programme where staff can participate in sport and various physical fitness activities due to the COVID-19 pandemic restrictions. Staff screenings could also not take place for the same reason and will continue per work site when it is safe to do so.

During the past year a number of employees were screened for mental illnesses; therefore, mental health awareness sessions will continue to form part of the planned interventions for 2021/2022.

The Health and Safety Act is being adhered to with the assistance of appointed health and safety representatives, first aiders and fire fighters. The mentioned health and safety functionaries were appointed during 2018/2019 financial year for a period of three years and submits monthly reports which assists the employer to provide a safe working environment at all work sites. The three-year appointment of these functionaries will lapse during the 2021/2022 financial year, therefore necessitating facilitation of new appointments and training of these functionaries during the 2021/2022 financial year.

The COVID-19 pandemic is still declared a National Disaster with country wide measures still in place to minimize the effect of the virus in South Africa. The department continues to adhere to these detailed health and safety protocols to protect their employees and prevent the spread of the infection in the workplace. The Safety Health and Environment

policy was also revised to cover matters relating to Covid 19 including the establishment of an all inclusive Safety Committee of the department.

Challenges

The Covid Pandemic has been a great challenge for the department causing under performance in some areas and affected the implementation of the following:

- o Training and development of staff and interns mentoring
- o Advertising of vacant and approved posts
- o Full implementation of the Wellness programmes

3. HUMAN RESOURCES STATISTICS

3.1. Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2020 and 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	154 894	111 890	0,00	0,00	72,2	571
Housing Asset Management	31 587	12 578	0,00	0,00	39,8	629
Housing Development	1 462 956	197 693	0,00	0,00	13,5	642
Housing Needs, Research & Planning	18 461	17 993	0,00	0,00	97,5	692
TOTAL	1 667 898	340 154	0,00	0,00	20,4	619

Table 3.1.2 Personnel costs by salary band for the period 1 April 2020 and 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)	1 008	0,3	5	201 600
Skilled (level 3-5)	11 844	3,4	45	263 200
Highly skilled production (levels 6-8)	67 800	19,3	160	423 750
Highly skilled supervision (levels 9-12)	199 666	56,8	251	795 482
Senior and Top management (levels 13-16)	48 702	13,8	42	1 159 571
Contract (Levels 6-8)	3 579	1,0	40	89 475
Contract (Levels 9-12)	4 739	1,3	5	947 800
Contract (Levels >= 13)	2 816	0,8	2	1 408 000
Total	340 154	20,4	550	619 588

Table 3.1.3 Salaries, Overtime, Homeowner's Allowance and Medical Aid by programme for the period 1 April 2020 and 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	100 604	89,9	74	0,1	7 056	6,1	4 156	3,6
Housing Asset Management	11 226	89,3	6	0,0	744	5,9	602	4,7
Housing Planning & Research	15 133	79,7	7	0,0	1 164	6,1	546	2,9
Housing Prog Facilities & Administration	179 649	90,4	44	0,0	11 821	5,8	7 322	3,6
TOTAL	306 612	90,1	131	0,0	20 785	6,1	12 626	3,7

Table 3.1.4 Salaries, Overtime, Homeowner's Allowance and Medical Aid by salary band for the period 1 April 2020 and 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
Skilled (Levels 1-2)	783	77,7	0	0,0	69	6,8	156	15,5
Skilled (Levels 3-5)	9 644	81,4	60	0,6	771	7,3	1 369	12,9
Highly skilled production (Levels 6-8)	60 793	89,7	27	0,0	2 529	4,2	4 451	7,4
Highly skilled supervision (Levels 9-12)	183 308	91,8	37	0,0	10 376	5,8	5 945	3,3
Senior management (Levels 13-16)	41 398	85,0	0	0,0	6 599	13,8	705	1,5
Contract (Levels 6-8)	3 572	99,8	7	0,2	0	0,0	0	0,0
Contract (Levels 9-12)	4 397	92,8	0	0,0	342	7,6	0	0,0
Contract (Levels >= 13)	2 717	96,5	0	0,0	99	3,6	0	0,0
Total	306 612	90,1	131	0,0	20 785	6,1	12 626	3,7

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2021

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	198	172	13.1	2
Housing Asset Management	18	17	5.6	3
Housing Planning & Research	27	24	11.1	0
Housing Prog Facilities & Admin	325	291	10.5	5
TOTAL	568	504	11.3	10

Inclusive of interns

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2021

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower Skilled (1-2)	6	5	16.7	0
Skilled (3-5)	56	44	21.4	0
Highly Skilled Production (6-8)	178	157	11.8	10
Highly Skilled Supervision (9-12)	277	259	6.5	0
Senior Management (13-16)	51	39	23.5	0
Other, Permanent	0	0	0	0
TOTAL	568	504	11.3	10

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	291	256	12.0	10
Architects Town And Traffic Planners	2	2	0.0	0
Cashiers Tellers And Related Clerks	1	1	0.0	0
Cleaners In Offices Workshops Hospitals Etc.	18	15	16.7	0
Client Inform Clerks (Switchb Recept Inform Clerks)	2	2	0.0	0
Communication And Information Related	4	3	25.0	0
Engineers And Related Professionals	109	107	1.8	0
Finance and economics related	1	1	0.0	0
Financial and related Professionals	21	20	4.8	0
Financial clerks and credit controllers	3	3	0.0	0
Household Food And Laundry Services Related	1	1	0.0	0
Human Resources & Organisat Developm & Relate Prof	14	13	7.1	0
Human Resources Related	20	18	10.0	0
Information Technology Related	8	7	25.0	0
Logistical Support Personnel	4	3	25.0	0
Motor Vehicle Drivers	10	8	20.0	0
Other Administrative Policy And Related Officers	0	0	0.0	0
Other Occupations	1	1	0.0	0
Quantity Surveyors & Rela Prof Not Class Elsewhere	7	5	28.6	0
Risk Management And Security Services	1	1	0.0	0
Secretaries & Other Keyboard Operating Clerks	0	0	0.0	0
Senior Managers	50	37	26.0	0
TOTAL	568	504	11.3	10

Inclusive of interns

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
Director-General/ Head of Department	0	0	0.0	0	0.0
Salary Level 16	1	1	100	0	0.0
Salary Level 15	1	1	100	0	0.0
Salary Level 14	8	6	75.0	2	25.0
Salary Level 13	41	31	75.6	10	24.4
TOTAL	51	39	76.5	12	23.5

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
Director-General/ Head of Department	0	0	0,0	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	8	6	75,0	2	25,0
Salary Level 13	41	34	82.9	7	17,1
TOTAL	51	42	82,4	9	17,6

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2020 and 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	2	0	2	
Salary Level 13	8	3	5	
Total	10	3	7	

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 and 31 March 2021

Reasons for vacancies not advertised within six months

All the SMS posts that were vacated during the financial year were advertised within six months of being vacated.

Reasons for vacancies not filled within twelve months

The department was closed during the first and second quarter of 2020, due to the National Lockdown as the country was ravaged by the Covid Pandemic, which disabled the department to fill the vacant SMS posts within twelve months.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

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 and 31 March 2021

Reasons for vacancies not advertised within six months
None were taken.

Reasons for vacancies not filled within six months
None were taken.

3.4 Job Evaluation

The department has had no Job Evaluations conducted during the 2020/21 financial year.

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

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2020 and 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)	6	0	0	0	0	0	0
Skilled (Levels 3-5)	56	0	0	0	0	0	0
Highly Skilled Production (Levels 6-8)	178	0	0	2	0	0	0
Highly Skilled Supervision (Levels 9-12)	277	0	0	0	0	14	5
Senior Management Service Band A	41	0	0	0	0	0	0
Senior Management Service Band B	8	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	568	0	0	2	0	14	2

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2020 and 31 March 2021

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0

Employees with a Disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2020 and 31 March 2021

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

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2020 and 31 March 2021

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0	0	0	0	0
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Notes

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determine 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 and 31 March 2021

Salary band	Number of employees at beginning of period-1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	5	0	0	0.0
Skilled (Levels 3-5)	49	0	2	4.1

Salary band	Number of employees at beginning of period-1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Highly skilled production (Levels 6-8)	161	2	4	2.5
Highly skilled supervision (Levels 9-12)	257	2	7	2.7
Senior Management Service Bands A	35	0	1	5.4
Senior Management Service Bands B	7	0	1	14.3
Senior Management Service Bands D	1	0	0	0.0
Contract (Levels 6-8)	44	0	4	0.0
Contract (Levels 9-12)	7	0	3	0.0
Contract Band A	1	0	0	0.0
Contract Band C	1	0	0	0.0
TOTAL	568	4	22	3.9

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

Critical occupation	Number of employees at beginning of period-April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	328	2	15	4.6
Architects Town and Traffic Planners	2	0	0	0.0
Cashiers Tellers and Related Clerks	1	0	0	0.0
Cleaners in Offices Workshops Hospitals Etc.	18	0	1	11.1
Client Inform Clerks (Switchb Receipt Inform Clerks)	2	0	0	0.0
Communication and Information Related	2	0	0	0.0
Engineering Sciences Related	1	0	0	0.0
Engineers and Related Professionals	91	1	0	0.0
Financial and Related Professionals	22	0	0	0.0
Financial Clerks and Credit Controllers	3	0	0	0.0
Human Resources & Organisat Developm & Relate Prof	13	1	1	7.7
Human Resources Related	17	0	0	0.0
Information Technology Related	6	0	1	16.7
Logistical Support Personnel	4	0	0	0
Motor Vehicle Drivers	9	0	1	11.1
Other Administrative Policy and Related Officers	1	0	0	0.0
Other Occupations	2	0	1	50.0
Quantity Surveyors & Rela Prof Not Class Elsewhere	7	0	0	0.0
Senior Managers	39	0	2	5.1
TOTAL	568	4	22	3.9

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 and 31 March 2021

Termination Type	Number	% of Total Resignations
Death	5	22.7
Resignation	8	36.4
Expiry of contract	3	13.6
Dismissal- operational changes	0	0.0
Dismissal – misconduct	0	0.0
Dismissal – inefficiency	0	0.0
Discharge due to ill-health	0	0.0
Retirements	6	27.3
Transfer to other Public Service Departments	0	0.0
Other	0	0,0
Total	22	
Total number of employees who left as a % of total employment		3.9

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

Critical Occupation	Employees 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	328	14	4,3	220	67,1
Architects Town and Traffic Planners	2	0	0	2	100
Cashiers Tellers and Related Clerks	1	0	0	1	100
Cleaners in Offices Workshops Hospitals Etc.	18	0	0	16	88,9
Client Inform Clerks (Switchb Recept Inform Clerks)	2	0	0	2	100
Communication and Information Related	2	0	0	2	100
Engineering Sciences Related	1	0	0	1	100
Engineers and Related Professionals	91	0	0	51	56,0
Financial and Related Professionals	22	1	0	18	81,8
Financial Clerks and Credit Controllers	3	0	0	3	100
Human Resources & Organisat Developm & Relate Prof	13	0	0	11	84,6
Human Resources Related	17	0	0	17	100
Information Technology Related	6	0	0	5	83,3
Logistical Support Personnel	4	0	0	4	100
Motor Vehicle Drivers	9	0	0	8	88,9
Other Administrative Policy and Related Officers	1	0	0	1	88,9
Other Occupations	2	0	0	0	0
Quantity Surveyors & Rela Prof Not Class Elsewhere	7	0	0	2	28,6
Senior Managers	39	0	0	21	53,8
TOTAL	568	15	2,6	385	67,8

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

Salary Band	Employees 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)	5	0	0	4	80
Skilled (Levels 3-5)	49	0	0	41	83,7
Highly Skilled Production (Levels 6-8)	161	5	3,1	128	79,5
Highly Skilled Supervision (Levels 9-12)	257	10	3,9	188	73,2
Senior Management (Levels 13)	43	0	0	24	55,8
Contract (Levels 6-8)	44	0	0	0	0
Contract (Levels 9-12)	7	0	0	0	0
Contract Band A	1	0	0	0	0
Contract Band C	1	0	0	0	0
Total	568	15	2,6	385	67,8

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	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	1	2	0	21	1	0	0	38
Professionals	76	0	0	3	75	1	1	5	161
Technicians and associate professionals	116	5	0	2	181	5	3	6	318
Clerks	0	0	0	0	5	0	1	1	7
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	8	0	0	0	0	0	0	0	8
Elementary occupations	4	0	0	0	13	0	0	0	17
Unknown	0	0	0	0	1	0	0	0	1
Total	217	6	2	5	296	7	5	12	550
Employees with disabilities	3	0	0	0	3	0	0	0	6

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	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	15	1	2	0	21	1	0	0	40
Professionally qualified and experienced specialists and mid-management	112	3	0	5	119	1	2	9	251
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	52	2	0	0	97	5	2	2	160
Semi-skilled and discretionary decision making	20	0	0	0	23	0	1	1	45
Unskilled and defined decision making	0	0	0	0	5	0	0	0	5
Not Available, Permanent	0	0	0	0	1	0	0	0	1
Contracts (Top Management, Permanent)	0	0	0	0	1	0	0	0	1
Contracts (Senior Management, Permanent)	0	0	0	0	1	0	0	0	1
Contracts (Professionally Qualified), Permanent	2	0	0	0	3	0	0	0	5
Contract (Skilled Technical), Permanent	16	0	0	0	24	0	0	0	40
TOTAL	217	6	2	5	296	7	5	12	550
Employees with disabilities	3	0	0	0	3	0	0	0	6

Table 3.6.3 Recruitment for the period 1 April 2020 and 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	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	1
Total	2	0	0	0	2	0	0	0	4

Employees with disabilities	0	0	0	0	0	0	0	0	0
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Table 3.6.4 Promotions for the period 1 April 2020 and 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	8	0	0	0	15	1	0	0	24
Professionally qualified and experienced specialists and mid-management	92	1	0	4	90	1	2	8	198
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	44	2	0	0	80	5	1	1	133
Semi-skilled and discretionary decision making	18	0	0	0	21	0	1	1	41
Unskilled and defined decision making	0	0	0	0	4	0	0	0	4
Total	162	3	0	4	210	7	4	10	400

Employees with disabilities	1	0	0	0	2	0	0	0	3
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Table 3.6.5 Terminations for the period 1 April 2020 and 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	1	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	5	0	0	1	1	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	2	0	0	1	4
Semi-skilled and discretionary decision making	2	0	0	0	0	0	0	0	2
Contract (Professionally qualified), Permanent	1	0	0	0	2	0	0	0	3
Contract (Skilled technical), Permanent	2	0	0	0	2	0	0	0	4
Total	11	0	0	2	8	0	0	1	22

Employees with Disabilities	0	0	0	0	0	0	0	0	0
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Table 3.6.6 Disciplinary action for the period 1 April 2020 and 31 March 2021

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
None instituted	0	0	0	0	0	0	0	0	0

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

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	1	0	0	12	1	0	0	27
Professionals	29	0	0	0	27	0	0	3	59
Technicians and associate professionals	65	1	0	0	71	4	0	1	142
Clerks	0	0	0	0	7	0	0	0	7
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	5	0	0	0	0	0	0	0	5
Elementary occupations	0	0	0	0	2	0	0	0	2
Total	112	2	0	0	119	5	0	4	242

Employees with disabilities	1	0	0	0	1	0	0	0	2
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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	0	0	0	0.0
Salary Level 16	1	0	0	0.0
Salary Level 15 (HOD)	1	1	1	100.0
Salary Level 14	8	7	6	85.7
Salary Level 13	41	35	33	94.3
Total	51	43	40	93.0

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2019

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2021

Reasons
None were submitted

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2021

Reasons
None were taken against the SMS members

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

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 and 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					
Male	139	217	64.0	972	6 992
Female	176	296	59.5	1198	6 805
Asian					
Male	0	2	0.0	0	0
Female	4	5	80.0	24	5 928
Coloured					
Male	4	6	66.7	30	7 579
Female	6	7	85.7	38	6 318
White					
Male	5	5	100.0	41	8 289
Female	10	12	83.3	23	5 749
TOTAL	344	550	62.5	2 326	6 516
Employees with disabilities	4	6	66.7	23	5 749

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee R'000	
Lower Skilled (Levels 1-2)	3	5	60.0	4	1 374	0.15
Skilled (Levels 3-5)	40	45	88.9	92	2 307	2.04
Highly Skilled Production (Levels 6-8)	119	160	74.4	903	7 586	6.06
Highly Skilled Supervision (Levels 9-12)	177	251	70.5	1327	7 496	9.02
Other	0	1	0.0	0	0	0.0
Contract (Levels 6-8)	0	40	0.0	0	0	0.0
Contract (Levels 9-12)	0	5	0.0	0	0	0.0
TOTAL	339	507	66.9	2 326	6 861	17.27

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2020 and 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
Administrative Related	189	313	60.4	1 149	6 076
Architects Town and Traffic Planners	0	2	0.0	0	0
Cashiers Tellers and Related Clerks	1	1	100	1	1 393
Cleaners in Offices Workshops Hospitals ETC.	13	17	76.5	22	1 706
Client Inform Clerks (Switchb Receipt Inform Clerks)	2	2	100	6	2 989
Communication And Information Related	1	2	50	7	6 887
Engineers and Related Professionals	70	92	76.1	518	7 399
Engineering Sciences Related	1	1	100	26	25 850
Finance and Economics Related	1	3	66.7	4	2 092
Financial and related Professionals	14	21	66.7	85	6 082
Financial Clerks and Credit Controllers	2	1	100	7	6 573
Human Resources & Organisational Development & Relate Prof	9	13	69.2	49	5 469
Human Resources Related	13	17	76.5	69	5 279
Information Technology Related	5	5	100	27	5 476
Logistical Support Personnel	4	4	100	19	4 656
Motor Vehicle Drivers	8	8	100	19	2 364
Other Administrative Policy and Related Officers	1	1	100	11	10 910
Other Occupations	0	2	0	0	0,00
Quantity Surveyors & Rela Prof Not Class Elsewhere	6	7	85.7	38	6 315

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Secretary and Other Keyboard Operating	0	1	0	0	0,00
Senior Managers	8	37	21.60	270	33 739
TOTAL	348	550	63.3	2 326	6 684

Employees with disabilities	4	6	66.7	23	5 749
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Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	9	35	25.7	305	33 865	0.7
Band B	0	6	0.0	0	0	0
Band C	0	1	0.0	0	0	0
Band D	0	1	0.0	0	0	0
Total	9	43	20.9	305	33 865	0.5

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2020 and 31 March 2021

Salary band	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	1	0	1	0	0	0

Salary band	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Senior management (Levels 13-16)	1	50	1	50	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
TOTAL	2	100	2	100	0	0

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

Major occupation	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	2	100	2	100	0	0
TOTAL	2	100	2	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 Skills (Level 1-2)	21	100.0	2	0.7	11	12
Skilled (levels 3-5)	155	92.9	20	7.5	8	140
Highly skilled production (levels 6-8)	450	72.7	90	33.7	5	732
Highly skilled supervision (levels 9 -12)	715	84.9	125	46.8	6	2 050
Top and Senior management (levels 13-16)	83	95.2	12	4.5	7	428
Contract (Level 6-8)	41	48.8	18	6.7	2	12
TOTAL	1 465	81.8	267	100.0	6	3 374

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)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	46	100	1	16,70	46	44
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	38	100	2	33,30	19	111
Senior management (Levels 13-16)	145	100	3	50,00	48	710
TOTAL	229	100	6	100	38	865

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)	95	5	19
Skilled (Levels 3-5)	765	49	16
Highly skilled production (Levels 6-8)	2 791	164	17
Highly skilled supervision (Levels 9-12)	4 779	257	19
Senior management (Levels 13-16)	628	39	16
Contract (Level 6-8)	599	43	14
Contract (Level 9-12)	28	4	7
TOTAL	9 685	561	17

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	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	4	1	4	85
Senior management (Levels 13-16)	0	0	0	0
TOTAL	4	1	4	85

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

Table 3.10.5 Leave payouts for the period 1 April 2020 and 31 March 2021

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2020/21 due to non-utilisation of leave for the previous cycle	0	0	0
Annual – Discounting with Resignation (workdays)	316	5	63,2
Capped leave payout on termination of service for 2020/21	1 195	6	199,17
Current leave payout on termination of service for 2020/21	508	10	50,8
TOTAL	2 019		

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
First Aiders in the department whilst attending to first aid cases.	Provision of latex gloves to first aiders.
Employees who due to job requirements travel often to perform their duties. reps	- HIV Awareness Campaigns - Provisioning of condoms at all sites - Opportunity for HIV counselling and testing at the workplace

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms N Jafta Director: Human Resource Management
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		3 employees (1 x deputy director; 2 x assistant directors) Budget allocated: R 144 492.10
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Wellness Management • Counselling Services • Life Skills/ Capacity Building Sessions for employees • Sport and Recreation Programme HIV and TB Management • HIV/TB Awareness Campaigns • HIV counselling and testing opportunities at all work sites • Peer Education Programme Health and Productivity Management • Managing PILIR (Policy and Procedure on Incapacity and Ill Health Retirement) • Various Health Screenings • Health Awareness Campaigns Health and Safety Management • Compliance with OHS Act (including the management of SHE reps and first aiders) • Identify and manage Health and Safety risks in the department • Health and Safety Awareness sessions and campaigns • Compliance to the COIDA (Compensation for Occupational Injuries and Diseases) Act by processing injury on duty cases.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms N. Jafta, Ms AS van Rooyen, Mr BE Noyila, Ms MN Banda, Mr G Malapane, Ms T Shweni, Ms P Gangqa, Ms A Nkombisa and Mr S Bodoza, Ms A Mdledle, Ms N Dube, Ms Z Mtselu, Ms G Ngobozana, Mr U Luwaca, Mr M Plaatjie
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV and TB Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV and TB Management Policy • Respect human rights and dignity • Social dialogue • Confidentiality and protection of employee's personal data • Non-discriminatory workplace practices • Education and Awareness
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Confidential counselling is provided. Due to the COVID-19 pandemic and strict social distancing measures applied no workplace HIV confidential counselling and testing could be provided.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Submission of a quarterly and annual integrated Employee Health and Wellness Reporting Tool with baseline and annual targets and inclusive of a narrative section where data is interpreted, achievements reported on and challenges and recommendations included regarding the Employee Wellness Programme.

3.12 Labour Relations

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

Subject matter	Date
None	Nil
None	Nil

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	Nil
--	------------

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 and 31 March 2021

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	0	0%
Final written warning	0	0%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Not guilty	0	0%
Case withdrawn	0	0%
Total	0	0%

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	Nil
--	------------

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

Type of misconduct	Number	% of total
Misuse of state property and absenteeism	1	100%
Total	1	100%

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

Grievances	Number	% of Total
Number of grievances resolved	1	20%
Number of grievances not resolved	4	80%
Total number of grievances lodged	5	100%

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

Disputes	Number	% of Total
Number of disputes upheld	0	0%
Number of disputes dismissed	1	100%
Total number of disputes lodged	1	100%

4 Disputes are still in progress and are awaiting arbitration awards

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

Total number of persons working days lost	None
Total costs working days lost	Nil
Amount recovered as a result of no work no pay (R'000)	R'000

Table 3.12.7 Precautionary suspensions for the period 1 April 2020 and 31 March 2021

Number of people suspended	Nil
Number of people who's suspension exceeded 30 days	None
Average number of days suspended	Nil
Cost of suspension(R'000)	R'000

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 and 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	23	0	12	1	13
	Male	17	0	12	1	13
Professionals	Female	82	0	15	7	22
	Male	79	0	13	11	24
Technicians and associate professionals	Female	178	0	50	19	69
	Male	111	0	40	10	50
Clerks	Female	6	0	6	1	7
	Male	1	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	9	0	2	1	3
Elementary occupations	Female	13	0	0	2	2
	Male	6	0	0	0	0
Sub Total	Female	302	0	83	30	113
	Male	223	0	67	23	90
Total		525	0	150	53	203

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

Occupational category	Gender	Number of employees as at 1 April 2020	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	23	0	12	1	13
	Male	17	0	13	1	14
Professionals	Female	82	0	23	7	30
	Male	79	0	18	11	29
Technicians and associate professionals	Female	178	0	57	19	76
	Male	111	0	56	10	66
Clerks	Female	6	9	6	1	7
	Male	1	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	9	0	4	1	5
Elementary occupations	Female	13	0	0	2	2
	Male	6	0	0	0	0
Sub Total	Female	302	0	98	30	128
	Male	223	0	91	23	114
Total		525	0	189	53	242

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 and 31 March 2021

Nature of injury on duty	Number	% of total
Required basic medical attention only	5	100%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	5	100%

3.15 Utilisation of Consultants

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

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

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

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Technical Support Team assisting Head Office Incremental Planning, District Coordination and Project Management	15	144	R9 711 770.93
Regional Support Team assisting District Coordination and Project Management	33	144	R12 005 031.27

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
141	48	144	R21 716 802.20

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 and 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	n/a	n/a	n/a

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2020 and 31 March 2021

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
n/a	n/a	n/a	n/a

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
n/a	n/a	n/a	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 and 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	n/a	n/a	n/a

1.1 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2020 and 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

ANNUAL REPORT 2020/21

E *Part*

FINANCIAL INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

Report of the auditor-general to the Eastern Cape Provincial Legislature on vote no. 11: Eastern Cape Department of Human Settlements

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Department of Human Settlements set out on pages 139 to 213, which comprise the appropriation statement, statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, and cash flow statement 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 Eastern Cape Department of Human Settlements as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 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 the conditional grant

7. As disclosed in note 3.2 to the appropriation statement, the department has materially underspent the budget on programme 3 by R352,3 million.

Irregular expenditure

8. Irregular expenditure of R481,7 million that has accumulated over a number of years and has not been recovered, written off or condoned is disclosed in note 20 to the financial statements. Irregular expenditure of R144,8 million incurred during the current year is included in the amount disclosed.

Restatement of corresponding figures

9. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2020 have been restated as a result of errors identified in the financial statements of the department at, and for the year ended, 31 March 2021.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 197 to 213 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

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS 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.
13. 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

14. 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.
15. 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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
18. 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 department's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 3 – housing development	x – x

19. 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.
20. The material findings on the usefulness and reliability of the performance information of the selected programmes are as follows:

Programme 3 – housing development

Various indicators

21. The method of calculation for measuring the planned indicators was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the indicators and the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements for the below indicators.

Indicator description	Planned targets	Reported achievement
Number of destitute and other vulnerable groups verified	1 000	1 187
Number of military veterans verified	115	53

22. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below.

No.	Indicator description	Reported achievement
1	Number of houses (units) delivered through subsidy programme	5 338
2	Number of serviced sites delivered through a range of programmes in the housing code	4 800
3	Number of defective houses rectified	531

Other matters

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

Achievement of planned targets

24. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 and 22 of this report.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

Financial statements, performance report and annual report

28. 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 section 40(1)(a) and (b) of the PFMA. Material misstatements of provisions – retentions identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

29. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R144,8 million, as disclosed in note 20 to the 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 disclosed in the financial statements was caused by the use of an assessment criterion that was not stipulated in the terms of reference.
30. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Strategic planning and performance management

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

Consequence management

32. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against some of the officials who had incurred or permitted irregular expenditure in prior years, as required by section 38(1)(h)(iii) of the PFMA.

Procurement and contract management

33. Some goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007-08. This non-compliance was identified in the procurement processes for the projects that were redirected, which led to non-compliance with paragraph 8 of National Treasury Supply Chain Management Instruction Note 3 of 2016-17.

34. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007-08.

Other information

35. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
37. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

39. I considered internal control relevant to my audit of the separate 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 basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
40. Leadership performed its oversight responsibilities relating to the general control environment but did not adequately balance financial sustainability with the department's service delivery mandate. As a result, the department significantly underspent on conditional grants.
41. Management did not have proper systems in place to manage projects, which resulted in errors that were subsequently corrected in the retentions balance disclosed. These inadequate systems to manage projects, together with inadequate reviews of supporting documents, resulted in the material misstatements in predetermined objectives.
42. Management did not accurately interpret the supply chain management prescript, which resulted in service providers being appointed without the proper procurement processes being followed.

Material irregularities

43. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Status of previously reported material irregularities

Contract not awarded to the highest-scoring bidder

44. The department made an award of R21,4 million for provision of housing units to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). The non-compliance is likely to result in a material financial loss for the department as the price of housing units procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids to be incurred over the duration of the contract.
45. I notified the accounting officer of the material irregularity on 30 October 2020 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer applied to the High Court to have the contracts set aside. The High Court ordered that the appointment letter and service-level agreement (SLA) entered between department and successful bidder are invalid in terms of section 172(1)(a) of the Constitution of the Republic of South Africa, 1996. However, the letter of appointment and SLA were not set aside.
46. The department will not be able to prevent likely financial loss as the court has not set aside the SLA. The department and the successful bidder will have to honour the SLA entered into.
47. The accounting officer also instigated a conduct review of officials within the department, and of the department's bid specifications, bid evaluation and bid adjudication committees to identify the officials responsible for the non-compliance. The accounting officer is in the process of implementing consequence management based on the outcomes of the conduct review.
48. I will follow up on the implementation and planned actions during my next audit.

Contract not awarded to the highest-scoring bidder

49. The department made an award of R16,8 million for provision of housing units to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the PPPFA. The non-compliance is likely to result in a material financial loss for the department as the price of housing units procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids to be incurred over the duration of the contract.
50. I notified the accounting officer of the material irregularity on 30 October 2020 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer applied to High Court for the contracts to be set aside and is

awaiting the court ruling. The accounting officer plans to take appropriate actions to recover the financial loss and prevent any further losses, depending on the outcome of the court case.

51. The accounting officer also instigated a conduct review of the officials within the department, and of the department's bid specifications, bid evaluation and bid adjudication committees to identify the officials responsible for the non-compliance. The accounting officer is in the process of implementing consequence management based on the outcomes of the conduct review.

52. I will follow up on the implementation and planned actions during my next audit.

Contract not awarded to the highest-scoring bidder

53. The department made an award of R30,9 million for provision of housing units to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the PPPFA. The non-compliance is likely to result in a material financial loss for the department as the price of housing units procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids to be incurred over the duration of the contract.

54. I notified the accounting officer of the material irregularity on 30 October 2020 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer applied to High Court for the contracts to be set aside and is awaiting the court ruling. The accounting officer plans to take appropriate actions to recover the financial loss and prevent any further losses depending, on the outcome of the court case.

55. The accounting officer also instigated a conduct review of the officials within department, and of department's bid specifications, bid evaluation and bid adjudication committees to identify the officials responsible for the non-compliance. The accounting officer is in the process of implementing consequence management based on the outcomes of the conduct review.

56. I will follow up on the implementation and planned actions during my next audit.

AUDITOR - GENERAL

East London

20 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 selected programmes and on the department’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Eastern Cape Department of Human Settlements 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 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.

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

TABLE OF CONTENTS

Appropriation Statement	140
Notes to the Appropriation Statement	167
Statement of Financial Performance	169
Statement of Financial Position	170
Statement of Changes in Net Assets	171
Cash Flow Statement	172
Notes to the Annual Financial Statements (including Accounting policies)	173
Annexures	199

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Appropriation per programme									
Programme	Adjusted Appropriation	Shifting of Funds	Virement	2020/21				2019/20	
				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
1. Administration	166,619	-	(2,156)	164,463	152,916	11,547	93.0%	167,789	161,026
2. Housing Needs, Research and Planning	20,424	-	-	20,424	18,461	1,963	90.4%	19,178	19,166
3. Housing Development	1,776,741	-	2,156	1,778,897	1,462,956	315,941	82.2%	2,486,856	2,120,761
4. Housing Asset Management	67,995	-	-	67,995	31,587	36,408	46.5%	13,208	12,932
Subtotal	2,031,779	-	-	2,031,779	1,665,920	365,859	82.0%	2,687,031	2,313,885
Statutory Appropriation	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
Members' remuneration	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
TOTAL	2,033,757	-	-	2,033,757	1,667,898	365,859	82.0%	2,689,009	2,315,863

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021**

	2020/21		2019/20	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	126		727	
Actual amounts per statement of financial performance (total revenue)	2,033,883		2,689,736	
Actual amounts per statement of financial performance (total expenditure)		1,667,898		2,315,863

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
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
Economic classification									
Current payments	394,933	(48)	-	394,885	387,264	7,621	98.1%	410,023	409,747
Compensation of employees	345,280	(48)	-	345,232	340,154	5,078	98.5%	357,768	357,492
Salaries and wages	301,320	(382)	-	300,938	296,292	4,646	98.5%	314,391	314,115
Social contributions	43,960	334	-	44,294	43,862	432	99.0%	43,377	43,377
Goods and services	49,653	-	-	49,653	47,110	2,543	94.9%	52,255	52,255
Administrative fees	133	-	-	133	130	3	97.7%	315	315
Advertising	936	(707)	-	229	224	5	97.8%	123	123
Minor assets	32	(31)	-	1	1	-	100.0%	97	97
Audit costs: External	10,143	(2,611)	-	7,532	7,532	-	100.0%	8,553	8,553
Bursaries: Employees	784	174	-	958	958	-	100.0%	944	944
Catering: Departmental activities	40	11	-	51	15	36	29.4%	25	25
Communication	2,000	3,090	-	5,090	5,086	4	99.9%	7,881	7,881
Computer services	10,742	(388)	-	10,354	10,354	-	100.0%	5,366	5,366
Consultants: Business and advisory services	907	(150)	-	757	757	-	100.0%	958	958
Legal services	2,349	-	-	2,349	684	1,665	29.1%	2,010	2,010
Contractors	118	25	-	143	143	-	100.0%	105	105
Agency and support / outsourced services	2,723	-	-	2,723	2,575	148	94.6%	1,890	1,890
Fleet services	68	-	-	68	-	68	-	-	-
Consumable supplies	3,003	(166)	(47)	2,790	2,589	201	92.8%	382	382

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
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	515	145	-	660	660	-	100.0%	639	639
Operating leases	3,171	1,124	(47)	4,248	4,248	-	100.0%	3,695	3,695
Property payments	22	9	(8)	23	9	14	39.1%	10	10
Travel and subsistence	8,877	45	400	9,322	8,923	399	95.7%	16,282	16,282
Training and development	1,603	(156)	-	1,447	1,447	-	100.0%	1,835	1,835
Operating payments	1,188	(335)	(148)	705	705	-	100.0%	612	612
Venues and facilities	299	(79)	(150)	70	70	-	100.0%	533	533
Transfers and subsidies	1,626,927	48	-	1,626,975	1,274,719	352,256	78.3%	2,265,453	1,899,346
Households	1,626,927	48	-	1,626,975	1,274,719	352,256	78.3%	2,265,453	1,899,346
Social benefits	2,861	48	-	2,909	2,142	767	73.6%	2,344	1,642
Other transfers to households	1,624,066	-	-	1,624,066	1,272,577	351,489	78.4%	2,263,109	1,897,704
Payments for capital assets	11,897	-	-	11,897	5,915	5,982	49.7%	13,533	6,770
Machinery and equipment	11,897	-	-	11,897	5,915	5,982	49.7%	13,533	6,770
Transport equipment	1,768	3,634	-	5,402	5,402	-	100.0%	3,876	2,905
Other machinery and equipment	10,129	(3,634)	-	6,495	513	5,982	7.9%	9,657	3,865
TOTAL	2,033,757	-	-	2,033,757	1,667,898	365,859	82.0%	2,689,009	2,315,863

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Programme 1: ADMINISTRATION									
	Adjusted Appropriation	Shifting of Funds	2020/21 Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2019/20 Final Appropriation	2019/20 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	9,183	(432)	(1,396)	7,355	6,906	449	93.9%	9,991	9,901
2. CORPORATE SERVICES	157,436	432	(760)	157,108	146,010	11,098	92.9%	157,798	151,125
Total for sub programmes	166,619	-	(2,156)	164,463	152,916	11,547	93.0%	167,789	161,026
Economic classification									
Current payments	153,915	(36)	(2,156)	151,723	146,300	5,423	96.4%	153,210	153,210
Compensation of employees	114,185	(36)	(760)	113,389	109,912	3,477	96.9%	114,369	114,369
Salaries and wages	100,451	(715)	(760)	98,976	95,689	3,287	96.7%	99,910	99,910
Social contributions	13,734	679	-	14,413	14,223	190	98.7%	14,459	14,459
Goods and services	39,730	-	(1,396)	38,334	36,388	1,946	94.9%	38,841	38,841
Administrative fees	133	-	-	133	130	3	97.7%	315	315
Advertising	936	(707)	-	229	224	5	97.8%	123	123
Minor assets	32	(31)	-	1	1	-	100.0%	97	97
Audit costs: External	10,143	(2,611)	-	7,532	7,532	-	100.0%	8,553	8,553
Bursaries: Employees	784	174	-	958	958	-	100.0%	944	944
Catering: Departmental activities	40	-	-	40	4	36	10.0%	25	25
Communication	2,000	3,090	-	5,090	5,086	4	99.9%	7,881	7,881
Computer services	10,742	(388)	-	10,354	10,354	-	100.0%	5,366	5,366

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
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	Appropriation	Final	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Consultants: Business and advisory services	907	(150)	-	757	757	-	100.0%	-	762	762
Legal services	2,299	-	-	2,299	684	1,615	29.8%	-	2,010	2,010
Contractors	118	25	-	143	143	-	100.0%	-	105	105
Fleet services	68	-	-	68	-	68	-	-	-	-
Consumable supplies	3,003	(235)	(47)	2,721	2,520	201	92.6%	-	274	274
Consumable: Stationery, printing and office supplies	515	145	-	660	660	-	100.0%	-	639	639
Operating leases	3,171	1,124	(47)	4,248	4,248	-	100.0%	-	3,446	3,446
Property payments	22	-	(8)	14	-	14	-	-	10	10
Travel and subsistence	1,779	388	(996)	1,171	1,171	-	100.0%	-	5,343	5,343
Training and development	1,603	(156)	-	1,447	1,447	-	100.0%	-	1,835	1,835
Operating payments	1,136	(589)	(148)	399	399	-	100.0%	-	606	606
Venues and facilities	299	(79)	(150)	70	70	-	100.0%	-	507	507
Transfers and subsidies	807	36	-	843	701	142	83.2%	-	1,046	1,046
Households	807	36	-	843	701	142	83.2%	-	1,046	1,046
Social benefits	807	36	-	843	701	142	83.2%	-	1,046	1,046
Payments for capital assets	11,897	-	-	11,897	5,915	5,982	49.7%	-	13,533	6,770
Machinery and equipment	11,897	-	-	11,897	5,915	5,982	49.7%	-	13,533	6,770
Transport equipment	1,768	3,634	-	5,402	5,402	-	100.0%	-	3,876	2,905
Other machinery and equipment	10,129	(3,634)	-	6,495	513	5,982	7.9%	-	9,657	3,865
TOTAL	166,619	-	(2,156)	164,463	152,916	11,547	93.0%	-	167,789	161,026

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

1.1 OFFICE OF THE MEC									
	2020/21						2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9,153	(468)	(1,396)	7,289	6,840	449	93.8%	9,901	9,901
Compensation of employees	6,773	(36)	-	6,737	6,411	326	95.2%	6,951	6,951
Salaries and Wages	5,927	(36)	-	5,891	5,755	136	97.7%	6,241	6,241
Social Contributions	846	-	-	846	656	190	77.5%	710	710
Goods and services	2,380	(432)	(1,396)	552	429	123	77.7%	2,950	2,950
Advertising	39	-	-	39	34	5	87.2%	-	-
Catering: Departmental activities	40	-	-	40	4	36	10.0%	-	-
Fleet services (including government motor transport)	68	-	-	68	-	68	-	-	-
Consumable supplies	54	-	(47)	7	7	-	100.0%	33	33
Operating leases	47	-	(47)	-	-	-	-	-	-
Property payments	22	-	(8)	14	-	14	-	10	10
Travel and subsistence	1,806	(432)	(996)	378	378	-	100.0%	2,533	2,533
Operating payments	148	-	(148)	-	-	-	-	129	129
Venues and facilities	156	-	(150)	6	6	-	100.0%	245	245
Transfers and subsidies	30	36	-	66	66	-	100.0%	-	-
Households	30	36	-	66	66	-	100.0%	-	-
Social benefits	30	36	-	66	66	-	100.0%	-	-
Payments for capital assets	-	-	-	-	-	-	-	90	-
Machinery and equipment	-	-	-	-	-	-	-	90	-
Other machinery and equipment	-	-	-	-	-	-	-	90	-
TOTAL	9,183	(432)	(1,396)	7,355	6,906	449	93.9%	9,991	9,901

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

1.2 CORPORATE SERVICES									
	2020/21						2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	144,762	432	(760)	144,434	139,460	4,974	96.6%	143,309	143,309
Compensation of employees	107,412	-	(760)	106,652	103,501	3,151	97.0%	107,418	107,418
Salaries and Wages	94,524	(679)	(760)	93,085	89,934	3,151	96.6%	93,669	93,669
Social contributions	12,888	679	-	13,567	13,567	-	100.0%	13,749	13,749
Goods and services	37,350	432	-	37,782	35,959	1,823	95.2%	35,891	35,891
Administrative fees	133	-	-	133	130	3	97.7%	315	315
Advertising	897	(707)	-	190	190	-	100.0%	123	123
Minor assets	32	(31)	-	1	1	-	100.0%	97	97
Audit costs: External	10,143	(2,611)	-	7,532	7,532	-	100.0%	8,553	8,553
Bursaries: Employees	784	174	-	958	958	-	100.0%	944	944
Catering: Departmental activities	-	-	-	-	-	-	-	25	25
Communication	2,000	3,090	-	5,090	5,086	4	99.9%	7,881	7,881
Computer services	10,742	(388)	-	10,354	10,354	-	100.0%	5,366	5,366
Consultants: Business and advisory services	907	(150)	-	757	757	-	100.0%	762	762
Legal services	2,299	-	-	2,299	684	1,615	29.8%	2,010	2,010
Contractors	118	25	-	143	143	-	100.0%	105	105
Consumable supplies	2,949	(235)	-	2,714	2,513	201	92.6%	241	241
Consumable: Stationery, printing and office supplies	515	145	-	660	660	-	100.0%	639	639
Operating leases	3,124	1,124	-	4,248	4,248	-	100.0%	3,446	3,446
Travel and subsistence	(27)	820	-	793	793	-	100.0%	2,810	2,810
Training and development	1,603	(156)	-	1,447	1,447	-	100.0%	1,835	1,835

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

1.2 CORPORATE SERVICES									
	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	988	(589)	-	399	399	-	100.0%	477	477
Venues and facilities	143	(79)	-	64	64	-	100.0%	262	262
Transfers and subsidies	777	-	-	777	635	142	81.7%	1,046	1,046
Households	777	-	-	777	635	142	81.7%	1,046	1,046
Social benefits	777	-	-	777	635	142	81.7%	1,046	1,046
Payments for capital assets	11,897	-	-	11,897	5,915	5,982	49.7%	13,443	6,770
Machinery and equipment	11,897	-	-	11,897	5,915	5,982	49.7%	13,443	6,770
Transport equipment	1,768	3,634	-	5,402	5,402	-	100.0%	3,876	2,905
Other machinery and equipment	10,129	(3,634)	-	6,495	513	5,982	7.9%	9,567	3,865
TOTAL	157,436	432	(760)	157,108	146,010	11,098	92.9%	157,798	151,125

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Programme 2: HOUSING NEEDS, RESEARCH AND PLANNING									
	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. ADMINISTRATION	2,605	(528)	-	2,077	1,730	347	83.3%	2,661	2,655
2. POLICY	4,713	-	-	4,713	4,393	320	93.2%	4,998	4,998
3. PLANNING	6,870	-	-	6,870	5,574	1,296	81.1%	4,950	4,944
4. RESEARCH	6,236	528	-	6,764	6,764	-	100.0%	6,569	6,569
Total for sub programmes	20,424	-	-	20,424	18,461	1,963	90.4%	19,178	19,166
Economic classification									
Current payments	20,156	(12)	-	20,144	18,240	1,904	90.5%	19,166	19,166
Compensation of employees	19,484	(12)	-	19,472	17,993	1,479	92.4%	18,533	18,533
Salaries and wages	17,275	(222)	-	17,053	15,816	1,237	92.7%	16,268	16,268
Social contributions	2,209	210	-	2,419	2,177	242	90.0%	2,265	2,265
Goods and services	672	-	-	672	247	425	36.8%	633	633
Catering: Departmental activities	-	11	-	11	11	-	100.0%	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	196	196
Travel and subsistence	672	(11)	-	661	236	425	35.7%	437	437
Transfers and subsidies	268	12	-	280	221	59	78.9%	12	-
Households	268	12	-	280	221	59	78.9%	12	-
Social benefits	268	12	-	280	221	59	78.9%	12	-
Total	20,424	-	-	20,424	18,461	1,963	90.4%	19,178	19,166

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

2.1 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
Economic classification									
Current payments	2,546	(528)	-	2,018	1,730	288	85.7%	2,655	2,655
Compensation of Employees	2,438	(514)	-	1,924	1,725	199	89.7%	2,349	2,349
Salaries and wages	2,152	(514)	-	1,638	1,549	89	94.6%	2,064	2,064
Social Contributions	286	-	-	286	176	110	61.5%	285	285
Goods and services	108	(14)	-	94	5	89	5.3%	306	306
Consultants: Business and advisory services	-	-	-	-	-	-	-	196	196
Travel and subsistence	108	(14)	-	94	5	89	5.3%	110	110
Transfers and subsidies	59	-	-	59	-	59	-	6	-
Households	59	-	-	59	-	59	-	6	-
Social Benefits	59	-	-	59	-	59	-	6	-
TOTAL	2,605	(528)	-	2,077	1,730	347	83.3%	2,661	2,655

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

2.2 POLICY	2020/21						2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4,713	-	-	4,713	4,393	320	93.2%	4,998	4,998
Compensation of employees	4,465	-	-	4,465	4,283	182	95.9%	4,792	4,792
Salaries and wages	3,820	-	-	3,820	3,770	50	98.7%	4,208	4,208
Social Contributions	645	-	-	645	513	132	79.5%	584	584
Goods and services	248	-	-	248	110	138	44.4%	206	206
Travel and subsistence	248	-	-	248	110	138	44.4%	206	206
TOTAL	4,713	-	-	4,713	4,393	320	93.2%	4,998	4,998

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

2.3 PLANNING									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6,661	(12)	-	6,649	5,353	1,296	80.5%	4,944	4,944
Compensation of employees	6,445	(12)	-	6,433	5,335	1,098	82.9%	4,823	4,823
Salaries and wages	5,926	(138)	-	5,788	4,690	1,098	81.0%	4,217	4,217
Social Contributions	519	126	-	645	645	-	100.0%	606	606
Goods and services	216	-	-	216	18	198	8.3%	121	121
Travel and subsistence	216	-	-	216	18	198	8.3%	121	121
Transfers and subsidies	209	12	-	221	221	-	100.0%	6	-
Households	209	12	-	221	221	-	100.0%	6	-
Social benefits	209	12	-	221	221	-	100.0%	6	-
TOTAL	6,870	-	-	6,870	5,574	1,296	81.1%	4,950	4,944

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

2.4 RESEARCH	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6,236	528	-	6,764	6,764	-	100.0%	6,569	6,569
Compensation of employees	6,136	514	-	6,650	6,650	-	100.0%	6,569	6,569
Salaries and wages	5,377	430	-	5,807	5,807	-	100.0%	5,779	5,779
Social Contributions	759	84	-	843	843	-	100.0%	790	790
Goods and services	100	14	-	114	114	-	100.0%	-	-
Catering: Departmental activities	-	11	-	11	11	-	100.0%	-	-
Travel and subsistence	100	3	-	103	103	-	100.0%	-	-
TOTAL	6,236	528	-	6,764	6,764	-	100.0%	6,569	6,569

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Programme 3: HOUSING DEVELOPMENT									
	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. ADMINISTRATION	3,168	(1,038)	-	2,130	2,130	-	100.0%	2,285	2,285
2. FINANCIAL INTERVENTIONS	160,017	24,671	-	184,688	184,688	-	100.0%	357,216	320,299
3. INCREMENTAL INTERVENTIONS	528,632	(972)	-	527,660	341,855	185,805	64.8%	1,086,125	659,698
4. SOCIAL AND RENTAL INTERVENTION	10,358	2,199	-	12,557	12,137	420	96.7%	139,591	13,114
5. RURAL INTERVENTION	1,074,566	(24,860)	2,156	1,051,862	922,146	129,716	87.7%	901,639	1,125,365
Total for sub programmes	1,776,741	-	2,156	1,778,897	1,462,956	315,941	82.2%	2,486,856	2,120,761
Economic classification									
Current payments	205,816	-	2,156	207,972	207,940	32	100.0%	222,461	222,461
Compensation of employees	196,933	-	760	197,693	197,693	-	100.0%	210,310	210,310
Salaries and wages	170,429	779	760	171,968	171,968	-	100.0%	185,184	185,184
Social contributions	26,504	(779)	-	25,725	25,725	-	100.0%	25,126	25,126
Goods and services	8,883	-	1,396	10,279	10,247	32	99.7%	12,151	12,151
Agency and support / outsourced services	2,723	-	-	2,723	2,575	148	94.6%	1,890	1,890
Consumable supplies	-	69	-	69	69	-	100.0%	108	108
Operating leases	-	-	-	-	-	-	-	249	249
Travel and subsistence	6,108	(323)	1,396	7,181	7,297	(116)	101.6%	9,872	9,872

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Programme 3: HOUSING DEVELOPMENT									
	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	52	254	-	306	306	-	100.0%	6	6
Venues and facilities	-	-	-	-	-	-	-	26	26
Transfers and subsidies	1,570,925	-	-	1,570,925	1,255,016	315,909	79.9%	2,264,395	1,898,300
Households	1,570,925	-	-	1,570,925	1,255,016	315,909	79.9%	2,264,395	1,898,300
Social benefits	1,608	-	-	1,608	1,220	388	75.9%	1,286	596
Other transfers to households	1,569,317	-	-	1,569,317	1,253,796	315,521	79.9%	2,263,109	1,897,704
Total	1,776,741	-	2,156	1,778,897	1,462,956	315,941	82.2%	2,486,856	2,120,761

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.1 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
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,104	(974)	-	2,130	2,130	-	100.0%	2,285	2,285
Compensation of employees	2,714	(644)	-	2,070	2,070	-	100.0%	2,098	2,098
Salaries and wages	2,714	(860)	-	1,854	1,854	-	100.0%	1,877	1,877
Social Contributions	-	216	-	216	216	-	100.0%	221	221
Goods and services	390	(330)	-	60	60	-	100.0%	187	187
Travel and subsistence	390	(330)	-	60	60	-	100.0%	187	187
Transfers and subsidies	64	(64)	-	-	-	-	-	-	-
Households	64	(64)	-	-	-	-	-	-	-
Social benefits	64	(64)	-	-	-	-	-	-	-
TOTAL	3,168	(1,038)	-	2,130	2,130	-	100.0%	2,285	2,285

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.2 FINANCIAL INTERVENTIONS									
	2020/21						2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16,211	2,488	-	18,699	18,699	-	100.0%	18,909	18,909
Compensation of employees	15,368	144	-	15,512	15,512	-	100.0%	15,542	15,542
Salaries and wages	12,989	431	-	13,420	13,420	-	100.0%	13,480	13,480
Social Contributions	2,379	(287)	-	2,092	2,092	-	100.0%	2,062	2,062
Goods and services	843	2,344	-	3,187	3,187	-	100.0%	3,367	3,367
Agency and support / outsourced services	-	2,723	-	2,723	2,575	148	94.6%	1,890	1,890
Consumable supplies	-	69	-	69	69	-	100.0%	108	108
Travel and subsistence	843	(448)	-	395	543	(148)	137.5%	1,369	1,369
			-						
Transfers and subsidies	143,806	22,183	-	165,989	165,989	-	100.0%	338,307	301,390
Households	143,806	22,183	-	165,989	165,989	-	100.0%	338,307	301,380
Other transfers to households	143,806	22,183	-	165,989	165,989	-	100.0%	338,307	301,390
TOTAL	160,017	24,671	-	184,688	184,688	-	100.0%	357,216	320,299

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.3 INCREMENTAL INTERVENTIONS									
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
Economic classification									
Current payments	24,880	(115)	-	24,765	24,765	-	100.0%	24,616	24,616
Compensation of employees	23,503	98	-	23,601	23,601	-	100.0%	22,577	22,577
Salaries and wages	20,104	641	-	20,745	20,745	-	100.0%	19,922	19,922
Social Contributions	3,399	(543)	-	2,856	2,856	-	100.0%	2,655	2,655
Goods and services	1,377	(213)	-	1,164	1,164	-	100.0%	2,039	2,039
Travel and subsistence	1,377	(213)	-	1,164	1,164	-	100.0%	2,039	2,039
Transfers and subsidies	503,752	(857)	-	502,895	317,090	185,805	63.1%	1,061,509	635,082
Households	503,752	(857)	-	502,895	317,090	185,805	63.1%	1,061,509	635,082
Social benefits	908	(857)	-	51	51	-	100.0%	683	-
Other transfers to households	502,844	-	-	502,844	317,039	185,805	63.0%	1,060,826	635,082
TOTAL	528,632	(972)	-	527,660	341,855	185,805	64.8%	1,086,125	659,698

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.4 SOCIAL AND RENTAL INTERVENTION									
	2020/21						2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6,590	331	-	6,921	6,889	32	99.5%	6,565	6,565
Compensation of employees	6,343	331	-	6,674	6,674	-	100.0%	6,301	6,301
Salaries and wages	5,466	326	-	5,792	5,792	-	100.0%	5,423	5,423
Social Contributions	877	5	-	882	882	-	100.0%	878	878
Goods and services	247	-	-	247	215	32	87.0%	264	264
Travel and subsistence	247	-	-	247	215	32	87.0%	264	264
Transfers and subsidies	3,768	1,868	-	5,636	5,248	388	93.1%	133,026	6,549
Households	3,768	1,868	-	5,636	5,248	388	93.1%	133,026	6,549
Social benefits	636	(169)	-	467	79	388	16.9%	603	-
Other transfers to households	3,132	2,037	-	5,169	5,169	-	100.0%	132,423	6,549
TOTAL	10,358	2,199	-	12,557	12,137	420	96.7%	139,591	13,114

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.5 RURAL INTERVENTION									
	2020/21						2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	155,031	(1,730)	2,156	155,457	155,457	-	100.0%	170,086	170,086
Compensation of employees	149,005	71	760	149,836	149,836	-	100.0%	163,792	163,792
Salaries and wages	129,156	241	760	130,157	130,157	-	100.0%	144,482	144,482
Social Contributions	19,849	(170)	-	19,679	19,679	-	100.0%	19,310	19,310
Goods and services	6,026	(1,801)	1,396	5,621	5,621	-	100.0%	6,294	6,294
Agency and support/ outsourced services	2,723	(2,723)	-	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	249	249
Travel and subsistence	3,251	668	1,396	5,315	5,315	-	100.0%	6,013	6,013
Operating Payment	52	254	-	306	306	-	100.0%	6	6
Venues and Facilities	-	-	-	-	-	-	-	26	26
Transfers and subsidies	919,535	(23,130)	-	896,405	766,689	129,716	85.5%	731,553	955,279
Households	919,535	(23,130)	-	896,405	766,689	129,716	85.5%	731,553	955,279
Social benefits	-	1,090	-	1,090	1,090	-	100.0%	-	596
Other transfers to households	919,535	(24,220)	-	895,315	765,599	129,716	85.5%	731,553	954,683
TOTAL	1,074,566	(24,860)	2,156	1,051,862	922,146	129,716	87.7%	901,639	1,125,365

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Programme 4: HOUSING ASSET DEVELOPMENT									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	1,100	(30)	-	1,070	927	143	86.6%	2,334	2,264
2. SALE AND TRANSFER OF HOUSING PROPERTIES	5,951	135	-	6,086	6,070	16	99.7%	5,933	5,933
3. DEVOLUTION OF HOUSING PROPERTIES	60,944	(105)	-	60,839	24,590	36,249	40.4%	4,941	4,735
Total for sub programmes	67,995	-	-	67,995	31,587	36,408	46.5%	13,208	12,932
Economic classification									
Current payments	13,068	-	-	13,068	12,806	262	98.0%	13,208	12,932
Compensation of employees	12,700	-	-	12,700	12,578	122	99.0%	12,578	12,302
Salaries and wages	11,187	(224)	-	10,963	10,841	122	98.9%	11,051	10,775
Social contributions	1,513	224	-	1,737	1,737	-	100.0%	1,527	1,527
Goods and services	368	-	-	368	228	140	62.0%	630	630
Property payments	-	9	-	9	9	-	100.0%	-	-
Travel and subsistence	318	(9)	-	309	219	90	70.9%	630	630
Legal Services	50	-	-	50	-	50	-	-	-
Transfers and subsidies	54,927	-	-	54,927	18,781	36,146	34.2%	-	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

Programme 4: HOUSING ASSET DEVELOPMENT									
	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
Households	54,927	-	-	54,927	18,781	36,146	34.2%	-	-
Social benefits	178	-	-	178	-	178	-	-	-
Other transfers to households	54,749	-	-	54,749	18,781	35,968	34.3%	-	-
Total	67,995	-	-	67,995	31,587	36,408	46.5%	13,208	12,932

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

4.1 ADMINISTRATION									
2020/21									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1,028	(30)	-	998	927	71	92.9%	2,334	2,264
Compensation of employees	957	(30)	-	927	927	-	100.0%	2,125	2,055
Salaries and wages	636	143	-	779	779	-	100.0%	1,936	1,866
Social Contributions	321	(173)	-	148	148	-	100.0%	189	189
Goods and services	71	-	-	71	-	71	-	209	209
Travel and subsistence	71	-	-	71	-	71	-	209	209
Transfers and subsidies	72	-	-	72	-	72	-	-	-
Households	72	-	-	72	-	72	-	-	-
Social benefits	72	-	-	72	-	72	-	-	-
TOTAL	1,100	(30)	-	1,070	927	143	86.6%	2,334	2,264

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

4.2 SALE AND TRANSFER OF HOUSING PROPERTIES									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5,951	135	-	6,086	6,070	16	99.7%	5,933	5,933
Compensation of employees	5,779	135	-	5,914	5,914	-	100.0%	5,673	5,673
Salaries and wages	5,193	(61)	-	5,132	5,132	-	100.0%	4,982	4,982
Social Contributions	586	196	-	782	782	-	100.0%	691	691
Goods and services	172	-	-	172	156	16	90.7%	260	260
Travel and subsistence	172	-	-	172	156	16	90.7%	260	260
TOTAL	5,951	135	-	6,086	6,070	16	99.7%	5,933	5,933

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

4.3 DEVOLUTION OF HOUSING PROPERTIES									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6,089	(105)	-	5,984	5,809	175	97.1%	4,941	4,735
Compensation of employees	5,964	(105)	-	5,859	5,737	122	97.9%	4,780	4,574
Salaries and wages	5,358	(306)	-	5,052	4,930	122	97.6%	4,133	3,927
Social Contributions	606	201	-	807	807	-	100.0%	647	647
Goods and services	125	-	-	125	72	53	57.6%	161	161
Legal services	50	-	-	50	-	50	-	-	-
Property payments	-	9	-	9	9	-	100.0%	-	-
Travel and subsistence	75	(9)	-	66	63	3	95.5%	161	161
Transfers and subsidies	54,855	-	-	54,855	18,781	36,074	34.2%	-	-
Households	54,855	-	-	54,855	18,781	36,074	34.2%	-	-
Social benefits	106	-	-	106	-	106	-	-	-
Other transfers to households	54,749	-	-	54,749	18,781	35,968	34.3%	-	-
TOTAL	60,944	(105)	-	60,839	24,590	36,249	40.4%	4,941	4,735

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2021

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
Sub Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MEMBERS REMUNERATION	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
TOTAL	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
Economic classification									
Current payments	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
Compensation of employees	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
Salaries and wages	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
TOTAL	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO 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-B) to the Annual Financial Statements.

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

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

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

3.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Administration	166,441	154,894	11,547	6.94
Housing Needs, Research and Planning	20,424	18,461	1,963	9.61
Housing Development	1,778,897	1,462,956	315,941	17.76
Housing Asset Management	67,995	31,587	36,408	53.55
3.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Current payments				
Compensation of employees	345,232	340,154	5,078	1.47
Goods and services	49,653	47,110	2,543	5.12
Transfers and subsidies				
Households	1,626,975	1,274,719	352,256	21.65
Payments for capital assets				
Machinery and equipment	11,897	5,915	5,982	50.28

Compensation of employees underspending is due to vacant funded posts and cost of living adjustment not implemented in the 2020/21 (last year of the three year agreement) as a result of a court order.

Goods and Services underspending is due to audit fee delays as the commencement of the audit took place later than usual. Legal fees were impacted due to delays by Department of Justice to submit invoices. Travel & subsistence was lower than anticipated due to limited trips being undertaken to comply with lockdown restrictions as well as sessions with stakeholders being held virtually.

The under expenditure on Households resulted from ISUP payments that were intercepted by Provincial Treasury at the bank and claims for value created that were due to various Municipalities that were de-selected by Provincial Treasury when intercepting ISUP transfers at the bank. It is further attributed to inadequate capacity of contractors which resulted in poor performance for which the department issued notice of default to contractors.

The underspending on Machinery and Equipment is attributable to upgrading of telephone systems that was not performed in the year under review. This was due to funds being received late in the financial year and thus the procurement was not finalised timeously. Tender for this upgrading closed in March 2021 and was at evaluation stage at year end. Request for roll-over funding has been submitted.

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2021**

3.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	
	Human Settlements Development Grant (HSDG)	1,479,164	1,200,180	278,984	18.86
	Expanded Public Works Programme (EPWP)	2,723	2,575	148	5.44
	Title Deed Restoration Grant	54,749	18,781	35,968	65.70
	Provincial Emergency Housing Grant	90,153	53,616	36,537	40.53

DEPARTMENT OF HUMAN SETTLEMENT
VOTE 11
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2021

	<i>Note</i>	2020/21 R'000	2019/20 R'000
REVENUE			
Annual appropriation	<u>1</u>	2,031,779	2,687,031
Statutory appropriation	<u>2</u>	1,978	1,978
Departmental revenue	<u>3</u>	126	727
TOTAL REVENUE		2,033,883	2,689,736
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	340,154	357,492
Goods and services	<u>5</u>	47,110	52,255
Total current expenditure		387,264	409,747
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	1,274,719	1,899,345
Total transfers and subsidies		1,274,719	1,899,345
Expenditure for capital assets			
Tangible assets	<u>7</u>	5,915	6,771
Total expenditure for capital assets		5,915	6,771
TOTAL EXPENDITURE		1,667,898	2,315,863
SURPLUS FOR THE YEAR		365,985	373,873
Reconciliation of Net Surplus for the year			
Voted funds	<u>10</u>	365,859	373,146
Annual appropriation		13,603	7,039
Conditional grants		352,256	366,107
Departmental revenue and NRF Receipts	<u>11</u>	126	727
SURPLUS FOR THE YEAR		365,985	373,873

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Note	2020/21 R'000	2019/20 R'000
ASSETS			
Current assets		377,503	392,462
Cash and cash equivalents	8	377,054	392,222
Receivables	9	449	240
TOTAL ASSETS		377,503	392,462
LIABILITIES			
Current liabilities		377,503	392,462
Voted funds to be surrendered to the Revenue Fund	10	365,858	373,145
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	11	32	443
Payables	12	11,613	18,874
TOTAL LIABILITIES		377,503	392,462

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2021

	<i>Note</i>	2020/21 R'000	2019/20 R'000
Capitalisation Reserves			
Opening balance		-	-
Transfers:			
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		-	-
Recoverable revenue			
Opening balance		-	-
Transfers:			
Irrecoverable amounts written off		-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		-	-
Debts raised		-	-
Closing balance		-	-
Retained funds			
Opening balance		-	-
Transfer from voted funds to be surrendered (Legislatures ONLY)		-	-
Utilised during the year		-	-
Other transfers		-	-
Closing balance		-	-
Revaluation Reserve			
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		-	-
TOTAL		-	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
CASH FLOW STATEMENT
for the year ended 31 March 2021

	Note	2020/21 R'000	2019/20 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,035,166	2,690,958
Annual appropriated funds received	<u>1.1</u>	2,031,779	2,687,031
Statutory appropriated funds received	<u>2</u>	1,978	1,978
Departmental revenue received	<u>3</u>	337	1,803
Interest received	<u>3.2</u>	1,072	146
Net (increase)/decrease in working capital		(7,470)	757
Surrendered to Revenue Fund		(374,966)	(65,519)
Current payments		(387,264)	(409,747)
Transfers and subsidies paid		(1,274,719)	(1,899,345)
Net cash flow available from operating activities	<u>13</u>	(9,253)	317,104
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(5,915)	(6,771)
Proceeds from sale of capital assets	<u>3.3</u>	-	286
Net cash flows from investing activities		(5,915)	(6,485)
Net increase/(decrease) in cash and cash equivalents		(15,168)	310,619
Cash and cash equivalents at beginning of period		392,222	81,603
Cash and cash equivalents at end of period	<u>8</u>	377,054	392,222

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

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

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

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 of R5,000.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements when 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. Operating lease payments received are recognised as departmental revenue. 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.
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. These are expensed in the period in which the expenditure is realised in order to match the expenditure to the budget period.
11	Receivables 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.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

13	Payables Payables recognised in the statement of financial position are recognised at cost.
14	Capital Assets
14.1	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 forms part of the cost of the existing asset when ready for use.
14.2	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
14.3	Project Costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
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 - 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. The value of blocked or non-moving projects where no activity has taken place for an extended period of time (three years or more) and where close out reports are not finalised during the reporting period is disclosed as contingent liabilities.
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	Employee benefits Short-term employee benefits that give rise to a present legal constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or in the statement of financial position.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

16	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 or written off. 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.
17	Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. 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 reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off. 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.
18	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.
19	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.
20	Principal-Agent arrangements The department is party to a principal-agent arrangement for housing construction projects. In terms of the arrangement the department is the principal and is responsible for: • disbursement of funds based on agreed milestones; • identification and approval of beneficiaries; • transfer of assets to beneficiaries. The implementing agencies are responsible for: • construction of the houses; • risks and rewards of ownership until completion of the construction; • identification and transfer of the net assets to the beneficiaries. These terms are specified in the service level agreements/memorandum of understanding between the two parties. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
21	Departures from the MCS requirements Management has concluded that the financial statements present fairly the department's primary and secondary information. The department has complied with the Standard and has not departed from a particular requirement to achieve fair presentation.
22	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 Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
23	Related party transactions Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements. 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 the full compensation of key management personnel is recorded in the notes to the financial statements.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

1. Annual Appropriation

1.1 Annual Appropriation

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

	2020/21			2019/20		
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	
Administration	164,463	164,463	-	167,789	167,789	-
Housing Needs, and Planning	20,424	20,424	-	19,178	19,178	-
Housing Development	1,778,897	1,778,897	-	2,486,856	2,486,856	-
Housing Asset Management	67,995	67,995	-	13,208	13,208	-
Total	2,031,779	2,031,779	-	2,687,031	2,687,031	-

1.2 Conditional grants

	Note	2020/21 R'000	2019/20 R'000
Total grants received	28	1,626,789	2,265,607
Provincial grants included in Total Grants received		1,626,789	2,265,607

2. Statutory Appropriation

	2020/21 R'000	2019/20 R'000
Members' remuneration	1,978	1,978
Total	1,978	1,978
Actual Statutory Appropriation received	1,978	1,978

3. Departmental revenue

	Note	2020/21 R'000	2019/20 R'000
Sales of goods and services other than capital assets	3.1	327	413
Interest, dividends and rent on land	3.2	1,072	146
Sales of capital assets	3.3	-	286
Transactions in financial assets and liabilities	3.4	10	1,390
Total revenue collected		1,409	2,235
Less: Own revenue included in appropriation	11	(1,283)	(1,508)
Departmental revenue collected		126	727

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

3.1 Sales of goods and services other than capital assets

	Note 3	2020/21 R'000	2019/20 R'000
Sales of goods and services produced by the department		327	413
Other sales		327	413
Total		327	413

3.2 Interest, dividends and rent on land

	Note 3	2020/21 R'000	2019/20 R'000
Interest		1,072	146
Total		1,072	146

3.3 Sale of capital assets

	Note 3	2020/21 R'000	2019/20 R'000
Tangible assets		-	286
Buildings and other fixed structures	25	-	286
Total		-	286

3.4 Transactions in financial assets and liabilities

	Note 3	2020/21 R'000	2019/20 R'000
Other Receipts including Recoverable Revenue		10	1,390
Total		10	1,390

4. Compensation of employees**4.1 Salaries and Wages**

	Note	2020/21 R'000	2019/20 R'000
Basic salary		242,518	254,565
Performance award		2,326	4,632
Service Based		19,345	19,441
Compensative/circumstantial		752	1,046
Other non-pensionable allowances		31,349	34,431
Total		296,290	314,115

4.2 Social contributions

	Note	2020/21 R'000	2019/20 R'000
Employer contributions			
Pension		30,943	31,449
Medical		12,851	11,874
Bargaining council		54	54
Insurance		16	-
Total		43,864	43,377
Total compensation of employees		340,154	357,492
Average number of employees		550	572

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

5. Goods and services

	Note	2020/21 R'000	2019/20 R'000
Administrative fees		130	315
Advertising		224	123
Minor assets	5.1	-	96
Bursaries (employees)		959	944
Catering		15	25
Communication		5,086	7,881
Computer services	5.2	10,354	5,367
Consultants: Business and advisory services		758	958
Legal services		684	2,010
Contractors		142	106
Agency and support / outsourced services		2,575	1,890
Audit cost – external	5.3	7,532	8,553
Consumables	5.4	3,249	1,019
Operating leases		4,247	3,695
Property payments	5.5	9	11
Travel and subsistence	5.6	8,925	16,281
Venues and facilities		71	533
Training and development		1,447	1,835
Other operating expenditure	5.7	703	613
Total		47,110	52,255

5.1 Minor assets

	Note	2020/21 R'000	2019/20 R'000
Tangible assets	5	-	96
Machinery and equipment		-	96
Total		-	96

5.2 Computer services

	Note	2020/21 R'000	2019/20 R'000
SITA computer services	5	10,354	5,367
Total		10,354	5,367

5.3 Audit cost – External

	Note	2020/21 R'000	2019/20 R'000
Regularity audits	5	7,532	8,553
Total		7,532	8,553

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

5.4 Consumables

	Note 5	2020/21 R'000	2019/20 R'000
Consumable supplies		2,590	381
Household supplies		1,371	192
IT consumables		29	20
Other consumables		1,190	169
Stationery, printing and office supplies		659	638
Total		3,249	1,019

5.5 Property payments

	Note 5	2020/21 R'000	2019/20 R'000
Other		9	11
Total		9	11

5.6 Travel and subsistence

	Note 5	2020/21 R'000	2019/20 R'000
Local		8,925	16,281
Total		8,925	16,281

5.7 Other operating expenditure

	Note 5	2020/21 R'000	2019/20 R'000
Resettlement costs		201	47
Other		502	566
Total		703	613

6. Transfers and subsidies

	Note Annexure 1A	2020/21 R'000	2019/20 R'000
Households		1,274,719	1,899,345
Total		1,274,719	1,899,345

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

7. Expenditure for capital assets

	Note	2020/21 R'000	2019/20 R'000
Tangible assets		5,915	6,771
Machinery and equipment	25	5,915	6,771
Total		5,915	6,771

7.1 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds R'000	Total R'000
Tangible assets	5,915	5,915
Machinery and equipment	5,915	5,915
Total	5,915	5,915

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

	Voted funds R'000	Total R'000
Tangible assets	6,771	6,771
Machinery and equipment	6,771	6,771
Total	6,771	6,771

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2020/21 R'000	2019/20 R'000
Tangible assets		5,915	3,492
Machinery and equipment		5,915	3,492
Total		5,915	3,492

8. Cash and cash equivalents

	Note	2020/21 R'000	2019/20 R'000
Consolidated Paymaster General Account		377,054	392,222
Total		377,054	392,222

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

Balance of cash in the bank decreased from R392,2 mil in 2019/20 to R377,1 mil in 2020/21. The balance incorporates R10,3 mil received from Buffalo City Municipality for an infrastructure housing project; R952 thousand was received from Construction Education and Training Authority (CETA) to implement apprenticeship programme in bricklaying for 100 learners and R365,8 mil relates to unspent funds for both conditional grant and equitable share.

Request for roll-over funding has been submitted and these funds (conditional grant) has been surrendered to Provincial Treasury and will only be available for use by the department if the request for roll-over funding is approved.

9. Receivables

		Current R'000	2020/21 Non-current R'000	Total R'000	Current R'000	2019/20 Non-current R'000	Total R'000
Claims	Note 9.1	131	-	131	54	-	54
recoverable							
Recoverable	Note 9.2	98	-	98	-	-	-
expenditure							
Staff debt	Note 9.3	220	-	220	185	-	185
Other	Note 9.4	-	-	-	1	-	1
receivables							
Total		449	-	449	240	-	240

9.1 Claims recoverable

	Note	2020/21 R'000	2019/20 R'000
Provincial departments	9 and Annex 3	131	54
Total		131	54

9.2 Recoverable expenditure (disallowance accounts)

	Note	2020/21 R'000	2019/20 R'000
Sal: Reversal Control	9	98	-
Total		98	-

9.3 Staff debt

	Note	2020/21 R'000	2019/20 R'000
Debt Account	9	220	185
Total		220	185

9.4 Other receivables

	Note	2020/21 R'000	2019/20 R'000
Sal: Deduction Disallowance	9	-	1
Total		-	1

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

10. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2020/21	2019/20
		R'000	R'000
Opening balance		373,145	63,683
Transfer from statement of financial performance		365,859	373,146
Paid during the year		(373,145)	(63,684)
Closing balance		365,859	373,145

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

	<i>Note</i>	2020/21	2019/20
		R'000	R'000
Opening balance		443	43
Transfer from Statement of Financial Performance		126	727
Own revenue included in appropriation		1,283	1,508
Paid during the year		(1,820)	(1,835)
Closing balance		32	443

12. Payables – current

	<i>Note</i>	2020/21	2019/20
		R'000	R'000
Amounts owing to other entities		11,208	18,594
Clearing accounts	12.1	347	201
Other payables	12.2	58	79
Total		11,613	18,874

12.1 Clearing accounts

	<i>Note</i>	2020/21	2019/20
		R'000	R'000
Sal: ACB Recalls	12	13	179
Sal: Income Tax		296	22
Sal: Pension fund		38	-
Total		347	201

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

12.2 Other payables

	Note	2020/21 R'000	2019/20 R'000
	12		
Debt Receivable Interest		2	5
Sal: GEHS Refund Control		56	74
Total		58	79

13. Net cash flow available from operating activities

	Note	2020/21 R'000	2019/20 R'000
Net surplus as per Statement of Financial Performance		365,985	373,873
Add back non cash/cash movements not deemed operating activities		(375,238)	(56,769)
(Increase)/decrease in receivables		(209)	288
Increase/(decrease) in payables – current		(7,261)	469
Proceeds from sale of capital assets		-	(286)
Expenditure on capital assets		5,915	6,771
Surrenders to Revenue Fund		(374,966)	(65,519)
Own revenue included in appropriation		1,283	1,508
Net cash flow generated by operating activities		(9,253)	317,104

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

	Note	2020/21 R'000	2019/20 R'000
Consolidated Paymaster General account		377,054	392,222
Total		377,054	392,222

15. Contingent liabilities and contingent assets
15.1 Contingent liabilities

Liable to	Nature	Note	2020/21 R'000	2019/20 R'000
Housing loan guarantees	Employees	Annex 2A	398	497
Claims against the department		Annex 2B	49,569	89,250
Intergovernmental payables (unconfirmed balances)		Annex 4	1,791	1,791
Total			51,758	91,538

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

Included in the claims against the department is R 49,6 million which relates to court claims against the department. The date of settlement and final amount thereof is uncertain and dependant on the outcome of the pending court cases. 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 confirm if the department will be obligated to pay the salary increases in dispute.

15.2 Contingent assets

	Note	2020/21 R'000	2019/20 R'000
Nature of contingent asset	<i>Annex 2B</i>		
Amount paid in error to developer – urban and rural		831	831
Khumbula Properties		4,214	4,214
Eldorado		150	-
Reity Holdings & My Pride Smile Africa (Pty)Ltd		150	-
NM Yelani		52	-
Taba Construction		100	100
Recovery of funds overpaid – HROPT		3	3
Simple Drummer Trading & Projects		100	100
Recovery of no work no pay from employees		503	503
Buildnat Developers		150	150
Afrikaanse Christelike Vrouevereniging		150	150
Total		6,403	6,051

16. Accruals and payables not recognised

16.1 Accruals

			2020/21 R'000	2019/20 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	3,199	67	3,266	2,814
Other	488	10	498	154
Total	3,687	77	3,764	2,968

	Note	2020/21 R'000	2019/20 R'000
Listed by programme level			
Administration		2,390	2,609
Housing Needs, Research and Planning		4	39
Housing Development		907	320
Housing Asset Management		463	-
Total		3,764	2,968

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

16.2 Payables not recognised

			2020/21 R'000	2019/20 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	64	-	64	159
Transfers and subsidies	31,779	-	31,779	31,488
Other	262	738	1,000	357
Total	32,105	738	32,843	32,004
		<i>Note</i>	2020/21 R'000	2019/20 R'000
Listed by programme level				
Administration			794	276
Housing Needs, Research and Planning			19	-
Housing Development			32,030	31,728
Housing Asset Management			-	-
Total			32,843	32,004

17. Employee benefits

	<i>Note</i>	2020/21 R'000	2019/20 R'000
Leave entitlement		26,788	18,091
Service bonus		9,911	10,369
Total		36,699	28,460

Included in the leave entitlement balance is the negative leave days amounting to R18 thousand which emanates from employees taking leave between January and March which exceeds the number of leave days earned during the same period. Significant increase in this balance is attributable to the officials having more leave days remaining for 2020/21 as a result of the extension in the lapsing period of using prior period leave. In 2020/21 the lapsing period was extended from June to November resulting in officials only starting to utilise their leave days of 2020/21 in December. There is no extension for 2021/22 so the leave days earned in 2020 calendar year will lapse on the 30 June 2020.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

18. Lease commitments**18.1 Operating leases**

	Machinery and equipment	Total
	R'000	R'000
2020/21		
Not later than 1 year	772	772
Later than 1 year and not later than 5 years	593	593
Total lease commitments	1,365	1,365
2019/20		
Not later than 1 year	661	661
Later than 1 year and not later than 5 years	182	182
Total lease commitments	843	843

Operating Leases relate to the leasing of photocopying machines utilised by the department. The increase is attributable to new leases taken out during the course of the financial year.

18.2 Finance leases

	Machinery and equipment	Total
	R'000	R'000
2020/21		
Not later than 1 year	5,157	5,157
Later than 1 year and not later than 5 years	4,776	4,776
Total lease commitments	9,933	9,933
2019/20		
Not later than 1 year	3,538	3,538
Later than 1 year and not later than 5 years	3,637	3,637
Total lease commitments	7,175	7,175

Finance leases relate to the leasing of cellular phones, 3G cards and I-Pads from Vodacom as well as the leasing of Fleet Motor Vehicles from Government Fleet. Increase is attributable to additional commitment as informed by the upgrading of the cell-phone contracts.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

19. Accrued departmental revenue

	Note	2020/21 R'000	2019/20 R'000
Interest, dividends and rent on land		12,676	13,519
Other		22,457	22,267
Total		35,133	35,786

19.1 Analysis of accrued departmental revenue

	Note	2020/21 R'000	2019/20 R'000
Opening balance		35,786	35,531
Less: amounts received		(997)	(179)
Add: amounts recorded		344	434
Closing balance		35,133	35,786

The balance of R35,1 mil includes R15,4 million judgement debt payable by King Williams Town Housing Association (KWTHA) as a result of the court order in March 2009. The department is in the process of trying to recover the outstanding amount for KWTHA through the Office of the State Attorney. The debt is long outstanding and has been impaired in the note 19.2 below.

19.2 Impairment of accrued departmental revenue

	Note	2020/21 R'000	2019/20 R'000
Estimate of impairment of accrued departmental revenue		27,680	15,481
Total		27,680	15,481

The impairment of R27,7 mil includes an amount of R 15,5 mil which relates to accumulated interest that is due to the ECDHS by KWTHA dating from 2009 when the properties that were attached could not satisfy the total amount due to the department. The Department is still in the process of due diligence search which will inform final decision regarding this debt. The balance of R 12,2 mil relates to Development Bank of South Africa (DBSA), Housing Development Agency (HDA) and Amahlathi Kologha for which there has been no movement on the accounts for a number of years.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

20. Irregular expenditure**20.1 Reconciliation of irregular expenditure**

	<i>Note</i>	2020/21	2019/20
		R'000	R'000
Opening balance		330,655	268,774
Add: Irregular expenditure – relating to prior year		6,597	13,762
Add: Irregular expenditure – relating to current year		144,762	48,119
Less: Prior year amounts not condoned and removed		(352)	-
Closing balance		481,662	330,655

Analysis of closing balance

Current year	144,762	48,119
Prior years	336,900	282,536
Total	481,662	330,655

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

Incident	Disciplinary steps taken/criminal proceedings	2020/21
		R'000
Assessment criteria not stipulated in Terms of Reference	Under investigation	111,354
Bid not awarded to tenderer with highest points	Under investigation	9,559
Participation in National Human Settlements contract without Treasury approval	Under investigation	11,119
No addendums to increase contract value	Under investigation	484
Variation order not approved by Bid Adjudication Committee	Under investigation	1,166
Variation order not approved by Provincial Treasury	Under investigation	6,747
Procurement processes not followed	Under investigation	7,522
Change of scope on variation order	Under investigation	3,315
Local content not considered during procurement of services	Under investigation	93
TOTAL		151,359

20.3 Details of irregular expenditure removed - (not condoned)

Incident	Not condoned by (relevant authority)	2020/21
		R'000
Assessment criteria not stipulated in Terms of Reference	Treasury	308
Inconsistent scoring of bids	Treasury	44
Total		352

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

The remaining balance of R481,6 million irregular expenditure includes R330,7 million from previous years that is attributable to the following. R2,1 million paid to Kula, Dibanani and Sektor; R231,5 million paid to SHRA; R359 thousand paid to Cecil Nurse; R57 thousand paid to Simbangobuso; R36 thousand paid to Epikanini Promotions; R62 thousand paid to Avante Water; R31,7 million paid to Group Five, Nanza Consortium and Imvusa Trading for variation orders that exceeded the threshold; R42,9 million payments were made to various suppliers after participation in National Human Settlements Contract without approval of Provincial Treasury; R2,2 million relates to payments exceeding contract value; R2,6 million relating to bids not awarded to tenderers with the highest points; R14,6 million relating to deviation from procurement processes without approval from Treasury; and R2,2 mil relating to assessment criteria that was not stipulated in terms of reference. The closing balance further includes a movement in the current year disclosure of R 143,8 million which is attributable to the following. R111,3 million relating to assessment criteria that was not stipulated in terms of reference; R 9,9 mil relating to bids not awarded to tenderers with the highest points; R11,1 million payments were made to various suppliers after participation in National Human Settlements Contract without approval of Provincial Treasury; R156 thousand relates to no addendums being signed to increase contract value; R1,2 million relating to variation order not being approved by the Bid Adjudication Committee; R6,7 million relating to variation order not being approved by Provincial Treasury; R7,5 million for procurement processes not being followed; R3,3 million relating to change of scope on variation order and R93 thousand relating to local content not being considered during procurement of services.

Requests for condonation have been submitted to Provincial and National Treasury respectively.

20.4 Details of irregular expenditure under assessment (Not included in the main note)

Incident	2020/21 R'000
Inconsistent scoring of points during evaluation	53,615
Total	53,615

21. Fruitless and wasteful expenditure

21.1 Reconciliation of fruitless and wasteful expenditure

Note	2020/21 R'000	2019/20 R'000
Opening balance	11,094	10,712
Fruitless and wasteful expenditure – relating to prior year	-	2
Fruitless and wasteful expenditure – relating to current year	264	404
Less: Amounts recoverable	-	(4)
Less: Amounts written off	-	(20)
Closing balance	11,358	11,094

The balance incorporates 10.4 mil paid to a supplier in 2018/19 as a result of judgement against the department for interest, loss of profits and overheads suffered by the supplier with whom the department had a dispute.

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

Incident	Disciplinary steps taken/criminal proceedings	2020/21 R'000
Cancellation fees and after hour fees	Under investigation	18
No show	Under investigation	2
Traffic Fines	Under investigation	6
Loss of profit claimed by contractor due to termination of contract	Under investigation	238
Total		264

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

22. Key management personnel

	No. of Individuals	2020/21 R'000	2019/20 R'000
Political office bearers (provide detail below)	1	1,978	1,978
Officials:			
Level 15 to 16	1	1,674	1,652
Level 14	11	10,569	9,469
Total		14,221	13,099

The posts for Chief Director: Property and Assets Management and Chief Director: Strategy and Systems were vacant for periods of the financial year. Relevant directors were tasked and remunerated to act in these roles and their remuneration has been included in the above total for the relevant months in which they were acting.

23. Provisions

	Note	2020/21 R'000	2019/20 R'000
Performance Awards		1,837	1,997
Capped Leave Commitment		12,394	14,864
Long Service Awards		371	218
Retentions		18,444	20,626
Total		33,046	37,705

* Performance awards are payable to employees after the finalisation of performance assessments, the provision will be paid in the 2021/22 financial year. The provision percentage has decreased from the prescribed norm of 1.5% to 0,50% of COE budget.

** Capped leave is payable to employees upon retirement or death.

*** Long Service Awards relates to payments due to employees during the ensuing financial year for serving in government duty for 20, 30 and 40 years. The calculation was based on the 2019/20 rates issued by the Department of Public Service and Administration. At this stage the department is not able to reliably measure the long-term portion of the long service awards.

**** Retentions are amounts of progress billings not paid until satisfaction of conditions specified in the contract varying between 5% to 10%. Balances that are far above 10% are indicative of milestones that are partially complete.

23.1 Reconciliation of movement in provisions – 2020/21

	Performance Award R'000	Capped Leave Commitments R'000	Long Service Awards R'000	Retentions R'000	Total provisions R'000
Opening balance	1,997	14,864	218	20,626	37,705
Increase in provision	2,166	-	349	31,923	34,438
Settlement of provision	(2,326)	(2,470)	(196)	(34,105)	(39,097)
Closing balance	1,837	12,394	371	18,444	33,046

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

Reconciliation of movement in provisions – 2019/20

	Performance Award	Capped Leave Commitments	Long Service Awards	Retentions	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	2,804	14,829	201	35,833	53,667
Increase in provision	3,825	1,139	213	67,954	73,131
Settlement of provision	(4,632)	(1,104)	(196)	(83,161)	(89,093)
Closing balance	1,997	14,864	218	20,626	37,705

24. 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	47,846	-	-	(245)	47,601
Transport assets	1,691	-	-	-	1,691
Computer equipment	35,055	-	-	(245)	34,810
Furniture and office equipment	8,948	-	-	-	8,948
Other machinery and equipment	2,152	-	-	-	2,152
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	47,846	-	-	(245)	47,601

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	50	525

The majority of assets under investigation are shortages identified during the annual asset verification. Investigations are still in progress and the outcome will inform the process of disposal. In certain instances, assets reported as stolen have been reported to the South African Police Services (SAPS). The outcome will be informed by the investigations performed by SAPS.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

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

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5,915	-	(5,915)	-	-
Transport assets	5,402	-	(5,402)	-	-
Other machinery and equipment	513	-	(513)	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5,915	-	(5,915)	-	-

24.2 Disposals
DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	245	245	-
Computer equipment	-	245	245	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	245	245	-

24.3 Movement for 2019/20
MOVEMENT IN 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	50,119	-	3,279	(5,552)	47,846
Transport assets	1,691	-	-	-	1,691
Computer equipment	37,008	-	3,146	(5,099)	35,055
Furniture and office equipment	8,827	-	133	(12)	8,948
Other machinery and equipment	2,593	-	-	(441)	2,152
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	50,119	-	3,279	(5,552)	47,846

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

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

	Machinery and equipment R'000	Total R'000
Opening balance	8,019	8,019
Disposals	(12)	(12)
TOTAL MINOR ASSETS	8,007	8,007

	Machinery and equipment	Total
Number of R1 minor assets	1,046	1,046
Number of minor assets at cost	4,136	4,136
TOTAL NUMBER OF MINOR ASSETS	5,182	5,182

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	208	56

The majority of assets under investigation are shortages identified during the annual asset verification. Investigations are still in progress and the outcome will inform the process of disposal. In certain instances, assets reported as stolen have been reported to the South African Police Services (SAPS). The outcome will be informed by the investigations performed by SAPS.

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

	Machinery and equipment R'000	Total R'000
Opening balance	8,248	8,248
Additions	96	96
Disposals	(325)	(325)
TOTAL MINOR ASSETS	8,019	8,019

	Machinery and equipment	Total
Number of R1 minor assets	1,350	1,350
Number of minor assets at cost	4,287	4,287
TOTAL NUMBER OF MINOR ASSETS	5,637	5,637

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

25. 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	483	-	-	-	483
TOTAL INTANGIBLE CAPITAL ASSETS	483	-	-	-	483

25.1 Movement for 2019/20

MOVEMENT IN INTANGIBLE 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
SOFTWARE	483	-	-	-	483
TOTAL INTANGIBLE CAPITAL ASSETS	483	-	-	-	483

26. Principal-agent arrangements

26.1 Department acting as the principal

	2020/21 R'000	2019/20 R'000
Housing Development Agency	180	2,263
Total	180	2,263

Payments to agents pertain to the implementation and management of human settlement specific projects carried out by the agent on behalf of department in compliance with applicable legislative frameworks and policies. This also includes mentoring of emerging contractors. Payments are only made to agents based on value created.

The department provides funding (capital and management fees) to the agent to enable the delivery of housing units in terms of the project implementation plan and the agent needs to report on the implementation of the projects.

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

27. Prior period errors
27.1 Correction of prior period errors

	<i>Note</i>	Amount before error correction 2019/20 R'000	Prior period error 2019/20 R'000	Restated Amount 2019/20 R'000
Other: Provisions				
Retentions		-	20,626	20,626
Net effect		-	20,626	20,626

The department erroneously did not provide for retentions in the prior period in line with paragraph 5.3.4 of the Accounting Manual of Departments. This has been corrected retrospectively.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

28. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2019/20	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Human Settlement Development Grant	1,803,294	205,080	(191,210)	(338,000)	1,479,164	1,479,164	1,200,180	278,984	81%	2,058,778	1,851,729
Expanded Public Works Programme	2,723	-	-	-	2,723	2,723	2,575	148	95%	2,498	1,998
Title Deed Restoration Grant	64,254	32,509	(42,014)	-	54,749	54,749	18,781	35,968	34%	114,178	43,975
Provincial Emergency Housing Grant	-	90,153	-	-	90,153	90,153	53,616	36,537	59%	90,153	-
	1,870,271	327,742	(233,224)	(338,000)	1,626,789	1,626,789	1,275,152	351,637	-	2,265,607	1,897,702

**DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

29. COVID 19 Response Expenditure

	<i>Note</i>	2020/21	2019/20
	<i>Annexure 7</i>	R'000	R'000
Goods and services		2,358	-
Total		2,358	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 1A
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Human Settlement Development Grant (HSDG)	1,612,084	205,080	(338,000)	1,479,164	1,197,605	81%	2,058,778
Social Benefits	1,945	-	916	2,861	2,142	75%	2,344
Expanded Public Works Programme	2,723	-	-	2,723	2,575	95%	2,498
Title Deeds Restoration Grant	22,240	32,509	-	54,749	18,781	34%	114,178
Provincial Emergency Housing Grant	-	90,153	-	90,153	53,616	59%	90,153
TOTAL	1,638,992	327,742	(337,084)	1,629,650	1,274,719	-	2,267,951

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 1B

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
Received in kind			
NHBRC	2 X Double beds	-	4
	2 x 2 seater sofa and 2 x 1 seater sofa	-	5
MMS	3 Blankets, 3 Food parcels	-	1
	3 Duvet sets	-	1
Comforto	Donated 40m2 house	-	136
	Rain water tank	-	2
	Two beds,couches,wall unit and cupboard in the kitchen	-	9
NHBRC	1 X Double bed	-	2
SASSA	11 Food parcels	-	2
SDUMO TRUST	3 Food parcels, 3 x curtains, 3 x curtains rails	-	1
	3 of 3/4 beds	-	6
	3 x bed linen	-	1
	2 x 2 burner stoves	-	6
NHBRC	2 x seated sofa and 1 sofa	-	6
	1 x 3/4 bed	-	2
MMS	6 x single beds with linen	-	12
	3x kitchen crockery & cutlery	-	1
	3 x sleeper couch	-	6
	3x brooms with dust bins	-	2
	3 x coffee tables	-	8
NHBRC	1 x double bed	-	2

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
RENCOR	1 X electric hot plate stove	-	1
RENCOR CONSTRUCTION	3/4 Bed, 1 linen for the bed	-	2
MMS Construction	1 x House, 2 x single beds, sleeper couch, coffee table, cutlery, kitchen cabinet, clothes and catering for 150 people on the event	-	182
SAPS	Fridge, kitchen cabinet, stove, curtains and curtain tracks, microwave, groceries for fridge, couch, headboard and transportation of community members	-	9
Greatkei Municipality	Payment of electricity connection, dustbin, chairs for event	-	3
Amathole	Provision of water for job tank	-	1
SASSA	3 x quarter bed blankets, 3 x packet of toiletries and grocery pack	-	6
Health	Bed and wheelchair	-	4
NHBRC	1 X Single bed	-	2
	1 x double bed	-	2
	1 x 2 seater couch, 1 x 1 seater couch	-	2
	2 X Double bed	-	4
	1 x 3/4 bed	-	2
	2 x 2 seater sofa	-	4
	2 x 1 seater sofa	-	1
	1 X Double bed	-	2
	1 x 2 seater couch, 1 x 1 seater couch	-	2
GS Contractor	2 beds; curtains and food parcel	-	4
NHBRC	2 seater couch	-	2
Chippa Holdings	One house, household items and groceries	-	141
Ikhlava Development Trust	3 food packs	-	1
Paul Chikware	3 food packs	-	1
SASSA	Food parcel, blankets, toiletries	-	1
NHBRC	1 X 3 seater couch	-	2
MAHIRI CONSTRUCTION JV	2 x 3/4 beds	-	4

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
	1 x double bed	-	2
	Linen for double bed, couch	-	2
	Wall unit	-	1
	Coffee Table, 2 plate stove	-	3
	4 x curtain tracks and curtains	-	1
	Fridge	-	2
	Kitchen unit	-	1
	Vinyl tiles and R 500 groceries	-	3
	2 X 3/4 Beds	-	4
Unik Civil Engineering (PTY)LTD	1 x Double bed	-	2
	Sleeper couch	-	2
	4 x curtain tracks and curtains	-	1
	1 x 2 plate stove, Vinyl tiles, R500 grocery	-	3
	1 x double bed	-	2
Dukathole Contractor	1 x set of double bed linen; 1 x 3/4 bed with linen	-	3
	3 x curtain set, 3 x curtain rails, 1 x blind	-	1
	1 x double bed	-	2
	2 x single beds	-	3
	Duvet sets, dinner plates, cutlery and crockery, pots	-	1
	2 burner stoves, R1800 for grocery and curtains	-	3
	Sleeper couch	-	2
Chippa Holdings	2 X 3/4 beds	-	4
	2 x bed linen sets; 1 x sleeper couch	-	3
	3 seats corner couch	-	2
SASSA	7 x mattresses	-	14
	7 x blankets	-	2
	7 x toiletry packs	-	2

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
MMS	1 X sleeper couch	-	2
	Coffee table, Bed linen sets	-	3
	2 x 3/4 beds	-	4
Old Mutual	Microwave (Defy)	-	1
Metropolitan	Netball & Soccer Kit	-	15
SMME's	3/4 bed and linen;curtain and curtain tracks	-	2
Summerlane	Grocery hamper	-	2
Bendolite	R2000 for groceries	-	2
Siya's Construction	4 x carpets	-	2
Ikhaya Construction	R2000 for groceries	-	2
SASSA	6 food parcels and 3 vanity packs	-	1
BUCO Port Alfred	3 food parcels, blankets and linen	-	2
Ndim-Ko Trading	Vinyl floors for 3 houses	-	3
Adiodex PTY (LTD)	Couches, curtains, curtain tracks, table and chairs, kettle and double beds	-	7
Ikhaya Development Trust	4 x double beds	-	8
	4 x 3 vinyl carpets	-	3
	3 x grocery packs	-	3
	Linen for 4 beds, 3 curtains	-	1
SASSA	3 food parcels	-	1
Two Tone Projects Industries	1 x 3/4 bed	2	-
	4 x curtain rails; Duvet cover set with pillows	1	-
	Kitchen unit set; 1 x 2 plate stove	3	-
Savoy Spar	2 x R500 food parcel	1	-
Sanlam Corporate Social Investment Funding	2 x 20 litres Sanitisers and masks	6	-
Motheo Construction	2 x 3/4 beds	4	-
Group	2 x 2 seat couches	3	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
	4 x 1 seat couches	3	-
	2 x wardrobes	3	-
	2 x coffee tables	2	-
	2 x 2 plate stoves; 2 x duvet cover sets with pillowcases	1	-
Ikhaya Development Trust	5 x curtain tracks; 5 x curtains per house	1	-
	2 x double beds with cover sets	5	-
	5 x mats	1	-
Rencor Construction	1 x double bed with linen	2	-
	2 x 3/4 beds	4	-
	1 x lounge suite	10	-
	Curtains and curtain tracks; Vinyl mats	1	-
	2 x two burner stoves	6	-
	2 x grocery packs	1	-
TOTAL		60	735

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2021 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2020	Guarantees draw downs during the year	Guarantees 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
Standard Bank	Housing	66	397	-	(99)	-	298	-	-
ABSA	Housing	810	100	-	-	-	100	-	-
TOTAL		876	497	-	(99)	-	398	-	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021

Nature of Liability	Opening Balance 1 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					
Amanzabantu; EM & S Property Development	3,405	-	-	-	3,405
Forensic Investigation	283	-	-	-	283
Breach of contract (KWTHA, Mandlethu, Give Ziyawa, Athenkosi Diko)	2,479	-	(305)	-	2,174
Interdicts - Umuhle Developers	123	-	(123)	-	-
Khumbula Legal Fees, Van Der Westhuizen, Helgard	271	-	-	-	271
Summons - LZA Trading, Tremor Furniture, Bosch Stemele, UDZ General Trading, Zinga Trading, Aveng Grinaker, Royal Fields, Eldorado Trading, Zale Developments	21,245	30	(940)	-	20,335
Application Proceedings - Ndiakhe Construction, National Urban Reconstruction and Housing Agency NPC, Darryl Voster N.O & 2 Others (Madengwana), Darryl Voster N.O & 2 Others (Dingana)	871	-	-	-	871
Arbitration Proceedings - Liyasakha Trading, Ntuma Investments, Zingwazi, Mologadi A Nape, Taurus Garden Trading, Gqange Construction, Quthing	50,900	2,603	(42,318)	-	11,185
Legal Fees (Utshungu Urban & Rural, Pamela Nomathamsanqa Madengwana, MSA Attorneys)	9	-	-	-	9
PSCBCC - Legal Fees - Nehawu obo Olwethu Tollie and Others	-	150	(15)	-	135
Toro Ya Africa	670	-	-	-	670
Application - M Yelani, Zandile Tungata, Eviction of illegal occupiers (Jeffries Bay), Siyawella, Pakamisa	179	-	(52)	-	127
Historically Blocked Projects	19	-	-	-	19

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 2B (continued)						
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021						
Adjudication - capital plus legal fees (Zingwazi Contractors), Taurus Garden Trading, Ntema Investment, Gqange Construction	-	4,853	(4,853)	-	-	-
Notice of motion (legal fees) - Nomawethu Lubangalala, Reity Holdings & My Pride Smile Africa (Pty) Ltd, Umuhle Developers, Hlalanathi Social Housing Association, Mowerha Construction	450	606	(165)	-	-	891
Summons - Umpheme Development, TBR Engineering, Aurecon, Lamla Sithandiwe Jukuju	8,339	260	(7,042)	-	-	1,557
Summons - Umpheme Development (Fairfield)	-	2,816	-	-	-	2,816
Notice of motion - WK Construction	-	4,601	-	-	-	4,601
Application - Solidarity OBO WR Perks	-	213	-	-	-	213
Ntlokohlaza Travel Agency (Damage to car rental)	7	-	-	-	-	7
TOTAL	89,250	16,132	(55,813)	-	-	49,569

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 2B (continued)

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021						
Nature of Liabilities recoverable	Opening Balance 1 April 2020	Details of Liability and Recoverability	Movement during year	Closing Balance 31 March 2021		
	R'000				R'000	
Amount paid in error to developer - Urban and rural	831	-	-	831		
Khumbula properties	4,214	-	-	4,214		
Simple Drummer Trading & Projects	100	-	-	100		
Buildnat Developers	150	-	-	150		
Afrikaanse Christelike Vrouevereniging	150	-	-	150		
Taba Construction	100	-	-	100		
Eldorado	-	-	150	150		
Reity Holdings & My Pride Smile Africa (Pty) Ltd	-	-	150	150		
NM Yelani	-	-	52	52		
Recovery of funds overpaid - HROPT	3	-	-	3		
Recovery no work no pay from employees	503	-	-	503		
	6,051	-	352	6,403		

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 3
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2020/21	
	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
Department of Education	23	23	-	-	23	23	-	-
National Department of Public Works	-	31	-	-	-	31	-	-
Office of the Premier	108	-	-	-	108	-	-	-
TOTAL	131	54	-	-	131	54	-	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 4
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2020/21	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Department of Transport	-	149	1,791	1,791	1,791	1,940	-	-
Subtotal	-	149	1,791	1,791	1,791	1,940	-	-
OTHER GOVERNMENT ENTITY								
Current								
Buffalo City Metropolitan Municipality	10,256	17,843	-	-	10,256	17,843	-	-
Total Other Government Entities	10,256	17,843	-	-	10,256	17,843	-	-
TOTAL INTERGOVERNMENT PAYABLES	10,256	17,992	1,791	1,791	12,047	19,783	-	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 5
INVENTORIES

Inventories for the year ended 31 March 2021

Opening balance
Add: Additions/Purchases – Cash
Add: Additions - Non-cash
(Less): Issues
Closing balance

Housing Inventory	TOTAL
R'000	R'000
1,159,702	1,159,702
1,027,137	1,027,137
451,550	451,550
(906,231)	(906,231)
1,732,158	1,732,158

Inventories for the year ended 31 March 2020

Opening balance
Add: Additions/Purchases – Cash
(Less): Issues
Closing balance

Housing Inventory	TOTAL
R'000	R'000
923,999	923,999
1,557,148	1,557,148
(1,321,445)	(1,321,445)
1,159,702	1,159,702

Housing inventory increased from R1,159.7 billion in the prior year to R1,732.1 billion in the current year. This is largely attributable to a change in estimate off the immovable housing assets held by the department as guided by the Modified Cash Standard. These assets had been disclosed at R1 values in the prior year and are now being disclosed at municipal values obtained from the valuation rolls. The change in estimate has been brought in as a non-cash addition and the opening balance was not affected as guided by the Modified Cash Standard which indicated that the change should be applied prospectively.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 6

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

	2020/21 R'000	2019/20 R'000
Inventories		
Upgrading of Informal Settlement	244,477	-
Peoples Housing Process (Housing)	8,650	-
Consolidation Support (Housing)	3,353	-
Institutional Support (Housing)	5,059	-
Rural Support-Inf Land (Housing)	765,599	-
Subtotal	1,027,137	-
TOTAL	1,027,137	-

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021

ANNEXURE 7

COVID 19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2020/21					2019/20
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	313	38	141	1,866	2,358	
Cons Supp: Medical Supplies	93	-	-	1,021	1,114	-
Cons Hous Sup: Wash/Clean Dete	220	38	141	845	1,244	-
TOTAL COVID 19 RESPONSE EXPENDITURE	313	38	141	1,866	2,358	-